



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 30 September 2016**



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the third quarter ended 30 September 2016

The Directors are pleased to announce the following:

**Unaudited Condensed Consolidated Statement of Comprehensive Income
Amounts in RM thousand unless otherwise stated**

	Note	Quarter ended 30 September			Year to date ended 30 September		
		2016 RM'000	2015 RM'000	% + / (-)	2016 RM'000	2015 RM'000	% + / (-)
<u>Continuing operations</u>							
Revenue		4,191,840	4,510,291	(7.1)	12,086,890	11,410,659	5.9
Cost of sales		<u>(3,759,131)</u>	<u>(4,007,434)</u>	6.2	<u>(10,944,278)</u>	<u>(9,970,250)</u>	(9.8)
Gross profit		432,709	502,857	(13.9)	1,142,612	1,440,409	(20.7)
Other operating income		8,395	25,957		104,462	110,995	
Selling and distribution costs		(73,773)	(65,206)		(244,799)	(225,561)	
Administrative expenses		(193,793)	(286,038)		(631,196)	(708,729)	
Other operating expenses		(8,670)	(26,650)		(45,733)	(51,748)	
Commodity (losses) /gains - net		<u>(1,482)</u>	<u>(40,590)</u>		<u>40,341</u>	<u>(35,312)</u>	
Operating profit	15	163,386	110,330	48.1	365,687	530,054	(31.0)
Fair value changes in Land Lease Agreement ('LLA') liability		<u>(105,317)</u>	<u>(107,912)</u>		<u>(207,277)</u>	<u>(231,733)</u>	
Operating profit after LLA		58,069	2,418	>100	158,410	298,321	(46.9)
Finance income		13,510	376		20,670	18,769	
Finance costs		(35,968)	(41,952)		(143,333)	(134,840)	
Share of results from associates		3,731	4,200		24,709	15,820	
Share of results from joint ventures		<u>(62,274)</u>	<u>(9,964)</u>		<u>(45,205)</u>	<u>21,043</u>	
(Loss)/profit before zakat and taxation		(22,932)	(44,922)	49.0	15,251	219,113	(93.0)
Zakat		(304)	(17,512)		(1,107)	(18,404)	
Taxation	16	<u>(16,001)</u>	<u>(23,225)</u>		<u>(46,918)</u>	<u>(108,108)</u>	
(Loss)/profit from continuing operations		(39,237)	(85,659)		(32,774)	92,601	
<u>Discontinued operations</u>							
(Loss)/profit from discontinued operations		<u>(830)</u>	<u>105,850</u>		<u>(2,621)</u>	<u>60,273</u>	
(Loss)/profit for the financial period		(40,067)	20,191	<100	(35,395)	152,874	<100
Other comprehensive income/(loss)							
Share of other comprehensive income/(loss) of joint ventures		4,054	13,878		(5,457)	(14,276)	
Actuarial loss on defined benefit plan		-	(6)		-	(166)	
Fair value changes in available-for-sale financial assets		276	(331)		3,896	(553)	
Currency translation differences		24,975	131,118		(40,739)	173,548	
Other comprehensive income / (loss) for the financial period, net of tax		<u>29,305</u>	<u>144,659</u>		<u>(42,300)</u>	<u>158,553</u>	
Total comprehensive (loss)/income for the financial period		<u>(10,762)</u>	<u>164,850</u>	0	<u>(77,695)</u>	<u>311,427</u>	<100



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the third quarter ended 30 September 2016 (continued)

Unaudited Condensed Consolidated Statement of Comprehensive Income (continued)
Amounts in RM thousand unless otherwise stated

	Note	Quarter ended 30 September			Year to date ended 30 September		
		2016 RM'000	2015 RM'000	% + / (-)	2016 RM'000	2015 RM'000	% + / (-)
(Loss)/profit attributable to:							
-Owners of the Company		(94,867)	(33,922)	<100	(98,197)	15,741	<100
-Non-controlling interests		<u>54,800</u>	<u>54,113</u>	1.3	<u>62,802</u>	<u>137,133</u>	(54.2)
(Loss)/profit for the financial period		<u>(40,067)</u>	<u>20,191</u>	<100	<u>(35,395)</u>	<u>152,874</u>	<100
Total comprehensive (loss)/income attributable to:							
- Owners of the Company		(68,763)	111,267	<100	(141,968)	174,400	<100
- Non-controlling interests		<u>58,001</u>	<u>53,583</u>	8.2	<u>64,273</u>	<u>137,027</u>	(53.1)
Total comprehensive (loss)/income for the financial period		<u>(10,762)</u>	<u>164,850</u>	<100	<u>(77,695)</u>	<u>311,427</u>	<100
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	21	(2.6)	(0.9)		(2.7)	0.4	

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the third quarter ended 30 September 2016 (continued)

**Unaudited Condensed Consolidated Statement of Financial Position
Amounts in RM thousand unless otherwise stated**

	Note	Unaudited As at 30 September 2016	Audited As at 31 December 2015
<u>Non-current assets</u>			
Property, plant and equipment		6,955,776	6,532,749
Investment properties		130,569	137,334
Intangible assets		1,655,454	1,544,022
Interests in associates		261,261	239,640
Interests in joint ventures		642,802	698,166
Amount due from a joint venture		39,607	34,807
Biological assets		3,094,893	2,848,414
Prepaid lease payments		78,003	78,210
Deposit and other receivables		108,139	459,325
Deferred tax assets		1,295,821	1,282,189
Available-for-sale financial assets		163,388	314,861
		14,425,713	14,169,717
<u>Current assets</u>			
Inventories		1,718,422	2,078,372
Biological assets		57,876	57,494
Receivables		1,811,264	1,894,271
Amount due from a significant shareholder		199,493	101,555
Amount due from joint ventures		232,715	212,502
Amount due from an associate		-	85
Amounts due from related companies		323,990	102,636
Tax recoverable		113,536	184,442
Financial assets at fair value through profit or loss		62,940	65,905
Loan due from jointly controlled entity		49,985	-
Derivative financial assets	18	19,221	1,388
Deposits, cash and bank balances		2,513,683	2,503,035
		7,103,125	7,201,685
Assets held for sale		176,134	16,420
		7,279,259	7,218,105
Total assets		21,704,972	21,387,822
<u>Equity</u>			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Treasury shares		(1,488)	-
Reserves		(787,921)	(572,990)
Equity attributable to owners of the Company		6,230,428	6,446,847
Non-controlling interests		2,542,935	2,538,622
Total equity		8,773,363	8,985,469



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the third quarter ended 30 September 2016 (continued)

Unaudited Condensed Consolidated Statement of Financial Position (continued)
Amounts in RM thousand unless otherwise stated

	Note	Unaudited As at 30 September 2016	Audited As at 31 December 2015
<u>Non-current liabilities</u>			
Borrowings	17	128,680	407,549
Loan due to a significant shareholder	17	1,581,994	1,684,702
LLA liability		4,301,446	4,312,277
Provision for asset retirement		32,304	32,229
Provision for defined benefit plan		45,428	46,034
Deferred tax liabilities		738,463	724,619
		6,828,315	7,207,410
<u>Current liabilities</u>			
Payables		1,321,763	1,281,648
Loan due to a significant shareholder	17	230,405	208,588
Amount due to a significant shareholder		343,068	140,113
Amount due to associates		485	-
Amount due to joint ventures		15	31
Amounts due to related companies		4,290	98,524
Borrowings	17	3,832,599	3,142,870
Derivative financial liabilities	18	26,514	1,858
Provision for asset retirement		662	687
LLA liability		337,694	314,918
Current tax liabilities		5,799	5,706
		6,103,294	5,194,943
Total liabilities		12,931,609	12,402,353
Total equity and liabilities		21,704,972	21,387,822
		As at 30 September 2016	As at 31 December 2015
Net assets per share attributable to owners of the Company		1.71	1.77

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Changes in Equity
Amounts in RM thousand unless otherwise stated

	<u>Note</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Available-for-sale-reserve</u>	<u>Capital redemption reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Year to date ended 30 September 2016												
At 1 January 2016		3,648,152	3,371,685	-	193,521	(2,088,969)	8,885	10,052	1,303,521	6,446,847	2,538,622	8,985,469
(Loss)/profit for the financial period		-	-	-	-	-	-	-	(98,197)	(98,197)	62,802	(35,395)
<u>Items that will be subsequently reclassified to profit and loss</u>												
- currency translation differences		-	-	-	(42,225)	-	-	-	-	(42,225)	1,486	(40,739)
- available-for-sale fair value changes		-	-	-	-	-	3,911	-	-	3,911	(15)	3,896
- share of other comprehensive loss of joint ventures		-	-	-	(5,457)	-	-	-	-	(5,457)	-	(5,457)
		-	-	-	(47,682)	-	3,911	-	-	(43,771)	1,471	(42,300)
Total comprehensive (loss)/income for the financial period		-	-	-	(47,682)	-	3,911	-	(98,197)	(141,968)	64,273	(77,695)
Treasury shares		-	-	(1,488)	-	-	-	-	-	(1,488)	-	(1,488)
Dividend paid for the financial year ended 31 December 2015 (final)		-	-	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	(59,960)	(59,960)
Total transaction with owners		-	-	(1,488)	-	-	-	-	(72,963)	(74,451)	(59,960)	(134,411)
At 30 September 2016		3,648,152*	3,371,685	(1,488)	145,839	(2,088,969)	12,796	10,052	1,132,361	6,230,428	2,542,935	8,773,363

* Includes 1 Special Share of RM1.00 held by Minister of Finance (Incorporated).



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Changes in Equity (continued)
Amounts in RM thousand unless otherwise stated

	<u>Note</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Available-for-sale-reserve</u>	<u>Capital redemption reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Year to date ended 30 September 2015											
At 1 January 2015		3,648,152	3,371,685	(12,865)	(2,088,969)	32,456	10,052	1,415,722	6,376,233	2,447,532	8,823,765
Profit for the financial period		-	-	-	-	-	-	15,741	15,741	137,133	152,874
Other comprehensive income/(loss) for the financial period, net of tax:											
<u>Items that will not be reclassified to profit and loss</u>											
- Actuarial loss on defined benefit plan		-	-	-	-	-	-	(163)	(163)	(3)	(166)
<u>Items that will be subsequently reclassified to profit and loss</u>											
- currency translation differences		-	-	173,276	-	-	-	-	173,276	272	173,548
- available-for-sale fair value changes		-	-	-	-	(178)	-	-	(178)	(375)	(553)
- share of other comprehensive income/(loss) of joint ventures		-	-	15,016	-	(29,292)	-	-	(14,276)	-	(14,276)
		-	-	188,292	-	(29,470)	-	-	158,822	(103)	158,719
Total comprehensive income/(loss) for the financial period		-	-	188,292	-	(29,470)	-	15,578	174,400	137,027	311,427
Accretion of interest in subsidiaries		-	-	-	-	-	-	-	-	20,637	20,637
Dividend payable for the financial year ended 31 December 2014 (final)		-	-	-	-	-	-	(145,926)	(145,926)	-	(145,926)
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(48,224)	(48,224)
Total transaction with owners		-	-	-	-	-	-	(145,926)	(145,926)	(27,587)	(173,513)
At 30 September 2015		3,648,152*	3,371,685	175,427	(2,088,969)	2,986	10,052	1,285,374	6,404,707	2,556,972	8,961,679

* Includes 1 Special Share of RM1.00 held by Minister of Finance (Incorporated).

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 September 2015



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Cash Flows
Amounts in RM thousand unless otherwise stated

	Note	Year to date ended	
		30 September	
		2016	2015
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial period		(35,395)	152,874
Adjustments for non-cash items		708,181	718,712
Operating profit before working capital changes		672,786	871,586
Changes in working capital		252,962	(1,710,943)
Cash generated from /(used in) operations		925,748	(839,357)
Interest received		20,670	17,523
Taxation paid		(3,428)	(124,783)
Zakat paid		(1,107)	(18,404)
Retirement benefits paid		(586)	(283)
Net cash generated from/(used in) operating activities		941,297	(965,304)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(425,727)	(598,565)
Additions of biological assets		(36,859)	(31,270)
Purchase of intangible asset		(10,966)	(13,201)
Purchase of investment property		(2,196)	-
Purchase of prepaid lease payments		(4,682)	-
Net cash outflow from acquisition of a subsidiary		(278,618)	(92,897)
Deposits for acquisition of subsidiaries		-	(65,500)
Payment for asset retirement obligation		-	(70)
Proceeds from disposal of property, plant and equipment		455	12,737
Proceeds from disposal of fair value through profit or loss		83,694	1,065
Additions in fair value through profit or loss		(77,709)	-
Additions in available- for sale financial assets		(4,546)	(1,597)
Dividend received from associates		3,360	270
Dividend received from available-for-sale financial assets		2,362	15,000
Net cash used in investing activities		(751,432)	(774,028)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Cash Flows (continued)
Amounts in RM thousand unless otherwise stated

	Note	Year to date ended 30 September	
		2016 RM'000	2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		7,283,762	4,809,125
Repayment of borrowings		(6,871,212)	(4,022,244)
Repayment of LLA liability		(195,332)	(209,414)
Repayment of loan due to a significant shareholder		(102,143)	(254,561)
Loan to jointly controlled entity		(49,985)	-
Dividend paid to shareholders		(72,963)	(145,926)
Dividend paid to non-controlling interest		(59,960)	(48,224)
Finance costs paid		(117,413)	(94,688)
Decrease in fixed deposits pledged for bank guarantee		494,496	-
Net cash generated from financing activities		309,250	34,068
Net increase/(decrease) in cash and cash equivalents		499,115	(1,705,264)
Effect of foreign exchange rate changes		6,029	160,090
Cash and cash equivalents at beginning of the financial period		2,008,539	3,673,415
Cash and cash equivalents at end of the financial period		2,513,683	2,128,241
Deposits, cash and bank balances		2,513,683	2,128,241
Less: Cash and cash equivalents in assets held for sale		-	(28,711)
Cash and cash equivalents at end of the financial period		2,513,683	2,099,530

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 **Amounts in RM thousand unless otherwise stated**

This interim financial information of Felda Global Ventures Holdings Berhad ('FGVH' or 'Group') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Financial Reporting Standard ('FRS') No. 134 – Interim Financial Reporting.

The Unaudited Condensed Interim Financial Information should be read in conjunction with FGVH audited financial statements for the financial year ended 31 December 2015. These explanatory notes attached to the Unaudited Condensed Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

1. Basis of Preparation

(a) General

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2015, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRS and IC Interpretations with effect from 1 January 2016.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") for financial year beginning on 1 January 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time Adoption of MFRS".

(b) Accounting pronouncements that are effective and have been adopted by the Group as at 1 January 2016:

- Amendments to FRS 101 'Presentation of Financial Statements' - Disclosure initiative
- Amendments to FRS 116 'Property, Plant and Equipment' and FRS 138 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation
- Amendments to FRS 127 'Separate Financial Statements' - Equity accounting in separate financial statements
- Amendments to FRS 10 'Consolidated Financial Statements' and FRS 128 'Investment in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associates/ joint ventures
- Amendments to FRS 11 'Joint Arrangements' - Accounting for acquisition of interests in joint operations
- Amendments to FRS 10 'Consolidated Financial Statements', FRS 12 'Disclosure of Interests in Other Entities' and FRS 128 'Investment in Associates and Joint Ventures' - Investment entities: applying the consolidation exception
- Annual Improvements to FRS 2012 – 2014 (Amendments to FRS 5 'Non-current Assets Held for Sale and Discontinued Operations', FRS 7 'Financial Instruments: Disclosures', FRS 119 'Employee Benefits' and FRS 134 'Interim Financial Reporting')

The adoption of the above amendments to existing standards did not have any impact on the current or any prior financial year and are not likely to affect future financial periods.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)

Amounts in RM thousand unless otherwise stated

2. Seasonal or Cyclical Factors

Global sales of oils and fats products follow a similar pattern where sales increases ahead of festivities due to increased consumer demand. In addition, the harvest of fresh fruit bunches ("FFB") at palm oil plantations tends to increase in the second half of the financial year as a result of the rainfall pattern in Malaysia, which leads to a greater supply of CPO and PK during the second half of the financial year as FFB is immediately processed following its harvest.

Sales of refined oils and sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for cooking oil and refined sugar.

3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no material or unusual items affecting FGVH's assets, liabilities, equity, net income or cash flows during the financial period under review.

4. Material Changes in Estimates

Other than the changes in assumptions made to the fair value changes of financial liabilities as disclosed in Note 19, there were no other material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

5. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

6. Dividends

No dividend has been paid during the quarter ended 30 September 2016.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the Executive Committee ("EXCO").

The EXCO considers the business by product related activities. The reportable segments for the financial period ended 30 September 2016 have been identified as follows:

- Palm Upstream – Plantation estates activities including cultivation, harvesting and production of fresh fruit bunches ("FFB") and processing of FFB into crude palm oil ("CPO") and palm kernel ("PK").
- Palm Downstream – Refining of CPO, fractionation of refined bleached deodorised palm oil ("RBDPO") and Palm Olein ("PO"), crushing of PK, processing and sales of biodiesel products, production of oleochemicals namely fatty acid and glycerine, production of graphene and nanotubes and production of consumer bulk and packed products.
- Sugar – Sugar refining and sales and marketing of refined sugar and molasses.
- Trading, Marketing, Logistics and Others ("TMLO") – Trading, bulking and transportation facilities and services, engineering services, information technology, security and travel.
- Others – Rubber processing, research and development activities, fertilisers processing and production and sale of planting materials.

The reportable segments have changed from the second quarter 2016 due to the changes in the internal management reporting structure of the CODM. Comparatives have been restated to conform to the revised reportable segments.

Reconciliation to the reportable segments mainly relates to the inclusion of investment holding companies within the Group and Group consolidation adjustments, which are not part of the operating segments.

The discontinued operations mainly relates to cocoa business, which the Group had previously approved to exit.

The EXCO assesses the performance of the operating segments based on profit before zakat and taxation.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

The segment information provided to the EXCO for the reportable segments of FGVH for the financial period is as follows:

Year to date ended 30 September 2016	Palm Upstream	Palm Downstream	Sugar	Trading, marketing, logistics and others	Others	Reconciliation	Total	Discontinued operations	Total
Total segment revenue	6,494,992	2,763,593	2,743,699	5,545,275	1,262,449	(6,723,118)	12,086,890	-	12,086,890
Less : Inter-segment revenue	(5,057,506)	(66,339)	(919,778)	(292,002)	(387,493)	6,723,118	-	-	-
Revenue from external customers	<u>1,437,486</u>	<u>2,697,254</u>	<u>1,823,921</u>	<u>5,253,273</u>	<u>874,956</u>	-	<u>12,086,890</u>	-	<u>12,086,890</u>
Finance income	11,323	4,026	3,597	4,469	3,113	(5,858)	20,670	-	20,670
Finance costs	(49,861)	(6,041)	(8,552)	(3,382)	(6,886)	(68,611)	(143,333)	(2,175)	(145,508)
Depreciation and amortization	(175,792)	(66,440)	(35,637)	(64,542)	(24,961)	(12,483)	(379,855)	(102)	(379,957)
Fair value changes in LLA liability	(207,277)	-	-	-	-	-	(207,277)	-	(207,277)
Share of results of joint ventures	(135)	(49,925)	-	4,839	16	-	(45,205)	-	(45,205)
Share of results of associates	958	-	-	23,571	-	180	<u>24,709</u>	-	<u>24,709</u>
Profit/(Loss) before zakat and taxation for the financial period	136,454	(6,765)	144,151	28,124	26,474	(313,187)	<u>15,251</u>	<u>(2,621)</u>	<u>12,630</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

The segment information provided to the EXCO for the reportable segments of FGVH for the financial period is as follows: (continued)

Year to date ended 30 September 2015	Palm Plantation	Palm Downstream	Sugar	Trading, marketing, and logistics	Others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	6,888,635	2,595,800	1,690,532	5,213,791	1,341,543	(6,319,642)	11,410,659	813,112	12,223,771
Less : Inter-segment revenue	(5,450,157)	(168,771)	(47,236)	(302,535)	(350,943)	6,319,642	-	-	-
Revenue from external customers	<u>1,438,478</u>	<u>2,427,029</u>	<u>1,643,296</u>	<u>4,911,256</u>	<u>990,600</u>	<u>-</u>	<u>11,410,659</u>	<u>813,112</u>	<u>12,223,771</u>
Finance income	6,884	1,454	12,198	-	4,628	(6,395)	18,769	19	18,788
Finance costs	(30,992)	(13,526)	(6,017)	(1,098)	(3,079)	(80,128)	(134,840)	(15)	(134,855)
Depreciation and amortisation	(165,684)	(57,716)	(30,107)	(57,039)	(23,694)	(9,354)	(343,594)	(11,599)	(355,193)
Fair value changes in LLA liability	(231,733)	-	-	-	-	-	(231,733)	-	(231,733)
Share of results of joint ventures	(24,542)	40,837	-	814	3,934	-	21,043	-	21,043
Share of results of associates	555	-	-	12,348	-	2,917	15,820	-	15,820
Profit/(Loss) before zakat and taxation for financial period	<u>102,743</u>	<u>7,073</u>	<u>292,398</u>	<u>(39,262)</u>	<u>21,220</u>	<u>(165,059)</u>	<u>219,113</u>	<u>60,273</u>	<u>279,386</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)

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8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 30 September 2016	As at 31 December 2015
Property, plant and equipment:		
- contracted	630,946	640,522
- not contracted	1,088,335	1,242,182
	<u>1,719,281</u>	<u>1,882,704</u>
Biological assets:		
- contracted	76,107	65,377
- not contracted	19,982	32,384
	<u>96,089</u>	<u>97,761</u>
Intangible assets:		
- contracted	<u>2,696</u>	<u>114</u>

9. Significant Related Party Transactions

Federal Land Development Authority ("FELDA"), a significant shareholder of the Group, effectively owns 33.7% of the issued share capital of the Company. FELDA is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of FRS 124 – "Related Party Disclosures", FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group.

The Group have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- (i) Purchasing of goods and services, including use of public utilities and amenities
- (ii) Placing of bank deposits with government-related financial institutions

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 September 2016 and 30 September 2015 are as follows:

a) Sales of goods and services

	Year to date ended 30 September	
	2016	2015
(i) Transactions with joint ventures		
Sales of Palm Processed Oil ("PPO") and Palm Fatty Acid Distillate ("PFAD") by Felda Global Ventures Trading Sdn. Bhd. ("FGVT") to Felda Iffco Sdn. Bhd. ("FISB Group")	42,404	352,454
Sales of CPO by Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ("FGVPM") to FISB Group	1,139,818	1,056,650
Sales of Crude Palm Kernel Oil ("CPKO"), Refined Bleached Deodorised Palm Kernel Oil ("RBDPKO") and Palm Kernel Fatty Acid Distillate ("PKFAD") by Felda Kernel Products Sdn. Bhd. ("FKPSB") to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	1,050,226	676,305
Sales of processed Palm Oil ("PPO") by Felda Marketing Services Sdn. Bhd. ("FELMA") to FISB Group	-	17,321
Sales of CPO by FGVPM to MAPAK Edible Oil Pvt. Ltd. ("MAPAK")	223,222	185,741
(ii) Transaction with FELDA Group		
Sales of fertilizer by FPM Sdn. Bhd. ("FPMSB")	211,177	290,533
IT services rendered by Felda Prodata Systems Sdn. Bhd. ("Prodata")	19,725	35,530
Maintenance and consultancy services by Felda Engineering Services Sdn. Bhd. ("FESSB")	55,154	65,390



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 September 2016 and 30 September 2015 are as follows: (continued)

(a) Sales of goods and services (continued)

	Year to date ended 30 September	
	2016	2015
(ii) Transaction with FELDA Group (continued)		
Security services rendered by Felda Security Services Sdn. Bhd. ("FSSSB")	18,030	18,376
Sales of seedlings and planting materials by Felda Agricultural Services Sdn. Bhd. ("FASSB")	14,420	15,025
Travel and hospitality services rendered by Felda Travel Sdn. Bhd. ("Felda Travel")	13,654	6,645

(b) Purchase of goods and services

(i) Transactions with joint venture		
Purchase of CPO by FELMA from FISB Group	-	95,289
(ii) Transaction with FELDA Group		
LLA liability paid by FGVPM	195,332	209,414
Interest expense charged by FELDA	46,178	74,577
Purchase of latex and cup lump by Felda Rubber Industries Sdn. Bhd. ("FRISB")	60,124	60,336
Purchase of FFB by Felda Palm Industries Sdn. Bhd. ("FPISB") and FGVPM	2,057,551	2,046,728



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 September 2016 and 30 September 2015 are as follows: (continued)

(b) Purchase of goods and services (continued)

	Year to date ended 30 September	
	2016	2015
(ii) Transaction with FELDA Group (continued)		
Building rental charged by FELDA	27,020	17,928
Infrastructure costs charged by FELDA to FGVP	8,417	15,419

(c) Transactions with Government related entities

Transactions between subsidiaries and other government agencies

Cooking oil subsidy received from Malaysia Palm Oil Board ('MPOB')	94,656	72,601
CESS payment to Malaysia Palm Oil Board ('MPOB')	23,602	27,513



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued) Amounts in RM thousand unless otherwise stated

10. Effect of Significant Changes in the Composition of FGVH

There were no changes in the composition of the Group for the current financial period under review.

11. Contingent Liabilities and Material Litigation

- (i) On 3 September 2010, FPISB and FELDA were sued by 514 settlers of Felda Serting Scheme and 252 settlers of Felda Gugusan Raja Alias Scheme in Jempol, Negeri Sembilan for alleged fraud and manipulation of the extraction rate for palm oil. The claim amounted to RM15.4 million for the year 2008 only. The learned Seremban High Court Judge on 26 June 2015 has dismissed the Plaintiffs' claim with costs. The Court awarded costs of the sum of RM1,000 per Plaintiff, to be paid to the Defendants. There are 370 remaining Plaintiffs, from the original 766 Plaintiffs, as a portion of them have duly withdrawn and passed away. Therefore, costs awarded to the Defendants amounting to RM370,000. The learned Judge delivered her brief grounds of judgment, the Court found that the Plaintiffs have failed to prove their claim for fraud, conspiracy to defraud and breach of trust. On 22 July 2015, Defendants filed an appeal to Court of Appeal against the whole decision of the Seremban High Court. The Court of Appeal has heard the Plaintiffs' appeal and submissions from both parties on 13 and 14 April 2016. The Court had yet to fix dates for the decision.
- (ii) On 12 July 2011, FPISB and FELDA were sued by 711 settlers of Felda Jengka 1 to 25 and Felda Sg. Tekam in Temerloh, Pahang (Jengka A) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM22.9 million for year the 2008 only. This case was called for mention on 18 September 2013 and the Judge has ordered the Plaintiffs to determine who actually has the locus standi to sue in this suit and to determine which Plaintiffs have signed agreements with Felda. The clarification has been completed and the matter which has been fixed previously for decision on 24 October 2016 has been vacated. This matter is now fixed for decision on 30 November 2016.
- (iii) On 10 November 2011, FPISB and FELDA were sued by 365 settlers of Felda Jengka 1 to 7, 10, 13 to 19, 23 to 24, Felda Ulu Jempol and Felda Sg. Tekam Utara (Jengka B) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM11.7 million for the year 2008 only. The Court had on 19 April 2012 allowed an order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with costs. The Temerloh High Court has vacated all the dates fixed previously for trial. The matter is now has yet to be fixed with new trial dates. This case will be heard together with case Mempaga.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
Amounts in RM thousand unless otherwise stated

11. Contingent Liabilities and Material Litigation (continued)

- (iv) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for the year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a Statement of Defence on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. The matter fixed for further clarification on 19 October 2016 has been vacated. Temerloh High Court has yet to fix dates for further clarification.
- (v) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for the year 2008 only. FPISB has to file a Memorandum of Appearance in High Court on 16 May 2012. The matter was final heard on 16 February 2016. The matter fixed for decision on 20 October 2016 and 2 November 2016 have been vacated. On 16 November 2016, Kuantan High Court delivered its decision dismissed the entire Plaintiffs' claim with cost RM300,000 to be paid to the Defendants. The Court found out that Plaintiffs have failed to prove their claim for fraud, conspiracy to defraud and breach of trust.
- (vi) On 5 June 2012, FPISB and FELDA were sued by 956 settlers of Rancangan Felda Keratong 1 to 10 for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM30.9 million for the year 2008 only. FPISB has filed a Memorandum of Appearance in High Court on 26 June 2012. The matter was heard on 22 to 26 June 2015 and continued on 29 to 30 June 2015 and 1 to 3 July 2015. The Court has heard the case and completed. The clarification was heard on 29 June 2016. The Kuantan High Court has vacated dates previously fixed for continued trial. The matter is now has yet to be fixed with new trial dates.
- (vii) On 25 January 2013, FPISB and FELDA were sued by 351 settlers of Rancangan Felda Mempaga for alleged fraud and manipulation of the extraction of palm oil. The claim amounted to RM11.3 million for the year 2008 only. The matter which was fixed for trial on 22 to 26 September 2014 have been vacated to give priority to hear Jengka A case. The Temerloh High Court has vacated all the dates fixed previously for trial. The matter is now has yet to be fixed with new trial dates. This case will be heard together with case Jengka B.

The remaining claims are not material to be disclosed in the financial statements and deemed remote by the Directors. The above amounts are shown at gross before accounting for non-controlling interests and effects of the five years indemnity provided by Koperasi Permodalan Felda Berhad ("KPF") in December 2013 as part of the acquisition of KPF's interest in FHB.

Based on available information and on legal advices received, the Directors are of the view that there is a reasonable chance of defending all the above claims and therefore, no provision has been made in the financial statements.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended		% + / (-)
	30 September		
	2016	2015	
Revenue	<u>12,086,890</u>	<u>11,410,659</u>	5.9
Palm Upstream	136,454	102,743	32.8
Sugar	144,151	292,398	(50.7)
Palm Downstream	(6,765)	7,073	<100
Trading, marketing, logistics and others ("TMLO")	28,124	(39,262)	<100
Others	<u>26,474</u>	<u>21,220</u>	24.8
Segment results	328,438	384,172	(14.5)
Reconciliation	<u>(313,187)</u>	<u>(165,059)</u>	(89.7)
Profit before taxation ("PBT")	15,251	219,113	(93.0)
Zakat	(1,107)	(18,404)	(94.0)
Tax expense	<u>(46,918)</u>	<u>(108,108)</u>	56.6
(Loss)/profit from continuing operations	(32,774)	92,601	<100
(Loss)/profit from discontinued operations	<u>(2,621)</u>	<u>60,273</u>	<100
Net (loss)/profit for the financial period	<u>(35,395)</u>	<u>152,874</u>	<100
 (Loss)/profit attributable to:			
Owners of the Company	(98,197)	15,741	<100
Non-controlling interests	<u>62,802</u>	<u>137,133</u>	(54.2)
(Loss)/profit after tax and non-controlling interests	<u>(35,395)</u>	<u>152,874</u>	<100

Overall

Group revenue for the third quarter ended 30 September 2016 improved 5.9% to RM12.09 billion from RM11.41 billion reported last year. The Group posted a lower profit before taxation of RM15.25 million in 2016 compared to RM219.11 million registered last year largely due to lower CPO production, higher raw sugar costs, lower earnings from downstream segment and losses incurred by jointly controlled entity.

Segment Performance Analysis

(a) Palm Upstream

Profit from Palm Upstream segment rose by 32.8% mainly attributable to lower fair value charge in LLA of RM207.28 million in 2016 compared to RM231.73 million in 2015. Excluding the LLA effect, the segment's profit increased to RM343.73 million from RM334.48 million last year. The segment's performance improved largely due to the cost savings initiatives undertaken by the Group.

Operationally, CPO production dropped by 18% to 1.93 million mt in tandem with the 14% decrease in FFB production. However, higher average CPO price of RM2,458 per MT was realized against RM2,236 per MT realised last year. OER achieved was lower at 20.66% compared to 20.74% achieved in the previous year.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance (continued)

(b) Sugar

Sugar segment's profit declined 50.7%, significantly impacted by the increase in raw sugar costs. However, the reduction in profit was mitigated by higher sales volume for domestic and export segment by 23% and 7% respectively.

(c) Palm Downstream

Palm Downstream segment recorded a loss of RM6.76 million compared to RM7.07 million profit recorded in 2015 as this segment suffered weak margins in RBDPKO and CPKO from kernel crushing activities and higher administrative cost posted in packed product business due to new refining plant in Pasir Gudang.

The lower result was compensated by increased contribution from US fatty acid business as a result of better margin and strengthening of US dollar.

(d) TMLO

The TMLO segment registered an improved performance with a profit of RM28.12 million compared to RM39.26 million losses in the previous year. This was mainly due to higher losses recorded in trading activities last year attributed by the realised and unrealised foreign exchange loss amounted of RM74.63 million due to the effect of weakening of Ringgit Malaysia against US dollar.

The increase in profit was partly affected by lower handling throughput by Group's bulking operation owing to the lower CPO production volumes and decrease in income from IT services.

(e) Others

Other businesses recorded 24.8% increase in profit mainly attributable to lower foreign exchange loss in fertiliser business but off set with lower margin in rubber business.

(f) Discontinued operations

There was a reversal of impairment of property, plant and equipment amounting to RM133.30 million included in discontinued operations last year following the disposal of TRT ETGO on 3 November 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
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13. Material Changes in the Quarterly Results Compared to Preceding Quarter

	Quarter ended		%
	30 September 2016	30 June 2016	
Revenue	4,191,840	4,139,601	1.3
Palm Upstream	90,351	149,005	(39.4)
Sugar	38,504	39,149	(1.6)
Palm Downstream	(18,138)	5,422	<100
TMLO	(22,836)	34,733	<100
Others	18,599	23,543	(21.0)
Segment results	106,480	251,852	(57.7)
Reconciliation	(129,412)	(143,690)	9.9
(Loss)/profit before taxation	(22,932)	108,162	<100
Zakat	(304)	(436)	30.3
Tax expense	(16,001)	(42,183)	62.1
(Loss)/profit from continuing operations	(39,237)	65,543	<100
Loss from discontinued operations	(830)	(890)	(6.7)
(Loss)/profit for the financial period	(40,067)	64,653	<100
(Loss)/profit attributable to:			
Owners of the Company	(94,867)	62,209	<100
Non-controlling interests	54,800	2,444	>100
(Loss)/profit for the financial period	(40,067)	64,653	<100

Overall

Group revenue for the quarter ended 30 September 2016 was higher by 1.3% against preceding quarter. The Group posted loss before tax of RM22.93 million compared to RM108.16 million in the preceding quarter due to lower contribution from all business segments.

The results of the Group was eroded by the higher fair value charge on LLA of RM105.32 million compared to RM12.24 million charged in preceding quarter and losses incurred by jointly controlled entity.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
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13. Material Changes in the Quarterly Results Compared to Preceding Quarter (continued)

(a) Palm Upstream

The segment registered a decrease in profit of 39.4% mainly due to higher fair value charge of RM105.32 million on LLA in current quarter compared to RM12.24 million charged in preceding quarter. Excluding the LLA effect, the segment's profit was RM195.67 million compared to RM161.25 million in preceding quarter.

Operationally, the Group's CPO production increased by 19% to 783 thousand associated with the increase in FFB production from 1.08 million mt in preceding quarter to 1.12 million mt in current quarter. Higher OER was achieved at 20.96% in current quarter compared to 20.40% achieved in preceding quarter. Average CPO price realised in current quarter was RM2,479 per mt compared to RM2,570 per mt in preceding quarter.

(b) Sugar

Profit from Sugar segment decreased by 1.6% to RM38.50 million from RM39.15 million in preceding quarter mainly due to higher production cost but offset with higher sugar sales volume.

(c) Palm Downstream

Palm Downstream segment reported a loss of RM18.14 million in current quarter compared to RM5.42 million profit in preceding quarter mainly due to erosion in RBDPKO and CPKO margin from kernel crushing business as well as lower margin in US fatty acid business.

(d) TMLO

The TMLO segment posted a loss of RM22.84 million compared to a profit of RM34.73 million in preceding quarter mainly attributable to unrealised loss on derivatives incurred from trading activities coupled with lower income in IT services.

(e) Others

The performance of other business down by 21.0% to RM18.60 million in current quarter mainly due to lower sales volume and sales price posted in fertiliser business but was mitigated by higher margin in R&D business.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
Amounts in RM thousand unless otherwise stated

14. Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

15. Operating Profit after LLA

	Year to date ended 30 September	
	2016	2015
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	332,326	313,347
Property, plant and equipment written off	3,896	6,193
Intangible assets written off	-	2,942
Depreciation of investment properties	8,961	8,988
Amortisation of intangible assets	31,812	25,446
Amortisation of prepaid lease payments	3,050	3,748
Accelerated depreciation of biological assets	3,664	3,664
Impairment of property, plant and equipment	-	2,519
Impairment loss on biological asset	-	2,300
Reversal in property, plant and equipment	(1,976)	(145,935)
Gain on disposal of property, plant and equipment	(112)	(618)
Gain on disposal of investment in associates	-	(11,841)
Net unrealised foreign exchange (gain)/loss	<u>(31,759)</u>	<u>16,175</u>

16. Taxation

	Quarter Ended 30 September		Year to date Ended 30 September	
	2016	2015	2016	2015
Malaysian income tax				
Current financial period	(18,228)	(73,300)	(74,497)	(152,960)
Prior financial period	71	(345)	71	(345)
	<u>(18,157)</u>	<u>(73,645)</u>	<u>(74,426)</u>	<u>(153,305)</u>
Foreign income tax				
Current financial period	(4,271)	3,728	(6,254)	(680)
Deferred tax	<u>6,427</u>	<u>46,692</u>	<u>33,762</u>	<u>45,877</u>
	<u>(16,001)</u>	<u>(23,225)</u>	<u>(46,918)</u>	<u>(108,108)</u>

The effective tax rate of 332% for the financial period ended 30 September 2016 is higher than the Malaysian income tax rate of 24% due to certain expenses which are not allowable, deferred tax assets not recognized on losses in certain subsidiaries and jointly controlled entity.



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Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
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17. Borrowings

The total unsecured borrowings are as follows:

	As at 30 September 2016		
	Secured	Unsecured	Total
<u>Long-term borrowings</u>			
Loan due to a significant shareholder	-	1,581,994	1,581,994
Term loans	119,523	7,646	127,169
Short term trade financing	-	-	-
Finance lease liabilities	1,511	-	1,511
	<u>121,034</u>	<u>1,589,640</u>	<u>1,710,674</u>
<u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	230,405	230,405
Term loans	33,152	336,319	369,471
Short term trade financing	14,539	3,446,940	3,461,479
Finance lease liabilities	1,167	482	1,649
	<u>48,858</u>	<u>4,014,146</u>	<u>4,063,004</u>
Total borrowings	<u>169,892</u>	<u>5,603,786</u>	<u>5,773,678</u>

Borrowings in RM equivalent analysed by currencies in which the borrowings are denominated are as follows:

Ringgit Malaysia	4,912,770
United States Dollar	793,027
Thai Baht	10,539
Great Britain Pound	54,253
Singapore Dollar	3,089
Total borrowings	<u>5,773,678</u>

As at 30 September 2016, certain short term trade financing is secured over certain property, plant and equipment, fixed deposits, benefits of an insurance covering finished goods, and guaranteed by some of the directors and/or shareholders of certain subsidiary companies. Certain term loans are secured over leasehold lands, debenture and certain bank balances of the Group.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)

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18. Derivative Financial Instruments

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 30 September 2016 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	1,001,735	5,475	26,514
Palm oil futures	8,537	13,746	-
	<u>1,010,272</u>	<u>19,221</u>	<u>26,514</u>

19. Fair Value Changes of Financial Instruments

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2015. The maturity periods of the above derivatives are less than one year. The following table presents the Group's assets and liabilities that are measured at fair value at 30 September 2016 .

30 September 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	13,746	5,475	-	19,221
- Available-for-sale financial assets	67,406	-	255,897	323,303
- Trading securities	<u>62,940</u>	<u>-</u>	<u>-</u>	<u>62,940</u>
Total assets	<u>144,092</u>	<u>5,475</u>	<u>255,897</u>	<u>405,464</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,639,140	4,639,140
- Derivatives	<u>-</u>	<u>26,514</u>	<u>-</u>	<u>26,514</u>
Total liabilities	<u>-</u>	<u>26,514</u>	<u>4,639,140</u>	<u>4,665,654</u>



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
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19. Fair Value Changes of Financial Instruments (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed in Bursa Malaysia Securities Berhad or foreign stock exchanges classified as trading securities or available for sale and commodity derivatives quoted on Bursa Malaysia Derivatives Berhad (formerly known as Malaysia Derivatives Exchange Berhad ("MDEX")) for palm oil and other foreign commodity exchanges.

The fair value of financial instruments that are not traded in an active market (for example, foreign currency forward contracts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise foreign currency forward contracts and available-for-sale financial assets invested in certain unit trusts.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 3 comprise LLA liability and available-for-sale financial assets.

The following table presents the changes in Level 3 instruments during the financial period:

	9 months period ended <u>30 September 2016</u>	Financial year <u>2015</u>
<u>LLA liability</u>		
1 January	4,627,195	4,680,829
Fair value changes charged to profit or loss	207,277	224,879
Repayment during the financial period/year	(195,332)	(278,513)
30 September /31 December	<u>4,639,140</u>	<u>4,627,195</u>
<u>Available for sale financial assets</u>		
1 January	251,351	218,839
Addition	4,546	9,613
Fair value gains transferred to available-for-sale reserves	-	22,899
30 September /31 December	<u>255,897</u>	<u>251,351</u>

Fair value changes for the LLA liability has been measured based on assumptions made on discount rate, crude palm oil prices, fresh fruit bunches prices, palm kernel prices, average yield of fresh fruit bunches, lease term of planted oil palm and rubber and estate replanting fixed cost. Any changes on assumptions used will cause a material variation of the liability.



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20. Realised and Unrealised Profits or Losses

The breakdown of realised and unrealised retained earnings of FGVH is as follows:

	As at 30 September 2016	As at 30 September 2015
Total retained earnings of the Company and its subsidiaries:		
- realised	4,070,204	3,984,288
- unrealised	(277,570)	(340,619)
	<u>3,792,634</u>	<u>3,643,669</u>
Total share of retained earnings from jointly controlled entities:		
- realised	16,633	182,917
- unrealised	28,576	(37,618)
	<u>45,209</u>	<u>145,299</u>
Total share of retained earnings from associates:		
- realised	183,744	166,520
- unrealised	(6,767)	(6,560)
	<u>176,977</u>	<u>159,960</u>
Less: consolidation adjustments	<u>(2,882,459)</u>	<u>(2,663,554)</u>
Total retained earnings of FGVH	<u><u>1,132,361</u></u>	<u><u>1,285,374</u></u>

The unrealised profits are determined in accordance with the Guidance on Special Matter No. 1 (GSM1) issued by the Malaysian Institute of Accountants. In arriving at the unrealised profits, we have also included the following which are deemed in the GSM1 as unrealised:

- (a) Credits or charges relating to the recognition of deferred tax,
- (b) Cumulative net gains (but not net losses) from the remeasurement of assets or liabilities at fair value through profit or loss,
- (c) Provision of liabilities in respect of present obligations where resources are only consumed upon settlement of the obligation, and
- (d) Translation gains or losses of monetary items denominated in a currency other than the functional currency.



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Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
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21. Earnings Per Share

	Quarter ended 30 September		Year to date ended 30 September	
	2016	2015	2016	2015
Basic earnings per share are computed as follows:				
(Loss)/profit for the financial period attributable to owners of the Company (RM'000)	<u>(94,867)</u>	<u>(33,922)</u>	<u>(98,197)</u>	<u>15,741</u>
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings per share (sen)	<u>(2.6)</u>	<u>(0.9)</u>	<u>(2.7)</u>	<u>0.4</u>

22. Status of Corporate Proposals

There was no corporate proposal entered into during the financial year under review.

23. Significant events

- (a) On 3 February 2016, on behalf of the Board of Directors of FGV, CIMB Investment Bank Berhad ("CIMB") announced that FGV had established a long term incentive plan ("LTIP") in the form of employee share grant scheme.

Pursuant to the LTIP, FGV shall award the grant of up to 10% of the issued and paid-up ordinary share capital of FGV (excluding treasury shares, if any) at any point of time during the duration of the LTIP, to the employees of FGVH and its subsidiaries (excluding subsidiaries which are dormant) ("Group") and Executive Directors of FGV who fulfil the eligibility criteria as Eligible Employees.

The LTIP is served to attract, retain, motivate and reward Selected Eligible Employees for their contribution to the Group through the conditional awards of ordinary shares of RM1.00 each in FGV shares ("Grants") without any consideration payable by the Selected Employees, subject to the certain vesting conditions.

The LTIP shall be implemented and administered by a committee to be established ("LTIP Committee"), comprising, among others, directors and senior management of the Group appointed by the Board.



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Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
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23. Significant events (continued)

- (b) On 26 February 2016, Felda Global Ventures Downstream Sdn Bhd ("FGVD"), a wholly-owned subsidiary of FGV, entered into two (2) conditional sale and purchase agreements ("SPA") for the transfer of 81,566,106 issued and paid-up ordinary shares of Zhong Ling Nutri-Oil Holdings Limited ("Zhong Ling"), representing approximately 55% of the issued and paid-up share capital of the Zhong Ling from Zhong Hai Investment Holdings Limited ("Zhong Hai") and the other vendors for a total purchase consideration of RM976.25 million.

On 4 March 2016, FGVD and the Vendors, by way of an exchange letters ("Extension Letters"), mutually agreed to extend the period to satisfy the condition precedent of the SPA from 4 March 2016 to 18 March 2016, or any other date as may be mutually agreed upon by parties.

On 18 March 2016, the Board of Directors announced that vide extension letters from Vendors and Zhong Hai, Parties have mutually agreed to further extend the CP Completion Date of SPA to a day not later than 8 April 2016, or such other date as may be mutually agreed upon in writing. Contracts for Services for Key Personnel and Shareholders' Agreement have been executed on the same day.

On 8 April 2016, the Board of Directors of FGV announced that as the conditions precedent set out in SPA could not be fulfilled within the CP Completion Date nor has the same been waived, the Purchaser has issued termination notices, both dated 8 April 2016 to the Vendors and Zhong Hai to terminate SPA in accordance with the relevant provision of SPA.

The Purchaser will not be pursuing or taking any legal action pursuant to the above mentioned termination and would also not have any financial impact on FGV.

- (c) On 30 March 2016, the Board of Directors of FGV announced that two (2) dormant indirect subsidiaries of FGV, namely Felda Plantations Sdn Bhd and Felda Iffcoallana Malaysia Sdn Bhd have been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

A liquidator has been appointed for the subsidiaries and the members' voluntary winding-up of the subsidiaries will not have any material impact on the net assets and earnings per share of FGV for the financial year ending 31 December 2016.

- (d) On 3 May 2016, the Board of Directors of FGV announced that FGV and FELDA (FELDA Group) withdraws the Roundtable Sustainable Palm Oil ("RSPO") – Principles and Criteria ("P&C") certificates of 58 complexes located throughout Malaysia. FELDA Group remains a member of RSPO and continues its commitment to RSPO-P&C. This exercise does not affect FELDA Group's RSPO Supply Chain Certification System ("SCCS") certificate of its kernel crushing plants and downstream refineries.

FELDA Group is currently addressing all sustainability issues along the supply chain. This exercise allows a more inclusive certification between commercially managed plantations by FGV and FELDA smallholders.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2016 (continued)
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24. Material events after reporting period

There were no material events after the reporting period.

25. Prospects

The performance of the Group for the quarter was dragged down by the significant losses suffered by one of the jointly controlled entity due to stock losses discovered in this quarter. On the backdrop of this, the Group expects the performance of the Group to be challenging for the current financial year with another quarter to close the year. The seasonally lower crop production for the remaining quarter would be potentially compensated by the positive outlook of the CPO prices in the near term on the back of full year tighter supply of palm oil by both Indonesia and Malaysia due to El Nino impact. The upside of the CPO prices however, would be limited by the edible oil supply and the reduced competitiveness of CPO from the narrower price discounts against soy bean oil. The slower global growth and the volatility of the currency market arising from the strengthening of USD Dollar continue to affect the world economy and the tough operating conditions of the Group. With the above background, the Board expects the Group to record a loss for the full financial year.

By Order of the Board

Koo Shuang Yen
Abd Rashid Atan
Company Secretary

22 November 2016