



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 30 September 2015**



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the third quarter ended 30 September 2015

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		% + / (-)
		2015	2014		2015	2014	
<u>Continuing operations</u>							
Revenue		4,510,291	3,964,417	13.8	11,410,659	11,344,957	0.6
Cost of sales		<u>(4,007,434)</u>	<u>(3,441,049)</u>	(16.5)	<u>(9,970,250)</u>	<u>(9,550,262)</u>	(4.4)
Gross profit		502,857	523,368	(3.9)	1,440,409	1,794,695	(19.7)
Other operating income		25,957	75,316		110,995	167,635	
Selling and distribution costs		(65,206)	(48,964)		(225,561)	(236,828)	
Administrative expenses		(286,038)	(192,762)		(708,729)	(531,504)	
Other operating expenses		(26,650)	(6,281)		(51,748)	(41,558)	
Commodity losses - net		<u>(40,590)</u>	<u>(53,500)</u>		<u>(35,312)</u>	<u>(25,847)</u>	
Operating profit	15	110,330	297,177	(62.9)	530,054	1,126,593	(53.0)
Fair value changes in Land Lease Agreement ('LLA') liability		<u>(107,912)</u>	<u>(98,895)</u>		<u>(231,733)</u>	<u>(316,591)</u>	
Operating profit after LLA		2,418	198,282	(98.8)	298,321	810,002	(63.2)
Finance income		376	18,863		18,769	81,998	
Finance costs		(41,952)	(43,244)		(134,840)	(125,089)	
Share of results from associates		4,200	2,454		15,820	8,442	
Share of results from joint ventures		<u>(9,964)</u>	<u>(8,007)</u>		<u>21,043</u>	<u>15,261</u>	
(Loss)/Profit before zakat and taxation		(44,922)	168,348	<100	219,113	790,614	(72.3)
Zakat		(17,512)	(6,023)		(18,404)	(7,319)	
Taxation	16	<u>(23,225)</u>	<u>(60,923)</u>		<u>(108,108)</u>	<u>(214,527)</u>	
(Loss)/Profit from continuing operations		(85,659)	101,402		92,601	568,768	
<u>Discontinuing operations</u>							
Profit/(Loss) from discontinuing operations		<u>105,850</u>	<u>(78,409)</u>		<u>60,273</u>	<u>(123,034)</u>	
Profit for the financial period		20,191	22,993	(12.2)	152,874	445,734	(65.7)
Other comprehensive income/(loss)							
Share of other comprehensive income/(loss) of joint ventures		13,878	3,461		(14,276)	19,703	
Actuarial loss on defined benefit plan		(6)	-		(166)	(28)	
Fair value changes in available-for-sale financial assets		(331)	566		(553)	982	
Currency translation differences		131,118	(3,793)		173,548	(27,999)	
Other comprehensive income/(loss) for the financial period, net of tax		<u>144,659</u>	<u>234</u>		<u>158,553</u>	<u>(7,342)</u>	
Total comprehensive income for the financial period		<u>164,850</u>	<u>23,227</u>	>100	<u>311,427</u>	<u>438,392</u>	(29.0)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the third quarter ended 30 September 2015 (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		% + / (-)
		2015	2014		2015	2014	
(Loss)/Profit attributable to:							
-Owners of the Company		(33,922)	(9,332)	<100	15,741	286,158	(94.5)
-Non-controlling interests		<u>54,113</u>	<u>32,325</u>	67.4	<u>137,133</u>	<u>159,576</u>	(14.1)
Profit for the financial period		<u>20,191</u>	<u>22,993</u>	(12.2)	<u>152,874</u>	<u>445,734</u>	(65.7)
Total comprehensive income/(loss) attributable to:							
- Owners of the Company		111,267	(18,530)	>100	174,400	268,296	(35.0)
- Non-controlling interests		<u>53,583</u>	<u>41,757</u>	28.3	<u>137,027</u>	<u>170,096</u>	(19.4)
Total comprehensive income for the financial period		<u>164,850</u>	<u>23,227</u>	>100	<u>311,427</u>	<u>438,392</u>	(29.0)
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	21	(0.9)	(0.3)		0.4	7.8	

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 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the third quarter ended 30 September 2015 (continued)

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

	Note	Unaudited As at 30 September 2015	Audited As at 31 December 2014
<u>Non-current assets</u>			
Property, plant and equipment		6,418,396	6,348,754
Investment properties		135,556	144,544
Intangible assets		1,558,243	1,534,397
Interests in associates		231,303	215,754
Interests in joint ventures		735,577	745,042
Biological assets		2,817,727	2,777,245
Prepaid lease payments		78,283	49,961
Deposit and other receivables		155,545	165,273
Deferred tax assets		1,295,880	1,254,586
Available-for-sale financial assets		230,382	243,685
		13,656,892	13,479,241
<u>Current assets</u>			
Inventories		2,235,200	1,763,695
Biological assets		58,717	50,697
Receivables		2,066,861	1,089,410
Amount due from a significant shareholder		96,858	79,233
Amount due from joint ventures		225,086	328,941
Amount due from an associate		13	36
Amounts due from related companies		154,454	63,964
Tax recoverable		152,678	129,407
Financial instruments at fair value through profit or loss		46,049	21,431
Derivative financial assets	18	10,956	15,337
Deposits, cash and bank balances		2,099,530	3,673,415
		7,146,402	7,215,566
Assets held for sale		982,934	28,619
		8,129,336	7,244,185
Total assets		21,786,228	20,723,426
<u>Equity</u>			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Reserves		(615,130)	(643,604)
Equity attributable to owners of the Company		6,404,707	6,376,233
Non-controlling interests		2,556,972	2,447,532
Total equity		8,961,679	8,823,765



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the third quarter ended 30 September 2015 (continued)

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

	Note	Unaudited As at 30 September 2015	Audited As at 31 December 2014
<u>Non-current liabilities</u>			
Borrowings	17	428,154	434,461
Loan due to a significant shareholder	17	1,778,823	1,980,405
LLA liability		4,363,355	4,309,308
Provisions		32,262	30,610
Provision for defined benefit plan		42,232	39,720
Deferred tax liabilities		712,461	734,185
		7,357,287	7,528,689
<u>Current liabilities</u>			
Payables		1,642,061	1,417,503
Loan due to a significant shareholder	17	244,114	222,515
Amount due to a significant shareholder		72,566	240,444
Amount due to joint ventures		11,746	-
Amounts due to related companies		15,363	9,136
Borrowings	17	2,605,736	2,065,545
Derivative financial liabilities	18	76,255	32,392
Provisions		703	87
LLA liability		339,793	371,521
Current tax liabilities		64,302	11,829
		5,072,639	4,370,972
Liabilities directly associated with assets classified as held for sale		394,623	-
		5,467,262	4,370,972
Total liabilities		12,824,549	11,899,661
Total equity and liabilities		21,786,228	20,723,426
		As at 30 September 2015	As at 31 December 2014
Net assets per share attributable to owners of the Company		1.76	1.75

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 2014.



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>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>
Period 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).



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

Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available-for-sale-reserve	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total equity
Period ended 30 September 2014										
At 1 January 2014, as restated	3,648,152*	3,371,685	(62,801)	(2,088,969)	13,739	10,052	1,679,150	6,571,008	2,358,245	8,929,253
Profit for the financial period	-	-	-	-	-	-	286,158	286,158	159,576	445,734
Other comprehensive (loss)/income 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	-	-	-	-	-	-	(28)	(28)	-	(28)
<u>Items that will be subsequently reclassified to profit and loss</u>										
- currency translation differences	-	-	(29,165)	-	-	-	-	(29,165)	1,166	(27,999)
- available for sale	-	-	-	-	(8,372)	-	-	(8,372)	9,354	982
- share of other comprehensive income of joint ventures	-	-	18,823	-	3,394	-	(2,514)	19,703	-	19,703
	-	-	(10,342)	-	(4,978)	-	(2,514)	(17,834)	10,520	(7,314)
Total comprehensive (loss)/income for the financial period	-	-	(10,342)	-	(4,978)	-	283,616	268,296	170,096	438,392
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(365)	(365)
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	79	79
Dividend paid for the financial year ended:										
- 31 December 2013 (final)	-	-	-	-	-	-	(364,815)	(364,815)	-	(364,815)
- 31 December 2014 (interim)	-	-	-	-	-	-	(218,889)	(218,889)	-	(218,889)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(82,910)	(82,910)
Total transaction with owners	-	-	-	-	-	-	(583,704)	(583,704)	(83,196)	(666,900)
At 30 September 2014	3,648,152*	3,371,685	(73,143)	(2,088,969)	8,761	10,052	1,379,062	6,255,600	2,445,145	8,700,745

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 December 2014.

* 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 Cash Flows
Amounts in RM thousand unless otherwise stated

	Note	Year to date ended	
		30 September	2014
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial period		152,874	445,734
Adjustments for non-cash items		718,712	945,013
Operating profit before working capital changes		871,586	1,390,747
Changes in working capital		(1,710,943)	(226,775)
Cash (used in)/generated from operations		(839,357)	1,163,972
Finance income received		17,523	69,132
Taxation paid		(124,783)	(182,011)
Zakat paid		(18,404)	(7,319)
Retirement benefits paid		(283)	(5,628)
Net cash (used in)/generated from operating activities		(965,304)	1,038,146
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(598,565)	(456,624)
Purchase of biological assets		(31,270)	(21,081)
Purchase of intangible assets		(13,201)	(3,943)
Purchase of prepaid lease payments		-	(283)
Additional investment in a joint venture		-	(80,000)
Deposit for acquisition of a subsidiary		(65,500)	(31,984)
Acquisition of subsidiaries		(92,897)	(669,668)
Payment for asset retirement obligation		(70)	(53)
Proceeds from disposal of property, plant and equipment		12,737	2,514
Proceeds from disposal of financial instruments at fair value through profit or loss		1,065	-
Investment in available-for-sale financial assets		(1,597)	-
Dividend received from associates		270	3,360
Dividend received from joint ventures		15,000	24,650
Net cash used in investing activities		(774,028)	(1,233,112)



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	
		2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		4,809,125	1,340,716
Repayment of borrowings		(4,022,244)	(1,188,426)
Repayment of LLA liability		(209,414)	(257,488)
Repayment of loan due to a significant shareholder		(254,561)	(107,143)
Dividend paid to shareholders		(145,926)	(583,704)
Dividend paid to non-controlling interest		(48,224)	(82,910)
Finance costs paid		(94,688)	(104,022)
Net cash generated from/(used in) financing activities		34,068	(982,977)
Net decrease in cash and cash equivalents		(1,705,264)	(1,177,943)
Effect of foreign exchange rate changes		160,090	(5,672)
Cash and cash equivalents at beginning of the financial period		3,673,415	5,028,873
Cash and cash equivalents at end of the financial period		2,128,241	3,845,258
Deposits, cash and bank balances		2,128,241	3,845,258
Less: Cash and cash equivalents in assets held for sale		(28,711)	-
		<u>2,099,530</u>	<u>3,845,258</u>

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 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 **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's audited financial statements for the financial year ended 31 December 2014. 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 2014.

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 2014, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations with effect from 1 January 2015.

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") on 1 January 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

(b) Standards, amendments to published standards and interpretations to existing standards that are adopted by the Group as at 1 January 2015:

- Annual Improvements to FRSs 2010-2012 Cycle (Amendments to FRS 2 'Share-based Payment', FRS 3 'Business Combinations', FRS 8 'Operating Segments', FRS 13 'Fair Value Measurement', FRS 116 'Property, Plant and Equipment', FRS 124 'Related Party Disclosures' and FRS 138 'Intangible Assets')
- Annual Improvements to FRSs 2011-2013 Cycle (Amendments to FRS 1 'First-time Adoption of Financial Reporting Standards', FRS 3 'Business Combinations', FRS 13 'Fair Value Measurement' and FRS 140 'Investment Property')
- Amendments to FRS 119 'Employee Benefits' - Defined benefits plans: Employee contributions

The adoption of the above amendments to published standards and interpretations to existing standards did not have a significant financial impact to the Group other than additional disclosures in the financial statements.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (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 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. Dividend

No dividend has been paid during the quarter ended 30 September 2015.

The final single tier dividend of 4.0 sen per share for the financial year ended 31 December 2014 amounting to RM145.93 million was paid on 10 July 2015.

The Directors declared an interim dividend payment of 2.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system for the quarter ended 30 September 2015 amounting to RM72.96 million. The dividend is expected to be paid by 28 December 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (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 2015 have been identified as follows:

- Palm Plantation – 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 and Logistics ("TML") – Trading, bulking and transportation facilities.
- Others – Rubber processing, research and development activities, fertilisers processing and production, sale of planting materials, services, information technology, security and travel.

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 Group embarked on a new tolling and trading model starting February 2015. This involved changes throughout the Palm Plantation, Palm Downstream and TML segments which renders the 2015 results not comparable to the 2014 results. In 2015, CPO sales are recorded as internal to FGV Trading Sdn Bhd which belongs to the TML segment instead of Palm Upstream directly selling externally in 2014.

The discontinuing operations mainly relates to crushing of soy and canola under the Canadian operation and the 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 2015 (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 2015	Palm Plantation	Palm Downstream	Sugar	Trading, marketing, and logistics	Others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	6,991,595	2,592,116	1,690,532	4,985,275	1,573,309	(6,422,168)	11,410,659	813,112	12,223,771
Less : Inter-segment revenue	(5,469,738)	(168,771)	(47,236)	(222,354)	(514,069)	6,422,168	-	-	-
Revenue from external customers	<u>1,521,857</u>	<u>2,423,345</u>	<u>1,643,296</u>	<u>4,762,921</u>	<u>1,059,240</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	-	5,017	(6,784)	18,769	-	18,769
Finance costs	(30,992)	(13,526)	(6,017)	(1,014)	(3,269)	(80,022)	(134,840)	-	(134,840)
Depreciation and amortisation	(170,155)	(69,060)	(30,107)	(41,657)	(36,332)	(7,882)	(355,193)	-	(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>123,926</u>	<u>4,429</u>	<u>292,398</u>	<u>(79,845)</u>	<u>50,581</u>	<u>(172,376)</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 2015 (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 2014	Palm Plantation	Palm Downstream	Sugar	Trading, marketing, and logistics	Others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	13,839,818	4,843,151	1,708,481	574,246	1,589,300	(11,210,039)	11,344,957	816,630	12,161,587
Less : Inter-segment revenue	(10,338,228)	(110,711)	(58,719)	(257,439)	(444,942)	11,210,039	-	-	-
Revenue from external customers	<u>3,501,590</u>	<u>4,732,440</u>	<u>1,649,762</u>	<u>316,807</u>	<u>1,144,358</u>	<u>-</u>	<u>11,344,957</u>	<u>816,630</u>	<u>12,161,587</u>
Finance income	7,411	6,182	19,197	1,375	5,937	41,896	81,998	-	81,998
Finance costs	(14,528)	(11,144)	(2,394)	(245)	(4,684)	(92,094)	(125,089)	-	(125,089)
Depreciation and amortisation	(156,052)	(46,573)	(34,308)	(42,203)	(36,428)	(3,819)	(319,383)	-	(319,383)
Fair value changes in LLA liability	(316,591)	-	-	-	-	-	(316,591)	-	(316,591)
Share of results of jointly ventures	605	14,759	-	(103)	-	-	15,261	-	15,261
Share of results of associates	628	-	-	7,814	-	-	<u>8,442</u>	<u>-</u>	<u>8,442</u>
Profit/(Loss) before taxation for the financial period	488,182	1,770	256,408	50,864	81,331	(87,941)	<u>790,614</u>	<u>(123,034)</u>	<u>667,580</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 30 September 2015	As at 31 December 2014
Property, plant and equipment:		
- contracted	222,877	477,451
- not contracted	234,473	508,144
	<u>457,350</u>	<u>985,595</u>
Biological assets:		
- contracted	49,755	22,351
- not contracted	28,328	114,269
	<u>78,083</u>	<u>136,620</u>
Intangible assets:		
- contracted	2,161	-
- not contracted	1,080	-
	<u>3,241</u>	<u>-</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 2015 (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 2015 and 30 September 2014 are as follows:

a) Sales of goods and services

	Year to date ended 30 September	
	2015	2014
(i) Transactions with jointly controlled entities		
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)	352,454	-
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ("FGVPM") to FISB Group	1,056,650	1,638,238
Sales of CPKO, RBDPKO and PFAD by Felda Kernel Sdn. Bhd. ('FKP') to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	676,305	875,269
Sales of PPO by Felda Marketing Services Sdn. Bhd. ("FMSSB") to FISB Group	17,321	78,330
Sales of CPO by FGVPM to Mapak Edible Oils (Pvt) Ltd ("MAPAK")	185,741	184,702
(ii) Transactions between subsidiaries and FELDA Group		
Sales of fertilizer by FPM Sdn. Bhd. ("FPM")	290,533	224,521
Engineering and maintenance work rendered by Felda Engineering Services Sdn. Bhd. ("FESSB")	65,390	78,794
IT services rendered by Felda Prodata Services Sdn. Bhd. ("FPSSB")	35,530	28,157
Security services rendered by Felda Security Services Sdn. Bhd. ("FSSSB")	18,376	19,501
Sales of seedlings and planting materials by FASSB	15,025	13,470



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (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 2015 and 30 September 2014 are as follows: (continued)

b) Purchase of goods and services

	Year to date ended 30 September	
	2015	2014
(i) Transactions with joint ventures		
Purchase of CPO, PPO and lauric acid by FELMA and FGVT from FISB Group	95,289	67,786
(ii) Transactions between subsidiaries and FELDA Group		
Interest expense charged by FELDA	74,577	92,170
Repayment of LLA Liability by FGVP to FELDA	209,414	257,488
Infrastructure costs charged by FELDA to FGVP	15,419	18,346
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRI") from FELDA	60,336	72,843
Purchase of FFB by FPI and FGVP from FELDA	2,046,728	2,227,957
Payment for Joint Consultative Committee ("JCC") by FPI to FELDA	9,289	12,790
Building rental charged by FELDA	17,928	14,099

c) Transactions with Government related entities

	Year to date ended 30 September	
	2015	2014
(i) Transactions between subsidiaries and other government agencies		
Windfall tax and export tax paid to Kastam Diraja Malaysia	-	46,535
Cooking oil subsidy received from Malaysia Palm Oil Board ('MPOB')	72,601	133,016



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
Amounts in RM thousand unless otherwise stated

10. Effect of Significant Changes in the Composition of FGVH

Incorporation of a new company

On 10 April 2015, MSM Malaysia Holdings Berhad ("MSM"), a subsidiary of FGVH acquired a 100% equity interest in MSM Sugar Refinery (Johor) Sdn. Bhd. ("MSM Sugar Refinery"), a company incorporated in Malaysia for a cash consideration of RM2.

MSM Sugar Refinery was incorporated on 8 April 2015. The authorised share capital of MSM Sugar Refinery is RM400,000 comprising 400,000 ordinary shares of RM1 each of which 2 ordinary shares of RM1 have been issued and fully paid. The principal activity of MSM Sugar Refinery is to carry on business in sugar products and by-products.

Acquisition of a subsidiary

On 31 March 2015, FGVH acquired the entire equity interest of Felda Iffco South China Ltd ("FISC") from Felda Iffco Sdn. Bhd., a joint venture of FGVH for a total purchase consideration of RMB320.00 million (RM181.34 million).

The effect of the acquisition of FISC is as follows:

	Carrying value
Property, plant and equipment	125,833
Prepaid lease payments	28,080
Net current assets	6,906
Total net assets acquired	<u>160,819</u>
Purchase consideration	<u>181,338</u>
Provisional goodwill	<u>(20,519)</u>

The cash outflow on the acquisition is as follows:

Purchase consideration:	181,338
Less : Cash and cash equivalents acquired	<u>(1,817)</u>
	179,521
Less: Deposit paid in 2014	<u>(86,624)</u>
Net cash outflow on acquisition	<u><u>92,897</u></u>

The effects to the results of the Group for the financial period ended and effects had the acquisition taken effects at the beginning of the financial year are not material.

FISC has changed its business name to FGV China Oils Ltd with effect from 22 August 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued) Amounts in RM thousand unless otherwise stated

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 of 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 Defendants to file Appeal Record once they received Seremban High Court's Ground of Judgments.
- (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 the year 2008 only. The matter was part heard on 13, 15 and 16 October 2015 and 19 to 23 October 2015. The next continued hearing is fixed on 11, 12 and 15 January 2016 and 10 to 12 February 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 matter fixed for trial on 11 to 15 August 2014 have been vacated to give priority to hear Jengka A case. The Court has yet to fix trial dates for this case.
- (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 was part heard on 7 to 11 September 2015 and now is fixed for continued trial on 23 to 27 November 2015.
- (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 part heard on 15, 17, 18, 28, 29, 30 September and 1, 2 October 2015 and now is fixed for continued trial on 3, 4 October 2015 and 8, 10 December 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
Amounts in RM thousand unless otherwise stated

11. Contingent Liabilities and Material Litigation (continued)

- (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 yet to fix the matter for next 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 22nd to 26th September 2014 have been vacated to give priority to hear Jengka A case. The Court has yet to fix trial dates for this case.

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 2015 (continued)
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12. Review of Group Performance

	Year to date ended		% + / (-)
	30 September		
	2015	2014	
Revenue	<u>11,410,659</u>	<u>11,344,957</u>	0.6
Palm Plantation	123,926	488,182	(74.6)
Sugar	292,398	256,408	14.0
Palm Downstream	4,429	1,770	>100
TML	(79,845)	50,864	<100
Others	<u>50,581</u>	<u>81,331</u>	(37.8)
Segment results	391,489	878,555	(55.4)
Reconciliation	<u>(172,376)</u>	<u>(87,941)</u>	(96.0)
Profit before taxation	219,113	790,614	(72.3)
Zakat	(18,404)	(7,319)	<100
Tax expense	<u>(108,108)</u>	<u>(214,527)</u>	49.6
Profit from continuing operations	92,601	568,768	(83.7)
Profit/(Loss) from discontinuing operations	<u>60,273</u>	<u>(123,034)</u>	>100
Profit for the financial period	<u>152,874</u>	<u>445,734</u>	(65.7)
Profit attributable to:			
Owners of the Company	15,741	286,158	(94.5)
Non-controlling interests	<u>137,133</u>	<u>159,576</u>	(14.1)
Profit for the financial period	<u>152,874</u>	<u>445,734</u>	(65.7)

Overall

The Group recorded profit before taxation of RM219.11 million for the period ended 30 September 2015, 72.3% lower than the profit before taxation reported in 2014. The decrease was mainly attributable to the lower contribution from Palm Plantation and TML segments.

Segment Performance Analysis

(a) Palm Plantation

The Palm Plantation segment's profit declined by 74.6% to RM123.93 million in 2015 from RM488.18 million last year mainly due to lower average CPO price realized of RM2,235 per MT compared to RM2,506 per MT last year. The segment's FFB production fell 7% to 3.46 million MT in 2015.

Lower estate yield of 13.39 MT per hectare was recorded in 2015 compared to 14.48 MT per hectare last year. The Group's OER achieved was lower at 20.74% compared to the previous year of 20.97%.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance (continued)

(b) Sugar

The segment recorded an increase in profit by 14.0% due to lower raw sugar costs of 12% and higher industrial sales of 44% despite reduction of sales volume in domestic and export market by 17% and 20% respectively.

(c) Palm Downstream

Profit from Palm Downstream segment improved to RM4.43 million from RM1.77 million in 2014 as the local downstream company has changed its activity to providing tolling services to the Group compared to refining last year.

However, the profit was partly affected by the lower sales volume in the US fatty acid business, lower volume of RBDPKO and lower CPKO margin achieved from kernel crushing activities.

(d) Trading, marketing and logistics ("TML")

The TML segment registered a loss of RM79.85 million in 2015, mainly attributable to net realised and unrealised foreign exchange losses of RM73.64 million due to the effect of weakening of Ringgit Malaysia against US dollar.

(e) Others

Other businesses decreased by 37.8% due to lower margins achieved from R&D activities and unrealised foreign exchange loss incurred by rubber and fertiliser business despite a higher rubber margin achieved in 2015 compared to last year.

(f) Discontinuing operations

Following the proposed disposal of TRT ETGO, the contribution from discontinuing operations increased mainly due to the reversal of impairment of property, plant and equipment of RM133.30 million.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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13. Material Changes in the Quarterly Results Compared to Preceding Quarter

	Quarter ended		% + / (-)
	30 September 2015	30 June 2015	
Revenue	<u>4,510,291</u>	<u>4,190,477</u>	7.6
Palm Plantation	31,234	94,265	(66.9)
Sugar	86,623	113,638	(23.8)
Palm Downstream	11,613	14,507	(19.9)
TML	(95,780)	(22)	<100
Others	<u>2,233</u>	<u>21,420</u>	(89.6)
Segment results	35,923	243,808	(85.3)
Reconciliation	<u>(80,845)</u>	<u>(53,258)</u>	(51.8)
(Loss)/Profit before taxation	(44,922)	190,550	<100
Zakat	(17,512)	(284)	<100
Tax expense	<u>(23,225)</u>	<u>(65,557)</u>	64.6
(Loss)/profit from continuing operations	(85,659)	124,709	<100
Profit/(Loss) from discontinuing operations	105,850	(21,763)	>100
Profit for the financial period	<u>20,191</u>	<u>102,946</u>	(80.4)
(Loss)/Profit attributable to:			
Owners of the Company	(33,922)	46,088	<100
Non-controlling interests	<u>54,113</u>	<u>56,858</u>	(4.8)
Profit for the financial period	<u>20,191</u>	<u>102,946</u>	(80.4)

Overall

The Group registered a loss before taxation of RM44.92 million compared to profit before taxation of RM190.55 million in preceding quarter. This was due to higher fair value charge in LLA of RM107.91 million compared to RM50.31 charged in previous quarter and higher net realised and unrealised foreign exchange loss due to the weakening of ringgit. All business segments registered lower earnings compared to preceding quarter.

The losses was partly offset with the reversal of impairment of property, plant and equipment of RM133.30 million recorded in current quarter under discontinuing operations, following the proposed disposal of Twin Rivers Technologies Enterprises De Transformation De Graines Oleagineuses Du Quebec Inc. ("TRT ETGO"), an indirect wholly-owned subsidiary of FGVH.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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13. Material Changes in the Quarterly Results Compared to Preceding Quarter (continued)

(a) Palm Plantation

The segment's results declined by 66.9% from RM94.27 million to RM31.23 million in current quarter mainly due to fair value charge of RM107.91 million compared to RM50.31 million charged in preceding quarter.

Excluding the LLA effect, the segment's profit was RM139.14 million in current quarter, a slight decrease compared to RM144.58 million in preceding quarter. Average CPO price realised in current quarter was lower at RM2,191 per MT compared to RM2,251 per MT in preceding quarter. The segment registered an increase of 12% in CPO production from 838 thousand MT to 940 thousand MT in tandem with 7% increase in FFB production to 1.31 million MT in current quarter and higher OER achieved at 21.04% compared to 20.56% achieved in the preceding quarter.

(b) Sugar

Profit from Sugar segment slid by 23.8% to RM86.62 million in tandem with the lower sales volume for domestic sugar consumption compared to higher demand due to festive season in the previous quarter.

(c) Palm Downstream

Palm Downstream segment recorded a profit of RM11.61 million, 19.9% lower than previous quarter. This was attributable to lower margin achieved in the US fatty acid business. The decrease was partly offset with the increased volume in RBDPKO and higher CPKO margin achieved from the kernel crushing activities.

(d) TML

The TML segment's result decreased to a loss of RM95.78 million compared to RM22 thousand losses in preceding quarter mainly attributable to realised and unrealised foreign exchange losses of RM74.63 million recorded in trading activities impacted by weakening of ringgit against US dollar which had narrowed gross margins.

(e) Others

Contribution from other businesses decreased to RM2.23 million from RM21.42 million in preceding quarter due to unrealised foreign exchange losses registered in current quarter for rubber and fertiliser business despite an increase in R&D income in current quarter.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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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	
	2015	2014
Included in operating profit after LLA are:		
Compensation claim receivable	-	17,778
Amortisation of intangible assets	25,446	6,907
Amortisation of prepaid lease payments	3,748	4,550
Depreciation of property, plant and equipment	313,347	296,671
Depreciation of investment properties	8,988	1,726
Accelerated depreciation of biological assets	3,664	9,406
Property, plant and equipment written off	6,193	8,992
Biological asset written off	-	5,096
Intangible asset written off	2,942	-
Impairment of property, plant and equipment	2,519	4,700
Impairment loss on biological asset	2,300	-
Reversal of impairment in property, plant and equipment	(145,935)	(1,825)
Reversal of impairment of loan due from related company	-	(26,952)
Gain on disposal of property, plant and equipment	(618)	(964)
Gain on disposal of investment in associate	(11,841)	(12,618)
Net foreign exchange loss	<u>16,175</u>	<u>31</u>

16. Taxation

	Quarter Ended 30 September		Year to date Ended 30 September	
	2015	2014	2015	2014
Malaysian income tax				
Current financial period	(73,300)	(34,964)	(152,960)	(195,681)
Prior financial period	(345)	1,476	(345)	(223)
	<u>(73,645)</u>	<u>(33,488)</u>	<u>(153,305)</u>	<u>(195,904)</u>
Foreign income tax				
Current financial period	3,728	(1,113)	(680)	(14,750)
Deferred tax	<u>46,692</u>	<u>(26,322)</u>	<u>45,877</u>	<u>(3,873)</u>
	<u>(23,225)</u>	<u>(60,923)</u>	<u>(108,108)</u>	<u>(214,527)</u>

The effective tax rate of 54% for the financial period ended 30 September 2015 is higher than the Malaysian income tax rate of 25% due to certain expenses which are non-allowable and deferred tax assets not recognized on losses in certain subsidiaries.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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17. Borrowings

The total unsecured borrowings are as follows:

	As at 30 September 2015		Total
	Secured	Unsecured	
<u>Long-term borrowings</u>			
Loan due to a significant shareholder	-	1,778,823	1,778,823
Term loans	415,323	12,073	427,396
Finance lease liabilities	758	-	758
	<u>416,081</u>	<u>1,790,896</u>	<u>2,206,977</u>
<u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	244,114	244,114
Term loans	10,938	615,835	626,773
Short term trade financing	13,142	1,965,302	1,978,444
Finance lease liabilities	519	-	519
	<u>24,599</u>	<u>2,825,251</u>	<u>2,849,850</u>
Total borrowings	<u>440,680</u>	<u>4,616,147</u>	<u>5,056,827</u>

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

Ringgit Malaysia	3,967,670
Canadian Dollar	126
United States Dollar	974,839
Thai Baht	13,142
Indonesia Rupiah	37,523
Great Britain Pound	60,377
Singapore Dollar	3,150
Total borrowings	<u>5,056,827</u>

As at 30 September 2015, certain short term trade financing is secured over certain property, plant and equipment, 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 land, fixed and floating charges over certain assets of the Group and a corporate guarantee provided by a subsidiary.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (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 2015 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	1,099,097	10,956	45,668
Palm oil futures	316,152	-	30,546
Rubber futures	585	-	41
	<u>1,415,834</u>	<u>10,956</u>	<u>76,255</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 2014. 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 2015.

30 September 2015

	<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	-	10,956	-	10,956
- Available-for-sale financial assets	11,523	-	218,859	230,382
- Trading securities	<u>46,049</u>	<u>-</u>	<u>-</u>	<u>46,049</u>
Total assets	<u>57,572</u>	<u>10,956</u>	<u>218,859</u>	<u>287,387</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,703,148	4,703,148
- Derivatives	<u>30,587</u>	<u>45,668</u>	<u>-</u>	<u>76,255</u>
Total liabilities	<u>30,587</u>	<u>45,668</u>	<u>4,703,148</u>	<u>4,779,403</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (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 Malaysia Derivatives Exchange ("MDEX") for palm oil and other foreign commodity exchanges and over the counter ("OTC") commodity contracts.

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.

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.

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

	9 months period ended <u>30 September 2015</u>	Financial year <u>2014</u>
<u>LLA liability</u>		
1 January	4,680,829	4,844,390
Fair value changes charged		
to profit or loss	231,733	115,240
Repayment during the financial period	(209,414)	(336,401)
Additional land acquired during the year	-	57,600
30 September	<u>4,703,148</u>	<u>4,680,829</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, inflation rate, total acreage of planted oil palm and rubber, estate replanting fixed cost and capital expenditure; amongst others, on a periodic basis. Any changes on assumptions used will cause a material variation of the liability.



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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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 2015	As at 30 September 2014
Total retained earnings of the Company and its subsidiaries:		
- realised	3,984,288	4,008,326
- unrealised	(340,619)	(312,219)
	<u>3,643,669</u>	<u>3,696,107</u>
Total share of retained earnings from jointly controlled entities:		
- realised	182,917	201,858
- unrealised	(37,618)	(48,026)
	<u>145,299</u>	<u>153,832</u>
Total share of retained earnings from associates:		
- realised	166,520	125,706
- unrealised	(6,560)	(6,987)
	<u>159,960</u>	<u>118,719</u>
Less: consolidation adjustments	(2,663,554)	(2,589,596)
Total retained earnings of FGVH	<u>1,285,374</u>	<u>1,379,062</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 2015 (continued)
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21. Earnings Per Share

	Quarter ended 30 September		Year to date ended 30 September	
	2015	2014	2015	2014
Basic earnings per share are computed as follows:				
(Loss)/Profit for the financial period attributable to owners of the Company (RM'000)	<u>(33,922)</u>	<u>(9,332)</u>	<u>15,741</u>	<u>286,158</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>(0.9)</u>	<u>(0.3)</u>	<u>0.4</u>	<u>7.8</u>

22. Status of Corporate Proposals

- (a) There was no corporate proposal entered into during the financial period under review.
- (b) Utilisation of IPO proceeds

The gross proceeds of RM4,459,000,000 arising from the Public Issue are expected to be fully utilised for our core businesses in the following manner:

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing		Amount utilised as at 30 September 2015	Balance of IPO proceeds as at 30 September 2015
Acquisition of plantation assets	within 3 years	2,190,000	(2,190,000)	-
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	(840,000)	-
Construction or acquisitions of mills and refineries	within 3 years	780,000	(668,721)	111,279
Loan repayment for our overseas operation	within 6 months	260,000	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	(90,330)	9,670
Working capital requirements, general corporate purposes	within 6 months	129,000	(129,000)	-
Estimated listing expenses	within 6 months	160,000	(160,000)	-
Total gross proceeds		<u>4,459,000</u>	<u>(4,338,051)</u>	<u>120,949</u>

The remaining balance of IPO proceeds has been earmarked for the proposed acquisition of GLB (refer Note 23 (iii)).



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Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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23. Significant events

- (i) On 28 January 2015, FGVD, a wholly owned subsidiary of FGVH has exercised its option to purchase 20% of the issued and paid-up share capital of FGV Lipid Venture Sdn. Bhd. ("FGV Lipid") from Lipid Venture Sdn. Bhd. ("LVSB") by way of a Supplemental Agreement dated 28 January 2015 to the Joint Venture and Shareholders' Agreement between FGVD and LVSB dated 13 November 2013.

Pursuant thereto, FGVD has raised its shareholdings in FGV Lipid from current 40% to 60% which resulted in FGV Lipid becoming a subsidiary of FGVD.

- (ii) On 24 February 2015, the Board has approved on the proposed disposal of the entire issued and paid-up share capital of Twin Rivers Technologies Enterprises De Transformation De Graines Oleagineuses Du Quebec Inc. ("TRT ETGO"), an indirect wholly-owned subsidiary of FGVH.

As at 30 June 2015, TRT ETGO has been classified as asset held for sale in the statements of financial position as the criteria under FRS 5 "Non-current assets held for sale" has been met. TRT ETGO's result has been shown as a discontinued operation in the statement of comprehensive income as it is deemed as a major part of FGVH's business.

On 27 August 2015, Kenanga Investment Bank Berhad ("Kenanga IB"), on behalf of the Board of Directors of FGVH, announced that Twin Rivers Technologies Holdings Enterprises De Transformation De Graines Oleagineuses Du Quebec Inc. ("TRT Holdings ETGO"), an indirect wholly-owned subsidiary of FGVH had entered into a conditional share purchase agreement ("SPA") with Viterra Inc. ("Viterra") in relation to the proposed disposal.

The proposed disposal entails the disposal of 298,070 common shares in TRT ETGO, representing the entire issued and paid-up share capital of TRT ETGO for a cash consideration of CAD190.0 million, subject to the terms and conditions as contained in the SPA.

On 3 November 2015, Kenanga IB, on behalf of the Board, announced that the proposed disposal has been completed following the fulfilment of all the deliveries and conditions to the proposed disposal as set out in the SPA.

Viterra has settled the cash purchase price of CAD172.7 million (amounting RM567.1 million) to TRT Holdings ETGO in accordance with the terms of the SPA. A post-closing adjustment will be carried out to determine the final purchase price, subject to the finalisation of both the Closing Net Indebtedness and the Closing Net Working Capital. Thereafter, Viterra or TRT Holdings ETGO will settle the difference between the cash purchase price and the final purchase price accordingly.

Following the completion of the proposed disposal, TRT ETGO is no longer a subsidiary of FGVH.



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23. Significant events (continued)

- (iii) On 24 February 2015, the Board has approved to increase the paid up capital of FGV Green Energy Sdn. Bhd. ("FGVGE"), a subsidiary of Felda Global Ventures Downstream Sdn. Bhd. ("FGVD") to RM51,606,275. On 3 June 2015, FGVD has paid RM30,963,765 and RM10,321,255 each has been paid by its other shareholders, Benefuel International Holdings and M2 Capital Sdn. Bhd.
- (iv) On 31 March 2015, FGVH acquired the entire equity interest of Felda Iffco South China Ltd ("FISC") from Felda Iffco Sdn. Bhd., a joint venture of FGVH for a total purchase consideration of RMB320.00 million (RM181.34 million). FISC has changed its business name to FGV China Oils Ltd with effect from 22 August 2015.
- (v) On 8 June 2015, Pontian United Plantations Berhad ("PUP"), a wholly-owned subsidiary of FGVH has entered into a sale and purchase agreement with Golden Land Berhad ("GLB") to acquire a piece of land owned by GLB and its four subsidiaries for a total purchase price of RM655.00 million. As at 30 June 2015, the Group has paid a deposit of RM65.5 million.

Upon completion of the proposed acquisition, PUP will acquire the GLB land and the shares of the four subsidiaries of GLB namely Yapidmas Plantation Sdn Bhd, Sri Kehuma Sdn Bhd, Ladang Kluang Sdn Bhd and Tanah Emas Oil Palm Processing Sdn Bhd. The proposed acquisition is expected to be completed by fourth quarter 2015.

- (vi) On 12 June 2015, Kenanga IB, on behalf of FGVH, announced that Felda Global Ventures Kalimantan Sdn Bhd ("FGVK"), a wholly-owned subsidiary of FGVH had entered into a Heads of Agreement ("HOA") with PT Rajawali Capital International ("Rajawali Capital") and PT Rajawali Corpora ("Rajawali Corpora") (collectively, "Vendors") in relation to the proposed acquisition of the following:
 - (a) 11,664,357,670 shares, representing 37% equity interests in PT Eagle High Plantations Tbk. ("Eagle High") ("Eagle High Sale Shares"), a public listed company incorporated under the laws of the Republic of Indonesia, from Rajawali Capital, a company incorporated under the laws of the Republic of Indonesia;
 - (b) 2,375 shares, representing 95% equity interest in PT Cendrawasih Jaya Mandiri ("CJM") ("CJM Sale Shares"), a company incorporated under the laws of Republic of Indonesia, from Rajawali Corpora, a company incorporated under the laws of the Republic of Indonesia, and/or its affiliates;
 - (c) 2,375 shares, representing 95% equity interest in PT Karya Bumi Papua ("KBP") ("KBP Sale Shares"), a company incorporated under the laws of the Republic of Indonesia, from Rajawali Corpora and/or its affiliates; and
 - (d) 14 shares, representing 93.3% equity interest in PT Rizki Kemilau Berjaya ("RKB") ("RKB Sale Shares"), a company incorporated under the laws of the Republic of Indonesia, from Rajawali Corpora and/or its affiliates.



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Explanatory Notes on the Quarterly Report – 30 September 2015 (continued)
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23. Significant events (continued)

The proposed acquisitions are conditional upon the following approvals being obtained:

- a) approvals of the shareholders of the respective Parties;
- b) approval of the shareholders of FGV; and
- c) any other relevant approvals from the Malaysian and Indonesian regulatory authorities or third parties for the purposes of entry into and execution of the terms of each of the conditional sales and purchase agreement and any remittance required by FGV Kalimantan.

The proposed acquisition is expected to complete by fourth quarter 2015.

On 14 August 2015, Kenanga IB, on behalf of FGVH, announced that FGVH have substantially completed due diligence. FGVH and the Vendors are in the midst of finalising confirmatory due diligence and negotiating the terms of the conditional sale and purchase agreements ("CSPAs") and aim to sign CSPAs as soon as reasonably practicable, and in any event by no later than 31 October 2015.

On 30 October 2015, Kenanga IB, on behalf of FGVH, announced that FGVH and the Vendors are still in the midst of negotiating the terms of the definitive documentation and aim to sign the definitive documents no later than 30 November 2015.

24. Material events after reporting period

Save for Note 23 (ii) and (vi), there were no material events after the reporting period.



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25. Prospects

The Group expects to operate in a challenging environment with the slowdown in the Chinese economy, uncertain global financial markets and volatile foreign exchange rates. However, CPO prices are expected to increase in the medium term in anticipation of the expected supply shortages due to the severe dry weather from El Nino and Indonesian haze, coupled with the strengthening of the US Dollar. The Group will focus on improving margins by continuing to carry out transformation plans to improve efficiencies in the operational value chain from the upstream production down to the downstream operations and consumer goods production.

The Board of Directors of FGV are pleased to announce an interim dividend payment of 2.0 sen per share for the financial period ended 30 September 2015 which equals to a total dividend payout of RM72.96 million.

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the financial year ending 31 December 2015 will be in line with the industry.

By Order of the Board

Koo Shuang Yen
Abd Rashid Atan
Company Secretary

26 November 2015