



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the second quarter ended 30 June 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 June		% + / (-)	Year to date ended 30 June		% + / (-)
		2015	2014		2015	2014	
<u>Continuing operations</u>							
Revenue		4,190,477	3,874,941	8.1	6,900,368	7,380,540	(6.5)
Cost of sales		(3,634,806)	(3,188,987)	(14.0)	(5,962,816)	(6,109,213)	2.4
Gross profit		<u>555,671</u>	<u>685,954</u>	(19.0)	<u>937,552</u>	<u>1,271,327</u>	(26.3)
Other operating income		33,612	35,597		85,038	92,319	
Selling and distribution costs		(83,089)	(92,217)		(160,355)	(187,864)	
Administrative expenses		(230,419)	(174,853)		(422,691)	(338,742)	
Other operating expenses		-	(10,338)		(25,098)	(35,277)	
Commodity (losses)/gain - net		(5,802)	(5,512)		<u>5,278</u>	<u>27,653</u>	
Operating profit	15	<u>269,973</u>	<u>438,631</u>	(38.5)	<u>419,724</u>	<u>829,416</u>	(49.4)
Fair value changes in Land Lease Agreement ('LLA') liability		(50,311)	(100,034)		(123,821)	(217,696)	
Operating profit after LLA		<u>219,662</u>	<u>338,597</u>	(35.1)	<u>295,903</u>	<u>611,720</u>	(51.6)
Finance income		7,881	32,987		18,393	63,135	
Finance costs		(36,766)	(43,383)		(92,888)	(81,845)	
Share of results from associates		8,536	5,691		11,620	5,988	
Share of results from joint ventures		(8,763)	(10,053)		<u>31,007</u>	<u>23,268</u>	
Profit before zakat and taxation		<u>190,550</u>	<u>323,839</u>	(41.2)	<u>264,035</u>	<u>622,266</u>	(57.6)
Zakat		(284)	(583)		(892)	(1,296)	
Taxation	16	(65,557)	(98,953)		<u>(84,883)</u>	<u>(153,604)</u>	
Profit from continuing operations		<u>124,709</u>	<u>224,303</u>	(44.4)	<u>178,260</u>	<u>467,366</u>	(61.9)
<u>Discontinuing operations</u>							
Loss from discontinuing operations		(21,763)	(10,369)		(45,577)	(44,625)	
Profit for the financial period		<u>102,946</u>	<u>213,934</u>	(51.9)	<u>132,683</u>	<u>422,741</u>	(68.6)
Other comprehensive income/(loss)							
Share of other comprehensive income/(loss) of joint ventures		4,177	18,882		(28,154)	16,242	
Actuarial (loss)/gain on defined benefit plan		(880)	2		(160)	(28)	
Fair value changes in available-for-sale financial assets		(241)	416		(222)	416	
Currency translation differences		15,119	(2,545)		<u>42,430</u>	<u>(24,206)</u>	
Other comprehensive income/(loss) for the financial period, net of tax		<u>18,175</u>	<u>16,755</u>		<u>13,894</u>	<u>(7,576)</u>	
Total comprehensive income for the financial period		<u>121,121</u>	<u>230,689</u>	(47.5)	<u>146,577</u>	<u>415,165</u>	(64.7)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2015 (continued)

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

	Note	Quarter ended 30 June			Year to date ended 30 June		
		2015	2014	% + / (-)	2015	2014	% + / (-)
Profit attributable to:							
-Owners of the Company		46,088	151,862	(69.7)	49,663	295,490	(83.2)
-Non-controlling interests		<u>56,858</u>	<u>62,072</u>	(8.4)	<u>83,020</u>	<u>127,251</u>	(34.8)
Profit for the financial period		<u>102,946</u>	<u>213,934</u>	(51.9)	<u>132,683</u>	<u>422,741</u>	(68.6)
Total comprehensive income attributable to:							
- Owners of the Company		65,545	168,895	(61.2)	63,133	286,826	(78.0)
- Non-controlling interests		<u>55,576</u>	<u>61,794</u>	(10.1)	<u>83,444</u>	<u>128,339</u>	(35.0)
Total comprehensive income for the financial period		<u>121,121</u>	<u>230,689</u>	(47.5)	<u>146,577</u>	<u>415,165</u>	(64.7)
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	21	1.3	4.2		1.4	8.1	

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 second quarter ended 30 June 2015 (continued)

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

	Note	Unaudited As at 30 June 2015	Audited As at 31 December 2014
<u>Non-current assets</u>			
Property, plant and equipment		6,323,013	6,348,754
Investment properties		138,552	144,544
Intangible assets		1,567,688	1,534,397
Interests in associates		227,104	215,754
Interests in joint ventures		731,149	745,042
Biological assets		2,804,434	2,777,245
Prepaid lease payments		74,917	49,961
Deposit and other receivables		154,422	165,273
Deferred tax assets		1,242,493	1,254,586
Available-for-sale financial assets		229,844	243,685
		<u>13,493,616</u>	<u>13,479,241</u>
<u>Current assets</u>			
Inventories		1,981,852	1,763,695
Biological assets		56,653	50,697
Receivables		1,880,910	1,089,410
Amount due from a significant shareholder		109,821	79,233
Amount due from joint ventures		182,928	328,941
Amount due from an associate		305	36
Amounts due from related companies		297,038	63,964
Tax recoverable		164,150	129,407
Financial instruments at fair value through profit or loss		40,845	21,431
Derivative financial assets	18	639	15,337
Deposits, cash and bank balances		2,265,395	3,673,415
		<u>6,980,536</u>	<u>7,215,566</u>
Assets held for sale		773,253	28,619
		<u>7,753,789</u>	<u>7,244,185</u>
Total assets		<u><u>21,247,405</u></u>	<u><u>20,723,426</u></u>
<u>Equity</u>			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Reserves		(726,397)	(643,604)
Equity attributable to owners of the Company		<u>6,293,440</u>	<u>6,376,233</u>
Non-controlling interests		2,503,389	2,447,532
Total equity		<u><u>8,796,829</u></u>	<u><u>8,823,765</u></u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2015 (continued)

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

	Note	Unaudited As at 30 June 2015	Audited As at 31 December 2014
<u>Non-current liabilities</u>			
Borrowings	17	434,115	434,461
Loan due to a significant shareholder	17	1,741,899	1,980,405
LLA liability		4,335,344	4,309,308
Provisions		31,230	30,610
Provision for defined benefit plan		41,382	39,720
Deferred tax liabilities		714,536	734,185
		<u>7,298,506</u>	<u>7,528,689</u>
<u>Current liabilities</u>			
Payables		1,348,069	1,417,503
Loan due to a significant shareholder	17	102,143	222,515
Amount due to a significant shareholder		408,706	240,444
Amount due to joint ventures		346	-
Amount due to an associate		254	-
Amounts due to related companies		131,885	9,136
Borrowings	17	2,277,975	2,065,545
Derivative financial liabilities	18	22,163	32,392
Provisions		604	87
LLA liability		339,007	371,521
Current tax liabilities		56,520	11,829
Dividend payable		145,926	-
		<u>4,833,598</u>	<u>4,370,972</u>
Liabilities directly associated with assets classified as held for sale		318,472	-
		<u>5,152,070</u>	<u>4,370,972</u>
Total liabilities		<u>12,450,576</u>	<u>11,899,661</u>
Total equity and liabilities		<u>21,247,405</u>	<u>20,723,426</u>
		As at 30 June 2015	As at 31 December 2014
Net assets per share attributable to owners of the Company		<u>1.73</u>	<u>1.75</u>

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 June 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								49,663	49,663	83,020	132,683
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								(160)	(160)	-	(160)
<u>Items that will be subsequently reclassified to profit and loss</u>											
- currency translation differences		-	-	41,707	-	-	-	-	41,707	723	42,430
- available-for-sale fair value changes		-	-	-	-	77	-	-	77	(299)	(222)
- share of other comprehensive income/(loss) of joint ventures		-	-	1,138	-	(29,292)	-	-	(28,154)	-	(28,154)
		-	-	42,845	-	(29,215)	-	-	13,630	424	14,054
Total comprehensive income/(loss) for the financial period		-	-	42,845	-	(29,215)	-	49,503	63,133	83,444	146,577
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 June 2015		3,648,152*	3,371,685	29,980	(2,088,969)	3,241	10,052	1,319,299	6,293,440	2,503,389	8,796,829

* 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 June 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	-	-	-	-	-	-	295,490	295,490	127,251	422,741
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	-	-	(25,161)	-	-	-	-	(25,161)	955	(24,206)
- available for sale	-	-	-	-	283	-	-	283	133	416
- share of other comprehensive income of joint ventures	-	-	14,654	-	1,588	-	-	16,242	-	16,242
	-	-	(10,507)	-	1,871	-	-	(8,636)	1,088	(7,548)
Total comprehensive (loss)/income for the financial period	-	-	(10,507)	-	1,871	-	295,462	286,826	128,339	415,165
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	(365)	(365)
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	79	79
Dividend payable for the financial year ended 31 December 2013 (final)	-	-	-	-	-	-	(364,815)	(364,815)	-	(364,815)
Total transaction with owners							(364,815)	(364,815)	(286)	(365,101)
At 30 June 2014	3,648,152*	3,371,685	(73,308)	(2,088,969)	15,610	10,052	1,609,797	6,493,019	2,486,298	8,979,317

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 June	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial period		132,683	422,741
Adjustments for non-cash items		454,769	505,851
Operating profit before working capital changes		587,452	928,592
Changes in working capital		(1,161,608)	(25,449)
Cash (used in)/generated from operations		(574,156)	903,143
Finance income received		9,136	50,452
Taxation paid		(74,120)	(67,912)
Zakat paid		(892)	(1,296)
Retirement benefits paid		(817)	-
Net cash (used in)/generated from operating activities		(640,849)	884,387
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(447,750)	(282,207)
Purchase of biological assets		(22,647)	(12,277)
Purchase of intangible assets		(13,890)	(2,324)
Purchase of prepaid lease payments		-	(283)
Net cash outflow from acquisition of a subsidiary		(92,897)	(31,984)
Additional investment in a joint venture		-	(80,000)
Deposit for acquisition of a subsidiary		(65,500)	-
Deposit for acquisition of joint venture		-	(9,668)
Payment for asset retirement obligation		(213)	(54)
Proceeds from disposal of property, plant and equipment		12,050	354
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		(616,109)	(390,433)



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 June	
		2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		2,119,999	1,920,537
Repayment of borrowings		(1,719,218)	(1,961,509)
Repayment of LLA liability		(130,299)	(171,485)
Repayment of loan due to a significant shareholder		(153,412)	(107,143)
Dividend paid to shareholders		(145,926)	-
Dividend paid to non-controlling interest		(48,224)	-
Finance costs paid		(58,258)	(91,652)
Net cash generated from/(used in) financing activities		(135,338)	(411,252)
Net (decrease)/increase in cash and cash equivalents		(1,392,296)	82,702
Effect of foreign exchange rate changes		17,342	(12,967)
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		2,298,461	5,098,608
Deposits, cash and bank balances		2,298,461	5,098,608
Less: Cash and cash equivalents in assets held for sale		(33,066)	-
		2,265,395	5,098,608

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 June 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 2017. 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 June 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 June 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.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 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 June 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 the 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 June 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 June 2015	Palm Plantation	Palm Downstream	Sugar	Trading, marketing, and logistics	Others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	4,685,914	1,694,982	1,120,659	2,661,314	1,018,975	(4,281,476)	6,900,368	507,808	7,408,176
Less : Inter-segment revenue	(3,608,022)	(139,536)	(23,852)	(131,020)	(379,046)	4,281,476	-	-	-
Revenue from external customers	<u>1,077,892</u>	<u>1,555,446</u>	<u>1,096,807</u>	<u>2,530,294</u>	<u>639,929</u>	<u>-</u>	<u>6,900,368</u>	<u>507,808</u>	<u>7,408,176</u>
Finance income	6,094	922	9,685	-	3,110	(1,418)	18,393	-	18,393
Finance costs	(20,446)	(11,055)	(2,569)	(254)	(3,556)	(55,008)	(92,888)	-	(92,888)
Depreciation and amortisation	(110,858)	(39,685)	(19,323)	(27,645)	(22,271)	(2,774)	(222,556)	-	(222,556)
Fair value changes in LLA liability	(123,821)	-	-	-	-	-	(123,821)	-	(123,821)
Share of results of joint ventures	(12,056)	37,586	-	1,557	3,920	-	31,007	-	31,007
Share of results of associates	378	-	-	9,021	-	2,221	11,620	-	11,620
Profit/(loss) before zakat and taxation for financial period	<u>92,692</u>	<u>(7,184)</u>	<u>205,775</u>	<u>15,935</u>	<u>48,347</u>	<u>(91,530)</u>	<u>264,035</u>	<u>(45,577)</u>	<u>218,458</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 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 June 2014	Palm Plantation	Palm Downstream	Sugar	Trading, marketing, and logistics	Others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	9,220,579	3,328,488	1,123,883	321,773	1,092,738	(7,706,921)	7,380,540	(452,733)	6,927,807
Less : Inter-segment revenue	(7,117,405)	(75,110)	(30,196)	(183,912)	(300,298)	7,706,921	-	-	-
Revenue from external customers	<u>2,103,174</u>	<u>3,253,378</u>	<u>1,093,687</u>	<u>137,861</u>	<u>792,440</u>	<u>-</u>	<u>7,380,540</u>	<u>(452,733)</u>	<u>6,927,807</u>
Finance income	7,300	7,001	11,959	827	3,775	32,273	63,135	-	63,135
Finance costs	(10,271)	(6,734)	(844)	(136)	(3,162)	(60,698)	(81,845)	-	(81,845)
Depreciation and amortisation	(103,499)	(28,227)	(22,967)	(26,523)	(24,577)	(3,738)	(209,531)	-	(209,531)
Fair value changes in LLA liability	(217,696)	-	-	-	-	-	(217,696)	-	(217,696)
Share of results of jointly ventures	5,686	17,669	-	(87)	-	-	23,268	-	23,268
Share of results of associates	451	-	-	5,537	-	-	5,988	-	5,988
Profit/(loss) before taxation for the financial period	<u>324,858</u>	<u>39,574</u>	<u>190,011</u>	<u>42,557</u>	<u>55,002</u>	<u>(29,736)</u>	<u>622,266</u>	<u>(44,625)</u>	<u>577,641</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 30 June 2015	As at 31 December 2014
Property, plant and equipment:		
- contracted	212,396	477,451
- not contracted	278,310	508,144
	<u>490,706</u>	<u>985,595</u>
Biological assets:		
- contracted	31,931	22,351
- not contracted	32,444	114,269
	<u>64,375</u>	<u>136,620</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 June 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 June 2015 and 30 June 2014 are as follows:

a) Sales of goods and services

	Year to date ended 30 June	
	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)	240,201	-
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ("FGVPM") to FISB Group	698,961	1,016,339
Sales of CPKO, RBDPKO and PFAD by Felda Kernel Sdn. Bhd. ('FKP') to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	397,241	592,370
Sales of PPO by Felda Marketing Services Sdn. Bhd. ("FMSSB") to FISB Group	17,321	49,835
Sales of CPO by FGVP to Mapak Edible Oils (Pvt) Ltd ("MAPAK")	151,205	109,099
(ii) Transactions between subsidiaries and FELDA Group		
Sales of fertilizer by FPM Sdn. Bhd. ("FPM")	180,582	49,452
Engineering and maintenance work rendered by Felda Engineering Services Sdn. Bhd. ("FESSB")	47,817	53,029
IT services rendered by Felda Prodata Services Sdn. Bhd. ("FPSSB")	28,343	23,193
Security services rendered by Felda Security Services Sdn. Bhd. ("FSSSB")	14,346	12,135
Sales of seedlings and planting materials by FASSB	11,492	3,336



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

b) Purchase of goods and services

	Year to date ended 30 June	
	2015	2014
(i) Transactions with joint ventures		
Purchase of CPO, PPO and lauric acid by FELMA and FGVT from FISB Group	61,698	49,835
(ii) Transactions between subsidiaries and FELDA Group		
Interest expense charged by FELDA	49,094	60,417
Repayment of LLA Liability by FGVP to FELDA	130,299	171,485
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRI") from FELDA	39,884	50,450
Purchase of FFB by FPI and FGVP from FELDA	1,259,634	1,437,383
Building rental charged by FELDA	12,766	9,814

c) Transactions with Government related entities

	Year to date ended 30 June	
	2015	2014
(i) Transactions between subsidiaries and other government agencies		
Windfall tax and export tax paid to Kastam Diraja Malaysia	-	29,507
Cooking oil subsidy received from Malaysia Palm Oil Board ('MPOB')	52,498	101,323



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 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>92,897</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.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 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 for palm oil. The claim amounted to RM15.4 million for year the 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 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 matter is now fixed for continued trial on 13, 15, 16 October 2015 and 19 to 23 October 2015.
- (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 is now fixed for continued trial on 7 to 11 September 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 is now fixed on 15, 17, 18, 28, 29, 30 September and 1, 2 October 2015 for continued trial.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 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. Now, 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 June 2015 (continued)

Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended 30 June		%
	2015	2014	
Revenue	<u>6,900,368</u>	<u>7,380,540</u>	(6.5)
Palm Plantation	92,692	324,858	(71.5)
Sugar	205,775	190,011	8.3
Palm Downstream	(7,184)	39,574	<100
TML	15,935	42,557	(62.6)
Others	<u>48,347</u>	<u>55,002</u>	(12.1)
Segment results	355,565	652,002	(45.5)
Reconciliation	<u>(91,530)</u>	<u>(29,736)</u>	<100
Profit before taxation	264,035	622,266	(57.6)
Zakat	(892)	(1,296)	(31.2)
Tax expense	<u>(84,883)</u>	<u>(153,604)</u>	44.7
Profit from continuing operations	178,260	467,366	(61.9)
Loss from discontinuing operations	<u>(45,577)</u>	<u>(44,625)</u>	(2.1)
Profit for the financial period	<u>132,683</u>	<u>422,741</u>	(68.6)
Profit attributable to:			
Owners of the Company	49,663	295,490	(83.2)
Non-controlling interests	<u>83,020</u>	<u>127,251</u>	(34.8)
Profit after tax and non-controlling interests	<u>132,683</u>	<u>422,741</u>	(68.6)

Overall

The Group recorded 6.5% decrease in revenue to RM6.90 billion for the period ended 30 June 2015. The Group's profit before tax was RM264.04 million, lower compared to last year of RM622.27 million due to lower earnings mainly from Palm related segments.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

12. Review of Group Performance (continued)

Segment Performance Analysis

(a) Palm Plantation

The Palm Plantation segment recorded a lower profit of RM92.69 million in 2015 compared to last year of RM324.86 million mainly due to lower average CPO price realized of RM2,263 per MT against RM2,619 per MT realized in 2014.

The Group's FFB production fell 9% to 2.15 million MT in 2015 compared to 2.37 million MT in 2014 and lower estate yield of 8.33 MT per hectare recorded in 2015 compared to 8.72 MT per hectare in 2014. The Group's OER achieved was lower at 20.54% compared to the previous year of 21.03%.

(b) Sugar

The segment recorded an increase in profit of 8.3% due to slight increase in sales volume by 3% and lower raw sugar costs of 6% compared to the same corresponding period last year.

(c) Palm Downstream

The Palm Downstream segment registered a loss of RM7.18 million in 2015 compared to a profit of RM39.57 million mainly due to lower sales volume in the US fatty acid business as production was disrupted by bad weather beginning of the year. In addition, lower volume of RBDPKO and lower CPKO margin achieved from the kernel crushing activities.

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

The TML segment's profit decreased by 62.6% mainly due to lower margin achieved in trading activities and lower transportation income.

(e) Others

Other businesses decreased by 12.1% due to lower margins from R&D activities despite the higher rubber margin achieved compared to last year.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

13. Material Changes in the Quarterly Results Compared to Preceding Quarter

	Quarter ended		%
	30 June 2015	31 March 2015	+ / (-)
Revenue	<u>4,190,477</u>	<u>2,709,891</u>	54.6
Palm Plantation	94,265	(1,573)	>100
Sugar	113,638	92,137	23.3
Palm Downstream	14,507	(21,691)	>100
TML	(22)	15,958	<100
Others	<u>21,420</u>	<u>26,928</u>	(20.5)
Segment results	243,808	111,759	>100
Reconciliation	<u>(53,258)</u>	<u>(38,274)</u>	(39.1)
Profit before taxation	190,550	73,485	>100
Zakat	(284)	(608)	53.3
Tax expense	<u>(65,557)</u>	<u>(19,326)</u>	<100
Profit from continuing operations	124,709	53,551	>100
Loss from discontinuing operations	<u>(21,763)</u>	<u>(23,814)</u>	8.6
Net profit for the financial period	<u>102,946</u>	<u>29,737</u>	>100
Profit attributable to:			
Owners of the Company	46,088	3,575	>100
Non-controlling interests	<u>56,858</u>	<u>26,162</u>	>100
Profit after tax and non-controlling interests	<u>102,946</u>	<u>29,737</u>	>100

Overall

The Group registered an increased in profit of RM190.55 million compared to preceding quarter on the back of higher revenue recorded in the current quarter due to higher CPO sales. All business segments registered improved earnings compared to preceding quarter except for TML and Others.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2015 (continued)

Amounts in RM thousand unless otherwise stated

13. Material Changes in the Quarterly Results Compared to Preceding Quarter (continued)

(a) Palm Plantation

The segment's results increased to a profit of RM94.27 million from a loss of RM1.57 million recorded in the preceding quarter due to increase in CPO production from 566 thousand MT in preceding quarter to 838 thousand MT in current quarter on the back of higher FFB production of 1.22 million MT in current quarter compared to 930 thousand in the preceding quarter. OER was higher at 20.56% compared to 20.50% achieved in the preceding quarter. In addition, LLA fair value charge decreased from RM73.51 million to RM50.31 million in current quarter.

The increase was partially offset by the decrease in average CPO price realised in current quarter of RM2,251 per MT compared to RM2,279 per MT in preceding quarter.

(b) Sugar

Profit from Sugar segment increased by 23.3% to RM113.64 million due to increased demand for refined sugar during the fasting month in the lead up to Hari Raya in July 2015.

(c) Palm Downstream

The Palm Downstream segment registered a profit of RM14.51 million compared to a loss of RM21.69 million in preceding quarter. This was due to improved margin achieved in fatty acids business and local downstream activities apart from higher sales volume of CPKO.

(d) TML

The TML segment's result decreased to a loss of RM22 thousand compared to a profit of RM15.96 million in preceding quarter mainly due to lower margin incurred in trading activities in spite of higher transportation income and increase in throughput handled by Group's bulking operations in tandem with the increase in CPO production.

(e) Others

Contribution from other cluster decreased by 20.5% due to lower R&D income and decrease in quantity fertiliser sold.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2015 (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 June	
	2015	2014
Included in operating profit after LLA are:		
Amortisation of intangible assets	12,141	4,868
Amortisation of prepaid lease payments	3,415	3,026
Depreciation of property, plant and equipment	198,565	194,034
Depreciation of investment properties	5,992	1,149
Accelerated depreciation of biological assets	2,443	6,372
Property, plant and equipment written off	2,263	3,895
Reversal of impairment in property, plant and equipment	(2,956)	-
Reversal of impairment of loan due from related company	-	26,952
Gain on disposal of investment in joint venture	(11,841)	(12,618)
Net foreign exchange loss	1,087	7,152
	<u>1,087</u>	<u>7,152</u>

16. Taxation

	Quarter Ended 30 June		Year to date Ended 30 June	
	2015	2014	2015	2014
Malaysian income tax				
Current financial period	(48,089)	(83,015)	(79,660)	(160,717)
Prior financial period	139	(1,699)	-	(1,699)
	<u>(47,950)</u>	<u>(84,714)</u>	<u>(79,660)</u>	<u>(162,416)</u>
Foreign income tax				
Current financial period	(5,268)	(8,066)	(4,408)	(13,637)
	<u>(12,339)</u>	<u>(6,173)</u>	<u>(815)</u>	<u>22,449</u>
Deferred tax	<u>(65,557)</u>	<u>(98,953)</u>	<u>(84,883)</u>	<u>(153,604)</u>

The effective tax rate of 32% for the financial period ended 30 June 2015 is higher than the Malaysian income tax rate of 25% due to certain expenses which are not taxable 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 June 2015 (continued)
Amounts in RM thousand unless otherwise stated

17. Borrowings

The total unsecured borrowings are as follows:

	As at 30 June 2015		Total
	Secured	Unsecured	
<u>Long-term borrowings</u>			
Loan due to a significant shareholder	-	1,741,899	1,741,899
Term loans	419,769	12,493	432,262
Finance lease liabilities	1,853	-	1,853
	<u>421,622</u>	<u>1,754,392</u>	<u>2,176,014</u>
<u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	102,143	102,143
Term loans	12,876	329,342	342,218
Short term trade financing	14,113	1,920,163	1,934,276
Finance lease liabilities	1,481	-	1,481
	<u>28,470</u>	<u>2,351,648</u>	<u>2,380,118</u>
Total borrowings	<u>450,092</u>	<u>4,106,040</u>	<u>4,556,132</u>

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

Ringgit Malaysia	4,051,100
Canadian Dollar	30,431
United States Dollar	366,728
Thai Baht	14,113
Indonesia Rupiah	37,224
Great Britain Pound	53,678
Singapore Dollar	2,858
Total borrowings	<u>4,556,132</u>

As at 30 June 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 June 2015 (continued)
Amounts in RM thousand unless otherwise stated

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 June 2015 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	970,774	639	22,144
Rubber futures	20	-	19
	<u>970,794</u>	<u>639</u>	<u>22,163</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 June 2015.

30 June 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	-	639	-	639
- Available-for-sale financial assets	9,389	-	220,455	229,844
- Trading securities	<u>40,845</u>	<u>-</u>	<u>-</u>	<u>40,845</u>
Total assets	<u>50,234</u>	<u>639</u>	<u>220,455</u>	<u>271,328</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,674,351	4,674,351
- Derivatives	<u>19</u>	<u>22,144</u>	<u>-</u>	<u>22,163</u>
Total liabilities	<u>19</u>	<u>22,144</u>	<u>4,674,351</u>	<u>4,696,514</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2015 (continued)

Amounts in RM thousand unless otherwise stated

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:

	6 months period ended <u>30 June 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	123,821	115,240
Repayment during the financial period	(130,299)	(336,401)
Additional land acquired during the year	-	57,600
30 June	<u>4,674,351</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.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

20. Realised and Unrealised Profits or Losses

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

	As at 30 June 2015	As at 30 June 2014
Total retained earnings of the Company and its subsidiaries:		
- realised	3,888,717	4,274,243
- unrealised	(298,003)	(341,276)
	<u>3,590,714</u>	<u>3,932,967</u>
Total share of retained earnings from jointly controlled entities:		
- realised	179,094	198,197
- unrealised	(27,201)	(20,018)
	<u>151,893</u>	<u>178,179</u>
Total share of retained earnings from associates:		
- realised	159,596	124,592
- unrealised	(6,560)	(6,888)
	<u>153,036</u>	<u>117,704</u>
Less: consolidation adjustments	(2,576,344)	(2,619,053)
Total retained earnings of FGVH	<u>1,319,299</u>	<u>1,609,797</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.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

21. Earnings Per Share

	Quarter ended 30 June		Year to date ended 30 June	
	2015	2014	2015	2014
Basic earnings per share are computed as follows:				
Profit for the financial period attributable to owners of the Company (RM'000)	46,088	151,862	49,663	295,490
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)	1.3	4.2	1.4	8.1

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 June 2015	Balance of IPO proceeds as at 30 June 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		4,459,000	(4,338,051)	120,949

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

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. The management is expected to complete the disposal by fourth quarter 2015.

- (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 another shareholder, 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).
- (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.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

23. Significant events (continued)

- (vi) On 12 June 2015, Kenanga Investment Bank Berhad ("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.

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.

24. Material events after reporting period

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.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

25. Prospects

The oil palm industry remains challenging with a slowdown in China economy and having wide-ranging consequences for global oil and commodities markets. Year to-date, Malaysia CPO market has experienced weaker exports, which was attributed to softer demand from countries like China, India and European Union. Despite a slight increase in demand due to festive season, the markets remain weak, and the volatile interest and foreign exchange rates, have resulted in tougher operating conditions for the Group.

CPO also faces stiff competition from soybean oil, which has experienced higher production and lower prices. Many leading analysts believe that softer soybean oil prices arises from the oversupply situation, has caused a switch of market demand from CPO to soybean oil.

The market is very uncertain and given the difficult business environment, the Group expects to see no recovery in the market in the second half of the year. CPO price is unlikely to rebound. Although CPO price has so far hit the bottom, further downside movement is still possible. At the Group, the transformation plans have been actively carried out to improve efficiencies in the operational value chain from the upstream production up to the downstream operations and consumer goods production.

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

By Order of the Board

Koo Shuang Yen
Abd Rashid Atan
Company Secretary

24 August 2015