FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

Condensed Consolidated Financial Statements
For The Financial Year Ended 31 December 2015

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 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 31 December 2015 RM'000	Quarter ended 31 December 2014 RM'000	% +/(-)	Year to date ended 31 December 2015 RM'000	Year to date ended 31 December 2014 RM'000	% +/(-)
Continuing operations							
Revenue		4,259,082	3,913,205	8.8	15,669,741	15,258,162	2.7
Cost of sales		(3,792,773)	(3,503,862)	(8.2)	(13,763,023)	(13,054,124)	(5.4)
Gross profit		466,309	409,343	13.9	1,906,718	2,204,038	(13.5)
Other operating income		85,374	49,415		196,369	217,050	
Selling and distribution costs		(76,600)	(102,209)		(302,161)	(339,037)	
Administrative expenses		(245,599)	(317,365)		(954,328)	(848,869)	
Other operating expenses		(114,885)	(69,894)		(166,633)	(111,452)	
Commodity losses - net		37,486	15,409		2,174	(10,438)	
Operating profit/(loss)	15	152,085	(15,301)	>100	682,139	1,111,292	(38.6)
Fair value changes in Land Lease Agreement ('LLA') liability		6,854	201,351		(224,879)	(115,240)	
Operating profit after LLA		158,939	186,050	(14.6)	457,260	996,052	(54.1)
Finance income		13,339	49,727		32,108	131,725	
Finance costs		(40,132)	(62,559)		(174,972)	(187,648)	
Share of results from associates		3,216	878		19,036	9,320	
Share of results from joint ventures		29,359	6,114		50,402	21,375	
Profit before zakat and taxation		164,721	180,210	(8.6)	383,834	970,824	(60.5)
Zakat		(5,496)	(5,865)		(23,900)	(13,184)	
Taxation	16	(16,463)	(62,929)		(124,571)	(277,456)	
Profit from continuing operations		142,762	111,416		235,363	680,184	
Discontinued operations							
Profit/(Loss) from discontinued operations		14,370	(18,498)		74,643	(141,532)	
Profit for the financial year		157,132	92,918	69.1	310,006	538,652	(42.4)
Other comprehensive income/(loss)							
Share of other comprehensive (loss)/income of joint ventures		(1,481)	20,150		(15,757)	39,853	
Actuarial loss on defined benefit plan		(163)	(165)		(329)	(193)	
Fair value changes in available-for-sale financial assets		20,979	16,683		20,426	17,665	
Currency translation differences		(19,912)	50,925		153,636	22,926	
Foreign exchange realisation on disposal of subsidiary		37,945	-		37,945	-	
Other comprehensive income for the financial year, net of tax		37,368	87,593		195,921	80,251	
Total comprehensive income for the financial year		194,500	180,511	7.7	505,927	618,903	(18.3)

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the fourth quarter ended 31 December 2015 (continued)

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

	Note	Quarter ended 31 December 2015 RM'000	Quarter ended 31 December 2014 RM'000	% +/(-)	Year to date ended 31 December 2015 RM'000	Year to date ended 31 December 2014 RM'000	% +/(-)
Profit attributable to:							
-Owners of the Company		101,382	39,329	>100	117,123	325,487	(64.0)
-Non-controlling interests		55,750	53,589	4.0	192,883	213,165	(9.5)
Profit for the financial year		157,132	92,918	69.1	310,006	538,652	(42.4)
Total comprehensive income attributable to:							
- Owners of the Company		113,976	120,633	(5.5)	288,376	388,929	(25.9)
- Non-controlling interests		80,524	59,878	34.5	217,551	229, 974	(5.4)
Total comprehensive income for the financial year		194,500	180,511	7.7	505,927	618,903	(18.3)
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	21	2.8	1.1		3.2	8.9	

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 fourth quarter ended 31 December 2015 (continued)

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

	Note	Unaudited As at 31 December 2015	Audited As at 31 December 2014 (Restated)
Non-current assets			
Property, plant and equipment		6,530,276	6,310,324
Investment properties		139,518	144,544
Intangible assets		1,594,598	1,547,316
Interests in associates		234,227	215,754
Interests in joint ventures		698,166	745,042
Biological assets		2,848,361	2,791,969
Prepaid lease payments		76,239	49,961
Deposit and other receivables		459,325	165,273
Deferred tax assets		1,266,505	1,254,586
Available-for-sale financial assets		314,861	243,685
		14,162,076	13,468,454
Current assets			
Inventories		2,082,166	1,763,695
Biological assets		57,547	50,697
Receivables		1,918,323	1,089,410
Amount due from a significant shareholder		105,331	79,233
Amount due from joint ventures		234,134	328,941
Amount due from an associate		40	36
Amounts due from related companies		85,504	63,964
Tax recoverable		183,139	129,407
Financial instruments at fair value through profit or loss		65,905	21,431
Derivative financial assets	18	1,388	15,337
Deposits, cash and bank balances		2,503,027	3,673,415
		7,236,504	7,215,566
Assets held for sale		16,420	28,619
		7,252,924	7,244,185
Total assets		21,415,000	20,712,639
Equity			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Reserves		(574,117)	(643,604)
Equity attributable to owners of the Company		6,445,720	6,376,233
Non-controlling interests		2,543,230	2,447,532
Total equity		8,988,950	8,823,765

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the fourth quarter ended 31 December 2015 (continued)

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

	Note	Unaudited As at 31 December 2015	Audited As at 31 December 2014 (Restated)
Non-current liabilities			
Borrowings	17	423,934	434,461
Loan due to a significant shareholder	17	1,684,702	1,980,405
LLA liability		4,312,277	4,309,308
Provisions		32,229	30,610
Provision for defined benefit plan		46,034	39,720
Deferred tax liabilities		705,315	723,398
		7,204,491	7,517,902
Current liabilities			
Payables		1,334,840	1,417,503
Loan due to a significant shareholder	17	208,588	222,515
Amount due to a significant shareholder		140,113	240,444
Amount due to joint ventures		31	-
Amounts due to related companies		88,332	9,136
Borrowings	17	3,126,485	2,065,545
Derivative financial liabilities	18	1,858	32,392
Provisions		687	87
LLA liability		314,918	371,521
Current tax liabilities		5,707	11,829
		5,221,559	4,370,972
Total liabilities		12,426,050	11,888,874
Total equity and liabilities		21,415,000	20,712,639

	As at 31 December 2015	As at 31 December 2014
Net assets per share attributable to owners of the Company	1.77	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.

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FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Changes in Equity
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
Year ended 31 December 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 year		-	-	-	-	-	-	117,123	117,123	192,883	310,006
Other comprehensive income/(loss) for the financial year, net of tax:											
Items that will not be reclassified to profit and loss											
- Actuarial loss on defined benefit plan		-	-	-	-	-	-	(300)	(300)	(29)	(329)
Items that will be subsequently reclassified to profit and loss											
- currency translation differences		-	-	151,333	-	-	-	-	151,333	2,303	153,636
- available-for-sale fair value changes		-	-	-	-	5,460	-	-	5,460	14,966	20,426
- share of other comprehensive loss of associates		-	-	-	-	-	-	(7,428)	(7,428)	7,428	-
- share of other comprehensive income/(loss) of joint ventures		-	-	13,535	-	(29,292)	-	-	(15,757)	-	(15,757)
- realisation of foreign exchange on disposal of a subsidiary		-	-	37,945	-	-	-	-	37,945	-	37,945
		-	-	202,813	-	(23,832)	-	(7,428)	171,553	24,697	196,250
Total comprehensive income/(loss) for the financial year		-	-	202,813	-	(23,832)	-	109,395	288,376	217,551	505,927
Accretion of interest in subsidiaries		-	-	-	-	-	-	-	-	20,637	20,637
Dividend paid for the financial year ended:											
- 31 December 2014 (final)		-	-	-	-	-	-	(145,926)	(145,926)	-	(145,926)
- 31 December 2015 (interim)		-	-	-	-	-	-	(72,963)	(72,963)	-	(72,963)
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(142,490)	(142,490)
Total transaction with owners		-	-	-	-	-	-	(218,889)	(218,889)	(121,853)	(340,742)
At 31 December 2015		3,648,152	3,371,685	189,948	(2,088,969)	8,624	10,052	1,306,228	6,445,720	2,543,230	8,988,950

** 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
Year ended 31 December 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 year		-	-	-	-	-	-	325,487	325,487	213,165	538,652
Other comprehensive (loss)/income for the financial year, net of tax:											
Items that will not be reclassified to profit and loss											
- Actuarial loss on defined benefit plan		-	-	-	-	-	-	(95)	(95)	(98)	(193)
Items that will be subsequently reclassified to profit and loss											
- currency translation differences		-	-	20,520	-	-	-	-	20,520	2,406	22,926
- available-for-sale fair value changes		-	-	-	-	3,164	-	-	3,164	14,501	17,665
- share of other comprehensive income of joint ventures		-	-	29,416	-	15,553	-	(5,116)	39,853	-	39,853
		-	-	49,936	-	18,717	-	(5,116)	63,537	16,907	80,444
Total comprehensive (loss)/income for the financial year		-	-	49,936	-	18,717	-	320,276	388,929	229,974	618,903
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	4,924	4,924
Additional investment in a subsidiary		-	-	-	-	-	-	-	-	806	806
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		-	-	-	-	-	-	-	-	(146,417)	(146,417)
Total transaction with owners		-	-	-	-	-	-	(583,704)	(583,704)	(140,687)	(724,391)
At 31 December 2014		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

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 31 December 2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial year		310,006	538,652
Adjustments for non-cash items		874,492	897,497
Operating profit before working capital changes		1,184,498	1,436,149
Changes in working capital		(1,531,740)	290,174
Cash (used in)/generated from operations		(347,242)	1,726,323
Finance income received		10,447	94,080
Taxation paid		(232,681)	(238,992)
Zakat paid		(23,900)	(13,184)
Retirement benefits paid		(2,033)	(1,840)
Net cash (used in)/generated from operating activities		(595,409)	1,566,387
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(853,338)	(652,150)
Purchase of biological assets		(53,894)	(166,903)
Purchase of intangible asset		(29,850)	(16,338)
Purchase of prepaid lease payments		(6,997)	(11,788)
Purchase of investment properties		-	(8,774)
Addition of financial instruments at fair value through profit or loss		(37,212)	(10,718)
Additional investment in a joint venture		-	(80,082)
Deposits for acquisition of subsidiaries		(365,500)	(86,624)
Net cash outflow from acquisition of subsidiaries		(92,903)	(593,018)
Net cash inflow from disposal of a subsidiary		548,239	-
Payment for asset retirement obligation		(72)	(74)
Proceeds from disposal of property, plant and equipment		11,993	8,385
Proceeds from sales of biological assets		-	19,705
Proceeds from disposal of joint venture		-	9,641
Proceeds from assets held for sale		-	95,825
Additions in available- for sale financial assets		(69,593)	(715)
Acquisition of associate		-	(1,461)
Dividend received from associates		270	9,450
Dividend received from joint ventures		76,263	45,725
Dividend received from available-for-sale financial assets		2,459	4,283
Increase in restricted cash		(382,904)	(111,592)
Net cash used in investing activities		(1,253,039)	(1,547,223)

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 31 December	
		2015	**2014**
		RM'000	**RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		6,400,783	5,524,256
Repayment of borrowings		(5,106,034)	(5,281,169)
Repayment of LLA liability		(278,513)	(336,401)
Repayment of loan due to a significant shareholder		(304,286)	(499,286)
Dividend paid to shareholders		(218,889)	(583,704)
Dividend paid to non-controlling interest		(142,490)	(146,417)
Finance costs paid		(168,057)	(177,620)
Net cash generated from/(used in) financing activities		182,514	(1,500,341)
Net decrease in cash and cash equivalents		(1,665,934)	(1,481,177)
Effect of foreign exchange rate changes		1,050	14,014
Cash and cash equivalents at beginning of the financial year		3,673,415	5,028,986
Cash and cash equivalents at end of the financial year		2,008,531	3,561,823
Deposits, cash and bank balances		2,503,027	3,673,415
Less: Fixed deposits pledged		(494,496)	(111,592)
Cash and cash equivalents at end of the year		2,008,531	3,561,823

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.

Explanatory Notes on the Quarterly Report – 31 December 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.

Explanatory Notes on the Quarterly Report – 31 December 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 year 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 year under review.

6. Dividend

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. The dividend totaling RM72.96 million was paid on 28 December 2015.

The Board of Directors has agreed to recommend a final dividend payment of 2.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system which approximates RM72.96 million for the financial year ended 31 December 2015, subject to approval of shareholders at the forthcoming Annual General Meeting.

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 year ended 31 December 2015 have been identified as follows:

- Palm Upstream – Plantation estates activities including cultivation, harvesting and production of fresh fruit bunches ("FFB") and processing of FFB into crude palm oil ("CPO") and palm kernel ("PK").

- Palm Downstream – Refining of CPO, fractionation of refined bleached deodorised palm oil ("RBDPO") and Palm Olein ("PO"), crushing of PK, processing and sales of biodiesel products, production of oleochemicals namely fatty acid and glycerine, production of graphene and nanotubes and production of consumer bulk and packed products.

- Sugar – Sugar refining and sales and marketing of refined sugar and molasses.

- Trading, Marketing 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 Upstream, Palm Downstream and TML segments which renders the 2015 results not comparable to the 2014 results. In 2015, most of the CPO sales are recorded as internal to FGV Trading Sdn Bhd which belongs to the TML segment instead of Palm Upstream directly selling to external customer in 2014.

The discontinued operations mainly relates to crushing of soy and canola under the Canadian operation, which was disposed on 3 November 2015 and 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.

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FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 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 year is as follows:

Year to date ended 31 December 2015	Palm Upstream	Palm Downstream	Sugar	Trading, marketing, and logistics	Others	Reconciliation	Total	Discontinued operations	Total
Total segment revenue	9,410,944	3,633,499	2,388,423	7,333,635	2,061,640	(9,158,400)	15,669,741	913,136	16,582,877
Less : Inter-segment revenue	(7,478,126)	(194,675)	(81,160)	(711,288)	(693,151)	9,158,400	-	-	-
Revenue from external customers	1,932,818	3,438,824	2,307,263	6,622,347	1,368,489	-	15,669,741	913,136	16,582,877
Finance income	10,674	3,179	14,007	45	6,557	(2,354)	32,108	-	32,108
Finance costs	(42,588)	(16,150)	(6,616)	(2,373)	(7,268)	(99,977)	(174,972)	-	(174,972)
Depreciation and amortization	(237,431)	(97,502)	(42,798)	(56,270)	(55,097)	(11,042)	(500,140)	-	(500,140)
Fair value changes in LLA liability	(224,879)	-	-	-	-	-	(224,879)	-	(224,879)
Share of results of joint ventures	(7,936)	57,479	-	814	45	-	50,402	-	50,402
Share of results of associates	691	-	-	16,942	-	1,403	19,036	-	19,036
Profit/(Loss) before zakat and taxation for the financial year	349,241	9,117	399,801	(93,558)	94,234	(375,001)	383,834	74,643	458,477

Explanatory Notes on the Quarterly Report – 31 December 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 31 December 2014	Palm Upstream	Palm Downstream	Sugar	Trading, marketing, and logistics	Others	Reconciliation	Total	Discontinued operations	Total
Total segment revenue	18,189,667	6,245,938	2,345,210	967,070	2,006,055	(14,495,778)	15,258,162	139,172	15,397,334
Less : Inter-segment revenue	(13,414,704)	(142,514)	(63,717)	(243,154)	(631,689)	14,495,778	-	-	-
Revenue from external customers	4,774,963	6,103,424	2,281,493	723,916	1,374,366	-	15,258,162	139,172	15,397,334
Finance income	16,005	7,261	25,827	1,850	7,926	72,856	131,725	-	131,725
Finance costs	(19,684)	(15,381)	(5,686)	(585)	(6,520)	(139,792)	(187,648)	-	(187,648)
Depreciation and amortization	(211,925)	(83,619)	(47,063)	(56,192)	(45,968)	(3,724)	(448,491)	-	(448,491)
Fair value changes in LLA liability	(115,240)	-	-	-	-	-	(115,240)	-	(115,240)
Share of results of joint ventures	(6,777)	20,368	-	6,784	(85)	1,085	21,375	-	21,375
Share of results of associates	704	-	-	6,035	-	2,581	9,320	-	9,320
Profit/(Loss) before zakat and taxation for the financial year	770,668	(14,318)	372,964	92,193	99,026	(349,709)	970,824	(141,532)	829,292

Amounts in RM thousand unless otherwise stated

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 31 December 2015	As at 31 December 2014
Property, plant and equipment:		
- contracted	648,185	477,451
- not contracted	1,096,267	508,144
	1,744,452	985,595
Biological assets:		
- contracted	58,056	22,351
- not contracted	23,009	144,269
	81,065	166,620

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.

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2015 and 31 December 2014 are as follows:

a) Sales of goods and services

	Year to date ended 31 December 2015	Year to date ended 31 December 2014
(i) Transactions with joint ventures		
Sales of CPO by FGVPM to FISB Group	1,357,719	2,093,887
Sales of CPKO, RBDPKO and PFAD by FKPSB to FISB Group and FPG	1,121,616	1,131,996
Sales of processed Palm Oil (PPO) by FELMA to FISB Group	17,321	137,559
Provision of storage space of vegetable oil by FBSB to FISB Group and FPG	15,665	16,207
Sales of CPO by FGVPM to MAPAK	221,212	231,278
(ii) Transaction with FELDA Group		
Sales of fertilizer by FPMSB	141,053	253,708
IT services rendered by Prodata	44,643	39,165
Securities services rendered by FSSSB	23,327	25,751
Sales of seedlings and planting materials by FASSB	19,084	15,610
Maintenance and consultancy services by FESSB	88,621	99,872

Amounts in RM thousand unless otherwise stated

FGV

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2015 and 31 December 2014 are as follows: (continued)

b) Purchase of goods and services

	Year to date ended 31 December 2015	2014
(i) Transactions with joint venture		
Purchase of CPO by FELMA form FISB Group	85,319	110,797
(ii) Transaction with FELDA Group		
Finance expense charged	98,939	128, 184
Building rental charged	29,468	18,538
Share of infrastructure cost in Sabah charged to FGVPM	17,722	25,918
LLA liability paid by FGVPM	278,513	336,401
Contribution to Yayasan FELDA	7,328	22,782
Purchase of latex and cup lump by FRISB	84,822	91,581
Purchase of FFB by FPISB and FGVPM	2,734,046	2,894,632
Waiver of receivable by FGVPM	-	(75,500)

c) Transactions with Government related entities

	Year to date ended 31 December 2015	2014
(i) Transactions between subsidiaries and other government agencies		
Cooking oil subsidy received from Malaysia Palm Oil Board ('MPOB')	99,160	160,014
CPO export tax paid to Kastam Diraja Malaysia	-	39,465

Amounts in RM thousand unless otherwise stated

10. Effect of Significant Changes in the Composition of FGVH

Incorporation of a new company

(i) On 1 October 2015, MSM Malaysia Holdings Berhad ("MSM"), a subsidiary of FGVH, received an approval from Dubai Multi Commodities Centre ("DMCC"), United Arab Emirates on the incorporation of new wholly-owned subsidiary, MSM Trading International DMCC.

The entire issued and paid-up of MSM Trading International DMCC is AED4,000,000 divided into 4,000 shares of value AED1,000 each. The principal activity of MSM Trading International DMCC is sugar trading.

(ii) On 7 December 2015, FGVH through its wholly-owned subsidiary, Felda Holdings Bhd had acquired the entire issued and paid-up share capital of FGV Logistics Sdn. Bhd. ("FGV Logistics"), a company incorporated in Malaysia for a cash consideration of RM2.

FGV Logistics was incorporated on 20 November 2015 and is presently dormant. The authorised share capital of FGV Logistics is RM400,000 comprising of 400,000 ordinay shares of RM1 each of which 2 ordinary shares of RM1 each have been issued and fully paid-up. The intended principal activity of FGV Logistics is to manage and operate warehousing, space rental and products handling businesses; to operate transportation, logistics and supply chain business activities; and to perform business of freight forwarding, ports clearance, cargo handlers, customs agents and related activities.

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 (RM191.22 million). FISC has changed its business name to FGV China Oils Ltd ("FGV CO") with effect from 22 August 2015.

The purchase price allocation of FGV CO was completed and the effects of the final purchase price allocation are as follows:

	Carrying value	Fair value
Property, plant and equipment	125,434	151,085
Prepaid lease payments	27,991	29,751
Intangible assets	-	13,803
Net current assets	6,886	6,884
Deferred tax liabilities	-	(10,303)
Total net assets acquired	160,311	191,220
Purchase consideration		191,220
Goodwill on acquisition		-

The purchase consideration includes the realisation gain on the foreign exchange translation amounting of RM9.88 million.

Amounts in RM thousand unless otherwise stated

10. Effect of Significant Changes in the Composition of FGVH (continued)

The cash outflow on the acquisition is as follows:

Consideration paid	181,338
Less : Cash and cash equivalents acquired	(1,811)
	179,527
Less: Deposit paid in 2014	(86,624)
Net cash outflow on acquisition	92,903

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

Disposal of a subsidiary

On 3 November 2015, FGVH disposed Twin Rivers Technologies Enterprises De Transformation De Graines Oleagineuses Du Quebec Inc. ("TRT ETGO"), an indirect wholly-owned subsidiary of FGVH for a total consideration of CAD172.15 million (RM567.1 million) which resulted in a gain on disposal of RM13.02 million.

The effect of the disposal of TRT ETGO on the financial position of the Group as at the financial year end is as follows:

Net assets disposed

	RM
Property, plant and equipment	561,584
Intangible assets	497
Inventories	195,735
Receivables	87,598
Deferred tax assets	18,721
Cash and cash equivalents	18,874
Payables	(115,851)
Derivatives financial liabilities	(6,670)
Borrowings	(244,336)
Net assets disposed	516,152
Realisation of foreign exchange	37,945
Gain on disposal of a subsidiary	13,016
Proceeds from disposal, net of transaction costs	567,113
Less: Cash and cash equivalent in subsidiary	(18,874)
Net cash inflow from disposal of subsidiary	548,239

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. Plaintiffs' Appeal was part heard on 19 February 2016. This matter now is fixed for continued hearing on Plaintiffs' appeal on 13 and 14 April 2016.

(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. Trial of this case is now completed and both parties to submit written submission on/or before 11 March 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 23 to 27 November 2015. Now this matter is fixed for continued trial on 21 to 25 March 2016.

(v) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for the year 2008 only. FPISB has to file a Memorandum of Appearance in High Court on 16 May 2012. The matter was final heard on 16 February 2016. Both parties to file written submissions on or before 23 March 2016 and the decidion will be delivered on 13 April 2016.

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.

Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended 31 December		%
	2015	**2014**	**+/(-)**
Revenue	15,669,741	15,258,162	2.7
Palm Upstream	349,241	770,668	(54.7)
Sugar	399,801	372,964	7.2
Palm Downstream	9,117	(14,318)	>100
Trading, marketing and logistics	(93,558)	92,193	<100
Others	94,234	99,026	(4.8)
Segment results	758,835	1,320,533	(42.5)
Reconciliation	(375,001)	(349,709)	(7.2)
Profit before taxation ("PBT")	383,834	970,824	(60.5)
Zakat	(23,900)	(13,184)	(81.3)
Tax expense	(124,571)	(277,456)	55.1
Profit from continuing operations	235,363	680,184	(65.4)
Profit/(Loss) from discontinued operations	74,643	(141,532)	>100
Net profit for the financial year	310,006	538,652	(42.4)
Profit attributable to:			
Owners of the Company	117,123	325,487	(64.0)
Non-controlling interests	192,883	213,165	(9.5)
Profit after tax and non-controlling interests	310,006	538,652	(42.4)

Overall

The Group registered revenue of RM15.67 billion for the financial year ended 31 December 2015, an increase of 2.7% compared to last year. Group profit before taxation decreased by 60.5%, to RM383.84 million mainly attributable to the lower contribution from Palm Plantation and TML segments.

Segment Performance Analysis

(a) **Palm Upstream**

The profit from Palm Upstream segment decreased by 54.7% to RM349.24 million in 2015 mainly attributable to lower average CPO price realized of RM2,210 per MT compared to RM2,410 per MT last year and lower FFB production of 4.63 million mt compared to 4.97 million mt in 2014. OER achieved was also lower at 20.91% compared to 21.01% in the previous year.

The increase in fair value charge to RM224.88 million in 2015 compared to RM115.24 million in 2014 has also contributed to the decrease in the profit from this segment. Excluding the LLA effect, the segment's profit reduced by 35.2% from RM885.91 million to RM574.12 million.

12. Review of Group Performance (continued)

(b) Sugar

The segment reported an increase in profit by 7.2% underpinned by higher industrial sales of 34% despite a reduction of sales volume in domestic and export market by 12% and 8% respectively.

Lower raw sugar costs and higher gain from sugar commodity and foreign currency contracts totaling RM25.77 million compared to loss of RM4.35 million last year had helped to increase the segment's contribution.

(c) Palm Downstream

Palm Downstream segment registered a profit of RM9.12 million, improved from RM14.32 million losses recorded in 2014 as the local downstream company has changed its activity to providing tolling services to the Group from refining last year. Higher margin was also reported for packed products compared to last year.

The result of the segment was also affected by the lower sales volume in the US fatty acid business, negative margin achieved from China's bulk palm oil trading, 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 RM93.56 million in 2015, mainly attributable to losses in foreign exchange of RM62.96 million due to the effect of weakening of Ringgit Malaysia against US dollar.

The trading company commenced its operation in February this year as the main arm for external sales of FGVH Group.

(e) Others

Other businesses decreased slightly by 4.8% due to lower margins achieved from R&D activities and realised foreign exchange loss incurred by rubber and fertiliser business amounted to RM26.57 million, despite higher rubber margin achieved, increase in average selling price and sales volume of fertiliser compared to last year.

(f) Discontinued operations

The improvement reported in the discontinued operations from a loss of RM141.53 million to a profit of RM74.64 million was due to reversal of impairment loss of property, plant and equipment amounting of RM133.39 million following the disposal of TRT ETGO effective 3 November 2015.

Amounts in RM thousand unless otherwise stated

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

	Quarter ended 31 December 2015	30 September 2015	% +/(-)
Revenue	4,259,082	4,510,291	(5.6)
Palm Upstream	225,315	31,234	>100
Sugar	107,403	86,623	24.0
Palm Downstream	4,688	11,613	(59.6)
TML	(13,713)	(95,780)	85.7
Others	43,654	2,233	>100
Segment results	367,347	35,923	>100
Reconciliation	(202,626)	(80,845)	<100
Profit/(Loss) before taxation	164,721	(44,922)	>100
Zakat	(5,496)	(17,512)	68.6
Tax expense	(16,463)	(23,225)	29.1
Profit/(Loss) from continuing operations	142,762	(85,659)	>100
Profit from discontinued operations	14,370	105,850	(86.4)
Profit for the financial period	157,132	20,191	>100
Profit/(Loss) attributable to:			
Owners of the Company	101,382	(33,922)	>100
Non-controlling interests	55,750	54,113	3.0
Profit for the financial period	157,132	20,191	>100

Overall

The result of the Group rebounded from a loss of RM44.92 million in preceding quarter to profit before taxation of RM164.72 million in current quarter due to strengthening of Ringgit Malaysia against US dollar in current quarter has resulted in the Group including its jointly controlled entities recording foreign exchange gain in the current quarter. Fair value gain in LLA of RM6.85 million compared to fair value charge of RM107.91 million reported in previous quarter helped to compensate for the lower average CPO price realized recorded in current quarter.

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

(a) Palm Upstream

The segment's results reported higher profit of RM225.32 million from RM31.23 million in preceding quarter mainly due to fair value gain of RM6.85 million compared to RM107.92 million charged in preceding quarter. Excluding the LLA effect, the segment's profit was higher at RM218.46 million in current quarter compared to RM139.15 million in preceding quarter.

The CPO produced for the current quarter was 757 thousand mt compared to 940 thousand mt produced in preceding quarter in tandem with the lower FFB production at 1.17 million mt compared to 1.31 million mt in preceding quarter. However, OER achieved was higher at 21.46% compared to 21.04% achieved in preceding quarter. Average CPO price realised in current quarter was slightly lower at RM2,153 per MT compared to RM2,191 per MT in preceding quarter.

(b) Sugar

Profit from Sugar segment increased by 24.0% to RM107.40 million due to higher demand of refined sugar by 75% for the export market and gain from sugar commodity and foreign exchange contract.

(c) Palm Downstream

Palm Downstream segment registered a reduction in profit from RM11.61 million to RM4.69 million in current quarter due to lower volume and margin achieved in RBDPKO and CPKO from the kernel crushing activities.

(d) TML

The TML segment's result improved by 85.7% to a loss of RM13.71 million from RM95.78 million losses recorded in preceding quarter mainly attributable to realised and unrealised foreign exchange gain in current quarter from trading activities of RM10.67 million compared to RM74.63 million losses recorded in preceding quarter as a result of strengthening of Ringgit against US dollar.

In addition, bulking activities recorded an increase in profit as the rate per throughput increased.

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

(e) **Others**

Contribution from other businesses increased to RM43.65 million from RM2.23 million in preceding quarter due to higher income received from IT services and realised and unrealised foreign exchange gain registered in current quarter compared to losses in preceding quarter for fertiliser business.

(f) **Discontinued operations**

The profit from discontinued operations declined by 86% against preceding quarter due to reversal of impairment loss of property, plant and equipment amounting of RM133.39 million relating to the disposal of TRT ETGO recognised in preceding quarter.

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

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

Explanatory Notes on the Quarterly Report – 31 December 2015 (continued)
Amounts in RM thousand unless otherwise stated

15. Operating Profit after LLA

	Year to date ended 31 December	
	2015	**2014**
Included in operating profit after LLA are:		
Depreciation of property, plant and equipment	440,612	391,064
Impairment of property, plant and equipment	10,856	5,264
Reversal of impairment of property, plant and equipment	(144,609)	(16,379)
Property, plant and equipment written off	22,340	26,466
Loss/(gain) on disposal of property, plant and equipment	1,085	(754)
Depreciation of investment properties	12,023	11,746
Amortisation of intangible assets	37,034	33,526
(Reversal)/intangible asset written off	(1,900)	272
Amortisation of prepaid lease payments	4,197	2,799
Biological asset consumed	-	33,566
Accelerated depreciation of biological assets	6,274	9,356
Impairment loss on biological asset	2,726	872
Biological asset written off	49	3,590
Gain on disposal of subsidiary	(13,016)	-
Net unrealised foreign exchange loss/(gain)	25,294	(8,335)

16. Taxation

	Quarter Ended 31 December		Year to date Ended 31 December	
	2015	**2014**	**2015**	**2014**
Malaysian income tax				
Current financial period/year	(19,171)	(73,198)	(172,131)	(268,879)
Prior financial period/year	(351)	(8,928)	(696)	(9,151)
	(19,522)	(82,126)	(172,827)	(278,030)
Foreign income tax				
Current financial period/year	(1,532)	15,691	(2,212)	941
Deferred tax	4,591	3,506	50,468	(367)
	(16,463)	(62,929)	(124,571)	(277,456)

The effective tax rate of 35% for the financial year ended 31 December 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.

Amounts in RM thousand unless otherwise stated

17. Borrowings

The total unsecured borrowings are as follows:

	As at 31 December 2015		
Long-term borrowings	Secured	Unsecured	Total
Loan due to a significant shareholder	-	1,684,702	1,684,702
Term loans	-	422,343	422,343
Finance lease liabilities	-	1,591	1,591
	-	2,108,636	2,108,636
Short-term borrowings			
Loan due to a significant shareholder	-	208,588	208,588
Term loans	32,212	790,321	822,533
Short term trade financing	270,011	2,032,857	2,302,868
Finance lease liabilities	-	1,084	1,084
	302,223	3,032,850	3,335,073
Total borrowings	302,223	5,141,486	5,443,709

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

Ringgit Malaysia	4,450,793
United States Dollar	885,700
Thai Baht	11,261
Indonesia Rupiah	32,061
Great Britain Pound	60,795
Singapore Dollar	3,099
Total borrowings	5,443,709

As at 31 December 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.

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 31 December 2015 are as follows:

	Contractual/ Notional Amount	Fair Value Assets	Fair Value Liabilities
Foreign currency forwards	760,222	1,388	590
Palm oil futures	78,415	-	1,268
	838,637	1,388	1,858

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 31 December 2015.

31 December 2015	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss:				
- Derivatives	-	1,388	-	1,388
- Available-for-sale financial assets	63,510	-	251,351	314,861
- Trading securities	65,905	-	-	65,905
Total assets	129,415	1,388	251,351	382,154
Liabilities				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,627,195	4,627,195
- Derivatives	1,268	590	-	1,858
Total liabilities	1,268	590	4,627,195	4,629,053

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:

	Financial year 2015	Financial year 2014
LLA liability		
1 January	4,680,829	4,844,390
Fair value changes charged to profit or loss	224,879	115,240
Repayment during the financial year	(278,513)	(336,401)
Additional land acquired during the year	-	57,600
31 December	4,627,195	4,680,829

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.

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 31 December 2015	**As at 31 December 2014**
Total retained earnings of the Company and its subsidiaries:		
- realised	4,024,014	4,002,362
- unrealised	(236,995)	(287,921)
	3,787,019	3,714,441
Total share of retained earnings from jointly controlled entities:		
- realised	196,974	204,318
- unrealised	(36,880)	(55,661)
	160,094	148,657
Total share of retained earnings from associates:		
- realised	172,012	130,219
- unrealised	(6,560)	(6,987)
	165,452	123,232
Less: consolidation adjustments	(2,806,337)	(2,570,608)
Total retained earnings of FGVH	1,306,228	1,415,722

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.

21. Earnings Per Share

	Quarter ended 31 December		Year to date ended 31 December	
	2015	**2014**	**2015**	**2014**
Basic earnings per share are computed as follows:				
Profit for the financial period/year attributable to owners of the Company (RM'000)	101,382	39,329	117,123	325,487
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)	2.8	1.1	3.2	8.9

22. Status of Corporate Proposals

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

(b) Utilisation of IPO proceeds

The gross proceeds of RM4,459,000,000 arising from the Public Issue are 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 31 December 2015**	**Balance of IPO proceeds as at 31 December 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	(780,000)	-
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	(100,000)	-
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**	**(4,459,000)**	**-**

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.

On 4 February 2016, the final purchase price in respect of the proposed disposal has been determined at CAD172.2 (RM565.2 million). The difference between the final purchase price and the estimated purchase price of CAD0.57 million has been settled by TRT Holdings ETGO plus interest thereon from 2 November 2015 until the payment date to Viterra in accordance to the terms of the SPA and the MOA.

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

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 ("SPA") 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 31 December 2015, the Group has paid a deposit of RM365.50 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. On 8 December 2015, all the conditions precedent under the SPA in respect of the proposed acquisition have been fulfilled and accordingly the SPA become unconditional. The proposed acquisition is expected to be completed by first quarter 2016.

(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.

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.

On 30 November 2015, Kenanga IB, on behalf of FGVH, announced that FGVH and the Vendors are currently in discussion for a possible different mode of investment in Eagle High. In this regards, the parties agreed that the deadline to enter into the CSPAs will no longer applicable. Any development of the above will be announced in due course.

On 1 December 2015, Kenanga IB, on behalf of FGVH, announced that the discussion for a possible different mode of investment in Eagle High may comprise, among others, potential joint venture, off take agreement or other form of mutually agreed collaborations.

The Board envisage that a conclusive mode of investment in Eagle High would be announced in 2016.

(vii) On 30 December 2015, the Board of Directors of FGVH announced that the following seven (7) dormant subsidiaries have been placed under Member's Voluntary Winding-Up pursuant to Section 254 (1)(b) of the Companies Act,1965:

a) Felda Enterprises Sdn. Bhd.,
b) Felda Construction Sdn. Bhd.,
c) Felda Global Ventures Livestock Sdn. Bhd.,
d) Felda Global Ventures Perlis Sdn. Bhd.,
e) Felda Farm Products Sdn. Bhd.,
f) Felda Rubber Products Sdn. Bhd., and
g) Sutrajaya Shipping Sdn. Bhd.

23. Significant events (continued)

UHY Advisory (KL) Sdn. Bhd. has been appointed as liquidator for the subsidiaries.

The winding up of dormant subsidiaries is part of FGVH Group's continuing rationalisation effort to improve efficiency and save future costs associated with maintaining these subsidiaries. The Member's Voluntary Winding-Up of the subsidiaries did not have any material impact on the net assets and earnings per share of FGV for the financial year ending 31 December 2015.

24. Material events after reporting period

Other than Note 23 (v) and (vi), material events after the reporting period are as follows:

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

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

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

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

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

Barring unforeseen circumstances, the proposed acquisition is expected to be completed by first quarter of 2016.

25. Prospects

2016 is set to be another challenging year amid concerns of a slow-down in China's economy, weak global market growth and plummeting commodity prices led by oil prices that slumped to a multi year lows. European economic growth is still slow, whilst the US market are exhibiting mixed signals with macro data being weaker than expected, raising questions about the sustainability of the current recovery. The government has recently announced a recalibrated Budget 2016 in response to the slower economic growth and to cope with the economic challenges. The volatile US Dollar to Ringgit exchange rate adds to the unpredictability of the business environment. However, against this background a strengthening of Palm Oil prices is observed. This is primarily due to the trend of decreasing stocks and predicted lower yields caused by the El-Nino phenomenon in the next few months. Though this is a welcome respite, the sustainability of these price increases is still unknown. Implementation of biodiesel mandates by both Malaysian and Indonesia governments are also at risk of achieving the stated targets, due to the low crude oil prices.

In view of the above, Management has implemented several new cost saving measures in addition to those initiated in 2015. These cover both direct and indirect costs. However such cost reduction measures will not be at the expense of improving yields. Programs focused on improving yields have also commenced with close monitoring from senior management.

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the financial year ending 31 December 2016 will be in line with the industry.

By Order of the Board

Koo Shuang Yen
Abd Rashid Atan
Company Secretary

29 February 2016