FELDA GLOBAL VENTURES HOLDINGS BERHAD

(Company No.: 800165-P)

www.feldaglobal.com

PROSPECTUS

FELDA GLOBAL VENTURES HOLDINGS BERHAD

(Company No.: 800165-P)

PROSPECTUS

FELDA GLOBAL VENTURES HOLDINGS BERHAD

(Company No.: 800165-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Dated 31 May 2012

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 2,188,890,900 ORDINARY SHARES OF RM1.00 EACH IN FELDA GLOBAL VENTURES HOLDINGS BERHAD ("FGVH") ("IPO SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE 3,648,151,500 ORDINARY SHARES OF RM1.00 EACH IN FGVH ("SHARES") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING AN OFFER FOR SALE OF UP TO 1,208,890,900 EXISTING SHARES ("OFFER SHARES") AND A PUBLIC ISSUE OF 980,000,000 NEW SHARES ("ISSUE SHARES") COMPRISING:

(I) INSTITUTIONAL OFFERING OF UP TO 1,915,279,900 SHARES COMPRISING:

- UP TO 1,208,890,900 OFFER SHARES AND 286,852,000 ISSUE SHARES TO MALAYSIAN INSTITUTIONAL AND SELECTED INVESTORS AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
- 419,537,000 ISSUE SHARES TO BUMIPUTERA INSTITUTIONAL AND SELECTED INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE,

(II) RETAIL OFFERING OF 273,611,000 SHARES COMPRISING:

- 200,648,000 ISSUE SHARES MADE AVAILABLE TO THE ELIGIBLE EMPLOYEES (AS DEFINED HEREIN), ELIGIBLE FELDA SETTLERS (AS DEFINED HEREIN) AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF FGVH AND ITS SUBSIDIARIES; AND
- 72,963,000 ISSUE SHARES MADE AVAILABLE TO THE MALAYSIAN PUBLIC,

AT THE RETAIL PRICE OF RM4.55 PER SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE, IN THE EVENT THAT THE FINAL RETAIL PRICE (AS DEFINED HEREIN) IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND OVER-ALLOTMENT OPTION (AS DEFINED HEREIN). THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

(I) THE RETAIL PRICE; AND
(II) 98% OF THE INSTITUTIONAL PRICE,

SUBJECT TO ROUNDING TO THE NEAREST SEN.

Joint Principal Advisers, Joint Managing Underwriters and Joint Underwriters for the Retail Offering

CIMB Investment Bank Bhd (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Maybank Investment Bank

Joint Global Coordinators (in alphabetical order)

CIMB Investment Bank Bhd (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Maybank Investment Bank

Morgan Stanley & Co. International plc
(Company Registration No.: 2068222)

Joint Bookrunners for the Institutional Offering (in alphabetical order)

CIMB Investment Bank Berhad (Company No.: 18417-M)

Deutsche Bank AG, Hong Kong Branch (Company Registration No.: F-2106)

J.P. Morgan Securities Ltd (Company Registration No.: 2711006)

Maybank Investment Bank Berhad (Company No.: 15938-H)

Morgan Stanley & Co. International plc (Company Registration No.: 2068222)

Joint Underwriters for the Retail Offering (in alphabetical order)

AFFIN Investment Bank Berhad (Company No.: 9999-V)

Alliance Investment Bank Berhad (Company No.: 21605-D)

AmInvestment Bank Berhad (Company No.: 23742-V)

Bank Muamalat Malaysia Berhad (Company No.: 6175-W)

BIMB Securities Sdn Bhd (Company No.: 290163-X)

Hong Leong Investment Bank Berhad (Company No.: 43526-P)

HwangDBS Investment Bank Berhad (Company No.: 14389-U)

KAF Investment Bank Berhad (Company No.: 20657-W)

Kenanga Investment Bank Berhad (Company No.: 15678-H)

MIDF Amanah Investment Bank Berhad (Company No.: 23878-X)

OSK Investment Bank Berhad (Company No.: 14152-V)

Public Investment Bank Berhad (Company No.: 20027-W)

RHB Investment Bank Berhad (Company No.: 19663-P)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISKS RELATING TO AN INVESTMENT IN THE SHARES WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

LISTING SOUGHT:

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Our Directors, the Promoters and the Selling Shareholder have reviewed and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information in this Prospectus. They confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

Both CIMB Investment Bank Berhad ("**CIMB**") and Maybank Investment Bank Berhad ("**Maybank IB**"), as the Joint Principal Advisers, the Joint Global Coordinators and the Joint Bookrunners for the Institutional Offering in relation to our IPO, acknowledge that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts in connection with our IPO.

It is to be noted that the roles of Morgan Stanley & Co. International plc ("**Morgan Stanley**") in our IPO is limited to being a Joint Global Coordinator and a Joint Bookrunner in respect of the Institutional Offering outside Malaysia only. Morgan Stanley does not have any role in, and disclaim any responsibility for, the Institutional Offering and Retail Offering in Malaysia.

It is to be noted that the roles of Deutsche Bank AG, Hong Kong Branch ("**Deutsche Bank**") and J.P. Morgan Securities Ltd ("**J.P. Morgan**") in our IPO are limited to being a Joint Bookrunner in respect of the Institutional Offering outside Malaysia only. Both Deutsche Bank and J.P. Morgan do not have any role in, and disclaim any responsibility for, the Institutional Offering and Retail Offering in Malaysia.

The Securities Commission Malaysia ("**SC**") has approved this issue, offer or invitation for the IPO and a copy of this Prospectus has been registered with the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment.

The SC is not liable for any non-disclosure in this Prospectus by us. The SC also takes no responsibility for the contents of this Prospectus and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss that you may suffer as a result of your reliance on the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE IPO AND AN INVESTMENT IN US. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS BEFORE APPLYING FOR OUR SHARES.

Our Company has obtained the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for our Shares. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or of our Shares.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act, 2007 ("**CMSA**").

This Prospectus and the accompanying application forms have also been lodged with the Registrar of Companies, Malaysia who takes no responsibility for their contents. This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO for which the persons set out in Section 236 of the CMSA, e.g. Directors and advisers, are responsible.

Our Shares are classified as Shariah-compliant by the Shariah Advisory Council of the SC based on our latest audited financial information for the financial year ended 31 December 2011 and this classification remains valid until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You should not take the agreement by the Joint Managing Underwriters and the Joint Underwriters to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

This Prospectus is published solely in connection with our IPO. Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, the Promoters, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters have not authorised anyone to provide any information or to make any representation not contained in this document, and any information or representation not contained in this document must not be relied upon as having been authorised by our Company, the Promoters, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters, any of their respective Directors, or any other person involved in our IPO.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. Our Company, the Promoters, the Selling Shareholder, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. No action has been taken to permit a public offering of our Shares in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any IPO Shares in any jurisdiction in which such offer or invitation in any jurisdiction or in any circumstances in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares in certain other jurisdictions may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

Our Shares have not been and will not be registered under the United States' Securities Act of 1933 (the "**US Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States. Our Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A under the US Securities Act. Our Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of our Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

ELECTRONIC PROSPECTUS

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. You may obtain a copy of the Electronic Prospectus from the website of CIMB at www.eipocimb.com. In addition, you may also obtain a copy of the Electronic Prospectus from the website of CIMB Bank Berhad at www.cimbclicks.com.my, Malayan Banking Berhad at www.maybank2u.com.my, Affin Bank Berhad at www.affinOnline.com, RHB Bank Berhad at www.rhb.com.my and Public Bank Berhad at www.pbebank.com.

The internet is not a fully secure medium. Your Internet Share Application (as defined herein) may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institution (as defined herein). These risks cannot be borne by the Internet Participating Financial Institution. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us, the Joint Principal Advisers or the Issuing House (as defined herein), a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(i) we do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, files or other material provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;

(ii) we are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, file or other material provided by such parties; and

(iii) any data, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution (as defined herein), you are advised that:

(I) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the content of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties; and

(II) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

Event	Date
Opening of Institutional Offering	31 May 2012
Issuance of Prospectus/Opening of Retail Offering	10:00 a.m., 31 May 2012
Closing of Retail Offering	5:00 p.m., 12 June 2012
Closing of Institutional Offering	13 June 2012
Price Determination Date	13 June 2012
Balloting of applications for the Issue Shares pursuant to the Retail Offering	15 June 2012
Allotment/Transfer of the IPO Shares to successful applicants	26 June 2012
Listing	28 June 2012

The Institutional Offering will close on the date stated above or such other date as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the Retail Offering will close at the time and date stated above subject that our Directors and the Joint Managing Underwriters may decide in their absolute discretion to extend the closing time and date for applications to any later time(s) and/or date(s).

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting and allotment of the Issue Shares and the transfer of the Offer Shares and our Listing will be extended accordingly. We will announce any extension in a widely circulated Bahasa Malaysia language daily newspaper and a widely circulated English language daily newspaper within Malaysia.

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Definitions" and "Glossary of Technical Terms" commencing on pages viii, x and xxi, respectively.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" and "FGVH" in this Prospectus are to Felda Global Ventures Holdings Berhad. All references to "FGVH Group" and "our Group" in this Prospectus are to our Company and our subsidiaries as a whole, and reference to "we", "us" and "our" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

In this Prospectus, reference to "Selling Shareholder" is to FELDA and reference to "Promoters" is to FELDA and FAHC.

In this Prospectus, reference to the "Government" is to the Government of Malaysia; references to "Ringgit", "Malaysian Ringgit", "RM" and "sen" are to the lawful currency of Malaysia. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Certain acronyms, technical terms and other abbreviations used are defined in "Definitions" and "Glossary of Technical Terms" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulation, enactment or rules of stock exchange for the time being in force.

All references to dates and times are references to dates and times in Malaysia.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Frost & Sullivan for inclusion in this Prospectus. We have appointed Frost & Sullivan to provide an independent market and industry review. In compiling their data for the review, Frost & Sullivan had relied on industry sources, published materials, their own private databanks and direct contacts within the industries. The information on the industries as contained in this Prospectus and the other statistical data and projections cited in this Prospectus is intended to help prospective investors understand the major trends in the industries in which we operate. However, we, the Selling Shareholder, the Promoters, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters and their respective advisers have not independently verified these figures.

Neither our Company nor the Selling Shareholder, the Promoters, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Managing Underwriters and the Joint Underwriters and their respective advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, prospective investors should not place undue reliance on the statistical data cited in this Prospectus. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. You should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our websites or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

References to the "Latest Practicable Date" in this Prospectus are to 30 April 2012, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) the demand for our products and general industry environment;

(ii) our business strategies, trends and competitive position;

(iii) plans and objectives of our Management for future operations;

(iv) our financial position;

(v) the regulatory environment and the effects of future regulation; and

(vi) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) the general economic, business, social, political and investment environment in Malaysia and globally;

(ii) government policy, legislation or regulation;

(iii) interest rates and tax rates;

(iv) the competitive environment in our industry;

(v) delays, cost overruns, shortages in labour or problems with the execution of our expansion plans;

(vi) fixed and contingent obligations and commitments; and

(vii) any other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 5 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. Save as required by Section 238(1) of the CMSA and paragraph 1.02 of the Prospectus Guidelines (Supplementary Prospectus), we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the Main Market of Bursa Securities
Application Form	:	Application form(s) for the application of the Issue Shares under the Retail Offering accompanying this Prospectus
Articles	:	Articles of Association of our Company
ASEAN	:	Association of Southeast Asian Nations
Associates	:	Our associated companies as set out in Section 12.2 of this Prospectus
ATM	:	Automated teller machine
Board or Directors	:	Our Board of Directors
Bursa Depository or Central Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Bursa Securities LR	:	Main Market Listing Requirements of Bursa Securities
CCC	:	Certificate of fitness for occupation or certificate of completion and compliance issued by the local authorities
CDS	:	Central Depository System
Chuping Plantation	:	Sugar plantation lands held by KGFP all located in Mukim Chuping, Daerah Perlis, Negeri Perlis as set out in Section 11 of this Prospectus
CIMB	:	CIMB Investment Bank Berhad
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Co-operatives Act	:	Co-operatives Act, 1993, as amended from time to time and any re-enactment thereof
Cornerstone Investors	:	Asia Fountain Investment Company Limited, FIL Investment Management (Hong Kong) Limited acting as professional fiduciary for certain accounts, Guoline Capital Limited, Qatar Holding LLC, certain investment or collective investment(s) and/or managed account(s) managed or advised by Value Partners Hong Kong Limited or its subsidiary, Employees Provident Fund Board, Permodalan Nasional Berhad, Lembaga Tabung Haji, Kumpulan Wang Persaraan (Diperbadankan), American International Assurance Bhd, CMY Capital Sdn Bhd and Hong Leong Foundation, as set out in Section 4.3.1 of this Prospectus
Deutsche Bank	:	Deutsche Bank AG, Hong Kong Branch

DOS	:	Department of Statistics of Malaysia
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application	:	Application for the Issue Shares under the Retail Offering through a Participating Financial Institution's ATMs
Eligible Employees	:	Eligible directors and employees of our Group
Eligible FELDA Settlers	:	FELDA Settlers registered with FELDA as at 31 March 2012 for the allocation of the Issue Shares under the Retail Offering
EPF	:	Employees Provident Fund
EPS	:	Earnings per share
Equity Guidelines	:	Equity Guidelines issued by the SC, as amended from time to time
FAHC	:	FELDA Asset Holdings Company Sdn Bhd
FELDA	:	Federal Land Development Authority
FELDA-leased Land	:	Approximately 347,584 hectares of plantation estates in Peninsular Malaysia and Sabah pursuant to the Land Lease Agreement between FELDA and FGV Plantations Malaysia. Further details of the FELDA-leased Land are set out in Section 11.2 of this Prospectus
FELDA-Leased and Managed Land	:	Approximately 355,864 hectares of plantation estates in Malaysia, of which (i) approximately 347,584 hectares of plantation estates in Peninsular Malaysia and Sabah are pursuant to the Land Lease Agreement between FELDA and FGV Plantations Malaysia and (ii) approximately 8,280 hectares of plantation estates in Sarawak are pursuant to the Sarawak Land Management Agreement between FELDA and FGV Plantations Malaysia. Further details of the FELDA-Leased and Managed Land are set out in Section 11.2 of this Prospectus
FELDA Settlers	:	FELDA settlers registered under the FELDA schemes
FGVH or Company	:	Felda Global Ventures Holdings Berhad
FGVH Group or Group	:	Collectively, FGVH and its subsidiaries
FGVH Shares or Shares	:	Ordinary shares of RM1.00 each in FGVH
FHB Group	:	Collectively, FHB and its subsidiaries
Final Retail Price	:	The final price per Issue Share to be paid by investors pursuant to the Retail Offering, equivalent to RM4.55 per Share or 98% of the Institutional Price, whichever is lower, to be determined on the Price Determination Date in accordance with Section 4.9 of this Prospectus
Frost & Sullivan	:	Frost & Sullivan Malaysia Sdn Bhd

FRS	:	Financial Reporting Standards, Malaysian Accounting Standards Board Approved Accouting Standards in Malaysia for Entities Other than Private Entities
GAAP	:	Generally Accepted Accounting Principles
GDP	:	Gross Domestic Product
GNP	:	Gross National Product
HACCP	:	Hazard Analysis and Critical Control Point
IAS	:	International Accounting Standards
IFFCO Group	:	Collectively, IFFCO Oil Holdings Limited and its affiliated companies
IFRS	:	International Financial Reporting Standards, as issued by the International Accounting Standards Board
Initial Public Offering or IPO	:	Collectively, the Offer for Sale and the Public Issue
Institutional Offering	:	Offering of up to 1,915,279,900 Shares comprising: (i) up to 1,208,890,900 Offer Shares and 286,852,000 Issue Shares to Malaysian institutional and selected investors and foreign institutional and selected investors at the Institutional Price; and (ii) 419,537,000 Issue Shares to Bumiputera institutional and selected investors approved by the MITI at the Institutional Price
Institutional Price	:	The price per Share to be paid by investors pursuant to the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institution	:	The participating financial institution for Internet Share Application
Internet Share Application	:	Application for the Issue Shares under the Retail Offering through an Internet Participating Financial Institution
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
Issue Shares	:	New FGVH Shares to be issued pursuant to the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd
JAKIM	:	Malaysian Department of Islamic Development
Joint Bookrunners	:	Collectively, CIMB, Deutsche Bank, J.P. Morgan, Maybank IB and Morgan Stanley
Jointly-Controlled Entities	:	Our jointly-controlled entities as set out in Section 12.2 of this Prospectus
Joint Global Coordinators	:	Collectively, CIMB, Maybank IB and Morgan Stanley
Joint Managing Underwriters	:	Collectively, CIMB and Maybank IB

Joint Underwriters	:	Collectively, Affin Investment Bank Berhad, Alliance Investment Bank Berhad, AmInvestment Bank Berhad, Bank Muamalat Malaysia Berhad, BIMB Securities Sdn Bhd, CIMB, Hong Leong Investment Bank Berhad, HwangDBS Investment Bank Berhad, KAF Investment Bank Berhad, Kenanga Investment Bank Berhad, Maybank IB, MIDF Amanah Investment Bank Berhad, OSK Investment Bank Berhad, Public Investment Bank Berhad and RHB Investment Bank Berhad
J.P. Morgan	:	J.P. Morgan Securities Ltd
KGFP Facility	:	The integrated sugar mill and refinery which is located at the Chuping Plantation and owned by KGFP
KPF	:	Koperasi Permodalan FELDA Malaysia Berhad
KPI	:	Key performance indicator
Lands	:	The lands and buildings as set out in Section 11 of this Prospectus
Lands and Licences	:	The particulars of the lands, buildings, plants and machineries including CCC issued in relation thereto and licences and permits pertaining to our Group, FHB and its subsidiaries within Malaysia
Land Development Act	:	Land Development Act, 1956, as amended from time to time and any re-enactment thereof
Land (Group Settlement Areas) Act	:	Land (Group Settlement Areas) Act, 1960, as amended from time to time and any re-enactment thereof
Land Lease Agreement	:	Agreement to Lease dated 1 November 2011 made between FELDA and FGVH as amended by an addendum dated 2 January 2012 and novated to FGV Plantations Malaysia further to a novation agreement dated 6 January 2012, regarding the FELDA-leased Land
Latest Practicable Date	:	30 April 2012, being the latest practicable date prior to the registration of our Prospectus with the SC
Licences	:	The licenses as set out in Section 10 of this Prospectus
Listing	:	Listing of and quotation for all of our Shares on the Main Market of Bursa Securities
Malaysian Public	:	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Day on which Bursa Securities is open for securities trading
Maybank IB	:	Maybank Investment Bank Berhad
MFRS	:	Malaysian Financial Reporting Standards
MITI	:	Ministry of International Trade and Industry
MOF, Inc	:	Ministry of Finance, Incorporated
Morgan Stanley	:	Morgan Stanley & Co. International plc
MPOB	:	Malaysian Palm Oil Board
MRB	:	Malaysian Rubber Board

MSM Facility	:	The sugar refinery operated by MSM which is located in Prai, Penang
N/A	:	Not applicable
NA	:	Net assets
National Land Code	:	National Land Code, 1965, as amended from time to time and any re-enactment thereof
NBV	:	Net book value
Offer for Sale	:	Offer for sale by the Selling Shareholder of up to 1,208,890,900 Offer Shares at the Institutional Price, subject to clawback and reallocation provisions and Over-allotment Option, to Malaysian institutional and selected investors and foreign institutional and selected investors
Offer Shares	:	Existing Shares to be offered by the Selling Shareholder pursuant to the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on the Bursa Securities and not removed
Over-allotment Option	:	Over-allotment option granted by the Selling Shareholder to the Stabilising Manager (on behalf of the Placement Managers) as set out in Section 4.3.4 of this Prospectus
Participating Financial Institution	:	The participating financial institution for Electronic Share Application
PAT	:	Profit after taxation
PPB Group	:	PPB Group Berhad
PBT	:	Profit before taxation
Placement Agreement	:	The placement agreement to be entered into by our Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners and the Placement Managers in respect of such number of Shares to be offered under the Institutional Offering
Placement Managers	:	Collectively, CIMB, Maybank IB, Morgan Stanley, Deutsche Bank and J.P. Morgan
Price Determination Date	:	The date on which the Institutional Price and Final Retail Price will be determined
Procter & Gamble	:	The Procter & Gamble Company
Promoters	:	Collectively, FELDA and FAHC
Prospectus Guidelines	:	Prospectus Guidelines – Equity and Debt issued by the SC, as amended from time to time

Public Issue	:	Public issue of 980,000,000 Issue Shares, subject to clawback and reallocation provisions, to be allocated in the following manner: (i) 286,852,000 Issue Shares to Malaysian institutional and selected investors and foreign institutional and selected investors at the Institutional Price; (ii) 419,537,000 Issue Shares to Bumiputera institutional and selected investors approved by the MITI at the Institutional Price; (iii) 200,648,000 Issue Shares made available to the Eligible Employees, Eligible FELDA Settlers and persons who have contributed to the success of our Group at the Retail Price; and (iv) 72,963,000 Issue Shares made available to the Malaysian Public at the Retail Price
R&D	:	Research and development
RCPS	:	Redeemable and non-voting convertible preference shares
RCCPS	:	Redeemable cumulative and non-voting convertible preference shares
Regulation S	:	Regulation S under the US Securities Act
Retail Offering	:	Offering of 273,611,000 Issue Shares at the Retail Price, subject to clawback and reallocation provisions, to be offered in the following manner: (i) 200,648,000 Issue Shares made available to the Eligible Employees, Eligible FELDA Settlers and persons who have contributed to the success of our Group; and (ii) 72,963,000 Issue Shares made available to the Malaysian Public
Retail Price	:	The initial price of RM4.55 per Share to be fully paid upon application pursuant to the Retail Offering subject to adjustment as described in Section 4.9 of this Prospectus
Retail Underwriting Agreement	:	Retail Underwriting Agreement dated 28 May 2012 made between our Company, the Joint Managing Underwriters and the Joint Underwriters for the underwriting of the Retail Offering
ROC	:	Registrar of Companies, Malaysia
RPS	:	Redeemable preference shares
Rule 144A	:	Rule 144A under the US Securities Act
Sabah Land Ordinance	:	Sabah Land Ordinance Cap 68, as amended from time to time and any re-enactment thereof
SAC of the SC	:	Shariah Advisory Council of the SC

Sarawak Land Management Agreement	:	Management agreement dated 21 May 2012 made between FELDA and FGV Plantations Malaysia, with a contract period of one year that is automatically renewed on an annual basis, in relation to the FGV Plantation Malaysia's management of approximately 8,280 hectares of plantation estates in Sarawak held by FELDA, pursuant to which FGV Plantations Malaysia purchases all FFB produced on these plantation estates and bears all costs and expenses in connection with the operation of these plantation estates
SC	:	Securities Commission Malaysia
Selling Shareholder	:	FELDA, being the party undertaking the Offer For Sale
Share Lending Agreement	:	The agreement to be entered into by the Selling Shareholder and the Stabilising Manager under which the Selling Shareholder will lend Shares to the Stabilising Manager to cover over-allotments, if any
Share Registrar	:	Symphony Share Registrars Sdn Bhd
SICDA	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
SIRIM	:	SIRIM Berhad
Special Share	:	Special rights redeemable preference share of RM1.00 each issued to MOF, Inc
Stabilising Manager	:	Maybank IB
Subsidiaries	:	Our subsidiaries as set out in Section 12.2 of this Prospectus
TRT	:	Twin Rivers Technologies Inc
USA or United States	:	United States of America, its territories and possessions, any state of the United States and the District of Columbia
US Securities Act	:	United States Securities Act of 1933

Currencies

CAD	:	Canadian Dollar, the lawful currency of Canada
EUR	:	Euro, the lawful currency of certain state members of the European Union
HKD	:	Hong Kong Dollar, the lawful currency of Hong Kong
IDR	:	Indonesian Rupiah, the lawful currency of Indonesia
PKR	:	Pakistani Rupee, the lawful currency of Pakistan
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, the lawful currency of the People's Republic of China
THB	:	Thai Baht, the lawful currency of Thailand
TL	:	Turkish Lira, the lawful currency of Turkey

USD and cent	:	United States Dollar and cent, the lawful currency of the USA
ZAR	:	South African Rand, the lawful currency of the South African Republic

Our Subsidiaries, Jointly-Controlled Entities and Associates

Astakonas	:	Astakonas Sdn Bhd
Bunge ETGO	:	Bunge ETGO L.P.
Bunge ETGO Inc	:	Bunge ETGO G.P. Inc / Commandité Bunge ETGO Inc.
F IFFCO France	:	Felda IFFCO France S.A.
F IFFCO Africa	:	Felda IFFCO Africa (Pty) Ltd
F IFFCO Bridge Ind	:	Felda IFFCO Bridge Industries (Pty) Ltd
Felda IFFCO	:	Felda IFFCO Sdn Bhd
Felda IFFCOAllana	:	Felda Iffcoallana Malaysia Sdn Bhd
Felda IFFCO China	:	Felda IFFCO South China Ltd
Felda IFFCO Gida	:	Felda IFFCO Gida Sayani Ve Ticaret A.S.
Felda IFFCO Oil Products	:	Felda Iffco Oil Products Sdn Bhd
Felda IFFCO Trading	:	Felda Iffco Trading Sdn Bhd
FGV Downstream	:	Felda Global Ventures Downstream Sdn Bhd
FGV India	:	Felda Global Ventures India Sdn Bhd
FGV Indonesia	:	Felda Global Ventures Indonesia Sdn Bhd
FGV Kalimantan	:	Felda Global Ventures Kalimantan Sdn Bhd
FGV Livestock	:	Felda Global Ventures Livestock Sdn Bhd
FGV North America	:	Felda Global Ventures North America Sdn Bhd
FGV Perlis	:	Felda Global Ventures Perlis Sdn Bhd
FGV Plantations	:	Felda Global Ventures Plantations Sdn Bhd
FGV Plantations Malaysia	:	Felda Global Ventures Plantations (Malaysia) Sdn Bhd
FGV Shared Services	:	Felda Global Ventures Shared Services Centre Sdn Bhd (formerly known as Pakatan Mastiara Sdn Bhd)
FGV Sugar	:	Felda Global Ventures Sugar Sdn Bhd
FGV US LLC	:	Felda Global Ventures North America US LLC

FGV USA Properties Inc	:	Felda Global Ventures USA Properties Inc
FHB	:	Felda Holdings Bhd
FI Inc	:	Felda IFFCO Inc
FI LLC	:	Felda IFFCO LLC
FRTC	:	Fore River Transportation Corp
IPCSB	:	IFFCO Poultry Co Sdn Bhd
KGFP	:	Kilang Gula Felda Perlis Sendirian Berhad
MSM	:	Malayan Sugar Manufacturing Company Bhd
MSM Holdings	:	MSM Malaysia Holdings Berhad
MSM Properties	:	MSM Properties Sdn Bhd
PT Anugerah	:	PT Anugerah Kembang Sawit Sejahtera
PT Citra Niaga	:	PT Citra Niaga Perkasa
PT Gemareksa	:	PT Gemareksa Mekarsari
PT Satria	:	PT Satria Hupasarana
PT SON	:	PT Synergy Oil Nusantara
PT Teknik	:	PT Teknik Utama Mandiri
PT TH Felda	:	PT TH Felda Nusantara
PT Usaha	:	PT Usaha Kaltim Mandiri
Tradewinds	:	Tradewinds (M) Berhad
TRT-ETGO Inc	:	Twin Rivers Technologies Entreprises de Transformation de Graines Oléagineuses du Québec Inc
TRT Holdings	:	Twin Rivers Technologies Holdings Inc
TRT Holdings ETGO Inc	:	Twin Rivers Technologies Holdings Entreprises de Transformation de Graines Oléagineuses du Québec Inc
TRTMC	:	Twin Rivers Technologies Manufacturing Corporation
TRT US	:	Twin Rivers Technologies US Inc
Trurich	:	Trurich Resources Sdn Bhd

Subsidiaries, Jointly-Controlled Entities and Associates of FHB

Allied Engineering	:	Allied Engineering Consultancy Services Sdn Bhd
DOP	:	Delima Oil Products Sdn Bhd
F Agricultural	:	Felda Agricultural Services Sdn Bhd
F Bulkers	:	Felda Bulkers Sdn Bhd
F Construction	:	Felda Construction Sdn Bhd
F Engineering	:	Felda Engineering Services Sdn Bhd
F Enterprises	:	Felda Enterprises Sdn Bhd
F Farm	:	Felda Farm Products Sdn Bhd
F Grains Terminal	:	Felda Grains Terminal Sdn Bhd
F Johore Bulkers	:	Felda-Johore Bulkers Sdn Bhd
F Kernel	:	Felda Kernel Products Sdn Bhd
F Marketing	:	Felda Marketing Services Sdn Bhd
F Palm Industries	:	Felda Palm Industries Sdn Bhd
F Plantations	:	Felda Plantations Sdn Bhd
F Prodata	:	Felda Prodata Systems Sdn Bhd
F Properties	:	Felda Properties Sdn Bhd
F Rubber Industries	:	Felda Rubber Industries Sdn Bhd
F Rubber Products	:	Felda Rubber Products Sdn Bhd
F Security	:	Felda Security Services Sdn Bhd
F Technoplant	:	Felda Technoplant Sdn Bhd
F Transport	:	Felda Transport Services Sdn Bhd
F Travel	:	Felda Travel Sdn Bhd
F Vegetable	:	Felda Vegetable Oil Products Sdn Bhd
Feltex	:	Feltex Co Ltd
FNI	:	FNI Biofuel Sdn Bhd
FPG	:	FPG Oleochemicals Sdn Bhd
FPM	:	FPM Sdn Bhd
FS Oils	:	FS Oils Sdn Bhd
FTJ Bio Power	:	FTJ Bio Power Sdn Bhd

FWQ	:	FWQ Enterprises (Pvt.) Limited
Langsat Bulkers	:	Langsat Bulkers Sdn Bhd
MAPAK	:	Malaysia Pakistan Venture Sdn Bhd
MCM	:	Malaysia Cocoa Manufacturing Sdn Bhd
MEO	:	Mapak Edible Oils (Private) Limited
MEO Trading	:	MEO Trading Sdn Bhd
Nilai Education	:	Nilai Education Sdn Bhd
Paragon	:	Paragon Yield Sdn Bhd
P Resorts	:	Plantation Resorts Sdn Bhd
ProXcel	:	ProXcel Sdn Bhd
PT F Indo	:	PT Felda Indo Rubber
PT Patisindo	:	PT Patisindo Sawit
SRFV	:	Sahabat Renewable Fuel Ventures Sdn Bhd
Sutrajaya	:	Sutrajaya Shipping Sdn Bhd
Voray Holdings	:	Voray Holdings Ltd

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GLOSSARY OF TECHNICAL TERMS

CAGR	:	Compound annual growth rate; an annualised growth over a period of time
CNO	:	Coconut oil; oil extracted from coconut fruits
CPKO	:	Crude palm kernel oil; oil extracted from the kernel (nut) of the oil palm fruit
CPO	:	Crude palm oil; oil extracted from the fibrous outer layer (mesocarp) of the oil palm fruit
DRC	:	Dry rubber content; volume of rubber present in latex
EFB	:	Empty fruit bunches; the leftover fibrous material after the extraction of oil palm fruits from FFB
FFB	:	Fresh fruit bunches; oil palm fruits which grow in bunches on oil palm trees, from which CPO and CPKO are obtained
FFB Milling Products	:	CPO and PK
ISCC	:	International Sustainability and Carbon Certification is an international certification system used to demonstrate sustainability and greenhouse gas savings for all kinds of biomass and bioenergy
kg	:	Kilogramme
MT	:	Metric tonne
PK	:	Palm kernel; the nut of the oil palm fruit from which CPKO is obtained
PKE	:	Palm kernel expeller is a by-product of the crushing and expelling of CPKO from PK
PKO	:	Palm kernel oil; products refined from CPKO including both RBD palm kernel olein and RBD palm kernel stearin
RB	:	Refined and bleached; oil that has been processed to remove impurities and colouration
RBD	:	Refined, bleached and deodorised; oil that has been processed to remove impurities, smell and colouration
RSPO	:	Roundtable on Sustainable Palm Oil is a not-for-profit association of palm oil industry stakeholders (oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation non-governmental organisations and social or developmental non-governmental organisations) which was formed in 2004 to promote the growth and use of sustainable oil palm products through credible global standards and engagement of its stakeholders
SIR	:	Standard Indonesian Rubber; natural rubber graded by technical properties/technically specified rubber (TSR) produced by Indonesia
SMR	:	Standard Malaysian Rubber; natural rubber graded by technical properties/technically specified rubber (TSR) produced by Malaysia

1. INTRODUCTION

This Prospectus is dated 31 May 2012.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC, who takes no responsibility for their contents.

We have received the SC's approval for our IPO on 15 May 2012. The approval of the SC shall not be taken to indicate that the SC recommends our IPO. On 26 April 2012, we voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC of the SC as part of the process of determining our Shariah status for the purposes of our IPO. On 9 May 2012, the SAC of the SC classified our Shares as Shariah-compliant based on the latest audited financial information of our Company for the financial year ended 31 December 2011. This classification will remain valid until the next Shariah compliance review is undertaken by the SAC of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You are advised to make your own independent assessment of our Company and should rely on your own evaluation to assess the merits and risks of our IPO and an investment in our Company.

We have received the Bursa Securities' approval on 17 May 2012 for the admission of our Shares to the Official List of the Main Market of Bursa Securities and for permission to deal in and the listing of and quotation for all our Shares. Our Shares will be admitted to the Official List of the Main Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been despatched to all successful applicants. Admission to the Official List of the Main Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our IPO.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Consequently, our Shares offered in our IPO will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.

Pursuant to the Bursa Securities LR, at least 25% of the total number of Shares for which listing is sought must be held by at least 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. We expect to achieve this at the time of our Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. Should such an event occur, we will return in full, without interest, monies paid in respect of all applications and if such monies are not returned in full within 14 days after we and the Selling Shareholder become liable to do so, in accordance with the provision of subsection 243(2) of the CMSA, in addition to the liability of our Company and the Selling Shareholder, the officers of our Company and the Selling Shareholder shall be jointly and severally liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you must open a CDS account with an ADA before making an application for the IPO Shares. For an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you should furnish your CDS account number to a Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application requires you to do so. In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with an Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online Application Forms. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

1. INTRODUCTION *(Cont'd)*

IF YOU ARE IN ANY DOUBT ABOUT THIS DOCUMENT OR IN CONSIDERING YOUR INVESTMENT, YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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2. CORPORATE DIRECTORY

DIRECTORS

Name	Address	Occupation	Nationality
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad (*Non-Independent Non-Executive Chairman*)	PT 41191 Jalan BBN 8/78 Nilai Spring Villas 71900 Nilai Negeri Sembilan Darul Khusus Malaysia	Company Director	Malaysian
Dato' Sabri Ahmad (*Non-Independent Executive Director*)	No. 108 Jalan Athinahapan 2 Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia	Company Director	Malaysian
Dr. Mohd Emir Mavani Abdullah (*Non-Independent Non-Executive Director*)	No. 32, Jalan Puncak Setiawangsa 3 Taman Setiawangsa 54200 Kuala Lumpur Malaysia	Company Director	Malaysian
Datuk Dr. Omar Salim *(Non-Independent Non-Executive Director)*	No. 142, Jalan P8E/1 Presint 8 62510 Putrajaya Malaysia	Company Director	Malaysian
Dato' Yahaya Abd Jabar *(Independent Non-Executive Director)*	No. 138 Lorong Aminuddin Baki 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Malaysia	Company Director	Malaysian
Dato' Shahril Ridza Ridzuan (*Independent Non-Executive Director*)	No. 5, Jalan Rimba Riang 9/1C Seksyen 9, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Dato' Abdul Rahman Ahmad *(Independent Non-Executive Director)*	No. 1A, Lorong 14/47B 46100 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director	Malaysian

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2. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Shahril Ridza Ridzuan	Chairman	Independent Non-Executive Director
Datuk Dr. Omar Salim	Member	Non-Independent Non-Executive Director
Dato' Abdul Rahman Ahmad	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	Chairman	Non-Independent Non-Executive Chairman
Datuk Dr. Omar Salim	Member	Non-Independent Non-Executive Director
Dato' Yahaya Abd Jabar	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Datuk Dr. Omar Salim	Chairman	Non-Independent Non-Executive Director
Dato' Yahaya Abd Jabar	Member	Independent Non-Executive Director
Dato' Abdul Rahman Ahmad	Member	Independent Non-Executive Director

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2. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARY	:	Ida Suryati Ab. Rahim (LS 0009477) No. 20, Jalan Teratak U8/95B Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan Malaysia
REGISTERED OFFICE	:	Level 3, Balai Felda Jalan Gurney 1 54000 Kuala Lumpur Malaysia Tel. No.: +603 2693 4241 Fax No.: +603 2698 5326 Website address: www.feldaglobal.com
HEAD OFFICE	:	Level 10, Balai Felda Jalan Gurney 1 54000 Kuala Lumpur Malaysia Tel. No.: +603 2694 7189 / +603 2692 3998 Fax No.: +603 2698 7962 Website address: www.feldaglobal.com E-mail address: fgv.enquiries@felda.net.my
SELLING SHAREHOLDER	:	Federal Land Development Authority Level 3, Wisma Felda Jalan Perumahan Gurney 54000 Kuala Lumpur Malaysia Tel. No.: +603 2617 2617 Fax No.: +603 2692 0087
AUDITORS AND REPORTING ACCOUNTANTS	:	PricewaterhouseCoopers (AF1146) Level 10, 1 Sentral, Jalan Travers Kuala Lumpur Sentral P.O. Box 10192 50706 Kuala Lumpur Malaysia Tel. No.: +603 2173 1188
PRINCIPAL BANKERS *(in alphabetical order)*	:	CIMB Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Citibank Berhad Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Malaysia Tel. No.: +603 2383 8585

PRINCIPAL BANKERS *(in alphabetical order)* *(cont'd)*	:	HSBC Amanah Malaysia Berhad No. 2 Leboh Ampang 50100 Kuala Lumpur Malaysia Tel. No.: +603 2070 0744
	:	Malayan Banking Berhad Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2070 8833
	:	RHB Bank Berhad Level 10, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. No.: +603 9287 8888
JOINT PRINCIPAL ADVISERS	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
JOINT GLOBAL COORDINATORS *(in alphabetical order)*	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
	:	Morgan Stanley & Co. International plc 25 Cabot Square Canary Wharf London E14 4QA United Kingdom Tel. No.: +44 20 7425 8000

2. CORPORATE DIRECTORY *(Cont'd)*

JOINT BOOKRUNNERS FOR THE INSTITUTIONAL OFFERING *(in alphabetical order)*	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Deutsche Bank AG, Hong Kong Branch 48th Floor, Cheung Kong Centre 2 Queen's Road Central Hong Kong Tel. No.: +852 2203 8888
	:	J.P. Morgan Securities Ltd 125 London Wall London EC2Y 5AJ United Kingdom Tel. No.: +44 207 777 2000
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
	:	Morgan Stanley & Co. International plc 25 Cabot Square Canary Wharf London E14 4QA United Kingdom Tel. No.: +44 20 7425 8000
JOINT MANAGING UNDERWRITERS FOR THE RETAIL OFFERING	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
JOINT UNDERWRITERS FOR THE RETAIL OFFERING *(in alphabetical order)*	:	Affin Investment Bank Berhad 27th Floor Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2142 3700

JOINT UNDERWRITERS FOR THE RETAIL OFFERING *(in alphabetical order)* *(cont'd)*	:	Alliance Investment Bank Berhad Level 3, Menara Multi-Purpose, Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2692 7788
	:	AmInvestment Bank Berhad Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2036 2633
	:	Bank Muamalat Malaysia Berhad Ibu Pejabat, Menara Bumiputra 21, Jalan Melaka 50100 Kuala Lumpur Malaysia Tel. No.: +603 2698 8787
	:	BIMB Securities Sdn Bhd Tingkat 32, Menara Multi-Purpose, Capital Square No. 8, Jala Munshi Abdullah 50100 Kuala Lumpur Malaysia Tel. No.: +603 2691 8887
	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Tel. No.: +603 2084 8888
	:	Hong Leong Investment Bank Berhad Level 8, Menara HLA 3, Jalan Kia Peng 50450 Kuala Lumpur Malaysia Tel. No.: +603 2168 1168
	:	HwangDBS Investment Bank Berhad Suite 23-01, 23rd Floor Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia Tel. No.: +603 9195 6888
	:	KAF Investment Bank Berhad Level 14 Chulan Tower 3, Jalan Conlay 50450 Kuala Lumpur Malaysia Tel. No.: +603 2168 8800

JOINT UNDERWRITERS FOR THE RETAIL OFFERING *(in alphabetical order)* *(cont'd)*	: Kenanga Investment Bank Berhad Level 10, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2164 9080
	: Maybank Investment Bank Berhad 32nd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Tel. No.: +603 2059 1888
	: MIDF Amanah Investment Bank Berhad Level 8, 9, 10, 11 & 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2173 8888
	: OSK Investment Bank Berhad 20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Malaysia Tel. No.: +603 2333 8331
	: Public Investment Bank Berhad 25th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur Malaysia Tel. No.: +603 2166 9382
	: RHB Investment Bank Berhad Level 10, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. No.: +603 9287 3888
LEGAL ADVISERS	: *To our Company as to Malaysian law* Albar & Partners 6th Floor, Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Malaysia Tel. No.: +603 2078 5588
	: *To our Company as to United States and English law* Cleary Gottlieb Steen & Hamilton LLP 39/F, Bank of China Tower One Garden Road Central Hong Kong Tel. No.: +852 2521 4122

2. CORPORATE DIRECTORY *(Cont'd)*

LEGAL ADVISERS *(cont'd)*	:	*To our Company as the due diligence solicitors for the Lands and Licences* Azmi & Associates 14th Floor, Menara Kek Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia Tel. No.: +603 2118 5000
	:	*To the Joint Global Coordinators and Joint Bookrunners as to Malaysian law* Adnan, Sundra & Low Level 11, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. No.: +603 2070 0466
	:	*To the Joint Global Coordinators and Joint Bookrunners as to United States and English law* Linklaters Singapore Pte. Ltd. One Marina Boulevard #28-00 Singapore 018989 Tel. No.: +65 6890 7300
INDEPENDENT MARKET RESEARCH CONSULTANT	:	Frost & Sullivan Malaysia Sdn Bhd Suite E-08-15, Block E Plaza Mont' Kiara 2 Jalan Kiara, Mont Kiara 50480 Kuala Lumpur Malaysia Tel. No.: +603 6204 5800
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No.: +603 7841 8000
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No.: +603 7841 8000
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC of the SC

3. SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted and summarised from the full text of this Prospectus. You should read and understand this section together with the entire Prospectus before you decide as to whether or not to invest in us.

3.1 OVERVIEW

We are a global agricultural and agri-commodities company based in Malaysia, with operations across ten countries. According to Frost & Sullivan, we were the third largest oil palm plantation operator in the world based on planted hectarage (other than plantings of immature oil palms) in 2011. We currently operate 343,521 hectares of oil palm plantation estates in Malaysia that produced 5.2 million MT of FFB in 2011. FHB, our 49%-owned associate, is the largest producer of CPO in the world based on production volume, having produced 3.3 million MT of CPO in 2011, and our subsidiary, MSM Holdings, which is listed on the Main Market of Bursa Securities, is the leading refined sugar producer in Malaysia.

We were incorporated in Malaysia under the Act on 19 December 2007 as the commercial arm of FELDA for overseas investments in the upstream and downstream palm oil business and other agribusinesses, and we are currently a producer of oil palm and rubber plantation products, soybean and canola products, oleochemical products and sugar products.

Our primary business activities are classified into three main business segments: plantations business, downstream business and sugar business.

- We have approximately 355,864 hectares of plantation estates on the FELDA-Leased and Managed Land in Malaysia pursuant to tenancy agreements with FELDA with respect to 347,584 hectares of land in Peninsular Malaysia and Sabah and a management agreement with FELDA with respect to 8,280 hectares of land in Sarawak. The vast majority of the FELDA-Leased and Managed Land is devoted to the cultivation of oil palms, with a small amount used to cultivate rubber trees. In 2011, 5.2 million MT of FFB were produced from the oil palm plantation estates on the FELDA-Leased and Managed Land.

  F Palm Industries, which is a subsidiary of our 49%-owned associate FHB, has historically purchased from FELDA substantially all of the FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land, and, with the effectiveness of the Land Lease Agreement and the Sarawak Land Management Agreement on 1 January 2012, F Palm Industries has purchased that FFB from us. Pursuant to contractual arrangements that we entered into with F Palm Industries with effect from 1 March 2012, F Palm Industries will purchase from us substantially all of the FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land. F Palm Industries produces CPO and PK using the FFB it acquires from us, as well as the FFB it acquires from FELDA Settlers, third parties and F Agricultural, a subsidiary of FHB.

  Pursuant to the same contractual arrangements between F Palm Industries and us, F Palm Industries sells to us substantially all of the total CPO that it produces. F Palm Industries sold to us 115,064 MT of CPO since the contractual arrangements with F Palm Industries came into effect on 1 March 2012. We resell this CPO to third-party customers, such as refiners and traders in Malaysia and abroad, to our joint ventures and to FHB's various subsidiaries and its associate, MEO, for their production of palm oil-based products. For a summary of the terms of the contractual arrangements between F Palm Industries and us, refer to Section 7.22.2(iii) of this Prospectus.

Outside of Malaysia, we have invested in Trurich, a joint venture that owns 42,000 hectares of oil palm plantations in East and Central Kalimantan, Indonesia, and we have acquired PT Citra Niaga, a company that owns 14,385 hectares of land in West Kalimantan, Indonesia for oil palm plantation development.

In addition to oil palms, in our rubber plantation operations, we cultivate and harvest cup lumps on 10,308 hectares of rubber plantations on the FELDA-Leased and Managed Land, all of which we sell to F Rubber Industries, a subsidiary of FHB, as raw materials for its production of rubber products.

- In our downstream business segment, we produce soybean and canola products through our subsidiary, TRT-ETGO Inc, in Québec, Canada, and we produce oleochemicals through our subsidiary, TRT US, in Massachusetts, United States. Our soybean and canola business' commercial operations are conducted through our joint venture, Bunge ETGO, with Bunge Limited, which is a vertically integrated food and feed ingredient company. We entered into a tolling agreement with Bunge ETGO on 9 December 2011, pursuant to which Bunge ETGO provides us with soybeans and canola seeds, which we process into soybean and canola products that Bunge ETGO sells and markets. Following the implementation of this tolling agreement, we now recognise revenue from tolling fees that Bunge ETGO pays us, and we no longer recognise revenue from the sale of soybean and canola products or cost of sales from the purchase of soybeans and canola seeds. For a summary of the terms of the tolling agreement between Bunge ETGO and us, refer to Section 7.22.5 of this Prospectus.

  We have a joint venture called Felda IFFCO with IFFCO Group, a mass-market consumer goods manufacturer and marketer based in the United Arab Emirates. Through this joint venture, we have interests in palm oil refineries and downstream processing facilities in Malaysia, Indonesia, China, Turkey and South Africa, a facility for other oils and fats in Ohio, United States, and sales and marketing offices in France and Spain.

- Through our subsidiary, MSM Holdings, we produce a full range of refined sugar products for both the commercial and retail sectors. According to Frost & Sullivan, in 2011, we were the largest refined sugar producer in Malaysia based on production volume of 958,377 MT of sugar products and an annual production capacity of over 1.1 million MT of sugar products. The customers of our sugar business segment are primarily in Malaysia.

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3.2 COMPETITIVE STRENGTHS, BUSINESS STRATEGIES AND FUTURE PLANS

We are one of the largest agricultural and agri-commodities companies in the world. According to Frost & Sullivan, we were the third largest oil palm plantation operator in the world based on planted hectarage (other than plantings of immature oil palms) in 2011. Given our leading position, we believe we are well-positioned to capitalise on the growing demand for CPO, agricultural and food products globally. We believe our key competitive strengths to be the following:

3.2.1 Competitive strengths

3.2.1.1 Well-positioned to benefit from the favourable global palm oil and agriculture industry outlook.

3.2.1.2 Third largest oil palm plantation operator in the world and significant equity ownership in the largest CPO producer in the world.

3.2.1.3 Large scale and integrated operations across the palm oil value chain.

3.2.1.4 Largest sugar producer in Malaysia.

3.2.1.5 Global footprint across products.

3.2.1.6 Strong R&D support in oil palm breeding and selection, biotechnology, agronomy and crop protection.

3.2.1.7 Experienced and professional management team.

3.2.1.8 Strong brand recognition from our association with FELDA.

3.2.2 Business strategies and future plans

3.2.2.1 Enhance our operating efficiency to improve profitability and margins, following the implementation of the Land Lease Agreement and the Sarawak Land Management Agreement.

3.2.2.2 Enhance our upstream business focus on palm oil and rubber through new plantings, optimising crop portfolio, selective acquisitions and sustainability certification.

3.2.2.3 Accelerate the turnaround of our downstream operations in Canada.

3.2.2.4 Expand our downstream capabilities to protect and enhance the value of our upstream products.

3.2.2.5 Enhance upstream and establish downstream R&D to improve our value and competitiveness.

3.2.2.6 Focus on building strong relationships with communities within the areas of our operations.

For information on our competitive strengths and our business strategies and future plans, refer to Sections 7.2 and 7.3 of this Prospectus, respectively.

3.3 FINANCIAL INFORMATION

3.3.1 Pro forma consolidated statements of comprehensive income

The pro forma consolidated statements of comprehensive income for the financial years ended 31 December 2009, 31 December 2010 and 31 December 2011 have been prepared for illustrative purposes only to show the effects on the pro forma consolidated statements of comprehensive income on the assumption that our Group had been in existence throughout the financial years under review. The pro forma consolidated statements of comprehensive income should be read in conjunction with Section 8.2 of this Prospectus and notes to the pro forma consolidated statements of comprehensive income set out in Section 8.10 of this Prospectus. The financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flow in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

	Pro Forma		
	Year Ended 31 December		
	2009	2010	2011
	RM '000	RM '000	RM '000
Revenue	2,880,343	5,804,601	7,474,846
Cost of sales	(2,013,369)	(3,961,878)	(5,464,452)
Gross profit	866,974	1,842,723	2,010,394
Other operating income	18,347	19,418	78,836
Selling and distribution expenses	(56,273)	(98,562)	(96,983)
Administrative expenses	(131,149)	(167,700)	(212,546)
Other operating expenses	(68,620)	(45,388)	(85,833)
Other (losses)/gains, net	-	(66,316)	35,923
Fair value changes in Land Lease Agreement liability	(515,805)	(527,027)	(529,970)
Finance costs	(10,035)	(151,557)	(141,211)
Finance income	6,878	12,243	38,055
Share of results from Associates	349,227	391,225	329,328
Share of results from Jointly-Controlled Entities	8,818	(24,668)	(53,964)
PBT	468,362	1,184,391	1,372,029
Taxation	(35,494)	(255,024)	(357,364)
Profit for financial year from continuing operations	432,868	929,367	1,014,665
Discontinued operation			
Loss for the financial year from discontinued operation	(139,297)	-	-
PAT for the financial year	293,571	929,367	1,014,665
PAT attributable to:			
Owners of our Company	322,297	932,011	942,182
Non-controlling interest	(28,726)	(2,644)	72,483
	293,571	**929,367**	**1,014,665**
Profit for the financial year	293,571	929,367	1,014,665
Share of other comprehensive income of Associates	-	1,124	20,141
Share of other comprehensive income of Jointly-Controlled Entities	-	(20,211)	(3,194)
Other reserves	-	(2,934)	-
Currency translation differences	19,846	(62,912)	(4,255)
Total comprehensive income for the financial year	**313,417**	**844,434**	**1,027,357**

3. SUMMARY *(Cont'd)*

	Pro Forma		
	Year Ended 31 December		
	2009	2010	2011
	RM '000	RM '000	RM '000
Attributable to:			
Owners of our Company	342,133	843,262	954,874
Non-controlling interests	(28,716)	1,172	72,483
	313,417	**844,434**	**1,027,357**
Amortisation	21,918	20,401	12,176
Depreciation	47,884	99,260	111,468
EBITDA(1)	1,057,126	2,036,709	2,092,876
NA	5,007,505	5,151,458	5,483,830
No. of Shares in issue(2) (000)	3,648,152	3,648,152	3,648,152
Gross EPS(3) (sen)	12.8	32.5	37.6
Net EPS(4) (sen)	8.0	25.5	27.8
NA per Share(5) (sen)	137.3	141.2	150.3
Gross profit margin (%)	30.1	31.7	26.9
PBT margin (%)	16.3	20.4	18.4
PAT margin (%)	10.2	16.0	13.6
EBITDA margin (%)	36.7	35.1	28.0

Notes:

(1) Our EBITDA presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to PAT, operating income or any other performance measures derived in accordance with FRS or as an alternative to our cash flows or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting finance costs), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense).

The following is a reconciliation of our PBT to EBITDA:

	Pro Forma		
	Year Ended 31 December		
	2009	2010	2011
	RM '000	RM '000	RM '000
PBT	468,362	1,184,391	1,372,029
Amortisation	21,918	20,401	12,176
Depreciation	47,884	99,260	111,468
Finance costs	10,035	151,557	141,211
Finance income	(6,878)	(12,243)	(38,055)
Other (losses)/gains - net	-	66,316	(35,923)
Fair value changes in Land Lease Agreement liability*	515,805	527,027	529,970
EBITDA	**1,057,126**	**2,036,709**	**2,092,876**

* *Adjustment relating to the fair value changes in the finance liability arising from the Land Lease Agreement.*

(2) *Based on the enlarged issued and paid-up share capital after the IPO Transactions, as described in Section 8.2.2 of this Prospectus.*

(3) *Computed as PBT divided by the enlarged issued and paid-up share capital after the IPO Transactions.*

(4) *Computed as PAT divided by the enlarged issued and paid-up share capital after the IPO Transactions.*

(5) *Computed as NA divided by the enlarged issued and paid-up share capital after the IPO Transactions.*

3.3.2 Pro forma consolidated statement of financial position

The pro forma consolidated statement of financial position as at 31 December 2011 has been prepared for illustrative purposes only to show the effects on the pro forma consolidated statement of financial position on the assumption that the entry into the Land Lease Agreement and the Sarawak Land Management Agreement, conversion of all RCPS and RCCPS, IPO and utilisation of proceeds had been effected on 31 December 2011 and should be read in conjunction with the notes to the pro forma consolidated statement of financial position set out in Section 8.10 of this Prospectus.

Pro forma I : After entering into the Land Lease Agreement and the Sarawak Land Management Agreement and conversion of all RCPS and RCCPS.

Pro forma II : After IPO and utilisation of proceeds.

	Audited as at 31 December 2011	**Pro forma I**	**Pro forma II After Pro forma I**
	RM '000	**RM '000**	**RM '000**
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,001,764	1,703,304	1,803,304
Goodwill and intangible assets	662,686	662,686	662,686
Interests in Associates	2,388,197	2,388,197	2,388,197
Interests in Jointly-Controlled Entities	349,353	349,353	349,353
Prepaid lease payments	785	785	785
Loan due from other related company	17,090	17,090	17,090
Biological assets	622	1,858,842	1,858,842
Amount due from Jointly-Controlled Entity	45,520	45,520	45,520
Deferred tax assets	41,998	1,484,797	1,484,797
TOTAL NON-CURRENT ASSETS	4,508,015	8,510,574	8,610,574
CURRENT ASSETS			
Inventories	406,629	464,117	464,117
Biological assets	11,198	11,198	11,198
Receivables	395,478	403,428	403,428
Amounts due from related companies	4,118	4,270	4,270
Tax recoverable	21,729	21,729	21,729
Loan due from other related company	10,836	10,836	10,836
Derivative financial assets	2,842	2,842	2,842
Cash and cash equivalents	1,777,824	1,723,439	5,662,439
TOTAL CURRENT ASSETS	2,630,654	2,641,859	6,580,859
TOTAL ASSETS	7,138,669	11,152,433	15,191,433

	Audited as at 31 December 2011 RM '000	Pro forma I RM '000	Pro forma II After Pro forma I RM '000
EQUITY AND LIABILITIES			
Share capital	1,767,612	2,668,152	3,648,152
RPS	9,005	-	-
Share premium	881,783	-	3,370,682
Foreign exchange reserve	(60,608)	(60,608)	(60,608)
Other reserves	68,188	68,188	68,188
Retained earnings	601,541	591,789	540,107
Reorganisation reserve	-	(2,082,691)	(2,082,691)
Equity attributable to:			
Owners of our Company	3,267,521	1,184,830	5,483,830
Non-controlling interests	823,362	823,362	823,362
TOTAL EQUITY	4,090,883	2,008,192	6,307,192
CURRENT LIABILITIES			
Payables	121,015	244,982	244,982
Amounts due to ultimate holding body	5,448	5,448	5,448
Amounts due to Associates	21	21	21
Amount due to other related companies	87,905	217,699	217,699
Amount due to Jointly-Controlled Entity	35,091	35,091	35,091
Borrowings	761,974	761,974	501,974
Provision for liabilities	1,738	1,738	1,738
Current tax liabilities	14,278	14,278	14,278
Land Lease Agreement liability	-	541,741	541,741
Total current liabilities	1,027,470	1,822,972	1,562,972
NON CURRENT LIABILITIES			
Borrowings	40,518	40,518	40,518
Loan due to ultimate holding body	1,835,000	1,835,000	1,835,000
Provision for liabilities	7,398	7,398	7,398
Provision for defined benefit plan	492	492	492
Deferred tax liabilities	136,908	136,908	136,908
Land Lease Agreement liability	-	5,300,953	5,300,953
Total non-current liabilities	2,020,316	7,321,269	7,321,269
TOTAL LIABILITIES	3,047,786	9,144,241	8,884,241
TOTAL EQUITY AND LIABILITIES	7,138,669	11,152,433	15,191,433
NA attributable to equity holders of our Company (RM '000)	3,267,521	1,184,830	5,483,830
Number of Shares ('000)	1,767,612	2,668,152	3,648,152
NA per Share (RM '000)	1.85	0.44	1.50

3.3.3 Pro forma consolidated statement of cash flows

The pro forma consolidated statement of cash flows for the financial year ended 31 December 2011 has been prepared for illustrative purposes only to show the effects on the pro forma consolidated statement of cash flows on the assumption that our Group had been in existence throughout the financial year under review. The pro forma consolidated statement of cash flows should be read in conjunction with Section 8.2 of this Prospectus and notes to the pro forma consolidated statement of cash flows set out in Section 8.10 of this Prospectus.

	RM '000
Profit for the financial year	1,005,030
Adjustments for:	
Taxation	366,999
Depreciation of property, plant and equipment	111,468
Amortisation of intangible assets	5,851
Amortisation of prepaid lease payments	6,325
Fair value changes in Land Lease Agreement liability	529,970
Impairment loss on property, plant and equipment	164,687
Impairment loss on intangible assets	42,792
Gain on disposal of Subsidiaries	(68,220)
Gain on disposal of property, plant and equipment	(66)
Property, plant and equipment written off	1,765
Biological assets written off	4,509
Share of results from Associates	(329,328)
Share of results from Jointly-Controlled Entities	53,964
Finance costs	141,211
Finance income	(38,064)
Impairment for receivables	79
Provision for retirement benefits	78
Other (gains)/losses	(35,923)
Provision for asset retirement	259
Provision for restructuring	4,392
Net unrealised foreign exchange (gain)/loss	(4,565)
Operating profit before working capital changes	1,963,213
Working capital changes	
Receivables	84,609
Inventories	84,351
Intercompany balances	18,033
Payables	50,467
Biological assets	(459)
Cash generated from operations	2,200,214
Taxation paid	(380,808)
Finance income	35,294
Retirement benefits paid	(618)
Net cash generated from operating activities	1,854,082
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from disposal of property, plant and equipment	486
Dividend received from Associate	203,685
Purchase of biological assets	(6,397)
Purchase of property, plant and equipment	(128,818)
Deposit for acquisition of a Subsidiary	(5,775)
Acquisition of a Jointly-Controlled Entity	(75,664)
Loan to a Jointly-Controlled Entity	(45,520)
Payment for asset retirement obligation	(33)
Payment for land lease premium	(41,063)
Repayment of loan to a related company	10,456
Accretion of interest in Subsidiaries	(3,827)
Proceeds from dilution of interest in Subsidiaries	1,160,505
Net cash outflow from disposal of Subsidiaries	(12,325)
Net cash generated from investing activities	1,055,710

3. SUMMARY *(Cont'd)*

	RM '000
CASH FLOWS FROM FINANCING ACTIVITIES	
Drawdown of borrowings	332,133
Repayment of borrowings	(290,000)
Repayment of Land Lease Agreement liability	(549,241)
Finance costs paid	(123,587)
Dividend paid to shareholders	(25,000)
Payment for capital lease	(461)
Net proceeds from bankers acceptances	71,300
Dividend paid to non-controlling interest	(36,481)
Increased in fixed deposits pledged for bank guarantees	(286,510)
Net cash generated used in financing activities	(907,847)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,001,945
Effect of currency translation differences	(5,266)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	4,301,652
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**6,298,331**

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3.3.4 Condensed consolidated interim financial information

The condensed consolidated interim financial information with respect to the three months ended 31 March 2011 and 2012 should be read in conjunction with Section 8.11 of this Prospectus and our unaudited condensed consolidated interim financial information and related notes included in Annexure A of this Prospectus.

	Unaudited	
	Three Months Ended 31 March	
	2011	2012
	RM '000	RM '000
Revenue	1,688,481	1,719,997
Cost of sales	(1,036,756)	(1,330,223)
Gross profit	651,725	389,774
Other operating income	3,702	1,038
Selling and distribution costs	(38,036)	(30,926)
Administrative expenses	(44,408)	(56,831)
Other operating expenses	(9,490)	-
Other (losses)/gains, net	(16,907)	(213)
Fair value changes in Land Lease Agreement liability	-	(47,552)
Finance costs	(27,039)	(27,777)
Finance income	4,073	11,147
Share of results from Associates	(11,185)	35,014
Share of results from Jointly-Controlled Entities	(17,151)	7,132
PBT	495,284	280,806
Taxation	(145,126)	(57,594)
Profit for financial period	350,158	223,212
PAT attributable to:		
Owners of our Company	359,048	192,165
Non-controlling interest	(8,890)	31,047
	350,158	223,212
Profit for the financial period	350,158	223,212
Share of other comprehensive income of Associates	9,305	7,192
Share of other comprehensive income of Jointly-Controlled Entities	12,145	(10,630)
Currency translation differences	(1,518)	(8,049)
Total comprehensive income for the financial period	370,090	211,725
Attributable to:		
Owners of our Company	379,141	180,678
Non-controlling interests	(9,051)	31,047
	370,090	211,725
Amortisation	3,087	1,475
Depreciation	24,278	23,865
EBITDA[(1)]	562,522	370,541
NA	5,490,347	1,359,230
No. of Shares in issue[(2)] (000)	1,767,612	1,767,612
Gross EPS[(3)] (sen)	28.0	15.9
Net EPS[(4)] (sen)	19.8	12.6
NA per Share[(5)] (sen)	310.6	76.9

	Unaudited Three Months Ended 31 March	
	2011	2012
Gross profit margin (%)	38.6	22.7
PBT margin (%)	29.3	16.3
PAT margin (%)	20.7	13.0
EBITDA margin (%)	33.3	21.5

Notes:

(1) Our EBITDA presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to PAT, operating income or any other performance measures derived in accordance with FRS or as an alternative to our cash flows or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting finance costs), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense).

The following is a reconciliation of our PBT to EBITDA:

	Unaudited Three Months Ended 31 March	
	2011	2012
	RM '000	RM '000
PBT	495,284	280,806
Amortisation	3,087	1,475
Depreciation	24,278	23,865
Finance costs	27,039	27,777
Finance income	(4,073)	(11,147)
Other (losses)/gains - net	16,907	213
Fair value changes in Land Lease Agreement liability*	-	47,552
EBITDA	**562,522**	**370,541**

* *Adjustment relating to the fair value changes in the finance liability arising from the Land Lease Agreement.*

(2) Based on the paid-up share capital.

(3) Computed as PBT divided by the paid-up share capital.

(4) Computed as PAT divided by the paid-up share capital.

(5) Computed as NA divided by paid-up share capital.

3.3.5 Capitalisation and indebtedness

The following information should be read in conjunction with the pro forma consolidated statement of financial information as at 31 December 2011 and the notes thereon, set out in Section 8.10 of this Prospectus.

The table below sets out the cash and cash equivalents as well as capitalisation and indebtedness of FGVH based on the audited consolidated financial statements of FGVH and based on the pro forma consolidated statement of financial position as at 31 December 2011 set out in Section 8.10 of this Prospectus, on the assumption that the entry into the Land Lease Agreement and the Sarawak Land Management Agreement, the conversion of RCPS and RCCPS, the IPO and the utilisation of proceeds had occurred on 31 December 2011. The pro forma consolidated statement of financial position below does not represent FGVH's actual capitalisation and indebtedness as at 31 December 2011 and is provided for information purposes only. The total indebtedness of FGVH is not guaranteed by any third party.

	As at 31 December 2011 (Audited)	After entry into the Land Lease Agreement and the Sarawak Land Management Agreement, the conversion of all RCPS and RCCPS, the IPO and the utilisation of proceeds (Unaudited)
	RM '000	RM '000
Cash and cash equivalents[1]	1,777,824	5,662,439
Indebtedness		
Short term debt		
Secured		
Revolving credits	461,634	201,634
Term loans	12,040	12,040
Unsecured		
Bankers acceptances	288,300	288,300
Land Lease Agreement liability	-	541,741
	761,974	1,043,715
Long-term debt		
Secured		
Term loans	39,131	39,131
Revolving credits	1,387	1,387
Unsecured		
Loan from FELDA	1,835,000	1,835,000
Land Lease Agreement liability	-	5,300,953
	1,875,518	7,176,471
Total indebtedness[2]	**2,637,492**	**8,220,186**
Total shareholders' equity/capitalisation	3,267,521	5,483,830
Total capitalisation and indebtedness	5,905,013	13,704,016
Gearing ratio (times)[3]	0.8	1.5
Adjusted gearing ratio (times)[4]	0.8	0.4

Notes:

(1) Cash and cash equivalents include deposits, cash and bank balances less bank overdrafts and designated deposits.

(2) Total indebtedness includes short-term debts and long-term debts.

(3) Computed based on total debt (interest bearing and non-interest bearing) over total shareholders' equity of FGVH.

(4) Computed based on total debt excluding Land Lease Agreement liability over total shareholders' equity of FGVH.

(5) The assumed utilisation of proceeds comprises:

(i) Loan repayment of overseas operation of RM260 million;

(ii) Capital expenditures for increases in efficiency as well as extension of capabilities of RM100 million; and

(iii) Estimated listing expenses of RM160 million.

For information on our capitalisation and indebtedness, refer to Section 8.4 of this Prospectus.

3.4 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to take into account various factors including:

- the level of our cash, gearing, return on equity and retained earnings;
- our expected financial performance;
- our projected levels of capital expenditure and other investment plans; and
- our working capital requirements.

It is the present intention of our Board to adopt a dividend payout ratio of at least 50% of our PAT attributable to shareholders excluding non-recurring income after taking into consideration the abovementioned factors, general financial condition, contractual restrictions and other factors considered relevant by our Board.

As we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends we receive from our Subsidiaries and Associates. The payment of dividends by our Subsidiaries and Associates will depend upon their distributable profits, operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant. Dividends may only be paid out of distributable reserves. In addition, covenants in the loan agreements, if any, for our Company's Subsidiaries and Associates may limit their ability to declare or pay cash dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

3.5 DETAILS OF OUR IPO

IPO:	Offer for Sale and Public Issue.
Offer for Sale:	Offer for sale by the Selling Shareholder of up to 1,208,890,900 Offer Shares at the Institutional Price, subject to clawback and reallocation provisions and Over-allotment Option, to Malaysian institutional and selected investors and foreign institutional and selected investors.
Public Issue:	Public issue of 980,000,000 Issue Shares, subject to clawback and reallocation provisions to be allocated in the following manner: (i) 286,852,000 Issue Shares to Malaysian institutional and selected investors and foreign institutional and selected investors at the Institutional Price; (ii) 419,537,000 Issue Shares to Bumiputera institutional and selected investors approved by the MITI at the Institutional Price; (iii) 200,648,000 Issue Shares made available to the Eligible Employees, Eligible FELDA Settlers and persons who have contributed to the success of our Group at the Retail Price; and (iv) 72,963,000 Issue Shares made available to the Malaysian Public at the Retail Price.
Final Retail Price:	The Retail Price is RM4.55 per Share. However, the Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date pursuant to a bookbuilding exercise. The Final Retail Price will be equal to the lower of: (i) the Retail Price; and (ii) 98% of the Institutional Price, subject to rounding to the nearest sen. In the event the Final Retail Price is lower than the Retail Price, the difference will be refunded to successful applicants without any interest thereon. The refund, which will be in the form of cheques will be despatched to successful applicants at their own risk.

Refer to Section 4 of this Prospectus for detailed information relating to our IPO.

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3.6 UTILISATION OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of RM5,500,453,595[1] will accrue entirely to the Selling Shareholder.

The gross proceeds of RM4,459,000,000[2] arising from the Public Issue are expected to be fully utilised for our core business in the following manner:

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	%
Acquisition of plantation assets	within 3 years	2,190,000	49.1
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	18.9
Construction or acquisitions of mills and refineries	within 3 years	780,000	17.5
Loan repayment for our overseas operation	within 6 months	260,000	5.8
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	2.2
Working capital requirements, general corporate purposes	within 6 months	129,000	2.9
Estimated listing expenses	within 6 months	160,000	3.6
Total gross proceeds		**4,459,000**	**100.0**

Notes:

(1) We have assumed the Institutional Price to be RM4.55 per Share in arriving at this figure.

(2) We have assumed both the Institutional Price and the Final Retail Price to be RM4.55 per Share in arriving at this figure.

Refer to Section 4.12 of this Prospectus for detailed information relating to the utilisation of proceeds.

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3.7 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks of such an investment as summarised below. The following is not an exhaustive list of challenges that we currently face or that may develop in the future.

3.7.1 Risks relating to our industry

3.7.1.1 Inherent business risks in the plantation industry may affect our business.

3.7.1.2 Local and international commodity prices fluctuate based primarily on local and international market conditions, and will affect the prices of FFB, CPO and other palm oil-based products.

3.7.1.3 We face competition from other producers of palm oil and substitute oils.

3.7.1.4 We may be adversely affected by duties that Malaysia places on exports of CPO.

3.7.1.5 Our sales may be adversely affected by weather conditions, natural disasters and other factors that affect the production and supply of FFB.

3.7.1.6 Current and future consumer trends and preferences may reduce the demand for vegetable oils, including for CPO and other palm oil-based products.

3.7.1.7 We may be adversely affected by changes in the perception of the climate change costs and benefits connected with palm oil production and the use of biofuels.

3.7.2 Risks relating to our business

3.7.2.1 Our replanting programme will have a short- and medium-term impact on the amount of FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land, which may affect our revenues and margins.

3.7.2.2 We rely on foreign workers.

3.7.2.3 The FELDA-leased Land is the source of substantially all of our FFB production, and, if we lose the right to use this land, this loss would have a material adverse effect on our FFB production. Compensation provided by FELDA, if any, for any termination of the lease or tenancy in respect of this land may not be sufficient to cover our losses, which may have a material adverse effect on our business, financial condition and results of operations.

3.7.2.4 Our pro forma consolidated statement of financial position, statements of comprehensive income and statement of cash flows included in this Prospectus may not accurately reflect our financial position, results of operations and cash flows. Furthermore, because of the recent, substantial changes in our business model, we do not expect our future financial reports to be comparable to either our historical or pro forma financial reports.

3.7.2.5 Our financial results for each reporting period are affected by the requirement to estimate the fair value of certain of our assets and liabilities, including the value of the financial liability under our land lease with FELDA and, in the future, the requirement to adjust the carrying cost of our biological assets to their fair value, which may result in volatility to our financial results.

3.7.2.6 We operate internationally and expect to continue to expand our international activities, making us increasingly susceptible to legal, regulatory, political and economic conditions outside Malaysia, as well as operational risks different from those we face in Malaysia.

3.7.2.7 Changes in the exchange rate between the USD and the RM could have an adverse impact on our results of operations and financial condition.

3.7.2.8 Funding, especially on terms acceptable to us, may not be available to meet our future capital needs.

3.7.2.9 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations.

3.7.2.10 We are exposed to costs arising from compliance with environmental and health and safety regulations and may be exposed to liabilities if we fail to comply with these regulations.

3.7.2.11 If we are not able to renew or maintain the approvals, licences, permits and certificates required to operate our business, this may have a material adverse effect on our business.

3.7.2.12 Significant or prolonged disruptions to the production, storage and distribution facilities, transportation infrastructure or modes of transportation that we use could have an adverse effect on us.

3.7.2.13 Activities in our business can be dangerous and can cause injury or death to people or damage to property.

3.7.2.14 We are controlled by FELDA and FAHC, whose interests may not be aligned with those of our other shareholders.

3.7.2.15 We depend on certain key personnel and skilled employees.

3.7.2.16 Failure to maintain good employee relations may adversely affect our operations and the success of our business.

3.7.2.17 We are substantially dependent on outside sources for the raw materials used in our soybean and canola and sugar businesses.

3.7.2.18 We may not be able to successfully consummate or integrate acquisitions, joint ventures, new projects or new partnerships.

3.7.2.19 Failure to improve efficiencies in our production in a highly competitive market could adversely affect our profitability.

3.7.2.20 The use of derivative instruments, such as forwards, futures and options contracts, may not fully hedge the risks of price fluctuations.

3.7.2.21 Changes in the cost and availability of energy and essential utilities may result in increased operating expenses and reduced results of operations.

3.7.2.22 We are exposed to the credit and other counterparty risk of our customers in the ordinary course of our business.

3.7.2.23 Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers and customers.

3.7.2.24 Certain tax incentives or exemptions from the Government may no longer be available in the future.

3.7.2.25 Outbreaks of infectious diseases, including avian flu and H1N1 flu, could adversely affect our financial condition and results of operations.

3.7.2.26 The sugar industry in Malaysia is regulated by the Government, and we are affected by related government policies and regulations, including price controls, subsidies and import restrictions.

3.7.2.27 We may be subject to various potential litigation risks associated with our operations.

3.7.2.28 Risk relating to the Special Share.

3.7.3 Risks relating to our Associate, FHB

3.7.3.1 We rely on contractual arrangements with FHB for various aspects of our plantation product sales, and the disruption of such arrangements with FHB could have a material adverse effect on our or FHB's business, financial condition, results of operations and prospects.

3.7.3.2 We depend on FHB for various other aspects of our operations, such as the provision of R&D and other services, supply of raw materials and purchase of cup lumps, as well as the use of FHB's production, storage and distribution facilities and shared management for our businesses.

3.7.3.3 Our share of the results from FHB accounts for a significant portion of our profit before taxation, such that adverse developments affecting FHB could have a material adverse effect on our business, financial condition, results of operations and prospects.

3.7.3.4 Some of the palm oil mills and related assets owned by FHB Group do not currently have CCCs issued to them.

3.7.4 Risks relating to our Shares

3.7.4.1 There has been no prior market for our Shares and the offering of our Shares may not result in an active liquid market for our Shares.

3.7.4.2 Our Share price may be volatile.

3.7.4.3 There may be a delay in, or termination of, our Listing.

3.7.4.4 We may not be able to pay dividends.

3.7.4.5 We are a holding company and, as a result, are dependent on dividends from our Subsidiaries and Associates to meet our obligations and to provide funds for payment of dividends on our Shares.

3.7.4.6 We plan to use the proceeds from the Public Issue primarily for expansion of our business, general corporate uses and repayment of our loans, and you may not necessarily agree with how we use them.

3.7.4.7 The sale, or the possible sale, of a substantial number of our Shares in the public market following our IPO could adversely affect the price of our Shares.

3.7.4.8 Because the Retail Price and the Institutional Price are higher than our NA value per Share, purchasers of our Shares in our IPO will experience immediate and substantial dilution, and purchasers of our Shares may experience further dilution if we issue additional Shares in the future.

3.7.4.9 Forward-looking statements in this Prospectus may not be accurate.

For a detailed discussion on the risks associated with investing in our Company, refer to Section 5 of this Prospectus.

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4. DETAILS OF OUR INITIAL PUBLIC OFFERING

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated / transferred in the manner described below, subject to the clawback and reallocation provisions and Over-allotment Option as set out in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively.

4.1 OPENING AND CLOSING OF APPLICATION

Application for the Issue Shares under the Retail Offering will open at 10:00 a.m. on 31 May 2012 and will remain open until 5:00 p.m. on 12 June 2012 or such other date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

4.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

Event	Date
Opening of Institutional Offering	31 May 2012
Issuance of Prospectus/Opening of Retail Offering	10:00 a.m., 31 May 2012
Closing of Retail Offering	5:00 p.m., 12 June 2012
Closing of Institutional Offering	13 June 2012
Price Determination Date	13 June 2012
Balloting of applications for the Issue Shares pursuant to the Retail Offering	15 June 2012
Allotment/Transfer of the IPO Shares to successful applicants	26 June 2012
Listing	28 June 2012

The Institutional Offering will close on the date stated above or such other date as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the Retail Offering will close at the time and date stated above subject that our Directors and the Joint Managing Underwriters may decide in their absolute discretion to extend the closing time and date for applications to any later time(s) and/or date(s).

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting and the allotment of the Issue Shares and the transfer of the Offer Shares and our Listing will be extended accordingly. We will announce any extension in a widely circulated Bahasa Malaysia language daily newspaper and a widely circulated English language daily newspaper within Malaysia.

4.3 OUR IPO

Our IPO consists of the Institutional Offering and the Retail Offering, totalling up to 2,188,890,900 IPO Shares. For the avoidance of doubt, the IPO Shares offered under the Institutional Offering and Retail Offering do not include the Shares to be offered under the Over-allotment Option.

4.3.1 Institutional Offering

Institutional Offering of up to 1,915,279,900 IPO Shares, representing 52.5% of the enlarged issued and paid-up share capital of our Company, at the Institutional Price, subject to clawback and reallocation provisions, to be allocated in the following manner:

(i) Up to 1,208,890,900 Offer Shares and 286,852,000 Issue Shares to Malaysian institutional and selected investors and foreign institutional and selected investors at the Institutional Price; and

(ii) 419,537,000 Issue Shares to Bumiputera institutional and selected investors approved by the MITI at the Institutional Price.

Cornerstone investors

On 25 May 2012, our Company entered into master cornerstone placing agreements with the Selling Shareholder, CIMB, Maybank IB, Morgan Stanley, Deutsche Bank, J.P. Morgan, and the Cornerstone Investors whereby the Cornerstone Investors have agreed to acquire the IPO Shares, subject to the terms of the individual cornerstone placing agreements, the aggregate of 723,500,000 Shares at RM4.65 per Share or the Institutional Price, whichever is lower. None of the Cornerstone Investors will individually acquire more than 5% of the issued and paid-up capital of our Company under the cornerstone placing agreements. However, a cornerstone investor may acquire additional IPO Shares in our IPO such that its aggregate holding of the Shares at the date of Admission may exceed 5% of the issued and paid-up share capital of our Company.

The cornerstone placing agreements are conditional upon the Retail Underwriting Agreement and Placement Agreement being entered into and not having been terminated pursuant to their respective terms.

Strategic investor

On 14 May 2012, our Company, the Selling Shareholder and Louis Dreyfus Commodities Asia Pte. Ltd. ("**Louis Dreyfus Commodities Asia**") entered into a JV Partner Conditional Investment Agreement whereby Louis Dreyfus Commodities Asia has agreed to acquire the Offer Shares from the Selling Shareholder, subject to the terms of the JV Partner Conditional Investment Agreement, representing 2.5% of the enlarged issued and paid-up share capital immediately following the IPO and Admission ("**Investment Shares**") at the Institutional Price. This agreement is conditional upon the Retail Underwriting Agreement and Placement Agreement being entered into and not having been terminated pursuant to their respective terms and the execution of the transaction documents in relation to the Trading JV and the Downstream Framework, as described in Section 7.8.2 of this Prospectus. As at the date of this Prospectus, the transaction documents have not been executed by the parties.

In the event that the Investment Shares are not taken up by Louis Dreyfus Commodities Asia by the closing date of the Institutional Offering, the Investment Shares will be made available for application by investors under this Section 4.3.1(i) and any remaining amounts under the Institutional Offering shall be subject to the clawback and reallocation provisions and Over-allotment Option in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively.

State governments' investment

The following state governments have provided irrevocable undertakings to our Company to subscribe for IPO Shares offered as part of the Institutional Offering at the Institutional Price:

State Government	No. of Shares	% of enlarged share capital
Pahang [(1)]	182,407,575	5.00
Sabah [(2)]	182,407,575	5.00
Terengganu [(3)]	10,000,000	0.28
Negeri Sembilan [(4)]	5,837,070	0.16
Perak [(5)]	14,957,421	0.40
Total	**395,609,641**	**10.84**

Notes:

(1) Pursuant to an undertaking letter and lock-up letter both dated 28 May 2012 from the Chief Minister's Office of Pahang. As at the date of the letter the eventual investing vehicle(s) have not been identified.

(2) Pursuant to an undertaking letter dated 23 May 2012 and lock-up letter dated 28 May 2012 from the State Secretary Office of Sabah. As at the date of the letter the eventual investing vehicle(s) have not been identified.

(3) Pursuant to an undertaking letter dated 17 May 2012 and lock-up letter dated 29 May 2012 from the Yayasan Islam Terengganu.

(4) Pursuant to an undertaking letter and lock-up letter both dated 28 May 2012 from the State Finance Office of Negeri Sembilan.

(5) Pursuant to an undertaking letter and lock-up letter both dated 28 May 2012 from the State Finance Office of Perak.

The terms of the lock-up restrictions are further disclosed in Sections 4.7.3 of this Prospectus.

4.3.2 Retail Offering

Retail Offering of 273,611,000 Issue Shares, representing 7.5% of the enlarged issued and paid-up share capital of our Company, at the Retail Price, subject to clawback and reallocation provisions, to be allocated in the following manner:

(i) 200,648,000 Issue Shares made available to the Eligible Employees, Eligible FELDA Settlers and persons who have contributed to the success of our Group; and

(ii) 72,963,000 Issue Shares made available to the Malaysian Public.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, and will be equal to the lower of:

(a) the Retail Price; and

(b) 98% of the Institutional Price,

subject to rounding to the nearest sen.

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to successful applicants of the Retail Offering, without any interest thereon. The refund in the form of cheques will be despatched to the successful applicants at their own risk.

Any Issue Shares not taken up by investors under Sections 4.3.2 (i) and (ii), respectively, will be made available for application by investors under Section 4.3.1(i) with any remaining amounts under the Retail Offering thereafter underwritten by the Joint Underwriters, subject to the clawback and reallocation provisions and Over-allotment Option in Sections 4.3.3 and 4.3.4 of this Prospectus, respectively.

In summary, the IPO Shares will be allocated and allotted (subject to clawback and reallocation provisions and Over-allotment Option) in the following manner:

	Offer for Sale		Public Issue		Total	
Categories	**No. of FGVH Shares**	**% of enlarged share capital**	**No. of FGVH Shares**	**% of enlarged share capital**	**No. of FGVH Shares**	**% of enlarged share capital**
Retail Offering:						
Malaysian public (via balloting)						
- Bumiputera	-	-	36,481,500	1.0	36,481,500	1.0
- Non-Bumiputera	-	-	36,481,500	1.0	36,481,500	1.0
- Eligible FELDA Settlers	-	-	91,204,000	2.5	91,204,000	2.5
- Eligible Employees and persons who have contributed to the success of our Group	-	-	109,444,000	3.0	109,444,000	3.0
Total	**-**	**-**	**273,611,000**	**7.5**	**273,611,000**	**7.5**
Institutional Offering:						
MITI approved Bumiputera investors	-	-	419,537,000	11.5	419,537,000	11.5
Other institutional investors	1,208,890,900	33.1	286,852,000	7.9	1,495,742,900	41.0
Total	**1,208,890,900**	**33.1**	**706,389,000**	**19.4**	**1,915,279,900**	**52.5**
Grand Total	**1,208,890,900**	**33.1**	**980,000,000**	**26.9**	**2,188,890,900**	**60.0**

The completion of the Retail Offering and Institutional Offering are inter-conditional. Our IPO is subject to compliance with the public shareholding spread requirement as per the Bursa Securities LR.

4.3.3 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

(i) if the IPO Shares allocated to the Eligible Employees, Eligible FELDA Settlers and persons who have contributed to the success of our Group are not fully taken up, and there is a corresponding over-application by the Malaysian institutional and selected investors and foreign institutional and selected investors under the Institutional Offering, the IPO Shares which are not taken up will be allocated to the Malaysian institutional and selected investors and foreign institutional and selected investors under the Institutional Offering;

(ii) if the IPO Shares allocated to the Bumiputera investors approved by the MITI are not fully taken up, and there is a corresponding over-application by the Malaysian institutional and selected investors and foreign institutional and selected investors under the Institutional Offering, the IPO Shares which are not taken up will be allocated to Malaysian institutional and selected investors and foreign institutional and selected investors under the Institutional Offering;

(iii) subject to Sections 4.3.3 (i) and (ii) above, if there is an under-application in the Institutional Offering, and there is a corresponding over-application in the Retail Offering, the IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and

(iv) if there is an under-application in the Retail Offering and there is a corresponding over-application in the Institutional Offering, the IPO Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

4.3.4 Over-allotment Option

The Selling Shareholder may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Placement Managers) and may appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may at their absolute discretion, over-allot Shares (on behalf of the Placement Managers) and subsequent thereto, effect transactions which may stabilise or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the price of our Shares. If the Stabilising Manager creates a short position in our Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing our Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Selling Shareholder at any time, within 30 days from the date of Listing to purchase from the Selling Shareholder up to an aggregate of 109,445,000 Shares at the Institutional Price for each Share, representing up to approximately 5% of the total number of IPO Shares offered, solely for purposes of covering over-allotments of our Shares (if any).

Subject to there being an over-allotment, the Stabilising Manager will (on behalf of the Placement Managers) enter into the Share Lending Agreement with the Selling Shareholder to borrow up to 109,445,000 Shares to cover over-allotments. Any Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Selling Shareholder either through the purchase of our Shares in the open market by the Stabilising Manager in the conduct of stabilisation activities or through the exercise of the Over-allotment Option by the Stabilising Manager, or a combination of both. The exercise of the Over-allotment Option will not increase the total number of Shares issued.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder. The number of Shares that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may buy to undertake stabilising action, shall not exceed an aggregate of 109,445,000 Shares, representing up to approximately 5% of the total number of IPO Shares offered. However, there is no obligation for the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) to undertake any such stabilising action. Such stabilising actions may commence on or after the commencement of trading of our Shares on the Main Market of Bursa Securities and, if commenced, may be discontinued at any time and cannot be effected after the earliest of (i) the date falling 30 days from the commencement of trading of our Shares on the Main Market of Bursa Securities; or (ii) the date when the Stabilising Manager has bought, on the Main Market of Bursa Securities, an aggregate of 109,445,000 Shares representing up to approximately 5% of the total number of IPO Shares offered to undertake stabilising action.

Neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

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4.3.5 Details of allocation to Eligible Employees, Eligible FELDA Settlers and persons who have contributed to the success of our Group

(i) Allocation to Eligible Employees and persons who have contributed to the success of our Group

The Eligible Employees and persons who have contributed to the success of our Group are allocated 109,444,000 Issue Shares under the Retail Offering, which was approved by our Board.

The summary of allocation of the 109,444,000 Issue Shares to the Eligible Employees and persons who have contributed to the success of our Group respectively are as follows:

Category of persons	Number of eligible persons	Aggregate number of Issue Shares allocated
Eligible Directors of our Group[(1)]	31	4,210,000
Eligible employees of our Group[(2)]	988	4,870,800
Persons who have contributed to the success of our Group[(3)]	21,248	100,363,200
Total	**22,267**	**109,444,000**

Notes:

(1) Includes amongst others, all eligible Directors and alternate directors of our Group who have been allocated between 25,000 to 180,000 Issue Shares each. For our Directors' shareholding in our Company, refer to Section 13.1.2 of this Prospectus.

(2) The eligible employees of our Group includes, amongst others, existing permanent employees with a minimum of one year of service as at 31 January 2012.

(3) The criteria for allocation to eligible persons who have contributed to the success of our Group are based on amongst others, their current and past contributions to our Group including the existing permanent employees of FHB Group and FELDA with a minimum one year of service as at 31 January 2012 and also the retired employees of our Group, FHB Group and FELDA who are currently under contract employment and have been serving either our Group, FHB Group or FELDA for the past 10 years.

(ii) Allocation to Eligible FELDA Settlers

The Eligible FELDA Settlers are allocated 91,204,000 Issue Shares under the Retail Offering, which was approved by our Board.

The FELDA Settlers have to be registered with FELDA and remain as the registered owner of the entire land granted to the Felda Settlers under the FELDA Scheme as at 31 March 2012 to be eligible.

4.4 SHARE CAPITAL

Upon the completion of our IPO, our share capital would be as follows:

	No. of shares	RM
Authorised		
4,000,000,000 Shares	4,000,000,000	4,000,000,000
1 Special Share	1	1
Issued and fully paid-up		
As at the date of this Prospectus	2,668,151,500	2,668,151,500
To be issued and fully paid-up pursuant to the Public Issue	980,000,000	980,000,000
		3,648,151,500
1 Special Share	1	1
Enlarged share capital upon Listing		3,648,151,501

Note:

* *The Offer for Sale would not have any effect on our issued and paid-up share capital as the Offer Shares are already in existence prior to our IPO.*

Based on the Retail Price and 3,648,151,500 Shares, the market capitalisation of our Company on the Main Market of Bursa Securities upon Listing would be RM16,599,089,325.

4.5 CLASSES OF SHARES AND RANKINGS

As at the date of this Prospectus, we only have two classes of shares, being ordinary shares of RM1.00 each and the one Special Share. The Issue Shares will, upon allotment and issue, rank equally in all respects with our other existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and distribution that may be declared.

The Offer Shares will rank equally in all respects with our existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of the transfer of the Offer Shares, subject to any applicable rules of Bursa Depository.

Upon allotment and issue, and subject to any special rights attaching to the Special Share and given to any shares that we may issue in the future, our shareholders shall in proportion to the amount paid-up on the Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions and any surplus in the event of our liquidation, in accordance with our Articles.

The Special Share enables the Government through MOF, Inc to ensure that certain major decisions affecting the operation of our Company are consistent with the Government's policies. The Special Share holder which may only be the Minister of Finance (Incorporated) or its successor or any Minister, representative or any person authorised by the Government acting on its behalf, is entitled to receive notices of meetings, attend and speak but do not have any voting rights at all general meetings. The Special Share holder has the right from time to time, to appoint any existing Director to be a government appointed director so that there shall not be more than three director at any one time and these directors shall hold the position of Chairman of our Board, Chief Executive Officer / Managing Director and one Director. The Special Share holder has the right to require our Company to redeem the Special Share at par at any time by serving notice upon our Company and delivering the relevant share certificate. The Special Share holder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member. The Special Share holder does not have any right to participate in the capital or profit of our Company.

Certain matters which vary the rights attaching to the Special Share can only be effective with the consent in writing of the Special Share holder, in particular matters relating to the amendments to the provisions relating to the Special Share and rights attached to the Special Share in the Articles, the winding-up or dissolution of our Company, creation and issuance of additional shares which carry voting rights exceeding 10% of the total voting rights in a general meeting, material disposal of assets within our Group exceeding 20% of our Group's net tangible asset or 20% of our Group's average profit for the preceding three financial years and any take-over, merger or change in business of our Company, which requires our shareholders' approval at our general meeting.

At every general meeting, each of our shareholders shall be entitled to vote in person, by proxy or by attorney, and on a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote and on a poll, every one of our shareholders present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held. A proxy may but need not be a member of our Company.

4.6 BROKERAGE FEE, PLACEMENT FEE AND UNDERWRITING FEE

Brokerage fee is payable by us in respect of the Issue Shares under the Retail Offering at the rate of 1.0% of the Final Retail Price in respect of all successful applications which bear the stamp of either CIMB, Maybank IB, a member of Bursa Securities, a member of the Association of Banks in Malaysia, a member of Malaysian Investment Banking Association or the Issuing House.

The Joint Global Coordinators are entitled to charge brokerage fees to successful applicants under the Institutional Offering. For avoidance of doubt, brokerage commission under the Institutional Offering will not be payable by us.

As stipulated in the Retail Underwriting Agreement and the Joint Managing Underwriters and the Joint Underwriters have agreed to underwrite the Issue Shares offered under the Retail Offering for a total managing underwriting and underwriting commission calculated at the rate of 1.65% of the Retail Price multiplied by the number of Shares offered under the Retail Offering.

We and the Selling Shareholder will pay the Joint Global Coordinators and the Joint Bookrunners a placement fee and selling commission of 1.65% of the Institutional Price multiplied by the number of Shares offered under the Institutional Offering (excluding the placement fee and selling commission of 1.5% of the Institutional Price multiplied by the number of Shares placed with Louis Dreyfus Commodities Asia under the JV Partner Conditional Investment Agreement dated 14 May 2012).

We and the Selling Shareholder shall also pay the Joint Global Coordinators a commission calculated at the rate of 0.50% of each Retail Price and Institutional Price multiplied by the number of IPO Shares offered under each of the Retail Offering and the Institutional Offering (excluding the number of Shares placed with Louis Dreyfus Commodities Asia under the JV Partner Conditional Investment Agreement dated 14 May 2012), respectively.

4.7 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.7.1 Retail underwriting

We and the Selling Shareholder have entered into the Retail Underwriting Agreement with the Joint Managing Underwriters and Joint Underwriters for the underwriting of the 273,611,000 Issue Shares to be offered under the Retail Offering.

Details of the Retail Underwriting Agreement and underwriting commission are set out in Sections 16 and 4.6 of this Prospectus, respectively.

4.7.2 Placement

We and the Selling Shareholder expect to enter into a Placement Agreement with the Joint Global Coordinators, the Joint Bookrunners and the Placement Managers in relation to the placement of 1,915,279,900 IPO Shares under the Institutional Offering, subject to clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus. Each of us and the Selling Shareholder will be requested, on a several basis, to give various representations, warranties and undertakings, and provide an indemnity, subject to applicable law, against all claims, actions, enquiries investigations, liabilities, demands, proceedings or judgments threatened, brought or established against certain parties including the Placement Managers under the Placement Agreement arising out of, amongst other things, untrue statement of a material fact in this Prospectus and other offering documents in relation to the Institutional Offering, any breach or a failure by us or the Selling Shareholder to perform our obligations under the Placement Agreement or any breach or our respective warranties set out thereunder.

4.7.3 Lock-up arrangement

In conjunction with the Placement Agreement, we expect to agree, subject to certain exceptions, that we shall not, without the prior written consent of the Joint Global Coordinators and the Joint Bookrunners, for a period of 180 days from the Listing:

- issue, offer, sell, contract to sell, grant any option to purchase, grant security over, encumber, pledge, mortgage, charge or otherwise dispose or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares;

- enter into a swap, transaction (including a derivative transaction) or other arrangements with a similar economic effect to a sale or transfer of ownership of Shares or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares;

- deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares) in any depository receipt facilities; or

- agree to or publicly announce any intention to do any of the above or file any registration statement under the U.S. Securities Act of 1933, as amended, with respect to any of the above,

and such restrictions shall apply to all Shares (or any interest therein) in the capital of our Company held by our Company at the date of Listing.

In conjunction with the Placement Agreement, the Selling Shareholder expects to agree, subject to certain exceptions, that the Selling Shareholder shall not, without the prior written consent of the Joint Global Coordinators and the Joint Bookrunners, for a period of 180 days from the Listing:

- offer, sell, contract to sell, grant any option to purchase, grant security over, encumber, pledge, mortgage, charge or otherwise dispose or agree to dispose of, directly or indirectly, any Shares or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares;
- enter into a swap, transaction (including a derivative transaction) or other arrangements with a similar economic effect to a sale or transfer of ownership of Shares or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares;
- deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares) in any depository receipt facilities;
- agree to or publicly announce any intention to do any of the above, or file any registration statement under the US Securities Act, as amended, with respect to any of the above; or
- sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it or another company or other entity indirectly, the beneficial owner of Shares,

and such restrictions shall apply to all Shares (or any interest therein) in the capital of the Company held by the Selling Shareholder at the date of Listing.

The restrictions above do not apply (i) to Shares to be sold pursuant to the Institutional Offering, (ii) in respect of the Shares that are sold pursuant to the Over-allotment Option granted by the Selling Shareholder to the Stabilising Manager, on behalf of the Placement Managers and (iii) to the transfer of Shares by the Selling Shareholder as contemplated under the Share Lending Agreement, provided that, these lock-up restrictions will apply to our Shares returned to the Selling Shareholder pursuant to the Share Lending Agreement.

Each of the Cornerstone Investors, the proposed strategic investor and the relevant state authorities or agency as set out in Section 4.3.1 of this Prospectus, have severally agreed that, subject to certain exceptions, they shall not, and shall procure that their affiliates, nominees or trustees holding Shares on trust for them or on their behalf shall not, without the prior written consent of our Company, the Selling Shareholder and the Joint Bookrunners, for a period of 180 days from the date of Listing:

- offer, pledge, sell, contract to sell, mortgage, charge, assign, issue or sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, subscribe for, hypothecate or create any encumbrance, or otherwise transfer or dispose of, directly or indirectly, conditionally or unconditionally, any Shares (or any securities convertible into or exercisable or exchangeable for Shares), whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- enter into any swap, hedge or derivative or other transaction or arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares (or any securities convertible into or exercisable or exchangeable for or that represent the right to receive or are substantially similar to, the Shares), whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise;

- deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase or that represent the right to receive or are substantially similar to, the Shares) in any depository receipt facilities;

- agree to do or announce any intention to do any of the above or an offering or sale of, any of the Shares or any other securities exercisable or exchangeable for or convertible into or that represent the right to receive, or are substantially similar to, such Shares (or any interest therein or in respect thereof) or file any registration statement under the US Securities Act with respect to any of the foregoing; or

- sell, transfer or otherwise dispose of any interest in any shares in any company or other entity controlled by it which is directly, or through another company or other entity indirectly, the beneficial owner of the Shares.

4.8 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

(i) to be in line with the Government's Role in Business (GRIB) policy by progressively divesting and diluting the government's shareholding via our Listing;

(ii) to create a world class agri-business conglomerate and enhancing our profile internationally;

(iii) to enhance income and hence socio-economic well-being of FELDA Settlers;

(iv) to unlock the value of the commercial assets of FELDA;

(v) to gain better access to cost-effective funding from the equity capital market and to have greater financial flexibility to pursue future expansion and growth opportunities; and

(vi) to provide opportunity for the general public and the investing community to participate in our future performance.

4.9 BASIS OF ARRIVING AT THE RETAIL PRICE, FINAL RETAIL PRICE, INSTITUTIONAL PRICE AND REFUND MECHANISM

4.9.1 Retail Price

The Retail Price of RM4.55 per Issue Share was determined and agreed upon by our Directors, the Joint Principal Advisers, the Joint Global Coordinators and the Joint Managing Underwriters after taking into consideration the following factors:

(i) our NA as at 31 December 2011 of approximately RM3,267.5 million and the Pro forma NA attributable to equity holders of our Company as at 31 December 2011 after giving effect to our IPO of approximately RM5,483.8 million;

(ii) our NA per Share as at 31 December 2011 of approximately RM1.85 and the Pro forma NA per Share attributable to equity holders of our Company as at 31 December 2011 after giving effect to our IPO of approximately RM1.50;

(iii) our overview and prospects of the Oil Palm, Sugar and Rubber Industries; and Selected Key End-User Industries in Malaysia as outlined in Section 6 of this Prospectus;

(iv) our competitive strengths, business strategies and future plans as outlined in Sections 7.2 and 7.3 of this Prospectus, respectively; and

(v) our financial performance and operating history as described in Sections 8 and 9 of this Prospectus.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, and will be the lower of:

(i) the Retail Price; and

(ii) 98% of the Institutional Price;

subject to rounding to the nearest sen.

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to successful applicants, without any interest thereon. For further details on the refund mechanism, refer to Section 4.9.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not in any event be higher than the Retail Price of RM4.55 per Share nor lower than the par value of the Shares.

The Final Retail Price and the Institutional Price are expected to be announced within 2 Market Days from the Price Determination Date in a widely circulated Bahasa Malaysia and English language daily newspaper within Malaysia. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price together with the notices of allotment.

4.9.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares they would be prepared to acquire and the price they would be prepared to pay for the acquisition. This bookbuilding process commenced on 31 May 2012 and will end on 13 June 2012 or such date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators in their absolute discretion may decide. Upon the completion of the bookbuilding process, the Institutional Price will be fixed via agreement between our Directors and the Selling Shareholder in consultation with the Joint Global Coordinators and the Joint Bookrunners on the Price Determination Date.

4.9.3 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for application made via Application Form or by crediting into the successful applicant's account with the Participating Financial Institution for application made via the Electronic Share Application or by crediting into the successful applicant's account with the Internet Participating Financial Institution for application made via Internet Share Application, within 10 Market Days from the date of final ballot of application, at the successful applicant's own risk.

Prior to the IPO, there has been no trading market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.

4.10 DILUTION

Dilution is the amount by which the price paid by retail and institutional investors for our Shares exceeds our NA per Share after the IPO. Our NA per Share as at 31 December 2011 as RM1.85 per Share.

After giving effect to the issue of 980,000,000 new Shares under the Public Issue, and after adjusting for the estimated listing expenses, our pro forma NA per Share as at 31 December 2011 (based on the enlarged issued and paid-up share capital of 3,648,151,500 Shares) would have been RM1.50 per Share. This represents an immediate decrease in NA per Share of RM0.35 to our existing shareholders and an immediate dilution in NA per Share of RM3.05, representing 67.0% of the Retail Price and the Institutional Price (assuming the Institutional Price and the Final Retail Price will be the Retail Price), to the retail and institutional investors. For NA per Share figures, refer to Section 8.1 of this Prospectus.

The following table illustrates such dilution on a per Share basis assuming the Retail Price is equal to the Final Retail Price and Institutional Price:

	RM
Retail Price	4.55
Institutional Price	4.55
NA per Share as at 31 December 2011	1.85
Pro forma NA per Share as at 31 December 2011 after giving effect to the IPO	1.50
Decrease in NA per Share to existing shareholders	(0.35)
Dilution in NA per Share to retail / institutional investors	3.05
Dilution in NA per Share to retail / institutional investors as a percentage to the Retail Price	67.0%

Save for the transfer of Shares in our Company from FELDA to FAHC on 18 May 2012, none of our Directors or key management or persons connected to them have acquired Shares in our Company in the three years prior to the Latest Practicable Date.

4.11 MINIMUM SUBSCRIPTION AMOUNT

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public shareholding spread requirement of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders of our Company to comply with public shareholding spread requirement as per the Bursa Securities LR or as approved by Bursa Securities.

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4.12 UTILISATION OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of RM5,500,453,595* will accrue entirely to the Selling Shareholder.

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

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	%
Acquisition of plantation assets[(1)]	within 3 years	2,190,000	49.1
Selective acquisitions of oil and fats, manufacturing and logistics businesses[(2)]	within 3 years	840,000	18.9
Construction or acquisitions of mills and refineries[(3)]	within 3 years	780,000	17.5
Loan repayment for our overseas operation[(4)]	within 6 months	260,000	5.8
Capital expenditures for increases in efficiency, as well as extension of capabilities[(5)]	within 2 years	100,000	2.2
Working capital requirements, general corporate purposes[(6)]	within 6 months	129,000	2.9
Estimated listing expenses[(7)]	within 6 months	160,000	3.6
Total gross proceeds		**4,459,000**	**100.0**

Notes:

* *We have assumed the Institutional Price to be RM4.55 per Share in arriving at this figure.*

^ *We have assumed both the Institutional Price and the Final Retail Price to be RM4.55 per Share in arriving at this figure.*

(1) We are currently evaluating the expansion of our plantations in Southeast Asia and Africa, at an estimated aggregate cost of RM2,190 million. For further details of our business strategies and future plans, refer to Section 7.3.2 of this Prospectus.

(2) We are currently evaluating selective growth acquisitions that we believe will be synergistic with our operations, within Southeast Asia and other regions, at an estimated cost of RM840 million.

For further details of our business strategies and future plans, refer to Section 7.3.2 of this Prospectus. If the actual proceeds required for expansion of business and synergistic growth acquisitions are higher than budgeted, the deficit will be funded out of internally generated funds, working capital, and/or external financing. However, if the actual proceeds required for expansion of business and synergistic growth acquisitions are lower than budgeted, the excess will be utilised for working capital requirements for our Group. Any proceeds not utilised within a period of three years will be reallocated for our working capital requirements.

(3) We are currently evaluating the expansion of our production capacities, by constructing or acquiring mills and refineries at an estimated aggregate cost of RM780 million. For further details of our business strategies and future plans, refer to Section 7.3.3 of this Prospectus.

(4) *We intend to use RM260 million to partly repay our borrowings that is taken up by TRT-ETGO Inc. The details of the borrowings are set out below:*

Type of facility	Interest rate	Maturity of Facility	Purpose	Amount outstanding as at 31 March 2012 (RM '000)
Revolving credit facility	Canadian Dealer Offered Rate (CDOR) plus 0.6% per annum	Short tenure of six months subject to rollover	Working capital	322,741

(5) *We intend to increase our efficiency through, amongst others, enhancing current production facilities and developing new R&D facilities and initiatives. For further details of our business strategies and future plans, refer to Section 7.3.5 of this Prospectus.*

(6) *We intend to use part of the proceeds raised from the Public Issue for our working capital requirements and other general corporate purposes to support our business operations, which include financing of daily operations, administrative expenses and other operating expenses.*

(7) *The expenses for our Public Issue to be borne by us are estimated to be RM160 million and will comprise professional fees, brokerage, placement and underwriting fees as well as other listing related expenses. We expect to fully utilise the proceeds from the Public Issue to defray estimated expenses of our IPO. If the actual expenses are higher than budgeted, the deficit will be funded out of working capital. However, if the actual expenses are lower than budgeted, the excess will be utilised for general working capital requirements for our Group. The expenses in respect of the Offer for Sale shall be borne by the Selling Shareholder.*

Pending full utilisation of the gross proceeds received, we intend to place the proceeds raised from our IPO (including accrued interest, if any) or the balance thereof in Shariah compliant fixed deposit accounts with licensed financial institution(s) or in short-term money-market instruments.

4.13 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of proceeds from the Public Issue is expected to have the following financial impact on our Group:

(i) Increase production efficiency and capacity

We will use the proceeds to increase our production efficiency and capacity through, amongst others, construction of new production facilities, expansion and enhancement of current production facilities and mills, and the development of new R&D facilities and initiatives. We expect that an increase of our production efficiency and capacity would give our Group additional revenue and profits over the next few years.

(ii) Expansion of business activities within our Group

We will use the proceeds for expansion of our business activities within our Group. We are currently evaluating the expansion of our plantations in Southeast Asia and Africa, as well as various investments in additional downstream projects and initiatives. We also intend to use part of the proceeds for selective synergistic growth acquisitions. We expect such new business opportunities to enhance our income stream as well as profits over the next few years.

4.14 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon listing and quotation on Bursa Securities, the IPO Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository for the operation of CDS accounts, as amended from time to time and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers for, or purchasers of, the IPO Shares.

Beneficial owners of Shares are required under the Rules of Bursa Depository to maintain the IPO Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List of Bursa Securities;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that the Shares offered in our IPO will not commence trading on Bursa Securities until approximately 12 Market Days after the close of the Retail Offering. Subscribers of the Shares will not be able to sell or otherwise deal in the Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent, our operations are subject to the legal, regulatory and business environment in the countries in which we operate. Our business is subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us or our Shares.

5.1 RISKS RELATING TO OUR INDUSTRY

5.1.1 Inherent business risks in the plantation industry may affect our business

We are subject to risks inherent to the plantation industry. These include, but are not limited to, outbreaks of diseases, damage from pests, fire or other natural disasters, unscheduled interruptions in palm oil milling and rubber tapping operations, adverse climate conditions, downturns in the global, regional and national economies, the entry of new players into the market, changes in law and tax regulations affecting palm oil and rubber, increases in labour and other production costs, and changes in business and credit conditions.

Our ability to mitigate these risks depends on various factors, including our ability to keep abreast of the latest technologies related to planting materials, disease prevention and plantation operations, and other developments in the industry, as well as our ability to effectively implement business strategies. For example, while we plan to accelerate our replanting programme in 2012 to reduce the number of lower-yielding oil palms on the plantation estates on the FELDA-Leased and Managed Land, various risks in the plantation industry may cause us not to achieve the indicative replanting schedule, which would require more extensive replanting than we have undertaken in the past. There can be no assurance that we will be able to successfully mitigate the various risks of the plantation industry, or that we will be successful in implementing our strategies, including an accelerated replanting schedule. If we are unable to do so, our business, financial position, results of operations and prospects would be materially and adversely affected.

5.1.2 Local and international commodity prices fluctuate based primarily on local and international market conditions, and will affect the prices of FFB, CPO and other palm oil-based products

Movements in CPO prices influence the prices of FFB and palm oil-based products. As with the price of other commodities, CPO prices are characterised by a high degree of volatility and cyclicality. Since 2007, CPO prices published by the MPOB have been as high as RM3,811.0 per MT (local delivered) in February 2011 and as low as RM1,520.5 per MT (local delivered) in November 2008.

Local and international prices for CPO and palm oil-based products are affected by a number of factors, including the following:

(i) the price of crude oil, which impacts the prices of biofuels, which in turn impact the price of CPO;

(ii) the supply and demand levels for CPO and palm oil-based products and those for substitute oils, particularly soy oil;

(iii) global production levels and physical stocks of CPO and other vegetable oils, which tend to be affected principally by global weather conditions and the area of land under cultivation, which in turn is affected by competition with other plantation companies and non-traditional players to procure suitable plantation land;

(iv) global consumption levels of CPO and other vegetable oils;

(v) developments in the Malaysian, Indonesian, regional and global economic and political situations;

(vi) foreign exchange rates;

(vii) import and export duties and other taxes; and

(viii) government regulations.

A significant and prolonged reduction in the prices for FFB, CPO and palm oil-based products would have a material adverse effect on our results of operations and cash flows.

5.1.3 We face competition from other producers of palm oil and substitute oils

The palm oil industry is highly competitive and includes a large number of producers globally. Many of the palm oil producers are from Malaysia and Indonesia, which are the largest producing nations of palm oil and refined palm oil-based products. In 2010, Malaysia produced 17 million MT of palm oil, or 37% of global production, and Indonesia produced 22 million MT, or 48% of global production. As a result, our primary competitors are other Malaysian, as well as Indonesian, palm oil producers.

Palm oil-based products are commodities, and the primary competitive factor in the palm oil industry is price. In recent years, Indonesian producers of palm oil-based products have become major competitors to Malaysian producers for a variety of reasons affecting the relative competitiveness of the palm oil-based products of the two countries in international markets, including the following:

(i) the production costs, including labour and other operating costs, are lower in Indonesia than in Malaysia;

(ii) Indonesia imposes a favourable export duty structure on CPO, allowing CPO to be traded in the domestic market through a bidding process at a minimum price based on the market price net of export duty, which results in Indonesian refiners having a cost advantage in their domestic CPO purchases, refining margins and costs related to the production of refined palm oil-based products. While we are not directly affected by the Indonesian export duty structure on CPO, the downstream operations of our 49%-owned associate FHB and joint venture Felda IFFCO face higher operational costs under the less favourable Malaysian export duty structure; and

(iii) Indonesia has more land available for oil palm plantations than Malaysia.

Based on the current regulatory environment in Malaysia, these factors affecting price and margins have a significant impact on competition and would negatively impact our ability to compete effectively against Indonesian producers.

The palm oil industry also faces competition from other edible oils, such as soy oil, canola oil and sunflower oil, which are substitutes for palm oil. The United States, Europe, China, India, Brazil and Argentina are all large producers of edible oils. A decline in the price of these other edible oils may cause consumers to increase their use of these other edible oils in place of palm oil, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Further, the prices for some substitute oils, including soy, canola and sunflower oils, are subsidised by various United States and European programmes. These subsidies may protect producers of competing vegetable oils from price competition and negatively impact our ability to compete successfully against these products.

5.1.4 We may be adversely affected by duties that Malaysia places on exports of CPO

F Marketing, a subsidiary of FHB, acts as our agent for export sales of our CPO. In 2012, we expect to export CPO only to the extent of F Marketing's Malaysian export duty exempt quota, which is assigned by the Government on an annual basis, and we intend to apply for our own export duty exempt quota for 2013. However, there can be no assurance that the Government will continue to provide F Marketing with or grant us an export duty exempt quota. If any of these events occur, our exports may be adversely affected and our business, financial condition and results of operations may be adversely affected.

5.1.5 Our sales may be adversely affected by weather conditions, natural disasters and other factors that affect the production and supply of FFB

The following factors, most of which are outside our control, may affect the production and supply of FFB:

(i) local and global weather patterns;

(ii) more stringent environmental and conservation regulations;

(iii) natural disasters; and

(iv) diseases or crop pests.

The production and supply of FFB were adversely affected by the La Niña weather pattern during 2007 and the El Niño weather pattern from June 2009 to April 2010. We expect that similar weather conditions will recur in the future. A disruption or reduction in the production and supply of FFB may adversely affect our sales, margins and results of operations. In addition, we do not maintain insurance against losses at our oil palm and rubber plantations as a result of fire or natural disasters. Thus, our results of operations and financial position could be materially and adversely affected by the occurrence of uninsured losses.

5.1.6 Current and future consumer trends and preferences may reduce the demand for vegetable oils, including for CPO and other palm oil-based products

Demand for CPO and other palm oil-based products has, in the past, and may, in the future, be affected by campaigns brought by environmental groups, such as Greenpeace International and the World Wide Fund for Nature (formerly, the World Wildlife Fund). These environmental groups have raised concerns that oil palm plantations result in the destruction of large areas of tropical forests and wildlife habitats, and have campaigned to promote sustainable palm oil cultivation and environmentally friendly practices on oil palm plantations.

Should changing consumer preferences reduce the demand for CPO and other palm oil-based products, including as a result of environmental concerns, our business, financial condition and results of operations may be materially and adversely affected.

5.1.7 We may be adversely affected by changes in the perception of the climate change costs and benefits connected with palm oil production and the use of biofuels

Growth in the palm oil industry is expected to be driven in part by expansion of demand for biofuels as part of an effort to lower global greenhouse gas emissions. However, environmental non-governmental organisations have challenged the sustainability of growth in palm oil production and whether the climate change benefits from biofuels outweigh the perceived environmental costs of increased palm oil production. It is likely that there will be continued pressure for plantations to demonstrate sustainable practices and for processors to demonstrate sustainable sourcing. It is also possible that there may be increasing limitations placed on the operation of the palm oil industry as a result of legislation in producer or customer nations and the internal environmental policies of customer companies. Accordingly, there can be no assurance that restrictions on the expansion of the palm oil industry will not be imposed or that there will be a rise in demand for palm oil as a result of climate change concerns and the demand for biofuels.

5.2 RISKS RELATING TO OUR BUSINESS

5.2.1 Our replanting programme will have a short- and medium-term impact on the amount of FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land, which may affect our revenues and margins

We are currently undertaking a replanting programme in relation to the oil palm plantation estates on the FELDA-Leased and Managed Land. The total area of the oil palm plantation estates on the FELDA-Leased and Managed Land that has been replanted during the three years from 2009 through 2011 is 36,331 hectares, representing approximately 10.6% of the entire area of these plantation estates. The total area of the oil palm plantation estates on the FELDA-Leased and Managed Land that we have scheduled for replanting in the four years from 2012 through 2015 is 60,292 hectares, representing approximately 17.6% of the entire area of these plantation estates. Replanting is generally a three-year programme, and consists of ground clearing (including the removal of old trees and the processing of the material to enhance the organic balance of the estates), terracing, replanting, planting of ground cover and crop establishment, fertilising and crop management during the three-year replanting period. Depending upon the location and size of the oil palm plantation estate, the topographical conditions and the productivity of the areas, we replant the oil palm plantation estate in stages and not the whole estate at once.

The yield of FFB depends on the age and maturity of oil palms, which reach their prime productive period at years 10 through 20 after planting. To ensure continuous, long-term efficient production and sustainable yields, it is customary in the plantation industry to replant plantations approximately every 25 years. However, newly planted oil palms do not yield FFB until they reach harvestable age, which is about two and a half years after planting, and the yield of young trees is significantly lower than the yield of mature palms.

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We have carefully planned the replanting programme for implementation on a rolling basis in order to minimise the effect on the FFB production in any given year. However, we expect that our FFB production and, consequently, our revenues from CPO sales will be adversely affected by our replanting programme during the four years from 2012 through 2015, as no FFB will be produced from those replanted plantation estates during the three-year replanting period and until the newly planted oil palms reach harvestable age. Moreover, we anticipate that yields from these plantation estates will continue to be lower than optimal levels until the oil palms reach their prime productive period. Accordingly, large-scale replanting will affect productivity of our plantation operations in the short- and medium-term and, in turn, our FFB production and our revenue. Further details on the replanting programme schedule for the oil palm plantation estates on the FELDA-Leased and Managed Land are disclosed in Section 7.6.6 of this Prospectus.

5.2.2 We rely on foreign workers

Like many Malaysian plantation companies, we rely to a significant extent on foreign workers, primarily from Indonesia, for our plantation operations. As at 31 March 2012, we employed a total of 25,558 foreign estate workers, representing approximately 84.4% of our estate workers and approximately 73.1% of our total workforce. As the standard of living in Malaysia improves over time, we have found it increasingly difficult to hire Malaysian production workers for our plantation operations, and this difficulty may increase in the future. Currently, we obtain at least three-year visa permits for our Indonesian workers, which may be renewed on a yearly basis. We must apply to the Ministry of Home Affairs of Malaysia to issue the necessary work permits, and a similar application is made simultaneously to the Indonesian Embassy in Malaysia. On average, we arrange visas for between 5,000 and 6,000 foreign workers annually. If visa policies in Malaysia or Indonesia were to change in any way so as to make it more difficult for us to maintain a sufficient foreign labour workforce, our business, results of operations and financial condition would be materially and adversely affected. In addition, the expansion of plantation operations in Indonesia has increased competition for Indonesian workers, resulting in increased wages that we must pay to foreign workers and, accordingly, increased operating costs for our plantations.

5.2.3 The FELDA-leased Land is the source of substantially all of our FFB production, and, if we lose the right to use this land, this loss would have a material adverse effect on our FFB production. Compensation provided by FELDA, if any, for any termination of the lease or tenancy in respect of this land may not be sufficient to cover our losses, which may have a material adverse effect on our business, financial condition and results of operations

In November 2011 and January 2012, we and FELDA executed agreements in respect of the FELDA-leased Land, whose particulars are set out in Section 11.2 of this Prospectus and which land was previously managed by F Plantations pursuant to a management agreement. Our FFB production is highly dependent on the use of the FELDA-leased Land.

Out of the total 347,584 hectares of the FELDA-leased Land under the tenancy agreements entered into between FELDA and FGV Plantations Malaysia dated 6 January 2012 and 21 January 2012, as amended by an addendum on 21 May 2012, a total of 85,073.22 hectares of land are without title, representing approximately 24.5% of the total land under the Land Lease Agreement. With respect to these lands (other than those in Sabah), our due diligence solicitors for the Lands and Licences had, vide their letters dated 6 April 2012 and 28 May 2012, opined that in respect of the lands without titles under the Land Lease Agreement, they have been vested by the state authorities in favour of FELDA to be developed as group settlement areas by virtue of the agreements between FELDA and the state authorities under Section 34 of the Land (Group Settlement Areas) Act. Pursuant to Section 57 of the Land Development Act, FELDA has the right to deal with these lands.

In respect of the portion of the 103,814 hectares of FELDA-leased Land in Sabah, we have retained separate counsel qualified in Sabah, Messrs Johari & Zelika, who had issued three opinion letters, one dated 31 January 2012 and two dated 3 May 2012. Out of the total 103,814 hectares of the FELDA-leased Land located in Sabah under the tenancy agreements entered into between FELDA and FGV Plantations Malaysia dated 6 January 2012 and 21 January 2012, as amended by an addendum on 21 May 2012, a total of 25,416 hectares of land are without title. In relation to the lands with titles in Sabah under the Land Lease Agreement, Messrs Johari & Zelika opined that FELDA is generally permitted to provide a tenancy in respect of these lands, and that a lease may be created, subject to written permission from the relevant state authority. Messrs Johari & Zelika further opined that FELDA's ability to create a lease in favour of FGV Plantations Malaysia in respect of the lands without titles may be subject to native customary claims. We cannot confirm whether the lands involve native customary claims. We can only confirm the existence of such native customary claims after the Collector of the District Land Office has exercised its administrative function as provided under Section 13 of the Sabah Land Ordinance.

These agreements between FELDA and us permit FELDA to terminate the lease or tenancy in respect of any portion or all of the FELDA-leased Land for any reason after giving notice and paying compensation. Prior to any such termination, FELDA is required to provide us with notice of six months for any portion of the FELDA-leased Land of less than 10,000 hectares, and notice of 18 months for any portion of 10,000 hectares or more. In addition, FELDA is obligated to compensate us based on the calculation of average profit per mature hectare per year for the entire FELDA-leased Land for the latest year in which our audited financial statements are available multiplied by the aggregate size of all of the FELDA-leased Land specified in the notice to terminate multiplied by the loss of our expected future profit. We shall be compensated for the loss of (a) ten years of expected future profits if the termination occurs less than eight years from the date such FELDA-leased Land was most recently replanted or (b) five years of expected future profits if termination occurs eight years or more from the date such FELDA-leased Land was most recently replanted. If the lease or tenancy of 10,000 hectares or more is terminated, FELDA is obligated to take over the employment of the relevant plantation staff for a term of no less than the terms on their then outstanding contracts. There can be no assurance that the compensation we receive will be sufficient or that we will be able to acquire or lease plantation land in the future to replace any land that is the subject of a termination of the lease or tenancy; thus, the termination of the lease or tenancy of the FELDA-leased Land may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, one of these agreements provides that for 19,854 hectares of the FELDA-leased Land, FELDA may terminate the agreement in respect of any portion or all of that land if FELDA were to lose possession over any portion of this land in favour of any third party. These 19,854 hectares of land have been placed under the tenancy agreement dated 21 January 2012, which provides for instances in the future where FELDA may lose possession over the right to use any part of the 19,854 hectares of the FELDA-leased Land in favour of any third party. Upon the occurrence of such an event, rights over such land will be excluded from the tenancy agreement and the tenancy shall terminate in respect of such land without any compensation to either FELDA or FGV Plantations Malaysia.

If FELDA makes such a termination in respect of any portion or all of these 19,854 hectares of land, we will not be entitled to any compensation under the agreements and the loss of our right to use such land may have a material adverse effect on our business, financial condition and results of operations. Further details on this 19,854 hectares of the FELDA-leased Land are disclosed in Section 11.2 of this Prospectus.

For a summary of the terms of the Land Lease Agreement and tenancy agreements in relation to the FELDA-leased Land, refer to Sections 7.22.1 and 7.22.2 of this Prospectus, respectively.

5.2.4 Our pro forma consolidated statement of financial position, statements of comprehensive income and statement of cash flows included in this Prospectus may not accurately reflect our financial position, results of operations and cash flows. Furthermore, because of the recent, substantial changes in our business model, we do not expect our future financial reports to be comparable to either our historical or pro forma financial reports

The pro forma consolidated statements of comprehensive income have been prepared on the basis that the entry into the Land Lease Agreement and related agreements and certain changes in our capitalisation occurred as of 31 December 2008, while the pro forma consolidated statements of cash flows were prepared on the basis that these transactions occurred as of 31 December 2010 and the pro forma consolidated statement of financial position was prepared as if these transactions had occurred as of 31 December 2011. As the pro forma consolidated statement of financial position, statements of comprehensive income and statement of cash flows have been prepared for illustrative purposes only, this information, by its nature, does not give an accurate picture of the effects of the entry into the Land Lease Agreement and related agreements or certain changes in our capitalisation on our financial position had the transactions or events occurred at the date of the statement of financial position, the period of the statement of comprehensive income and the period of the statement of cash flows. Our historical audited financial statements do not reflect any of the events given pro forma effect in the pro forma consolidated statement of financial position, statements of comprehensive income and statement of cash flows, all of which are expected to have a substantial effect on us going forward.

Effective 1 March 2012, we and F Palm Industries, a subsidiary of FHB, entered into contractual arrangements that provided for, among other things, our purchase of substantially all of the total CPO that F Palm Industries produces, other than the CPO used by its subsidiary, DOP. We resell this CPO to third-party customers, such as refiners and traders in Malaysia and abroad, to our joint ventures and to FHB's various subsidiaries and its associate, MEO, for their production of palm oil-based products. As a result of these contractual arrangements, we expect that our sales of CPO will account for a substantial portion of our revenues and that our purchases of CPO from F Palm Industries will account for a substantial portion of our cost of goods sold. Prior to our entering into these contractual arrangements with F Palm Industries, we had no revenues from CPO sales and no cost of goods sold for CPO purchases. In addition, as a result of these contractual arrangements, we will no longer recognise revenues from our sales of FFB, which are made by our subsidiary, FGV Plantations Malaysia, to F Palm Industries. Prior to these contractual arrangements, we recognised revenues from our FFB sales to F Palm Industries. For a summary of the terms of these agreements, refer to Section 7.22 of this Prospectus.

The financial information presented in our pro forma and historical consolidated statement of financial position, statements of comprehensive income and statement of cash flows reflect our Company's results prior to our entering into the contractual arrangements with F Palm Industries, and we do not expect them to be comparable to our financial reports in the future. In addition, such financial statements may not be indicative of our future financial position or results of operations.

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5.2.5 Our financial results for each reporting period are affected by the requirement to estimate the fair value of certain of our assets and liabilities, including the value of the financial liability under our land lease with FELDA and, in the future, the requirement to adjust the carrying cost of our biological assets to their fair value, which may result in volatility to our financial results

Under FRS, we are required to estimate at each reporting date the fair value of the financial liability arising under our land lease with FELDA and adjust the carrying value of that liability in our consolidated statement of financial position. We are also required to recognise increases in that liability as other net losses and recognise decreases in that liability as other net gains in our statements of comprehensive income. In estimating the fair value of the financial liability arising under the lease, we are required to make assumptions about various factors such as discount rates, CPO prices, replanting costs and FFB yield. These factors, including those that are beyond our control, such as CPO prices, can be volatile, and their movements can result in material changes in the fair value of the financial liability under the lease. For additional information on how changes to these factors will affect the fair value of the financial liability under the lease, refer to Section 8.2.4(vii) of this Prospectus and Note 2.2.1 of our pro forma consolidated financial information included in this Prospectus.

Furthermore, we currently carry our biological assets, such as oil palms, sugar cane and rubber trees, on our statement of financial position on a historical cost basis, but with the adoption of MFRS 141 "Agriculture", these assets will be recognised on initial recognition and re-measured subsequently at each reporting date at their fair value after deducting the estimated cost of sales. While we are currently not required to adopt MFRS 141 "Agriculture", it will be mandatory in Malaysia starting on 1 January 2013. The impact of the adjustment upon initial recognition of the fair value of our biological assets on 1 January 2012 will be accounted for retrospectively by adjusting retained earnings, and subsequent changes in fair value of our biological assets after 1 January 2013 will be recorded as part of our profit or loss in the period in which such fair value changes arise. We expect that the adoption of MFRS 141 "Agriculture" will result in the carrying amount of our biological assets becoming significantly greater than that reflected in the pro forma consolidated statement of financial position and statements of comprehensive income but will not affect the pro forma statement of cash flows. In addition, because we will record as profit or loss the changes in the fair value of our biological assets at the end of each reporting period, our results of operations will be subject to the fluctuations in the market prices of our biological assets following the adoption of MFRS 141.

Further, due to the lack of observable market prices for certain biological assets in their condition at the time of valuation, the fair value cannot always be estimated in a reliable manner. If the fair value of the biological assets cannot be ascertained at the moment of their initial recognition, we intend to estimate the fair value by taking the costs of developing the biological assets and deducting the accumulated depreciation and impairment losses, and to re-value the biological assets when a fair value can be ascertained. If the fair value of the biological assets cannot be ascertained at any other moment, we intend to estimate the fair value of our assets by other means.

The requirement to estimate the fair value of certain of our assets and liabilities, including primarily the financial liability under the lease and, upon the adoption of MFRS 141 "Agriculture", our biological assets could require us to make material adjustments to the carrying amount of our assets and liabilities in future periods. These adjustments could have a material adverse effect on our financial condition or results of operations. In addition, material adjustments to the carrying amount of our assets and liabilities for any reason would cause us to recognise other gains and losses that may result in volatility in our future financial results.

5.2.6 We operate internationally and expect to continue to expand our international activities, making us increasingly susceptible to legal, regulatory, political and economic conditions outside Malaysia, as well as operational risks different from those we face in Malaysia

We derive a significant portion of our revenues from businesses outside Malaysia. For the years ended 31 December 2009, 2010 and 2011, our international activities contributed RM606.7 million, RM1,249.6 million and RM2,241.5 million, respectively, to our total pro forma revenue and accounted for 21.1%, 21.5% and 30.0%, respectively, of our total pro forma revenue. Our financial condition and results of operations are expected to be increasingly affected by international and local political, economic and operating conditions in countries where we operate, transact business or have interests. Operating in countries outside Malaysia also requires us to comply with foreign laws and regulations covering many aspects of our operations, including trade laws, investment sanctions laws, laws relating to price controls and government subsidies, environmental laws and antitrust laws. We conduct country risk assessments and in-country risk management to ensure that we understand the legal and regulatory operating environment and the political and economic consequences of operating in a particular country, both when beginning to work in that country and on an ongoing basis. We cannot ensure, however, that local legal, regulatory, political or economic changes in the countries in which we operate will not have a material adverse effect on our business, financial condition or results of operations.

In recent years, we have expanded our business through acquisitions and joint ventures outside Malaysia, and we may make similar investments and acquisitions in the future. These transactions subject us to different risks than those we face in growing our operations in Malaysia. These risks, which include those related to cross-border acquisitions, such as foreign legal and regulatory risks associated with such transactions and operational risks related to managing transactions outside Malaysia, may complicate our efforts to complete these transactions and impede our efforts to integrate the overseas businesses into our global operations. Addressing these risks may require us to devote substantial management resources, which could distract our management from overseeing our ongoing operations. Any failure by us to address these issues could delay or prevent us from completing any future overseas expansions or could make such transactions substantially more expensive to complete than we had anticipated, any one of which could adversely affect our business, financial condition or results of operations.

5.2.7 Changes in the exchange rate between the USD and the RM could have an adverse impact on our results of operations and financial condition

A substantial portion of our revenues, including revenues from our CPO and sugar exports and revenues in our downstream business segment, is denominated in USD. For the years ended 31 December 2009, 2010 and 2011, RM606.7 million, RM1,177.9 million and RM2,089.2 million, respectively, of our pro forma revenues were denominated in USD. In addition, certain of our raw materials, such as imported raw sugar, are purchased in USD and certain hedging transactions related to these purchases are also settled in USD. The RM operates on a managed float basis, and an appreciation of the RM against the USD may materially and adversely affect our financial performance because it may reduce our revenues in RM terms and raise the prices for our products against other currencies. To manage this risk, we hedge our exchange rate exposure through specific hedging activities. Nonetheless, changes in the USD to RM exchange rate and insufficiency in our exchange rate hedging could have an adverse impact on our results of operations and financial condition, including as a result of translation adjustments when converting USD amounts to RM for financial statement purposes.

5.2.8 Funding, especially on terms acceptable to us, may not be available to meet our future capital needs

Our ability to obtain external financing and to make timely repayments of our debt obligations are subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysian economy and the markets for our products, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans. We cannot assure you that any required additional financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all. If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business, financial condition and results of operations.

5.2.9 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations. For example, we do not maintain insurance against losses at our oil palm and rubber plantations as a result of fires or natural disasters. Further, we do not insure most of our assets against war, terrorism or sabotage. Moreover, we will be subject to the risk that in the future we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

5.2.10 We are exposed to costs arising from compliance with environmental and health and safety regulations and may be exposed to liabilities if we fail to comply with these regulations

We are subject to various health and safety and environmental laws and regulations in various countries, including Malaysia, Indonesia, the United States and Canada. These include requirements related to the emission and discharge of hazardous materials into the ground, air or water from our facilities, safety and integrity of our refineries, food quality, solid waste management and emergency planning. As these laws and regulations become more stringent, they may require us to purchase and install new or additional pollution control equipment or to make operational changes to limit actual or potential impacts on the environment or the health of our employees. Our principal environmental concerns relate to land and forest clearance for plantation development and emission and discharge from our oleochemical, soybean and canola and sugar facilities.

Any health and safety or environmental claims or the failure to comply with any present or future regulations could result in the assessment of damages, the imposition of fines, criminal sanctions or the suspension or cessation of our facilities and operations.

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5.2.11 If we are not able to renew or maintain the approvals, licences, permits and certificates required to operate our business, this may have a material adverse effect on our business

We require various approvals, licences, permits and certificates to operate our business and facilities. We may be required to renew these approvals, licences, permits and certificates or to obtain new approvals, licences, permits and certificates. For a more detailed description of our licences, refer to Section 10 of this Prospectus. While we have not experienced any significant difficulty in renewing and maintaining our approvals, licences, permits and certificates, we cannot assure you that in the future the relevant authorities will issue or renew any required approvals, licences, permits or certificates in a timely manner or at all. Failure by us to renew, maintain or obtain the required approvals, licences, permits and certificates may interrupt our operations or delay or prevent the implementation of any capacity expansion or other new projects and may have a material adverse effect on our business, financial condition and results of operations.

5.2.12 Significant or prolonged disruptions to the production, storage and distribution facilities, transportation infrastructure or modes of transportation that we use could have an adverse effect on us

Our oleochemical, soybean and canola and sugar businesses are highly dependent on production, storage and distribution facilities and transportation services to ensure smooth operation. The production, storage and distribution facilities, as well as transportation infrastructure and modes of transportation that we use are subject to being partially or completely shut down, temporarily or permanently, as a result of a number of circumstances, such as adverse weather conditions, catastrophic events, environmental remediation, equipment or machinery breakdowns, strikes, lock-outs or other events. Damage to any of these facilities, any significant or prolonged interruption at these facilities or inability to transport products to or from these facilities for any reason would create a bottleneck in the flow of our business operations and impact our ability to serve our customers. If we experience disruptions or interruptions of these types and are unable to quickly identify and resolve them, our reputation, business, financial position and results of operations could be adversely affected.

5.2.13 Activities in our business can be dangerous and can cause injury or death to people or damage to property

Our production facilities require individuals to work with equipment, chemicals and other materials that have the potential to cause harm and injury when used without due care. In addition, many of our employees are engaged in hazardous harvesting and transportation activities. In the past, we had instances where employees working in our operations were killed or injured as a result of operating our production equipment, handling various chemicals, raw materials and other items utilised or generated in our business as well as in transportation-related accidents. An accident, injury or death that occurs at our production facilities could result in disruptions to our business, including our production capabilities, and have legal and regulatory consequences, such that we may be required to compensate such individuals or incur other costs and liabilities, any and all of which could adversely affect our reputation, business, financial condition, results of operations and prospects.

5.2.14 We are controlled by FELDA and FAHC, whose interests may not be aligned with those of our other shareholders

Upon the successful completion of our IPO, FELDA will own 23% and FAHC will own 17% of our enlarged and issued paid-up share capital and will be our controlling shareholders. FAHC is wholly owned by FELDA. As our controlling shareholders, other than in respect of certain votes regarding matters in which they are interested parties and must abstain from voting under the Bursa Securities LR, FELDA and FAHC will be able to influence the approval of any corporate proposal or transaction requiring a shareholders' resolution under the Act. This includes the approval of all final dividends and the appointment of directors. There can be no assurance that the interests of FELDA and FAHC will be aligned with those of our other shareholders.

5.2.15 We depend on certain key personnel and skilled employees

Our success depends on the continued contributions of our key personnel and skilled employees. Although we intend to focus on succession planning issues to reduce our dependence on such personnel, the experience and knowledge of our key personnel, including our Directors and senior management, may be difficult to replace. If we are unable to retain our existing key personnel, including our Directors and senior management, or skilled employees, or attract, hire and integrate appropriate replacements and successors, our operations may be materially and adversely affected.

5.2.16 Failure to maintain good employee relations may adversely affect our operations and the success of our business

Maintaining good employee relations is important for the smooth operation of our production facilities and our business as a whole. As at 31 March 2012, approximately 40.7% of our total workforce (excluding estate workers) was unionised under six unions and subject to collective employment agreements. We cannot assure you that we will be able to favourably negotiate the terms and conditions of any new labour agreements, and, accordingly, strikes or disruptions to our operations may occur in the future due to this or other reasons. If we are unable to maintain good employee relations in the future or fail to negotiate collective bargaining agreements in the future on acceptable terms and on a timely basis, or if there are disputes relating to the interpretation or implementation of the collective bargaining agreements, our business, financial condition and results of operations may be adversely affected.

5.2.17 We are substantially dependent on outside sources for the raw materials used in our soybean and canola and sugar businesses

Our businesses include plantation, soybean and canola and sugar operations, which are highly competitive industries. Our ability to compete in the plantation, soybean and canola and sugar industries depends upon our ability to control costs and our ability to source raw materials. Our soybean and canola processing operations are not vertically integrated, and we rely on outside sources for substantial portions of our supply of soybeans and canola seeds. The demand for, and prices of, soybeans and canola seeds have increased as a result of the renewable energy and food manufacturing industries that are using these raw materials for other uses, including the production of alternative fuels and lower fat, edible oils. There is no assurance that we will be able to continue to obtain sufficient supplies of soybeans and canola seeds for our soybean and canola operations at competitive prices or at all.

In addition, our sugar business is highly dependent on imported raw sugar for the operation of our sugar refineries. The production of raw sugar in Malaysia has declined, and, accordingly, substantially all of the raw sugar we use is sourced from outside Malaysia. The volatility of global raw sugar prices is high, and the supply and price of raw sugar are influenced by a number of factors that we may not be able to predict or have any control over, such as adverse weather conditions and changes in agricultural or export policies affecting the exporting country. In recent years, there has been a sharp increase in the price of raw sugar in the international markets. For example, the average price of raw sugar was 27.03 cents per pound in 2010 compared to 13.84 cents per pound in 2008, based on the Sugar No. 11 futures contract traded on the New York Board of Trade.

Since the early 1970s, the Government, represented by the MITI, has participated, together with Malaysian refined sugar producers, including MSM and KGFP, in negotiations for long-term raw sugar supply contracts with foreign raw sugar suppliers. These long-term supply contracts have helped us secure a consistent supply of raw sugar at prices that are usually lower than those available otherwise on the international spot market. A substantial portion of our imported raw sugar supply is sourced from these long-term supply contracts, and accordingly, if we do not continue to receive the benefit of these contracts in the future, we may not be able to secure raw sugar on as favourable terms to us. There can be no assurance that these long-term supply contracts will continue to be renewed as they expire, that they will be renewed with pricing or quantity terms that are as favourable as our previous contracts or that the duration of the contacts will be similar to previous contracts. If these contracts are not renegotiated and renewed on a timely basis prior to their scheduled expiry, we will have to purchase virtually all of the raw sugar we use from the international market at prevailing market prices that may be higher than those under our long-term contracts, thereby increasing our exposure to the volatility in market prices of raw sugar and to higher costs of production. Furthermore, if global raw sugar prices decrease in the future to levels below the purchase price under our long-term supply contracts, we would be obligated to purchase a substantial portion of our raw sugar supply at a higher price than that on the international spot market. If any of the foregoing occurs, our profit margins, financial condition and results of operations could be adversely affected.

5.2.18 We may not be able to successfully consummate or integrate acquisitions, joint ventures, new projects or new partnerships

We have previously expanded our business, including the production and sale of new products, through acquisitions and joint ventures. We may seek to grow our businesses in similar ways in the future, as well as by embarking on greenfield and other new projects or entering into new partnerships. Our existing and future acquisitions, joint ventures, projects or partnerships may require us to make significant cash investments, issue stock or incur substantial debt. In addition, these acquisitions, projects, partnerships or investments may require significant attention from our management, which may stretch our managerial resources and disrupt our existing businesses. Further, any acquisition, joint ventures or projects of businesses or facilities could entail a number of additional risks, including higher costs arising from competition for target assets, increased issues with regulatory and compliance requirements, problems with effective integration of operations, limited influence or control over the joint venture, failure of our joint venture partners to perform their obligations, as well as the inability to retain key personnel and maintain key pre-acquisition business relationships. Any of these risks could adversely affect our business, financial condition and results of operations.

5.2.19 Failure to improve efficiencies in our production in a highly competitive market could adversely affect our profitability

Our future success and earnings growth depend in part on our ability to be efficient in the production of our products in highly competitive markets. Improving efficiency at the margin may become more difficult over time. Failure on our part to reduce costs through productivity gains could adversely affect our profitability and weaken our competitive position. Productivity initiatives that we may implement could involve complex reorganisation of our manufacturing facilities and production lines. Such manufacturing realignment may result in the interruption of production, which may negatively impact our product volume and margins.

5.2.20 The use of derivative instruments, such as forwards, futures and options contracts, may not fully hedge the risks of price fluctuations

We may use derivative instruments, such as forwards, futures, non-deliverable forwards, swap and options contracts, or other similar transactions or combination of these transactions, in the ordinary course of our business to hedge the risks of adverse price fluctuations of raw materials, commodities and products, as well as foreign exchange and international rates risks. However, because the commodities and foreign exchange markets are very volatile, we may not be able to fully hedge the future gains or losses with these instruments against the corresponding change in the prices of the underlying commodity or currency. Any severe or wide fluctuation in the prices of these raw materials, commodities, products and currencies could adversely affect our business, financial condition and results of operations if we are unable to manage such fluctuations effectively through these derivative instruments.

5.2.21 Changes in the cost and availability of energy and essential utilities may result in increased operating expenses and reduced results of operations

Our production processes are energy intensive and reliant on a constant supply of essential utilities, such as electrical power, water and fuel. Increases in our energy or essential utilities costs may have an adverse effect on our profit margin and results of operations. In addition, any significant or prolonged interruption in the supply of fuel, electrical power, water or other essential utilities may have an adverse impact on us. An increase in fuel prices would also affect our transportation and distribution costs.

5.2.22 We are exposed to the credit and other counterparty risk of our customers in the ordinary course of our business

We have various credit terms with virtually all of our wholesale and industrial customers, and our customers have varying degrees of creditworthiness that exposes us to the risk of non-payment or other default under our contracts and other arrangements with them. For more information on the credit risk of our customers and other external parties, refer to Note 5(a) of Section 9-I and Note 9.24 of Section 9-II of this Prospectus. In the event that a significant number of material customers default on their payment obligations to us, our business, financial condition and results of operations could be materially and adversely affected.

5.2.23 Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers and customers

Global credit and capital markets have experienced extreme volatility, disruption and decreased liquidity in recent years, making it more difficult for companies to access credit and capital markets. While there have been periods of stability in these markets, the environment has become more volatile and unpredictable. Recently, there has been particular focus on the potential for sovereign debt defaults and banking failures in Europe. Widespread unease about the strength of the European banking system has resulted in large declines in stock prices and marked widening in credit spreads. Focus has also extended to the United States following Standard & Poor's downgrade of the long-term credit rating of US Treasury debt from AAA to AA+. The recent volatility in global financial markets has added to the uncertainty of the global economic outlook and a number of countries are experiencing slowing economic activity. Our direct exposure to the affected European countries and the United States is limited, with the main risk we face being damage to market confidence and access to, and costs of, funding and a slowing down in the activity of our business partners or through other impacts on entities with whom we do business.

We depend on stable, liquid and well-functioning capital and credit markets to fund our operations. If market conditions continue to deteriorate due to economic, financial, political or other reasons, our ability to obtain bank financing and access the capital markets may be adversely affected and may be subject to higher costs. Our business could also be negatively impacted if our suppliers or customers experience disruptions resulting from tighter capital and credit markets or a slowdown in the general economy. Any or all of these developments could have a material adverse effect on our business, financial condition, results of operations and prospects.

5.2.24 Certain tax incentives or exemptions from the Government may no longer be available in the future

Some of our operating companies are eligible for certain tax incentives and exemptions granted by the Government, including those relating to the Government's identification of the palm oil industry as a key component of its Economic Transformation Programme. These tax incentives and exemptions include investment tax allowances and re-investment allowances. For more information on tax incentives and exemptions applicable to us, refer to Sections 8.2.5(xi)(a) and 8.8 of this Prospectus, respectively. For those operating companies to benefit from these tax incentives and exemptions, certain conditions must be satisfied during the period in which these tax incentives are in effect. The conditions imposed under these tax incentives relate to such matters as production levels, capital expenditures and investment amounts. To the extent that these conditions are not met before the respective expiry dates, these tax incentives and exemptions may no longer be available to us. Further, there is no guarantee that the Government will continue to provide the tax incentives and exemptions that currently benefit our business or that we expect to benefit from in connection with future investments in capacity expansions. The loss of any of these tax incentives and exemptions could have a material adverse effect on our business, financial condition and results of operations.

5.2.25 Outbreaks of infectious diseases, including avian flu and H1N1 flu, could adversely affect our financial condition and results of operations

Several countries in Asia and Europe have in recent years reported cases of avian flu and H1N1 flu. An outbreak of infectious diseases in any country where we have facilities or where our customers are based could significantly affect consumer demand for our products, adversely affect our ability to adequately staff our operations and severely disrupt the distribution networks for our products, as well as the general level of economic activity in Malaysia or any country where we have facilities or where our customers are based. Any of these events could have a material adverse effect on our business, financial condition, results of operations and prospects.

5.2.26 The sugar industry in Malaysia is regulated by the Government, and we are affected by related government policies and regulations, including price controls, subsidies and import restrictions

As in many countries, the sugar industry in Malaysia is regulated by the Government. Pursuant to the Price Controls Act, 1946 and the Price Control and Anti-Profiteering Act, 2011, the Government has historically set price ceilings for refined white sugar products, taking into account various factors. In recent years, there has been a sharp increase in the price of raw sugar in the international markets. Following such increases in raw sugar prices, the Government introduced a sugar price subsidy in 2009 so that the increase in the price of raw sugar would not be fully passed onto consumers of refined sugar products in Malaysia. Our performance, like the performance of other sugar producers in Malaysia, thus depends partly on the Government's policies with respect to the sugar industry, such as the level of subsidy, which are beyond our control.

There can be no assurance that the Government will not decide to reduce or eliminate its sugar subsidy or narrow its application in the future. For example, if international raw sugar prices remain high or increase further and the Government reduces or eliminates the sugar subsidy without increasing or eliminating the refined sugar price ceilings, our financial condition and results of operations may be materially and adversely affected.

The import of refined sugar into Malaysia is restricted by the Government, with such imports only being allowed for industrial consumers with approved permits issued by the Government. There is no assurance as to whether the restriction on the import of refined sugar products into Malaysia will be maintained in whole or in part or as to the extent to which the Government will issue permits for the import of refined sugar. If the Government relaxes its restrictions on the import of refined sugar products or eliminates such restrictions such that importation is freely permitted, we will be required to compete in the domestic market with refined sugar producers based outside Malaysia, which could have a material adverse effect on our market share, profit margins, financial condition, results of operations and prospects.

5.2.27 We may be subject to various potential litigation risks associated with our operations

We may be subject to various litigation from time to time in respect of the various businesses that we operate. Disputes and legal proceedings in which we may be involved are subject to many uncertainties, and their outcomes are often difficult to predict. The defence of any such claims and any associated settlement costs can be substantial, even with respect to claims that have no merit. In addition, adverse judgments arising from litigation could result in restrictions or limitations on our operations or result in a material adverse impact on our reputation or financial condition. Due to the inherent uncertainty of the litigation and dispute resolution process, there is no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on our future cash flow, results of operations or financial condition.

5.2.28 Risk relating to the Special Share

MOF, Inc holds a Special Share in our Company. The Special Share confers the following rights on its holder:

(i) the right to appoint three persons at any one time to be our Chairman, Managing Director/Chief Executive Officer and Director;

(ii) entitlement to receive notice of, attend and speak at all general meetings;

(iii) the right to require our Company to redeem the Special Share at par at any time by serving notice upon our Company and delivering the relevant share certificate; and

(iv) priority over any capital repayment before other shareholders in the event of a voluntary winding-up or dissolution of our Company.

Prior consent of the Special Share holder is required for:

(i) amendments to our Articles with respect to provisions relating to the Special Share and the special rights attached to the Special Share;

(ii) winding-up or dissolution of our Company;

(iii) creation and issuance of additional shares that carry voting rights exceeding 10% of the total voting rights that require the approval of shareholders in a general meeting;

(iv) any material disposal of assets within our Group exceeding 20% of our Group's net tangible assets or 20% of our Group's average profit for the preceding three financial years; and

(v) any take-over, merger or change in business of our Company that requires approval of our shareholders in a general meeting.

The Special Share does not confer the following rights on its holder:

(i) voting rights at general meetings; and

(ii) rights to participate in the capital or profit of our Company.

There can be no assurance that any change in Government policy and/or direction will not have a material adverse impact on our financial condition and results of operations.

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5.3 RISKS RELATING TO OUR ASSOCIATE, FHB

5.3.1 We rely on contractual arrangements with FHB for various aspects of our plantation product sales, and the disruption of such arrangements with FHB could have a material adverse effect on our or FHB's business, financial condition, results of operations and prospects

Effective 1 March 2012, we and F Palm Industries, a subsidiary of FHB, entered into contractual arrangements that provided for our sale to F Palm Industries of substantially all of the FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land, and our purchase from F Palm Industries of substantially all of the total CPO that F Palm Industries produces, other than the CPO used by its subsidiary DOP. We resell this CPO to third-party customers, such as refiners and traders in Malaysia and abroad, to our joint ventures and to FHB's various subsidiaries and its associate MEO, for their production of palm oil-based products. In the event these contractual arrangements are terminated or F Palm Industries is unable to perform its obligations in whole or in part under these arrangements, we would need to find alternative parties to purchase our FFB and to supply us with CPO.

These contractual arrangements with F Palm Industries may be terminated by either F Palm Industries or us for any reason and at any time subject to certain procedures. If the termination is in respect of between one and three palm oil mills, the terminating party must give six months' prior written notice to the other party, and, if the termination is in respect of more than three palm oil mills, the terminating party must give 24 months' prior written notice to the other party. In the event of any such termination, we would have to build or acquire palm oil mills or rely on third-party palm oil mills. If we build or acquire palm oil mills, there can be no assurance that we could build or acquire these palm oil mills in a timely or cost-efficient manner or that we could obtain the financing or regulatory approval necessary for these projects or acquisitions. If we rely on third-party palm oil mills, we could incur greater costs associated with increased transportation time to these palm oil mills and could experience other logistical delays that could adversely affect the stock and quality of our FFB available for sale. Any termination of our contractual arrangements or F Palm Industries' inability to perform its obligations in whole or in part under these arrangements could have a material adverse effect on our business, financial condition, results of operations and prospects.

Pursuant to contractual arrangements between us and F Marketing, a subsidiary of FHB, F Marketing acts as our agent for export sales of our CPO. In 2012, we expect to export CPO only to the extent of F Marketing's Malaysian export duty exempt quota, which is assigned by the Government on an annual basis, and we intend to apply for our own export duty exempt quota for 2013. However, if F Marketing's export duty exempt quota is not available for our CPO exports in whole or in part, and we are not granted an export duty exempt quota by the Government, it could have a material adverse effect on our business, financial condition and results of operations.

Further to our contractual arrangements with F Palm Industries, we and FHB share in the pricing premium that we obtain from the sales of RSPO- and ISCC-certified products. We and FHB are committed to complying with the principles of the RSPO and the ISCC, which is necessary to be able to obtain the pricing premium, if any, for these products, and adherence to these principles results in more stringent environmental standards for us and FHB. With respect to the RSPO, we and FHB are required to undertake certification of the various supply-chain models that we and FHB use in our business. With respect to the ISCC, we and FHB are required to undertake certification about the areas where our and FHB's CPO was produced, about savings in greenhouse gas emissions and about our and FHB's supply-chain models. If we and FHB do not comply with the RSPO principles, we may face difficulty in selling our products to those customers who participate in RSPO or only purchase RSPO-certified products. Likewise, if we and FHB do not comply with the ISCC principles, we may be restricted from providing CPO to renewable energy suppliers that sell to the European market under the Renewable Energy Directive. In either case, we and FHB may receive negative publicity. Any or all of these factors could have a material adverse effect on our or FHB's business, financial condition, results of operations and prospects.

5.3.2 We depend on FHB for various other aspects of our operations, such as the provision of R&D and other services, supply of raw materials and purchase of cup lumps, as well as the use of FHB's production, storage and distribution facilities and shared management for our businesses

In addition to our reliance on the contractual arrangements with F Palm Industries, we depend on our associate FHB for various other aspects of our operations. FHB provides us with R&D and other services, supplies raw materials for our plantations business segment and purchases cup lumps produced on our rubber plantations on the FELDA-Leased and Managed Land, as well as providing us access to its production, storage and distribution facilities. We also share the same chief executive officer and some of the members of senior management with FHB.

Our plantations business segment depends on FHB for R&D and other services, supply of raw materials and purchase of cup lumps. We rely on the R&D activities of F Agricultural, a subsidiary of FHB, including R&D on oil palm breeding, tissue culture, agronomy and crop protection. In addition, we obtain from FHB all of our requirements for oil palm seedlings and a substantial portion of our fertiliser, and a subsidiary of FHB acts as the grader of FFB that we sell to F Palm Industries. Further, we sell all of our cup lumps to FHB. Any significant interruption in these arrangements with FHB could have a material adverse effect on our business, financial condition and results of operations.

We depend on the uninterrupted operation of FHB's production, storage and distribution facilities and various modes of transportation from those facilities to deliver our CPO and other products among various facilities and to our customers. FHB's production, storage and distribution facilities, as well as its transportation infrastructure and modes of transportation that we use are subject to being partially or completely shut down, temporarily or permanently, as a result of a number of circumstances, such as adverse weather conditions, catastrophic events, environmental remediation, equipment or machinery breakdowns, strikes, lock-outs or other events. Any significant or prolonged interruption at these facilities or inability to transport our products to or from these facilities for any reason would create a bottleneck in the flow of our business operations and affect our ability to serve customers. If disruptions or interruptions of these types are not quickly identified and resolved by either us or FHB, our reputation, business, financial position and results of operations could be adversely affected.

We share the same chief executive officer and some of the members of senior management with FHB. In addition, several members of our subsidiaries' senior management also serve in management roles in FHB and its subsidiaries. There can be no assurance that conflicts will not arise or that any agreements governing our relationships with FHB and its subsidiaries will fully protect our interests in the future. In addition, we rely on these shared officers and management pursuant to the management services as referred to in Section 13.2.5 of this Prospectus and there can be no assurance that these arrangements between FHB and us will continue in the future or that we will not be required to hire additional members of management if these arrangements were to end. Furthermore, additional or new management for FHB or us may diminish the level of cooperation between us and FHB.

5.3.3 Our share of the results from FHB accounts for a significant portion of our profit before taxation, such that adverse developments affecting FHB could have a material adverse effect on our business, financial condition, results of operations and prospects

Our share of results from FHB accounted for RM349.2 million, RM173.1 million and RM227.8 million of our pro forma profit before taxation in 2009, 2010 and 2011, respectively. Accordingly, our profit before taxation is dependent on FHB's business, results of operations and financial condition. However, we own only 49% of FHB, with the remaining 51% owned by KPF, and we do not control the approval of major corporate matters requiring a shareholder resolution under the Act. In addition, FHB is subject to numerous risks inherent to the palm oil industry, including those described above in "Risks Relating to Our Industry", such that any of the various risks affecting the palm oil industry could have a material adverse effect on its business, results of operations or financial condition. Because of our extensive dependence on FHB, these risks could, through their effect on FHB's business, have a material adverse effect on us. The following include various risks faced by FHB, many of which are outside FHB's control:

- FHB obtains approximately one third of its annual requirements of FFB from the FELDA Settlers, such that any significant interruption in the supply of FFB from the FELDA Settlers could have a material adverse effect on FHB's production of CPO and, accordingly, on the amount of CPO that we purchase from FHB.

- FHB is subject to various health and safety and environmental laws and regulations in various countries, including Malaysia, Thailand and Pakistan. These include requirements related to the emission and discharge of hazardous materials into the ground, air or water from FHB's facilities, the safety and integrity of FHB's mills and refineries, food quality, solid waste management and emergency planning. Any health and safety or environmental claims or any failure to comply with any present or future regulations of these types could result in the assessment of damages, the imposition of fines, criminal sanctions or the suspension or cessation of FHB's facilities and operations.

- FHB requires various approvals, licences, permits and certificates to operate its business and facilities. Failure by FHB to renew, maintain or obtain the required approvals, licences, permits and certificates may have a material adverse effect on FHB's business, financial condition and results of operations.

- FHB may be subject to various litigation from time to time in respect of the various businesses that it operates. In the past three years, there have been six civil suits brought against FELDA and F Palm Industries, a subsidiary of FHB, in respect of the determination of the quality and the grading system for the sale of FFB that FHB believes are material, including the suits disclosed in Section 18.6 of this Prospectus. Although FHB believes there are reasonable grounds to defend these claims, there can be no assurance that any such defence will be successful. In addition, any of these suits could result in significant expense to FHB, including costs arising from the defence of such claims and any associated settlement costs, whether or not the litigation is determined in its favour. Due to the inherent uncertainty of the litigation and dispute resolution process, there is no assurance that the resolution of any particular legal proceeding or dispute, including the suits disclosed in Section 18.6 of this Prospectus or that may otherwise arise after the date of this Prospectus, will not have a material adverse effect on FHB's future cash flow, results of operations or financial condition.

- Import tariffs and taxes imposed by importing countries can affect the demand for FHB's palm oil-based products and can encourage substitution of other vegetable oil-based products. For example, if importing countries tax competing substitute products at a lesser tax rate, the price competitiveness of imported palm oil-based products can be adversely affected. In addition, some importing countries impose different taxes on CPO and RBD palm oil to protect and encourage the development of palm oil refineries in their own countries. One of FHB's major export markets, Pakistan, imposes a tax of PKR8,000 per MT on CPO and a tax of PKR10,800 per MT on RBD palm oil in order to encourage imports of CPO and discourage imports of RBD palm oil. The difference in these import duties is intended to protect and encourage the development of local refineries in Pakistan. However, Pakistan has no fractionation capacity. As a result, the import duties on fractionated products, such as RBD palm olein and RBD palm stearin, are slightly higher at PKR9,050 per MT for both fractionated products as compared to the duty on CPO. The imposition of higher import tariffs on refined palm oil-based products than on CPO may also adversely affect FHB's exports of RBD palm oil to Pakistan.

- FHB uses various brand names and trademarks, including "Saji", "Delima", "Tiara", "Felda Yangambi" and other intellectual property rights, to prepare, package, advertise, distribute and sell its products. If third parties sell products that use counterfeit versions of its brands or otherwise look like its brands, consumers may confuse its products with products that they consider to be inferior. This could negatively impact its brand image and sales. In addition, FHB has been granted numerous trademark registrations covering its brands and products, and has filed, and expects to continue to file, trademark applications seeking to protect newly developed brands and products. There is no assurance that third parties would not challenge, invalidate or circumvent any existing or future trademarks issued to or licenced by FHB. FHB could incur substantial costs in pursuing claims against, or defending claims from, these third parties or protecting its trademarks, and may have to divert significant efforts of its technical and management personnel. Failure to do so could result in the loss of its rights to develop or make certain products or require it to pay monetary damages or royalties to licence proprietary rights from third parties. Any failure to protect FHB's proprietary rights could severely harm its competitive position, which could materially and adversely affect its reputation, prospects, business, financial condition and results of operations.

- The Government regulates the retail price of palm olein-based cooking oil and allows producers to claim a subsidy to compensate for their loss of profit. Subject to a quota, cooking oil producers are compensated by the Government for the difference between a certain benchmark RBD palm olein price, which was RM1,700.0 per MT for the year ended 31 December 2011, and a certain market price of RBD palm olein as published by the MPOB. FHB's financial performance, like the financial performance of other cooking oil producers in Malaysia, thus depends partly on the Government's policies with respect to the downstream palm oil industry, such as the level of subsidy, which are beyond FHB's control. There can be no assurance that the Government will not decide to reduce or eliminate its cooking oil subsidy or narrow its application in the future. For example, if the Government reduces or eliminates the cooking oil subsidy, FHB may be subject to greater competition and decreased demand, and may have to rely more on its brand name recognition, including its leading position under the "Saji" brand. An elimination or narrowing of the cooking oil subsidy could have a material adverse effect on FHB's financial condition and results of operations.

- The market for refined palm oil-based products is highly competitive and prices for refined palm oil-based products are strongly influenced by prices for vegetable oils other than CPO, the primary raw material FHB uses in producing refined palm oil-based products, and by fluctuations in the market price differentials between crude and refined oils. Increases in the price of CPO may not be reflected in increases in the prices of refined palm oil-based products because of price competition with competing vegetable oils or other factors. For example, in 2010, the price of CPO increased 20.5% compared to prices in 2009, while the price of refined palm olein in 2010 only increased 16.6% compared to prices in 2009. The utilisation rates of FHB's refining facilities are affected by the harvest of FFB, the supply of CPO and other factors that FHB expects to continue to affect its utilisation rates. Because of FHB's relatively high proportion of fixed costs associated with CPO refining, which was approximately 35% of its total refining costs in 2011, any reduction in the utilisation rates for its refining facilities would increase its unit costs. The effects of changing market price differentials between crude and refined oils, together with FHB's capacity utilisation rates, have led to periods of lower or negative margins in its refining and other downstream operations from time to time. For example, in 2011, based on FHB's actual realised prices for the sale of refined palm oil-based products, its refining margins were negative for approximately half of the year. FHB expects to experience similar conditions in the future, and, if FHB experiences a period of lower or negative margins, its business, financial condition and results of operations would be materially and adversely affected.

- As consumers in the Western markets that FHB directly and indirectly serve become increasingly health-conscious in their purchasing preferences, they may select edible oils based on considerations other than price and taste. Health professionals and others have encouraged lower daily consumption of oils and fats, in particular trans-fats. For example, there have been efforts, including new regulations and the filing of lawsuits, to require restaurants and packaged food manufacturers to reduce or eliminate the trans-fatty acid content in foods. While palm oil-based margarines and shortenings are produced without trans-fats, FHB and others in the palm oil industry may not be successful in distinguishing palm oil-based margarines and shortenings from products with trans-fats, which could affect the sales of these products and the overall demand for palm oil. Further, producers of other vegetable oils, including those in the United States, have in the past conducted campaigns against palm oil based on nutritional claims. These efforts may reduce consumption of certain oils, such as palm oil, PKO and CNO, based on concerns that they have higher levels of saturated fats and lower levels of polyunsaturated fats than other vegetable oils, such as soy oil. Should changing consumer preferences and eating habits decrease the demand for palm oil-based products, including as a result of health concerns, FHB's business, financial condition and results of operations may be materially and adversely affected.

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5.3.4 Some of the palm oil mills and related assets owned by FHB Group do not currently have CCCs issued to them

Some of the lands on which FHB Group's palm oil mills and related assets ("**FHB Related Assets**") are currently located were granted to FELDA pursuant to the Land (Group Settlement Areas) Act (the "**Subject Lands**"). When the grant was made, the Subject Lands may not have been in the jurisdiction of a municipal council or there may not have been a municipal council in place. As such, there were no applications made in respect of the CCCs for these FHB Related Assets on the Subject Lands.

We were made to understand that as at the Latest Practicable Date, there are six mills and one CPO refinery owned by FHB Group that do not have CCCs issued to them. These mills and CPO refineries are properties, amongst others, which are material to the operations of FHB Group. We were made to understand that FHB Group will be making the application for CCCs to be issued to the CPO refinery. As at the Latest Practicable Date, the applications for CCCs to be issued to the six mills and the CPO refinery have not been made. For further details, refer to Section 11.1 of this Prospectus.

In the process of applying for CCCs to be issued for the FHB Related Assets, FHB Group may be requested by the relevant municipal councils to make rectifications to these FHB Related Assets so as to comply with necessary safety requirements. Complying with such requests may require FHB Group to incur significant costs and may lead to temporary disruptions to FHB Group's operations while rectifications are made.

5.4 RISKS RELATING TO OUR SHARES

5.4.1 There has been no prior market for our Shares and the offering of our Shares may not result in an active liquid market for our Shares

There has been no prior market for our Shares, and there is no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares. None of us, the Promoters, the Selling Shareholder and the Placement Managers have an obligation to make a market for our Shares.

Application has been made to Bursa Securities for our listing of, and quotation for, our enlarged and issued paid-up share capital (including the IPO Shares) on the Main Market of Bursa Securities. On 17 May 2012, we obtained the approval of Bursa Securities for our listing of, and quotation for, our enlarged and issued paid-up share capital (including the IPO Shares) on the Main Market of Bursa Securities, and it is expected that there will be an approximate 12-Market Day gap between the closing of the Retail Offering and trading of our Shares. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities markets, our industry or us during this period that would adversely affect the market price of our Shares when they begin trading.

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5.4.2 Our Share price may be volatile

The market price of our Shares could be affected by numerous factors, including:

(i) general market, political and economic conditions;

(ii) trading liquidity of our Shares;

(iii) differences in our actual financial and operating results and those expected by investors and analysts;

(iv) changes in earnings estimates and recommendations by financial analysts;

(v) changes in market valuations of listed shares in general or shares of companies comparable to ours;

(vi) perceived prospects of our business and the Malaysian palm oil market;

(vii) changes in government policy, legislation or regulation; and

(viii) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Institutional Price or the Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that have affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that are often unrelated to the operating performance of these companies. There is no assurance that the price and trading of our Shares will not be subject to fluctuations.

5.4.3 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

(i) we are unable to meet the minimum public spread requirement as determined by Bursa Securities, that is, having at least 25% of our issued and paid-up share capital in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point our Listing; or

(ii) we are not able to obtain the approval of Bursa Securities for our Listing for whatever reason.

In such an event, investors will not receive any IPO Shares, and we will be liable to return in full all monies paid in respect of any application for the IPO Shares. If such monies are not paid within 14 days after we become liable to repay it, then, pursuant to sub-section 243(2) of the CMSA, we will become liable to repay the monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

5.4.4 We may not be able to pay dividends

We propose to pay dividends out of cash generated by our operations after setting aside necessary funding for capital expenditures and working capital needs. Dividend payments are not guaranteed, and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends or to pay smaller dividends than we currently propose. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of the investment in our Shares may be reduced.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditures as well as our ability to make interest and principal repayments on any borrowings we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all. Further, in the event we incur new borrowings subsequent to our Listing, we may be subject to covenants restricting our ability to pay dividends.

5.4.5 We are a holding company and, as a result, are dependent on dividends from our Subsidiaries and Associates to meet our obligations and to provide funds for payment of dividends on our Shares

We are a holding company and conduct substantially all of our operations through our Subsidiaries and Associates. Accordingly, dividends and other distributions received from our Subsidiaries and Associates are our principal source of income. Consequently, the amount of these dividends and distributions are an important factor in our ability to pay dividends on our Shares (to the extent declared by our Board). The ability of our Subsidiaries and Associates to pay dividends or make other distributions to us is subject to the availability of their distributable reserves and their having sufficient funds that are not needed to fund their operations, other obligations or business plans.

In addition, changes in applicable accounting standards may affect the ability of our Subsidiaries and Associates, and, consequently, our ability to declare and pay dividends. As we are a shareholder of our Subsidiaries and Associates, our claims as a shareholder will generally rank junior to all claims of our Subsidiaries' and Associates' creditors and claimants. In the event of a liquidation of a Subsidiary or Associate, there may not be sufficient assets for us to recoup our investment in that entity.

5.4.6 We plan to use the proceeds from the Public Issue primarily for expansion of our business, general corporate uses and repayment of our loans, and you may not necessarily agree with how we use them

We may spend the proceeds from the Public Issue in ways that you may not agree with or that may not yield a favourable return to our shareholders. Even though at the time of the investment decision, we believed in good faith that the investment would be beneficial to us and maximise returns to our shareholders, the benefits of the investment, for whatever reason, may not be realised as expected.

We plan to use the proceeds from the Public Issue primarily for expansion of our business, general corporate uses and repayment of our loans. We will have discretion as to the actual application of our proceeds, detailed further in Section 4.12 of this Prospectus, and you are providing your funds to us, upon whose judgment you must depend for the specific uses we will make of the proceeds from the Public Issue.

5.4.7 The sale, or the possible sale, of a substantial number of our Shares in the public market following our IPO could adversely affect the price of our Shares

Following the offering and sale of up to 2,188,890,900 IPO Shares, up to 60% of our Shares will be publicly held by investors participating in our IPO, while 620,185,800 Shares, or 17% of our issued and paid-up share capital, will be held by FAHC and 839,074,800 Shares, or 23% of our issued and paid-up share capital, will be held by FELDA. Following our Listing, the Shares sold in our IPO will be tradable on the Main Market of Bursa Securities without restriction. Our Shares may also be sold in the United States, subject to the restrictions of the US Securities Act, or outside the United States, subject to the restrictions of Regulation S under the US Securities Act. We and FELDA have entered into lock-up arrangements and FAHC and FELDA, as Promoters, are subject to a moratorium in accordance with the SC's requirements.

However, notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares after the end of the lock-up period in connection with financing activities or otherwise, and it is possible that FAHC or FELDA may dispose of some or all of their Shares after the lock-up period or moratorium period, as applicable, pursuant to their own investment objectives. If FAHC or FELDA sell, or are perceived as intending to sell, a substantial amount of our Shares, the market price for our Shares could be adversely affected.

5.4.8 Because the Retail Price and the Institutional Price are higher than our NA value per Share, purchasers of our Shares in our IPO will experience immediate and substantial dilution, and purchasers of our Shares may experience further dilution if we issue additional Shares in the future

The Retail Price and the Institutional Price are higher than the NA value per Share. Therefore, purchasers of our Shares in our IPO will experience an immediate dilution in NA value of RM3.05 per Share assuming that the Retail Price is RM4.55 and Institutional Price is RM4.55, and our existing shareholders will experience an increase in the NA value per Share.

In order to meet our funding requirements, we may consider offering and issuing additional Shares or equity-linked securities in the future. Purchasers of our Shares may experience further dilution in the NA value per Share if we issue additional Shares or equity-linked securities in the future.

5.4.9 Forward-looking statements in this Prospectus may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and prospects of our management for future operations are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date of this Prospectus. Forward-looking statements can be identified by the use of forward-looking terminology, such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any results or performance expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and initiatives of the Government.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisors that such plans and objectives will be achieved.

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(Prepared for inclusion in this Prospectus)

FROST & SULLIVAN

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28 MAY 2012

The Board of Directors

Felda Global Ventures Holdings Berhad

Level 3, Balai Felda

Jalan Gurney 1

54000 Kuala Lumpur

Malaysia

Dear Sirs,

Executive Summary of the Independent Market Research Report on the Oil Palm, Sugar and Rubber Industries; and Selected Key End-User Industries for FELDA Global Ventures Holdings Berhad ("FGVH" or the "Company")

We, Frost & Sullivan Malaysia Sdn Bhd ("Frost & Sullivan"), have prepared the Executive Summary of the Independent Market Research report on the oil palm, sugar and rubber industries; and selected key end-user industries ("Report") for inclusion in FGVH's Prospectus dated 31 MAY 2012 ("Prospectus") in relation to the initial public offering and the listing of and quotation for the entire issued and paid-up share capital of FGVH on the Main Market of Bursa Malaysia Securities Berhad.

We are aware that this Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under section 214 of the Capital Market and Services Act, 2007.

This research is undertaken with the purpose of providing an overview of the oil palm, sugar and rubber industries; and selected key end-user industries.

We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause FGVH to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report or otherwise.

For and on behalf of Frost & Sullivan Malaysia Sdn Bhd:

Hazmi Yusof
Vice-President

The market research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research, which involves discussing the status of the industry with leading industry participants and industry experts. The research methodology used is the *Expert Opinion Consensus Methodology*. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in the business and industry climate.

This market research was completed in May 2012.

This report is prepared for inclusion in the Prospectus of Felda Global Ventures Holdings Berhad (FGVH) for submission to the Securities Commission Malaysia and other relevant parties.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report or otherwise.

For further information, please contact:

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50480 Kuala Lumpur.

1 ANALYSIS OF THE OIL PALM INDUSTRY

1.1 INTRODUCTION

The oil palm tree, also known by its scientific name *Elaeis guineensis*, is a type of tropical plant that bears oil palm fruits. Each oil palm fruit comprises a hard shell known as the endocarp, a fibrous oil-bearing outer layer known as the mesocarp, and a single seed (nut) or kernel which is rich in oil. Oil palm fruits grow in bunches known as fresh fruit bunches (FFBs), and are crushed, fractionated and refined to produce two types of oils: palm oil and palm kernel oil (PKO). Palm oil (obtained from the mesocarp) and PKO (obtained from the kernel) have different chemical properties, and are utilised in a wide variety of food and non-food applications.

The key activities in the oil palm industry consist of oil palm cultivation, palm oil processing at mills, as well as refining into edible oils and fats, production of oleochemicals and biodiesel. Oil palm cultivation involves the planting and harvesting of oil palm crops to produce FFBs. These FFBs are then milled into crude palm oil (CPO) and crude palm kernel oil (CPKO), and further processed into refined, bleached and deodorised (RBD) palm oil and PKO products. RBD palm oil and PKO are then refined into edible oils and fats, oleochemicals and biodiesel for industrial and household consumption. Felda Global Ventures Holdings Berhad (FGVH) is a global, diversified agribusiness oil palm plantation operator, which is also involved in the downstream processing and refining of palm oil and palm kernel oil into edible oils and fats, oleochemicals and biodiesel. FGVH also holds a 49% equity interest in its associate company, Felda Holdings Bhd (FHB), which is a producer of CPO and CPKO with 70 palm oil mills, of which 58 are located in Peninsular Malaysia and 12 are located in Sabah and Sarawak.

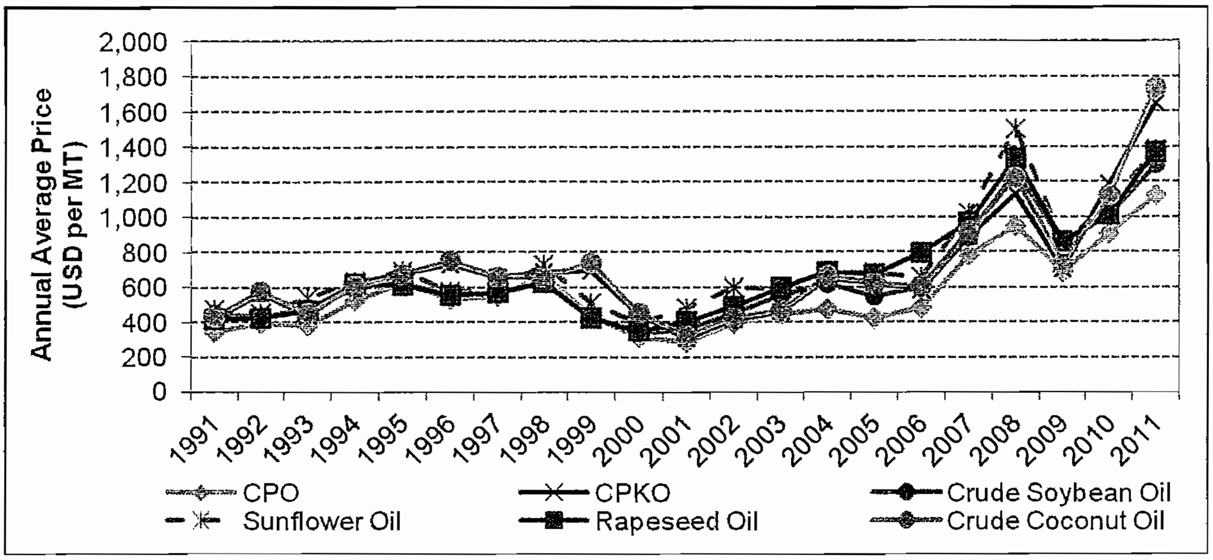
In addition to its many uses, palm oil also holds several advantages when compared to other edible vegetable oils. Most importantly, CPO prices have been among the lowest of the edible vegetable oils, such as crude soybean oil, rapeseed oil, sunflower oil and crude coconut oil. Throughout the years 1991 to 2011, average annual prices of CPO, CPKO, crude soybean oil, rapeseed oil, sunflower oil and crude coconut oil have largely moved in tandem with one another, with CPO recording the lowest prices over the 21-year period.

In 2011, the average annual price of CPO was recorded at USD1,125 per metric tonne (MT), the lowest when compared to crude soybean oil at USD1,299 per MT, rapeseed oil at USD1,368 per MT, sunflower oil at USD1,387 per MT and crude coconut oil at USD1,730 per MT. The lower CPO price has rendered it a preferred alternative when compared to the other edible vegetable oils.

Palm oil has also been among the most consumed edible vegetable oils when compared to soybean oil, rapeseed oil, sunflower oil and coconut oil. In 2005, palm oil surpassed soybean oil to become the most consumed edible vegetable oil, and consumption levels have continued to grow strongly since then. At the same time, PKO has also consistently shown higher consumption rates as compared to coconut oil, rapeseed oil and sunflower oil.

Consumption of edible vegetable oils is commonly measured by the volume of processed and refined oil consumed as opposed to consumption of its crude form. The global consumption of palm oil has increased from 11.7 million MT in 1991 to 49.2 million MT in 2011, growing at a compound annual growth rate (CAGR) of 7.5% over the period. PKO consumption has also recorded high growth over the same period, increasing from 1.4 million MT in 1991 to 5.3 million MT in 2011 at a CAGR of 6.7%. In comparison, over the same 21-year period, consumption of soybean oil grew at a CAGR of 5%, rapeseed oil at 5.2% and sunflower oil at 2.2%. Coconut oil, the most comparable edible oil to PKO in terms of its lauric acid content and therefore in its applications, has registered a negative growth over the period, growing at a negative CAGR of 0.1%.

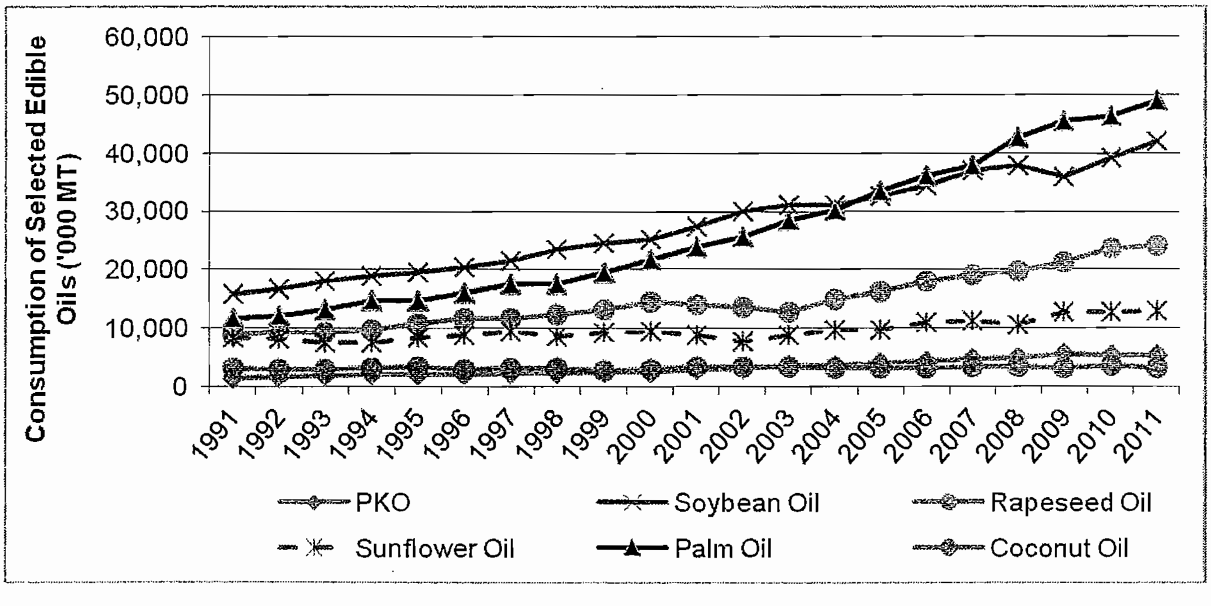
Average Price of Selected Edible Vegetable Oils (Global), 1991-2011



Note: Price points refer to average annual price for the calendar year

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Consumption of Selected Edible Vegetable Oils (Global), 1991-2011



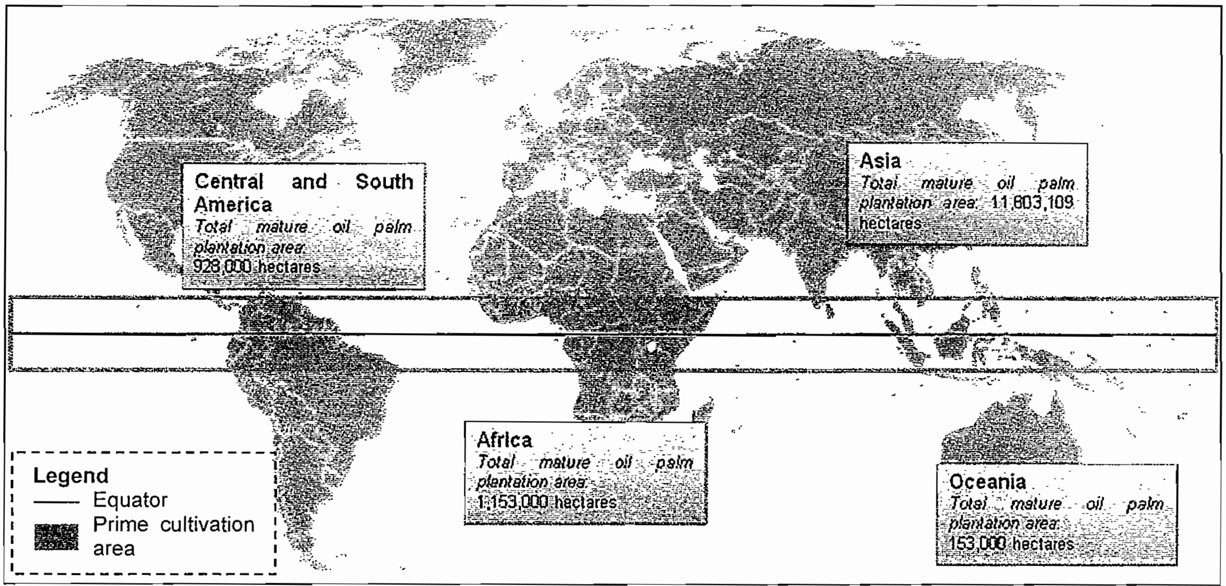
Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.2 ANALYSIS OF OIL PALM CULTIVATION

1.2.1 Oil Palm Cultivation

Oil palm cultivation refers to the commercial agriculture of oil palm crops from which FFBs are harvested. FFBs can only be harvested from mature oil palm crops and it generally takes three years from planting, for oil palm crops to mature. A typical mature oil palm tree will remain productive for up to 25 to 30 years. Oil palm crops flourish in countries along the equator, or within 10° to 20° off the equator, as it only grows in tropical climates where there is little seasonal variation with constant temperature, rainfall, humidity and sunlight throughout the year. As such, the cultivation of oil palm is centralised in countries in Asia, Africa, Central and South America as well as parts of the Oceania region.

Oil Palm Plantation Indicators (Global), 2011



Note:

Central and South America: Colombia, Ecuador, Brazil, Venezuela, Honduras, Guatemala, Costa Rica, Dominican Republic, Mexico, Nicaragua, Panama and Peru

Africa: Nigeria, Ivory Coast, Cameroon, Ghana, Sierra Leone, Angola, Benin, the Democratic Republic of Congo and Republic of Congo

Asia: Malaysia, Indonesia, Thailand, Philippines and India

Oceania: Papua New Guinea and the Solomon Islands

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.2.2 Planted Area and Growth Trends

Globally, there has been an upward trend in terms of mature oil palm planted area or harvested area, which expanded by 9.6 million hectares or 250.4%, from 3.8 million hectares in 1991 to about 13.4 million hectares in 2011, representing a CAGR of 6.5%. This was largely owing to the increasing demand for palm oil due to the competitiveness in its pricing as compared to other types of edible oils, its versatility of use in food and non-food based products as well as the respective Government initiatives and efforts to increase the usage and supply of palm oil as a form of renewable energy.

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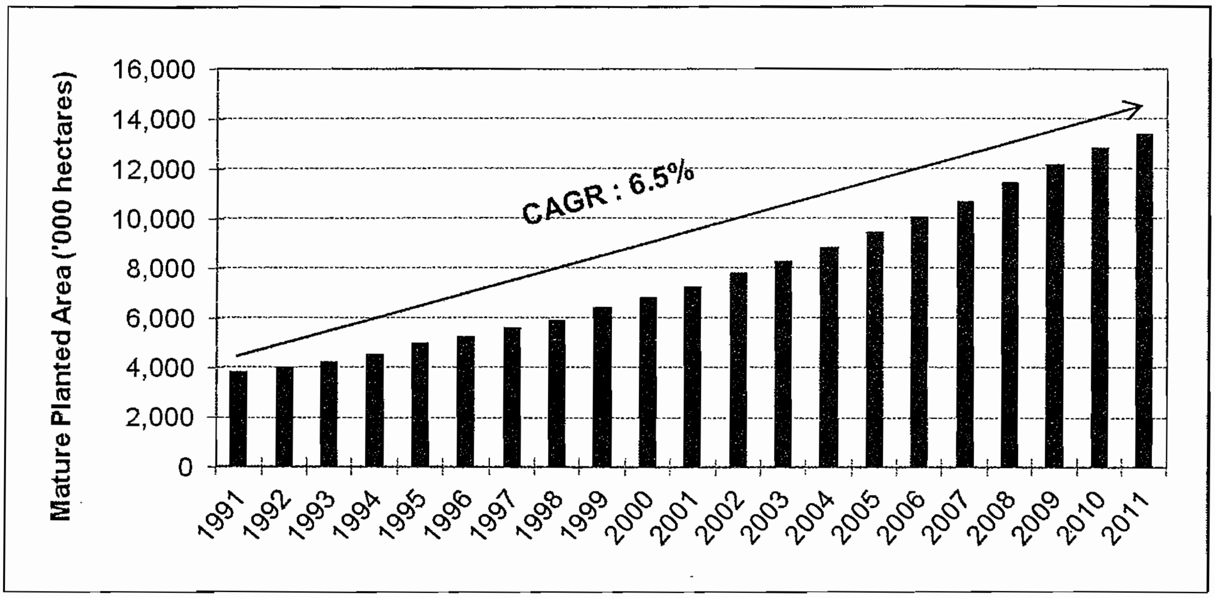
Mature Oil Palm Planted Area (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Growth in the global mature planted areas is strongly driven by Indonesia and Malaysia. In 2011, both Indonesia (6.1 million hectares) and Malaysia (4.3 million hectares) collectively accounted for 77% of total mature planted areas worldwide. Thailand (620,000 hectares), Nigeria (450,000 hectares) and Ghana (270,000 hectares) complete the remaining top five countries in terms of mature planted areas.

The mature oil palm plantation areas in Malaysia are spread across Peninsular Malaysia and East Malaysia (i.e. Sabah and Sarawak), with the expansion for the latter growing at a faster pace. Between 1991 and 2011, the mature oil palm plantations in East Malaysia grew at a CAGR of 11.1% from 255,000 hectares in 1991 to 2.1 million hectares in 2011. Mature palm oil plantations in Peninsular Malaysia grew at a CAGR of 1.7% from 1.6 million hectares in 1991 to 2.2 million hectares in 2011. Overall, mature oil palm plantations grew from 1.8 million hectares in 1991 to 4.3 million hectares in 2011, recording a CAGR of 4.4%.

The higher growth rate in East Malaysia is attributed to the higher availability of land for plantation and agricultural purposes compared to Peninsular Malaysia. New development areas for oil palm plantation are limited and scarce in Peninsular Malaysia. As such, the Government of Malaysia is trying to expand and develop new oil palm areas in East Malaysia. Both of Sabah and Sarawak have ample undeveloped land presenting opportunities to the oil palm sector.

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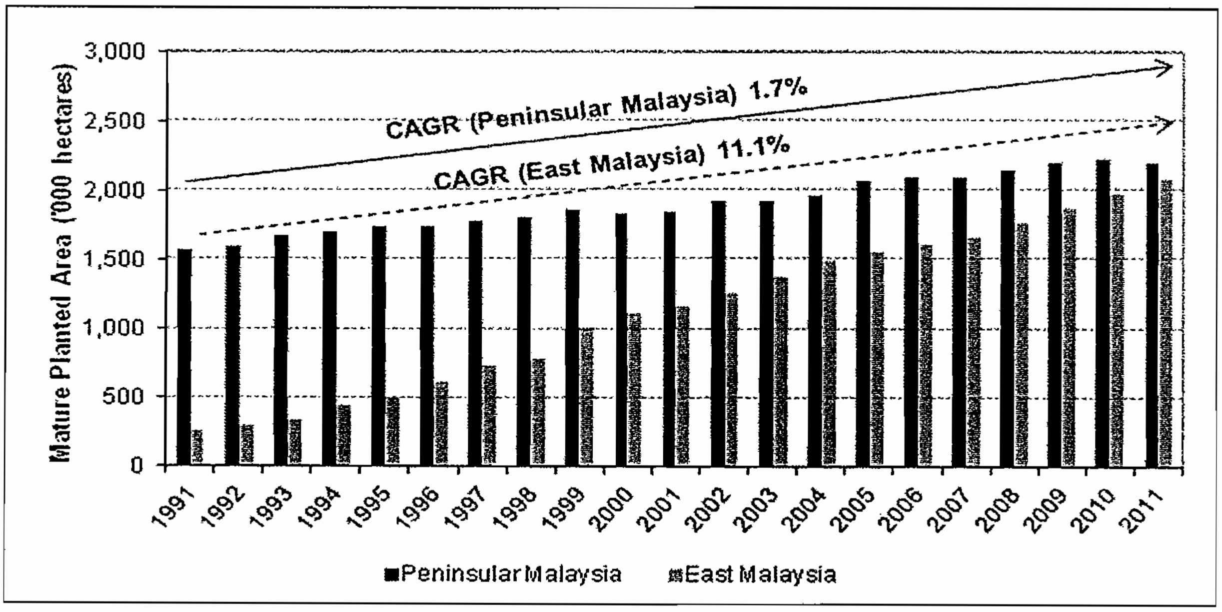
Mature Oil Palm Planted Area (Malaysia), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.3 COMPETITIVE LANDSCAPE OF THE OIL PALM INDUSTRY

1.3.1 Competitive Landscape

Oil palm trees flourish in tropical climates along the equator and as such the global oil palm industry is largely centralised in the regions of Asia, Africa and Central and South America. Oil palm particularly thrives in Indonesia and Malaysia, where it is a significant crop that contributes to these national economies. In 2011, Indonesia reported a mature planted area of 6.1 million hectares. Meanwhile Malaysia reported a mature planted area of 4.3 million hectares. As such, key players within the global oil palm industries are largely based in Indonesia and Malaysia where oil palm plantations, mills and refineries are present.

This industry is largely dominated by large public listed companies due to high investment costs, and these companies are typically vertically integrated, with operations in all three core activities of the oil palm industry (i.e. oil palm cultivation, milling as well as refining of edible oils and fats and oleochemicals). The industry is highly regulated and growth in this industry is driven by the increasing demand from key end-user industries as a result of economic and population growth. Frost & Sullivan also notes that the global oil palm industry is capital intensive, proving to be a strong barrier to entry for new entrants.

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1.3.2 Profiles of Key Industry Players[a] (Global), 2011

Industry Players	Country of Incorporation	Location of Plantations	Planted Area (hectares)			Annual FFB Yield (MT per mature hectare)	FFB Production (MT)
			Total Planted Area	Mature [b]	Immature		
Asian Agri Group[c][d]	Indonesia	Indonesia	160,000	N/A	N/A	N/A	N/A
Boustead Holdings Berhad	Malaysia	Malaysia and Indonesia	74,184	67,913	6,271	17.1	1,121,629
Felda Global Ventures Holdings Berhad[e]	Malaysia	Malaysia	323,587	288,442	35,145	19.9	5,197,345
First Resources Limited	Singapore	Indonesia	132,251	85,699	46,552	22.2	1,898,565
Genting Plantations Berhad[d]	Malaysia	Malaysia and Indonesia	89,075	57,693	31,382	21.2	1,372,000[f]
Golden Agri-Resources Ltd	Singapore	Indonesia and Papua New Guinea	455,660	390,759	64,901	21.8	8,508,746
Hap Seng Plantations Holdings Berhad	Malaysia	Malaysia	37,072	31,068	4,403	23.8	738,969
IJM Plantations Berhad	Malaysia	Malaysia and Indonesia	38,805	24,837	13,968	23.7	575,210
IOI Corporation Berhad	Malaysia	Malaysia	158,174	139,582	17,463	23.7	3,295,473
Kuala Lumpur Kepong Berhad	Malaysia	Malaysia and Indonesia	187,084	148,358	38,726	22.2	3,288,974

Industry Players	Country of Incorporation	Location of Plantations	Planted Area (hectares)			Annual FFB Yield (MT per mature hectare)	FFB Production (MT)
			Total Planted Area	Mature [(b)]	Immature		
KULIM (Malaysia) Bhd[(d)]	Malaysia	Malaysia, Papua New Guinea and the Solomon Islands	112,224	100,185	12,039	21.7	2,375,389[(f)]
PT Astra Agro Lestari Tbk	Indonesia	Indonesia	266,706	217,343	49,363	N/A	4,798,470
PT Bakrie Sumatera Plantations Tbk[(d)]	Indonesia	Indonesia	115,826	76,158	39,668	N/A	N/A
PT Perkebunan Nusantara III[(g)]	Indonesia	Indonesia	104,892	71,587	20,729	24.2	1,629,939
PT Perkebunan Nusantara IV (PERSERO)[(d)]	Indonesia	Indonesia	135,320	94,130	31,133	N/A	2,191,351
PT PP London Sumatra Indonesia Tbk	Indonesia	Indonesia	80,732	70,022	10,710	18.4	1,291,326
PT Salim Ivomas Pratama	Indonesia	Indonesia	216,837	158,163	58 674	17.7	2,797,000
PT Sampoerna Agro[(d)]	Indonesia	Indonesia	102,779	73,500	29,279	15.6-19.4	1,376,425
PT Sinar Mas Agro Resources and Technology Tbk	Indonesia	Indonesia	138,959	125,122	13,837	21.9	2,742,158
Sime Darby Berhad	Malaysia	Malaysia, Indonesia and Liberia	521,924	468,668	53,256	21.5	10,048,001
Socfin Group[(d)(h)]	Luxembourg	Malaysia, Indonesia, Ivory Coast, Nigeria and Cameroon.	86,521	75,731	10,790	N/A	N/A

Industry Players	Country of Incorporation	Location of Plantations	Planted Area (hectares)			Annual FFB Yield (MT per mature hectare)	FFB Production (MT)
			Total Planted Area	Mature [(b)]	Immature		
Tradewinds Plantations Berhad[(d)]	Malaysia	Malaysia	91,106	70,166	20,940	16.9	1,191,685
United Plantations Berhad[(i)]	Malaysia	Malaysia and Indonesia	45,658	37,433	8,225	20.7	N/A
Wilmar International Limited	Singapore	Indonesia, Malaysia, Uganda and West Africa	247,081	216,623	30,458	19.8	4,072,961

Notes:
N/A – information not publicly available

(a) Includes key industry players with total planted area of 50,000 hectares and above or milling capacity of 1 million MT per annum and above or refining capacity of 1 million MT per annum and above.
(b) Definitions of mature and immature plantation differ for each company, with mature plantations generally being above 3-4 years. The definition of mature plantation is not publicly stated for all companies.
(c) Of which PT Inti Indosawit Subur is a subsidiary.
(d) Latest publicly available information is 2010.
(e) Planted area includes all oil palm planted area managed and leased by FELDA (Federal Land Development Authority).
(f) Latest publicly available information is 2011.
(g) Latest publicly available information is 2009.
(h) Of which PT Socfindo and Socfindo SA are subsidiaries.
(i) Although United Plantations Berhad has no publicly available information on its milling capacity, its production volume of 169,000 MT suggests that its milling capacity should be above 1 million MT per annum.

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.3.3 Market Share and Ranking

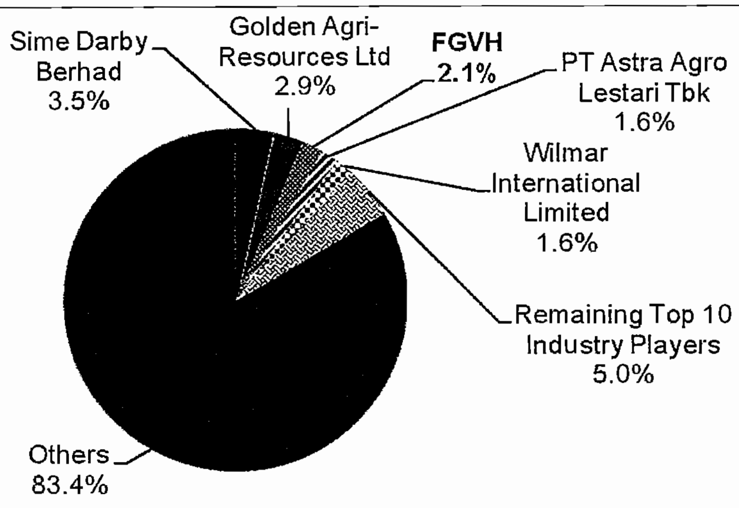
1.3.3.1 Planted Area

Indonesia is home to the largest mature oil palm planted area worldwide, with a market share of 45.2% in 2011. In 2011, Indonesia accounted for 6.1 million hectares of mature oil palm planted area worldwide. The mature oil palm plantation size in Malaysia was 4.3 million hectares, and this comprised 31.9% of global mature planted area in 2011. Other key countries in terms of mature planted area included Thailand (620,000 hectares, 4.6%), Nigeria (450,000 hectares, 3.3%) and Ghana (270,000 hectares, 2%).

Market share in the oil palm industry in terms of mature planted area is determined by the mature planted area size in 2011, as reported by each industry player in publicly available documents. Based on publicly available data, the key players in the global oil palm industry in 2011 were Sime Darby Berhad (468,668 hectares, 3.5%), Golden Agri-Resources Ltd (390,759 hectares, 2.9%), FGVH (288,442 hectares, 2.1%), PT Astra Agro Lestari Tbk (217,343 hectares, 1.6%), Wilmar International Ltd (216,623 hectares, 1.6%), PT Salim Ivomas Pratama (158,163 hectares, 1.2%), Kuala Lumpur Kepong Berhad (148,358 hectares, 1.1%), IOI Corporation Berhad (139,582 hectares, 1.1%), PT Sinar Mas Agro Resources and Technology Tbk (125,122 hectares, 0.9%) and KULIM (Malaysia) Berhad (100,185 hectares, 0.7%).

There are possibly thousands of industry players involved in the cultivation of oil palm crops. Despite the large number of competitors in the industry, FGVH was the third largest oil palm plantation operator in the world in 2011, with 2.1% global market share in terms of mature planted area.

FGVH's Market Share in terms of Mature Planted Area (Global), 2011



Notes:

Market share is calculated based on publicly available information.

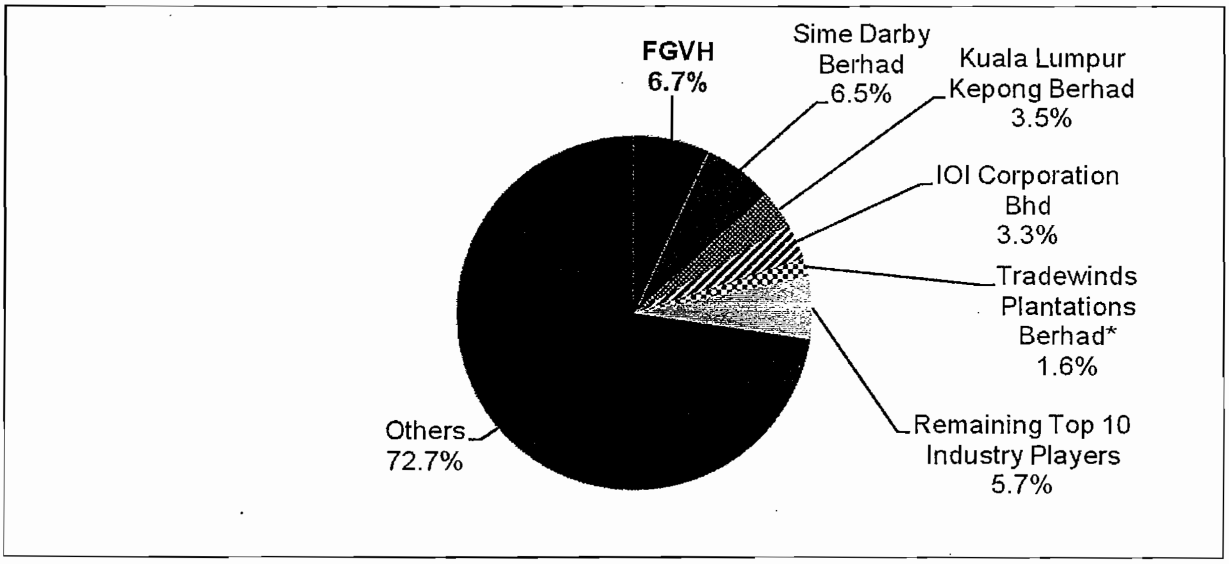
Remaining top 10 industry players refer to PT Salim Ivomas Pratama, Kuala Lumpur Kepong Berhad, IOI Corporation Berhad, PT Sinar Mas Agro Resources and Technology Tbk and KULIM (Malaysia) Berhad.*

**Latest publicly available information is in 2010.*

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

In Malaysia, FGVH was the largest oil palm plantation operator in Malaysia, in which it held a 6.7% market share with a mature planted area of 288,442 hectares in 2011. Sime Darby Berhad had the second largest mature oil palm plantation in Malaysia with 6.5% market share or 279,912 hectares in 2011. Based on latest publicly available data on mature planted area in Malaysia, other key players included Kuala Lumpur Kepong Berhad (148,358 hectares, 3.5%), IOI Corporation Berhad (139,582 hectares, 3.3%), Tradewinds Plantations Berhad (70,166 MT, 1.6%), Boustead Holdings Berhad (67,631 MT, 1.6%), Genting Plantations Berhad (57,693 MT, 1.3%), Wilmar International Limited (56,255 MT, 1.3%), Hap Seng Plantations Holdings Berhad (32,576 MT, 0.8%) and United Plantations Berhad (29,449 hectares, 0.7%).

FGVH's Market Share in terms of Mature Planted Area (Malaysia), 2011



Notes:
**Latest publicly available information is in 2010.*
Market share is calculated based on publicly available information on mature planted area in Malaysia.

Remaining top 10 industry players refer to Boustead Plantations Bhd, Genting Plantations Berhad, Wilmar International Ltd, Hap Seng Plantations Holdings Berhad* and United Plantations Berhad.*

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.3.3.2 FFB Production

Total FFB produced in Malaysia can be measured in terms of the volume of FFBs that are harvested and received by the local mills. Based on a total of 93.8 million MT of FFBs harvested and received by mills, FGVH garnered about 5.5% market share in Malaysia in 2011, with a FFB production of 5.2 million MT.

1.4 KEY SUPPLY CONDITIONS AND DEPENDENCIES

Weather Conditions

The productivity of oil palm and the quality of FFBs are influenced by prevailing weather conditions. Oil palm crops thrive in tropical parts of the world, whereby temperature, sunlight and availability of moisture determine the crop's growth, yield and quality of output.

- **Temperature**: 25°C-33°C throughout the year
- **Humidity**: ~ 80%-85%
- **Rainfall**: ~ 2,000 millimetres of evenly distributed annual rainfall
- **Sunlight**: ~ 5-7 hours per day throughout the year
- **Soil**: pH level < 7.5
- **Prime cultivation area**: within 10°-20° off the equator

Availability of Land for Oil Palm Cultivation

The oil palm industry is dependent on the plantation of oil palm crops for the constant supply of intermediary raw materials to the oil palm industry. With the absence of oil palm plantations, FFBs cannot be harvested and this would, in turn, affect the supply of FFBs to the mills and refineries to be processed into palm oil and PKO products. Hence, the continuous growth of the oil palm industry is reliant on the availability of suitable and arable land for oil palm cultivation.

Availability of Labour, Equipment and Infrastructure

A major issue which can potentially affect the supply of oil palm is the shortage of skilled harvesters to harvest ripe FFBs. The issue of shortage of the labour force is common in the agricultural sector in Malaysia and there is currently a reliance on foreign labour, whereby according to the Minister of Plantation, Industries and Commodities, 52% of the total workforce in the plantation sector in 2009 was made up of foreign labour. As such, the lack of skilled labour could potentially affect the output of FFBs, and consequently, the production of CPO and CPKO.

CPO and CPKO processing is a highly automated process. Equipment utilised in mills to produce CPO and CPKO include, amongst others, cooker, screw press, digester and clarifying centrifuge. Edible oils and oleochemical refineries meanwhile employ more sophisticated machinery such as boilers and fractionation tanks. In addition, bulkers are required to handle the logistics and transportation of palm oil and PKO products. As such, the availability of such equipment and infrastructure are viewed as key supply dependencies.

Factors Affecting Productivity

Oil palm productivity levels are commonly measured in terms of FFB yield and oil extraction rate (OER), which depicts the amount of FFBs harvested per mature hectare as well as the efficiency of the mills in extracting CPO and CPKO. Productivity levels may be influenced by various factors such as weather conditions, pest attacks and crop diseases, skilled labour availability, efficient management of plantations by sourcing and utilising quality planting materials, ensuring sufficient land area for oil palm crops, maintaining oil palm plantations by weeding, pruning, soil fertilisation and harvesting FFBs at the optimum period as well as utilising efficient production techniques in the process of extracting CPO and CPKO. Increase in oil palm yields higher OERs would lead to larger volumes of CPO and CPKO produced. Therefore, productivity levels play a significant role in determining the supply of palm oil.

Pest Attack and Crop Diseases

One of the major challenges in the cultivation of oil palm crops includes managing pest attacks and crop diseases as oil palm crops are susceptible to a variety of pests as well as diseases. Among the pests that attack oil palm crops include rats, squirrels and 'rhinoceros beetles'. On the other hand, fungal diseases such as 'ganoderma basal stem rot', 'fusarium' and 'fatal yellowing' as well as bacteria-related diseases like the 'endophytic bacteria' are examples of diseases that typically infect oil palm crops. These pests and diseases can cause a loss in yield, and in some cases, these attacks could terminate a wide spread of oil palm crops. In the event of pest attacks or diseases, the supply of FFBs would be adversely affected, leading to low production of CPO and CPKO.

Stock Count from Previous Year(s)

In many instances, the amount of CPO and CPKO to be produced in a year is determined by the remaining stock count from previous year(s). When consumption patterns remain stable, CPO and CPKO surpluses will typically lead to decreased output, while a deficit in stock count from the previous year will lead harvesters to increase acreage and yield to meet consumers' demand levels. A surplus or deficit in end-of-year stock levels can also exert upward or downward pressure on market prices, following which industry players will react by decreasing or increasing output in order to stabilise prices.

1.5 RELIANCE AND VULNERABILITY TO IMPORTS IN MALAYSIA

Oil palm cultivation is not reliant and vulnerable to imports of its intermediary raw materials which include planting materials such as oil palm seeds which are available locally. Many large local plantation operators have their own seed cultivation division and thus, would not face any difficulty in obtaining them. Additionally, other materials such as fertilizers are also available from local distributors.

The oil palm industry, as a whole, has a long history in Malaysia and primarily serves as a supplier to the local palm oil mills. Malaysia has historically had one of the largest mature oil palm planted area as well as been among the largest CPO and CPKO producers globally. As such, the oil palm industry in Malaysia is not dependent on imports, with local production of CPO and CPKO largely satisfying local demand. In 2011, imports only constituted 7.3% of the total CPO input used domestically. Likewise, imports of CPKO comprised 15.9% of total CPKO consumption. Hence, this illustrates that a large portion of the demand for CPO and CPKO is satisfied domestically, and imports of CPO and CPKO supplements any shortfall in local supply.

1.6 RELEVANT LAWS AND REGULATIONS IN MALAYSIA

Malaysian Palm Oil Board Act 1998

The Malaysian Palm Oil Board Act 1998 was enacted to repeal the Palm Oil Registration and Licensing Authority (Incorporation) Act 1976 and the Palm Oil Research and Development Act 1979 as well as to dissolve the Palm Oil Registration and Licensing Authority, the Palm Oil Research and Development Board and the Palm Oil Research Institute of Malaysia with the establishment of the 'Malaysian Palm Oil Board' (MPOB). Under this Act, among the functions of MPOB include conducting and promoting research and development activities relating to oil palm activities; regulating, registering, coordinating and promoting all palm oil related activities from cultivation to milling, to storage, testing and distribution as well as developing and maintaining markets for oil palm products.

Malaysian Palm Oil Board (Licensing) Regulations 2005

The Malaysian Palm Oil Board (Licensing) Regulations 2005 prohibits producing or distributing oil palm products without first obtaining a license from MPOB. This includes the production of oil palm planting material, selling or transporting oil palm planting material, FFBs, palm oil, palm kernel, palm fatty acids and palm oleochemicals, purchasing of FFBs, palm oil and palm kernel, commencing construction of palm oil mills and milling.

Malaysian Palm Oil Board (Quality) Regulations 2005

The Malaysian Palm Oil Board (Quality) Regulations 2005 specifies that MPOB has the right to determine the quality of all activities pertaining to the oil palm industry including the production and management of planting materials, agronomical practices in oil palm plantation estates, grading of FFBs, milling of CPO and CPKO, refining and fractionation of palm oil and PKO products, surveying, inspecting, testing, examining and analysing of oil palm products as well as the storing, transferring, handling and transporting of oil palm products. Failure to comply with the specifications set out by MPOB would cause an industry player to be liable for a fine not exceeding RM200,000 or imprisonment for a term not exceeding two years or both.

Environmental Quality Act 1974

Malaysia's Department of Environment (DOE) is responsible for the implementation and monitoring of Malaysia's environmental regulations and policies. The Environmental Quality Act 1974 prohibits industrial activities which cause air, sound, soil, and water pollution without obtaining a valid license. Therefore, the burning of waste or rubbish or any open burning is prohibited without obtaining the necessary licenses or permits. Under this Regulation, effluent shall not be diluted, whether raw or treated, at any time or point after it is treated, without first obtaining a written authorisation which approves treatment of effluent according to the terms and conditions.

Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982

The Environmental Quality (Prescribed Premises) (Crude Palm Oil) (Amendment) Regulations 1982 came into force on 1 July 1982. The amendment that took place with the enactment of this Regulation was pertaining to the conditions limiting the parameters of effluent to be discharged from the prescribed premises. Under this Regulation, the amount of biochemical oxygen demand (BOD), which is the quantity of oxygen utilised in the biochemical oxidisation of materials present in effluent during a specified period, is limited to 100 mg/l, while the amount of suspended solids present in the effluent must not exceed 400 mg/l. The amount of oils and grease and ammoniacal-nitrogen present in effluent is limited to 50 mg/l and 150 mg/l respectively, and the total nitrogen present must not be higher than 200 mg/l. Additionally, pH levels of effluent must be between 5.0 – 6.0 and its temperature must not be higher than 45°C at all times.

1.7 KEY DEMAND CONDITIONS AND DEPENDENCIES

1.7.1 Industry Drivers

Oil palm cultivation is driven by the demand of the end-products of the mills, namely CPO and CPKO. Hence, higher demand for CPO and CPKO will ultimately lead to an increase in cultivation of oil palm crops and this would subsequently lead to a decrease in FFB production.

The key demand drivers for the oil palm industry are:

Growing Demand for Food

The growing demand for food worldwide is driven by population and economic growth.

- **Population growth**

World population in 2010 was approximately 6.8 billion, having grown by 28% from 5.3 billion in 1990. Higher population growth rates were especially witnessed in developing countries. The agricultural industry is faced with the need to produce sufficient food and fibres to feed and clothe an increasing world population, as well as to increase the daily food intake of the existing undernourished population in underdeveloped countries. The agricultural industry has seen a general uptrend in all major crops production within the last decade. Frost & Sullivan anticipates that the demand for food will increase significantly over the longer term despite the slower population growth rate. Farmers globally are expected to increase investments in seeds, fertiliser and crop protection products in order to continue meeting the growing demand for food and clothes.

- **Economic growth**

The global economy has continually witnessed positive growth trends, with the exception of periods of economic slowdown, for example in 1997/98 and 2008/09. The world has continued to witness strong demand and higher prices for energy and primary commodities, including food. The growth in per capita income worldwide has led to a shift in dietary intake, which has moved away from staple product such as cereals, roots and tubers and pulses towards livestock, vegetable oils and fruits and vegetables.

In 2010, the average world urbanisation rate, which is used here as an indicator for wealth, was estimated at approximately 50.5%. The urbanisation rate for the more developed regions, less developed regions and least developed countries are 75.2%, 45.1% and 29.2% respectively. Higher urbanisation rates were witnessed in the less developed regions and least developed countries between 1950 and 2010, compared to the more developed regions. Moving forward, higher increases in urbanisation rates can be expected in the least developed countries by an estimated increase of 25.5 percentage points between 2010 and 2050. In comparison, the estimated increase for most developed and less developed regions are 11.1 percentage points and 20.8 percentage points respectively. The forecast average world urbanisation rate in 2050 is 68.7%, an increase of approximately 18.2 percentage points from 2010.

Continuous Government Efforts to Drive the Oil Palm Industry

The expansion in oil palm cultivation has led to the expansion in palm oil production. In 2011, Malaysia accounted for approximately 37.7% of the world's CPO production and 46% of the world's exports of palm oil. Additionally, Malaysia accounted for 38.1% of global production of CPKO in 2011 and 36.8% of total exports of PKO. Therefore, Malaysia plays a critical role in fulfilling the growing global need for palm oil products. It is noted that the oil palm industry matches the New Economic Model's (NEM) major goals of high income, sustainability and inclusiveness. The oil palm industry is able to impact the nation's economy by virtue of its economic contribution to Malaysia's Gross Domestic Product (GDP). In 2009, this industry contributed RM17 billion or 3.3% to the nation's GDP, and accounted for RM49.6 billion in exports. According to the Performance Management & Delivery Unit (PEMANDU), a unit under Malaysia's Prime Minister's Department, the oil palm industry is the fourth largest contributor of Malaysia's economy, accounting for RM53 billion of the nation's Gross National Income (GNI).

The Economic Transformation Programme (ETP) identified palm oil as a major component of Malaysia's economy over the next 10 years. In view of the economic importance of this sector to the nation's economy, the Government is focusing on improving oil palm cultivation productivity and sustainability, and ensuring the productivity and sustainability of the industry under the ETP. This is in line with the Government's efforts to increase the total GNI contribution of the industry by RM125 billion to RM178 billion by 2020. The 10th Malaysia Plan (2011 – 2015) targets to increase the economic contribution of the oil palm industry from RM17 billion to RM21.9 billion, with export earnings of RM69.3 billion, by 2015.

Wide Range of Uses for Oil Palm and its Related Products

Palm oil is a key sustainable global commodity because it can be used in food and non-food applications. Palm oil has a wide range of food uses due to its versatility and fat content, which extends shelf life, shortens cooking time, and contributes to texture as well as flavour. Palm oil is used in the process of producing food such as cooking oil, margarine, bakery shortening, and confectionery fats. In addition, palm oil is also used in non-food products such as soap, detergent, toiletries and cosmetics.

In addition, a relatively new application has been discovered for palm oil in producing polyols, which is used for making polyurethane, a plastic material with multiple applications in various industries such as building and construction, automotive, furniture and electrical and electronics.

Palm oil is also widely used as feedstock for the generation of renewable energy, such as biofuels (biodiesel) and biomass. Biofuels are increasing in popularity due to their numerous advantages over petrol, as they are renewable and widely available, with environmentally friendly processing techniques which do not emit large amounts of greenhouse gases. Biomass is used as feedstock for biomass boilers to generate electricity in agricultural and oil palm mills. The renewable energy generated from biomass may also be sold to electricity companies, thereby increasing the revenue of mill owners.

Lower CPO Prices Compared to Crude Oil and Other Edible Oil Prices

With global crude oil prices reaching historically high levels over the past several years, the global demand for alternative sources of fuel is growing. The price of crude oil started to rise after 1999 from an average of RM57 (USD15) per barrel due to increased demand. Crude oil price registered at USD43 per barrel in January 2005, and began to grow steeply, doubling to USD91 per barrel in January 2008. Crude oil prices then peaked at an all time high in July 2008 at USD146 per barrel before steadying at USD76 per barrel in September 2010 and then exceeding USD116 per barrel in March 2011 amidst the unrest in the Middle East and rising demand expectations. Prices have moderated since then, averaging around USD95 per barrel in 2011.

The high prices of other edible oils such as soybean oil and rapeseed oil have also driven the oil palm industry in Malaysia. Between 1991 and 2011, CPO recorded lower prices globally compared to other edible vegetable oils. On average, the annual price of CPO in 2011 was USD1,125 per MT, the lowest when compared to soybean oil at USD1,299 per MT, rapeseed oil at USD1,368 per MT, sunflower oil at USD1,387 per MT and coconut oil at USD1,730 per MT[1]. Hence, the comparatively lower cost of CPO serves as a demand driver for the consumption of palm oil products.

Increase in Use of Biodiesel

Depleting crude oil reserves have spurred the use of biodiesel as a source of energy in various parts of the world. As palm oil is a form of feedstock utilised in biodiesel, it possesses several benefits over

[1] World Bank

fossil fuel such that it is renewable, less harmful to the environment and biodegradable. Thus, many Governments have legislated the use of biodiesel in vehicles, usually in a blend with diesel, to reduce dependence on crude oil as well as to reduce carbon emissions. Countries such as the United States, member countries of the European Union, Australia, Brazil, as well as countries in Asia which include Malaysia, Indonesia, Philippines and Thailand have introduced legislations regarding biodiesel.

1.7.2 Industry Restraints

Pressure from Non-Government Organisations (NGOs) on Deforestation and Emission Control

Oil palm cultivation has raised concerns over widespread deforestation that destroys biodiversity, degrades eco-systems, and emits greenhouse gases which contributes to global warming. The continuous expansion of oil palm plantations in Malaysia has led to active deforestation, which has raised concerns among the NGOs. These NGOs are of the opinion that deforestation in developing countries should be stopped. However this will adversely impact the nation's economy, causing lower national income and stifling the development of palm oil production.

Nevertheless, the Government of Malaysia is of the view that oil palm offers better emission savings in terms of carbon credits, compared to the production of biofuels. According to the Malaysian Palm Oil Council (MPOC), Malaysia allocated 12.0% of its land area for the plantation of palm oil in 2009, which formed 66.0% of the agricultural land use in the country. Malaysia maintains more than 50.0% of its land area under permanent forest reserve.

Lack of Manpower

With the recently rapid expansion of palm oil production, plantation owners are facing manpower shortages. There is a reliance on foreign labour in the oil palm industry, especially labour from neighbouring countries such as Indonesia, Vietnam and Cambodia, as locals are typically reluctant to work in this industry. As the harvesting of FFB is labour intensive, the lack of participation from the locals has caused the Government to employ foreign labour. At the same time, the cost of labour has been increasing, resulting in higher production cost. According to the Minister of Plantation, Industries and Commodities, 52.0% of the total workforce in the plantation sector in 2009 was made up of foreign labour. The employment of foreign labour in the plantation sector grew by 58.8% between 2000 and 2008, and has been increasing since then.

1.8 PRODUCT SUBSTITUTION

Palm oil and PKO can be used in a variety of food and non-food applications which is hard to be matched by other vegetable oils. Palm oil and PKO are commonly utilised in the manufacturing of various food applications such as cooking oil, margarine, shortening, vanaspati, ice cream, cocoa butter substitutes and confectionery fats. In these applications, vegetable oils such as coconut oil, rapeseed oil as well as selected animal fats are possible substitutes for palm oil and PKO. Palm oil and PKO are also used as key ingredients by the oleochemicals sector for the manufacturing of personal and household products such as detergents, toiletries and cosmetics. In these applications, palm oil and PKO can be substituted with other types of vegetable oils such as coconut oil, soybean oil and rapeseed oil.

Although there are plenty of substitutes available for palm oil and PKO, it is noted that palm oil and PKO remain as the preferred choice of vegetable oils due to their availability in large volumes which surpasses other vegetable oils such as soybean oil, rapeseed oil, sunflower oil and coconut oil.

Moreover, palm oil and PKO are cost competitive. Throughout the years 1991 to 2011, CPO consistently emerged as the most cost competitive vegetable oil when compared to soybean oil, rapeseed oil, sunflower oil and coconut oil. Meanwhile, PKO prices have been comparable to rapeseed oil, sunflower oil, crude coconut oil and crude soybean oil between the years 1991 and 2011.

1.9 PALM OIL AND PALM KERNEL PRODUCTION AND CONSUMPTION

Cultivation of oil palm crops and production of FFBs are very much driven by its end-products, namely CPO and CPKO. An increase in demand for CPO and CPKO would consequently lead to an increase in oil palm planted area in order to increase production of FFBs, and this would subsequently increase in CPO and CPKO production.

1.9.1 Palm Oil Production and Consumption

1.9.1.1 CPO Production and Growth Trends

Global production of CPO has seen a steady increase at a CAGR of 7.7% in the past two decades. CPO production volume worldwide was recorded at 11.5 million MT in 1991, and increased by 338% to 50.2 million MT in 2011. CPO production is dependent on various supply factors affecting the cultivation of its crop, such as weather conditions, fertility of soil, oil palm planted area, stock count, pest attack and crop diseases, labour, equipment and infrastructure availability, as well as general economic conditions and market prices.

Throughout 1991 to 2011, global CPO production exhibited stable growth patterns apart from a slight dip in 1998 due to adverse weather conditions. In 1998, the continuous dry weather climate in South East Asia caused by the El Nino phenomenon instigated a decline in production volume that year, with production falling by 4.3%. The industry quickly recovered in 1999 as the improved weather conditions led to an increase in CPO production by 20.9% to 20.7 million MT.

Global CPO production is strongly driven by Asia for the last 21 years, where it accounted for 88.6% of worldwide CPO production in 2011. From 1991 to 2011, CPO production in the Asian region grew from 9.1 million MT to 44.5 million MT with a CAGR of 8.3%. The CPO production in the Asian region was mainly contributed by Indonesia, Malaysia and Thailand, which collectively supplied 88.3% of worldwide CPO production volume.

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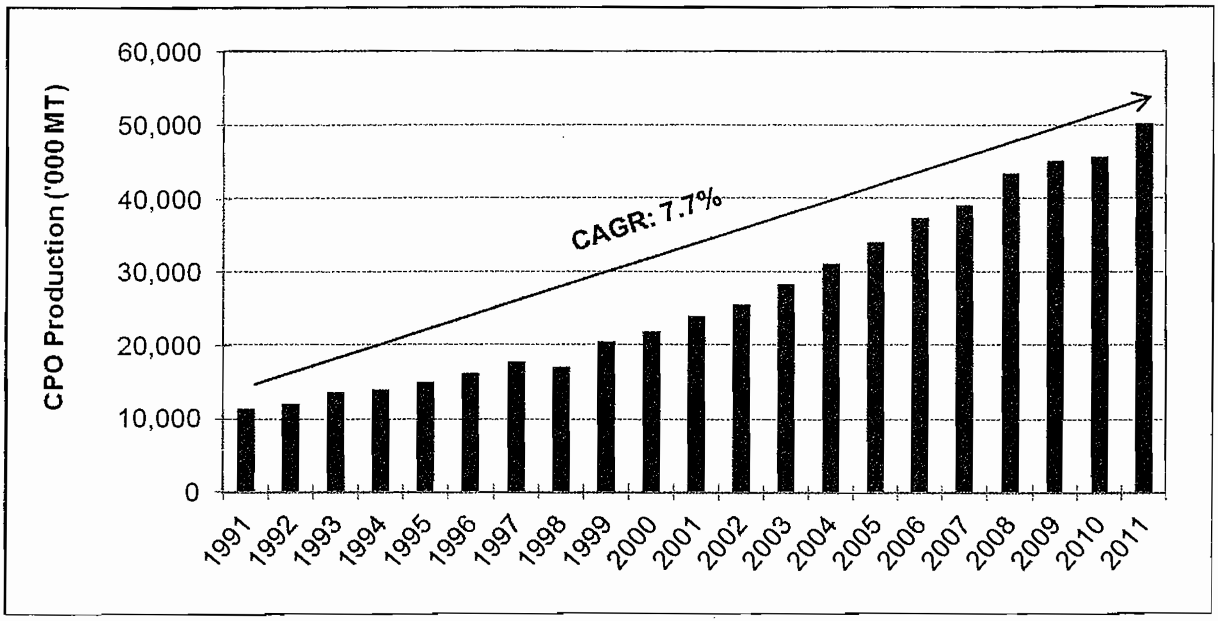
Production of CPO (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

In 2011, the top five CPO producing countries were Indonesia, Malaysia, Thailand, Colombia and Nigeria. These countries are able to produce high production volumes of CPO as the FFBs that are milled into CPO are mostly harvested domestically due to the availability of arable land and favourable climate conditions for oil palm cultivation. Production of CPO in Indonesia grew from 2.7 million MT in 1991 to 23.9 million MT in 2011, while the amount of CPO produced in Malaysia grew from 6.1 million MT in 1991 to 18.9 million MT in 2011. Prior to 2006, Malaysia was the world's largest producer of CPO before being replaced by Indonesia.

In terms of exports of palm oil products, Malaysia was the largest exporter globally between 1991 and 2008. Although Indonesia surpassed Malaysia by 1.1 million MT in 2009, Malaysia emerged as the world's largest CPO exporter again in 2010 and 2011, overtaking Indonesia by 214,000 MT and 743,000 MT respectively. Between 1991 and 2011, Malaysia's exports of palm oil increased from 5.8 million MT in 1991 to 18 million MT in 2011, with a CAGR of 5.9% during this period. Exports of Indonesia's palm oil products grew with a CAGR of 12.5%, from 1.6 million MT in 1991 to 17.3 million MT in 2011. In 2011, Malaysia and Indonesia accounted for 46% and 44.1% of total exports worldwide. Exports from other notable countries include Papua New Guinea, Thailand and Ecuador which accounted for 1.3%, 1% and 0.6% of total exports in 2011, with 510,000 MT, 391,000 MT and 250,000 MT respectively.

The volume of FFBs that were received by mills in Malaysia increased from 31.4 million MT in 1991 to 83.9 million MT in 2011, recording a CAGR of 5.6%.

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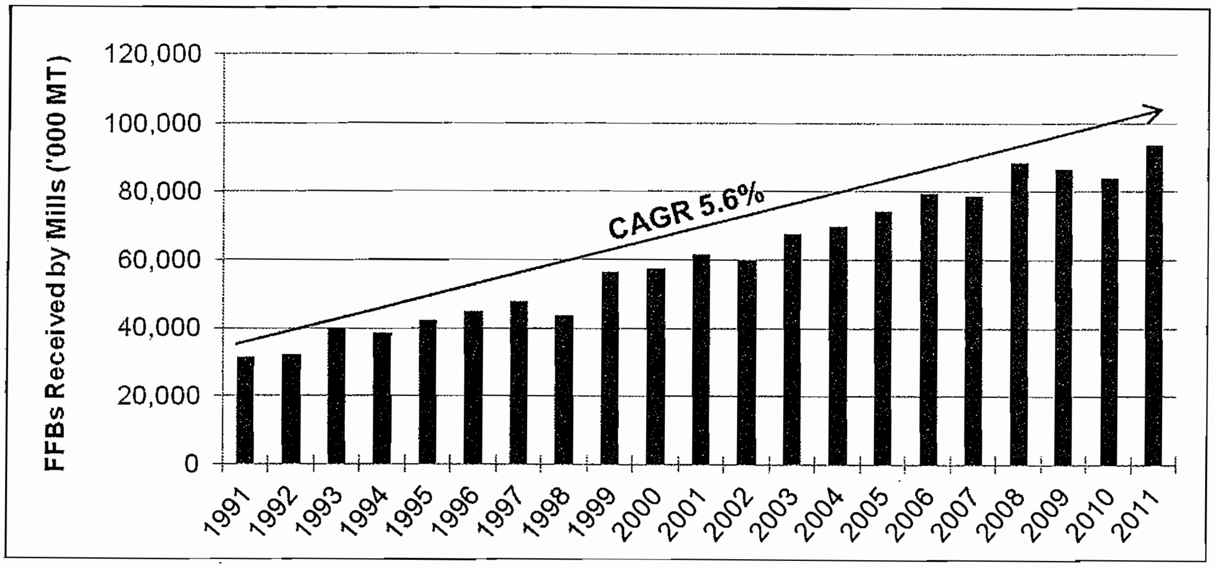
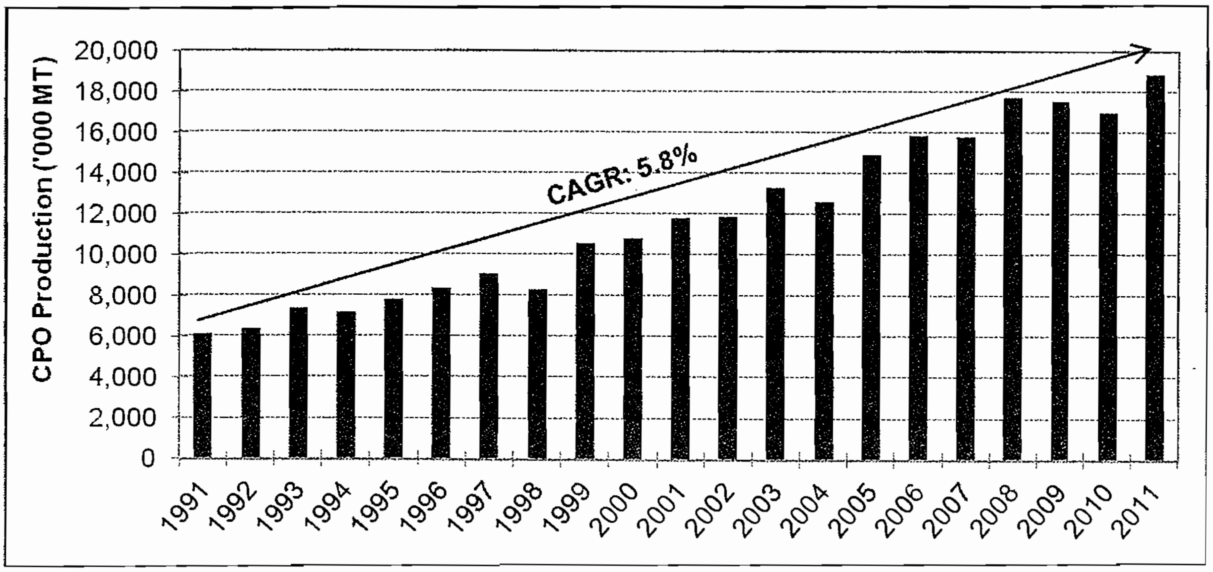
FFBs Received by Mills (Malaysia), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Similar to the global CPO production trend, CPO production in Malaysia witnessed an upward trend with CPO production volume growing from 6.1 million MT in 1991 to 18.9 million MT in 2011 with a CAGR of 5.8%. CPO production volume in Malaysia exhibited a slight cyclical trend over the past 21 years, relating closely to the growth trends of FFBs received by mills, due to the influence of factors such as replanting cycles, weather conditions as well as other market forces, namely pricing and availability of other types of vegetable oils.

Production of CPO (Malaysia), 1991-2011



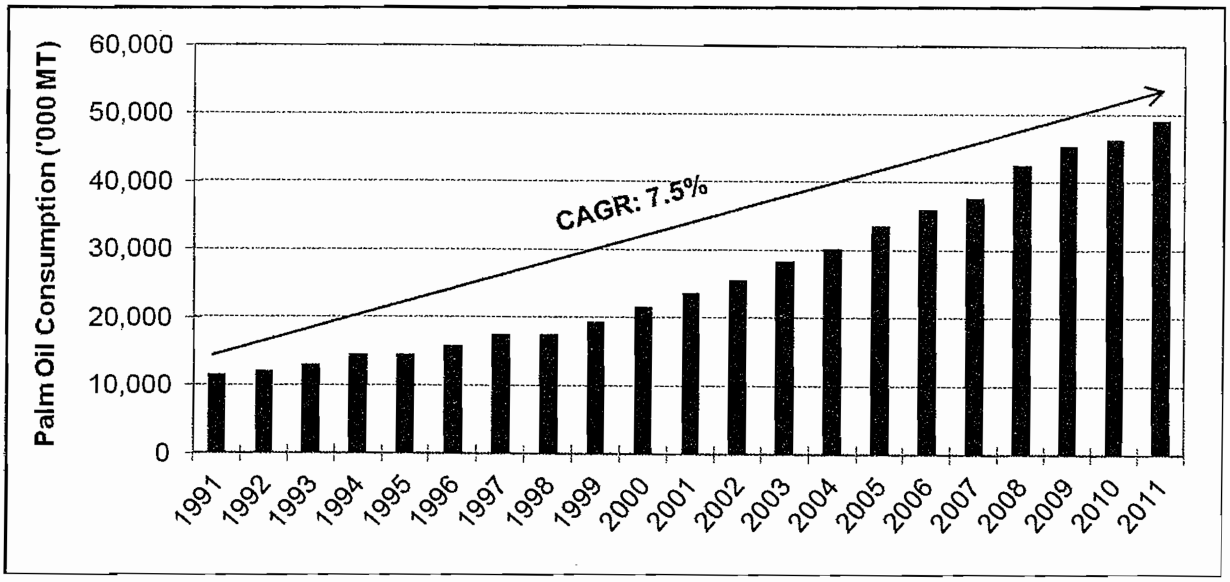
Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.9.1.2 Palm Oil Consumption and Growth Trends

The demand for end-products from the milling process can be measured by the amount of consumption of palm oil products (i.e. RBD palm oil, RBD palm olein and RBD palm stearin). Consumption data is recorded for total palm oil as opposed to its specific sub-products.

Global consumption of palm oil products has been seen to exhibit steady growth between 1991 and 2011 registering a CAGR of 7.5% over this 21-year period. In 1991, global consumption was recorded at 11.7 million MT, and since then has grown by 321.6% to 49.2 million MT in 2011, with growth trends influenced by several factors such as market prices of palm oil and CPO, availability and prices of other edible oils as substitutes, as well as increasing demand from end-user consumer industries. Additionally, as palm oil products solidify in cold weather, consumption of palm oil is also affected by seasonality, particularly in countries with cold climate.

Consumption of Palm Oil (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Regionally, the main palm oil consuming countries in 2011 were from the Asian region. Asia accounted for 63.8% of global palm oil consumption, while Africa consumed 12.9% and Europe consumed 10.9%[2]. In 2011, the top five palm oil consuming countries by volume were India (6.8 million MT), China (6.3 million MT), Indonesia (6.2 million MT), Malaysia (2.2 million MT) and Pakistan (2 million MT). This consumption was measured by taking into account local production net of imports and exports.

The consumption of CPO, as opposed to the consumption of palm oil, refers to the amount of CPO that is being processed by refineries into palm oil. In Malaysia, the consumption of CPO by local mills has been on an uptrend over the years 1991 to 2011, growing at a CAGR of 5% over this period. Domestic CPO consumption increased by 162.9% from 6.3 million MT in 1991 to 16.4 million MT in 2011.

Overall, domestic consumption of CPO displayed a stable upward trend, notwithstanding the slight decline in 1998 and 2007 as it was influenced by the Asian economic crisis and a slower growth in supply of CPO. In 1998, CPO consumption in Malaysia experienced a year-on-year decline of 5.3% to

[2] OIL WORLD

8.5 million MT due to the Asian financial crisis which affected demand for CPO. The consumption of CPO in Malaysia recovered in 1999 with a growth rate of 19.3% to 10.1 million MT, and continued growing on an upward trend until 2007, where it experienced a decline of 1.1% from 14.5 million MT to 14.4 million MT. The decrease in CPO consumed by the mills in 2007 was mainly attributed to the slower growth in CPO production due to flooding in Johor which affected overall consumption due to a shortage in supply.

In Malaysia, palm oil consumption was 685,000 MT in 1991, and this increased to 2.2 million MT in 2011. Palm oil consumption in Malaysia illustrated a relatively more cyclical growth pattern between 1991 and 2011. From 1991 to 1996, domestic palm oil consumption grew from 685,000 MT to 1.2 million MT, but declined in 1997 by 3.6% and 17.3% in 1998. In 2009 and 2010, palm oil consumption fell by 8.1% and 12.6% respectively as a result of the economic financial crisis which began late 2008. Additionally, the decrease in consumption of palm oil could also be attributed to the shortage of supply due to adverse weather conditions which was brought upon by the El Nino and La Nina phenomena. Nevertheless, palm oil consumption recovered by 6.6% to 2.2 million MT in 2011.

Malaysia's palm oil is exported to more than 150 countries around the world, underpinning its significance both domestically and internationally. In 2011, China (4 million MT, 22.1%) was Malaysia's largest export market, followed by Pakistan (1.8 million MT, 10.1%), India (1.7 million MT, 9.3%), the United States (1.0 million MT, 5.9%), and Egypt (710,000 MT, 3.9%).

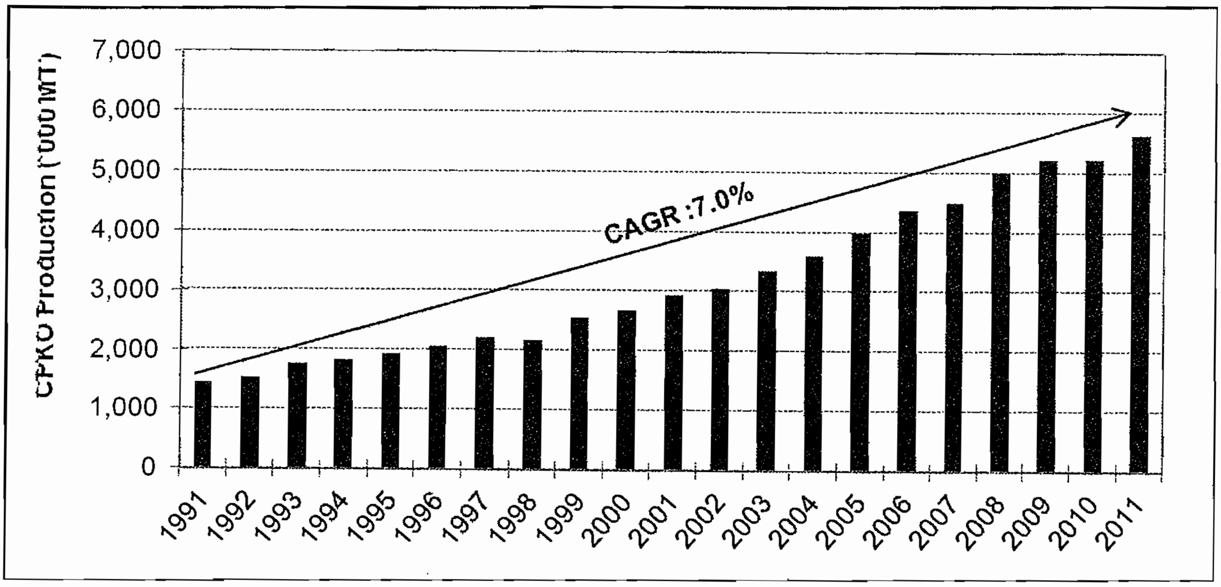
1.9.2 PKO Production and Consumption

1.9.2.1 CPKO Production and Growth Trends

The total world production of CPKO has exhibited steady growth over the past 21 years. Global supply of CPKO increased from 1.4 million MT in 1991 to 5.6 million MT in 2011, registering a CAGR of 7% over the period. Global production of CPKO is influenced by several factors, which include weather conditions, fertility of soil, oil palm planted area, stock count from previous year(s), pest attack and crop diseases, availability of labour, equipment and infrastructure, as well as market prices and the prevailing global economic climate.

Generally, global production of CPKO has displayed stable growth patterns over the 21-year period, albeit with slight dips caused by unfavourable weather conditions and cyclical stress. For instance, the El Nino phenomenon that occurred in 1998 instigated a minor decline in production volume that year, with output falling by 1.3% from the previous year. The El Nino phenomenon led to persistent dry conditions, and subsequently affected output. Production was once again affected by the El Nino and La Nina phenomena which lasted from mid-2009 till mid-2011. As a result, there was a slower growth in global production of CPO in 2009 and a decline in production volumes of 0.1% in 2010. Nevertheless, global CPO production recovered and increased by 7.5% to 5.6 million MT in 2011.

Production of CPKO (Global), 1991-2011



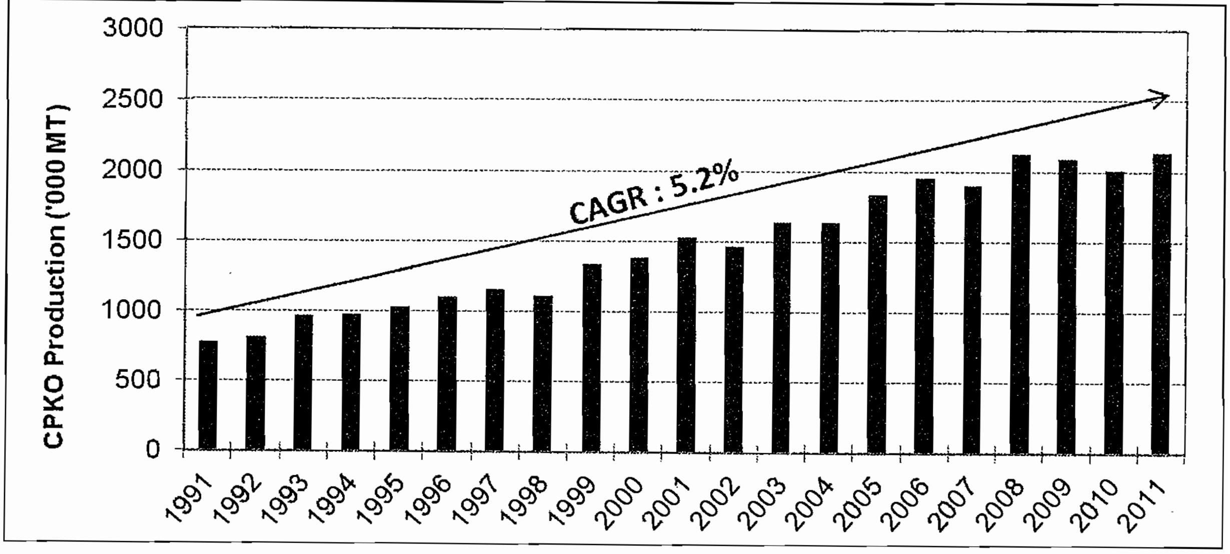
Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

The top five CPKO producers in 2011 were Indonesia (2.6 million MT), Malaysia (2.1 million MT), Nigeria (244,000 MT), Thailand (142,000 MT) and Colombia (84,000 MT), whereby these five countries collectively accounted for 92.1% of global CPKO production in that year. The high production volume in these countries is attributed to the availability of arable land and favourable climate conditions for oil palm cultivation, which thrive in tropical conditions.

Malaysia was the largest global exporter of PKO from 1991 to 1996. From 1997 to 2004, Malaysia and Indonesia contended for the position as the largest PKO exporter. However in 2004, Indonesia surpassed Malaysia by 124,000 MT and has since been the largest exporter of PKO worldwide. In 2011, it accounted for 53.9% of total exports of PKO worldwide. In 2011, Malaysia was the second largest exporter after Indonesia, accounting for 36.8% of global PKO exports. Malaysia's PKO exports increased from 629,000 MT in 1991 to 1.2 million MT in 2011, registering a CAGR of 3.2% over the 21-year period. Other notable PKO exporting countries in 2011 included Thailand (80,000 MT, accounted for 2.5% of global PKO exports), Colombia (44,000 MT, accounted for 1.4% of global PKO exports) and Papua New Guinea (36,000 MT, accounted for 1.1% of global PKO exports).

Malaysia's production of CPKO displayed an upward trend over the past 21 years, increasing from 782,133 MT in 1991 to 2.1 million MT in 2011 and recording a CAGR of 5.2% over the period. Malaysia was previously the global leader in CPKO production, having been eclipsed by Indonesia in 2009. As with CPO, CPKO production growth trends in Malaysia have proven to be cyclical over the past 21 years, relating closely to the growth trends of FFBs received by mills, as it is subject to factors such as growth in mature planted area, weather conditions and labour availability.

Production of CPKO (Malaysia), 1991-2011



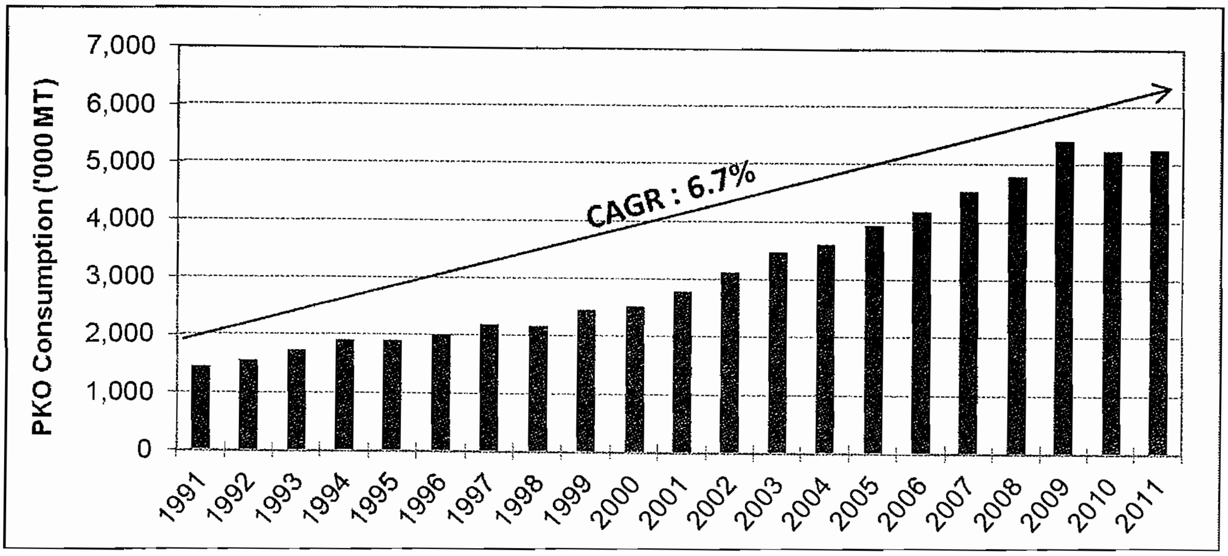
Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.9.2.2 PKO Consumption and Growth Trends

Consumption in each country is reflected by the volume of PKO products that have been refined and fractionated in the mills, and is to be utilised locally for further processing in the oleochemicals and edible oils and fats refineries as well as biodiesel plants. PKO products refer to RBD PKO, RBD palm kernel olein and RBD palm kernel stearin.

Over the past 21 years, global consumption has generally exhibited a positive trend. Global consumption levels increased from 1.4 million MT in 1991 to 5.3 million MT in 2011, registering a healthy CAGR of 6.7% over the period. Consumption is typically affected by market prices of CPKO, availability and prices of other edible oils as substitutes, as well as demand from end-user industries. Additionally, as palm oil products solidify in cold weather, consumption is also affected by seasonality in weather.

Consumption of PKO (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

In 2011, the top consuming countries of PKO were Malaysia (1.4 million MT), Indonesia (790,000 MT), China (392,000 MT), the United States (296,000 MT) and Germany (271,000 MT). These countries collectively accounted for 59.6% of global demand in 2011, largely attributed to the development of their domestic oleochemical industries as well as the presence of refineries and end-user industries.

In this context, consumption of CPKO refers to the volume that is further processed into PKO by the refineries. In Malaysia, consumption of CPKO has generally displayed healthy growth over the past 21 years. CPKO consumption stood at 546,224 MT in 1991, and this has since increased to 2.4 million MT in 2011, registering a CAGR of 7.8% over the period.

By and large, domestic CPKO consumption exhibited positive growth trends throughout the 21-year period, albeit a slight dip in 1998 caused by a sharp increase in the local market price of CPKO. Domestic market price of CPKO registered a 46.7% increase from 1998 to 1999 as a result of a slowdown in production due to unfavourable weather conditions (Please refer to Section 1.10 – Price Trend Analysis). This then resulted in consumption falling by 1.3% from 1,095,013 MT in 1997 to 1,080,579 MT in 1998. Local consumption of CPKO continued to grow strongly since then, despite the numerous fluctuations in market prices, emphasising the strength in demand from the oleochemical plants and end-user industries and resilience to adverse economic conditions.

Meanwhile, consumption of PKO (i.e. RBD PKO, RBD palm kernel olein and RBD palm kernel stearin) refers to the amount of CPKO that has already been refined and fractionated in the refineries, and is to be utilised locally for further processing in the oleochemical plants and edible oils and fats refineries. Local PKO consumption grew at a higher rate than CPKO, increasing from 192,000 MT in 1991 to 1.4 million MT in 2011 at a CAGR of 10.4% over the period. As PKO is typically utilised in end-user industries for the production of consumer goods, its consumption has followed a more fluctuating trend and responded to fluctuations in market price due to changes in the economy and income levels, when compared to consumption of CPKO.

Malaysia exports its PKO to more than 100 countries around the world, rendering it as an important exporter of PKO worldwide. The top five major destinations for Malaysia's PKO in 2011 were the United States (288,742 MT, 24.6%), China (176,961 MT, 15.1%), Japan (98,320 MT, 8.3%), Egypt (54,093 MT, 4.6%) and Brazil (58,964 MT, 5%).

1.9.3 Competitive Landscape

The industry players in the oil palm industry is largely dominated by large public listed companies that are vertically integrated, with operations in all three core activities of the oil palm industry (i.e. oil palm cultivation, milling as well as refining of edible oils and fats and oleochemicals). As such the industry players found in Section 1.3.2 are also involved in this segment of the oil palm industry.

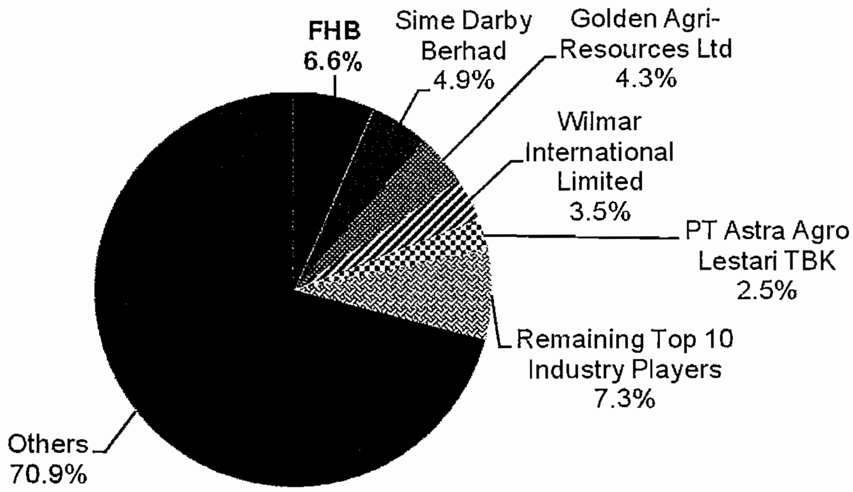
MARKET SHARE AND RANKING IN TERMS OF CPO PRODUCTION

Indonesia was the largest producer of CPO with a market share of 48.2% in 2010. In 2010, Indonesia accounted for 22.1 million MT of CPO produced worldwide. Malaysia ranked second with a CPO production volume of about 17.0 million MT in 2010. Relative to the global CPO production, Malaysia alone comprised about 37.1% of CPO produced. Other key producing countries in 2010 included Thailand (1.4 million MT, 3.0%), Nigeria (885,000 MT, 1.9%) and Colombia (753,000 MT, 1.6%).

Based on latest publicly available data, FHB, of which FGVH holds a 49% equity interest and is an associate company of FGVH, is the leading CPO producer globally. FHB held a market share of 6.6%, in terms of its actual production volume of approximately 3.3 million MT in relative to the global CPO production volume of 50.2 million MT in 2011.

The other key players in this industry in 2011 were Sime Darby Berhad (2.4 million MT, 4.9%), Golden Agri-Resources Ltd (2.2 million MT, 4.3%), Wilmar International Ltd (1.8 million MT, 3.5%), PT Astra Agro Lestari Tbk (1.3 million MT, 2.5%), PT Salim Ivomas Pratama (838,000 MT, 1.7%), PT Sinar Mas Agro Resources and Technology Tbk (829,000 MT, 1.7%), PT Perkebunan Nusantara IV (PERSERO) (702,000 MT, 1.4%), IOI Corporation Berhad (686,917 MT, 1.4%) and KULIM (Malaysia) Bhd (607,653 MT, 1.2%).

FHB's Market Share in CPO Production (Global), 2011



Notes:

Market share is calculated based on publicly available information.

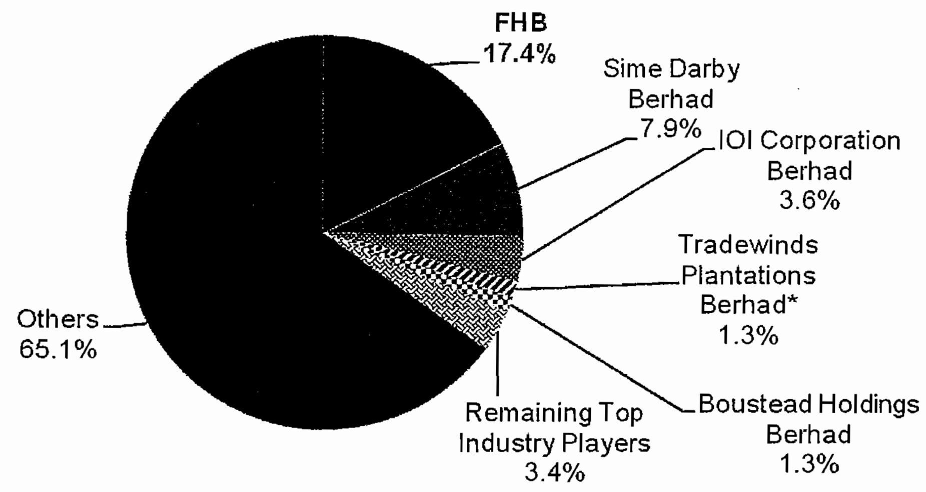
Remaining top 10 industry players refer to PT Salim Ivomas Pratama, PT Sinar Mas Agro Resources and Technology Tbk, PT Perkebunan Nusantara IV (PERSERO), IOI Corporation Berhad and KULIM (Malaysia) Bhd*,*

**Latest publicly available information.*

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

In the Malaysian context, FHB, of which FGVH holds a 49% equity interest and is an associate company of FGVH, was the leading CPO producer with production volumes of approximately 3.3 million MT in 2011. In 2011, FHB held a market share of 17.4% relative to the CPO produced in Malaysia which was about 18.9 million MT. Based on publicly available data, other key players included Sime Darby Berhad (1.5 million MT, 7.9%), IOI Corporation Berhad (686,917 MT, 3.6%), Tradewinds Plantations Berhad (250,726 MT, 1.3%), Boustead Holdings Berhad (237,078 MT, 1.3%), United Plantations Berhad (169,337 MT, 0.9%), Hap Seng Plantations Holdings Berhad (168,027 MT, 0.9%), KULIM (Malaysia) Berhad (163,233 MT, 0.9%) and IJM Plantation Berhad (151,096 MT, 0.8%).

FHB's Market Share in CPO Production (Malaysia), 2011



Notes:

Market share is calculated based on publicly available information on CPO production volumes in Malaysia.

Remaining top industry players refer to United Plantations Berhad, Hap Seng Plantations Holdings Berhad, KULIM (Malaysia) Berhad and IJM Plantations Berhad.*

** Latest publicly available information is in 2010.*

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

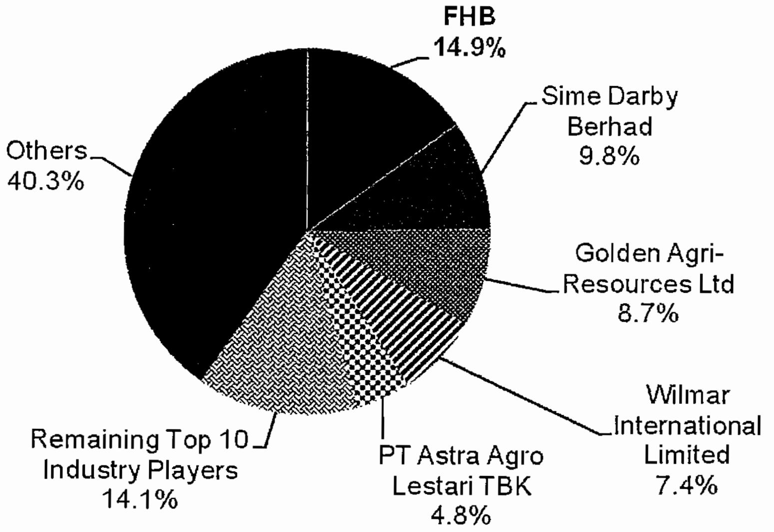
MARKET SHARE AND RANKING IN TERMS OF CPKO PRODUCTION VOLUME

In 2011, global production of CPKO stood at 5.6 million MT. Malaysia's production of CPKO was recorded at 2.1 million MT that year, accounting for 38.1% of total production worldwide and leading it to rank second after Indonesia. Indonesia remained as the largest producer of CPKO in 2011 with production volume reaching 2.6 million MT that year and garnering 45.6% of the global CPKO production market share. Other key producing countries of CPKO included Nigeria (244,000 MT, 4.3%), Thailand (142,000 MT, 2.5%) and Colombia (84,000 MT, 1.5%).

Market share in terms of CPKO production is determined by the production volume of CPKO in 2011, as reported by each industry player. Based on latest publicly available data, the key players in this industry in 2011 were FHB (840,746 MT, 14.9%,), Sime Darby Berhad (550,326 MT, 9.8%), Golden Agri-Resources Ltd (487,298 MT, 8.7%), Wilmar International Limited (413,554 MT, 7.4%), PT Astra Agro Lestari Tbk (269,299, 4.8%.), PT Salim Ivomas Pratama (195,000 MT, 3.5%), IOI Corporation Berhad (165,701 MT, 2.9%), PT Sinar Mas Agro Resources and Technology Tbk (157,990 MT, 2.8%), KULIM (Malaysia) Bhd (148,143 MT, 2.6%) and PT Perkebunan Nusantara IV (PERSERO) (132,000 MT, 2.3%).

In 2011, FHB, of which FGVH holds a 49% equity interest and is an associate company of FGVH, is the leading CPKO producer globally, based on latest publicly available data. FHB garnered a market share of 14.9% based on CPKO production of 840,746 MT, relative to the global CPKO production volume of 5.6 million MT in 2011.

FHB's Market Share in CPKO Production (Global), 2011



Notes:

Market share is calculated based on the information made publicly available.

Remaining top 10 industry players refer to PT Salim Ivomas Pratama, IOI Corporation Berhad, KULIM (Malaysia) Bhd, PT Sinar Mas Agro Resources and Technology Tbk and PT Perkebunan Nusantara IV (PERSERO)*.*

** Latest publicly available information is in 2010.*

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

In Malaysia, FHB, of which FGVH holds a 49% equity interest and is an associate company of FGVH, held a 39.2% market share in Malaysia with about 840,746 MT of CPKO produced in 2011 and was the leading CPKO producer in terms of production volumes in Malaysia that year. Based on publicly available data on the volume of CPKO produced in Malaysia, other key players include Sime Darby Berhad (352,420 MT, 16.4%), IOI Corporation Berhad (165,701 MT, 7.7%), and Tradewinds Plantations Berhad (62,283 MT, 2.9%) and Boustead Holdings Berhad (54,269 MT, 2.5%). The following chart illustrates the market share for these key players in the oil palm industry in Malaysia based on CPKO production volumes.

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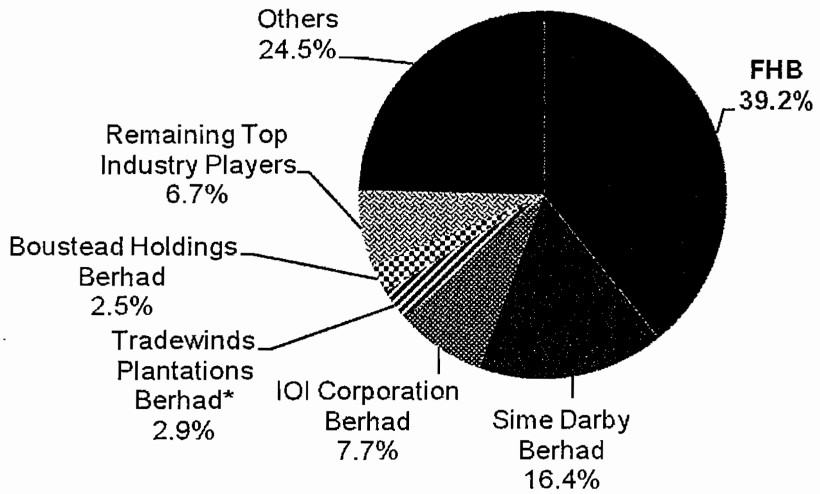
FHB's Market Share in CPKO Production (Malaysia), 2011



Notes:

Market share is calculated based on publicly available information on the volume of CPKO produced in Malaysia.

Remaining top industry players refer to KULIM (Malaysia) Berhad, United Plantations Berhad, Hap Seng Plantations Holdings Berhad and IJM Plantations Berhad.*

** Latest publicly available information is in 2010*

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

MARKET SHARE IN TERMS OF MILLING AND REFINING CAPACITY

As the largest CPO and CPKO producer in Malaysia and internationally, FHB, of which FGVH holds a 49% equity interest and is an associate company of FGVH, has a milling capacity that comprises a large percentage of the total milling and refining capacity in Malaysia.

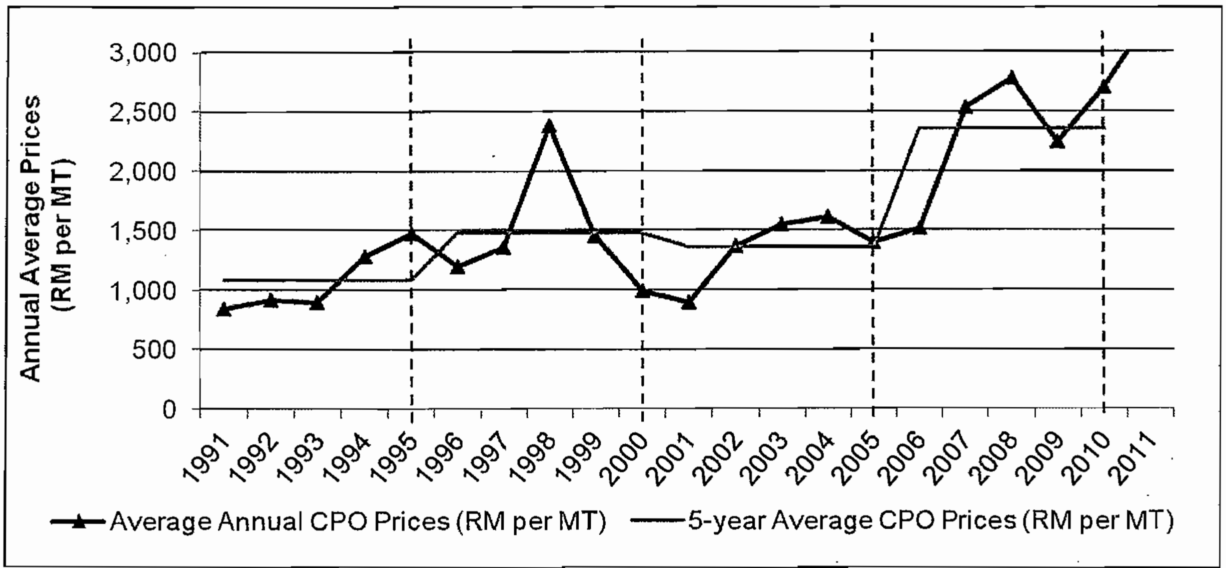
In 2011, the total milling capacity in Malaysia was 99.4 million MT of FFBs per annum. Of this, FHB held a market share of 20.5% with a milling capacity of 20.4 million MT per annum. Additionally, FHB also has a substantially large refinery capacity. Based on the total refinery capacity of existing and operating refineries in Malaysia in 2011 of 23.7 million MT per annum, FHB's market share was approximately 10.5% with a refinery capacity of 2.5 million MT per annum.

1.10 PRICE TREND ANALYSIS

CPO and CPKO prices in Malaysia are similar to global patterns as Malaysia is one of the top producers of CPO and CPKO and a change in Malaysia's growth patterns of production would play a part in influencing global prices as well. The domestic prices for both CPO and CPKO are influenced by the availability of supply and factors affecting supply including replanting patterns, weather conditions as well as pest and crop diseases. Additionally, CPO and CPKO prices are also determined by other market forces, namely economic conditions, changes in regulatory conditions as well as pricing and availability of other types of substitute vegetable oils. These factors cause prices of CPO and CPKO to exhibit a cyclical growth trend historically.

CPO and CPKO grew to RM1,474.60 per MT and RM2,015.90 per MT respectively from 1996 to 2000. Although the five-year average annual prices for CPO and CPKO from 2001 to 2005 fell to RM1,361.20 per MT and RM1,698.60 per MT respectively, these prices recovered rapidly from 2006 to 2010, with a five-year average of RM2,353.50 per MT and RM2,826.10 per MT.

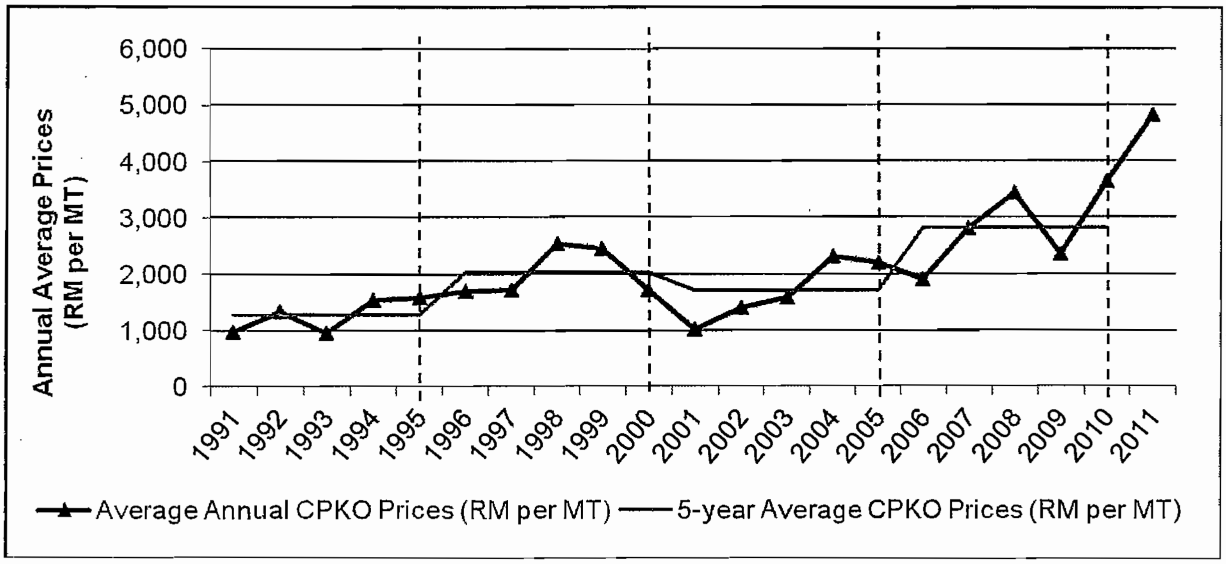
Annual Price of CPO (Malaysia), 1991-2011



Note: Price points refer to average annual price for the calendar year

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Annual Price of CPKO (Malaysia), 1991-2011

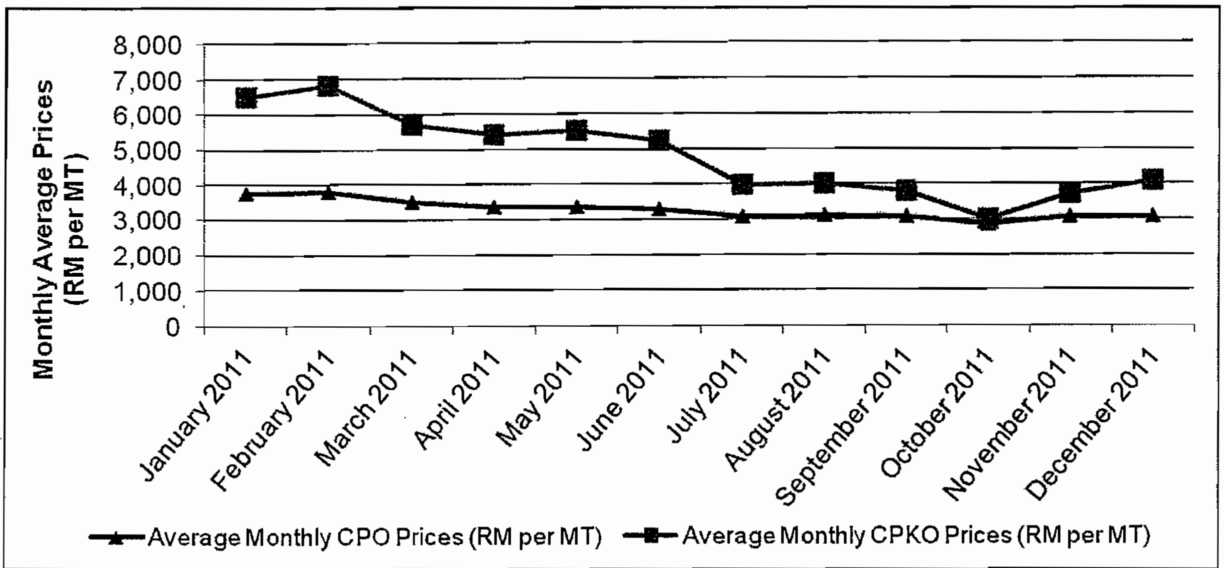


Note: Price points refer to average annual price for the calendar year

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

As weather conditions improved after April 2011, production of CPO and CPKO began to increase, addressing the issue of the lack of supply in the previous two years. Hence, this resulted in the reduction in global prices, as illustrated by the downward trend of the monthly domestic prices for CPO and CPKO. Nevertheless, the overall average prices for CPO and CPKO in 2011 reached a 21-year high between 1991 and 2011 at RM3,219 per MT and RM4,611 per MT, respectively.

Monthly Price of CPO and CPKO (January 2011 – December 2011)



Note: Price points refer to average monthly price

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

1.11 SUPPLY AND DEMAND BALANCE OF CPO AND CPKO

In general, supply and demand of CPO and CPKO in Malaysia largely grew in tandem with global market trends over the years 1991 to 2011. This is mainly attributed to the fact that Malaysia is one of the world's largest players in the oil palm industry, and hence is able to influence global production, consumption as well as market prices.

Domestic CPO and CPKO prices have typically been determined by surpluses and deficits of production and opening stocks for the year, which are subject to factors such as weather conditions, pricing and availability of other edible oils as substitutes, mature oil palm planted area and closing stocks from previous years, as well as external macro forces that include prevailing global economic climate, prices of crude oil and changes in regulatory conditions.

Supply and demand for both CPO and CPKO respectively have exhibited similar growth patterns over the 21-year period, with supply and demand increasing very closely with one another. On the other hand, as with most commodities, market prices of both CPO and CPKO have been seen to fluctuate over the period, registering multiple peaks and troughs throughout. It should be noted that among the two, CPO prices have been seen to be more sensitive, largely due to its greater significance in the global market.

In light of the Asian financial crisis in 1998, Indonesia imposed export taxes on both CPO and CPKO to discourage industry players from exporting excessively due to the devaluation of the Indonesian Rupiah against the United States Dollar. The resulting decline in worldwide supply of CPO and CPKO, in which total exports of palm oil and PKO in 1998 fell by 8.5% and 0.6% respectively, led to increases in CPO and CPKO prices. This was further exacerbated by poor weather conditions that year that resulted in decreased output in Malaysia and Indonesia. CPO prices were greatly affected, climbing by

75.1% from an annual average of RM1,358 per MT in 1997 to RM2,377.50 per MT in 1998, while CPKO prices increased by 46.7% from RM1,721 per MT in 1997 to RM2,525.50 per MT in 1998.

Global CPO production expanded by 21.0% to 20.7 million MT in 1999, while world CPKO production increased by 17.2% to 2.6 million MT. In addition, the Government of Indonesia then reduced export taxes on CPO and CPKO in 1999, leading to an increase in the nation's oil palm products in the international market, whereby global exports of palm oil and PKO rose by 24.2% and 23.9% respectively. This increased supply then led to a sharp decline of 39.0% in annual domestic CPO prices, while CPKO prices were relatively more stable, decreasing only by 3.4%.

CPO and CPKO output growth continued in 2000 and 2001, resulting in an excess of supply. In 2000, CPO and CPKO stocks brought forward from the previous year increased by 31.9% and 0.8% respectively, while opening stocks in 2001 for CPO and CPKO increased by 8.3% and 63.5% respectively. This excess in supply of CPO and CPKO, coupled with slower global economic conditions post the September 11 attacks in the United States as well as a surplus of vegetable oils which resulted in a decrease in global prices of substitute vegetable oils, led to further falling prices in 2001. Average CPO and CPKO prices in 2001 were recorded at RM894.50 per MT and RM1,009.50 per MT, the lowest point throughout the 21-year period. This subsequently led to higher consumption growth the following year, which then placed upward pressure on market prices in 2002.

The global oil palm industry continued to expand over the following years, with both supply and consumption of CPO and CPKO registering healthy growth. In addition, CPO began to gain greater demand relative to other edible oils, notably surpassing soybean oil in 2005 to emerge as the highest consumed edible oil in the global market.

Market prices of CPO and CPKO have been seen to be closely tied to the market price of crude oil, due to their use as feedstock in the production of biodiesel and hence, serving as a substitute for crude oil. This has been evident since 2007, whereby market prices of CPO and CPKO have moved in tandem with that of crude oil, in addition to being influenced by supply and demand dynamics of CPO and CPKO, because of its use in biodiesel. In mid-2007, crude oil prices increased sharply from a monthly average of USD70 per barrel in August 2007, breaking the USD100 per barrel mark in late February 2008, and peaking at USD146 per barrel on 3 July 2008 before plummeting throughout the remainder of the year, reaching an average of USD41 per barrel in December 2008. The increase in crude oil prices was brought upon by numerous factors including the political tension between the United States and Iran, falling United States currency, increasing demand from the United States, China and India due to its rising population and economic growth, as well as the increase in demand for crude oil in the European countries for heating purposes as a result of a fear of harsh weather. This led to increases in CPO and CPKO prices that year, along with prices of other edible oils, though it was noted that CPO prices registered lower increases relative to other edible oils. The annual average price of CPO in 2008 was recorded at RM2,777.50 per MT, the highest annual average price in the 2-year period prior to 2011, while prices of CPKO averaged at RM3,437 per MT in the same year.

As palm oil and PKO are utilised in a wide variety of end-user industries geared towards consumer goods, the resulting recession in 2008 and 2009 did not adversely impact supply and consumption of CPO and CPKO, though market prices remained sensitive to external forces. Crude oil prices continued to be volatile in 2009, thereby affecting domestic market prices of CPO, which fell by 19.2% to an average of RM2,244.50 per MT that year, while CPKO declined by 31.9% to reach RM2,341.50 per MT.

However, unfavourable weather patterns in 2009 and 2010 led to a slowdown in production growth for both CPO and CPKO, with CPKO registering negative growth in 2010. The El Nino and La Nina phenomena caused prolonged dry and wet conditions in Indonesia and Malaysia respectively, thereby affecting crop growth and harvesting activities in the two largest producers of oil palm products. Global CPO production registered low growth of 1.2% in 2010, while global CPKO production declined by 0.1%. Opening stocks in 2010 for CPO and CPKO were also low with a decrease of 1.0% and 9.9%, respectively, from the previous year. Domestic market prices consequently increased in 2010, with average CPO and CPKO prices that year increasing by 20.5% and 55.3% respectively.

Due to prolonged adverse weather conditions which lasted till April 2011, global supply of CPO and CPKO was affected in the beginning of the year, and this consequently lead to a further increase in market prices for CPO and CPKO to reach a 21-year high between 1991 and 2011 in February 2011 with RM3,819 per MT and RM6,835 per MT. Global CPO and CPKO production began to recover after April and global production and consumption increased from the previous year by 9.6% and 5.8% to 50.2 million MT and 49.2 million MT, respectively. Despite the increase in production and consumption, CPO and CPKO prices still recorded the highest average annual prices in the past 21 years at RM3,219 per MT and RM4,611 per MT, respectively.

1.12 INDUSTRY OUTLOOK AND PROSPECTS

The supply and demand balance (i.e. stock-to-usage ratio) of palm oil has generally been in tandem with market forces. Historically, production and consumption have been seen to display similar growth patterns, resulting in supply and demand balance of palm oil to tie closely with one another. Market prices have typically been influenced by this supply and demand balance. As such, the future outlook of the oil palm industry in terms of oil palm cultivation and milling can be estimated based on the historical correlation between supply, demand and prices, as well as the impact of future drivers of the industry.

Global supply and demand of palm oil have exhibited a stable upward growth trend, albeit dips in 1998 due to adverse weather conditions which caused disruptions in supply. Frost & Sullivan forecasts the supply of CPO to continue to grow on a stable upward trend from an estimated 62.7 million MT in 2012 to 74.5 million MT in 2015, with a CAGR of 5.9% over the same period. Likewise, demand is also forecast to increase from an estimated 52.7 million MT in 2012 to reach 60.7 million MT in 2015, with a CAGR of 4.8%.

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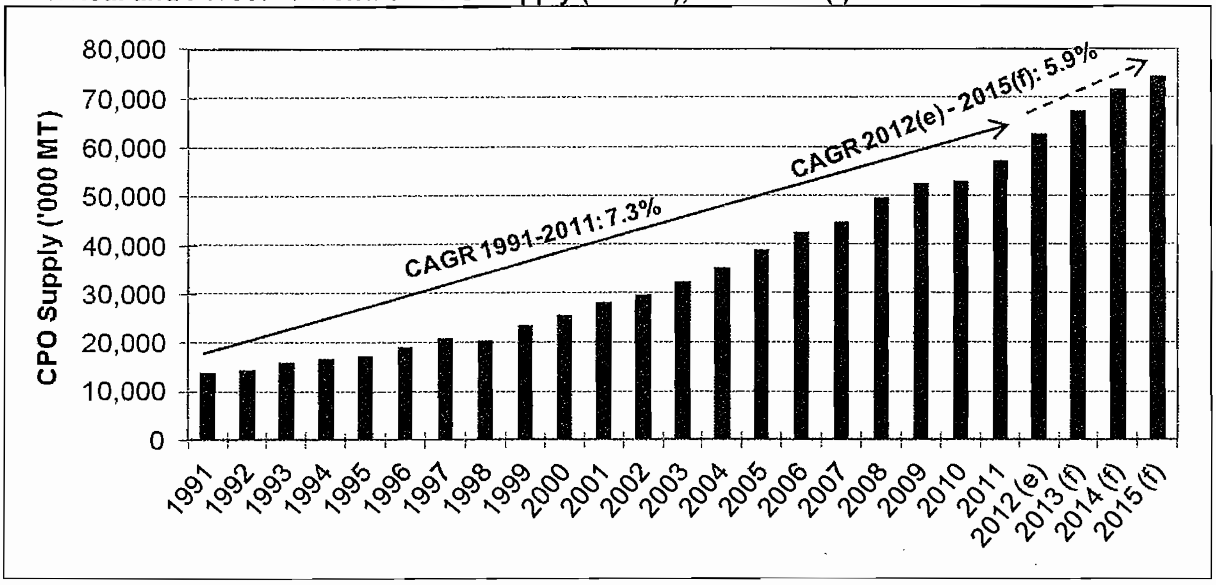
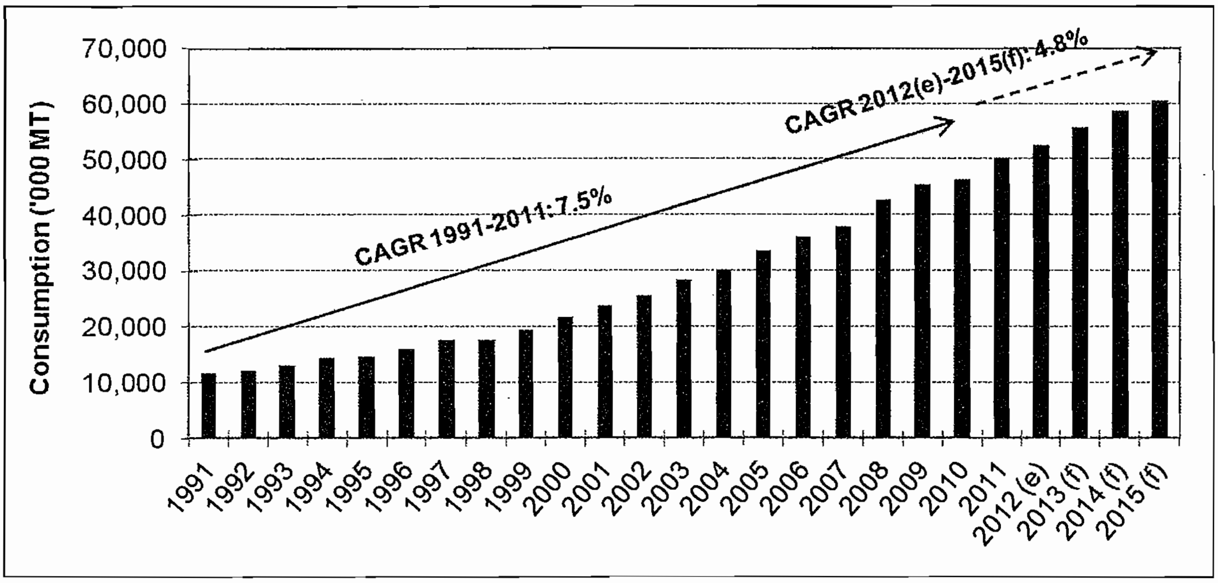
Historical and Forecast Trend of CPO Supply (Global), 1991-2015(f)



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

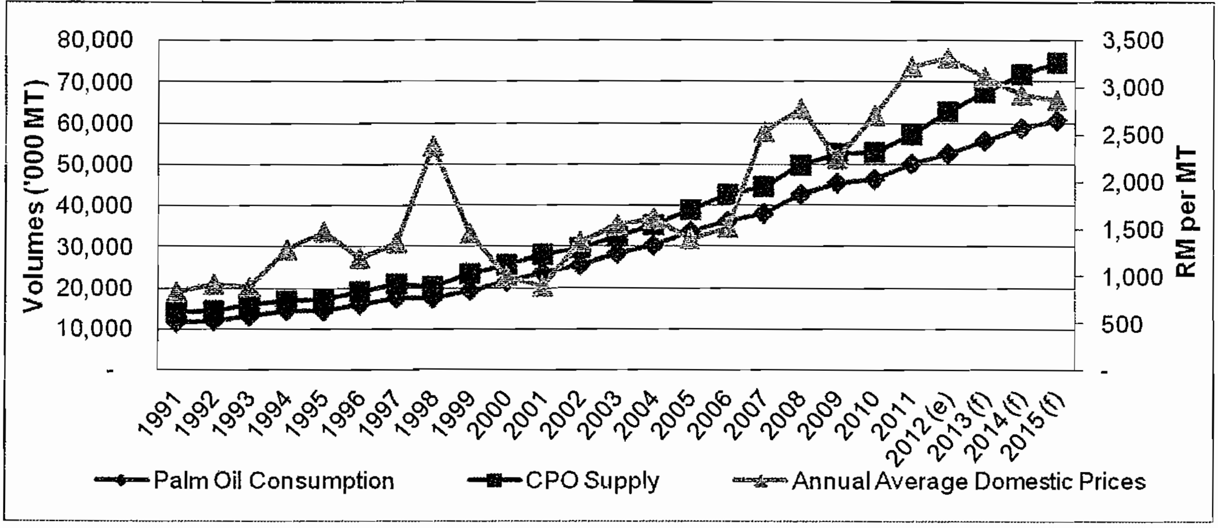
Historical and Forecast Trend of Palm Oil Demand (Global), 1991-2015(f)



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

The annual average local delivered prices for CPO in Malaysia increased from RM836.50 per MT in 1991 to RM3,219 per MT in 2011. To estimate the forecast prices for CPO, Frost & Sullivan has used regression analysis on supply and demand, adjusted relative to prices in 2011. The annual average local delivered prices for CPO in Malaysia is projected to be RM3,323 per MT in 2012, RM3,118 per MT in 2013, RM2,932 per MT in 2014 and RM2,867 per MT in 2015.

Forecast of Supply, Demand and Annual Average Local Delivered Prices for CPO, 2012(e)-2015(f)



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

2 ANALYSIS OF THE GLOBAL EDIBLE OILS AND FATS MARKET

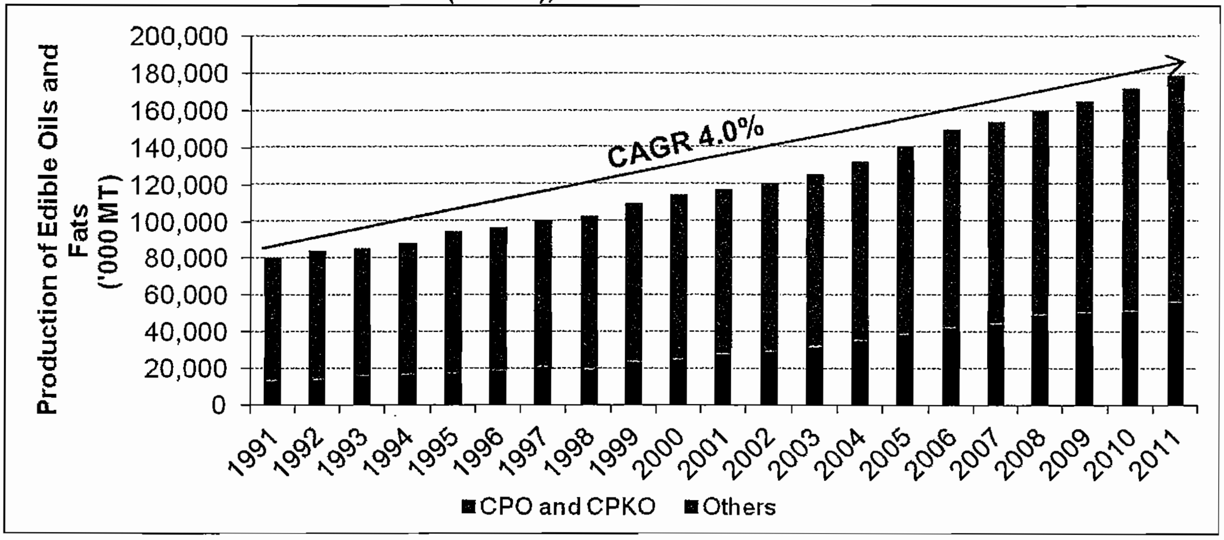
2.1 MARKET SIZE AND GROWTH TRENDS

2.1.1 Supply Analysis

Global production of edible oils and fats displayed steady positive growth over the past 21 years, increasing from 80.1 million MT in 1991 to 179.1 million MT in 2011 and registering a CAGR of 4% over the period. As with CPO and CPKO, global production of oils and fats is subject to various factors such as weather conditions, stock count from previous year(s), fertility of soil, planted area, pest attack and crop diseases and availability of labour, equipment and machinery, in addition to market prices and prevailing global economic conditions.

In terms of production volume, crude soybean oil registered the highest production among the edible oils and fats over the years 1991 to 2002, before being surpassed by CPO and CPKO collectively in 2003. Market share of CPO and CPKO collectively in terms of global production grew strongly over the past 21 years, increasing from 15.9% in 1991 to 31.2% in 2011 at a CAGR of 3.4%. Over recent years, the collective market share of CPO and CPKO increased from 27.8% in 2006, to 28.2% in 2007, to 30.3% in 2008, to 30.6% in 2009, before declining slightly to 29.6% in 2010 as a result of increased production of other edible oils and fats cultivated in the Northern Hemisphere due to favourable weather conditions in that region. Nevertheless, with combined production of 51.1 million MT, CPO and CPKO remained the most produced of the edible oils and fats in 2010, followed by crude soybean oil (accounted for 23.3%), crude rapeseed oil (accounted for 13.8%), crude sunflower oil (accounted for 7.2%) and crude tallow and grease (accounted for 4.8%). In 2011, CPO and CPKO continued to be the most produced edible oils with its contribution of 31.2% to the global edible oils and fats production.

Production of Edible Oils and Fats (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

2.1.2 Demand Analysis

Over the last 21 years, consumption of edible oils and fats worldwide exhibited continuous growth. Global consumption increased from 81.5 million MT in 1991 to 178.5 million MT in 2011, recording a CAGR of 4% over the period. Generally, consumption is affected by market prices, production volume, availability of product substitutes and demand from end-user industries. Edible oils and fats are consumed by four main industries, i.e. food, energy (biofuels), oleochemicals and others such as animal feed.

In 2005, palm oil surpassed soybean oil to become the most consumed oil of the edible oils and fats, and grew strongly since then, 27.5% of total consumption of edible oils and fats in 2011. Collectively, palm oil and PKO's market share by consumption volume generally increased over the 21-year period from 16.1% in 1991 to 30.5% in 2011, albeit with slight declines in 1995, 1998 and 2010 due to slowdowns in production growth and competition from other edible oils and fats. Soybean oil was the next highest of the edible oils and fats consumed in 2011, accounting for 23.5% of total consumption, followed by rapeseed/canola oil (accounted for 13.5%), sunflower oil (accounted for 7.3%) as well as tallow and grease (accounted for 4.8%).

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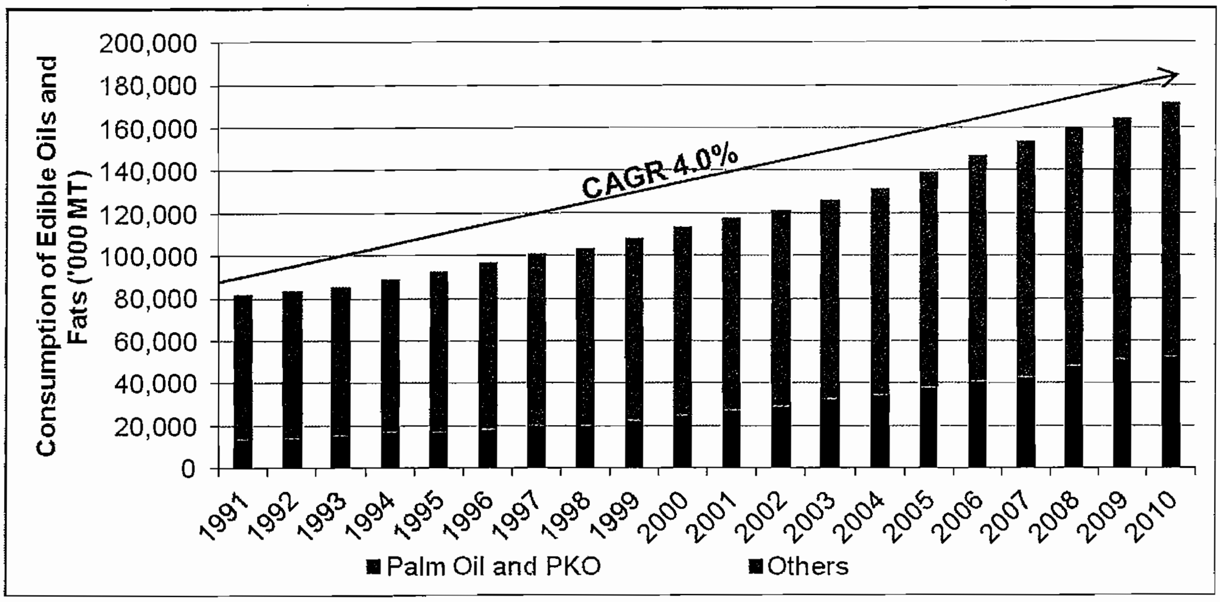
Consumption of Edible Oils and Fats (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

2.2 KEY DEMAND DRIVERS AND CONDITIONS

Growing Demand for Food

The demand for edible oils and fats is directly driven by the growing demand for food as a result of the overall global population and economic growth.

Refer to Section 1.7.1 – Industry Drivers of the Oil Palm Industry for more details.

Wide Range of Applications of Edible Oils and Fats

Edible oils and fats are utilised in a wide range of food and non-food applications. Due to their different chain lengths, various chemical compositions and physical characteristics, edible oils and fats and their derivatives lend their use for various functions and applications. Oils and fats are used as cooking oil, to add flavour and texture to food, as an ingredient in margarines, shortening and spreads, as substitutes for buttermilk and cocoa butter and as a health supplement. In addition, edible oils and fats have found non-food applications in the production of oleochemicals, for use in the manufacturing of various products such as soaps, cosmetics, candles, paints and biodiesel.

Increasing Demand from China and India as the Two Largest Consumer Markets

China and India are the two largest consuming and importing countries of edible oils and fats worldwide. China represents the largest market for edible oils and fats, with consumption increasing from 27.1 million MT in 2006 to 33.1 million MT in 2011 and registering a CAGR of 4.1% over the period. Meanwhile India registered relatively higher consumption growth over the past five years, whereby consumption of edible oils and fats increased from 13.7 million MT in 2006 to 18.2 million MT in 2011 at a CAGR of 5.8%. In 2011, China accounted for 18.6% of global consumption of edible oils and fats, with India ranking as the second largest consumer at 10.2%.

China is also the largest importer of edible oils and fats, which include soybean oil, palm oil and rapeseed oil. China's imports of edible oils and fats have risen from 8.0 million MT in 2006 to 9.2

million MT in 2011, registering a CAGR of 2.7% over the period. India's imports have grown strongly over the past five years, increasing from 5.1 million MT in 2006 to 8.8 million MT in 2011, recording a CAGR of 11.3% over the period. India's jump in imports over recent years can be attributed to rising income levels and various Government schemes that encourage demand, such as the Public Distribution System which provides edible oils, such as imported oils, at a subsidised price. In 2011, China's total imports of edible oils and fats accounted for 13.5% of the global imports, while India's imports were 12.9%.

Increase in Use of Biodiesel

Depleting crude oil reserves have spurred the use of biodiesel as a source of energy in various parts of the world. As biodiesel is derived from edible oils and fats, it possesses several benefits over fossil fuel such that it is renewable, less harmful to the environment and biodegradable. Thus, many Governments have legislated the use of biodiesel in vehicles, usually in a blend with diesel, to reduce dependence on crude oil as well as to reduce carbon emissions. Countries such as the United States, member countries of the European Union, Australia, Brazil, as well as countries in Asia which include Malaysia, Indonesia, Philippines and Thailand have introduced legislations regarding biodiesel. These legislations mandate a minimum percentage of biodiesel to replace diesel or petroleum for use in automobiles.

In Malaysia, the Government implemented a B5 programme, which rolled out the sale of biodiesel in the Central Region in several stages, including Putrajaya (June 2011), Melaka (July 2011), Negeri Sembilan (August 2011), Kuala Lumpur (October 2011) and Selangor (November 2011). With several countries such as Finland, Bulgaria, Poland and Italy increasing national blending quotas in 2011, demand for edible oils and fats for biodiesel production is expected to continue to rise over coming years.

2.3 COMPETITIVE LANDSCAPE IN MALAYSIA

In 2011, there were about 70 industry players in the edible oils and fats industry in Malaysia. Among these players are major refiners of edible oils and fats such as FHB and Felda IFFCO (Felda IFFCO Sdn Bhd) which are an associate company and joint-venture of FGVH respectively (with combined refining capacity of 3.3 million MT per annum in Malaysia), IOI Loders Croklaan Oils Sdn Bhd (with refining capacity in Malaysia of 2.4 million MT per annum), Lam Soon Edible Oils Sdn Bhd, United Plantations Berhad, Mewah International Inc (with refining capacity in Malaysia of 2.8 million MT per annum), Sime Darby Jomalina Sdn Bhd, Sime Darby Kempas Sdn Bhd and Wilmar International Limited (with estimated refining capacity in Malaysia of 4.7 million MT per annum through PGEO Group Sdn Bhd). Most of these are multinational companies with integrated operations within the palm oil industry value chain and have operations and market presence worldwide.

The edible oils and fats market, under the food and health-based downstream segment of palm oil, has been identified by the Government of Malaysia as one of the NKEAs under the oil palm ETP. FHB and Felda IFFCO engage in the refining of edible oils and fats and are significant players in Malaysia based on their combined refinery capacity of 3.3 million MT per annum. As such, FHB and Felda IFFCO are well-positioned to reap the benefits of the growing edible oils and fats industry.

2.4 MARKET OUTLOOK AND PROSPECTS

Frost & Sullivan expects global consumption of edible oils and fats to record healthy growth over the next four years. It is estimated that in 2012, global consumption will increase by 4.2% from 2011 to reach 209.5 million MT, with demand expected to remain concentrated in Asia. In 2011, China remained as the leading consumer of edible oils and fats, accounting for 18.6% of global consumption in 2011, slightly below its 2010 market share of 18.9%. India (10.2% of global consumption), the United States (9.6% of global consumption), Brazil (4.5% of global consumption) and Indonesia (4.1% of global consumption) also remained as top consumers in 2011. Other expected notable consumers include Germany (3.5%), Russia (2.3%) and France (2.3%).

The strong demand is expected to be driven by the wide range of applications of edible oils and fats, continued increasing demand from China and India, global population growth and increase in the global use of biodiesel over the coming years. Frost & Sullivan also expects palm oil to continue to play its vital role as the most consumed edible oil and fat globally on the back of its lower pricing and higher versatility relative to other edible oils and fats. This is expected to be supported by increasing planted area, strong Government backing in Malaysia and Indonesia as well as continuous research and development on genetics and new applications.

This strong consumption growth is projected to be supported by strong production growth, particularly for palm oil, which is the most produced and consumed of the edible oils and fats. Changes in export taxes of key producing countries, specifically Indonesia and Malaysia, have an impact on global supply. In late 2011, Indonesia made a move to increase its export tax on CPO to 7.5% from 1.5%, while the export tax on refined palm oil products was decreased to 13.0% from 25.0%, to boost the local downstream industry. As a result, Indonesia's production of refined palm oil products is expected to record high growth over coming years. Meanwhile, Malaysia announced a 3.6 million MT duty free export quota for CPO for 2012, and anticipates an increase in exports. In response to Indonesia's export tax reduction on refined palm oil products, the Government of Malaysia is looking into providing incentives for its local downstream industry by establishing a fund to assist stakeholders in the downstream segment to ensure Malaysia's downstream product exports remain competitive. Malaysia maintains a zero export duty policy for refined palm oil products.

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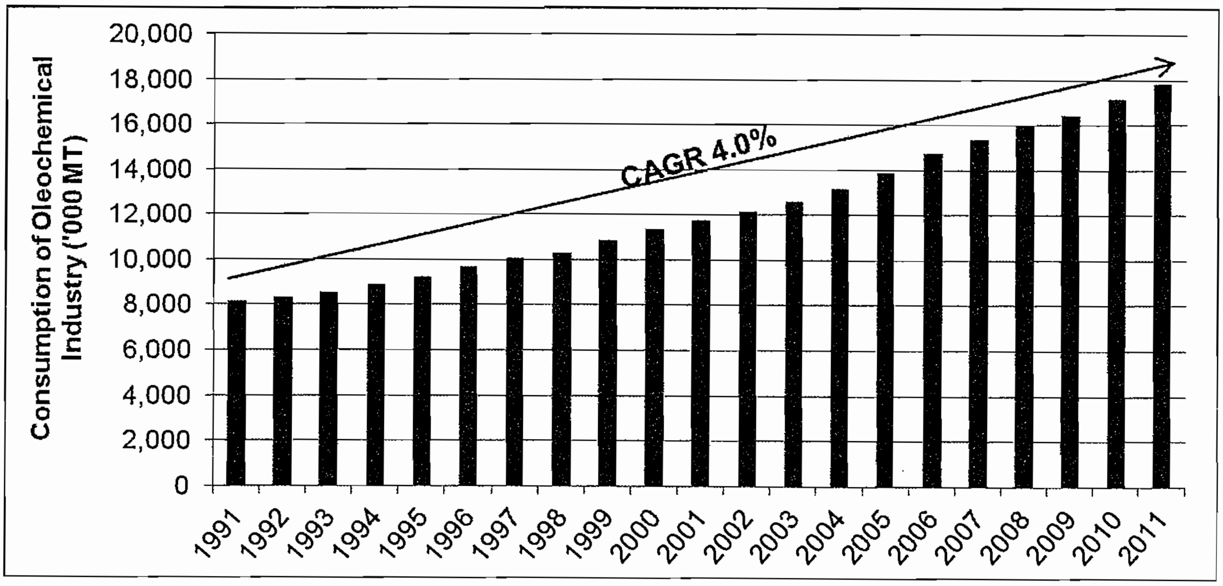
3 ANALYSIS OF THE GLOBAL OLEOCHEMICAL MARKET

3.1 MARKET SIZE AND GROWTH TRENDS

The global oleochemical industry consumes edible oils and fats as raw materials. In this context, global consumption is described as the amount of edible oils and fats that is consumed by the global oleochemical industry, which is to be processed into oleochemicals such as fatty acids, fatty acid methyl esters, fatty alcohols, glycerine and their derivatives for use in household products, personal care products and other industrial and consumer goods.

Global consumption of edible oils and fats by the oleochemical industry displayed steady growth over the past 21 years, increasing from 8.2 million MT in 1991 to 17.8 million MT in 2011, registering a CAGR of 4% over the period. Consumption is strongly driven by the wide range of applications for oleochemicals and increasing demand from emerging markets.

Consumption of the Oleochemical Industry (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

The oleochemical industry is largely concentrated in countries that are key producers of edible oils and fats, which include Malaysia, China, the United States, Indonesia and member countries of the European Union, along with Japan. Production and consumption were previously driven by Western markets, but as the availability of palm oil and PKO began to increase at a quicker pace when compared to other edible oils and fats, the bulk of production and consumption of oleochemicals began to shift to Asia.

3.2 KEY DEMAND DRIVERS AND CONDITIONS

Wide Range of Applications of Oleochemicals

As basic oleochemicals undergo chemical processes to produce derivatives and specialties with numerous types of properties and functions, they are subsequently applied as building blocks in a wide variety of end-user industries ranging from consumer goods, industrial goods, food and biodiesel. Oleochemicals such as fatty acids, fatty alcohols, glycerine and their derivatives are utilised, among others, as surfactants, emulsifiers, thickeners, lubricants and plasticisers, mainly in non-food applications. These olechemicals are then used as primary input in the manufacturing of household products, personal care products, pharmaceuticals, and other industrial applications. Furthermore, fatty acid methyl esters are used as biodiesel to power vehicles and industrial machinery. The range of functions and applications of oleochemicals, especially as a core ingredient in the manufacturing of a wide range of consumer goods, emphasises its importance in the global market and drives the growth of the industry.

Increasing Demand from Emerging Markets

Consumption of oleochemicals is growing in emerging markets such as China, India, South East Asia and Central and South America, in line with economic development in these markets. Rising demand for consumer goods such as soaps, detergents, personal care and cosmetics is supported by a growing population and strong economic growth. Emerging markets such as the East Asia and Pacific region, Europe and Central Asian region, Latin America and Caribbean region and South Asian region have registered healthy population increases, along with growth in GDP over the years 2006 to 2010, albeit with dips in 2008 and 2009 as a result of the global economic recession. The growing population and flourishing economies of these emerging markets is expected to spur the growth in demand for consumer goods that contain oleochemicals and their derivatives, thereby driving the consumption of oleochemicals worldwide.

3.3 COMPETITIVE LANDSCAPE IN MALAYSIA

In 2011, the cumulative oleochemical manufacturing capacity of the 18 industry players in Malaysia was estimated at 2.6 million MT per annum. These oleochemical manufacturing entities mainly utilise palm oil and PKO as feedstock. Many industry players have integrated operations within the palm oil value chain, which include plantation and processing as well as supporting services such as bulking facilities and logistics.

Malaysia is one of the major producers of palm oil in the world. In 2011, Malaysia produced approximately 18.9 million MT of CPO, equivalent to 37.7% of the world's production. By establishing manufacturing facilities in Malaysia, these industry players have direct and abundant access to palm oil feedstock that is used to produce oleochemicals for the manufacturing of pharmaceuticals, and household and personal care products such as beauty products, soap, shampoo, toothpaste and detergents, as well as industrial product additives for the manufacturing of paints, plastics and chemical coatings, among others.

FPG Oleochemicals Sdn Bhd, a joint-venture company of FHB, is a significant player in Malaysia based on its production capacity of 280,000 MT of methyl ester, 80,000 MT of fatty alcohol, 35,000 MT of glycerine and 60,000 MT of detergent in 2011. Its affiliation with Procter & Gamble, one of the largest consumer goods company in the world serves as an added advantage, enabling FPG Oleochemicals Sdn Bhd direct market access to the end consumer market.

Malaysia produced approximately 15% of the global oleochemicals production volume, signifying the nation's position as a major producer worldwide. The oleochemical industry in Malaysia mainly feeds to the higher value industries for the production of pharmaceuticals, consumer household and personal care products and biofuels. Malaysia is also home to many consumer goods manufacturers that supply consumer goods to domestic markets and across the Asian region. Demand for these products is expected to be driven by the high population and key emerging economies such as China and India as well as the developing countries in South East Asia.

3.4 MARKET OUTLOOK AND PROSPECTS

Frost & Sullivan projects the consumption of the oleochemical industry to witness strong growth over the next four years, increasing from an estimated 18.5 million MT in 2012 to 21.0 million MT in 2015 at a CAGR of 4.3% over the four-year period, in line with expected increasing global demand for oleochemicals. The global market for oleochemicals is expected to be strongly driven by the wide range of applications of oleochemicals along with increasing demand from emerging markets. This strong demand is expected to be supported by increasing capacity in Asia as well as research and development activities for the development of new derivatives and the discovery of new applications.

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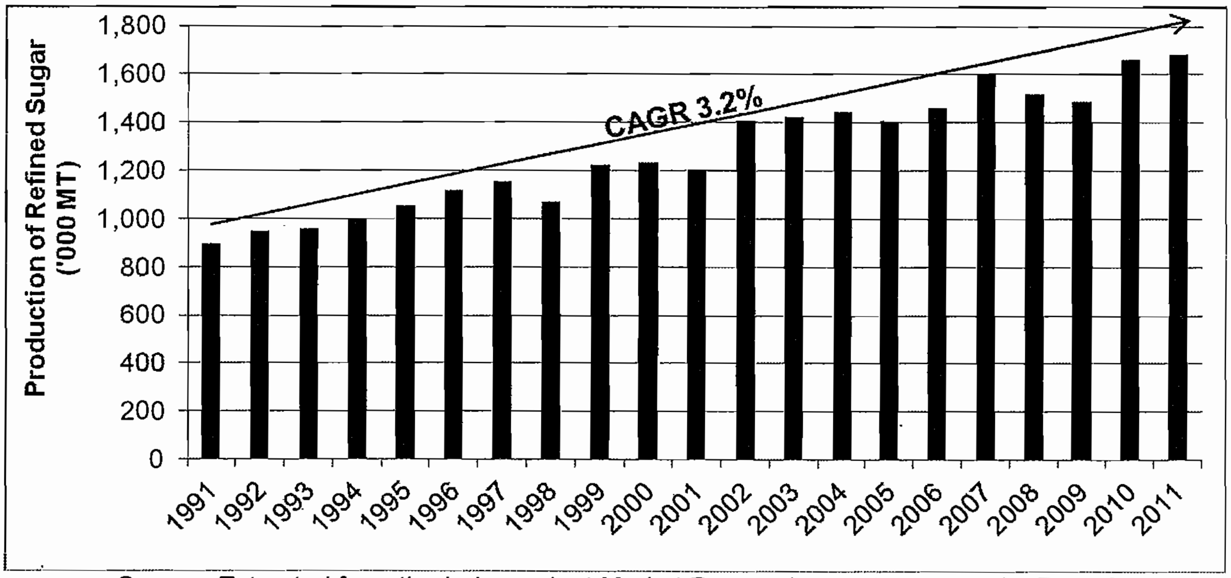
4 ANALYSIS OF THE SUGAR REFINING INDUSTRY

4.1 INDUSTRY SIZE AND GROWTH TRENDS

The sugar refining industry in Malaysia witnessed steady growth over the past 21 years, with production volume of refined sugar registering a CAGR of 3.2% over the years 1991 to 2011. In 1991, the annual production volume of refined sugar stood at 895,366 MT, and grew by 85.6% to 1.7 million MT in 2011. The growth trend of local production of refined sugar is highly influenced by several factors, including current world and domestic economic conditions, population growth, availability and global prices of raw sugar, crude oil prices, and weather conditions.

Production Volume of Refined Sugar (Malaysia), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

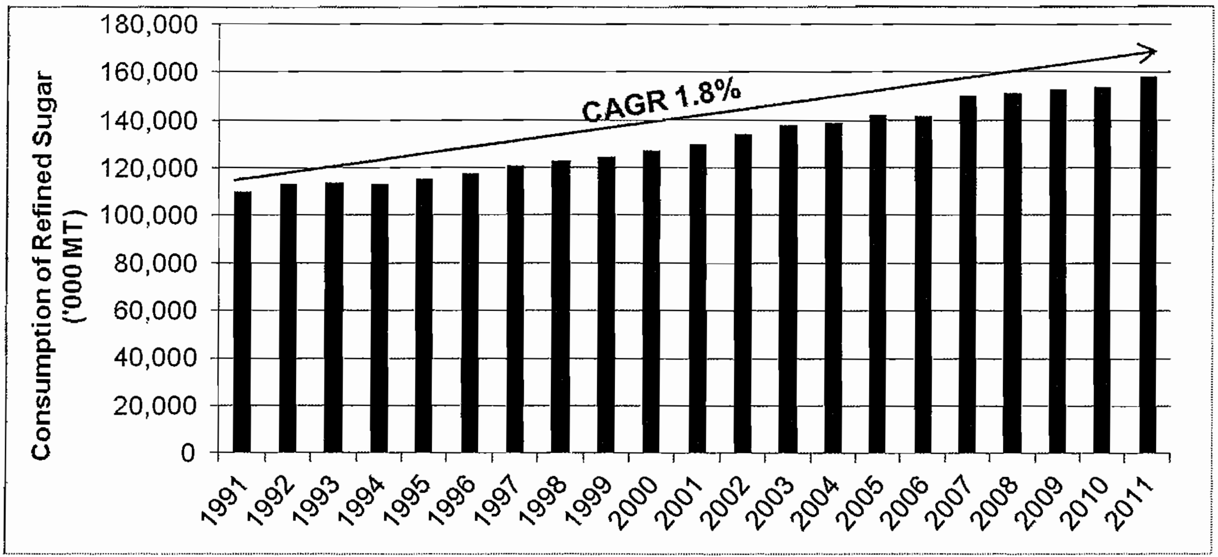
4.2 SUGAR CONSUMPTION AND GROWTH TRENDS

Global consumption of refined sugar exhibited steady growth over the years 1991 to 2011, registering a CAGR of 1.8% over the 21-year period. In 1991 global consumption was recorded at 109.9 million MT, and since then grew by 43.9% to 158.2 million MT in 2011.

Consumption is driven mainly by countries in Central and South America, Africa, the Middle East and Asia, with growth trends influenced by several factors such as increased consumer income, population growth, and rising demand for processed foods and drinks containing sugar. As sugar is largely regarded as a staple food item, consumption has not been seen to be adversely impacted during periods of economic crisis. Consumption figures have continued to grow during the Asian financial crisis in 1998, along with the global financial crisis in 2008/2009.

Global consumption grew at a CAGR of 1.6% over the years 1991 to 2000, and increased to 1.9% over the years 2001 to 2010. The increased growth rate in the latter decade can be attributed to increased consumer income in developing countries, which constitute the largest consumers of sugar. Global consumption grew at the highest rate in 2007 by 6.0% from 141.8 million MT in 2006 to 150.4 million MT, attributed to a decline in the market price of raw sugar brought about by a surplus in global production.

Consumption of Refined Sugar (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

In 2011, the top five sugar consuming countries by volume were India (23 million MT), China (14 million MT), Brazil (12 million MT) the United States (10.3 million MT) and Russia (5.9 million MT). These countries consumed the highest volumes of sugar by virtue of having a large population. Of the top five countries, all have shown a positive trend over the years 1991 to 2011 with the exception of Russia, whose sugar consumption declined at a CAGR of 0.6% over the period. India and China both exhibited high growth in sugar consumption, with CAGRs recorded at 3.5% and 3.6% respectively over the same two decades. High growth in these two countries was due to increasing population as well as growth in the food and beverages processing industry. Brazil and United States also showed steady growth, though at a more relatively moderate pace, with CAGRs recorded at 2.7% and 1% respectively.

In Malaysia, the consumption of refined sugar displayed an uptrend over the years 1991 to 2010, growing at a CAGR of 4.1% over the period. Domestic consumption grew by 113.9% from 663,000 MT in 1990 to 1.4 million MT in 2010. The increase in sugar consumption is attributed to rising GDP, along with growth in the food and beverages manufacturing and processing industries. Domestic consumption is closely tied to the domestic production levels of refined sugar, as the Government of Malaysia restricts the importation of refined sugar.

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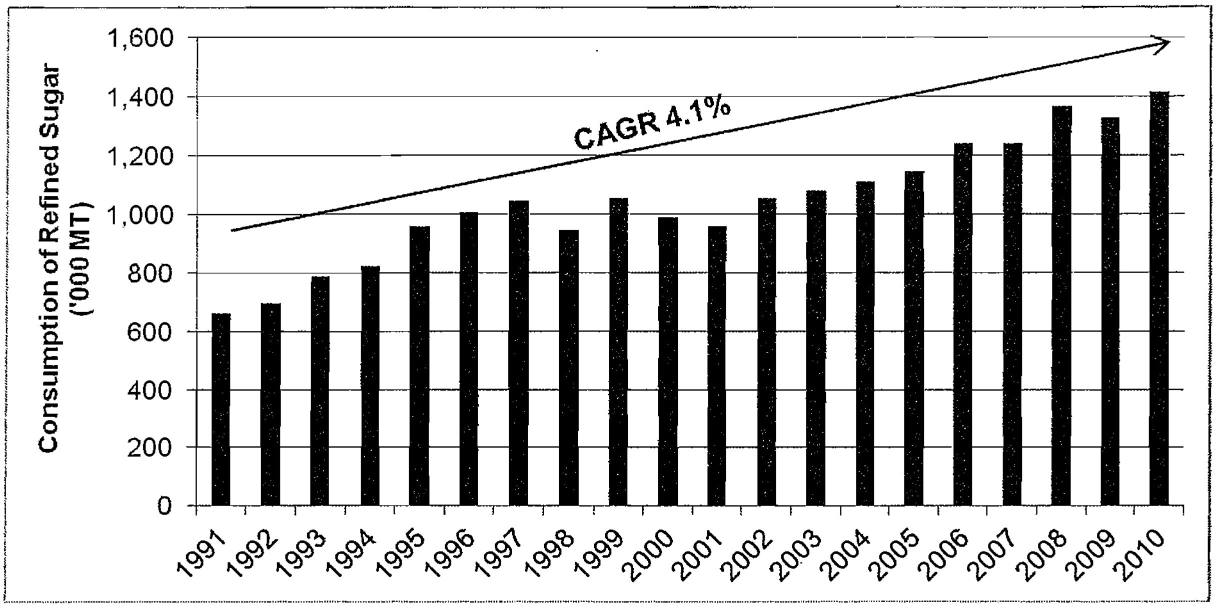
Consumption of Refined Sugar (Malaysia), 1991-2010



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

4.3 KEY DEMAND DRIVERS AND CONDITIONS

Growth of Food and Beverage Manufacturing Industry

Sugar is a versatile food ingredient, and has a wide array of uses in food and drinks. Sugar is mainly used as a sweetener to increase palatability, but is also used as a bulking agent and as a preservative in food. As such, sugar is used as an ingredient in the manufacturing and processing of a variety of food and drinks, driving the sugar refining industry forward.

The sales values of various food manufacturing industries exhibited high growth from 2007 to 2011. The total sales value of the manufacturing of soft drinks in Malaysia grew from RM855.5 million in 2007 to RM1.6 billion in 2011, registering a strong 83.3% increase over a span of five years. Over the same period, the manufacturing of biscuits and cookies grew by 26.1%, the manufacturing of bread and other bakery products grew by 79.8% and the manufacturing of chocolate products and sugar confectionery grew by 27.5%. Total sales value of the manufacturing of animal feed, which utilises molasses, grew by 33.4% from 2007 to 2011. The sales value of the manufacturing of sugar grew by 67.7% over the same period, from RM2.2 billion in 2007 to RM3.7 billion in 2011.

The production volume of carbonated and non-carbonated sweet beverages also grew strongly over the years 2007 to 2011. Total production volume of non-carbonated sweet beverages grew from 1.8 billion litres in 2007 to 2.9 billion litres in 2011, registering growth of 65.5%. The production of carbonated sweet beverages grew by 16% from 366.4 million litres in 2007 to 424.8 million litres in 2011. The production of sweetened condensed milk also exhibited strong growth, with production volume recording 19.5% growth from 170,136 MT in 2007 to 203,346 MT in 2011.

Limited Product Substitution

Sugar is a staple food item and is considered a necessity in Malaysia, both in the food and beverages industry as well as for household consumption. Sugar is a natural source of energy for our body and possesses many qualities that are not easily found in other food products. Sugar substitutes generally only mimic the sweet taste of sugar.

Sugar substitutes have been available in the domestic market for many years. Aspartame, an artificial sweetener and stevia, a natural sweetener are examples of sugar substitutes used by households in Malaysia, while high fructose corn syrup is used for industrial consumption. However these sugar substitutes are not as widely available as sugar itself, and their prices are not controlled by the Government. Hence, the limited options of product substitutes available in Malaysia serves as a driver for the industry.

Population Growth

Malaysia's population grew from 18.5 million in 1991 to 28.3 million in 2010 at a CAGR of 2.2% over the 20-year period. Their growth in population supports the demand for sugar in Malaysia, which is consumed by all age groups. In addition, the population growth in Asia Pacific registered a CAGR of 1.1% from 3.0 billion in 1991 to 3.7 billion in 2010, serving as a driver for sugar consumption in this region

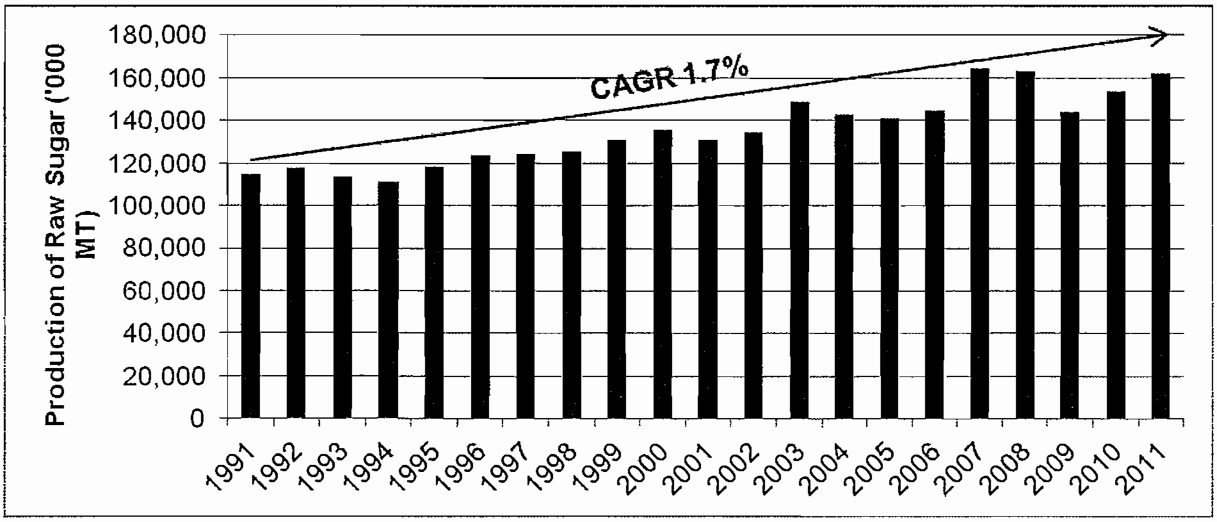
4.4 KEY SUPPLY CONDITIONS AND DEPENDENCIES

4.4.1 Production of Raw Sugar and Growth Trends

Global production of raw sugar proved to be volatile over the past two decades, but nevertheless growing at a CAGR of 1.7% over the years 1991 to 2011. Global production of raw sugar from both sugar cane and sugar beet was recorded at 114.4 million MT in 1991, and grew by 41.1% to 161.4 million MT in 2011.

Global production of raw sugar is strongly driven by Brazil, India, China, the United States and Thailand, along with the members of the European Union. In 2011, these sugar producing nations collectively accounted for 61% of total production of raw sugar worldwide. Brazil, India and Thailand produce cane sugar, while China, the United States and the European Union produce both beet and cane sugar. This is because cane sugar only grows in tropical climate, while conversely beet sugar thrives in temperate climate. Tropical sugar beet has yet to be grown on a wide commercial scale.

Production of Raw Sugar (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

In Malaysia, raw sugar is solely produced on a commercial scale in Kilang Gula Felda Perlis Sdn Bhd's plantation in Chuping, Perlis, whereby all of the raw sugar milled will be used as input in its sugar refinery. Locally produced raw sugar accounts for 1% of the total amount of raw sugar used as input in sugar refineries in Malaysia. Domestic production of raw sugar witnessed a decline over the years 1991 to 2011, falling at a CAGR of 7.2%. In 1991, Malaysia produced 50,678 MT of raw sugar, and this has since declined to 11,470 MT in 2011.

The decreasing production level of domestic raw sugar is also attributed to decreasing acreage of land used for sugar cane cultivation. According to the Department of Statistics (DOS) and MSM, the sugar cane plantation area in Malaysia shrunk at a CAGR of 7.5%, decreasing from 22,500 hectares in 1991 to 4,700 hectares in 2011. The sugar cane plantation area remained relatively unchanged from 1991 to 2001, but began decreasing rapidly from 2002 onwards. Sugar cane plantation area has been decreasing since 1991 as a result of a shift to higher value crops, namely oil palm and rubber.

4.5 COMPETITIVE LANDSCAPE AND MARKET SHARE

The players in the sugar refining industry in Malaysia are:

- MSM Malaysia Holdings Berhad
  - Kilang Gula Felda Perlis Sdn Bhd (KGFP)
  - Malayan Sugar Manufacturing Company Berhad (MSM)
- Tradewinds (M) Berhad
  - Central Sugars Refinery Sdn Bhd
  - Gula Padang Terap Sdn Bhd

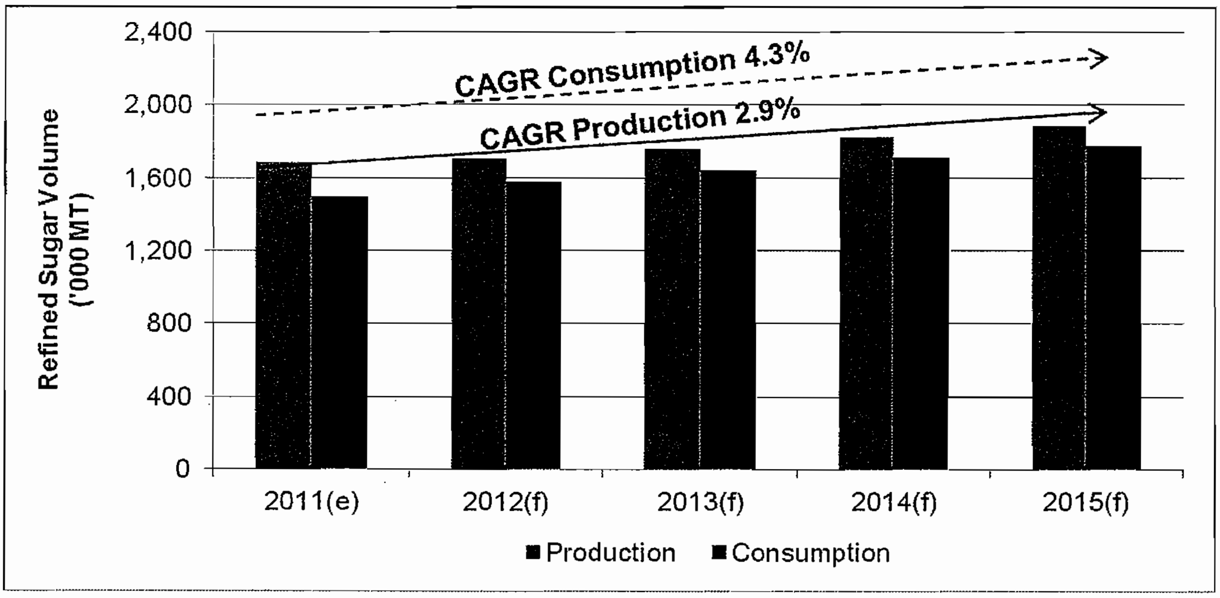
The production of refined sugar in Malaysia is closely monitored by DOS. Market share is calculated based upon total production volume of refined sugar released by DOS. In 2011, the total production of refined sugar in Malaysia was recorded at 1.7 million MT. In 2011, MSM Malaysia Holdings Berhad (MSM Holdings), which is subsidiary of FGVH, produced 958,377 MT of refined sugar, of which MSM produced 822,384 MT and KGFP produced 135,993 MT of refined sugar. Hence based on these figures, MSM and KGFP collectively held a market share of 56.9% of the total production volume of refined sugar in Malaysia in 2011, making them the industry leader in 2011.

In addition to MSM Holdings, FGVH also holds a 20% stake in Tradewinds. Based on total production volume in Malaysia of 1.7 million MT and MSM's production volume of 958,377 MT in 2011, Tradewinds' market share, in terms of production volume, was 43.1% in 2011 as MSM and Tradewinds are the only two sugar refiners in the country.

4.6 INDUSTRY OUTLOOK AND PROSPECTS

Refined sugar production in Malaysia is forecast to increase at a steady pace from an estimated 1.7 million MT in 2011 to 1.9 million MT in 2015, at a CAGR of 2.9% over the period. Growth in domestic production of refined sugar is supported by increasing levels of domestic sugar consumption, which is a key driver for the sugar refining industry. Frost & Sullivan estimates that consumption of refined sugar in Malaysia will grow at a healthy pace from 1.5 million MT in 2011 to 1.8 million MT in 2015, registering a CAGR of 4.3%. Domestic sugar consumption is expected to exhibit positive growth as a result of increased demand from both industrial as well as household consumers. Growth in the food and beverages manufacturing and processing industries, population growth and limited product substitution are expected to drive sugar consumption, and consequently the sugar refining industry forward.

Projected Refined Sugar Production and Consumption (Malaysia), 2011(e)-2015(f)



Note: Production volume for refined sugar in 2011 is actual production volume for the year.

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

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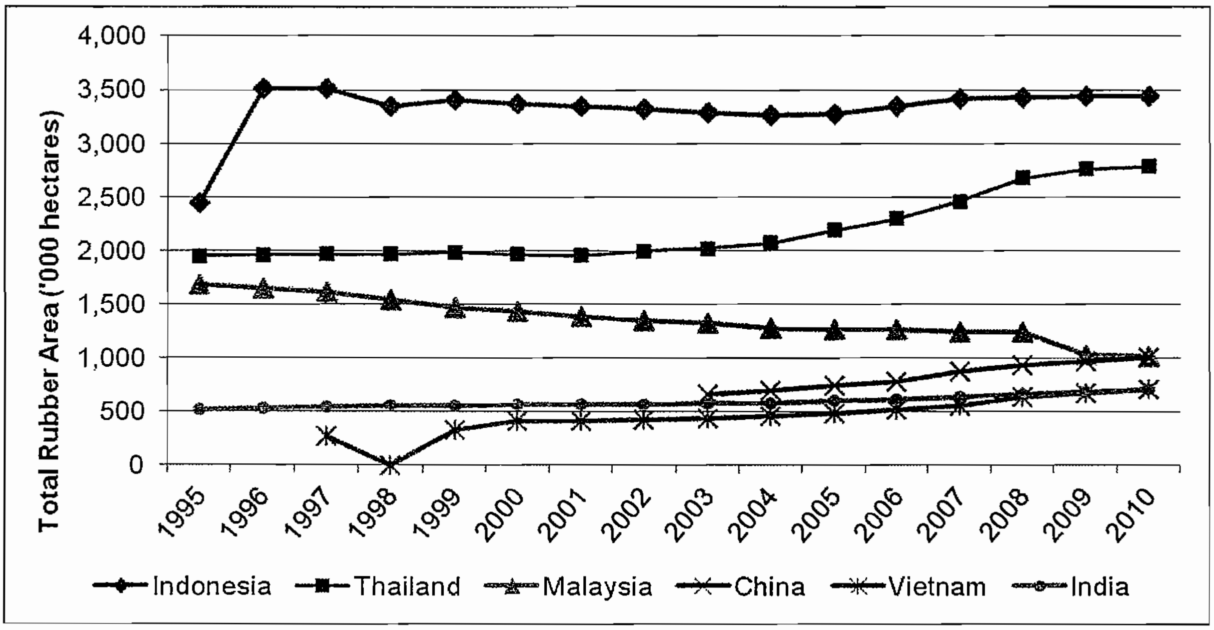
5 ANALYSIS OF THE RUBBER INDUSTRY

5.1 PLANTED AREA AND GROWTH TRENDS

Over the years 1995 to 2010, Indonesia emerged as the country with the largest total rubber area globally, recording total rubber planted area of 2.4 million hectares in 1995, then increasing to 3.4 million hectares in 2010 at a CAGR of 2.3%. Meanwhile, total rubber area in Thailand grew from 2.0 million hectares in 1995 to 2.8 million hectares in 2010, registering a CAGR of 2.4% over the period. Malaysia remained as a key plantation nation despite recording a smaller total rubber area of 1.0 million hectares in 2010 as compared to 1.7 million hectares in 1995, registering a declining CAGR of 3.3%. This was followed by China, which recorded a total rubber area of 1.0 million hectares in 2010, whereas Vietnam and India, each recorded total rubber areas of 715,000 hectares and 712,000 hectares in 2010.

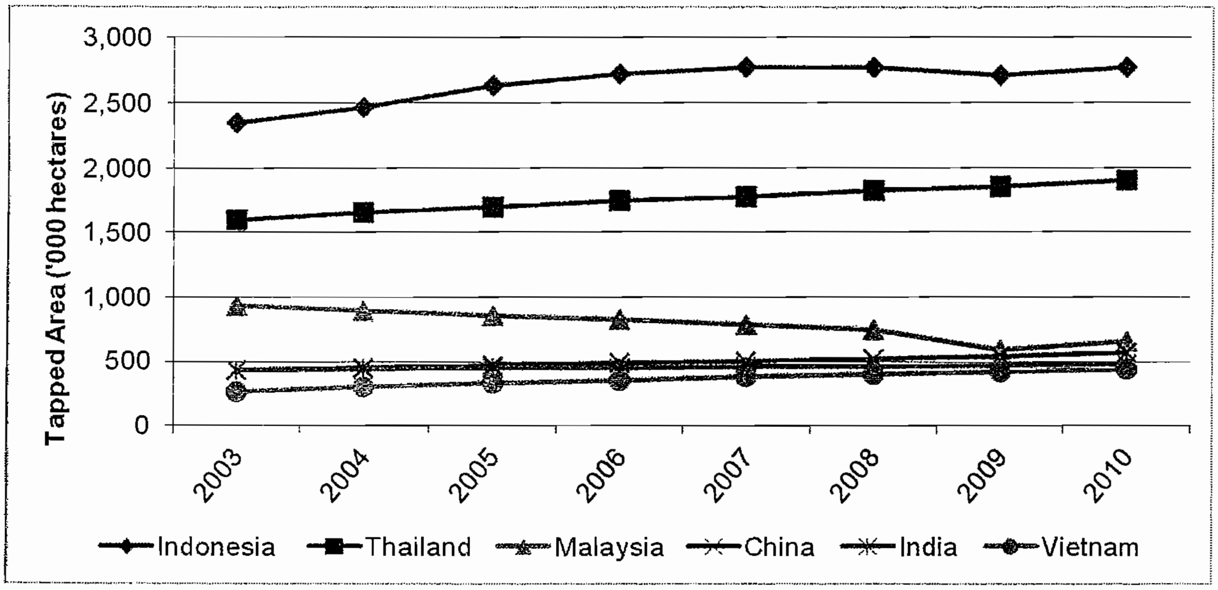
Total Rubber Area of Selected Key Countries (Global), 1995-2010



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Indonesia consistently emerged as the country with the largest tapped rubber area between 2003 and 2010 owing to its large availability of land for plantation purposes and encouraging Government policies. Tapped rubber area in Indonesia increased from 2.3 million hectares in 2003 to 2.8 million hectares in 2010 at a CAGR of 2.4%. Thailand is also a key rubber plantation country with 1.9 million hectares of tapped rubber area in 2010. Vietnam's tapped area increased from 267,000 hectares in 2003 to 445,000 hectares in 2010, at a CAGR of 7.6% during this period. While Malaysia remains a key plantation nation, its tapped rubber area contracted at a CAGR of 4.9%, from 932,000 hectares in 2003 to 655,000 hectares in 2010, as a result of crop switching to oil palm. During this same period of 2003 and 2010, oil palm planted area increased from 3.3 million hectares to 4.2 million hectares at a CAGR of 3.5%.

Tapped Area of Selected Key Countries (Global), 2003-2010



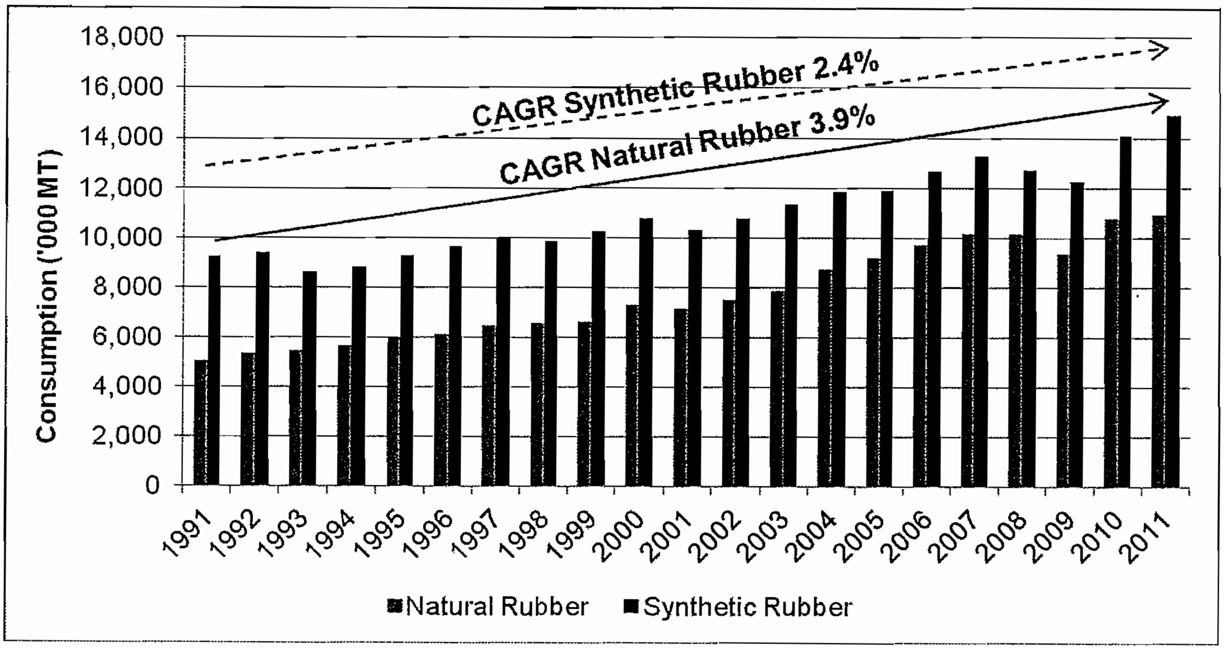
Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

5.2 RUBBER CONSUMPTION AND GROWTH TRENDS

Global consumption of natural rubber exhibited a positive trend over the past 21 years, growing from 5.1 million MT in 1991 to 10.9 million MT in 2011 at a CAGR of 3.9% over the period. Global consumption of natural rubber is driven by demand from end-user industries, especially the vehicle tyre and rubber glove manufacturing industries, along with population growth, and is affected by market prices of both natural and synthetic rubber and prevailing economic conditions. Consumption experienced a slight dip in 2009 as demand for end-user rubber-based products experienced a decline due to the 2008/2009 global financial crisis. In 2011, approximately 51.2% of the global demand for natural rubber came from China, India and the United States.

Similar to production trends, global consumption of synthetic rubber recorded positive growth over the same period, albeit at a lower rate relative to natural rubber. Global consumption of synthetic rubber increased from 9.2 million MT in 1991 to 14.9 million MT in 2011, registering a CAGR of 2.4% over the 21-year period. The percentage share of synthetic rubber over total global consumption of rubber experienced a slight decline over the past two decades, whereby synthetic rubber accounted for 64.6% of total rubber consumption in 1991, and this fell to 57.7% in 2011. Synthetic rubber is widely consumed in countries that are not producers of natural rubber, such as the United States and countries in Europe. Overall global consumption of both natural and synthetic rubber grew at a steady pace from 14.3 million MT in 1991 to 25.9 million MT in 2011, at a CAGR of 3% over the period.

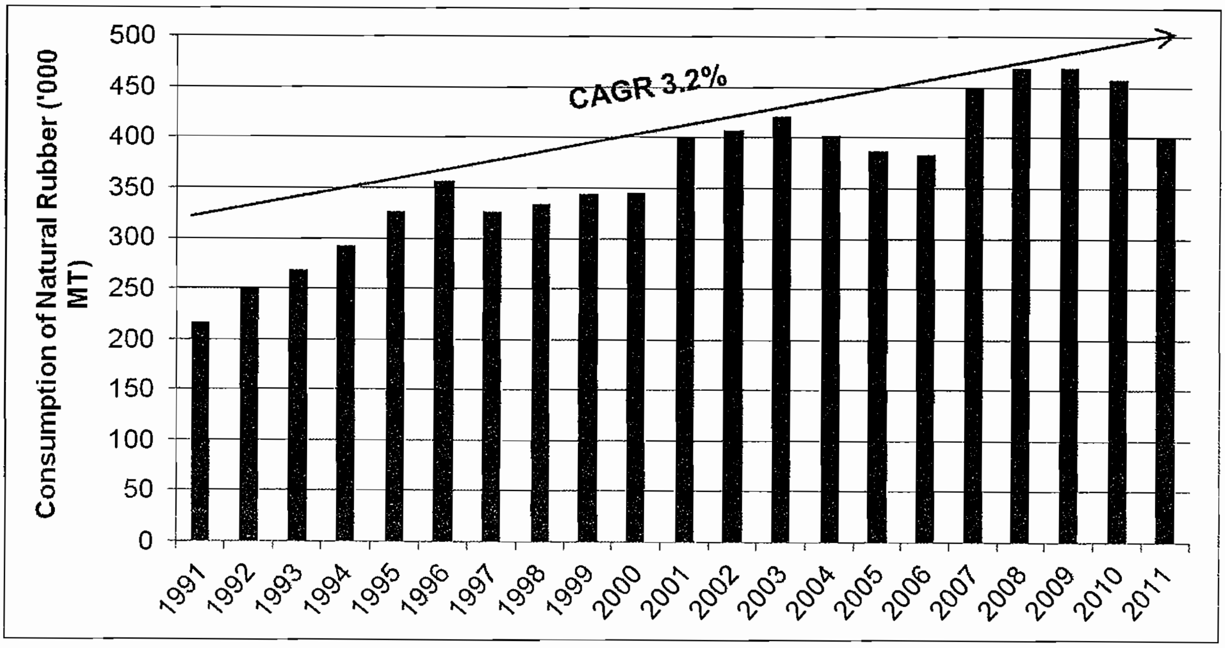
Consumption of Natural Rubber (Global), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Natural rubber consumption levels in Malaysia increased from 216,000 MT in 1991 to 401,920 MT in 2011, registering a CAGR of 3.2% over the period. Unlike domestic production trends which were largely fluctuating and cyclical, domestic consumption of natural rubber exhibited a steadier and positive growth pattern over the last two decades, albeit with episodes of declines during periods of low demand.

Consumption of Natural Rubber (Malaysia), 1991-2011



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

Natural rubber produced in Malaysia is consumed by a wide range of industries to be manufactured into rubber products. Malaysia's consumption of natural rubber can be segmented into five main consuming industries: latex products, tyres and tubes, manufacturing of footwear, manufacturing of other rubber products and for use in other manufacturing industries.

Natural rubber is mainly consumed by manufacturers of latex products in Malaysia, whereby the industry's consumption of natural rubber increased from 149,016 MT in 1991 to 404,612 MT in 2010 at a CAGR of 5.4%. In 2010, the manufacturing of latex products accounted for approximately 88.2% of domestic rubber demand, which includes the manufacturing of rubber gloves, rubber threads, catheters and other latex products. The tyre and tube industry consumed 8.1% of domestic demand, while manufacturing of other rubber products, other manufacturing industries and manufacturing of footwear constituted 2.1%, 1.5% and 0.2% of local consumption of natural rubber in 2010.

5.3 KEY DEMAND DRIVERS AND CONDITIONS

Demand from Vehicle Sector

Processed natural rubber is manufactured into various end-products such as tyres, gloves, industrial products, and footwear. However, the tyre manufacturing industry is the largest end-user of natural rubber, accounting for approximately 40% of global natural rubber produced. Tyre companies have a large presence in Asia, especially in China, and this explains the large consumption in this region. China is becoming an important market for tyre producers with its rapidly growing automotive industry.

Tyres have an average life span of two years or approximately 30,000 kilometres. Therefore, there is a significantly large tyre aftermarket, as every vehicle purchased would require, on average, four new tyres every two years. Furthermore, commercial vehicles such as lorries and trucks would typically require more replacement tyres, as they endure heavier usage over rougher terrain, amounting to greater wear and tear.

Revenue for the global vehicle tyre market grew from RM274.6 billion in 2001 to an estimated RM460.8 billion in 2011, recording a CAGR of 5.3% for that period. With the exception of a contraction of 12.6% in 2009 due to the global economic crisis, the global tyre market registered positive growth rates from 2001 to 2011 as a result of stable demand from the global automotive industry. In line with higher demand for vehicles, the demand for tyres is rising globally especially in Asia where vehicle sales are driven by higher disposable incomes and easier vehicle financing options. The global vehicle tyre market is expected to grow further from RM479 billion in 2012 to RM576.1 billion in 2015 at a CAGR of 6.3%.

Demand from Rubber Glove Manufacturers

Rubber gloves are classified into latex and nitrile gloves. Latex gloves are made from natural rubber and are categorised into both powder and powder-free gloves. Nitrile gloves on the other hand are produced from synthetic rubber, which is an alternative to natural rubber gloves, and suitable for users with protein allergies. Both latex and nitrile gloves are used in the healthcare industry and industrial sectors which include food and beverages, retail and automotive.

The global production of rubber gloves grew from 17.1 billion pairs in 2001 to 36.8 billion pairs in 2010, recording a CAGR of 8.5% for that period. Growth in this industry was on an upward trend for the past ten years with peaks in 2003, 2004, 2006 and 2010 as a result of disease outbreaks such as the Severe Acute Respiratory Syndrome (SARS) in 2003, the Bird Flu (H5N1) epidemic from 2004 to 2007 and the Swine Flu (H1N1) pandemic outbreak in late 2009, resulting in larger than usual demand for rubber gloves in the healthcare sector.

Going forward, the industry is expected to grow at a CAGR of 7% to reach 50.4 billion pairs in 2015 from 41.1 billion pairs in 2012 due to the fact that rubber gloves will remain as a necessity for selected industries, particularly the healthcare industry. Increasing healthcare spending remains a key driver for the rubber gloves industry as the usage of medical gloves increases. Based on latest available data, total global expenditure on healthcare increased from USD566 per capita in 2004 to USD899 per capita in 2008 driven by the rapid aging of the world population, particularly in developed countries, and the emergence and adoption of new medical technologies.

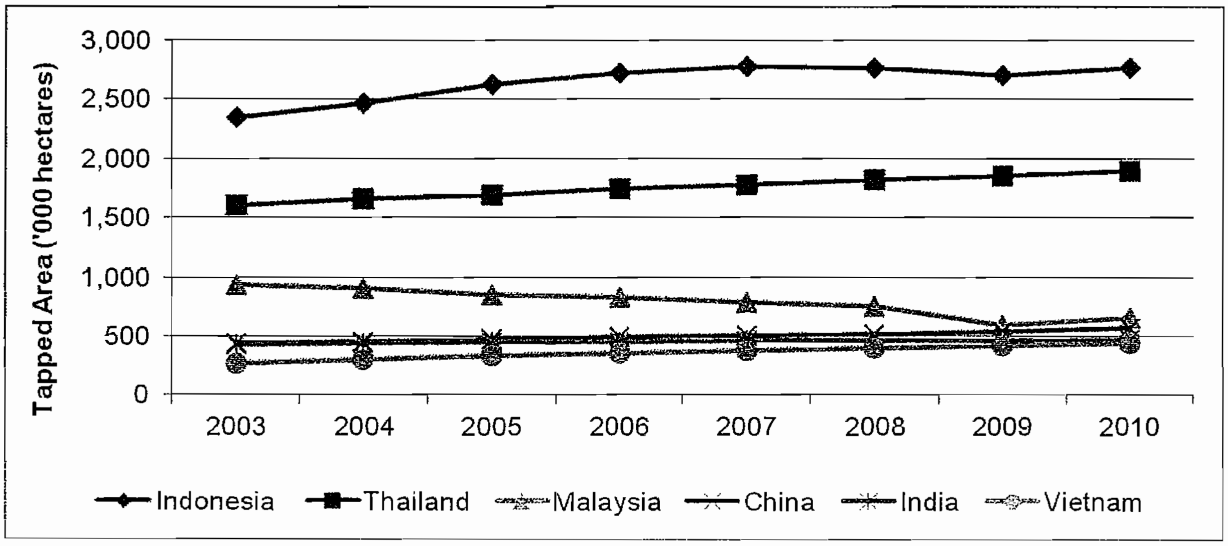
5.4 KEY SUPPLY CONDITIONS AND DEPENDENCIES

5.4.1 Natural Rubber Plantation Area and Growth Trends

Indonesia consistently emerged as the country with the largest tapped rubber area between 2003 and 2010 owing to its large availability of land for plantation purposes and encouraging Government policies. Tapped rubber area in Indonesia increased from 2.3 million hectares in 2003 to 2.8 million hectares in 2010 at a CAGR of 2.4%. Thailand is also a key rubber plantation country with 1.9 million hectares of tapped rubber area in 2010.

While Malaysia remains a key plantation nation, its tapped rubber area contracted at a CAGR of 4.9% from 932,000 hectares in 2003 to 655,000 hectares in 2010 as a result of crop switching to oil palm. During this same period of 2003 and 2010, oil palm planted area increased from 3.3 million hectares to 4.2 million hectares at a CAGR of 3.5%.

Tapped Area of Selected Key Countries (Global), 2003-2010



Note:
Data from 1991-2002 is not publicly available

Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

5.5 COMPETITIVE LANDSCAPE AND MARKET SHARE

Rubber trees flourish in tropical climates along the equator and as such the global upstream rubber industry is largely centralised in Asia, particularly in Thailand, Indonesia and Malaysia. In 2010, Indonesia reported a total rubber area of 3.4 million hectares and natural rubber production of 2.7 million MT. Thailand reported a total rubber area of 1.9 million hectares and natural rubber production of 3.3 million MT. Meanwhile, Malaysia reported a total rubber area of 1.0 million hectares and natural rubber production of 939,000 MT in the same year. As such, key players within the global upstream and midstream rubber industry are largely based in Thailand, Indonesia and Malaysia, where rubber plantations and rubber processing facilities are present. It is noted that the nature of the rubber processing industry in these countries is considered competitive, due to the large number of local players vying for market share.

Below is a non-exhaustive list of selected key industry players in Indonesia, Thailand, Malaysia and Singapore, arranged in alphabetical order:

- FGVH
- GMG Global Limited (incorporated in Singapore with operations in Cameroon and Ivory Coast)
- Indofood Agri Resources Limited
- Kuala Lumpur Kepong Berhad
- PT Astra Agro Lestari Tbk
- PT Bakrie Sumatera Plantations Tbk
- PT JA Wattie Tbk
- Sime Darby Berhad
- Southland Holding Company Limited
- Sri Trang Agro Industry Public Listed Company
- Thai Hua Rubber Public Company Limited
- Von Bundit Company Limited

5.5.1 Market Share and Ranking

5.5.1.1 Total Rubber Area

Indonesia (3.4 million hectares), Thailand (2.8 million hectares) and Malaysia (1.0 million hectares) dominated the total rubber area globally, recording a market share of 34.2%, 27.6% and 10.1% respectively in 2010 in terms of total rubber area. These three countries accounted for approximately 71.9% of total rubber area in 2010. China ranked fourth in terms of total rubber area, recording a market share of 9.9%, followed by Vietnam and India, both of which held a 7.1% market share.

The global rubber industry is a highly fragmented industry as there are possibly hundreds of industry players involved in the cultivation of rubber trees. Based on latest publicly available data published by industry players and based on the estimated total global rubber area of 10.1 million hectares in 2010, the selected key industry players in the top three producing countries in 2010 were GMG Global

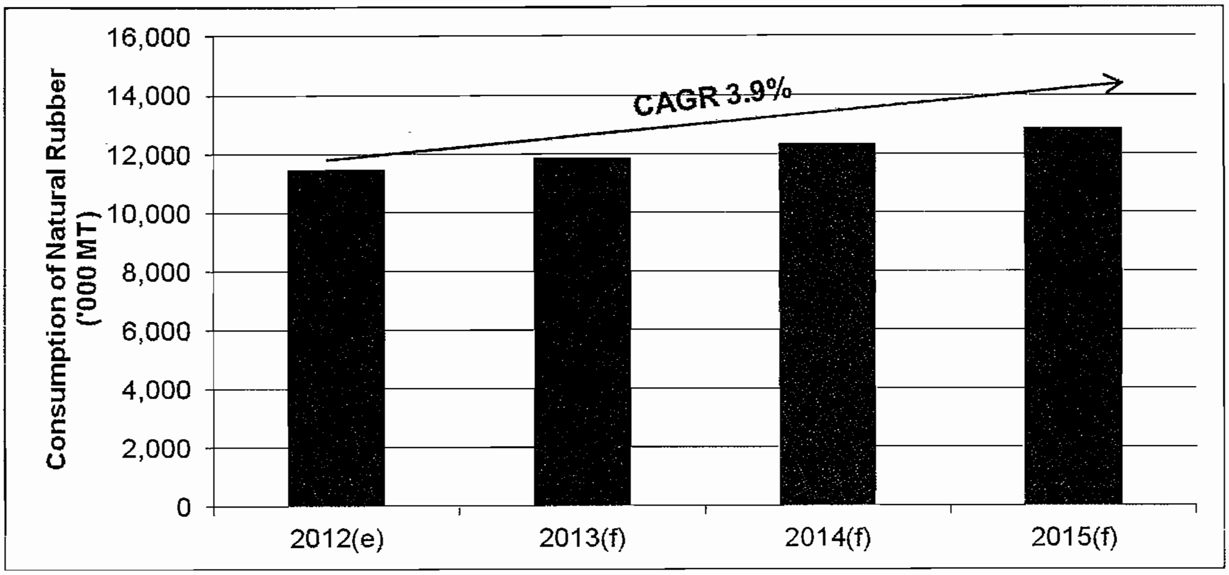
Limited (87,560 hectares, 0.9%), Kuala Lumpur Kepong Berhad (24,067 hectares, 0.2%), Indofood Agri Resources Limited (22,028 hectares, 0.2%), PT Bakrie Sumatra Plantations Tbk (19,370 hectares, 0.2%), PT PP London Sumatra Indonesia Tbk (17,619 hectares, 0.2%), PT Astra Agro Lestari Tbk (16,795 hectares, 0.2%) and FGVH (10,574 hectares, 0.1%).

5.6 INDUSTRY OUTLOOK AND PROSPECTS

Based on historical trends, global consumption of natural rubber exhibited stable upward growth, albeit dips in 2001 and 2009 due to the economic slowdown after the September 11th attack in 2001 in the United States and the global economic slowdown circa 2008/2009 which caused disruptions in rubber supply.

Frost & Sullivan forecasts the consumption of natural rubber to increase from an estimated 11.5 million MT in 2012 to reach 12.9 million MT in 2015, with a CAGR of 3.9% over the period. Demand is expected to be driven by the global vehicle tyre and rubber glove industries as a result of higher income levels, easier financing options for purchase of vehicles, and higher healthcare spending due to the rapid aging of the world population in developed countries and the emergence and adoption of new medical technologies.

Forecast of Rubber Consumption (Global), 2012(e)-2015(f)



Source: Extracted from the Independent Market Research report prepared by Frost & Sullivan

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6 FUTURE OUTLOOK FOR FGVH

In the past, the oil palm industry has shown significant growth globally as well as domestically, and this industry is expected to continue to witness growth in the future. The global palm oil demand is forecast to grow at a CAGR of 4.8%, from an estimated 52.7 million MT of CPO consumption in 2012 to 60.7 million MT in 2015. In terms of supply, the global oil palm industry is projected to produce 74.5 million MT of CPO in 2015 from an estimated 62.7 million MT of CPO in 2012, at a CAGR of 5.9%. Accordingly, the annual average local delivered prices for CPO is forecast to decrease from RM3,323 per MT in 2012 to RM2,867 per MT in 2015.

The projected growth of the oil palm industry is expected to be driven by a number of factors. Among them include the increasing demand for food as a result of the growing population and economic development of key consuming markets such as China, India, the United States and Europe. Emerging markets such as the East Asia and Pacific region as well as the Europe and Central Asian region, Latin America and Caribbean region and South Asian region have registered healthy population increases, along with growth in GDP. The growing population and flourishing economies of these markets are expected to spur the growth in demand for palm oil and palm oil related products, thereby driving production and consumption worldwide. Additionally, with its versatility and fat content, palm oil is considered a key sustainable global commodity. Hence, it is increasingly used in a wide range of food and non-food uses and applications, and this is expected to continue to drive the demand for palm oil products.

In Malaysia, the oil palm sector has grown to become a key component of the country's economy. According to PEMANDU, a unit under Malaysia's Prime Minister's Department, the oil palm industry is the fourth largest contributor to Malaysia's economy, accounting for RM53 billion of the nation's GNI. In terms of agricultural products, palm oil and palm oil-based products have the largest contribution to export trade value, with combined export value of RM59.8 billion in 2010. In 2011, Malaysia was the second largest producer and the largest exporter of CPO in the world, exporting to more than 150 countries worldwide.

The Government of Malaysia has acknowledged the significance of this industry and its vast growth potential. The oil palm sector is recognised as one of the NKEAs in the ETP, aimed at reaching a GNI of RM178 billion in 2020 whilst creating an additional 41,000 jobs. There are eight Entry Point Projects (EPP) that span across the value chain of the oil palm industry, targeted at developing oil palm cultivation productivity and sustainability, and ensuring the expansion and sustainability of mills and refineries. The EPPs include clearing aged palms, increasing FFB yield, improving worker productivity, increasing the national average OERs, building biogas-capturing facilities at mills, shifting the focus of production to higher value oleo derivatives, emphasising early commercialisation of second generation biofuels and expediting growth in palm oil milling and refining activities.

The Government has also included strategies in the 10MP that will benefit the oil palm industry, with the aim of increasing the industry's GDP output contribution to RM21.9 billion, with exports values of RM69.3 billion during the Plan period (2011 to 2015). The Plan includes promoting Malaysia as a palm oil hub and destination for foreign direct investments, encouraging the adoption of good agricultural practices, and centralising procurement to reduce costs.

The benefits of using palm oil as feedstock for biomass energy have also been recognised by the Government. As of April 2011, the House of Senate (Dewan Negara) passed both the Renewable Energy Bill 2010 and the Bill for Sustainable Energy Development Authority. Additionally, incentives for the renewable sources and energy efficiency activities industry such as Pioneer Status and Investment Tax Allowance will be extended until 31 December 2015.

These strategies present a positive outlook for the oil palm sector in Malaysia. Increased production targets may be achieved through increasing land for cultivation of oil palm crops as well as increasing the capacity of existing mills and refineries, or through the addition of new mills and refineries. These measures will lead to an increase in the supply of palm oil to be consumed and exported, which would lead to a growth in revenue for this industry.

Additionally, replanting incentives initiated by the Government of Malaysia, namely the Oil Palm Replanting Incentive Scheme (SITS) and the Second Economic Stimulus Package (PRE2) to encourage replanting of oil palm planted area of more than 25 years of age, is expected to boost production volumes by 2015. With the current growth in replanted oil palm areas, FFB yield is expected to improve significantly in the next five years and thus, generating higher prospective income for the nation in the long run and boosting growth of the oil palm industry.

With the support of the Government, coupled with other additional driving factors such as the wide range of uses for oil palm and its related products as well as lower CPO prices compared to crude oil and other edible oil prices, the oil palm industry in Malaysia is expected to continuously exhibit an upward trend in line with the growth in the global oil palm industry. FGVH, as one of the world's leading integrated oil palm players and the world's third largest in terms of mature planted area, shows potential to reap the benefits of the growing oil palm industry. In 2011, FGVH captured approximately 2.1% of global mature planted area. In Malaysia, FGVH was the largest in terms of mature planted area with a market share of about 6.7%. Its associate company, FHB, was the leading CPO producer globally and it captured about 6.6% market share in global CPO production and 17.4% market share in CPO production in Malaysia. As this industry continues to grow over the forecast period, FGVH is expected to be able to capitalise on its reputation, expertise and experience to increase its market share over the longer term.

Meanwhile, production of refined sugar in Malaysia is forecast to increase steadily from 1.7 million MT in 2011 to 1.9 million MT in 2015, registering a CAGR of 2.9% over the period. This estimated growth in domestic production of refined sugar is expected to be supported by increasing levels of domestic sugar consumption. Frost & Sullivan estimates that sugar consumption in Malaysia will increase from 1.5 million MT in 2011 to 1.8 million MT in 2015 at a CAGR of 4.3%. This positive growth is expected to be driven by growth in the food manufacturing and processing industry, population growth as well as limited product substitution. Sugar is regarded as a staple food item, and its wide array of uses in a variety of industries ensures its continued presence in the local market.

The Government of Malaysia regulates the local sugar industry to ensure food stability and security of supply. Price controls are set in place and subsidies are dispersed in order to protect consumers from unpredictable fluctuations in the global sugar market. In addition, there are only four sugar refiners producing sugar for the consumption of the entire nation, as the importation of refined sugar into Malaysia is restricted by the Government. By keeping the sugar industry limited to a handful of players, the Government is allowed better control and ease of monitoring.

Under the 10MP, the Government of Malaysia has announced its intention to gradually rationalise the subsidies and price controls for sugar. By removing market distortions, sugar prices can then be allowed to float closer to market rates, thereby preventing wastage and overconsumption, and encouraging efficient allocation of resources. The Government has since embarked on its plan, where since 2010 the retail price of coarse and fine refined white sugar have been increased four times to reflect current global market prices.

Nevertheless, the Government has recognised the fact that sugar is considered a staple food item, and is widely considered a necessity in the day-to-day diet of a typical Malaysian. As such, under the 10MP the Government intends to provide assistance to households considered to be at the bottom 40%

based on income level to ease the forthcoming burden of eventual price increases. NGOs, charities and corporations will be encouraged to participate in aid and corporate social responsibility programmes targeted at providing food and financial assistance to the less fortunate. The Department of Social Welfare will provide a database to identify the recipients and also to monitor the effectiveness of these programmes.

Additionally, the global rubber industry exhibited stable growth rates for the past 21 years as seen from the upward trend in the global natural rubber consumption from 5.1 million MT in 1991 to 10.9 million MT in 2011. Going forward, global rubber consumption is forecast to grow at a CAGR of 3.7%, from an estimated 11.5 million MT in 2012 to 12.9 million MT in 2015.

The projected growth of the global rubber industry is expected to be driven by its end-user industries, more specifically the global vehicle tyre and rubber glove industries. Revenue for the global vehicle tyre industry grew from RM274.6 billion in 2001 to RM448.6 billion in 2010, registering a CAGR of 5.6% for the period and is expected to grow at a CAGR of 5.7% to reach RM576.1 billion in 2015 due to stable demand from the global automotive industry driven by higher disposable incomes and easier financing options. Meanwhile, the global production of rubber gloves grew from 17.1 billion pairs in 2001 to 36.8 billion pairs in 2010, registering a CAGR of 8.9% for that period. Going forward, the production of rubber gloves is expected to grow at a CAGR of 6.8% to reach 50.4 billion pairs in 2015 from 41.1 billion pairs in 2012 due to the fact that gloves will remain as a necessity for selected industries, in particular the healthcare industry. With the global vehicle tyre and rubber glove industries projected to remain robust, the global rubber industry is also expected to continue to grow positively.

In Malaysia, the rubber industry remains an important contributor to the nation's exports, contributing an export value of RM34 billion in 2010, largely driven by the increase in global rubber prices. For instance, the average annual price for SMR 20 was on an upward trend for the last 12 years, increasing from RM2.43 per kg in 2000 to RM13.50 per kg in 2011.

The Government of Malaysia aims to increase the contribution of the rubber industry to reach a GNI of RM49.7 billion in 2020 through the implementation of three projects under the ETP which include expanding rubber plantations in Sabah and Sarawak, increasing rubber yield through high yielding clones, increasing vehicle tyre production by 10% per annum and increasing Malaysia's global market share of rubber gloves by 10% annually. Under the rubber NKEA, an estimated RM275 billion will be invested for the replanting and new planting of rubber trees nationwide in 2012. Replanting activities, which will take place in Peninsular Malaysia, will cover an estimated 38,000 hectares per year. Meanwhile, planting of new rubber trees will cover approximately 5,000 hectares each in Sabah and Sarawak respectively. During the tabling of Budget 2012, the Government announced an allocation of RM140 million for new rubber plantations and rubber replanting programmes. These programmes will be carried out by the Rubber Industry Smallholders Development Authority and is expected to benefit approximately 20,000 smallholders.

The support from the Government to further develop the industry will be greatly beneficial to the rubber industry. These measures will lead to an increase in supply of rubber, which would lead to a growth in revenue for the rubber industry.

FGVH is a global, diversified agribusiness oil palm plantation operator, which is also involved in the downstream processing and refining of palm oil and PKO into edible oils and fats, oleochemicals and biodiesel. With rising worldwide demand for food and non-food products driven by increasing population and economic growth, coupled with various supporting Government initiatives to facilitate the growth of these industries, FGVH is well-positioned to tap into the projected growth of the individual commodity markets to continually grow its presence globally.

7.1 HISTORY AND BUSINESS OVERVIEW

We are a global agricultural and agri-commodities company based in Malaysia, with operations across ten countries. According to Frost & Sullivan, we were the third largest oil palm plantation operator in the world based on planted hectarage (other than plantings of immature oil palms) in 2011. We currently operate 343,521 hectares of oil palm plantation estates in Malaysia that produced 5.2 million MT of FFB in 2011. FHB, our 49%-owned associate, is the largest producer of CPO in the world based on production volume, having produced 3.3 million MT of CPO in 2011, and our subsidiary, MSM Holdings, which is listed on the Main Market of Bursa Securities, is the leading refined sugar producer in Malaysia.

We were incorporated in Malaysia under the Act on 19 December 2007 as the commercial arm of FELDA for overseas investments in the upstream and downstream palm oil business and other agribusinesses, and we are currently a producer of oil palm and rubber plantation products, soybean and canola products, oleochemical products and sugar products.

Our primary business activities are classified into three main business segments: plantations business, downstream business and sugar business.

- We have approximately 355,864 hectares of plantation estates on the FELDA-Leased and Managed Land in Malaysia pursuant to tenancy agreements with FELDA with respect to 347,584 hectares of land in Peninsular Malaysia and Sabah and a management agreement with FELDA with respect to 8,280 hectares of land in Sarawak. The vast majority of the FELDA-Leased and Managed Land is devoted to the cultivation of oil palms, with a small amount used to cultivate rubber trees. In 2011, 5.2 million MT of FFB were produced from the oil palm plantation estates on the FELDA-Leased and Managed Land.

  F Palm Industries, which is a subsidiary of our 49%-owned associate FHB, has historically purchased from FELDA substantially all of the FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land, and, with the effectiveness of the Land Lease Agreement and the Sarawak Land Management Agreement on 1 January 2012, F Palm Industries has purchased that FFB from us. Pursuant to contractual arrangements that we entered into with F Palm Industries with effect from 1 March 2012, F Palm Industries will purchase from us substantially all of the FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land. F Palm Industries produces CPO and PK using the FFB it acquires from us, as well as the FFB it acquires from FELDA Settlers, third parties and F Agricultural, a subsidiary of FHB.

  Pursuant to the same contractual arrangements between F Palm Industries and us, F Palm Industries sells to us substantially all of the total CPO that it produces. F Palm Industries sold to us 115,064 MT of CPO since the contractual arrangements with F Palm Industries came into effect on 1 March 2012. We resell this CPO to third-party customers, such as refiners and traders in Malaysia and abroad, to our joint ventures and to FHB's various subsidiaries and its associate, MEO, for their production of palm oil-based products. For a summary of the terms of the contractual arrangements between F Palm Industries and us, refer to Section 7.22.2(iii) of this Prospectus.

  Outside of Malaysia, we have invested in Trurich, a joint venture that owns 42,000 hectares of oil palm plantations in East and Central Kalimantan, Indonesia, and we have acquired PT Citra Niaga, a company that owns 14,385 hectares of land in West Kalimantan, Indonesia for oil palm plantation development.

  In addition to oil palms, in our rubber plantation operations, we cultivate and harvest cup lumps on 10,308 hectares of rubber plantations on the FELDA-Leased and Managed Land, all of which we sell to F Rubber Industries, a subsidiary of FHB, as raw materials for its production of rubber products.

- In our downstream business segment, we produce soybean and canola products through our subsidiary, TRT-ETGO Inc, in Québec, Canada, and we produce oleochemicals through our subsidiary, TRT US, in Massachusetts, United States. Our soybean and canola business' commercial operations are conducted through our joint venture, Bunge ETGO, with Bunge Limited, which is a vertically integrated food and feed ingredient company. We entered into a tolling agreement with Bunge ETGO on 9 December 2011, pursuant to which Bunge ETGO provides us with soybeans and canola seeds, which we process into soybean and canola products that Bunge ETGO sells and markets. Following the implementation of this tolling agreement, we now recognise revenue from tolling fees that Bunge ETGO pays us, and we no longer recognise revenue from the sale of soybean and canola products or cost of sales from the purchase of soybeans and canola seeds. For a summary of the terms of the tolling agreement between Bunge ETGO and us, refer to Section 7.22.5 of this Prospectus.

  We have a joint venture called Felda IFFCO with IFFCO Group, a mass-market consumer goods manufacturer and marketer based in the United Arab Emirates. Through this joint venture, we have interests in palm oil refineries and downstream processing facilities in Malaysia, Indonesia, China, Turkey and South Africa, a facility for other oils and fats in Ohio, United States, and sales and marketing offices in France and Spain.

- Through our subsidiary, MSM Holdings, we produce a full range of refined sugar products for both the commercial and retail sectors. According to Frost & Sullivan, in 2011, we were the largest refined sugar producer in Malaysia based on production volume of 958,377 MT of sugar products and an annual production capacity of over 1.1 million MT of sugar products. The customers of our sugar business segment are primarily in Malaysia.

The following tables set forth the revenues derived from the sale of certain key products and services in each of our three main business segments for the periods indicated and exclude sales by our associates and joint ventures.

	Year Ended 31 December		
	2009	2010	2011
		(in RM million)	
Plantations Business			
Sale of FFB	2,219.2	2,596.5	3,183.8
Sale of cup lumps	45.6	58.5	89.9
Downstream Business			
Sale of soybean and canola products	-	380.2	1,091.2
Sale of oleochemicals	606.7	609.1	797.6
Sugar Business			
Sale of sugar products[(1)]	-	1,667.8	2,144.8
Total	2,871.5	5,312.1	7,307.3

Note:

(1) Does not include RM479.9 million and RM154.6 million in subsidies from the Government for refined sugar sold in the domestic market at government-controlled prices in 2010 and 2011, respectively.

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	Three Months Ended 31 March	
	2011	2012
	(in RM million)	
Plantations Business		
Sale of FFB(1)	752.2	460.8
Sale of cup lumps	23.2	14.9
Sale of CPO	-	374.3
Downstream Business		
Sale of soybean and canola products(2)	228.1	-
Tolling fee from soybean and canola products(2)	-	16.9
Sale of oleochemicals	180.0	194.4
Sugar Business		
Sale of sugar products(3)	449.1	457.5
Total	1,632.6	1,518.8

Notes:

(1) *Effective from 1 March 2012, when we entered into contractual arrangements with F Palm Industries, we will no longer recognise revenue from our FFB sales to F Palm Industries.*

(2) *On 9 December 2011, we entered into a tolling agreement with our joint venture, Bunge ETGO. Following the implementation of this agreement, we recognise revenue from tolling fees that Bunge ETGO pays us for processing soybeans and canola seeds, and we no longer recognise revenue from the sale of soybean and canola products.*

(3) *Does not include RM54.1 million and RM74.3 million in subsidies from the Government for refined sugar sold in the domestic market at government-controlled prices for the three months ended 31 March 2011 and 2012, respectively.*

7.2 COMPETITIVE STRENGTHS

We are one of the largest agricultural and agri-commodities companies in the world. According to Frost & Sullivan, we were the third largest oil palm plantation operator in the world based on planted hectarage (other than plantings of immature oil palms) of 288,442 hectares in 2011. Given our leading position, we believe we are well-positioned to capitalise on the growing demand for CPO and other agricultural and food products globally. We believe our key competitive strengths to be the following:

7.2.1 Well-positioned to benefit from the favourable global palm oil and agriculture industry outlook

Palm oil is the world's most consumed vegetable oil due to its competitive price and versatility. Global consumption levels of palm oil increased by 106.7% to 49.2 million MT in 2011 from 23.8 million MT in 2001, according to Frost & Sullivan. Over the same period, global consumption of soybean oil, which was the second most consumed vegetable oil in 2011, grew by 53.2% to reach 42.0 million MT (source: Frost & Sullivan). Consumption levels for palm oil are expected to continue to grow by 23.4% to 60.7 million MT in 2015 from 49.2 million MT in 2011, representing a CAGR of 4.8% from 2012 to 2015, which is higher than the CAGR of 4.2% anticipated for global consumption of edible oils and fats over the same period (source: Frost & Sullivan). According to the US Department of Agriculture, oil palm is the most productive vegetable oil crop, yielding more oil per hectare than any other major oilseed commodity. The production costs for oil palm are low in comparison to other crops of a similar nature and as it is free from any trans fats, palm oil is well-positioned to benefit from the growth in consumption of edible oils worldwide.

The growth in palm oil consumption is expected to be primarily driven by increasing imports from China and India to meet the needs of their end-user production facilities and end-consumer markets, as well as increasing demand in Indonesia for its fast-growing domestic consumer markets. In 2011, India, China and Indonesia accounted for 13.8%, 12.8% and 12.7% of total global consumption of palm oil, respectively. China does not produce any significant amounts of palm oil and therefore is heavily dependent on imports to meet domestic demand, according to the US Department of Agriculture.

In recent years, the Government has acknowledged the significance of the palm oil industry for the domestic economy and its growth potential by identifying it as a National Key Economic Area in its Economic Transformation Programme ("**ETP**"). Under the ETP, the Government has announced plans to implement eight core entry point projects that span the palm oil value chain. These include public funding to encourage replanting, implementation of innovative techniques to increase worker productivity, promotion of subsidised mechanisation processes to increase the efficiency of the harvesting process and to reduce overall labour costs and dependence on foreign workers, promotion of the food and health-based downstream segments through coordinated marketing efforts and clinical trials and grants for investments in high value oleochemicals derivatives. As the leading palm oil plantation operator in Malaysia, we believe we will benefit from the Government's initiatives in the palm oil industry.

Global consumption of refined sugar has increased by 18.7% since 2001 and reached 154.2 million MT in 2010 and in that year, sugar consumption in Malaysia was 1.4 million MT. Our domestic market share in terms of production volume in Malaysia was 56.8% and 56.9% in 2010 and 2011, respectively. According to Frost & Sullivan, refined sugar consumption in Malaysia is expected to grow to 1.8 million MT in 2015, implying a CAGR of 4.3% from 2011 through 2015, as a result of increasing demand from both industrial and household consumers.

Global consumption of natural rubber has grown steadily over the past 11 years, recording total growth of 52.4% from 2001 to 2011. According to Frost & Sullivan, global natural rubber consumption is forecasted to increase at a CAGR of 3.9% from 2012 to 2015, primarily driven by demand from end-user industries, such as tyre and rubber glove manufacturers.

7.2.2 Third largest oil palm plantation operator in the world and significant equity ownership in the largest CPO producer in the world

According to Frost & Sullivan, in 2011, we were the third largest oil palm plantation operator in the world based on planted hectarage (other than plantings of immature oil palms) of 288,442 hectares, representing 2.1% market share of global mature planted area. We currently operate approximately 343,521 hectares of palm oil plantations in Malaysia. According to Frost & Sullivan, we are also one of the largest producers of FFB in Malaysia, with a FFB production volume of 5,197,344 MT and a market share of 5.5% in 2011.

We hold a 49.0% equity interest in FHB, the largest CPO producer worldwide, with 3.3 million MT of CPO produced in 2011, representing a 6.6% market share of global production of CPO in that year, according to Frost & Sullivan. FHB's leading position in CPO production is further supported by its operations in the upstream and downstream segments of the palm oil value chain.

- According to Frost & Sullivan, FHB is one of the world's largest millers of FFB, with 70 mills located throughout Malaysia and a total milling capacity of 20.4 million MT as of 31 December 2011, representing approximately 20.5% of total palm oil milling capacity in Malaysia.

- FHB sources FFB from us, FELDA Settler managed oil palm plantations and third parties in Malaysia. We have access to substantially all of the CPO produced by FHB, other than the CPO used by its subsidiary DOP, which provides us with a reliable source of CPO. Moreover, through our arrangement with FHB, we believe we are able to provide higher quality products and traceability for our customers than many of our direct competitors, because FHB is able to trace its FFB source.

Because we have access to a substantial portion of FHB's CPO, we believe we have stronger price negotiating power than many of our smaller competitors. We believe this allows us to better weather periods of low CPO prices and position ourselves to benefit from the expected future consumption growth in CPO and CPO-based products.

7.2.3 Large scale and integrated operations across the palm oil value chain

Whilst our primary focus is on the upstream operations, our investment in FHB provides us with access to the downstream oil value chain. The management of our upstream plantation estates is integrated with FHB's downstream activities and supply chain services, as evidenced by both FGVH and FHB presently having a common CEO and certain members of our management team. These operations span the entire palm oil value chain from seed breeding and fertiliser to plantations, milling, refineries, manufacturing, bulking and transportation to oleochemicals and end-consumer products.

Our palm oil operations are large in scale compared to those operated by most of our peers in Malaysia and other parties in Asia. A significant portion of the oil palm plantations that we operate across Malaysia are located on contiguous blocks of land, which we believe enables us to manage our estates efficiently. We believe we are able to achieve efficiency through: (i) lower transportation costs within the estates; (ii) centralised logistics, such as employee housing and security; (iii) the inclusion of supporting infrastructure such as mills, refineries, jetties and ports which are owned by FHB, on our estates; and (iv) the operation of an independent power plant owned by FHB that runs on biomass fuels, resulting in lower costs for our operations.

FHB's leading position in palm oil milling is further supported by its leading position in downstream CPO and CPKO refining. FHB directly owns and operates five refineries in Malaysia. These refineries had a combined CPO and CPKO refining capacity of approximately 2.5 million MT as of 31 December 2011, which was approximately 10.5% of Malaysia's total CPO and CPKO refining capacity (source: Frost & Sullivan).

FHB is also present in the consumer packed products and its product range includes cooking oil, margarines and specialty fats. As the sales of such packaged products typically generate higher margins than bulk sales, we believe that FHB is well-positioned to benefit from growth in demand for these consumer products in Malaysia. FHB has built a strong brand footprint with the "Saji", "Tiara", "Tiga Udang" and "Sri Pelangi" brands, which has provided a strong base from which to launch other consumer products, such as instant noodles, mayonnaise and sweetened condensed milk.

FHB also provides us with supply chain support, including bulking stations, barges and fleets of trucks and road tankers to ensure efficient transport of CPO from mills to refineries and from refineries to other downstream facilities, ports and end-consumer markets, to minimise the risk of bottlenecks in the supply chain. FHB also owns a significant bulking station in Pasir Gudang, which handled over 4.0 million MT of edible oil and oleochemical products in 2011.

We believe our integrated operations help us achieve a greater coordination and efficiency in terms of operating costs, logistics, production and merchandising. We also believe that by participating across the palm oil value chain, we are able to extract value from each stage of the edible oils and fats supply chain, from the sourcing and aggregating of raw materials to the processing of the raw materials into various value-added products and the marketing and distribution of the products globally. Moreover, we believe we are able to respond quickly to changes in demand, supply and pricing for our products by producing a wide variety of value-added products and that we have the flexibility to sell our CPO externally when refining margins are unfavourable. As a result, we believe our downstream presence supports our upstream plantation margins.

7.2.4 Largest sugar producer in Malaysia

Through our subsidiary, MSM Holdings, we are Malaysia's largest refined sugar producer. We produced approximately 958,377 MT of sugar products in 2011, which represented 56.9% of domestic refined sugar production, according to Frost & Sullivan. We have been operating in the sugar business for over 50 years and we believe MSM Holdings has a reputation for providing reliable, high-quality products to our customers.

To support our sugar production and sales, we own and operate an integrated network of storage, packaging and distribution facilities. Both of our sugar refining facilities have packaging, storage and distribution capabilities on-site. We believe the proximity of our facilities to ports, main roads and railway lines also enables us to efficiently manage our production and deliver our products to our customers in a cost effective manner.

We market our sugar products under our "Gula Prai" and "Gula Perlis" brands and have built strong relationships with a broad base of 260 customers in Malaysia, including industrial customers, wholesalers and retailers. Our key customers for sugar include F&N Beverages Manufacturing Sdn Bhd, Permanis Sdn Bhd (the manufacturer, distributor and marketer of PepsiCo's beverages in Malaysia) and Nestle Manufacturing (M) Sdn Bhd.

In addition, we also own 20% of Tradewinds, another leading Malaysian sugar producer. According to Frost & Sullivan, based on total production volume in Malaysia of 1.7 million MT and MSM's production volume of 958,377 MT in 2011, Tradewinds' market share, in terms of production volume, was 43.1% in 2011 as MSM and Tradewinds are the only two sugar refiners in the country.

7.2.5 Global footprint across products

Since our incorporation in 2007 as FELDA's arm for overseas investments, we have embarked on a programme of global expansion across various products. Through our subsidiaries and joint ventures, our operations span across ten countries including Malaysia, Indonesia, China, Turkey, USA and Canada. Including FHB, we are present in 12 countries. Our international operations reflect our strong focus on palm oil and palm oil products, as well as our diversification across the agri-business value chain in the areas of oleochemicals and soybean and canola crushing.

Our Indonesian operations include our investment in Trurich, a joint venture that owns 42,000 hectares of oil palm plantations in East and Central Kalimantan, Indonesia and the recent acquisition of PT Citra Niaga, which owns 14,385 hectares of land in West Kalimantan, Indonesia that we intend to use for oil palm plantation development.

In the downstream segment, we have developed an international footprint that we believe gives us the ability to sell directly to and develop long-term relationships with multi-national end-users. We operate a manufacturing facility in the United States through our subsidiary, TRT US, and FHB operates another facility in Malaysia through its joint venture with Procter & Gamble.

Our North American operations include our Canadian facility, which has extended our business into soybean and canola crushing. Our total refining capacity was 396,000 MT as of 31 December 2011. We believe our operations in Canada positions us favourably to gain experience and knowhow by being situated closer to the end-consumer for our products.

Through our joint ventures, we jointly own and operate seven refineries in countries with rapidly growing demand for edible oil, including Malaysia, Indonesia, China, Turkey and the USA, with a total refining capacity of 2.4 million MT as of 31 December 2010. Coupled with FHB's refining capacity, these investments position us among the largest refiners of CPO in the world, with a total capacity of 4.9 million MT as of 31 December 2010 according to Frost & Sullivan.

We believe our diversified operations across select commodities and across various geographies and end-consumer markets enable us to better manage cyclicality in our industry and fluctuations in the price of CPO and other commodities and provide us with a defensible and more stable earnings stream over time.

7.2.6 Strong R&D support in oil palm breeding and selection, biotechnology, agronomy and crop protection

FHB's subsidiary F Agricultural provides R&D capabilities to support the plantation estates on the FELDA-Leased and Managed Land. We believe F Agricultural's investment in oil palm breeding and selection, bio-technology, agronomy and crop protection programmes will continue to assist us in achieving high yields and cost efficiencies.

F Agricultural has devoted significant resources to its oil palm breeding and selection programme over the last 40 years and has a R&D team dedicated to improving both FFB and oil yield per hectare. In recent field trials, F Agricultural has been able to consistently achieve yields above 30 MT of FFB per hectare per year at prime production years and oil extraction rates above 25% from such FFB. The seeds responsible for such productivity will be used for our replanting programme.

F Agricultural markets its germinated oil palm seeds and seedlings under the award-winning "Felda Yangambi" brand with sales exceeding RM50 million in 2011, which we believe makes F Agricultural one of the market leaders in this segment.

We believe F Agricultural is also acknowledged in the industry as a key producer of oil palm clones derived through tissue culture. As of 31 December 2011, we had planted over 10,000 hectares of land with clones on the plantation estates on the FELDA-Leased and Managed Land. F Agricultural's R&D effort in tissue culture is centred on improving embryo proliferation and amenability of tissues to the tissue culture process, which we believe could increase production efficiency and reduce costs.

F Agricultural is also actively involved in bio-molecular marker research with the aim of supporting the plantation estates on the FELDA-Leased and Managed Land through its breeding and tissue culture research. Development of markers tied to specific traits such as oil yield, compact or dwarf palms, high concentration of unsaturated oil and disease tolerance has the potential to reduce the time and cost for commercialisation of new varieties and also helps improve efficiency in clonal production. F Agricultural has filed two patents for two types of markers, one for phosphate transporters genes and one for Ganoderma disease diagnosis.

F Agricultural has also launched an Applied Technology Division, which focuses on applying new technologies such as electronics, wireless sensor technology, geographical information systems, remote sensing and automation and mechanisation of daily operations to improve productivity and efficiency in our oil palm operations.

We believe that we will be able to leverage on F Agricultural's strong R&D initiatives, especially in our upstream business, to increase yield and efficiency, reduce production costs, better ensure environmental sustainability and help increase our profits over time.

7.2.7 Experienced and professional management team

We have an experienced and qualified management team with a strong track record in the agribusiness industry, with members of our key management possessing an average of over 30 years of related experience. Our key management team comprises individuals with experience in operations, with us and other multinational companies, both in Malaysia and internationally. Our management has experience spanning both the upstream and downstream segments, in the palm oil and sugar industries, manufacturing and logistics, corporate strategy and business planning, accounting and finance, marketing, legal and regulatory and human resources.

We are committed to our policy of continued development of the skills and expertise of our management team through extensive training and clear incentive programmes. We believe these initiatives will further reinforce the quality and dedication of our management team.

7.2.8 Strong brand recognition from our association with FELDA

We are associated with FELDA, which is a Government statutory body. FELDA has a strong reputation for having successfully established the settlement programmes in Malaysia since 1957, and as a result, advanced Malaysia's agricultural industry and agro-based businesses. For details of History and Milestones - FELDA, refer to Section 7.4.1 of this Prospectus.

Consequently, the FELDA brand is well-known internationally. We believe that we and our brand will continue to benefit from our association with the strong reputation of FELDA, in particular in developing our overseas footprint.

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7.3 BUSINESS STRATEGIES AND FUTURE PLANS

We intend to grow and strengthen our position as a leading integrated, diversified and high performance agri-business player worldwide. Our strategies focus on enhancing our existing upstream portfolio through operational improvements and further land access and selective acquisitions in Southeast Asia and Africa, complemented by select downstream initiatives and new market penetration to support and strengthen our business.

7.3.1 Enhance our operating efficiency to improve profitability and margins, following the implementation of the Land Lease Agreement and the Sarawak Land Management Agreement

Through the implementation of the Land Lease Agreement and the underlying tenancy agreements and the Sarawak Land Management Agreement with FELDA, we have gained full control of the estate management of their palm oil plantation operations. We are now in a position to implement initiatives that we believe will increase our overall profitability and margins, such as the implementation of best agricultural practices to improve productivity, optimisation of our replanting programme and entering into forward sales, spot and hedging contracts as appropriate to maximise the sales price of our CPO and other commodities and provide us with the ability to leverage our expertise in logistics, infrastructure and marketing and the ability to better manage supply chain sales to control costs and to better manage our margins.

We intend to increase FFB production per mature hectare and oil extraction rates in the estates we manage through the implementation of high standards of agronomic and agricultural practices, including: (i) leaf and soil sampling to ensure optimal application of fertiliser; (ii) the use of legume cover to discourage weed growth, maintain soil conditions and reduce the risk of erosion; (iii) the use of high grade, customised, compound fertiliser manufactured by our facilities, which have consistent nutrient content; (iv) the application of fertiliser according to defined schedules; and (v) ensuring that we have a sufficient and stable labour supply to maintain the estates, harvest ripe FFB and collect loose fruits during the harvesting process.

We are also undertaking a significant replanting programme to rejuvenate the aging tree profile of the plantations on the FELDA-Leased and Managed Land. With respect to the replanted areas, in addition to the implementation of optimal agronomic and agricultural practices, we intend to apply the following initiatives to increase their yield potential: (i) utilising the high yielding oil palm planting materials that we have developed to optimise long-term efficiency; (ii) focusing on good nursery practices by using high-quality soils and slow release fertilisers; (iii) culling poor planting materials; and (iv) using efficient irrigation systems and vigilant pest control. To help ensure stable FFB production and a more balanced tree age profile, we intend to periodically review our replanting schedule to ensure that the appropriate areas are replanted.

We also expect to continue to benefit from synergies in the operations of MSM and KGFP following the acquisition of MSM in 2010. We intend to continue to coordinate the purchase of raw sugar for both companies to maximise leverage in purchase negotiations, as well as manage hedging activities and conduct joint marketing. We intend to implement additional initiatives to enhance our cost competitiveness, including increasing levels of automation at the KGFP Facility, upgrading existing boilers and increasing use of our rail facilities to reduce freight costs.

We intend to apply initiatives that will strengthen our current soybean and canola crushing facilities to increase efficiency and optimise the utilisation of our Canadian operations by improving the supply chain logistics to minimise bottleneck risks.

To support our operational improvement initiatives, we intend to adapt our organisational structure by investing in human capital and consolidating our capabilities. We have begun utilising new KPIs and have implemented new incentive systems to ensure objectives are well understood and interests are aligned among entities of our Group. An example of such an initiative includes empowering our plantation general managers to each have management control over 15,000 hectares of land starting in 2012. We are focused on developing and implementing our human resource roadmap through regular training and international exposure through our overseas operations and joint ventures.

We believe these initiatives will help us improve our operating efficiency and yield on our managed plantations, and as a result improve our earnings and margins.

7.3.2 Enhance our upstream business focus on palm oil and rubber through new plantings, optimising crop portfolio, selective acquisitions and sustainability certification

We intend to pursue further expansion of our upstream business, focusing on palm oil and rubber by planting existing greenfield landbank, pursuing future acquisitions or seeking access to production where available. Although palm oil remains our primary focus, we believe maintaining crop diversification in rubber and sugar will assist in mitigating risk against exposure to commodity price volatility as we believe that the industry cycle of each crop complements each other and provides a natural hedge against volatility. Moreover, we believe these crops offer high profitability potential, are ideally suited for tropical climate similar to where we are operating at present, are crops with which we have extensive experience managing, and are crops that are located near key end-consumer markets.

For example, following the recent acquisition of a 95% equity interest in PT Citra Niaga, we intend to commence planting oil palms on 14,385 hectares of greenfield landbank in Kalimantan, Indonesia. We expect the first FFB production from this land to commence in 2015 and reach an optimal production level by 2018.

Our global expansion strategy for our palm plantations will focus on acquiring additional landbank where it is available and economically attractive. We believe we will continue to benefit from our association with the strong international reputation of FELDA, which could assist our upstream growth strategy internationally. The criteria in selecting our key target countries are physical conditions (such as climate, humidity and adequate agricultural landspace), strategic fit with respect to our operations, and the competitive and commercial landscape. More specifically, we have identified Southeast Asia and Africa as priority regions for upstream expansion.

We believe that sustainable operations are key to continuous success and for palm oil, we intend to base our sustainability initiatives on the implementation of international standards such as RSPO and ISCC. We believe that RSPO and ISCC certified CPO command premium pricing in the international markets, and as such we are targeting to produce 3.0 million MT of RSPO and ISCC certified palm oil annually by 2017.

We are aiming to increase our rubber plantation footprint and are targeting to increase our plantation landbank from 10,308 hectares to 30,000 hectares by 2015. Our current initiatives include optimising our crop portfolio by repositioning a certain portion of our current landbank.

While we do not have plans to make significant acquisitions in sugar plantation as yet, we plan to consider opportunities to expand our raw sugar refining capacity and diversify to external markets through strategic acquisitions or investments on a selective basis outside Malaysia in locations near sugar cane plantations.

7.3.3 Accelerate the turnaround of our downstream operations in Canada

The integrated soybean and canola crushing and refining facility owned and operated by our subsidiary, TRT-ETGO Inc, in Canada, was developed as a greenfield project in 2008 and has been ramping up operations since 2010. As part of its start-up phase, the facility is continuing to undergo significant infrastructure upgrades. In 2010 and 2011, due to market conditions and internal restructuring, TRT-ETGO Inc recorded losses and recognised substantial impairment charges.

To turn around the operations, we, through TRT-ETGO Inc, entered into a tolling agreement with Bunge ETGO, a joint venture with Bunge Limited, where TRT-ETGO Inc holds a 49% equity interest, effective as of 9 December 2011. Pursuant to this tolling agreement, Bunge ETGO provides us with soybeans and canola seeds, which we process into soybean and canola products that Bunge ETGO sells and markets. Following the implementation of this tolling agreement, we recognise tolling fees that Bunge ETGO pays us, comprising a monthly fixed fee, a variable fee and the reimbursement of certain operating costs we incur, and we no longer recognise revenue from the sale of soybean and canola products or cost of sales from the purchase of soybeans and canola seeds. We believe that Bunge ETGO will benefit from the expertise of Bunge Limited, one of the leading companies in soy products and soft oils globally. For a summary of the terms of the tolling agreement, refer to Section 7.22.5 of this Prospectus.

In addition to the tolling agreement and joint venture with Bunge ETGO, we intend to try to accelerate the turnaround of our soybean and canola crushing operations by applying initiatives that we believe will strengthen our current facilities. We have purchased a fifth expeller unit that we expect will improve production reliability, and a second centrifuge unit that we believe will help us to reach our designed refining capacity of 396,000 MT per annum. We are also improving supply chain logistics to increase efficiency by working to minimise bottleneck risks. Consequently, we expect to optimise our utilisation to reach our designed capacity and crush 3,000 MT of soy and canola seeds per day, an increase from the current operational capability of 2,500 MT per day, subject to commercial decision otherwise.

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7.3.4 Expand our downstream capabilities to protect and enhance the value of our upstream products

We intend to expand our downstream capabilities and market access to gain better visibility on product flows and help us defend and optimise the margins of our upstream business.

We intend to pursue further expansion into the downstream segment through future acquisitions and investments in refinery assets, consumer packed products plants and bulking facilities in markets where we have limited operations. We have identified Southeast Asia, North America, China and India as key focus markets to capitalise on high growth in consumption levels of CPO in these countries. In particular, India and China consumed the highest volumes of palm oil in 2011 and both countries have exhibited high growth in consumption levels, with CAGRs of 6.5% and 11.2%, respectively, from 2001 to 2011, according to Frost & Sullivan. We believe our strategic partnership with Louis Dreyfus Commodities, proposed through our Downstream Framework with its subsidiary Louis Dreyfus Commodities Asia, is one of the steps that will enable us to expand our downstream capabilities and presence in these markets. We believe that this will leverage upon the partners' respective networks, financial strength and expertise to identify and assess potential investments in Asia that will be mutually beneficial to the partners. Separately, we also intend to explore opportunities in the area of specialty fats in the sophisticated markets of North America, Europe, Japan and Australia.

For sugar, we intend to increase our sugar production efficiency and capacity through the implementation of various initiatives and investments, such as (i) increasing annual production capacity at KGFP by 50,000 MT to 200,000 MT by 2014; (ii) increasing daily raw sugar melt capacity at MSM by 1,000 MT to 4,000 MT; (iii) increasing raw sugar storage capacity at MSM by 100,000 MT to 200,000 MT and refined sugar storage capacity by 10,000 MT to 37,000 MT; and (iv) pursuing selective strategic acquisitions and investments.

7.3.5 Enhance upstream and establish downstream R&D to improve our value and competitiveness

In order to improve the value and competitiveness of our business, we plan to enhance the upstream and establish downstream R&D.

We intend to collaborate with F Agricultural to enhance and expand our upstream R&D. Areas of expansion in upstream R&D, apart from our current oil palm breeding and selection, agronomy, bio-technology and crop protection, include intensifying our efforts in bio-molecular marker research towards improving the breeding programmes as well as tissue culture research. The new areas of R&D we are focused on include developing beneficial microbes for improving both soil and plant health and research into development of phytonutrients. We are also focused on sustainable palm oil production as a fundamental concern and our upstream R&D efforts are geared towards biological control of pests and diseases, thereby reducing chemical usage. Our other agronomic studies intended to help develop sustainable good agricultural practices include research on using EFB and oil palm based organic fertiliser in order to help reduce use of mineral fertiliser and soil and moisture conservation research.

We will also be establishing a new downstream R&D division to enhance our downstream efforts. Its activities will emphasise developing new products, both food and non-food, from CPO and PKO, that we believe will command higher margins. Our focus will be on, amongst others, specialty fats, margarine, cooking/frying oil and phytonutrients.

We further intend to expand our revenue streams from biomass. While higher impact initiatives are being evaluated, we intend to capitalise on available opportunities to maximise revenue streams from biomass, including the development of biofuel and bioethanol initiatives.

7.3.6 Focus on building strong relationships with communities within the areas of our operations

We are committed to building and strengthening our relationships with communities within the areas of our operations and with our workers to enhance retention. We intend to continue to participate in the implementation of corporate social responsibility programmes in order to provide job opportunities and improved living conditions for our workers and the residents of the areas near our operations. Some of the examples of programmes which we have implemented include development of logistics, utilities and infrastructure around our plantations area, such as roads, schools, mosques and electricity.

7.4 HISTORY AND MILESTONES

Our Company was incorporated in Malaysia as a wholly owned subsidiary of FELDA under the Act on 19 December 2007 to operate as FELDA's investment arm for its overseas investments. In 2008, we acquired FELDA's investments in North America, including TRT Holdings, through its acquisition of FGV North America. In 2009, we acquired a 49% equity interest in FHB from FELDA, a 50% equity interest in Felda IFFCO from FHB and a 50% equity interest in Trurich from Lembaga Tabung Haji. In 2010, we purchased from PPB Group a 100% equity interest in MSM, a 50% equity interest in KGFP, a 20% equity interest in Tradewinds and 5,797 hectares of sugar cane plantation land in Chuping, Perlis. In 2011, we acquired a 49% equity interest in Bunge ETGO, a joint venture with Bunge Limited with respect to our soybean and canola business. In 2012, we acquired a 95% equity interest in PT Citra Niaga, which owns land to be developed into oil palm plantations in West Kalimantan, Indonesia.

We own 49% of FHB, which, as part of its palm oil business, provides replanting and long-term management services to FELDA Settlers pursuant to contracts with FELDA. The remaining 51% of FHB is owned by KPF, a cooperative for the settlers and those employees of FELDA, FHB and FGVH who have subscribed for KPF share units.

FELDA and FAHC own 23% and 17% of FGVH, respectively. FAHC is wholly owned by FELDA. In November and December 2011, we and FELDA executed agreements in respect of a land lease for approximately 347,584 hectares of land owned by FELDA that used to be managed by F Plantations pursuant to a management agreement. In addition, F Palm Industries has historically purchased from FELDA substantially all of the FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land, and, with the effectiveness of the Land Lease Agreement and the Sarawak Land Management Agreement on 1 January 2012, F Palm Industries has purchased that FFB from us. Pursuant to contractual arrangements that we entered into with F Palm Industries with effect from 1 March 2012, F Palm Industries will purchase from us substantially all of the FFB produced on the oil palm plantation estates on the FELDA-Leased and Managed Land. F Palm Industries produces CPO and PK using the FFB it acquires from us, as well as the FFB it acquires from FELDA Settlers, third parties and F Agricultural, a subsidiary of FHB.

Pursuant to the same contractual arrangements between F Palm Industries and us, F Palm Industries sells to us substantially all of the total CPO that it produces, other than the CPO used by its subsidiary DOP. We resell this CPO to third-party customers, such as refiners and traders in Malaysia and abroad, to our joint ventures and to FHB's various subsidiaries and its associate, MEO, for their production of palm oil-based products. For a summary of the terms of the contractual arrangements between F Palm Industries and us, refer to Section 7.22 of this Prospectus.

7.4.1 FELDA

FELDA was established as a statutory body on 1 July 1956 under the Land Development Ordinance (Land Development Act), 1956. FELDA's historical mission has been to carry out land development and settlement in new areas with the objective of creating prosperous farming communities with economically viable agricultural holdings. From 1959 to 1990, which marked the end of Malaysia's large-scale settlement period, FELDA assisted in the resettlement of 114,400 households. By 1990, a total of 853,313 hectares had been brought under cultivation through FELDA's operations, comprising 317 settlement schemes and 152 estates overall, with schemes and estates in 12 of the 13 Malaysian states.

A FELDA settlement scheme typically comprises 1,400 to 2,500 hectares. FELDA estimates the number of settler households currently at 112,635. The majority of the settlers' estates are devoted to the cultivation of oil palm. FELDA has constructed infrastructure installations necessary for the harvesting and processing of the crops, including storage facilities, palm oil mills and PK crushing plants, for cooperative use by the settlers. In addition, FELDA has provided certain basic amenities and facilities in the settlers' villages that were necessary for new communities that were being settled in fairly isolated and new environments. These amenities and facilities include retail stores, petrol kiosks, police stations, schools, mosques and places of worship, community halls, shrub-lined roads, cooperatives shops, markets, bus stations, fire stations, health clinics, woman's associations, public libraries, government reserves, youth clubs and public playgrounds.

FELDA is also responsible for ensuring that the agricultural activities undertaken by the settlers are performed in a cost-effective and efficient manner. In this regard, FELDA has, together with its affiliate corporations:

- managed the operation of the holdings of certain settlers;
- sourced and supplied inputs required for the agricultural process;
- transported settlers' FFB to F Palm Industries' palm oil mills for processing;
- engaged in downstream activities and sourcing markets for settlers' end products;
- trained the settlers in modern and efficient agricultural methods and practices in order to improve yields; and
- offered replanting services to the settlers when oil palms and rubber trees become due for replanting.

In addition, FELDA provided financial assistance to settlers, which funds were used to pay for the support of the settlers and the settlers' family members during the start-up phase of oil palm holdings when oil palms had not commenced producing in commercial quantities.

Further, FELDA has been and continues to be responsible for a variety of matters affecting the settlers with respect to the land that they own. Pursuant to contracts FELDA entered into directly with the settlers, FELDA has agreed to provide integrated replanting and long-term management services for settlers on their oil palm holdings. Pursuant to separate contracts between FELDA and F Technoplant, a subsidiary of FHB, FELDA has engaged F Technoplant to provide these replanting and long-term management services to the settlers. These services consisted of terracing, replanting, ground cover and crop establishment, fertilising, crop management, harvesting and transportation of FFB to palm oil mills. Under an agreement between FELDA and F Technoplant, F Technoplant received a fee paid during the two-year period of replanting from FELDA's replanting fund and thereafter directly from the settlers by way of deduction from the proceeds of the sale of the settlers' FFB. F Palm Industries, a subsidiary of FHB, also obtained a steady supply of FFB from FELDA, which in turn sourced its FFB from the settlers under the FELDA settlement scheme pursuant to contractual arrangements between FELDA Settlers and FELDA.

7.4.2 FAHC

FAHC was incorporated in Malaysia under the Act on 27 March 2012 as an investment holding company. FAHC is wholly-owned by FELDA.

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7.4.3 Milestones of FGVH

The following table highlights certain of our key dates and milestones:

2007 .... FELDA invested in North America through wholly owned subsidiary, FGV North America, which later acquired TRT Holdings during the same year.

FGVH incorporated as a wholly owned subsidiary of FELDA to operate as its investment arm for overseas investments.

2008 .... FGVH acquired FGV North America from FELDA.

2009 .... FGVH acquired a 49% equity interest in FHB from FELDA.

FGVH acquired a 50% equity interest in Felda IFFCO from FHB.

FGVH acquired a 50% equity interest in Trurich from Lembaga Tabung Haji.

2010 .... FGVH acquired 100% equity interest in MSM, a 50% equity interest in KGFP, a 20% equity interest in Tradewinds and 5,797 hectares of sugar cane plantation land in Chuping, Perlis, from PPB Group.

2011 .... MSM Holdings was listed on the Main Market of Bursa Securities.

FGVH acquired a 49% equity interest in Bunge ETGO and entered into a tolling agreement with Bunge ETGO to process soybeans and canola seeds.

2012 .... Land Lease Agreement and Sarawak Land Management Agreement between FELDA and FGVH came into effect.

Agreement between F Palm Industries and FGV Plantations Malaysia, a subsidiary of FGVH, for the purchase by F Palm Industries of substantially all of the FFB that FGV Plantations Malaysia produces and FGV Plantations Malaysia's purchase of substantially all of the total CPO that F Palm Industries produces (other than the CPO used by F Palm Industries' subsidiary DOP) came into effect.

FGVH acquired a 95% equity interest in PT Citra Niaga, which owns land to be developed into oil palm plantations in West Kalimantan, Indonesia.

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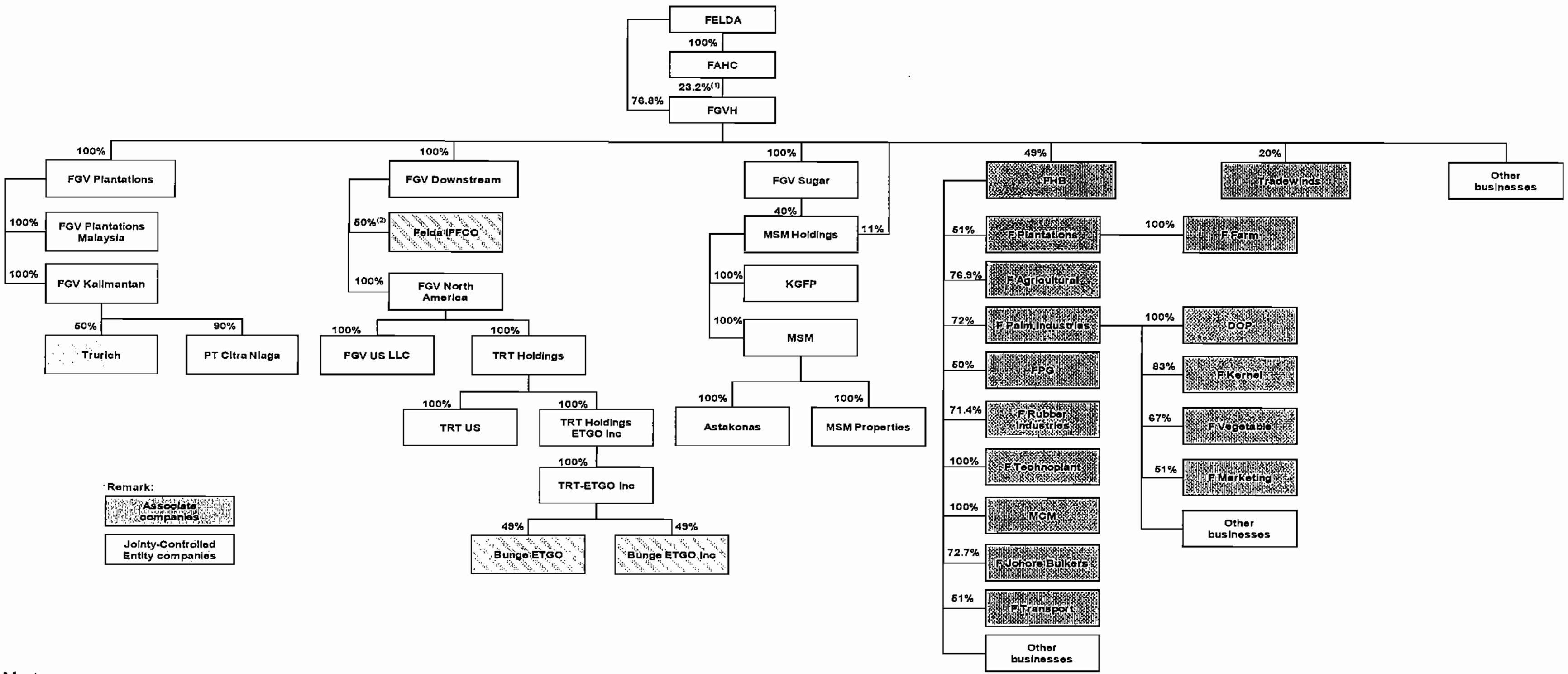
7.5 CORPORATE STRUCTURE

We are a holding company and conduct our business mainly through our operating Subsidiaries, certain Associates and Jointly-Controlled Entities. Our corporate structure is set out below.



Notes:

* *MoF, Inc has one Special Share in our Company.*

(1) *620,185,800 FGVH Shares, representing 23.2% equity interest in FGVH, was transferred by FELDA to FAHC on 18 May 2012.*

(2) *158,660,000 shares held by FGVH, representing 50% equity interest in Felda IFFCO, will be transferred to FGV Downstream prior to the Listing.*

The above structure sets out for illustrative purposes the business and operating structure of our Group as at the Latest Practicable Date. It does not set out all of the Subsidiaries, Jointly-Controlled Entities and Associates of our Company.

We are engaged in three primary areas:

- plantations business;
- downstream business; and
- sugar business.

The chart below presents our main business segments and certain statistics of our businesses and our Subsidiaries (but not our joint ventures and associates) as at 31 March 2012. Our 49%-owned associate, FHB, is engaged in various businesses, including upstream and downstream palm oil operations, as well as manufacturing, logistics and other activities, including rubber processing. For more information about FHB's businesses, refer to Section 12.2.1.3 (i) of this Prospectus.

FGVH

Plantations

Malaysia

Facilities
- Approximately 355,864 hectares of FELDA-Leased and Managed Land, primarily devoted to oil palms, with a small portion used for rubber trees

Production*
- 5.2 million MT of FFB
- 7,269 MT of cup lumps

CPO Sales**
- Sales of substantially all of the total CPO that F Palm Industries produces, other than the CPO used by its subsidiary DOP

Indonesia

Facilities
- 14,385 hectares of oil palm plantations, none of which is currently being developed

Downstream

Canada

Facilities
- 1 soybean and canola crushing and refining facility

Production*
- 563,307 MT of soybean and canola products

United States

Facilities
- 1 oleochemical facility

Production*
- 129,491 MT of oleochemical products

Sugar

Malaysia

Facilities
- 1 sugar milling facility
- 2 sugar refineries

Production*
- 958,377 MT of sugar products

Notes:

* *Production figures are for the year ended 31 December 2011.*

** *In 2011, F Palm Industries produced 3,293,293 MT of CPO, 237,368 MT of which was used by its subsidiary, DOP.*