



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 31 March 2015**



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2015

The Directors are pleased to announce the following:

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

		Year to date ended 31 March		
	Note	2015	2014	% + / (-)
<u>Continuing operations</u>				
Revenue		2,964,174	3,726,122	(20.4)
Cost of sales		<u>(2,601,040)</u>	<u>(3,138,171)</u>	17.1
Gross profit		363,134	587,951	(38.2)
Other operating income		50,292	56,722	(11.3)
Selling and distribution costs		(78,197)	(98,263)	20.4
Administrative expenses		(195,362)	(194,257)	(0.6)
Other operating expenses		(25,098)	(24,939)	(0.6)
Commodity gains - net		<u>13,343</u>	<u>33,166</u>	(59.8)
Operating profit		128,112	360,380	(64.5)
Fair value changes in Land Lease Agreement ('LLA') liability		<u>(73,510)</u>	<u>(117,662)</u>	37.5
Operating profit after LLA	15	54,602	242,718	(77.5)
Finance income		10,515	30,165	(65.1)
Finance costs		(56,802)	(38,490)	(47.6)
Share of results from associates		3,084	297	>100
Share of results from joint ventures		<u>39,770</u>	<u>33,321</u>	19.4
Profit before zakat and taxation		51,169	268,011	(80.9)
Zakat		(608)	(713)	14.7
Taxation	16	<u>(19,326)</u>	<u>(54,651)</u>	64.6
Profit from continuing operations		31,235	212,647	(85.3)
<u>Discontinuing operations</u>				
Loss from discontinuing operations		<u>(1,498)</u>	<u>(3,840)</u>	61.0
Profit for the financial period		29,737	208,807	(85.8)
Other comprehensive (loss)/income				
Share of other comprehensive loss of joint ventures		(32,331)	(2,640)	
Actuarial gain/(loss) on defined benefit plan		720	(30)	
Fair value changes in available-for-sale financial assets		19	-	
Currency translation differences		<u>27,311</u>	<u>(21,661)</u>	
Other comprehensive loss for the financial period, net of tax		<u>(4,281)</u>	<u>(24,331)</u>	
Total comprehensive income for the financial period		<u>25,456</u>	<u>184,476</u>	(86.2)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the first quarter ended 31 March 2015 (continued)

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

	Year to date ended		
	31 March		
	2015	2014	%
			+ / (-)
Profit attributable to:			
-Owners of the Company	3,575	143,628	(97.5)
-Non-controlling interests	<u>26,162</u>	<u>65,179</u>	(59.9)
Profit for the financial period	<u>29,737</u>	<u>208,807</u>	(85.8)
Total comprehensive income/(loss) attributable to:			
- Owners of the Company	(2,412)	117,931	<100
- Non-controlling interests	<u>27,868</u>	<u>66,545</u>	(58.1)
Total comprehensive income for the financial period	<u>25,456</u>	<u>184,476</u>	(86.2)
Earnings per share for profit attributable to the the owners of the Company:			
Basic (sen)	0.1	3.9	

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the first quarter ended 31 March 2015 (continued)

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

	Note	Unaudited As at 31 March 2015	Audited As at 31 December 2014
<u>Non-current assets</u>			
Property, plant and equipment		6,466,464	6,348,754
Investment properties		141,548	144,544
Intangible assets		1,537,917	1,534,397
Interests in associates		218,567	215,754
Interests in joint ventures		751,037	745,042
Biological assets		2,802,846	2,777,245
Prepaid lease payments		46,898	49,961
Deposit and other receivables		262,889	165,273
Deferred tax assets		1,266,640	1,254,586
Available-for-sale financial assets		228,541	243,685
		<u>13,723,347</u>	<u>13,479,241</u>
<u>Current assets</u>			
Inventories		1,795,224	1,763,695
Biological assets		56,957	50,697
Receivables		1,125,313	1,089,410
Amount due from a significant shareholder		87,792	79,233
Amount due from joint ventures		260,808	328,941
Amount due from an associate		10	36
Amounts due from related companies		161,029	63,964
Tax recoverable		131,625	129,407
Financial instruments at fair value through profit or loss		41,182	21,431
Derivative financial assets	18	18,045	15,337
Deposits, cash and bank balances		2,866,522	3,673,415
		<u>6,544,507</u>	<u>7,215,566</u>
Assets held for sale		18,777	28,619
		<u>6,563,284</u>	<u>7,244,185</u>
Total assets		<u><u>20,286,631</u></u>	<u><u>20,723,426</u></u>
<u>Equity</u>			
Share capital		3,648,152	3,648,152
Share premium		3,371,685	3,371,685
Reserves		(646,016)	(643,604)
Equity attributable to owners of the Company		<u>6,373,821</u>	<u>6,376,233</u>
Non-controlling interests		2,475,400	2,447,532
Total equity		<u><u>8,849,221</u></u>	<u><u>8,823,765</u></u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the first quarter ended 31 March 2015 (continued)

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

	Note	Unaudited As at 31 March 2015	Audited As at 31 December 2014
<u>Non-current liabilities</u>			
Borrowings	17	415,082	434,461
Loan due to a significant shareholder	17	1,980,405	1,980,405
LLA liability		4,330,778	4,309,308
Provisions		31,050	30,610
Provision for defined benefit plan		41,354	39,720
Deferred tax liabilities		717,459	734,185
		<u>7,516,128</u>	<u>7,528,689</u>
<u>Current liabilities</u>			
Payables		1,067,427	1,417,503
Loan due to a significant shareholder	17	222,515	222,515
Amount due to a significant shareholder		286,587	240,444
Amount due to joint ventures		2,381	-
Amounts due to related companies		7,818	9,136
Borrowings	17	1,945,059	2,065,545
Derivative financial liabilities	18	23,598	32,392
Provisions		593	87
LLA liability		361,432	371,521
Current tax liabilities		3,872	11,829
		<u>3,921,282</u>	<u>4,370,972</u>
Total liabilities		<u>11,437,410</u>	<u>11,899,661</u>
Total equity and liabilities		<u>20,286,631</u>	<u>20,723,426</u>
		As at 31 March 2015	As at 31 December 2014
Net assets per share attributable to owners of the Company		<u>1.75</u>	<u>1.75</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available-for-sale-reserve	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total equity
Period ended 31 March 2015											
At 1 January 2015		3,648,152	3,371,685	(12,865)	(2,088,969)	32,456	10,052	1,415,722	6,376,233	2,447,532	8,823,765
Profit for the financial period								3,575	3,575	26,162	29,737
Other comprehensive income/(loss) for the financial period, net of tax:											
<u>Items that will not be reclassified to profit and loss</u>											
- Actuarial gain on defined benefit plan		-	-	-	-	-	-	863	863	(143)	720
<u>Items that will be subsequently reclassified to profit and loss</u>											
- currency translation differences		-	-	25,779	-	-	-	-	25,779	1,532	27,311
- available-for-sale fair value changes		-	-	-	-	(298)	-	-	(298)	317	19
- share of other comprehensive loss of joint ventures		-	-	(3,040)	-	(29,291)	-	-	(32,331)	-	(32,331)
		-	-	22,739	-	(29,589)	-	-	(6,850)	1,849	(5,001)
Total comprehensive income/(loss) for the financial period		-	-	22,739	-	(29,589)	-	4,438	(2,412)	27,868	25,456
At 31 March 2015		3,648,152*	3,371,685	9,874	(2,088,969)	2,867	10,052	1,420,160	6,373,821	2,475,400	8,849,221

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

Amounts in RM thousand unless otherwise stated

	Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available-for-sale-reserve	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total equity
Period ended 31 March 2014											
At 1 January 2014, as restated		3,648,152*	3,371,685	(62,801)	(2,088,969)	13,739	10,052	1,679,150	6,571,008	2,358,245	8,929,253
Profit for the financial period		-	-	-	-	-	-	143,628	143,628	65,179	208,807
Other comprehensive (loss)/income for the financial period, net of tax:											
<u>Items that will not be reclassified to profit and loss</u>											
- Actuarial loss on defined benefit plan		-	-	-	-	-	-	(30)	(30)	-	(30)
<u>Items that will be subsequently reclassified to profit and loss</u>											
- currency translation differences		-	-	(23,027)	-	-	-	-	(23,027)	1,366	(21,661)
- share of other comprehensive loss of joint ventures		-	-	(5,698)	-	3,058	-	-	(2,640)	-	(2,640)
		-	-	(28,725)	-	3,058	-	-	(25,667)	1,366	(24,301)
Total comprehensive (loss)/income for the financial period		-	-	(28,725)	-	3,058	-	143,598	117,931	66,545	184,476
At 31 March 2014		3,648,152*	3,371,685	(91,526)	(2,088,969)	16,797	10,052	1,822,748	6,688,939	2,424,790	9,113,729

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2014.

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Year to date ended	
		31 March 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial period		29,737	208,807
Adjustments for non-cash items		194,267	99,972
Operating profit before working capital changes		224,004	308,779
Changes in working capital		(454,296)	90,545
Cash (used in)/generated from operations		(230,292)	399,324
Finance income received		2,044	26,402
Taxation paid		(51,765)	(37,969)
Zakat paid		(608)	(713)
Retirement benefits paid		(817)	(1,411)
Net cash (used in)/generated from operating activities		(281,438)	385,633
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(222,237)	(151,193)
Purchase of biological assets		(19,880)	(5,342)
Purchase of intangible assets		(8,780)	(1,842)
Purchase of prepaid lease payments		-	(283)
Payment for asset retirement obligation		-	(18)
Cash outflow from the acquisition of a subsidiary		(85,205)	-
Proceeds from disposal of property, plant and equipment		20,731	215
Proceeds from disposal of biological assets		-	377
Proceeds from disposal of financial instruments at fair value through profit or loss		1,065	-
Investment in available-for-sale financial assets		(1,597)	-
Dividend received from associates		270	270
Net cash used in investing activities		(315,633)	(157,816)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Cash Flows (continued)

Amounts in RM thousand unless otherwise stated

	Note	Year to date ended	
		31 March	
		2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		1,210,063	81,500
Repayment of borrowings		(1,340,614)	(307,395)
Repayment of LLA liability		(62,129)	(79,354)
Finance costs paid		(30,936)	(20,316)
Net cash used in financing activities		<u>(223,616)</u>	<u>(325,565)</u>
Net decrease in cash and cash equivalents		(820,687)	(97,748)
Effect of foreign exchange rate changes		13,794	(7,798)
Cash and cash equivalents at beginning of the financial period		3,673,415	5,028,873
Cash and cash equivalents at end of the financial period		<u>2,866,522</u>	<u>4,923,327</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2015
Amounts in RM thousand unless otherwise stated

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

The Unaudited Condensed Interim Financial Information should be read in conjunction with FGVH's audited financial statements for the financial year ended 31 December 2014. These explanatory notes attached to the Unaudited Condensed Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

1. Basis of Preparation

(a) General

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2014, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations with effect from 1 January 2015.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") on 1 January 2017. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

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

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2015 (continued)

Amounts in RM thousand unless otherwise stated

2. Seasonal or Cyclical Factors

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

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

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

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

4. Material Changes in Estimates

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

5. Debt and Equity Securities

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

6. Dividend

No dividend has been paid during the quarter ended 31 March 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2015 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information

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

The EXCO considers the business by product related activities. The reportable segments for the financial period ended 31 March 2015 have been identified as follows:

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

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

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

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2015 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

	Palm Plantation	Palm Downstream	Sugar	Trading, logistics, marketing & others	Others	Reconciliation	Total	Discontinuing operations	Total
Year to date ended 31 March 2015									
Total segment revenue	2,248,395	1,212,567	521,487	641,414	436,397	(2,096,086)	2,964,174	-	2,964,174
Less : Inter-segment revenue	(1,703,975)	(111,111)	(13,002)	(109,595)	(158,403)	2,096,086	-	-	-
Revenue from external customers	<u>544,420</u>	<u>1,101,456</u>	<u>508,485</u>	<u>531,819</u>	<u>277,994</u>	<u>-</u>	<u>2,964,174</u>	<u>-</u>	<u>2,964,174</u>
Finance income	3,793	177	5,003	187	1,774	(419)	10,515	-	10,515
Finance costs	(13,490)	(10,155)	(912)	(267)	(1,591)	(30,387)	(56,802)	-	(56,802)
Depreciation and amortisation	(49,769)	(20,622)	(9,649)	(19,680)	(7,888)	(1,376)	(108,984)	-	(108,984)
Fair value changes in LLA liability	(73,510)	-	-	-	-	-	(73,510)	-	(73,510)
Share of results of joint ventures	(6,884)	41,964	-	781	3,909	-	39,770	-	39,770
Share of results of associates	6	-	-	3,387	-	(309)	<u>3,084</u>	<u>-</u>	<u>3,084</u>
Profit/(loss) before zakat and taxation for financial period	(1,573)	(44,007)	92,137	31,916	10,970	(38,274)	<u>51,169</u>	<u>(1,498)</u>	<u>49,671</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2015 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

Year to date ended 31 March 2014	Palm Plantation	Palm Downstream	Sugar	Trading, logistics, marketing & others	Others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	4,181,035	1,881,699	506,684	308,681	418,171	(3,570,148)	3,726,122	(14,800)	3,711,322
Less : Inter-segment revenue	(3,307,478)	(38,706)	(8,422)	(108,771)	(106,771)	3,570,148	-	-	-
Revenue from external customers	<u>873,557</u>	<u>1,842,993</u>	<u>498,262</u>	<u>199,910</u>	<u>311,400</u>	<u>-</u>	<u>3,726,122</u>	<u>(14,800)</u>	<u>3,711,322</u>
Finance income	1,519	1,258	6,435	551	1,712	18,690	30,165	-	30,165
Finance costs	(5,224)	(3,165)	(386)	(70)	(1,752)	(27,893)	(38,490)	-	(38,490)
Depreciation and amortisation	(50,594)	(15,111)	(11,671)	(18,420)	(8,324)	(1,131)	(105,251)	-	(105,251)
Fair value changes in LLA liability	(117,662)	-	-	-	-	-	(117,662)	-	(117,662)
Share of results of jointly ventures	20,756	11,412	-	1,153	-	-	33,321	-	33,321
Share of results of associates	193	-	-	104	-	-	297	-	297
Profit/(loss) before taxation for the financial period	<u>167,554</u>	<u>(7,967)</u>	<u>78,627</u>	<u>35,384</u>	<u>11,653</u>	<u>(17,240)</u>	<u>268,011</u>	<u>(3,840)</u>	<u>264,171</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 31 March 2015	As at 31 December 2014
Property, plant and equipment:		
- contracted	211,706	477,451
- not contracted	231,387	508,144
	<u>443,093</u>	<u>985,595</u>
Biological assets:		
- contracted	39,571	22,351
- not contracted	38,054	114,269
	<u>77,625</u>	<u>136,620</u>

9. Significant Related Party Transactions

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

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

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

9. Significant Related Party Transactions (continued)

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

(a) Sales of goods and services

	Year to date ended	
	31 March	
	2015	2014
(i) Transactions with jointly controlled entities		
Sales of Palm Processed Oil ("PPO") and Palm Fatty Acid Distillate ("PFAD") by Felda Global Ventures Trading Sdn. Bhd. ("FGVT") to Felda Iffco Sdn. Bhd. ("FISB" Group)	35,219	-
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ("FGVPM") to FISB Group	309,486	540,979
Sales of CPKO, RBDPKO and PFAD by Felda Kernel Sdn. Bhd. ("FKP") to FISB Group and FPG Oleochemicals Sdn. Bhd. ("FPG")	211,205	316,064
Sales of PPO by Felda Marketing Services Sdn. Bhd. ("FMSSB") to FISB Group	16,496	26,244
Sales of CPO by FGVPM to Mapak Edible Oils (Pvt) Ltd ("MAPAK")	43,311	41,513
(ii) Transactions between subsidiaries and FELDA Group		
Sales of fertilizer by FPM Sdn. Bhd. ("FPM")	64,611	23,636
Engineering and maintenance work rendered by Felda Engineering Services Sdn. Bhd. ("FESSB")	21,683	23,435
IT services rendered by Felda Prodata Services Sdn. Bhd. ("FPSSB")	20,280	5,313



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

9. Significant Related Party Transactions (continued)

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

(b) Purchase of goods and services

	Year to date ended	
	31 March	
	2015	2014
(i) Transactions with joint ventures		
Purchase of PPO by FELMA from FISB Group	16,395	26,244
(ii) Transactions between subsidiaries and FELDA Group		
Interest expense charged by FELDA	22,262	27,355
Repayment of LLA Liability by FGVPM to FELDA	62,129	62,120
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRI") from FELDA	23,002	31,023
Purchase of FFB by FPI and FGVPM from FELDA	245,226	667,325

(c) Transactions with Government related entities

	Year to date ended	
	31 March	
	2015	2014
(i) Transactions between subsidiaries and other government agencies		
Windfall tax and export tax paid to Kastam Diraja Malaysia	-	10,549
Cooking oil subsidy received from Malaysia Palm Oil Board ('MPOB')	29,009	53,874



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

10. Effect of Significant Changes in the Composition of FGVH

Incorporation of a new company

On 28 January 2015, FGVH through its wholly owned subsidiary, Felda Global Ventures Kalimantan Sdn. Bhd. ("FGVK") had received the approval from the Ministry of Law and Justice and Human Rights of Indonesia for the incorporation of PT Bumi Agro Nusantara ("PT BAN").

The entire issued and paid-up share capital of PT BAN is RM873,045 and are held by FGVK (99.6%) and Felda Global Ventures Plantation Sdn. Bhd. (0.4%) respectively. The intended principal activity of PT BAN is to carry on the business of management and consulting services.

Acquisition of a subsidiary

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

As at 31 March 2015, the Group has not consolidated the results of FISC, as the impact of the acquisition to the Group's results is not material. The Group's cost of investment is currently included as part of deposit and other receivables in non-current assets.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

11. Contingent Liabilities and Material Litigation

- (i) On 3 September 2010, FPISB and FELDA were sued by 514 settlers of Felda Seriting Scheme and 252 settlers of Felda Gugusan Raja Alias Scheme in Jempol, Negeri Sembilan for alleged fraud and manipulation of the extraction rate for palm oil. The claim amounted to RM15.4 million for year the 2008 only. The Court has now fixed this case for decision on 26 June 2015.
- (ii) On 12 July 2011, FPISB and FELDA were sued by 711 settlers of Felda Jengka 1 to 25 and Felda Sg. Tekam in Temerloh, Pahang (Jengka A) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM22.9 million for year the 2008 only. This case was called for mention on 18 September 2013 and the Judge has ordered the Plaintiffs to determine who actually has the locus standi to sue in this suit and to determine which Plaintiffs have signed agreements with Felda. The Court has now fixed the matter for continued trial on 2 to 4 June 2015.
- (iii) On 10 November 2011, FPISB and FELDA were sued by 365 settlers of Felda Jengka 1 to 7, 10, 13 to 19, 23 to 24, Felda Ulu Jempol and Felda Sg. Tekam Utara (Jengka B) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM11.7 million for the year 2008 only. The Court had on 19 April 2012 allowed an order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with costs. The matter fixed for trial on 11 to 15 August 2014 have been vacated to give priority to hear Jengka A case. The Court has yet to fix trial dates for this case.
- (iv) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for the year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a Statement of Defence on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. The Court has now fixed the matter for continued trial on 1 to 6 June and 15 to 19 June 2015.
- (v) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for the year 2008 only. FPISB has to file a Memorandum of Appearance in High Court on 16 May 2012. The matter was heard on 25,26,27,28,29 August 2014 and continued hearing on 19,20 & 21 November 2014 was vacated. The Court has fixed this matter for continued trial on 22 to 26 June 2015.
- (vi) On 5 June 2012, FPISB and FELDA were sued by 956 settlers of Rancangan Felda Keratong 1 to 10 for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM30.9 million for the year 2008 only. FPISB has filed a Memorandum of Appearance in High Court on 26 June 2012 and the Kuantan Court has now fixed this case for trial on 29 and 30 June and 1,2 and 3 July 2015.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

11. Contingent Liabilities and Material Litigation (continued)

- (vii) On 25 January 2013, FPISB and FELDA were sued by 351 settlers of Rancangan Felda Mempaga for alleged fraud and manipulation of the extraction of palm oil. The claim amounted to RM11.3 million for the year 2008 only. The matter which was fixed for trial on 22nd to 26th September 2014 have been vacated to give priority to hear Jengka A case. The Court has yet to fix trial dates for this case.

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2015 (continued)

Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended		% + / (-)
	31 March		
	2015	2014	
Revenue	<u>2,964,174</u>	<u>3,726,122</u>	(20.4)
Palm Plantation	(1,573)	167,554	<100
Sugar	92,137	78,627	17.2
Palm Downstream	(44,007)	(7,967)	<100
TLMO	31,916	35,384	(9.8)
Others	<u>10,970</u>	<u>11,653</u>	(5.9)
Segment results	89,443	285,251	(68.6)
Reconciliation	<u>(38,274)</u>	<u>(17,240)</u>	<100
Profit before taxation	51,169	268,011	(80.9)
Zakat	(608)	(713)	14.7
Tax expense	<u>(19,326)</u>	<u>(54,651)</u>	64.6
Profit from continuing operations	31,235	212,647	(85.3)
Loss from discontinuing operations	<u>(1,498)</u>	<u>(3,840)</u>	61.0
Profit for the financial period	<u>29,737</u>	<u>208,807</u>	(85.8)
Profit attributable to:			
Owners of the Company	3,575	143,628	(97.5)
Non-controlling interests	<u>26,162</u>	<u>65,179</u>	(59.9)
Profit after tax and non-controlling interests	<u>29,737</u>	<u>208,807</u>	(85.8)

Overall

The Group recorded 20.4% lower revenue YoY. It registered positive earnings from the Sugar and TLMO segments whilst suffering low earnings in Palm related segments in the current quarter due to the consequential effect of the flood, low CPO prices and low FFB production volume.

The total net profit of the Group was RM29.74 million for the financial period as compared to profit of RM208.81 million in the prior quarter.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

12. Review of Group Performance (continued)

Segment Performance Analysis

(a) Palm Plantation

The Palm Plantation segment recorded a loss of RM1.57 million in 2015 due to 35% drop in CPO sales volume compared to a year ago. The Group achieved an average CPO price of RM2,279 per MT which 12% lower than the average price of RM2,584 per MT in 2014.

Excluding the LLA effect, the segment's profit was RM71.94 million compared to RM285.22 million recorded last year. Operationally, the Group's CPO production fell to 566 thousand MT in 2015 from 647 thousand MT in 2014 on the back of lower FFB production of 930 thousand MT vis a vis 1.16 million MT in 2014. This was due to torrential rains and floods in the East Coast, which affected harvesting activities in January 2015. Consequentially, a lower OER of 20.50% was achieved compared to the previous year of 20.98%.

(b) Sugar

The segment recorded increase in profit of 17.2% due to a surge in industrial sugar sales volume by 46.5% and lower raw sugar costs compared to Q1 2014.

(c) Palm Downstream

The Palm Downstream segment registered a loss of RM44.01 million in 2015 compared to a loss of RM7.97 million in 2014. This was mainly due to lower sales volume in the US fatty acid business as a result of logistics and production constraints caused by the heavy blizzard in January, lower crush margin achieved in Canadian business and lower CPKO prices achieved from the kernel crushing activities.

(d) Trading, logistics, marketing and others ("TLMO")

The TLMO segment recorded a decrease in profit by 9.8% due to delay purchases by customers evidenced by lower throughput handled by the bulking operations vis a vis the same period last year. Revenue in TLMO increased significantly by more than 100% due to the new trading model as trading of CPO, RBD and PK commenced in February 2015 under FGV Trading Sdn Bhd.

(e) Others (R&D and Agri-services and Rubber Clusters)

Other businesses decreased slightly by 5.9% due to lower margin from R&D activities which was compensated by improved margins in the rubber cluster.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

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

	Quarter ended		% + / (-)
	31 March 2015	31 December 2014	
Revenue	<u>2,964,174</u>	<u>4,234,769</u>	(30.0)
Palm Plantation	(1,573)	282,486	<100
Sugar	92,137	116,556	(21.0)
Palm Downstream	(44,007)	(23,897)	(84.2)
TLMO	31,916	52,103	(38.7)
Others	<u>10,970</u>	<u>6,922</u>	58.5
Segment results	89,443	434,170	(79.4)
Reconciliation	<u>(38,274)</u>	<u>(261,770)</u>	85.4
Profit before taxation	51,169	172,400	(70.3)
Zakat	(608)	(5,865)	89.6
Tax expense	<u>(19,326)</u>	<u>(62,929)</u>	69.3
Profit from continuing operations	31,235	103,606	(69.9)
Loss from discontinuing operations	<u>(1,498)</u>	<u>(10,688)</u>	86.0
Net profit for the financial period	<u>29,737</u>	<u>92,918</u>	(68.0)
Profit attributable to:			
Owners of the Company	3,575	39,329	(90.9)
Non-controlling interests	<u>26,162</u>	<u>53,589</u>	(51.2)
Profit after tax and non-controlling interests	<u>29,737</u>	<u>92,918</u>	(68.0)

Overall

The Group registered a lower profit of RM29.74 million compared to preceding quarter on the back of lower revenue recorded in the current quarter.

The results were lower than the preceding quarter of RM92.92 million and it was primarily due to fair value loss in LLA of RM73.51 million in current quarter compared to fair value gain of RM201.35 million reported in preceding quarter.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2014 (continued)

Amounts in RM thousand unless otherwise stated

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

(a) Palm Plantation

The segment's results decreased to RM1.57 million in the current quarter compared to RM282.49 million in the previous quarter due to fair value charge of RM73.51 million compared to fair value gain of RM201.35 million in preceding quarter.

Excluding the LLA effect, the segment's profit was RM71.94 million in current quarter compared to RM81.13 million in preceding quarter. Whilst there was a slight increase in average CPO price of RM2,279 per MT in current quarter compared to RM2,154 per MT in preceding quarter, CPO production decreased by 28% to 566 thousand MT and FFB production fell to 930 thousand MT compared to 1.25 million MT in preceding quarter.

Poor production was attributed to the effect of flood in the East Coast in the early part of the year which led to a drop in estate yields to 3.60 MT per hectare from 4.78 MT per hectare in the preceding quarter.

(b) Sugar

The reduction in the Sugar segment's revenue and PBT as compared to the preceding quarter was the results of lower sales volume and decrease in average selling prices for both domestic and industrial sales.

(c) Palm Downstream

The Palm Downstream segment registered a loss of RM44.01 million compared to RM23.90 million losses recorded in the preceding quarter. This was due to lower sales volume in fatty acids as business suffered logistical and production disruption due to heavy blizzard early January and lower margins achieved from local downstream activities in current quarter.

In addition, a smaller unrealised gain of RM2.26 million was recognized in the current quarter compared to RM35.24 million in the preceding quarter from the Canadian business.

(d) Trading, logistics, marketing and others ("TLMO")

The TLMO segment profits decreased to RM31.92 million from RM52.10 million in preceding quarter mainly due to lower throughput volume of 26%.

(e) Others (R&D and Agri-services and Rubber Clusters)

Contribution from other clusters increased by 58.5% attributed by the increase in the average selling price and higher sales volume of compound fertiliser which almost doubled compared to preceding quarter.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

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

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

15. Operating Profit after LLA

	Quarter ended 31 March	
	2015	2014
Included in operating profit after LLA are:		
Amortisation of intangible assets	9,347	2,778
Amortisation of prepaid lease payments	1,917	1,518
Depreciation of property, plant and equipment	93,580	98,288
Depreciation of investment properties	2,919	533
Accelerated depreciation of biological assets	1,221	2,134
Prepaid lease payment written off	-	1,245
Property, plant and equipment written off	566	2,421
Reversal of impairment of loan due from related company	-	(26,952)
Net foreign exchange loss	<u>2,210</u>	<u>22,516</u>

16. Taxation

	Quarter Ended 31 March	
	2015	2014
Malaysian income tax		
Current financial period	(31,571)	(77,702)
Prior financial period	(139)	-
	<u>(31,710)</u>	<u>(77,702)</u>
Foreign income tax		
Current financial period	860	(5,571)
Deferred tax	<u>11,524</u>	<u>28,622</u>
	<u>(19,326)</u>	<u>(54,651)</u>

The effective tax rate of 38% for the financial period ended 31 March 2015 is higher than the Malaysian income tax rate of 25% due to certain expenses which are not taxable and deferred tax assets not recognized on losses in certain subsidiaries.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

17. Borrowings

The total unsecured borrowings are as follows:

	As at 31 March 2015		Total
	Secured	Unsecured	
<u>Long-term borrowings</u>			
Loan due to a significant shareholder	-	1,980,405	1,980,405
Term loans	398,361	12,906	411,267
Finance lease liabilities	3,815	-	3,815
	<u>402,176</u>	<u>1,993,311</u>	<u>2,395,487</u>
<u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	222,515	222,515
Term loans	34,390	46,076	80,466
Short term trade financing	184,353	1,679,000	1,863,353
Finance lease liabilities	1,240	-	1,240
	<u>219,983</u>	<u>1,947,591</u>	<u>2,167,574</u>
Total borrowings	<u>622,159</u>	<u>3,940,902</u>	<u>4,563,061</u>

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

Ringgit Malaysia	3,878,737
Canadian Dollar	213,883
United States Dollar	362,389
Thai Baht	16,113
Indonesia Rupiah	30,083
Great Britain Pound	56,410
Singapore Dollar	5,446
Total borrowings	<u>4,563,061</u>

As at 31 March 2015, certain short term trade financing is secured over certain property, plant and equipment, benefits of an insurance covering finished goods, and guaranteed by some of the directors and/or shareholders of certain subsidiary companies. Certain term loans are secured over leasehold land, fixed and floating charges over certain assets of the Group and a corporate guarantee provided by a subsidiary.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2015 (continued)

Amounts in RM thousand unless otherwise stated

18. Derivative Financial Instruments

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 31 March 2015 are as follows:

	Contractual/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	834,860	1,212	12,315
Sugar future contracts	7,410	54	-
Palm oil futures	14,883	467	-
Rubber futures	11,619	595	-
Soy and canola futures	1,080,140	15,717	11,283
	<u>1,948,912</u>	<u>18,045</u>	<u>23,598</u>

19. Fair Value Changes of Financial Instruments

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2014. The maturity periods of the above derivatives are less than one year. The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2015.

31 March 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	16,833	1,212	-	18,045
- Available-for-sale financial assets	9,198	-	219,343	228,541
- Trading securities	<u>41,182</u>	<u>-</u>	<u>-</u>	<u>41,182</u>
Total assets	<u>67,213</u>	<u>1,212</u>	<u>219,343</u>	<u>287,768</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,692,210	4,692,210
- Derivatives	<u>11,283</u>	<u>12,315</u>	<u>-</u>	<u>23,598</u>
Total liabilities	<u>11,283</u>	<u>12,315</u>	<u>4,692,210</u>	<u>4,715,808</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

19. Fair Value Changes of Financial Instruments (continued)

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 3 comprise LLA liability.

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

	3 months period ended <u>31 March 2015</u>	Financial year <u>2014</u>
<u>LLA liability</u>		
1 January	4,680,829	4,844,390
Fair value changes charged		
to profit or loss	73,510	115,240
Repayment during the financial period	(62,129)	(336,401)
Additional land acquired during the year	-	57,600
	<u>4,692,210</u>	<u>4,680,829</u>

Fair value changes for the LLA liability has been measured based on assumptions made on discount rate, crude palm oil prices, fresh fruit bunches prices, palm kernel prices, average yield of fresh fruit bunches, inflation rate, total acreage of planted oil palm and rubber, estate replanting fixed cost and capital expenditure; amongst others, on a periodic basis. Any changes on assumptions used will cause a material variation of the liability.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

20. Realised and Unrealised Profits or Losses

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

	As at 31 March 2015	As at 31 March 2014
Total retained earnings of the Company and its subsidiaries:		
- realised	4,014,278	4,286,699
- unrealised	(244,641)	(214,100)
	<u>3,769,637</u>	<u>4,072,599</u>
Total share of retained earnings from jointly controlled entities:		
- realised	180,548	206,771
- unrealised	(1,469)	(35,687)
	<u>179,079</u>	<u>171,084</u>
Total share of retained earnings from associates:		
- realised	134,527	120,170
- unrealised	(6,753)	(6,753)
	<u>127,774</u>	<u>113,417</u>
Less: consolidation adjustments	(2,656,330)	(2,534,352)
Total retained earnings of FGVH	<u>1,420,160</u>	<u>1,822,748</u>

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

21. Earnings Per Share

	Quarter ended 31 March	
	2015	2014
Basic earnings per share are computed as follows:		
Profit for the financial period attributable to owners of the Company	<u>3,575</u>	<u>143,628</u>
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152
Basic earnings per share (sen)	<u>0.1</u>	<u>3.9</u>

22. Status of Corporate Proposals

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

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

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing		Amount utilised as at 31 March 2015	Balance of IPO proceeds as at 31 March 2015
Acquisition of plantation assets	within 3 years	2,190,000	(2,190,000)	-
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	(840,000)	-
Construction or acquisitions of mills and refineries	within 3 years	780,000	(668,721)	111,279
Loan repayment for our overseas operation	within 6 months	260,000	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	(90,330)	9,670
Working capital requirements, general corporate purposes	within 6 months	129,000	(129,000)	-
Estimated listing expenses	within 6 months	160,000	(160,000)	-
Total gross proceeds		<u>4,459,000</u>	<u>(4,338,051)</u>	<u>120,949</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

23. Significant events

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

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

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

As at 31 March 2015, the Group has not consolidated the results of FISC, as the impact of the acquisition to the Group's results is not material. The Group's cost of investment is currently included as part of deposit and other receivables in non-current assets.

24. Material events after reporting period

There were no material events after the reporting period.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

25. Prospects

The sluggish market, where reduced demand is seen from major importers such as China and India, compounded by low commodity prices, has affected the CPO market. Compared to Q4, 2014, the country's CPO export demand has fallen by almost 40%.

The Group expects this to be a short-term effect and volumes will return to normal levels when the CPO export tax is reduced to zero and Indonesia imposes the biodiesel levy. The tax exemption will encourage more buying as well as reduce palm stockpiles in the country.

In the early part of the year, the country experienced major flooding particularly in the East Coast regions which disrupted harvesting activities and consequentially reduced the country's as well as the Group's overall CPO production. Thus, the impact of this particular flood on our Group in Q1 2015 was higher than what was expected. Moving forward, the Group is focused to bring down its estates and mills production costs and improves efficiencies to drive better production results by year end.

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

By Order of the Board

Koo Shuang Yen
Company Secretary

26 May 2015