



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 31 March 2014**



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2014

The Directors are pleased to announce the following:

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

	Note	Year to date ended 31 March		% + / (-)
		2014	2013	
<u>Continuing operations</u>				
Revenue		3,726,122	2,682,208	38.9
Cost of sales		(3,138,171)	(2,388,774)	
Gross profit		587,951	293,434	>100
Other operating income		56,723	39,901	
Selling and distribution costs		(98,263)	(38,388)	
Administrative expenses		(194,257)	(31,789)	
Other operating expenses		(24,939)	-	
Other losses, net, including fair value changes in Land Lease Agreement ('LLA') liability		(84,497)	(102,296)	
Operating profit	15	242,718	160,862	50.9
Finance income		30,165	40,890	
Finance costs		(38,490)	(23,208)	
Finance (costs)/income-net		(8,325)	17,682	
Share of results from associates		297	57,514	
Share of results from joint ventures		33,321	(14,469)	
Profit before zakat and taxation		268,011	221,589	20.9
Zakat		(713)	(10,000)	
Taxation	16	(54,651)	(41,456)	
Profit from continuing operations		212,647	170,133	25.0
<u>Discontinuing operations</u>				
Loss from discontinuing operations		(3,840)	(3,076)	
Profit for the financial period		208,807	167,057	25.0
Other comprehensive (loss)/income				
Share of other comprehensive loss of associates		-	(5,626)	
Share of other comprehensive (loss)/income of joint ventures		(2,640)	15,501	
Other reserves - defined benefit plan		(30)	-	
Currency translation differences		(21,661)	(1,051)	
Other comprehensive (loss)/income for the financial period, net of tax		(24,331)	8,824	
Total comprehensive income for the financial period		184,476	175,881	4.9



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the first quarter ended 31 March 2014 (continued)

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

	Note	Year to date ended 31 March		% + / (-)
		2014	2013	
Profit attributable to:				
-Owners of the Company		143,628	136,716	5.1
-Non-controlling interests		<u>65,179</u>	<u>30,341</u>	>100
Profit for the financial period		<u><u>208,807</u></u>	<u><u>167,057</u></u>	25.0
Total comprehensive income attributable to:				
- Owners of the Company		117,931	145,537	
- Non-controlling interests		<u>66,545</u>	<u>30,344</u>	
Total comprehensive income for the financial period		<u><u>184,476</u></u>	<u><u>175,881</u></u>	4.9
Earnings per share for profit attributable to the owners of the Company:				
Basic (sen)	21	3.9	3.7	

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 2013.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the first quarter ended 31 March 2014 (continued)

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

	Note	Unaudited As at 31 March 2013	Audited As at 31 December 2013
<u>Non-current assets</u>			
Property, plant and equipment		5,776,599	5,682,552
Investment properties		126,874	129,628
Goodwill and intangible assets		874,612	876,261
Interests in associates		371,089	371,063
Interests in joint ventures		577,018	547,564
Biological assets		2,401,776	2,447,265
Prepaid lease payments		38,489	40,969
Receivables		86,804	84,441
Deferred tax assets		1,284,367	1,281,465
Available-for-sale financial assets		213,094	211,575
		11,750,722	11,672,783
<u>Current assets</u>			
Inventories		1,537,398	1,740,099
Biological assets		45,930	41,491
Receivables		1,150,237	1,351,512
Amount due from a significant shareholder		70,447	81,923
Amount due from joint ventures		397,749	421,838
Amount due from an associate		-	37
Amounts due from related companies		63,527	29,060
Loan due from a related company		28,781	-
Tax recoverable		146,637	177,575
Financial assets at fair value through profit and loss		14,109	12,955
Derivative financial assets	18	18,893	3,499
Cash and cash equivalents		4,923,327	5,028,873
		8,397,035	8,888,862
Assets held for sale		145,984	159,920
		8,543,019	9,048,782
Total assets		20,293,741	20,721,565
<u>Equity</u>			
Share capital		3,648,152	3,648,152
Reserves		3,040,787	2,922,856
Equity attributable to owners of the Company		6,688,939	6,571,008
Non-controlling interests		2,441,333	2,374,788
Total equity		9,130,272	8,945,796



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the first quarter ended 31 March 2014 (continued)

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

	Note	Unaudited As at 31 March 2014	Audited As at 31 December 2013
<u>Non-current liabilities</u>			
Borrowings	17	15,533	11,801
Loan due to a significant shareholder	17	2,473,828	2,473,828
LLA liability		4,565,284	4,458,623
Provisions		32,677	32,291
Provision for defined benefit plan		33,303	34,686
Deferred tax liabilities		607,484	620,192
		<u>7,728,109</u>	<u>7,631,421</u>
<u>Current liabilities</u>			
Payables		1,005,669	1,349,184
Loan due to a significant shareholder	17	244,171	223,962
Amount due to a significant shareholder		351,400	386,921
Amount due to associates		422	-
Amount due to joint ventures		389	23,000
Amounts due to related companies		1,116	4,723
Borrowings	17	1,408,482	1,638,109
Derivative financial liabilities	18	4,871	15,361
Provisions		82	82
LLA liability		317,414	385,767
Current tax liabilities		17,952	21,900
		<u>3,351,968</u>	<u>4,049,009</u>
Liabilities directly associated with assets classified as held for sale		83,392	95,339
		<u>3,435,360</u>	<u>4,144,348</u>
Total liabilities		<u>11,163,469</u>	<u>11,775,769</u>
Total equity and liabilities		<u>20,293,741</u>	<u>20,721,565</u>
		As at 31 March 2013	As at 31 December 2013
Net assets per share attributable to owners of the Company		<u>1.83</u>	<u>1.80</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 2013.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	<u>Note</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Available for sale reserve</u>	<u>Capital redemption reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Quarter ended 31 March 2014											
At 1 January 2014		3,648,152*	3,371,685	(62,801)	(2,088,969)	13,739	10,052	1,679,150	6,571,008	2,374,788	8,945,796
Profit for the financial period		-	-	-	-	-	-	143,628	143,628	65,179	208,807
Other comprehensive income / (loss) for the financial period, net of tax:											
<u>Items that will not be reclassified to profit and loss</u>											
- Actuarial loss on defined benefit plan		-	-	-	-	-	-	(30)	(30)	-	(30)
<u>Items that may be subsequently reclassified to profit and loss</u>											
- currency translation differences		-	-	(23,027)	-	-	-	-	(23,027)	1,366	(21,661)
- share of other comprehensive (loss)/income of joint ventures		-	-	(5,698)	-	3,058	-	-	(2,640)	-	(2,640)
		-	-	(28,725)	-	3,058	-	-	(25,667)	1,366	(24,301)
Total comprehensive 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	2,441,333	9,130,272

* 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	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Quarter ended 31 March 2013												
At 1 January 2013		3,648,152*	3,371,685	(84,016)	(2,088,969)	20,027	10,052	33,615	1,191,818	6,102,364	857,815	6,960,179
Profit for the financial period		-	-	-	-	-	-	-	136,716	136,716	30,341	167,057
Other comprehensive income/(loss) for the financial period, net of tax:												
<u>Items that may be subsequently reclassified to profit and loss</u>												
- currency translation differences		-	-	(1,054)	-	-	-	-	-	(1,054)	3	(1,051)
- share of other comprehensive income/(loss) of associates		-	-	547	-	(6,185)	-	-	12	(5,626)	-	(5,626)
- share of other comprehensive income of joint ventures		-	-	3,853	-	11,648	-	-	-	15,501	-	15,501
		-	-	3,346	-	5,463	-	-	12	8,821	3	8,824
Total comprehensive income for the financial period		-	-	3,346	-	5,463	-	-	136,728	145,537	30,344	175,881
At 31 March 2013		3,648,152*	3,371,685	(80,670)	(2,088,969)	25,490	10,052	33,615	1,328,546	6,247,901	888,159	7,136,060

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 2013.



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 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial period		208,807	167,057
Adjustments for non-cash items		99,972	95,293
Operating profit before working capital changes		308,779	262,350
Changes in working capital		90,545	103,246
Cash generated from operations		399,324	365,596
Finance income received		26,402	40,844
Taxation paid		(37,969)	(103,635)
Zakat paid		(713)	(10,000)
Retirement benefits paid		(1,411)	-
Net cash generated from operating activities		385,633	292,805
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(151,193)	(41,526)
Purchase of prepaid lease payments		(283)	-
Purchase of biological assets		(5,342)	(6,359)
Purchase of intangible assets		(1,842)	-
Proceeds from disposal of property, plant and equipment		215	6,285
Proceeds from disposal of biological assets		377	-
Proceeds from disposal of investment in associate		-	551,435
Payment for asset retirement obligation		(18)	-
Dividend received from associates		270	-
Net cash (used in)/generated from investing activities		(157,816)	509,835



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	
		2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		81,500	40,900
Repayment of borrowings		(307,395)	(211,000)
Repayment of LLA liability		(79,354)	(78,515)
Finance costs paid		(20,316)	(11,567)
Decrease in fixed deposits pledged for bank guarantee		-	15,369
Net cash used in from financing activities		<u>(325,565)</u>	<u>(244,813)</u>
Net (decrease)/increase in cash and cash equivalents		(97,748)	557,827
Effect of foreign exchange rate changes		(7,798)	1,354
Cash and cash equivalents at beginning of the financial period		5,028,873	5,673,003
Cash and cash equivalents at end of the financial period		<u>4,923,327</u>	<u>6,232,184</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 2013.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 **Amounts in RM thousand unless otherwise stated**

This interim financial information of Felda Global Ventures Holdings Berhad ('FGVH') 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 2013. 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 2013.

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 2013, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRSs and IC Interpretations with effect from 1 January 2013.

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") when the MFRS Framework is mandated by the Malaysian Accounting Standard Board ("MASB"). In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

(b) FRSs applicable in 1 January 2014

- Amendment to FRS 132 "Financial Instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in FRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.
- Amendments to FRS 10, FRS 12 and FRS 127 (effective from 1 January 2014) introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.
- IC Interpretation 21 "Levies" (effective from 1 January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

The initial application of the above amendments and interpretations did not have any material impact on the financial statements of the Group, other than additional disclosure requirements.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(b) FRSs applicable in 1 July 2014 with earlier application permitted

- Amendments to FRS 2 “Share-based Payments” (effective on or after 1 July 2014) clarifies the definition of ‘vesting conditions’ by separately defining ‘performance condition’ and ‘service condition’ to ensure consistent classification of conditions attached to a share-based payment.
- Amendments to FRS 3 “Business Combinations” (effective on or after 1 July 2014) clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132 “Financial Instruments: Presentation”.

It is also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

- Amendments to FRS 8 “Operating Segments” (effective on or after 1 July 2014) requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

It is also clarifies that reconciliation of the total reportable segments’ assets to the entity’s assets is required if that amount is regularly provided to the chief operating decision maker.

- Amendments to FRS 13 “Fair Value Measurement” (effective on or after 1 July 2014) relates to the IASB’s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.
- Amendments to FRS 116 “Property, Plant and Equipment” (effective on or after 1 July 2014) clarifies the accounting for the accumulated depreciation when an asset is revalued. It clarifies that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.
- Amendments to FRS 138 “Intangible Assets” (effective on or after 1 July 2014) clarifies the accounting for the accumulated amortisation when an asset is revalued. It clarifies that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.
- Amendments to FRS 124 “Related Party Disclosures” (effective on or after 1 July 2014) extends the definition of ‘related party’ to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (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

With the acquisition of Felda Holdings Berhad ("FHB") on 27 December 2013, transactions with FHB and its group of companies are now treated as transactions with subsidiaries of the Group in the condensed consolidated financial statements of FGVH and eliminated upon consolidation. In prior year, FHB was an associate of FGVH.

Other than the above, there were no material 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 per 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 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (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 2014 have been identified as follows:

- Plantation – Plantation estates activities including cultivation, harvesting and production of fresh fruit bunches ("FFB"), processing of FFB and selling of crude palm oil ("CPO"), palm kernel ("PK") and rubber.
- 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 and production of consumer end products.
- Sugar – Sugar refining and sales and marketing of refined sugar and molasses.
- Manufacturing, Logistics & Others – Fertilisers processing and production, bulking and transportation facilities and services, engineering services, information technology, security, travel, research and development activities and sale of planting materials.

In prior year, reconciliation to the reportable segments mainly relates to the elimination of Felda Holdings Bhd., an associate of the Group up to 27 December 2013 which is included within the applicable reportable segments, and inclusion of investment holding companies within the Group, which do not form part of the reportable segments.

The discontinuing operations mainly relates to cocoa business, which the Group has approved to exit with the disposal of 100% equity as the preferred option.

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (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:

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Year to date ended 31 March 2014								
Total segment revenue	3,854,840	1,950,206	506,684	310,766	(2,896,374)	3,726,122	(14,800)	3,711,322
Less : Inter-segment revenue	(2,790,530)	(6,384)	(8,422)	(91,038)	2,896,374	-	-	-
Revenue from external customers	<u>1,064,310</u>	<u>1,943,822</u>	<u>498,262</u>	<u>219,728</u>	<u>-</u>	<u>3,726,122</u>	<u>(14,800)</u>	<u>3,711,322</u>
Finance income	1,630	1,687	6,435	1,724	18,689	30,165	-	30,165
Finance costs	(6,532)	(3,234)	(386)	(444)	(27,894)	(38,490)	-	(38,490)
Depreciation and amortisation	(53,149)	(15,222)	(11,671)	(24,114)	(1,129)	(105,285)	-	(105,285)
Fair value changes in LLA liability	(117,662)	-	-	-	-	(117,662)	-	(117,662)
Share of results of joint ventures	20,756	11,412	-	1,153	-	33,321	-	33,321
Share of results of associates	193	-	-	104	-	297	-	297
Profit/(loss) before zakat and taxation for the financial period	<u>154,574</u>	<u>(3,764)</u>	<u>78,627</u>	<u>55,813</u>	<u>(17,239)</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 2014 (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)

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Year to date ended 31 March 2013								
Total segment revenue	4,041,927	1,542,516	521,800	455,244	(3,879,279)	2,682,208	-	2,682,208
Less : Inter-segment revenue	(358,360)	(40,413)	(6,845)	(116,555)	522,173	-	-	-
Revenue from external customers	<u>3,683,567</u>	<u>1,502,103</u>	<u>514,955</u>	<u>338,689</u>	<u>(3,357,106)</u>	<u>2,682,208</u>	-	<u>2,682,208</u>
Finance income	2,834	1,007	7,643	2,670	26,736	40,890	-	40,890
Finance costs	(1,798)	(2,932)	(939)	(1,957)	(15,582)	(23,208)	-	(23,208)
Depreciation and amortisation	(31,550)	(11,106)	(10,660)	(9,075)	35,211	(27,180)	-	(27,180)
Fair value changes in LLA liability	(102,151)	-	-	-	-	(102,151)	-	(102,151)
Share of results of joint ventures	(277)	(14,192)	-	-	-	(14,469)	-	(14,469)
Share of results of associates	10,674	-	-	-	46,840	57,514	(3,076)	54,438
Profit/(loss) before taxation for the financial period	<u>82,110</u>	<u>17,246</u>	<u>89,572</u>	<u>66,440</u>	<u>(33,779)</u>	<u>221,589</u>	<u>(3,076)</u>	<u>218,513</u>

The analysis of external revenue by segment:

FGVH and its subsidiaries	1,978,085	170,228	514,955	-	18,940	2,682,208	-	2,682,208
FHB	1,705,482	1,331,875	-	338,689	(3,376,046)	-	-	-
Revenue from external customers	<u>3,683,567</u>	<u>1,502,103</u>	<u>514,955</u>	<u>338,689</u>	<u>(3,357,106)</u>	<u>2,682,208</u>	-	<u>2,682,208</u>

The analysis of profit before taxation by segment:

FGVH and its subsidiaries	81,003	(1,901)	89,572	-	6,075	174,749	(3,076)	171,673
FHB	1,107	19,147	-	66,440	(39,854)	46,840	-	46,840
Profit/(loss) before taxation	<u>82,110</u>	<u>17,246</u>	<u>89,572</u>	<u>66,440</u>	<u>(33,779)</u>	<u>221,589</u>	<u>(3,076)</u>	<u>218,513</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 31 March 2014	As at 31 December 2013
Property, plant and equipment:		
- contracted	208,503	444,787
- not contracted	392,690	413,930
	<u>601,193</u>	<u>858,717</u>
Biological assets:		
- contracted	12,172	10,639
- not contracted	93,062	66,101
	<u>105,234</u>	<u>76,740</u>
Intangible assets:		
- contracted	1,114	1,367
- not contracted	6,792	-
	<u>7,906</u>	<u>1,367</u>

9. Significant Related Party Transactions

Federal Land Development Authority ("FELDA"), a significant shareholder of the Group, effectively owns 38.6% 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 commercial 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.

With the acquisition of Felda Holdings Berhad ("FHB") on 27 December 2013, transactions with FHB and its group of companies are now treated as transactions with subsidiaries of the Group in the condensed consolidated financial statements of FGVH and eliminated upon consolidation. In prior year, FHB was an associate of FGVH.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 March 2014 and 31 March 2013 are as follows:

(a) Sales of goods and services

	Year to date ended	
	2014	2013
(i) Transactions with jointly controlled entities		
Tolling fees income of Twin River Technologies Enterprise De Transformation De Graines Oleagineuses Du Quebec Inc ('TRT ETGO') from Bunge ETGO L.P. ('Bunge ETGO')	-	9,079
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ('FGVPM') to Felda Iffco Sdn. Bhd. ('FISB') Group	540,979	405,587
Sales of CPKO by Felda Kernal Sdn. Bhd. ('FKP') to FISB Group and FPG Oleochemicals Sdn. Bhd. ('FPG')	316,064	-
Sales of Palm Processed Oil ("PPO") by Felda Marketing Services Sdn. Bhd. ("FMSSB") to FISB Group	26,244	-
(ii) Transactions with joint venture		-
Sales of CPO by FGVPM to Mapak Edible Oils (Pvt) Ltd ("MAPAK")	41,513	-
(iii) Transactions with subsidiaries of Felda Holdings Bhd ('FHB')		
Management fees charged by FGVH to subsidiaries of FHB	-	17,572
Sales of FFB by FGVPM to Felda Palm Industries Sdn. Bhd. ('FPISB')	-	524,400



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 March 2014 and 31 March 2013 are as follows:

(a) Sales of goods and services

	Year to date ended	
	31 March	
	2014	2013
(iii) Transactions with subsidiaries of FHB (continued)		
Sales of cup lumps and latex by FGVP to Felde Rubber Industries Sdn. Bhd. ('FRISB')	-	10,698
Sales of CPO by FGVP to Felde Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	-	608,255
(iv) Transactions between subsidiaries and FELDA		
Engineering and maintenance work rendered by Felde Engineering Services Sdn. Bhd. ('FESSB')	23,435	-
Sales of fertilizer by FPM Sdn. Bhd. ('FPM')	23,636	-

(b) Purchase of goods and services

	Year to date ended	
	31 March	
	2014	2013
(i) Transactions with a subsidiary		
Management fees charged by FHB	-	17,975
(ii) Transactions with joint ventures		
Purchase of PPO by FMSSB from FISB Group	26,244	-



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 March 2014 and 31 March 2013 are as follows (continued):

(b) Purchase of goods and services (continued)

	Year to date ended	
	31 March	
	2014	2013
(iii) Transactions with subsidiaries of FHB		
Purchase of coconut oil and other palm oil products by Twin River Technologies Holdings, Inc ('TRTH') from Felda Marketing Services Sdn. Bhd. ('FELMA')	-	60,588
Purchase of fertilizer by FGVPM and Kilang Gula Felda Perlis ('KGFP') from FPM Sdn. Bhd. ('FPM')	-	9,309
Purchase of chemicals and seedlings by FGVPM and KGFP from Felda Agricultural Services Sdn. Bhd. ('FASSB')	-	72,655
Purchase of CPO by FGVPM from FPISB	-	1,409,163
Purchase of IT services from Felda Prodata Services Sdn. Bhd. ('FPSSB')	-	3,474
Purchase of security services from Felda Security Services Sdn. Bhd. ('FSSSB')	-	13,794



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 March 2014 and 31 March 2013 are as follows (continued):

(c) Purchase of goods and services (continued)

	Year to date ended	
	31 March	
	2014	2013
(iii) Transactions between subsidiaries and FELDA		
Interest expense charged by FELDA	27,355	21,522
Repayment of LLA Liability by FGVP to FELDA	62,120	78,515
Share of profit paid to FELDA by FGVP	30,010	-
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRI") from FELDA	31,023	-
Purchase of FFB by FPI from FELDA	667,325	-

(d) Transactions with Government related entities

(i) Transactions between subsidiaries and other government agencies

Sugar subsidy received from Kementerian, Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan	535	17,560
Windfall tax and export tax paid to Kastam Diraja Malaysia	10,549	-
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	53,874	-



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

10. Effect of Significant Changes in the Composition of FGVH

There were no changes in the composition of the Group for the current period under review other than as disclosed in Note 23.

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 matter is still on going and the Court now fixed the matter for continued trial on 4, 7, 18 & 19 August 2014.
- (ii) On 12 July 2011, FPISB and FELDA were sued by 711 settlers of Felda Jengka 1 to 25 and Felda Sg. Tekam in Temerloh, Pahang (Jengka A) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM22.9 million for year the 2008 only. This case was called for mention on 18 September 2013 and the Judge has ordered the Plaintiffs to determine who actually has the locus standi to sue in this suit and to determine which Plaintiffs have signed agreements with Felda. The matter is now fixed for trial on 8 to 11 July 2014.
- (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 is now fixed for trial on 11 to 15 August 2014.
- (iv) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for the year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a Statement of Defence on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. The matter is now fixed for continued trial on 27, 28 & 29 August 2014 and 15, 17, 18 & 19 September 2014.
- (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 and the court fixed 2 to 6 June 2014 for case management to fix trial dates.
- (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 matter is now fixed for trial on 2 to 13 June 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (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 High Court of Temerloh fixed the matter for trial on 22 to 26 September 2014.

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 2014 (continued)

Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended		% + / (-)
	31 March		
	2014	2013	
Revenue	<u>3,726,122</u>	<u>2,682,208</u>	38.9
Plantation	154,574	82,110	88.3
Sugar	78,627	89,572	(12.2)
Downstream	(3,764)	17,246	<100.0
Manufacturing, logistics and others	<u>55,813</u>	<u>66,440</u>	(16.0)
Segment results	285,250	255,368	11.7
Reconciliation	<u>(17,239)</u>	<u>(33,779)</u>	
Profit before taxation ("PBT")	268,011	221,589	20.9
Zakat	(713)	(10,000)	
Tax expense	<u>(54,651)</u>	<u>(41,456)</u>	
Profit from continuing operations	212,647	170,133	25.0
Loss from discontinuing operations	<u>(3,840)</u>	<u>(3,076)</u>	
Net profit for the financial period	<u>208,807</u>	<u>167,057</u>	25.0
Profit attributable to:			
Owners of the Company	143,628	136,716	
Non-controlling interests	<u>65,179</u>	<u>30,341</u>	
Profit after tax and non-controlling interests	<u>208,807</u>	<u>167,057</u>	25.0

Overall

The Group generated RM3.73 billion in revenue, RM208.81 million in net profit and RM143.63 million in PATAMI for the year ended 31 March 2014, higher than its performance in 2013.

The increase in profit from continuing operations of RM212.65 million compared to RM170.13 million were largely attributed due to higher CPO price and OER in the Plantation segment, which offset the reduction in profit in Sugar and MLO segment as well as the losses in the Downstream segment.

The increase in profit was also partly due to a RM28.78 million reversal of loan impairment from a related company, Felda Iffco Inc. ("FINA"), which has since been recovered. In addition to these, the gross profit margin ("GP") of the Group increased significantly to 15.8% in 2014 from 10.9% in 2013 due to the consolidation of FHB into FGVH.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance (continued)

Segment Performance Analysis

(a) Plantation

The Plantation segment results increased significantly to RM154.57 million in 2014 compared to RM82.11 million in 2013 due to higher average CPO realised price of RM2,584 per MT in 2014 against RM2,264 per MT in 2013 and increase in OER from 20.51% in 2013 to 20.98% in 2014. The higher price and OER helped compensate (i) the marginal decline in CPO production from 703 thousand MT in 2013 to 647 thousand MT in 2014 and (ii) lower FFB production of 1.10 million MT in 2014 compared to 1.22 million MT in 2013.

The segment also benefitted from the reduction in operational costs especially manuring costs compared to same period last year.

(b) Sugar

Profit from Sugar segment decreased by 12.2% to RM78.63 million mainly due to lower domestic and export sales of 9% and 17% respectively. The decrease was partly offset by the realised and unrealised gain on commodity contracts of RM13.43 million.

(c) Downstream

The Downstream segment registered a slight loss of RM3.76 million in 2014 compared to profits of RM17.25 million in 2013 due to increased operational costs and negative margins achieved from the Group's local refineries.

(d) Manufacturing, Logistics and Others

The Manufacturing, Logistics and Others segment's profit declined by 16.0% in 2014 mainly due to decrease in fertiliser income as well as lower throughput handled by the logistical arms of the Group in the first quarter compared to the same period last year.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

13. Material Changes In The Quarterly Results Compared to Preceding Quarter

	Quarter ended		% + / (-)
	31 March 2014	31 December 2013	
Revenue	<u>3,726,122</u>	<u>3,674,096</u>	1.4
Plantation	154,574	642,984	(76.0)
Sugar	78,627	66,700	17.9
Downstream	(3,764)	(45,733)	91.8
Manufacturing, logistics and others	<u>55,813</u>	<u>64,264</u>	(13.2)
Segment results	285,250	728,215	(60.8)
Reconciliation	<u>(17,239)</u>	<u>(12,245)</u>	
PBT	268,011	715,970	(62.6)
Zakat	(713)	(17,481)	
Tax expense	<u>(54,651)</u>	<u>(184,573)</u>	
Profit from continuing operations	212,647	513,916	(58.6)
(Loss)/profit from discontinuing operations	<u>(3,840)</u>	<u>(1)</u>	
Net profit/profit for the financial period	<u>208,807</u>	<u>513,915</u>	(59.4)
Profit attributable to:			
Owners of the Company	143,628	499,924	
Non-controlling interests	<u>65,179</u>	<u>13,991</u>	
Profit after tax and non-controlling interests	<u>208,807</u>	<u>513,915</u>	(59.4)

Overall

The Group's revenue had slightly increased by 1.4% to RM3.73 billion in the current quarter compared to RM3.67 billion in the preceding quarter whilst the PBT was RM268.01 million, lower than that of the preceding quarter of RM715.97 million primarily due to decrease in fair value gain on LLA liability of RM476.68 million and gain of RM328.33 million arising from the acquisition of FHB in preceding quarter.

Excluding the LLA effect, the profit before taxation achieved was RM385.67 million compared to RM356.95 million in the preceding quarter due to higher average realised price for CPO from the plantation segment in the current quarter.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

Amounts in RM thousand unless otherwise stated

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

(a) Plantation

The results of plantation segment decreased from RM642.98 million in the previous quarter to RM154.57 million in the current quarter due to fair value loss in LLA of RM117.66 million compared to fair value gain on LLA of RM359.02 million in the preceding quarter.

Excluding the LLA effect, the segment's result was RM272.24 million, slightly lower compared to the preceding quarter of RM283.96 million. The reduction were mainly due to (i) decrease in CPO production from 647 thousand MT in the current quarter compared to 845 thousand MT in preceding quarter and (ii) lower FFB production from 1.10 million MT in current quarter compared to 1.29 million MT in preceding quarter. The increase in CPO price from RM2,425 per MT in the preceding quarter to RM2,584 per MT help cushioned the effect of reduction.

(b) Sugar

The Sugar segment's results rose by 17.9% primarily due to gain on realised and unrealised sugar future contracts of RM19.21 million in spite of lower revenue attributed by the decrease in domestic and export sales.

(c) Downstream

The Downstream segment registered a loss of RM3.76 million in the current quarter compared to loss of RM45.73 million in the preceding quarter due to a positive contribution from the US fatty acid business on the back of higher sales volume and fair value gain arising from foreign exchange contracts of RM17.40 million from local downstream activities. The segment profits were eroded by the Canadian business which suffered supply shortage of grain due to logistical problems during the winter month in December 2013, which continued until February 2014.

(d) Manufacturing, Logistics and Others ("MLO")

The MLO segment profits decreased by 13.2% due to lower fertiliser margin and lower throughput by the logistical arm of the Group.

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

15. Operating Profit

	Quarter ended 31 March	
	2014	2013
Included in operating profit are:		
Amortisation of intangible assets	2,774	2,549
Amortisation of prepaid lease payments	1,518	17
Depreciation of property, plant and equipment	98,288	22,244
Depreciation of investment properties	533	198
Accelerated depreciation of biological assets	2,134	2,170
Prepaid lease payment written off	1,245	-
Property, plant and equipment written off	2,421	815
Reversal of impairment of loan due from related company	(28,781)	-
Gain on disposal of property, plant and equipment	-	(5,153)
Gain on disposal of investment in an associate		(26,494)
(Gain)/loss on realised/unrealised on commodity contracts	(33,615)	145
Fair value changes in LLA	117,662	102,151
Net foreign exchange loss	<u>22,516</u>	<u>2,780</u>

16. Taxation

	Quarter Ended 31 March	
	2014	2013
Malaysian income tax		
Current financial year	(77,702)	(40,992)
Prior financial year	-	-
	<u>(77,702)</u>	<u>(40,992)</u>
Foreign income tax		
Current financial year	(5,571)	(4,296)
Deferred tax	<u>28,622</u>	<u>3,832</u>
	<u>(54,651)</u>	<u>(41,456)</u>

The effective tax rate of 20% for the financial period ended 31 March 2014 is lower than the Malaysian income tax rate of 25% as certain income is tax exempted.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (continued)
Amounts in RM thousand unless otherwise stated

17. Borrowings

The total unsecured borrowings are as follows:

<u>Long-term borrowings</u>	As at 31 March 2014		Total
	Secured	Unsecured	
Loan due to a significant shareholder	-	2,473,828	2,473,828
Term loan	-	15,533	15,533
	-	2,489,361	2,489,361
 <u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	244,171	244,171
Term loan	-	1,125	1,125
Export credit refinancing	-	80,000	80,000
Revolving credits	-	44,373	44,373
Bank overdrafts	-	26,088	26,088
Bankers acceptances	22,051	1,234,845	1,256,896
	22,051	1,630,602	1,652,653
Total borrowings	22,051	4,119,963	4,142,014

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

Ringgit Malaysia	4,064,105
Canadian Dollar	29,782
Indonesia Rupiah	26,076
Thai Baht	22,051
Total borrowings	4,142,014



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (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 contracts/notional amounts and fair values of these derivatives as at 31 March 2014 are as follows:

	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forward contracts	1,241,694	9,468	913
Palm oil futures contracts	115,500	-	3,838
Sugar futures contracts	84,841	8,090	120
Rubber tolling contracts	22,402	1,335	-
	<u>1,464,440</u>	<u>18,893</u>	<u>4,871</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 2013. 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 2014.

31 March 2014

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	9,425	9,468	-	18,893
Total assets	9,425	9,468	-	18,893
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,882,698	4,882,698
- Derivatives	3,958	913	-	4,871
Total liabilities	3,958	913	4,882,698	4,887,569



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (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.

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:

	First quarter <u>2014</u> RM'000	Financial year <u>2013</u> RM'000
<u>LLA liability</u>		
1 January	4,844,390	5,664,769
Fair value changes charged/(credited) to profit or loss	117,662	(494,485)
Repayment during the period/year	(79,354)	(325,894)
31 March/December	4,882,698	4,844,390

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 material variation of the above disclosure.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 March 2014 (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 2014	As at 31 March 2013
Total retained earnings of the Company and its subsidiaries:		
- realised	4,286,699	55,499
- unrealised	(214,100)	16,120
	<u>4,072,599</u>	<u>71,619</u>
Total share of retained earnings from joint ventures:		
- realised	206,771	(87,206)
- unrealised	(35,687)	(14,267)
	<u>171,084</u>	<u>(101,473)</u>
Total share of retained earnings from associates:		
- realised	120,170	1,521,895
- unrealised	(6,753)	(48,278)
	<u>113,417</u>	<u>1,473,617</u>
Less: consolidation adjustments	(2,534,352)	(115,217)
Total retained earnings of FGVH	<u>1,822,748</u>	<u>1,328,546</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 2014 (continued)
Amounts in RM thousand unless otherwise stated

21. Earnings Per Share

	Quarter ended 31 March	
	2014	2013
Basic earnings per share are computed as follows:		
Profit for the financial period attributable to owners of the Company (RM'000)	<u>143,628</u>	<u>136,716</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,648,152</u>	<u>3,648,152</u>
Basic earnings per share (sen)	<u>3.9</u>	<u>3.7</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	RM '000	Amount utilised as at 31 March 2014 RM'000	Balance of IPO proceeds as at 31 March 2014 RM'000
Acquisition of plantation assets	within 3 years	2,190,000	(1,220,176)	969,824
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	(450,832)	329,168
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	(69,330)	30,670
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>(3,129,338)</u>	<u>1,329,662</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

Amounts in RM thousand unless otherwise stated

23. Significant events

- (a) On 14 January 2014, a subsidiary of FGVD, CNL, has signed a Share Purchase Agreement for acquisition of GasPlas AS (GP), for a purchase price of GBP5.9 million (RM31.9 million). GP is a company incorporated in Norway and through its wholly owned subsidiary, EnPlas Ltd which is incorporated in United Kingdom and based in Norwich, collectively holds patents and owned Micro-Wave Plasma reactors which will be used to produce high grade carbon nanotubes and graphene using crude palm oil and methane as the feedstock using a certain technology. The acquisition of GP was completed on 16 January 2014.

- (b) On 8 March 2014, FGV Myanmar (L) Pte Ltd, a wholly owned subsidiary of the Company entered in a joint venture agreement with Pho La Min Trading Company Limited ("PLM") to establish a joint venture company in the Republic Union of Myanmar to carry out the business of rubber plantation, processing, sale and marketing of rubber and other activities incidental and ancillary thereto and modifications and/or expansions thereof as mutually agreed by the parties ("proposed joint venture").

Bearing any unforeseen circumstances, the proposed joint venture is expected to be completed in the fourth quarter of the financial year ended 2014.

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 2014 (continued)
Amounts in RM thousand unless otherwise stated

25. Prospects

The Group's lower than expected fresh fruit bunches (FFB) production mirror the after effect of the prolonged dry spell weather in the early part of the year. Nevertheless, the higher CPO price of RM2,584 per MT which hovered above last year's average of RM2,333 offset the reduction in volume. While there is concern over lower than expected FFB production, the Group is somewhat positive with the CPO outlook. In most countries, economists are reporting that GDP growth for 2014 is on track and steady demand can be seen for the vegetable oils especially on the palm oil side.

The industry resilience is also supported by the lower CPO inventory due to bio-diesel off take and the expectation of high demand and peak export period with the coming fasting month of Ramadhan. With the above, the plantation segment is expected to achieve its target for 2014. Notwithstanding that, the Group is cognisant on the likelihood of the looming El Nino draught developing in the third quarter of the year. With a good economic backdrop and sustainable demand, the Group will continue to pursue M&As aggressively and selectively to achieve its growth targets in both revenue and earnings.

Internally, the Group business units are placing high focus on operational efficiency and effectiveness through (i) operational restructuring and reorganisation, (ii) divestment of non-core business units and (iii) productivity improvement in the estates and the Group's other production assets through KPI tracking mechanisms that are being closely monitored and tracked by the corporate office. Eventually all these initiatives are expected to translate into higher net profits through the achievement of higher oil extraction rate, FFB yield per hectare as well as the benefit of cost-saving initiatives. In addition, the Group is also keeping track its efforts in replanting and R&D to achieve operational sustainability and maximize profits in the long run apart from the above short to mid-term initiatives.

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the financial year ending 31 December 2014 will be in line with industry.

By Order of the Board

Shahniza Anom Elias
Company Secretary

22 May 2014