



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Year Ended 31 December 2013**



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2013

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 December		% + / (-)	Year to date ended 31 December		% + / (-)
		2013	2012		2013	2012	
<u>Continuing operations</u>							
Revenue		3,674,096	3,858,810	(4.8)	12,568,008	12,886,499	(2.5)
Cost of sales		<u>(3,622,250)</u>	<u>(3,495,063)</u>		<u>(11,689,738)</u>	<u>(11,319,137)</u>	
Gross profit		51,846	363,747	(85.7)	878,270	1,567,362	(44.0)
Other operating income		425,130	32,954		507,727	40,512	
Selling and distribution costs		(48,660)	(61,314)		(208,183)	(158,146)	
Administrative expenses		(51,061)	(134,940)		(193,180)	(250,196)	
Other operating expenses		30,102	(33,180)		(13,645)	(37,465)	
Other gains/(losses), net, including fair value changes in Land Lease Agreement ('LLA') liability		<u>346,081</u>	<u>(13,950)</u>		<u>492,254</u>	<u>(204,793)</u>	
Operating profit	15	753,438	153,317	>100	1,463,243	957,274	52.9
Finance income		36,823	40,113		164,172	107,273	
Finance costs		<u>(30,009)</u>	<u>(15,101)</u>		<u>(103,429)</u>	<u>(111,280)</u>	
Finance income/(costs)-net		6,814	25,012		60,743	(4,007)	
Share of results from associates		(18,985)	34,067		83,368	201,079	
Share of results from jointly controlled entities		<u>(28,142)</u>	<u>(14,710)</u>		<u>(71,939)</u>	<u>(60,677)</u>	
Profit before zakat and taxation		713,125	197,686	>100	1,535,415	1,093,669	40.4
Zakat		(17,481)	(15,611)		(32,612)	(16,580)	
Taxation	16	<u>(184,925)</u>	<u>27,591</u>		<u>(367,011)</u>	<u>(204,582)</u>	
Profit from continuing operations		510,719	209,666	>100	1,135,792	872,507	30.2
<u>Discontinuing operations</u>							
Profit/(loss) from discontinuing operations	23(c)	<u>1,937</u>	<u>27,556</u>		<u>(28,753)</u>	<u>32,551</u>	
Profit for the financial year		<u><u>512,656</u></u>	<u><u>237,222</u></u>	>100	<u><u>1,107,039</u></u>	<u><u>905,058</u></u>	22.3
Other comprehensive (loss)/income							
Share of other comprehensive (loss)/income of associates		(4,332)	10,032		(9,632)	(4,673)	
Share of other comprehensive income/(loss) of jointly controlled entities		20,598	(12,041)		14,924	(24,232)	
Other reserves - actuarial losses		(212)	(1,048)		(212)	(1,048)	
Currency translation differences		(16,447)	(2,810)		26,645	(12,978)	
Other comprehensive (loss)/income for the financial year, net of tax		<u>(393)</u>	<u>(5,867)</u>		<u>31,725</u>	<u>(42,931)</u>	
Total comprehensive income for the financial year		<u><u>512,263</u></u>	<u><u>231,355</u></u>	>100	<u><u>1,138,764</u></u>	<u><u>862,127</u></u>	32.1



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the fourth quarter ended 31 December 2013 (continued)

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

	Note	Quarter ended 31 December		% + / (-)	Year to date ended 31 December		% + / (-)
		2013	2012		2013	2012	
Profit attributable to:							
-Owners of the Company		498,665	217,708	>100	980,992	805,953	21.7
-Non-controlling interests		<u>13,991</u>	<u>19,514</u>	(28.3)	<u>126,047</u>	<u>99,105</u>	27.2
Profit for the financial year		<u>512,656</u>	<u>237,222</u>	>100	<u>1,107,039</u>	<u>905,058</u>	22.3
Total comprehensive income attributable to:							
- Owners of the Company		498,299	211,842		1,012,824	763,023	
- Non-controlling interests		<u>13,964</u>	<u>19,513</u>		<u>125,940</u>	<u>99,104</u>	
Total comprehensive income for the financial year		<u>512,263</u>	<u>231,355</u>	>100	<u>1,138,764</u>	<u>862,127</u>	32.1
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	21	13.7	7.7		26.9	28.5	

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 2012.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the fourth quarter ended 31 December 2013 (continued)

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

	Note	Unaudited As at 31 December 2013	Audited As at 31 December 2012
<u>Non-current assets</u>			
Property, plant and equipment		5,680,769	1,683,316
Investment properties		131,251	40,378
Goodwill and intangible assets		876,261	707,099
Interests in associates		371,063	2,386,306
Interests in jointly controlled entities		547,564	333,577
Biological assets		2,447,265	1,864,224
Prepaid lease payments		51,163	715
Receivables		84,441	8,198
Deferred tax assets		1,281,465	1,479,710
Available-for-sale financial assets		211,575	-
		11,682,817	8,503,523
<u>Current assets</u>			
Inventories		1,742,888	597,667
Biological assets		41,491	41,662
Receivables		1,378,514	742,765
Amount due from a significant shareholder		164,861	73,091
Amount due from a jointly controlled entity		249,349	318,224
Amount due from an associate		72,674	-
Amounts due from related companies		26,687	503,650
Tax recoverable		177,575	23,217
Financial assets at fair value through profit and loss		12,955	-
Derivative financial assets	18	3,499	5,189
Cash and cash equivalents		5,021,158	5,688,372
		8,891,651	7,993,837
Assets held for sale		159,920	1,941
Total assets		20,734,388	16,499,301
<u>Equity</u>			
Share capital		3,648,152	3,648,152
Reserves		2,921,597	2,454,212
Equity attributable to owners of the Company		6,569,749	6,102,364
Non-controlling interests		2,374,788	857,815
Total equity		8,944,537	6,960,179



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the fourth quarter ended 31 December 2013 (continued)

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

	Note	Unaudited As at 31 December 2013	Audited As at 31 December 2012
<u>Non-current liabilities</u>			
Borrowings	17	11,801	509
Loan due to a significant shareholder	17	2,473,829	1,620,714
LLA liability		4,458,623	5,167,831
Provisions		32,291	4,500
Provision for defined benefit plan		34,686	19,429
Deferred grant		16,730	-
Deferred tax liabilities		620,544	91,461
		<u>7,648,504</u>	<u>6,904,444</u>
<u>Current liabilities</u>			
Payables		1,361,113	348,688
Loan due to a significant shareholder	17	223,962	219,557
Amount due to a significant shareholder		386,921	93,826
Amount due to an associate		-	69,510
Amounts due to related companies		4,723	755,023
Borrowings	17	1,638,109	599,160
Derivative financial liabilities	18	15,361	1,668
Provisions		82	412
LLA liability		385,767	496,938
Dividend payable		8,070	-
Current tax liabilities		21,900	49,896
Liabilities directly associated with assets classified as held for sale		95,339	-
		<u>4,141,347</u>	<u>2,634,678</u>
Total liabilities		<u>11,789,851</u>	<u>9,539,122</u>
Total equity and liabilities		<u>20,734,388</u>	<u>16,499,301</u>
		As at 31 December 2013	As at 31 December 2012
Net assets per share attributable to owners of the Company		<u>1.80</u>	<u>1.67</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 2012.



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	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Year to date ended 31 December 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 year		-	-	-	-	-	-	-	980,992	980,992	126,047	1,107,039
Other comprehensive income / (loss) for the financial year, net of tax:												
<u>Items that will not be reclassified to profit and loss</u>												
- Actuarial loss on defined benefit plan		-	-	-	-	-	-	-	(212)	(212)	-	(212)
<u>Items that may be subsequently reclassified to profit and loss</u>												
- currency translation differences		-	-	26,752	-	-	-	-	-	26,752	(107)	26,645
- share of other comprehensive (loss)/income of associates		-	-	(541)	-	(9,751)	-	-	660	(9,632)	-	(9,632)
- share of other comprehensive (loss)/income of jointly controlled entities		-	-	(9,885)	-	24,809	-	-	-	14,924	-	14,924
		-	-	16,326	-	15,058	-	-	660	32,044	(107)	31,937
Total comprehensive income for the financial year		-	-	16,326	-	15,058	-	-	981,440	1,012,824	125,940	1,138,764
Acquisition of subsidiary		-	-	4,889	-	(21,346)	-	-	-	(16,457)	1,463,370	1,446,913
Dividends paid		-	-	-	-	-	-	-	(528,982)	(528,982)	-	(528,982)
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	-	(72,337)	(72,337)
Total transactions with owners		-	-	4,889	-	(21,346)	-	-	(528,982)	(545,439)	1,391,033	845,594
At 31 December 2013		3,648,152*	3,371,685	(62,801)	(2,088,969)	13,739	10,052	33,615	1,644,276	6,569,749	2,374,788	8,944,537

* 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	Redeemable preference shares	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
Year to date ended 31 December 2012												
At 1 January 2012	1,767,612	9,005	881,783	(60,608)	2,347,742	33,526	1,047	33,615	601,541	5,615,263	823,362	6,438,625
Effects of acquisition of plantation estates	-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
	1,767,612	9,005	881,783	(60,608)	(2,088,969)	33,526	1,047	33,615	601,541	1,178,552	823,362	2,001,914
Profit for the financial period	-	-	-	-	-	-	-	-	805,953	805,953	99,105	905,058
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	-	-	-	-	-	-	-	-	(1,048)	(1,048)	-	(1,048)
<u>Items that may be subsequently reclassified to profit and loss</u>												
- currency translation differences	-	-	-	(12,977)	-	-	-	-	-	(12,977)	(1)	(12,978)
- share of other comprehensive (loss)/income of associates	-	-	-	(1,325)	-	1,627	-	-	(4,975)	(4,673)	-	(4,673)
- share of other comprehensive loss of jointly controlled entities	-	-	-	(9,106)	-	(15,126)	-	-	-	(24,232)	-	(24,232)
	-	-	-	(23,408)	-	(13,499)	-	-	(4,975)	(41,882)	(1)	(41,883)
Total comprehensive (loss)/income for the financial period	-	-	-	(23,408)	-	(13,499)	-	-	799,930	763,023	99,104	862,127
Issuance of shares	1,880,540*	-	3,479,000	-	-	-	-	-	-	5,359,540	-	5,359,540
Conversion of preference shares	-	(9,005)	(881,783)	-	-	-	9,005	-	(9,005)	(890,788)	-	(890,788)
Share issue expenses	-	-	(107,315)	-	-	-	-	-	-	(107,315)	-	(107,315)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	35	35
Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	761	761
Dividends paid (interim)	-	-	-	-	-	-	-	-	(200,648)	(200,648)	-	(200,648)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	(65,447)	(65,447)
Total transactions with owners	1,880,540	(9,005)	2,489,902	-	-	-	9,005	-	(209,653)	4,160,789	(64,651)	4,096,138
At 31 December 2012	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

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

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 2012.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Year to date ended 31 December	
		2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial year		1,107,039	905,058
Adjustments for non-cash items		(276,260)	433,367
Operating profit before working capital changes		830,779	1,338,425
Changes in working capital		8,291	(487,311)
Cash generated from operations		839,070	851,114
Finance income received		144,306	107,273
Taxation paid		(261,466)	(223,511)
Zakat paid		(32,612)	(16,580)
Retirement benefits paid		(1,544)	(3,279)
Net cash generated from operating activities		687,754	715,017
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(275,592)	(147,016)
Purchase of prepaid lease payments		(10,194)	-
Purchase of biological assets		(16,870)	(123,914)
Purchase of intangible assets		(8,365)	(16,145)
Acquisition of subsidiaries	10	(1,541,354)	(9,884)
Payment for restructuring costs		-	(1,309)
Additional investment in jointly controlled entities		-	(38,984)
Proceeds from disposal of property, plant and equipment		8,055	6,187
Proceeds from disposal of investment in associate		551,435	-
Proceeds from dissolution of a jointly controlled entity		78,800	-
Payment for asset retirement obligation		(43)	(29)
Deposit for acquisition of subsidiaries	23 (d) & (e)	(12,719)	-
Dividend received from associates		76,863	195,110
Net cash generated used in investing activities		(1,149,984)	(135,984)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Unaudited Condensed Consolidated Statement of Cash Flows (continued)

Amounts in RM thousand unless otherwise stated

	Note	Year to date ended	
		31 December	
		2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of loan due to a significant shareholder		1,067,400	-
Drawdown of borrowings		1,097,884	100,000
Repayment of loan due to a significant shareholder		(214,286)	-
Repayment of borrowings		(716,955)	(475,523)
Net proceeds (to)/from bankers acceptances		(432,000)	172,700
Repayment of LLA liability		(325,894)	(388,103)
Disbursement of loan to a jointly controlled entity		-	(29,552)
Finance costs paid		(96,474)	(104,176)
Dividend paid to non-controlling interests		(72,337)	(65,447)
Dividend paid to shareholders		(528,982)	(200,648)
Proceeds from issuance of shares, net of issuance expenses		-	4,325,962
Decrease in fixed deposits pledged for bank guarantee		15,369	305,277
Net cash (used in)/generated from financing activities		(206,275)	3,640,490
Net (decrease)/increase in cash and cash equivalents		(668,505)	4,219,523
Effect of foreign exchange rate changes		16,660	(4,004)
Cash and cash equivalents at beginning of the financial year		5,673,003	1,457,484
Cash and cash equivalents at end of the financial year		5,021,158	5,673,003
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		5,021,158	5,688,372
Fixed deposits pledged		-	(15,369)
Cash and cash equivalents at end of the year		5,021,158	5,673,003

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 2012.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 **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 2012. 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 2012.

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 2012, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRSS and IC Interpretations with effect from 1 January 2013.

In the financial year beginning 1 January 2015, the Group, being a Transitioning Entity, will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS").

(b) FRSS applicable in 2013

- Amendment to FRS 101 "Presentation of Items of Other Comprehensive Income" requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future.
- FRS 10 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- FRS 11 "Joint arrangements" requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint venturer has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(b) FRSs applicable in 2013 (continued)

- FRS 12 'Disclosures of Interests in Other Entities' sets out the required disclosures for all forms of interest in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
- FRS 13 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in FRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.
- Amendment to FRS 7, 'Financial Instruments: Disclosures' requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.
- Revised FRS 127 "Separate Financial Statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of FRS 127 have been included in the new FRS 10.
- Revised FRS 128 "Investments in Associates and Joint Ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of FRS 11.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(b) FRSs applicable in 2013 (continued)

- Amendments to FRS 10, FRS 11 and FRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance” (effective from 1 January 2013) clarifies that the date of initial application is the first day of the annual period in which FRS 10 is adopted. The entities should assess the control at the date of initial application which will impact the treatment in the immediately preceding comparative period. The amendment also requires certain comparative disclosures in relation to subsidiaries, associates and jointly controlled entities under FRS 12 upon transition. Any difference between FRS 10 carrying amounts and previous carrying amounts at the beginning of the immediately preceding annual period is adjusted to equity.
- Improvement to FRSs relating to IASB Improvements to IFRSs in 2011
 - Amendment to FRS 16 “Property, Plant and Equipment” clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
 - Amendments to FRS 134 “Interim Financial Reporting” requires that segment information of total asset and liabilities to be disclosed for a particular reportable segment if such amount is regularly provided to the chief operating decision maker or if there has been a material change from the amount disclosed in the last annual financial segment for that reportable segment.
- IC Interpretation 20 “Stripping Costs in Production Phase of a Surface Mine” (effective from 1 January 2013) sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. It requires entities reporting under MFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.

The initial application of the above standards, 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 December 2013 (continued)

Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(c) FRSs applicable in 2014

- Amendment to MFRS 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.

(d) FRSs applicable in 2017

- FRS 9 ‘Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities’ (effective no earlier than 1 January 2017) replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. FRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the FRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess FRS 9’s full impact. The Group will also consider the impact of the remaining phases of FRS 9 when completed by the Board.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (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

Other than the effects of significant changes in the composition of FGVH as per Note 10, 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

The Directors declared an interim dividend payment of 6.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system for the quarter ended 30 September 2013. The dividend totaling RM218.89 million was paid on 27 December 2013.

The Board of Directors has agreed to recommend a final dividend payment of 10.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system which approximates RM364.8 million for the financial year ended 31 December 2013, subject to approval of shareholders at the forthcoming Annual General Meeting.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (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 comprise members of the Executive Committee ("EXCO").

The reportable segments for the financial year ended 31 December 2013 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") and palm kernel ("PK").
- Downstream – Refining of CPO, fractionation of refined bleached deodorised palm oil ("RBDPO") and Palm Olein ("PO"), crushing of PK, production of oleochemicals namely fatty acid and glycerine and production of consumer end products.
- Sugar – Sugar refining and sales and marketing of refined sugar and molasses.
- Manufacturing, Logistics & Others – Cocoa, rubber and fertilisers processing and production, bulking and transportation facilities and services, engineering, construction and property management, information technology, security, travel, research and development activities and sale of planting materials.

Reconciliation to the reportable segments mainly relates to the elimination of Felda Holdings Bhd ('FHB'), an associate of the Group up to 27 December 2014, which is included within the reportable segments, and inclusion of investment holding companies within the Group, which are not operating segments.

The discontinuing operations in the reporting segments relates to the share of results from jointly controlled entities, Bunge ETGO L.P due to the dissolution of the entity on 30 November 2013. See Note 23(c).

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 December 2013 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Year to date ended 31 December 2013								
Total segment revenue	18,073,010	6,779,899	2,249,689	3,015,711	(17,550,301)	12,568,008	-	12,568,008
Less : Inter-segment revenue	(1,694,710)	(183,804)	(47,209)	(512,901)	2,438,624	-	-	-
Revenue from external customers	16,378,300	6,596,095	2,202,480	2,502,810	(15,111,677)	12,568,008	-	12,568,008
Finance income	13,076	19,352	27,924	1,800	102,020	164,172	-	164,172
Finance costs	(11,261)	(8,277)	(4,895)	(14,998)	(63,998)	(103,429)	-	(103,429)
Depreciation and amortisation	(139,355)	(54,248)	(29,741)	(86,766)	181,079	(129,031)	-	(129,031)
Impairment loss and write off	(12,657)	(53,826)	(52)	-	(5)	(66,540)	-	(66,540)
Fair value changes in LLA liability	-	-	-	-	494,485	494,845	-	494,845
Negative goodwill arising from acquisition of FHB	-	-	-	-	65,050	65,050	-	65,050
Gain on fair value remeasurement of FHB	-	-	-	-	263,280	263,280	-	263,280
Share of results of jointly controlled entities	(20,235)	(51,704)	-	-	-	(71,939)	(28,753)	(100,692)
Share of results of associates	10,494	-	-	-	72,874	83,368	-	83,368
Profit/(loss) before taxation for the financial period	686,869	(45,157)	388,780	186,798	318,125	1,535,415	(28,753)	1,506,662

The analysis of external revenue by segment :

FGVH and its subsidiaries	9,284,177	1,020,257	2,202,480	-	61,094	12,568,008	-	12,568,008
FHB	7,094,123	5,575,838	-	2,502,810	(15,172,771)	-	-	-
Revenue from external customers	16,378,300	6,596,095	2,202,480	2,502,810	(15,111,677)	12,568,008	-	12,568,008

The analysis of profit before taxation by segment:

FGVH and its subsidiaries	502,348	(29,734)	388,780	-	601,147	1,462,541	(28,753)	1,433,788
FHB	184,521	(15,423)	-	186,798	(283,022)	72,874	-	72,874
Profit/(loss) before taxation	686,869	(45,157)	388,780	186,798	318,125	1,535,415	(28,753)	1,506,662



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Year to date ended 31 December 2012								
Total segment revenue	20,287,441	7,873,245	2,313,188	3,494,239	(21,081,614)	12,886,499	-	12,886,499
Less : Inter-segment revenue	(2,360,691)	(210,959)	(11,869)	(569,421)	3,152,940	-	-	-
Revenue from external customers	<u>17,926,750</u>	<u>7,662,286</u>	<u>2,301,319</u>	<u>2,924,818</u>	<u>(17,928,674)</u>	<u>12,886,499</u>	-	<u>12,886,499</u>
Finance income	10,396	5,474	31,247	11,717	48,439	107,273	-	107,273
Finance costs	(7,523)	(22,271)	(11,049)	(12,113)	(58,324)	(111,280)	-	(111,280)
Depreciation and amortisation	(122,766)	(51,113)	(40,514)	(76,831)	182,119	(109,105)	-	(109,105)
Impairment loss and write off	(6,446)	(32,300)	(12,205)	-	(26,952)	(77,903)	-	(77,903)
Reversal of impairment	-	39,454	-	-	-	39,454	-	39,454
Fair value changes in LLA liability	-	-	-	-	(210,178)	(210,178)	-	(210,178)
Share of results of jointly controlled entities	(4,236)	(56,441)	-	-	-	(60,677)	32,551	(28,126)
Share of results of associates	46,329	-	-	-	154,750	201,079	-	201,079
Profit/(loss) before taxation for the financial period	<u>1,328,844</u>	<u>(12,036)</u>	<u>312,631</u>	<u>343,293</u>	<u>(879,063)</u>	<u>1,093,669</u>	<u>32,551</u>	<u>1,126,220</u>

<u>The analysis of external revenue by segment:</u>								
FGVH and its subsidiaries	9,694,916	800,074	2,301,319	-	90,190	12,886,499	-	12,886,499
FHB	8,231,834	6,862,212	-	2,924,818	(18,018,864)	-	-	-
Revenue from external customers	<u>17,926,750</u>	<u>7,662,286</u>	<u>2,301,319</u>	<u>2,924,818</u>	<u>(17,928,674)</u>	<u>12,886,499</u>	-	<u>12,886,499</u>
<u>The analysis of profit before taxation by segment:</u>								
FGVH and its subsidiaries	1,050,039	(28,980)	312,631	-	(394,771)	938,919	32,551	971,470
FHB	278,805	16,944	-	343,293	(484,292)	154,750	-	154,750
Profit/(loss) before taxation	<u>1,328,844</u>	<u>(12,036)</u>	<u>312,631</u>	<u>343,293</u>	<u>(879,063)</u>	<u>1,093,669</u>	<u>32,551</u>	<u>1,126,220</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 31 December 2013	As at 31 December 2012
Property, plant and equipment:		
- contracted	444,787	92,507
- not contracted	411,130	296,724
	<u>855,917</u>	<u>389,231</u>
Biological assets:		
- contracted	10,639	-
- not contracted	66,101	31,963
	<u>76,740</u>	<u>31,963</u>
Investment in subsidiaries	<u>85,629</u>	<u>-</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.

As the acquisition of FHB only completed on 27 December 2013, transactions with FHB group of companies for the financial year are included within transactions with a former associate.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2013 and 31 December 2012 are as follows:

(a) Sales of goods and services

	Year to date ended 31 December	
	2013	2012
(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')	21,782	59,575
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ('FGVPM') to Felda Iffco Sdn. Bhd. ('FISB') Group	2,189,549	1,914,338
(ii) Transactions with subsidiaries of Felda Holdings Bhd ('FHB')		
Management fees charged by FGVH to subsidiaries of FHB	52,051	88,637
Sales of FFB by FGVPM to Felda Palm Industries Sdn. Bhd. ('FPISB')	2,242,503	2,388,338
Sales of cup lumps and latex by FGVPM to Felda Rubber Industries Sdn. Bhd. ('FRISB')	38,280	54,464
Sales of CPO by FGVPM to Felda Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	2,750,741	2,316,189
Sales of CPO by Pontian United Plantations Berhad ('Pontian') to Felda Vegetable Oil Sdn. Bhd. ('FVOP')	27,143	-
Sales of PK by FGVPM to Felda Kernel Products Sdn. Bhd. ('FKPSB')	-	121,455



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2013 and 31 December 2012 are as follows (continued):

(b) Purchase of goods and services

	Year to date ended 31 December	
	2013	2012
(i) Transactions with a subsidiary		
Management fees charged by FHB	55,909	89,369
(ii) 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')	61,353	229,129
Purchase of fertilizer by FGVP and Kilang Gula Felda Perlis ('KGFP') from FPM Sdn. Bhd. ('FPM')	306,179	524,998
Purchase of chemicals and seedlings by FGVP and KGFP from Felda Agricultural Services Sdn. Bhd. ('FASSB')	33,959	35,130
Marketing services rendered to FGVP and TRTH by FELMA	11,983	16,895
Purchase of CPO by FGVP from FPISB	6,973,043	7,022,703
Purchase of IT services from Felda Prodata Services Sdn. Bhd. ('FPSSB')	16,450	16,000
Purchase of security services from Felda Security Services Sdn. Bhd. ('FSSSB')	56,556	40,481
Purchase of marketing services from Felda Marketing Services Sdn. Bhd. ('FMSSB')	11,983	16,895
Purchase of travel services by Felda Travel Sdn. Bhd. ('Felda Travel')	13,874	9,163
Management fees and profit sharing paid by FGVP to FPSB	-	12,340



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial year ended 31 December 2013 and 31 December 2012 are as follows (continued):

(b) Purchase of goods and services (continued)

	Year to date ended 31 December	
	2013	2012
(iii) Transactions between subsidiaries and FELDA		
Interest expense charged by FELDA	93,085	91,174
Repayment of LLA Liability by FGVPM to FELDA	328,377	388,103
Infrastructure costs charged by FELDA to FGVPM	13,692	17,931
Share of IPO expenses charged by FGVH to FELDA	-	52,440

(c) Other transactions

(i) Transactions with subsidiaries of FHB

Management incentives received by TRTH from FPI on purchase of palm oil products	-	29,377
Commitment fee borne by FGVPM arising from sales of PK from FPI to FKP	16,396	-

(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	134,623	274,476
Windfall tax paid to Kastam Diraja Malaysia	1,135	40,597
CPO export tax paid to Kastam Diraja Malaysia	44,770	-



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

10. Effect of Significant Changes in the Composition of FGVH

Acquisition of subsidiary

1. On 20 September 2013, FGVH obtained control of Pontian United Plantations Berhad ('Pontian'), a company incorporated in Malaysia. The acquisition of 100% equity interest was completed on 1 October 2013 for a cash consideration of RM1,203,840,576.

The effects of the acquisition of Pontian are as follows:

	Carrying value	Fair value
Property, plant and equipment	141,278	664,357
Net current assets	267,355	602,432
Non-controlling interests	(21,137)	(190,187)
Total net assets acquired	<u>387,496</u>	<u>1,076,602</u>
Purchase consideration		<u>(1,203,841)</u>
Goodwill on acquisition		<u>(127,239)</u>

The cash outflow on acquisition is as follows:

Purchase consideration	1,203,841
Less: Cash and cash equivalents acquired	(205,895)
Net cash outflow on acquisition	<u>997,946</u>

2. On 18 November 2013, FGVH entered into a Conditional Share Purchase Agreement to acquire the remaining 51% of equity interest in Felda Holdings Berhad ('FHB'). The acquisition was completed on 27 December 2013 for a cash consideration of RM2,200,000,000.

The effects of the acquisition of FHB are as follows:

	Carrying value	Fair value
Property, plant and equipment and prepaid lease payment	2,321,843	3,228,415
Net current assets	2,250,359	2,423,446
Non-controlling interests	(955,215)	(1,272,853)
Total net assets acquired	<u>3,616,987</u>	<u>4,379,008</u>
Fair value of 49% equity interest in FHB*		(2,113,958)
Purchase consideration		<u>(2,200,000)</u>
Negative goodwill arising from business combination		<u>65,050</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

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

Acquisition of subsidiary (continued)

* The fair value of 49% equity interest of FGVH is the share of FHB's net tangible assets under equity accounting. A fair value gain on remeasurement was recorded as follows:

Fair value of 49% equity interest in FHB	2,113,958
Less: Carrying value of equity interest	(1,867,355)
Add: Share of FHB's reserves	16,677
Fair value gain on remeasurement	<u>263,280</u>

The cash outflow on acquisition is as follows:

Purchase consideration	2,200,000
Less: Cash and cash equivalents of subsidiary acquired	(1,656,592)
Net cash outflow on acquisition of subsidiary	<u>543,408</u>

Prior to the completion of the acquisition, the financial results of FHB had been equity accounted for as share of results of associates in the statement of comprehensive income. The effect of 4 days on the statement of comprehensive income is not material to the FGVH's results for the financial year ended 31 December 2013.

11. Contingent Liabilities and Material Litigation

- (i) On 12 June 2009, Felda Palm Industries Sdn. Bhd. ('FPISB') and FELDA were sued by 645 settlers of Felda Maokil Scheme in Johor for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM71.8 million. On 29 August 2012, Johor Baharu High Court ordered the case to be closed pending the outcome of the Plaintiff's Motion and Appeal to the Federal Court against the Court of Appeal's Decision. The Court has heard Plaintiffs' application for leave to appeal to Federal Court on 5 September 2013 of which the Applicants/Plaintiffs' Originating Motion for Leave to Appeal was dismissed with cost of RM5,000 as the Judges of the view that there is no merit in their application. Applicants/Settlers have been ordered by both the Federal Court and the Court of Appeal to refer their claims against FELDA and FPISB in Johor Baharu High Court Civil Suit to No. MT3-22-453-2009 Arbitration under the terms of Clauses 18 and 26 of the Settlers Agreement and Supplemental Agreement respectively.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

11. Contingent Liabilities and Material Litigation (continued)

- (ii) On 3 September 2010, FPISB and FELDA were sued by 514 settlers of Felda Serting Scheme and 252 settlers of Felda Gugusan Raja Alias Scheme in Jempol, Negeri Sembilan for alleged fraud and manipulation of the extraction rate for palm oil. The claim amounted to RM15.4 million for year 2008 only. The Seremban High Court fixed 14 September 2012 for the hearing of the Plaintiffs' application to withdraw 82 Plaintiffs from the suit. The Court allowed the application accordingly but it highlighted that the application had omitted another 14 Plaintiffs. Therefore Court instructed the Plaintiff's Solicitors to file 2nd application to withdraw the suit for those Plaintiffs who were omitted earlier as well as to file afresh Issues to be Tried and Agreed facts. The Court has fixed dates for continued trial on 27 & 28 January 2014, 12 & 13 February 2014, 19 & 20 February 2014 and 3 to 5 March 2014.
- (iii) 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 2008 alone. 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 now is fixed for trial on 2, 3, 4 & 7 April 2014.
- (iv) 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 year 2008 only. The Court had on 19 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with cost on the cause. The matter now is fixed for trial on 2, 3, 4 & 7 April 2014.
- (v) 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 year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a SOD 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 trial on 28 to 30 April 2014.
- (vi) 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 year 2008 only. FPISB has file Memorandum of Appearance in High Court on 16 May 2012 and the court fixed on 7 April 2014 for case management to fix trial dates.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

11. Contingent Liabilities and Material Litigation (continued)

- (vii) 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 year 2008 alone. FPISB has filed Memorandum of Appearance in High Court on 26 June 2012 and the matter is now fixed for trial on 2 to 13 June 2014.
- (viii) 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 High Court of Temerloh fixed the matter for trial on 2, 3, 4 & 7 April 2014.

Based on available information and on legal advices received, the Directors of FGVH 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 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended		%
	31 December		
	2013	2012	+ / (-)
Revenue	12,568,008	12,886,449	(2.5)
Plantation	686,869	1,328,844	(48.3)
Sugar	388,780	312,631	24.4
Downstream	(45,157)	(12,037)	<100
Manufacturing, logistics and others	186,798	343,294	(45.6)
Segment results	1,217,290	1,972,732	(38.3)
Reconciliation	(176,360)	(668,885)	
Profit before taxation and before fair value changes in LLA liability	1,040,930	1,303,847	(20.2)
Fair value changes in LLA liability	494,485	(210,178)	
Profit before taxation after fair value changes in LLA liability	1,535,415	1,093,669	40.4
Zakat	(32,612)	(16,580)	
Tax expense	(367,011)	(204,582)	
Profit from continuing operations	1,135,792	872,507	30.2
(Loss)/profit from discontinuing operations	(28,753)	32,551	
Net profit for the financial year	1,107,039	905,058	22.3
Profit attributable to:			
Owners of the Company	980,992	768,063	
Non-controlling interests	126,047	136,995	
Profit after tax and non-controlling interests	1,107,039	905,058	22.3

Overall

The Group generated RM12.57 billion in revenue, RM1.11 billion in net profit and RM980.99 million in PATAMI for the year ended 31 December 2013.

The Group's segment results dropped by 38.3% as a result of lower average CPO realised price of RM2,333 per MT compared to RM2,843 per MT in 2012 and lower FFB average realised price of RM448 per MT compared to RM541 per MT in the previous year. Overall production of FFB from our plantations increased to 5.05 million MT in 2013 compared to 4.91 million MT in 2012. CPO production in turn, decreased slightly to 3.21 million MT in 2013 compared to 3.28 million MT in 2012.

In addition to the above, contribution from associates dropped by 58.5% as a result of lower margin achieved from FHB's milling and manufacturing operations and the effect of the disposal of Tradewind (Malaysia) Bhd in February 2013. The reduction is partly offset by the increased contribution from the sugar segment of 24.4%.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued) Amounts in RM thousand unless otherwise stated

12. Review of Group Performance (continued)

The Net Profit for the financial year of RM1.11 billion was 22.3% higher than 2012 of RM905.06 million; mainly due to a gain of RM328.33 million arising from the acquisition of FHB and a gain from fair value changes of LLA liability amounting to RM494.48 million.

The methodology of calculating the fair value of the LLA remains the same as per previous quarters, i.e. based on a discounted cash flow calculation covering a period of 97 years using a projected annual lease consideration of RM248 million per year and a 15% share of the plantation estates operating profit. During the fourth quarter of 2013, certain assumptions (refer note 19) such as Crude Palm Oil ("CPO") price, Palm Kernel ("PK") price, Fresh Fruit Bunches ("FFB") price, estate management cost, cost of production and plantation hectares (mature and immature) have been revised in accordance with the Group's LLA policy and budget. The result of the revision is a reduction in the fair value liability in respect of the lease, leading to a write back of LLA charges to the profit and loss accounts i.e. a fair value gain. The calculation of fair value of the land lease liability is done in accordance with the requirements of FRS139.

Segment Performance Analysis

(a) Plantation

The Plantation segment results fell significantly by 48.3% to RM686.87 million in 2013 compared to RM1,328.84 million in 2012 due to lower average CPO realised price of RM2,333 per MT against RM2,843 per MT in 2012.

The Group FFB production of 5.05 million MT was 2.9% higher in 2013 with FFB yield achieved of 19.59 ton per hectare compared to 2012 of 19.12 ton per hectare. The FFB realised price decreased to RM448 per MT in 2013 from RM541 per MT in 2012.

(b) Sugar

Profit from Sugar segment increased by 24.4% to RM388.78 million on the back of higher volume and lower processing and purchasing costs of refined sugar. The reduction in the cost of sales resulted in a higher gross margin of 20.2% compared to 16.3% gross margin recorded in the previous year. In addition, unrealised gain on foreign exchange and lower borrowing costs in tandem with lower raw sugar costs help increase the segment's profit.

(c) Downstream

The Downstream segment suffered further loss of RM45.16 million compared to a loss of RM12.04 million last year due to negative margin achieved from the Group's local downstream activities.

(d) Manufacturing, Logistics and Others

The Manufacturing, Logistics and Others segment's profit declined by 45.6% in 2013 primarily due to decrease in R&D income by 34.1% and lower fertiliser margin achieved as a results of lower average selling prices and lower sales volume of compound fertilisers by 12% and 5% respectively.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

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

	Quarter ended		%
	31 December 2013	30 September 2013	
Revenue	3,674,096	3,220,378	14.1
Plantation	314,702	111,110	>100.0
Sugar	68,322	100,226	(31.8)
Downstream	(48,264)	(134)	<100.0
Manufacturing, logistics and others	20,242	49,630	(59.2)
Segment results	355,002	260,832	36.1
Reconciliation	(899)	(141,673)	
Profit before taxation and before fair value changes in LLA liability	354,103	119,159	>100.0
Fair value changes in LLA liability	359,022	(41,052)	
Profit before taxation after fair value changes in LLA liability	713,125	78,107	>100.0
Zakat	(17,481)	(5,131)	
Tax expense	(184,925)	878	
Profit from continuing operations	510,719	73,854	>100.0
Loss from discontinuing operations	1,937	(14,577)	
Net profit/profit for the financial period	512,656	59,277	>100.0
Profit attributable to:			
Owners of the Company	498,665	22,899	
Non-controlling interests	13,991	36,378	
Profit after tax and non-controlling interests	512,656	59,277	>100.0

Overall

The Group's revenue increased by 14.1% to RM3.67 billion in the current quarter compared to RM3.22 billion in the preceding quarter whilst the profit before taxation after fair value changes in LLA liability was RM713.13 million, higher than that of the preceding quarter of RM78.11 million due to a gain of RM328.33 million arising from the acquisition of FHB and a gain from fair value changes of in LLA liability amounting to RM359.02 million.

Excluding the LLA effect, the operating profit achieved was RM354.10 million compared to RM119.16 million in the preceding quarter due to higher average realised price for CPO and FFB from the plantation segment in the current quarter.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

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

(a) Plantation

The plantation segment's results rose from RM111.11 million in previous quarter to RM314.70 million in current quarter due to higher average CPO realised price of RM2,425 per MT compared to RM2,341 per MT in the preceding quarter and higher FFB average price of RM482 per MT compared to RM442 per MT.

(b) Sugar

The Sugar segment's results dropped by 31.8% primarily due to decrease in sales volume for domestic sales by 15% as the retail price of sugar increased due to the abolishment of sugar subsidy as announced in the 2014 National Budget.

(c) Downstream

The Downstream segment registered a loss of RM48.26 million in the current quarter compared to loss of RM0.13 million in preceding quarter due to the lower margin achieved from the downstream activities in the current quarter and a fair value loss arising from foreign exchange forward contracts of RM3.37 million in Q4 2013 compared to a profit of RM10.09 million in Q3 2013. In addition, the extreme weather conditions in the North America in the fourth quarter had also adversely affected the Group's downstream activities.

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

The MLO segment profits decreased by 59.2% due to lower sales volume of fertiliser by 46%, decrease in R&D income and impairment loss in property, plant and equipment amounting RM20.0 million taken up in the current quarter.

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 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

15. Operating Profit

	Year to date ended 31 December	
	2013	2012
Included in operating profit are:		
Amortisation of intangible assets	10,868	11,098
Amortisation of prepaid lease payments	151	70
Depreciation of property, plant and equipment	98,852	88,818
Depreciation of investment properties	224	793
Accelerated depreciation of biological assets	18,936	8,656
Reversal of impairment of intangible assets	-	(23,878)
Reversal of impairment of property, plant and equipment	-	(15,497)
Impairment loss of biological assets	664	4,316
Impairment loss of property, plant and equipment	40,000	32,300
Impairment of loan due from other related company	-	26,952
Biological assets written off	10,688	13,638
Property, plant and equipment written off	1,531	697
Gain on disposal of property, plant and equipment	(3,935)	(1,810)
Gain on disposal of investment properties	(4,508)	-
Gain on disposal of investment in an associate	(26,673)	-
Gain on fair value remeasurement of FHB	(263,280)	-
Negative goodwill arising from acquisition of FHB	(65,050)	-
Fair value changes in LLA	(494,485)	210,178
Initial public offering ('IPO') expenses	-	35,422
Share based payments	-	25,723
Net foreign exchange loss	26,842	2,905

16. Taxation

	Quarter ended 31 December		Year to date ended 31 December	
	2013	2012	2013	2012
Malaysian income tax				
Current financial year	78,702	(1,686)	(118,169)	(224,400)
Prior financial year	(12,544)	859	(12,556)	(3,665)
	<u>66,158</u>	<u>(827)</u>	<u>(130,725)</u>	<u>(228,065)</u>
Foreign income tax				
Current financial year	(3,316)	75,080	(16,570)	55,003
Deferred tax	<u>(247,767)</u>	<u>(46,662)</u>	<u>(219,716)</u>	<u>(31,520)</u>
	<u>(184,925)</u>	<u>27,591</u>	<u>(367,011)</u>	<u>(204,582)</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

16. Taxation (continued)

The effective tax rate of 24% for the financial year ended 31 December 2013 is lower than the Malaysian income tax rate of 25% due to income not taxable.

17. Borrowings

The total unsecured borrowings are as follows:

	As at 31 December 2013		Total
	Secured	Unsecured	
<u>Long-term borrowings</u>			
Term loan-significant shareholder	-	2,473,829	2,473,829
Term loan-financial institution	-	242	242
Term loan-minority shareholder	-	11,559	11,559
	-	<u>2,485,630</u>	<u>2,485,630</u>
<u>Short-term borrowings</u>			
Term loan-significant shareholder	-	223,962	223,962
Term loan-financial institution	24,499	103,920	128,419
Term loan-minority shareholder	-	941	941
Refinancing of export credit	-	80,000	80,000
Revolving credits	-	113,714	113,714
Bankers acceptances	-	1,315,035	1,315,035
	<u>24,499</u>	<u>1,837,572</u>	<u>1,862,071</u>
Total borrowings	<u>24,499</u>	<u>4,323,202</u>	<u>4,347,701</u>

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

Ringgit Malaysia	4,120,327
United States Dollar	86,131
Canadian Dollar	99,246
Indonesia Rupiah	24,499
Thai Baht	17,498
Total borrowings	<u>4,347,701</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (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 December 2013 are as follows:

	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forward contracts	1,012,476	1,840	13,631
Palm oil futures contracts	143,707	148	1,730
Rubber tolling contracts	20,787	1,511	-
	<u>1,176,970</u>	<u>3,499</u>	<u>15,361</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 2012. The maturity periods of the above derivatives are less than one year.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

31 December 2013

	<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	1,658	1,841	-	3,499
Total assets	1,658	1,841	-	3,499
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,844,390	4,844,390
- Derivatives	1,730	13,631	-	15,361
Total liabilities	1,730	13,631	4,844,390	4,859,751



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (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 ICE Futures U.S. Sugar No 11 Contracts and Malaysia Derivatives Exchange ("MDEX") palm oil futures 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 and rubber tolling 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:

	<u>2013</u> RM'000	<u>2012</u> RM'000
<u>LLA liability</u>		
1 January	5,664,769	-
Fair value at inception of LLA	-	5,842,694
Fair value changes (credited)/charged to profit or loss	(494,485)	210,178
Repayment during the period	(325,894)	(388,103)
31 December	4,844,390	5,664,769

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 December 2013 (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 December 2013	As at 31 December 2012
Total retained earnings of the Company and its subsidiaries:		
- realised	4,101,608	21,920
- unrealised	(262,335)	31,624
	<u>3,839,273</u>	<u>53,544</u>
Total share of retained earnings from jointly controlled entities:		
- realised	(75,625)	(99,476)
- unrealised	(63,380)	9,958
	<u>(139,005)</u>	<u>(89,518)</u>
Total share of retained earnings from associates:		
- realised	(2)	2,085,575
- unrealised	-	(68,337)
	<u>(2)</u>	<u>2,017,238</u>
Less: consolidation adjustments	(2,055,990)	(789,446)
Total retained earnings of FGVH	<u>1,644,276</u>	<u>1,191,818</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 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

21. Earnings Per Share

	Quarter Ended 31 December		Year to date ended 30 December	
	2013	2012	2013	2012
Basic earnings per share are computed as follows:				
Profit for the financial year attributable to owners of the Company (RM'000)	498,665	217,708	980,992	805,953
Weighted average number of ordinary shares in issue (thousands)	3,648,152	2,829,538	3,648,152	2,829,538
Basic earnings per share (sen)	13.7	7.7	26.9	28.5

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 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 December 2013 RM'000	Balance of IPO proceeds as at 31 December 2013 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		4,459,000	(3,129,338)	1,329,662



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

23. Significant events

- (a) On 22 March 2013, the Board of Directors of FGVH has approved the compulsory acquisition of Lot 194 Mukim Chuping, Perlis by the Perlis State Government from Felda Global Ventures Perlis Sdn. Bhd., a wholly-owned subsidiary of FGVH.

Pursuant thereto, by way of a written award of compensation dated 31 December 2013, the Perlis State Government was obliged to pay RM43.04 million as compensation to the Company.

- (a) On 17 April 2013, Felda Global Ventures Downstream Sdn. Bhd. ("FGVD"), a wholly-owned subsidiary of FGVH, signed an Asset Purchase Agreement with Mission Biotechnologies Sdn. Bhd. ("MBSB") to acquire its assets including a biodiesel refinery at Kuantan Port for USD11.5 million (RM36.9 million).

The acquisition was completed on 9 October 2013.

- (c) On 28 June 2013, Twin Rivers Technologies Enterprises De Transformation De Graines Oleagineuses Due Quebec Inc. ("TRT ETGO"), a wholly-owned subsidiary of Twin Rivers Technologies Enterprises Holdings De Transformation De Graines Oleagineuses Du Quebec Inc. ("TRTH ETGO"), which in turn is a wholly-owned subsidiary of FGVH through FGVD and Felda Global Ventures North America Sdn. Bhd. ("FGVNA") terminated its joint venture with Bunge Ventures Canada L.P. ("Bunge"), comprising the business of the joint venture and dissolving the joint venture entity and terminating the various agreements and arrangements among the parties related to the joint venture including the tolling agreement entered into between Bunge ETGO L.P. and TRT ETGO. The parties entered into a Termination Agreement setting out the manner in which the joint venture and partnership will be wound down and dissolved.

The business of the joint venture terminated on 31 August 2013 and the entity was dissolved on 30 November 2013. The remaining customer contracts, supplier contracts and inventory of the joint venture have been acquired by the partners at their market value as determined in accordance with industry practice.

Following the termination, effective 1 September 2013, TRT ETGO's activities include the commercial operation of the business as well as the crushing and processing operations and as such, TRT ETGO has recognised revenue from the sale of soybean and canola products and costs of sales from the purchase of soybeans and canola seeds instead of tolling fees.

As at 31 December 2013, the results of Bunge ETGO are recognised as loss from discontinuing operations of RM28.75 million.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

23. Significant events (continued)

- (d) On 9 July 2013, Felda Global Ventures Kalimantan Sdn. Bhd. ("FGVK"), a wholly owned subsidiary of FGVH had entered into a Shares Purchase Agreement to acquire 1,187 shares of Rp1,000,000 each in the share capital of PT Temila Agro Abadi ("PT TAA"), representing 95% of the total issued and fully paid-up share capital of PT TAA from the existing shareholders of PT TAA namely Paul Sugandi, Janti Susanto, Evelyn Suwandi and Yenny Suwandi, all of whom are Indonesian citizens, for a total purchase consideration of US\$8,075,000 (RM25,916,713).

Upon completion of the proposed PT TAA acquisition, PT TAA will become a 95% owned subsidiary of FGVK. Paul Sugandi will hold 5% equity interest in PT TAA after the proposed PT TAA acquisition is completed. As at 31 December 2013, FGVK has paid a deposit of RM9.06 million.

- (e) On 9 July 2013, FGVK had entered into a Conditional Sale and Purchase of Shares Agreement to acquire 285 shares of Rp1,000,000 each in the share capital of PT. Landak Bhakti Palma ("PT LBP"), representing 95% of the total issued and fully paid-up share capital of PT LBP, from the existing shareholders of PT LBP namely Lidya, Timotius Sintrajaya and Joko Sintra Jaya, all of whom are Indonesian citizens, for a total purchase consideration of RM18,302,700.

Upon completion of the proposed PT LBP acquisition, PT LBP will become a 95% owned subsidiary of FGVK. Joko Sintra Jaya will hold 5% equity interest in PT LBP after the proposed PT LBP acquisition is completed. As at 31 December 2013, FGVK has paid a deposit of RM3.66 million.

- (f) On 18 July 2013, AmInvestment Bank had, on behalf of FGVH, served the notice of Offer on the Board of Directors of Pontian to notify them of FGVH's intention to undertake a Voluntary Conditional Take-Over Offer ("Offer") to acquire all the voting shares of RM1.00 each in Pontian United Plantations Berhad ("Pontian") not already owned by FGVH for a cash consideration of RM140.00 per offer share. The proposed acquisition of Pontian through the Offer is in line with the FGVH Group's plans to expand its oil palm plantation business.

On 20 September 2013, FGVH received valid acceptances for a total of 8,648,280 Pontian Shares, representing 100% of the issued and paid-up share capital of Pontian for a total consideration of RM1,203.84 million or RM139.20 per share. The acquisition of Pontian has been completed on 1 October 2013 with all the Pontian Shares registered in the name of FGVH.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued) Amounts in RM thousand unless otherwise stated

23. Significant events (continued)

- (g) On 18 October 2013, FGVH and Koperasi Permodalan Felda Malaysia Berhad ("KPF") executed a Conditional Share Purchase Agreement to acquire 112,199,999 shares in its associate, Felda Holdings Berhad ("FHB") representing the remaining 51% of equity interest in FHB from KPF for a purchase consideration of RM2.20 billion or RM19.61 per FHB share.

KPF via its letter informed FGVH that the KPF delegates had in its Extraordinary General Meeting ("EGM") held on 27 October 2013 approved the above proposal subject to the approval of the Cooperative Commission of Malaysia and/or any other relevant authority (if required) and in adherence to the principles of Shariah.

The acquisition was completed on 27 December 2013.

- (h) On 30 October 2013, FGVD has signed a non-binding Memorandum of Understanding ("MOU") with Cambridge Nanosystems Limited ("CNL"), a company incorporated in Fullborn, Cambridge, United Kingdom to explore the possibility of collaborating with each other with regards to a proposed joint venture, through a proposed acquisition of seventy per cent (70%) of the issued share capital of CNL by FGVD to be satisfied by a total consideration of GBP10 million (RM54.13 million), to undertake the production, manufacturing, marketing, selling and/or trading of high grade carbon nanotubes and graphene from crude palm oil and methane as feedstock by using a certain technology.

The MOU sets out the understanding and intention of the parties during this interim exploratory period. The MOU shall remain valid for six (6) months or such extended period as agreed in writing by the parties.

As at 31 December 2013, FGVH has paid GBP4 (RM22) and gained control of CNL. The remaining purchase consideration will be paid upon achieving of the Technical Milestones as declared and verified by an independent third party whom shall be jointly appointed by FGVH and CNL.

- (i) On 13 November 2013, FGVD entered into a joint venture and shareholders' agreement with Lipidventure Sdn. Bhd. to establish a joint venture company to undertake the development, construction, fabrication and operation of a plant in Kuantan, Pahang for production of tocotrienol (vitamin E) from refined bleached palm oil.

The business of the joint venture is expected to commence in the fourth quarter of the financial year ending 31 December 2015.

24. Material events after reporting period

On 14 January 2014, a subsidiary company 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 by CNL was completed on 16 January 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 31 December 2013 (continued)
Amounts in RM thousand unless otherwise stated

25. Prospects

The Group closed the financial year 2013 with a net profit of RM1.11 billion higher than 2012's net profit of RM905 million. Whilst the Group's performance was affected by lower average CPO prices, it managed to capture high potential M&As in the plantation and downstream segments. These M&As will provide a gateway for its growth strategy and provide steady returns to the shareholders in the near future.

The global economy is expected to improve in 2014 on the back of an economic recovery in advanced economies such as US and Europe. Emerging markets such as China and India are expected to continue growing albeit at a slower pace. The Malaysian government's efforts to reduce the fiscal deficit are expected to have a positive impact on the economy in the long term. Nevertheless, measures such as the rationalization of subsidies have dampened consumer sentiment. The forecast Malaysian economic growth of about 4.5% to 5.5% will be largely driven by domestic demand.

The palm oil industry is expected to have better prospects in 2014. In general, CPO prices are expected to range between RM2,500 to RM2,700 per tonne, higher than 2013's average of RM2,371 per tonne. Furthermore, other positive factors such as increasing demand by major importing countries such as China, Pakistan and India and the positive effect of the biodiesel policy in Malaysia as well as Indonesia will enable the industry to remain resilient. The Malaysian biodiesel programme will continue to provide support and at the very least maintain the current level of CPO prices, if not pushing it higher. Local B5 mandates for the east coast of Malaysia will provide better returns for the Group in 2014 together with planned exports that will continue to take place throughout the year.

Internally, the corporate restructuring and the integration of Felda Holdings Bhd's subsidiaries are still on target. The Group, backed by experienced key senior management, will maintain its appetite and momentum for selective M&A opportunities in line with its core business and its global strategic blueprint's targets. With the outlook of a stable US Dollar, crude oil prices stabilizing at around USD100 per barrel and relatively better CPO prices, the Group is confident that 2014 growth targets can be met.

In line with the Group dividend's policy, the Board of Directors of FGV are pleased to announce a final dividend payment of 10.0 sen per share for the financial year ended 31 December 2013 which equals to a total dividend payout RM364.8 million. 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 satisfactory.

By Order of the Board

Shahniza Anom Elias
Company Secretary

26 February 2014