



**FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)**

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 30 September 2014**



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT**

**On consolidated results for the third quarter ended 30 September 2014**

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 September 2014	2013	% + / (-)	Year to date ended 30 September 2014	2013	% + / (-)
<u>Continuing operations</u>							
Revenue		4,324,895	3,220,378	34.3	12,134,504	8,893,912	36.4
Cost of sales		(3,823,563)	(2,979,588)		(10,401,251)	(8,067,488)	
<b>Gross profit</b>		<b>501,332</b>	<b>240,790</b>	<b>&gt;100</b>	<b>1,733,253</b>	<b>826,424</b>	<b>&gt;100</b>
Other operating income		79,582	33,115		173,094	82,597	
Selling and distribution costs		(51,842)	(67,704)		(245,170)	(159,523)	
Administrative expenses		(192,762)	(62,684)		(531,504)	(142,119)	
Other operating expenses		(6,281)	(30,090)		(41,558)	(30,090)	
Commodity (losses)/gain - net		(105,538)	(237)		(65,095)	10,710	
<b>Operating profit</b>	15	<b>224,491</b>	<b>113,190</b>	<b>98.3</b>	<b>1,023,020</b>	<b>587,999</b>	<b>74.0</b>
Fair value changes in Land Lease Agreement ('LLA') liability		(98,895)	(41,052)		(316,591)	135,463	
<b>Operating profit after LLA</b>		<b>125,596</b>	<b>72,138</b>		<b>706,429</b>	<b>723,462</b>	
Finance income		18,863	36,826		82,016	127,349	
Finance costs		(43,725)	(25,530)		(126,012)	(73,420)	
Finance (costs)/income-net		(24,862)	11,296		(43,996)	53,929	
Share of results from associates		2,454	31,897		8,442	118,599	
Share of results from joint ventures		(8,007)	(28,832)		15,261	(57,454)	
<b>Profit before zakat and taxation</b>		<b>95,181</b>	<b>86,499</b>	<b>10.0</b>	<b>686,136</b>	<b>838,536</b>	<b>(18.2)</b>
Zakat		(6,023)	(5,131)		(7,319)	(15,131)	
Taxation	16	(60,923)	878		(214,527)	(182,086)	
<b>Profit from continuing operations</b>		<b>28,235</b>	<b>82,246</b>	<b>(65.7)</b>	<b>464,290</b>	<b>641,319</b>	<b>(27.6)</b>
<u>Discontinuing operations</u>							
Loss from discontinuing operations		(5,242)	(22,969)		(18,556)	(46,936)	
Profit for the financial period		22,993	59,277	(61.2)	445,734	594,383	(25.0)
<b>Other comprehensive income/(loss)</b>							
Share of other comprehensive loss of associates		-	(670)		-	(5,300)	
Share of other comprehensive income/(loss) of joint ventures		3,461	(4,925)		19,703	(5,674)	
Other reserves - defined benefit plan		-	-		(28)	-	
Available-for-sale		566	-		982	-	
Currency translation differences		(3,793)	39,406		(27,999)	43,092	
Other comprehensive income for the financial period, net of tax		234	33,811		(7,342)	32,118	
<b>Total comprehensive income for the financial period</b>		<b>23,227</b>	<b>93,088</b>	<b>(75.0)</b>	<b>438,392</b>	<b>626,501</b>	<b>(30.0)</b>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 30 September 2014 (continued)**

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

	Note	Quarter ended 30 September		% + / (-)	Year to date ended 30 September		% + / (-)
		2014	2013		2014	2013	
<b>(Loss)/profit attributable to:</b>							
-Owners of the Company		(9,332)	22,899	<100	286,158	482,327	(40.7)
-Non-controlling interests		<u>32,325</u>	<u>36,378</u>	(11.1)	<u>159,576</u>	<u>112,056</u>	42.4
<b>Profit for the financial period</b>		<u>22,993</u>	<u>59,277</u>	(61.2)	<u>445,734</u>	<u>594,383</u>	(25.0)
<b>Total comprehensive income attributable to:</b>							
- Owners of the Company		(18,530)	56,792		268,296	514,525	
- Non-controlling interests		<u>41,757</u>	<u>36,296</u>		<u>170,096</u>	<u>111,976</u>	
<b>Total comprehensive income for the financial period</b>		<u>23,227</u>	<u>93,088</u>	(75.0)	<u>438,392</u>	<u>626,501</u>	(30.0)
<b>(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company:</b>							
Basic (sen)	21	(0.3)	0.6		7.8	13.2	

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 third quarter ended 30 September 2014 (continued)**

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

	Note	Unaudited As at 30 September 2014	Audited As at 31 December 2013
<b><u>Non-current assets</u></b>			
Property, plant and equipment		5,814,105	5,682,552
Investment properties		127,910	129,628
Goodwill and intangible assets		888,751	876,261
Interests in associates		376,144	371,063
Interests in joint ventures		614,834	547,564
Biological assets		2,478,204	2,447,265
Prepaid lease payments		36,703	40,969
Receivables		739,815	84,441
Deferred tax assets		1,257,090	1,281,465
Available-for-sale financial assets		206,634	211,575
		12,540,190	11,672,783
<b><u>Current assets</u></b>			
Inventories		1,649,146	1,740,099
Biological assets		45,076	41,491
Receivables		1,460,610	1,351,512
Amount due from a significant shareholder		81,803	81,923
Amount due from joint ventures		155,402	421,838
Amount due from an associate		104	37
Amounts due from related companies		246,874	29,060
Tax recoverable		157,354	177,575
Financial assets at fair value through profit and loss		25,293	12,955
Derivative financial assets	18	58,669	3,499
Cash and cash equivalents		3,845,258	5,028,873
		7,725,589	8,888,862
Assets held for sale		130,086	159,920
		7,855,675	9,048,782
<b>Total assets</b>		20,395,865	20,721,565
<b><u>Equity</u></b>			
Share capital		3,648,152	3,648,152
Reserves		2,607,448	2,922,856
<b>Equity attributable to owners of the Company</b>		6,255,600	6,571,008
Non-controlling interests		2,461,688	2,374,788
<b>Total equity</b>		8,717,288	8,945,796



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 30 September 2014 (continued)**

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

	Note	Unaudited As at 30 September 2014	Audited As at 31 December 2013
<b><u>Non-current liabilities</u></b>			
Borrowings	17	13,940	11,801
Loan due to a significant shareholder	17	2,366,685	2,473,828
LLA liability		4,523,096	4,458,623
Provisions		30,745	32,291
Provision for defined benefit plan		29,391	34,686
Deferred tax liabilities		610,436	620,192
		7,574,293	7,631,421
<b><u>Current liabilities</u></b>			
Payables		1,232,986	1,349,186
Loan due to a significant shareholder	17	242,836	223,962
Amount due to a significant shareholder		225,060	386,921
Amount due to associates		20	-
Amount due to joint ventures		-	23,000
Amounts due to related companies		2,277	4,721
Borrowings	17	1,788,261	1,638,109
Derivative financial liabilities	18	128,682	15,361
Provisions		82	82
LLA liability		380,397	385,767
Current tax liabilities		21,803	21,900
		4,022,404	4,049,009
Liabilities directly associated with assets classified as held for sale		81,880	95,339
		4,104,284	4,144,348
<b>Total liabilities</b>		11,678,577	11,775,769
<b>Total equity and liabilities</b>		20,395,865	20,721,565
		<b>As at 30 September 2014</b>	<b>As at 31 December 2013</b>
Net assets per share attributable to owners of the Company		1.71	1.80

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**

	Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available-for-sale-reserve	Capital redemption reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Period ended 30 September 2014</b>											
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		-	-	-	-	-	-	286,158	286,158	159,576	445,734
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		-	-	-	-	-	-	(28)	(28)	-	(28)
<u>Items that may be subsequently reclassified to profit and loss</u>											
- currency translation differences		-	-	(29,165)	-	-	-	-	(29,165)	1,166	(27,999)
- available-for-sale fair value changes		-	-	-	-	(8,372)	-	-	(8,372)	9,354	982
- share of other comprehensive income/(loss) of joint ventures		-	-	18,823	-	3,394	-	(2,514)	19,703	-	19,703
		-	-	(10,342)	-	(4,978)	-	(2,514)	(17,834)	10,520	(7,314)
Total comprehensive (loss)/ income for the financial period		-	-	(10,342)	-	(4,978)	-	283,616	268,296	170,096	438,392
Acquisition of a subsidiary	10	-	-	-	-	-	-	-	-	(365)	(365)
Additional investment in a subsidiary		-	-	-	-	-	-	-	-	79	79
Dividend paid for the financial year ended:											
- 31 December 2013 (final)		-	-	-	-	-	-	(364,815)	(364,815)	-	(364,815)
- 31 December 2014 (interim)		-	-	-	-	-	-	(218,889)	(218,889)	-	(218,889)
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(82,910)	(82,910)
Total transaction with owners		-	-	-	-	-	-	(583,704)	(583,704)	(83,196)	(666,900)
At 30 September 2014		3,648,152*	3,371,685	(73,143)	(2,088,969)	8,761	10,052	1,379,062	6,255,600	2,461,688	8,717,288

\* 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
<b>Period ended 30 September 2013</b>												
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		-	-	-	-	-	-	-	482,327	482,327	112,056	594,383
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		-	-	43,172	-	-	-	-	-	43,172	(80)	43,092
- share of other comprehensive income/(loss) of associates		-	-	255	-	(5,605)	-	-	50	(5,300)	-	(5,300)
- share of other comprehensive income/(loss) of joint ventures		-	-	9,714	-	(15,388)	-	-	-	(5,674)	-	(5,674)
		-	-	53,141	-	(20,993)	-	-	50	32,198	(80)	32,118
Total comprehensive income/(loss) for the financial period		-	-	53,141	-	(20,993)	-	-	482,377	514,525	111,976	626,501
Acquisition of subsidiary		-	-	-	-	-	-	-	-	-	77,626	77,626
Dividend paid (interim)		-	-	-	-	-	-	-	(310,093)	(310,093)	-	(310,093)
Dividend paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	-	(37,891)	(37,891)
Total transaction with owners		-	-	-	-	-	-	-	(310,093)	(310,093)	39,735	(270,358)
At 30 September 2013		3,648,152*	3,371,685	(30,875)	(2,088,969)	(966)	10,052	33,615	1,364,102	6,306,796	1,009,526	7,316,322

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.

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

	Note	Year to date ended 30 September	
		2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the financial period</b>		445,734	594,383
Adjustments for non-cash items		945,013	56,585
<b>Operating profit before working capital changes</b>		1,390,747	650,968
Changes in working capital		(226,775)	220,269
<b>Cash generated from operations</b>		1,163,972	871,237
Finance income received		69,132	113,369
Taxation paid		(182,011)	(227,036)
Zakat paid		(7,319)	(15,131)
Retirement benefit paid		(5,628)	-
<b>Net cash generated from operating activities</b>		1,038,146	742,439
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(456,624)	(169,825)
Purchase of biological assets		(21,081)	(11,463)
Purchase of intangible assets		(3,943)	(4,120)
Purchase of prepaid lease payments		(283)	-
Acquisition of a subsidiary		(31,984)	(348,923)
Acquisition of subsidiaries	23	(669,668)	(12,688)
Additional investment in a joint venture	23	(80,000)	-
Payment for asset retirement obligation		(53)	(38)
Proceeds from disposal of property, plant and equipment		2,514	2,234
Proceeds from disposal of investment in associate		-	551,435
Deposit for acquisition of a business		-	(18,188)
Dividend received from associates		3,360	-
Dividend received from joint ventures		24,650	-
<b>Net cash used in investing activities</b>		(1,233,112)	(11,576)



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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

	<b>Note</b>	<b>Year to date ended</b>	
		<b>30 September</b>	
		<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of borrowings		1,340,716	528,724
Repayment of borrowings		(1,188,426)	(686,034)
Repayment of LLA liability		(257,488)	(245,312)
Repayment of loan due to a significant shareholder		(107,143)	(107,143)
Dividend paid to shareholders		(583,704)	(310,093)
Dividend paid to non-controlling interests		(82,910)	(37,891)
Finance costs paid		(104,022)	(57,110)
Decrease in fixed deposits pledged for bank guarantee		-	15,369
<b>Net cash used in financing activities</b>		<u>(982,977)</u>	<u>(899,490)</u>
<b>Net decrease in cash and cash equivalents</b>		(1,177,943)	(168,627)
Effect of foreign exchange rate changes		(5,672)	17,290
Cash and cash equivalents at beginning of the financial period		5,028,873	5,673,003
<b>Cash and cash equivalents at end of the financial period</b>		<u>3,845,258</u>	<u>5,521,666</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 – 30 September 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 2014.

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") latest by 1 January 2017. 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 – 30 September 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 – 30 September 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**

The final single-tier dividend of 10.0 sen per share for the financial year ended 31 December 2013 amounting to RM364.82 million was paid on 11 July 2014.

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 June 2014. The interim dividend totalling RM218.89 million was paid on 29 September 2014.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 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.
- Trading, Logistics, Marketing & 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 financial 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 previously approved to exit.

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



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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:

	<b>Plantation</b>	<b>Downstream</b>	<b>Sugar</b>	<b>Trading, logistics, marketing &amp; others</b>	<b>Reconciliation</b>	<b>Total</b>	<b>Discontinuing operations</b>	<b>Total</b>
<b>Year to date ended 30 September 2014</b>								
Total segment revenue	12,867,020	5,525,173	1,708,481	1,291,920	(9,258,090)	12,134,504	27,084	12,161,588
Less : Inter-segment revenue	(8,892,224)	(3,187)	(58,719)	(303,960)	9,258,090	-	-	-
Revenue from external customers	<u>3,974,796</u>	<u>5,521,986</u>	<u>1,649,762</u>	<u>987,960</u>	<u>-</u>	<u>12,134,504</u>	<u>27,084</u>	<u>12,161,588</u>
Finance income	7,727	6,200	19,197	6,996	41,896	82,016	-	82,016
Finance costs	(17,844)	(12,067)	(2,394)	(1,612)	(92,095)	(126,012)	-	(126,012)
Depreciation and amortisation	(159,225)	(46,573)	(34,308)	(75,457)	(3,820)	(319,383)	-	(319,383)
Fair value changes in LLA liability	(316,591)	-	-	-	-	(316,591)	-	(316,591)
Share of results of joint ventures	605	14,759	-	(103)	-	15,261	-	15,261
Share of results of associates	628	-	-	7,814	-	8,442	-	8,442
Profit/(loss) before zakat and taxation for the financial period	<u>429,318</u>	<u>(102,709)</u>	<u>256,408</u>	<u>191,059</u>	<u>(87,940)</u>	<u>686,136</u>	<u>(18,556)</u>	<u>667,580</u>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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	Trading, logistics, marketing & others	Reconciliation	Total	Discontinuing operations	Total
<b>Year to date ended 30 September 2013</b>								
Total segment revenue	13,601,781	4,636,878	1,704,103	1,747,915	(12,796,765)	8,893,912	-	8,893,912
Less : Inter-segment revenue	(1,151,851)	(98,402)	(38,951)	(374,979)	1,664,183	-	-	-
Revenue from external customers	12,449,930	4,538,476	1,665,152	1,372,936	(11,132,582)	8,893,912	-	8,893,912
Finance income	3,899	3,875	22,241	6,304	91,030	127,349	-	127,349
Finance costs	(11,047)	(4,846)	(4,038)	(8,108)	(45,381)	(73,420)	-	(73,420)
Depreciation and amortisation	(92,988)	(35,765)	(22,048)	(52,456)	122,446	(80,811)	-	(80,811)
Fair value changes in LLA liability	135,463	-	-	-	-	135,463	-	135,463
Share of results of jointly controlled entities	(14,832)	(42,622)	-	-	-	(57,454)	(30,690)	(88,144)
Share of results of associates	10,496	-	-	-	108,103	118,599	(16,246)	102,353
Profit/(loss) before taxation for the financial period	494,048	(7,407)	320,458	219,147	(187,710)	838,536	(46,936)	791,600

The analysis of external revenue by segment :

FGVH and its subsidiaries	6,646,148	524,540	1,665,152	-	58,072	8,893,912	-	8,893,912
Associates - FHB	5,803,782	4,013,936	-	1,372,936	(11,190,654)	-	-	-
Revenue from external customers	12,449,930	4,538,476	1,665,152	1,372,936	(11,132,582)	8,893,912	-	8,893,912

The analysis of profit before taxation by segment:

FGVH and its subsidiaries	461,478	(983)	320,458	(452)	(50,068)	730,433	(46,936)	683,497
Associates – FHB	32,570	(6,424)	-	219,599	(137,642)	108,103	-	108,103
Profit/(loss) before taxation	494,048	(7,407)	320,458	219,147	(187,710)	838,536	(46,936)	791,600



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**8. Capital Commitments**

Authorised capital expenditure not provided for are as follows:

	<b>As at 30 September 2014</b>	<b>As at 31 December 2013</b>
Property, plant and equipment:		
- contracted	401,453	444,787
- not contracted	416,054	413,930
	<u>817,507</u>	<u>858,717</u>
Biological assets:		
- contracted	25,645	10,639
- not contracted	42,753	66,101
	<u>68,398</u>	<u>76,740</u>
Intangible assets:		
- contracted	945	1,367
- not contracted	2,127	-
	<u>3,072</u>	<u>1,367</u>

**9. Significant Related Party Transactions**

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

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

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

These transactions are conducted in the ordinary course of the Group's business on 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 financial year, FHB was an associate of FGVH.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 30 September 2014 and 30 September 2013 are as follows:

(a) Sales of goods and services

	<b>Third quarter ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
<b>(i) Transactions with joint ventures</b>		
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')	-	22,265
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ('FGVPM') to Felda Iffco Sdn. Bhd. ('FISB') Group	1,638,238	1,629,498
Sales of CPKO, RBDPKO and PFAD by Felda Kernel Sdn. Bhd. ('FKP') to FISB Group and FPG Oleochemicals Sdn. Bhd. ('FPG')	875,269	-
Sales of Processed Palm Oil ("PPO") by Felda Marketing Services Sdn. Bhd. ("FELMA") to FISB Group	78,330	-
Sales of CPO by FGVPM to Mapak Edible Oils (Pvt) Ltd ("MAPAK")	184,702	-
<b>(ii) Transactions with subsidiaries of Felda Holdings Bhd. ('FHB')</b>		
Management fees charged by FGVH to subsidiaries of FHB	-	52,583
Sales of FFB by FGVPM to Felda Palm Industries Sdn. Bhd. ('FPIB')	-	1,627,353



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 30 September 2014 and 30 September 2013 are as follows: (continued)

(a) Sales of goods and services (continued)

	<b>Third quarter ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
<b>(ii) Transactions with subsidiaries of FHB (continued)</b>		
Sales of cup lumps and latex by FGVP to Felda Rubber Industries Sdn. Bhd. (‘FRISB’)	-	28,429
Sales of CPO by FGVP to Felda Vegetable Oil Sdn. Bhd. (‘FVOP’) and Delima Oil Products Sdn. Bhd. (‘DOP’)	-	2,046,519
<b>(iii) Transactions between subsidiaries and FELDA</b>		
Engineering and maintenance work rendered by Felda Engineering Services Sdn. Bhd. (‘FESSB’)	76,394	-
Sales of fertilizer by FPM Sdn. Bhd. (‘FPM’)	74,898	-
IT services rendered by Felda Prodata Services Sdn. Bhd. (‘Prodata’)	28,157	-
Security services rendered by Felda Security Services Sdn. Bhd. (‘FSSSB’)	18,017	-
<b>(iv) Transactions between subsidiaries and FELDA’s related companies</b>		
Sales of fertilizer by FPM to Felda Technoplant Sdn. Bhd (‘FTP’)	149,623	-



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 30 September 2014 and 30 September 2013 are as follows: (continued)

(b) Purchase of goods and services

	<b>Third quarter ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
<b>(i) Transactions with an associate</b>		
Management fees charged by FHB	-	49,886
<b>(ii) Transactions with joint ventures</b>		
Purchase of PPO by FELMA from FISB Group	67,786	-
<b>(iii) Transactions with subsidiaries of FHB</b>		
Purchase of coconut oil and other palm oil products by Twin River Technologies Holdings, Inc ("TRTH") from FELMA	-	61,038
Purchase of fertilizer by FGVP and Kilang Gula Felda Perlis ('KGFP') from FPM	-	253,237
Purchase of chemicals and seedlings by FGVP and KGFP from Felda Agricultural Services Sdn. Bhd. ('FASSB')	-	27,081
Marketing services rendered by FGVP and TRTH from FELMA	-	8,916
Purchase of CPO by FGVP from FPISB	-	4,967,240
Purchase of IT services from Prodata	-	11,163
Purchase of security services from FSSSB	-	42,060
Purchase of marketing services from FELMA	-	8,916



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**9. Significant Related Party Transactions (continued)**

(I) Related party transactions for the financial period ended 30 September 2014 and 30 September 2013 are as follows: (continued)

(b) Purchase of goods and services (continued)

	<b>Third quarter ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
<b>(iv) Transactions between subsidiaries and FELDA</b>		
Interest expense charged by FELDA	92,170	65,862
Repayment of LLA Liability by FGVP to FELDA	257,488	245,312
Infrastructure costs charged by FELDA to FGVP	18,346	10,891
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRI") from FELDA	72,843	-
Purchase of FFB by FPI from FELDA	2,227,957	-
Payment for Joint Consultative Committee ("JCC") by FPI to FELDA	12,790	-
Building rental charged by FELDA	14,099	1,637

(c) Transactions with Government related entities

**(i) Transactions between subsidiaries and other government agencies**

Sugar subsidy received from Kementerian, Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan	-	74,827
Windfall tax and export tax paid to Kastam Diraja Malaysia	46,535	-
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	133,016	-



## FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

### QUARTERLY REPORT (CONTINUED)

#### Explanatory Notes on the Quarterly Report – 30 September 2014 (continued) Amounts in RM thousand unless otherwise stated

#### 10. Effect of Significant Changes in the Composition of FGVH

##### Incorporation of new companies

Companies incorporated during the financial period ended 30 September 2014 include the following:

1. On 29 August 2014, FGVH acquired a 100% equity interest in Laras Simfoni Sdn. Bhd. ("LSSB"), a company incorporated in Malaysia for a cash consideration of RM2.

LSSB was incorporated on 8 August 2014 and is currently dormant. The authorised share capital of LSSB is RM400,000 comprising 400,000 ordinary shares of RM1 each of which 2 ordinary shares or RM1 each have been issued and fully paid. LSSB has changed its name to FGV Green Energy Sdn. Bhd on 10 September 2014. This company shall bring together Felda Global Ventures Downstream Sdn. Bhd., M2 Capital Sdn. Bhd. and Benefuel International Holdings S.A.R.L. to undertake the activities of producing and manufacturing biodiesel pursuant to a shareholder agreement dated 29 August 2014.

2. On 18 September 2014, FGVH acquired a 100% equity interest in Felda Global Ventures Rubber Sdn. Bhd. ("FGV Rubber"), a company incorporated in Malaysia for a cash consideration of RM2.

FGV Rubber was incorporated on 9 September 2014 and is currently dormant. The authorised share capital of FGV Rubber is RM400,000 comprising 400,000 ordinary shares of RM1 each of which 2 ordinary shares or RM1 each have been issued and fully paid. The principal activity of FGV Rubber is to be the investment holding company of the rubber business in FGV and undertake related business activities.

3. On 18 September 2014, FGVH acquired a 100% equity interest in FGV R&D and Agri Services Sdn. Bhd. ("FGV R&D Agri"), a company incorporated in Malaysia for a cash consideration of RM2.

FGV R&D Agri was incorporated on 10 September 2014 and is currently dormant. The authorised share capital of FGV R&D Agri is RM400,000 comprising 400,000 ordinary shares of RM1 each of which 2 ordinary shares or RM1 each have been issued and fully paid. The principal activity of FGV R&D Agri is investment holding company, research & development and technical services, product development.

4. On 18 September 2014, FGV R&D Agri acquired a 100% equity interest in FGV Applied Technologies Sdn. Bhd. ("FGV Applied Technologies"), a company incorporated in Malaysia for a cash consideration of RM2.

FGV Applied Technologies was incorporated on 10 September 2014 and is currently dormant. The authorised share capital of FGV Applied Technologies is RM400,000 comprising 400,000 ordinary shares of RM1 each of which 2 ordinary shares or RM1 each have been issued and fully paid. The principal activity of FGV Applied Technologies is to carry on the business of all kinds of research and development of oleo and bio-chemicals, food technologies, mill and biomass technologies, automation, mechanization and remote sensing.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

Incorporation of new companies (continued)

5. On 18 September 2014, FGVH acquired a 100% equity interest in FGV Trading Sdn. Bhd. ("FGV Trading"), a company incorporated in Malaysia for a cash consideration of RM2.

FGV Trading was incorporated on 11 September 2014 and is currently dormant. The authorised share capital of FGV Trading is RM400,000 comprising 400,000 ordinary shares of RM1 each of which 2 ordinary shares or RM1 each have been issued and fully paid. The principal activity of FGV Trading is to conduct commodity trading and related business activities.

6. On 22 September 2014, MSM Malaysia Holdings Berhad ("MSM"), a subsidiary of FGVH acquired a 100% equity interest in MSM Trading & Distribution Sdn. Bhd. ("MSM Trading"), a company incorporated in Malaysia for a cash consideration of RM2.

MSM Trading was incorporated on 22 September 2014 and is currently dormant. The authorised share capital of MSM Trading is RM400,000 comprising 400,000 ordinary shares of RM1 each of which 2 ordinary shares or RM1 each have been issued and fully paid. The principal activity of MSM Trading is to conduct commodity trading and related business activities.

**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 1, 2, 3, 4 and 5 December 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 continued hearing on 9 and 10 December 2014 and 12 to 16 January 2015.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**11. Contingent Liabilities and Material Litigation (continued)**

- (iii) On 10 November 2011, FPISB and FELDA were sued by 365 settlers of Felda Jengka 1 to 7, 10, 13 to 19, 23 to 24, Felda Ulu Jempol and Felda Sg. Tekam Utara (Jengka B) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM11.7 million for the year 2008 only. The Court had on 19 April 2012 allowed an order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with costs. The matter fixed for trial on 11 to 15 August 2014 have been vacated to give priority to hear Jengka A case. The court has yet to fix trial dates for this case.
- (iv) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for the year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a Statement of Defence on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. The matter scheduled for continued trial on 27, 28 & 29 August 2014 and 15, 17, 18 & 19 September 2014 was postponed due to the Plaintiffs' application to amend the Statement of Claim. The court has yet to fix dates for trial.
- (v) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for the year 2008 only. FPISB has to file a Memorandum of Appearance in High Court on 16 May 2012. The matter was heard on 25,26,27,28,29 August 2014 and continued hearing on 19,20 & 21 November 2014 was vacated. The matter now has been fixed for case management on 8 December 2014.
- (vi) On 5 June 2012, FPISB and FELDA were sued by 956 settlers of Rancangan Felda Keratong 1 to 10 for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM30.9 million for the year 2008 only. FPISB has filed a Memorandum of Appearance in High Court on 26 June 2012 and the Kuantan Court has yet to fix trial dates for this case.
- (vii) On 25 January 2013, FPISB and FELDA were sued by 351 settlers of Rancangan Felda Mempaga for alleged fraud and manipulation of the extraction of palm oil. The claim amounted to RM11.3 million for the year 2008 only. The matter which was fixed for trial on 22<sup>nd</sup> to 26<sup>th</sup> September 2014 have been vacated to give priority to hear Jengka A case. The court has yet to fix trial dates for this case.

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 – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**12. Review of Group Performance**

	<b>Year to date ended</b>		<b>% + / (-)</b>
	<b>30 September</b>		
	<b>2014</b>	<b>2013</b>	
Revenue	<u>12,134,504</u>	<u>8,893,912</u>	36.4
Plantation	429,318	494,048	(13.1)
Sugar	256,408	320,458	(20.0)
Downstream	(102,709)	(7,407)	<100.0
Trading, Logistics, Marketing and Others	<u>191,059</u>	<u>219,147</u>	(12.8)
Segment results	774,076	1,026,246	(24.6)
Reconciliation	<u>(87,940)</u>	<u>(187,710)</u>	
Profit before taxation ("PBT")	686,136	838,536	(18.2)
Zakat	(7,319)	(15,131)	
Tax expense	<u>(214,527)</u>	<u>(182,086)</u>	
Profit from continuing operations	464,290	641,319	(27.6)
Loss from discontinuing operations	<u>(18,556)</u>	<u>(46,936)</u>	
Net profit for the financial period	<u>445,734</u>	<u>594,383</u>	(25.0)
Profit attributable to:			
Owners of the Company	286,158	482,327	
Non-controlling interests	<u>159,576</u>	<u>112,056</u>	
Profit after tax and non-controlling interests	<u>445,734</u>	<u>594,383</u>	(25.0)

**Overall**

The Group revenue rose by 36.4% to RM12.13 billion for the year ended 30 September 2014. The GP margin also increased significantly from 9.3% in 2013 to 14.3% in 2014 due to (i) higher average CPO realized price of RM2,506 per MT compared to RM2,302 per MT, (ii) increase in OER from 20.34% to 20.96% and (iii) the effect of consolidation of FHB into the Group.

The Group registered a lower profit before taxation of RM686.14 million in 2014 compared to RM838.54 million in 2013. This was largely due to the volatility in commodity prices and as a result of fair value charge in LLA of RM316.59 million in 2014 vis a vis fair value gains of RM135.46 million in 2013.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**12. Review of Group Performance (continued)**

**Segment Performance Analysis**

**(a) Plantation**

The Plantation segment registered a 13.1% reduction in profit compared to previous year largely attributed by the LLA fair value charge of RM316.59 million in 2014 vis a vis a gain of RM135.46 million in 2013.

Excluding the LLA effect, the segment's result was RM745.91 million, higher compared to the same period last year of RM358.59 million. The increase was due to higher average CPO realised price of RM2,506 per MT in 2014 against RM2,302 per MT in 2013 and higher OER achieved of 20.96% in 2014 from 20.34% in 2013.

The higher price and OER helped offset the decline in CPO production of 2.31 million MT in 2014 from 2.37 million MT in 2013 and the lower FFB production of 3.52 million MT in 2014 compared to 3.76 million MT in 2013.

**(b) Sugar**

Profit from Sugar segment declined by 20.0% to RM256.41 million due to decline in export sales by 14%. In addition, the segment registered an unrealized loss in foreign currency of RM0.82 million in 2014 compared to unrealized gain of RM11.53 million in 2013.

**(c) Downstream**

The Downstream segment registered a loss of RM102.71 million in 2014 compared to loss of RM7.41 million in 2013 mainly due to losses incurred in the Canadian business as a result of unrealised losses in commodity contracts of RM39.25 million.

The segment's result was further affected by the negative refining margins but nevertheless, the loss was offset with higher CPKO sales price compared to 2013.

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

The Trading, logistics, marketing and others segment's profit decreased slightly by 12.8% in 2014 due to lower compound fertilizer margin and lower throughput handled by the Group's bulking operation compared to the same period last year.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

	Quarter ended		%
	30 September 2014	30 June 2014	+ / (-)
Revenue	4,324,895	4,083,487	5.9
Plantation	146,456	128,287	14.2
Sugar	66,397	111,384	(40.4)
Downstream	(110,971)	18,233	<100.0
Trading, Logistics, Marketing and Others	51,501	77,539	(33.6)
Segment results	153,383	335,443	(54.3)
Reconciliation	(58,202)	(12,499)	
PBT	95,181	322,944	(70.5)
Zakat	(6,023)	(583)	
Tax expense	(60,923)	(98,953)	
Profit from continuing operations	28,235	223,408	(87.4)
(Loss)/profit from discontinuing operations	(5,242)	(9,474)	
Net profit/profit for the financial period	22,993	213,934	(89.3)
Profit attributable to:			
Owners of the Company	(9,332)	151,862	
Non-controlling interests	32,325	62,072	
Profit after tax and non-controlling interests	22,993	213,934	(89.3)

**Overall**

The Group's revenue increased by 5.9% to RM4.32 billion in the current quarter compared to RM4.08 billion in the preceding quarter whilst the PBT was RM95.18 million, lower than that of the preceding quarter of RM322.94 million primarily due to the volatility in commodity prices.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 increased slightly to RM146.46 million in the current quarter compared to RM128.29 million in the previous quarter due to higher FFB production of 1.27 million MT in the current quarter against 1.15 million MT in the preceding quarter.

However, lower operational profit was recorded as average CPO price realised decreased from RM2,648 per MT in the preceding quarter to RM2,317 per MT in current quarter and lower OER achieved of 20.85% in the current quarter compared to 21.08% in the preceding quarter.

**(b) Sugar**

The Sugar segment's results decreased by 40.4% primarily due to lower sugar demand for domestic consumption where sales volume had decreased by 7% compared to previous quarter, as the previous quarter had stronger demand during the fasting month in the lead up to the festive season.

**(c) Downstream**

The Downstream segment registered a loss of RM110.97 due to unrealised losses from the commodity contracts in Canadian business of RM52.04 million in current quarter instead of unrealised profit of RM12.79 million in the preceding quarter.

The local downstream activities were also impacted by the volatility in the prices but the increase of sales volume in crude palm kernel products helped cushion the impact.

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

The TLMO segment profits decreased by 33.6% was due to higher engineering income for projects which was mostly completed in the previous 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 – 30 September 2014 (continued)**

**Amounts in RM thousand unless otherwise stated**

**15. Operating Profit**

	<b>Year to date ended 30 September</b>	
	<b>2014</b>	<b>2013</b>
Included in operating profit are:		
Compensation claim receivable	17,778	-
Amortisation of intangible assets	6,907	7,726
Amortisation of prepaid lease payments	4,550	52
Depreciation of property, plant and equipment	296,671	66,307
Depreciation of investment properties	1,726	215
Accelerated depreciation of biological assets	9,406	6,511
Property, plant and equipment written off	8,992	3,096
Biological asset written off	5,096	17,514
Impairment of property, plant and equipment	4,700	-
Reversal of impairment of property, plant and equipment	(1,825)	-
Gain on disposal of property, plant and equipment	(964)	(586)
Gain on disposal of investment in an associate	(12,618)	(26,673)
Net foreign exchange loss/(gain)	<u>31</u>	<u>(650)</u>

**16. Taxation**

	<b>Quarter Ended 30 September</b>		<b>Year to date Ended 30 September</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Malaysian income tax</b>				
Current financial year	(34,964)	(132,870)	(195,681)	(196,871)
Prior financial year	1,476	(12)	(223)	(12)
	<u>(33,488)</u>	<u>(132,882)</u>	<u>(195,904)</u>	<u>(196,883)</u>
<b>Foreign income tax</b>				
Current financial year	(1,113)	(4,266)	(14,750)	(13,254)
<b>Deferred tax</b>	<u>(26,322)</u>	<u>138,026</u>	<u>(3,873)</u>	<u>28,051</u>
	<u>(60,923)</u>	<u>878</u>	<u>(214,527)</u>	<u>(182,086)</u>

The effective tax rate of 32% for the financial period ended 30 September 2014 is higher than the Malaysian income tax rate of 25% due to certain expenses which are not taxable and deferred tax not recognized on losses in certain subsidiaries.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
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**17. Borrowings**

The total unsecured borrowings are as follows:

<u>Long-term borrowings</u>	<b>As at 30 September 2014</b>		<b>Total</b>
	<b>Secured</b>	<b>Unsecured</b>	
Loan due to a significant shareholder	-	2,366,685	2,366,685
Term loan	-	13,940	13,940
	-	2,380,625	2,380,625
<u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	242,836	242,836
Term loan	-	2,079	2,079
Export credit refinancing	-	272,000	272,000
Revolving credits	163,987	113,470	277,457
Bank overdrafts	-	31,060	31,060
Bankers acceptances	14,258	1,191,407	1,205,665
	178,245	1,852,852	2,031,097
Total borrowings	178,245	4,233,477	4,411,722

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

Ringgit Malaysia	4,117,452
Canadian Dollar	193,803
Thai Baht	14,258
Indonesia Rupiah	31,060
United States Dollar	14,429
Great Britain Pound	40,720
Total borrowings	4,411,722

As at 30 September 2014, certain bankers acceptances and revolving credits are collateralised by the mortgage and/or pledge by the land, including structures, machinery, benefits of an insurance covering finished goods, and guaranteed by some of the Directors and/or shareholders of the subsidiary company and by the immediate holding company.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
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**18. Derivative Financial Instruments**

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 30 September 2014 are as follows:

	Contractual / Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forwards	1,195,231	6,379	29,128
Palm oil futures	150,436	-	8,758
Rubber futures	7,337	-	694
Soy futures	424,635	2,058	63,420
Soy meal futures	255,809	34,874	8,091
Soy oil futures	128,996	12,565	4,615
Canola futures	170,984	2,469	13,976
Natural gas futures	7,384	324	-
	<u>2,340,812</u>	<u>58,669</u>	<u>128,682</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 30 September 2014.

30 September 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	52,290	6,379	-	58,669
- Available-for-sale financial assets	19,319	-	187,315	206,634
Total assets	71,609	6,379	187,315	265,303
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,903,493	4,903,493
- Derivatives	99,553	29,129	-	128,682
Total liabilities	99,553	29,129	4,903,493	5,032,175



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
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**19. Fair Value Changes of Financial Instruments (continued)**

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

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

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

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

	9 months Period ended 30 September 2014	Financial year 2013
<u>LLA liability</u>		
1 January	4,844,390	5,664,769
Fair value changes charged/(credited) to profit or loss	316,591	(494,485)
Repayment during the period/year	(257,488)	(325,894)
30 September / 31 December	4,903,493	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 – 30 September 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:

	<b>As at 30 September 2014</b>	<b>As at 30 September 2013</b>
Total retained earnings of the Company and its subsidiaries:		
- realised	4,008,326	411,912
- unrealised	(312,219)	25,158
	<u>3,696,107</u>	<u>437,070</u>
Total share of retained earnings from jointly controlled entities:		
- realised	201,858	(88,392)
- unrealised	(48,026)	(52,692)
	<u>153,832</u>	<u>(141,084)</u>
Total share of retained earnings from associates:		
- realised	125,706	1,750,596
- unrealised	(6,987)	(49,348)
	<u>118,719</u>	<u>1,701,248</u>
Less: consolidation adjustments	(2,589,596)	(633,132)
Total retained earnings of FGVH	<u>1,379,062</u>	<u>1,364,102</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 – 30 September 2014 (continued)**  
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**21. Earnings Per Share**

	Quarter ended 30 September		Year to date ended 30 September	
	2014	2013	2014	2013
Basic earnings per share are computed as follows:				
Profit for the financial period attributable to owners of the Company	<u>(9,332)</u>	<u>22,899</u>	<u>286,158</u>	<u>482,327</u>
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings per share (sen)	<u>(0.3)</u>	<u>0.6</u>	<u>7.8</u>	<u>13.2</u>

**22. Status of Corporate Proposals**

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

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

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing		Amount utilised as at 30 September 2014	Balance of IPO proceeds as at 30 September 2014
Acquisition of plantation assets	within 3 years	2,190,000	(2,098,986)	91,014
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	(79,330)	20,670
Working capital requirements, general corporate purposes	within 6 months	129,000	(129,000)	-
Estimated listing expenses	within 6 months	160,000	(160,000)	-
<b>Total gross proceeds</b>		<b>4,459,000</b>	<b>(4,018,148)</b>	<b>440,852</b>



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
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**23. Significant events**

- (a) On 14 January 2014, a subsidiary of Felda Global Ventures Downstream Sdn. Bhd. ("FGVD"), Cambridge Nanosystems Ltd, 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 FGVH 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").

The joint venture company, FGV Pho La Min Company Limited was formed on 26 May 2014 and is presently dormant.

- (c) On 7 April 2014, the Board of Directors of FGVH approved to increase the share capital of Felda Global Ventures Plantation Sdn. Bhd. ("FGVP") and Felda Global Ventures Kalimantan Sdn. Bhd. ("FGVK") by RM80,000,000 for the purpose of increasing the shareholders (FGVK) contribution of RM80,000,000 in Trurich Resources Sdn. Bhd. ("TRSB") which was completed in Quarter 3 2014 . The total shareholders contribution amounting to RM160,000,000 into TRSB is equally contributed between FGVH and Lembaga Tabung Haji.
- (d) On 23 May 2014, FGV Cambodia (L) Pte. Ltd ("FGVC"), a wholly owned subsidiary of FGV Investment (L) Pte Ltd, entered into a joint venture agreement and a shareholders' agreement with Co-Op Village Co. Ltd to establish a joint venture company ("JVC") in the Kingdom of Cambodia to carry out the business of production and export of CSR 10 Rubber Blocks or other classification of processed rubber as the JVC deems fit, and other activities incidental and ancillary thereto and modifications thereof as mutually agreed by the parties. FGV-CVC (Cambodia) Co. Ltd. was incorporated on 4 June 2014.
- (e) On 31 May 2014, FGVH disposed of its 45.0% equity interest in Voray Holdings Limited for a total consideration of RM9.64 million, which resulted in a gain on disposal of RM12.62 million for the Group.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

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**23. Significant events (continued)**

- (f) On 29 August 2014, Merrill Lynch (Singapore) Pte. Ltd. had, on behalf FGVH, served the notice of voluntary conditional cash offer (“the Offer”) to acquire all the issued and paid up capital of Asian Plantations Limited (“APL”), a company listed on the Alternative Investment Market of the London Stock Exchange (“AIM”) for a cash consideration of £2.20 (approximately the equivalent of RM11.50). The proposed acquisition of APL through the Offer is in line with FGV’s expansion roadmap. As of 30 September 2014, an amount of RM660 million had been placed in the escrow account for the Offer.

On 13 October 2014, FGVH received valid acceptances for a total of 43,915,662 APL shares, representing 93.9% of the total number of issued shares. On 22 October 2014, FGVH received valid acceptances (which have not been withdrawn) in respect of 45,438,108 APL shares, representing approximately 97.2% of the total number of issued shares. Subsequently, on 27 October 2014, FGV had received valid acceptances totalling 45,648,088 APL shares, representing approximately 97.6%.

On 14 October 2014, APL announced that their securities will be cancelled from trading on AIM with effect from 11 November 2014.

On 31 October 2014, FGVH has despatched to the shareholders who have not accepted the Offer (“the Dissenting Shareholders”) the following documents:

- (i) a letter (“CA Letter”) with regards to FGVH’s exercise of its right of compulsory acquisition and the right of such Dissenting Shareholders to require FGVH to acquire the shares held by them; and
- (ii) a Notice to Dissenting Shareholder and a Notice to Non-Assenting Shareholder.

**24. Material events after reporting period**

On 31 October 2014, FGVH entered into a conditional agreement for the transfer of the entire equity interest of Felda Iffco South China Ltd (“FISC”) from Felda Iffco Sdn. Bhd. (“FISB”), a joint venture company of FGVH, for a total purchase consideration of RMB320 million which shall be payable in three instalments. On 3 November 2014, FGVH paid RMB160 million (RM86.62 million) upon execution of the agreement.



**FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')**

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2014 (continued)**  
**Amounts in RM thousand unless otherwise stated**

## **25. Prospects**

The market is anticipated to be rising after a long bearish period which therefore represents a positive outlook for the Group. Many leading analysts as well as plantation experts have been issuing favourable CPO price forecasts expecting prices to rise moderately in the short term up to the first quarter of 2015.

Furthermore, the extension of CPO export duties exemption by the Government to the end of year and the renewed B7 biodiesel mandate are applauded as it would support CPO prices as well as enabling CPO to gain price competitiveness against other global edible oils.

Although 2014 has been a challenging year, the Group has replanted to date a total of 13,531 ha against its yearly commitment of 15,000 ha per year. Together with the ongoing acquisitions of palm plantations with fairly young trees, it is believed that these are the right steps to ensure that the Group is able to meet global demands for oils and fats as well as increasing shareholders' value.

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

By Order of the Board

Koo Shuang Yen  
Company Secretary

26 November 2014