FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

Condensed Consolidated Financial Statements
For The Financial Period Ended 30 June 2013

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the second quarter ended 30 June 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 30 June 2013	Quarter ended 30 June 2012	% +/(-)	Year to date ended 30 June 2013	Year to date ended 30 June 2012	% +/(-)
Continuing operations							
Revenue		2,991,326	3,536,387	(15.4)	5,673,534	5,256,384	7.9
Cost of sales		(2,699,126)	(3,107,544)		(5,087,900)	(4,452,978)	
Gross profit		292,200	428,843	(31.9)	585,634	803,406	(27.1)
Other operating income		9,581	3,845		49,482	4,883	
Selling and distribution costs		(53,431)	(31,159)		(91,819)	(62,085)	
Administrative expenses		(47,646)	(36,131)		(79,435)	(77,751)	
Other operating expenses		-	(2,578)		(13,657)	(2,578)	
Other gains/(losses), net, including fair value changes in Land Lease Agreement ('LLA') liability		289,758	(88,738)		187,462	(136,503)	
Operating profit	16	490,462	274,082	78.9	637,667	529,372	20.5
Finance income		49,633	12,978		90,523	24,125	
Finance costs		(24,682)	(36,166)		(47,890)	(63,943)	
Finance income/(costs)-net		24,951	(23,188)		42,633	(39,818)	
Share of results from associates		24,410	72,617		78,848	107,631	
Share of results from jointly controlled entities		(11,836)	(25,393)		(14,965)	(24,967)	
Profit before zakat and taxation		527,987	298,118	77.1	744,183	572,218	30.1
Zakat		-	-		(10,000)	-	
Taxation	17	(141,508)	(81,346)		(182,964)	(138,940)	
Profit from continuing operations		386,479	216,772	78.3	551,219	433,278	27.2
Discontinuing operations							
(Loss)/profit from discontinuing operations	24(c)	(18,430)	3,385		(16,113)	10,091	
Profit for the financial period		368,049	220,157	67.2	535,106	443,369	20.7
Other comprehensive income/(loss)							
Share of other comprehensive income/(loss) of associates		996	4,807		(4,630)	11,999	
Share of other comprehensive loss of jointly controlled entities		(16,250)	(6,642)		(749)	(17,272)	
Currency translation differences		4,737	8,733		3,686	684	
Other comprehensive (loss)/income for the financial period, net of tax		(10,517)	6,898		(1,693)	(4,589)	
Total comprehensive income for the financial period		357,532	227,055	57.5	533,413	438,780	21.6

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2013 (continued)

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

		Quarter ended 30 June			Year to date ended 30 June		
	Note	**2013**	**2012**	**% +/(-)**	**2013**	**2012**	**% +/(-)**
Profit attributable to:							
-Owners of the Company		322,712	188,368	71.3	459,428	380,533	20.7
-Non-controlling interests		45,337	31,789	42.6	75,678	62,836	20.4
Profit for the financial period		368,049	220,157	67.2	535,106	443,369	20.7
Total comprehensive income attributable to:							
- Owners of the Company		312,196	195,266		457,733	375,944	
- Non-controlling interests		45,336	31,789		75,680	62,836	
Total comprehensive income for the financial period		357,532	227,055	57.5	533,413	438,780	21.6
Earnings per share for profit attributable to the the owners of the Company:							
Basic (sen)	22	8.8	9.4		12.6	19.0	

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 second quarter ended 30 June 2013 (continued)

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

	Note	Unaudited As at 30 June 2013	Audited As at 31 December 2012
Non-current assets			
Property, plant and equipment		1,717,362	1,683,316
Investment properties		1,639	40,378
Goodwill and intangible assets		704,853	707,099
Interests in associates		1,941,714	2,386,306
Interests in jointly controlled entities		200,929	333,577
Biological assets		1,867,778	1,864,224
Prepaid lease payments		681	715
Receivables		62,120	8,198
Deferred tax assets		1,406,058	1,479,710
		7,903,134	8,503,523
Current assets			
Inventories		492,385	597,667
Biological assets		48,608	41,662
Receivables		495,922	742,765
Amount due from a significant shareholder		13,405	73,091
Amount due from a jointly controlled entity		231,070	318,224
Amount due from an associate		2,012	-
Amounts due from related companies		517,182	503,650
Tax recoverable		102,291	23,217
Derivative financial assets	19	15,654	5,189
Cash and cash equivalents		6,277,132	5,688,372
		8,195,661	7,993,837
Assets held for sale	24	202,445	1,941
Total assets		16,301,240	16,499,301
Equity			
Share capital		3,648,152	3,648,152
Reserves		2,911,945	2,454,212
Equity attributable to owners of the Company		6,560,097	6,102,364
Non-controlling interests		895,604	857,815
Total equity		7,455,701	6,960,179

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2013 (continued)

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

	Note	Unaudited As at 30 June 2013	Audited As at 31 December 2012
Non-current liabilities			
Borrowings	18	272	509
Loan due to a significant shareholder	18	1,513,571	1,620,714
LLA liability		4,934,820	5,167,831
Provisions		5,020	4,500
Provision for defined benefit plan		19,395	19,429
Deferred tax liabilities		103,421	91,461
		6,576,499	6,904,444
Current liabilities			
Payables		294,600	348,688
Loan due to a significant shareholder	18	218,242	219,557
Amount due to an associate		14,618	69,510
Amount due to a significant shareholder		68,231	93,826
Amounts due to related companies		729,882	755,023
Borrowings	18	540,250	599,160
Derivative financial liabilities	19	6,097	1,668
Provisions		79	412
LLA liability		387,674	496,938
Current tax liabilities		9,367	49,896
		2,269,040	2,634,678
Total liabilities		8,845,539	9,539,122
Total equity and liabilities		16,301,240	16,499,301

	As at 30 June 2013	As at 31 December 2012
Net assets per share attributable to owners of the Company	1.80	1.67

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
Half year ended 30 June 2013												
At 1 January 2013		3,648,152*	3,371,685	(84,016)	(2,088,969)	20,027	10,052	33,615	1,191,818	6,102,364	857,815	6,960,179
Profit for the financial period		-	-	-	-	-	-	-	459,428	459,428	75,678	535,106
Other comprehensive income/(loss) for the financial period, net of tax:												
- currency translation differences		-	-	3,684	-	-	-	-	-	3,684	2	3,686
- share of other comprehensive income/(loss) of associates		-	-	416	-	(5,094)	-	-	48	(4,630)	-	(4,630)
- share of other comprehensive income/(loss) of jointly controlled entities		-	-	7,014	-	(7,763)	-	-	-	(749)	-	(749)
		-	-	11,114	-	(12,857)	-	-	48	(1,695)	2	(1,693)
Total comprehensive income/(loss) for the financial period		-	-	11,114	-	(12,857)	-	-	459,476	457,733	75,680	533,413
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	-	(37,891)	(37,891)
Total transactions with owners		-	-	-	-	-	-	-	-	-	(37,891)	(37,891)
At 30 June 2013		3,648,152*	3,371,685	(72,902)	(2,088,969)	7,170	10,052	33,615	1,651,294	6,560,097	895,604	7,455,701

** 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
Half year ended 30 June 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		-	-	-	-	-	-	-	-	380,533	380,533	62,836	443,369
Other comprehensive income/(loss) for the financial period, net of tax :													
- currency translation differences		-	-	-	684	-	-	-	-	-	684	-	684
- share of other comprehensive (loss)/income of associates		-	-	-	(1,294)	-	13,293	-	-	-	11,999	-	11,999
- share of other comprehensive income/(loss) of jointly controlled entities		-	-	-	328	-	(17,600)	-	-	-	(17,272)	-	(17,272)
		-	-	-	(282)	-	(4,307)	-	-	-	(4,589)	-	(4,589)
Total comprehensive (loss)/income for the financial period		-	-	-	(282)	-	(4,307)	-	-	380,533	375,944	62,836	438,780
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)
Total transactions with owners		1,880,540	(9,005)	2,489,902	-	-	-	9,005	-	(9,005)	4,361,437	-	4,361,437
At 30 June 2012		3,648,152	-	3,371,685	(60,890)	(2,088,969)	29,219	10,052	33,615	973,069	5,915,933	886,198	6,802,131

* *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

	Year to date ended 30 June	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial period	535,106	443,369
Adjustments for non-cash items	(47,112)	277,595
Operating profit before working capital changes	487,994	720,964
Changes in working capital	182,975	(435,620)
Cash generated from operations	670,969	285,344
Finance income received	88,215	15,367
Taxation paid	(214,364)	(71,151)
Zakat paid	(10,000)	-
Retirement benefits paid	-	(157)
Net cash generated from operating activities	534,820	229,403
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(76,538)	(71,963)
Purchase of biological assets	(4,010)	(4,643)
Acquisition of intangible assets	(2,141)	(22,184)
Proceeds from disposal of property, plant and equipment	6,285	316
Proceeds from disposal of investment in associate	551,880	-
Deposit for acquisition of a business	(3,539)	-
Net cash generated from/(used in) investing activities	471,937	(98,474)

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended 30 June 2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	218,588	316,679
Repayment of borrowings	(37,635)	(366,925)
Net proceeds (to)/from bankers acceptances	(240,100)	32,700
Repayment of LLA liability	(165,760)	(166,286)
Repayment of loan due to a significant shareholder	(107,143)	-
Finance costs paid	(47,880)	(49,809)
Dividend paid to non-controlling interests	(37,891)	-
Proceeds from issuance of shares, net of issuance expenses	-	4,351,685
Decrease in fixed deposits pledged for bank guarantee	15,369	264,294
Net cash (used in)/generated from financing activities	(402,452)	4,382,338
Net increase in cash and cash equivalents	604,305	4,513,267
Effect of foreign exchange rate changes	(176)	(4,026)
Cash and cash equivalents at beginning of the financial period	5,673,003	1,457,483
Cash and cash equivalents at end of the financial period	6,277,132	5,966,724
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:		
Bank balances, deposits and cash	6,277,132	6,023,076
Fixed deposits pledged	-	(56,352)
Cash and cash equivalents at end of the period	6,277,132	5,966,724

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.

Explanatory Notes on the Quarterly Report – 30 June 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 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 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" (effective from 1 July 2012) 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. The amendments do not address which items are presented in OCI.

- FRS 10 "Consolidated Financial Statements" (effective from 1 January 2013) changes the definition of control. 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. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in FRS 127 "Consolidated and Separate Financial Statements" and IC Interpretation 112 "Consolidation – Special Purpose Entities".

- FRS 11 "Joint Arrangements" (effective from 1 January 2013) 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 operator 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.

1. Basis of Preparation (continued)

(b) FRSs applicable in 2013 (continued)

- FRS 12 "Disclosures of Interests in Other Entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, FRS 10 and FRS 11, and replaces the disclosure requirements currently found in FRS 128 "Investments in Associates". 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" (effective from 1 January 2013) 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.

- 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.

- Amendments to FRS 1 "Government Loans" (effective from 1 January 2013) allow a first-time adopter to use its previous GAAP carrying amount for such loans on transition to MFRS. It requires entities to classify all government loans as a financial liability or an equity instrument in accordance with FRS 132 "Financial Instruments: Presentation" and apply the requirements in FRS 9 "Financial Instruments" and FRS 120 "Accounting for Government Grants and Disclosure of Government Assistance" prospectively to government loans existing at the date of transition to FRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.

- Amendment to FRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2013) 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.

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.

(c) FRSs applicable in 2014

- Amendment to FRS 132 "Financial Instruments: Offsetting Financial Assets and Financial Liabilities" (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.

The Group will apply the above standard from the financial period beginning on 1 January 2014.

1. Basis of Preparation (continued)

(d) FRSs applicable in 2015

MFRS 1 "First-time Adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

The impact of adoption of MFRS 1 to the Group based on mandatory exemptions and optional exemptions for first-time MFRS adoptions is still being assessed by the Directors.

- MFRS 141 "Agriculture"
- MFRS 9 "Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities"

The principal effects resulting from the adoption of MFRS 141 and MFRS 9 are discussed below:

- MFRS 141 "Agriculture" (effective from 1 January 2012) requires biological assets and agricultural produce at the point of harvest to be measured at fair value less costs to sell.

  Upon adoption of MFRS 141 on 1 January 2015, the biological assets for the Group will be fair valued and the impact of the fair value adjustment will be accounted for retrospectively by adjusting retained earnings. Subsequent fair value changes after that date of biological assets shall be included in profit and loss in the period in which the changes arise.

- MFRS 9 "Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ('FVTPL'). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income ('OCI'). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 9 on impairment of financial assets and hedge accounting continues to apply.

The Group will apply the above standards from the financial period beginning on 1 January 2015.

2. Seasonal or Cyclical Factors

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. Global sales of oils and fats products also follow a similar pattern where sales increase ahead of festivities due to increased consumer demand. In addition, the harvest of fresh fruit bunches ("FFB") at the 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.

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

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 20, there were no other material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

5. Debt and Equity Securities

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

6. Dividend

No dividend has been paid during the quarter ended 30 June 2013.

The final single-tier dividend of 8.5 sen per share for the financial year ended 31 December 2013 amounting to RM310.09 million was paid on 12 July 2013.

Explanatory Notes on the Quarterly Report – 30 June 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 is the Management Committee ("MC").

The reportable segments for the financial period ended 30 June 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 which is included within the reportable segments, and inclusion of investment holding companies within the Group, which are not operating segments.

The MC 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 – 30 June 2013 (continued)
Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

The segment information provided to the Management Committee ('MC') for the reportable segments of FGVH for the financial period is as follows:

Year to date ended 30 June 2013	Plantation	Downstrear	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	7,994,868	3,185,457	1,136,431	1,627,189	(8,270,411)	5,673,534	-	5,673,534
Less : Inter-segment revenue	(731,288)	(76,230)	(16,867)	(239,583)	1,063,968	-	-	-
Revenue from external customers	7,263,580	3,109,227	1,119,564	1,387,606	(7,206,443)	5,673,534	-	5,673,534
Finance income	4,337	924	15,682	4,628	64,952	90,523	-	90,523
Finance costs	(3,304)	(4,629)	(2,235)	(8,131)	(29,591)	(47,890)	-	(47,890)
Depreciation and amortisation	(63,357)	(21,346)	(14,715)	(29,615)	76,289	(52,744)	-	(52,744)
Impairment loss	-	(13,657)	-	-	-	(13,657)	-	(13,657)
Share of results of jointly controlled entities	(8,288)	(6,677)	-	-	-	(14,965)	(16,113)	(31,078)
Share of results of associates	10,496	-	-	-	68,352	78,848	-	78,848
Profit/(loss) before taxation for the financial period	261,061	3,240	220,231	116,926	142,725	744,183	(16,113)	728,070
The analysis of external revenue by segment :								
FGVH and its subsidiaries	4,172,434	343,069	1,119,564	-	38,467	5,673,534	-	5,673,534
Associates - FHB	3,091,146	2,766,158	-	1,387,606	(7,244,910)	-	-	-
Revenue from external customers	7,263,580	3,109,227	1,119,564	1,387,606	(7,206,443)	5,673,534	-	5,673,534
The analysis of profit before taxation by segment:								
FGVH and its subsidiaries	274,493	(3,895)	220,231	-	185,002	675,831	(16,113)	659,718
Associates – FHB	(13,432)	7,135	-	116,926	(42,277)	68,352	-	68,352
Profit/(loss) before taxation	261,061	3,240	220,231	116,926	142,725	744,183	(16,113)	728,070

Explanatory Notes on the Quarterly Report – 30 June 2013 (continued)
Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

Year to date ended 30 June 2012	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Total segment revenue	8,650,056	4,013,674	1,081,017	1,972,591	(10,460,954)	5,256,384	-	5,256,384
Less : Inter-segment revenue	(1,477,714)	(134,078)	(3,153)	(288,151)	1,903,096	-	-	-
Revenue from external customers	7,172,342	3,879,596	1,077,864	1,684,440	(8,557,858)	5,256,384	-	5,256,384
Finance income	4,124	3,713	14,446	6,770	(4,928)	24,125	-	24,125
Finance costs	(5,290)	(12,622)	(3,455)	(8,539)	(34,037)	(63,943)	-	(63,943)
Depreciation and amortisation	(54,177)	(22,445)	(16,757)	(35,471)	83,567	(45,283)	-	(45,283)
Share of results of jointly controlled entities	(3,975)	(20,992)	-	-	-	(24,967)	10,091	(14,876)
Share of results of associates	21,662	-	-	-	85,969	107,631	-	107,631
Profit/(loss) before taxation for the financial period	665,324	(39,211)	166,312	174,426	(394,633)	572,218	10,091	582,309
The analysis of external revenue by segment:								
FGVH and its subsidiaries	3,754,420	413,283	1,077,864	-	10,817	5,256,384	-	5,256,384
Associates - FHB	3,417,922	3,466,313	-	1,684,440	(8,568,675)	-	-	-
Revenue from external customers	7,172,342	3,879,596	1,077,864	1,684,440	(8,557,858)	5,256,384	-	5,256,384
The analysis of profit before taxation by segment:								
FGVH and its subsidiaries	585,760	(14,792)	166,312	-	(251,031)	486,249	10,091	496,340
Associates - FHB	79,564	(24,419)	-	174,426	(143,602)	85,969	-	85,969
Profit/(loss) before taxation	665,324	(39,211)	166,312	174,426	(394,633)	572,218	10,091	582,309

Amounts in RM thousand unless otherwise stated

8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 30 June 2013	As at 31 December 2012
Property, plant and equipment:		
- contracted	116,475	92,507
- not contracted	216,790	296,724
	333,265	389,231
Biological assets:		
- contracted	3,242	-
- not contracted	45,733	31,963
	48,975	31,963

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 MFRS 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.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2013 (continued)
Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2013 and 30 June 2012 are as follows:

a. Sales of goods and services

	Half-year ended 30 June 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')	19,851	26,025	1,0
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ('FGVPM') to Felda Iffco Sdn. Bhd. ('FISB') Group	1,049,527	649,965	
(ii) Transactions with subsidiaries of Felda Holdings Bhd ('FHB')			
Sales of FFB by FGVPM to Felda Palm Industries Sdn. Bhd. ('FPISB')	1,057,462	1,422,072	
Sales of cup lumps and latex by FGVPM to Felda Rubber Industries Sdn. Bhd. ('FRISB')	19,073	28,964	
Sales of CPO by FGVPM to Felda Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	1,368,197	919,756	
Sales of PK by FGVPM to Felda Kernel Products Sdn. Bhd. ('FKPSB')	-	121,455	
Management fees charged by FGVH to subsidiaries of FHB	35,065	10,238	

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2013 and 30 June 2012 are as follows (continued):

b. Purchase of goods and services

	Half-year ended 30 June 2013	2012
(i) Transactions with an associate		
Management fees charged by FHB	35,529	2,188
(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')	59,975	143,226
Purchase of fertilizer by FGVPM and Kilang Gula Felda Perlis ('KGFP') from FPM Sdn. Bhd. ('FPM')	172,952	130,694
Purchase of chemicals and seedlings by FGVPM and KGFP from Felda Agricultural Services Sdn. Bhd. ('FASSB')	16,267	6,435
Marketing services rendered by FGVPM and TRTH from FELMA	7,111	1,801
Purchase of CPO by FGVPM from FPISB	3,062,495	2,311,647
Purchase of IT services from Felda Prodata Services Sdn. Bhd. ('FPSSB')	4,366	41,102
Purchase of security services from Felda Security Services Sdn. Bhd. ('FSSSB')	27,821	16,078

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

(I) Related party transactions for the financial period ended 30 June 2013 and 30 June 2012 are as follows (continued):

b. Purchase of goods and services (continued)

	Half-year ended 30 June 2013	Half-year ended 30 June 2012
(iii) Transactions between subsidiaries and FELDA		
Interest expense charged by FELDA	44,359	44,183
Repayment of LLA Liability by FGVPM to FELDA	165,760	166,286
Infrastructure costs charged by FELDA to FGVPM	7,261	-

c. Other transactions

	2013	2012
(i) Transactions with subsidiaries of FHB		
Management incentives received by TRTH from FPI on purchase of palm oil products	-	16,333
Commitment fee partly borne by FGVPM due to sales of PK from FPI to FKP	7,759	-

d. Transactions with Government related entities

	2013	2012
(i) Transactions between subsidiaries and other government agencies		
Sugar subsidy received from Kementerian, Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan	43,569	76,504
Windfall tax paid to Kastam Diraja Malaysia	-	32,419

10. Effect of Significant Changes in the Composition of FGVH

1. Disposal

On 28 February 2013, the disposal of 20% equity interest in an associate of the Group, Tradewinds (M) Berhad was completed for a total consideration of RM551.43 million, which resulted in a gain on disposal of RM26.49 million.

2. Incorporation of new companies

Companies incorporated during the financial period ended 30 June 2013 include the following:

a) On 17 April 2013, Felda Global Ventures Downstream Sdn Bhd, a subsidiary of FGVH, incorporated a wholly-owned subsidiary known as FGV Biotechnologies Sdn Bhd ('FGV Bio') in Malaysia with initial paid-up capital of RM2.00. The principal activity of FGV Bio is to carry out and undertake the business of all kinds of production of biodiesel activities and to venture into biodiesel business.

b) On 13 May 2013, FGVH incorporated a wholly-owned subsidiary known as Felda Global Ventures Capital Sdn Bhd ('FGV Capital') in Malaysia with initial paid-up capital of RM2.00. The principal activity of FGV Capital is to carry out and undertake the business of all kinds of treasury services.

c) On 23 May 2013, FGVH incorporated a wholly-owned subsidiary known as FGV Investment (L) Pte. Ltd. ('FGV Investment') in Labuan Federal Territory, Malaysia with issued paid-up capital of USD1.00. The principal activity of FGV Investment is investment holding.

d) On 28 May 2013, FGV Investment incorporated a wholly owned subsidiary known as FGV Myanmar (L) Pte. Ltd. ('FGV Myanmar') in Labuan Federal Territory, Malaysia with issued paid-up capital of USD1.00. The principal activity of FGV Myanmar is investment holding.

11. Contingent Liabilities and Material Litigation

(a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities, of which FGVH is not jointly or severally liable:

(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 fixed for Hearing of the Plaintiffs' application for leave to appeal to Federal Court on 5 September 2013.

11. Contingent Liabilities and Material Litigation (continued)

(a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities of which FGVH is not jointly or severally liable (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. On 12 June 2013, the Court has agreed to postpone the trial. On the request of Plaintiffs on 12 June 2013, the Court agreed to postpone the trial dates. New trial dates to be informed later.

(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. The Temerloh High Court has on 24 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 42 Plaintiffs with cost on the cause. The Court has fixed the matter for trial on 14 and 15 January 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. FPISB has filed Memorandum of Appearance in Temerloh High Court on 15 November 2011, Statement of Defense on 27 December 2011 and an application to Strike-Out Ground on Plaintiffs' claims on 9 February 2012. 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 Temerloh High Court has fixed the matter for trial on 20 to 21 November 2013.

(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 Court now fixed for final case management on 11 June 2013 and reserved trial dates on 17 & 18 September 2013.

11. Contingent Liabilities and Material Litigation (continued)

(a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities of which FGVH is not jointly or severally liable (continued):

(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. The Court has fixed the matter for Trial on 11 to 13 March 2013, which has been adjourned to 10 to 13 September 2013.

(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. The Kuantan High Court fixed new dates for trial of this matter on 7 to 11 October 2013.

(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 has fixed the matter for case management on 17 to 19 March 2014.

Based on available information and on legal advices received, the directors of Felda Holdings Bhd 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 of Felda Holdings Bhd. As a result, no adjustment has been recorded to the share of associates results in the Group's profit and loss.

Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended 30 June 2013	Year to date ended 30 June 2012	% +/(-)
Revenue	5,673,534	5,256,384	7.9
Plantation	261,061	665,324	(60.8)
Sugar	220,231	166,312	32.4
Downstream	3,240	(39,211)	>100
Manufacturing, logistics and others	116,926	174,426	(33.0)
Segment results	601,458	966,851	(37.8)
Reconciliation	(33,790)	(254,152)	
Profit before taxation and before fair value changes in LLA liability	567,668	712,699	(20.3)
Fair value changes in LLA liability	176,515	(140,481)	
Profit before taxation after fair value changes in LLA liability	744,183	572,218	30.1
Zakat	(10,000)	-	
Tax expense	(182,964)	(138,940)	
Profit from continuing operations	551,219	433,278	27.2
(Loss)/profit from discontinuing operations	(16,113)	10,091	
Profit for the financial period	535,106	443,369	20.7
Profit attributable to:			
Owners of the Company	459,428	380,533	
Non-controlling interests	75,678	62,836	
Profit after tax and non-controlling interests	535,106	443,369	20.7

Overall

The Group generated RM5.67 billion in revenue and RM535.11 million in profit after tax (PAT) compared to RM5.26 billion revenue and PAT of RM443.37 million year on year. Included in the PAT was a positive contribution from fair value changes in LLA liability amounted to RM176.52 million due to changes in key assumptions made as at the end of the financial period as disclosed in Note 20. The increase was partly offset by the following factor:

- lower average realised CPO price of RM2,279 per MT compared to RM3,230 per MT
- lower FFB average price of RM434 per MT compared to RM623 per MT
- decrease in contribution from associates of 26.7% mainly due to disposal of Tradewinds (M) Bhd in February 2013, offset in part by the recognition of one-off gain from the disposal of RM26.5 million
- provision for impairment amounting to RM13.66 million related to a joint controlled entity

12. Review of Group Performance (continued)

Segment Performance Analysis

(a) **Plantation**

The Plantation segment results fell significantly by 60.8% to RM261.06 million in 2013 compared to RM665.32 million in 2012 due to lower average CPO price realized of RM2,279 per MT against RM3,230 per MT in 2012. In addition, FFB average price decreased to RM434 per MT in 2013 from RM623 per MT in 2012.

(b) **Sugar**

Profit from Sugar segment increased by 32.4% to RM220.23 million on the back of higher volume of export which were offset in part by the lower refined sugar prices for export markets and lower subsidy claimed per MT. The unrealised gain on foreign exchange of RM14.45 million had helped to boost the segment's profit.

(c) **Downstream**

The Downstream segment generated a profit of RM3.24 million compared to losses of RM39.21 million last year due to an improved contribution from the US fatty acid business and better margins from Group's local downstream activities.

(d) **Manufacturing, Logistics and Others**

The Manufacturing, Logistics and Others segment's profit declined by 33.0% in 2013 primarily due to the decrease in R&D income and sharp reduction in compound fertiliser margins as a results of lower average selling prices and sales volume of compound fertilisers by 13% and 15% respectively.

Amounts in RM thousand unless otherwise stated

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

	Quarter ended 30 June 2013	Quarter ended 31 March 2013	% +/(-)
Revenue	2,991,326	2,682,208	11.5
Plantation	81,206	179,854	(54.8)
Sugar	130,660	89,572	45.9
Downstream	(11,688)	14,929	<100.0
Manufacturing, logistics and others	51,748	65,177	(20.6)
Segment results	251,926	349,532	(27.9)
Reconciliation	(2,605)	(31,185)	
Profit before taxation and before fair value changes in LLA liability	249,321	318,347	(21.7)
Fair value changes in LLA liability	278,666	(102,151)	
Profit before taxation after fair value changes in LLA liability	527,987	216,196	>100
Zakat	-	(10,000)	
Tax expense	(141,508)	(41,456)	
Profit from continuing operations	386,479	164,740	>100
(Loss)/profit from discontinuing operations	(18,430)	2,317	
Profit for the financial period	368,049	167,057	>100
Profit attributable to:			
Owners of the Company	322,712	136,716	
Non-controlling interests	45,337	30,341	
Profit after tax and non-controlling interests	368,049	167,057	>100

Overall

The Group's revenue increased by 11.5% to RM2,991.33 million in the current quarter compared to RM2,682.21 million in the preceding quarter while the profit before taxation margin after fair value changes in LLA liability was RM527.99 million, higher than that of the preceding quarter of RM216.20 million. Lower profits were recorded by all segments except for Sugar where profits achieved were 45.9% better than the preceding quarter.

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

(a) Plantation

The plantation segment's results declined by 54.8% compared to preceding quarter. This was primarily due to lower average CPO price realised for the quarter ended as well as higher replanting and staff costs by 32% and 49% respectively.

(b) Sugar

The Sugar segment's result increased by 45.6% primarily due to higher sugar demand for domestic consumption where sales volume had increased by 13.5% quarter on quarter in tandem with fasting and festive month.

(c) Downstream

The Downstream segment's results registered a loss of RM11.69 million in the current quarter compared to profit of RM14.93 million in preceding quarter. This was due to fair value loss on foreign exchange forward contracts of RM14.86 million in Q2 2013 compared to loss of RM0.19 million in Q1 2013.

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

The MLO segment profits reduced by 20.6% mainly due to drop in quantity of rubber products sold as well as lower realised margins in Q2 2013 compared to Q1 2013. The decrease was partially offset by the increase in fertiliser volume sold in Q2 2013 of 218,855 mt compared to 170,937 mt sold in Q1 2013.

14. Prospects

The contraction in palm oil inventories in June 2013 and the expected rise in demand for vegetable oils due to the festive season did not drive up CPO prices as much as the industry had expected. Stronger imports were reported from key importing countries such as China and Pakistan in conjunction with the Ramadhan. India was reported to have curtailed imports on palm products via a reduction in duty difference between CPO and refined palm olein as a result of inverted duty structure by palm oil exporting countries and also weakening of rupees against USD.

The pressure on palm prices were also due to an expectation of a bumper crop from soybean for 2013 and 2014 and demand growth that has been sluggish for a while now on the back of a weaker than expected global economy. Compared against 2012, palm total exports were expected to decline by approximately 20% year on year. Brent crude hovers around $100-$110 a barrel as worries about supply disruptions from the Middle East eased, though further disruptions could lead to more volatility.

Despite the challenging business environment, the Group Plantation segment continues with its effort to improve yields by replanting with proven high yielding seeds and optimizing operations to reduce costs. This segment announced its first few acquisitions post IPO of PT Temila Agro Abadi ("PT TAA") and PT Landak Bhakti Palma in West Kalimantan in early July 2013. The acquisitions were in line with the Group's Global Strategic Blueprint where key focus is on core commodities such as palm oil, rubber and sugar. These additional land banks will enhance its future earnings in palm and rubber and simultaneously increase our shareholder value. The PT TAA land is located adjacent to the Group's existing 14,385ha of land held by PT Citra Niaga Perkasa which bodes well as economies of scale in estate management can be achieved by sharing of resources such as labour, nursery and palm oil mill.

The Group had also proposed a voluntary conditional takeover offer for all the shares in Pontian United Plantations Berhad. If successful, this will increase the Group planted landbank by 16,194ha and thus contribute positively towards our financial performance in the future. We believe that at the current low prices for CPO, there shall be other opportunities to acquire strategic assets at reasonable valuations.

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the financial year ending 31 December 2013 is expected to be satisfactory.

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

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

Amounts in RM thousand unless otherwise stated

16. Operating Profit

	Year to date ended 30 June	
	2013	2012
Included in operating profit are:		
Amortisation of intangible assets	5,100	2,969
Amortisation of prepaid lease payments	35	35
Depreciation of property, plant and equipment	45,232	42,279
Depreciation of investment properties	207	-
Accelerated depreciation of biological assets	2,170	-
Property, plant and equipment written off	618	152
(Gain)/loss on disposal of property, plant and equipment	(5,581)	74
Gain on disposal of investment in associate	(26,673)	-
Fair value changes in LLA	(176,515)	140,481
Initial public offering ('IPO') expenses	-	14,713
Share based payments	-	25,723
Net foreign exchange loss	2,928	1,370
Impairment loss on investment in a jointly controlled entity	13,657	-

17. Taxation

	Quarter ended 30 June		Year to date ended 30 June	
	2013	2012	2013	2012
Malaysian income tax				
Current financial year	(23,009)	(95,290)	(64,001)	(155,731)
Foreign income tax				
Current financial year	(4,692)	(830)	(8,988)	(2,250)
Deferred tax	(113,807)	14,774	(109,975)	19,041
	(141,508)	(81,346)	(182,964)	(138,940)

The effective tax rate of 25% for the financial period ended 30 June 2013 approximates the Malaysian income tax rate of 25%.

Amounts in RM thousand unless otherwise stated

18. Borrowings

The total unsecured borrowings are as follows:

	As at 30 June 2013
Long-term borrowings	
Term loan-significant shareholder	1,513,571
Term loan-financial institution	272
	1,513,843
Short-term borrowings	
Term loan-significant shareholder	218,242
Term loan-financial institution	19,350
Bankers acceptances	520,900
	758,492
Total borrowings	2,272,335

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

Ringgit Malaysia	2,252,713
United States Dollar	18,963
Canadian Dollar	659
Total borrowings	2,272,335

19. 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 30 June 2013 are as follows:

	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
Foreign currency forward contracts	588,763	15,395	6,097
Sugar futures contracts	16,152	58	-
Palm oil futures contracts	3,720	201	-
	608,635	15,654	6,097

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.

20. Fair Value Changes of Financial Instruments

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013.

30 June 2013

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets at fair value through profit or loss:				
- Derivatives	259	15,395	-	15,654
Total assets	259	15,395	-	15,654
Liabilities				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	5,322,494	5,322,494
- Derivatives	-	6,097	-	6,097
Total liabilities	-	6,097	5,322,494	5,328591

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 derivatives.

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.

20. Fair Value Changes of Financial Instruments (continued)

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

	2013 RM'000	2012 RM'000
LLA liability		
1 January	5,664,769	-
Fair value at inception of LLA	-	5,842,694
Fair value changes (credited)/charged to profit or loss	(176,515)	140,481
Repayment during the period	(165,760)	(166,286)
30 June	5,322,494	5,816,889

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.

Amounts in RM thousand unless otherwise stated

21. Realised and Unrealised Profits or Losses

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

	As at 30 June 2013	As at 30 June 2012
Total retained earnings of the Company and its subsidiaries		
- realised	320,388	(537,288)
- unrealised	2,915	7,184
	323,303	(530,104)
Total share of retained earnings from jointly controlled entities		
- realised	(170,640)	(90,570)
- unrealised	(23,893)	2,729
	(194,533)	(87,841)
Total share of retained earnings from associates		
- realised	1,516,797	2,165,537
- unrealised	(43,180)	(82,628)
	1,473,617	2,082,909
Less: consolidation adjustments	48,907	(491,895)
Total retained earnings of FGVH	1,651,294	973,069

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.

22. Earnings Per Share

(a) Basic earnings per share

	Quarter Ended 30 June 2013	Quarter Ended 30 June 2012	Year to date ended 30 June 2013	Year to date ended 30 June 2012
Basic earnings per share are computed as follows:				
Profit for the year attributable to Owners of the Company (RM'000)	322,712	188,368	459,428	380,533
Weighted average number of ordinary shares in issue (thousands)	3,648,152	1,998,633	3,648,152	1,998,633
Basic earnings per share (sen)	8.8	9.4	12.6	19.0

23. 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 30 June 2013 RM'000	Balance of IPO proceeds as at 30 June 2013 RM'000
Acquisition of plantation assets	within 3 years	2,190,000	-	2,190,000
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	-	840,000
Construction or acquisitions of mills and refineries	within 3 years	780,000	(68,800)	711,200
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**	**(687,130)**	**3,771,870**

24. 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.

As a result, the land which was previously recognised as an investment property has been accounted as an asset held for sale amounting of RM38.96 million as at 30 June 2013.

(b) On 17 April 2013, Felda Global Ventures Downstream ('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 (RM35 million).

(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 Felda Global Ventures Downstream ('FGVD') and Felda Global Ventures North America Sdn Bhd ('FGVNA') terminated its joint venture with Bunge Ventures Canada LP ('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 have entered into a Termination Agreement setting out the manner in which the joint venture and partnership will be wound down and dissolved.

It has been agreed that the business of the joint venture would terminate on 31 August 2013 with the intent of dissolving the joint venture entity by 30 November 2013. Any remaining customer contracts, supplier contracts and inventory of the joint venture will be 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 will include the commercial operation of the business as well as the crushing and processing operations and as such, TRT ETGO will be recognising 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.

Based on the current and existing information, the termination of the joint venture and the change in TRT ETGO's business and operating model are not expected to have any material impact on FGVH for the financial year ended 31 December 2013.

As a result, the results of Bunge ETGO has been recognised as loss from discontinuing operations and the total investment and loan in Bunge ETGO has been recognised as an asset held for sale of RM16.11 million and RM163.49 million respectively.

25. Material events after the Reporting Period

(a) 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.

(b) 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.

(c) 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.

By Order of the Board

Ida Suryati Ab. Rahim
Company Secretary

29 August 2013