

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the second quarter ended 30 June 2012

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 June			Half-year ended 30 June		
		2012	2011	% + / (-)	2012	2011	% + / (-)
Revenue		3,536,387	2,011,450	75.8	5,256,384	3,699,931	42.1
Cost of sales		<u>(3,071,754)</u>	<u>(1,499,140)</u>		<u>(4,401,977)</u>	<u>(2,535,897)</u>	
Gross profit		464,633	512,310	(9.3)	854,407	1,164,034	(26.6)
Other operating income		3,845	1,570		4,883	5,273	
Selling and distribution costs		(31,159)	(39,602)		(62,085)	(77,638)	
Administrative expenses		(71,921)	(65,174)		(128,752)	(109,582)	
Other operating expenses		(2,578)	(41,330)		(2,578)	(50,820)	
Other gains-net		4,191	33,595		3,978	16,688	
Fair value changes in Land Lease Agreement ('LLA') liability		<u>(92,929)</u>	-		<u>(140,481)</u>	-	
Operating profit	15	274,082	401,369	(31.7)	529,372	947,955	(44.2)
Finance income		12,978	7,655		24,125	11,728	
Finance costs		<u>(36,166)</u>	<u>(31,136)</u>		<u>(63,943)</u>	<u>(58,175)</u>	
Finance costs-net		(23,188)	(23,481)		(39,818)	(46,447)	
Share of results from associates		72,617	84,702		107,631	73,517	
Share of results from jointly controlled entities		<u>(22,008)</u>	<u>(5,902)</u>		<u>(14,876)</u>	<u>(23,053)</u>	
Profit before taxation		301,503	456,688	(34.0)	582,309	951,972	(38.8)
Taxation	16	<u>(81,346)</u>	<u>(157,276)</u>		<u>(138,940)</u>	<u>(302,402)</u>	
Profit for the financial period		<u>220,157</u>	<u>299,412</u>	(26.5)	<u>443,369</u>	<u>649,570</u>	(31.7)
Profit/loss attributable to:							
-Owners of the Company		188,368	279,310	(32.6)	380,533	638,358	(40.4)
-Non-controlling interests		<u>31,789</u>	<u>20,102</u>	58.1	<u>62,836</u>	<u>11,212</u>	>100
Profit for the financial period		<u>220,157</u>	<u>299,412</u>	(26.5)	<u>443,369</u>	<u>649,570</u>	(31.7)
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	22	5.2	15.8		10.4	36.1	
Diluted (sen)	22	5.2	10.1		10.4	23.0	

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2012 (continued)

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

	Note	Quarter ended 30 June		%	Half-year ended 30 June		%
		2012	2011		2012	2011	
Profit for the period		220,157	299,412	(26.5)	443,369	649,570	(31.7)
Other comprehensive income/(loss)							
Share of other comprehensive income of associates		4,807	306		11,999	9,611	
Share of other comprehensive loss of jointly controlled entities		(6,642)	(13,202)		(17,272)	(1,057)	
Currency translation differences		8,733	(20,373)		684	(21,891)	
Other comprehensive income/(loss) for the financial period, net of tax		<u>6,898</u>	<u>(33,269)</u>		<u>(4,589)</u>	<u>(13,337)</u>	
Total comprehensive income for the period		<u>227,055</u>	<u>266,143</u>	(14.7)	<u>438,780</u>	<u>636,233</u>	(31.0)
Total comprehensive income attributable to:							
- Owners of the Company		195,266	245,990		375,944	625,131	
- Non-controlling interests		<u>31,789</u>	<u>20,153</u>		<u>62,836</u>	<u>11,102</u>	
Total comprehensive income for the financial period		<u>227,055</u>	<u>266,143</u>	(14.7)	<u>438,780</u>	<u>636,233</u>	(31.0)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the financial year ended 31 December 2011 included in the Prospectus.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2012 (continued)

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

	Note	Unaudited As at 30 June 2012	Audited As at 31 December 2011 (restated)
<u>Non-current assets</u>			
Property, plant and equipment		1,728,301	1,697,026
Goodwill and intangible assets		681,878	662,686
Interests in associates		2,512,095	2,388,197
Interests in jointly controlled entities		317,205	349,353
Biological assets		1,866,620	1,858,842
Prepaid lease payments		751	786
Loan due from other related company		18,260	17,090
Amounts due from jointly controlled entity		75,972	45,520
Deferred tax assets		1,508,777	41,998
		<u>8,709,859</u>	<u>7,061,498</u>
<u>Current assets</u>			
Inventories		629,510	464,117
Biological assets		-	11,198
Receivables		528,605	403,580
Amounts due from other related companies		1,238,384	4,118
Amount due from ultimate holding body		139	-
Amounts due from an associate		2,883	-
Tax recoverable		22,152	21,729
Loan due from other related company		10,868	10,836
Derivative financial assets	19	-	2,842
Cash and cash equivalents		6,023,076	1,778,130
		<u>8,455,617</u>	<u>2,696,550</u>
Asset held for sale		1,132	-
Total assets		<u>17,166,608</u>	<u>9,758,048</u>
<u>Equity</u>			
Share capital		3,648,152	1,767,612
Redeemable preference shares		-	9,005
Share premium		3,371,685	881,783
Foreign exchanges reserve		(60,890)	(60,608)
Reorganisation reserve		(2,088,969)	2,347,742
Other reserves		72,886	68,188
Retained earnings		973,069	601,541
Equity attributable to owners of the Company		<u>5,915,933</u>	<u>5,615,263</u>
Non-controlling interests		886,198	823,362
Total equity		<u>6,802,131</u>	<u>6,438,625</u>
<u>Non-current liabilities</u>			
Borrowings	18	723	40,518
Loan due to ultimate holding body	18	1,835,000	1,835,000
LLA liability		5,210,488	-
Provision for liabilities		4,574	7,398
Provision for defined benefit plan		349	492
Deferred tax liabilities		139,481	154,782
		<u>7,190,615</u>	<u>2,038,190</u>

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2012 (continued)

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

	Note	Unaudited As at 30 June 2012	Audited As at 31 December 2011 (restated)
<u>Current liabilities</u>			
Payables		269,227	244,984
Loan due to ultimate holding body	18	4,001	5,448
Amount due to an associate		-	21
Amount due to jointly controlled entity		-	35,092
Amounts due to other related companies		1,399,499	217,698
Borrowings	18	784,223	761,974
Derivatives financial instruments		792	-
Provision for other liabilities		322	1,738
LLA liability		606,400	-
Current tax liabilities		109,398	14,278
		<u>3,173,862</u>	<u>1,281,233</u>
Total liabilities		<u>10,364,477</u>	<u>3,319,423</u>
Total equity and liabilities		<u>17,166,608</u>	<u>9,758,048</u>
	Note	As at 30 June 2012	As at 31 December 2011
Net assets per share attributable to owners of the Company		<u>1.62</u>	<u>3.18</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the financial year ended 31 December 2011 included in the Prospectus.

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	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 (Audited)		1,767,612	9,005	881,783	(60,608)	-	33,526	1,047	33,615	601,541	3,267,521	823,362	4,090,883
Effects of acquisition of Plantation Estates	24	-	-	-	-	2,347,742	-	-	-	-	2,347,742	-	2,347,742
As restated		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 LLA and LLA Addendum	1 (a) (ii)	-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
Total transactions with owner		-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
Profit for the financial period		-	-	-	-	-	-	-	-	380,533	380,533	62,836	443,369
Other comprehensive income for the financial period, net of tax :													
- currency translation differences		-	-	-	684	-	-	-	-	-	684	-	684
- share of other comprehensive income of associates		-	-	-	(1,294)	-	13,293	-	-	-	11,999	-	11,999
- share of other comprehensive income of jointly controlled entities		-	-	-	328	-	(17,600)	-	-	-	(17,272)	-	(17,272)
		-	-	-	(282)	-	(4,307)	-	-	-	(4,589)	-	(4,589)
Total comprehensive 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 owner		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).

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	Others	Retained earnings	Total	Non-controlling interests	Total equity
Half-year ended 30 June 2011												
At 1 January 2011 (Audited)		1,767,612	10,052	984,342	(58,034)	-	17,901	33,343	202,489	2,957,705	45,335	3,003,040
Effects of acquisition of Plantation Estates		-	-	-	-	2,400,784	-	-	-	2,400,784	-	2,400,784
As restated		1,767,612	10,052	984,342	(58,034)	2,400,784	17,901	33,343	202,489	5,358,489	45,335	5,403,824
Profit for the financial period		-	-	-	-	761,600	-	-	(123,242)	638,358	11,212	649,570
Other comprehensive income for the financial period, net of tax :												
- currency translation differences		-	-	-	(21,781)	-	-	-	-	(21,781)	(110)	(21,891)
- share of other comprehensive income of associates		-	-	-	(1,613)	-	11,224	-	-	9,611	-	9,611
- share of other comprehensive income of jointly controlled entities		-	-	-	(1,983)	-	462	464	-	(1,057)	-	(1,057)
		-	-	-	(25,377)	-	11,686	464	-	(13,227)	(110)	(13,337)
Total comprehensive income for the financial period		-	-	-	(25,377)	761,600	11,686	464	(123,242)	625,131	11,102	636,233
Capital contribution to FELDA		-	-	-	-	(745,344)	-	-	-	(745,344)	-	(745,344)
Dilution of interest in subsidiaries		-	-	-	-	-	-	-	356,242	356,242	737,313	1,093,555
Minority interest		-	-	-	-	-	-	-	-	-	(8,925)	(8,925)
Total transactions with owner		-	-	-	-	(745,344)	-	-	356,242	(389,102)	728,388	339,286
At 30 June 2011		1,767,612	10,052	984,342	(83,411)	2,417,040	29,587	33,807	435,489	5,594,518	784,825	6,379,343

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the financial year ended 31 December 2011 included in the Prospectus.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Half-year ended	
		30 June	
		2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial period		443,369	649,570
Adjustments for non-cash items		301,640	545,739
Operating profit before working capital changes		745,009	1,195,309
Changes in working capital		(438,829)	(260,871)
Cash generated from operations		306,180	934,438
Finance income received		(1,086)	10,360
Taxation paid		(71,151)	(61,505)
Retirement benefits paid		(157)	(459)
Net cash generated from operating activities		233,786	882,834
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(71,963)	(53,824)
Purchase of biological assets		(4,643)	
Acquisition of intangible assets		(22,184)	--
Proceeds from disposal of property, plant and equipment		316	128
Proceeds from disposal of subsidiaries		-	1,160,505
Dividend received from associate		-	8,894
Net cash (used in)/ generated from investing activities		(98,474)	1,115,703

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Half-year ended 30 June	
		2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		316,679	109,476
Repayment of borrowings		(366,925)	-
Net proceeds from bankers acceptances		32,700	351,000
Repayment of LLA liability		(166,286)	-
Payment for capital lease		-	(461)
Finance costs paid		(54,192)	(54,849)
Net capital contribution to FELDA		-	(745,344)
Dividend paid to non-controlling interest		-	(8,925)
Proceeds from issuance of shares, net of issuance expenses		4,351,685	-
Decrease in fixed deposits pledged for bank guarantee		264,294	-
Net cash generated from/(used in) financing activities		<u>4,377,955</u>	<u>(349,103)</u>
Net increase in cash and cash equivalents		4,513,267	1,649,434
Effect of foreign exchange rate changes		(4,026)	(12,136)
Cash and cash equivalents at beginning of the financial period		1,457,483	417,033
Cash and cash equivalents at end of the financial period		<u>5,966,724</u>	<u>2,054,331</u>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		6,023,076	2,088,777
Fixed deposits pledged		(56,352)	(34,446)
Cash and cash equivalents at end of the period		<u>5,966,724</u>	<u>2,054,331</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the audited financial statements for the financial year ended 31 December 2011 included in the Prospectus.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 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 interim financial report is unaudited and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011.

1. Basis of Preparation

(a) General

- (i) 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 2011, except as disclosed in Note 1(a)(ii) and 1(b) below.

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') issued the Malaysian Financial Reporting Framework (MFRS Framework). This IFRS-compliant framework is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities ('TEs'), which may defer adoption by one year in view of potential changes on the horizon which may change current accounting treatment.

TEs are non-private entities within the scope of MFRS 141 'Agriculture' and IC Interpretation 15 'Agreements for the Construction of Real Estate', including their parent, significant investor and venturer.

In light with the latest development as announced by MASB, TE have been given an option of another two years to continue with the existing FRS Framework and to adopt MFRS framework for annual period beginning on or after 1 January 2014.

FGVH has elected to be a TE and therefore, will adopt the MFRS Framework with effect from the financial year beginning 1 January 2014.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(a) General (continued)

- (ii) FGVH entered into an agreement with FELDA on 1 November 2011 to lease (i) lands with individual land titles issued to FELDA as the registered owner (ii) existing lands granted to FELDA for development but where individual land titles have not been issued to FELDA and (iii) other lands to be alienated or to be acquired by FELDA in the future.

The LLA will commence on 1 January 2012 or upon fulfilment of statutory approvals, whichever is later, which includes consent by the relevant State Authorities in which the lands are situated.

On 2 January 2012, FGVH entered into an addendum to the LLA ('LLA Addendum') to acquire certain assets and liabilities of the Plantation Estates ('Plantation Estates') owned by FELDA and operated by Felda Plantations Sdn. Bhd. ('FPSB') for a purchase consideration equivalent to the carrying values of the assets and liabilities acquired as at 31 December 2011.

On 6 January 2012, as part of its restructuring process, FELDA, FGVH and Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ('FGVPM') had entered into a Novation Agreement whereby all benefits, rights, title, interest, obligations, undertakings, covenants and liabilities of FGVH under the Land Lease Agreement ('LLA') and LLA Addendum shall be transferred by FGVH to FGVPM from 1 January 2012 and FELDA has consented to the transfer of all of FGVH's benefits, rights, title, interest, obligations, undertakings, covenants and liabilities to FGVPM subject to the terms and conditions of the Novation Agreement.

The acquisition of plantation estates resulted in a difference between the purchase consideration and total net assets acquired amounting to RM2,089.0 million, which was recognized as a reorganization reserve.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(a) General (continued)

- (ii) As FGVPM applies the predecessor method of accounting, the carve-out financial statements of the Plantation Estates owned by FELDA ('Plantation Estates') and operated by Felda Plantations Sdn. Bhd. ('FPSB'), a subsidiary company of Felda Holdings Bhd have been incorporated in the condensed consolidated interim financial information from the date the Plantation Estates first came under common control of the controlling party, FELDA. Accordingly, the statement of comprehensive income and statement of cash flows for the period ended 30 June 2011 were prepared as if this structure of FGVH had been existence throughout the period presented. The net cash flows arising from the operation of the Plantation Estates for the comparative period is deemed to be a net capital contribution to FELDA. The statement of financial position as at 31 December 2011 was prepared to present the assets and liabilities of FGVH as if the above structure had been in existence at that date.

The results of the Plantation Estates that have been accounted for in the statement of comprehensive income under the predecessor method of accounting are as follows:

	Half-year ended 30 June 2011
Revenue	1,713,554
Cost of sales	<u>(642,333)</u>
Gross profit	1,071,221
Other operating income	2,464
Administrative expenses	(53,708)
Other operating expenses	(4,509)
Taxation	<u>(253,868)</u>
Profit for the financial period	<u>761,600</u>

The assets and liabilities contributed by the Plantation Estates included in the statement of financial position under the predecessor method of accounting are as follows:

	As at 31 December 2011
Property, plant and equipment	695,262
Biological assets	1,858,220
Inventories	57,488
Receivables	8,102
Cash and cash equivalents	306
Payables	(123,969)
Amounts due to other related companies	(129,793)
Deferred tax liabilities	<u>(17,874)</u>
	<u>2,347,742</u>

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(a) General (continued)

- (ii) The LLA is deemed to be effective from 1 January 2012 pursuant to the contractual arrangements of the LLA and the effects are as follows:

	As at 1 January 2012
LLA liability	5,842,694
Amount due to the ultimate holding body	54,690
Deferred tax assets	<u>(1,460,673)</u>
Reorganisation reserve	<u>4,436,711</u>

(b) FRSs applicable in 2012

Financial reporting standards under the existing FRS Framework that are adopted by FGVH as of 1 January 2012 in preparing this interim financial report are disclosed below.

- (i) **Revised FRS 124 – Related Party Disclosures**
Revised FRS 124 simplifies the definition of a related party and provides for reduced disclosures for transactions with government-related entities. The impact of the additional disclosures is described in Note 8.
- (ii) **Amendments to FRS 7 – Financial Instruments : Disclosures**
Amendments to FRS 7 stipulate the disclosure requirements for all transferred financial assets that are not derecognised and also for any continuing involvement in a transferred financial asset.
- (iii) **Amendments to FRS 112 – Income Taxes**
Amendments to FRS 112 clarifies that deferred tax on investment property measured using fair value model should be based on the tax rate applicable to taxable amount derived from sale unless the objective is to consume substantially all of the economic benefits embodied in the investment property over time. If the objective is to consume the economic benefits over time, deferred tax should reflect the tax consequences of recovering the carrying amount of the investment property through usage.
- (iv) **IC Interpretation 14 – FRS 119 – The Limit on a Defined Benefit Assets, minimum funding Requirements and their Interaction**
ICI 14 permits an entity to recognize the prepayments of contributions as an asset, rather than an expense in circumstances when the entity is subject to a minimum funding requirement and makes an early payment of contributions to meet those requirements.
- (v) **IC Interpretation 19 – Extinguishing Financial Liabilities with Equity Instruments**
ICI 19 provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(b) FRSs applicable in 2012 (continued)

The adoption did not result in any changes to FGVH accounting policies, results and financial position, other than additional disclosures required by 1(b)(i) above.

(c) FRSs applicable from 2013

New and revised standards and interpretations that will be effective for annual periods beginning on or after 1 January 2013:

(i) **MFRS 3 – Business Combination**

MFRS 3 requires all business combinations within its scope to be accounted for by applying the purchase method, where pooling method is no longer allowed. This change requires an acquirer to recognise liabilities for terminating or reducing the activities of the acquiree as part of allocating the cost of the combination only when the acquiree has, at the acquisition date, an existing liability for restructuring recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

An acquirer is required to recognise separately the acquiree's contingent liabilities (as defined in IAS 37) at the acquisition date as part of allocating the cost of a business combination, provided their fair values can be measured reliably. Such contingent liabilities were, in accordance with IAS 22, subsumed within the amount recognised as goodwill or negative goodwill which then tested for impairment annually instead of amortised.

(ii) **MFRS 10 - Consolidated Financial Statements**

MFRS 10 outlines the changes in 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 MFRS 127 'Consolidated and separate financial statements' and IC Interpretation 112 'Consolidation – special purpose entities'.

(iii) **MFRS 11 - Joint Arrangements**

MFRS 11 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.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(c) FRSs applicable from 2013 (continued)

New and revised standards and interpretations that will be effective for annual periods beginning on or after 1 January 2013 (continued)

(iv) **MFRS 12 - Disclosures of Interests In Other Entities**

MFRS 12 sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 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.

(v) **MFRS 13 - Fair Value Measurement**

MFRS 13 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 MFRSs. 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 MFRS 7 'Financial instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

(vi) **Amendment to MFRS 101 Presentation of Items of Other Comprehensive Income**

Amendment to MFRS 101 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.

(vii) **Amendment to Revised MFRS 119 - Employee Benefits**

Revised MFRS 119 makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

Upon adoption of Revised MFRS 119, FGVH will no longer apply the corridor approach as an accounting policy.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(c) FRSS applicable from 2013 (continued)

New and revised standards and interpretations that will be effective for annual periods beginning on or after 1 January 2013 (continued)

(viii) **Revised MFRS 127 - Separate Financial Statements**

Revised MFRS 127 includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

(ix) **Revised MFRS 128 - Investments in Associates and Joint Ventures**

Revised MFRS 128 includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

(x) **Amendment to MFRS 1 –Government Loans**

A first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with MFRS 132 *Financial Instruments: Presentation*. This is applied prospectively to government loans existing at the date of transition to MFRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Consequently, if a first-time adopter did not, under its previous accounting treatment, recognise and measure a government loan at a below-market rate of interest on a basis consistent with MFRS requirements, it shall use its previous carrying amount of the loan at the date of transition to MFRSs as the carrying amount of the loan in the opening MFRS statement of financial position. An entity shall apply MFRS 9 to the measurement of such loans after the date of transition to MFRSs.

(xi) **Amendment to MFRS 1 –First Time Adoption**

An entity's first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

(xii) **Amendment to Revised MFRS 116 – Property, Plant and Equipment**

Revised MFRS 116 makes significant changes to the recognition of items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this MFRS when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. An entity shall apply that amendment retrospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

(xiii) **Amendment to Revised MFRS 132 – Financial Instruments: Presentation**

Revised MFRS 132 requires interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument shall be debited by the entity directly in equity and the transaction costs of an equity transaction shall be accounted for as a deduction from equity. Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112 Income Taxes

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(c) FRSs applicable from 2013 (continued)

New and revised standards and interpretations that will be effective for annual periods beginning on or after 1 January 2013 (continued)

(xiv) **Amendment to Revised MFRS 134 – Interim Financial Reporting**

Revised MFRS 134 includes additional requirement of comparative information in respect of the preceding period as specified in MFRS 101 and a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in the financial statements, or when it reclassifies items in its financial statements.

The amendments also relate to MFRS 8: Operating Segments, where a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if for which there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment to be disclosed in the interim financial reporting.

(d) FRSs applicable from 2014

New and revised standards and interpretation that will be effective for annual periods beginning on or after 1 January 2014:

(i) **Amendment to MFRS 132 - Financial instruments: Presentation**

Amendments to MFRS 132 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 MFRS 132 offsetting criteria.

(ii) **Amendment to MFRS 7 - Financial instruments: Disclosures**

MFRS 7 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.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

1. Basis of Preparation (continued)

(e) FRSs applicable from 2015

New and revised standards and interpretations that will be effective for annual periods beginning on or after 1 January 2015:

(i) **MFRS 9 - Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities**

MFRS 9 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 issuer'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 financial impact of these FRSs is pending assessment by the Directors.

(f) Interpretation issued but withdrawn subsequently

(i) **IC Interpretation 15 – Agreement for the Construction of Real Estate**

IC Interpretation 15 addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate. This IC is withdrawn with effect from annual periods beginning on or after 1 January 2012.

2. Seasonal or Cyclical Factors

FGVH's operations are not materially affected by seasonal or cyclical factors except for the rubber tapping process during monsoon season in November until March and production of fresh fruit bunches ('FFB') which may also be affected by the vagaries of weather and cropping patterns. The harvest of FFB in our palm oil plantations tends to increase in the second half of the financial year as a result of the rainfall pattern in Malaysia, which typically leads to a greater supply of CPO and PK during the second half of the financial year as FFB is processed following its harvest.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

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 except for the impact of the following agreements:

- (a) The LLA dated 1 November 2011 between FGVH and Lembaga Kemajuan Tanah Persekutuan ('FELDA'), the ultimate holding body of FGVH came into effect on 1 January 2012. The effects are as detailed in Note 1 (a)(ii) to the Report;
- (b) The Supply and Delivery Agreement ('SDA') signed between FGVPM, a wholly-owned subsidiary of FGVH and Felda Palm Industries Sdn. Bhd. ('FPISB'), a subsidiary of Felda Holdings Bhd, an associate of FGVH.

As the SDA only came into effect on 1 March 2012, any related transactions, including the purchase and sale of crude palm oil ('CPO') under the arrangement, are not presented in the condensed consolidated interim financial information for the three months ended 31 March 2011, and the consolidated interim financial information for the three months ended 31 March 2012 reflects only CPO sales for one month of that three-month period.

Prior to entering into SDA, no revenue from CPO sales and no cost of sales relating to CPO purchases were recognised by FGVH.

In the condensed consolidated interim financial information for the three months ended 2012, FGVPM recognised revenue from sales of FFB to FPISB for the first two months of the three-month period, but with the effectiveness of the SDA, FGVPM no longer recognises revenue from the sales of FFB that FGVPM makes to FPISB, which comprises substantially all of their FFB sales. For periods after 1 March 2012, FGVPM recognises revenue from sales of CPO that FPISB produces using the FFB that is supplied by FGVPM. In respect of these CPO sales, FGVPM recognises as cost of sales the costs relating to the production of this FFB, including replanting, harvesting and cultivation costs.

In addition to the revenue FGVPM recognises from the sale of CPO that FPISB produces using the FFB that FGVPM supplies to it, FGVPM also recognises revenue from resale of CPO that FPISB produces from FFB it sources from other suppliers. The cost of this additional CPO that was purchased from FPISB is recognised as cost of sales.

In relation to the SDA entered into between FPI and FGVPM dated 22 February 2012, and pursuant to its provisions, the companies have signed a letter of amendment effective from 1 April 2012 to remove item 3 of Appendix 3 of the SDA which states the basic of the Delivered CPO price shall always be the same price used to derive FFB price.

Under FRS118 (Revenue), item 3 of Appendix 3 had the effect of removing price risks to FPI and as such FPI had been required to record the purchase of FFB from FGVPM and the sale of CPO derived from the aforesaid FFB purchased from FGVPM as net tolling income earned whilst FGVPM had been required to record sales of FFB to FPI and the CPO derived therefrom and purchased from FPI as net tolling fee paid. In addition, due to the netting of revenue requirement, FGVPM is required to estimate some of FPI's CPO inventory as its inventory on a monthly basis.

As result of the amendment and removal of item 3 of Appendix 3, effective 1 April 2012, FGVPM and FPI are no longer required to account for the SDA transactions net of revenue in accordance with the requirement of FRS 118. FGVPM will now record its FFB sales as revenue and FPI will record FFB purchases as its cost of sales.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

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

- (c) The tolling agreement between Twin Rivers Technologies Enterprise de Transformation De Graines Oleagineuses Du Quebec Inc ('TRT ETGO'), a subsidiary of FGVH and Bunge ETGO, on 9 December 2011, pursuant to which Bunge ETGO provides TRT ETGO with soybeans and canola seeds, which TRT ETGO processes into soy and canola products that Bunge ETGO markets and sells.

Prior to entering into the tolling agreement, FGVH recognised revenue from the sale of soy and canola products and cost of sales from the purchase of soybeans and canola seeds. Following the effectiveness of the tolling agreement, however, FGVH no longer recognises such revenue and cost of sales, and recognises revenue only from tolling fees that Bunge ETGO pays to process the soybeans and canola seeds that it provides and the cost of sales related to the processing arrangements. Accordingly, the condensed consolidated interim financial information for the three months ended 31 March 2012 does not reflect revenue from the sale of soy and canola products or cost of sales from the purchase of soybeans and canola seeds, while the condensed consolidated interim financial information for the corresponding period in 2011 reflects such revenue and cost of sales. Since 9 December 2011, a share of Bunge ETGO's results of operations is included in the condensed consolidated financial information under share of results of jointly controlled entities.

4. Material Changes in Estimates

There were no 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. Dividend

The Directors has agreed to declare an interim dividend payment of 5.5 cents per share on 3,648,152,001 ordinary shares for the quarter ended 30 June 2012, to be paid before 28 November 2012.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

6. Segment Information

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ('CODM'). The reportable segments have changed from the first quarter 2012 due to changes in the internal management reporting structure of the CODM. Comparatives have been restated to conform to the revised reportable segments. The revised reportable segments have been identified as follows:

- **Plantation** – Plantation estates activities including cultivation, harvesting and production of Fresh Fruit Bunch ('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, sugarcane milling and sales and marketing of refined sugar.
- **Manufacturing, Logistics & Others** – Cocoa, rubber and fertilisers processing and production, bulking and transportation facilities and services, engineering, construction and property development, information technology, security and travel.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)

Amounts in RM thousand unless otherwise stated

6. Segment Information

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

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total
Half-year ended 30 June 2012						
Total segment revenue	8,661,956	4,013,674	1,081,017	2,008,428	(10,508,691)	5,256,384
Less : Inter-segment revenue	(1,478,798)	(134,078)	(3,153)	(311,172)	1,927,201	-
Revenue from external customers	<u>7,183,158</u>	<u>3,879,596</u>	<u>1,077,864</u>	<u>1,697,256</u>	<u>(8,581,490)</u>	<u>5,256,384</u>
Finance income	9,931	3,713	14,446	6,770	(10,735)	24,125
Finance costs	(59,566)	(12,622)	(3,455)	(8,544)	20,244	(63,943)
Depreciation and amortisation	(54,442)	(22,445)	(16,757)	(35,816)	84,177	(45,283)
Share of results of jointly controlled entities	(3,975)	(10,901)	-	-	-	(14,876)
Share of results of associates	21,662	-	-	-	85,969	<u>107,631</u>
Profit/(loss) before taxation for the financial period	374,774	(29,120)	166,312	189,446	(119,103)	<u>582,309</u>
<u>The analysis of external revenue by segment :</u>						
FGVH and its subsidiaries	3,765,237	413,283	1,077,864	-	-	5,256,384
Associates - FHB	<u>3,417,921</u>	<u>3,466,313</u>	<u>-</u>	<u>1,697,256</u>	<u>(8,581,490)</u>	<u>-</u>
Revenue from external customers	<u>7,183,158</u>	<u>3,879,596</u>	<u>1,077,864</u>	<u>1,697,256</u>	<u>(8,581,490)</u>	<u>5,256,384</u>
<u>The analysis of profit before taxation by segment:</u>						
FGVH and its subsidiaries	295,210	(4,701)	166,312	-	39,519	496,340
Associates - FHB	<u>79,564</u>	<u>(24,419)</u>	<u>-</u>	<u>189,446</u>	<u>(158,622)</u>	<u>85,969</u>
Profit/(loss) before taxation	<u>374,774</u>	<u>(29,120)</u>	<u>166,312</u>	<u>189,446</u>	<u>(119,103)</u>	<u>582,309</u>

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)

Amounts in RM thousand unless otherwise stated

6. Segment Information (continued)

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total
Half-year ended 30 June 2011						
Total segment revenue	7,675,455	5,323,111	1,089,065	2,166,999	(12,556,645)	3,699,931
Less : Inter-segment revenue	(2,961,942)	(118,842)	(23,028)	(287,140)	(3,390,952)	-
Revenue from external customers	4,713,513	5,206,215	1,066,037	1,879,859	(9,165,693)	3,699,931
Finance income	7,514	1,380	6,128	4,574	(7,868)	11,728
Finance costs	(55,710)	(7,941)	(4,385)	(8,503)	18,364	(58,175)
Depreciation and amortisation	(54,020)	(21,970)	(17,598)	(33,355)	72,904	(54,039)
Share of results of jointly controlled entities	88	(23,141)	-	-	-	(23,053)
Share of results of associates	45,617	-	-	-	27,900	73,517
Profit/(loss) before taxation for the financial period	1,159,004	(173,374)	232,273	209,339	(475,270)	951,972
<u>The analysis of external revenue by segment :</u>						
FGVH and its subsidiaries	1,717,678	916,216	1,066,037	-	-	3,699,931
Associates - FHB	2,995,835	4,289,999	-	1,879,859	(9,165,693)	-
Revenue from external customers	4,713,513	5,206,215	1,066,037	1,879,859	(9,165,693)	3,699,931
<u>The analysis of profit before taxation by segment:</u>						
FGVH and its subsidiaries	1,032,381	(179,506)	232,273	-	(161,006)	924,072
Associates - FHB	126,623	6,202	-	209,339	(314,264)	27,900
Profit/(loss) before taxation	1,159,004	(173,374)	232,273	209,339	(475,270)	951,972

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

7. Capital Commitments

Authorised capital expenditure not provided for in the interim financial report are as follows:

	As at 30 June 2012	As at 31 December 2011
Property, plant and equipment:		
- contracted	72,778	20,105
- not contracted	<u>231,538</u>	<u>85,161</u>
	<u>304,316</u>	<u>105,266</u>
Biological asset:		
- contracted	1,494	-
- not contracted	<u>42,428</u>	<u>-</u>
	<u>43,922</u>	<u>-</u>

8. Significant Related Party Transactions

(I) Related party transactions during the periods ended 30 June 2012 and 30 June 2011 are as follows:

a. Sales of goods and services

	Half-year ended 30 June	
	2012	2011
(i) Transactions with jointly controlled entities		
Tolling fees income from Bunge ETGO	26,025	-
Sales of Crude Palm Oil ('CPO') by FGVPM to Felda Iffco Sdn. Bhd. Group (FISB)	649,965	-
Interest income earned from Felda Iffco, Inc	1,086	1,369
(ii) Transactions with an associate		
Management fees charged to Felda Holdings Bhd ('FHB')	4,867	91
(iii) Transactions with subsidiaries of FHB		
Sales of fresh fruit bunches ('FFB') by FGVPM to FPISB	1,422,072	1,637,773
Sales of cup lumps and latex by FGVPM to Felda Rubber Industries Sdn. Bhd. ('FRISB')	28,964	41,441
Sales of CPO by FGVPM to Felda Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	919,756	-
Sales of palm kernel ('PK') by FGVPM to Felda Kernel Products Sdn. Bhd. ('FKPSB')	121,455	-
Management fees charged	5,372	1,329

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

8. Significant Related Party Transactions (continued)

(I) Related party transactions during the periods ended 30 June 2012 and 30 June 2011 are as follows (continued):

a. Sales of goods and services (continued)

	Half-year ended 30 June	
	2012	2011
(iv) Transactions with a subsidiary of KPF, the holding company of FHB		

Sales of refined sugar to Felda Trading Sdn. Bhd. ('FTSB')

10,289 12,729

b. Purchase of goods and services

Half-year ended 30 June
2012 2011

(i) Transactions with an associate

Management fees charged by FHB

2,188 884

(ii) Transactions with subsidiaries of FHB

Purchase of coconut oil and other palm oil products by Twin River Technologies US, Inc ('TRT US') from Felda Marketing Services Sdn. Bhd. ('FELMA')

143,226 177,858

Purchase of fertilizer by FGVPM and FGVP from FPM Sdn. Bhd. ('FPM') and Felda Agricultural Services Sdn. Bhd. ('FASSB')

137,129 179,018

Purchase of CPO by FGVPM from FPISB

2,311,647

Purchase of IT services from Felda Prodata Services Sdn. Bhd. ('FPSSB')

41,102 3,803

Purchase of marketing services from Felda Marketing Services Sdn. Bhd. ('FMSSB')

1,801 3,803

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

8. Significant Related Party Transactions (continued)

(I) Related party transactions during the quarters ended 30 June 2012 and 30 June 2011 are as follows (continued):

b. Purchase of goods and services (continued)

	Half-year ended 30 June	
	2012	2011
(ii) Transactions with subsidiaries of FHB (continued)		
Transportation services rendered by Felda Transport Services Sdn. Bhd. ('FTSSB')	660	626
Purchase of security services by Felda Security Services Sdn. Bhd. ('FSSSB')	16,078	21,671
Purchase of travel services by Felda Travel Sdn. Bhd. ('Felda Travel')	4,942	2,325
Engineering works rendered by Felda Engineering Services Sdn. Bhd. ('FESSB')	199	159
(iii) Transactions with subsidiaries of KPF, the holding company of FHB		
Catering services rendered by Felda D'Saji Sdn. Bhd. ('FDSB')	219	61
Insurance commissions charged by FTSB	70	16
(iv) Transactions between subsidiaries and FELDA		
Building rental charges by FELDA	779	137
Interest expense charged by FELDA	44,183	44,216
Repayment of LLA Liability by FGVPM to FELDA	166,286	-
(v) Transactions with companies having common directors		
Donation and broadcasting fee paid by FGVH to Media Prima Berhad	432	-
Interest received from Malaysia Building Society Berhad ('MBSB')	81	3,220

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

8. Significant Related Party Transactions (continued)

- (II) Related party transactions with government and government-related entities during the quarters ended 30 June 2012 and 30 June 2011 are as follows:

	Half-year ended 30 June	
	2012	2011
(i) Transactions between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy received	76,504	97,698
(ii) Transactions between subsidiaries and Kastam Diraja Malaysia		
Windfall tax	32,419	50,517
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense from bankers acceptances and term loan	1,988	7,264
Interest income from fixed deposits and cash balances	10,785	4,999
	30 June	As at
	2012	31 December
		2011
(iv) Balances between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy receivable	75,896	21,790
(v) Balances between subsidiaries and Kastam Diraja Malaysia		
Windfall tax	3,121	7,533

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

8. Significant Related Party Transactions (continued)

- (II) Related party transactions with government and government-related entities during the quarters ended 30 June 2012 and 30 June 2011 are as follows:

	30 June 2012	As at 31 December 2011
(vi) Balances between subsidiaries and government related financial institutions		
Bankers acceptances	129,000	188,005
Term loan	316,679	621,011
Fixed deposits and cash balances	3,352,090	1,705,147
(viii) Balances between subsidiaries and FELDA		
Term loan owing by FGVH to FELDA	1,835,000	1,835,000
LLA liability by FGVPM to FELDA	5,816,889	-

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

9. Effect of Significant Changes in the Composition of FGVH

- (i) On 6 January 2012, FGVH incorporated Felda Global Ventures Plantations Sdn. Bhd. ('FGV Plantations'), a private limited liability company, incorporated and operating in Malaysia. The paid up capital for FGV Plantation is 2 ordinary shares of RM1 each.
- (ii) On 6 January 2012, FGVH incorporated Felda Global Ventures Downstream Sdn. Bhd. ('FGV Downstream'), a private limited liability company, incorporated and operating in Malaysia. The paid up capital for FGV Downstream is 2 ordinary shares of RM1 each.
- (iii) On 6 January 2012, FGV Plantations incorporated Felda Global Ventures Plantations (Malaysia) Sdn. Bhd. ('FGVPM'), a private limited liability company, incorporated and operating in Malaysia. The paid up capital for FGVPM is 2 ordinary shares of RM1 each.
- (iv) On 17 February 2012, FGVH incorporated Pakatan Mastiara Sdn. Bhd., a private limited liability company, incorporated and operating in Malaysia. On 28 March 2012, the company changed its name to Felda Global Ventures Shared Services Centre Sdn. Bhd. ('FGV SSC'). The paid up capital for FGV SSC is 2 ordinary shares of RM1 each.
- (v) On 9 January 2012, the board of directors of FELDA approved the conversion of RCPS and RCCPS into ordinary shares. The number of RCPS and RCCPS to be converted is 329,949,500 and 570,590,000 respectively, at a nominal value of RM0.01 and a premium of RM0.99 per share. The RCPS and RCCPS conversion has been completed as at 17 May 2012, resulting in an increase in the issued and paid share capital of FGVH from RM1,767,612,000 to RM2,668,151,500. Consequently, the difference between the carrying value and the redemption value amounting to RM9.75 million was debited to profit or loss, and an amount of RM9.0 million which is equal to the par value of the RCPS and RCCPS redeemed was transferred from retained earnings to capital reserves in accordance with the requirement of the Companies Act 1965.
- (vi) In the prior financial year, Felda Global Ventures Kalimantan Sdn. Bhd. ('FGVK'), a subsidiary of FGVH, entered into an agreement to acquire 95% interest in PT Citra Niaga Perkasa from Joko Sintrajaya for a total consideration of RM16.5 million, to be completed upon the receipt of relevant regulatory approvals in Indonesia. The acquisition was completed on 27 February 2012. The impact of acquisition to the financial results to FGVH for the period to 31 March 2012 is not material. The purchase price allocation is currently being determined as of the date of this report.

The different between the purchase consideration of RM16.5 million and book value of net assets acquired of RM0.7 million amounting to RM15.8 million has been provisionally recognized as goodwill.

- (vii) On 28 February 2012, FGVPM issued new ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary share amounting to RM99,999,998. FGV Plantations has fully subscribed for the shares and maintained its effective equity interest of 100% in FGVPM.
- (viii) On 12 April 2012, FGV Downstream entered into a Sale and Purchase Agreement with FGVH to acquire 100% interest in the ordinary shares in Felda Global Ventures North America Sdn. Bhd. ('FGVNA'). The transaction was completed on 9 May 2012.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

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

- (ix) On 12 April 2012, FGV Plantations entered into a Sale and Purchase Agreement with FGVH to acquire 100% interest in the ordinary shares in FGVK. The transaction was completed on 9 May 2012.
- (x) On 14 May 2012, FGV Downstream entered into a Memorandum of Understanding with Louis Dreyfus Commodities Asia Pte. Ltd. ('LDC') with a view of exploring and evaluating the potential opportunities available to collaborate and enter into a joint venture arrangement in the trading and marketing business and also downstream assets joint venture in the oil palm industry.

On the same date, FGVH, FELDA and LDC entered into Joint Venture Partner Investment Agreement whereby LDC has agreed to acquire the Offer Shares from FELDA, subject to the terms of the JV Partner Investment Agreement, representing 2.5% of the enlarged issued and paid-up share capital immediately following the Admission at the Institutional Price. This agreement is conditional upon the terms and condition as stipulated therein the agreement. Upon listing, LDC has taken up 0.5% of the enlarged issued and paid up capital of FGVH. The management is still in the process of finalizing the terms and conditions of the agreement.

- (xi) On 15 May 2012, FGVH entered into a Memorandum of Understanding with Vitol, S.A. to consider and discuss further the feasibility of collaboration on the supply, international trading and marketing, international logistical operations, hedging and derivatives on commodities other than oils and fats and to serve as a basis for a potential joint venture between the parties.
- (xii) On 16 May 2012, FGVH's authorised share capital was increased from RM2,012,500,000 comprising 2,012,500,000 ordinary shares of RM1 each to RM4,000,000,000 comprising 4,000,000,000 ordinary shares of RM1 each and 1 special share of RM1 each.
- (xiii) On 17 May 2012, FGVH issued one special share of RM1.00. The special share held by the Minister of Finance (Incorporated) has the following characteristics:
 - (a) The special share enables the Government through MOF, Inc to ensure that certain major decisions affecting the operation of FGVH are consistent with the Government policies,
 - (b) The special holder which may only be the Minister of Finance (Incorporated) or its successor or any Minister, representative or any person authorised by the Government acting on its behalf, is entitled to received notices of meetings, attend and speak but do not have any voting rights at all general meetings,
 - (c) The special share holder has the right from time to time, to appoint any existing Director to be a government appointed director so that there shall be no more than three directors at any one time and these directors shall hold the position of Chairmen of our Board, Chief Executive Officer / Managing Director and one Director,
 - (d) The special share holder has the right to require FGVH to redeem the special share at par at any time by serving notice upon FGVH and delivering the relevant certificate,

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

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

- (xiii) On 17 May 2012, FGVH issued one special share of RM1.00. The special share held by the Minister of Finance (Incorporated) has the following characteristics: (continued)
- (e) The special share holder shall be entitled to repayment of the capital paid-up on the special share in priority to any repayment of capital to any other member,
 - (f) The special shareholder does not have any right to participate in the capital or profit of FGVH
- (xiv) On 20 June 2012, Twin Rivers Technologies Holdings Inc (“TRT Holdings”) had transferred 100% it's equity interest representing 6,882 common shares in Twin Rivers Technologies Holdings Enterprises de Transformation de Graines Oleagineuses Inc (“TRT Holdings ETGO Inc”) to FGVNA for cash consideration of CAD1.00.
- (xv) On 20 June 2012, Twin Rivers Technologies US Inc (“TRT US”) had merged with and into TRT Holdings. Upon completion of the merger, the shareholdings of FGVNA in TRT Holdings, representing 117,646 Class A Common Stock shares and 80,000 Class B common stock was converted to a single class common stock
- (xvi) On 22 June 2012, FGVNA had completed the forgiveness and cancellation of debt to Felda Global Ventures North America US LLC (“FGV US LLC”) and FGV US LLC to TRT Holdings (as successor by merger to TRT US) through conversion of the subordinated debts in TRT Holdings of USD49.7 million to equity.
- (xvii) On 22 June 2012, the dissolution of FGV US LLC had taken place as the company was initially set up as special purpose entity to fund the loan to TRT US to mitigate the risk of characteristic the debt as equity in the event of bankruptcy filing. Since the cancellation of debt had taken place, there is no need for the entity to remain in existence.
- (xviii) On 22 June 2012, a debt restructuring had been undertaken by TRT Holdings ETGO and TRT-Etgo. The debt restructuring involves the conversion of their respective 73,053,223 units of Class A preferred shares vales at CAD73.05 million in exchange for 1,000 common shares valued at CAD 73.05 million, as well as the injection of funds by FGVH, via FGVNA and TRT Holdings Etgo, into TRT-Etgo which will then be used to settle TRT-Etgo external debts of CAD102 million. This was completed on the same day.
- (xvii) On 28 June 2012, in conjunction with the listing, FGVH increase its issued and paid up capital to RM3,648,151,501 by way of public issue of 980,000,000 new shares.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

10. 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, 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. The Putrajaya Court of Appeal had on 30 November 2011 decided that the case shall be heard before an arbitration proceeding based on section 10 of the Arbitration Act 2005 and original agreement between the settlers and FELDA which mentioned that if any dispute arises, the dispute shall be heard before an arbitration proceeding. On 7 December 2011, FPISB's counsel had filed the order from the Court of Appeal before the Senior Assistant Registrar ('SAR') of Johor Bahru High Court and on 22 February 2012, the plaintiffs informed the SAR that the application for appeal before the Federal Court is pending judgment order from the Court of Appeal. The SAR then instructed that if the appeal is not allowed then the onus to initiate arbitration proceedings will be on the plaintiffs and not on the defendants. The SAR then gave a new mention date on 29 August 2012 for both parties to update the status of appeal and arbitration.
 - (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. FPISB filed Pleading and Statement of Defence ('SOD') in the Seremban High Court on 22 December 2011 together with confirmation of documents which was filed by the Plaintiffs. On 22 December 2011, the SAR informed that the judge has instructed the case to go through mediation process before undergoing full trial. On 7 March 2012, the SAR directed both parties to file pleading, documents and issues to be tried. Further, on 26 March 2012 the SAR informed both parties to file supplementary documents/evidence for mediation on 9 April 2012. The date for mediation proceedings was scheduled for 9 May 2012. The mediation failed and the Court fixed a case management date of 26 July 2012 for further instructions.

The Court has now fixed 14th September 2012 for the hearing of the Plaintiffs' application to withdraw 82 Plaintiffs from the suit and for further case management. The Court also informed that the trial dates, at the earliest would be from January 2013 onwards.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

10. 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):

(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. FPISB has filed SOD in the Temerloh High Court on 9 September 2011 and the plaintiffs had filed their reply on 9 November 2011. The case has gone through the case management before the SAR on 10 November 2011. FPISB has filed an affidavit in reply to the Statement of Reply of SOD on 20 December 2011 as well as application to strike out Plaintiffs' claim. On 3 April 2012 both parties have filed written submissions for the application to Strike-Out Ground on Plaintiffs' claims. The 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 also fixed the matter for further case management on 24 May 2012 with directions that the parties are to file Bundle of Pleadings, Bundle of Documents, Statement of Issues to be Tried and Statement of Agreed Facts.

The Court now fixed a further final case management date on 11th September 2012 for the Plaintiffs' Solicitors to file Agreed Facts and Issues and the Common Bundle (duly categorized). The court will be marking the documents and to give further instructions on that date.

(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. FPISB has filed a SOD on 27 December 2011. Defendants had also filed an application to Strike-Out Ground on Plaintiffs' claims on 9 February 2012. During the latest case management on 22 February 2012, the SAR instructed Plaintiffs to reply to the Application to Strike-Out Ground on 8 March 2012 and 22 March 2012 for Defendants to reply to the Plaintiffs' reply. Further, both parties have filed written submissions on the Strike-Out Ground issue. The Court has 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 Court also fixed the matter for further case management on 24 May 2012 with directions that the parties are to file Bundle of Pleadings, Bundle of Documents, Statement of Issues to be Tried and Statement of Agreed Facts.

The Court now fixed a further final case management date on 11th September 2012 for the Plaintiffs' Solicitors to file Agreed Facts and Issues and the Common Bundle (duly categorized). The court will be marking the documents and to give further instructions on that date.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

10. Contingent Liabilities and Material Litigation (continued)

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

(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. FPISB has filed a SOD on 3 January 2012. On 25 January 2012, Plaintiffs have filed the reply to the SOD and Defendants have filed a reply to it on 9 February 2012. Defendants also have filed an application to Strike-Out Ground on Plaintiffs' claims on the same date. During the latest case management on 22 February 2012, the SAR instructed Plaintiffs to reply to the Application to Strike-Out Ground on 8 March 2012 and 22 March 2012 for Defendants to reply to the Plaintiffs' reply. Further, both parties have filed written submissions on the Strike-Out Ground issue. The Court has 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 Court also fixed the matter for further case management on 24 May 2012 with directions that the parties are to file Bundle of Pleadings, Bundle of Documents, Statement of Issues to be Tried and Statement of Agreed Facts.

The Court acknowledged of the delay by both parties in filing the Bundles. The Court has fixed a further case management on 31st July 2012 for further instructions. We duly informed the Court that we have responded to Plaintiff's Solicitors on their draft Agreed Facts and their proposed documents, and have also forwarded to them our Bundle of Documents. The Court fixed the matter for further case management on 11th September 2012 for all bundles to be filed and Agreed Accts and Issues to be Tried to be filed.

(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 filed Memorandum of Appearance in High Court on 16 May 2012. The case is fixed for first Case Management on 21 May 2012. SOD was filed on 18th June 2012 and the Plaintiffs are to file their Reply (if any) before 20th July 2012. The Court now fixed this case for case management on 16th August 2012 and now adjourned to 25th September 2012 for Plaintiffs to file their Reply to Defence (if any) and parties to file Bundles.

(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 26th June 2012. The case is fixed for first Case Management on 10th August 2012. The Defendants are currently in the midst of preparing the Defence. Statement of Defence was filed on 7th August 2012. The Court now fixed this case for case management on 12th September 2012.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

10. Contingent Liabilities and Material Litigation (continued)

(b) An associate of FGVH, Tradewinds (M) Bhd, has the following contingent liabilities, of which FGVH is not jointly or severally liable:

- (i) On 5 May 2006, Padiberas Nasional Berhad ('Bernas'), have received a Writ of Summons and Statement of Claim initiated by A Halim Bin Hamzah & 291 others ('the Plaintiffs'). The civil suit was brought by the Plaintiffs against Bernas and 24 others ('the Defendants') claiming that the year 2000 Voluntary Separation Scheme initiated by Bernas is void and of no effect. In relation to this suit, Bernas had filed Summons in Chambers for the Writ and Statement of Claim as against the said Defendants be struck out.

The Court had granted Order In Terms for the Bernas' Application to strike out the 21st Defendant with cost payable to Bernas but dismissed Bernas' Application to strike out the 2nd to 12 Defendants on 3 September 2007. On 3 March 2008, the Court dismissed Bernas' Application to strike out the 2nd to 12th Defendants from being the party to the suit. Bernas' solicitors had on 17 April 2008, filed Statements of Defence for the 2nd to 12th Defendants. The matter is fixed for hearing on 12 to 16 March 2012. The Court has fixed 30 April 2012 for decision of the said matter. On 30 April 2012, The Court dismissed the Plaintiffs' claims with no order as to cost. On 30 May 2012, the Plaintiffs through their solicitors have filed appeal to the Court of Appeal. No hearing has been fixed by the Court.

- (ii) On 6 June 2006, Bernas was served with a sealed copy of Originating Summons and Affidavit in Support ('the Plaintiffs Application') for and on behalf of the 690 others ('the Plaintiffs') claiming that the Plaintiffs as employees of Bernas whose service of employment have been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits Provision. They demand for the Termination Benefit to be paid with 8% interest per annum from 1 January 2004, together with their Employee Provident Fund contribution until the date of the Order, with costs to be paid by Bernas.

Plaintiffs through their solicitors had filed an application on 7 March 2011 for leave to appeal to the Federal Court against the entire decision of the Court of Appeal given on 7 February 2011. Plaintiffs' application for leave to appeal at the Federal Court has been allowed. The Court fixed the matter for decision on 16 July 2012 and Federal Court found in favour of Bernas and dismissed the Plaintiff's appeal.

- (iii) On 4 January 2010, Bernas was served with a sealed copy of Originating Summons and Affidavit in Support ('the Plaintiffs Application') for and on behalf of 242 others ('the Plaintiffs') claiming that the Plaintiffs as employees of Bernas whose service of employment have been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability, are entitled to the Retirement/Termination Benefits Provision. They demand for the Termination Benefit to be paid with 8% interest per annum from 1 January 2004, together with their Employee Provident Fund contribution until the date of the Order, with costs to be paid by Bernas. The case has been fixed for 6 September 2012 for the Plaintiffs to confirm if they wish to continue or withdraw the civil suit.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

10. Contingent Liabilities and Material Litigation (continued)

- (b) An associate of FGVH, Tradewinds (M) Bhd, has the following contingent liabilities, of which FGVH is not jointly or severally liable: (continued)
 - (iv) A claim filed against Mardec Yala Co. Ltd., for the alleged wrongful transfer of shares and the claim for compensation of Thai Baht (THB)110.0 million (approximately RM11.039 million). On 3 December 2007, the Court had dismissed the claim and issued a written judgment. However, the claimant has filed an appeal against the judgment of which the Court has dismissed the claims. The claimant has filed a second appeal to the Supreme Court on 30 July 2010. The outcome of the second appeal is expected to be given by the end of 2013.

Based on available information and on the legal advice 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 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

11. Review of Group Performance

	Half-year ended		% + / (-)
	30 June		
	2012	2011	
Revenue	<u>5,256,384</u>	<u>3,699,931</u>	42.1
Plantation	515,255	1,159,004	(55.5)
Sugar	166,312	232,273	(28.4)
Downstream	(29,120)	(173,374)	(>100)
Manufacturing, logistics and others	<u>189,446</u>	<u>209,339</u>	(9.5)
Segment results	841,893	1,427,242	
Reconciliation	<u>(119,103)</u>	<u>(475,270)</u>	
Profit before taxation and before fair value			
changes in LLA liability	722,790	951,972	(24.1)
Fair value changes in LLA liability	<u>(140,481)</u>	<u>-</u>	
Profit before taxation after LLA liability	582,309	951,972	(38.8)
Tax expense	<u>(138,940)</u>	<u>(302,402)</u>	
Profit for the financial period	<u>443,369</u>	<u>649,570</u>	(31.7)
Profit/(loss) attributable to:			
Owners of the Company	380,533	638,358	
Non-controlling interests	<u>62,836</u>	<u>11,212</u>	
Profit after tax and non-controlling interests	<u>443,369</u>	<u>649,570</u>	

Overall

FGVH's revenue increased by 42.1% to RM5,256.4 million for the half year ended 30 June 2012 from RM3,699.9 million for the half year ended 30 June 2011. This increase primarily reflects the sales of CPO by FGVPM beginning on 1 March 2012, offset in part by a decrease in revenue from the downstream segment as a result of tolling agreement following which sales of soy and canola products is no longer recorded.

Profit before taxation and before fair value changes in LLA liability for the half year ended 30 June 2012 decreased by 24.1% to RM722.8 million, compared to RM952.0 million for the corresponding period in 2011 while profit before taxation including fair value changes in LLA liability decreased to RM582.3 million for the half year ended 30 June 2012. The profit before taxation margin decreased to 11.1% for the half year ended 30 June 2012, compared to 25.7% for the corresponding period in 2011, primarily reflecting the lower CPO prices and FFB production, increase in replanting, manuring, labour and fertilizer costs, the incurrance of fair value changes in the LLA liability for the half year ended 30 June 2012 of RM140.5 million as well as a one off charges relating to IPO of RM40.4 million being share based payment of RM25.7 million and other IPO expenses of RM14.7 million.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

11. Review of Group Performance (continued)

Segment

(a) Plantation

Plantation segment's results of RM515.3 million decreased by 56% as compared to 2011 result of RM1,159.0 million. The results was brought down by reduction in CPO prices of RM3,230 per mt in 2012 as compared to RM3,461 per mt in 2011 and lower YTD June FY2012 FFB production of 2.31 million MT as compared to 2.42 million in 2011. These reductions in prices and FFB production volume are observed to be generally affecting the whole Palm Oil industry in Malaysia. However the 5% reduction in FFB production volume of the Group compared to 2011 is also noted to be less than some other industry players who recorded reduction of 12% to 18%.

The results were also affected by the rise in cost of sales which was primarily due to higher costs of CPO, higher costs relating to replanting and manuring costs, primarily reflecting higher volume of fertilizer used as well as higher fertilizer prices and higher labour costs as a result of new incentive payments to plantation workers effective November 2011.

(b) Sugar

Sugar segment's revenue increased for the half year ended 30 June 2012 primarily as a result of increase in selling prices of refined sugar products, coupled with an increase in Government subsidy. The profit before taxation decreased due to increase in raw sugar costs as the purchase price for the raw sugar under the current long-term raw sugar supply contract was higher than that under the long-term raw sugar supply contract in effect in 2011.

(c) Downstream

Following the commencement of the tolling agreement between TRT ETGO and Bunge ETGO, TRT ETGO recognises tolling fees amounted to RM26.0 million for the half year ended 30 June 2012 that Bunge ETGO pays pursuant to the tolling agreement as revenues. The Joint Venture with Bunge performed well with positive earnings to date.

Downstream segment's results were however affected by losses in FHB subsidiary companies due to lower gross margin for refined palm products as a result of changes in the Indonesian duty structure which made Indonesian refined oil cheaper and more favourable compared to Malaysian refined oil. In addition, the strengthening of Ringgit Malaysia against US Dollar had eroded FHB downstream companies' profitability for half year ended 30 June 2012.

Included in June 2011 results is impairment of TRTETGO amounted to RM160.8 million. Comparatively, FGVH's downstream division has shown an overall turnaround with positive gross margins in the half year ended 30 June 2012.

(d) Manufacturing, Logistics and Others

Manufacturing, logistics and others segment profit decreased by 10% for the half year ended 30 June 2012 primarily due to lower fresh fruit bunches ('FFB') realised price of RM652 per mt in 2012 compared to RM746 per mt in 2011. In addition, rubber realised price also dropped to RM11.3 per kilogram in 2012 compared to RM15.5 per kilogram in 2011.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

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

	Quarter ended		%
	30 June	31 March	+ / (-)
	2012	2012	
Revenue	<u>3,536,387</u>	<u>1,719,997</u>	>100
Plantation	310,254	205,001	51.3
Sugar	81,479	84,833	(4.0)
Downstream	(19,854)	(9,267)	(>100)
Manufacturing, logistics and others	<u>82,385</u>	<u>107,061</u>	(23.0)
Segment results	454,264	387,628	
Reconciliation	<u>(59,833)</u>	<u>(59,270)</u>	
Profit before taxation and before fair value changes in LLA liability	394,431	328,358	20.1
Fair value changes in LLA liability	<u>(92,929)</u>	<u>(47,552)</u>	
Profit before taxation	301,503	280,806	7.4
Tax expense	<u>(81,346)</u>	<u>(57,594)</u>	
Profit for the financial period	<u>220,157</u>	<u>223,212</u>	(1.4)
Profit/(loss) attributable to:			
Owners of the Company	188,368	192,165	
Non-controlling interests	<u>31,789</u>	<u>31,047</u>	
Profit after tax and non-controlling interests	<u>220,157</u>	<u>223,212</u>	

Overall

Revenue in quarter under review was higher more than 100% compared to the preceding quarter due to sales of CPO by FGVPD that had only started in March this year. In addition, increase is also contributed by relatively high CPO price in Quarter 2 of RM3,234 per mt compared to RM3,207 per mt in Quarter 1 2012.

Profit before taxation was higher compared to preceding quarter mainly due to the higher volume of FFB produced by Plantation division and the margin gained from the subsequent sales of CPO from this higher volume. The increase was offset by higher costs of CPO purchase and incurrence of fair value changes in the LLA liability of RM92.9 million.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

12. Material Changes In The Quarterly Results Compared to Preceding Quarter (continued)

(a) Plantation

Plantation segment's results improved by 51.3% primarily due to higher revenue generated from sales of CPO. The results was brought up by higher in CPO prices of RM3,234 per mt in Q2 FY2012 as compared to RM3,207 per mt in Q1 2012 and higher Q2 FY2012 FFB production of 1.17 million MT as compared to Q1 2012 of 1.14 million mt.

The increase in revenue was offset in part by a significant increase in cost of sales mainly due to cost of purchasing of CPO in the month of April to June 2012 and higher costs relating to replanting and manuring costs, primarily reflecting higher volume of fertilizer used as well as higher fertilizer prices.

(b) Sugar

Sugar segment's were slightly affected by the increase in raw sugar costs as the purchase price for the raw sugar under the current long-term raw sugar supply contract was higher than that under the long-term raw sugar supply contract in effect in 2011. The decrease were offset in part by increase in revenue as a result of higher export sales volume and increase in selling prices of refined sugar products.

(c) Downstream

The downstream segment's revenue primarily reflects the tolling agreement with FGVH's joint-venture, Bunge ETGO, entered into in December 2011, following which revenue from the sale of soy and canola products is no longer recognized. However, increase in sale of fatty acid and RBD products were off-setting the decrease. Segment result further decreased by RM10.6 million due to lower RBD and PKE products margin and losses on fair value of commodity contracts.

(d) Manufacturing, Logistics and Others

Manufacturing, logistics and others segment profit decreased for the quarter ended 30 June 2012 mainly due to lower margins particularly lower selling price and unrealised losses in foreign exchange forward contracts during the current quarter under review.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

13. Prospects

The global uncertainty in the world economy resulted from prolonged and unresolved Eurozone debt crisis have slowed down growth and resulted in a challenging business environment. This situation also negatively impacts the Asian economic growth, which will have a corresponding impact to the Group.

The Indonesian export tax changes introduced in 2011 continues to put pressure on Malaysian refineries. The Malaysian Government responded recently by raising the total allocated zero duty CPO export quota to 5.5 million tones which approximates 30 per cent of the total CPO production in Malaysia. This should to translate into a positive environment to the plantation segment.

The plantation segment is expected to perform well for the current financial year as we expect more resilient CPO prices in the second half of the year and strong demand from our key buyers from China, India and Pakistan. The plantation segment will continue its initiative to improve its palm oil trees' age profile in accordance with its replanting policy. Subject to the weather condition, a total area of 16,000 hectares is expected to be planted by end of 2012. In addition, the division remains focus on its initiatives to acquire greenfield as well as existing plantations, some of which is expected to materialize in the current financial year.

The Group will also continue its initiative to turnaround its downstream business as a strategy to support its upstream segment. Sugar division's plan to expand by pursuing strategic acquisitions and investments is an ongoing initiative. Notwithstanding the volatility of sugar prices, the sugar division is expected to be able to sustain its satisfactory performance.

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the current financial year ending 31 December 2012 to be satisfactory.

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 June 2012 (continued)
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15. Operating Profit

	Half-year ended 30 June	
	2012	2011
Included in operating profit are:		
Amortisation of intangible assets	2,969	2,910
Amortisation of prepaid lease payments	35	658
Depreciation of property, plant and equipment	42,279	50,471
Impairment loss of prepaid lease payments	-	3,024
Impairment loss of property, plant and equipment	-	160,798
Impairment loss of goodwill	-	42,792
Property, plant and equipment written off	152	-
Loss on disposal of property, plant and equipment	74	150
Fair value changes in LLA	140,481	-
Initial public offering ('IPO') expenses	14,713	14,842
Share based payments	25,723	-
Net foreign exchange loss/(gain)	<u>1,370</u>	<u>(1,204)</u>

16. Taxation

	Quarter ended 30 June		Half-year ended 30 June	
	2012	2011	2012	2011
Malaysian income tax				
Current financial year	(95,290)	(160,019)	(155,731)	(309,019)
Prior financial year	-	(114)	-	(2,031)
	<u>(95,290)</u>	<u>(160,133)</u>	<u>(155,731)</u>	<u>(311,050)</u>
Foreign income tax				
Current financial year	(830)	2,727	(2,250)	-
Deferred tax	<u>14,774</u>	<u>130</u>	<u>19,041</u>	<u>8,648</u>
	<u>(81,346)</u>	<u>(157,276)</u>	<u>(138,940)</u>	<u>(302,402)</u>

The effective tax rate of 27% for the quarter under review higher than the Malaysian income tax rate of 25% due to non-deductible of expenses and 24% for the half year ended 30 June 2012 approximates the Malaysian income tax rate of 25%.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued) Amounts in RM thousand unless otherwise stated

17. Status of Corporate Proposals

- (a) FGVH was admitted to the official list of Bursa Securities on 28th June 2012 upon the listing of and quotation for the entire enlarge issued and paid-up share capital of 3,648,151,500 ordinary shares of RM1 each of Main Market of Bursa Malaysia Securities Berhad comprising an Offer for Sale of 1,208,890,900 shares ('Offer Shares') by (i) FELDA ('the Selling Shareholder') and (ii) the offering of 980,000,000 new shares ('Issue Shares').

Of the 980,000,000 new shares issued, 257,229,800 retail shares were issued at RM4.45. The difference between the fair value of RM4.55 and offer price of RM4.45 totalling RM25.7 million was recognized in the income statement in accordance with FRS 2 Share-based Payment.

Total share issuance expenses amounted RM129.8 million. This consists of share issuance expenses related to the IPO exercise of RM107.3 million and other IPO related expenses of RM22.5 million.

In accordance with Financial Reporting Standards Implementation Committee ('FRSIC') Consensus 13 Expenses Permitted to be Written Off Against the Share Premium Account under Section 60 of the Companies Act 1965, the Committee concluded that costs attributable to the issue of shares shall be written off against the share premium account if, and only if, it can be demonstrated that such costs are incremental costs that are directly attributable to the issue of shares that otherwise could be avoided. All other expenses which do not satisfy the criteria of transaction costs of an equity transaction shall be expensed off in the period they are incurred.

Share issuance expenses related to the IPO exercise was charged against the share premium account.

Other IPO related expenses are related to the issuance of the Prospectus and related assignments are not directly attributable to share issuance costs. This amount has been recognized in the income statement. A portion of the IPO related expenses amounting to RM28.9 million has been borne by the selling shareholder.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

17. Status of Corporate Proposals (continued)

(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 business in the following manner:

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	Amount utilised as at 30 June 2012 RM'000	Balance of IPO proceed as at 30 June 2012 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	-	780,000
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	-	100,000
Working capital requirements, general corporate purposes	within 6 months	129,000	-	129,000
Estimated listing expenses	within 6 months	160,000	143,938	16,062
Total gross proceeds		4,459,000	143,938	4,315,062

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

18. Borrowings

<u>Long-term borrowings</u>	As at 30 June 2012		Total
	Secured	Unsecured	
Term loan-ultimate holding body	-	1,835,000	1,835,000
Term loan-financial institution	723	-	723
	<u>723</u>	<u>1,835,000</u>	<u>1,835,723</u>
 <u>Short-term borrowings</u>			
Revolving credit	21,241	316,679	337,920
Term loan-ultimate holding body	-	4,001	4,001
Term loan-financial institution	48,303	77,000	125,303
Bankers acceptances	-	321,000	321,000
	<u>69,544</u>	<u>718,680</u>	<u>788,224</u>
Total borrowings	<u>70,267</u>	<u>2,553,680</u>	<u>2,623,947</u>

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

Ringgit Malaysia	2,553,680
United States Dollar	49,891
Canadian Dollar	20,376
Total borrowings	<u>2,623,947</u>

Certain borrowings are secured by fixed deposits pledged to financial institution and a letter of credit from ultimate holding body.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
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19. Derivative Financial Instruments

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contract/notional amount and fair values of these derivatives as at 30 June 2012 are as follows:

	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
Sugar future contracts	58,026	-	792
	<u>58,026</u>	<u>-</u>	<u>792</u>

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 2011. The maturity periods of the above derivatives are less than one year.

20. Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are at a loss position as at the end of the reporting period after being fair valued and the LLA liability, FGVH does not remeasure its financial liabilities at fair value after the initial recognition.

Fair value changes for the land lease liability has been measured based on assumptions made on discount rate, crude palm oil prices, fresh fruit bunches average yield, inflation rate and total area and planted oil palm and rubber area amongst others on an annual basis.

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
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 2012
Total retained earnings of the Company and its subsidiaries	
- realised	(468,895)
- unrealised	(61,209)
	<u>(530,104)</u>
Total share of retained earnings from jointly controlled entities	
- realised	(90,570)
- unrealised	2,729
	<u>(87,841)</u>
Total share of retained earnings from associates	
- realised	2,165,537
- unrealised	(82,628)
	<u>2,082,909</u>
Less: consolidation adjustments	(491,895)
Total retained earnings of FGVH	<u><u>973,069</u></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 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

22. Earnings Per Share

(a) Basic earnings per share

	Quarter Ended 30 June		Half-year ended 30 June	
	2012	2011	2012	2011
Basic earnings per share are computed as follows:				
Profit for the period attributable to owners of the Company (RM'000)	<u>188,368</u>	<u>279,310</u>	<u>380,533</u>	<u>638,358</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,648,152</u>	<u>1,767,612</u>	<u>3,648,152</u>	<u>1,767,612</u>
Basic earnings per share (sen)	<u>5.2</u>	<u>15.8</u>	<u>10.4</u>	<u>36.1</u>

(b) Diluted earnings per share

	Quarter Ended 30 June		Half-year ended 30 June	
	2012	2011	2012	2011
Diluted earnings per share are computed as follows:				
Profit for the period attributable to Owners of the Company (RM'000)	<u>188,368</u>	<u>279,310</u>	<u>380,533</u>	<u>638,358</u>
Weighted average number of ordinary shares in issue (thousands)	<u>3,648,152</u>	<u>1,767,612</u>	<u>3,648,152</u>	<u>1,767,612</u>
Adjustment for: Assumed conversion of RCPS/RCCPS (thousands)	<u>-</u>	<u>1,005,195</u>	<u>-</u>	<u>1,005,195</u>
Weighted average number of ordinary shares (thousands)	<u>3,648,152</u>	<u>2,772,807</u>	<u>3,648,152</u>	<u>2,772,807</u>
Diluted earnings per share (sen)	<u>5.2</u>	<u>10.1</u>	<u>10.4</u>	<u>23.0</u>

FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2012 (continued)
Amounts in RM thousand unless otherwise stated

23. Material events after the Reporting Period

There were no material events after the reporting period other than as disclosed in Note 9.

24. Restatement of comparatives due to the LLA

The following comparatives have been restated to reflect the impact of predecessor accounting arising from the LLA as disclosed in Note 1(a)(ii):

	As previously reported	Impact of predecessor accounting	As restated
Statement of financial position as at 31 December 2011			
Property, plant & equipment	1,001,764	695,262	1,697,026
Biological assets	622	1,858,220	1,858,842
Inventories	406,629	57,488	464,117
Receivables	395,478	8,102	403,580
Cash and bank	1,777,824	306	1,778,130
Payables	121,015	123,969	244,984
Amount due to other related companies	87,905	129,793	217,698
Reorganisation reserve	-	2,347,742	2,347,742
Deferred tax liabilities	136,908	17,874	154,782

By Order of the Board

Ida Suryati Ab. Rahim
Company Secretary

28 August 2012