



FELDA GLOBAL VENTURES HOLDINGS BERHAD (800165-P)

QUARTERLY REPORT

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT

On consolidated results for the second quarter ended 30 June 2014

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 June 2014	2013	% + / (-)	Year to date ended 30 June 2014	2013	% + / (-)
Continuing operations							
Revenue		4,083,487	2,991,326	36.5	7,809,609	5,673,534	37.6
Cost of sales		(3,439,517)	(2,699,126)		(6,577,688)	(5,087,900)	
Gross profit		643,970	292,200	>100	1,231,921	585,634	>100
Other operating income		36,789	9,581		93,512	49,482	
Selling and distribution costs		(95,065)	(53,431)		(193,328)	(91,819)	
Administrative expenses		(144,485)	(47,646)		(338,742)	(79,435)	
Other operating expenses		(10,338)	-		(35,277)	-	
Commodity gains - net		7,278	11,092		40,443	10,947	
Operating profit	15	438,149	211,796	>100	798,529	474,809	68.2
Fair value changes in Land Lease Agreement ('LLA') liability		(100,034)	278,666		(217,696)	176,515	
Operating profit after LLA		338,115	490,462		580,833	651,324	
Finance income		32,988	49,633		63,153	90,523	
Finance costs		(43,797)	(24,682)		(82,287)	(47,890)	
Finance (costs)/income-net		(10,809)	24,951		(19,134)	42,633	
Share of results from associates		5,691	29,188		5,988	86,702	
Share of results from joint ventures		(10,053)	(14,153)		23,268	(28,622)	
Profit before zakat and taxation		322,944	530,448	(39.1)	590,955	752,037	(21.4)
Zakat		(583)	-		(1,296)	(10,000)	
Taxation	16	(98,953)	(141,508)		(153,604)	(182,964)	
Profit from continuing operations		223,408	388,940	(42.6)	436,055	559,073	(22.0)
Discontinuing operations							
Loss from discontinuing operations		(9,474)	(20,891)		(13,314)	(23,967)	
Profit for the financial period		213,934	368,049	(41.9)	422,741	535,106	(21.0)
Other comprehensive income/(loss)							
Share of other comprehensive income/(loss) of associates		-	996		-	(4,630)	
Share of other comprehensive income/(loss) of joint ventures		18,882	(16,250)		16,242	(749)	
Other reserves - defined benefit plan		2	-		(28)	-	
Available for sale		416	-		416	-	
Currency translation differences		(2,545)	4,737		(24,206)	3,686	
Other comprehensive income / (loss) for the financial period, net of tax		16,755	(10,517)		(7,576)	(1,693)	
Total comprehensive income for the financial period		230,689	357,532	(35.5)	415,165	533,413	(22.2)



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2014 (continued)

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

	Note	Quarter ended 30 June		Year to date ended 30 June		% + / (-)	
		2014	2013	2014	2013		
Profit attributable to:							
-Owners of the Company		151,862	322,712	(52.9)	295,490	459,428	(35.7)
-Non-controlling interests		<u>62,072</u>	<u>45,337</u>	36.9	<u>127,251</u>	<u>75,678</u>	68.1
Profit for the financial period		<u>213,934</u>	<u>368,049</u>	(41.9)	<u>422,741</u>	<u>535,106</u>	(21.0)
Total comprehensive income attributable to:							
- Owners of the Company		168,895	312,196		286,826	457,733	
- Non-controlling interests		<u>61,794</u>	<u>45,336</u>		<u>128,339</u>	<u>75,680</u>	
Total comprehensive income for the financial period		<u>230,689</u>	<u>357,532</u>	(35.5)	<u>415,165</u>	<u>533,413</u>	(22.2)
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	21	4.2	8.8		8.1	12.6	

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2013.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2014 (continued)

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

	Note	Unaudited As at 30 June 2014	Audited As at 31 December 2013
<u>Non-current assets</u>			
Property, plant and equipment		5,756,671	5,682,552
Investment properties		128,480	129,628
Goodwill and intangible assets		888,724	876,261
Interests in associates		373,689	371,063
Interests in joint ventures		540,114	547,564
Biological assets		2,470,131	2,447,265
Prepaid lease payments		38,226	40,969
Receivables		164,808	84,441
Deferred tax assets		1,268,559	1,281,465
Available-for-sale financial assets		213,509	211,575
		11,842,911	11,672,783
<u>Current assets</u>			
Inventories		1,638,167	1,740,099
Biological assets		48,861	41,491
Receivables		1,187,857	1,351,512
Amount due from a significant shareholder		105,783	81,923
Amount due from joint ventures		267,734	421,838
Amount due from an associate		-	37
Amounts due from related companies		139,360	29,060
Tax recoverable		141,064	177,575
Financial assets at fair value through profit and loss		13,669	12,955
Derivative financial assets	18	43,118	3,499
Cash and cash equivalents		5,098,608	5,028,873
		8,684,221	8,888,862
Assets held for sale		144,560	159,920
		8,828,781	9,048,782
Total assets		20,671,692	20,721,565
<u>Equity</u>			
Share capital		3,648,152	3,648,152
Reserves		2,844,867	2,922,856
Equity attributable to owners of the Company		6,493,019	6,571,008
Non-controlling interests		2,502,841	2,374,788
Total equity		8,995,860	8,945,796



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the second quarter ended 30 June 2014 (continued)

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

	Note	Unaudited As at 30 June 2014	Audited As at 31 December 2013
<u>Non-current liabilities</u>			
Borrowings	17	14,404	11,801
Loan due to a significant shareholder	17	2,366,685	2,473,828
LLA liability		4,535,146	4,458,623
Provisions		30,634	32,291
Provision for defined benefit plan		34,553	34,686
Deferred tax liabilities		614,581	620,192
		<u>7,596,003</u>	<u>7,631,421</u>
<u>Current liabilities</u>			
Payables		1,056,640	1,349,186
Loan due to a significant shareholder	17	218,242	223,962
Amount due to a significant shareholder		345,539	386,921
Amount due to associates		371	-
Amount due to joint ventures		3	23,000
Amounts due to related companies		2,138	4,721
Borrowings	17	1,594,535	1,638,109
Derivative financial liabilities	18	20,662	15,361
Provisions		80	82
LLA liability		355,455	385,767
Current tax liabilities		42,555	21,900
Dividend payable		364,815	-
		<u>4,001,035</u>	<u>4,049,009</u>
Liabilities directly associated with assets classified as held for sale		78,794	95,339
		<u>4,079,829</u>	<u>4,144,348</u>
Total liabilities		<u>11,675,832</u>	<u>11,775,769</u>
Total equity and liabilities		<u>20,671,692</u>	<u>20,721,565</u>
		As at 30 June 2014	As at 31 December 2013
Net assets per share attributable to owners of the Company		<u>1.78</u>	<u>1.80</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2013.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	<u>Note</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Foreign exchange reserve</u>	<u>Re-organisation reserve</u>	<u>Available for sale reserve</u>	<u>Capital redemption reserve</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Period ended 30 June 2014											
At 1 January 2014		3,648,152*	3,371,685	(62,801)	(2,088,969)	13,739	10,052	1,679,150	6,571,008	2,374,788	8,945,796
Profit for the financial period		-	-	-	-	-	-	295,490	295,490	127,251	422,741
Other comprehensive income / (loss) for the financial period, net of tax:											
<u>Items that will not be reclassified to profit and loss</u>											
- Actuarial loss on defined benefit plan		-	-	-	-	-	-	(28)	(28)	-	(28)
<u>Items that may be subsequently reclassified to profit and loss</u>											
- currency translation differences		-	-	(25,161)	-	-	-	-	(25,161)	955	(24,206)
- available for sale		-	-	-	-	283	-	-	283	133	416
- share of other comprehensive income of joint ventures		-	-	14,654	-	1,588	-	-	16,242	-	16,242
		-	-	(10,507)	-	1,871	-	-	(8,636)	1,088	(7,548)
Total comprehensive (loss)/ income for the financial period		-	-	(10,507)	-	1,871	-	295,462	286,826	128,339	415,165
Acquisition of a subsidiary	10	-	-	-	-	-	-	-	-	(365)	(365)
Additional investment in a subsidiary		-	-	-	-	-	-	-	-	79	79
Dividend payable for the financial year ended 31 December 2013 (final)		-	-	-	-	-	-	(364,815)	(364,815)	-	(364,815)
Total transaction with owners		-	-	-	-	-	-	(364,815)	(364,815)	(286)	(365,101)
At 30 June 2014		3,648,152*	3,371,685	(73,308)	(2,088,969)	15,610	10,052	1,609,797	6,493,019	2,502,841	8,995,860

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available for sale reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Period ended 30 June 2013												
At 1 January 2013		3,648,152*	3,371,685	(84,016)	(2,088,969)	20,027	10,052	33,615	1,191,818	6,102,364	857,815	6,960,179
Profit for the financial period		-	-	-	-	-	-	-	459,428	459,428	75,678	535,106
Other comprehensive income/(loss) for the financial period, net of tax:												
<u>Items that may be subsequently reclassified to profit and loss</u>												
- currency translation differences		-	-	3,684	-	-	-	-	-	3,684	2	3,686
- share of other comprehensive income/(loss) of associates		-	-	416	-	(5,094)	-	-	48	(4,630)	-	(4,630)
- share of other comprehensive income/(loss) of joint ventures		-	-	7,014	-	(7,763)	-	-	-	(749)	-	(749)
		-	-	11,114	-	(12,857)	-	-	48	(1,695)	2	(1,693)
Total comprehensive income/(loss) for the financial period		-	-	11,114	-	(12,857)	-	-	459,476	457,733	75,680	533,413
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	-	(37,891)	(37,891)
Total transaction with owners		-	-	-	-	-	-	-	-	-	(37,891)	(37,891)
At 30 June 2013		3,648,152*	3,371,685	(72,902)	(2,088,969)	7,170	10,052	33,615	1,651,294	6,560,097	895,604	7,455,701

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2013.

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Year to date ended 30 June	
		2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial period		422,741	535,106
Adjustments for non-cash items		505,851	(47,112)
Operating profit before working capital changes		928,592	487,994
Changes in working capital		(25,449)	182,975
Cash generated from operations		903,143	670,969
Finance income received		50,452	88,215
Taxation paid		(67,912)	(214,364)
Zakat paid		(1,296)	(10,000)
Net cash generated from operating activities		884,387	534,820
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(282,207)	(76,538)
Acquisition of intangible assets		-	(2,141)
Purchase of biological assets		(12,277)	(4,010)
Purchase of intangible assets		(2,324)	-
Purchase of prepaid lease payments		(283)	-
Acquisition of a subsidiary		(31,984)	-
Additional investment to joint venture	23	(80,000)	-
Deposit for acquisition of joint venture	23	(9,668)	-
Payment for asset retirement obligation		(54)	-
Proceeds from disposal of property, plant and equipment		354	6,285
Proceeds from disposal of investment in associate		-	551,880
Deposit for acquisition of a business		-	(3,539)
Dividend received from associates		3,360	-
Dividend received from joint ventures		24,650	-
Net cash (used in)/generated from investing activities		(390,433)	471,937



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Note	Year to date ended	
		30 June	
		2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		1,920,537	423,488
Repayment of borrowings		(1,961,509)	(482,635)
Repayment of LLA liability		(171,485)	(165,760)
Repayment of loan due to a significant shareholder		(107,143)	(107,143)
Dividend paid to non-controlling interests		-	(37,891)
Finance costs paid		(91,652)	(47,880)
Decrease in fixed deposits pledged for bank guarantee		-	15,369
Net cash used in from financing activities		<u>(411,252)</u>	<u>(402,452)</u>
Net increase in cash and cash equivalents		82,702	604,305
Effect of foreign exchange rate changes		(12,967)	(176)
Cash and cash equivalents at beginning of the financial period		5,028,873	5,673,003
Cash and cash equivalents at end of the financial period		<u>5,098,608</u>	<u>6,277,132</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2013.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 Amounts in RM thousand unless otherwise stated

This interim financial information of Felda Global Ventures Holdings Berhad ('FGVH') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Financial Reporting Standard ('FRS') No. 134 – Interim Financial Reporting.

The Unaudited Condensed Interim Financial Information should be read in conjunction with FGVH's audited financial statements for the financial year ended 31 December 2013. These explanatory notes attached to the Unaudited Condensed Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

1. Basis of Preparation

(a) General

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2013, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRSS and IC Interpretations with effect from 1 January 2014.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") when the MFRS Framework is mandated by the Malaysian Accounting Standard Board ("MASB"). In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

(b) FRSS applicable in 1 January 2014

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

1. Basis of Preparation (continued)

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

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

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

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

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)

Amounts in RM thousand unless otherwise stated

2. Seasonal or Cyclical Factors

Global sales of oils and fats products follow a similar pattern where sales increases ahead of festivities due to increased consumer demand. In addition, the harvest of fresh fruit bunches ("FFB") at palm oil plantations tends to increase in the second half of the financial year as a result of the rainfall pattern in Malaysia, which leads to a greater supply of CPO and PK during the second half of the financial year as FFB is immediately processed following its harvest.

Sales of refined sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for cooking oil and refined sugar.

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

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

Other than the above, there were no material unusual items affecting FGVH's assets, liabilities, equity, net income or cash flows during the financial period under review.

4. Material Changes in Estimates

Other than the changes in assumptions made to the fair value changes of financial liabilities as per Note 19, there were no other material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

5. Debt and Equity Securities

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

6. Dividend

No dividend has been paid during the quarter ended 30 June 2014.

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

The Directors declared an interim dividend payment of 6.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system for the quarter ended 30 June 2014 amounting to RM218.89 million. The dividend is expected to be paid by 29 September 2014.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the Executive Committee ("EXCO").

The EXCO considers the business by product related activities. The reportable segments for the financial period ended 30 June 2014 have been identified as follows:

- Plantation – Plantation estates activities including cultivation, harvesting and production of fresh fruit bunches ("FFB"), processing of FFB and selling of crude palm oil ("CPO"), palm kernel ("PK") and rubber.
- Downstream – Refining of CPO, fractionation of refined bleached deodorised palm oil ("RBDPO") and Palm Olein ("PO"), crushing of PK, processing and sales of biodiesel products, production of oleochemicals namely fatty acid and glycerine, crushing of soy and canola and production of consumer end products.
- Sugar – Sugar refining and sales and marketing of refined sugar and molasses.
- Manufacturing, Logistics & Others – Fertilisers processing and production, bulking and transportation facilities and services, engineering services, information technology, security, travel, research and development activities and sale of planting materials.

As part of the Group efforts in becoming a top global agri-player, it has reorganized itself into 6 clusters effective 1st July 2014. The 6 clusters are Plantation (Palm), Downstream (Palm), Rubber, Trading Logistics Manufacturing & Others, Sugar and Research & Development (R&D). Notwithstanding the above, the revised reportable segments will be made if the cluster based on the requirements of FRS 8.

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

The discontinuing operations mainly relates to cocoa business, which the Group has previously approved to exit.

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Year to date ended 30 June 2014								
Total segment revenue	8,503,878	3,823,130	1,123,883	733,208	(6,374,490)	7,809,609	26,664	7,836,273
Less : Inter-segment revenue	(6,079,027)	(12,737)	(30,196)	(252,530)	6,374,490	-	-	-
Revenue from external customers	<u>2,424,851</u>	<u>3,810,393</u>	<u>1,093,687</u>	<u>480,678</u>	<u>-</u>	<u>7,809,609</u>	<u>26,664</u>	<u>7,836,273</u>
Finance income	7,550	7,845	11,959	3,526	32,273	63,153	-	63,153
Finance costs	(12,632)	(7,312)	(844)	(799)	(60,700)	(82,287)	-	(82,287)
Depreciation and amortisation	(106,153)	(28,464)	(22,967)	(49,260)	(2,688)	(209,532)	-	(209,532)
Fair value changes in LLA liability	(217,696)	-	-	-	-	(217,696)	-	(217,696)
Share of results of joint ventures	5,685	17,669	-	(86)	-	23,268	-	23,268
Share of results of associates	451	-	-	5,537	-	5,988	-	5,988
Profit/(loss) before zakat and taxation for the financial period	<u>282,875</u>	<u>14,469</u>	<u>190,011</u>	<u>133,352</u>	<u>(29,752)</u>	<u>590,955</u>	<u>(13,314)</u>	<u>577,641</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)

Amounts in RM thousand unless otherwise stated

7. Segment Information (continued)

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

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
Year to date ended 30 June 2013								
Total segment revenue	8,536,038	3,185,457	1,136,431	1,086,019	(8,270,411)	5,673,534	-	5,673,534
Less : Inter-segment revenue	(738,062)	(76,230)	(16,867)	(232,809)	1,063,968	-	-	-
Revenue from external customers	<u>7,797,976</u>	<u>3,109,227</u>	<u>1,119,564</u>	<u>853,210</u>	<u>(7,206,443)</u>	<u>5,673,534</u>	-	<u>5,673,534</u>
Finance income	4,779	924	15,682	4,186	64,952	90,523	-	90,523
Finance costs	(6,406)	(4,629)	(2,235)	(5,029)	(29,591)	(47,890)	-	(47,890)
Depreciation and amortisation	(73,984)	(21,346)	(14,715)	(18,988)	76,289	(52,744)	-	(52,744)
Fair value changes in LLA liability	176,515	-	-	-	-	176,515	-	176,515
Share of results of jointly controlled entities	(8,288)	(20,334)	-	-	-	(28,622)	(16,113)	(44,735)
Share of results of associates	10,496	-	-	-	76,206	86,702	(7,854)	78,848
Profit/(loss) before taxation for the financial period	<u>428,033</u>	<u>3,241</u>	<u>220,231</u>	<u>126,467</u>	<u>(25,935)</u>	<u>752,037</u>	<u>(23,967)</u>	<u>728,070</u>
The analysis of external revenue by segment :								
FGVH and its subsidiaries	4,172,434	343,069	1,119,564	-	38,467	5,673,534	-	5,673,534
Associates - FHB	3,625,542	2,766,158	-	853,210	(7,244,910)	-	-	-
Revenue from external customers	<u>7,797,976</u>	<u>3,109,227</u>	<u>1,119,564</u>	<u>853,210</u>	<u>(7,206,443)</u>	<u>5,673,534</u>	-	<u>5,673,534</u>
The analysis of profit before taxation by segment:								
FGVH and its subsidiaries	451,006	(3,894)	220,231	-	8,488	675,831	(16,113)	659,718
Associates – FHB	(22,973)	7,135	-	126,467	(34,423)	76,206	(7,854)	68,352
Profit/(loss) before taxation	<u>428,033</u>	<u>3,241</u>	<u>220,231</u>	<u>126,467</u>	<u>(25,935)</u>	<u>752,037</u>	<u>(23,967)</u>	<u>728,070</u>



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)
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8. Capital Commitments

Authorised capital expenditure not provided for are as follows:

	As at 30 June 2014	As at 31 December 2013
Property, plant and equipment:		
- contracted	304,524	444,787
- not contracted	365,669	413,930
	<u>670,193</u>	<u>858,717</u>
Biological assets:		
- contracted	9,718	10,639
- not contracted	98,151	66,101
	<u>107,869</u>	<u>76,740</u>
Intangible assets:		
- contracted	691	1,367
- not contracted	616	-
	<u>1,307</u>	<u>1,367</u>

9. Significant Related Party Transactions

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

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

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

These transactions are conducted in the ordinary course of the Group's business on commercial terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

9. Significant Related Party Transactions (continued)

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

(a) Sales of goods and services

	Half-year ended 30 June	
	2014	2013
(i) Transactions with jointly controlled entities		
Tolling fees income of Twin River Technologies Enterprise De Transformation De Graines Oleagineuses Du Quebec Inc ('TRT ETGO') from Bunge ETGO L.P. ('Bunge ETGO')	-	19,851
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ('FGVPM') to Felda Iffco Sdn. Bhd. ('FISB') Group	1,016,339	1,049,527
Sales of CPKO, RBDPKO and PFAD by Felda Kernal Sdn. Bhd. ('FKP') to FISB Group and FPG Oleochemicals Sdn. Bhd. ('FPG')	592,370	-
Sales of Palm Processed Oil ("PPO") by Felda Marketing Services Sdn. Bhd. ("FMSSB") to FISB Group	49,835	-
(ii) Transactions with joint venture		
Sales of CPO by FGVPM to Mapak Edible Oils (Pvt) Ltd ("MAPAK")	21,777	-
(iii) Transactions with subsidiaries of Felda Holdings Bhd ('FHB')		
Management fees charged by FGVH to subsidiaries of FHB	-	35,065
Sales of FFB by FGVPM to Felda Palm Industries Sdn. Bhd. ('FPISB')	-	1,057,462



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

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

(a) Sales of goods and services

	Half-year ended 30 June	
	2014	2013
(iii) Transactions with subsidiaries of FHB (continued)		
Sales of cup lumps and latex by FGVP to Felda Rubber Industries Sdn. Bhd. ('FRISB')	-	19,073
Sales of CPO by FGVP to Felda Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	-	1,368,197
(iv) Transactions between subsidiaries and FELDA		
Engineering and maintenance work rendered by Felda Engineering Services Sdn. Bhd. ('FESSB')	53,029	-
Sales of fertilizer by FPM Sdn. Bhd. ('FPM')	49,452	-
IT services rendered by Felda Prodata Services Sdn. Bhd. ('Prodata')	23,193	-
Security services rendered by Felda Security Services Sdn. Bhd. ('FSSSB')	12,135	-

(b) Purchase of goods and services

	Half-year ended 30 June	
	2014	2013
(i) Transactions with an associate		
Management fees charged by FHB	-	35,529
(ii) Transactions with joint ventures		
Purchase of PPO by FMSSB from FISB Group	49,835	-



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

9. Significant Related Party Transactions (continued)

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

(b) Purchase of goods and services (continued)

	Half-year ended	
	2014	30 June 2013
(iii) Transactions with subsidiaries of FHB		
Purchase of coconut oil and other palm oil products by Twin River Technologies Holdings, Inc ('TRTH') from Felda Marketing Services Sdn. Bhd. ('FELMA')	-	59,975
Purchase of fertilizer by FGVP and Kilang Gula Felda Perlis ('KGFP') from FPM Sdn. Bhd. ('FPM')	-	172,952
Purchase of chemicals and seedlings by FGVP and KGFP from Felda Agricultural Services Sdn. Bhd. ('FASSB')	-	16,267
Marketing services rendered by FGVP and TRTH from FELMA	-	7,111
Purchase of CPO by FGVP from FPISB	-	3,062,495
Purchase of IT services from Feldata Prodata Services Sdn. Bhd. ('FPSSB')	-	4,366
Purchase of security services from Feldata Security Services Sdn. Bhd. ('FSSSB')	-	27,821



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QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)

Amounts in RM thousand unless otherwise stated

9. Significant Related Party Transactions (continued)

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

(c) Purchase of goods and services (continued)

	Half-year ended 30 June	
	2014	2013
(iv) Transactions between subsidiaries and FELDA		
Interest expense charged by FELDA	60,417	44,359
Repayment of LLA Liability by FGVP to FELDA	171,485	165,760
Infrastructure costs charged by FELDA to FGVP	8,051	7,261
Purchase of cup lump by Felda Rubber Industries Sdn. Bhd. ("FRI") from FELDA	50,450	-
Purchase of FFB by FPI from FELDA	1,437,383	-

(d) Transactions with Government related entities

(i) Transactions between subsidiaries and other government agencies

Sugar subsidy received from Kementerian, Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan	-	43,569
Windfall tax and export tax paid to Kastam Diraja Malaysia	29,507	-
Cooking oil subsidy received from Malaysia Palm Oil Board ("MPOB")	101,323	-



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

10. Effect of Significant Changes in the Composition of FGVH

Incorporation of new companies

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

1. On 16 May 2014, FGVH incorporated a wholly-owned subsidiary known as FGV Cambodia (L) Pte. Ltd. ("FGV Cambodia") in Labuan Federal Territory, Malaysia with issued paid-up capital of USD1.00. The principal activity of FGV Cambodia is investment holding.
2. On 26 May 2014, FGVH incorporated a subsidiary known as FGV Pho La Min Company Limited ("FGV PLM"), a subsidiary of FGV Myanmar (L) Pte Ltd ("FGVM"), in the Republic of the Union of Myanmar. FGV PLM was incorporated as a company limited by shares with an authorised share capital USD50,000.00 divided into 50,000 shares of USD1.00 each. The principal activity of FGV PLM is to provide technical advisory services in the agriculture sector.

Acquisition of subsidiaries

On 9 July 2013, Felda Global Ventures Kalimantan Sdn. Bhd. ("FGVK"), a wholly-owned subsidiary of FGVH had entered into a Share Purchase Agreement to acquire 95% of the total issued and fully paid-up share capital of PT Temila Agro Abadi ("PT TAA") for a total purchase consideration of RM8,458,000. The proposed acquisition has been completed on 21 May 2014.

The effects of the acquisition of PT TAA is as follows:

	Carrying value
Property, plant and equipment	2,426
Biological assets	7,511
Net current liabilities	(17,232)
Total net liabilities acquired	(7,295)
Non-controlling interests	365
	<u>(6,930)</u>
Purchase consideration	8,458
Net liabilities acquired	6,930
Provisional goodwill	<u>15,388</u>

The effects to the results of the Group for the financial year and effects had the acquisition taken effect at the beginning of the financial year are not material.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

10. Effect of Significant Changes in the Composition of FGVH

Joint Venture

On 23 May 2014, FGV Cambodia (L) Pte. Ltd ("FGVC"), a wholly owned subsidiary of FGV Investment (L) Pte Ltd, entered into a joint venture agreement and a shareholders' agreement with Co-Op Village Co. Ltd to establish a joint venture company ("JVC") in the Kingdom of Cambodia to carry out the business of production and export of CSR 10 Rubber Blocks or other classification of processed rubber as the JVC deems fit, and other activities incidental and ancillary thereto and modifications thereof as mutually agreed by the parties. As at 4 June 2014, FGV-CVC (Cambodia) Co., Ltd. was being incorporated and FGVC has paid a deposit of RM9,668,000.

Disposal of Joint Venture

On 31 May 2014, FGVH disposed of its 45.0% equity interest in Voray Holdings Ltd for a total consideration of RM9.64 million, which resulted in a gain on disposal of RM12.62 million for the Group and RM9.20 million for the Company.

11. Contingent Liabilities and Material Litigation

- (i) 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 the 2008 only. The matter is still on going and the Court now fixed the matter for continued trial on 1, 2, 3, 4 and 5 December 2014.
- (ii) On 12 July 2011, FPISB and FELDA were sued by 711 settlers of Felda Jengka 1 to 25 and Felda Sg. Tekam in Temerloh, Pahang (Jengka A) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM22.9 million for year the 2008 only. This case was called for mention on 18 September 2013 and the Judge has ordered the Plaintiffs to determine who actually has the locus standi to sue in this suit and to determine which Plaintiffs have signed agreements with Felda. The matter is now fixed for trial on 15, 17, 18, 19, 22, 23, 24, 25 and 26 September 2014.
- (iii) On 10 November 2011, FPISB and FELDA were sued by 365 settlers of Felda Jengka 1 to 7, 10, 13 to 19, 23 to 24, Felda Ulu Jempol and Felda Sg. Tekam Utara (Jengka B) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM11.7 million for the year 2008 only. The Court had on 19 April 2012 allowed an order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with costs. The matter fixed for trial on 11 to 15 August 2014 have been vacated to give priority to hear Jengka A case. The court has yet to fix trial dates for this case.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

11. Contingent Liabilities and Material Litigation (continued)

- (iv) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for the year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a Statement of Defence on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. The matter is now fixed for continued trial on 27, 28 & 29 August 2014 and 15, 17, 18 & 19 September 2014.
- (v) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for the year 2008 only. FPISB has to file a Memorandum of Appearance in High Court on 16 May 2012 and the court fixed for continued trial on 25,26,27,28,29 August 2014.
- (vi) On 5 June 2012, FPISB and FELDA were sued by 956 settlers of Rancangan Felda Keratong 1 to 10 for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM30.9 million for the year 2008 only. FPISB has filed a Memorandum of Appearance in High Court on 26 June 2012 and the Kuantan Court has yet to fix trial dates for this case.
- (vii) On 25 January 2013, FPISB and FELDA were sued by 351 settlers of Rancangan Felda Mempaga for alleged fraud and manipulation of the extraction of palm oil. The claim amounted to RM11.3 million for the year 2008 only. The matter which was fixed for trial on 22nd to 26th September 2014 have been vacated to give priority to hear Jengka A case. The court has yet to fix trial dates for this case.

Based on available information and on legal advices received, the Directors are of the view that there is a reasonable chance of defending all the above claims and therefore, no provision has been made in the financial statements.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)

Amounts in RM thousand unless otherwise stated

12. Review of Group Performance

	Year to date ended		% + / (-)
	30 June		
	2014	2013	
Revenue	7,809,609	5,673,534	37.6
Plantation	282,875	428,033	(33.9)
Sugar	190,011	220,231	(13.7)
Downstream	14,469	3,241	>100.0
Manufacturing, logistics and others (MLO)	133,352	126,467	5.4
Segment results	620,707	777,972	(20.2)
Reconciliation	(29,752)	(25,935)	
Profit before taxation ("PBT")	590,955	752,037	(21.4)
Zakat	(1,296)	(10,000)	
Tax expense	(153,604)	(182,964)	
Profit from continuing operations	436,055	559,073	(22.0)
Loss from discontinuing operations	(13,314)	(23,967)	
Net profit for the financial period	422,741	535,106	(21.0)
Profit attributable to:			
Owners of the Company	295,490	459,428	
Non-controlling interests	127,251	75,678	
Profit after tax and non-controlling interests	422,741	535,106	(21.0)

Overall

The Group revenue rose by 37.6% to RM7.81 billion in revenue, with operating profit increasing by 68.2% to RM798.53 million for the year ended 30 June 2014. Its GP margin has also increased significantly to 15.8% from 10.3% in 2013 due to (i) higher average CPO realized price of RM2,619 per MT, (ii) increased in OER from 20.44% to 21.03% as well as (iii) the consolidation of FHB into the Group.

The Group registered a profit from continuing operations of RM436.06 million compared to RM559.07 million in 2013 as a result of fair value losses in LLA of RM217.70 million in 2014 vis a vis a gain in fair value of LLA of RM176.52 million in 2013.

Notwithstanding the above, increased in profit contribution from the Downstream and MLO segments and reversal of loan impairment from a related company amounted to RM27.00 million offset the impact of the above.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)
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12. Review of Group Performance (continued)

Segment Performance Analysis

(a) Plantation

The Plantation segment registered a profit of RM282.88 million compared to RM428.03 million in 2013 due to fair value changes in LLA liabilities of RM217.70 million in 2014 vis a vis a gain of RM176.52 million in 2013.

The segment recorded higher average CPO realised price of RM2,619 per MT in 2014 against RM2,279 per MT in 2013 and higher OER achieved of 21.03% in 2014 from 20.44% in 2013. The higher price and OER helped offset the marginal decline in CPO production to 1.41 million MT in 2014 from 1.44 million MT in 2013 and the lower FFB production of 2.25 million MT in 2014 compared to 2.46 million MT in 2013.

(b) Sugar

Profit from Sugar segment fell 13.7% to RM190.01 million due to lower export and domestic sales of 24% and 11% respectively. In addition, the segment registered an unrealized loss in foreign currency of RM1.76 million in 2014 compared to unrealized gain of RM14.82 million in 2013.

(c) Downstream

The Downstream segment registered a profit of RM14.47 million in 2014 compared to profits of RM3.24 million in 2013 due to strong sales volume in fatty acid business and higher margins from sales of CPKO, PME and biodiesel related products.

(d) Manufacturing, Logistics and Others

The Manufacturing, Logistics and Others segment's profit increased slightly by 5.4% in 2014 due to increase in R&D income. However, the increase was partly offset by the decrease in fertiliser income as well as logistic income due to lower fertilizer price and lower throughput handled by the logistical arms of the Group compared to the same period last year.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

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

	Quarter ended		%
	30 June	31 March	+ / (-)
	2014	2014	
Revenue	<u>4,083,487</u>	<u>3,726,122</u>	9.6
Plantation	128,301	154,574	(17.0)
Sugar	111,384	78,627	41.7
Downstream	18,233	(3,764)	>100.0
Manufacturing, logistics and others (MLO)	<u>77,539</u>	<u>55,813</u>	38.9
Segment results	335,457	285,250	17.6
Reconciliation	<u>(12,513)</u>	<u>(17,239)</u>	
PBT	322,944	268,011	20.5
Zakat	(583)	(713)	
Tax expense	<u>(98,953)</u>	<u>(54,651)</u>	
Profit from continuing operations	223,408	212,647	5.1
(Loss)/profit from discontinuing operations	<u>(9,474)</u>	<u>(3,840)</u>	
Net profit/profit for the financial period	<u>213,934</u>	<u>208,807</u>	2.5
Profit attributable to:			
Owners of the Company	151,862	143,628	
Non-controlling interests	<u>62,072</u>	<u>65,179</u>	
Profit after tax and non-controlling interests	<u>213,934</u>	<u>208,807</u>	2.5

Overall

The Group's revenue increased by 9.6% to RM4.08 billion in the current quarter compared to RM3.73 billion in the preceding quarter whilst the PBT was RM322.94 million, higher than that of the preceding quarter of RM268.01 million primarily due to increased contributions from the sugar, downstream and MLO segments.

The Downstream segment registered higher profits due to strong sales volume in its fatty business and higher margin from sales of RBD palm kernel oil and biodiesel related products whilst the sugar cluster saw increase in sales by 41.7% following aggressive marketing push and stronger demand during the fasting month in the lead up to the festive season. This increase helped limit the impact of the removal of Malaysia's sugar subsidy last October.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

Explanatory Notes on the Quarterly Report – 30 June 2014 (continued)
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13. Material Changes in the Quarterly Results Compared to Preceding Quarter (continued)

(a) Plantation

The results of plantation segment decreased from RM154.57 million in the previous quarter to RM128.30 million in the current quarter due to lower margin achieved compared to the previous quarter.

The decrease however was offset by the (i) increase in average CPO price realised from RM2,584 per MT in the preceding quarter to RM2,648 per MT in current quarter (ii) increase in CPO production from 647 thousand MT in the preceding quarter compared to 759 thousand MT in current quarter and (iii) higher FFB production from 1.10 million MT in preceding quarter compared to 1.15 million MT in current quarter.

(b) Sugar

The Sugar segment's results rose by 41.7% primarily due to higher sugar demand for domestic consumption where sales volume had increased by 17% quarter on quarter in tandem with fasting and festive month.

(c) Downstream

The Downstream segment registered a profit of RM18.23 million in the current quarter compared to loss of RM3.76 million in the preceding quarter due to positive contribution from the US fatty acid business on the back of higher sales volume and higher margins from RBDPKO sales.

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

The MLO segment profits increased by 38.9% underpinned by the increase in R&D income and higher quantity of fertilisers sold.

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 2014 (continued)
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15. Operating Profit

	Year to date ended 30 June	
	2014	2013
Included in operating profit are:		
Amortisation of intangible assets	4,868	5,100
Amortisation of prepaid lease payments	3,026	35
Depreciation of property, plant and equipment	194,034	45,232
Amortisation of biological assets	83	-
Depreciation of investment properties	1,149	207
Accelerated depreciation of biological assets	6,372	2,170
Property, plant and equipment written off	3,895	618
Reversal of impairment of loan due from related company	26,952	-
Gain on disposal of property, plant and equipment	-	(5,581)
Gain on disposal of investment in joint venture	(12,618)	-
Gain on disposal of investment in an associate	-	(26,673)
Net foreign exchange loss	<u>7,152</u>	<u>2,928</u>

16. Taxation

	Quarter Ended 30 June		Year to date Ended 30 June	
	2014	2013	2014	2013
Malaysian income tax				
Current financial year	(83,015)	(23,009)	(160,717)	(64,001)
Prior financial year	(1,699)	-	(1,699)	-
	<u>(84,714)</u>	<u>(23,009)</u>	<u>(162,416)</u>	<u>(64,001)</u>
Foreign income tax				
Current financial year	(8,066)	(4,692)	(13,637)	(8,988)
Deferred tax	<u>(6,173)</u>	<u>(113,807)</u>	<u>22,449</u>	<u>(109,975)</u>
	<u>(98,953)</u>	<u>(141,508)</u>	<u>(153,604)</u>	<u>(182,964)</u>

The effective tax rate of 26% for the financial period ended 30 June 2014 approximates the Malaysian income tax rate of 25%.



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17. Borrowings

The total unsecured borrowings are as follows:

<u>Long-term borrowings</u>	As at 30 June 2014		Total
	Secured	Unsecured	
Loan due to a significant shareholder	-	2,366,685	2,366,685
Term loan	-	14,404	14,404
	-	2,381,089	2,381,089
 <u>Short-term borrowings</u>			
Loan due to a significant shareholder	-	218,242	218,242
Term loan	-	1,774	1,774
Export credit refinancing	-	252,000	252,000
Revolving credits	-	127,289	127,289
Bank overdrafts	-	26,296	26,296
Bankers acceptances	14,724	1,172,452	1,187,176
	14,724	1,798,053	1,812,777
Total borrowings	14,724	4,179,142	4,193,866

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

Ringgit Malaysia	3,990,047
Canadian Dollar	112,646
Thai Baht	14,724
Indonesia Rupiah	26,296
United States Dollar	11,881
Great Britain Pound	38,272
Total borrowings	4,193,866

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



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18. Derivative Financial Instruments

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

	Contract/ Notional Amount (‘000)	Fair Value	
		Assets	Liabilities
Foreign currency forward contracts	819,126	14,353	2,627
Palm oil futures contracts	144,535	9	1,322
Sugar futures contracts	59,052	1,640	-
Rubber tolling contracts	29,056	646	-
Soy futures contracts	218,872	2,657	4,675
Soy meal futures contracts	352,408	10,582	1,180
Soy oil futures contracts	251,640	13,155	478
Canola futures contracts	233,360	76	10,380
	<u>2,108,049</u>	<u>43,118</u>	<u>20,662</u>

19. Fair Value Changes of Financial Instruments

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2013. The maturity periods of the above derivatives are less than one year. The following table presents the Group’s assets and liabilities that are measured at fair value at 30 June 2014.

<u>30 June 2014</u>	<u>Level 1</u> RM’000	<u>Level 2</u> RM’000	<u>Level 3</u> RM’000	<u>Total</u> RM’000
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	29,489	13,629	-	43,118
Total assets	29,489	13,629	-	43,118
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	4,890,601	4,890,601
- Derivatives	18,035	2,627	-	20,662
Total liabilities	18,035	2,627	4,890,601	4,911,263



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19. Fair Value Changes of Financial Instruments (continued)

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

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

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

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

	Second quarter <u>2014</u> RM'000	Financial year <u>2013</u> RM'000
<u>LLA liability</u>		
1 January	4,844,390	5,664,769
Fair value changes charged/(credited) to profit or loss	217,696	(494,485)
Repayment during the period/year	(171,485)	(325,894)
30 June / 31 December	4,890,601	4,844,390

Fair value changes for the LLA liability has been measured based on assumptions made on discount rate, crude palm oil prices, fresh fruit bunches prices, palm kernel prices, average yield of fresh fruit bunches, inflation rate, total acreage of planted oil palm and rubber, estate replanting fixed cost and capital expenditure; amongst others, on a periodic basis. Any changes on assumptions used will cause material variation of the above disclosure.



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20. Realised and Unrealised Profits or Losses

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

	As at 30 June 2014	As at 30 June 2013
Total retained earnings of the Company and its subsidiaries:		
- realised	4,274,243	320,388
- unrealised	(341,276)	2,915
	<u>3,932,967</u>	<u>323,303</u>
Total share of retained earnings from jointly controlled entities:		
- realised	198,197	(170,640)
- unrealised	(20,018)	(23,893)
	<u>178,179</u>	<u>(194,533)</u>
Total share of retained earnings from associates:		
- realised	124,592	1,516,797
- unrealised	(6,888)	(43,180)
	<u>117,704</u>	<u>1,473,617</u>
Less: consolidation adjustments	(2,619,053)	48,907
Total retained earnings of FGVH	<u>1,609,797</u>	<u>1,651,294</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.



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21. Earnings Per Share

	Quarter ended 30 June		Year to date ended 30 June	
	2014	2013	2014	2013
Basic earnings per share are computed as follows:				
Profit for the financial period attributable to owners of the Company (RM'000)	151,862	322,712	295,490	459,428
Weighted average number of ordinary shares in issue (thousands)	3,648,152	3,648,152	3,648,152	3,648,152
Basic earnings per share (sen)	4.2	8.8	8.1	12.6

22. Status of Corporate Proposals

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

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

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	Amount utilised as at 30 June 2014 RM'000	Balance of IPO proceeds as at 30 June 2014 RM'000
Acquisition of plantation assets	within 3 years	2,190,000	(1,438,986)	751,014
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	(840,000)	-
Construction or acquisitions of mills and refineries	within 3 years	780,000	(450,832)	329,168
Loan repayment for our overseas operation	within 6 months	260,000	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	(79,330)	20,670
Working capital requirements, general corporate purposes	within 6 months	129,000	(129,000)	-
Estimated listing expenses	within 6 months	160,000	(160,000)	-
Total gross proceeds		4,459,000	(3,358,148)	1,100,852



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23. Significant events

- (a) On 14 January 2014, a subsidiary of Felda Global Ventures Downstream Sdn. Bhd. ("FGVD"), Cambridge Nanosystems Ltd, has signed a Share Purchase Agreement for acquisition of GasPlas AS ("GP"), for a purchase price of GBP5.9 million (RM31.9 million). GP is a company incorporated in Norway and through its wholly owned subsidiary, EnPlas Ltd which is incorporated in United Kingdom and based in Norwich, collectively holds patents and owned Micro-Wave Plasma reactors which will be used to produce high grade carbon nanotubes and graphene using crude palm oil and methane as the feedstock using a certain technology. The acquisition of GP was completed on 16 January 2014.
- (b) On 8 March 2014, FGV Myanmar (L) Pte Ltd, a wholly owned subsidiary of FGVH entered in a joint venture agreement with Pho La Min Trading Company Limited ("PLM") to establish a joint venture company in the Republic Union of Myanmar to carry out the business of rubber plantation, processing, sale and marketing of rubber and other activities incidental and ancillary thereto and modifications and/or expansions thereof as mutually agreed by the parties ("proposed joint venture").

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

- (c) On 7 April 2014, the Board of Directors of FGVH approved to increase the share capital of Felda Global Ventures Plantation Sdn Bhd ("FGVP") and Felda Global Ventures Kalimantan Sdn Bhd ("FGVK") by RM80,000,000 for the purpose of increasing the shareholders (FGVK) contribution of RM80,000,000 in Trurich Resources Sdn Bhd ("TRSB"). The total shareholders contribution amounting to RM160,000,000 into TRSB is equally contributed between FGVH and Lembaga Tabung Haji.
- (d) On 23 May 2014, FGV Cambodia (L) Pte. Ltd ("FGVC"), a wholly owned subsidiary of FGV Investment (L) Pte Ltd, entered into a joint venture agreement and a shareholders' agreement with Co-Op Village Co. Ltd to establish a joint venture company ("JVC") in the Kingdom of Cambodia to carry out the business of production and export of CSR 10 Rubber Blocks or other classification of processed rubber as the JVC deems fit, and other activities incidental and ancillary thereto and modifications thereof as mutually agreed by the parties. As at 4 June 2014, FGV-CVC (Cambodia) Co., Ltd. was being incorporated and FGVC has paid a deposit of RM9,668,000.
- (e) On 31 May 2014, FGVH disposed of its 45.0% equity interest in Voray Holdings Ltd for a total consideration of RM9.64 million, which resulted in a gain on disposal of RM12.62 million for the Group and RM9.20 million for the Company.

24. Material events after reporting period

There were no material events after the reporting period.



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25. Prospects

The market conditions and pricing of CPO are a challenge facing the whole of the industry. The Group is rising to this challenge. In the Plantation cluster, all ongoing sustainable initiatives are continually analysed and reviewed to deliver the targeted results.

The Group is also in the midst of restructuring and realigning the businesses and focusing every aspect of the operations and is putting in place foundations to become one of the top agribusinesses by 2020. The transformation plan will have a positive effect on all parts of the Group operational value chain from the ongoing integration of FHB to downstream operations and production of consumer products.

In line with the Group's dividend policy, the Board of Directors of FGV are pleased to announce an interim dividend payment of 6.0 sen per share for the financial period ended 30 June 2014 which equals to a total dividend payout of RM218.89 million.

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

By Order of the Board

Koo Shuang Yen
Company Secretary

25 August 2014