



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

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 30 September 2013**



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

**QUARTERLY REPORT**

**On consolidated results for the third quarter ended 30 September 2013**

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 September		% + / (-)	Year to date ended 30 September		% + / (-)
		2013	2012		2013	2012	
<b>Continuing operations</b>							
Revenue		3,220,378	3,771,305	(14.6)	8,893,912	9,027,689	(1.5)
Cost of sales		<u>(2,979,588)</u>	<u>(3,371,096)</u>		<u>(8,067,488)</u>	<u>(7,824,074)</u>	
<b>Gross profit</b>		240,790	400,209	(39.8)	826,424	1,203,615	(31.3)
Other operating income		33,115	2,675		82,597	7,558	
Selling and distribution costs		(67,704)	(34,747)		(159,523)	(96,832)	
Administrative expenses		(62,684)	(37,505)		(142,119)	(115,256)	
Other operating expenses		(30,090)	(1,707)		(43,747)	(4,285)	
Other (losses)/gains, net, including fair value changes in Land Lease Agreement ('LLA') liability		<u>(41,289)</u>	<u>(54,340)</u>		<u>146,173</u>	<u>(190,843)</u>	
<b>Operating profit</b>	16	72,138	274,585	(73.7)	709,805	803,957	(11.7)
Finance income		36,826	43,035		127,349	67,160	
Finance costs		<u>(25,530)</u>	<u>(32,236)</u>		<u>(73,420)</u>	<u>(96,179)</u>	
Finance income/(costs)-net		11,296	10,799		53,929	(29,019)	
Share of results from associates		23,505	59,381		102,353	167,012	
Share of results from jointly controlled entities		<u>(28,832)</u>	<u>(21,000)</u>		<u>(43,797)</u>	<u>(45,967)</u>	
<b>Profit before zakat and taxation</b>		78,107	323,765	(75.9)	822,290	895,983	(8.2)
Zakat		(5,131)	(969)		(15,131)	(969)	
Taxation	17	<u>878</u>	<u>(93,233)</u>		<u>(182,086)</u>	<u>(232,173)</u>	
<b>Profit from continuing operations</b>		73,854	229,563	(67.8)	625,073	662,841	(5.7)
<b>Discontinuing operations</b>							
(Loss)/profit from discontinuing operations	24(c)	<u>(14,577)</u>	<u>(5,096)</u>		<u>(30,690)</u>	<u>4,995</u>	
Profit for the financial period		<u><u>59,277</u></u>	<u><u>224,467</u></u>	(73.6)	<u><u>594,383</u></u>	<u><u>667,836</u></u>	(11.0)
<b>Other comprehensive (loss)/income</b>							
Share of other comprehensive loss of associates		(670)	(26,704)		(5,300)	(14,705)	
Share of other comprehensive (loss)/income of jointly controlled entities		(4,925)	5,081		(5,674)	(12,191)	
Currency translation differences		39,406	(10,852)		43,092	(10,168)	
Other comprehensive income/(loss) for the financial period, net of tax		<u>33,811</u>	<u>(32,475)</u>		<u>32,118</u>	<u>(37,064)</u>	
<b>Total comprehensive income for the financial period</b>		<u><u>93,088</u></u>	<u><u>191,992</u></u>	(51.5)	<u><u>626,501</u></u>	<u><u>630,772</u></u>	(0.7)



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 30 September 2013 (continued)**

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

	Note	Quarter ended 30 September		% + / (-)	Year to date ended 30 September		% + / (-)
		2013	2012		2013	2012	
<b>Profit attributable to:</b>							
-Owners of the Company		22,899	207,712	(89.0)	482,327	588,245	(18.0)
-Non-controlling interests		<u>36,378</u>	<u>16,755</u>	>100	<u>112,056</u>	<u>79,591</u>	40.8
<b>Profit for the financial period</b>		<u><u>59,277</u></u>	<u><u>224,467</u></u>	(73.6)	<u><u>594,383</u></u>	<u><u>667,836</u></u>	(11.0)
<b>Total comprehensive income attributable to:</b>							
- Owners of the Company		56,792	175,237		514,525	551,181	
- Non-controlling interests		<u>36,296</u>	<u>16,755</u>		<u>111,976</u>	<u>79,591</u>	
<b>Total comprehensive income for the financial period</b>		<u><u>93,088</u></u>	<u><u>191,992</u></u>	(51.5)	<u><u>626,501</u></u>	<u><u>630,772</u></u>	(0.7)
Earnings per share for profit attributable to the owners of the Company:							
Basic (sen)	22	0.6	8.1		13.2	23.0	

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2012.



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 30 September 2013 (continued)**

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

	Note	Unaudited As at 30 September 2013	Audited As at 31 December 2012
<b><u>Non-current assets</u></b>			
Property, plant and equipment		1,960,255	1,683,316
Investment properties		1,631	40,378
Goodwill and intangible assets		1,494,692	707,099
Interests in associates		1,955,077	2,386,306
Interests in jointly controlled entities		165,585	333,577
Biological assets		1,914,859	1,864,224
Prepaid lease payments		10,525	715
Receivables		101,194	8,198
Deferred tax assets		1,480,755	1,479,710
Available-for-sale financial assets		7,795	-
		9,092,368	8,503,523
<b><u>Current assets</u></b>			
Inventories		617,272	597,667
Biological assets		68,897	41,662
Receivables		512,575	742,765
Amount due from a significant shareholder		11,172	73,091
Amount due from a jointly controlled entity		237,044	318,224
Amount due from an associate		210	-
Amounts due from related companies		685,869	503,650
Tax recoverable		47,771	23,217
Derivative financial assets	19	7,815	5,189
Cash and cash equivalents		5,521,666	5,688,372
		7,710,291	7,993,837
Assets held for sale	24	118,047	1,941
<b>Total assets</b>		16,920,706	16,499,301
<b><u>Equity</u></b>			
Share capital		3,648,152	3,648,152
Reserves		2,658,644	2,454,212
<b>Equity attributable to owners of the Company</b>		6,306,796	6,102,364
Non-controlling interests		1,009,526	857,815
<b>Total equity</b>		7,316,322	6,960,179



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 30 September 2013 (continued)**

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

	Note	Unaudited As at 30 September 2013	Audited As at 31 December 2012
<b><u>Non-current liabilities</u></b>			
Borrowings	18	198	509
Loan due to a significant shareholder	18	1,513,571	1,620,714
LLA liability		4,909,203	5,167,831
Provisions		5,207	4,500
Provision for defined benefit plan		19,395	19,429
Deferred tax liabilities		95,308	91,461
		<u>6,542,882</u>	<u>6,904,444</u>
<b><u>Current liabilities</u></b>			
Payables		931,047	348,688
Loan due to a significant shareholder	18	232,598	219,557
Amount due to an associate		14,381	69,510
Amount due to a significant shareholder		13,099	93,826
Amounts due to related companies		1,023,256	755,023
Borrowings	18	442,160	599,160
Derivative financial liabilities	19	2,399	1,668
Provisions		81	412
LLA liability		374,791	496,938
Current tax liabilities		27,690	49,896
		<u>3,061,502</u>	<u>2,634,678</u>
<b>Total liabilities</b>		<u>9,604,384</u>	<u>9,539,122</u>
<b>Total equity and liabilities</b>		<u>16,920,706</u>	<u>16,499,301</u>
		<b>As at 30 September 2013</b>	<b>As at 31 December 2012</b>
Net assets per share attributable to owners of the Company		<u>1.73</u>	<u>1.67</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2012.



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

**QUARTERLY REPORT (CONTINUED)**

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

	Note	Share capital	Share premium	Foreign exchange reserve	Re-organisation reserve	Available for sale reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Third quarter ended 30 September 2013</b>												
At 1 January 2013		3,648,152*	3,371,685	(84,016)	(2,088,969)	20,027	10,052	33,615	1,191,818	6,102,364	857,815	6,960,179
Profit for the financial period		-	-	-	-	-	-	-	482,327	482,327	112,056	594,383
Other comprehensive income/(loss) for the financial period, net of tax:												
Recycled to profit and loss:												
- currency translation differences		-	-	43,172	-	-	-	-	-	43,172	(80)	43,092
- share of other comprehensive income/(loss) of associates		-	-	255	-	(5,605)	-	-	50	(5,300)	-	(5,300)
- share of other comprehensive income/(loss) of jointly controlled entities		-	-	9,714	-	(15,388)	-	-	-	(5,674)	-	(5,674)
		-	-	53,141	-	(20,993)	-	-	50	32,198	(80)	32,118
Total comprehensive income/(loss) for the financial period		-	-	53,141	-	(20,993)	-	-	482,377	514,525	111,976	626,501
Acquisition of subsidiary		-	-	-	-	-	-	-	-	-	77,626	77,626
Dividends paid (interim)		-	-	-	-	-	-	-	(310,093)	(310,093)	-	(310,093)
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	-	(37,891)	(37,891)
		-	-	-	-	-	-	-	(310,093)	(310,093)	39,735	(270,358)
Total transactions with owners		-	-	-	-	-	-	-	(310,093)	(310,093)	39,735	(270,358)
At 30 September 2013		3,648,152	3,371,685	(30,875)	(2,088,969)	(966)	10,052	33,615	1,364,102	6,306,796	1,009,526	7,316,322

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



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

**QUARTERLY REPORT (CONTINUED)**

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

Note	Share capital	Redeemable preference shares	Share premium	Foreign exchange reserve	Re-organisation reserve	Available for sale reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Third quarter ended 30 September 2012</b>												
At 1 January 2012	1,767,612	9,005	881,783	(60,608)	2,347,742	33,526	1,047	33,615	601,541	5,615,263	823,362	6,438,625
Effects of acquisition of plantation estates	-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
	1,767,612	9,005	881,783	(60,608)	(2,088,969)	33,526	1,047	33,615	601,541	1,178,552	823,362	2,001,914
Profit for the financial period	-	-	-	-	-	-	-	-	588,245	588,245	79,591	667,836
Other comprehensive (loss)/income for the financial period, net of tax :												
- currency translation differences	-	-	-	(10,168)	-	-	-	-	-	(10,168)	-	(10,168)
- share of other comprehensive (loss)/income of associates	-	-	-	(1,529)	-	(13,295)	-	-	119	(14,705)	-	(14,705)
- share of other comprehensive loss of jointly controlled entities	-	-	-	(7,114)	-	(5,077)	-	-	-	(12,191)	-	(12,191)
	-	-	-	(18,811)	-	(18,372)	-	-	119	(37,064)	-	(37,064)
Total comprehensive (loss)/income for the financial period	-	-	-	(18,811)	-	(18,372)	-	-	588,364	551,181	79,591	630,772
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)
Dividends paid (interim)	-	-	-	-	-	-	-	-	(200,648)	(200,648)	-	(200,648)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	(37,891)	(37,891)
Total transactions with owners	1,880,540	(9,005)	2,489,902	-	-	-	9,005	-	(209,653)	4,160,789	(37,891)	4,122,898
At 30 September 2012	3,648,152	-	3,371,685	(79,419)	(2,088,969)	15,154	10,052	33,615	980,252	5,890,522	865,062	6,755,584

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

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to this quarterly report and the audited financial statements for the financial year ended 31 December 2012.



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

**QUARTERLY REPORT (CONTINUED)**

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

	Note	Year to date ended 30 September	
		2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit for the financial period</b>		594,383	667,836
Adjustments for non-cash items		56,585	397,154
<b>Operating profit before working capital changes</b>		650,968	1,064,990
Changes in working capital		220,269	(506,619)
<b>Cash generated from operations</b>		871,237	558,371
Finance income received		113,369	55,992
Taxation paid		(227,036)	(149,894)
Zakat paid		(15,131)	(1,292)
Retirement benefits paid		-	(283)
<b>Net cash generated from operating activities</b>		742,439	462,894
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(169,825)	(119,565)
Purchase of biological assets		(11,463)	(7,419)
Purchase of intangible assets		(4,120)	(26,451)
Increase of investment in jointly controlled entity		-	(16,015)
Acquisition of a subsidiary	10	(348,923)	-
Proceeds from disposal of property, plant and equipment		2,234	3,966
Proceeds from disposal of investment in associate		551,435	-
Payment for asset retirement obligation		(38)	-
Deposit for acquisition of a business	24 (b)	(18,188)	-
Deposit for acquisition of subsidiaries	24 (d) & (e)	(12,688)	-
Dividend received from associates		-	12,936
<b>Net cash generated used in investing activities</b>		(11,576)	(152,548)



**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 September	
		2013	2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of borrowings		94,724	316,679
Repayment of borrowings		(35,034)	(758,908)
Net proceeds (to)/from bankers acceptances		(217,000)	2,700
Repayment of LLA liability		(245,312)	(281,711)
Repayment of loan due to a significant shareholder		(107,143)	-
Finance costs paid		(57,110)	(63,662)
Dividend paid to non-controlling interests		(37,891)	(37,891)
Dividend paid to shareholders		(310,093)	-
Proceeds from issuance of shares, net of issuance expenses		-	4,351,685
Decrease in fixed deposits pledged for bank guarantee		15,369	320,593
<b>Net cash (used in)/generated from financing activities</b>		<u>(899,490)</u>	<u>3,849,485</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(168,627)	4,159,831
Effect of foreign exchange rate changes		17,290	(7,483)
Cash and cash equivalents at beginning of the financial period		5,673,003	1,457,483
<b>Cash and cash equivalents at end of the financial period</b>		<u>5,521,666</u>	<u>5,609,831</u>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:			
Bank balances, deposits and cash		5,521,666	5,609,883
Fixed deposits pledged		-	(52)
Cash and cash equivalents at end of the period		<u>5,521,666</u>	<u>5,609,831</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 2012.



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

### QUARTERLY REPORT (CONTINUED)

#### **Explanatory Notes on the Quarterly Report – 30 September 2013** **Amounts in RM thousand unless otherwise stated**

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

The Unaudited Condensed Interim Financial Information should be read in conjunction with FGVH's audited financial statements for the financial year ended 31 December 2012. These explanatory notes attached to the Unaudited Condensed Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

#### **1. Basis of Preparation**

##### (a) General

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2012, except for the adoption of the new Financial Reporting Standards ("FRS"), Amendments to FRSS and IC Interpretations with effect from 1 January 2013.

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

##### (b) FRSS applicable in 2013

- Amendment to FRS 101 "Presentation of Items of Other Comprehensive Income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.
- FRS 10 "Consolidated Financial Statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in FRS 127 "Consolidated and Separate Financial Statements" and IC Interpretation 112 "Consolidation – Special Purpose Entities".
- FRS 11 "Joint Arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.



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

**QUARTERLY REPORT (CONTINUED)**

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

**1. Basis of Preparation (continued)**

(b) FRSs applicable in 2013 (continued)

- FRS 12 “Disclosures of Interests in Other Entities” (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, FRS 10 and FRS 11, and replaces the disclosure requirements currently found in FRS 128 “Investments in Associates”. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.
- FRS 13 “Fair Value Measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in FRS 7 “Financial Instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.
- Revised FRS 127 “Separate Financial Statements” (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of FRS 127 have been included in the new FRS 10.
- Revised FRS 128 “Investments in Associates and Joint Ventures” (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of FRS 11.
- Amendments to FRS 1 “Government Loans” (effective from 1 January 2013) allow a first-time adopter to use its previous GAAP carrying amount for such loans on transition to MFRS. It requires entities to classify all government loans as a financial liability or an equity instrument in accordance with FRS 132 “Financial Instruments: Presentation” and apply the requirements in FRS 9 “Financial Instruments” and FRS 120 “Accounting for Government Grants and Disclosure of Government Assistance” prospectively to government loans existing at the date of transition to FRSs and shall not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.
- Amendment to FRS 7 “Financial Instruments: Disclosures” (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**

**Amounts in RM thousand unless otherwise stated**

**1. Basis of Preparation (continued)**

(b) FRSs applicable in 2013 (continued)

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

The initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group.

(c) FRSs applicable in 2014

- Amendment to FRS 132 “Financial Instruments: Offsetting Financial Assets and Financial Liabilities” (effective from 1 January 2014) does not change the current offsetting model in FRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the FRS 132 offsetting criteria.

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



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

**QUARTERLY REPORT (CONTINUED)**

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

**1. Basis of Preparation (continued)**

(d) FRSs applicable in 2015

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

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

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

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

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

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

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

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

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

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



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

**QUARTERLY REPORT (CONTINUED)**

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

**2. Seasonal or Cyclical Factors**

Sales of refined sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for cooking oil and refined sugar. Global sales of oils and fats products also follow a similar pattern where sales increase ahead of festivities due to increased consumer demand. In addition, the harvest of fresh fruit bunches ("FFB") at the palm oil plantations tends to increase in the second half of the financial year as a result of the rainfall pattern in Malaysia, which leads to a greater supply of CPO and PK during the second half of the financial year as FFB is immediately processed following its harvest.

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

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

**4. Material Changes in Estimates**

Other than the changes in assumptions made to the fair value changes of financial liabilities as per Note 20, there were no other material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial years that have a material effect on the results for the current quarter under review.

**5. Debt and Equity Securities**

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

**6. Dividend**

The final single-tier dividend of 8.5 sen per share for the financial year ended 31 December 2012 amounting to RM310.09 million was paid on 12 July 2013.

The Directors declared an interim dividend payment of 6.0 sen per share on 3,648,151,500 ordinary shares under the single-tier system for the quarter ended 30 September 2013 which will amount to RM218.89 million. The dividend is expected to be paid before end of 2013.



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

**QUARTERLY REPORT (CONTINUED)**

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

**7. Segment Information**

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

The reportable segments for the financial period ended 30 September 2013 have been identified as follows:

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

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

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information (continued)**

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

<b>Year to date ended 30 September 2013</b>	<b>Plantation</b>	<b>Downstream</b>	<b>Sugar</b>	<b>Manufacturing, logistics and others</b>	<b>Reconciliation</b>	<b>Total</b>	<b>Discontinuing operations</b>	<b>Total</b>
Total segment revenue	12,818,632	4,790,868	1,704,103	2,377,072	(12,796,763)	8,893,912	-	8,893,912
Less : Inter-segment revenue	(1,151,851)	(105,737)	(38,951)	(367,644)	1,664,183	-	-	-
Revenue from external customers	<u>11,666,781</u>	<u>4,685,131</u>	<u>1,665,152</u>	<u>2,009,428</u>	<u>(11,132,580)</u>	<u>8,893,912</u>	<u>-</u>	<u>8,893,912</u>
Finance income	3,304	4,231	22,241	6,543	91,030	127,349	-	127,349
Finance costs	(6,802)	(5,625)	(4,038)	(11,574)	(45,381)	(73,420)	-	(73,420)
Depreciation and amortisation	(87,937)	(36,097)	(22,048)	(57,175)	122,446	(80,811)	-	(80,811)
Share of results of jointly controlled entities	(14,832)	(28,965)	-	-	-	(43,797)	(30,690)	(74,487)
Share of results of associates	10,496	-	-	-	91,857	<u>102,353</u>	<u>-</u>	<u>102,353</u>
Profit/(loss) before taxation for the financial period	<u>372,168</u>	<u>3,107</u>	<u>320,458</u>	<u>166,556</u>	<u>(39,999)</u>	<u>822,290</u>	<u>(30,690)</u>	<u>791,600</u>

<u>The analysis of external revenue by segment :</u>								
FGVH and its subsidiaries	6,646,148	524,540	1,665,152	-	58,072	8,893,912	-	8,893,912
Associates - FHB	<u>5,020,633</u>	<u>4,160,591</u>	<u>-</u>	<u>2,009,428</u>	<u>(11,190,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue from external customers	<u>11,666,781</u>	<u>4,685,131</u>	<u>1,665,152</u>	<u>2,009,428</u>	<u>(11,132,580)</u>	<u>8,893,912</u>	<u>-</u>	<u>8,893,912</u>
<u>The analysis of profit before taxation by segment:</u>								
FGVH and its subsidiaries	326,015	(983)	320,458	-	85,543	731,033	(30,690)	700,343
Associates – FHB	46,153	4,090	-	166,556	(125,542)	91,257	-	91,257
Profit/(loss) before taxation	<u>372,168</u>	<u>3,107</u>	<u>320,458</u>	<u>166,556</u>	<u>(39,999)</u>	<u>822,290</u>	<u>(30,690)</u>	<u>791,600</u>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**

**Amounts in RM thousand unless otherwise stated**

**7. Segment Information (continued)**

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

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Reconciliation	Total	Discontinuing operations	Total
<b>Year to date ended 30 September 2012</b>								
Total segment revenue	14,606,435	5,992,376	1,694,038	2,747,897	(16,013,057)	9,027,689	-	9,027,689
Less : Inter-segment revenue	(2,091,897)	(181,273)	(4,847)	(392,727)	2,670,744	-	-	-
Revenue from external customers	<u>12,514,538</u>	<u>5,811,103</u>	<u>1,689,191</u>	<u>2,355,170</u>	<u>(13,342,313)</u>	<u>9,027,689</u>	-	<u>9,027,689</u>
Finance income	7,349	5,842	22,019	13,658	18,292	67,160	-	67,160
Finance costs	(5,171)	(16,215)	(5,939)	(9,694)	(59,160)	(96,179)	-	(96,179)
Depreciation and amortisation	(71,411)	(32,812)	(34,844)	(54,722)	125,567	(68,222)	-	(68,222)
Share of results of jointly controlled entities	(2,536)	(43,431)	-	-	-	(45,967)	4,995	(40,972)
Share of results of associates	36,841	-	-	-	130,171	<u>167,012</u>	-	<u>167,012</u>
Profit/(loss) before taxation for the financial period	<u>1,094,821</u>	<u>(51,910)</u>	<u>236,449</u>	<u>267,746</u>	<u>(651,123)</u>	<u>895,983</u>	<u>4,995</u>	<u>900,978</u>

<u>The analysis of external revenue by segment:</u>								
FGVH and its subsidiaries	6,704,997	617,437	1,689,191	-	16,064	9,027,689	-	9,027,689
Associates - FHB	<u>5,809,541</u>	<u>5,193,666</u>	<u>-</u>	<u>2,355,170</u>	<u>(13,358,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue from external customers	<u>12,514,538</u>	<u>5,811,103</u>	<u>1,689,191</u>	<u>2,355,170</u>	<u>(13,342,313)</u>	<u>9,027,689</u>	-	<u>9,027,689</u>
<u>The analysis of profit before taxation by segment:</u>								
FGVH and its subsidiaries	926,885	(24,418)	236,449	-	(373,104)	765,812	4,995	770,807
Associates - FHB	<u>167,936</u>	<u>(27,492)</u>	<u>-</u>	<u>267,746</u>	<u>(278,019)</u>	<u>130,171</u>	<u>-</u>	<u>130,171</u>
Profit/(loss) before taxation	<u>1,094,821</u>	<u>(51,910)</u>	<u>236,449</u>	<u>267,746</u>	<u>(651,123)</u>	<u>895,983</u>	<u>4,995</u>	<u>900,978</u>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**

**Amounts in RM thousand unless otherwise stated**

**8. Capital Commitments**

Authorised capital expenditure not provided for are as follows:

	<b>As at 30 September 2013</b>	<b>As at 31 December 2012</b>
Property, plant and equipment:		
- contracted	73,759	92,507
- not contracted	155,568	296,724
	<u>229,327</u>	<u>389,231</u>
Biological assets:		
- contracted	9,412	-
- not contracted	82,655	31,963
	<u>92,067</u>	<u>31,963</u>

**9. Significant Related Party Transactions**

Federal Land Development Authority ("FELDA"), a significant shareholder of the Group, effectively owns 38.6% of the issued share capital of the Company. FELDA is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of FRS 124 – "Related Party Disclosures", FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group.

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

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

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



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

**QUARTERLY REPORT (CONTINUED)**

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

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

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

(a) Sales of goods and services

	<b>Third quarter ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
<b>(i) Transactions with jointly controlled entities</b>		
Tolling fees income of Twin River Technologies Enterprise De Transformation De Graines Oleagineuses Du Quebec Inc ('TRT ETGO') from Bunge ETGO L.P. ('Bunge ETGO')	22,265	40,408
Sales of CPO by Felda Global Ventures Plantation (Malaysia) Sdn. Bhd. ('FGVPM') to Felda Iffco Sdn. Bhd. ('FISB') Group	1,629,498	1,111,556
Management fees charged by FGVH to subsidiaries of FHB	52,583	15,345
<b>(ii) Transactions with subsidiaries of Felda Holdings Bhd ('FHB')</b>		
Sales of FFB by FGVPM to Felda Palm Industries Sdn. Bhd. ('FPISB')	1,627,353	2,359,684
Sales of cup lumps and latex by FGVPM to Felda Rubber Industries Sdn. Bhd. ('FRISB')	28,429	48,892
Sales of CPO by FGVPM to Felda Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	2,046,519	1,629,712
Sales of PK by FGVPM to Felda Kernel Products Sdn. Bhd. ('FKPSB')	-	121,455



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

**QUARTERLY REPORT (CONTINUED)**

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

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

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

(b) Purchase of goods and services

	<b>Third quarter ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
<b>(i) Transactions with an associate</b>		
Management fees charged by FHB	49,886	14,021
<b>(ii) Transactions with subsidiaries of FHB</b>		
Purchase of coconut oil and other palm oil products by Twin River Technologies Holdings, Inc ('TRTH') from Felda Marketing Services Sdn. Bhd. ('FELMA')	61,038	199,602
Purchase of fertilizer by FGVPM and Kilang Gula Felda Perlis ('KGFP') from FPM Sdn. Bhd. ('FPM')	253,237	287,455
Purchase of chemicals and seedlings by FGVPM and KGFP from Felda Agricultural Services Sdn. Bhd. ('FASSB')	27,081	19,067
Marketing services rendered by FGVPM and TRTH from FELMA	8,916	5,379
Purchase of CPO by FGVPM from FPISB	4,967,240	3,494,343
Purchase of IT services from Felda Prodata Services Sdn. Bhd. ('FPSSB')	11,163	17,737
Purchase of security services from Felda Security Services Sdn. Bhd. ('FSSSB')	42,060	34,791
Purchase of marketing services from Felda Marketing Services Sdn. Bhd. ('FMSSB')	8,916	5,379



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**  
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**9. Significant Related Party Transactions (continued)**

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

(b) Purchase of goods and services (continued)

	<b>Third quarter ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
<b>(iii) Transactions between subsidiaries and FELDA</b>		
Interest expense charged by FELDA	65,862	67,021
Repayment of LLA Liability by FGVP to FELDA	227,880	281,711
Infrastructure costs charged by FELDA to FGVP	10,891	-

(c) Other transactions

**(i) Transactions with subsidiaries of FHB**

Management incentives received by TRTH from FPI on purchase of palm oil products	-	24,178
Commitment fee borne by FGVP arising from sales of PK from FPI to FKP	11,990	-

(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	74,827	178,966
Windfall tax paid to Kastam Diraja Malaysia	-	40,590



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

**QUARTERLY REPORT (CONTINUED)**

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

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

1. Acquisition of subsidiary

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

The effects of the acquisition of Pontian are as follows:

	<b>Carrying value</b>	<b>Fair value</b>
Property, plant and equipment	218,973	218,973
Net current assets	272,662	272,662
Non-controlling interests	<u>(77,626)</u>	<u>(77,626)</u>
Total net assets acquired	<u>414,009</u>	414,009
Purchase consideration		<u>(1,203,841)</u>
Provisional goodwill on acquisition		<u>(789,832)</u>

The cash outflow on acquisition is as follows:

Purchase consideration	1,203,841
Less: Deferred consideration	(598,888)
Less: Cash and cash equivalents of subsidiary acquired	<u>(256,030)</u>
Net cash outflow on acquisition of subsidiary	<u>348,923</u>

The effect on the statement of comprehensive income was not material to the results for the quarter ended 30 September 2013.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**  
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**11. Contingent Liabilities and Material Litigation**

- (a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities, of which FGVH is not jointly or severally liable:
- (i) On 12 June 2009, Felda Palm Industries Sdn. Bhd. ('FPISB') and FELDA were sued by 645 settlers of Felda Maokil Scheme in Johor for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM71.8 million. On 29 August 2012, Johor Baharu High Court ordered the case to be closed pending the outcome of the Plaintiff's Motion and Appeal to the Federal Court against the Court of Appeal's Decision. The Court has heard Plaintiffs' application for leave to appeal to Federal Court on 5 September 2013 of which the Applicants/Plaintiffs' Originating Motion for Leave to Appeal was dismissed with cost of RM5,000.00 as the Judges of the view that there is no merit in their application. Applicants/Settlers have been ordered by both the Federal Court and the Court of Appeal to refer their claims against FELDA and FPISB in Johor Baharu High Court Civil Suit No. MT22-453-2009 to Arbitration under the terms of Clauses 18 and 26 of the Settlers Agreement and Supplemental Agreement respectively.
  - (ii) On 3 September 2010, FPISB and FELDA were sued by 514 settlers of Felda Serting Scheme and 252 settlers of Felda Gugusan Raja Alias Scheme in Jempol, Negeri Sembilan for alleged fraud and manipulation of the extraction rate for palm oil. The claim amounted to RM15.4 million for year 2008 only. The Seremban High Court fixed 14 September 2012 for the hearing of the Plaintiffs' application to withdraw 82 Plaintiffs from the suit. The Court allowed the application accordingly but it highlighted that the application had omitted another 14 Plaintiffs. Therefore Court instructed the Plaintiff's Solicitors to file 2<sup>nd</sup> application to withdraw the suit for those Plaintiffs who were omitted earlier as well as to file afresh Issues to be Tried and Agreed facts. The Seremban High Court had heard this matter on 18 to 20 March 2013 and was adjourned for continued hearing on 12, 15 and 16 July 2013 has been vacated. The matter was heard on 28 to 30 October 2013 and now the Court has fixed dates for continued trial on 27,28 January 2014, 12 & 13 February 2014, 19 & 20 February 2014 and 3 to 5 March 2014.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

- (a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities of which FGVH is not jointly or severally liable (continued):
- (iii) On 12 July 2011, FPISB and FELDA were sued by 711 settlers of Felda Jengka 1 to 25 and Felda Sg. Tekam in Temerloh, Pahang (Jengka A) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM22.9 million for year 2008 alone. The Temerloh High Court has on 24 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 42 Plaintiffs with cost on the cause. The matter was fixed for trial on 14 and 15 January 2014 has been postponed and was called for mention on 18 September 2013 and instruction from the Judge to Plaintiffs to determine who actually has the locus standi to sue in this suit and to determine which of the Plaintiffs who have signed agreements with Felda. Judge wanted to see whether he can proceed with this case in view of the contractual basis. This matter was fixed for mention on 31 October 2013 at Shah Alam High Court. The matter now has been fixed for trial on 14 to 15 January 2014.
  - (iv) On 10 November 2011, FPISB and FELDA were sued by 365 settlers of Felda Jengka 1 to 7, 10, 13 to 19, 23 to 24, Felda Ulu Jempol and Felda Sg. Tekam Utara (Jengka B) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM11.7 million for year 2008 only. FPISB has filed Memorandum of Appearance in Temerloh High Court on 15 November 2011, Statement of Defense on 27 December 2011 and an application to Strike-Out Ground on Plaintiffs' claims on 9 February 2012. The Court had on 19 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with cost on the cause. This case fixed for full trial on 20 to 21 November 2013 was vacated. Now the case is fixed for case management on 15 January 2014.
  - (v) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a SOD on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. The Court now fixed for final case management on 11 June 2013 and reserved trial dates on 17 & 18 September 2013 was vacated by the Court due to the Judge wanted to know who actually has the locus standi to sue in this suit and to determine which of the Plaintiffs who have signed agreements with Felda. Judge wanted to see whether he can proceed with this case in view of the contractual basis. This matter fixed for case management at the Shah Alam High Court on 31 October 2013. This matter is fixed for further case management on 28 November 2013.
  - (vi) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for year 2008 only. FPISB has file Memorandum of Appearance in High Court on 16 May 2012. This matter was heard on 10 to 13 September 2013 and now is fixed for continued trial on 3 to 7 February 2014.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

- (a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities of which FGVH is not jointly or severally liable (continued):
- (vii) On 5 June 2012, FPISB and FELDA were sued by 956 settlers of Rancangan Felda Keratong 1 to 10 for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM30.9 million, for year 2008 alone. FPISB has filed Memorandum of Appearance in High Court on 26 June 2012. The matter which was fixed for on 7 to 11 October 2013 was vacated and the matter is now fixed for trial on 2 to 13 June 2014.
  - (viii) On 25 January 2013, FPISB and FELDA were sued by 351 settlers of Rancangan Felda Mempaga for alleged fraud and manipulation of the extraction of palm oil. The High Court of Temerloh has fixed the matter for trial on 17 to 19 March 2014.

Based on available information and on legal advices received, the Directors of Felda Holdings Bhd are of the view that there is a reasonable chance of defending all the above claims and therefore, no provision has been made in the financial statements of Felda Holdings Bhd. As a result, no adjustment has been recorded to the share of associates results in the Group's profit and loss.



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

**QUARTERLY REPORT (CONTINUED)**

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

**12. Review of Group Performance**

	<b>Year to date ended</b>		<b>% + / (-)</b>
	<b>30 September</b>		
	<b>2013</b>	<b>2012</b>	
Revenue	<u>8,893,912</u>	<u>9,027,689</u>	(1.5)
Plantation	372,168	1,094,821	(66.0)
Sugar	320,458	236,449	35.5
Downstream	3,107	(51,910)	>100
Manufacturing, logistics and others	<u>166,556</u>	<u>267,746</u>	(37.8)
Segment results	862,289	1,547,106	(44.3)
Reconciliation	<u>(175,462)</u>	<u>(415,447)</u>	
Profit before taxation and before fair value changes in LLA liability	686,827	1,131,659	(39.3)
Fair value changes in LLA liability	<u>135,463</u>	<u>(235,676)</u>	
Profit before taxation after fair value changes in LLA liability	822,290	895,983	(8.2)
Zakat	(15,131)	(969)	
Tax expense	<u>(182,086)</u>	<u>(232,173)</u>	
Profit from continuing operations	625,073	662,841	(5.7)
(Loss)/profit from discontinuing operations	<u>(30,690)</u>	<u>4,995</u>	
Profit for the financial period	<u>594,383</u>	<u>667,836</u>	(11.0)
Profit attributable to:			
Owners of the Company	482,327	588,245	
Non-controlling interests	<u>112,056</u>	<u>79,591</u>	
Profit after tax and non-controlling interests	<u>594,383</u>	<u>667,836</u>	(11.0)

**Overall**

The Group generated RM8.89 billion in revenue and RM594.38 million in profit for the financial period ended 30 September 2013. Although the revenue was marginally lower, the profit for financial period declined by 11.0% year on year and this was mainly due to the followings:

- lower average realised CPO price of RM2,302 per MT compared to RM3,107 per MT in 2012 and lower FFB average price of RM437 per MT compared to RM598 per MT in previous year;
- decrease in the contribution from associates of 38.7% as a result of lower margin achieved from the milling and manufacturing activities and the effect of the disposal of an associate in February 2013;
- Loss from discontinuing operations, Bunge ETGO of RM30.69 million compared to gain of RM5.00 million in 2012

The increased contribution from the sugar segment, marginal profit contribution from the downstream segment and positive contribution from fair value changes in LLA liability amounting to RM135.46 million offset in part the factors above.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

**Segment Performance Analysis**

**(a) Plantation**

The Plantation segment results fell significantly by 66.0% to RM372.17 million in 2013 compared to RM1,094.82 million in 2012 due to lower average CPO price realised of RM2,302 per MT against RM3,107 per MT in 2012.

The Group FFB production of 3.76 million MT was 8.5% higher in 2013 with FFB yield achieved of 14.58 ton per hectare compared to 2012 of 13.70 ton per hectare. The FFB price realized decrease to RM437 per MT in 2013 from RM598 per MT in 2012.

**(b) Sugar**

Profit from Sugar segment increased by 35.5% to RM320.46 million on the back of higher volume, increased sugar prices for export markets and lower processing and purchasing costs of refined sugar. The reduction in the cost of sales resulted in a higher gross margin of 21.6% compared to 16.8% gross margin recorded in the previous year. In addition, unrealised gain on foreign exchange and lower borrowing costs in tandem with lower raw sugar costs help increased the segment's profit.

**(c) Downstream**

The Downstream segment generated a profit of RM3.11 million compared to losses of RM51.91 million last year due to increased demand and better margin achieved from the fatty acid business as well as from the Group's local downstream activities.

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

The Manufacturing, Logistics and Others segment's profit declined by 37.8% in 2013 primarily due to decrease in R&D income by 42.8% and lower fertiliser margin achieved as a results of lower average selling prices and lower sales volume of compound fertilisers by 12% and 5% respectively.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

	<b>Quarter ended</b>		<b>%</b>
	<b>30</b>	<b>30 June</b>	<b>+ / (-)</b>
	<b>September</b>	<b>2013</b>	
	<b>2013</b>	<b>2013</b>	
Revenue	<u>3,220,378</u>	<u>2,991,326</u>	7.7
Plantation	111,110	81,206	36.8
Sugar	100,226	130,660	(23.3)
Downstream	(134)	(11,688)	98.9
Manufacturing, logistics and others	<u>49,630</u>	<u>51,748</u>	(4.1)
Segment results	260,832	251,926	3.5
Reconciliation	<u>(141,673)</u>	<u>(2,605)</u>	
Profit before taxation and before fair value changes in LLA liability	119,159	249,321	(52.2)
Fair value changes in LLA liability	<u>(41,052)</u>	<u>278,666</u>	
Profit before taxation after fair value changes in LLA liability	78,107	527,987	(85.2)
Zakat	(5,131)	-	
Tax expense	<u>878</u>	<u>(141,508)</u>	
Profit from continuing operations	73,854	386,479	(80.9)
Loss from discontinuing operations	<u>(14,577)</u>	<u>(18,430)</u>	
Profit for the financial period	<u>59,277</u>	<u>368,049</u>	(83.9)
Profit attributable to:			
Owners of the Company	22,899	322,712	
Non-controlling interests	<u>36,378</u>	<u>45,337</u>	
Profit after tax and non-controlling interests	<u>59,277</u>	<u>368,049</u>	(83.9)

**Overall**

The Group's revenue increased by 7.7% to RM3.22 billion in the current quarter compared to RM2.99 billion in the preceding quarter whilst the profit before taxation after fair value changes in LLA liability was RM78.11 million, lower than that of the preceding quarter of RM527.99 million.

Excluding the LLA effect, the PBT achieved was RM119.16 million or 52.2% down compared to RM249.32 million in the preceding quarter. These were mainly due to decrease in sales volume of refined sugar and impairment loss in jointly controlled entity of RM26.00 million in relation to its quoted investment. Nevertheless, improved margin from RBD sales from downstream and higher average realised of CPO and FFB prices from plantation segment offset in part the factors of decreased profits.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

**(a) Plantation**

The plantation segment's results rose by 36.8% compared to preceding quarter attributed to higher average realised CPO price of RM2,341 per MT compared to RM2,293 per MT in the preceding quarter and higher FFB average price of RM442 per MT compared to RM437 per MT.

The increase was offset in part by lower CPO trading margin realised and costs of harvesting, manuring and replanting which had increased by 14%, 11% and 12% respectively for the current quarter compared to preceding quarter as the segment increased its efforts in these activities.

**(b) Sugar**

The Sugar segment's result dropped by 23.3% primarily due to decrease in sales volume for export and domestic sales by 32.6% and 5.8% respectively. The current quarter results was eroded by the fair value foreign exchange loss as compared to fair value foreign exchange gain in preceding quarter.

**(c) Downstream**

The Downstream segment's results registered a loss of RM0.13 million in the current quarter compared to loss of RM11.69 million in preceding quarter. This was attributed by the improved margins for RBD sales in current quarter and fair value gain on foreign exchange forward contracts of RM10.09 million in Q3 2013 compared to a loss of RM8.96 million in Q2 2013.

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

The MLO segment profits reduced by 4.1% mainly due to lower fertiliser margin realised in Q3 2013 of RM293/mt compared to RM409/mt in Q2 2013. The decrease was partially offset with the increase in R&D income.



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

**QUARTERLY REPORT (CONTINUED)**

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

**14. Prospects**

MPOB CPO prices in late October 2013 and early November 2013 began to trade above RM2,500 per tonne and reached a high of RM2,572 per tonne which compared favourably against the first nine months Group's CPO price average of RM2,302 per tonne. Among the key factors contributing to this trend were the anticipated drop in CPO production due to unfavourable weather conditions and higher demand from China. The Group is expected to benefit from this positive shift in the CPO price trends.

As at 30 September 2013, the Group's plantation segment has achieved 91.9% of its annual replanting target of 15,000 ha using high quality seed varieties thus reflecting its commitment to improve future crop yield and extraction rates. On 1st October 2013, the Group announced another milestone achievement which was the completion of Pontian United Plantation Berhad's (PUP) acquisition. With the full control of PUP, the Group has begun to initiate efforts to streamline and integrate PUP's operations into FGV's plantation segment.

Consistent with the growth plans, the Group has also announced the acquisition of 51% of Felda Holdings Berhad (FHB) from Koperasi Permodalan Felda. The consolidation of FHB into the group will allow seamless integration over the Group's palm oil midstream activities such as milling, refining, kernel crushing, bulking and installations, logistics and distribution, consumer packed products and research and development. The proposed acquisition which is expected to complete by the end of December 2013 will open up opportunities to reduce structural complexities, support costs optimisation efforts and explore value-added potentials within the Group.

Under the 2014 National Budget announced on 29 October 2013, the Government had abolished sugar subsidy which leads to corresponding increase in the domestic sugar selling prices. Whilst the impact is expected to be insignificant, the Group's sugar segment plans to increase its sugar export volume to mitigate any impact from potential decline in the local sugar demand. In addition, the Group is currently in consultation with the Government to work out for a better pricing mechanism for its new long term raw sugar purchasing contract.

In line with the Group dividend's policy, the Board of Directors of FGV are pleased to announce an interim dividend payment of 6.0 sen per share which equals to a total RM218.89 million. Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the financial year ending 31 December 2013 will be in line with the industry.

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

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



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

**QUARTERLY REPORT (CONTINUED)**

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

**16. Operating Profit**

	<b>Year to date ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
Included in operating profit are:		
Amortisation of intangible assets	7,726	4,459
Amortisation of prepaid lease payments	52	52
Depreciation of property, plant and equipment	66,307	63,711
Depreciation of investment properties	215	-
Accelerated depreciation of biological assets	6,511	-
Biological assets written off	17,514	11,909
Property, plant and equipment written off	3,096	367
Gain on disposal of property, plant and equipment	(586)	(471)
Gain on disposal of investment in an associate	(26,673)	-
Fair value changes in LLA	(135,463)	235,676
Initial public offering ('IPO') expenses	-	15,825
Share based payments	-	25,723
Net foreign exchange (gain)/ loss	(650)	1,531
Impairment loss on investment in a jointly controlled entity	13,657	-
	<u>13,657</u>	<u>-</u>

**17. Taxation**

	<b>Quarter ended 30 September</b>		<b>Year to date ended 30 September</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Malaysian income tax</b>				
Current financial year	(132,870)	(66,983)	(196,871)	(222,714)
Prior financial year	(12)	(4,524)	(12)	(4,524)
	<u>(132,882)</u>	<u>(71,507)</u>	<u>(196,883)</u>	<u>(227,238)</u>
<b>Foreign income tax</b>				
Current financial year	(4,266)	(17,827)	(13,254)	(20,077)
<b>Deferred tax</b>	138,026	(3,899)	28,051	15,142
	<u>878</u>	<u>(93,233)</u>	<u>(182,086)</u>	<u>(232,173)</u>

The effective tax rate of 23% for the financial period ended 30 September 2013 is lower than the Malaysian income tax rate of 25% due to tax losses not recognised.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**  
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**18. Borrowings**

The total unsecured borrowings are as follows:

	<b>As at 30 September 2013</b>
<u>Long-term borrowings</u>	
Term loan-significant shareholder	1,513,571
Term loan-financial institution	198
	<u>1,513,769</u>
<u>Short-term borrowings</u>	
Term loan-significant shareholder	232,598
Term loan-financial institution	33,000
Revolving credits	65,160
Bankers acceptances	344,000
	<u>674,758</u>
Total borrowings	<u><u>2,188,527</u></u>

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

Ringgit Malaysia	2,090,169
United States Dollar	32,595
Canadian Dollar	65,763
Total borrowings	<u><u>2,188,527</u></u>

**19. Derivative Financial Instruments**

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contracts/notional amounts and fair values of these derivatives as at 30 September 2013 are as follows:

	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
		<b>Assets</b>	<b>Liabilities</b>
Foreign currency forward contracts	233,448	3,385	2,077
Sugar futures contracts	6,617	250	-
Palm oil futures contracts	111,922	4,180	322
	<u>351,987</u>	<u>7,815</u>	<u>2,399</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 2012. The maturity periods of the above derivatives are less than one year.



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

**QUARTERLY REPORT (CONTINUED)**

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**20. Fair Value Changes of Financial Instruments**

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

30 September 2013

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets at fair value through profit or loss:				
- Derivatives	4,430	3,385	-	7,815
Total assets	4,430	3,385	-	7,815
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss:				
- LLA liability	-	-	5,283,994	5,283,994
- Derivatives	322	2,077	-	2,399
Total liabilities	322	2,077	5,283,994	5,286,393

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily ICE Futures U.S. Sugar No 11 Contracts and Malaysia Derivatives Exchange ("MDEX") palm oil derivatives.

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

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



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

**QUARTERLY REPORT (CONTINUED)**

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

**20. Fair Value Changes of Financial Instruments (continued)**

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

	<u>2013</u> RM'000	<u>2012</u> RM'000
<u>LLA liability</u>		
1 January	5,664,769	-
Fair value at inception of LLA	-	5,842,694
Fair value changes (credited)/charged to profit or loss	(135,463)	235,676
Repayment during the period	(245,312)	(281,711)
30 September	5,283,994	5,796,659

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (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:

	<b>As at 30 September 2013</b>	<b>As at 30 September 2012</b>
Total retained earnings of the Company and its subsidiaries:		
- realised	411,912	(473,794)
- unrealised	25,158	51,885
	<u>437,070</u>	<u>(421,909)</u>
Total share of retained earnings from jointly controlled entities:		
- realised	(88,392)	(117,435)
- unrealised	(52,692)	14,196
	<u>(141,084)</u>	<u>(103,239)</u>
Total share of retained earnings from associates:		
- realised	1,750,596	2,228,390
- unrealised	(49,348)	(83,822)
	<u>1,701,248</u>	<u>2,144,568</u>
Less: consolidation adjustments	(633,132)	(639,168)
Total retained earnings of FGVH	<u>1,364,102</u>	<u>980,252</u>

The unrealised profits are determined in accordance with the Guidance on Special Matter No. 1 (GSM1) issued by the Malaysian Institute of Accountants. In arriving at the unrealised profits, we have also included the following which are deemed in the GSM1 as unrealised:

- (a) Credits or charges relating to the recognition of deferred tax,
- (b) Cumulative net gains (but not net losses) from the remeasurement of assets or liabilities at fair value through profit or loss,
- (c) Provision of liabilities in respect of present obligations where resources are only consumed upon settlement of the obligation, and
- (d) Translation gains or losses of monetary items denominated in a currency other than the functional currency.



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

**QUARTERLY REPORT (CONTINUED)**

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

**22. Earnings Per Share**

(a) Basic earnings per share

	Quarter Ended 30 September		Year to date ended 30 September	
	2013	2012	2013	2012
Basic earnings per share are computed as follows: Profit for the financial year attributable to owners of the Company (RM'000)	22,899	207,712	482,327	588,245
Weighted average number of ordinary shares in issue (thousands)	3,648,152	2,556,558	3,648,152	2,556,558
Basic earnings per share (sen)	0.6	8.1	13.2	23.0

**23. Status of Corporate Proposals**

(a) There was no corporate proposal entered into during the financial period under review.

(b) Utilisation of IPO proceeds

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

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	Amount utilised as at 30 September 2013 RM'000	Balance of IPO proceeds as at 30 September 2013 RM'000
Acquisition of plantation assets	within 3 years	2,190,000	(619,491)	1,570,509
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	(89,841)	690,159
Loan repayment for our overseas operation	within 6 months	260,000	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	(69,330)	30,670
Working capital requirements, general corporate purposes	within 6 months	129,000	(129,000)	-
Estimated listing expenses	within 6 months	160,000	(160,000)	-
<b>Total gross proceeds</b>		<b>4,459,000</b>	<b>(1,327,662)</b>	<b>3,131,338</b>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 2013 (continued)**  
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**24. Significant events**

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

As at 30 September 2013, the land is accounted as an asset held for sale amounting to RM38.53 million. The acquisition is expected to be completed by year end.

- (b) On 17 April 2013, Felda Global Ventures Downstream ("FGVD"), a wholly-owned subsidiary of FGVH signed an Asset Purchase Agreement with Mission Biotechnologies Sdn. Bhd. ("MBSB") to acquire its assets including a biodiesel refinery at Kuantan Port for USD11.5 million (RM35 million). As at 30 September 2013, FGVD has paid a deposit of RM18.19 million.

The acquisition was completed on 9 October 2013.

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

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

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

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

As at 30 September 2013, the results of Bunge ETGO are recognised as loss from discontinuing operations of RM30.69 million and the remaining investment in Bunge ETGO has been recognised as an asset held for sale amounted to RM79.13 million.



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

### QUARTERLY REPORT (CONTINUED)

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

#### 24. Significant events (continued)

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

Upon completion of the proposed PT TAA acquisition, PT TAA will become a 95% owned subsidiary of FGVK. Paul Sugandi will hold 5% equity interest in PT TAA after the proposed PT TAA acquisition is completed. As at 30 September 2013, FGVK has paid a deposit of RM9.03 million.

- (e) On 9 July 2013, FGVK had entered into a Conditional Sale and Purchase of Shares Agreement to acquire 285 shares of Rp1,000,000 each in the share capital of PT. Landak Bhakti Palma ("PT LBP"), representing 95% of the total issued and fully paid-up share capital of PT LBP, from the existing shareholders of PT LBP namely Lidya, Timotius Sintrajaya and Joko Sintra Jaya, all of whom are Indonesian citizens, for a total purchase consideration of RM18,302,700. As at 30 September 2013, FGVK has paid a deposit of RM3.66 million.

Upon completion of the proposed PT LBP acquisition, PT LBP will become a 95% owned subsidiary of FGVK. Joko Sintra Jaya will hold 5% equity interest in PT LBP after the proposed PT LBP acquisition is completed.

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

On 2 September 2013, FGVH has collectively received valid acceptances for a total of 4,345,925 Pontian Shares, representing approximately 50.25% of Pontian's issued and paid-up share capital, including the acceptances based on the irrevocable undertakings from Bisa Jaya Sdn Bhd, Chin Leong Thye Sdn Bhd, Lee Chin Hwa, Lee Min Huat, Lee Sep Pian and Lee Ming Keong, for their 2,059,641 Pontian Shares collectively, representing approximately 23.81% of the issued and paid-up share capital of Pontian. In view of this, the Offer has become unconditional as to acceptances.

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



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

**QUARTERLY REPORT (CONTINUED)**

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

**25. Material events after the Reporting Period**

- (a) On 11 October 2013, FGVH had come to an agreement with Koperasi Permodalan Felda Malaysia Berhad ("KPF") to acquire 112,199,999 shares in its associate, Felda Holdings Berhad ("FHB") representing the remaining 51% of equity interest in FHB from KPF for a purchase consideration of RM2.20 billion or RM19.61 per FHB share.

The proposed acquisition is subject to the approvals from the KPF delegates and the shareholders of FGVH and is expected to be completed by year end. The purchase consideration will be funded by a combination of IPO proceeds and borrowings.

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

On 18 November 2013, FGVH and KPF had executed a Conditional Share Purchase Agreement for the proposed acquisition.

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

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

- (c) On 13 November 2013, FGVD entered into a joint venture and shareholders' agreement with Lipidventure Sdn Bhd to establish a joint venture company to undertake the development, construction, fabrication and operation of a plant in Kuantan, Pahang for production of tocotrienol (vitamin E) from refined bleached palm oil. The Proposed Joint Venture is expected to be completed in the fourth quarter of the financial year ending 31 December 2015.

By Order of the Board

Shahniza Anom Elias  
Company Secretary

27 November 2013