



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

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 31 December 2012**



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

**QUARTERLY REPORT**

**On consolidated results for the third quarter ended 31 December 2012**

The Directors are pleased to announce the following:

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

	Note	Quarter ended 31 December		% + / (-)	Year to date ended 31 December		% + / (-)
		2012	2011		2012	2011	
Revenue		3,858,810	1,875,920	>100.0	12,886,499	7,453,077	72.9
Cost of sales		(3,428,048)	(1,449,510)		(11,187,240)	(5,373,807)	
<b>Gross profit</b>		430,762	426,410	1.0	1,699,259	2,079,270	(18.3)
Other operating income		32,954	6,066		40,512	78,771	
Selling and distribution costs		(61,314)	(36,564)		(158,146)	(161,136)	
Administrative expenses		(179,511)	(62,516)		(359,649)	(211,928)	
Other operating expenses		(38,130)	(37,388)		(42,415)	(88,321)	
Other (losses)/gains-net		(39,448)	27,928		5,385	35,923	
Fair value changes in Land Lease Agreement ('LLA') liability		25,498	-		(210,178)	-	
<b>Operating profit</b>	15	170,811	323,936	(47.3)	974,768	1,732,579	(43.7)
Finance income		40,113	7,007		107,273	38,055	
Finance costs		(32,774)	(43,602)		(128,953)	(141,211)	
Finance costs-net		7,339	(36,595)		(21,680)	(103,156)	
Share of results from associates		34,067	135,898		201,079	329,328	
Share of results from jointly controlled entities		12,847	(15,071)		(28,125)	(53,964)	
<b>Profit before zakat and taxation</b>		225,064	408,168	(44.9)	1,126,042	1,904,787	(40.9)
Zakat		(15,611)	-		(16,580)	-	
Taxation	16	27,591	(91,433)		(204,582)	(504,540)	
<b>Profit for the financial period/year</b>		<u>237,044</u>	<u>316,735</u>	(25.2)	<u>904,880</u>	<u>1,400,247</u>	(35.4)
<b>Profit attributable to:</b>							
-Owners of the Company		179,640	279,140	(35.6)	805,775	1,327,764	(39.3)
-Non-controlling interests		57,404	37,595	52.7	99,105	72,483	36.7
<b>Profit for the financial period/year</b>		<u>237,044</u>	<u>316,735</u>	(25.2)	<u>904,880</u>	<u>1,400,247</u>	(35.4)
Earnings per share for profit attributable to the the owners of the Company:							
Basic (sen)	22	6.3	15.8		28.5	75.1	
Diluted (sen)	22	6.3	10.1		28.5	47.9	



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

On consolidated results for the third quarter ended 31 December 2012 (continued)

Unaudited Condensed Consolidated Statement of Comprehensive Income (continued)

Amounts in RM thousand unless otherwise stated

	Note	Quarter ended 31 December		%	Year to date ended 31 December		%
		2012	2011		2012	2011	
<b>Profit for the period/year</b>		237,044	316,735	(25.2)	904,880	1,400,247	(35.4)
<b>Other comprehensive (loss)/income</b>							
Share of other comprehensive income/(loss) of associates		10,032	9,191		(4,673)	20,141	
Share of other comprehensive loss of jointly controlled entities		(12,041)	(3,334)		(24,232)	(3,194)	
Other reserves - actuarial losses		(1,048)	-		(1,048)	-	
Currency translation differences		(2,810)	12,433		(12,978)	(4,255)	
Other comprehensive (loss)/income for the financial period/year, net of tax		(5,867)	18,290		(42,931)	12,692	
<b>Total comprehensive income for the period/year</b>		<u>231,177</u>	<u>335,025</u>	(31.0)	<u>861,949</u>	<u>1,412,939</u>	(39.0)
<b>Total comprehensive income attributable to:</b>							
- Owners of the Company		173,774	297,430		762,845	1,340,456	
- Non-controlling interests		<u>57,403</u>	<u>37,595</u>		<u>99,104</u>	<u>72,483</u>	
<b>Total comprehensive income for the financial period/year</b>		<u>231,177</u>	<u>335,025</u>	(31.0)	<u>861,949</u>	<u>1,412,939</u>	(39.0)

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



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 31 December 2012 (continued)**

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

	Note	Unaudited As at 31 December 2012	Audited As at 31 December 2011 (restated)
<b><u>Non-current assets</u></b>			
Property, plant and equipment		1,706,380	1,697,026
Investments properties		40,378	-
Goodwill and intangible assets		707,184	662,686
Interests in associates		2,386,306	2,388,197
Interests in jointly controlled entities		333,577	349,353
Biological assets		1,864,224	1,858,842
Prepaid lease payments		716	786
Loan due from a related company		-	17,090
Prepayment		8,198	-
Amount due from a jointly controlled entity		75,306	45,520
Deferred tax assets		1,526,356	41,998
		<u>8,648,625</u>	<u>7,061,498</u>
<b><u>Current assets</u></b>			
Inventories		597,667	464,117
Biological assets		41,662	11,198
Receivables		599,777	403,580
Amounts due from related companies		883,887	4,118
Tax recoverable		23,217	21,729
Loan due from a related company		-	10,836
Derivative financial assets	19	5,189	2,842
Cash and cash equivalents		5,688,372	1,778,130
		<u>7,839,771</u>	<u>2,696,550</u>
Assets held for sale		1,941	-
<b>Total assets</b>		<u>16,490,337</u>	<u>9,758,048</u>
<b><u>Equity</u></b>			
Share capital		3,648,152	1,767,612
Redeemable preference shares		-	9,005
Share premium		3,371,685	881,783
Foreign exchange reserve		(84,016)	(60,608)
Reorganisation reserve		(2,088,969)	2,347,742
Other reserves		62,705	68,188
Retained earnings		1,192,629	601,541
<b>Equity attributable to owners of the Company</b>		<u>6,102,186</u>	<u>5,615,263</u>
Non-controlling interests		857,815	823,362
<b>Total equity</b>		<u>6,960,001</u>	<u>6,438,625</u>



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 31 December 2012 (continued)**

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

	Note	Unaudited As at 31 December 2012	Audited As at 31 December 2011 (restated)
<b><u>Non-current liabilities</u></b>			
Borrowings	18	509	40,518
Loan due to a related company	18	1,620,714	1,835,000
LLA liability		5,167,831	-
Provisions		4,500	7,398
Provision for defined benefit plan		19,429	18,457
Deferred tax liabilities		138,107	154,782
		<u>6,951,090</u>	<u>2,056,155</u>
<b><u>Current liabilities</u></b>			
Payables		355,304	244,984
Loan due to a related company	18	219,802	5,448
Amount due to an associate		69,510	21
Amount due to a jointly controlled entity		-	35,092
Amounts due to related companies		786,662	199,733
Borrowings	18	599,160	761,974
Derivative financial liabilities	19	1,668	-
Provisions		306	1,738
LLA liability		496,938	-
Current tax liabilities		49,896	14,278
		<u>2,579,246</u>	<u>1,263,268</u>
<b>Total liabilities</b>		<u>9,530,336</u>	<u>3,319,423</u>
<b>Total equity and liabilities</b>		<u>16,490,337</u>	<u>9,758,048</u>
		<b>As at 31 December 2012</b>	<b>As at 31 December 2011</b>
Net assets per share attributable to owners of the Company		<u>1.67</u>	<u>3.18</u>

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



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

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

Year to date ended	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
31 December 2012													
At 1 January 2012 (Audited)		1,767,612	9,005	881,783	(60,608)	-	33,526	1,047	33,615	601,541	3,267,521	823,362	4,090,883
Effects of acquisition of Plantation Estates	24	-	-	-	-	2,347,742	-	-	-	-	2,347,742	-	2,347,742
As restated		1,767,612	9,005	881,783	(60,608)	2,347,742	33,526	1,047	33,615	601,541	5,615,263	823,362	6,438,625
Effects of LLA and LLA Addendum	1 (a) (ii)	-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
Total transactions with owner		-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
Profit for the financial year		-	-	-	-	-	-	-	-	805,775	805,775	99,105	904,880
Other comprehensive income for the financial year, net of tax:													
- currency translation differences		-	-	-	(12,977)	-	-	-	-	-	(12,977)	(1)	(12,978)
- Other reserves – actuarial losses		-	-	-	-	-	-	-	-	(1,048)	(1,048)	-	(1,048)
- share of other comprehensive income of associates		-	-	-	(1,325)	-	1,627	-	(989)	(3,986)	(4,673)	-	(4,673)
- share of other comprehensive income of jointly controlled entities		-	-	-	(9,106)	-	(15,126)	-	-	-	(24,232)	-	(24,232)
Total comprehensive income for the financial year		-	-	-	(23,408)	-	(13,499)	-	(989)	(5,034)	(42,930)	(1)	(42,931)
Issuance of shares		-	-	-	(23,408)	-	(13,499)	-	(989)	800,741	762,845	99,104	861,949
Conversion of redeemable preference shares		*1,880,540	-	3,479,000	-	-	-	-	-	-	5,359,540	-	5,359,540
Share issue expenses		-	(9,005)	(881,783)	-	-	-	9,005	-	(9,005)	(890,788)	-	(890,788)
Acquisition of a subsidiary		-	-	(107,315)	-	-	-	-	-	-	(107,315)	-	(107,315)
Dividends paid (interim)		-	-	-	-	-	-	-	-	-	-	796	796
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(200,648)	(200,648)	-	(200,648)
Total transactions with owner		1,880,540	(9,005)	2,489,992	-	-	20,027	9,005	32,626	(209,653)	4,160,789	(64,651)	4,096,138
At 31 December 2012		3,648,152	-	3,371,685	(84,016)	(2,088,969)	20,027	10,052	32,626	1,192,629	6,102,186	857,815	6,960,001

\* 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>Year to date ended</b>													
<b>31 December 2011</b>													
At 1 January 2011 (Audited)		1,767,612	10,052	984,342	(58,034)	-	17,901	-	33,343	202,489	2,957,705	45,335	3,003,040
Effects of acquisition of Plantation Estates		-	-	-	-	2,400,784	-	-	-	-	2,400,784	-	2,400,784
As restated		1,767,612	10,052	984,342	(58,034)	2,400,784	17,901	-	33,343	202,489	5,358,489	45,335	5,403,824
Other comprehensive income		-	-	-	-	1,251,458	-	-	-	76,306	1,327,764	72,483	1,400,247
Profit for the financial period		-	-	-	(4,255)	-	-	-	-	-	(4,255)	-	(4,255)
for the financial period, net of tax :		-	-	-	(453)	-	20,594	-	-	-	20,141	-	20,141
- currency translation differences		-	-	-	(453)	-	20,594	-	-	-	20,141	-	20,141
- share of other comprehensive income of associates		-	-	-	-	-	-	-	-	-	-	-	-
- share of other comprehensive income of jointly controlled entities		-	-	-	1,358	-	(4,969)	-	272	145	(3,194)	-	(3,194)
Total comprehensive income for the financial period		-	-	-	(3,350)	-	15,625	-	272	145	12,692	-	12,692
Redemption of preference shares		-	(1,047)	(102,559)	(3,350)	1,251,458	15,625	-	272	76,451	1,340,456	72,483	1,412,939
Disposal of subsidiaries		-	-	-	776	-	-	1,047	-	(1,047)	(103,606)	-	(103,606)
Capital contribution to FELDA		-	-	-	-	(1,304,500)	-	-	-	-	776	945	1,721
Accretion of interest in subsidiaries		-	-	-	-	-	-	-	-	(7,594)	(1,304,500)	-	(1,304,500)
Dilution of interest in subsidiaries		-	-	-	-	-	-	-	-	356,242	356,242	3,767	(3,827)
Dividends paid:		-	-	-	-	-	-	-	-	-	-	737,313	1,093,555
- for the financial year ended		-	-	-	-	-	-	-	-	(25,000)	(25,000)	-	(25,000)
31 December 2011 (interim)		-	-	-	-	-	-	-	-	-	-	(36,481)	(36,481)
Dividends paid to non-controlling interests of subsidiaries		-	(1,047)	(102,559)	776	(1,304,500)	-	1,047	-	322,601	(1,083,682)	795,544	(378,138)
Total transactions with owner		-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2011		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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

QUARTERLY REPORT (CONTINUED)

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

	Year to date ended 31 December	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the financial year</b>	904,880	1,400,247
Adjustments for non-cash items	414,993	551,359
<b>Operating profit before working capital changes</b>	1,319,873	1,951,606
Changes in working capital	(569,728)	171,942
<b>Cash generated from operations</b>	750,145	2,123,548
Finance income received	107,273	35,294
Taxation paid	(223,511)	(519,666)
Zakat paid	(16,580)	-
Retirement benefits paid	(3,279)	(618)
<b>Net cash generated from operating activities</b>	614,048	1,638,558
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(170,080)	(128,174)
Purchase of biological assets	(8,887)	(6,397)
Purchase of intangible assets	(16,231)	-
Payment for land lease premiums	-	(27,462)
Acquisition of subsidiary, net of cash out flow	(9,884)	-
Increase in investment in jointly controlled entity	(38,984)	-
Accretion of interest in subsidiaries	-	(3,827)
Net cash out flow from disposal of subsidiaries	-	(12,325)
Acquisition of jointly controlled entity	-	(75,664)
Deposit for acquisition of a subsidiary	-	(5,775)
Repayment of loan to a related party	-	10,456
Loan to a jointly controlled entity	(29,786)	(45,520)
Payment for asset retirement obligation	(29)	(33)
Proceeds from disposal of property, plant and equipment	6,174	486
Proceeds from disposal of subsidiaries	-	1,160,505
Dividend received from associates	195,110	203,685
<b>Net cash (used in)/ generated from investing activities</b>	(72,597)	1,069,955



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

**QUARTERLY REPORT (CONTINUED)**

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

	<b>Year to date ended</b>	
	<b>31 December</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	100,000	332,133
Repayment of borrowings	(475,523)	(290,000)
Net proceeds from bankers acceptances	172,700	71,300
Repayment of LLA liability	(388,103)	-
Payment for capital lease	-	(461)
Finance costs paid	(122,108)	(123,587)
Net capital contribution to FELDA	-	(1,304,500)
Dividend paid to shareholder	(200,648)	(25,000)
Dividend paid to non-controlling interests	(65,447)	(36,481)
Proceeds from issuance of shares, net of issuance expenses	4,351,685	-
Decrease/(increase) in fixed deposits pledged for bank guarantee	305,277	(286,510)
<b>Net cash generated from/(used in) financing activities</b>	<b>3,677,833</b>	<b>(1,663,106)</b>
<b>Net increase in cash and cash equivalents</b>	4,219,284	1,045,407
Effect of foreign exchange rate changes	(3,765)	(5,266)
Cash and cash equivalents at beginning of the financial year	1,457,484	417,343
<b>Cash and cash equivalents at end of the financial year</b>	<b>5,673,003</b>	<b>1,457,484</b>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:		
Bank balances, deposits and cash	5,688,372	1,778,130
Fixed deposits pledged	(15,369)	(320,646)
Cash and cash equivalents at end of the year	<b>5,673,003</b>	<b>1,457,484</b>

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012**  
**Amounts in RM thousand unless otherwise stated**

This interim financial information of Felda Global Ventures Holdings Berhad ('FGVH') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Financial Reporting Standard ('FRS') No. 134 – Interim Financial Reporting. The interim financial report is unaudited and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011.

**1. Basis of Preparation**

(a) General

- (i) The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2011, except as disclosed in Note 1(a)(ii) and 1(b) below.

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

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

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

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012  
Amounts in RM thousand unless otherwise stated**

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

(a) General (continued)

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

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

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

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

The acquisition of plantation estates resulted in a difference between the purchase consideration and total net assets acquired amounting to RM2,347.7 million, which was recognised as a reorganisation reserve.

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(a) General (continued)

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

	<b>Year to date ended 31 December 2011</b>
Revenue	3,251,909
Cost of sales	(1,486,984)
Gross profit	<u>1,764,925</u>
Other operating income	4,417
Administrative expenses	(96,223)
Other operating expenses	(4,509)
Taxation	<u>(417,152)</u>
Profit for the financial year	<u>1,251,458</u>

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

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

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

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(b) FRSs applicable in 2012

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

- (i) **Revised FRS 124 – Related Party Disclosures**  
Revised FRS 124 simplifies the definition of a related party and provides for reduced disclosures for transactions with government-related entities. The impact of the additional disclosures is described in Note 8.
- (ii) **Amendments to FRS 7 – Financial Instruments : Disclosures**  
Amendments to FRS 7 stipulate the disclosure requirements for all transferred financial assets that are not derecognised and also for any continuing involvement in a transferred financial asset.
- (iii) **Amendments to FRS 112 – Income Taxes**  
Amendments to FRS 112 clarifies that deferred tax on an investment property measured using fair value model should be based on the tax rate applicable to taxable amount derived from sale unless the objective is to consume substantially all of the economic benefits embodied in the investment property over time. If the objective is to consume the economic benefits over time, deferred tax should reflect the tax consequences of recovering the carrying amount of the investment property through usage.
- (iv) **IC Interpretation 14 – FRS 119 – The Limit on a Defined Benefit Assets, minimum funding Requirements and their Interaction**  
ICI 14 permits an entity to recognize the prepayments of contributions as an asset, rather than an expense in circumstances when the entity is subject to a minimum funding requirement and makes an early payment of contributions to meet those requirements.
- (v) **IC Interpretation 19 – Extinguishing Financial Liabilities with Equity Instruments**  
ICI 19 provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.
- (vi) **Amendment to FRS 101 Presentation of Items of Other Comprehensive Income**  
Amendment to FRS 101 requires entities to separate items presented in 'other comprehensive income' ('OCI') in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(b) FRSs applicable in 2012

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

(vii) **Amendment to Revised FRS 119 - Employee Benefit**

Revised FRS 119 makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. FRS 119 shall be withdrawn on application of this amendment. FGVH early adopted the amendment Revised FRS 119, and therefore will no longer apply the corridor approach as an accounting policy. The impact to the financial statements is not material and therefore has been accounted for in the current financial year.

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

(c) FRSs applicable from 2013

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

(i) **FRS 10 - Consolidated Financial Statements**

FRS 10 outlines the changes in the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in FRS 127 'Consolidated and separate financial statements' and IC Interpretation 112 'Consolidation – special purpose entities'.

(ii) **FRS 11 - Joint Arrangements**

FRS 11 requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(c) FRSs applicable from 2013 (continued)

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

(iii) **FRS 12 - Disclosures of Interests In Other Entities**

FRS 12 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.

(iv) **FRS 13 – Fair Value Measurement**

FRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across 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.

(v) **Revised FRS 127 - Separate Financial Statements**

Revised FRS 127 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.

(vi) **Revised FRS 128 - Investments in Associates and Joint Ventures**

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

(vii) **Amendment to FRS 1 – Government Loans**

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



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(c) FRSs applicable from 2013 (continued)

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

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

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

(ix) **Amendment to Revised FRS 116 – Property, Plant and Equipment**

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

(x) **Amendment to Revised FRS 132 – Financial Instruments: Presentation**

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

(xi) **Amendment to Revised FRS 134 – Interim Financial Reporting**

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

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(c) FRSs applicable from 2013 (continued)

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

(xii) **Amendment to FRS 7 - Financial instruments: Disclosures**

FRS 7 requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

(xiii) **Amendment to FRS 101 – Presentation of Financial Statement-Comparatives Information**

FRS 101 requires minimum comparative information in respect of the previous preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when if it is relevant to an understanding of the current period's financial statements. An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity, and related notes.

(d) FRSs applicable from 2014

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

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

Amendments to MFRS 132 clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(ii) **MFRS 141 – Agriculture** requires biological assets and agricultural produce at the point of harvest to be measured at fair value less costs to sell.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(e) FRSs applicable from 2015

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

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

MFRS 9 replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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

The financial impact of these FRSs which are applicable from 1 January 2013 onwards is pending assessment by the Directors.

(f) Interpretation issued but withdrawn subsequently

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

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

**2. Seasonal or Cyclical Factors**

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 follows a similar pattern where sales increase ahead of festivities due to increased consumer demand. In addition, the harvest of 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.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

There were no material unusual items affecting FGVH's assets, liabilities, equity, net income or cash flows during the financial period under review except for the impact of the following agreements:

- (a) The LLA dated 1 November 2011 between FGVH and Lembaga Kemajuan Tanah Persekutuan ('FELDA'), came into effect on 1 January 2012. The effects are as detailed in Note 1 (a)(ii) to the Report;
- (b) The Supply and Delivery Agreement ('SDA') signed between FGVPM, a wholly-owned subsidiary of FGVH and Felda Palm Industries Sdn. Bhd. ('FPISB'), a subsidiary of Felda Holdings Bhd, an associate of FGVH. The agreement stipulates that FPISB shall sell all of its CPO, produced from FFB supplied by FGVPM as well as other sources of supply, to FGVPM. The basis of the price of the delivered CPO shall apply the same principle used to derive FFB price. FFB supplied to FPISB by FGVPM shall be recognized as FFB sales revenue by the latter.

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

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

In the condensed consolidated interim financial information for the three months ended 31 March 2012, FGVPM recognised sales of FFB to FPISB in the months of January and February as revenue whereas in the month of March, revenue is recognised from the sales of CPO, which is produced by FPISB from the FFB supply received from FGVPM. In respect of these CPO sales, FGVPM recognises the costs relating to the production of FFB, including replanting, harvesting and cultivation, as cost of sales.

In addition to the revenue FGVPM recognises from the sale of CPO that FPISB produces using the FFB that FGVPM supplies to it, FGVPM also recognises revenue from resale of CPO that FPISB produces from FFB it sources from other suppliers. As for the CPO produced from FFB sourced from other suppliers, the cost of sales is recognised from the purchase cost charged by FPI.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

There were no material unusual items affecting FGVH's assets, liabilities, equity, net income or cash flows during the financial period under review except for the impact of the following agreements: (continued)

- (c) Pursuant to a tolling agreement dated 9 December 2011 between FGVH's subsidiary, Twin Rivers Technologies Enterprise de Transformation De Graines Oleagineuses Du Quebec Inc ("TRT ETGO") and Bunge ETGO, TRT ETGO shall process soybean and canola seeds supplied by Bunge ETGO. The latter undertakes to market and sell the soy and canola products produced by TRT ETGO. As a result, the business model and accounting treatment applied in period under review for financial year 2012 are different to those applied in corresponding period in financial year 2011.

Prior to the tolling agreement, recognition of revenue and cost of sales are based on the sale of soy and canola products and purchase of soybeans and canola seeds respectively. With the tolling agreement coming into effect, revenue is recognized from the tolling fees charged to Bunge ETGO for the processing of soybeans and canola seeds. Cost of sales is based on the processing arrangement. Therefore the condensed consolidated interim financial information for the year ended 31 December 2012 is based on the tolling arrangement whereas the financial information for the same period in 2011 is based on the previous business model. With effect from 9 December 2011, a share of Bunge ETGO's results of operations is included in the condensed consolidated financial information under share of results of jointly controlled entities.

**4. Material Changes in Estimates**

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. Dividend**

The Board of Directors declared the first interim dividend payment of 5.5 sen per share on 3,648,151,500 ordinary shares under the single-tier system for the quarter ended 30 September 2012. The dividend totalling RM200.65 million was paid on 22 October 2012.

The Board of Directors has agreed to recommend a final dividend payment of 8.5 sen per share on 3,648,151,500 ordinary shares under the single-tier system amounting to RM310.0 million for the financial year ended 31 December 2012, for the approval of the shareholders at the forthcoming Annual General Meeting of the Company, payable on a date to be determined later.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**6. Segment Information**

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

- **Plantation** – Plantation estates activities including cultivation, harvesting and production of Fresh Fruit Bunch ('FFB'), processing of FFB and selling of Crude Palm Oil ('CPO') and Palm Kernel ('PK').
- **Downstream** – Refining of CPO, fractionation of Refined Bleached Deodorised Palm Oil ('RBDPO') and Palm Olein ('PO'), crushing of PK, production of oleochemicals namely fatty acid and glycerine and production of consumer end products.
- **Sugar** – Sugar refining, sugarcane milling and sales and marketing of refined sugar.
- **Manufacturing, Logistics & Others** – Cocoa, rubber and fertilisers processing and production, bulking and transportation facilities and services, engineering, construction and property development, information technology, security, travel, research and development activities and sale of planting materials.
- **Others** – Investment holding companies and provision of shared services.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**6. Segment Information (continued)**

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

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Others	Reconciliation	Total
<b>Year to date ended 31 December 2012</b>							
Total segment revenue	20,287,441	7,873,245	2,313,188	3,494,239	211,318	(21,292,932)	12,886,499
Less : Inter-segment revenue	(2,360,691)	(210,959)	(11,869)	(569,421)	(34,327)	3,187,267	-
Revenue from external customers	17,926,750	7,662,286	2,301,319	2,924,818	176,991	(18,105,665)	12,886,499
Finance income	10,396	5,474	31,247	11,717	70,053	(21,614)	107,273
Finance costs	(7,523)	(22,271)	(11,049)	(12,113)	(107,987)	31,990	(128,953)
Depreciation and amortisation	(113,361)	(32,405)	(39,986)	(71,637)	(1,626)	174,592	(84,423)
Impairment	-	-	-	-	-	-	-
Share of results of jointly controlled entities	(4,236)	(33,889)	-	-	-	-	(28,125)
Share of results of associates	46,329	-	-	-	-	154,750	201,079
Profit/(loss) before taxation for the financial year	1,357,073	20,514	312,631	342,525	1,056,226	(1,962,927)	1,126,042
<b>The analysis of external revenue by segment :</b>							
FGVH and its subsidiaries	9,694,916	800,074	2,301,319	-	90,190	-	12,886,499
Associates - FHB	8,231,834	6,862,212	-	2,924,818	86,801	(18,105,665)	-
Revenue from external customers	17,926,750	7,662,286	2,301,319	2,924,818	176,991	(18,105,665)	12,886,499
<b>The analysis of profit before taxation by segment:</b>							
FGVH and its subsidiaries	1,078,268	3,570	312,631	-	569,783	(992,960)	971,292
Associates – FHB	278,805	16,944	-	342,525	486,443	(969,967)	154,750
Profit/(loss) before taxation	1,357,073	20,514	312,631	342,525	1,056,226	(1,962,927)	1,126,042



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**6. Segment Information (continued)**

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

**Year to date ended 31 December 2011**

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Others	Reconciliation	Total
Total segment revenue	15,734,130	10,822,457	2,338,796	4,077,684	378,213	(25,898,203)	7,453,077
Less : Inter-segment revenue	(5,644,624)	(276,497)	(39,242)	(580,256)	(359,006)	6,899,625	-
Revenue from external customers	10,089,506	10,545,960	2,299,554	3,497,428	19,207	(18,998,578)	7,453,077
Finance income	9,178	9,089	23,069	25,601	11,739	(40,621)	38,055
Finance costs	(9,598)	(26,614)	(12,303)	(9,349)	(118,280)	34,933	(141,211)
Depreciation and amortisation	(119,726)	(56,600)	(33,254)	(66,147)	(1,150)	167,628	(109,249)
Impairment	-	(203,590)	(3,889)	-	-	-	(207,479)
Share of results of jointly controlled entities	(5,466)	(48,498)	-	-	-	-	(53,964)
Share of results of associates	101,555	-	-	-	-	227,773	329,328
Profit/(loss) before taxation for the financial year	2,114,906	(512,069)	474,713	378,368	627,835	(1,178,966)	1,904,787
The analysis of external revenue by segment :							
FGVH and its subsidiaries	3,251,909	1,888,854	2,299,554	-	12,760	-	7,453,077
Associates - FHB	6,837,597	8,657,106	-	3,497,428	6,447	(18,998,578)	-
Revenue from external customers	10,089,506	10,545,960	2,299,554	3,497,428	19,207	(18,998,578)	7,453,077
The analysis of profit before taxation by segment:							
FGVH and its subsidiaries	1,668,161	(535,386)	474,713	-	196,131	(126,605)	1,677,014
Associates - FHB	446,745	23,317	-	378,368	431,704	(1,052,361)	227,773
Profit/(loss) before taxation	2,114,906	(512,069)	474,713	378,368	627,835	(1,178,966)	1,904,787



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**7. Capital Commitments**

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

	<b>As at 31 December 2012</b>	<b>As at 31 December 2011</b>
Property, plant and equipment:		
- contracted	98,205	20,105
- not contracted	291,025	85,161
	<u>389,230</u>	<u>105,266</u>
Biological assets:		
- contracted	-	-
- not contracted	31,963	-
	<u>31,963</u>	<u>-</u>

**8. Significant Related Party Transactions**

(I) Related party transactions during the year to date ended 31 December 2012 and 31 December 2011 are as follows:

a. Sales of goods and services

	<b>Year to date ended 31 December 2012</b>	<b>2011</b>
<b>(i) Transactions with jointly controlled entities</b>		
Tolling fees income from Bunge ETGO	59,575	3,928
Sales of Crude Palm Oil ('CPO') by FGVP to Felda Iffco Sdn. Bhd. Group (FISB)	1,487,555	-
<b>(ii) Transactions with an associate</b>		
Dividend received by FGVH from FHB	173,279	298,091
Dividend received by FGVH from Tradewinds	23,718	35,576



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(I) Related party transactions during the year to date ended 31 December 2012 and 31 December 2011 are as follows (continued):

a. Sales of goods and services (continued)

	<b>Year to date ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
<b>(iii) Transactions with subsidiaries of FHB</b>		
Sales of fresh fruit bunches ('FFB') by FGVPM to Felda Palm Industries Sdn. Bhd. ('FPISB')	2,628,659	3,133,440
Sales of cup lumps and latex by FGVPM to Felda Rubber Industries Sdn. Bhd. ('FRISB')	54,464	89,861
Sales of CPO by FGVPM to Felda Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	2,316,189	-
Sales of palm kernel ('PK') by FGVPM to Felda Kernel Products Sdn. Bhd. ('FKPSB')	121,455	-
Management fees charged	88,692	5,969

b. Purchase of goods and services

	<b>Year to date ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
<b>(i) Transactions with an associate</b>		
Management fees charged by FHB	89,369	1,512



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

(I) Related party transactions during the year to date ended 31 December 2012 and 31 December 2011 are as follows (continued):

b. Purchase of goods and services (continued)

	<b>Year to date ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
<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')	229,129	345,092
Purchase of fertilizer by FGVP, Kilang Gula Felda Perlis ('KGFP') and FGV Perlis from FPM Sdn. Bhd. ('FPM')	524,998	229,151
Purchase of chemical and seedlings by FGVP, KGFP and FGV Perlis from Felda Agricultural Services Sdn. Bhd. ('FASSB')	35,130	38,073
Purchase of CPO by FGVP from FPISB	7,029,541	-
Purchase of IT services from Felda Prodata Services Sdn. Bhd. ('FPSSB')	16,000	7,642
Purchase of marketing services from Felda Marketing Services Sdn. Bhd. ('FMSSB')	16,895	-
Purchase of security services from Felda Security Services Sdn. Bhd. ('FSSSB')	40,481	43,106
Management fees and profit sharing paid by FGVP to Felda Plantation Sdn. Bhd. ('FPSB')	12,340	96,840



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
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**8. Significant Related Party Transactions (continued)**

(I) Related party transactions during the year to date ended 31 December 2012 and 31 December 2011 are as follows (continued):

b. Purchase of goods and services (continued)

	<b>Year to date ended</b>	
	<b>31 December</b>	
	<b>2012</b>	<b>2011</b>
<b>(iii) Transactions with a significant shareholder</b>		
Interest expense charged by FELDA	91,362	91,383
Share of infrastructure cost in Sahabat charged by FGVP to FELDA	15,860	-
LLA liability paid and payable by FGVP to FELDA	404,497	-
Share of IPO expenses charged by FGVH to FELDA	52,440	-
<b>(iv) Key management compensation</b>		
Short term employee benefits	36,365	17,197
Defined contribution retirement plan	5,282	2,419

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

There were no changes in the composition of the Group for the current period under review.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**10. Contingent Liabilities and Material Litigation**

- (a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities, of which FGVH is not jointly or severally liable:
- (i) On 12 June 2009, 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 30 Nov 2011, The Putrajaya Court of Appeal decided that the case shall be heard before an arbitration proceeding based on section 10 of the Arbitration Act 2005 and original agreement between the settlers and FELDA which mentioned that if any dispute arises, the dispute shall be heard before an arbitration proceeding. On 29 August 2012, a new mention date had been given by the Senior Assistant Registrar ('SAR') of Johor Bahru High Court for both parties to update the status of appeal and arbitration. On 29 August 2012, Johor Bahru 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 yet to fix for hearing of Plaintiffs' application for leave to appeal.
  - (ii) On 3 September 2010, FPISB and FELDA were sued by 514 settlers of Felda Seriting Scheme and 252 settlers of Felda Gugusan Raja Alias Scheme in Jempol, Negeri Sembilan for alleged fraud and manipulation of the extraction rate for palm oil. The claim amounted to RM15.4 million for year 2008 only. FPISB filed Pleading and Statement of Defence ('SOD') in the Seremban High Court on 22 December 2011. The Seremban High Court fixed 14<sup>th</sup> 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 Court proceed to fix the trial dates on 18<sup>th</sup> to 20<sup>th</sup> March 2013.
  - (iii) On 12 July 2011, FPISB and FELDA were sued by 711 settlers of Felda Jengka 1 to 25 and Felda Sg. Tekam in Temerloh, Pahang (Jengka A) for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM22.9 million for year 2008 alone. FPISB has filed SOD in the Temerloh High Court on 9 September 2011 and the plaintiffs had filed their reply on 9 November 2011. The 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 reserved trial dates from 29<sup>th</sup> January 2013 till 1<sup>st</sup> February 2013 has been postponed to 5<sup>th</sup> March 2013 for case management. The trial dates will be fixed on the said coming case management.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

- (a) An associate of FGVH, Felda Holdings Bhd, has the following contingent liabilities of which FGVH is not jointly or severally liable (continued):
- (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. Further, both Defendants and Plaintiffs have filed written submissions on the Strike-Out Ground issue. The Court had on 19 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with cost on the cause. The reserved trial dates from 29<sup>th</sup> January 2013 till 1<sup>st</sup> February 2013 has been postponed to 5<sup>th</sup> March 2013 for case management. The trial dates will be fixed on the said coming case management.
  - (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 had on 19 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with cost on the cause. The reserved trial dates from 29<sup>th</sup> January 2013 till 1<sup>st</sup> February 2013 has been postponed to 5<sup>th</sup> March 2013 for case management. The trial dates will be fixed on the said coming case management.
  - (vi) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for year 2008 only. FPISB has file Memorandum of Appearance in High Court on 16 May 2012. The case is fixed for first Case Management on 21 May 2012 and SOD on 18<sup>th</sup> June 2012. The Court fixed a new case management date on 11<sup>th</sup> December 2012 for parties to file the Bundle of Pleadings, Bundle of Documents, Agreed Facts and Issues to be Tried and Summary of Case. The issues to be Tried have not been settled between the parties. The Court has fixed the matter for trial on 11<sup>th</sup> to 13<sup>th</sup> March 2013.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

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

(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. The Court has fixed for Trial on 9<sup>th</sup> to 10<sup>th</sup> April 2013.

(viii) On 25 January 2013, FPISB and FELDA were sued by 351 settlers of Rancangan Felda Mempaga for alleged fraud and manipulation of the extraction of palm oil. The High Court of Temerloh has fixed the matter for mention on 5<sup>th</sup> March 2013 to enable the Defendants to enter appearance and to file their Defence.

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

(i) On 5 May 2006, Padiberas Nasional Berhad ('Bernas'), received a Writ of Summons and Statement of Claim initiated by A Halim Bin Hamzah & 291 others ('the Plaintiffs'). The civil suit was brought by the Plaintiffs against Bernas and 24 others ('the Defendants') claiming that the year 2000 Voluntary Separation Scheme initiated by Bernas is void and of no effect.

In relation to this suit, Bernas had filed Summons in Chambers for the Writ and Statement of Claim as against the said Defendants be struck out. The Court had granted Order in Terms for the Bernas' Application to strike out the 21<sup>st</sup> Defendant with cost payable to Bernas but dismissed Bernas' Application to strike out the 2<sup>nd</sup> to 12<sup>th</sup> Defendants on 3 September 2007. On 3 March 2008, the Court dismissed Bernas' Application to strike out the 2<sup>nd</sup> to 12<sup>th</sup> Defendants from being the party to the suit. Bernas' solicitors had on 17 April 2008, filed Statements of Defence for the 2<sup>nd</sup> to 12<sup>th</sup> Defendants and on 30 April 2012, The Court dismissed the Plaintiffs' claims with no order as to cost. On 30 May 2012, the Plaintiffs through their solicitors have filed appeal to the Court of Appeal. No hearing has been fixed by the Court.

(ii) On 4 January 2010, Bernas was served with a sealed copy of Originating Summons and Affidavit in Support ('the Plaintiffs Application') for and on behalf of 242 others ('the Plaintiffs') claiming that the Plaintiffs as employees of Bernas whose service of employment have been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability, are entitled to the Retirement/Termination Benefits Provision. They demand for the Termination Benefit to be paid with 8% interest per annum from 1 January 2004, together with their Employee Provident Fund contribution until the date of the Order, with costs to be paid by Bernas. On 8 February 2013, the Court has, in a hearing session, dismissed the Plaintiff's application and awarded costs to Bernas.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

- (b) An associate of FGVH, Tradewinds (M) Bhd, has the following contingent liabilities, of which FGVH is not jointly or severally liable (continued):
  - (iii) A claim filed against Mardec Yala Co. Ltd., for the alleged wrongful transfer of shares and the claim for compensation of Thai Baht ('THB') 110.0 million (approximately RM11.039 million). On 3 December 2007, the Court had dismissed the claim and issued a written judgment. However, the claimant has filed an appeal against the judgment of which the Court has dismissed the claims. The claimant has filed a second appeal to the Supreme Court on 30 July 2010. The outcome of the second appeal is expected to be given by the end of 2013. Based on available information and on the legal advice received, the Directors are of the view that there is a reasonable chance of defending all the above claims and therefore, no provision has been made in the financial statements.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**11. Review of Group Performance**

	<b>Year to date ended</b>		
	<b>31 December</b>		<b>%</b>
	<b>2012</b>	<b>2011</b>	<b>+ / (-)</b>
Revenue	<u>12,886,499</u>	<u>7,453,077</u>	72.9
Plantation	1,357,073	2,114,906	(35.8)
Sugar	312,631	474,713	(34.1)
Downstream	20,514	(512,069)	>100
Manufacturing, logistics and others	342,525	378,368	(9.5)
Others	<u>1,056,226</u>	<u>627,835</u>	68.2
Segment results	3,088,969	3,083,753	0.2
Reconciliation	<u>(1,752,749)</u>	<u>(1,178,966)</u>	
Profit before taxation and before fair value			
changes in LLA liability	1,336,220	1,904,787	(29.8)
Fair value changes in LLA liability	<u>(210,178)</u>	-	
Profit before taxation after fair value			
changes in LLA liability	1,126,042	1,904,787	(40.9)
Zakat	(16,580)	-	
Tax expense	<u>(204,582)</u>	<u>(504,540)</u>	
Profit for the financial year	<u>904,880</u>	<u>1,400,247</u>	(35.4)
Profit attributable to:			
Owners of the Company	805,775	1,327,764	
Non-controlling interests	<u>99,105</u>	<u>72,483</u>	
Profit after tax and non-controlling interests	<u>904,880</u>	<u>1,400,247</u>	(35.4)

**Overall**

Effective 1 January 2012, the business model has changed as per Note 1(a).

The Group's revenue increased by 72.9% to RM12,886.5 million for the year ended 31 December 2012 from RM7,453.1 million for the year ended 31 December 2011. This increase primarily reflects the sales of CPO by the Group beginning on 1 March 2012, which accounted for 53.3% of the total revenue.

Profit before taxation (PBT) and before fair value changes in LLA liability for the year ended 31 December 2012 decreased by 29.8% to RM1,336.2 million, compared to RM1,904.8 million for the year ended 31 December 2011. Profit before taxation including fair value changes in LLA liability amounted to RM1,126.0 million for the year ended 31 December 2012. The Group's Profit after tax (PAT) for the year 31 December 2012 is RM904.9 million, lower by 35.4% from RM1,400.2 million for the year ended 31 December 2011.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
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**11. Review of Group Performance (continued)**

**Overall (continued)**

The profit before taxation margin after fair value changes in LLA liability decreased to 8.7% for the year ended 31 December 2012, compared to 25.6% for the year ended 31 December 2011, primarily reflecting the effects of:

- lower average CPO prices from RM3,218 per MT in 2011 to RM2,843 per MT in 2012,
- drop in FFB production by 251,074MT,
- higher harvesting, replanting and manuring costs,
- decrease in contribution from associates, Tradewinds and FHB by 54% and 32% respectively,
- incurrence of fair value changes in the LLA liability of RM210.2 million, and
- one off charges relating to IPO expenses and share based expenses of RM61.1 million.

**Segment Performance Analysis**

**(a) Plantation**

Plantation segment's revenue increased significantly by 77.7% primarily due to sales of CPO of RM6,866.7 million, which accounted for 53.3% of the total revenue. However, the segment's results fell by 35.8% to RM1,357.1 million in 2012 compared to RM2,114.9 million in 2011 due to lower average CPO prices from RM3,218 per MT in 2011 to RM2,843 per MT in 2012.

The FFB production decreased 4.8% to 4.91 million MT in 2012 from 5.16 million MT in 2011. The results were also affected by the rise in cost of sales which was primarily due to higher harvesting, replanting and manuring costs.

**(b) Sugar**

The Sugar segment registered revenue of RM2,301.3 million, almost at par with the corresponding period in 2011 of RM2,299.6 million. Sales volume decreased by 5% due to decline in demand from certain industrial customers as they can now import refined sugar directly from overseas. The decline was however offset by the increase in Government subsidy.

The profit before taxation margin decreased to 34.1% primarily due to an increase in raw sugar costs as the raw sugar purchase price under the current long-term raw sugar supply contract is higher than the preceding contract which ended in 2011.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
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**11. Review of Group Performance (continued)**

**(c) Downstream**

The Downstream segment's recorded RM20.5 million in terms of profit before tax compared to losses of RM512.1 million incurred in 2011. This was largely due to impairment in property, plant and equipment and goodwill of RM203.6 million taken up by its Canadian businesses in 2011 compared to only RM32.3 million in 2012. The oleochemical business in United States registered strong growth in its profitability in 2012 supported by strong demand for fatty acids and glycerine from its key customers.

Following the improvement in profitability, the impairment of intangible assets amounting to RM23.9 million recorded in 2011 was reversed. Although there has been a turnaround in the overseas companies, the profitability of local palm related businesses within Felda Holdings Berhad was impacted by the disparity in CPO tax duty structure between Indonesia and Malaysia.

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

The Manufacturing, Logistics and Others segment profit decreased by 9.5% for the year ended 31 December 2012. This was primarily due to decrease in R&D income arising from FFB sales underpinned by lower average selling price of FFB, higher manufacturing cost for cocoa and rubber processing.

The decrease was offset with the increase in logistics and others segment as a result of higher transportation income and increase in monthly management levy rate in replanting services.

**(e) Others**

The entities in this segment include investment holding companies and our shared services centre.

The profit contributed by this segment increased by 68.2% for the year primarily due to higher dividend received from FGV Plantation Malaysia in 2012 compared to nil in 2011 and gain on disposal on quoted investments amounting to RM46.6 million in 2012. The increase in profit was partly offset with the IPO expenses and share based payments amounting to RM35.4 million and RM25.7 million respectively.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

	<b>Quarter ended</b>		<b>%</b>
	<b>31 December 2012</b>	<b>30 September 2012</b>	<b>+ / (-)</b>
Revenue	3,858,810	3,771,305	2.3
Plantation	262,252	429,497	(38.9)
Sugar	76,182	70,137	8.6
Downstream	67,429	(17,795)	>100.0
Manufacturing, logistics and others	74,779	93,320	(19.9)
Others	1,003,012	188,263	>100.0
Segment results	1,483,654	763,422	94.3
Reconciliation	(1,284,088)	(349,558)	
Profit before taxation and before fair value changes in LLA liability	199,566	413,864	(51.8)
Fair value changes in LLA liability	25,498	(95,195)	
Profit before taxation after fair value changes in LLA liability	225,064	318,669	(29.4)
Zakat	(15,611)	(969)	
Tax expense	27,591	(93,233)	
Profit for the financial period	237,044	224,467	5.6
Profit attributable to:			
Owners of the Company	179,640	245,602	
Non-controlling interests	57,404	(21,135)	
Profit after tax and non-controlling interests	237,044	224,467	5.6

**Overall**

The Group's revenue increased by 2.3% to RM3,858.8 million in the current quarter compared to RM3,771.3 million in the preceding quarter while the profit before taxation margin after fair value changes in LLA liability of RM225.1 million was 29.4% lower than that of the preceding quarter of RM318.7 million.

The fair value changes in LLA liability improved by RM120.7 million to a positive RM25.5 million due to changes in assumptions as per note 20. The Group's profit after taxation increased by 5.6% compared to preceding quarter due to recognition of deferred tax assets in the current quarter arising the oleochemical business in the United States of RM75.0 million.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
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**12. Material Changes In The Quarterly Results Compared to Preceding Quarter (continued)**

**(a) Plantation**

The Plantation segment's results decreased by 38.9% primarily due to higher purchasing costs of CPO, increased replanting costs of 54.2%, and incurrence of infrastructure expenses in Sabah of RM15.9 million. In addition, previous quarter results was supported by unrealized gain in commodity contracts of RM54.0 million as compared to a loss of RM36 thousand in the current quarter.

**(b) Sugar**

The Sugar segment's result increased by 8.6% primarily due to increase in export sales volume and higher selling price effective 29 September 2012 for the domestic market in the current quarter. In addition, this segment recorded higher sales margin in the current quarter as the company consumed more raw sugar from the market which costs much lower than the raw sugar purchased under the long-term contract.

**(c) Downstream**

The Downstream segment's results improved largely due to better crushing activity recorded in the Canadian subsidiary for the current quarter of 191,812 mt compared to 111,809 mt in the preceding quarter. For Palm business, the sales volume of RBD increased to 415.9 million mt in Q4 2012 compared to 353.5 million mt in Q3 2012 and palm kernel processed increased from 222,567 mt in Q3 2012 to 249,539 mt in Q4 2012.

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

The Manufacturing, Logistics and Others segment profit decreased by 19.9% for the quarter under review mainly from R&D income arising from the sales of FFB which had realised lower sales margin of RM178/mt in Q4 2012 compared to RM323/mt in Q3 2012.

In addition, there were RM7.0 million write down of raw material recorded in Q4 2012 and increase in management fee charged to FGVH. However, the decrease in profits were offset by higher profits in logistics and services companies compared to preceding quarter, due to increase in throughput contribution and increase in management levy rate for replanting services from RM10/acre to RM12/acre starting in October 2012.

**(e) Others**

Increase in others segment by more than 100% was primarily due to higher dividends and management fee received from subsidiaries and associates in current quarter under review.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
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**13. Prospects**

The concerns relating to CPO inventory overhang, uncertain global economic outlook and unpredictable weather patterns continue to plague the industry. January's slight reduction of inventory levels was insufficient to move the market towards a significant uptrend in CPO prices. This has resulted in a wide consensus of future CPO price and continuing volatility in the near future.

Expectations of further reductions in the country's CPO inventory level, increasing demand in the months ahead from major consumer countries taking advantage of the current low prices, should help improve CPO price levels. In addition, the recently announced biodiesel initiatives are encouraging. The potential implementation of Malaysian Government's plans to introduce up to 10% of biodiesel blended petrol in the country by mid-2014 will help boost local demand. Furthermore, the US' re-introduction of the biodiesel tax credit of US\$1 per gallon augurs well for our US operations.

Efforts will be stepped up to ensure our growth plan and targets for cost optimization and productivity enhancements programme for the Plantations segment will be achieved and thus would be expected to be a major earnings growth driver for the Group in 2013. The Group will also continue to focus on key efficiency improvement initiatives. Having exceeded replanting targets in 2012, the Group is confident its replanting efforts will continue as planned for 2013. The Group is also pleased that its mills and estates integration and rationalisation initiatives are producing positive results and are expected to be a major lever to drive value enhancement in the Division. As part of the Group's overseas landbank expansion plan, the Group's subsidiary, PT Citra Niaga, will focus on fulfilling its new planting target of 3,000 ha for 2013 in Kalimantan, Indonesia.

The Group is making encouraging progress towards securing new investments using its IPO proceeds. In an effort to strengthen its investment evaluation process, the Group has adopted a new Investment Policy, which provides clear objectives, robust processes and a framework upon which investment proposals will be evaluated. This Policy is designed to ensure all new investments made are aligned to the Group's long-term vision and goals while ensuring the risk of making a bad investment is minimised.

Given the above, barring unforeseen circumstance, the Board is of the opinion that the Group's performance for the financial year ending 31 December 2013 is expected to be satisfactory.

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

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**15. Operating Profit**

	<b>Year to date ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
Included in operating profit are:		
Amortisation of intangible assets	11,098	5,851
Amortisation of prepaid lease payments	70	70
Depreciation of property, plant and equipment	72,462	103,328
Depreciation of investment properties	793	-
Reversal of impairment of intangible assets	(23,878)	-
Impairment loss of biological assets	12,900	-
Impairment loss of property, plant and equipment	32,300	164,687
Impairment loss of goodwill	-	42,792
Biological assets written off	1,730	4,509
Property, plant and equipment written off	697	1,203
(Gain)/loss on disposal of property, plant and equipment	(1,269)	496
Gain on disposal of investment in subsidiary	-	(68,220)
Fair value changes in LLA	210,178	-
Initial public offering ('IPO') expenses	35,422	-
Share based payments	25,723	-
Net foreign exchange loss/(gain)	<u>2,906</u>	<u>(4,565)</u>

**16. Taxation**

	<b>Quarter ended 31 December</b>		<b>Year to date ended 31 December</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Malaysian income tax</b>				
Current financial year	(1,686)	(97,368)	(224,400)	(518,604)
Prior financial year	<u>859</u>	<u>(1,538)</u>	<u>(3,665)</u>	<u>(3,455)</u>
	(827)	(98,906)	(228,065)	(522,059)
<b>Foreign income tax</b>				
Current financial year	75,080	6,325	55,003	6,325
<b>Deferred tax</b>	<u>(46,662)</u>	<u>1,148</u>	<u>(31,520)</u>	<u>11,194</u>
	<u>27,591</u>	<u>(91,433)</u>	<u>(204,582)</u>	<u>(504,540)</u>

The effective tax rate of 18% for the year ended 31 December 2012 is lower than the Malaysian income tax rate of 25% due to recognition of deferred tax assets arising from recognition of Net Operating Losses in the oleochemical business in United States amounting to RM75.0 million.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**17. Status of Corporate Proposals**

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

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

Total share issuance expenses amounted RM223.8 million. This consists of share issuance expenses related to the IPO exercise of RM107.3 million and other IPO related expenses of RM116.5 million.

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

Share issuance expenses related to the new shares was charged against the share premium account.

Other IPO related expenses are related to the issuance of the Prospectus and related assignments which are not directly attributable to share issuance costs. This amount has been recognised in the income statement. A portion of the IPO related expenses amounting to RM52.4 million has been borne by the selling shareholder.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**17. Status of Corporate Proposals (continued)**

**(b) Utilisation of IPO Proceeds**

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

Details of Use of Proceeds	Estimated Timeframe for Utilisation Upon Listing	RM '000	Amount utilised as at 31 December 2012 RM'000	Balance of IPO proceeds as at 31 December 2012 RM'000
Acquisition of plantation assets	within 3 years	2,190,000	-	2,190,000
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	-	840,000
Construction or acquisitions of mills and refineries	within 3 years	780,000	-	780,000
Loan repayment for our overseas operation	within 6 months	260,000	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	(59,330)	40,670
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>(608,330)</b>	<b>3,850,670</b>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**18. Borrowings**

<u>Long-term borrowings</u>	<b>As at 31 December 2012</b>		<b>Total</b>
	<b>Secured</b>	<b>Unsecured</b>	
Term loan-significant shareholder	-	1,620,714	1,620,714
Term loan-financial institution	509	-	509
	<u>509</u>	<u>1,620,714</u>	<u>1,621,223</u>
 <u>Short-term borrowings</u>			
Revolving credit	-	-	-
Term loan-significant shareholder	-	219,802	219,802
Term loan-financial institution	38,160	-	38,160
Bankers acceptances	100,000	461,000	561,000
	<u>138,160</u>	<u>680,802</u>	<u>818,962</u>
Total borrowings	<u>138,669</u>	<u>2,301,516</u>	<u>2,440,185</u>

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

Ringgit Malaysia	2,401,516
United States Dollar	37,766
Canadian Dollar	903
Total borrowings	<u>2,440,185</u>

Certain borrowings are secured by fixed deposits pledged to a financial institution and a letter of credit from a significant shareholder, FELDA.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**19. Derivative Financial Instruments**

FGVH uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contract/notional amount and fair values of these derivatives as at 31 December 2012 are as follows:

	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
		<b>Assets</b>	<b>Liabilities</b>
Foreign currency forward contracts	326,905	969	127
Sugar future contracts	13,359	561	-
Palm oil future contracts	74,808	3,659	1,541
	<u>415,072</u>	<u>5,189</u>	<u>1,668</u>

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2011 except for palm oil future contracts.

Palm oil future contracts entered with the Malaysia Commodity Exchange Market exposes FGVH to credit risk and cash flow risk for the initial margin as this amount may be irrecoverable in the event of unfavorable CPO price movements. Movements in future contract prices will substantially impact the plantation segment. To manage credit risk, FGVH strictly adheres to prescribed limits on net positions and undertakes appropriate risk assessment of counterparties. The total market exposure risk of the said derivatives are as disclosed above. All palm oil future contracts are denominated in Ringgit Malaysia.

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

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

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

Fair value changes for the 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 an annual basis.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**21. Realised and Unrealised Profits or Losses**

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

	<b>As at 31 December 2012</b>
Total retained earnings of the Company and its subsidiaries	
- realised	15,378
- unrealised	136,173
	<hr/> 151,551
Total share of retained earnings from jointly controlled entities	
- realised	(97,359)
- unrealised	7,841
	<hr/> (89,518)
Total share of retained earnings from associates	
- realised	2,146,019
- unrealised	(93,714)
	<hr/> 2,052,305
Less: consolidation adjustments	(921,709)
Total retained earnings of FGVH	<hr/> <hr/> 1,192,629

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 – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

**22. Earnings Per Share**

(a) Basic earnings per share

	<b>Quarter Ended 31 December</b>		<b>Year to date ended 31 December</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Basic earnings per share are computed as follows:				
Profit for the year attributable to Owners of the Company (RM'000)	<u>179,640</u>	<u>279,140</u>	<u>805,775</u>	<u>1,327,764</u>
Weighted average number of ordinary shares in issue (thousands)	2,829,538	1,767,612	2,829,538	1,767,612
Basic earnings per share (sen)	<u>6.3</u>	<u>15.8</u>	<u>28.5</u>	<u>75.1</u>

(b) Diluted earnings per share

	<b>Quarter Ended 31 December</b>		<b>Year to date ended 31 December</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Diluted earnings per share are computed as follows:				
Profit for the year attributable to Owners of the Company (RM'000)	<u>179,640</u>	<u>279,140</u>	<u>805,775</u>	<u>1,327,764</u>
Weighted average number of ordinary shares in issue (thousands)	2,829,538	1,767,612	2,829,538	1,767,612
Adjustment for: Assumed conversion of RCPS/RCCPS (thousands)	<u>-</u>	<u>1,004,908</u>	<u>-</u>	<u>1,004,908</u>
Weighted average number of ordinary shares (thousands)	<u>2,829,538</u>	<u>2,772,520</u>	<u>2,829,538</u>	<u>2,772,520</u>
Diluted earnings per share (sen)	<u>6.3</u>	<u>10.1</u>	<u>28.5</u>	<u>47.9</u>



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 31 December 2012 (continued)**  
**Amounts in RM thousand unless otherwise stated**

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

On 29 January 2013, pursuant to the Board's approval, FGVH announced its acceptance of the Voluntary General Offer ('VGO') for Tradewinds (M) Berhad for a cash offer price of RM9.30 per offer share. The rationale for the proposed acceptance of the offer is as follows:

- (i) FGVH will realise an attractive return on investment as the offer price is RM9.30 per share as compared to the original investment made in Tradewinds at RM3.50 per share within an investment period of three years;
- (ii) FGVH will have minimal influence over the future strategic direction of Tradewinds given that FGVH only owns a minority stake; and
- (iii) The Proposed Acceptance of Offer represents an opportunity to utilise the proceeds for business expansion and working capital.

**24. Restatement of comparatives due to the LLA**

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

	<b>As previously reported</b>	<b>Impact of predecessor accounting</b>	<b>As restated</b>
Statement of financial position as at 31 December 2011			
Property, plant & equipment	1,001,764	695,262	1,697,026
Biological assets	622	1,858,220	1,858,842
Inventories	406,629	57,488	464,117
Receivables	395,478	8,102	403,580
Cash and bank	1,777,824	306	1,778,130
Payables	121,015	123,969	244,984
Amount due to other related companies	87,905	129,793	199,733
Reorganisation reserve	-	2,347,742	2,347,742
Provision for defined benefit plan	492	17,965	18,457
Deferred tax liabilities	136,908	17,874	154,782

By Order of the Board

Ida Suryati Ab. Rahim  
Company Secretary

25 February 2013