



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

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 30 September 2012**



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

**QUARTERLY REPORT**

**On consolidated results for the third quarter ended 30 September 2012**

The Directors are pleased to announce the following:

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

	Note	Quarter ended 30 September			Year to date ended 30 September		
		2012	2011	% + / (-)	2012	2011	% + / (-)
Revenue		3,771,305	1,877,226	>100.0	9,027,689	5,577,157	61.9
Cost of sales		(3,357,215)	(1,388,400)		(7,759,192)	(3,924,297)	
<b>Gross profit</b>		414,090	488,826	(15.3)	1,268,497	1,652,860	(23.3)
Other operating income		2,675	67,432		7,558	72,705	
Selling and distribution costs		(34,747)	(42,236)		(96,832)	(124,572)	
Administrative expenses		(51,386)	(39,830)		(180,138)	(149,412)	
Other operating expenses		(1,707)	(4,811)		(4,285)	(50,933)	
Other gains/(losses)-net		40,855	(8,693)		44,833	7,995	
Fair value changes in Land Lease Agreement ('LLA') liability		(95,195)	-		(235,676)	-	
<b>Operating profit</b>	15	274,585	460,688	(40.4)	803,957	1,408,643	(42.9)
Finance income		43,035	19,320		67,160	31,048	
Finance costs		(32,236)	(39,434)		(96,179)	(97,609)	
Finance costs-net		10,799	(20,114)		(29,019)	(66,561)	
Share of results from associates		59,381	119,913		167,012	193,430	
Share of results from jointly controlled entities		(26,096)	(15,840)		(40,972)	(38,893)	
<b>Profit before zakat and taxation</b>		318,669	544,647	(41.5)	900,978	1,496,619	(39.8)
Zakat		(969)	-		(969)	-	
Taxation	16	(93,233)	(110,705)		(232,173)	(413,107)	
<b>Profit for the financial period</b>		224,467	433,942	(48.3)	667,836	1,083,512	(38.4)
<b>Profit attributable to:</b>							
-Owners of the Company		245,602	410,266	(40.1)	626,135	1,048,624	(40.3)
-Non-controlling interests		(21,135)	23,676	<100.0	41,701	34,888	19.5
<b>Profit for the financial period</b>		224,467	433,942	(48.3)	667,836	1,083,512	(38.4)
Earnings per share for profit attributable to the the owners of the Company:							
Basic (sen)	22	6.7	23.2		17.2	59.3	
Diluted (sen)	22	6.7	14.8		17.2	37.8	



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 30 September 2012 (continued)**

**Unaudited Condensed Consolidated Statement of Comprehensive Income (continued)**

Amounts in RM thousand unless otherwise stated

	Note	Quarter ended 30 September		%	Year to date ended 30 September		%
		2012	2011	+ / (-)	2012	2011	+ / (-)
<b>Profit for the period</b>		224,467	433,942	(48.3)	667,836	1,083,512	(38.4)
<b>Other comprehensive (loss)/income</b>							
Share of other comprehensive (loss)/income of associates		(26,704)	1,339		(14,705)	10,950	
Share of other comprehensive gain/(loss) of jointly controlled entities		5,081	1,197		(12,191)	140	
Currency translation differences		(10,852)	5,203		(10,168)	(16,688)	
Other comprehensive (loss)/income for the financial period, net of tax		<u>(32,475)</u>	<u>7,739</u>		<u>(37,064)</u>	<u>(5,598)</u>	
<b>Total comprehensive income for the period</b>		<u>191,992</u>	<u>441,681</u>	(56.5)	<u>630,772</u>	<u>1,077,914</u>	(41.5)
<b>Total comprehensive income attributable to:</b>							
- Owners of the Company		213,127	417,895		589,071	1,043,026	
- Non-controlling interests		<u>(21,135)</u>	<u>23,786</u>		<u>41,701</u>	<u>34,888</u>	
<b>Total comprehensive income for the financial period</b>		<u>191,992</u>	<u>441,681</u>	(56.5)	<u>630,772</u>	<u>1,077,914</u>	(41.5)

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 30 September 2012 (continued)**

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

	Note	Unaudited As at 30 September 2012	Audited As at 31 December 2011 (restated)
<b><u>Non-current assets</u></b>			
Property, plant and equipment		1,740,715	1,697,026
Goodwill and intangible assets		684,458	662,686
Interests in associates		2,526,025	2,388,197
Interests in jointly controlled entities		310,390	349,353
Biological assets		1,870,303	1,858,842
Prepaid lease payments		733	786
Loan due from other related company		18,114	17,090
Amounts due from jointly controlled entity		76,198	45,520
Deferred tax assets		1,509,281	41,998
		<u>8,736,217</u>	<u>7,061,498</u>
<b><u>Current assets</u></b>			
Inventories		426,383	464,117
Biological assets		-	11,198
Receivables		542,110	403,580
Amounts due from other related companies		1,113,897	4,118
Amount due from ultimate holding body		34,306	-
Amounts due from an associate		4,887	-
Tax recoverable		26,258	21,729
Loan due from other related company		10,460	10,836
Derivative financial assets	19	54,700	2,842
Cash and cash equivalents		5,609,883	1,778,130
		<u>7,822,884</u>	<u>2,696,550</u>
Asset held for sale		<u>3,143</u>	-
<b>Total assets</b>		<u>16,562,244</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 exchanges reserve		(79,419)	(60,608)
Reorganisation reserve		(2,088,969)	2,347,742
Other reserves		58,821	68,188
Retained earnings		1,018,142	601,541
<b>Equity attributable to owners of the Company</b>		<u>5,928,412</u>	<u>5,615,263</u>
Non-controlling interests		827,172	823,362
<b>Total equity</b>		<u>6,755,584</u>	<u>6,438,625</u>



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

**QUARTERLY REPORT (CONTINUED)**

**On consolidated results for the third quarter ended 30 September 2012 (continued)**

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

	Note	Unaudited As at 30 September 2012	Audited As at 31 December 2011 (restated)
<b><u>Non-current liabilities</u></b>			
Borrowings	18	553	40,518
Loan due to ultimate holding body	18	1,727,857	1,835,000
LLA liability		5,208,690	-
Provision for liabilities		4,466	7,398
Provision for defined benefit plan		18,175	492
Deferred tax liabilities		150,943	154,782
		<u>7,110,684</u>	<u>2,038,190</u>
<b><u>Current liabilities</u></b>			
Payables		287,183	244,984
Loan due to ultimate holding body	18	126,884	5,448
Amount due to an associate		881	21
Amount due to jointly controlled entity		-	35,092
Amounts due to other related companies		1,009,379	217,698
Borrowings	18	362,409	761,974
Derivative financial instruments	19	1,886	-
Provision for other liabilities		310	1,738
LLA liability		587,969	-
Current tax liabilities		118,427	14,278
Dividend payables		200,648	-
		<u>2,695,976</u>	<u>1,281,233</u>
<b>Total liabilities</b>		<u>9,806,660</u>	<u>3,319,423</u>
<b>Total equity and liabilities</b>		<u>16,562,244</u>	<u>9,758,048</u>
		<b>As at 30 September 2012</b>	<b>As at 31 December 2011</b>
Net assets per share attributable to owners of the Company		<u>1.63</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**

**Third quarter ended  
30 September 2012**

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
At 1 January 2012 (Audited)	1,767,612	9,005	881,783	(60,608)	-	33,526	1,047	33,615	6,01,541	3,267,521	823,362	4,090,883
Effects of acquisition of Plantation Estates	-	-	-	-	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	6,01,541	5,615,263	823,362	6,438,625
Effects of LLA and LLA Addendum	-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
Total transactions with owner	-	-	-	-	(4,436,711)	-	-	-	-	(4,436,711)	-	(4,436,711)
Profit for the financial period	-	-	-	-	-	-	-	-	626,135	626,135	41,701	667,836
Other comprehensive income for the financial period, net of tax:	-	-	-	-	-	-	-	-	-	-	-	-
- currency translation differences	-	-	-	(10,168)	-	-	-	-	-	(10,168)	-	(10,168)
- share of other comprehensive income of associates	-	-	-	(1,529)	-	(13,295)	-	-	119	(14,705)	-	(14,705)
- share of other comprehensive income of jointly controlled entities	-	-	-	(7,114)	-	(5,077)	-	-	-	(12,191)	-	(12,191)
Total comprehensive income for the financial period	-	-	-	(18,811)	-	(18,372)	-	-	119	(37,064)	-	(37,064)
Issuance of shares	1,880,540*	(9,005)	3,479,000	-	-	-	-	-	626,254	5,89,071	41,701	630,772
Conversion of preference shares	-	(9,005)	(881,783)	-	-	-	9,005	-	(9,005)	5,359,540	-	5,359,540
Share issue expenses	-	-	(107,315)	-	-	-	-	-	-	(890,788)	-	(890,788)
Dividends paid (interim)	-	-	-	-	-	-	-	-	-	(107,315)	-	(107,315)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(200,648)	(200,648)	-	(200,648)
Total transactions with owner	1,880,540	(9,005)	2,489,902	-	-	-	9,005	-	(209,653)	4,160,789	(37,891)	4,122,898
At 30 September 2012	3,648,152	-	3,371,685	(79,419)	(2,088,969)	15,154	10,052	33,615	1,018,142	5,928,412	827,172	6,755,584

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



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

**QUARTERLY REPORT (CONTINUED)**

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

Note	Share capital	Redeemable preference shares	Share premium	Foreign exchange reserve	Re-organisation reserve	Available for sale reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Third quarter ended 30 September 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
Profit for the financial period	-	-	-	-	1,043,991	-	-	-	4,633	1,048,624	34,888	1,083,512
Other comprehensive income for the financial period, net of tax :												
- currency translation differences	-	-	-	(16,688)	-	-	-	-	-	(16,688)	-	(16,688)
- share of other comprehensive income of associates	-	-	-	(592)	-	11,542	-	-	-	10,950	-	10,950
- share of other comprehensive income of jointly controlled entities	-	-	-	6,244	-	(6,546)	-	455	(13)	140	-	140
Total comprehensive income for the financial period	-	-	-	(11,036)	-	4,996	-	455	(13)	(5,598)	-	(5,598)
Disposal of preference shares	-	-	-	(11,036)	1,043,991	4,996	-	455	4,620	1,043,026	34,888	1,077,914
Capital contribution to FELDA	-	(1,047)	(102,559)	776	-	-	1,047	-	(1,047)	(103,606)	-	(103,606)
Accretion of interest in subsidiaries	-	-	-	-	(1,028,567)	-	-	-	-	776	945	1,721
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	(7,594)	(1,028,567)	-	(1,028,567)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	356,242	356,242	737,313	1,093,555
Total transactions with owner	-	(1,047)	(102,559)	776	(1,028,567)	-	1,047	-	347,601	(782,749)	733,100	(49,649)
At 30 September 2011	1,767,612	9,005	881,783	(68,294)	2,416,208	22,897	1,047	33,798	554,710	5,618,766	813,323	6,432,089

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

	<b>Year to date ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the financial period</b>	667,836	1,083,512
Adjustments for non-cash items	397,154	538,736
<b>Operating profit before working capital changes</b>	1,064,990	1,622,248
Changes in working capital	(506,619)	(1,988)
<b>Cash generated from operations</b>	558,371	1,620,260
Finance income received	55,992	28,989
Taxation paid	(149,894)	(434,069)
Zakat paid	(1,292)	-
Retirement benefits paid	(283)	(561)
<b>Net cash generated from operating activities</b>	462,894	1,214,619
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(119,565)	(112,346)
Purchase of biological assets	(7,419)	-
Increase of investment in jointly controlled entity	(16,015)	-
Accretion of interest in subsidiaries	-	(3,826)
Net cash out flow from disposal of subsidiaries	-	(12,325)
Acquisition of intangible assets	(26,451)	-
Payment for asset retirement obligation	-	(20)
Proceeds from disposal of property, plant and equipment	3,966	128
Proceeds from disposal of subsidiaries	-	1,160,505
Dividend received from associates	12,936	17,788
<b>Net cash (used in)/ generated from investing activities</b>	(152,548)	1,049,904



**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>30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	316,679	190,335
Repayment of borrowings	(758,908)	(290,000)
Net proceeds from bankers acceptances	2,700	114,300
Repayment of LLA liability	(281,711)	-
Payment for capital lease	-	(461)
Finance costs paid	(63,662)	(78,306)
Net capital contribution to FELDA	-	(1,028,566)
Dividend paid to non-controlling interest	(37,891)	(8,925)
Proceeds from issuance of shares, net of issuance expenses	4,351,685	-
Decrease in fixed deposits pledged for bank guarantee	320,593	-
<b>Net cash generated from/(used in) financing activities</b>	<b>3,849,485</b>	<b>(1,101,623)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,159,831</b>	<b>1,162,900</b>
Effect of foreign exchange rate changes	(7,483)	(13,810)
Cash and cash equivalents at beginning of the financial period	1,457,483	417,033
<b>Cash and cash equivalents at end of the financial period</b>	<b>5,609,831</b>	<b>1,566,123</b>
For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:		
Bank balances, deposits and cash	5,609,883	1,600,569
Fixed deposits pledged	(52)	(34,446)
Cash and cash equivalents at end of the period	5,609,831	1,566,123

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



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

**QUARTERLY REPORT (CONTINUED)**

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

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

(a) General (continued)

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

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

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

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

The acquisition of plantation estates resulted in a difference between the purchase consideration and total net assets acquired amounting to RM2,089.0 million, which was 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 period ended 30 September 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 – 30 September 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 30 September 2011</b>
Revenue	2,503,942
Cost of sales	<u>(1,038,442)</u>
Gross profit	1,465,500
Other operating income	3,099
Administrative expenses	(72,102)
Other operating expenses	(4,509)
Taxation	<u>(347,997)</u>
Profit for the financial period	<u>1,043,991</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 ultimate holding body	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 – 30 September 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 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 – 30 September 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. Upon adoption of Revised FRS 119, FGVH will no longer apply the corridor approach as an accounting policy.

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) 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 – 30 September 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 – 30 September 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 – 30 September 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.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

(e) FRSS applicable from 2015

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

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

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

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

The financial impact of these FRSS is pending assessment by the Directors.

(f) Interpretation issued but withdrawn subsequently

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

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

**2. Seasonal or Cyclical Factors**

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. Oils and fats products globally 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 – 30 September 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 FGVP, 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 FGVP as well as other sources of supply, to FGVP. The basis of the price of the delivered CPO shall apply the same principle used to derive FFB price. FFB supplied to FPISB by FGVP 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 December 2012, FGVP 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 FGVP. In respect of these CPO sales, FGVP recognises the costs relating to the production of FFB, including replanting, harvesting and cultivation, as cost of sales.

In addition to the revenue FGVP recognises from the sale of CPO that FPISB produces using the FFB that FGVP supplies to it, FGVP 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 – 30 September 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 nine months ended 30 September 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**

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

**5. Dividend**

The Directors declared an 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 was paid on 22 October 2012.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 – 30 September 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 period is as follows:

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Others	Reconciliation	Total
<b>Year to date ended 30 September 2012</b>							
Total segment revenue	14,606,435	5,992,376	1,694,038	2,747,897	117,236	(16,130,293)	9,027,689
Less : Inter-segment revenue	(2,091,897)	(181,273)	(4,847)	(392,727)	(38,796)	2,709,540	-
Revenue from external customers	12,514,538	5,811,103	1,689,191	2,355,170	78,440	(13,420,753)	9,027,689
Finance income	7,349	5,842	22,019	13,658	37,617	(19,325)	67,160
Finance costs	(5,171)	(16,215)	(5,939)	(9,694)	(83,448)	24,288	(96,179)
Depreciation and amortisation	(83,322)	(32,812)	(34,844)	(54,722)	(912)	126,481	(80,131)
Share of results of jointly controlled entities	(2,536)	(38,436)	-	-	-	-	(40,972)
Share of results of associates	36,841	-	-	-	-	130,171	167,012
Profit/(loss) before taxation for the financial period	1,094,821	(46,915)	236,449	267,746	53,214	(704,337)	900,978
The analysis of external revenue by segment :							
FGVH and its subsidiaries	6,704,997	617,437	1,689,191	-	16,064	-	9,027,689
Associates - FHB	5,809,541	5,193,666	-	2,355,170	62,376	(13,420,753)	-
Revenue from external customers	12,514,538	5,811,103	1,689,191	2,355,170	78,440	(13,420,753)	9,027,689
The analysis of profit before taxation by segment:							
FGVH and its subsidiaries	926,885	(19,423)	236,449	-	(137,142)	(235,962)	770,807
Associates – FHB	167,936	(27,492)	-	267,746	190,356	(468,375)	130,171
Profit/(loss) before taxation	1,094,821	(46,915)	236,449	267,746	53,214	(704,337)	900,978



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 period is as follows:  
(continued)

**Year to date ended 30 September 2011**

	Plantation	Downstream	Sugar	Manufacturing, logistics and others	Others	Reconciliation	Total
Total segment revenue	11,620,336	8,050,160	1,721,155	3,212,500	52,004	(19,078,998)	5,577,157
Less : Inter-segment revenue	(4,239,133)	(233,688)	(31,140)	(414,341)	(39,913)	4,958,215	-
Revenue from external customers	7,381,203	7,816,472	1,690,015	2,798,159	12,091	(14,120,783)	5,577,157
Finance income	4,898	9,279	15,029	7,614	8,386	(14,158)	31,048
Finance costs	(7,553)	(17,803)	(10,041)	(12,036)	(81,549)	31,373	(97,609)
Depreciation and amortisation	(27,248)	(35,415)	(23,987)	(39,239)	(217)	41,613	(84,493)
Share of results of jointly controlled entities	4	(38,897)	-	-	-	-	(38,893)
Share of results of associates	75,912	-	-	-	-	117,518	193,430
Profit/(loss) before taxation for the financial period	1,655,533	(67,447)	302,420	264,089	130,872	(788,848)	1,496,619
The analysis of external revenue by segment :							
FGVH and its subsidiaries	2,503,942	1,374,344	1,690,015	-	8,856	-	5,577,157
Associates - FHB	4,877,261	6,442,128	-	2,798,159	3,235	(14,120,783)	-
Revenue from external customers	7,381,203	7,816,472	1,690,015	2,798,159	12,091	(14,120,783)	5,577,157
The analysis of profit before taxation by segment:							
FGVH and its subsidiaries	1,389,781	(50,388)	302,420	-	(5,659)	(257,053)	1,379,101
Associates - FHB	265,752	(17,059)	-	264,089	136,531	(531,795)	117,518
Profit/(loss) before taxation	1,655,533	(67,447)	302,420	264,089	130,872	(788,848)	1,496,619



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2012</b>	<b>As at 31 December 2011</b>
Property, plant and equipment:		
- contracted	121,896	20,105
- not contracted	<u>158,228</u>	<u>85,161</u>
	<u>280,124</u>	<u>105,266</u>
Biological assets:		
- contracted	5,271	-
- not contracted	<u>38,439</u>	<u>-</u>
	<u>43,710</u>	<u>-</u>

**8. Significant Related Party Transactions**

(I) Related party transactions during the year to date ended 30 September 2012 and 30 September 2011 are as follows:

a. Sales of goods and services

	<b>Year to date ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>(i) Transactions with jointly controlled entities</b>		
Tolling fees income from Bunge ETGO	40,408	-
Sales of Crude Palm Oil ('CPO') by FGVP to Felda Iffco Sdn. Bhd. Group (FISB)	1,111,556	-
Interest income earned from Felda Iffco, Inc	1,634	2,059
<b>(ii) Transactions with an associate</b>		
Management fees charged to Felda Holdings Bhd ('FHB')	7,300	162
Dividend received by FGVH from FHB	-	62,088
Dividend received by FGVH from Tradewinds	14,824	23,718



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2012 and 30 September 2011 are as follows (continued):

a. Sales of goods and services (continued)

	<b>Year to date ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>(iii) Transactions with subsidiaries of FHB</b>		
Sales of fresh fruit bunches ('FFB') by FGVPM to FPISB	2,359,684	2,394,632
Sales of cup lumps and latex by FGVPM to Felda Rubber Industries Sdn. Bhd. ('FRISB')	48,892	62,206
Sales of CPO by FGVPM to Felda Vegetable Oil Sdn. Bhd. ('FVOP') and Delima Oil Products Sdn. Bhd. ('DOP')	1,629,712	-
Sales of palm kernel ('PK') by FGVPM to Felda Kernel Products Sdn. Bhd. ('FKPSB')	121,455	-
Management fees charged	8,045	2,232

b. Purchase of goods and services

	<b>Year to date ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>(i) Transactions with an associate</b>		
Management fees charged by FHB	14,021	1,326



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2012 and 30 September 2011 are as follows (continued):

b. Purchase of goods and services (continued)

	<b>Year to date ended 30 September</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')	199,602	282,813
Purchase of fertilizer by FGVPM, KGFP and FGVP from FPM Sdn. Bhd. ('FPM') and Felda Agricultural Services Sdn. Bhd. ('FASSB')	306,523	269,459
Purchase of CPO by FGVPM from FPISB	3,494,343	-
Purchase of IT services from Felda Prodata Services Sdn. Bhd. ('FPSSB')	17,737	5,639
Purchase of marketing services from Felda Marketing Services Sdn. Bhd. ('FMSSB')	5,379	-
Transportation services rendered by Felda Transport Services Sdn. Bhd. ('FTSSB')	2,465	744
Purchase of security services from Felda Security Services Sdn. Bhd. ('FSSSB')	34,791	32,660
Purchase of travel services from Felda Travel Sdn. Bhd. ('Felda Travel')	7,196	4,142
Engineering works rendered by Felda Engineering Services Sdn. Bhd. ('FESSB')	1,592	893
Packed products purchased from Delima Oil Products Sdn Bhd ('DOPSB')	27	-



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2012 and 30 September 2011 are as follows (continued):
- b. Purchase of goods and services (continued)

	<b>Year to date ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
<b>(ii) Transactions between subsidiaries and FELDA</b>		
Building rental charges by FELDA	1,301	194
Interest expense charged by FELDA	67,021	67,054
Repayment of LLA Liability by FGVPM to FELDA	281,711	-
<b>(iv) Key management compensation</b>		
Short term employee benefit	15,996	6,181
Defined contribution retirement plan	2,708	994

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

- (i) On 2 July 2012, Felda Global Ventures North America Sdn. Bhd. completed the conversion of subordinated debts owed by Twin Rivers Technologies Holdings Enterprises de Transformation de Graines Oleagineuses Inc ('TRT Holdings ETGO') of CAD150.44 million into equity.
- (ii) On 25 September 2012, FGVH acquired the entire issued and paid up share capital of Rias Simfoni Sdn Bhd, a company incorporated in Malaysia, for a cash consideration of RM2. The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1 each of which 2 ordinary shares of RM1 each have been issued and fully paid. On 10 October 2012, the company changed its name to Felda Global Ventures Research & Development Sdn Bhd ('FGV R&D').



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

### **QUARTERLY REPORT (CONTINUED)**

#### **Explanatory Notes on the Quarterly Report – 30 September 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. To date, the case is on-going and a new mention date on 29 August 2012 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 Serting Scheme and 252 settlers of Felda Gugusan Raja Alias Scheme in Jempol, Negeri Sembilan for alleged fraud and manipulation of the extraction rate for palm oil. The claim amounted to RM15.4 million for year 2008 only. FPISB filed Pleading and Statement of Defence ('SOD') in the Seremban High Court on 22 December 2011 together with confirmation of documents which was filed by the Plaintiffs. The Seremban High Court has now 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 highlighted to Court that the application 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 fixed another case management on 6<sup>th</sup> December 2012. The Court also 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 Court reserved trial dates from 29<sup>th</sup> January 2013 till 1<sup>st</sup> February 2013.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 has on 19 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with cost on the cause. The Court reserved trial dates from 29<sup>th</sup> January 2013 till 1<sup>st</sup> February 2013.
  - (v) On 20 September 2011, FPISB and FELDA were sued by 550 settlers of Gugusan Bera for alleged fraud and manipulation of the extraction rate of palm oil. The plaintiffs are claiming for a share from the sale of kernel, burn ash and sludge oil which was derived from their FFB consignments sold to FPISB's mills. The claim amounted to RM19.2 million for year 2008 only. FPISB has filed Memorandum of Appearance in High Court on 15 November, a SOD on 3 January 2012 and have also filed an application to Strike-Out Ground on Plaintiffs' claims on 25 January 2012. The Court has on 19 April 2012 allowed order in terms for application by FELDA and FPISB to strike out 20 Plaintiffs with cost on the cause. The Court reserved trial dates from 29<sup>th</sup> January 2013 till 1<sup>st</sup> February 2013.
  - (vi) On 10 May 2012, FPISB and FELDA were sued by 770 settlers of Rancangan Felda Chini 1 to 5 and Rancangan Felda Chini Timur 1 to 3 in Pahang for alleged fraud and manipulation of the extraction rate of palm oil. The claim amounted to RM24.8 million for year 2008 only. FPISB has file Memorandum of Appearance in High Court on 16 May 2012. The case is fixed for first Case Management on 21 May 2012 and SOD on 18<sup>th</sup> June 2012. The Court now fixed 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.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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. FPISB has filed Memorandum of Appearance in High Court on 26<sup>th</sup> June 2012. Defence was filed on 17<sup>th</sup> July 2012. The Court fixed the matter for final case management on 10<sup>th</sup> January 2013 for compliance of all directions and for fixing of trial dates.

(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 21st Defendant with cost payable to Bernas but dismissed Bernas' Application to strike out the 2nd to 12 Defendants on 3 September 2007. On 3 March 2008, the Court dismissed Bernas' Application to strike out the 2nd to 12th Defendants from being the party to the suit. Bernas' solicitors had on 17 April 2008, filed Statements of Defence for the 2nd to 12th Defendants 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. The Court has fixed 6 December 2012 for hearing of the Plaintiffs' claim against Bernas.



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

**QUARTERLY REPORT (CONTINUED)**

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

**11. Review of Group Performance**

	<b>Year to date ended 30 September</b>		<b>% + / (-)</b>
	<b>2012</b>	<b>2011</b>	
Revenue	<u>9,027,689</u>	<u>5,577,157</u>	61.9
Plantation	1,094,821	1,655,533	(33.9)
Sugar	236,449	302,420	(21.8)
Downstream	(46,915)	(67,447)	30.4
Manufacturing, logistics and others	267,746	264,089	1.4
Others	<u>53,214</u>	<u>130,872</u>	(59.3)
Segment results	1,605,315	2,285,467	(29.8)
Reconciliation	<u>(468,661)</u>	<u>(788,848)</u>	
Profit before taxation and before fair value			
changes in LLA liability	1,136,654	1,496,619	(24.1)
Fair value changes in LLA liability	<u>(235,676)</u>	-	
Profit before taxation after fair value			
changes in LLA liability	900,978	1,496,619	(39.8)
Zakat	(969)	-	
Tax expense	<u>(232,173)</u>	<u>(413,107)</u>	
Profit for the financial period	<u>667,836</u>	<u>1,083,512</u>	(38.4)
Profit attributable to:			
Owners of the Company	626,135	1,048,624	
Non-controlling interests	<u>41,701</u>	<u>34,888</u>	
Profit after tax and non-controlling interests	<u>667,836</u>	<u>1,083,512</u>	(38.4)

**Overall**

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

The Group's revenue increased by 61.9% to RM9,027.7 million for the third quarter ended 30 September 2012 from RM5,577.2 million for the third quarter ended 30 September 2011. This increase primarily reflects the sales of CPO by the Group beginning on 1 March 2012, which accounted for 51.8% of the total revenue.

Profit before taxation (PBT) and before fair value changes in LLA liability for the third quarter ended 30 September 2012 decreased by 24.1% to RM1,136.7 million, compared to RM1,496.6 million for the corresponding period in 2011. Profit before taxation including fair value changes in LLA liability decreased to RM901.0 million for the third quarter ended 30 September 2012.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

**Overall (continued)**

The profit before taxation after fair value changes in LLA liability margin decreased to 10.0% for the third quarter ended 30 September 2012, compared to 26.8% for the corresponding period in 2011, primarily reflecting the followings:

- lower CPO prices from RM3,330 per MT in 2011 to RM3,107 per MT in 2012,
- drop in FFB production by 365,326 MT,
- decrease in contribution from associates of 13.7%,
- incurrence of fair value changes in the LLA liability of RM235.7 million, and
- one off charges relating to IPO expenses of RM41.5 million.

**Segment**

**(a) Plantation**

Plantation segment's revenue increased significantly by 69.5% primarily due to sales of CPO of RM4,675.6 million, which accounted for 51.8% of the total revenue. However, the segment's results fell by 33.9% to RM1,094.8 million in 2012 compared to RM1,655.5 million in 2011 due to lower average CPO prices from RM3,330 per MT in 2011 to RM3,107 per MT in 2012 whilst FFB production decreased to 3.47 million MT in 2012 from 3.83 million MT in 2011.

**(b) Sugar**

The Sugar segment registered revenue of RM1,689.2 million, about the same as the corresponding period in 2011 of RM1,690.0 million. The sales volume decreased by 7% due to decline in demand from industrial customers as they can now import refined sugar from overseas, but were offset by the increase in selling price of refined sugar and Government subsidy.

The profit before taxation margin decreased to 21.8% primarily due to an increase in raw sugar costs. The raw sugar purchase price under the current long-term raw sugar supply contract is higher than the preceding contract which was in effect in 2011.



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

**QUARTERLY REPORT (CONTINUED)**

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

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

**(c)Downstream**

Overall, the Downstream Segment improved largely due to the turnaround of TRT ETGO following the commencement of the tolling agreement with Bunge ETGO.

However, the profitability of Downstream associate companies within FHB suffered during the period due to the Indonesian tax structure as well as the strengthening of the Ringgit Malaysia against US Dollar

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

The Manufacturing, Logistics and Others segment profit increased by 1.4% for the third quarter ended 30 September 2012 primarily due to increase in fertiliser sales prices and sales volumes which contributed to higher margins as compared to the corresponding period in 2011. Logistics and transportations services recorded higher profits as throughput charges per mt increased in 2012.

**(e)Others**

The profit contributed by this segment has reduced by 59.3% from the third quarter ended 2011 primarily due to lower dividends received from associates and IPO expenses of RM41.5 million.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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>30</b>	<b>30 June</b>	<b>+ / (-)</b>
	<b>September</b>	<b>2012</b>	
	<b>2012</b>	<b>2012</b>	
Revenue	<u>3,771,305</u>	<u>3,536,387</u>	6.6
Plantation	429,497	418,863	2.5
Sugar	70,137	75,029	(6.5)
Downstream	(17,795)	(19,854)	10.4
Manufacturing, logistics and others	93,320	73,951	26.2
Others	<u>188,263</u>	<u>(100,175)</u>	>100.0
Segment results	763,422	447,814	70.5
Reconciliation	<u>(349,558)</u>	<u>(53,382)</u>	
Profit before taxation and before fair value changes in LLA liability	413,864	394,432	4.9
Fair value changes in LLA liability	<u>(95,195)</u>	<u>(92,929)</u>	
Profit before taxation after fair value changes in LLA liability	318,669	301,503	5.7
Zakat	(969)	-	
Tax expense	<u>(93,233)</u>	<u>(81,346)</u>	
Profit for the financial period	<u>224,467</u>	<u>220,157</u>	2.0
Profit attributable to:			
Owners of the Company	245,602	188,368	
Non-controlling interests	<u>(21,135)</u>	<u>31,789</u>	
Profit after tax and non-controlling interests	<u>224,467</u>	<u>220,157</u>	2.0

**Overall**

For the third quarter ended 30 September 2012, the Group's revenue increased by 6.6% to 3,771.3 million in current quarter compared to RM3,536.4 million in preceding quarter. The Group's profit before taxation after fair value changes in LLA liability of RM318.7 million was 5.7% higher than that of the preceding quarter of RM301.5 million. All divisions recorded higher earnings except Sugar which declined by 6.5%.



FELDA GLOBAL VENTURES HOLDINGS BERHAD ('FGVH')

**QUARTERLY REPORT (CONTINUED)**

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

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

**(a) Plantation**

The Plantation segment's results improved by 2.5% primarily due to increases in CPO trading activities and unrealised gain in commodity futures contracts of RM46.3 million in Q3 2012. The increase was offset in part by a significant increase in the cost of sales mainly due to increase in purchasing costs of CPO in the current quarter.

**(b) Sugar**

The Sugar segment's result decreased by 6.5% primarily due to higher raw sugar costs compared to preceding quarter as the raw sugar received in the current quarter under the current long-term contract was higher and lower purchases under spot contract which has lower purchase prices. In addition, the segment was pressured by low volume as the industrial customers were given an additional permit to import white sugar which has resulted in lower demand. Effective 29 September 2012, the sugar subsidy reduced by 20 sen/kg to 34 sen/kg. Pursuant to this, it was announced that the selling price of refined sugar increased by 20 sen to RM2.50/kg.

**(c) Downstream**

The Downstream segment's results reduced its losses by 10.4% as a result of higher gross profit margins due to an increase in palm kernel processed of 226,651mt in Q3 2012 compared to 193,697mt in Q2 2012 and RBD produced of 353,450mt in Q3 2012 compared to 301,868mt in Q2 2012. However, the increase was partly offset by the decrease in share of results in Bunge ETGO as a result of unrealised losses from hedging contracts.

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

The Manufacturing, Logistics and Others segment profit increased by 26.2% for the quarter under review mainly due to higher FFB sales of 72,002mt in Q3 2012 compared to 54,667mt in preceding quarter as well as an increase in revenue from transportation services. Included in the total segment were dividends from subsidiaries of RM7.7 million.

**(e) Others**

Increase in others segment by more than 100% was primarily due to higher IPO expenses charged during preceding quarter as compared to higher dividends and interest income received in conjunction with IPO proceeds in current quarter under review. In addition, a gain on disposal on quoted investments amounting to RM46.6 million was recorded in current quarter.



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

**QUARTERLY REPORT (CONTINUED)**

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

**13. Prospects**

Palm oil prices are facing a challenging year due to weak economic outlook, rising stockpile as well as unpredictable weather. Although FGVH is affected by the lower CPO prices, our structure as a vertically integrated palm player provides us with flexibility in responding to short term market changes. We expect palm oil demand will increase as China, India and most Asian countries are entering festive season in the next few months. The current large discount between soybean and CPO is expected to reduce as its current disparity is not fundamentally sustainable.

FGV group is committed in fulfilling its long term growth plans to be the leading globally diversified and integrated agri-business. The plantations segment, which is the largest earnings contributor, will continue to be the growth-driver for the group. We remain focus on improving our productivity and efficiency. Our replanting efforts has had uninterrupted progress and we expect to maintain the momentum as we enter 2013.

The Group's underlying strategy for downstream segment is to support and protect margins earned from upstream segment. Immediate initiatives include turnaround and rationalization plans on current downstream businesses while selective expansionary plans via mergers and acquisitions will focus on potential targets in the ASEAN region.

Our sugar segment has been performing up to expectation. The recent announcement in Budget 2013 to reduce the sugar subsidy had a corresponding increase in sugar retail prices from RM2.30 to RM2.50 per kg. Even though the higher selling price covers the reduced subsidy, it may lead to a slower growth in demand since consumers and industries may reduce the content of sugar in food and beverage products to offset higher costs. However, the consumption of refined sugar in Malaysia has been fairly price inelastic in the past. To offset the potential slower demand in the domestic market, MSM is stepping up its export sales to countries in Asia.

Barring any unforeseen circumstances, the Board is of the opinion that the Group's performance for the current financial year ending 31 December 2012 will be in line with the industry.

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

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



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

**QUARTERLY REPORT (CONTINUED)**

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

**15. Operating Profit**

	<b>Year to date ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
Included in operating profit are:		
Amortisation of intangible assets	4,459	4,371
Amortisation of prepaid lease payments	52	52
Amortisation of biological assets	11,909	-
Depreciation of property, plant and equipment	63,711	80,070
(Reversal)/impairment loss of property, plant and equipment	(67)	160,798
Impairment loss of goodwill	-	42,792
Property, plant and equipment written off	367	121
(Gain)/loss on disposal of property, plant and equipment	(471)	151
Fair value changes in LLA	235,676	-
Initial public offering ('IPO') expenses	15,825	-
Share based payments	25,723	-
Net foreign exchange loss/(gain)	<u>1,531</u>	<u>(3,274)</u>

**16. Taxation**

	<b>Quarter ended 30 September</b>		<b>Year to date ended 30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Malaysian income tax</b>				
Current financial year	(66,983)	(112,217)	(222,714)	(421,236)
Prior financial year	<u>(4,524)</u>	<u>114</u>	<u>(4,524)</u>	<u>(1,917)</u>
	(71,507)	(112,103)	(227,238)	(423,153)
<b>Foreign income tax</b>				
Current financial year	(17,827)	-	(20,077)	-
<b>Deferred tax</b>	<u>(3,899)</u>	<u>1,398</u>	<u>15,142</u>	<u>10,046</u>
	<u>(93,233)</u>	<u>(110,705)</u>	<u>(232,173)</u>	<u>(413,107)</u>

The effective tax rate of 28% for the quarter under review is higher than the Malaysian income tax rate of 25% due to non-deductible expenses.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 RM148.8 million. This consists of share issuance expenses related to the IPO exercise of RM107.3 million and other IPO related expenses of RM41.5 million.

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

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

Other IPO related expenses are related to the issuance of the Prospectus and related assignments 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 RM28.9 million has been borne by the selling shareholder.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2012 RM'000	Balance of IPO proceed as at 30 September 2012 RM'000
Acquisition of plantation assets	within 3 years	2,190,000	-	2,190,000
Selective acquisitions of oil and fats, manufacturing and logistics businesses	within 3 years	840,000	-	840,000
Construction or acquisitions of mills and refineries	within 3 years	780,000	-	780,000
Loan repayment for our overseas operation	within 6 months	260,000	(260,000)	-
Capital expenditures for increases in efficiency, as well as extension of capabilities	within 2 years	100,000	-	100,000
Working capital requirements, general corporate purposes	within 6 months	129,000	-	129,000
Estimated listing expenses	within 6 months	160,000	(160,000)	-
<b>Total gross proceeds</b>		<b>4,459,000</b>	<b>(420,000)</b>	<b>4,039,000</b>



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

**QUARTERLY REPORT (CONTINUED)**

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

**18. Borrowings**

<u>Long-term borrowings</u>	<b>As at 30 September 2012</b>		<b>Total</b>
	<b>Secured</b>	<b>Unsecured</b>	
Term loan-ultimate holding body	-	1,727,857	1,727,857
Term loan-financial institution	553	-	553
	<u>553</u>	<u>1,727,857</u>	<u>1,728,410</u>
 <u>Short-term borrowings</u>			
Revolving credit	17,357	-	17,357
Term loan-ultimate holding body	-	126,884	126,884
Term loan-financial institution	44,052	-	44,052
Bankers acceptances	-	301,000	301,000
	<u>61,409</u>	<u>427,884</u>	<u>489,293</u>
Total borrowings	<u>61,962</u>	<u>2,155,741</u>	<u>2,217,703</u>

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

Ringgit Malaysia	2,155,741
United States Dollar	45,581
Canadian Dollar	16,381
Total borrowings	<u>2,217,703</u>

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



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2012 are as follows:

	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
		<b>Assets</b>	<b>Liabilities</b>
Foreign currency forward contracts	402,031	-	1,886
Sugar future contracts	24,050	693	-
Palm oil future contracts	488,675	54,007	-
	<u>914,756</u>	<u>54,700</u>	<u>1,886</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 the palm oil future contracts.

Palm oil future contracts entered at Malaysia Commodity Exchange Market had exposed FGVH to credit risk and cash flow risk for initial margin as this amount may be irrecoverable in the event of unfavorable CPO price movement. Movements in future contracts price will substantially impact plantation cluster of FGVH but to manage the credit risk, FGVH strictly adhere to prescribed limits on net positions and risk assessment of counterparties. Total market exposure risk of the said derivatives are as per 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 average yield, inflation rate and total area and planted oil palm and rubber area amongst others on an annual basis.



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

**QUARTERLY REPORT (CONTINUED)**

**Explanatory Notes on the Quarterly Report – 30 September 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 30 September 2012</b>
Total retained earnings of the Company and its subsidiaries	
- realised	(473,296)
- unrealised	51,386
	<u>(421,910)</u>
Total share of retained earnings from jointly controlled entities	
- realised	(117,645)
- unrealised	14,406
	<u>(103,239)</u>
Total share of retained earnings from associates	
- realised	2,228,390
- unrealised	(83,822)
	<u>2,144,568</u>
Less: consolidation adjustments	(601,277)
Total retained earnings of FGVH	<u><u>1,018,142</u></u>

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

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



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

**QUARTERLY REPORT (CONTINUED)**

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

**22. Earnings Per Share**

(a) Basic earnings per share

	Quarter Ended 30 September		Year to date ended 30 September	
	2012	2011	2012	2011
Basic earnings per share are computed as follows:				
Profit for the period attributable to owners of the Company (RM'000)	<u>245,602</u>	<u>410,266</u>	<u>626,135</u>	<u>1,048,624</u>
Weighted average number of ordinary shares in issue (thousands)	3,648,152	1,767,612	3,648,152	1,767,612
Basic earnings per share (sen)	<u>6.7</u>	<u>23.2</u>	<u>17.2</u>	<u>59.3</u>

(b) Diluted earnings per share

	Quarter Ended 30 September		Year to date ended 30 September	
	2012	2011	2012	2011
Diluted earnings per share are computed as follows:				
Profit for the period attributable to Owners of the Company (RM'000)	<u>245,602</u>	<u>410,266</u>	<u>626,135</u>	<u>1,048,624</u>
Weighted average number of ordinary shares in issue (thousands)	3,648,152	1,767,612	3,648,152	1,767,612
Adjustment for: Assumed conversion of RCPS/RCCPS (thousands)	<u>-</u>	<u>1,005,915</u>	<u>-</u>	<u>1,005,915</u>
Weighted average number of ordinary shares (thousands)	<u>3,648,152</u>	<u>2,772,807</u>	<u>3,648,152</u>	<u>2,772,807</u>
Diluted earnings per share (sen)	<u>6.7</u>	<u>14.8</u>	<u>17.2</u>	<u>37.8</u>



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

**QUARTERLY REPORT (CONTINUED)**

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

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

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

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

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

	<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	217,698
Reorganisation reserve	-	2,347,742	2,347,742
Deferred tax liabilities	136,908	17,874	154,782

By Order of the Board

Ida Suryati Ab. Rahim  
Company Secretary

30 November 2012