FGV Enters into JV to Acquire Biodiesel Plant for USD 22.5 million (RM71.8 million)

Felda Global Ventures Holdings Berhad (FGV) through its subsidiary, Felda Global Ventures Downstream Sdn. Bhd. (FGVD) enters into a joint venture agreement to strengthen its market presence in the biodiesel business.

The joint venture parties and their corresponding shareholding are FGVD (60%); M2 Capital Sdn. Bhd. (M2 Capital) (20%), a subsidiary of Australia's Mission NewEnergy Limited (MNE) and Benefuel International Holdings S.A.R.L (Benefuel) (20%), a subsidiary of US-based technology provider, Benefuel Inc .

The joint venture company will acquire a biodiesel plant in Kuantan Port, Malaysia from Mission Biofuels Sdn. Bhd, a subsidiary of MNE and carry out retrofitting and refurbishment to the plant for it to operate on the Benefuel ENSEL® technology. The biodiesel plant will have a production capacity of 250,000 metric tonnes per annum. Through this synergistic collaboration with our partners, there are ready market players throughout their network in North America and Europe who will offtake most of the production.

> *This is indeed a strategic move for FGV as this collaboration enables all parties to leverage on their strengths and areas of expertise to tap into the growing biodiesel market. With the new plant, our biodiesel capabilities will increase over threefold, resulting in FGV becoming one of the largest exporters of biodiesel in Southeast Asia*

Mohd Emir Mavani Abdullah, Group President and Chief Executive Officer of FGV said: "This is indeed a strategic move for FGV as this collaboration enables all parties to leverage on their strengths and areas of expertise to tap into the growing biodiesel market. With the new plant, our biodiesel capabilities will increase over threefold, resulting in FGV becoming one of the largest exporters of biodiesel in Southeast Asia."

The total consideration for the plant acquisition will be funded by cash. Furthermore, the estimated project cost for the proposed joint venture including the plant acquisition, licensing costs, purchase of catalyst, refurbishment and retrofit will be approximately USD 47.5 million (RM 151.6 million).

The proposed joint venture is expected to be completed in the fourth quarter of the financial year ending, 31 December 2014.

The new plant is located next to FGV's current biodiesel plant in Kuantan and is expected to be operational in late 2015. It will feature the ENSEL® technology – a technology from Benefuel Inc. that is cost-efficient allowing the use of high free fatty acid (FFA) feedstocks, a

by-product of crude palm oil milling and refining to produce palm methyl ester (PME).

The plant is very strategically located as it is near to a refinery and oleochemical plant owned by Felda Vegetable Oil products Sdn Bhd and Felda Procter Gamble – both companies within the FGV Group.

“We are committed to developing sustainable products of the highest quality. By adopting the latest technology and expertise through this joint venture, our products will exceed all global biodiesel standards and ensure we achieve even greater penetration in international markets including Europe and the US,” said Mohd Emir.

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