

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

**UNAUDITED CONDENSED INCOME STATEMENTS FOR
THE THREE (3) MONTHS ENDED 31 MARCH 2012**

	Q1	
	Individual Quarter	
	Current	Preceding Year
	Year	Corresponding
	Quarter	Quarter
	31.3.12	31.3.11
	RM'000	RM'000
	(unaudited)	(unaudited)
Revenue	531,759	503,172
Cost of sales	(426,276)	(365,773)
Gross profit	105,483	137,399
Other operating income	1,686	1,131
Selling and distribution cost	(12,460)	(11,659)
Administrative expenses	(8,395)	(9,033)
Other gain / (losses) -net	(213)	(26,546)
Profit from operations	86,101	91,292
Finance costs	(619)	(1,337)
Finance income	2,518	62
Profit before taxation	88,000	90,017
Taxation	(21,614)	(27,814)
Profit for the period	66,386	62,203

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR
THE THREE (3) MONTHS ENDED 31 MARCH 2012**

	Individual Quarter	
	Current	Preceding Year
	Year	Corresponding
	Quarter	Quarter
	31.3.12	31.3.11
	RM'000	RM'000
Profit for the period and total comprehensive income	66,386	62,203
Attributable to:		
Shareholders of the Company	66,386	62,016
Non-controlling interest	-	187
Total comprehensive income for the period	66,386	62,203
Basic earnings per share attributable to equity holders of the Company (sen) (1)	9.44	10.76

The Unaudited Condensed Income Statements and Unaudited Condensed Statements of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Unaudited Condensed Interim Financial Information.

(1) Calculated based on the number of shares post listing amounting to 702,980,000.

MSM MALAYSIA HOLDINGS BERHAD
UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 31.3.12 RM'000 (unaudited)	As at 31.12.11 RM'000 (audited)
Assets		
Property, plant and equipment	405,218	407,050
Intangible asset	78,774	79,581
Goodwill	576,240	576,240
Prepaid lease payment	768	786
Biological Asset	1,089	622
Total non-current assets	1,062,089	1,064,279
Inventories	365,919	279,954
Biological assets	4,103	11,198
Trade receivables	172,633	196,084
Other receivables, deposits and prepayments	25,297	24,673
Tax recoverable	3,704	4,005
Derivative financial assets	977	2,053
Amount due from other related parties	322	2,289
Cash and cash equivalents	510,248	527,969
Total current assets	1,083,203	1,048,225
Total assets	2,145,292	2,112,504
Equity		
Share capital	351,490	351,490
Share premium	366,765	366,765
Reorganisation deficit	(1,039,632)	(1,039,632)
Merger relief reserve	1,733,939	1,733,939
Retained earnings	334,508	268,122
Total equity attributable to equity holders of the Company	1,747,070	1,680,684
Liabilities		
Deferred tax liabilities	90,307	92,919
Provision for defined benefit plan	318	468
Total non-current liabilities	90,625	93,387
Current liabilities		
Payables and accruals	107,635	36,343
Amount due to related parties	25	238
Borrowings	192,400	288,300
Current tax liabilities	7,537	13,552
Total current liabilities	307,597	338,433
Total liabilities	398,222	431,820
Total equity and liabilities	2,145,292	2,112,504
Net assets per share attributable to equity holders of the Company (RM) (1)	2.49	2.39

The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Unaudited Condensed Interim Financial Information.

(1) Calculated based on the number of shares post listing amounting to 702,980,000.

MSM MALAYSIA HOLDINGS BERHAD
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE (3) MONTHS ENDED 31 MARCH 2012

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2012	351,490	366,765	1,733,939	(1,039,632)	268,122	1,680,684	-	1,680,684
Total comprehensive income for the period ended 31 March 2012	-	-	-	-	66,386	66,386	-	66,386
At 31 March 2012	351,490	366,765	1,733,939	(1,039,632)	334,508	1,747,070	-	1,747,070

The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Unaudited Condensed Interim Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE (3) MONTHS ENDED 31 MARCH 2011

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2011	270,889	-	1,625,331	(618,613)	60,963	1,338,570	40,271	1,378,841
Incorporation of MSM Holdings	*	-	-	-	-	*	-	*
<u>Transaction with owners:</u>								
Dividend Payment				(317,500)		(317,500)	(17,500)	(335,000)
Total comprehensive income for the period ended 31 March 2011	-	-	-	-	62,015	62,015	187	62,202
At 31 March 2011	270,889	-	1,625,331	(936,113)	122,978	1,083,085	22,958	1,106,043

* 200 shares of RM 0.50 each

The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Unaudited Condensed Interim Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	Current Year To Date 31.3.12 RM'000 (unaudited)	Preceding Year To Date 31.3.11 RM'000 (unaudited)
Cash Flows From Operating Activities		
Profit for the period	66,386	62,202
Adjustment for Non-Cash Flow Items	30,747	45,771
Operating Profit Before Changes in Working Capital	<u>97,133</u>	<u>107,973</u>
Changes in Working Capital		
Net changes in working capital	20,231	123,002
Retirement benefit paid	(150)	(459)
Tax paid	(29,941)	(29,385)
Net Cash Generated From Operating Activities	<u>87,273</u>	<u>201,131</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(9,118)	(7,491)
Proceeds from disposal of property, plant and equipment	23	102
Interest received	-	1,018
Net Cash Used In Investing Activities	<u>(9,095)</u>	<u>(6,371)</u>
Cash Flows From Financing Activities		
Drawdown of borrowings	64,100	57,500
Repayment of borrowings	(160,000)	(127,000)
Interest paid	-	(740)
Net Cash Used In Financing Activities	<u>(95,900)</u>	<u>(70,240)</u>
Net (Decrease)/ Increase In Cash And Cash Equivalents	<u>(17,722)</u>	<u>124,520</u>
Cash And Cash Equivalents At Beginning Of The Period	<u>527,969</u>	<u>87,055</u>
Cash And Cash Equivalents At End Of The Period	<u>510,247</u>	<u>211,575</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	469,942	187,091
Cash and bank balances	40,306	24,484
	<u>510,248</u>	<u>211,575</u>

The Unaudited Condensed Statements of Cash Flows should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Unaudited Condensed Interim Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

The interim financial statements have been prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and FRS 134: Interim Financial Reporting.

The Unaudited Condensed Interim Financial Information should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2011. These explanatory notes attached to the Unaudited Condensed Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

1 Basis Of Preparation

The accounting policies and presentation adopted for this Unaudited Condensed Interim Financial Information are consistent with those of the Group's Audited Financial Statement for the year ended 31 December 2011, except for the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2012 as discussed below.

The Unaudited Condensed Interim Combined Financial Information for the comparative period ended 31 March 2011 have been carved-out of the Unaudited Interim Consolidated Financial Statements of Felda Global Ventures Holdings Sdn Bhd ("FGVH") for the period ended 31 March 2011.

The Unaudited Condensed Interim Financial Information for the period ended 31 March 2012 have been prepared in accordance to the "Successor" Basis .

The Pre Listing restructuring has seen MSM Holdings acquiring the following subsidiaries on 20 May 2011 (collectively known as the "entities" or the "Group") :-

- (i) Malayan Sugar Manufacturing Company Berhad ("MSM")
- (ii) Astakonas Sdn Bhd ("Astakonas")
- (iii) MSM Properties Sdn Bhd ("MSM Properties")
- (iv) Kilang Gula Felda Perlis Sendirian Berhad ("KGFP")

The acquisitions above were carried out after completion of the following transactions:

- (a) MSM and KGFP declared parting dividends to its shareholders as at 31 December 2010 amounting to RM 300 million and RM 35 million respectively
- (b) On 21 March 2011, KGFP entered into business transfer agreement for acquisition of the sugarcane plantation of Felda Global Ventures Perlis Sdn Bhd ("FGVP") including selected assets and liabilities for a purchase consideration of RM 76.8 million

The Unaudited Condensed Interim Financial Information presents the results of the Group for the period ended 31 March 2012 together with comparatives.

In the period presented up to **20 May 2011**, the Entities had not operated as an independent stand-alone entity. The Condensed Interim Financial Information, therefore, does not reflect what the financial position, results of operations and cash flows of the Entities would have been had the Entities operated as a separate, stand-alone entity during the financial periods presented or future results of the Entities.

On 1 January 2012, the following new accounting standards had been adopted by the Group:

FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 7	<i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
Amendments to FRS 9	<i>Mandatory effective date of FRS 9 and Transition disclosures</i>
Amendments to FRS 112	<i>Deferred tax: Recovery of underlying assets</i>
Amendments to FRS 124	<i>Related party disclosure</i>
Amendments to FRS 132	<i>Financial Instruments Presentation: Offsetting financial assets and financial liabilities</i>

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

2 Auditors' Report on Preceding Annual Financial Statements

The individual audited financial statements of the Entities for the year ended 31 December 2011 were not subject to any audit qualification.

3 Seasonal Or Cyclical Factors

The Group's operations are not materially affected by seasonal or cyclical factors except during the sugar cane harvesting season from January to April each year.

4 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity and net income for first quarter ended 31 March 2012.

5 Changes In Estimated Amounts Reported In Prior Period Which Have Effect On The Current Period

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.

6 Changes In Debt And Equity Securities

There were no changes in debt and equity securities during the period under review.

7 Dividends Paid

No dividend was declared and paid during the quarter under review.

8 Segmental Reporting

The Group operates in one operating segment namely the Sugar Business. The sugar business includes sugar cane cultivation, cane milling, sugar refining and sales and marketing of sugar products and goods transportation services. There has been no change to the basis of segmentation as compared to Group's Audited Financial Statement for the financial year ended 31 December 2011.

9 Valuation of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review. The valuation of property, plant and equipment has been brought forward without any amendments from the Group's Audited Financial Statement for the financial year ended 31 December 2011.

10 Material Events Subsequent To The End of the Financial Period

There were no material events which occurred subsequent to the end of the quarter ended 31 March 2012

11 Changes In The Composition Of The Group

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

12 Changes in Contingent Liabilities or Contingent Assets

The Group does not have any material contingent liabilities or contingent assets as at **7 May 2012**

13 Capital Commitments Outstanding Not Provided For In The Unaudited Condensed Interim Financial Information

	As at 31.3.12 (unaudited) RM'000	As at 31.3.11 (unaudited) RM'000
Property, plant and equipment:		
- Contracted but not provided for	21,227	14,240
- Approved but not contracted for	88,361	79,587
	<u>109,588</u>	<u>93,827</u>

14 Material Related Party Transactions

Significant related party transactions are as follows:

	For period ended 31.3.12 (unaudited) RM'000	For period ended 31.3.11 (unaudited) RM'000
Transactions with immediate holding company, FGVH		
- Management fees	(541)	-
Transactions with a subsidiary of a significant shareholder		
- Sales of refined sugar	4,031	5,747
	<u>3,490</u>	<u>5,747</u>

15 Review Of Performance for First Quarter

For the current quarter ended 31 March 2012, the Group recorded 5.7% higher revenue from RM503.2 million for Q1 2011 to RM531.8 million for Q1 2012. This is mainly due to increased in sales volume for export and higher average price for Q1 2012.

The profit before tax for current quarter ended 31 March 2012 is 2% lower i.e. RM88.0 million as compared to RM90.0 million for the same quarter last year due to lower gross profit margin recorded during the quarter as a result of higher cost of sales caused mainly by increase in raw sugar price.

16 Material Changes In The Quarterly Results Compared To The Preceding Quarter

The comparison of the Group revenue and profit before taxation for the current and preceding quarter is as follows:

	2012 Quarter 1 RM'000 (unaudited)	2011 Quarter 4 RM'000 (unaudited)	Variance RM'000	%
Revenue	531,759	609,538	(77,779)	(12.8)
Profit before tax	88,000	108,648	(20,648)	(19.0)

The revenue and profit before tax for the Quarter 1 is lower by 12.8% and 19.0% respectively as compared to the preceding quarter due to lower overall sales.

17 Current Year Prospects

Notwithstanding the volatility of commodity prices, the Group is expected to be able to sustain its satisfactory performance.

18 Variance Of Actual Profit From Forecast Profit

The Group did not issue any profit forecast for the current quarter.

19 Taxation

	Cumulative Quarter	
	Current Year RM'000 (unaudited)	Preceding Year RM'000 (unaudited)
Current	24,227	33,263
Deferred	(2,613)	(5,449)
	21,614	27,814

Tax expense for the current period ended 31 March 2012 is derived based on the management's best estimate of the tax rate for the period. The effective tax rate of the Group is the same with the statutory rate of 25%.

20 Realised and Unrealised Profit/(Loss)

	As at 31.3.2012 RM'000 (unaudited)	As at 31.12.2011 RM'000 (unaudited)
Realised	376,614	402,568
Unrealised	(19,403)	(45,986)
	357,211	356,582
Consolidation adjustments	(22,703)	(88,460)
Total Group retained earnings as per consolidated accounts	334,508	268,122

The unrealised portion of retained earnings comprise deferred tax expense, cumulative net gains arising from fair value through profit and loss and translation gains and losses on monetary items denominated other than in Ringgit Malaysia.

21 Derivative Financial Instruments

The Group uses foreign currency exchange forward contracts and sugar commodity future contracts to manage its exposure to various financial risks. The fair value of these derivatives as at 31 March 2012 are as follows:

Type of derivatives	Notional amount RM'000	Fair value	
		Assets RM'000 (unaudited)	Liabilities RM'000 (unaudited)
Foreign currency exchange forward contracts	37,527	95	-
Sugar commodity futures contracts	30,743	881	-
	68,270	976	-

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

22 Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are in a fair value loss position as at the date of the statements of financial position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

23 Unquoted Investments And/Or Properties

There were no purchases or disposals of unquoted investments or properties for the current quarter.

24 Quoted Investments

There were no purchases or disposals of quoted investments for the current quarter.

25 Status Of Corporate Proposals

There was no corporate proposals entered into during the financial period under review.

26 Group Borrowings

As at 31 March 2012, the total secured and unsecured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31.3.2012 RM'000 (unaudited)	As at 31.3.2011 RM'000 (unaudited)
Borrowings		
Current		
Secured :		
Bankers' acceptance	-	10,000
Unsecured:		
Bankers' acceptance and revolving credit	192,400	137,500
	192,400	147,500

27 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

28 Material Litigation

Since the last Audited Financial Statement for the year ended 31 December 2011, the Group was not party to any material obligation or arbitration, either as plaintiff or defendant.

On behalf of the Board

Dato' Sabri Ahmad
Director

Tan Sri Mohd Isa Dato' Abdul Samad
Director

Kuala Lumpur
7 May 2012