

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

**UNAUDITED CONDENSED INCOME STATEMENTS FOR
THE SIX (6) MONTHS ENDED 30 JUNE 2012**

	Note	Q2		Cumulative Quarter	
		Current Year Quarter 30.6.12 RM'000 (unaudited)	Preceeding Year Corresponding Quarter 30.6.11 RM'000 (unaudited)	Current Year To Date 30.6.12 RM'000 (unaudited)	Preceeding Year To Date 30.6.11 RM'000 (unaudited)
Revenue		546,104	562,868	1,077,863	1,066,040
Cost of sales		(456,529)	(469,653)	(882,805)	(835,426)
Gross profit		89,575	93,215	195,058	230,614
Other operating income		1,174	211	2,860	385
Selling and distribution cost		(12,667)	(12,000)	(25,125)	(23,659)
Administrative expenses		(13,529)	(8,110)	(21,924)	(17,144)
Other gain / (losses) -net		4,191	25,797	3,978	(749)
Profit from operations	19	68,744	99,113	154,847	189,447
Finance income		2,573	1,854	5,091	2,873
Finance costs		(2,835)	(3,049)	(3,455)	(4,386)
Profit before taxation		68,482	97,918	156,483	187,934
Taxation		(15,669)	(21,273)	(37,284)	(49,087)
Profit for the period		52,813	76,645	119,200	138,847

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR
THE SIX (6) MONTHS ENDED 30 JUNE 2012**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.12 RM'000	Preceeding Year Corresponding Quarter 30.6.11 RM'000	Current Year To Date 30.6.12 RM'000	Preceeding Year To Date 30.6.11 RM'000
Profit for the period and total comprehensive income	52,813	76,645	119,200	138,847
Attributable to:				
Shareholders of the Company	52,813	76,413	119,200	138,428
Non-controlling interest	-	232	-	419
Total comprehensive income for the period	52,813	76,645	119,200	138,847

Basic earnings per share attributable to equity holders of the Company (sen) (1)	7.51	10.87	16.96	19.69
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The Unaudited Condensed Income Statements and Unaudited Condensed Statements of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements 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 30.6.12 RM'000 (unaudited)	As at 31.12.11 RM'000 (audited)
Assets		
Property, plant and equipment	404,566	407,050
Intangible asset	654,208	655,821
Biological asset	4,554	622
Prepaid lease payment	751	786
Total non-current assets	1,064,079	1,064,279
Inventories	387,095	279,954
Biological assets	-	11,198
Trade receivables	219,589	197,480
Other receivables, deposits and prepayments	32,718	25,566
Amount due from related companies	1,092	-
Tax recoverable	4,157	4,005
Derivative financial assets	-	2,053
Cash and cash equivalents	540,099	527,969
Total current assets	1,184,750	1,048,225
Non-current asset/Disposal groups held for sale	1,132	-
Total assets	2,249,960	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	309,993	268,122
Total equity attributable to equity holders of the Company	1,722,555	1,680,684
Liabilities		
Deferred tax liabilities	81,927	92,919
Provision for defined benefit plan	324	468
Total non-current liabilities	82,251	93,387
Current liabilities		
Payables and accruals	36,238	36,343
Amount due to immediate holding company	7	-
Amount due to related parties	200	238
Borrowings	321,000	288,300
Current tax liabilities	9,590	13,552
Derivative financial liabilities	791	-
Dividend Payable	77,328	-
Total current liabilities	445,154	338,433
Total liabilities	527,405	431,820
Total equity and liabilities	2,249,960	2,112,504
Net assets per share attributable to equity holders of the Company (RM) (1)	2.45	2.39

The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Group Audited Financial Statements 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 SIX (6) MONTHS ENDED 30 JUNE 2012

	Share capital RM'000	Share premium RM'000	Merger relief reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Equity attributable to equity holders of the Company RM'000	Total RM'000
At 1 January 2012	351,490	366,765	1,733,939	(1,039,632)	268,121	1,680,683	1,680,683
Final Dividend	-	-	-	-	(77,328)	(77,328)	(77,328)
Total comprehensive income for the period ended 30 June 2012	-	-	-	-	119,200	119,200	119,200
At 30 June 2012	351,490	366,765	1,733,939	(1,039,632)	309,993	1,722,555	1,722,555

The Unaudited Condensed Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the financial 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 SIX (6) MONTHS ENDED 30 JUNE 2011

	Share capital RM'000	Share premium RM'000	Other paid-in capital RM'000	Merger relief reserve RM'000	Reorganisation deficit RM'000	Retained earnings RM'000	Equity attributable to		Total RM'000
							equity holders of the Company RM'000	Non-controlling interests RM'000	
At 1 January 2011	270,889	-	-	1,625,330	(618,612)	60,963	1,338,570	40,271	1,378,841
Dividend	-	-	-	-	(317,500)	-	(317,500)	(17,500)	(335,000)
Accretion of interest in KGFP	18,101	-	-	108,609	(103,520)	-	23,190	(23,190)	-
Issuance of shares-IPO	62,500	371,626	-	-	-	-	434,104	-	434,104
Share issuance expenses	-	(8,235)	-	-	-	-	(8,235)	-	(8,235)
Total comprehensive income for the period ended 30 June 2011	-	-	-	-	-	138,428	138,428	419	138,847
At 30 June 2011	351,490	363,391	-	1,733,939	(1,039,632)	199,391	1,608,557	(0)	1,608,557

* 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 Statements for the financial year ended 31 December 2010 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 30.6.12 RM'000 (unaudited)	Preceding Year To Date 30.6.11 RM'000 (unaudited)
Cash Flows From Operating Activities		
Profit for the period	119,200	138,847
Adjustment for Non-Cash Flow Items	53,304	68,077
Operating Profit Before Changes in Working Capital	<u>172,504</u>	<u>206,924</u>
Changes in Working Capital		
Net changes in working capital	(123,042)	38,168
Retirement benefit paid	(142)	(459)
Tax paid	(50,703)	(47,817)
Net Cash (Used In)/Generated From Operating Activities	<u>(1,384)</u>	<u>196,816</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(20,451)	(15,077)
Proceeds from disposal of property, plant and equipment	316	116
Interest received	7,951	3,258
Net Cash Used In Investing Activities	<u>(12,184)</u>	<u>(11,703)</u>
Cash Flows From Financing Activities		
Issuance of shares - IPO	-	425,890
Drawdown of borrowings	322,700	708,500
Repayment of borrowings	(290,000)	(357,500)
Interest paid	(3,455)	(4,386)
Dividend paid	-	(335,000)
Net Cash Generated From Financing Activities	<u>29,245</u>	<u>437,504</u>
Net Increase In Cash And Cash Equivalents	15,677	622,616
Cash And Cash Equivalents At Beginning Of The Period	527,969	87,004
Cash And Cash Equivalents At End Of The Period	<u>543,646</u>	<u>709,620</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	495,920	661,512
Cash and bank balances	44,179	48,160
	<u>540,099</u>	<u>709,672</u>
Less :		
Deposits pledged	-	(51)
	<u>540,099</u>	<u>709,621</u>

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

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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 Statements 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 Statements for the financial 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.

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 audited financial statements 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 final sugar cane harvesting season from January to April this year. The Group has discontinued its sugar cane cultivations in April 2012.

4 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity and net income for second quarter ended 30 June 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

A dividend was declared during the quarter under review as per followings:-

	Gross Dividend per share Sen	Amount of dividend RM'000
Final tax exempt dividend for the year ended 31 December 2011	11	77,328

8 Segmental Reporting

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee (MC). The MC considers the business primarily a product perspective. The reportable operating segments have been identified as follows:-

(i) Sugar - Sugar Refining, sugarcane milling and sales and marketing of refined sugar

(ii) Investment Holding - Business operation in investment holding

(iii) All other segments - Operating segments that are not material and not aggregated into any of the reportable segments. This include palm oil and rubber which operation starts in 2012.

Quarter ended 30 June 2012	Sugar	Investment Holdings	All Other segments	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,080,896	75,734	-	(78,767)	1,077,863
Less: Inter segment revenue	-	-	-	-	-
Revenue from external customers	<u>1,080,896</u>	<u>75,734</u>	<u>-</u>	<u>(78,767)</u>	<u>1,077,863</u>
Finance income	10	6,930	-	(1,850)	5,091
Finance cost	(5,304)	-	-	1,850	(3,455)
Depreciation and amortisation	(14,736)	(5)	-	(6,410)	(21,151)
Profit before taxation	157,902	80,724	-	(82,144)	156,483
Taxation	(38,433)	(454)	-	1,604	(37,284)
Profit after taxation for the financial period					<u>119,200</u>

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 during the FGVH acquisition of Sugar Business 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 30 June 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 **13 August 2012**

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

	As at 30.6.12 (unaudited) RM'000	As at 30.6.11 (unaudited) RM'000
Property, plant and equipment:		
- Contracted but not provided for	39,268	35,690
- Approved but not contracted for	77,579	58,740
	<u>116,847</u>	<u>94,430</u>

14 Material Related Party Transactions

Significant related party transactions are as follows:

	For period ended 30.6.12 (unaudited) RM'000	For period ended 30.6.11 (unaudited) RM'000
Transactions with immediate holding company, FGVH		
- Management fees	(672)	(630)
Transactions with an associate of FGVH		
- Management fees	-	(488)
Transactions with a subsidiary of a significant shareholder		
- Sales of refined sugar	7,199	11,202
	6,527	10,084

Related party transactions with government and government-related entities during the quarters ended 30 June 2012 and 30 June 2011 are as follows:

	For period ended 30.6.12 (unaudited) RM'000	For period ended 30.6.11 (unaudited) RM'000
(i) Transactions between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy received	76,504	97,698
(ii) Transactions between subsidiaries and government-related financial institutions		
Interest expense from bankers acceptances	1,150	1,031
Interest income from fixed deposits and cash balances	1,937	1,997
	As at 30.6.12 (unaudited) RM'000	30.6.11 (unaudited) RM'000
(iii) Balances between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy receivable	75,896	21,790
(iv) Balances between subsidiaries and government-related financial institutions		
Bankers acceptances	129,000	28,000
Fixed deposits and cash balances	123,578	235,924

15 Review Of Performance for Second Quarter

For the current quarter ended 30 June 2012, the Group recorded lower revenue by 2.9% from RM562.9 million for Q2 2011 to RM546.1 million for Q2 2012. This is mainly due to decreased sales volume for domestic and export sales despite higher average prices obtained for Q2 2012.

The profit before tax for current quarter ended 30 June 2012 is 33.7% lower i.e. RM68.5 million as compared to RM97.9 million for the same quarter last year due to lower gross profit margins recorded during the quarter as a result of relatively higher cost of raw material during the period.

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 2 RM'000 (unaudited)	2012 Quarter 1 RM'000 (unaudited)	Variance RM'000	%
Revenue	546,104	531,759	14,345	2.7
Profit before tax	<u>68,482</u>	<u>88,000</u>	<u>(19,518)</u>	<u>(22.2)</u>

The revenue is higher by 2.7% due to increased in domestic and export sales as compared to preceding quarter. Profit before tax for the Quarter 2 is lower by 26.2% as compared to the preceding quarter due to higher raw sugar cost.

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.

19 Profit from operations

Included in the operating profit are:

	Cumulative Quarter	
	Current Year RM'000 (unaudited)	Preceding Year RM'000 (unaudited)
Amortisation of intangible asset	1,613	1,613
Amortisation of prepaid lease payment	35	35
Depreciation of property plant and equipment	19,503	18,697
Property, plant and equipment write off	152	-
Gain/(Loss) on disposal of property, plant and equipment	6	118
Net foreign exchange gain/(loss)	<u>2,500</u>	<u>(763)</u>

20 Taxation

	Cumulative Quarter	
	Current Year RM'000 (unaudited)	Preceding Year RM'000 (unaudited)
Current	29,498	57,909
Deferred	<u>7,786</u>	<u>(8,822)</u>
	<u>37,284</u>	<u>49,087</u>

Tax expense for the current period ended 30 June 2012 is derived based on the management's estimate of the tax rate for the period. The effective tax rate of the Group is the same with the statutory rate of 25%.

21 Realised and Unrealised Profit/(Loss)

	As at 30.6.2012 RM'000 (unaudited)	As at 30.6.2011 RM'000 (unaudited)
Realised	390,994	315,482
Unrealised	8,720	(32,072)
	<u>399,714</u>	<u>283,410</u>
Consolidation adjustments	<u>(89,720)</u>	<u>(83,457)</u>
Total Group retained earnings as per consolidated accounts	<u>309,993</u>	<u>199,953</u>

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.

22 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 30 June 2012 are as follows:

<u>Type of derivatives</u>	Notional amount RM'000	Fair value	
		Assets RM'000 (unaudited)	Liabilities RM'000 (unaudited)
Foreign currency exchange forward contracts	-	-	-
Sugar commodity futures contracts	58,026	-	792
	<u>58,026</u>	<u>-</u>	<u>792</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. The maturity periods of the above derivatives are less than one year.

23 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.

24 Unquoted Investments And/Or Properties

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

25 Quoted Investments

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

26 Status Of Corporate Proposals

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

27 Group Borrowings

As at 30 June 2012, the total secured and unsecured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.6.2012 RM'000 (unaudited)	As at 30.6.2011 RM'000 (unaudited)
Borrowings		
Current		
Secured :		
Bankers' acceptance	-	40,000
Unsecured:		
Bankers' acceptance and revolving credit	321,000	528,000
	<u>321,000</u>	<u>568,000</u>

28 Off Balance Sheet Financial Instruments

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

29 Material Litigation

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

On behalf of the Board

Dato' Sabri Ahmad
Director

Tan Sri Mohd Isa Dato' Abdul Samad
Director

Kuala Lumpur
13 August 2012