

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

**UNAUDITED CONDENSED INCOME STATEMENTS FOR
THE PERIOD ENDED 30 JUNE 2013**

	Q2		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	604,608	546,104	1,119,563	1,077,863
Cost of sales	(472,891)	(456,529)	(889,606)	(882,805)
Gross profit	131,717	89,575	229,957	195,058
Other operating income	798	1,174	6,387	2,860
Selling and distribution cost	(15,698)	(12,667)	(27,233)	(25,125)
Administrative expenses	(9,248)	(9,480)	(19,791)	(17,875)
Other gain / (losses) -net	16,894	4,191	18,325	3,978
Other operating exp	(3,530)	(4,049)	(6,772)	(4,049)
Profit from operations	120,933	68,744	200,873	154,847
Finance costs	(1,296)	(2,835)	(2,235)	(3,455)
Finance income	3,581	2,573	7,416	5,091
Profit before taxation	123,218	68,482	206,054	156,483
Taxation	(30,640)	(15,669)	(51,517)	(37,283)
Profit for the period	92,578	52,813	154,537	119,200

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR
SIX (6) MONTHS ENDED 30 JUNE 2013**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	30.06.13	30.06.12	30.06.13	30.06.12
	RM'000	RM'000	RM'000	RM'000
Profit for the period and total comprehensive income	92,578	52,813	154,537	119,200
Attributable to:				
Shareholders of the Company	92,578	52,813	154,537	119,200
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	92,578	52,813	154,537	119,200
Basic earnings per share attributable to equity holders of the Company (sen) (1)	13.17	7.51	21.98	16.96

The Unaudited Condensed Income Statements and Unaudited Condensed Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Unaudited Condensed Interim Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	As at 30.06.13 RM'000 (unaudited)	As at 31.12.12 RM'000 (audited)
Assets		
Property, plant and equipment	402,668	398,526
Intangible asset	74,741	76,355
Goodwill	576,240	576,240
Prepaid lease payment	681	716
Biological Asset	16,571	11,711
Prepayment	8,198	8,198
Total non-current assets	1,079,099	1,071,746
Inventories	338,877	442,268
Trade receivables	194,333	193,153
Other receivables, deposits and prepayments	37,181	29,109
Tax recoverable	2,862	6,773
Derivative financial assets	14,874	561
Amount due from related companies	2,933	2,885
Cash and cash equivalents	580,423	594,555
Total current assets	1,171,483	1,269,304
Non-current assets held for sale	73	1,941
Total assets	2,250,655	2,342,991
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	413,793	336,584
Total equity attributable to equity holders of the Company	1,826,355	1,749,146
Liabilities		
Deferred tax liabilities	83,179	81,773
Total non-current liabilities	83,179	81,773
Current liabilities		
Payables and accruals	109,643	43,456
Amount due to related companies	280	1,316
Amount due to FGVH	939	1,060
Borrowings	220,900	461,000
Current tax liabilities	9,359	5,240
Total current liabilities	341,121	512,072
Total liabilities	424,300	593,845
Total equity and liabilities	2,250,655	2,342,991
Net assets per share attributable to equity holders of the Company (RM)	2.60	2.49

The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 SIX (6) MONTHS ENDED 30 JUNE 2013

	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
At 1 January 2013	351,490	366,765	1,733,939	(1,039,632)	336,584	1,749,146
Profit for the period ended 30 June 2013	-	-	-	-	154,537	154,537
Dividend Paid During The Year	-	-	-	-	(77,328)	(77,328)
At 30 June 2013	351,490	366,765	1,733,939	(1,039,632)	413,793	1,826,355

	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
At 1 January 2012	351,490	366,765	1,733,939	(1,039,632)	268,121	1,680,683
Final Dividend	-	-	-	-	(77,328)	(77,328)
Total comprehensive income for the period ended 30 June 2012	-	-	-	-	119,200	119,200
At 30 June 2012	351,490	366,765	1,733,939	(1,039,632)	309,993	1,722,555

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 2012 and the accompanying explanatory notes attached to the Unaudited Condensed Interim Financial

MSM MALAYSIA HOLDINGS BERHAD
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	Current Year To Date 30.06.13 RM'000 (unaudited)	Preceding Year To Date 30.06.12 RM'000 (unaudited)
Cash Flows From Operating Activities		
Profit for the period	154,537	119,200
Adjustment for Non-Cash Flow Items	47,488	54,136
Operating Profit Before Changes in Working Capital	<u>202,025</u>	<u>173,336</u>
Changes in Working Capital		
Net changes in working capital	166,021	(126,579)
Retirement benefit paid	-	(143)
Tax paid	(42,081)	(50,703)
Net Cash Generated From / (Used In) Operating Activities	<u>325,965</u>	<u>(4,089)</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(24,165)	(20,451)
(Increase) in biological assets	(4,860)	-
Proceeds from disposal of property, plant and equipment	444	316
Interest received	7,630	7,109
Net Cash Used In Investing Activities	<u>(20,951)</u>	<u>(13,026)</u>
Cash Flows From Financing Activities		
Drawdown of borrowings	204,900	322,700
Repayment of borrowings	(445,000)	(290,000)
Interest paid	(1,719)	(3,455)
Dividend paid	(77,328)	-
Net Cash (Used In) / Generated From Financing Activities	<u>(319,147)</u>	<u>29,245</u>
Net (Decrease) / Increase In Cash And Cash Equivalents	<u>(14,133)</u>	<u>12,130</u>
Cash And Cash Equivalents At Beginning Of The Period	<u>594,555</u>	<u>527,969</u>
Cash And Cash Equivalents At End Of The Period	<u>580,423</u>	<u>540,099</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	525,363	495,920
Cash and bank balances	55,060	44,179
	<u>580,423</u>	<u>540,099</u>

The Unaudited Condensed Combined Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 Statements for the year ended 31 December 2012. 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 2012.

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 2012, together with the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2013 as discussed below.

FRSs, Amendments to FRSs and Interpretations

FRS 10	<i>Consolidated Financial Statements</i>
FRS 12	<i>Disclosure of Interests in Other Entities</i>
FRS 13	<i>Fair Value Measurement</i>
FRS 127	<i>Separate Financial Statements</i>
Amendments to FRS 7	<i>Financial Instruments: Disclosures – Offsetting financial assets and financial liabilities</i>
Amendments to FRS 10, FRS 11 and FRS 12	<i>Consolidated Financial Statements, Joint arrangement and Disclosure of Interest in Other Entities</i>
Amendments to FRS 101, FRS 116, FRS 132 and FRS 134	<i>Improvement to FRSs (2012)</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 2012 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 as the Group has discontinued its sugar cane cultivation 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 2013.

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

Final dividend paid on 28 June 2013 was as follows:

	Gross Dividend per share Sen	Amount of dividend RM'000
Final tax exempt dividend for the year ended 31 December 2012	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 Chief Executive Officer. The Chief Executive Officer considers the business primarily a product perspective. The reportable operating segments have been identified as follows:-

(i) Sugar - Sugar refining and sales and marketing of refined sugar

(ii) All other segments - Operating segments that are not material and not aggregated into any of the reportable segments. This includes palm oil and rubber which started in 2012.

Cumulative quarter ended 30 June 2013	Sugar	All other segments	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,136,431	-	(16,868)	1,119,563
Revenue from external customers	1,136,431	-	(16,868)	1,119,563
Finance income	1,497	-	5,919	7,416
Finance cost	(2,235)	-	-	(2,235)
Depreciation and amortisation	14,500	-	1,621	16,121
Profit before taxation	211,120	(2,375)	(2,691)	206,054
Taxation	(52,462)	-	945	(51,517)
Profit after taxation for the financial period				154,537

Total assets as at 30 June 2013

	Sugar	All other segments	Unallocated assets	Total
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	209,776	96,659	96,233	402,668
Intangible asset	-	-	74,741	74,741
Goodwill	-	-	576,240	576,240
Prepaid lease payment	747	-	(66)	681
Biological asset	-	16,571	-	16,571
Prepayment	8,198	-	-	8,198
Current assets				
Inventories	338,031	846	-	338,877
Trade receivables	196,780	-	-	196,780
Other receivables, deposits and prepayment	37,121	52	8	37,181
Tax recoverable	1,945	-	917	2,862
Derivative financial assets	14,874	-	-	14,874
Amount due from related companies	486	-	-	486
Cash and cash equivalents	175,295	1,036	404,092	580,423
Non-current assets held for sale	-	73	-	73
Total assets per the statement of financial position	983,253	115,237	1,152,165	2,250,655

9 Valuation of Property, Plant And Equipment

There was no valuation of the property, plant and equipment in the current quarter under review.

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 2013.

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 30 June 2013.

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

	As at 30.06.13 (unaudited) RM'000	As at 30.06.12 (unaudited) RM'000
Property, plant and equipment:		
- Contracted but not provided for	42,336	39,268
- Approved but not contracted for	72,126	77,579
	<u>114,462</u>	<u>116,847</u>
	As at 30.06.13 (unaudited) RM'000	As at 30.06.12 (unaudited) RM'000
Biological Assets:		
- Contracted but not provided for	580	1,494
- Approved but not contracted for	35,480	35,992
	<u>36,060</u>	<u>37,486</u>

14 Material Related Party Transactions

(8)

(a) Related party transactions are as follows:

	For period ended 30.06.13 (unaudited) RM'000	For period ended 30.06.12 (unaudited) RM'000
(i) Transactions with ultimate holding company		
Management fees	(1,933)	(672)
(ii) Transactions with a related company		
Sales of refined sugar	6,549	7,199
	<u>4,616</u>	<u>6,527</u>
(iii) Transactions between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy received	43,569	76,504
(iv) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers acceptances	358	1,150
Interest income from fixed deposits and cash balances	1,485	1,937

(b) Balances relating to related party transactions are as follows:

	As at 30.06.13 (unaudited) RM'000	30.06.12 (unaudited) RM'000
(i) Balances with ultimate holding company		
Amount due to:		
Management fees	939	180
(ii) Balances with related companies		
Amount due to:		
Felda Security Services Sdn Bhd	54	46
Felda Prodata System Sdn Bhd	158	13
Felda Agriculture Services Sdn Bhd	-	2
Felda Global Ventures Perlis Sdn Bhd	-	119
Felda Holdings Bhd	-	7
Felda Trading Sdn Bhd	35	115
FPM Sdn Bhd	33	20
	<u>1,219</u>	<u>502</u>
(iii) Balances with a related company		
Amount due from:		
Felda Trading Sdn Bhd	2,933	4,460
	<u>2,933</u>	<u>4,460</u>

14 Material Related Party Transactions (continued)

(b) Balances relating to related party transactions are as follows: (continued)

	As at	
	30.06.13 (unaudited) RM'000	30.06.12 (unaudited) RM'000
(iv) Balances between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy receivable	45,833	75,896
(v) Balances between subsidiaries and government-related financial institutions		
Bankers acceptances	70,000	129,000
Fixed deposits and cash balances	131,557	123,578

15 Review Of Performance for Second Quarter

For the current quarter ended 30 June 2013, the Group recorded 10.8% higher revenue from RM546 million for Q2 2012 to RM605 million for Q2 2013. This is due to higher export sales despite a decrease in average selling price as compared to the same quarter last year.

The profit before tax for the current quarter is RM123 million as compared to RM68 million for the same period in 2012 mainly due to lower cost of sales.

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 quarter and last quarter is as follows:

	2013 Quarter 2 RM'000 (unaudited)	2013 Quarter 1 RM'000 (Unaudited)	Variance RM'000	%
Revenue	604,608	514,955	89,653	17.4
Profit before tax	123,218	82,835	40,383	48.8

The revenue for Quarter 2 is higher by 17.4% as compared to the preceding quarter due to increase in domestic and export sales. Profit before tax was higher as compared to preceding quarter mainly due to lower cost of 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.

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	14,473	19,503
Property, plant and equipment written off	40	152
(Gain)/Loss on disposal of property, plant and equipment	(427)	6
Net foreign exchange gain	(21,746)	(2,500)

20 Taxation

	Cumulative Quarter Current Year RM'000 (unaudited)	Preceding Year RM'000 (unaudited)
Current	50,111	29,497
Deferred	1,406	7,786
	51,517	37,283

The effective tax rate of 25% for the current period ended 30 June 2013 is the same with the Malaysian income tax rate.

21 Realised and Unrealised Profit/(Loss)

	As at 30.06.2013 RM'000 (unaudited)	As at 30.6.2012 RM'000 (unaudited)
Realised	504,886	390,994
Unrealised	11,786	8,720
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Consolidation adjustments	516,672 (102,879)	399,714 (89,720)
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Total Group retained earnings as per consolidated accounts	413,793	309,994

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 2013 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	351,856	14,816	-
Sugar commodity futures contracts	16,152	58	-
	<hr/>	<hr/>	<hr/>
	368,008	14,874	-

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 2012. 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 2013, the total unsecured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.06.2013 RM'000 (unaudited)	As at 30.06.2012 RM'000 (unaudited)
Borrowings		
Current		
Unsecured:		
Bankers' acceptances and revolving credits	220,900	321,000
	<hr/>	<hr/>

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 Audited Financial Statements for the year ended 31 December 2012, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

On behalf of the Board

**En. Mohd Emir Mavani Abdullah
Director**

**Tan Sri Mohd Isa Dato' Abdul Samad
Director**

**Kuala Lumpur
22 August 2013**