

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

**UNAUDITED CONDENSED INCOME STATEMENTS FOR
THE PERIOD ENDED 31 MARCH 2014**

	Q1 Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.14 RM'000 (unaudited)	Preceding Year Corresponding Quarter 31.03.13 RM'000 (unaudited)	Current Year To Date 31.03.14 RM'000 (unaudited)	Preceding Year To Date 31.03.13 RM'000 (unaudited)
Revenue	498,261	514,955	498,261	514,955
Cost of sales	(412,795)	(416,715)	(412,795)	(416,715)
Gross profit	85,466	98,240	85,466	98,240
Other operating income	1,290	5,589	1,290	5,589
Selling and distribution cost	(13,551)	(11,535)	(13,551)	(11,535)
Administrative expenses	(11,901)	(10,543)	(11,901)	(10,543)
Other gains -net	12,354	1,431	12,354	1,431
Other operating exp	(3,686)	(3,243)	(3,686)	(3,243)
Profit from operations	69,973	79,939	69,973	79,939
Finance costs	(1,029)	(939)	(1,029)	(939)
Finance income	3,119	3,835	3,119	3,835
Profit before taxation	72,063	82,835	72,063	82,835
Taxation	(15,731)	(20,877)	(15,731)	(20,877)
Profit for the period	56,332	61,958	56,332	61,958

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR
THE THREE (3) MONTHS ENDED 31 MARCH 2014**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.14 RM'000	Preceding Year Corresponding Quarter 31.03.13 RM'000	Current Year To Date 31.03.14 RM'000	Preceding Year To Date 31.03.13 RM'000
Profit for the period and total comprehensive income	56,332	61,958	56,332	61,958
Attributable to:				
Shareholders of the Company	56,332	61,958	56,332	61,958
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	56,332	61,958	56,332	61,958
Basic earnings per share attributable to equity holders of the Company (sen) (1)	8.01	8.81	8.01	8.81

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 2013 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 31.03.14 RM'000 (unaudited)	As at 31.12.13 RM'000 (audited)
Assets		
Property, plant and equipment	449,592	445,158
Intangible asset	74,654	75,462
Goodwill	576,240	576,240
Prepaid lease payment	829	565
Biological Asset	25,339	23,364
Prepayment	7,425	7,425
Total non-current assets	1,134,079	1,128,214
Inventories	330,096	570,862
Trade receivables	134,373	168,715
Other receivables, deposits and prepayments	32,136	27,856
Tax recoverable	9,014	5,758
Derivative financial assets	8,090	-
Amount due from related companies	4,531	2,536
Amount due from Felda	1	-
Cash and cash equivalents	509,126	267,154
Total current assets	1,027,367	1,042,881
Non-current assets held for sale	36	36
Total assets	2,161,482	2,171,131
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	499,967	443,635
Total equity attributable to equity holders of the Company	1,912,529	1,856,197
Liabilities		
Deferred tax liabilities	77,203	79,694
Total non-current liabilities	77,203	79,694
Current liabilities		
Payables and accruals	51,059	194,804
Amount due to related companies	1,252	2,770
Amount due to FGVH	6,429	3,764
Amount due to FELDA	1,519	-
Borrowings	110,500	29,000
Current tax liabilities	-	4,902
Derivative financial instruments	991	-
Total current liabilities	171,750	235,240
Total liabilities	248,953	314,934
Total equity and liabilities	2,161,482	2,171,131
Net assets per share attributable to equity holders of the Company (RM)	2.72	2.64

The Unaudited Condensed Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 THREE (3) MONTHS ENDED 31 MARCH 2014

	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 2014	351,490	366,765	1,733,939	(1,039,632)	443,635	1,856,197
Profit for the period ended 31 March 2014	-	-	-	-	56,332	56,332
At 31 March 2014	351,490	366,765	1,733,939	(1,039,632)	499,967	1,912,529
	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)	336,585	1,749,147
Profit for the period ended 31 March 2013	-	-	-	-	61,958	61,958
At 31 March 2013	351,490	366,765	1,733,939	(1,039,632)	398,542	1,811,104

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 2013 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 31.03.14 RM'000 (unaudited)	Preceding Year To Date 31.03.13 RM'000 (unaudited)
Cash Flows From Operating Activities		
Profit for the period	56,332	61,958
Adjustment for Non-Cash Flow Items	15,798	28,217
Operating Profit Before Changes in Working Capital	<u>72,130</u>	<u>90,175</u>
Changes in Working Capital		
Net changes in working capital	134,653	122,836
Retirement benefit paid	-	178
Tax paid	(26,380)	(16,224)
Net Cash Generated From Operating Activities	<u>180,403</u>	<u>196,965</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(17,478)	(12,953)
Increase in biological assets	(1,975)	(2,193)
Proceeds from disposal of property, plant and equipment	76	-
Interest received	475	999
Net Cash Used In Investing Activities	<u>(18,902)</u>	<u>(14,147)</u>
Cash Flows From Financing Activities		
Drawdown of borrowings	171,500	40,900
Repayment of borrowings	(90,000)	(211,000)
Interest paid	(1,029)	(351)
Net Cash Generated From/(Used In) Financing Activities	<u>80,471</u>	<u>(170,451)</u>
Net Increase In Cash And Cash Equivalents	241,972	12,367
Cash And Cash Equivalents At Beginning Of The Period	267,154	594,555
Cash And Cash Equivalents At End Of The Period	<u>509,126</u>	<u>606,922</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	407,856	500,965
Cash and bank balances	101,270	105,957
	<u>509,126</u>	<u>606,922</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 2013 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 2013. 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 2013.

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 2013, together with the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2014 as discussed below.

FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 10, FRS 12 and FRS 127	<i>Investment Entities</i>
Amendments to FRS 132	<i>Offsetting financial assets and financial liabilities</i>
Amendments to FRS 136	<i>Recoverable Amounts Disclosures For Non-Financial Assets</i>
IC Interpretations 21	<i>Levies</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 2013 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.

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 2014.

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

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

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) Rubber and palm oil

Cumulative quarter ended 31 March 2014

	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	506,684	-	(8,423)	498,261
Revenue from external customers	506,684	-	(8,423)	498,261
Finance income	422	-	2,697	3,119
Finance cost	(1,029)	-	-	(1,029)
Depreciation and amortisation	8,380	-	5	8,385
Profit before taxation	75,984	(1,721)	(2,200)	72,063
Taxation	(17,613)	-	1,882	(15,731)
Profit after taxation for the financial period				56,332

Total assets as at 31 March 2014

	Sugar	Rubber and palm oil	Unallocated assets	Total
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	266,047	94,368	89,177	449,592
Intangible asset	2,197	-	72,457	74,654
Goodwill	-	-	576,240	576,240
Prepaid lease payment	895	-	(66)	829
Biological asset	-	25,840	(501)	25,339
Prepayment	7,425	-	-	7,425
Current assets				
Inventories	329,540	556	-	330,096
Trade receivables	134,373	-	-	134,373
Other receivables, deposits and prepayment	31,249	62	825	32,136
Tax recoverable	7,717	-	1,297	9,014
Derivative financial assets	8,090	-	-	8,090
Amount due from Related Company	4,531	-	-	4,531
Amount due from Felda	-	1	-	1
Cash and cash equivalents	181,975	568	326,583	509,126
Non-current assets held for sale	-	36	-	36
Total assets per the statement of financial position	974,039	121,431	1,066,012	2,161,482

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 31 March 2014

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 31 March 2014

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

	As at 31.03.14 (unaudited) RM'000	As at 31.03.13 (unaudited) RM'000
Property, plant and equipment:		
- Contracted but not provided for	30,813	38,949
- Approved but not contracted for	64,451	84,092
	<u>95,265</u>	<u>123,041</u>
	As at 31.03.14 (unaudited) RM'000	As at 31.03.13 (unaudited) RM'000
Biological Assets:		
- Contracted but not provided for	3,238	342
- Approved but not contracted for	22,744	38,385
	<u>25,982</u>	<u>38,727</u>

14 Material Related Party Transactions

(a) Related party transactions are as follows:

	For period ended 31.03.14 (unaudited) RM'000	For period ended 31.03.13 (unaudited) RM'000
(i) Transactions with ultimate holding company		
Management fees	(1,613)	(1,054)
(ii) Transactions with a related company		
Sales of refined sugar	4,966	4,066
	<u>3,353</u>	<u>3,012</u>
(iii) Transactions between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy received	535	17,560

14 Material Related Party Transactions (continued)**(iv) Transactions between subsidiaries and government-related financial institutions**

Interest expense for bankers acceptances	659	213
Interest income from fixed deposits and cash balances	422	784

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

	As at	
	31.03.14 (unaudited) RM'000	31.03.13 (unaudited) RM'000
(i) Balances with ultimate holding company		
Amount due to:		
Management fees	6,429	358
(ii) Balances with related companies		
Amount due to:		
Felda Security Services Sdn Bhd	-	27
Felda Prodata System Sdn Bhd	35	46
Felda Travel Sdn Bhd	6	-
Felda Holdings Bhd	137	-
Felda Engineering Services Sdn Bhd	1,074	-
(iii) Balances with ultimate holding company		
Amount due to:		
FELDA	1,519	-
	9,200	431
(iii) Balances with a related company		
Amount due from:		
Felda Trading Sdn Bhd	4,528	3,647
Felda Chuping	2	-
(v) Balances with ultimate holding company		
Amount due from:		
FELDA	1	-
	4,531	3,647

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

	As at	
	31.03.14 (unaudited) RM'000	31.03.13 (unaudited) RM'000
(iv) Balances between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy receivable	1,004	25,700
(v) Balances between subsidiaries and government-related financial institutions		
Bankers acceptances	55,500	100,000
Fixed deposits and cash balances	107,321	26,406

15 Review Of Performance for First Quarter

For the current quarter ended 31 March 2014, the Group recorded a 3.2% lower revenue of RM498 million for Q1 2014 compared to RM 515 million for Q1 2013. This is due to lower domestic and export sales despite an increase in industry sales as compared to the same quarter last year.

The profit before tax for the current quarter is RM 72 million as compared to RM 82.8 million for the same period in 2013 mainly due to lower overall domestic 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:

	2014	2013	Variance	
	Quarter 1	Quarter 4		
	RM'000	RM'000	RM'000	%
	(unaudited)	(Unaudited)		
Revenue	498,261	537,329	(39,068)	(7.3)
Profit before tax	72,063	55,511	16,552	29.8

The revenue for Quarter 1 is lower by 7.3% as compared to the preceding quarter due to lower domestic sales. Profit before tax is higher as compared to preceding quarter mainly due to gains from sugar futures.

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	Preceding
	Year	Year
	RM'000	RM'000
	(unaudited)	(unaudited)
Amortisation of intangible asset	807	807
Amortisation of prepaid lease payment	50	17
Depreciation of property plant and equipment	10,733	9,638
Property, plant and equipment written off	141	34
Loss on disposal of property, plant and equipment	46	-
Net foreign exchange(loss)/gain	(3)	2

20 Taxation

	Cumulative Quarter	
	Current	Preceding
	Year	Year
	RM'000	RM'000
	(unaudited)	(unaudited)
Current	(16,060)	(22,264)
Deferred	329	1,387
	(15,731)	(20,877)

The effective tax rate for the current period ended 31 March 2014 is lower than the Malaysian income tax rate of 25% due to deferred tax effect on the changes in tax rate.

21 Realised and Unrealised Profit/(Loss)

	As at 31.03.14 RM'000 (unaudited)	As at 31.03.13 RM'000 (unaudited)
Realised	628,209	498,356
Unrealised	873	663
	<hr/> 629,082	<hr/> 499,019
Consolidation adjustments	(129,115)	(100,476)
Total Group retained earnings as per consolidated accounts	<hr/> 499,967 <hr/>	<hr/> 398,543 <hr/>

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 31 March 2014 are as follows:

	Notional amount RM'000	Fair value	
		Assets RM'000 (unaudited)	Liabilities RM'000 (unaudited)
Type of derivatives			
Foreign currency exchange forward contracts	219,295	-	991
Sugar commodity futures contracts	84,634	8,090	-
	<hr/> 303,929 <hr/>	<hr/> 8,090 <hr/>	<hr/> 991 <hr/>

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 2013. 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 31 March 2014, the total unsecured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 31.03.2014 RM'000 (unaudited)	As at 31.03.2013 RM'000 (unaudited)
Borrowings		
Current		
Unsecured:		
Bankers' acceptances and revolving credits	<hr/> 110,500 <hr/>	<hr/> 29,000 <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 2013, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

On behalf of the Board

Mohd Emir Mavani Abdullah
Director

Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
Director

Kuala Lumpur
21 May 2014