

**MSM MALAYSIA HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Company No : 935722-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR  
THE PERIOD ENDED 30 JUNE 2014**

	Q2		Cumulative Quarter	
	Current Year Quarter 30.06.14 RM'000 (unaudited)	Preceding Year Corresponding Quarter 30.06.13 RM'000 (unaudited)	Current Year To Date 30.06.14 RM'000 (unaudited)	Preceding Year To Date 30.06.13 RM'000 (unaudited)
<b>Revenue</b>	<b>595,426</b>	<b>604,608</b>	<b>1,093,687</b>	<b>1,119,563</b>
Cost of sales	(447,398)	(472,891)	(860,193)	(889,606)
<b>Gross profit</b>	<b>148,028</b>	<b>131,717</b>	<b>233,494</b>	<b>229,957</b>
Other operating income	468	798	504	6,387
Selling and distribution cost	(19,100)	(15,698)	(32,651)	(27,233)
Administrative expenses	(12,567)	(9,248)	(24,468)	(19,791)
Other gain/(losses) -net	(8,793)	16,894	3,561	16,406
Other operating expenses	(6,346)	(3,530)	(10,032)	(4,853)
<b>Profit from operations</b>	<b>101,690</b>	<b>120,933</b>	<b>170,408</b>	<b>200,873</b>
Finance costs	(1,070)	(1,296)	(844)	(2,235)
Finance income	2,319	3,581	5,438	7,416
<b>Profit before taxation</b>	<b>102,939</b>	<b>123,218</b>	<b>175,002</b>	<b>206,054</b>
Taxation	(24,231)	(30,640)	(39,962)	(51,517)
<b>Profit for the period</b>	<b>78,708</b>	<b>92,578</b>	<b>135,040</b>	<b>154,537</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR  
THE PERIOD ENDED 30 JUNE 2014**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.14 RM'000	Preceding Year Corresponding Quarter 30.06.13 RM'000	Current Year To Date 30.06.14 RM'000	Preceding Year To Date 30.06.13 RM'000
<b>Profit for the period and total comprehensive income</b>	<b>78,708</b>	<b>92,578</b>	<b>135,040</b>	<b>154,537</b>
<b>Attributable to:</b>				
Shareholders of the Company	78,708	92,578	135,040	154,537
Non-controlling interest	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>78,708</b>	<b>92,578</b>	<b>135,040</b>	<b>154,537</b>
<b>Basic earnings per share attributable to equity holders of the Company (sen)</b>	<b>Note 22</b>	<b>11.20</b>	<b>13.17</b>	<b>19.21</b>
			<b>21.98</b>	

The Unaudited Condensed Consolidated Income Statements and Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements for the period ended 30 June 2013 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

**MSM MALAYSIA HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	As at 30.06.14 RM'000 (unaudited)	As at 31.12.13 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	460,811	445,158
Intangible asset	74,178	75,462
Goodwill	576,240	576,240
Prepaid lease payment	728	565
Biological assets	27,463	23,364
Receivables	6,961	7,425
<b>Total non-current assets</b>	<b>1,146,381</b>	<b>1,128,214</b>
<b>Current assets</b>		
Inventories	346,006	570,862
Trade receivables	158,491	168,715
Other receivables, deposits and prepayments	13,948	27,856
Tax recoverable	1,026	5,758
Derivative financial assets	1,640	-
Amount due from other related companies	437	2,536
Cash and cash equivalents	642,783	267,154
<b>Total current assets</b>	<b>1,164,331</b>	<b>1,042,881</b>
Non-current assets held for sale	36	36
<b>TOTAL ASSETS</b>	<b>2,310,748</b>	<b>2,171,131</b>
<b>EQUITY</b>		
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	480,258	443,635
<b>Total equity attributable to equity holders of the Company</b>	<b>1,892,820</b>	<b>1,856,197</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	73,602	79,694
<b>Total non-current liabilities</b>	<b>73,602</b>	<b>79,694</b>
<b>Current liabilities</b>		
Payables and accruals	155,323	194,804
Amount due to other related companies	1,519	2,770
Amount due to ultimate holding company	9,562	3,764
Derivative financial liabilities	1,763	-
Borrowings	175,800	29,000
Current tax liabilities	359	4,902
<b>Total current liabilities</b>	<b>344,326</b>	<b>235,240</b>
<b>Total liabilities</b>	<b>417,928</b>	<b>314,934</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,310,748</b>	<b>2,171,131</b>
<b>Net assets per share attributable to equity holders of the Company (RM) (1)</b>	<b>2.69</b>	<b>2.64</b>

The Unaudited Condensed Consolidated Statement 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 Consolidated Financial Information.

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

**MSM MALAYSIA HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014**

	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
At 1 January 2014	351,490	366,765	1,733,939	(1,039,632)	443,635	1,856,197
Total comprehensive income	-	-	-	-	135,040	135,040
Dividends payable	-	-	-	-	(98,417)	(98,417)
At 30 June 2014	351,490	366,765	1,733,939	(1,039,632)	480,258	1,892,820

	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
Total comprehensive income	-	-	-	-	154,537	154,537
Dividends Paid	-	-	-	-	(77,328)	(77,328)
As at 30 June 2013	351,490	366,765	1,733,939	(1,039,632)	413,793	1,826,355

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

**MSM MALAYSIA HOLDINGS BERHAD**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Current Year To Date 30.06.14 RM'000 (unaudited)	Preceding Year To Date 30.06.13 RM'000 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	135,040	154,537
Adjustment for non-cash flow items	57,894	47,488
Operating profit before changes in working capital	<u>192,934</u>	<u>202,025</u>
Net changes in working capital	114,886	166,022
Tax paid	(45,865)	(42,081)
<b>Net Cash Generated From Operating Activities</b>	<u>261,955</u>	<u>325,966</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(25,727)	(24,165)
Acquisition of intangible assets	(465)	-
Acquisition of biological assets	(4,408)	(4,860)
Proceeds from disposal of property, plant and equipment	167	444
Proceeds from disposal of assets held for sale	-	-
Interest received	800	7,630
<b>Net Cash Used In Investing Activities</b>	<u>(29,633)</u>	<u>(20,951)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	325,000	204,900
Repayment of borrowings	(178,200)	(445,000)
Interest paid	(3,493)	(1,719)
Dividends paid	-	(77,328)
<b>Net Cash Used In From Financing Activities</b>	<u>143,307</u>	<u>(319,147)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>375,629</b>	<b>(14,132)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>267,154</b>	<b>594,555</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>642,783</u></b>	<b><u>580,423</u></b>
<b>Cash and Cash Equivalents comprise:</b>		
Deposits with licensed banks	554,984	525,363
Cash and bank balances	87,799	55,060
	<u>642,783</u>	<u>580,423</u>

The Unaudited Condensed Consolidated Statement 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 Consolidated Financial Information.

**MSM MALAYSIA HOLDINGS BERHAD**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The 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 Consolidated 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 Consolidated 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 Consolidated 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, FRS 8, FRS 13, FRS 116 and FRS 132	<i>Improvement to FRSs (2012)</i>
IC Interpretation 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 except during festive seasons such as Raya and Chinese New Year celebration.

**4 Unusual Items due to Their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity and net income for the year ended 31 December 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**

The shareholders during the Annual General Meeting has resolved a final dividend payment of 14 cents per share amounting to RM98.4 million for the year ended 31 December 2013 to be paid on 11 July 2014

## 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 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 - palm oil and rubber plantation

Reconciliation represents income and expenses related to the corporate, which is the investment holding entity. Included in reconciliation are elimination of intercompany loans and interest charged.

The Chief Executive Officer of the Group, which is the chief operating decision maker, reviews the internal management reports on a basis that is consistent with the presentation as per the statement of comprehensive income.

The segment information provided to the Chief Executive Officer for the reportable segments for the financial period as follows:

Cumulative quarter ended 30 June 2014	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,123,883	-	(30,196)	1,093,687
Revenue from external customers	1,123,883	-	(30,196)	1,093,687
Finance income	883	-	4,555	5,438
Finance cost	(1,357)	-	513	(844)
Depreciation and amortisation	(1,583)	-	(11)	(1,594)
Profit before taxation	183,144	(3,174)	(4,968)	175,002
Taxation	(43,864)	-	3,902	(39,962)
Profit after taxation for the financial year				135,040
<b>Total Assets as at 30 June 2014</b>				
	Sugar	Rubber and palm oil	Unallocated assets	Total
	RM'000	RM'000	RM'000	RM'000
<b>Total assets</b>	1,065,453	124,622	1,120,673	2,310,748
<b>Total liabilities</b>	295,584	56,958	(33,031)	319,511
<b>Additions to non-current assets</b>	-	5,189	-	5,189

**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 period ended 30 June 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 30 June 2014.

**13 Capital Commitments Outstanding not Provided for in the Unaudited Condensed Consolidated Financial Information**

	<b>Current Year To Date 30.06.14 (unaudited) RM'000</b>	<b>Preceding Year To Date 30.06.13 (unaudited) RM'000</b>
<b>Property, plant and equipment:</b>		
- Contracted but not provided for	46,634	42,336
- Approved but not contracted for	54,421	72,126
	<u>101,055</u>	<u>114,462</u>

	<b>Current Year To Date 30.06.14 (unaudited) RM'000</b>	<b>Preceding Year To Date 30.06.13 (unaudited) RM'000</b>
<b>Intangible assets:</b>		
- Contracted but not provided for	2,627	-
- Approved but not contracted for	-	-
	<u>2,627</u>	<u>-</u>

	<b>Current Year To Date 30.06.14 (unaudited) RM'000</b>	<b>Preceding Year To Date 30.06.13 (unaudited) RM'000</b>
<b>Biological Assets:</b>		
- Contracted but not provided for	785	580
- Approved but not contracted for	27,895	35,480
	<u>28,680</u>	<u>36,060</u>

**14 Material Related Party Transactions**

(a) Related party transactions are as follows:

	<b>Current Year To Date 30.06.14 (unaudited) RM'000</b>	<b>Preceding Year To Date 30.06.13 (unaudited) RM'000</b>
<b>(i) Transactions with ultimate holding company</b>		
Management fees	(5,187)	(1,933)
<b>(ii) Transactions with related companies</b>		
Sales of refined sugar (Felda Trading Sdn Bhd)	7,633	6,549
Security services (Felda Security Services Sdn Bhd)	4	-
Information technology services (Felda Prodata System Sdn Bhd)	140	-
Engineering services (Felda Engineering Services Sdn Bhd)	1,168	-
Travel agent services (Felda Travel Sdn Bhd)	78	-
Provision of arrangement services for Corporate Events (Felda Holdings Bhd)	132	-
Insurance services (Felda Trading Sdn Bhd)	269	-
Provision of plantation material (Felda Global Venture Plantation Malaysia Sdn Bhd)	6	-
Provision of plantation material (Felda Agricultural Services Sdn Bhd)	8	-
Refreshment services (Felda D'Saji Sdn Bhd)	21	-
Rental income (Felda Agricultural Services Sdn Bhd)	4	-
Fertilizer (FPM Sdn Bhd)	368	-
	<u>4,644</u>	<u>4,616</u>

**14 Material Related Party Transactions (continued)**

(a) Related party transactions are as follows: (continued)

	<b>Current Year To Date 30.06.14 (unaudited) RM'000</b>	<b>Preceding Year To Date 30.06.13 (unaudited) RM'000</b>
<b>(iii) Transactions between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan</b>		
Sugar subsidy		43,569
<b>(iv) Transactions between subsidiaries and government-related financial institutions</b>		
Interest expense for bankers acceptances	2,027	358
Interest income from fixed deposits and cash balances	76	1,485

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

	<b>Current Year To Date 30.06.14 (unaudited) RM'000</b>	<b>As at 31.12.13 (audited) RM'000</b>
<b>(i) Balances with ultimate holding company</b>		
Amount due to:		
Management fees	9,238	3,764
<b>(ii) Balances with related companies</b>		
Amount due to:		
Felda Security Services Sdn Bhd	4	9
Felda Prodata System Sdn Bhd	46	46
Felda Engineering Services Sdn Bhd	79	1,326
Felda Travel Sdn Bhd	25	20
Felda Holdings Bhd	14	14
Felda Trading Sdn Bhd	-	1
Felda Global Ventures Plantation (M) Sdn Bhd	-	13
Felda D'Saji Sdn Bhd	-	1
FPM Sdn Bhd	157	146
<b>(iii) Balances with significant shareholder of FGVH</b>		
Amount due to:		
FELDA	1,519	1,194
	<b>1,844</b>	<b>2,770</b>
<b>(iv) Balances with related companies</b>		
Amount due from:		
Felda Trading Sdn Bhd	429	2,372
Felda Holdings Bhd	-	163
Felda Agricultural Services Sdn Bhd	3	-
Felda Global Ventures Plantation (M) Sdn Bhd	4	-
<b>(v) Balances with significant shareholder of FGVH</b>		
Amount due from:		
FELDA	1	1
	<b>437</b>	<b>2,536</b>



**14 Material Related Party Transactions (continued)**

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

	<b>Current Year To Date 30.06.14 (unaudited) RM'000</b>	<b>As at 31.12.13 (audited) RM'000</b>
<b>(vi) Balances between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan</b>		
Sugar subsidy receivable		14,891
<b>(vii) Balances between subsidiaries and government-related financial institutions</b>		
Bankers acceptances	175,800	29,000
Fixed deposits and cash balances	258,494	23,510

**15 Review of Performance for Second Quarter**

For the current quarter ended 30 June 2014, the Group recorded slightly lower revenue by 1.5% from RM605 million for Q2 2013 to RM595 million for Q2 2014.

The profit before tax for the current quarter is RM103 million as compared to RM123 million for the same period in 2013 mainly due to higher gains recorded for raw sugar and foreign exchange hedging last year.

**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	2014	Variance	
	Quarter 2	Quarter 1	RM'000	%
	RM'000	RM'000		
	(unaudited)	(Unaudited)		
Revenue	595,426	498,261	97,165	19.5
Profit before tax	102,939	72,062	30,877	42.8

The revenue and profit before tax for Quarter 2 is higher by 19.5% and 42.8% respectively as compared to the preceding quarter due to higher sales as a result of festive season.

**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	Preceding Year
	RM'000	RM'000
	(unaudited)	(unaudited)
Amortisation of intangible asset	1,749	1,613
Amortisation of prepaid lease payment	503	35
Depreciation of property plant and equipment	16,095	14,473
Property, plant and equipment written off	-	40
Gain on disposal of property, plant and equipment	(8)	(427)
Net foreign exchange loss/(gain)	5,489	(21,746)
Commodity (gain)/loss	(9,050)	3,707

Except listed above, other disclosure requirements under Bursa Malaysia Main Market Listing Requirements are not applicable during the period under review ended 30 June 2014.

**20 Taxation**

	Individual Quarter		Cumulative Quarter	
	Q2 Current Year	Q2 Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	Year	Year
	30.06.14	30.06.13	RM'000	RM'000
	RM'000	RM'000	(unaudited)	(unaudited)
Current	25,531	27,847	41,591	50,111
Deferred	(1,300)	2,793	(1,629)	1,406
	24,231	30,640	39,962	51,517

The effective tax rate for the current period ended 30 June 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	As at
	30.06.14	30.06.13
	RM'000	RM'000
	(unaudited)	(unaudited)
Realised	708,655	504,886
Unrealised	1,635	11,786
	710,290	516,672
Consolidation adjustments	(131,615)	(102,879)
<b>Total Group retained earnings as per consolidated accounts</b>	<b>578,675</b>	<b>413,793</b>

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 Earning Per Share**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	To Date
	30.06.14	30.06.13	30.06.14	30.06.13
Basic earning per share are computed as follows:				
Profit for the financial period attributable to owners of the Company (RM'000)	78,708	92,578	135,040	154,537
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic earnings	11.20	13.17	19.21	21.98

**23 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 2014 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	196,325	-	(1,763)
Sugar commodity futures contracts	68,998	1,640	-
	<u>265,323</u>	<u>1,640</u>	<u>(1,763)</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 2013. The maturity periods of the above derivatives are less than one year.

**24 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.

The Group uses the following hierarchy for determining and disclosing fair value of financial instruments by valuation technique:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly (ie. from prices) or indirectly (ie. derived from prices).

**Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**25 Unquoted Investments and/or Properties**

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

**26 Quoted Investments**

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

**27 Status of Corporate Proposals**

As at 8 May 2014, MSMH executed a non-binding Memorandum of Understanding (MOU) with Al-Khaleej International Ltd with the objective of collaborating with each other to establish a joint venture (JV) company. As at 30 June 2014 the proposed JV company has yet to be incorporated.

Other than above, there was no corporate proposals entered into during the financial period under review.

**28 Group Borrowings**

As at 30 June 2014, the total unsecured borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30.06.14 RM'000 (unaudited)	As at 31.12.13 RM'000 (audited)
<b>Borrowings</b>		
<b>Current</b>		
Unsecured:		
Bankers' acceptances and revolving credits	<u>175,800</u>	<u>29,000</u>

**29 Off Balance Sheet Financial Instruments**

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

**30 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  
20 August 2014