

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

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

	Q3		Cumulative Quarter	
	Individual Quarter	Q3	Current	Preceding
	Current	Preceding Year	Year	Year
	Year	Corresponding	To Date	To Date
	Quarter	Quarter	30.09.14	30.09.13
	30.09.14	30.09.13	RM'000	RM'000
	RM'000	RM'000	(unaudited)	(unaudited)
	(unaudited)	(unaudited)		
Revenue	559,735	545,588	1,653,422	1,665,151
Cost of sales	(470,380)	(415,848)	(1,330,573)	(1,305,454)
Gross profit	89,355	129,740	322,849	359,697
Other operating income	1,225	428	1,729	6,815
Selling and distribution cost	(16,200)	(15,868)	(48,851)	(43,101)
Administrative expenses	(7,630)	(9,644)	(32,098)	(29,435)
Other losses -net	(4,762)	(6,174)	(1,201)	12,151
Other operating expenses	(1,093)	(3,100)	(11,125)	(9,872)
Profit from operations	60,895	95,382	231,303	296,255
Finance costs	(196)	(1,803)	(1,040)	(4,038)
Finance income	3,798	3,761	9,237	11,177
Profit before taxation	64,497	97,340	239,500	303,394
Taxation	(16,535)	(23,136)	(57,451)	(74,653)
Profit for the period	47,962	74,204	182,049	228,741

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

	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding
	Year	Corresponding	Year	Year
	Quarter	Quarter	To Date	To Date
	30.09.14	30.09.13	30.09.14	30.09.13
	RM'000	RM'000	RM'000	RM'000
Profit for the period and total comprehensive income	47,962	74,204	182,049	228,741
Attributable to:				
Shareholders of the Company	47,962	74,204	182,049	228,741
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	47,962	74,204	182,049	228,741
Basic earnings per share attributable to equity holders of the Company (sen)	Note 22	6.82	10.56	25.90
		32.54		

The Unaudited Condensed Consolidated Income Statements and Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period 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 FINANCIAL POSITION

	As at 30.09.14 RM'000 (unaudited)	As at 31.12.13 RM'000 (audited)
ASSETS		
Non-Current assets		
Property, plant and equipment	464,288	445,158
Intangible asset	74,406	75,462
Goodwill	576,240	576,240
Prepaid lease payment	793	565
Biological assets	30,683	23,364
Receivables	6,729	7,425
Total non-current assets	1,153,139	1,128,214
Current assets		
Inventories	492,198	570,862
Trade receivables	160,650	168,715
Other receivables, deposits and prepayments	21,735	27,856
Tax recoverable	3,882	5,758
Derivative financial assets	4,514	-
Amount due from other related companies	4,312	2,536
Cash and cash equivalents	553,585	267,154
Total current assets	1,240,876	1,042,881
Non-current assets held for sale	24	36
TOTAL ASSETS	2,394,039	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	456,969	443,635
Total equity attributable to equity holders of the Company	1,869,531	1,856,197
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	77,574	79,694
Total non-current liabilities	77,574	79,694
Current liabilities		
Payables and accruals	53,608	194,804
Amount due to other related companies	1,863	2,770
Amount due to ultimate holding company	6,705	3,764
Borrowings	384,190	29,000
Current tax liabilities	568	4,902
Total current liabilities	446,934	235,240
Total liabilities	524,508	314,934
TOTAL EQUITY AND LIABILITIES	2,394,039	2,171,131
Net assets per share attributable to equity holders of the Company (RM) (1)	2.66	2.64

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 SEPTEMBER 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	-	-	-	-	182,049	182,049
Dividends paid	-	-	-	-	(168,715)	(168,715)
At 30 September 2014	351,490	366,765	1,733,939	(1,039,632)	456,969	1,869,531

	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	-	-	-	-	228,741	228,741
Dividends paid	-	-	-	-	(77,328)	(77,328)
As at 30 September 2013	351,490	366,765	1,733,939	(1,039,632)	487,997	1,900,559

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 30.09.14 RM'000 (unaudited)	Preceding Year To Date 30.09.13 RM'000 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	182,049	228,741
Adjustment for non-cash flow items	80,303	88,002
Operating profit before changes in working capital	<u>262,352</u>	<u>316,743</u>
Net changes in working capital	(49,609)	109,638
Tax paid	(62,030)	(54,309)
Net Cash Generated from Operating Activities	<u>150,713</u>	<u>372,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(39,992)	(52,751)
Acquisition of intangible assets	(465)	-
Acquisition of biological assets	(7,860)	(7,800)
Proceeds from disposal of property, plant and equipment	172	643
Interest received	1,794	2,742
Net Cash Used in Investing Activities	<u>(46,351)</u>	<u>(57,166)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	710,190	334,000
Repayment of borrowings	(355,000)	(651,000)
Interest paid	(4,406)	(4,228)
Dividends paid	(168,715)	(77,328)
Net Cash Generated from/(Used in) Financing Activities	<u>182,069</u>	<u>(398,556)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>286,431</u>	<u>(83,650)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>267,154</u>	<u>594,555</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>553,585</u>	<u>510,905</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	501,969	463,585
Cash and bank balances	51,615	47,320
	<u>553,585</u>	<u>510,905</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 IC Interpretation 21	<i>Improvement to FRSs (2012)</i> <i>Levies</i>
Amendments to FRS 9, FRS 7 and FRS 139	<i>Financial Instruments: Hedge Accounting</i>
Amendments to FRS 116 and FRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to FRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</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

Final dividend for the year 31 December 2013 and interim dividend for the quarter ended 30 September 2014 were as follows:

	Payment Date	Dividend per share Sen	Amount of dividend RM'000
Final tax exempt dividend for the year ended 31 December 2013	<u>11 July 2014</u>	<u>14</u>	<u>98,417</u>
Interim tax exempt dividend for the quarter ended 30 September 2014	<u>19 September 2014</u>	<u>10</u>	<u>70,298</u>

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 September 2014

	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,711,693	-	(58,271)	1,653,422
Revenue from external customers	1,711,693	-	(58,271)	1,653,422
Finance income	1,796	-	7,441	9,237
Finance cost	(2,990)	(2)	1,952	(1,040)
Depreciation and amortisation	2,529	2,329	95	4,953
Profit before taxation	249,431	(4,816)	(5,115)	239,500
Taxation	(60,897)	-	3,446	(57,451)
Profit after taxation for the financial year				182,049

Total Assets as at 30 September 2014

	Sugar	Rubber and palm oil	Unallocated assets	Total
	RM'000	RM'000	RM'000	RM'000
Total assets	1,203,133	125,933	1,064,973	2,394,039
Total liabilities	529,480.25	57,625	(62,597)	524,508
Additions to biological assets	-	8,837	-	8,837

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 September 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 September 2014.

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

	Current Year To Date 30.09.14 (unaudited) RM'000	Preceding Year To Date 30.09.13 (unaudited) RM'000
Property, plant and equipment:		
- Contracted but not provided for	46,139	48,901
- Approved but not contracted for	188,959	52,990
	<u>235,098</u>	<u>101,891</u>
	Current Year To Date 30.09.14 (unaudited) RM'000	Preceding Year To Date 30.09.13 (unaudited) RM'000
Intangible assets:		
- Contracted but not provided for	41	-
	<u>41</u>	<u>-</u>
	Current Year To Date 30.09.14 (unaudited) RM'000	Preceding Year To Date 30.09.13 (unaudited) RM'000
Biological Assets:		
- Contracted but not provided for	477	1,365
- Approved but not contracted for	19,146	31,754
	<u>19,623</u>	<u>33,119</u>

14 Material Related Party Transactions

(a) Related party transactions are as follows:

	Current Year To Date 30.09.14 (unaudited) RM'000	Preceding Year To Date 30.09.13 (unaudited) RM'000
(i) Transactions with ultimate holding company		
Management fees	(3,057)	(3,122)
(ii) Transactions with related companies		
Sales of refined sugar (Felda Trading Sdn Bhd)	12,923	8,414
Security services (Felda Security Services Sdn Bhd)	11	84
Information technology services (Felda Prodata System Sdn Bhd)	194	249
Engineering services (Felda Engineering Services Sdn Bhd)	2,528	1,119
Travel agent services (Felda Travel Sdn Bhd)	133	14
Provision of arrangement services for Corporate Events (Felda Holdings Bhd)	132	93
Insurance services (Felda Trading Sdn Bhd)	365	80
Plantation Material (Felda Trading Sdn Bhd)	-	35
Provision of plantation material (Felda Global Venture Plantation Malaysia Sdn Bhd)	6	2
Refreshment services (Felda D'Saji Sdn Bhd)	88	11
Rental income (Felda Agricultural Services Sdn Bhd)	35	2
Fertilizer (Ladang Felda Laka Selatan 2)	-	100
Fertilizer (FPM Sdn Bhd)	558	107
	<u>13,916</u>	<u>7,190</u>

14 Material Related Party Transactions (continued)

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

Current Year To Date 30.09.14 (unaudited) RM'000	Preceding Year To Date 30.09.13 (unaudited) RM'000
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(iii) Transactions between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan

Sugar subsidy	-	74,827
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(iv) Transactions between subsidiaries and government-related financial institutions

Interest expense for bankers acceptances	1,330	1,285
Interest income from fixed deposits and cash balances	8,484	2,329

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

Current Year To Date 30.09.14 (unaudited) RM'000	As at 31.12.13 (audited) RM'000
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(i) Balances with ultimate holding company

Amount due to: Management fees	6,705	3,764
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(ii) Balances with related companies

Amount due to:		
Felda Security Services Sdn Bhd	8	9
Felda Prodata System Sdn Bhd	53	46
Felda Engineering Services Sdn Bhd	34	1,325
Felda Travel Sdn Bhd	45	20
Felda Holdings Bhd	14	14
Felda Trading Sdn Bhd	-	2
Felda Global Ventures Plantation (M) Sdn Bhd	-	13
Felda D'Saji Sdn Bhd	-	1
FPM Sdn Bhd	82	146

(iii) Balances with significant shareholder of FGVH

Amount due to: FELDA	1,628	1,194
	1,863	2,770

(iv) Balances with related companies

Amount due from:		
Felda Trading Sdn Bhd	4,285	2,372
Felda Holdings Bhd	-	163
Felda Agricultural Services Sdn Bhd	21	-
Felda Global Ventures Plantation (M) Sdn Bhd	4	-

(v) Balances with significant shareholder of FGVH

Amount due from: FELDA	2	1
	4,312	2,536

14 Material Related Party Transactions (continued)

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

	Current Year To Date 30.09.14 (unaudited) RM'000	As at 31.12.13 (audited) RM'000
(vi) Balances between subsidiaries and Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan		
Sugar subsidy receivable	-	14,891
(vii) Balances between subsidiaries and government-related financial institutions		
Bankers acceptances	384,190	29,000
Fixed deposits and cash balances	148,108	23,510

15 Review of Performance for Third Quarter

For the current quarter ended 30 September 2014, the Group recorded slightly higher revenue by 2.59% from RM 546 million for Q3 2013 to RM560 million for Q3 2014 due to higher sales.

The profit before tax for the current quarter is RM64 million as compared to RM97 million for the same period in 2013 mainly due to higher domestic sales and lower raw sugar cost in Q3 2013.

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 3	Quarter 2	RM'000	%
	RM'000	RM'000		
	(unaudited)	(Unaudited)		
Revenue	559,735	595,426	(35,691)	(6.0)
Profit before tax	64,497	102,939	(38,442)	(37.3)

The revenue and profit before tax for Q3 2014 is lower by 6% and 37.3% respectively as compared to Q2 2014 due to higher sales as a result of festive season and lower raw sugar cost in Q2 2014.

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
	30.09.14	30.09.13
	RM'000	RM'000
	(unaudited)	(unaudited)
Amortisation of intangible asset	2,420	2,420
Amortisation of prepaid lease payment	54	52
Depreciation of property plant and equipment	23,995	21,781
Property, plant and equipment written off	11	85
Gain on disposal of property, plant and equipment	(59)	(557)
Net foreign exchange loss/(gain)	786	(12,813)
Commodity gain	(382)	(881)

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

20 Taxation

	Individual Quarter		Cumulative Quarter	
	Q3 Current Year	Q3 Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	Year	Year
	30.09.14	30.09.13	RM'000	RM'000
	RM'000	RM'000	(unaudited)	(unaudited)
Current	14,509	27,933	56,100	78,044
Deferred	2,026	(4,797)	1,351	(3,391)
	16,535	23,136	57,451	74,653

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 30.09.14	As at 30.09.13
	RM'000	RM'000
	(unaudited)	(unaudited)
Realised	568,967	592,402
Unrealised	1,391	877
	570,358	593,279
Consolidation adjustments	(113,389)	(105,282)
Total Group retained earnings as per consolidated accounts	456,969	487,997

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
	30.09.14	30.09.13	30.09.14	30.09.13
Basic earning per share are computed as follows:				
Profit for the financial period attributable to owners of the Company (RM'000)	47,962	74,204	182,049	228,741
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic earnings	6.82	10.56	25.90	32.54

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 September 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	135,731	4,514	-
Sugar commodity futures contracts	-	-	-
	<u>135,730</u>	<u>4,514</u>	<u>-</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 September 2014 the proposed JV company has already been incorporated.

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

28 Group Borrowings

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

	As at 30.09.14 RM'000 (unaudited)	As at 31.12.13 RM'000 (audited)
Borrowings		
Current		
Unsecured:		
Bankers' acceptances and revolving credits	<u>384,190</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

Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
Director

Dato' Mohd Emir Mavani Abdullah
Director

Kuala Lumpur
19 November 2014