

**MSM MALAYSIA HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Company No : 935722-K)

**QUARTERLY REPORT**

On consolidated results for the year ended 31 December 2015

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in RM thousand unless otherwise stated

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2015	2014	2015	2014
<b>Revenue</b>	<b>663,966</b>	<b>628,071</b>	<b>2,307,263</b>	<b>2,281,493</b>
Cost of sales	(544,735)	(483,566)	(1,818,173)	(1,814,139)
<b>Gross profit</b>	<b>119,231</b>	<b>144,505</b>	<b>489,090</b>	<b>467,354</b>
Other operating income	(234)	10,436	6,972	12,165
Selling and distribution cost	(18,841)	(32,547)	(71,914)	(81,398)
Administrative expenses	(11,903)	(21,024)	(65,266)	(53,122)
Other gains/(loss)-net	9,141	(3,144)	25,769	(4,345)
Other operating expenses	(267)	5,598	(7,371)	(5,527)
<b>Profit from operations</b>	<b>97,127</b>	<b>103,824</b>	<b>377,280</b>	<b>335,127</b>
Finance costs	(1,530)	(2,679)	(7,546)	(3,719)
Finance income	1,634	3,654	7,862	12,891
<b>Profit before taxation</b>	<b>97,231</b>	<b>104,799</b>	<b>377,596</b>	<b>344,299</b>
Zakat	(5,000)	(4,500)	(5,000)	(4,500)
Taxation	(25,503)	(25,335)	(91,832)	(82,786)
<b>Profit for the period</b>	<b>66,728</b>	<b>74,964</b>	<b>280,764</b>	<b>257,013</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015**

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2015	2014	2015	2014
<b>Profit for the period and total comprehensive income</b>	<b>66,728</b>	<b>74,964</b>	<b>280,764</b>	<b>257,013</b>
<b>Attributable to:</b>				
Shareholders of the Company	66,728	74,964	280,764	257,013
Non-controlling interest	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>66,728</b>	<b>74,964</b>	<b>280,764</b>	<b>257,013</b>
<b>Basic earnings per share attributable to equity holders of the Company (sen)</b>	<b>9.49</b>	<b>10.66</b>	<b>39.94</b>	<b>36.56</b>

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 year ended 31 December 2014 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**  
**On consolidated results for the year ended 31 December 2015 (continued)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**Amounts in RM thousand unless otherwise stated**

	Unaudited As at 31 December 2015	Audited As at 31 December 2014
<b>Assets</b>		
Property, plant and equipment	671,274	473,975
Intangible asset	72,787	73,317
Goodwill	576,240	576,240
Prepaid lease payment	687	775
Biological asset	41,392	33,590
Receivables	80,202	6,651
<b>Total non-current assets</b>	<b>1,442,582</b>	<b>1,164,548</b>
Inventories	729,910	674,270
Trade receivables	346,538	191,018
Other receivables, deposits and prepayments	79,124	11,422
Tax recoverable	277	3,015
Derivative financial assets	313	38
Amount due from related companies	1	3,875
Cash and cash equivalents	123,902	469,999
<b>Total current assets</b>	<b>1,280,065</b>	<b>1,353,637</b>
Non-current assets held for sale	7	18
<b>Total assets</b>	<b>2,722,654</b>	<b>2,518,203</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	629,922	531,933
<b>Total equity attributable to equity holders of the Company</b>	<b>2,042,484</b>	<b>1,944,495</b>
<b>Liabilities</b>		
Deferred tax liabilities	75,378	76,699
<b>Total non-current liabilities</b>	<b>75,378</b>	<b>76,699</b>
<b>Current liabilities</b>		
Payables and accruals	170,978	231,216
Amount due to other related companies	510	2,336
Amount due to ultimate holding company	11,785	8,918
Loan due to immediate holdings company	60,000	-
Borrowings	359,537	248,390
Current tax liabilities	1,982	6,149
<b>Total current liabilities</b>	<b>604,792</b>	<b>497,009</b>
<b>Total liabilities</b>	<b>680,170</b>	<b>573,708</b>
<b>Total equity and liabilities</b>	<b>2,722,654</b>	<b>2,518,203</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>2.91</b>	<b>2.77</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 2014 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Amounts in RM thousand unless otherwise stated**

<b>Period ended</b>	Share capital	Share premium	Merger reserve	Reorganisation deficit	Retained earnings	Equity attributable to equity holders of the Company
<b>31 December 2015</b>						
At 1 January 2015	351,490	366,765	1,733,939	(1,039,632)	531,933	1,944,495
Total comprehensive income	-	-	-	-	280,764	280,764
Dividend paid	-	-	-	-	(182,775)	(182,775)
At 31 December 2015	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>629,922</u>	<u>2,042,484</u>

<b>Period ended</b>	Share capital	Share premium	Merger reserve	Reorganisation deficit	Retained earnings	Equity attributable to equity holders of the Company
<b>31 December 2014</b>						
At 1 January 2014	351,490	366,765	1,733,939	(1,039,632)	443,635	1,856,197
Total comprehensive income	-	-	-	-	257,013	257,013
Dividend paid	-	-	-	-	(168,715)	(168,715)
At 31 December 2014	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>531,933</u>	<u>1,944,495</u>

**The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.**

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

Amounts in RM thousand unless otherwise stated

	Year to Date Ended 31 December	
	2015	2014
<b>Cash Flows from Operating Activities</b>		
Profit for the period	280,764	257,013
Adjustment for Non-Cash Flow Items	117,487	125,011
Operating Profit Before Changes in Working Capital	<u>398,251</u>	<u>382,024</u>
Changes in Working Capital		
Net changes in working capital	(386,336)	(55,760)
Tax paid	(89,163)	(81,790)
Zakat paid	(5,000)	(4,500)
<b>Net Cash (Used in) Generated from Operating Activities</b>	<u>(82,248)</u>	<u>239,974</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(233,722)	(70,889)
Acquisition of intangible assets	(2,786)	(1,083)
Increase in biological assets	(7,802)	(10,227)
Acquisition of prepaid lease payments	-	(201)
Proceeds from disposal of property, plant and equipment	2,088	180
Proceeds from disposal of assets held for sale	-	75
Interest received	1,655	2,286
<b>Net Cash Used in Investing Activities</b>	<u>(240,567)</u>	<u>(79,859)</u>
<b>Cash Flows from Financing Activities</b>		
Drawdown of borrowings, net of issuance costs	1,099,276	1,081,690
Repayment of borrowings	(928,551)	(862,300)
Interest paid	(11,232)	(7,945)
Dividend paid	(182,775)	(168,715)
<b>Net Cash (Used in) Generated from Financing Activities</b>	<u>(23,282)</u>	<u>42,730</u>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<u>(346,097)</u>	<u>202,845</u>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<u>469,999</u>	<u>267,154</u>
<b>Cash and Cash Equivalents at End of the Period</b>	<u>123,902</u>	<u>469,999</u>
<b>Cash and Cash Equivalents comprise:</b>		
Deposits with licensed banks	67,592	424,043
Cash and bank balances	56,310	45,956
	<u>123,902</u>	<u>469,999</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 2014 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**Amounts in RM thousand unless otherwise stated**

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 Consolidated Financial Information should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2014. 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 2014.

**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 2014, together with the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2015 as discussed below.

**FRSs, Amendments to FRSs and Interpretations**

Amendments to FRS 2, 3, 8, 13, 116, 124 and 138

Amendments to FRS 1, 3, 13 and 140

Amendments to FRS 119

*Improvements to FRSs 2010-2012*

*Improvements to FRSs 2011-2013*

*Defined Benefit Plans: Employee Contributions*

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 2014 were not subject to any audit qualification.

**3 Seasonal or Cyclical Factors**

Sales of refined sugar products in Malaysia typically increased slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for refined sugar.

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

There were no material unusual items affecting MSMH's assets, liabilities, equity, net income or cash flows during the financial period under review.

**5 Changes in Estimated Amounts Reported in Prior Period Which Have Effect on the Current Period**

Other than the impact of change in depreciation of RM 9.9 million as reported in Note 19, there were no other 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 under review.

**6 Changes in Debt and Equity Securities**

On 11 December 2015, the Company successfully completed the Company's proposed issue of up to RM 1.25 billion Documentary Credit-i Facility/ Term Financing-i Facility with CIMB Islamic Bank Berhad and HSBC Amanah Malaysia Berhad.

The facilities primarily will be used for the purposes of construction of the refinery and initial production of MSM Johor Refinery Sdn Bhd.

Other than as mentioned above, there were no changes in debt and equity securities during the period under review.

**7 Dividends**

Final dividend for the year 31 December 2014 and interim dividend for the year ended 31 December 2015 were as follows:

	<b>Dividend per share</b>	<b>Amount of dividend</b>
	<b>Sen</b>	<b>RM'000</b>
Final tax exempt dividend for the year ended 31 December 2014 paid on 2 July 2015	14	98,417
Interim tax exempt dividend for the year ended 31 December 2015 paid on 29 December 2015	12	84,358

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

Amounts in RM thousand unless otherwise stated

**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 December 2015	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	2,307,042	221	-	2,307,263
Revenue from external customers	2,307,042	221	-	2,307,263
Finance income	1,555	-	6,307	7,862
Finance cost	(7,543)	(3)	-	(7,546)
Depreciation and amortisation	(25,922)	(2,358)	(1,570)	(29,850)
Profit before taxation	194,113	(3,651)	187,134	377,596
Taxation	(88,734)	-	(3,098)	(91,832)
Zakat	(4,500)	-	(500)	(5,000)
Profit after taxation for the financial period				280,764

**Total assets as at 31 December 2015**

	Sugar	Rubber and palm oil	Unallocated	Total
	RM'000	RM'000	RM'000	RM'000
<b>Total assets</b>	1,811,635	140,396	770,623	2,722,654
<b>Total liabilities</b>	938,378	78,736	(336,944)	680,170
<b>Additions to biological assets</b>	-	7,802	-	7,802
<b>Additions to property, plant and equipment</b>	231,061	246	2,415	233,722
<b>Additions to intangible assets</b>	2,442	-	344	2,786

**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 period ended 31 December 2015.

**11 Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current period under review other than the followings:

- (i) On 1 October 2015 the Company has received the approval from Dubai Multi Commodities Centre (DMCC), United Arab Emirates on the incorporation of our new wholly owned subsidiary, MSM Trading International DMCC.
  - (ii) The entire issued and paid-up of MSM Trading International DMCC is AED 4,000,000 divided into 4,000 Shares of value AED 1,000 each.
- Subsequent to the completion of the incorporation, MSM Trading International DMCC became a subsidiary of the Company.

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

Amounts in RM thousand unless otherwise stated

**12 Changes in Contingent Liabilities or Contingent Assets**

The Group does not have any material contingent liabilities or contingent assets as at 31 December 2015.

**13 Capital Commitments Outstanding Not Provided for in the Unaudited Condensed Interim Financial Information**

	As at 31 December	
	2015	2014
<b>Property, plant and equipment:</b>		
- Contracted but not provided for	468,936	33,575
- Approved but not contracted for	983,058	224,898
	<u>1,451,994</u>	<u>258,473</u>
	As at 31 December	
	2015	2014
<b>Biological assets:</b>		
- Contracted but not provided for	656	98
- Approved but not contracted for	18,299	16,104
	<u>18,955</u>	<u>16,202</u>

**14 Material Related Party Transactions**

(a) Related party transactions are as follows:

	Year to Date Ended 31 December	
	2015	2014
<b>(i) Transactions with ultimate holding company</b>		
Management fees	(5,800)	(4,294)
<b>(ii) Transactions with a related company</b>		
Sales of refined sugar (Felda Trading Sdn Bhd)	21,792	19,275
Security services (Felda Security Services Sdn Bhd)	596	94
Information technology services (Felda Prodata System Sdn Bhd)	326	255
Engineering services (Felda Engineering Services Sdn Bhd)	9	378
Travel agent services (Felda Travel Sdn Bhd)	224	202
Provision of arrangement services for Corporate Events (Felda Holdings Bhd)	-	171
Insurance services (Felda Trading Sdn Bhd)	131	498
Plantation Material (Felda Trading Sdn Bhd)	1	380
Repair tractor (Felda Global Venture Plantation Malaysia Sdn Bhd)	2	11
Provision of plantation material (Felda Agricultural Services Sdn Bhd)	-	19
Refreshment services (Felda D'Saji Sdn Bhd)	117	106
Rental income (Felda Agricultural Services Sdn Bhd)	19	7
House rental (Felda Global Ventures R&D Sdn Bhd)	8	1
Office rental (FELDA)	1,376	651
Fertilizer (FPM Sdn Bhd)	266	870
Training (Felda Global Ventures Holdings Berhad)	32	-
	<u>19,099</u>	<u>18,624</u>

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

Amounts in RM thousand unless otherwise stated

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

	Year to Date Ended	
	31 December 2015	2014
<b>(iii) Transactions between subsidiaries and government-related financial institutions</b>		
Interest expense for bankers acceptances	1,665	1,881
Interest income from fixed deposits and cash balances	345	1,364
<b>(b) Balances relating to related party transactions are as follows:</b>		
	As at	
	31 December 2015 RM'000	2014 RM'000
<b>(i) Balances with ultimate holding company</b>		
Amount due to:		
Management fees	11,785	8,918
<b>(ii) Balances with related companies</b>		
Amount due to:		
Felda Security Services Sdn Bhd	241	91
Felda Prodata System Sdn Bhd	155	68
Felda Engineering Services Sdn Bhd	10	-
Felda Travel Sdn Bhd	85	63
Felda Global Ventures R&D Sdn Bhd	1	-
Felda Holdings Bhd	14	14
Felda Global Ventures Plantation	-	5
Felda D'saji Sdn Bhd	4	5
FPM Sdn Bhd	-	246
<b>(iii) Balances with ultimate holding company</b>		
Amount due to:		
FELDA	-	1,845
	<b>510</b>	<b>2,337</b>
<b>(iv) Balances with a related company</b>		
Amount due from:		
Felda Trading Sdn Bhd	-	3,870
Felda Agricultural Services Sdn Bhd	-	3
<b>(v) Balances with ultimate holding company</b>		
Amount due from:		
FELDA	1	2
	<b>1</b>	<b>3,875</b>
<b>(vi) Loan due to immediate holdings company</b>		
Amount due to:		
FGV Capital Sdn Bhd	60,000	-
<b>(vii) Balances between subsidiaries and government-related financial institutions</b>		
Bankers acceptances	68,000	15,000
Fixed deposits and cash balances	43,355	332,334



**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**  
**Amounts in RM thousand unless otherwise stated**

**15 Review of Performance**

**(a) Quarter on Quarter**

The Group recorded a total revenue of RM 663.97 million quarter on quarter, which was RM 35.90 million or 5.7% higher compared to the same period last year of RM 628.07 million. This was mainly due to higher tonnage sold for the Industry and Export market segments (by 11% & 19% respectively).

The profit after tax (PAT) for the three (3) months period ended 31 December 2015 was RM 66.73 million, a decreased of RM 8.23 m or 10.98% as compared to previous corresponding period's PAT of RM74.96 million which was mainly due to the higher taxation and zakat paid.

**(b) Year on Year**

The Group revenue for the year ended 31 December 2015 was RM 2,307.26 million compared to RM 2,281.49 million revenue last year due to higher sales of 34% in the Industries segment despite reduction of sales tonnage in domestic and export market by 12% and 8% respectively.

The profit after tax (PAT) for the year ended 31 December 2015 was RM 280.76 million, an increase of RM 23.75 million or 9% as compared to previous year's PAT of RM 257.01 million. These were mainly attributed to lower raw sugar costs and increase in gain from sugar commodity and FOREX contract amounted to RM 25.77 million as compared to loss of RM 4.35 million last year.

**16 Material Changes in the Quarterly Results Compared to the Preceding Quarter (30 September 2015)**

The comparison of the Group revenue and profit before taxation for the current quarter and last quarter is as follows:

	Quarter Ended		Variance	
	31 December 2015	30 September 2015	RM	%
Revenue	663,966	546,491	117,476	21.5
Profit after tax	66,728	63,872	2,855	4.5

The Group recorded a total revenue RM 663.97 million in the current quarter, which was RM 117.48 m or 21.5% higher compared to the preceding quarter of RM 546.49 million. This was due to higher demand of refined sugar by 75% for the export market .

Similarly, due to the factor mentioned above, the profit after tax (PAT) for the three (3) months period ended 31 December 2015 was RM 66.73 million, increase by RM 2.86 million or 4.5% compared to the preceding quarter PAT of RM 63.87 million. These were mainly attributed to lower raw sugar costs and gain from sugar commodity and FOREX contract.

**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:

	Year to Date Ended 31 December	
	2015	2014
Reversal of impairment on property, plant and equipment	(2,958)	—
Amortisation of intangible asset	3,315	3,228
Amortisation of prepaid lease payment	88	73
Depreciation of property plant and equipment	37,979	43,843
Property, plant and equipment written off	1,369	36
Loss / (gain) on disposal of property, plant and equipment	95	(6)
Net foreign exchange gain / (loss)	1,534	(2,551)
Commodity gain / (loss)	24,235	(1,793)

**20 Taxation**

	Quarter Ended		Year to Date Ended	
	31 December 2015	2014	31 December 2015	2014
Current	27,618	29,681	92,065	85,781
Deferred	(2,115)	(4,346)	(233)	(2,995)
	25,503	25,335	91,832	82,786

The effective tax rate for the current period ended 31 December 2015 is lower than the Malaysian income tax rate of 25% due to deferred tax effect on the changes in tax rate.

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**  
**Amounts in RM thousand unless otherwise stated**

**21 Realised and Unrealised Profit/(Loss)**

	As at 31 December	
	2015	2014
Realised	759,347	648,061
Unrealised	-	3,239
	<u>759,347</u>	<u>651,300</u>
Consolidation adjustments	(129,425)	(119,367)
<b>Total Group retained earnings as per consolidated accounts</b>	<b><u>629,922</u></b>	<b><u>531,933</u></b>

The unrealised portion of retained earnings comprises the 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**

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2015	2014	2015	2014
Basic earning per share are computed as follows:				
Profit for the financial period attributable to owners of the Company (RM'000)	66,728	74,964	280,764	257,013
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
per share (sen)	<u>9.49</u>	<u>10.66</u>	<u>39.94</u>	<u>36.56</u>

**23 Derivative Financial Instruments**

The Group uses foreign currency exchange forward contracts and sugar commodity future contracts to manage its exposure to various financial and derivative risks. The fair value of these derivatives as at 31 December 2015 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	64,388	313	-
Sugar commodity futures contracts	-	-	-
	<u>64,388</u>	<u>313</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 2014. 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:

**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**

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

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

Amounts in RM thousand unless otherwise stated

**28 Group Borrowings**

As at 31 December 2015, the total unsecured borrowings, which are denominated in Ringgit Malaysia, are as follows:

<b>Borrowings</b>	<b>2015</b>	<b>As at 31 December</b>	<b>2014</b>
<b>Current</b>			
Unsecured:			
Bankers' acceptances and revolving credits	359,537		248,390
Average Interest rate	<u>3.80%</u>		<u>3.59%</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 2014, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

**On behalf of the Board**

**Dato' Sheikh Awab Sheikh Abod**  
**Director**

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

**Kuala Lumpur**  
**23 February 2016**