



MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

QUARTERLY REPORT

Condensed Consolidated Financial Statements
For The Financial Period Ended 31 March 2016

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

QUARTERLY REPORT

On consolidated results for the period ended 31 March 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Quarter Ended 31 March		Year to Date Ended 31 March	
	2016	2015	2016	2015
Revenue	553,160	508,486	553,160	508,486
Cost of sales	(449,572)	(390,070)	(449,572)	(390,070)
Gross profit	103,588	118,416	103,588	118,416
Other operating income	1,182	4,904	1,182	4,904
Selling and distribution cost	(22,033)	(18,005)	(22,033)	(18,005)
Administrative expenses	(24,864)	(14,411)	(24,864)	(14,411)
Other gains-net	10,263	4,027	10,263	4,027
Other operating expenses	(5,866)	(6,423)	(5,866)	(6,423)
Profit from operations	62,270	88,508	62,270	88,508
Finance costs	(2,449)	(838)	(2,449)	(838)
Finance income	734	2,655	734	2,655
Profit before taxation	60,555	90,325	60,555	90,325
Taxation	(1,211)	(19,299)	(1,211)	(19,299)
Profit for the period	59,344	71,026	59,344	71,026

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016

	Quarter Ended 31 March		Year to Date Ended 31 March	
	2016	2015	2016	2015
Profit for the period and total comprehensive income	59,344	71,026	59,344	71,026
Attributable to:				
Shareholders of the Company	59,344	71,026	59,344	71,026
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	59,344	71,026	59,344	71,026
Basic earnings per share attributable to equity holders of the Company (sen)	8.44	10.10	8.44	10.10

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 2015 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 period ended 31 March 2016 (continued)

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

	Unaudited As at 31 March 2016	Audited As at 31 December 2015
Assets		
Property, plant and equipment	678,386	660,615
Intangible asset	72,259	72,234
Goodwill	576,240	576,240
Prepaid lease payment	672	687
Biological asset	44,746	41,392
Receivables	16,301	16,533
Total non-current assets	1,388,604	1,367,701
Inventories	661,722	729,910
Trade receivables	292,910	346,396
Other receivables, deposits and prepayments	193,881	153,898
Tax recoverable	21,459	277
Derivative financial assets	15,211	313
Amount due from related companies	11,357	1
Cash and cash equivalents	182,446	123,902
Total current assets	1,378,986	1,354,697
Non-current assets held for sale	7	7
Total assets	2,767,597	2,722,405
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	680,266	624,454
Total equity attributable to equity holders of the Company	2,092,828	2,037,016
Liabilities		
Deferred tax liabilities	76,762	75,378
Total non-current liabilities	76,762	75,378
Current liabilities		
Payables and accruals	75,833	176,197
Amount due to other related companies	448	510
Amount due to ultimate holding company	13,811	11,785
Loan due to a related company	30,011	60,000
Borrowings	473,499	359,537
Current tax liabilities	-	1,982
Derivative financial instruments	4,405	-
Total current liabilities	598,007	610,011
Total liabilities	674,769	685,389
Total equity and liabilities	2,767,597	2,722,405
Net assets per share attributable to equity holders of the Company (RM)	2.98	2.90

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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

Period ended	Share capital	Share premium	Merger reserve	Reorganisation deficit	Other reserves	Retained earnings	Equity attributable to equity holders of the Company
31 March 2016							
At 1 January 2016	351,490	366,765	1,733,939	(1,039,632)	-	624,454	2,037,016
Total comprehensive income	-	-	-	-	-	59,344	59,344
Forex translation reserve	-	-	-	-	(3,532)	-	(3,532)
At 31 March 2016	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>(3,532)</u>	<u>683,798</u>	<u>2,092,828</u>
Period ended	Share capital	Share premium	Merger reserve	Reorganisation deficit	Other reserves	Retained earnings	Equity attributable to equity holders of the Company
31 March 2015							
At 1 January 2015	351,490	366,765	1,733,939	(1,039,632)	-	531,933	1,944,495
Total comprehensive income	-	-	-	-	-	71,026	71,026
At 31 March 2015	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>-</u>	<u>602,959</u>	<u>2,015,521</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 2015 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 March	
	2016	2015
Cash Flows from Operating Activities		
Profit for the period	59,344	71,026
Adjustment for Non-Cash Flow Items	15,877	15,054
Operating Profit Before Changes in Working Capital	<u>75,221</u>	<u>86,080</u>
Changes in Working Capital		
Net changes in working capital	(50,821)	(57,792)
Tax paid	(49,205)	(76,267)
Net Cash Used in Operating Activities	<u>(24,805)</u>	<u>(47,979)</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(23,521)	(18,591)
Acquisition of intangible assets	(445)	(597)
Increase in biological assets	(3,354)	(1,982)
Interest received	469	466
Net Cash Used in Investing Activities	<u>(26,851)</u>	<u>(20,704)</u>
Cash Flows from Financing Activities		
Drawdown of borrowings, net of issuance costs	303,340	42,938
Repayment of borrowings	(189,378)	(120,000)
Interest paid	(3,762)	(5,130)
Net Cash Generated from/(Used in) Financing Activities	<u>110,200</u>	<u>(82,192)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	58,544	(150,875)
Cash and Cash Equivalents at Beginning of the Period	123,902	469,999
Cash and Cash Equivalents at End of the Period	<u>182,446</u>	<u>319,124</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	103,215	283,191
Cash and bank balances	79,231	35,933
	<u>182,446</u>	<u>319,124</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 2015 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 2015. 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 2015.

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 2015, together with the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2016 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 2015 were not subject to any audit qualification.

3 Seasonal or Cyclical Factors

Sales of refined sugar products in Malaysia typically increase 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 the Group'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

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 under review.

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.

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 President and Group Chief Executive Officer. The President and Group Chief Executive Officer considers the business primarily a product perspective. The reportable operating segments have been identified as follows:-

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

(ii) Rubber and palm oil

Cumulative quarter ended 31 March 2016

	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	488,191	64,969	-	553,160
Revenue from external customers	488,191	64,969	-	553,160
Finance income	455	-	279	734
Finance cost	(2,449)	-	-	(2,449)
Depreciation and amortisation	(7,262)	(592)	(609)	(8,463)
Profit before taxation	65,398	(2,000)	(2,843)	60,555
Taxation	(1,211)	-	-	(1,211)
Profit after taxation for the financial period				59,344

Total assets as at 31 March 2016

	Sugar	Rubber and palm oil	Unallocated	Total
	RM'000	RM'000	RM'000	RM'000
Total assets	1,802,017	141,438	824,142	2,767,597
Total liabilities	880,232	81,215	(286,678)	674,769
Additions to biological assets	-	3,354	-	3,354
Additions to property, plant and equipment	22,321	62	1,138	23,521
Additions to intangible assets	118	-	327	445

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 March 2016.

11 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current 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

12 Changes in Contingent Liabilities or Contingent Assets

The Group does not have any material contingent liabilities or contingent assets as at 31 March 2016.

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

	As at 31 March	
	2016	2015
Property, plant and equipment:		
- Contracted but not provided for	429,891	28,869
- Approved but not contracted for	859,819	10,665
	<u>1,289,710</u>	<u>39,534</u>
	As at 31 March	
	2016	2015
Biological assets:		
- Contracted but not provided for	1,793	1,333
- Approved but not contracted for	15,821	24,971
	<u>17,614</u>	<u>26,304</u>

14 Material Related Party Transactions

(a) Related party transactions are as follows:

	Year to Date Ended 31 March	
	2016	2015
(i) Transactions with ultimate holding company		
Management fees (Felda Global Ventures Holdings Berhad)	1,935	2,091
(ii) Transactions with related companies		
Sales of refined sugar (Felda Trading Sdn. Bhd.)	(9,552)	(4,626)
Security services (Felda Security Services Sdn. Bhd.)	92	46
Information technology services (Felda Prodata System Sdn. Bhd.)	51	63
Travel agent services (Felda Travel Sdn. Bhd.)	100	31
Insurance services (Felda Trading Sdn. Bhd.)	30	131
Plantation Material (Felda Trading Sdn. Bhd.)	69	-
Refreshment services (Felda D'Saji Sdn. Bhd.)	1	25
Rental income (Felda Agricultural Services Sdn. Bhd.)	(8)	(2)
House rental (Felda Global Ventures R&D Sdn. Bhd.)	2	-
Office rental (FELDA)	328	716
Water and electricity Charges (Felda Chuping Sdn. Bhd.)	1	-
Fertilizer (FPM Sdn. Bhd.)	-	195
	<u>(6,951)</u>	<u>(1,330)</u>

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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 March	
	2016	2015
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers acceptances	595	-
Interest income from fixed deposits and cash balances	(186)	(24)
(b) Balances relating to related party transactions are as follows:		
	As at	
	31 March	
	2016	2015
	RM'000	RM'000
(i) Balances with ultimate holding company		
Amount due to:		
Felda Global Ventures Holdings Berhad	13,811	11,041
(ii) Balances with related companies		
Amount due to:		
Felda Security Services Sdn. Bhd.	95	-
Felda Prodata System Sdn. Bhd.	135	43
Felda Engineering Services Sdn. Bhd.	10	-
Felda Travel Sdn. Bhd.	28	93
Felda Holdings Bhd	14	-
Felda Trading Sdn. Bhd.	73	-
FPM Sdn. Bhd.	-	195
FELDA	93	219
	448	550
(iii) Balances with a related company		
Amount due from:		
Felda Trading Sdn. Bhd.	11,355	4,570
Felda Agricultural Services Sdn. Bhd.	-	4
Felda Global Ventures Plantation (Malaysia) Sdn. Bhd.	1	-
Felda Global Ventures R&D Sdn. Bhd.	1	-
	11,357	4,574
(iv) Loan due to a related company		
Amount due to:		
FGV Capital Sdn. Bhd.	30,011	-
(v) Balances between subsidiaries and government-related financial institutions		
Bankers acceptances	187,550	-
Fixed deposits and cash balances	84,654	100,550

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 553.16 million quarter on quarter, which was RM 44.67 million or 8.78% higher compared to the same period last year of RM 508.49 million. This was mainly due to higher tonnage sold for the Domestic and Export market segments (by 11% & 21% respectively).

The profit after tax (PAT) for the three (3) months period ended 31 March 2016 was RM 59.34 million, a decreased of RM 11.69 m or 16.46% as compared to previous corresponding period's PAT of RM71.03 million due to the higher raw sugar costs and the effect of weakening Ringgit compared to a year ago.

16 Material Changes in the Quarterly Results Compared to the Preceding Quarter (31 December 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 March 2016	31 December 2015	RM	%
Revenue	553,160	663,966	(110,806)	(16.7)
Profit after tax	59,344	61,264	(1,920)	(3.1)

The Group recorded a total revenue RM 553.16 million in the current quarter, which was RM 110.81 million or 16.7% lower compared to the preceding quarter of RM 663.97 million. This was due to lower demand of refined sugar from the export market .

The profit after tax (PAT) for the three (3) months period ended 31 March 2016 reduced slightly to RM 59.34 million (RM 1.92 million or 3.1%) compared to the preceding quarter PAT of RM 61.26 million.

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 March	
	2016	2015
Amortisation of intangible asset	418	807
Amortisation of prepaid lease payment	15	73
Depreciation of property plant and equipment	8,030	9,217
Property, plant and equipment written off	-	23
Net foreign exchange loss/(gain)	4,031	(1,955)
Net foreign exchange loss on translation	1,902	-
Commodity gain	(16,196)	(2,072)

20 Taxation

	Quarter Ended 31 March		Year to Date Ended 31 March	
	2016	2015	2016	2015
Current	(3,373)	(20,194)	(3,373)	(20,194)
Deferred	2,162	895	2,162	895
	(1,211)	(19,299)	(1,211)	(19,299)

The effective tax rate for the current period ended 31 March 2016 is lower than the Malaysian income tax rate of 25% due to lower taxable income during the first quarter 2016.

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 March	
	2016	2015
Realised	803,844	741,840
Unrealised	(1,245)	(1,499)
	<u>802,599</u>	<u>740,341</u>
Consolidation adjustments	(122,333)	(137,382)
Total Group retained earnings as per consolidated accounts	<u>680,266</u>	<u>602,959</u>

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 March		Year to Date Ended 31 March	
	2016	2015	2016	2015
Basic earning per share are computed as follows:				
Profit for the financial period attributable to owners of the Company (RM'000)	59,344	71,026	59,344	71,026
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
per share (sen)	<u>8.44</u>	<u>10.10</u>	<u>8.44</u>	<u>10.10</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 March 2016 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	66,942	-	4,405
Sugar commodity futures contracts	452	15,211	-
	<u>67,394</u>	<u>15,211</u>	<u>4,405</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 2015. The maturity periods of the above derivatives are less than one year.

24 Fair Value Changes of Financial Instruments

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.

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 March 2016, the total unsecured borrowings, which are denominated in Ringgit Malaysia, are as follows:

Borrowings	2016	As at 31 March	2015
Current			
Unsecured:			
Bankers' acceptances and revolving credits	473,499		171,328
Average interest rate	3.89%		3.59%
	<u> </u>		<u> </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 2015, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

On behalf of the Board

Encik Mohamad Amri Sahari @ Khuzari
Deputy Chief Executive Officer

Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
Director

Kuala Lumpur
19 May 2016