



**MSM MALAYSIA HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Company No : 935722-K)

**QUARTERLY REPORT**

**Condensed Consolidated Financial Statements  
For The Financial Period Ended 30 June 2016**

**MSM MALAYSIA HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Company No : 935722-K)

**QUARTERLY REPORT**

On consolidated results for the period ended 30 June 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in RM thousand unless otherwise stated

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2016	2015	2016	2015
Revenue	633,856	588,320	1,187,016	1,096,806
Cost of sales	(547,938)	(438,337)	(997,510)	(828,407)
<b>Gross profit</b>	<b>85,918</b>	<b>149,983</b>	<b>189,506</b>	<b>268,399</b>
Other operating income	4,357	338	5,539	5,242
Selling and distribution cost	(26,580)	(17,071)	(48,613)	(35,076)
Administrative expenses	(23,000)	(25,599)	(47,864)	(40,010)
Other (loss)/gains-net	(6,364)	(678)	3,899	3,349
Other operating expenses	294	(2,133)	(5,572)	(8,556)
<b>Profit from operations</b>	<b>34,625</b>	<b>104,840</b>	<b>96,895</b>	<b>193,348</b>
Finance costs	(4,466)	(1,731)	(6,915)	(2,569)
Finance income	918	2,406	1,652	5,061
<b>Profit before taxation</b>	<b>31,077</b>	<b>105,515</b>	<b>91,632</b>	<b>195,840</b>
Taxation	(7,398)	(26,381)	(8,609)	(45,680)
<b>Profit for the period</b>	<b>23,679</b>	<b>79,134</b>	<b>83,023</b>	<b>150,160</b>
<b>Other comprehensive income /(loss)</b>				
Currency translation differences	1,356	-	(2,176)	-
<b>Total comprehensive income for the period</b>	<b>25,035</b>	<b>79,134</b>	<b>80,847</b>	<b>150,160</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016**

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2016	2015	2016	2015
<b>Profit attributable to :</b>				
Shareholders of the Company	23,679	79,134	83,023	150,160
Non-controlling interest	-	-	-	-
<b>Profit for the financial period</b>	<b>23,679</b>	<b>79,134</b>	<b>83,023</b>	<b>150,160</b>
<b>Total comprehensive income attributable to :</b>				
Shareholders of the Company	25,035	79,134	80,847	150,160
Non-controlling interest	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>25,035</b>	<b>79,134</b>	<b>80,847</b>	<b>150,160</b>

Basic earnings per share attributable to equity holders of the Company (sen)

Note 22

3.37

11.26

11.81

21.36

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 30 June 2016 (continued)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Amounts in RM thousand unless otherwise stated

	Unaudited As at 30 June 2016	Audited As at 31 December 2015
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	713,235	660,615
Intangible asset	72,610	72,234
Goodwill	576,240	576,240
Prepaid lease payment	644	687
Biological asset	44,541	41,392
Receivables	16,069	16,533
<b>Total non-current assets</b>	<b>1,423,339</b>	<b>1,367,701</b>
<b>Current assets</b>		
Inventories	560,557	729,910
Trade receivables	244,422	346,396
Other receivables, deposits and prepayments	116,034	153,898
Tax recoverable	35,534	277
Derivative financial assets	5,045	313
Amount due from related companies	11,788	1
Cash and cash equivalents	342,640	123,902
<b>Total current assets</b>	<b>1,316,020</b>	<b>1,354,697</b>
Non-current assets held for sale	7	7
<b>Total assets</b>	<b>2,739,366</b>	<b>2,722,405</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
Forex reserve	(2,176)	-
Retained earnings	609,060	624,454
<b>Total equity attributable to equity holders of the Company</b>	<b>2,019,446</b>	<b>2,037,016</b>
<b>Non-controlling interest</b>	-	-
<b>Total equity</b>	<b>2,019,446</b>	<b>2,037,016</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	74,236	75,378
Borrowings	97,821	-
<b>Total non-current liabilities</b>	<b>172,057</b>	<b>75,378</b>
<b>Current liabilities</b>		
Payables and accruals	163,028	176,197
Amount due to other related companies	836	510
Amount due to ultimate holding company	10,375	11,785
Loan due to a related company	177,948	60,000
Borrowings	195,138	359,537
Current tax liabilities	-	1,982
Derivative financial instruments	538	-
<b>Total current liabilities</b>	<b>547,863</b>	<b>610,011</b>
<b>Total liabilities</b>	<b>719,920</b>	<b>685,389</b>
<b>Total equity and liabilities</b>	<b>2,739,366</b>	<b>2,722,405</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>2.87</b>	<b>2.90</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 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**

<b>Period ended</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Merger reserve</b>	<b>Reorganisation deficit</b>	<b>Forex reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to equity holders of the Company</b>
<b>30 June 2016</b>							
At 1 January 2016	351,490	366,765	1,733,939	(1,039,632)	-	624,454	2,037,016
Profit for the period	-	-	-	-	-	83,023	83,023
Other comprehensive income /(loss) - currency translation differences	-	-	-	-	(2,176)	-	(2,176)
Total comprehensive income	-	-	-	-	(2,176)	83,023	80,847
Dividend paid	-	-	-	-	-	(98,417)	(98,417)
At 30 June 2016	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>(2,176)</u>	<u>609,060</u>	<u>2,019,446</u>
<b>Period ended</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Merger reserve</b>	<b>Reorganisation deficit</b>	<b>Forex reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to equity holders of the Company</b>
<b>30 June 2015</b>							
At 1 January 2015	351,490	366,765	1,733,939	(1,039,632)	-	531,514	1,944,076
Profit for the period	-	-	-	-	-	150,160	150,160
Dividend payable	-	-	-	-	-	(98,417)	(98,417)
At 30 June 2015	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>-</u>	<u>583,257</u>	<u>1,995,819</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	
	30 June	
	2016	2015
<b>Cash Flows from Operating Activities</b>		
Profit for the period	83,023	150,160
Adjustment for Non-Cash Flow Items	25,549	53,519
Operating Profit Before Changes in Working Capital	<u>108,572</u>	<u>203,679</u>
Changes in Working Capital		
Net changes in working capital	283,114	(276,438)
Tax paid	(46,848)	(22,234)
<b>Net Cash Generated from/(used in) Operating Activities</b>	<u>344,838</u>	<u>(94,993)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(68,849)	(128,380)
Acquisition of intangible assets	(987)	(1,650)
Additions of biological assets	(3,149)	(3,792)
Proceeds from disposal of property, plant and equipment	(909)	-
Interest received	911	925
<b>Net Cash Used in Investing Activities</b>	<u>(72,983)</u>	<u>(132,897)</u>
<b>Cash Flows from Financing Activities</b>		
Drawdown of borrowings, net of issuance costs	562,180	676,645
Repayment of borrowings	(511,210)	(637,366)
Interest paid	(5,670)	(4,026)
Dividend paid	(98,417)	(98,417)
<b>Net Cash Used in Financing Activities</b>	<u>(53,117)</u>	<u>(63,164)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	218,738	(291,054)
<b>Cash and Cash Equivalents at Beginning of the Period</b>	123,902	469,999
<b>Cash and Cash Equivalents at End of the Period</b>	<u>342,640</u>	<u>178,945</u>
<b>Cash and Cash Equivalents comprise:</b>		
Deposits with licensed banks	249,275	152,273
Cash and bank balances	93,365	26,672
	<u>342,640</u>	<u>178,945</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 101 'Presentation of Financial Statements' – Disclosure initiative

Amendments to FRS 116 'Property, Plant and Equipment' and FRS 138 'Intangible Assets' – Clarification of acceptable methods of depreciation and amortisation

Amendments to FRS 127 'Separate Financial Statements' – Equity accounting in separate financial statements

Amendments to FRS 10 'Consolidated Financial Statements' and FRS 128 'Investment in Associates and Joint Ventures' – Sale or contribution of assets between an investor and its associates/joint ventures

Amendments to FRS 10 'Consolidated Financial Statements', FRS 12 'Disclosure of Interests in Other Entities' and FRS 128 'Investment in Associates and Joint Ventures' – Investment entities: applying the consolidation exception

Annual Improvements to FRSs 2012 – 2014 (Amendments to FRS 5 'Non-current Assets Held for Sale and Discontinued Operations', FRS 7 'Financial Instruments: Disclosures', FRS 119 'Employee Benefits' and FRS 134 'Interim Financial Reporting')

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**

The shareholders during the Annual General Meeting resolved a final dividend payment of 14 cents per share amounting to RM98.4 million for the year ended 31 December 2015 which is paid on 10 June 2016.

**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 30 June 2016	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,186,798	218	-	1,187,016
Revenue from external customers	1,186,798	218	-	1,187,016
Finance income	892	-	760	1,652
Finance cost	(6,914)	(1)	-	(6,915)
Depreciation and amortisation	(16,061)	(1,186)	(1,145)	(18,392)
Profit before taxation	111,221	(3,573)	(16,016)	91,632
Taxation	(6,989)	-	(1,620)	(8,609)
Profit after taxation for the financial period				83,023

**Total assets as at 30 June 2016**

	Sugar	Rubber and palm oil	Unallocated	Total
	RM'000	RM'000	RM'000	RM'000
<b>Total assets</b>	1,960,511	143,451	635,404	2,739,366
<b>Total liabilities</b>	1,072,639	84,800	(437,519)	719,920
<b>Additions to biological assets</b>	-	3,149	-	3,149
<b>Additions to property, plant and equipment</b>	66,677	162	2,010	68,849
<b>Additions to intangible assets</b>	1,494	-	(507)	987

**Cumulative quarter ended 30 June 2015**

	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,096,806	-	-	1,096,806
Revenue from external customers	1,096,806	-	-	1,096,806
Finance income	(1,823)	-	6,884	5,061
Finance cost	(2,567)	(2)	-	(2,569)
Depreciation and amortisation	(13,675)	(1,208)	(110)	(14,993)
Profit before taxation	96,517	(261)	99,584	195,840
Taxation	(45,204)	-	(476)	(45,680)
Profit after taxation for the financial period				150,160

**Total assets as at 30 June 2015**

	Sugar	Rubber and palm oil	Unallocated	Total
	RM'000	RM'000	RM'000	RM'000
<b>Total assets</b>	1,429,267	132,485	915,977	2,477,729
<b>Total liabilities</b>	607,664	71,186	(196,940)	481,910
<b>Additions to biological assets</b>	-	3,792	-	3,792
<b>Additions to property, plant and equipment</b>	124,264	147	3,969	128,380
<b>Additions to intangible assets</b>	1,650	-	-	1,650

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

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

**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 30 June 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.

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

The Group does not have any material contingent liabilities or contingent assets as at 30 June 2016.

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

	As at 30 June	
	2016	2015
<b>Property, plant and equipment:</b>		
- Contracted but not provided for	419,946	43,277
- Approved but not contracted for	878,291	10,891
	1,298,237	54,168

	As at 30 June	
	2016	2015
<b>Biological assets:</b>		
- Contracted but not provided for	781	1,241
- Approved but not contracted for	14,503	22,748
	15,284	23,989

**14 Material Related Party Transactions**

(a) Related party transactions are as follows:

	Year to Date Ended 30 June	
	2016	2015
<b>(i) Transactions with ultimate holding company</b>		
Management fees (Felda Global Ventures Holdings Berhad)	3,870	3,523
<b>(ii) Transactions with related companies</b>		
Sales of refined sugar (Felda Trading Sdn. Bhd.)	(13,779)	(9,244)
Security services (Felda Security Services Sdn. Bhd.)	415	318
Information technology services (Felda Prodata System Sdn. Bhd.)	102	318
Engineering services (Felda Engineering Services Sdn Bhd)	-	10
Travel agent services (Felda Travel Sdn. Bhd.)	104	36
Insurance services (Felda Trading Sdn. Bhd.)	30	208
Plantation material (Felda Trading Sdn. Bhd.)	140	-
Refreshment services (Felda D'Saji Sdn. Bhd.)	61	47
Rental income (Felda Agricultural Services Sdn. Bhd.)	(19)	-
House rental (Felda Global Ventures R&D Sdn. Bhd.)	(5)	(4)
Office rental (FELDA)	767	716
Water and electricity charges (Felda Chuping Sdn. Bhd.)	1	-
Fertilizer (FPM Sdn. Bhd.)	-	266
	(8,313)	(3,806)



**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 30 June	
	2016	2015
<b>(iii) Transactions between subsidiaries and government-related financial institutions</b>		
Interest expense for bankers acceptances	2,130	1,489
Interest income from fixed deposits and cash balances	(159)	(62)
<b>(b) Balances relating to related party transactions are as follows:</b>		
	As at 30 June	
	2016 RM'000	2015 RM'000
<b>(i) Balances with ultimate holding company</b>		
Amount due to:		
Felda Global Ventures Holdings Berhad	10,375	6,249
<b>(ii) Balances with related companies</b>		
Amount due to:		
Felda Security Services Sdn. Bhd.	26	215
Felda Prodata System Sdn. Bhd.	80	96
Felda Engineering Services Sdn. Bhd.	-	10
Felda Travel Sdn. Bhd.	17	12
Felda Holdings Bhd	14	14
Felda Trading Sdn. Bhd.	3	1
FPM Sdn. Bhd.	-	104
FELDA	696	219
	<b>836</b>	<b>671</b>
<b>(iii) Balances with a related company</b>		
Amount due from:		
Felda Trading Sdn. Bhd.	11,787	-
Felda Global Ventures R&D Sdn. Bhd.	1	1
	<b>11,788</b>	<b>1</b>
<b>(iv) Loan due to a related company</b>		
Amount due to:		
FGV Capital Sdn. Bhd.	177,948	-
<b>(v) Balances between subsidiaries and government-related financial institutions</b>		
Bankers acceptances	41,000	194,000
Fixed deposits and cash balances	57,545	17,654

**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 633.86 million quarter on quarter, which was RM 45.54 million or 7.74% higher compared to the same period last year of RM 588.32 million on the back of higher volume of refined sugar sold for the Domestic and Export market segments.

The profit after tax (PAT) for the three (3) months period ended 30 June 2016 was RM 23.68 million, a decreased of RM 55.45 m or 70.07% as compared to previous corresponding period's PAT of RM 79.13 million due to the higher raw material costs and weakening Ringgit.

**(b) Year on Year**

The Group revenue for the first half of the year 2016 was RM 1,187.02 million compared to RM 1,096.81 million revenue in the same period last year due to slight increase in tonnage sold by 4%.

The profit after tax (PAT) for the six (6) months period ended 30 June 2016 is RM 83.02 million, a decreased of RM 67.14 million or 44.71 % as compared to previous corresponding period's PAT of RM 150.16 million due to the higher raw material and production cost.

**16 Material Changes in the Quarterly Results Compared to the Preceding Quarter (31 March 2016)**

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

	Quarter Ended		Variance	
	30 June 2016	31 March 2016	RM	%
Revenue	633,856	553,160	80,696	14.6
Profit after tax	23,679	59,344	(35,665)	(60.1)

The Group recorded a total revenue RM 633.86 million in the current quarter, which was RM 80.7 million or 14.6% higher compared to the preceding quarter of RM 553.16 million on the back of higher demand of refined sugar from the domestic and Industries market.

Similarly, the profit after tax (PAT) for the three (3) months period ended 30 June 2016 reduced to RM 23.68 million (RM 35.66 million or 60.1%) compared to the preceding quarter PAT of RM 59.34 million due to higher production cost.

**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 30 June	
	2016	2015
Reversal of Impairment on property, plant and equipment	-	(2,956)
Amortisation of intangible asset	610	1,663
Amortisation of prepaid lease payment	43	508
Depreciation of property plant and equipment	17,741	12,821
Property, plant and equipment written off	(527)	(569)
Net foreign exchange gain	(3,899)	(972)
Commodity gain	(64,005)	(2,377)
Commodity trading gain	(3,738)	(4,300)

**20 Taxation**

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2016	2015	2016	2015
Current	(5,416)	(25,614)	(8,789)	(45,808)
Deferred	(1,982)	(767)	180	128
	(7,398)	(26,381)	(8,609)	(45,680)

The effective tax rate for the current period ended 30 June 2016 is lower than the Malaysian income tax rate of 24% due to lower taxable income during the second 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 Retained Earnings**

	As at 30 June	
	2016	2015
Realised	747,827	711,738
Unrealised	(7,171)	-
	740,656	711,738
Consolidation adjustments	(131,596)	(128,481)
<b>Total Group retained earnings as per consolidated accounts</b>	<b>609,060</b>	<b>583,257</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 Earnings Per Share**

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2016	2015	2016	2015
Basic earnings per share are computed as follows:				
Profit for the financial period attributable to owners of the Company (RM'000)	23,679	79,134	83,023	150,160
Weighted average number of ordinary shares in Issue (thousands)	702,980	702,980	702,980	702,980
per share (sen)	<b>3.37</b>	<b>11.26</b>	<b>11.81</b>	<b>21.36</b>

**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 30 June 2016 are as follows:

<u>Type of derivatives</u>	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Foreign currency exchange forward contracts	346,838	1,588	538
Sugar commodity futures contracts	78,302	3,457	-
	425,140	5,045	538

**24 Fair Value Changes of Financial Instruments**

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. The following table presents the assets and liabilities that are measured at fair value at 30 June 2016.

**30 June 2016**

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit and loss				
- Derivatives	3,457	1,588	-	5,045
<b>Liabilities</b>				
Financial liabilities at fair value through profit and loss				
- Derivatives	-	538	-	538

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise foreign commodity exchanges.

The fair value of financial instruments that are not traded in an active market (for example, foreign currency forward contracts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise foreign currency forward contracts.

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

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

**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.

**28 Group Borrowings**

As at 30 June 2016, the total borrowings, which are denominated in Ringgit Malaysia, are as follows:

	2016	As at 30 June	2015
<b>Borrowings</b>			
<b>Non-current</b>			
Secured:			
Islamic term loans	97,821		-
<b>Current</b>			
Unsecured:			
Bankers' acceptances and revolving credits	195,138		287,669
Average interest rate	<u>3.87%</u>		<u>3.59%</u>

As at 30 June 2016, the Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group.

**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**  
**President/ Group Chief Executive Officer**

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

**Kuala Lumpur**  
**23 Aug 2016**