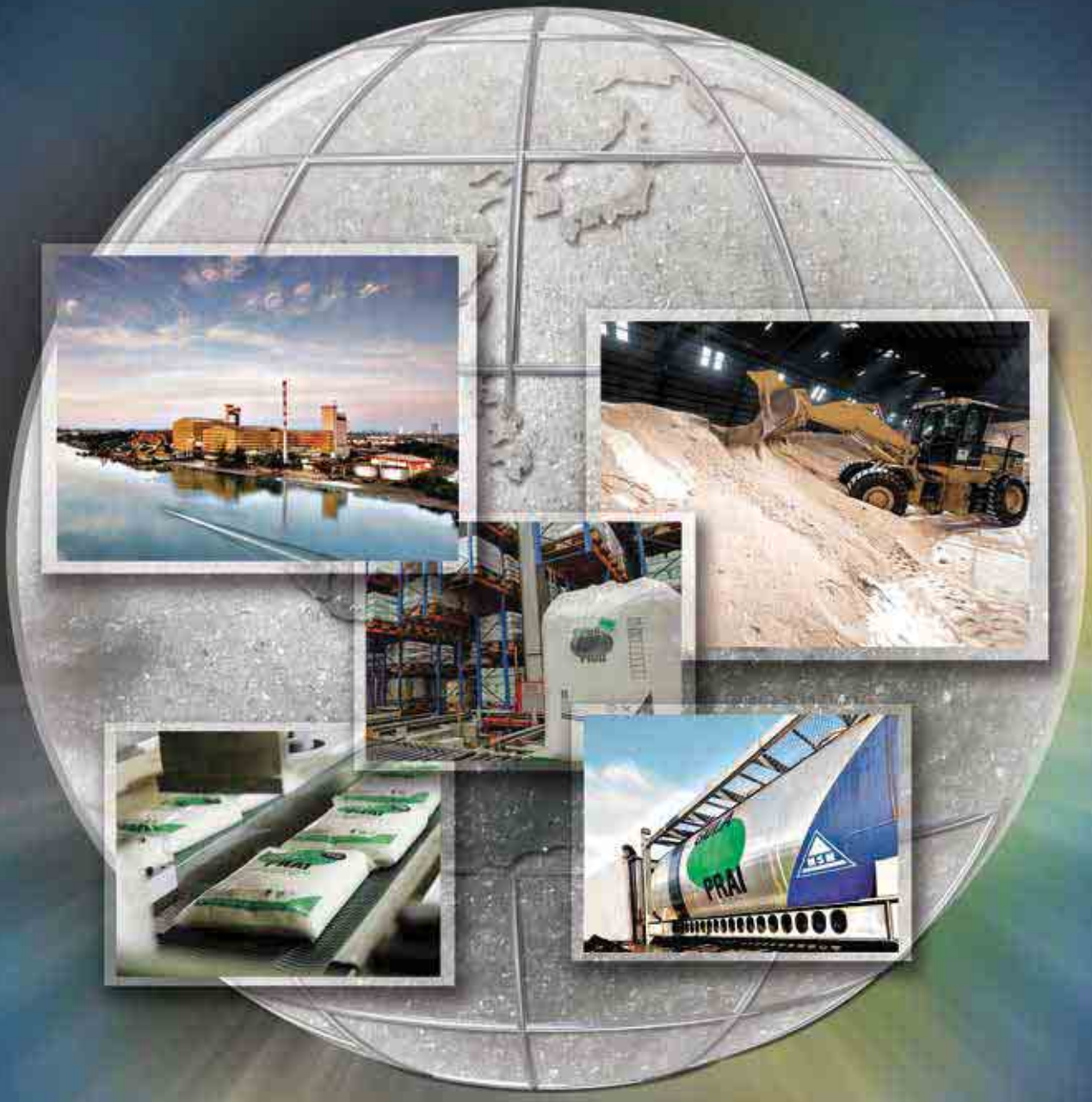
MSM MALAYSIA HOLDINGS BERHAD (935722-K)



GLOBAL EXPANSION

TWENTY FIFTEEN ANNUAL REPORT

MSM MALAYSIA HOLDINGS BERHAD (935722-K)



GLOBAL GROWTH

TWENTY FIFTEEN ANNUAL REPORT

MSM MALAYSIA HOLDINGS BERHAD
ANNUAL REPORT 2015

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05TH ANNUAL GENERAL MEETING

YOUR FEEDBACK PLEASE!

www.msmsugar.com

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Download on the App Store

GET IT ON Google play

BANQUET HALL 1, LEVEL B2
MENARA FELDA, PLATINUM PARK, NO. 11
PERSIARAN KLCC, 50088 KUALA LUMPUR

TUESDAY, 10 MAY 2016
11.00 A.M



WELCOME

TO MSM MALAYSIA HOLDINGS BERHAD (MSM)'S ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

This report represents another foundational element in our journey towards fully integrated annual reporting, the practice to build investor and stakeholder confidence and improve our future performance

ABOUT THIS REPORT

We have invested considerable thought and effort into the production of this document to give you – our valued stakeholder – a comprehensive and objective view of our economic, social governance, and environmental performance as well as insights into our business strategy and future prospects in a timely, transparent and easy-to-understand manner. Accordingly, this section lays out the broad framework for the content that we have meticulously and systematically put together for these purposes.

SCOPE

This Annual Report covers the financial year from 1 January 2015 to 31 December 2015 (FY2015), and encompasses all material developments concerning MSM up until the approval of the annual financial statements.

Our report focuses on MSM as a Group and touches on our operating subsidiaries, i.e. MSM Prai Berhad, MSM Perlis Sdn Bhd and MSM Logistics Sdn Bhd. Financial and non-financial data from our subsidiaries are consolidated for ease of reference. We have also included pertinent information that should assist our stakeholders make informed assessment of MSM and how we are able strategically create and sustain long-term stakeholder values.

REPORTING FRAMEWORKS

We prepared our financial statements in accordance with the Financial Reporting Standards (FRS) and the Companies Act, 1965 in Malaysia. These financial statements are also in compliance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

All our statements have been audited by PricewaterhouseCoopers, whose unqualified report is on page 133. For ease of reference, the full set of consolidated annual financial statements is available on our website and can be requested via our Company Secretary.

MSM is committed to uphold impeccable corporate governance and leadership standards, and will continue to review our reporting processes to ensure we meet industry best practices and thus create sustainable value for our stakeholders.

VISION

TOP10 GLOBAL



SUGAR PLAYER BY 2020

MISSION

TO EXCEL AS A HIGHLY COMPETITIVE & ENVIRONMENT FRIENDLY SUGAR PRODUCER WITH EXCEPTIONAL QUALITY RECOGNITION. TO BE A PROMINENT CORPORATION IN THE SUGAR BUSINESS BY PROVIDING PRODUCTS & SERVICES OF SUPERIOR VALUE SO AS TO SUSTAIN CONSISTENT LONG TERM GROWTH IN VOLUME AND PROFITABILITY. TO ACHIEVE CONSISTENT & BALANCED COMMERCIAL SUCCESS BY:

- SATISFYING OUR CUSTOMERS' NEEDS
- PROVIDING SUPERIOR PERFORMANCE TO OUR SHAREHOLDERS
- MAKING AVAILABLE REWARDING CAREERS TO OUR PEOPLE
- HAVING MUTUALLY BENEFICIAL RELATIONSHIPS WITH OUR CORE BUSINESS ASSOCIATES
- PARTICIPATING AND CONTRIBUTING EFFECTIVELY TOWARDS NATION BUILDING AND THE WELFARE AND ADVANCEMENT OF THE SOCIETY IN WHICH WE OPERATE

NET EARNINGS
RM275.30 MILLION

REVENUE **RM2.31** BILLION

HIGHEST PRODUCTION OUTPUT
1,033,519
TONNES

TOTAL ASSETS
RM2.72
BILLION

HIGHLIGHTS OF 2015

TOTAL DIVIDEND PAYOUT
RM182.78
MILLION

NUMBER OF EMPLOYEES

2014: **1,144**

2015: **1,203**

INCREASE OF: 4.9%



TOP 3 HIGHEST SELLING PRODUCTS

COARSE GRAIN | FINE GRANULATED AND CASTER CONTRIBUTED
80% OF SALES REVENUE OF **RM2.27 MILLION**

EXPORT MARKETS

TOP 5 KEY EXPORT MARKETS



42,937 TONNES
SINGAPORE



22,520 TONNES
SOUTH KOREA



21,050 TONNES
MYANMAR



16,838 TONNES
NEW ZEALAND

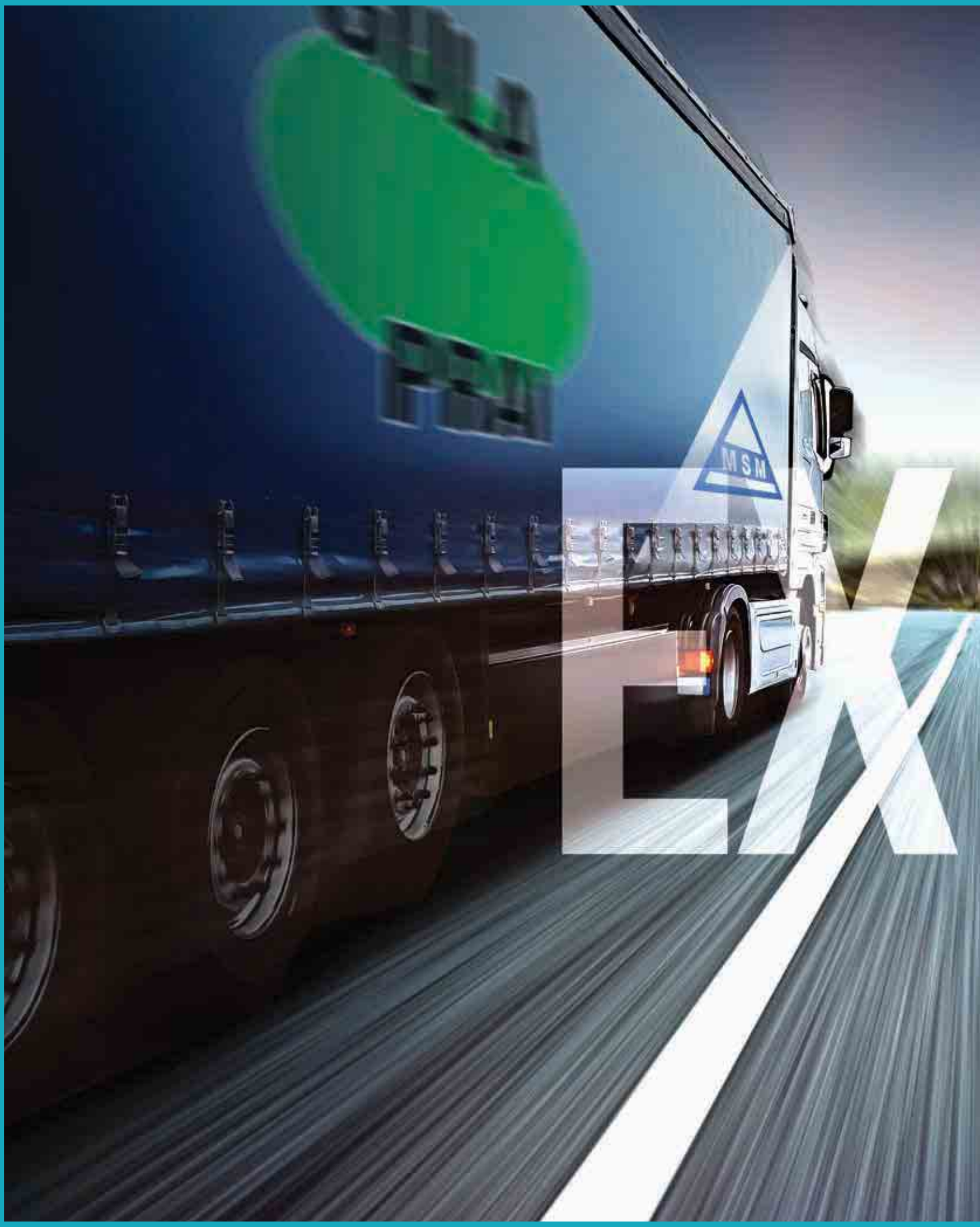


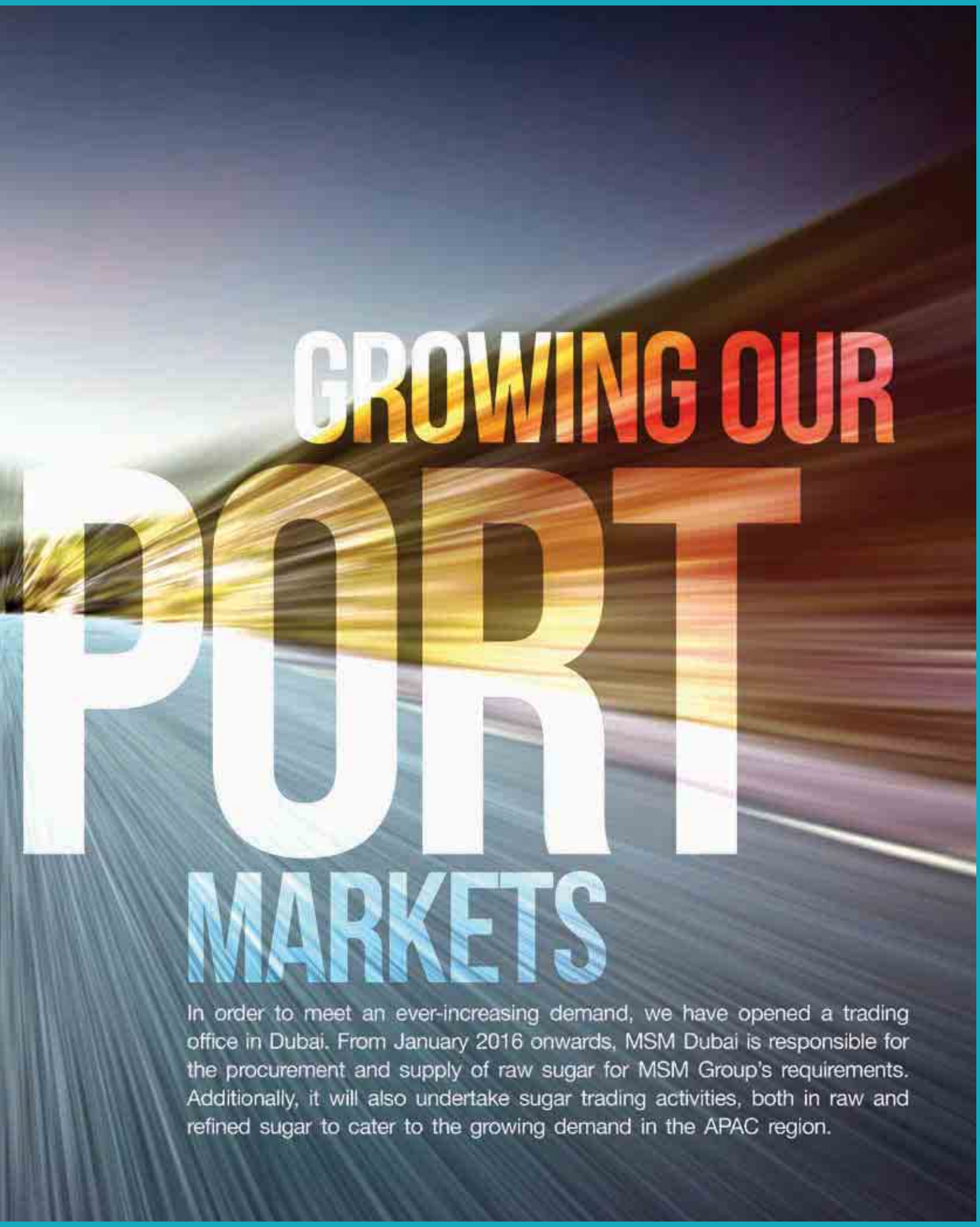
12,789 TONNES
HONG KONG

AU 01	8,369.00 AUSTRALIA	BD 02	3,894.00 BANGLADESH	KH 03	600.00 CAMBODIA
CA 04	24.00 CANADA	CN 05	4,919.95 CHINA	AE 06	904.69 DUBAI
FJ 07	524.00 FIJI	PF 08	73.00 FRENCH POLYNESIA	GH 09	825.00 GHANA
GU 10	25.00 GUAM	HK 11	12,788.77 HONG KONG	ID 12	7,966.00 INDONESIA

Volume in tonnes

KR 13 22,520.31 KOREA	LK 14 3,294.15 SRI LANKA	MU 15 600.00 MAURITIUS
MM 16 21,050.00 MYANMAR	NZ 17 16,838.08 NEW ZEALAND	NC 18 1,886.00 NEW CALEDONIA
NP 19 910.00 NEPAL	MP 20 25.00 NORTHERN MARIANA ISLANDS	PK 21 4,175.00 PAKISTAN
PH 22 748.00 PHILIPPINES	PG 23 4,099.00 PAPUA NEW GUINEA	WS 24 142.00 SAMOA
SA 25 2,900.00 SAUDI ARABIA	SG 26 42,937.31 SINGAPORE	TH 27 49.31 TAHITI
TW 28 50.00 TAIWAN	TR 29 250.00 TURKEY	VT 30 8,575.00 VIETNAM


MSM



In order to meet an ever-increasing demand, we have opened a trading office in Dubai. From January 2016 onwards, MSM Dubai is responsible for the procurement and supply of raw sugar for MSM Group's requirements. Additionally, it will also undertake sugar trading activities, both in raw and refined sugar to cater to the growing demand in the APAC region.



CHAIRMAN'S STATEMENT

YB TAN SRI HAJI MOHD ISA DATO' HAJI ABDUL SAMAD
Chairman

Assalamuailaikum w.b.t

DEAR SHAREHOLDERS,

THE BOARD AND I ARE PROUD TO PRESENT TO YOU THE MSM MALAYSIA ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2015 (FY2015).

It gives me great pleasure to share with you that the Group registered a profit before tax of RM372 million and profit after tax of RM275 million, the greatest achievement that the Group has ever experienced. With this, I am pleased to announce the payment of a final dividend of 14 sen per share for FY2015. Adding to the earlier interim dividend of 12 sen per share, the full year dividend amounts to 26 sen per share. This brings the total payout for the period to RM182.78 million, or a net dividend payout ratio of 66 percent.

Now, allow me take you on a short journey of 2015.

The year 2015 will undoubtedly be remembered by many as a year blighted by various challenges. Most notably the growth concerns in the major economies, volatile international capital flows arising from the US Federal Reserve's impending monetary policy normalisation and plunging global oil and commodity prices. These factors have taken a considerable beating on the Ringgit since the start of the year.

While the sugar industry continued to face multiple headwinds in FY2015, under the leadership of Dato' Sheikh Awab and his team, we remained on track to achieve our targets and are cautiously optimistic for FY2016. The Board and I are confident that the aggressive plans we had instituted to increase our market share will enable us to remain at the forefront of the local market while we expand our reach further into the global arena.

In FY2015, we devised a comprehensive strategic roadmap and thereafter implemented an action plan for the near term. This plan spelled out specific actions and approaches to ensure a unified Group direction, with all teams proactively and continually engaged to achieve our objectives according to the preset timeline.

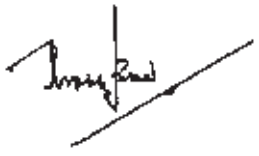
Under this strategy roadmap, we instituted a High-Performance Culture, which induced multiple operational excellences at all levels and further boosted integration within the Group, which then raised production and distribution efficiencies. Notably, this endeavour helped us to chart the fifth consecutive year of volume growth for our production side of the business.

However, MSM is not all about profit maximisation to the exclusion of other business concerns. Certainly, we pride ourselves in having proactively implemented various corporate social responsibility (CSR) programmes since our incorporation to improve the livelihood of the diverse communities in which we serve. This proactive stance is guided by our belief that business strategies and business sustainability fit together like hand in glove, where MSM's continued growth is only possible when our stakeholders – internal and external – grow along with us.

To help ensure proper focus and efficient implementation, we channel our resources for CSR efforts to several thrusts, i.e. caring for the community, employee engagement, environmental enhancement, and marketplace management. At this juncture, it gives me tremendous pleasure to highlight that a total of RM5 million in zakat payments was distributed to the relevant authorities in MSM's operational bases of Perlis, Pulau Pinang and Wilayah Persekutuan. This, together with our various other CSR initiatives, speaks volumes of MSM's dedication to our privileged role as the government's partner in nation-building.

On behalf of the Board, I would like to welcome Datuk Hanapi Suhada and Dato' Zakaria Arshad joining our Main Board as Non-Independent Non-Executive Director, replacing Datuk Haji Faizoull Ahmad and Dato' Mohd Emir Mavani Abdullah. We wish them the very best as they takes on a new challenge with us.

This year and going forward, I am confident that MSM will continue to be resilient and unwavering in our quest to defend our market-leading position. My sincere thanks to you for your continuous support and also to our employees for their highest dedication during the toughest time. We aim to achieve sustainable gains in our production and revenue base to safeguard and enhance value for you.



YB TAN SRI HAJI MOHD ISA DATO' HAJI ABDUL SAMAD
Chairman



CEO'S REVIEW

DATO' SHEIKH AWAB SHEIKH ABOD
President/Group Chief Executive Officer

DEAR SHAREHOLDERS,

THE FINANCIAL YEAR 2015 (FY2015) WAS A YEAR CHARACTERISED BY UNCERTAINTY IN THE GLOBAL ASSET MARKETS AS CONCERNS ABOUT GROWTH AND MONETARY POLICY TIGHTENING IN SEVERAL MAJOR ECONOMIES UNNERVED THE BUSINESS AND FINANCE COMMUNITY.

Oil prices sustained a downward trend from the half of 2014 into FY2015, stirring up worries about not just the oil and gas sector, but also the Malaysian economy as a whole, given the latter's considerable reliance on the sector for growth. Our Ringgit, accordingly, spent much of the year underperforming its regional peers to exhibit a significant depreciation against the US Dollar.

As for the global sugar market, the year opened on the back of four consecutive years of surplus that kept prices suppressed. Fundamentally, the sugar market remains largely bearish with high stock levels, weak commodity prices, and macroeconomic uncertainty keeping a lid on prices.

Against this backdrop, I am pleased to announce that MSM Malaysia Holdings Berhad (MSM) had weathered the storm successfully.

We made a profit before tax of RM372 million and profit after tax of RM275 million, the highest profit ever recorded in its history. This is achieved on the back of RM2.31 billion revenue. Our expenses declined by 11.31 percent, which is a testament to the effectiveness of our internal cost efficiency measures that commenced since 2014.

Our domestic market share remains steadfast at 65 percent this year, reflecting our position as the nation's leading sugar player. The domestic and industry segments composed the majority of demand, while the export markets continued to demonstrate good potential for growth.

FY2015 was also a milestone year for MSM as we achieved our highest production output of 1.03 million tonnes. Our production capacity will increase tremendously by the construction of the new state-of-the-art refinery in Tanjung Langsat, Johor. Upon commissioning of this new refinery, our annual production capacity will rise to 2.25 million tonnes from the present 1.25 million tonnes. The refinery, whose ground breaking was slated in March 2016, exemplifies our commitment to join the ranks of the top 10 global sugar players by 2020.

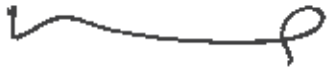
We are also proud that in February 2016, we have officially launched our very first overseas operation based in Dubai called MSM Trading International DMCC (MSM Dubai). It functions as our trading arm for both raw sugar and refined sugar, helping us to diversify the income stream. In near future, our Dubai operations will be supported by the presence of representative offices in strategic countries like Indonesia, Thailand, China and India.

We remain aggressive to explore mergers and acquisitions (M&A) opportunities in sugar-related assets as well as strategic alliances to further expand our business. This proactive search for opportunities on a global scale is in line with our long term strategy to become an integrated sugar player that involves in upstream, midstream, downstream and trading.

Closer to home, our focus this year is to enhance and develop our brand, "Gula Prai". I am proud to share with you that we have setup a new division; "Product Development Team" which will embark on new product development and innovation in order to meet the current demand of our customers.

Expectations are certainly high for 2016, but given the current economic situation in general, we are cautiously optimistic to steer the challenges ahead. I have utmost confidence in my team to perform their very best to ensure the company leads the way as the undisputed market leader in Malaysia as well as a regional and global player.

At this juncture, I wish to sincerely thank all our employees who have contributed in their individual ways to enable our achievements in FY2015. May we continue to demonstrate hard work, sacrifice and perseverance in the coming years to see our aforementioned initiatives through. To our Board of Directors and stakeholders, I am sincerely grateful for your support. Last but not least, I would also like to take this opportunity to thank all our customers and business partners for your continued support.



DATO' SHEIKH AWAB SHEIKH ABOD
President/Group Chief Executive Officer

CORPORATE PROFILE



MSM MALAYSIA HOLDINGS BERHAD (MSM) WAS LISTED ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ON 28 JUNE 2011 AND CURRENTLY HOLDS 65 PERCENT OF THE DOMESTIC MARKET SHARE.

MSM MALAYSIA HOLDINGS BERHAD

(INCORPORATED ON 10 MARCH 2011)

MSM Malaysia Holdings Berhad (MSM) was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 and currently holds 65 percent of the domestic market share.

MSM offers a variety of products ranging from white refined sugar of various grain sizes to soft brown sugar. These are marketed and sold in a variety of packaging options under the brand – Gula Prai. MSM also sells molasses, a by-product of the refining process, to distilleries and producers of ethanol, animal feed and yeast, among other products.

MSM sells to a wide range of customers including major companies in the beverage and confectionery industries, hotels, restaurants, food outlets and household consumers.

MSM PRAI BERHAD

(INCORPORATED ON 6 OCTOBER 1959)

MSM Prai Berhad (MSM Prai) was a joint venture between Kuok Brothers Sdn Bhd, Mitsui & Co and Nissin Sugar Manufacturing Company, established to reduce Malaysia's dependence on imported refined sugar.

MSM Prai operates the Prai sugar refinery in Penang, on the north-west coast of Peninsular Malaysia. The facility is the country's largest sugar refinery with an annual production capacity of 960,000 tonnes of refined sugar, accounting for close to 84 percent of MSM Group's total output capacity.

The refinery is strategically located near Penang Port and has a dedicated jetty on site that enables barges to easily and cost-effectively off-load raw sugar taken from sea vessels directly into storage for refining.

Railway tracks located within MSM Prai connect to warehouses in Sungai Buloh, Selangor and Johor Bahru, Johor, allowing refined sugar products to be delivered via railway wagons in a cost-efficient manner to customers in the central and southern regions of Peninsular Malaysia. Road transport is used to supplement the inter-warehouse rail movement and for the final delivery up to customers' premises.

Some of the sugar sent from the Prai refinery to the warehouse in Sungai Buloh are in loose bulk form allowing the final packing to be done at the warehouse. The refinery is also able to deliver bulk sugar via road tankers to customers who prefer to receive the product directly into their storage silos.

For shipments to East Malaysia and overseas, sugar products are sent in containers from Prai refinery to Penang Port's North Butterworth Container Terminal, located a short distance from the factory and loaded onto vessels there. The factory is able to load and deliver up to 30 units of 20 ft export containers per day.

MSM PERLIS SDN BHD

(INCORPORATED ON 26 MAY 1971)

MSM Perlis operates a sugar refinery located in Chuping, Perlis in the north-western part of Peninsular Malaysia with an annual production capacity of 180,000 tonnes of refined sugar, representing approximately 16 percent of MSM Group's total capacity.

Currently, all of MSM Perlis' refined sugar products are sold in the domestic market and its focus is expected to remain on serving Malaysia. Plans are in the works to expand the sugar refining capacity of MSM Perlis to 200,000 tonnes per year through the installation of additional equipment such as centrifugal machines and increased automation of production processes.

MSM Perlis has warehouse facilities on site, as well as a bulk cargo terminal in Prai, Penang, from which its products are transported throughout Malaysia via road and sea. A number of customers also take delivery of refined products directly from the warehouse located in MSM Perlis and from the bulk cargo terminal.

MSM LOGISTICS SDN BHD

(INCORPORATED ON 23 NOVEMBER 1990)

MSM Logistics is a wholly-owned logistics company of MSM Prai Berhad and it is to serve MSM's requirements for reliable product transport and delivery services nationwide.

MSM Logistics' 47-truck fleet consists of 31 cargo trailers of 20 tonnes, two rigid 10 tonnes tankers, two rigid 15 tonnes tankers, five 20 tonnes tankers and seven 30 tonnes tankers. It plays a key role in MSM's distribution network by ensuring that our products reach customers and MSM's warehouses nationwide in good condition and on time. MSM Logistics' vision is to provide an efficient delivery service to MSM's customers and to maintain a high standard of professionalism and reliability.

MSM SUGAR REFINERY (JOHOR) SDN BHD

(INCORPORATED ON 8 APRIL 2015)

MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor), will be operating MSM's new sugar refinery based in Tanjung Langsat, Johor which is set to be the largest standalone sugar refinery in Malaysia. Upon completion, the total Group annual production capacity will increase up to 3.25 million tonnes.

Erected on a 50.63 acre land plot, the integrated complex is under development for Phase 1, which is to build a 3,000 tonnes per day of refined sugar output (RSO) or one million tonnes on the annual production capacity. It is scheduled to be fully commissioned by end of 2017 and the expansion of Phase 2 shall commence by 2025. The combined annual production capacity of Phase 1 and Phase 2 is capable for up to an astounding two million tonnes.

Additionally, MSM Johor enables capacity building which translates to competitive pricing on end products. This allows MSM to foray into neighbouring countries, further strengthen MSM's domestic market share and transform Malaysia into a regional hub for high quality refined sugar.

MSM TRADING INTERNATIONAL DMCC

(INCORPORATED ON 1 OCTOBER 2015)

MSM Trading International DMCC (MSM Dubai) is the trading arm of MSM. It received its trading license from the Dubai Multi Commodities Centre (DMCC).

Its principal business is to undertake sugar trading activities, both in raw and refined sugar to cater for the growing demand in the region, in particular the Middle East & North Africa (MENA) and neighbouring Asia Pacific (APAC) region.

The setup of MSM Dubai will be supported by a representative office located in Jakarta, Indonesia. It is expected to anchor growing demands in the region while ramping up export sales with competitive pricing to neighbouring countries such as Singapore, South Korea and other APAC countries.

The Dubai venture is expected to build on the capabilities of MSM towards becoming a global brand with a distinctive international structure. With the expansion of its geographical footprint, the intent of increasing the efficiency, quality and services in the sugar supply chain will be more effective.

KEY MILESTONES

MSM'S SUGAR TRAIL

1959

ESTABLISHMENT OF MSM PRAI FACILITY IN PRAI, PENANG

1964

MSM PRAI FACILITY COMMENCES OPERATIONS IN PRAI, PENANG

1971

ESTABLISHMENT OF MSM PERLIS FACILITY IN CHUPING, PERLIS

1973

MSM PERLIS FACILITY COMMENCES MILLING AND REFINERY OPERATIONS IN CHUPING, PERLIS

2014

MSM PRAI BERHAD CELEBRATED ITS 50TH ANNIVERSARY

2015

ESTABLISHMENT OF MSM SUGAR REFINERY (JOHOR) SDN BHD AND MSM TRADING INTERNATIONAL DMCC IN DUBAI

2016

LAUNCHING OF MSM TRADING INTERNATIONAL DMCC AND GROUND BREAKING OF MSM SUGAR REFINERY (JOHOR) SDN BHD

2017

MSM SUGAR REFINERY (JOHOR) SDN BHD SCHEDULED TO COMMENCE ITS OPERATIONS IN TANJUNG LANGSAT, JOHOR

2020

MSM TO BE THE TOP 10 GLOBAL SUGAR PLAYER

1976

MSM PRAI FACILITY EMBARKS ON AUTOMATION OF PRODUCTION PROCESSES

1980

MSM PERLIS FACILITY COMMENCES IMPORTED RAW SUGAR REFINING OPERATIONS

1990

ESTABLISHMENT OF MSM LOGISTICS SDN BHD, A WHOLLY OWNED LOGISTICS COMPANY OF MSM PRAI

1992

MSM'S WAREHOUSE AT SUNGAI BULOH COMMENCES OPERATIONS WITH RAIL CONNECTION FROM MSM PRAI FACILITY

2002

MSM'S WAREHOUSE AT JOHOR BAHRU COMMENCES OPERATIONS WITH RAIL CONNECTION FROM MSM PRAI FACILITY

2007

MSM PRAI FACILITY INCREASES REFINING CAPACITY TO 800,000 TONNES PER YEAR

2010

REFINING CAPABILITIES INCREASES TO 960,000 TONNES PER YEAR AT MSM PRAI FACILITY AND 150,000 TONNES PER YEAR AT MSM PERLIS

2011

INCORPORATION OF MSM MALAYSIA HOLDINGS BERHAD AND CONSEQUENTLY THE SUCCESSFUL LISTING OF MSM ON THE MAIN MARKET OF BURSA MALAYSIA

CORPORATE INFORMATION

AS AT 31 MARCH 2016



CHAIRMAN

Non-Independent
Non-Executive Director

YB TAN SRI HAJI MOHD ISA
DATO' HAJI ABDUL SAMAD

PRESIDENT/

Group Chief Executive Officer

DATO' SHEIKH AWAB SHEIKH ABOD



BOARD OF DIRECTORS

YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
Chairman/Non-Independent Non-Executive Director

Dato' Zainal Haji Ismail
Independent Non-Executive Director

Dato' Hajjah Rosni Haji Zahari
Independent Non-Executive Director

YB Datuk Noor Ehsanuddin Mohd Harun Narrashid
Non-Independent Non-Executive Director

Dato' Rosini Abd Samad
Independent Non-Executive Director

Datuk Lim Thean Shiang
Independent Non-Executive Director

Datuk Hanapi Suhada
Non-Independent Non-Executive Director
(Appointed on 7 October 2015)

Dato' Mohd Emir Mavani Abdullah
Non-Independent Non-Executive Director
(Resigned on 1 April 2016)*

Datuk Faizoull Ahmad
Non-Independent Non-Executive Director
(Retired on 2 June 2015)

Dato' Zakaria Arshad
Non-Independent Non-Executive Director
(Appointed on 1 April 2016)*

Dato' Sheikh Awab Sheikh Abod
Non-Independent Executive Director

** as announced on 31 March 2016*

REGISTERED OFFICE

Level 45, Menara Felda
Platinum Park
No. 11 Persiaran KLCC
50088 Kuala Lumpur
Malaysia
Tel : +603 2859 0000
Fax : +603 2859 0016

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Listed since 28 June 2011
Stock Code: 5202

COMPANY SECRETARIES

Abd Rashid Atan (MIA 18390)
Koo Shuang Yen (MIA 7556)

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Malaysia
Helpdesk : +603-7849 0777
Fax : +603 7841 8151/8152

AUDITORS

Messrs. PricewaterhouseCoopers
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288
Website : www.pwc.com

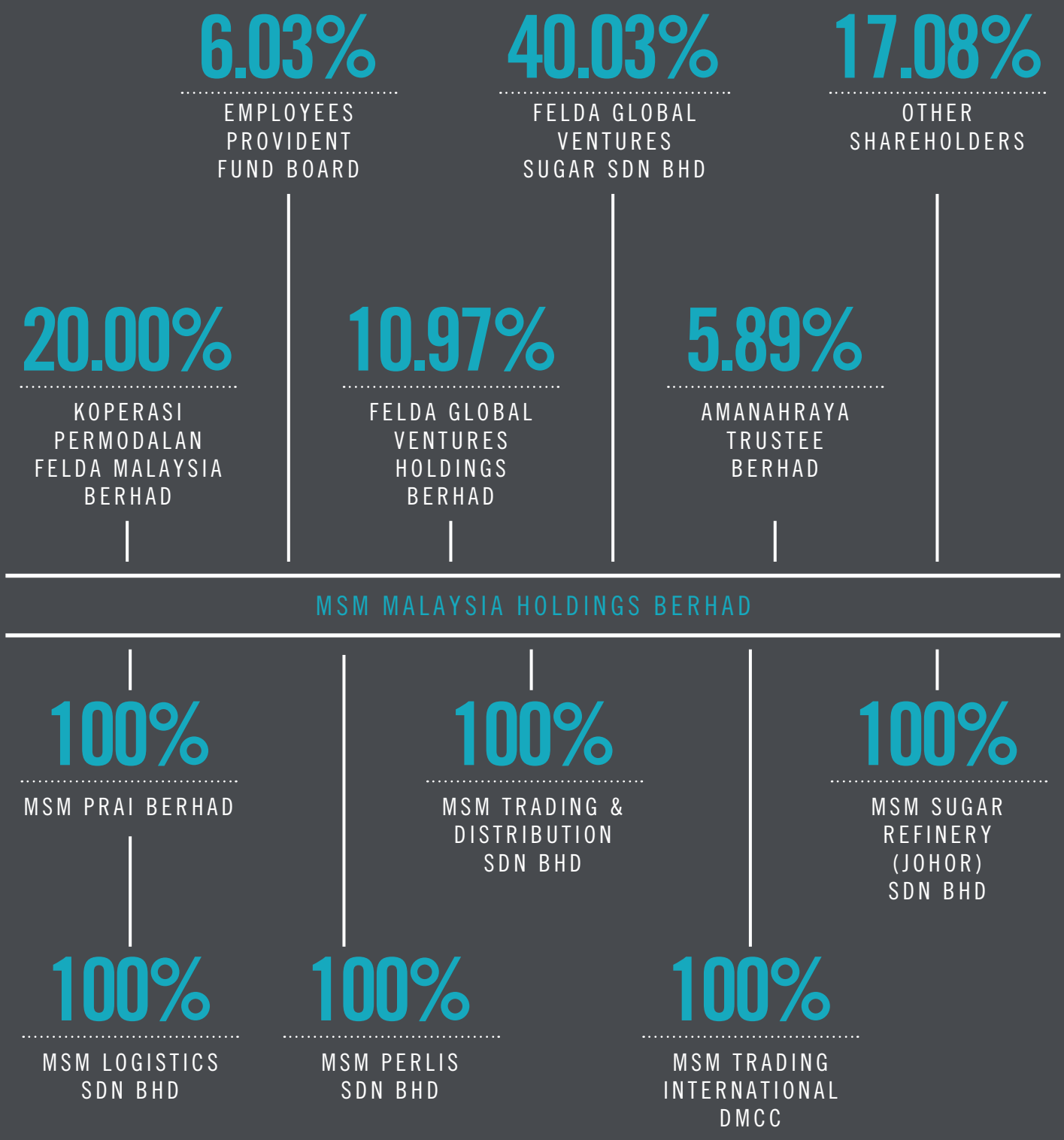
INVESTOR RELATIONS AND ENQUIRIES

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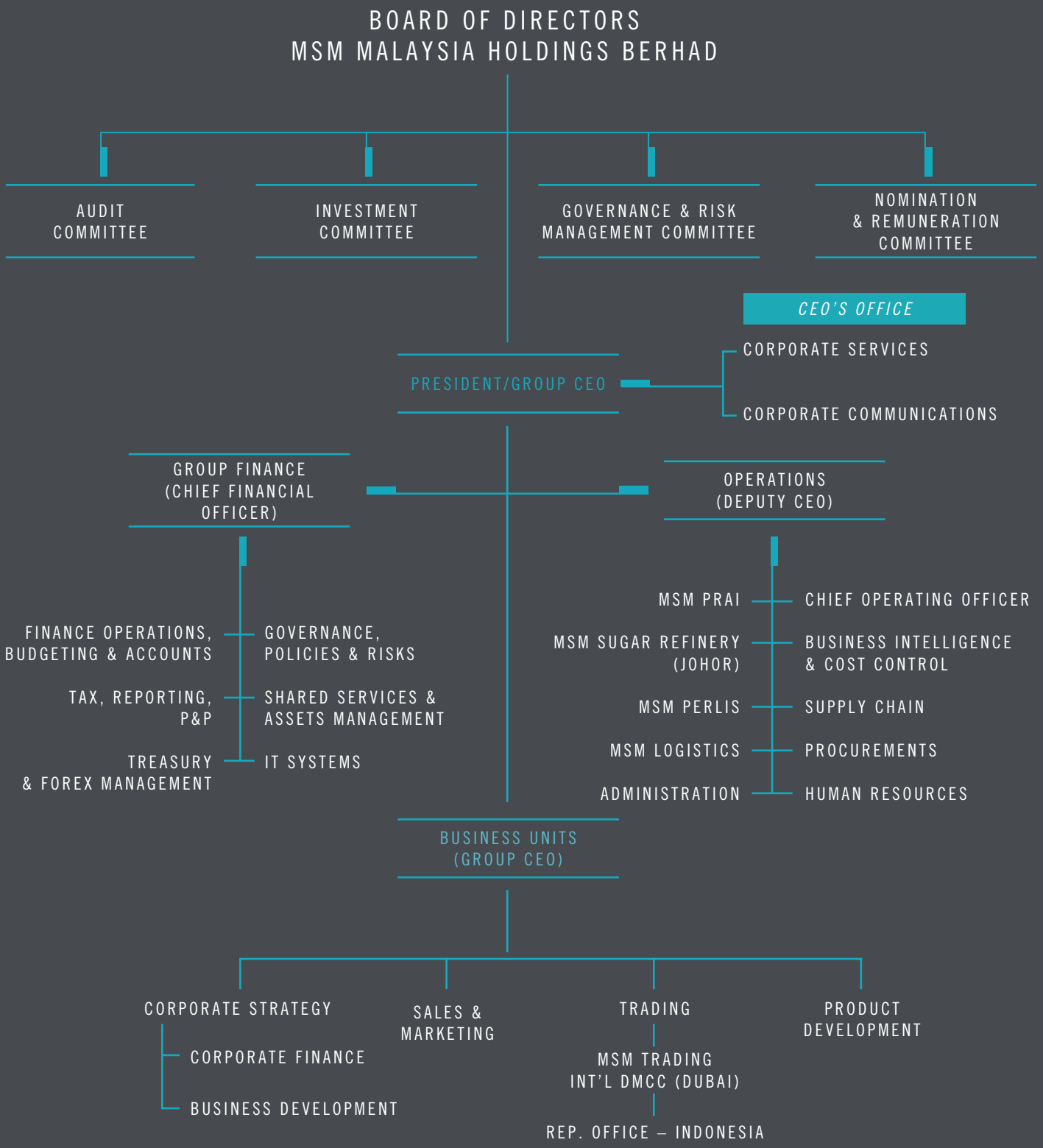


CORPORATE STRUCTURE

AS AT 21 MARCH 2016



ORGANISATIONAL CHART




MEETING
GRO



We are the leading producer of refined sugar in Malaysia commanding 65% of the domestic market share. Not one to rest on our achievements, we are building the largest standalone sugar refinery in Tanjung Langsat, Johor using the latest state-of-the-art technology. Upon completion, the refinery will double our annual production. This will support our vision to be the top 10 global sugar player by 2020.

STRATEGY: PRIORITIES AND PROGRESS

	KEY STRATEGIES	STRATEGIC PRIORITIES
GROWTH	• Capacity building	• New 3,000 tonnes Refined Sugar Output (RSO) per day Sugar Refinery in Tanjung Langsat, Johor
	• Expand presence in the sugar value chain	• International trading setup in Dubai • Presence in the upstream and downstream sector via M&A/JVs
OPERATIONAL EXCELLENCE	• Optimise asset utilisation	• Increase operational profitability • Optimise capacity utilisation
	• Developing customer focus mindset	• Increase in market share • Increase sales volume
	• Pursuing operational excellence	• Implementation of cost reduction initiatives • Implementation of ERP system • MSM Perlis under taking higher quality certification
PEOPLE	• Develop high performance culture	• Implementation of Balance Scorecard (BSC) across the Group • Alignment of MSM Values across the Group • Execution of the Executive Development Programs
	• Increase employees' satisfaction	• Employee Self-Service (ESS) – HR portal, e-claim, e-payslip across MSM Group • Concluded CA for term 2015-2018 with respective subsidiaries Employees Union

PROGRESS 2015	PRIORITIES FOR 2016
• Land SPA was finalised on 16th March 2015 • Signing of EPC Contract with Sharkara International (FZC) on 26th August 2015 • Secured Manufacturing License from MITI on 21st August 2015 • Secured Johor State Investment Centre (JSIC) approval on 7th September 2015 • Finalisation of RM1.25 billion Johor Refinery project funding agreement with CIMB Islamic Bank Bhd and HSBC Amanah Bank Bhd on 11th December 2015	• Ensuring the new sugar refinery construction progress are on track, remain within budget and comply with the requirements set forth
• Finalised office purchase • Secured trading license in October 2015 via Dubai Multi Commodities Centre • Approval from the Indonesia Authority has been secured to setup MSM International Trading DMCC's representative office in Jakarta, Indonesia • Upstream and downstream – explored few potential deals	• To-setup representative office in targeted key markets • Strategic Alliances on trading activities with reputable global sugar trading player • Execute at least one feasible Mergers & Acquisitions/JVs
• Higher profit from operations of RM371.81 million • Achieved 90 percent from target of 88 percent • On-going effort to increase customers' preference through market survey research and product development initiatives.	• MSM Perlis – Replace and upgrade process equipment • MSM Perlis – Installation of process efficient equipment • MSM Prai – Increase factory capability, efficiency and effectiveness with lower energy consumption
• Maintain market share of 65 percent • Achieved 5 percent increase from last year	• New Packaging and Product Differentiation • Launching of new products
• Achieved company wide cost reduction of RM17 million • 80 percent completion • 90 percent completion	• Implementation of cost reduction initiatives • 100 percent completion • SEDEX certification for MSM Perlis
• Completed • Completed • Completed	• MSM Management Trainee & Scholarship Program • Leadership & Executive Development Program • Group wide corporate values launch
• Launched E-Claim & E-Payslip • Completed	• HR-ESS kiosks at all subsidiaries • Employees satisfaction survey • Employee work-life balance program

BUSINESS MODEL

INPUTS

FINANCIAL
Net Assets: RM2.04 billion
Deposits, Cash and Bank Balance: 1.24 billion
Current Debt: RM419.54 million

ASSET
MSM Prai: 960,000 tonnes (production capacity)
MSM Perlis: 180,000 tonnes (production capacity)

HUMAN
Employees: 1,205

SOCIAL AND RELATIONSHIP
Community Government agencies and Regulators (IRB, MIDA, KPDNKK, MITI, MATRADE, Bursa, SC, Bank Negara, MOF, DOE,)

NATURAL
Raw sugar: 880,000 tonnes (purchased volume)

WHAT WE DO

Procuring raw sugar which is the main feedstock of the refined sugar

RAW SUGAR SOURCING

Refining of raw sugar to produce refined sugar

RAW SUGAR REFINING

Handling storage and logistical aspects of the refined sugar to the Market

LOGISTIC MANAGEMENT

Selling refined sugar to the domestic and export market

MARKET

HOW WE CREATE VALUES

VALUES CREATED FOR STAKEHOLDERS

VALUE CREATION OVER TIME

- Managing procurement of raw sugar efficiently which is the main feedstock for the production of refined sugar
- Optimising the production assets (MSM Prai and MSM Perlis) in churning out refined sugar to be sold to the market
- Managing communities, government agencies and regulators expectations via constant engagements and programs participation from the company
- Managing workforce of 1,205 employees
- Construction of the new refinery in Tanjung Langsat, Johor for domestic and export market which will bring additional profitability and position MSM in capturing future market and fullfiling domestic demand

- Shareholders – Profit after tax of RM275 million and Dividend payment of RM182.78 million
- Productions Asset – Combined annual production of 1.25 million tonnes of refined sugar from two operating refineries
  – Constructing 1 million tonnes per annum sugar refinery in Tanjung Langsat, Johor will as per sosio economic growths
- Employees – 1,205 employees which indirectly benefit the domestic economy via job security and domestic spending. The total staff costs for FY2015 is RM79.28 million
- Government – Zakat payment of RM5 million
  – Contributed corporate tax of RM91.83 million directly to the state and federal government
- Social – Donations and sponsorships of RM1.36 million in 2015 through Corporate Social Responsibility activities

OUTPUTS

FINANCIAL
Revenue: RM2.31 billion
Earnings Per Share: RM39.16
Dividend Payout Ratio: 66.39 percent
Return on Shareholders Equity: 13.5 percent

ASSET (Production)
MSM Prai: 854,202 tonnes
MSM Perlis: 179,317 tonnes

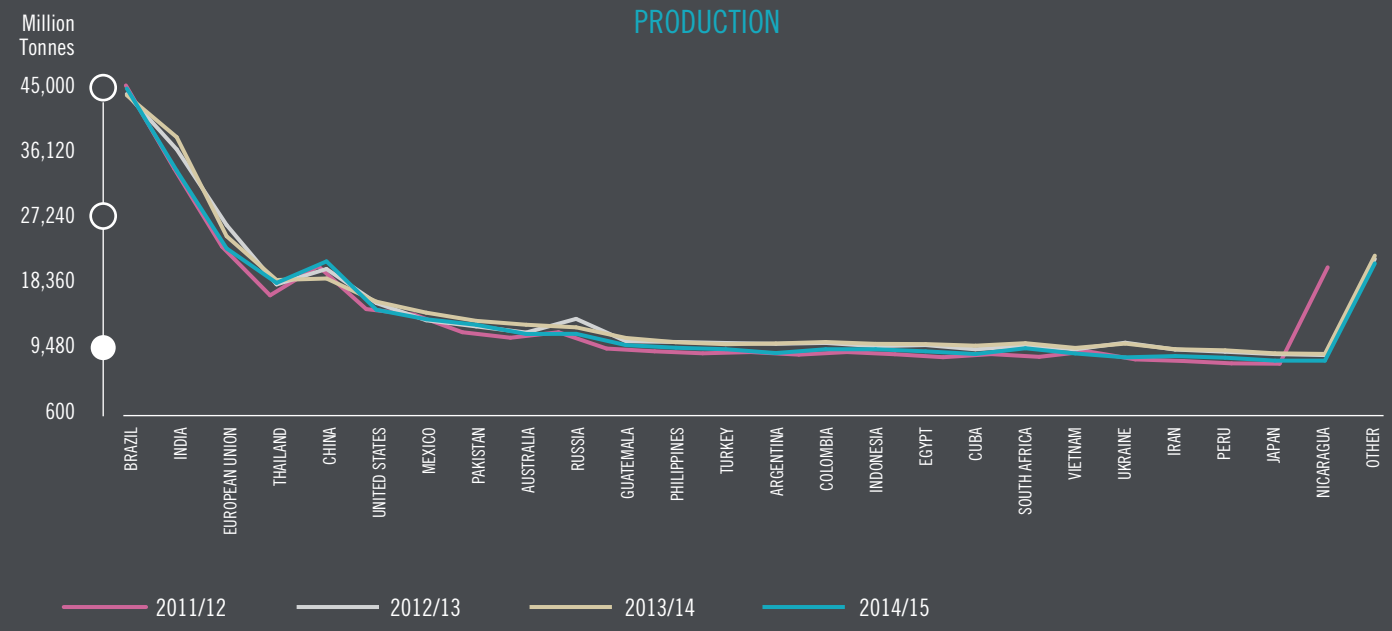
HUMAN
Payroll: RM57.54 million
Training: RM826,607
Job creation: 104

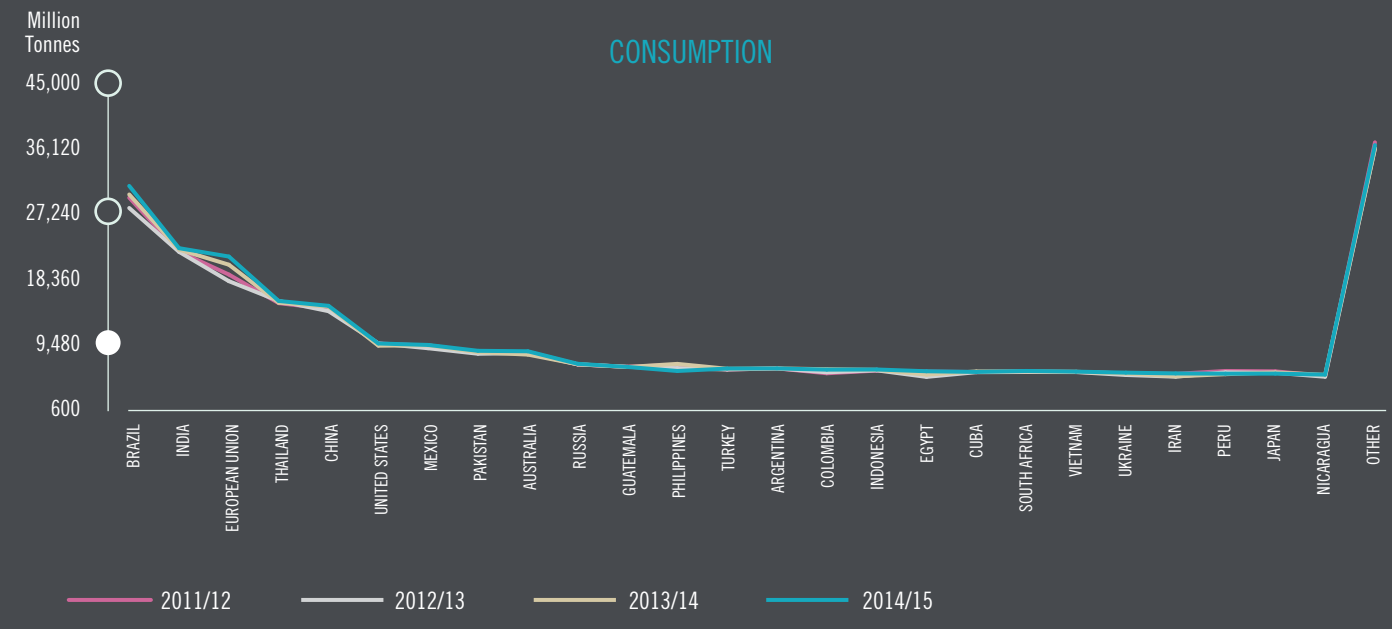
SOCIAL AND RELATIONSHIP
Tax: RM91.832 million
Zakat: RM5 million

VALUE CREATION OVER TIME

GLOBAL SUGAR OUTLOOK AND MARKET TRENDS

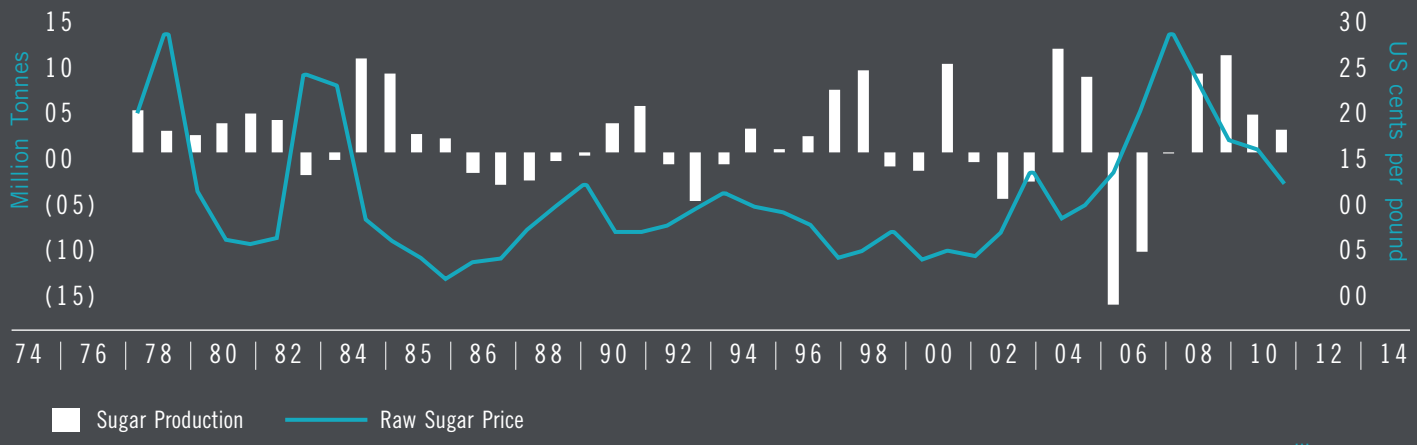
WORLD CENTRIFUGAL SUGAR: PRODUCTION AND CONSUMPTION





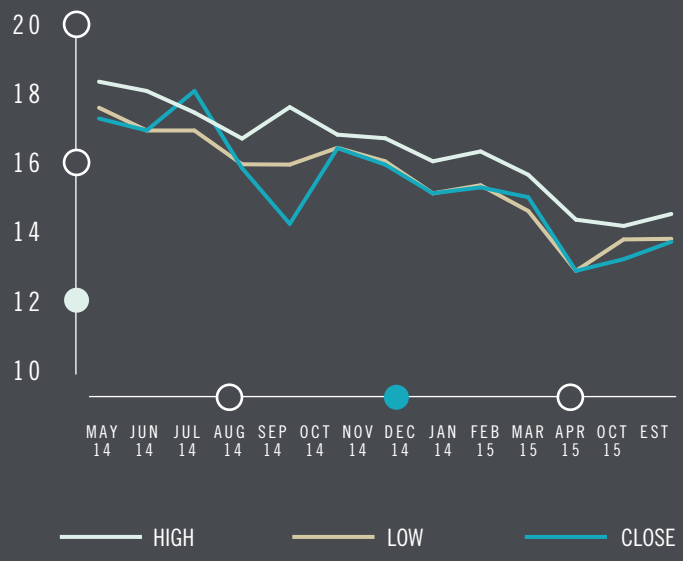
source: www.fas.usda.gov

GLOBAL SUGAR PRODUCTION SURPLUS/DEFICIT BALANCE VERSUS WORLD SUGAR PRICE

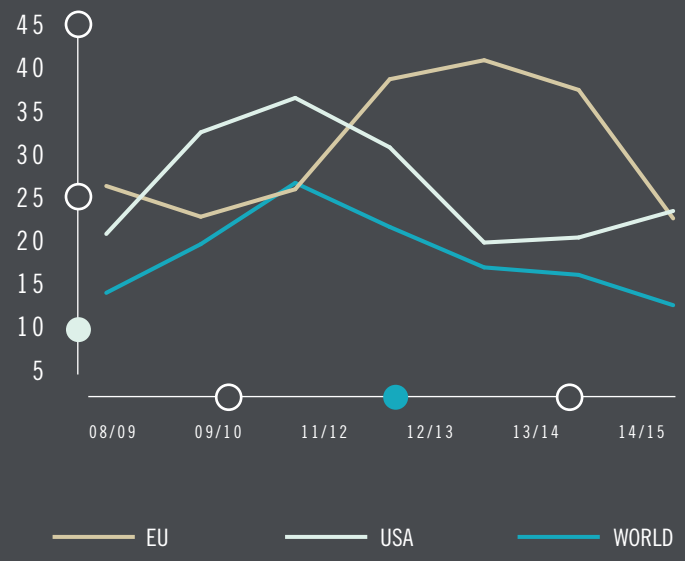


source: www.illovosugar.co

WORLD RAW SUGAR PRICE (US CENTS/LB)



PREFERENTIAL PRICES (FREE ON BOARD) (US CENTS/LB)



source: www.illovosugar.co

GROUP FINANCIAL REVIEW



MSM'S REVENUE CONTINUES TO GROW IN FY2015 TO RM2.31 BILLION (FY2014: RM2.28 BILLION), ON ACCOUNT OF A 4.53 PERCENT IMPROVEMENT IN TOTAL SALES VOLUME TO 1,034,088 TONNES (FY2014: 989,290 TONNES). THE PROFIT AFTER TAX GREW 7.11 PERCENT TO RM275 MILLION (FY2014: RM257 MILLION), DENOTING AN IMPROVED MARGIN OF 11.93 PERCENT (FY2014: 11.27 PERCENT).

MSM's revenue continues to grow in FY2015 to RM2.31 billion (FY2014: RM2.28 billion), on account of a 4.53 percent improvement in total sales volume to 1,034,088 tonnes (FY2014: 989,290 tonnes). The profit after tax grew 7.11 percent to RM275 million (FY2014: RM257 million), denoting an improved margin of 11.93 percent (FY2014: 11.27 percent).

This sustained financial performance enables a final dividend payment of 14 sen per share which equals to RM98.42 million, to be paid on 10 June 2016. On a full year basis, the Group's total dividend amounts to 26 sen per share. This translates to a total payout of RM182.78 million and a net payout ratio of 66.39 percent, higher than FY2014 of 65.65 percent.

Industries formed the bulk of demand for our product offerings (45 percent), followed by other Domestic (38 percent) and Export markets (17 percent). Compared with FY2014, the demand composition has swung in favour of Industries (from other Domestic previously), whilst our Export markets remain an area for further exploration.

The Group had spent an approximately USD 400 million for the procurement of raw sugar in 2015 where we hedged our exposure at an average rate of RM3.83 against the higher average market rate of RM3.91. As a result, the Group managed to effectively cushioned the weakening impact of Ringgit in FY2015.

The trading and hedging policies we employ for our procurement of raw sugar coupled with favourable supply-and-demand dynamics and our other strategies for overseas expansion should spur a growth in our overseas sales for the coming years.

We are supplementing that by ramping up the operational scale of our international trading office in Dubai. This new outfit will be the driver for expansion in our export markets, especially given its strategic location between countries of the eastern and western hemispheres.

On the local front, we are actively keeping tabs on our refinery construction in Johor and expect its completion at the end of 2017. The expansion in production capacity will enable us to boost our refined sugar production to 2.25 million tonnes per annum from 1.25 million tonnes per annum at present. This will place MSM in a good position to better serve the demand in both the domestic and international markets, and thereby positioning MSM as a leading name in refined sugar producer.

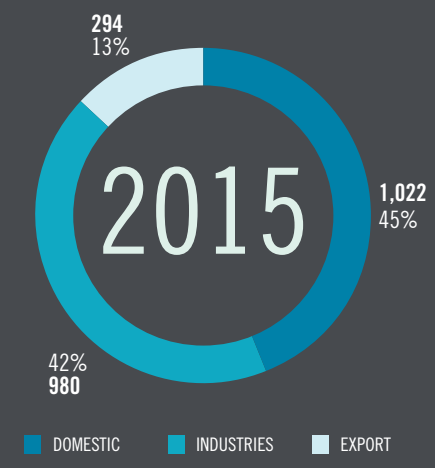
REVENUE
RM2.31
BILLION

PROFIT AFTER TAX
RM275
MILLION

TOTAL DIVIDEND PAYOUT
RM182.78
MILLION

PRODUCTION
1,033,519
TONNES

FINANCIAL HIGHLIGHTS



SALES REVENUE (RM MILLION)

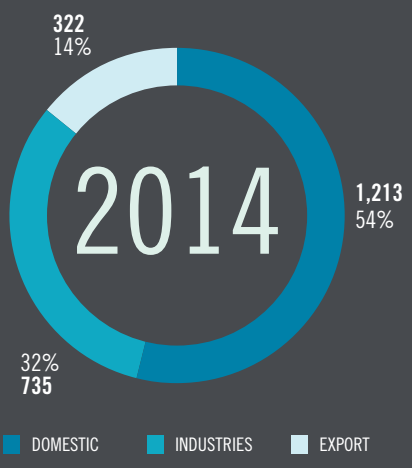
RM2,296

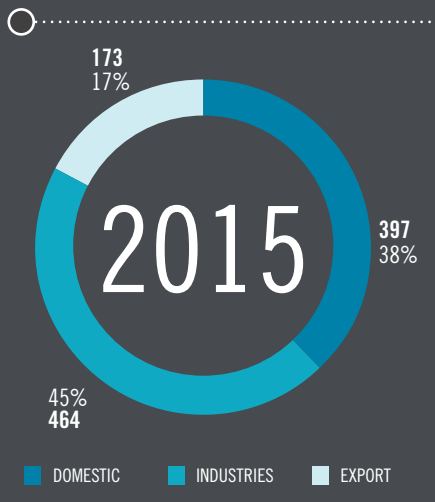
MILLION

SALES REVENUE (RM MILLION)

RM2,270

MILLION





TOTAL SALES

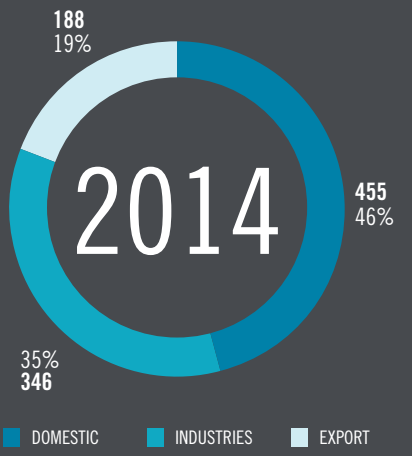
1,034,088

TONNES

TOTAL SALES

989,290

TONNES



Notes:

1. Sales figure is AFTER consolidation adjustment
2. The sales figure excludes the sales of molasses

GROUP QUARTERLY FINANCIAL PERFORMANCE

2015

	First Quarter RM'000	Second Quarter RM'000	Third Quarter RM'000	Fourth Quarter RM'000
Revenue	**508,486**	**588,320**	**546,491**	**663,966**
Profit from operations	**88,508**	**104,840**	**86,805**	**91,659**
Profit before taxation and zakat	**90,325**	**105,515**	**84,521**	**91,767**
Profit attributable to equity holders of the Company	**71,026**	**79,134**	**63,872**	**61,264**
Basic earnings per share (sen)	**10.10**	**11.26**	**9.09**	**8.71**
Single-tier dividend per share (sen)	**–**	**–**	**12.00**	**14.00**

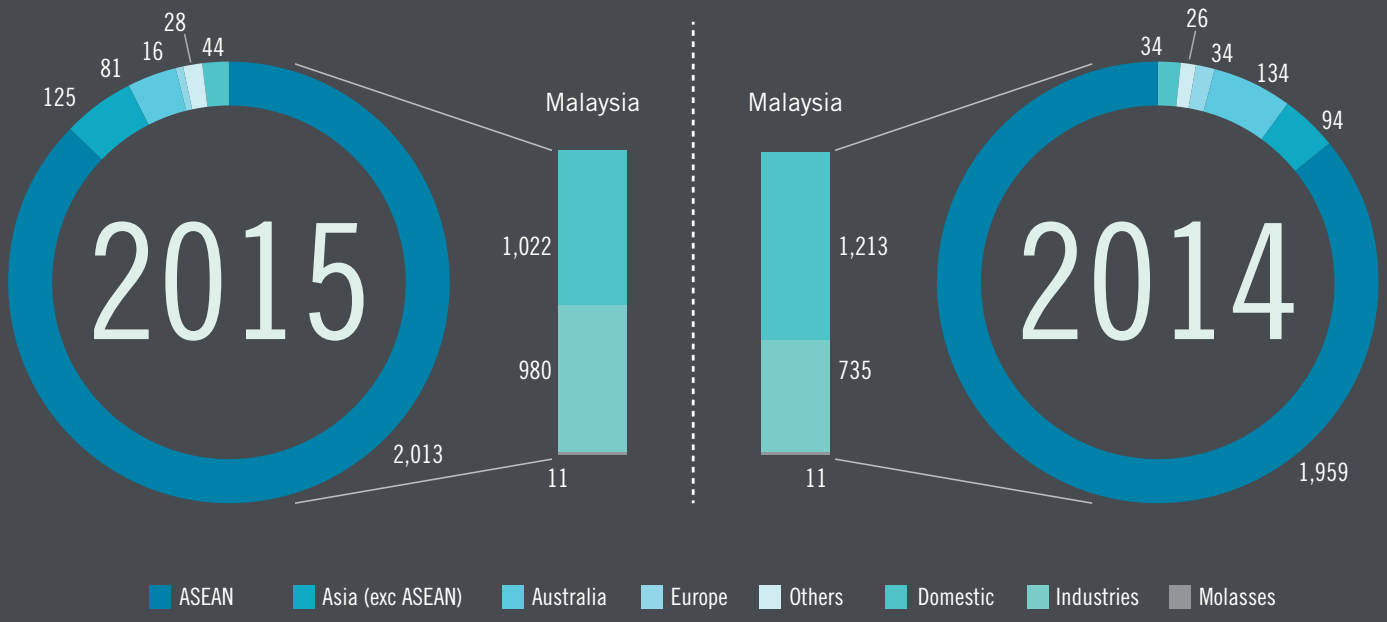
2014

	First Quarter RM'000	Second Quarter RM'000	Third Quarter RM'000	Fourth Quarter RM'000
Revenue	498,261	595,426	559,735	628,071
Profit from operations	69,973	101,690	60,895	103,824
Profit before taxation and zakat	72,063	102,939	64,497	104,799
Profit attributable to equity holders of the Company	56,332	77,755	47,962	74,964
Basic earnings per share (sen)	8.01	11.20	6.82	10.66
Single-tier dividend per share (sen)	–	–	10.00	14.00

STATEMENT OF VALUE ADDED

	2015 RM'000	2014 RM'000
VALUE ADDED		
Revenue	**2,307,263**	2,281,493
Purchase of goods and services	**(1,845,242)**	(1,838,757)
Value added by the Group	**462,021**	442,736
Other operating income	**4,686**	6,169
Other (losses)/gains – (net)	**25,769**	(4,345)
Finance income	**7,862**	12,891
Finance cost	**(7,546)**	(3,719)
Value added available for distribution	**492,792**	453,732
DISTRIBUTION		
To Employees		
Employment cost	**79,282**	60,261
To Government/Approved Agencies		
Taxation and Zakat	**96,832**	87,286
To Shareholders		
Dividends	**182,775**	168,715
Retained for reinvestment and future growth		
Depreciation and amortisation	**41,382**	49,172
Retained profits	**92,521**	88,298
Total distributed	**492,792**	453,732

SEGMENTAL ANALYSIS



MSM REVENUE 2015 (RM MILLION)

1,022 DOMESTIC

980 INDUSTRIES

11 MOLASSES

294 EXPORT

MSM REVENUE 2014 (RM MILLION)

1,213 DOMESTIC

735 INDUSTRIES

11 MOLASSES

322 EXPORT

5-YEAR FINANCIAL SUMMARY

	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Revenue	**2,307,263**	2,281,493	2,202,480	2,301,319	2,299,554
Cost of Sales	**(1,818,173)**	(1,814,139)	(1,765,592)	(1,927,133)	(1,845,576)
Gross Profit	**489,090**	467,354	436,888	374,186	453,978
Other Operating Income	**4,686**	6,169	11,270	3,498	742
Selling and Distribution Expenses	**(71,914)**	(75,402)	(57,886)	(53,608)	(54,312)
Administrative Expenses	**(70,734)**	(53,122)	(42,738)	(43,529)	(38,421)
Other Operating Expenses	**(5,085)**	(5,527)	(252)	(3,254)	(355)
Other (Losses)/Gains – Net	**25,769**	(4,345)	1,501	3,544	(1,494)
Profit From Operations	**371,812**	335,127	348,783	280,837	360,138
Finance Income	**7,862**	12,891	15,017	15,371	11,538
Finance Costs	**(7,546)**	(3,719)	(4,895)	(11,049)	(12,303)
Profit Before Zakat and Taxation	**372,128**	344,299	358,905	285,159	359,373
Zakat	**(5,000)**	(4,500)	(17,481)	(16,580)	–
Taxation	**(91,832)**	(82,786)	(86,747)	(66,551)	(95,557)
Profit for the Financial Year	**275,296**	257,013	254,677	202,028	263,816

	2015	2014	2013	2012	2011
FINANCIAL RATIOS					
Return on Shareholder's Equity	**13.5%**	13.2%	13.7%	11.6%	15.7%
Return on Total Assets	**10.1%**	10.2%	11.7%	8.6%	12.5%
Debt Equity Ratio	**0.3**	0.3	0.2	0.3	0.3
Dividend Cover	**1.5**	1.5	1.7	1.5	0.7

2,307,263

REVENUE (RM'000)



489,090

GROSS PROFIT (RM'000)



371,812

PROFIT FROM OPERATIONS (RM'000)



372,128

PROFIT BEFORE ZAKAT AND TAXATION (RM'000)



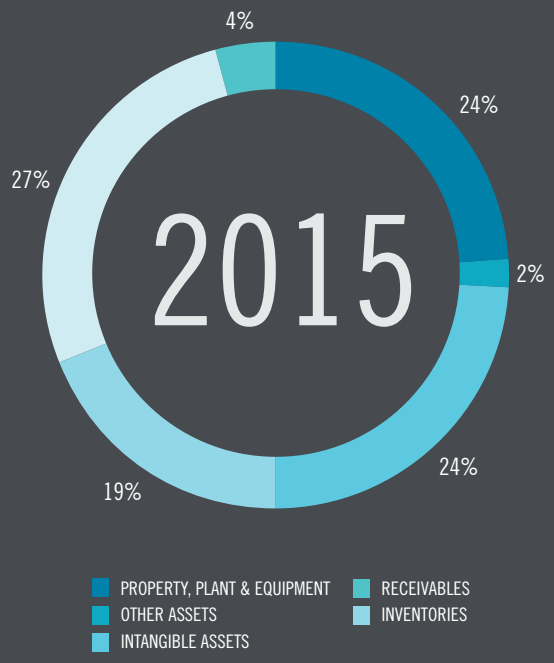
275,296

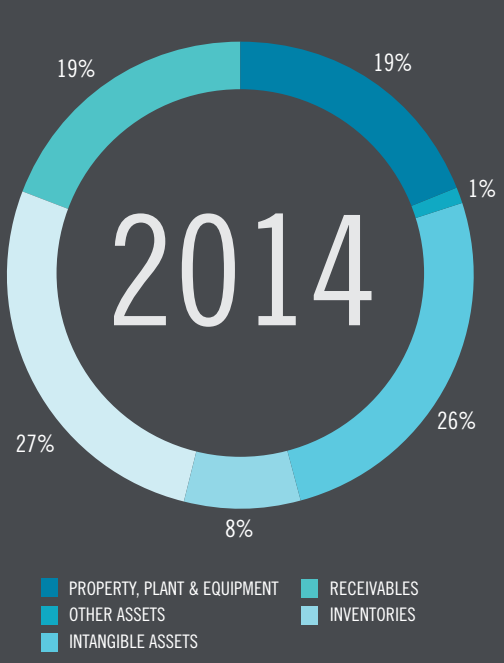
PROFIT FOR THE FINANCIAL YEAR (RM'000)



SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

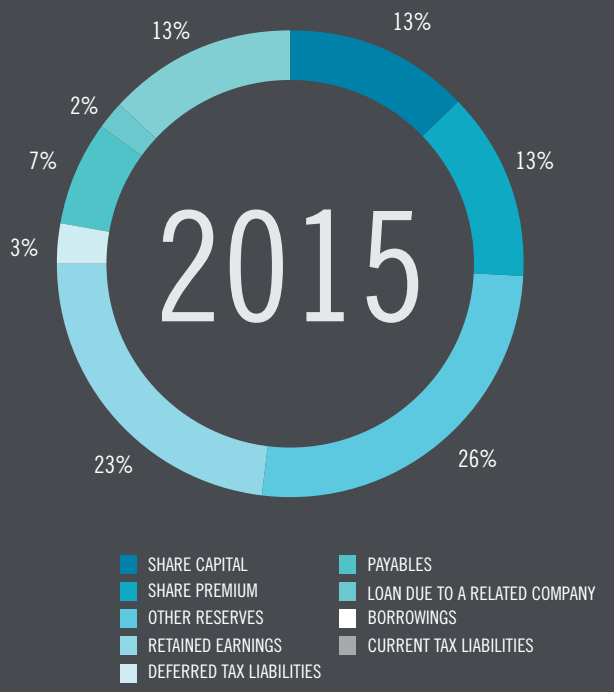


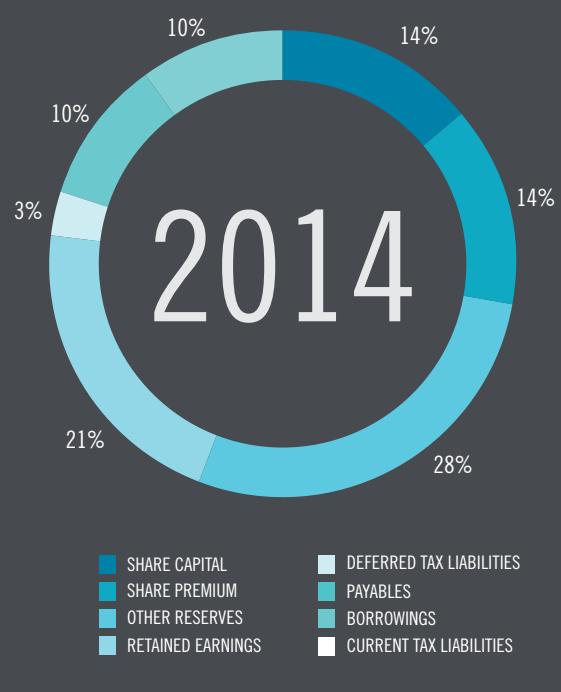


Assets Type	Amount RM'000
Property, plant & equipment	660,615
Other assets	42,677
Intangible assets	648,474
Receivables	516,827
Inventories	729,910
Cash and cash equivalents	123,902

Assets Type	Amount RM'000
Property, plant & equipment	473,975
Other assets	41,311
Intangible assets	649,557
Receivables	209,091
Inventories	674,270
Cash and cash equivalents	469,999

TOTAL LIABILITIES

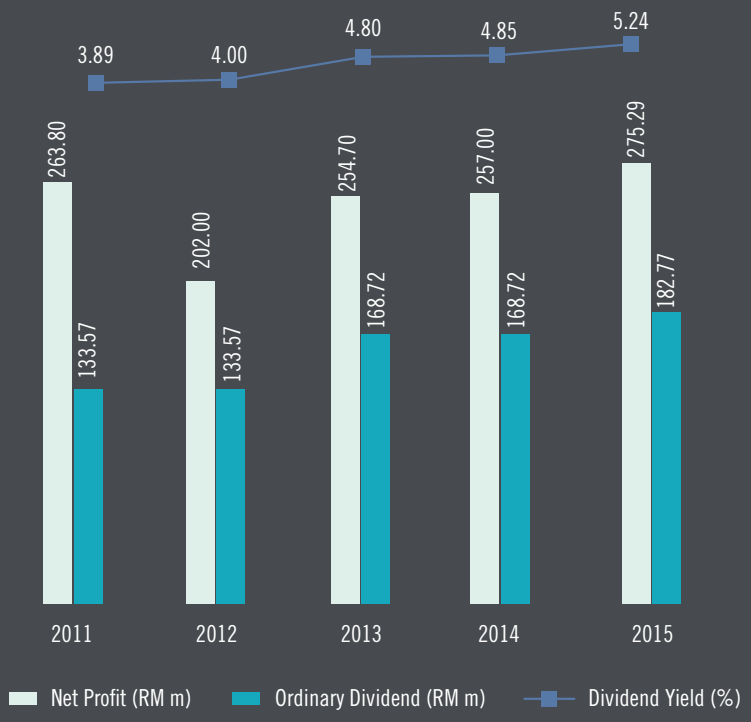




Liabilities Type	Amount RM'000
Share capital	351,490
Share premium	366,765
Other reserves	694,307
Retained earnings	624,454
Deferred tax liabilities	75,378
Payables	188,492
Loan due to a related company	60,000
Borrowings	359,537
Current tax liabilities	1,982

Liabilities Type	Amount RM'000
Share capital	351,490
Share premium	366,765
Other reserves	694,307
Retained earnings	531,933
Deferred tax liabilities	76,699
Payables	242,470
Borrowings	248,390
Current tax liabilities	6,149

INVESTOR RELATIONS

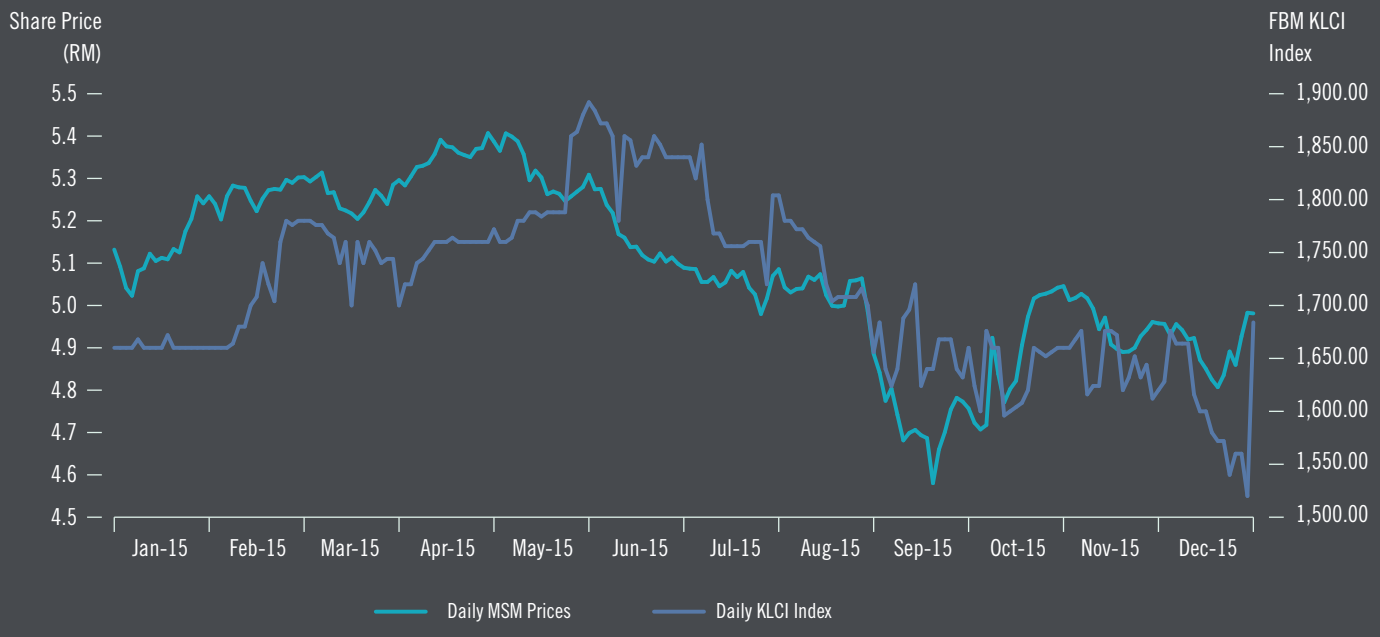


EQUITY RESEARCH COVERAGE

01 AFFIN HWANG INVESTMENT BANK
02 ALLIANCE DBS RESEARCH
03 AmRESEARCH
04 CIMB
05 MAYBANK IB RESEARCH
06 MIDF RESEARCH
07 M&A SECURITIES
08 RHB RESEARCH INSTITUTE

More on Investor Relations at page 103 to 105.

SHARE PERFORMANCE



FINANCIAL CALENDAR

2015 TWO THOUSAND FIFTEEN

11 FEBRUARY 2015

Announcement of the unaudited consolidated results for the Fourth Quarter ended 31 December 2014

31 MARCH 2015

Announcement of the Annual Audited Accounts for the Financial Year ended 31 December 2014

11 MAY 2015

Notice of the Fourth Annual General Meeting

Notice of Dividend Entitlement for the single tier final dividend of 14 sen per ordinary share for the financial year ended 31 December 2014

Issuance of 2014 Annual Report

26 MAY 2015

Announcement of the unaudited results for the First Quarter ended 31 March 2015

2 JUNE 2015

Fourth Annual General Meeting

2 JULY 2015

Payment of the single tier final dividend of 14 sen per ordinary share for the financial year ended 31 December 2014

19 AUGUST 2015

Announcement of the unaudited results for the Second Quarter ended 30 June 2015

25 NOVEMBER 2015

Announcement of the unaudited results for the Third Quarter ended 30 September 2015

Notice of Dividend Entitlement for the single tier interim dividend of 12 sen per ordinary share for the financial year ended 31 December 2015

29 DECEMBER 2015

Payment of the single tier interim dividend of 12 sen per ordinary share for the financial year ended 31 December 2015

2016 TWO THOUSAND SIXTEEN

23 FEBRUARY 2016

Announcement of the unaudited consolidated results for the Fourth Quarter ended 31 December 2015

30 MARCH 2016

Announcement of the Annual Audited Accounts for the Financial Year ended 31 December 2015

18 APRIL 2016

Notice of the Fifth Annual General Meeting

Notice of Dividend Entitlement for the single tier final dividend of 14 sen per ordinary share for the financial year ended 31 December 2015

Issuance of 2015 Annual Report

10 MAY 2016

Fifth Annual General Meeting

AWARDS & RECOGNITION



01 EXCELLENCE IN MANUFACTURING SECTOR
Awarded By: Global Leadership Awards 2015

02 BEST BRAND IN SUGAR MANUFACTURING
Awarded By: Global Branding Awards 2015

03 SUPER BRAND – BEST BRAND IN REFINED SUGAR PRODUCER
Awarded By: 5th Asia Success Awards 2015



04 BEST MANUFACTURING SECTOR

Awarded By: 6th Middle East Business Leadership Awards 2015

05 MERIT IN NACRA 2015

Awarded By: The National Annual Corporate Reports Awards (NACRA)

AWARDS & RECOGNITION

CERTIFICATIONS





HACCP







HALAL



OHSAS



MS1722: 2011





- **Hazard Analysis and Critical Control Point (HACCP) Certification by the Ministry of Health, Malaysia**
- **Halal Certification by Department of Islamic Development (JAKIM)**
  Certification as confirmation of our compliance with stringent food processes
- **OHSAS 18001: 2007**
  Certification by SIRIM QAS for complying with Occupational Health and Safety Management System
- **MS1722: 2011**
  Certification by SIRIM QAS and The International Certification Network for complying with Occupational Health and Safety Management System





KOSHER





FOOD SAFETY











ISO 9001

- **Kosher Certification by London Beth Din Certified Company**
- **Food Safety System Certification 22000: 2010**

  Certification by SGS Malaysia & SIRIM QAS for complying with Food Safety Management Systems

- **ISO 9001: 2008**

  Certification by SIRIM QAS and International Certification Network for complying with Quality Management Systems in:

  - Purchasing of raw sugar
  - Marketing service for export and domestic sales
  - Receiving and warehousing of refined sugar
  - Delivery of refined sugar to customers
  - Manufacture of refined sugar and related products

CALENDAR OF SIGNIFICANT EVENTS

CORPORATE

01 Pakistan Delegation Visit, MSM, Menara Felda, Kuala Lumpur

8 JANUARY 2015



02 11th Kingsman Dubai Sugar Conference, Grand Hyatt, Dubai

31 JANUARY – 3 FEBRUARY 2015



03 ASEAN Regional Forum Disaster Relief Exercise 2015, MSM Perlis

26-28 MAY 2015



04 MSM's 4th Annual General Meeting, Menara Felda, Kuala Lumpur

2 JUNE 2015



05 Malaysia International Food and Beverage Trade Fair, Kuala Lumpur Convention Centre

11-13 JUNE 2015



06 21st Asia International Sugar Conference, The Laguna Resorts and Spa Bali, Indonesia

18-20 AUGUST 2015



07 Signing of Design, Engineering, Procurement and Construction Agreements between MSM and Sharkara International, Menara Felda, Kuala Lumpur

28 AUGUST 2015



08 Signing of the renewal collective agreement between Union and MSM Group, GTower Hotel, Kuala Lumpur

4 SEPTEMBER 2015



09 6th Annual Kingsman India Sugar Conference, Hyatt Regency, New Delhi

28 SEPTEMBER 2015



10 GTR Asia-Malaysia Trade and Export Finance Conference 2015, Mandarin Oriental, Kuala Lumpur City Centre

27 OCTOBER 2015



11 Media Familiarisation at MSM Prai and MSM Perlis

16-18 NOVEMBER 2015



12 Launching Ceremony Central Distribution Centre for MSM, Shah Alam, Selangor

18 NOVEMBER 2015



13 China Delegation Visit, MSM, Menara Felda, Kuala Lumpur

7 DECEMBER 2015



14 India Delegation Visit, MSM, Menara Felda, Kuala Lumpur

9 DECEMBER 2015



CALENDAR OF SIGNIFICANT EVENTS

AWARDS & RECOGNITION



8 MARCH 2015

Global Leadership Award 2015, Shangri-La, Kuala Lumpur 01



10 MARCH 2015

Certificate acceptance for Flood Relief Aid from the Ministry of Agriculture and Agro-based Industries, MAEPS, Serdang, Selangor 02



26 MARCH 2015

Certificate acceptance for Business Guideline Compliance, Putrajaya 03



8 JUNE 2015

Global Branding Award 2015, Royal Chulan Hotel, Kuala Lumpur 04



13 OCTOBER 2015

Asia Success Award 2015, Shangri-La, Kuala Lumpur 05



27 NOVEMBER 2015

NACRA Award 2015, Intercontinental Hotel, Kuala Lumpur 06



30 NOVEMBER 2015

Middle East Business Leaders Award 2015, Armani Hotel, Burj Khalifa, Dubai, U.A.E. 07

WORKPLACE

01 MSM's Annual Dinner, Equatorial Hotel, Penang

14 FEBRUARY 2015



02 FGV World OSH Day 2015, Menara Felda, Kuala Lumpur

27-29 MARCH 2015



03 Gula Perlis Open Chess Challenge 2015, Putra Palace Hotel, Perlis

4 MAY 2015



04 Round Table Breakfast with President/Group Chief Executive Officer of MSM, Grand Hyatt, Kuala Lumpur

27 MAY 2015



05 Biz Chat (Sugar Cluster), Menara Felda, Kuala Lumpur

27 MAY 2015



CALENDAR OF SIGNIFICANT EVENTS

06 Value Enhancement Programme 2015, Crystal Crown Hotel, Kuala Lumpur

9 JUNE 2015



07 Health and Safety Week, MSM Perlis

24-28 AUGUST 2015



08 MSM Perlis' fishing competition, Ayer Hitam, Perlis

4 OCTOBER 2015



09 Executive Development Programme 2015, Weil Hotel, Perak

13-14, 20-21, 28-29 NOVEMBER 2015



10 Board of Directors Walkabout, Menara Felda, Kuala Lumpur

8 DECEMBER 2015



WORKPLACE

COMMUNITY



7 JULY 2015

Bubur Lambuk Cooking Programme at MSM Perlis 01



28 SEPTEMBER 2015

There's Something For Everyone at Bursa Malaysia, Bukit Kewangan, Kuala Lumpur 02



31 AUGUST 2015

MSM Perlis participated in the Merdeka Day Parade at Kangar, Perlis 03



24 SEPTEMBER 2015

Qurban activities at MSM Perlis during Hari Raya Aidil Adha 04



23 DECEMBER 2015

Utusan Malaysia Newspaper sponsorship for Maulidur Rasul Menara Felda, Kuala Lumpur 05



MSM buka hab dagang di Dubai

KUALA LUMPUR – MSM Malaysia Holdings Bhd (MSM), pengeluar gula tertapis #1 Malaysia yang telah melebarkan sayap perniagaannya di Emiriah Arab Bersatu (UAE) dengan menimba hak pendaganan yang berpusat di Dubai.

Hak pendaganan yang dikenali sebagai MSM Trading International DMCC (MSM Trading) itu telah memerima lesen perdagangan daripada Dubai Multi Commodities Centre (DMCC) dan dijangka memulakan operasinya pada 1 Disember ini.

Presiden dan Ketua Pegawai Eksekutif Kumpulan MSM, Datuk Sheikh Aseh Sheikh Abod (gambar) berkata, sebaharu MSM di Dubai dianggap satu lerang syarikat bersejarah memerika pewarat Asia Barat dan Afrika Utara serta negara-negara yang bersempadan dengan rantau Asia Pasifik.

"MSM Trading merupakan platform penting untuk kami mengembangkan perniagaan, pendaganan di rantau ini.

"Kami berharap hab kerana merupakan kedudukan daripada pihak berkuasa di DMCC sebab gua membolehkan kami mencapai matlamat yang ditetapkan," kata pengarah dalam kenyataan yang dikeluarkan di sini tersebut.

Sheikh Aseh menjelaskan, setelah penubuhan hab di Dubai, MSM berpeluang untuk mengeksploitasi pendapatan daripada hasil luar negara seperti peningkatan gula mentah dan bertapis serta jualan co-export gula berjasa.

"Diantaran itu waktu yang

MSM expanding to UAE

MSM Perlis tingkat kapasiti kilang

投资11亿 全马最大 大马糖厂拟柔州建炼糖厂

今吉走跌抵消利好

MSM Perlis to up sugar refinery capacity to 300,000 tonnes

> "Kilang penapis di Tanjung Langsat akan dimulakan Ogos tahun ini dan dijangka siap 20 hingga 22 bulan"
>
> **Sheikh Aseh Sheikh Abod,** *Presiden dan Ketua Pegawai Eksekutif Kumpulan MSM*

MSM expects better FY16 with new trading outfit in UAE

MSM terima anugerah Kecemerlangan Dalam Sektor Pembuatan

MSM net profit up 33%

Firm's cost optimisation initiatives and strategic hedging pay off

By SUGUNDAN M. ALI
sharan@thestar.com.my

KUALA LUMPUR: MSM Malaysia Holdings Bhd's net profit for the quarter ended Sept 30 jumped by 33.2% to RM80.5mil from a year ago due to the prospective cost optimisation initiatives as well as gains from strategic hedging mechanisms.

Revenue for the quarter stood at RM648.1mil against RM516mil in the corresponding quarter last year.

"While the industry has its challenges, we are on track to achieve our 2015 target and we remain cautiously optimistic for 2016.

"The aggressive plans to increase our market share will enable us to remain at the forefront of the local market as we advance further by tapping into the regional markets," said president and group chief executive officer Datuk Sheikh Aseh Sheikh Abod.

For the nine months, the company with 44% local market share saw its net profit climbed to RM213.6mil reflecting a 17.9% increase compared with the previous cumulative year.

Revenue for the same period, however, dipped slightly to RM1.94bil from RM1.95bil for the period under review.

Basic earnings per share improved to 30.8 sen from 25.96 sen.

On the back of the strong financial performance, MSM has declared an interim dividend of 12 sen per share for the third quarter ended Sept 30, an increase of two sen compared with the previous year.

Sheikh Aseh anticipated a challenging environment next year because the sugar market in Malaysia was already saturated.

"Our growth strategy will be the acquisition of a sugar cane plantation business either in Indonesia or Sri Lanka.

"Our advanced refining facility project in Tanjung Langsat is scheduled to be operational in two years," he said.

On its shareholders' meeting, Sheikh Aseh was looking forward to start operating its MSM Dubai-based sugar trading outfit.

He anticipated that it would start operations in Jan 1.

"This will increase our competitive advantage in the global market with the ultimate goal to service the Middle East and South Africa region.

"Our Dubai entity will also have a representative office in Jakarta as MSM is eyeing to fill the gap of the neighbouring country's demand for raw sugar of about three million tonnes per year," he said.

The Jakarta office is scheduled to begin operations concurrently with the Dubai set up.

Sheikh Aseh: The aggressive plans to increase our market share will enable us to remain at the forefront of the local market.

MEDIA MILESTONES



MSM in takeover talks for overseas expansion



MSM president and chief executive officer Datuk Sheikh Awab Sheikh Abod says the company is eyeing sugar-hungry regional markets.

MSM raih dua anugerah kepemimpinan global





MSM to diversify its income stream in future sugar business

The company's targeting upstream business in Indonesia with plans to invest RM540m

by PREMALATHA JAYARAMAN

MSM Malaysia Holdings Bhd, the country's largest refined sugar producer, is planning to diversify its income stream into upstream and downstream businesses to lessen the volatility risk of raw materials and currency prices.

"To be involved in the sugar business, one should not be looking from just one perspective but at the entire chain, like upstream, midstream and downstream.

"We are involved in midstream business. That means in the refinery. I am educated to carry out adjustments such as the movement of the world raw sugar price and the US dollar. So, I am doing a business that I am in control."

Making forward, we are planning to diversify our income source," president and group CEO Datuk Dr Sheikh Awab Sheikh Abod told reporters after visiting the design, engineering, procurement and construction agreement with Worleys International in Kuala Lumpur yesterday.

He said MSM anticipates the upstream business to contribute about 20% to its income, midstream about 60% while downstream about 30% in the future.

His boss[illegible] did not share any timeframe.

MSM is bidding for a project from PT MSM Indonesia, an Indonesian counterpart, which is involved in the rehabilitation and development of a 20ha sugar cane plantation and five mills.

The sugar producer plans to invest up to US$130 million (RM546 million) in the upstream business in Indonesia if the company wins a tender there.

"We are now in the advanced stage of negotiation, whereby we are proposing a RM[illegible] (Indonesian rupiah) model. There are four parties eyeing for the project and I am glad to say we are in the lead," he said.

On the project at ranggit southeast to the company, he said MSM is proposing with traders to make payment in CA Ltd (Kinabalu Sugar) ranggit rather than in the US dollar.

"We do not own any plantation and we acquire the raw sugar from different parts of the world, and we pay in US dollar. So, we can do hedging but only in certain limitation.

"We are very concerned. So, we are in talks with our major traders for payment to be done in other currencies beside the US dollar.

"It is time for us to look into other alternatives. For example, for all the raw materials sourced from Australia, we propose that payment to be made in Aussie dollar," he added.

As we sugar pace Sheikh Awab said the world raw sugar price is expected to come down further in the next few months.

"Perhaps in September and October, it should come down further but to what extent is anybody's guess," he said.

The two-year contract yesterday signed with Worleys International, an affiliate of Thailand's Bangkok Engineering Co Ltd (Kinabalu) Worleys as the principal contractor to design, engineering, procurement and construction for MSM's third refinery in Johor.

The contract is valued at US$57 million.

Sheikh Awab said the US$250 million sugar refinery in Tanjung Langsat, Johor, is targeted to be fully operational in the third quarter of 2017.

The refinery will cover future market demand with a target production capacity of two million tonnes of refined sugar a year from the current 1.1 million tonnes.

The new refinery will also enable MSM to increase its annual production capacity to 1.25 million tonnes, as well as leverage on its strong fundamentals and the synergies.

Currently, MSM owns and operates two sugar refineries in Malaysia, located in Penang and Perlis. It supplies 85% of domestic sugar consumption.

"Through our Johor refinery, we expect to achieve a high rate of operational efficiency which will translate into the cost competitiveness of products," he said.

MSM Malaysia aims to raise export volume

BY GHO CHEE YUAN

BUTTERWORTH: Having cemented its leading position in the domestic sugar industry, MSM Malaysia Holdings Bhd is pumping in some RM110 million this year to up the operating efficiencies of its existing sugar plants to further extend its international footprint.

The country's largest sugar producer by market share — it controls 64% of local sugar sales — a year with raw materials sourced from Brazil, Australia and Thailand.

The group is in the process of upgrading its Prai refinery plant — together with its warehouse in Sungai Buloh, Selangor, and expects the upgrading works to be completed within the next three years.

"Upon completion, our plant's manufacturing process will be more efficient and more reliable," MSM chief operating officer exercise involves debottlenecking in Prai and expansion at the Sungai Buloh warehouse, after which the latter should see its capacity double to 10,000 tonnes by 2017 from 5,000 tonnes now.

Next year, the group intends to allocate some RM20 million to its Prai plant to acquire new machinery, said Hendroff.

Meanwhile, the group is targeting to increase its export volume once its third refinery — the RM1.1



By V.Paramasivam
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KUALA LUMPUR — Major sugar producer MSM Malaysia Holdings Bhd's upcoming hi-tech refinery in Johor will drive down production costs, providing a strong competitive edge to penetrate sugar-hungry regional markets.

Cash-rich MSM, a unit of Felda Global Ventures Holdings, is readying to build its third refinery in Tanjung Langsat, costing nearly RM1 billion on 50.6 hectares of land.

Group chief executive officer Datuk Sheikh Awab Sheikh Abod wants the refinery complex to operate by the third quarter 2017, which will add a fillip to MSM's expansion into the growing Asean market with 600 million young population, and beyond.

"Once the refinery is completed in Johor, it will halve my cost and I will be as competitive as the Thais (Thailand producers). With this I can control the Malaysian and Singaporean market. I also expect to penetrate the Indonesian market," said Awab.

The farsighted Awab is busy ramping up his company to be Asia's third largest producer, (currently fifth) by setting his sights on future expansions ranging from Indonesia to Central America.

With cheap sugar, Awab could flood neighbouring markets, where rising demand from chocolate-makers and drink manufacturers are fuelled by the burgeoning middle-class in the region.

With a total production of about 1.1 million tonnes of refined sugar, MSM comfortably controls 64 per cent of the local market, while rivals Central Sugars Refinery Sdn Bhd and new entrant Bruhim's Holdings Bhd trail behind.

Currently, MSM operates raw sugar refineries through its subsidiaries, Malaysia Sugar Manufacturing Company Bhd in Prai, Penang and Kilang Gula Perlis Perlis Sdn Bhd located in Chuping, Perlis.

Processing would be cheaper in the Johor refinery, designed to operate two production lines, each with a capacity for producing one million metric tonnes of refined sugar. The complex has the capacity to produce two million tonnes.

The refinery could be a "potential game changer", according to experts.

"It could bring down production costs to about 35 per cent if the right technology is used, and this will enhance MSM competitive edge to compete in regional markets," said Alliance DBS Research Sdn Bhd analyst Tan Kee Hoong.

Some 20 per cent of MSM's output is now shipped to foreign markets, but once the plant is fully operational, Awab aims to corner third world markets that do not have refinery facilities.

For Malaysian consumers, he wants to sell cheaper sugar then.

"If I can bring down the cost, I am more than happy to sit down with the government to come up with a formula to bring down prices," said Awab.

His Asian strategy may elate Indonesia's sugar demand is forecast to hit five million metric tonnes, even surpassing China, while the country produces only 2.6 million metric tonnes.

The company boasts RM500 million cash reserves and zero gearing, and is confident in building the Tanjung Langsat refinery alone, after its joint venture partner, the Dubai-based Al Khaleej International Ltd pulled out.

Despite pressing local challenges, MSM posted a net profit of RM257 million for the whole of 2014.

Yet, the 54-year-old Awab is in a quandary, the company trades in US dollar, like most Malaysian companies and the ringgit depreciated badly against the greenback. Besides, smuggled cheap sugar from neighbouring countries flooding local markets and sugar import permits given to other companies is certainly biting into his business.

The removal of 34 sen per kg sugar subsidy by Putrajaya in 2014 is not more news either.

"Unfortunately, despite appeal after appeal and meetings, Miti (Ministry of International Trade and Industries) has completely ignored our request to completely cease issuance of permits to respective industries.

"Now (permits by companies) has gone up to about 270,000

MSM eyes Indonesian market

Stake buy to be its first upstream foray overseas

By SHAFIQAH M. ALI

KUALA LUMPUR: MSM Malaysia Holdings Bhd is looking at acquiring a substantial stake in a sugar cane plantation company in Indonesia, according to president and group chief executive officer Datuk Sheikh Awab Sheikh Abod.

"If the deal goes through, it will be MSM's first upstream foray overseas since exiting from the sugar cane plantation business at Malaysia some time ago," he said.

MSM is the country's largest sugar refiner, commanding a 64% market share. It is also a subsidiary of plantation conglomerate Felda

PENANG — Sugar giant MSM Malaysia Holdings Bhd's (MSM) is targeting sugar futures markets and potential Middle East and North Africa (MENA) region's export opportunities.

The company recently established a trading outpost in the United Arab Emirates (UAE) to facilitate that purpose.

Speaking to the press at its Sebarang Prai refinery on Monday, MSM COO Jason Phillip Hendroff said: "Currently we are buying raw sugar from a trader, so the new set-up would act as a trader to supply the group, while looking for other business opportunities in the region."

On Oct 5, MSM announced the formation of wholly-owned subsidiary MSM Trading International DMCC (Dubai Multi Commodities Centre) with a paid-up capital of AED4 million (RM4.97 million) principally for sugar trading.



MSM targets sugar futures, MENA markets

MSM currently exports a "[illegible]% of its annual 1.25-million metric tonnes (MT) capacity to almost 20 countries as far as Sri Lanka and India. This is set to change with the Dubai trading hub.

It would also be an access point for MSM's refined white sugars to enter the Middle East and African subcontinent.

This would increase the company's market



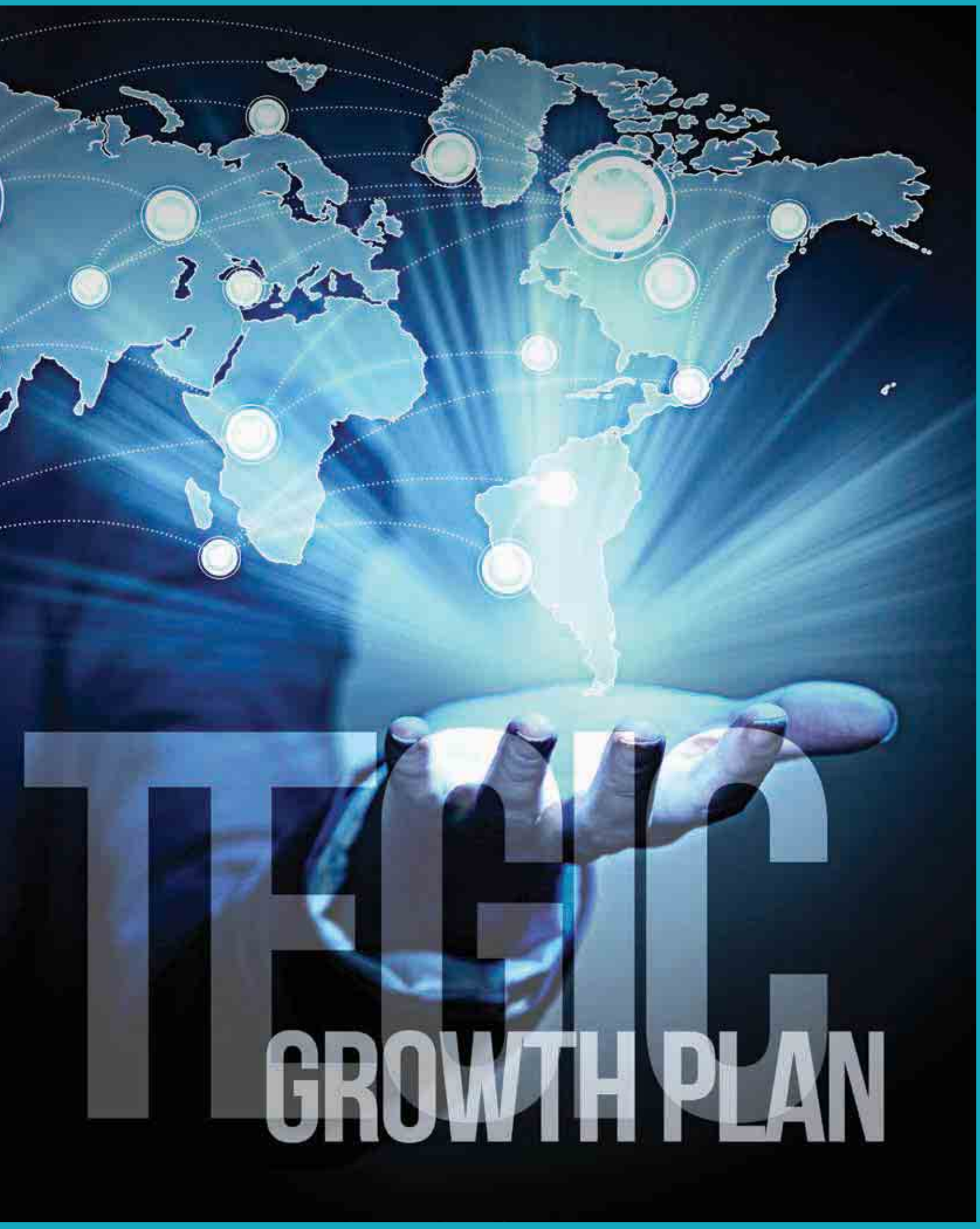
WEEK IN FOCUS

4 MSM Malaysia Holdings Bhd president and group chief executive officer Datuk Sheikh Awab Sheikh Abod and chief financial officer Aznur Kama Azmir at MSM's media briefing in Kuala Lumpur on Nov 25. — *Photo by Sam Fong*

We are keen to venture into foreign markets via mergers and acquisitions with players either in the upstream or downstream segments. We will also pursue strategic alliances to add to our geographical diversification. We will put our technical expertise in the sugar refining industry to good use by tapping into the growing regional demand for sugar.



THE STRA


TECH
GROWTH PLAN

BUSINESS OVERVIEW & OUTLOOK



MSM Malaysia Holdings Berhad (MSM) delivered a healthy revenue and earning growth year on year despite intense domestic market competition and weakening effect of the Ringgit.

OUR PERFORMANCE IN THE YEAR

For the financial year ended 2015 (FY2015), our revenue grew to RM2.31 billion from RM2.28 billion in FY2014 whilst the Group overall expenses fell by 11.31 percent to RM117.3 million on the back of lower raw sugar costs of 11 percent compared to FY2014. There were increased gain from sugar commodity and foreign exchange contracts amounted to RM25.77 million as compared to losses of RM4.35 million in FY2014. As a result, the Group registered a 7.11 percent growth in profit for FY2015 to RM275 million from RM257 million in FY2014, thus translated to improved margin of 11.93 percent, as opposed to the 11.27 percent recorded in FY2014.

The Group recorded a record growth in sales volume of 1,034,088 tonnes from 989,290 tonnes in FY2014. Simultaneously, we are also proud to hit our highest ever production output of 1,033,519 tonnes during the year. Majority or 82.6 percent of this output had originated from our Prai refinery, while the balance came from our Perlis refinery.

Our analysis of product offerings showed that the demand composition was in favour of Industries compared to other Domestic in FY2015. Both Industries and other Domestic markets collectively represent majority of our sugar demand whilst the Export markets remained an attractive area of revenue growth.

On the production cost side, the weakened Ringgit that makes Malaysian exports cheaper concomitantly had also heightened our cost of raw sugar imports significantly. In the absence of a perfect hedging mechanism, the Ringgit depreciation vis-à-vis the greenback detracted the Group from reaching its potential to meet market demand as well as making the currency risk management even more challenging.

Notwithstanding that, MSM's effective foreign exchange hedging mechanism enabled the sugar operations to realise considerable amount of savings in FY2015. The hedging of our foreign exchange exposure at the average rate of RM3.83 compared to the average market rate of RM3.91, had enabled MSM to cushion the impact of USD spent on raw sugar procurement during the year. We are confident that this strategic hedging mechanism will continue and in combination with our strategies for overseas expansion as covered in greater detail in the ensuing discussion, MSM could capitalise on the opportunities for growth in the export market offered by the favourable global supply-and-demand dynamics in the coming year.

In FY2016, we are embarking on a few key strategies to drive our performance to the next level and to further enhance the effectiveness and efficiencies in various aspects of our operations. These strategies will address the thrusts of expanding MSM's global footprint through our newly established trading hub in Dubai, improving operational efficiencies through our refinery modernisation and warehouse expansion plans, achieving sustainable growth through strategic mergers and acquisitions, developing our human capital as well as forging closer ties with our customers.

THE GROUP RECORDED A RECORD GROWTH IN SALES VOLUME OF 1,034,088 TONNES FROM 989,290 TONNES IN FY2014. SIMULTANEOUSLY, WE ARE ALSO PROUD TO HIT OUR HIGHEST EVER PRODUCTION OUTPUT OF 1,033,519 TONNES DURING THE YEAR.



EXPANDING TRADING THROUGH DUBAI HUB

Indeed, production output is merely one element of the equation. A holistic approach to sustainable business expansion requires the enhancement of distribution capabilities to ensure speedy and efficient delivery of our output to customers.

On this note, we are excited to establish our global footprint through our new trading hub based in Dubai. Having successfully gained its trading license from the Dubai Multi-Commodities Centre (DMCC) in 2015, our MSM Trading International DMCC office had been officially launched in February 2016 and is principally engaged in the procurement and supply of raw sugar for the Group. It also undertakes sugar-trading activities in both raw sugar and refined sugar to meet the growing demand in the Middle Eastern region as well as handling the export sales of refined sugar out of Malaysia for the Group.

The establishment of our new trading hub in Dubai will diversify our income stream from foreign earnings through destination trading of raw and refined sugar. Given its strategic location between the Eastern and Western world, this hub brings MSM closer to the prominent sugar players in the United Kingdom and Switzerland. The narrower time difference means that trading hours in the derivatives market will be more synchronised in Dubai, thus enabling more trades to be executed promptly with our brokers in the Western hemisphere. Other than Europe, Dubai trading hub is also opening a representative office in Jakarta, Indonesia to explore the Indonesian sugar market and be on the lookout for any investment opportunities in the Southeast Asian region.

BUSINESS OVERVIEW & OUTLOOK

GROWING THROUGH MODERNISATION AND EXPANSION

Optimising our asset utilisation rate forms the second thrusts for growth.

We frequently perform scheduled check-ups on all the critical equipment at our refineries as well as our warehouse in Sungai Buloh, Selangor to determine their operational capabilities as well as identifying any requirement for replacement. For example, we have allocated an amount of RM20 million for the next three years to acquire and install new machineries at our Prai plant in FY2016. We are also establishing plans to double our warehouse capacity to 10,000 tonnes by FY2017 from the current 5,000 tonnes.

MSM will certainly see a boost in our output levels when our third refinery, currently being constructed in Tanjung Langsat, Johor is ready by the end of FY2017. We estimate that the annual production capacity will rise to 2.25 million tonnes by the year 2020 from the present 1.25 million tonnes upon the commissioning of this refinery. Thereafter, production is expected to scale to 3.25 million tonnes per annum by 2025. The extra capacity will principally support the domestic market and spur the growth of our export markets even further.

ACHIEVING GROWTH THROUGH MERGERS AND ACQUISITIONS

Aside from optimising our internal capacities to drive growth, we are also working on a mergers and acquisitions (M&A) policy that will more effectively guide our business activities throughout the value chain.

To expand our upstream business, acquisitions of plantations and mills are being evaluated. We are also considering buttressing our downstream business with purchases of refinery operations in Indonesia, India, and Sri Lanka.

Indeed, our M&A taskforce is proactively seeking reputable partners and strategic alliances that can yield synergistic benefits in both our upstream and downstream businesses. The uncertainty in global economic conditions, instead of proving a hindrance, serves rather as valuable motivation to expedite our growth plans through the M&A route. With this approach, we aim to secure a 5 percent sales growth in FY2016 and earn a spot among the top 10 global sugar players by 2020.



DEVELOPING OUR HUMAN CAPITAL

The streamlined performance management framework that we had implemented across the Group last year serves as a timely and useful platform to establish a performance-driven culture throughout the Group. This framework ensures all our employee-development initiatives are geared towards enhancing MSM's talent pool to support our aggressive expansion plans.

The most pressing need at present is decidedly to develop a talent pipeline for our new refinery in Johor before its full commissioning. We also aim to develop our overall technical, compliance and other mandatory skill sets through talent-development initiatives like practising systematic succession planning, forming industrial-training alliances with universities, as well as having a comprehensive management trainee programme in place, in addition to programmes for executive and leadership development.

To encourage full adoption of this high-performance culture, the Group will address prevailing work-culture shortages and employee satisfaction levels, while revisiting our corporate values to determine their effectiveness in our quest to provide rewarding careers to our people, sustain productivity growth and promote employee retention.

In preparation for our international growth, we are tweaking the focus of our human resource strategies to more effectively identify the necessary talent from the global labour markets. We also equipped our human resource team suitably to be engaging partners to our business units to ensure the human resource team is always cognisant of the Group's talent requirements at any given time.

GETTING CLOSER TO THE CUSTOMER

Our customers are central to what we do. Their support and loyalty throughout the years have contributed to making MSM the established sugar player it is today.

To further enhance our relationship with our customers, we conducted a market survey research to better understand our customers' current needs and preferences. The surveys revealed MSM to be the preferred brand in various categories of sugar products, corroborating the Group's 65 percent share of the market in FY2015.

We also commenced the provision of value-added services to better serve our customers, such as engaging 4PL transport provider companies to enable a more efficient and flexible door-to-door deliveries to our customers throughout the country. In addition, we are improving the accessibility of the Company's customer feedback platform to help us quickly attend to any issues with our product quality and distribution network.

LOOKING AHEAD

The operating environment in FY2016 will continue to be fraught with headwinds arising chiefly from foreign governments' policymaking and domestic industry supply-and-demand dynamics.

Nevertheless, we are confident that with the hard work, sacrifice and perseverance of our top and senior management team, employees, business partners and investors, we can surmount the challenges ahead to make FY2016 another fulfilling year in MSM's history.



WE ARE WORKING ON A MERGERS AND ACQUISITIONS (M&A) POLICY THAT WILL MORE EFFECTIVELY GUIDE OUR BUSINESS ACTIVITIES THROUGHOUT THE VALUE CHAIN

MSM Group maintains a strong workforce of over 1,200 employees working in our refineries, warehouses and offices in four states in Malaysia. But numbers alone don't do justice to the central role our workforce plays in advancing sustainability as a way of life at our company. Our Health, Safety & Environment directors, managers and coordinators are in the driver's seat of our efforts, but MSM employees throughout our organisation are providing the fuel, with ideas and enthusiastic involvement in projects that improve our environmental and health performance.



HEALTH & SAFETY



AT MSM, WE ENCOURAGE OUR EMPLOYEES TO GIVE THEIR BEST AND IN RETURN, WE GO EXTRA MILE. THIS SPEAKS THROUGH OUR SAFETY, SECURITY AND ENVIRONMENTAL PERFORMANCE AT MSM WORKSITES.

EMPHASIS OF HEALTH AND SAFETY MEASURES IN 2015

Zero Accident & Zero III Health campaign were rolled out. We closely monitor and streamline our health and safety measures as to achieve company's objective with Zero Accident & Zero III Health in each department.

KEY ACTIVITIES IN 2015

No.	Activity/Program	Frequency	Who	Entity/Department
1	Fire Drill Exercise and Collaboration with Bomba	Yearly	All Employee	Health and Safety Department & ERT Member
2	Business Continuity Management (BCM)	Yearly	All Employee	Head of Department
3	OSH Week 2015 (Activities: Fire Extinguisher Competition, Exhibition)	Yearly	All Employee	Health and Safety Department
4	ASEAN Regional Disaster Forum (ARF) China-Malaysia Collaboration (Learning Exercise and Experience)	Once	ASEAN Participation	Health & Safety Department
5	Online Legal Register Training and Compile Database	Once	Committee Member	FGV Health Safety and Environment (HSE)
6	Safety Vest Launching for Contractor	Once	Packing and Bagged Sugar Store Department	Health and Safety & Commercial Department
7	MSOSH Award 2016 Documents Review & Preparation	Once	All Department	FGV HSE
8	SIRIM Audit for OHSAS 18001:2007 & MS 1722:2011	Yearly	OHSAS Committee Member	FGV HSE
9	Campaign 3000 Hours Without Work Accidents for 2015	Yearly	All Department	Health and Safety Department

HEALTH & SAFETY

KEY ACTIVITIES IN 2015 (CONTINUED)

No.	Activity/Program	Frequency	Who	Entity/Department
10	Best Worker 2015 by Department	Yearly	All Department	Health and Safety Department
11	Visit to Shorubber Factory, Jejawi for OSH Sharing	Once	Committee Member & Sub-committee	Health and Safety Department
12	Safety Working at Height Programme	Yearly	Worker relevant Department such as (Eng Department Production Department etc.)	Health and Safety Department
13	Zero Accident Campaign	Yearly	All Worker	Health and Safety Department
14	Safety Monitoring Activities	Yearly	Health and Safety Department	Health and Safety Department
15	Banner Competition with Supplier	Once	Selected Supplier	Health and Safety Department
16	FGV President's Award for Safety, CEO of the Year, Best Health and Safety Committee	Once	All Department	FGV HSE

HEALTH AND SAFETY CAMPAIGN 2016

- You See You Act Implementation
- OSH Week 2016
- "Slips, Trips and Fall" Campaign and Training
- Contractor Safety Pass Programme
- ERT Training Programme
- Safety Induction Programme

CERTIFICATIONS OBTAINED

The following ISO and Certification achieved in 2015 are enablers of market confidence of our quality, health and safety performance. Our teams have dedicated their time and resources to ensure the following important certifications are renewed and maintained.

a. **ISO 22000 & ISO 9001**
   - Food Safety Management Standards & Quality Management System, help organisations identify and control food safety hazards.

b. **HACCP certificate**
   - Hazard Analysis Critical Control Point (HACCP), management system in which food safety is addressed through the analysis and control of biological, chemical and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

c. **KOSHER certificate for non-Muslim customer requirement**
   - For export markets

d. **Halal certificate**
   - An assurance that our product has been thoroughly investigated and found to conform to the Islamic Shariah Laws and therefore is suitable for use by Halal consumers.

e. **OHSAS 18001:2007 & MS 1722:2011**
   - Occupational Health and Safety Management Systems (OHSMS)
   - A systematic approach to control and improve occupational, health and safety performance at MSM Perlis
   - Helps MSM Perlis to comply with legal requirements set out by Occupational, Health and Safety Act 1994 (Act 514), Factory and Machinery Act 1967 (Act 139) and Petroleum (Safety Measures) Act 1984 (Act 302) and other relevant regulations.

f. **Food Safety System Certification (FSSC 22000)**
   - Helps to secure food safety standards within the production process of the supply chain.

At MSM, we are highly committed to train our employees in Health and Safety since the inception of the company.

No.	Training	Department
1	OHSAS 18001 Awareness Training	All Department
2	OHSAS 18001 Internal Auditor Refresher Course	OHSAS Committee Member
3	Chemical Handling Training	QA, Production, Safety
4	Forklift Safety Training	All New Contractor Forklift
5	Contractor Safety Pass/Briefing	All New Contractor
6	ERT Training Programme	ERT Member
7	HIRADC Training	All Department
8	AESP & AGT Training	ESD Department
9	Health and Safety Legislation Awareness Training	OSH Safety Committee
10	Conference and Exhibition on Occupational Health and Safety 2015	Safety Officer

OUR HEALTH AND SAFETY POLICIES

a. Health & Safety Officer monthly report to FGV HSE
- To report accidents, dangerous occurrences and safety programmes every month.

b. Online accident reporting to FGV HSE *(SPKK – Sistem Pemantauan Keselamatan & Kesihatan)*
- To report the detail of the accidents and dangerous occurrences happened in MSM Perlis every month.

c. Chemical Health Risk Assessment (CHRA) report to DOSH and conducted by M/S My CO^2
- To identify the hazards posed by each chemical substance used, stored, handled or transported within the place of work.

d. Noise Monitoring report conducted by M/S My CO^2
- To conduct an initial noise exposure monitoring in identifying areas and machinery which emit excessive noise

e. Health Surveillance (lead test) checked by our panel clinic
- To implement the guidelines according to Occupational Health and Safety (use and standard of exposure of chemicals hazardous to health) Regulations 2000.

f. Audiometric Test done by Clinic Faizah our panel clinic – especially for employees working at high noise area/workplace
- To determine the employee's hearing status and identify those people who are losing hearing.
- To educate and motivate the workers about their own hearing health in order to give them a better incentive to wear hearing protection and protect themselves against noise, both on and off the job.

g. Dust monitoring implementation
- To identify if any site-generated dust is leaving the mine lease.
- To quantify the amount of dust that may be leaving the lease.
- To determine if on-site dust management methods are effective or whether they need to be upgraded.

h. Yearly report JKKP 8 to DOSH HQ
- To report accidents and dangerous occurrences to the relevant authority (prescribed under section 33).

i. JKKP report 6 & 9 to JKKP Perlis & Monthly report to JKKP Perlis
- To determine the underlying causes of the incidences in order for remedial actions to be taken to prevent similar occurrences in the future.

j. Chemical Exposure Monitoring by M/S My CO^2
- To evaluate the degree of exposure of employees to the chemical hazardous to health, either through inhalation, absorption or ingestion.

k. Safety Meeting Report
- Minutes of Health and Safety meeting that has been conducted as a quarterly basis every year.

HUMAN CAPITAL REVIEW

OUR FOCUS FOR THE IMMEDIATE TERM WILL BE TRAINED ON BUILDING AND REFINING OUR STAFF'S CORE TECHNICAL AND LEADERSHIP COMPETENCIES THROUGH STRUCTURED TRAINING AND DEVELOPMENT PROGRAMMES WHICH WOULD RUN THE GAMUT FROM INTERCOMPANY MOBILITY PROGRAMMES TO SECONDMENTS WITHIN THE MSM GROUP.

MSM holds fast to the belief that sustainable growth can only be achieved when our internal drivers of growth – our employees – are growing alongside us. As such, we focus considerable resources on continuously developing our human capital and enhancing employee well-being throughout the Group. This included rationalising the terms and conditions of service for employees across the Group. This effort, completed in mid-2015, helps ensure equitable treatment and fairness in remuneration for our staff. The move to strengthen internal equity is not a standalone one – it is supported by the implementation of a critical foundation of a streamlined performance-management system. This system, embedded in the balanced scorecard system, saw the Corporate Scorecard cascaded from our senior management team to all executive employees of the organisation, i.e. from the President/Group Chief Executive Officer through to the heads of department and junior executives.

This scorecard exercise involved intensive discussions on role interdependencies, where all executive-level roles and their respective responsibilities are properly clarified and agreed upon, prior to the targets and measurement criteria being finalised. Our team of facilitators participated actively at every step of this process to help employees define their roles and set realistic and achievable work objectives, and ultimately reach an agreement on how work output shall be measured.

Care was also taken to engender a high-performance culture throughout the Group by ensuring each employee understands his or her ultimate contribution to the Company's bottom line. Enabling each staff to see and appreciate their role in the greater scheme of the Company's operations enhances employees' motivational levels, as they would then be encouraged to take greater ownership of their work and, on a bigger scale, help drive the Company's performance.

The institutionalisation of a performance-driven culture shall be sustainable if a performance-driven environment complement it. Indeed, for effective change to take place, a gradual approach and buy-in are crucial elements of the equation.

We acknowledge the pressing need to educate staff on the compelling reasons for the adoption of this performance-based culture. Changes in the industry landscape and overall economy necessitate changes to our business practices as we aspire for bigger, more international goals in our quest to establish MSM as a leading global name in sugar manufacturing. Organisational changes would evidently encompass ramping up production levels (to be achieved with our upcoming refinery in Johor) as well as the establishment of effective and efficient trading and distribution channels abroad (accomplished by our new trading hub in Dubai).

Therefore, it is clear that our skill sets and processes implementation shall be strategised to ensure speediness in responding to rapidly changing market dynamics, continued professionalism in our product and service quality, as well as sustained taking of calculated risks for continued growth.

Against this backdrop, our focus for the immediate term will be trained on building and refining our staff's core technical and leadership competencies through structured training and development programmes which would run the gamut from intercompany mobility programmes to secondments within the MSM Group. We also have plans to encourage our employees' pursuit of further education through the provision of subsidies or tuition aid to offset the cost of furthering their studies.



The staff mobility and further education programmes will serve as a platform to facilitate knowledge-sharing and skills transfer between our Group of companies. We hope that this will be a catalyst for us to shorten learning cycles and build our talent pipeline across the Group.

The effect of this drive to invest in our employees is two-pronged: being groomed to take on bigger responsibilities in the organisation would not only help motivate our personnel to perform and take ownership of their work, but would also enable the Company to achieve effective succession planning, which is especially critical for our key roles.

Aside from focusing on our existing workforce, we are also actively looking outward to expand our talent pool via the strategic adaptation of our hiring practices to be in line with industry and labour market conditions.

In recognition of undergraduates' future ability to augment our talent pool, we are establishing close partnerships with domestic and selected regional universities and colleges to increase undergraduates' awareness of MSM and our technical internship programmes on offer. We are also devoting more managerial resources to our technical internships, where interns will receive more hands-on opportunities from their supervisors to develop their skills and knowledge in their chosen areas of expertise. The valuable experience gained, coupled with the networks they would have established during their internship stints, would increase MSM's prospects as an employer of choice amongst our interns.

Likewise, the scope of our management trainee and scholarships programme is being finalised to ensure fresh graduates who successfully gain entry into the programme will not only attain a comprehensive exposure to the Company's operations, but will also be suitably developed and incentivised to build a lasting career with us.

At MSM Malaysia Holdings Berhad (MSM), we hold fast to the belief that there is exceedingly more to a corporate institution's importance than solely making a profit and maximising shareholder value in each reporting period. Indeed, since its incorporation, MSM has been proactively initiating corporate social responsibility (CSR) programmes to augment the welfare of the communities in which we serve.



CORPORATE SOCIAL RESPONSIBILITY

A LITTLE SWEETNESS GOES A LONG WAY

We certainly take pride in our proactive stance of meticulously incorporating CSR into the running of our core business operations, as we believe that business strategies and business sustainability go very much hand in hand, i.e. our continued growth is only possible when our stakeholders grow along with us.

With this in mind, we have created several thrusts to ensure proper focus and efficient implementation of our CSR initiatives, i.e. caring for the community, employee engagement, marketplace management, and environmental enhancement.

UNDER OUR *IBADAH KORBAN* PROGRAMME IN PERLIS, MSM DONATED FIVE COWS AS PART OF *HARI RAYA HAJI* OCCASION. UNDERPRIVILEGED INDIVIDUALS, NAMELY THE POOR AND DESTITUTE, SINGLE MOTHERS, SENIOR CITIZENS, AS WELL AS ORPHANS, BENEFITED FROM THE DONATION.

CARING FOR THE COMMUNITY

Celebrating Festivities Together

Festive occasions are opportune moments for MSM to channel financial and material contributions to help aid needs of the underprivileged.

In FY2015, we organised several community-centric projects in conjunction with the holy month of Ramadhan that included *bubur lambuk*-cooking events and breaking of fast with the less-fortunate families in our areas of influence.

Under our *Ibadah Korban* Programme in Perlis, MSM donated five cows as part of Hari Raya Haji occasion. Underprivileged individuals, namely the poor and destitute, single mothers, senior citizens, as well as orphans, benefited from the donation.

In celebration of Maulidur Rasul, MSM sponsored 10,000 copies of the *Utusan Malaysia* newspaper for distribution to the general public during the state level Maulidur Rasul celebration, at MAEPS, Serdang.

Promoting Educational Excellence

MSM firmly believes that promoting quality educational opportunities is key for the sustainable development of community welfare. This belief was exemplified way back in 1973, when MSM (then called Malayan Sugar Manufacturing) set aside RM600,000 to establish the MSM Chair in Industrial Chemistry at Universiti Sains Malaysia (USM)'s School of Industrial Technology.

In FY2015, this initiative was rebranded as the MSM Fellowship Fund with the same overarching objective of contributing towards scientific research and innovation in Malaysia. This is to be achieved through the performance of industrial-based scientific research with elements of innovation for national public benefit and economic growth.

The MSM Fellowship Fund, channelling RM250,000 on an annual basis to USM, is reserved for outstanding and qualified individuals who pursue a research-based Master Degree in any subject offered by USM's School of Industrial Technology. The Fellowship quantum of RM30,000 per annum for two years covers tuition fees, salaries or allowances, as well as research expenses.

For the year 2015, the research theme of "Green Technological Innovations: The key route to revolutionise the world of technology" was adopted in reflection of the School's belief that green technological innovations will yield substantial benefits for the general population and economy in the long term. Four post-graduate candidates were awarded Fellowships within the year.

CORPORATE SOCIAL RESPONSIBILITY

A LITTLE SWEETNESS GOES A LONG WAY

MSM also sponsored RM3,000 to support the Engineering Technology Exhibition 2015 (Engitex 2015), which saw various established engineering firms as well as renowned professionals and educators from all over the country coming together to impress upon participating engineering students the huge significance of innovation.

To promote the cognitive-developing game of chess among the school-going young, MSM organised the 7th Gula Perlis Open Chess Challenge in Perlis, where entry fees collected from participants totalling over RM4,000 were donated to the *Majlis Sukan Sekolah-Sekolah* Perlis chess contingent to enable their participation in the *Majlis Sukan Sekolah-Sekolah Malaysia* competition. Held annually in conjunction with HRH the King of Perlis' Birthday, over 360 participants from different states in Malaysia took part in the 2015 installment.

RM4,000

ENTRY FEES COLLECTED FROM 7TH GULA PERLIS OPEN CHESS CHALLENGE WERE DONATED TO THE MAJLIS SUKAN SEKOLAH-SEKOLAH PERLIS

Fulfilling National Obligations

For the year under review, a total of RM5 million being MSM's *zakat* obligations for the year was made out to the relevant authorities in MSM's operational bases of Perlis, Prai and Wilayah Persekutuan.

To promote visits to the National Zoo in conjunction with panda couple Liang Liang and Xing Xing's 9th birthday, MSM sponsored 450 kilogrammes of caster sugar to facilitate the baking of a cake in the form of a panda by Universiti Teknologi MARA (UiTM)'s Faculty of Hospitality and Tourism Management. This achievement earned an entry in the Malaysian Book of Records as the largest panda replica cake in the country.



MSM also sponsored RM3,000 in support of UiTM Puncak Alam's Faculty of Health Sciences' international community service efforts in Cambodia. These initiatives, which help elevate Malaysia's standing as a benevolent nation in the eyes of our fellow ASEAN member country, focus primarily on improving the Chang Village people's awareness of modern health and safety practices.

Supporting Healthy Lifestyles

MSM is highly aware of the importance of healthy lifestyle practices in building a wholesome community.

MSM sponsored RM6,000 to the running of the Perlis Marathon 2015 held on 31 May 2015, an inaugural race event jointly organised by the Perlis state government and the Northern Corridor Implementation Authority. This marathon was the second largest in the country after the Sarawak Marathon.

To promote rally sports among the youth, MSM opened its Chuping facility to host the two-day Automobile Association of Malaysia (AAM) Malaysian Rally Championship 2015 on 4 and 5 April 2015. The championship, contested over 15 stages covering 130 kilometres of superfast action, saw the participation of close to 20 rally cars.

RM250,000

MSM FELLOWSHIP FUND

Having a clean environment is also clearly a prerequisite to healthy living. Every fortnight, five employees of MSM Prai engage with the community of Taman Tunku in Butterworth as they volunteer their time and energy to spruce up this public park. This joint effort with the Seberang Perai Municipal Council commenced in 2013 following MSM Prai's recognition of the tremendous recreational value that this public space offers to its surrounding communities.

In 2015, MSM Prai employees chalked up close to 2,000 man-hours performing general maintenance work at the park, such as lawn mowing and cleaning its facilities. In addition, MSM Prai provided 10 rubbish bins that were strategically located around Taman Tunku to encourage park users to maintain the cleanliness of the park's environs.

Joining Hands in Disaster Relief

As a benevolent corporate citizen with societal welfare close to our heart, we extend our deepest sympathies to the communities affected by natural disasters throughout the country.

In FY2015, MSM donated RM300,000 to the Flood Donation Fund administered by our parent company, Felda Global Ventures, in aid of the victims of the massive floods in several states. In addition, MSM channelled close to RM20,000 in cash assistance to flood victims in locations like Parit, Temerloh, and various other settlements in the East Coast.

MSM IS HIGHLY AWARE OF THE IMPORTANCE OF HEALTHY LIFESTYLE PRACTICES IN BUILDING A WHOLESOME COMMUNITY.



To further enhance the effectiveness of future disaster relief initiatives on both the regional and domestic levels. Our MSM Perlis plant was utilised as one of the Field Training Exercise venues for ASEAN Regional Forum Disaster Relief Exercise 2015 participants who flew in from 27 ASEAN Regional Forum Member states and institutions domiciled in those countries. This Forum, co-chaired by Malaysia and China with over 2,500 people in attendance, had the express objectives of testing civil-military coordination efforts, creating synergy, and synchronising relief efforts towards supporting the effective implementation of the ASEAN Agreement on Disaster Management and Emergency Response as the common platform for disaster management of the region.

CORPORATE SOCIAL RESPONSIBILITY

A LITTLE SWEETNESS GOES A LONG WAY

EMPLOYEE ENGAGEMENT 2015

A Healthy Balance

MSM believes that a productive life is not all about work and no play. Indeed, we highly encourage the adoption of healthy, active lifestyles by promoting sporting activities and a work-life balance to employees at every level of the Company.

The table below encapsulates the sporting activities regularly organised by our staff at our operational centres.

13 MARCH
PARTICIPATE IN BOWLING TOURNAMENT 2015, FELDA REGIONAL, ALOR SETAR

28 MARCH
FRIENDLY MATCH BETWEEN *KELAB SUKAN GULA PERLIS* AND WELFARE STATE FARMERS' ASSOCIATION BOARD OF NEGERI SEMBILAN (FOOTBALL AND BASKETBALL)

11-18 APRIL
JOIN THE FOOTBALL REGIONAL LEAGUE FELDA ALOR SETAR, REGIONAL GENERAL MANAGER CUP

22 MAY
MSM PERLIS'S BOWLING TOURNAMENT, KANGAR BOWLING CENTRE

9 JUNE
FUTSAL CHAMPIONSHIP ORGANISED BY MSM PRAI

8 JULY
IN CONJUNCTION WITH THE '*BUBUR LAMBUK*' RAMADHAN PROGRAMME

4 OCTOBER
MSM FISHING COMPETITION IN PERLIS, BASYIR AYER HITAM, KEDAH

10 OCTOBER
JOIN THE 2015 CYCLING SIPMA TOUR IN SPORTS COMPLEX TUANKU SYED PUTRA, KANGAR, ORGANISED BY THE YOUTH AND SPORTS DEPARTMENT OF THE STATE OF PERLIS

10 OCTOBER
MSM PERLIS AEROBICS PROGRAM IN CONJUNCTION WITH THE NATIONAL SPORTS DAY IN TAMAN MAS MANIS, HOUSING MSM PERLIS

27 OCTOBER
BADMINTON TOURNAMENT 2015 ORGANISED BY MSM PRAI

14 NOVEMBER
PARTICIPATE IN THE TRADE OPERATION BOWLING TOURNAMENT ORGANISED BY ISLAMIC BANKS IN SUNGAI PETANI, KEDAH

Facilitating Internal Communications

We have setup a staff intranet to facilitate effective communications between employees throughout the MSM Group. The intranet will include useful features such as instant messaging, individual employee profile pages, and platforms for news and information exchange.

Indeed, MSM believes that barring sensitive information, it is crucial for communications within the company to be as open and two-way as possible to eliminate the formation of the productivity-sapping "silo" mentality amongst employees. We have, in this respect, instituted Town Hall meetings to encourage employees at all levels of the Company to communicate their concerns and issues to senior management, who will then take up the matters for further consideration and resolution.

Going for a "Greener" Process

Our human resource team had at the start of FY2016 introduced an online employee self-service system that provides employees with more convenient access to their pay slips, as well as applications for claims and leave. Plans are also being put in place for kiosks at our refineries to enable employees at these operational centres to benefit from this service as well.

The digitalisation of these tasks does not just make things more convenient for employees wishing to perform these tasks, but is also part of our pro-environmental initiatives to reduce our carbon footprint via the elimination of printing and its ancillary costs for paper, toner/ink, and electricity.

Induction for New Joiners

At MSM, we believe that it is vital for all employees to enjoy their work, for it is only then that they can perform at their best. Helping realise this outcome is the creation of a caring, familial culture at the workplace to aid staff in feeling valued and integrated with the Company.

Our induction programme for new staff has this very purpose in mind. All heads of department will spend time with their new recruits, briefing them on their respective department's roles and responsibilities. The interactions do not stop there – new joiners are also scheduled time with senior management staff and other crucial supporting teams to learn more about the Company, its policies and procedures, as well as its aspirations for continued growth.



MARKETPLACE MANAGEMENT

MSM's reputation as a responsible leader in sugar manufacturing is something we guard with immense care. Indeed, it is gratifying to be able to say that when an individual or organisation deals with MSM, they can be assured that they are dealing with an entity comprising likeminded individuals who prioritise responsible external stakeholder management in every aspect of our operations, be they knowledge-sharing with industry members, management of suppliers, or engagement with customers.

Our various industry awards and recognition accumulated over the years, as well as the maintenance of our prestigious Quality Management System ISO 9001:2008 certification, bolster our resolve and testify to our unwavering commitment to the careful management of our external interactions that will help us expand our presence in the global arena and join the ranks of the world's leading sugar players by 2020.

Knowledge-Sharing with Industry Members

In FY2015, MSM was actively involved in events pertaining to the sugar industry and the wider economy, with roles running the gamut from participant and sponsor to speaker and panellist for topical panel discussions. Such events include:

- The Sugar Industry Technology Conference 2015 in Japan;
- The 21st Asia International Sugar Conference in Indonesia;
- The 6th Annual Kingsman Sugar Conference in India;
- The 11th Annual Kingsman Sugar Conference in Dubai;
- The GTR Asia – Malaysia Trade & Export Finance Conference 2015 in Malaysia; and
- The Marketplace Fair @ Bursa in Malaysia.

Supplier Management

Our Supplier Code of Conduct has been developed to an exacting degree that ensures all our suppliers abide by MSM's high ethical standards and comply with all applicable local national laws.

With the existence of this Code of Conduct, our stakeholders can rest assured that all our suppliers and contractors are unequivocally required to carry out their roles responsibly, with acts of bribery or other unscrupulous behaviour strictly prohibited. Besides providing safe workspaces for their employees, our Code of Conduct necessitates equitable treatment of their workforce without the propagation of any unfair, discriminatory practices.

MSM ensures suppliers' compliance with our Supplier Code of Conduct through regular briefings with our suppliers and contractors on our factory requirements, including their environmental requirements.



ISO 9001:2008
QUALITY MANAGEMENT SYSTEM

CORPORATE SOCIAL RESPONSIBILITY

A LITTLE SWEETNESS GOES A LONG WAY

Customer Engagement

Customers represent an important pillar for any going concern, and MSM recognises the value that excellent customer service can yield not just for our bottom line, but also for customer welfare and satisfaction.

At MSM, we pride ourselves in the measures we have implemented to deliver professional, timely and friendly support. Our attentive customer service personnel receive in-bound calls from customers via our Customer Hotline of 1300-22-5252, with this service platform being complemented by our dedicated teams who stand ready to perform visits to customers' premises should the need arise.

Product Quality

In line with MSM's pledge to deliver only the best products to our customers, we are actively taking steps to solidify and enhance our product quality – decidedly an intangible asset we acquired upon the rollout of our flagship product, Gula Prai, more than half a century ago. The systems and processes at our MSM Prai and MSM Perlis refineries are regularly monitored for consistent high-quality output.

Indeed, it gives us great satisfaction to have our products meet not only Food Safety System Certification ISO 22000:2005 and the Hazard Analysis and Critical Control Point (HACCP) Certification from the Malaysian Ministry of Health, but also the stringent requirements of customers' Supplier Guiding Principles. Furthermore, in 2014, MSM received the Green Code from leading Food & Beverages (F&B) companies in Malaysia that testified to our compliance with ethical labour practice standards.

Such certifications are in addition to those accorded in recognition of MSM's compliance with global halal and kosher standards (MSM products are halal-certified under MS 1500:2009 and kosher-certified by the London Beth Din Kashrut Division for MS 1722:2011), as well as occupational health and safety standards as specified by the Occupational Health and Safety Advisory Services (OHSAS 18001) and the Malaysian Occupational Health and Safety Management Systems (MS1722).

Naturally, information such as these certifications are clearly displayed on our product packaging as well as website for easy identification and reference.



IN 2014, MSM RECEIVED THE GREEN CODE FROM LEADING FOOD & BEVERAGES (F&B) COMPANIES IN MALAYSIA THAT TESTIFIED TO OUR COMPLIANCE WITH ETHICAL LABOUR PRACTICE STANDARDS.

WE HAVE DECREASED THE PRODUCTION OF OUR 2015 ANNUAL REPORT BY 22 PERCENT FROM FY2014 TO REDUCE PRINTING AND PAPER COSTS

ENVIRONMENTAL ENHANCEMENT

As a responsible producer, MSM is ever cognisant of the environmental impact of our operations, and are actively seeking to promote healthy living conditions by reducing our carbon footprint and minimising wastage of precious natural resources.

MSM has instituted a comprehensive Environmental Management System (EMS) that provides clear guidelines for responsible operations across our value chain, from our refineries in Prai and Perlis, to our daily practices at our warehouses and Head Office. With this EMS, we regularly monitor the following parameters: pollutions/emissions as well as water and energy consumption.

Our cutting-edge nano-filtration waste treatment system enables us to process the discharge produced by our Ion-Exchange Resin (IER). The resulting salt can be reused for resin regeneration, while the rest of the residue is filtered and cleansed before being discharged.

To manage our energy and natural gas consumption, we devised an innovative system that combines the functionalities of our Mechanical Vapour Re-Compressor (MVR) evaporator and Vertical Crystallization Tower (VKT). This system dramatically reduces the amount of steam required for our sugar-boiling process.

Natural gas, the cleanest-burning fossil fuel available, is used at both our refineries to markedly lower the production of carbon soot and sulphur emissions from our boiler flues, while our transport and logistics team diligently ensures all our vehicles are roadworthy with engines in optimal condition for maximum fuel efficiency.

Depending on the load to be transported, we strive to maximise our usage of rail wagons on account of their cost and energy efficiencies vis-à-vis transportation by truck. In FY2015, we increased the number of bulk boxes for speedy and efficient deliveries to our warehouse facility in Sungai Buloh.

MSM also generates about half of its own energy requirements using back-pressure turbines, with the exhaust steam being channelled to the process for heating. Additionally, part of our boiler-flue gas with carbon dioxide content of 8-10 percent is used in the carbonisation process.

MSM Perlis' installation of a honeycomb vacuum pan has led to a reduction in its steam consumption, allowing MSM Perlis to achieve a 20 percent savings in annual energy costs. We also recycle our process condensate for boiler steam generation. Additionally, MSM Perlis' used lubrication oil is repurposed as oil for field linings in Perlis schools. The linings create tracks on the grass to facilitate the schools' sporting activities.

In FY2015, we have also changed our fluorescent lights to lighting units comprising bright, long-lasting, and energy-efficient light-emitting diodes (LED). This was done at both our refineries and Head Office, with lighting activated by sensors for further energy savings.

MSM also promotes the adoption of a paperless system for selected documentation to reduce printing and its ancillary costs for paper, ink/toner, and electricity.

In line with this thrust to minimise printing, our 2015 Annual Report's pagination has been pared down by 22 percent from last year's report. Furthermore, we have been uploading our past reports onto our website (www.msmsugar.com), and have disseminated together with our abridged reports the PDF version of the full reports in CD format for convenient, paperless viewing.

To reduce transport-related emissions, we regularly encourage our customers, suppliers, and employees to use teleconferencing facilities to minimise travelling. Employees were also encouraged to car pool when travelling to Head Office for meetings and other functions.

MSM's relentless focus on efficiency and sustainability has resulted in a marked decline in our consumption of resources such as fuel, electricity, and water. This yields not only lower operational costs, but also reduced waste and pollution. Our pro-environment stance has garnered the attention of our stakeholders over the years. Notably, in FY2015, MSM Perlis was visited by the Department of Environment (DOE) on three occasions: 21 April, 24 June, and 12 November. MSM Prai, likewise, played host to the DOE on 23 August and 6 October.

BOARD OF



YB TAN SRI HAJI MOHD ISA DATO' HAJI ABDUL SAMAD

01

DATO' SHEIKH AWAB SHEIKH ABOD

08

DATO' ZAINAL HAJI ISMAIL

02

YB DATUK NOOR EHSANUDDIN MOHD HARUN NARRASHID

04

DATO' ROSINI ABD SAMAD

06

DIRECTORS


DATUK LIM THEAN SHIANG
05
DATO' HAJJAH ROSNI HAJI ZAHARI
03
DATO' MOHD EMIR MAVANI ABDULLAH
07
DATUK HANAPI SUHADA
09
DATO' ZAKARIA ARSHAD
10

PROFILES OF DIRECTORS

YB TAN SRI HAJI MOHD ISA DATO' HAJI ABDUL SAMAD

CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 66)

01

Appointed:
25 March 2011

Committee membership:
Nil

Qualifications:
Bachelor of Arts, University of Malaya

Experiences:
Former Chief of UMNO Youth Teluk Kemang, State Assemblyman of Linggi and member of the Negeri Sembilan State Executive Committee, Chief Minister of Negeri Sembilan, Minister of Federal Territories and Vice President of UMNO. Current Member of Parliament for Jempol, Negeri Sembilan and Chief of UMNO Teluk Kemang.

Directorship of public companies:
Felda Global Ventures Holdings Berhad (FGV), Felda Holdings Bhd (FHB), Pontian United Plantations Berhad, Federal Land Development Authority (FELDA) and Encorp Berhad.

DATO' ZAINAL HAJI ISMAIL

INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 72)

02

Appointed:
25 March 2011

Committee membership:
Nomination and Remuneration Committee – Chairman
Audit Committee – Member
Investment Committee – Member

Qualifications:
- Bachelor of Arts (Hons) University of Malaya
- Diploma in Public Administration, University of Malaya

Experiences:
Former Director of Training & Career Development of Lembaga Kemajuan Pahang Tenggara (DARA), the first Director of Sarawak Development Department, General Manager of Yayasan Pahang and State Finance Officer for State of Pahang.

Directorship of public companies:
Nil

DATO' HAJJAH ROSNI HAJI ZAHARI

INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 55)

03

Appointed:
25 March 2011

Committee membership:
Nomination and Remuneration Committee – Member
Audit Committee – Member
Board Governance & Risk Management Committee – Member

Qualifications:
Bachelor in Law, University of Technology MARA

Experiences:
Advocates & Solicitor in the High Court of Malaysia since 1990 and also as Syariah lawyer under Messrs Rosni, Francis Tan & Co. Currently Chief of Pergerakan Wanita UMNO Maran (since 1992) and Pahang since 2008, Executive Committee Member of Pergerakan Wanita UMNO Malaysia since 2004, Information Chief for Pergerakan Wanita UMNO and Special Duties Officer (Parliament) to the Deputy Prime Minister of Malaysia.

Directorship of public companies:
Nil

YB DATUK NOOR EHSANUDDIN MOHD HARUN NARRASHID

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 52)

04

Appointed:
22 August 2013

Committee membership:
Audit Committee – Member

Qualifications:
Degree in Civil Engineering And Mechanics, Southern Illinois University, Carbondale, USA

Experiences:
Began his career as an Engineer, working for several private companies including Alfa Laval Sdn Bhd and Milford Haven Automation Sdn Bhd. Former Director of Seranta (FELDA) in the Prime Minister's Department (2008-2013). Currently Member of Parliament for Kota Tinggi, Johor.

Directorship of public companies:
FGV, Encorp Berhad, Iris Corporation Berhad.

PROFILES OF DIRECTORS

DATUK LIM THEAN SHIANG

INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 44)

05

Appointed:
23 August 2013

Committee membership:
Investment Committee – Chairman
Board Governance & Risk Management Committee – Chairman

Qualifications:
- Bachelor of Business Administration, Universiti Utara Malaysia
- Bachelor of Law, University of London

Experiences:
Former Director of Glotel Sdn Bhd, Tripro Engineering Sdn Bhd, Focus Indera Sdn Bhd, Latimax Engineering Sdn Bhd, EI Medical Systems Sdn Bhd, WWE Holdings Bhd, General Manager of Port Klang Authority and Executive Chairman of Port Klang Free Zone. Currently the Group Chief Executive Officer of Daya Materials Berhad.

Directorship of public companies:
Daya Materials Berhad and Pontian United Plantations Berhad.

DATO' ROSINI ABD SAMAD

INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 61)

06

Appointed:
7 January 2015

Committee membership:
Audit Committee – Chairman
Nomination and Remuneration Committee – Member

Qualifications:
- Honorary Fellow CPA Australia
- Member of the Malaysian Institute of Accountants
- Master in Business Administration, University of Cardiff, United Kingdom
- Bachelor of Economics (Accounting) (Hons), University of Malaya, Malaysia
- Postgraduate Diploma in Accounting, University of Malaya, Malaysia

Experiences:
Formerly Deputy Accountant General (Corporate) in the Accountant General's Department (Malaysia), The Accountant General's nominee on the Council of MIA, member of the Board of Directors of Percetakan Nasional Malaysia Berhad (2007 – 2014) and served as Chairman of Audit Committee, member of Nomination and Remuneration Committee, Tender Committee and Disciplinary Committee.

Directorship of public companies:
Nil

DATO' MOHD EMIR MAVANI ABDULLAH

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 52)

07

Appointed:
23 August 2013

Committee membership:
Investment Committee – Member
Board Governance & Risk Management Committee – Member

Qualifications:
- Chemistry Degree from Universiti Kebangsaan Malaysia
- Masters in Engineering Management from Warwick University, UK

Experiences:
Former Senior Advisor to the United Nations Development Programme (1998-2004), Good Governance Coordinator for the Organisation for Economic Cooperation & Development for the Arab region (2002-2004), Advisor to the Minister of Finance of the United Arab Emirates (2002 to 2007) and Strategic Advisor to the Executive Council of Abu Dhabi (2008-2010). Former Director in charge of National Key Economic Areas (NKEA) and Performance Management and Delivery Unit (PEMANDU) and CEO of Malaysia Petroleum Resource Corporation (MPRC) in the Prime Minister's Department, and a Director of Malaysia Nuclear Power Corporation (MNPC) and the Group President/CEO of FGV (2013-2016). He resigned as nominee director of FGV effective 1 April 2016.

Directorship of public companies:
Nil

DATO' SHEIKH AWAB SHEIKH ABOD

NON-INDEPENDENT EXECUTIVE DIRECTOR
(Malaysian, age 56)

08

Appointed:
20 August 2014

Committee membership:
Nil

Qualifications:
Bachelor of Science from Oklahoma State University, USA

Experiences:
Former Acting CEO of Malaysian International Merchant Bank (2003-2004), President and CEO of Affin Investment Bank (2005-2007) and Chairman of PECD Bhd (2007-2010). Currently Chairman of Finance & Investment Committee and Chairman of Board Governance and Risk Management Committee (BGRMC) of Percetakan Nasional Malaysia Bhd, Chairman of Axis Consultancy & Advisory Services Sdn Bhd. Currently the President/Group Chief Executive Officer of MSM.

Directorship of public companies:
Percetakan Nasional Malaysia Bhd.

PROFILES OF DIRECTORS

DATUK HANAPI SUHADA

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 58)

09

Appointed:
7 October 2015

Committee membership:
Nil

Qualifications:
B.A Hons. UKM (1977) Universiti Kebangsaan Malaysia

Experiences:
Holds various positions within FELDA until present from Socio Economy Officer to Regional General Manager in Mempaga, Kuantan and Johor Bahru. Currently the Director General of FELDA (since April 2015).

Directorship of public companies:
Encorp Berhad and Pantech Group Holdings Berhad.

DATO' ZAKARIA ARSHAD

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
(Malaysian, age 56)

10

Appointed:
1 April 2016

Committee membership:
Nil

Qualifications:
Bachelor of Social Science Economics (Hons) Universiti Sains Malaysia, Penang (1984)

Experiences:
Administration and Marketing Manager Felda Rubber Industries Sdn Bhd (1984-1999), Manager (Business) Malaysia Cocoa Manufacturing Sdn Bhd (1999-2002), General Manager (Commercial & Administration) Felda Rubber Products Sdn Bhd (2002-2004), General Manager Felda Marketing Services Sdn Bhd (2004-2005), Senior General Manager Felda Rubber Industries Sdn Bhd (2006-2010), Chief Executive Officer Delima Oil Products Sdn Bhd (2010-2013), Chief Executive Officer Felda Vegetable Oil Products Sdn Bhd (2012-2013), Executive Vice President/Head of Palm Downstream Cluster Felda Global Ventures Holdings Berhad (2014-March 2016) and Group President/Chief Executive Officer FGV since 1 April 2016.

Directorship of public companies:
FGV

Additional Information

1. None of the Directors has any family relationship with and is not related to any director and/or major shareholder of MSM Malaysia Holdings Berhad.
2. None of the Directors has any conflict of interest with MSM Malaysia Holdings Berhad or been convicted for offences within the past 10 years other than traffic offences, if any.
3. The details of Directors' attendance at Board Meetings held in the financial year ended 31 December 2015 are set out in the Statement on Corporate Governance on page 96 of this Annual Report.
4. The full profiles of the Directors are available online at www.msmsugar.com

COMPANY SECRETARIES





KOO SHUANG YEN

COMPANY SECRETARY
(Malaysian, age 53)

01

Appointed:
20 May 2011

Qualification:
- Associate of the Chartered Institute of Management Accountants, United Kingdom
- Chartered Accountant, Malaysian Institute Accountants

Skills and experience:
Previously the Head of Finance of Felda Engineering Services Sdn Bhd (1991-2006) and Felda Enterprises Sdn Bhd (2007-2008). Then became Group Accountant, Downstream Division, FHB (2009-2010), Senior General Manager, Group Finance, FHB (2011-2012), Company Secretary, FHB and its Group of Companies (1995-2012). Currently, she is the Head of Cluster Finance & Accounting Unit (since 2013), Head of Budgeting Unit (since 2015), Company Secretary, MSM and its Group of Companies (since 2011) and Company Secretary of FGV and its Group of Companies (since 2014).

Directorship in MSM and its related companies:
Nil

ABD RASHID ATAN

COMPANY SECRETARY
(Malaysian, age 54)

02

Appointed:
11 February 2015

Qualification:
- Diploma in Business Studies – Institut Teknologi MARA
- Bachelor of Business Administration (Finance) – Drake University, Iowa, USA
- Bachelor of Accountancy (Hons) – Universiti Teknologi MARA
- Chartered Accountant, Malaysian Institute Accountants

Skills and experience
He began his career as an Assistant Assessment Officer at Inland Revenue Board (1998), Manager at HBM Management Sdn Bhd (1995) and Group Company Secretary of UDA Holdings Berhad (1997-2013). Currently, he is the Company Secretary of FGV and its Group of Companies.

Directorship in MSM and its related companies
Nil

SENIOR MANAGEMENT




HA CHARM MUN
04
ISMAIL SAMSU
05
ISMAIL ABDULLAH
06
AHMAD FARID KAMARUDIN
07

PROFILES OF SENIOR MANAGEMENT

DATO' SHEIKH AWAB SHEIKH ABOD

PRESIDENT/GROUP CHIEF EXECUTIVE OFFICER
(Malaysian, age 56)

01

Qualification:
- Bachelor of Science – Oklahoma State University, USA

Skills and experience:
Former Acting Chief Executive Officer (CEO) of Malaysian International Merchant Bank (2003-2004), President and CEO of Affin Investment Bank (2005-2007) and Chairman of PECD Bhd (2007-2010). Currently Chairman of Finance & Investment Committee and Chairman of Board Governance and Risk (BGRMC) of Percetakan Nasional Malaysia Bhd, Chairman of Axis Consultancy & Advisory Services Sdn Bhd and Head of Sugar Cluster, Felda Global Ventures Berhad (FGV).

Directorship in MSM and its related companies:
Several companies within MSM Group.

MOHAMAD AMRI SAHARI @ KHUZARI

DEPUTY CHIEF EXECUTIVE OFFICER
(Malaysian, age 51)

02

Qualification:
- Bachelor of Science (Mechanical Engineering) – South Dakota State University, USA
- Master of Business Administration (Strategic Management) – Universiti Teknologi Malaysia

Skills and experience:
He started his career as a Factory Engineer, Felda Palm Industries Sdn Bhd (1989), Mill Manager, Hamparan Badai Oil Mill (1996) and General Manager, Felda Palm Industries Sdn Bhd (2004). He then moved to MSM Perlis Sdn Bhd as General Manager (2004), Senior General Manager (2008) and then CEO (2010).

Directorship in MSM and its related companies:
Several companies within MSM Group.

AZNUR KAMA AZMIR

CHIEF FINANCIAL OFFICER
(Malaysian, age 41)

03

Qualification:
- Bachelor of Accounting (Hons), – Universiti Utara Malaysia
- Chartered Accountant (CA), Malaysian Institute of Accountants
- Fellow Member of the Association of Chartered Certified Accountants (FCCA), United Kingdom
- Chartered Institute of Management Accountants (CIMA), United Kingdom
- Master of Business Administration (MBA) – Royal Melbourne Institute of Technology, Australia

Skills and experience:
She started her career as an audit trainee at Shamsir Jasani & Co and as an Auditor at PwC (1997). She left PwC as a Senior Auditor to join Felda Transport Services as an Accountant in 2001 and Finance Head. In 2006, she moved to Felda Holdings Berhad as the Group Accountant and later to Felda Global Ventures Holdings Berhad in 2012 as SGM/Vice President in charge of Group Accounts, Financial Reporting and Budgeting.

Directorship in MSM and its related companies:
Several companies within MSM Group.

HA CHARM MUN

CHIEF EXECUTIVE OFFICER, MSM PRAI BERHAD
(Malaysian, age 57)

04

Qualification:
- Bachelor of Science (Mechanical Engineering) – University of Sussex, United Kingdom

Skills and experience:
He started his career as a Mechanical Engineer, MSM Prai Berhad (1982), Senior Engineer, Dupont Singapore (1992), Maintenance Manager, Idemitsu SM (Malaysia) Sdn Bhd (1999) and General Manager, MSM Prai Berhad (2004).

Directorship in MSM and its related companies:
Nil

PROFILES OF SENIOR MANAGEMENT

ISMAIL SAMSU

CHIEF EXECUTIVE OFFICER, MSM PERLIS SDN BHD
(Malaysian, age 53)

05

Qualification:

- Bachelor of Science in Mechanical Engineering and Aeronautical Engineering – University of Glasgow, Scotland
- 1st Grade Steam Engineer

Skills and experience:

He started his career as a Mechanical Engineer at Linatex Process Rubber Berhad (1992) then as a Mechanical Engineer at Kedah Cement Sdn Bhd (1991). He joined MSM Perlis Sdn Bhd in 1994 as Mechanical Engineer, Manager (2005) and Senior Manager (2008), Milling Department, Technical Coordinator (2008) and then Assistant General Manager (2014).

Directorship in MSM and its related companies:

Nil

ISMAIL ABDULLAH

SENIOR GENERAL MANAGER, MSM LOGISTICS SDN BHD
(Malaysian, age 66)

06

Qualification:

- Police Science Diploma – Universiti Kebangsaan Malaysia

Skills and experience:

He started his career as Probationary Inspector, Royal Malaysian Police Force (1970) then Senior Assistant Commissioner, Royal Malaysian Police Force (2006) and joined MSM Logistics Sdn Bhd as the General Manager (2007).

Directorship in MSM and its related companies:

Nil

AHMAD FARID KAMARUDIN

GENERAL MANAGER, MSM TRADING INTERNATIONAL DMCC
(Malaysian, age 38)

07

Qualification:

- Bachelor of Business Administration in Finance (Hons) – Universiti Tenaga Nasional
- Master of Business Administration – Universiti Utara Malaysia

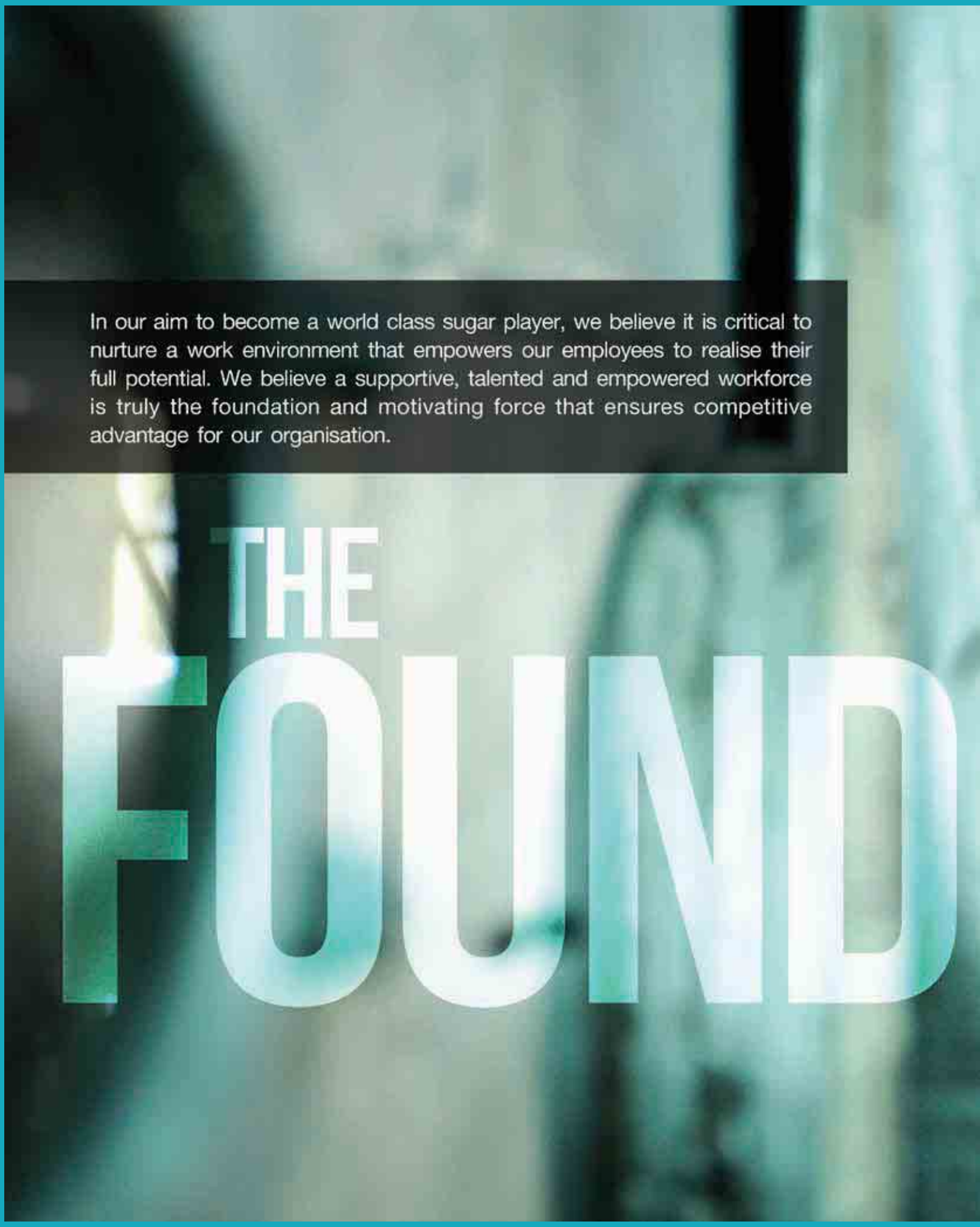
Skills and experience:

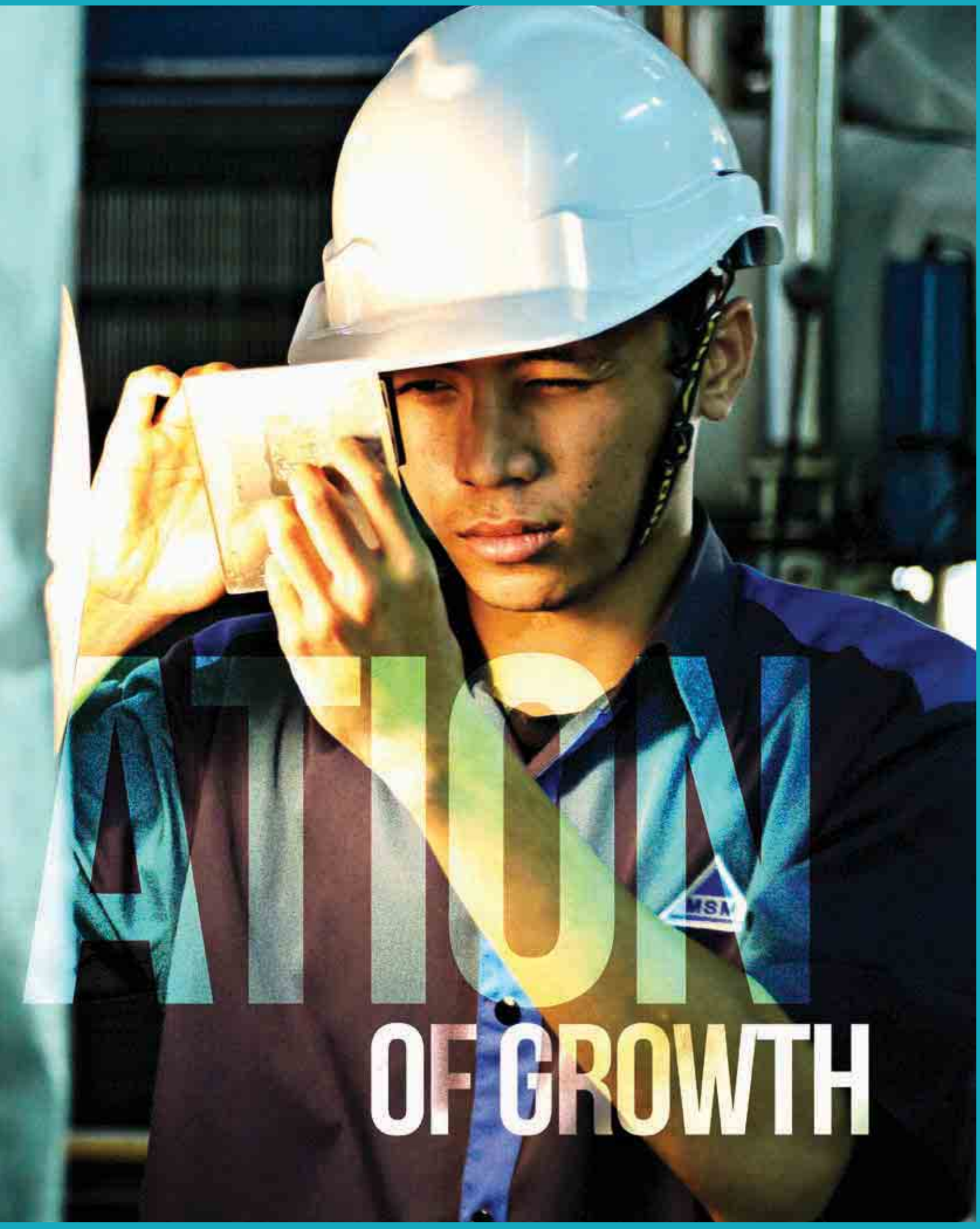
He started his career at MSM Perlis Sdn Bhd as a Commercial Executive in 2004. He then moved to MSM Malaysia Holdings Berhad as the Head of Trading and International Business Development in 2012. Currently, he is overseeing all commercial operations based in Dubai, UAE and one of the influential team member in setting up MSM's trading arm. In his 12 years of experience with the Group, he has covered most areas such as Procurement, Material Management, Logistics, Marketing and Sugar Trading.

Directorship in MSM and its related companies:

Nil

Note:
The full profiles of the Senior Management are available online at www.msmsugar.com


In our aim to become a world class sugar player, we believe it is critical to nurture a work environment that empowers our employees to realise their full potential. We believe a supportive, talented and empowered workforce is truly the foundation and motivating force that ensures competitive advantage for our organisation.
THE
FOUND

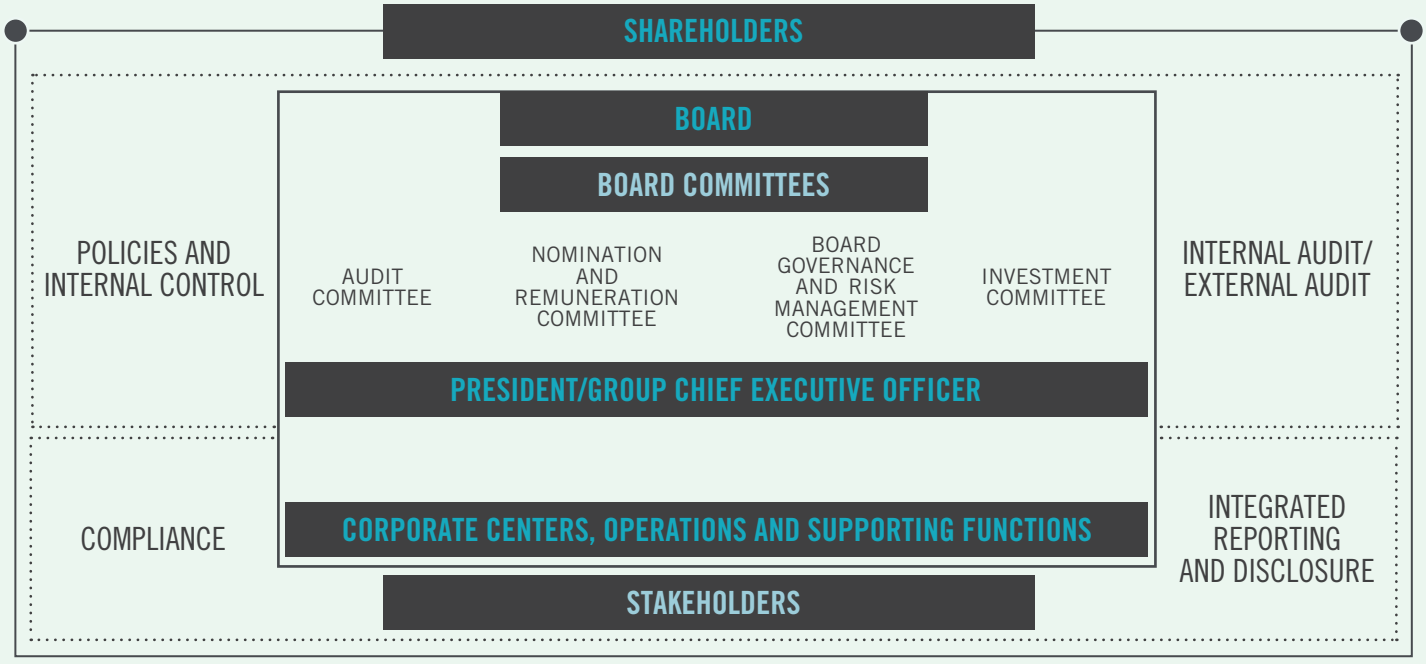

ATION
OF GROWTH

STATEMENT ON CORPORATE GOVERNANCE

THE BOARD IS FULLY COMMITTED TO MAINTAINING THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE, PROFESSIONALISM AND INTEGRITY IN DRIVING MSM MALAYSIA HOLDINGS BERHAD (MSM OR THE COMPANY) TO CREATE AND DELIVER LONG TERM SUSTAINABLE SHAREHOLDER VALUE. THE BOARD BELIEVES IN CONDUCTING THE BUSINESS OF MSM OR MSM GROUP IN A PROPERLY GOVERNED MANNER WHICH UPHOLDS THE HIGHEST STANDARD OF CORPORATE GOVERNANCE THROUGHOUT THE GROUP TO ENSURE CONTINUOUS MAXIMATION OF STAKEHOLDERS' VALUE, INCREASE INVESTORS' CONFIDENCE, ENHANCE CUSTOMERS' TRUST AND BUILD A COMPETITIVE ORGANISATION. THE BOARD IS GUIDED BY THE PRINCIPLES AND BEST PRACTISE RECOMMENDATIONS PROMULGATED IN THE 8 PRINCIPLES AND 26 RECOMMENDATIONS OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 (THE CODE), RELEVANT CHAPTERS OF THE MAIN MARKET LISTING REQUIREMENTS (MMLR) OF BURSA MALAYSIA SECURITIES BERHAD (BURSA SECURITIES) AS WELL AS THE ADOPTION OF BETTER PRACTICES AS PRESCRIBED IN THE CORPORATE GOVERNANCE GUIDE 2ND EDITION (THE GUIDE) ISSUED BY BURSA SECURITIES.

GOVERNANCE FRAMEWORK

The Board Governance & Risk Management Committee and the Board continues to review and benchmark the Group's governance structures and processes to ensure they support effective and ethical leadership, good corporate citizenship and sustainability. Our Governance framework is depicted below:



DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board ensures that the highest standards of corporate governance and corporate conduct are adhered to, in order that MSM achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders.

The Board is responsible for formulating and reviewing the Company's strategic plans and key policies, and charting the course of the Company's business operations whilst providing effective oversight of the Management's performance, risk assessment and controls over business operations. The Board ensures that the Group's internal processes, guidelines and systems are reviewed and/or aligned with sound corporate governance practices. Besides carrying out its statutory responsibilities, the Board's principal functions and responsibilities are as follows:

(1) Reviewing and adopting a strategic plan for the Company.

(2) Overseeing the conduct of the Company's business to oversee the performance of management to determine whether the business is being properly managed.

(3) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures.

(4) Succession planning for senior management positions.

(5) Overseeing the development and implementation of a shareholder communications policy for the company.

(6) Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

CODE OF CONDUCT

The Board is collectively responsible to the overall conduct of the Group's business and takes full responsibility for the performance of the Company and the Group. The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with relevant rules and regulations, directives and guidelines in addition to adopting the best practices in the Code and the Guide, and act in the best interest of the Group and its shareholders.

The Board observes a code of ethics in accordance with the Code of Ethics and Conduct (CoEC) and Code of Business Practice (CoBP) established by FGV. The CoEC and CoBP outlines the ethical standards of behaviour and conduct expected from all Directors of FGV Group. The Board ensures that compliance is monitored through an annual declaration process that requires all Directors to declare their compliance, including any existing and/or potential conflict of interest situations.

THE BOARD CHARTER

The Board is mindful of the need to safeguard the interest of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter. The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their roles and responsibilities to ensure accountability. The Board Charter outlines the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, schedule of matters reserved for the Board, the establishment of the Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice and declarations of conflict of interest.

The full details of the Board Charter are made available at the Company's corporate website at www.msmsugar.com.

BOARD BALANCE AND COMPOSITION

The current composition of the Board complies with the requirements set out in the MMLR. The Board currently comprises of nine (9) members:

- one (1) Executive Director,
- four (4) Independent Non-Executive Directors, and
- four (4) Non-Independent Non-Executive Directors.

On 17 December 2015, YB Datuk Noor Ehsanuddin Mohd Harun Narrashid was redesignated from an Independent Non-Executive Director to a Non-Independent Non-Executive Director. The Board is still looking for a new board member in order to ensure that the Board's composition complies with the requirement under the Code.

STATEMENT ON CORPORATE GOVERNANCE

The current Board composition fairly reflects the interest of the substantial shareholders, without compromising the interest of the minority shareholders. The Board comprises members of high calibre and integrity with diverse professional backgrounds, skills and extensive experience and knowledge in the areas of accounting, finance, legal, human resource, banking and corporate required for the successful direction of the Group. The presence of four (4) Independent Directors on the Board provides the necessary checks and balances on the conduct of the President/Group Chief Executive Officer (Group CEO) in managing the business of the Group. Their expertise allows them to provide independent judgement on the issues of strategy, business performance, resources and standards of conduct. They also provide independent views in the Board's discussions to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders and other stakeholders.

The Board encourages female participation in the Board. At present, Dato' Hajjah Rosni Haji Zahari and Dato' Rosini Abd Samad are on the Board as Independent Non-Executive Directors. The Board will continue and support for female representations in the Board.

The profile of each of the member of the Board is as presented on pages 76 to 80 of this annual report.

The Board believes that the present Chairman has the ability and capability to ensure proper checks and balances to facilitate the Board's proceedings and decision-makings. It is also pertinent to note that there is a separation of authority between the Chairman and the President/Group CEO. Their duties and responsibilities are distinct and separate to facilitate checks and balances in the operations of the Company.

MSM is putting in place a formal Board Nomination and Election Policy and Procedures in 2016 which will formalise the policies on Board Composition, Independence, Conflict of Interest and Board Assessment. The Policy on Board Composition will provide the size of the Board, the selection criteria, the Director's skills sets and the Board diversity to be considered for new appointment of Directors.

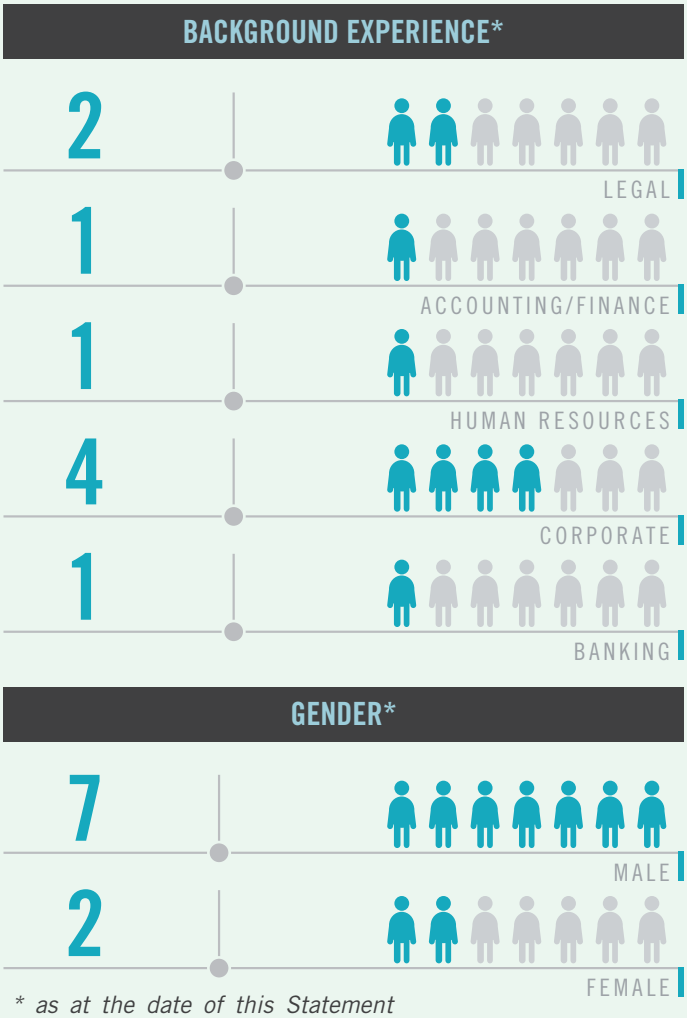
BOARD DIVERSITY

The Board promotes and welcomes diversity and gender mix in its composition and gives recognition to the financial, legal, corporate and business experiences of the Directors.

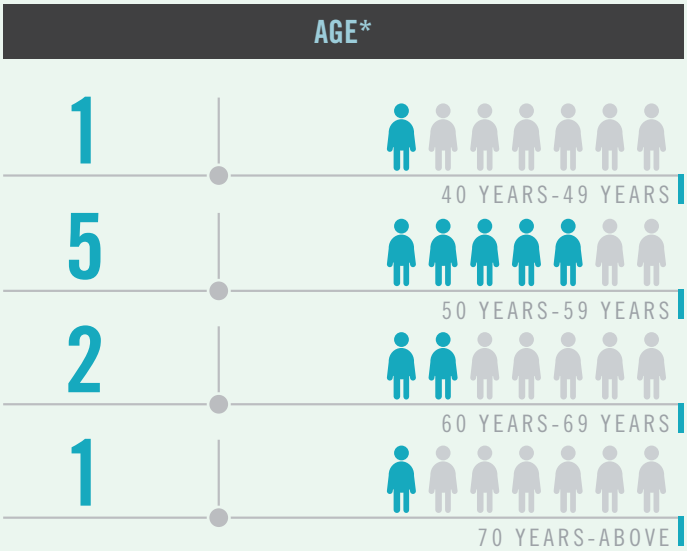
The Board aims to maintain a diversity of background experience, gender, age and composition of Executive and Non-Executive Directors of the MSM Group as the combination of personalities provides a comprehensive range of perspectives and experiences, resulting in improved decision making.

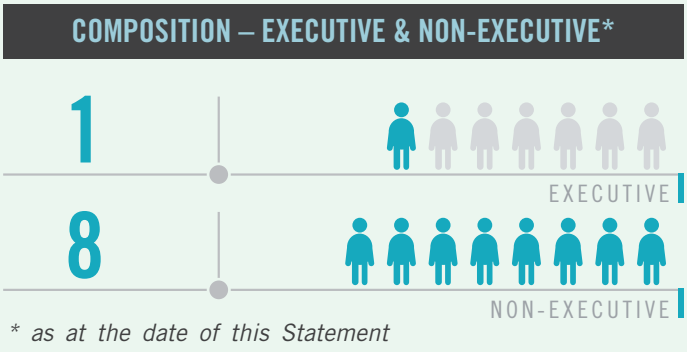
The experience and background of Directors are described in their profiles as set out on pages 76 to 80 of this Annual Report.

The following diagrams/illustration gives a brief overview of the Board of Directors' diversity in terms of age, background experience, gender and composition:



** as at the date of this Statement*





** as at the date of this Statement*

The Board considers four (4) Independent Non-Executive Directors, namely Dato' Zainal Haji Ismail, Dato' Hajjah Rosni Haji Zahari, Dato' Rosini Abd Samad and Datuk Lim Thean Shiang to be independent based on the definition as set out under Paragraph 1.01 of the MMLR. The Board is satisfied that the four (4) Independent Non-Executive Directors represent the interest of the minority shareholders by virtue of their roles and responsibilities.

The Board assesses the directors' independence on an annual basis and has concluded that each of them continues to demonstrate behaviours that reflect their independence, which are in accordance with the definition under the MMLR. The Independent Directors on the Board collectively act as caretaker of the minority shareholders and their views carry significant weight in the Board's decision-making process. None of the Independent Directors engage in the day-to-day management of the Company, participates in any business dealings or get involved in any other relationship with the Company. This ensures that the Independent Non-Executive Directors are free from any conflict of interests and, more importantly, allows them to function independently and in an impartial manner in discharging their roles and responsibilities as Independent Non-Executive Directors.

Each of the four (4) Independent Non-Executive Directors has provided an annual confirmation of his or her independence to the Nomination and Remuneration Committee and the Board. In line with Recommendation 3.2 of the Code, to-date, none of the Independent Non-Executive Directors of the Company has been a Director for more than nine (9) years.

BOARD APPOINTMENT PROCESS

The Board shall consider and decide on the appointment of a new Director upon appropriate recommendation from the Nomination and Remuneration Committee, the primary responsibility of which has been delegated to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee ensures candidates satisfy the requisite skills and core competencies to be deemed fit and proper, to be appointed as Director in accordance with the MMLR.

For the assessment and selection of Directors and Board Committee Members, the Nomination and Remuneration Committee considers the following selection criteria:

(1) skills, knowledge and experience,

(2) contribution and performance,

(3) character, professionalism and integrity,

(4) number of directorship and other external obligations which may affects the Director's commitments, including time commitment and value contribution, and

(5) ability to discharge such responsibilities/functions as expected from an Independent Director.

Prior to the appointment, the candidate shall disclose any other business interest that may result in a conflict of interest.

The Company Secretaries will ensure that all appointments are properly made and all necessary information is obtained from the Directors for the purposes of meeting statutory obligations including obligations arising from MMLR or other regulatory requirements.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year ended 31st December 2015 (FY2015), MSM received a nomination from one (1) of its major shareholders nominating Datuk Hanapi Suhada to be appointed as Director representing the said major shareholder replacing Datuk Haji Faizoull Ahmad, who had retired on 2 June 2015. The Nomination and Remuneration Committee conducted an assessment evaluation based on the selection criteria as provided in the Nomination and Remuneration Committee's Terms of Reference which is available on MSM's corporate website. Datuk Hanapi Suhada was then appointed as Non-Independent Non-Executive Director on 7 October 2015.

In March 2016, the Nomination and Remuneration Committee upon received a nomination from FGV, a major shareholder of MSM, has taken necessary steps and procedures in accordance with its Terms of Reference evaluated the FGV nominee, Dato' Zakaria Arshad to be appointed as Director replacing Dato' Mohd Emir Mavani Abdullah, whose nomination shall cease with effect from 1 April 2016. The Board, after taking into consideration the Nomination and Remuneration Committee's recommendation, has on 31 March 2016, approved the appointment of Dato' Zakaria Arshad as Non-Independent Non-Executive Director with effect from 1 April 2016. The Board also accepted the resignation of Dato' Mohd Emir Mavani Abdullah effective 1 April 2016.

All newly appointed Directors are furnished with a Directors' Kit which clearly states the aims of good corporate governance and outlines the roles and responsibilities of the Board and Board Committees as well as their authority limits. The MSM Board Charter which is included in the Directors' Kit, serves as a comprehensive constitution for the Board. The MSM Board Charter in summary addresses the following pertinent matters:

- An emphasis on the purpose of the Board;
- The structure and composition of the Board;
- The roles and responsibilities of the Board and those delegated to Management, including the Board's oversight role, its relationship with and responsibility to the subsidiaries within the Group;
- Authority, duties and functions of the Board, including the right to obtain advice, to have access to personnel of the Group and to convene meeting as required; and
- The conduct of Board meetings.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association of the Company, newly appointed Directors during the year must offer themselves for re-election at the first Annual General Meeting (AGM) following their appointment and one-third (1/3) of the Directors for the time being shall retire from office at least once in every three years and shall then be eligible for re-election. The directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment. A retiring Director shall retain office until the close of the general meeting at which he retires. Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the AGM are assessed by the Nomination and Remuneration Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment or re-election of the Director concerned for shareholders' approval at the next AGM.

There are five (5) Directors who are due for re-election at the forthcoming AGM. As evaluated by the Nomination and Remuneration Committee and approved by the Board, the Directors who are due to retire have met the Board's expectations, have continued to perform in an exemplary manner and have contributed to the Board's deliberations.

To assist shareholders in making their decisions in the re-election of Directors, sufficient information such as personal profiles, attendance at Board and Board Committee meetings and the shareholdings in the Company of which of the Directors stand for re-election is furnished in this Annual Report.

CONTINUING DEVELOPMENT PROGRAMME AND TRAINING

The Board has assumed the onus of determining and overseeing the training needs of the Directors and have always encouraged Directors to attend courses, seminars and training to enhance their skills and knowledge to keep abreast with the relevant changes in laws, regulations and business environment to effectively discharge their responsibilities. In addition to the updates on relevant guidelines and statutory and regulatory

requirements provided by the Company Secretaries from time to time, the Directors have on their own initiative requested to attend courses according to their individual needs as a Director or as member of a Board Committee on which they serve.

Pursuant to Paragraph 15.08 of the MMLR, Directors must attend training programmes that are prescribed by Bursa Securities from time to time. Bursa Securities has prescribed that Directors to attend the Mandatory Accreditation Programme ("MAP") in full and procure a certificate from the programme organiser approved by Bursa Malaysia to confirm his/her completion of the MAP. Datuk Hanapi Suhada, the newly appointed Director has attended and successfully completed the MAP.

BOARD MEETINGS

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as the directors of MSM, and to use their best endeavours to attend meetings. Where any direction or decision is required expeditiously or urgently from the Board, between the scheduled meetings, Special Board meetings are convened.

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and record the next year's Board meeting dates into their respective meeting schedules. The calendar includes scheduled meetings of Board Committees and also the AGM date. Directors are required to notify the Chairman and the Board of any alterations to their external commitments that arise during the year with an indication of the time commitment involved.

Among Matters Considered Throughout The Year

- The Company's and the Group's financial performance against budget, forecasts and key performance targets
- Quarterly Results and Audited Financial Statements
- Major investment proposals including their funding requirements
- Risks and Control Environment of the Group
- Annual Assessment of the Effectiveness of the Board, Board Committees and Individual Directors
- Annual Assessment of the Independent Directors of MSM Board
- Revision of the MSM Board Committees Terms of Reference
- Disclosures in the Statement on Corporate Governance, Statement on Risk Management and Internal Control and Report on the Audit Committee to be included in the Annual Report for the Financial year 2014
- Appointment of new Directors
- Re-appointment/re-election of Directors retiring at the 2015 AGM
- Proposed Annual Fees for MSM Board, MSM Board Committees' Members
- Appointment of MSM Chief Financial Officer (CFO)
- Appointment of MSM Joint Company Secretary
- Promotion for MSM's Senior Management
- Proposed salary adjustment for staff of MSM Group
- Renewal of Collective Agreements for Employee Union for MSM subsidiaries
- Employee Salary Increment Proposal for the Year 2016
- Employee Bonus Proposal for the Financial Year 2014
- Proposals of new and revised policies and Authority Limits

The Chairman of each Board Committee informs the Directors at Board meetings, of any salient matters deliberated at the respective Board Committee meetings which require the Board's attention. Senior Management and/or external advisors may be invited to attend the Board and Board Committee meetings to advise the Board and furnish information/provide clarification on relevant items on the agenda to enable the Board to arrive at an informed decision.

During the FY2015, eight (8) Board meetings were held to consider and deliberate on various issues. All Directors have complied with the minimum requirement of 50 percent attendance at Board meetings as stipulated in the MMLR.

STATEMENT ON CORPORATE GOVERNANCE

The attendance of the respective Directors in respect of the Board Meetings, AGM and Board Committee Meetings held during the FY2015 is set out below:

BOARD AND BOARD COMMITTEE MEETINGS AND ATTENDANCE IN 2015						
Directors	Board Meetings	2015 AGM	Audit Committee Meetings	Nomination and Remuneration Committee Meetings	Board Governance & Risk Management Committee Meetings	Investment Committee Meetings
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	8/8	✓	NA	NA	NA	NA
Dato' Zainal Haji Ismail	8/8	✓	5/5	11/11	NA	5/5
Dato' Hajjah Rosni Haji Zahari	7/8	✓	5/5	11/11	NA	NA
Dato' Rosini Abd Samad[1]	6/7	✓	5/5	6/6	NA	NA
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid[2]	8/8	✓	NA	NA	4/4	NA
Datuk Lim Thean Shiang	7/8	✓	NA	NA	4/4	5/5
Datuk Haji Faizoull Ahmad[3]	0/5	×	NA	NA	NA	NA
Datuk Hanapi Suhada[4]	1/1	NA	NA	NA	NA	NA
Dato' Mohd Emir Mavani Abdullah[5]	7/8	✓	NA	NA	4/4	5/5
Dato' Zakaria Arshad[6]	NA	NA	NA	NA	NA	NA
Dato' Sheikh Awab Sheikh Abod	8/8	✓	NA	NA	NA	NA

Notes:

(1) Appointed as Board member and Chairman of Audit Committee member on 7 January 2015 and appointed later as and member of Nomination and Remuneration Committee on 26 May 2015
(2) Appointed as member of Audit Committee with effect from 1 March 2016
(3) Retired as Board member with effect from 2 June 2015
(4) Appointed as Board member with effect from 7 October 2015
(5) Resigned as Board member with effect from 1 April 2016
(6) Appointed as Board member with effect from 1 April 2016

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction and shall not exercise any influence over the Board in respect of the transaction. All issues raised, discussion, deliberations, decision and conclusions including dissenting views made at Board meetings along with clear action to be taken by responsible parties are recorded in the minutes. A Board member may seek clarification of the minutes or request for correction when required before the minutes are confirmed as correct.

BOARD MEETING PAPERS

The Board regularly reviews reports on progress against financial objectives, business development and also receives regular reports and presentations on strategy and updates, risks profiles and material litigation. Regular reports are also provided by the Board Committees on their deliberations and recommendations. The agenda and supporting papers are distributed in advance of all Board and Board Committee meetings to allow the time for appropriate review to facilitate full discussion at the meetings. Board meeting agenda and Board meeting papers which include, among others, comprehensive management reports, minutes of meeting, project proposals and supporting documents are targeted for dissemination to the Directors at least 7 days prior to Board meetings.

The Board meeting papers are prepared and presented in a concise and comprehensive manner so that the Directors have proper and relevant depiction of the issues at hand, in order that the Board's deliberations and decision making are performed systematically and in a well-informed manner. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential would only be distributed to Directors at the Board meeting itself.

Presentation to the Board are prepared and delivered in a manner that ensures a clear and adequate presentation of the subject matter. The Board meeting paper format includes an Executive Summary which outlines the salient key points of matters to be deliberated.

The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. As and when the need arises, Directors are also provided with ad-hoc reports, information papers and relevant training where necessary to ensure they are appraised on key business, operational, corporate, legal and regulatory.

ACCESS TO INFORMATION, MANAGEMENT AND INDEPENDENT PROFESSIONAL ADVICE

The Board has full and unrestricted access to anyone in the Company or Group in order to conduct any investigation and to obtain any information pertaining to the Company or Group, including access to the Company auditors and consultants, relevant to the furtherance of the Board's duties and responsibilities. In addition to regular presentations by Senior Management to the Board and Board Committees, Directors may seek briefings from Senior Management on specific matters.

On a number of occasions, several selected Board members were invited by Senior Management to deliberate and/or provide their input on matters in which Senior Management intends to propose to the Board for approval.

Independent professional advice can be obtained by the Board from time to time and where necessary at the Company's expense. The services of independent professional advisors or experts are typically sought to confirm or dispel concerns raised by the Board in the furtherance of their duties. All Board Committees also have access to the independent professional advice on the same basis.

BOARD PERFORMANCE EVALUATION

A formal performance evaluation of the Board including Board Committee members provides the opportunity to assess and evaluate the Board's performance including the independence of the Independent directors. For 2015, the Board appointed an external consultant to facilitate the Board evaluation process. The evaluation process involved a peer and self-review assessment, where Directors assessed their own and also their fellow Directors' performance.

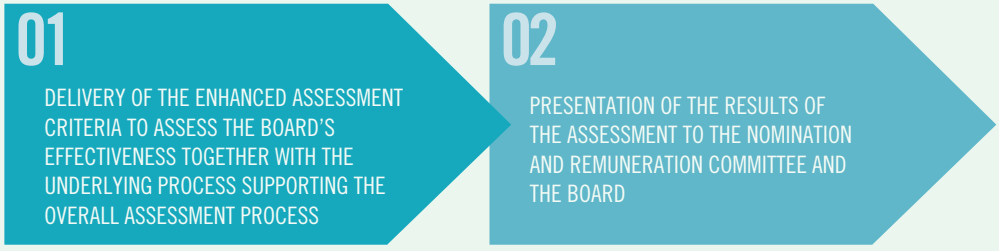
STATEMENT ON CORPORATE GOVERNANCE

Board evaluation overview

Evaluation Stage



Reporting Stage



The questionnaires were distributed to all Board members and covers topics that include, amongst others, the responsibilities of the Board in relation to strategic planning, risk management, performance management, financial reporting, audit and internal control processes, human capital management, corporate social responsibility, communication, corporate governance, and shareholders' interest and value. Other areas assessed include the Board composition and size, the contribution of each and every member of the Board at meetings, the Board's decision-making process and output, information and support rendered to the Board as well as meeting arrangement. The results of these questionnaires, were documented, and collectively reported to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee Chairman presented the results of the evaluation during the Board Meeting for deliberation. The Board, upon assessing the results of the evaluation have identified the recommendations and initiatives to enhance the effectiveness of the Board.

DIRECTORS' REMUNERATION

The level of Directors' remuneration is generally set to be competitive to attract and retain Directors of such calibre to provide the necessary skills and experience as required and commensurate the Board's responsibilities, expertise and complexity of the Company's activities for the effective management and operations of the Group. The Board has formalised its Directors Remunerations Policy which spelt out the policy and framework of MSM Directors' remuneration.

The Nomination and Remuneration Committee recommends to the Board the remuneration of all Non-Executive Directors, the framework of the remuneration policy of the Directors and Key Management and the incentive compensation plans. The Directors are paid annual fees and an attendance allowance of RM2,000 for each Board meeting and Board Committee meeting that they attend.

Executive Directors

The basic salaries of the Executive Directors are fixed for the duration of their contract. Any revision to the basic salary shall be reviewed and recommended by the Nomination and Remuneration Committee and approved by the Board. Bonus payable to the Executive Director is reviewed by the Nomination and Remuneration Committee and approved by the Board. The Executive Director is not entitled to annual Directors' fees or any meeting allowance for the Board and Board Committee meetings.

Non-Executive Directors

The Non-Executive Directors' remuneration package reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Directors. Details of the Non-Executive Directors' fees are provided below:

Annual Fees	
Board	– RM255,000 (Chairman) – RM96,000 (Non-Executive Directors)
Audit Committee	– RM24,000 (Chairman) – RM12,000 (Non-Executive Directors)
Nomination and Remuneration Committee, Investment Committee, Board Governance & Risk Management Committee	– RM10,000 (Chairman) – RM8,000 (Non-Executive Directors)

The number of Directors whose remuneration band are within the successive bands of RM50,000 for the FY2015 are as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM1 – RM50,000	–	2
RM200,001 to RM250,000	–	1
RM250,001 to RM300,000	–	4
RM400,001 to RM450,000	–	2
RM1,050,001 to RM1,100,000	1	–

Please refer to page 100 for the details of the Directors' remuneration for the financial year ended 31 December 2015.

STATEMENT ON CORPORATE GOVERNANCE

MSM Directors' remuneration for the FY2015 in aggregate with categorisation into components, distinguishing between Executive and Non-Executive Directors, are as follows:

	MSM Malaysia Holdings Berhad								MSM Malaysia Holdings Berhad Subsidiaries 6			
			Annual Fees For Financial Year 2015									
Name of Directors	Salary (RM)	Bonus (RM)	Board (RM)	Audit Committee (RM)	Nomination and Remuneration Committee (RM)	Investment Committee (RM)	Board Governance & Risk Management Committee (RM)	Meeting Allowance (RM)	Annual Fees (RM)	Meeting Allowance (RM)	Benefit In Kind (RM)	Total (RM)
Non-Independent Non-Executive Director												
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	–	–	455,000.00	–	–	–	–	16,000.00			–	471,000.00
Datuk Haji Faizoull Ahmad [1]	–	–	40,150.68	–	–	–	–	–			–	40,150.68
Dato' Mohd Emir Mavani Abdullah	–	–	196,000.00	–	–	8,000.00	8000.00	32,000.00			–	244,000.00
Independent Non-Executive Director												
Dato' Zainal Haji Ismail	–	–	196,000.00	12,000.00	10,000.00	8,000.00	–	60,000.00			–	286,000.00
Dato' Hajjah Rosni Haji Zahari	–	–	196,000.00	12,000.00	8,000.00	–	–	48,000.00			22,500.00	286,500.00
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid	–	–	196,000.00	–	–	–	8,000.00	24,000.00			22,500.00	250,500.00
Dato' Rosini Abd Samad [2]	–	–	192,789.21	23,605.48	4,821.92	–	–	34,000.00			22,500.00	277,716.61
Datuk Lim Thean Shiang			196,000.00	–	–	10,000.00	10,000.00	32,000.00			157,168.77	405,168.77
Datuk Hanapi Suhada [3]	–	–	46,117.98	–	–	–	–	2,000.00			–	48,117.98
Executive Director												
Dato' Sheikh Awab Sheikh Abod *	748,800.00	252,400.00	–	–	–	–	–	–	60,000.00		31,093.07	1,092,293.07
Total	**748,800.00**	**252,400.00**	**1,714,057.87**	**47,605.48**	**22,821.92**	**26,000.00**	**26,000.00**	**248,000.00**	**60,000.00**		**255,761.84**	**3,401,447.11**

Notes:

(1) Datuk Faizoull Ahmad retired with effective 2 June 2015.

(2) Dato' Rosini Abd Samad was appointed as Independent Non-Executive Director and Audit Committee member on 7 January 2015 and Nomination and Remuneration Committee member on 26 May 2015.

(3) Datuk Hanapi Suhada was appointed as Non-Independent Non-Executive Director on 7 October 2015.

** Salary paid by MSM Prai Berhad and not inclusive of the employer's contribution to provident fund.*

THE BOARD COMMITTEES

The Board is supported by Audit Committee, Nomination and Remuneration Committee, Investment Committee and Board Governance & Risk Management Committee. These Board Committees have been established to assist in the effective operation of the Board.

Committee	Key Responsibilities
Audit Committee Chairman: • Dato' Rosini Abd Samad Members: • Dato' Zainal Haji Ismail • Dato' Hajjah Rosni Haji Zahari • YB Datuk Noor Ehsanuddin Mohd Harun Narrashid (appointed as member with effect from 1 March 2016)	• Assessing the risks and control environment • Overseeing financial reporting • Evaluating the internal and external audit process • Reviewing conflict of interest situations and related party transactions • Undertake any such other functions as may be determined by the Board from time to time Detailed Report on Audit Committee is set out on pages 119 to 122 of this Annual Report.
Nomination and Remuneration Committee Chairman: • Dato' Zainal Haji Ismail Members: • Dato' Hajjah Rosni Haji Zahari • Dato' Rosini Abd Samad	• Reviewing the composition of the Board, the Board Committee, the directorship in the Group and the Group Top management • Reviewing the nomination and election process and appointment and re-appointment and re-election process • Evaluation Contribution and commitment of Directors • Reviewing Letter of appointment • Induction and continuing education programme • Reviewing Board assessment • Reviewing Succession planning • Reviewing all remuneration matters including Remuneration Policy • Reviewing remuneration of the President/Group CEO and the Executive Director and the Group Top Management • Reviewing other general remuneration across MSM Group Detailed of the Report on Nomination and Remuneration Committee is set out on pages 115 to 118 of this Annual Report.
Investment Committee Chairman: • Datuk Lim Thean Shiang Members: • Dato' Mohd Emir Mavani Abdullah • Dato' Zainal Haji Ismail	• Reviewing annual business plans and budgets for recommendation to the Board • Reviewing investment in sugar midstream (sugar refinery) and downstream (consumer products) activities only • Evaluate proposals on new investments and divestments of significant value to ensure consistency with MSM Global Strategy and the returns in excess of a hurdle rate adjusted for risk and performance premium • Approving investments up to a prescribed amount as determined by the Board from time to time, beyond which a recommendation will be made to the Board • Reviewing financial investment portfolios of the Company. This includes and is not limited to the existing and new merger & acquisitions, new partnerships, divestments and large capital expenditure projects • Oversee current and future capital and financial resource requirements and monitor the fund raising activities of the Group • Conduct the annual performance evaluation of the Group's investment activities • Reviewing the foreign exchange and raw sugar hedging policies and procedures

STATEMENT ON CORPORATE GOVERNANCE

Committee	Key Responsibilities
Investment Committee (Continued)	The Committee had 5 meetings in 2015 and summary of matters discussed among others are: • Toll Manufacturing Model • Incorporation of a trading company in Dubai • Purchase of an office space at Dubai Multi Commodity Centre • Land lease at Tanjung Langsat Industrial Complex, Pasir Gudang Johor • Construction of new Sugar Refinery in Tanjung Langsat Industrial Complex, Pasir Gudang, Johor
Board Governance & Risk Management Committee Chairman: • Datuk Lim Thean Shiang Members: • Dato' Mohd Emir Mavani Abdullah • Dato' Hajjah Rosni Zahari (appointed as member with effect from 1 March 2016 replacing YB Datuk Noor Ehsanuddin Mohd Harun Narrashid)	To direct and oversee the formulation of a structured mechanism to inculcate a strong governance, ethical, integrity and risk management culture which include the following areas: **(i) Governance** • Direct and oversee the formulation of governance framework, programs and policies • Review reports on status and availability of procedures • Monitor status and progress of formulation and implementation of the related governance framework, blueprints and policies **(ii) Ethics & Integrity** • Oversee and maintain the Code of Ethics & Conduct and Code of Business Practice (Board and Board Committees) • Oversee and maintain the Code of Ethics & Conduct **(iii) Risk Management** • Direct and oversee the formulation of the overall enterprise risk management framework and strategies • Report, advise and recommend to the Board the overall risk appetite, tolerance, strategy on managing business risks, key business risks The Committee had 4 meetings in 2015 and summary of matters discussed among others are: • Policies & procedures for the trading company incorporated in Dubai • Terms of Reference for Management of Governance, Risk Management & Compliance Committee • Revised of Board Charter and Board Committees' Terms of Reference • Revised Group Finance Policies and Procedures Manual • Procurement Policies and Procedures • Statement on Risk Management and Internal Control and Statement on Corporate Governance for inclusion in the 2014 Annual Report • Revised Group Related party Transaction (RPT) and Recurrent Related party Transaction (RRPT) Policies & Procedures • Revised of the Discretionary Authority Limits • Group IT Policies & Procedures • Group Risk Register Quarterly Report

The full details of the respective Board Committees' Terms of Reference are published in the Company's corporate website at www.msmsugar.com.

Number of meetings held and attendance of the respective Board Committees in year 2015 are set out on page 96 of this Annual Report.

COMPANY SECRETARIES

The Board is supported by suitably qualified and competent Company Secretaries who have prerequisite qualifications and experience. The Company Secretaries are responsible to advise the Board on updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of the Directors, their impact and implication to the Company, including fiduciary duties and responsibilities, ensuring the Board procedures are adhered to as well as assisting Chairman in relation to corporate governance matters and ensuring compliance by the Company with its legal and regulatory requirements.

The Company Secretaries are also responsible to organise and attend all Board and Board Committee meetings, ensure meetings are properly convened; accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company; and produced for inspection, if required. All Directors have unrestricted access to the advice and services of the Company Secretaries to facilitate the discharge of their duties. The removal of the Company Secretaries is a matter for the Board to decide.

The full profiles of the Company Secretaries are found on page 81 of this Annual Report.

INSIDER TRADING

In line with the MMLR and the relevant provisions of the Capital Markets and Services Act 2007, Directors, Key Management and Principal Officers of the Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge, which have not been publicly announced. Notices on the closed period for trading in MSM shares are circulated to Directors, Key Management and Principal Officers who are deemed to be privy to any price sensitive information and knowledge, in advance of whenever the closed period is applicable.

CONFLICT OF INTEREST

It has been the practice of the Company to require members of the Board to make declarations at the Board meeting in the event they have interests in the agenda proposals being considered by the Board, including where such interest arises through close family members, in line with various statutory requirements on the disclosure of Director's interest. Any interested Directors shall abstain from deliberations and decisions of the Board on the subject proposal and, where appropriate, excuse themselves from being physically present during such deliberations.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company acknowledges the importance of maintaining transparency and accountability to its shareholders and investors as good corporate practice. In this respect, the Company continues to strive to keep a high standard in providing relevant and pertinent information on the development of the Group and to ensure that not only the regulatory requirements are met but also the interests of other stakeholders are being addressed. In this regards, in ensuring fairness and promoting greater transparency in its communication to the market, the Company places strong emphasis on the importance of timely and equitable dissemination of information.

The Board has developed and adopted, a Corporate Disclosure Policy stipulating the proper framework and guidelines to govern the release of material and sensitive information to protect the public and the shareholders from any misleading information. The Corporate Disclosure Policy also regulates the review and release of information to the stock exchange as well as through the Company's website, facilitating timely and accurate disclosure of the Company's affairs.

The Company communicates with its shareholders and stakeholders through the following channels of communication:

STATEMENT ON CORPORATE GOVERNANCE

Annual General Meeting (AGM)

The Company's AGM, scheduled not later than 30th June each year, is the primary platform for communication with the widest range of shareholders. The AGM provides a useful forum for shareholders to engage directly with the Company's Directors and Senior Management and also the avenue for shareholders to raise questions pertaining to all affairs of the Company. In this regard the Chairman, subject to the line of questions and relevance, answers as many questions as possible raised at the AGM.

The Chairman, at the commencement of a general meeting, informs shareholders of their right to vote by poll. Poll voting on Related Party Transactions has now been made mandatory by the MMLR. While the media representatives do not attend the AGM proceedings, a media conference will be held immediately after the AGM where the Chairman, the President/Group CEO. Deputy Chief Executive Officer and the Chief Financial Officer would update the media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media to their satisfaction. Results of all resolutions are also announced on the same day via Bursa LINK.

Annual Report

The Annual Report is a main channel of communication between the Company and its stakeholders. The Annual Report provides information on MSM's business, financial and other key activities, which contents are continuously enhanced taking into account developments in areas like corporate governance. In this regard, the Board places great importance on the contents of the Annual Report to provide information, as comprehensive as possible and for the Annual Report to become the main source of reference for pertinent information concerning the Group. An online version of the Annual Report is also available on MSM's corporate website.

Announcement to Bursa Securities

The Company makes announcement of quarterly financial results, circulars and various announcements to Bursa Securities to provide stakeholders with key information which affects their decision making, thus enhancing the level of transparency. Announcements released to Bursa Securities are subject to review and approval by the Board as applicable. In many instances, announcements are also reviewed by external advisors to ensure that the contents are not only accurate but the relevant information included has taken into consideration disclosure requirements and market perspectives.

Corporate Website

The Company's corporate website has become a key communication channel to reach its shareholders and the general public. Financial results, Annual Reports, Bursa Securities announcements, corporate presentations and other information on the Company are published on the Company's corporate website. The presentation slides for the research analyst briefings and the press releases are also made available to the public via Company's corporate website, www.msmsugar.com.

Media Releases

Media releases are made to the media on all significant corporate developments and business initiatives. Media releases are subject to approval by the President/Group CEO and whenever necessary, also released to Bursa Securities to increase the visibility of media releases.

Press conferences and an analysts' briefings are held concurrently with the release of the quarterly results to Bursa Securities. This will provide opportunity for regular dialogues between the fund managers and research analysts with the President/Group CEO and other Senior Management officers of the Company. During the briefing, analysts will have the opportunity to ask and obtain further insights into the Group's results and operations for the period under review. These briefings will facilitate the research analysts to produce their analysis and reports so that these may be made available to investors and the media in a timely manner.

Investor Relations (IR)

The President/Group CEO, the CFO and the IR unit regularly engage with the investing community through conferences, non-deal road shows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders to provide updates on the Company's quarterly financial performance, as well as attend to queries on strategic matters, regulatory issues or any changes in operating environment which may impact the Group's performance.

To understand the views and opinions of our shareholders outside of AGM, we provide a platform in our website at www.msmsugar.com that contains IR contact details and feedback/enquiries form.

DIVIDEND POLICY

The Company presently adopts a dividend pay-out ratio of at least 50 percent of the Company's profits after taxation attributable to shareholders excluding non-recurring income. The dividend policy also takes into consideration the level of cash, gearing, return on equity and retained earnings, expected financial performance, projected levels of capital expenditure and other investment plans and working capital requirements, general financial condition, contractual obligations and other factors considered relevant by the Board.

As the Company is an investment holding Company, its income and its ability to pay dividend is dependent upon the dividends received from its subsidiaries, which in turn would depend on the subsidiaries' distributable profits, operating results, financial condition, capital expenditure plans and other factors deemed relevant. Whilst the dividend policy reflects the Board's current views on the Group's financial and cash flow position, the dividend policy will be reviewed from time to time. It is the policy of the Board, in recommending dividends, to allow shareholders to participate in the Company's profit, as well as to retain adequate reserves for future growth.

In this regard, and consistent with the Company's dividend policy, for the FY2015, the Company has paid a single tier interim dividend of 12 sen per ordinary share on 29 December 2015 and the Board is seeking its shareholders' approval at the forthcoming AGM for payment of a final single tier dividend of 14 sen per ordinary share.

FINANCIAL REPORTING

The Board ensures that shareholders are presented with a clear, balanced and comprehensive of the Group's financial performance and prospect through the audited financial statements, quarterly announcement of results, the Chairman's Statement, the Group CEO's Business Review in the Annual Report as well as corporate announcements on significant developments affecting the Company in accordance with the MMLR. The Audit Committee reviews financial statements and the quarterly announcement of results in the presence of external auditors before recommending the same for the Board's approval. Accurate and reliable financial statements are a key outcome of a sound system of internal control and the Audit Committee considers the following on a regular basis:

- Changes in accounting policies and practices, and implementation thereof.
- Significant adjustments arising from the external audit process.
- Going concern assumption.
- Adequacy and appropriateness of disclosure.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent adjustment and estimates.

Accounting and finance staffs on an ongoing basis have to attend trainings to enrich their knowledge, keep abreast of the development in the accounting standards and drive for high quality financial reporting.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING AUDITED FINANCIAL STATEMENTS

The Companies Act, 1965 requires the Directors to prepare financial statements for each financial year in accordance with the applicable approved accounting standards and places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company and its financial performance and cash flows for the financial year ended. The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report on pages 128 to 131 and the Financial Statements set out on pages 135 to 198 of this Annual Report.

INTERNAL CONTROL

The Board recognises that the ultimate responsibility for ensuring the Group's sound internal control system and reviewing its effectiveness lies with the Board, in order to protect the Group's assets and the Company's shareholders investments. The Statement on Risk Management and Internal Control which provides an overview of the state of internal control within the Group is set out on pages 109 to 113 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

WHISTLEBLOWING

MSM had established, on 22 February 2013, a Whistleblowing Policy to maintain the highest standard of ethics and legal conduct within the Group. The main objectives of this Whistleblowing Policy are:

(i) To provide avenues for employees to disclose any acts of wrongdoing.
(ii) To assure the employees that they will be protected from reprisals, discrimination or victimisation for whistleblowing in good faith.
(iii) To provide a formal mechanism for action on all reports made.

The Whistleblowing Policy allows the reporting individual to report on alleged unethical behaviour within the Group such as, but not exhaustive to, the following:

- Malpractice, impropriety, fraud and embezzlements.
- Misappropriation of assets and funds.
- Criminal breach of trust.
- Illicit and corrupt practices.
- Questionable or improper accounting.
- Misuse of confidential information.
- Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies.
- Breaches of any rules, regulations, policies and procedures of the Group.
- Attempts to deliberately conceal any of the above or other acts of wrongdoing.

The reporting individual is encouraged to report all concerns in a written letter to any of the identified individuals or through e-Alert form on FGV Group's website and alert@feldaglobal.com.

The complaints made through FGV Group's website and alert@feldaglobal.com are administered by FGV Group Governance Division. All reports or complaints received will be treated with strict confidentiality. Although the Company will treat every report it receives seriously, action may also be considered against the whistleblower if the report is found to be untrue, false, malicious, mischievous, vexatious or reckless allegations.

RELATED PARTY TRANSACTIONS AND RECURRENT RELATED PARTY TRANSACTIONS

The Company had established its Related Party Transactions and Recurrent Related Party Transactions Policies and Procedures Manual in April, 2013 (RPT & RRPT Policy). The objectives of this RPT & RRPT Policy are as follows:

(1) To set out the framework for the identification, monitoring, evaluation, reporting and approval of Related Party Transactions and Recurrent Related Party Transactions of the Group.

(2) To put in place the guidelines and processes to ensure that Related Party Transactions and Recurrent Related Party Transactions are undertaken on terms not more favourable to the Related Parties than generally available to the public, and are not detrimental to the minority shareholders and in the best interest of the Group.

The Company had sought its shareholders' mandate at the previous AGM in 2015 for Recurrent Related Party Transactions of revenue or trading nature. At the forthcoming AGM, the Company will seek shareholders' mandate for Recurrent Related Party Transactions of revenue or trading nature. The details of the Recurrent Related Party Transactions requiring shareholders' mandate are provided in the Circular to Shareholders which will be sent together with the Annual Report.

EXTERNAL AUDITORS

The Board is aware of the potential conflict of interest situation that may arise if the Company's external auditors are engaged to provide other non-audit services to the Group.

The Audit Committee procures a written confirmation from the external auditors that the auditors are, and have been, independent throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements and in accordance with the internal policy on external auditor. The external auditors also provide a written confirmation that they have reviewed the non-audit services provided to the Group during the year.

The Company's relationship with the external auditors is primarily maintained through the Audit Committee and the Board. The key features underlying the Audit Committee's relationship with the external auditors are detailed in the Report on the Audit Committee on pages 119 to 122 of this Annual Report.

The Company's Annual Report also disclosures fees received by the external auditors for non-audit work.

CORPORATE INTEGRITY

Through the execution of integrity initiatives by FGV Group, i.e. Code of Ethics & Conduct, Code of Business Practice, Gift Policy, Corporate Integrity Pledge, MSM is committed to uphold the integrity principles and strive towards creating a business environment that is free from corruption in the conduct of its business and in its interactions with its business partners and the authorities.

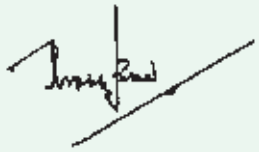
SUSTAINABILITY

MSM Group manages its business responsibly by managing the environmental, social and governance aspects of its operations and committed to all three principles of sustainability i.e. people, planet and profit (triple bottom line). MSM has always encouraged balance between its triple bottom line and its role as a responsible corporate citizen whilst approaching it from the four dimensions of marketplace, community, workplace and environment.

STATEMENT BY THE BOARD

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors duly passed on 31 March 2016.

On behalf of the Board



YB TAN SRI HAJI MOHD ISA DATO' HAJI ABDUL SAMAD
Chairman

TRAINING PROGRAMME ATTENDED BY DIRECTORS

The Company Secretaries received regular updates on training programmes from various organisations including regulators. These updates were circulated to all Directors for their consideration.

During the financial year under review, individual Board members have participated in the following external training courses and seminars as to keep them updated on the latest developments and to enhance their knowledge:

Month/Year	Topics	Organiser
January 2015	• World Economic Forum Annual Meeting 2015	World Economic Forum
	• Biomass Supply Chain & Biofuels Worlds, Jakarta	Centre for Management Technology
February 2015	• 11th Annual Kingsman Dubai Sugar Conference	PLATTS McGRAW HILL FINANCIAL
	• Gulfood Dubai 2015	Dubai World Trade Centre
	• Leadership Team Boot Camp, Putrajaya	Human Capital Development, FGV
March 2015	• Audit Committee Conference 2015	Malaysian Institute of Accountants (MIA) & Institute of Internal Auditors (IIA)
	• Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies (Pursuant to Paragraph 15.08 of MMLR)	Bursa Malaysia
	• Bursa Malaysia Palm & Lauric Oils Price Outlook Conference & Exhibition (POC 2015)	Bursa Malaysia
April 2015	• Seminar Perladangan 2015	Felda Global Ventures Plantations (Malaysia) Sdn Bhd
May 2015	• 9th ISO Datagro Sugar & Ethanol Conference	Datagro
	• 3rd Cranfield Global Leadership Programme	Cranfield University
August 2015	• 21st Asia International Sugar Conference	ED&F Man
	• 3rd Oleochemical Outlook Conference	Centre of Management Technology
	• Seminar Kepimpinan dan Strategik Pengurus	Institut Semarak FELDA (ISEF)
September 2015	• Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies (Pursuant to Paragraph 15.08 of MMLR)	Bursa Malaysia
	• 2015 National Conference on Governance, Risks and Control – Gearing for Innovation	Institute of Internal Auditors (IIA)
October 2015	• MIA International Accountants Conference 2015 – Today's Synergy, Tomorrow's Reality	Malaysian Institute of Accountants (MIA)
November 2015	• 13th Annual Roundtable Conference on Sustainable Palm Oil	Roundtable on Sustainable Palm Oil (RSPO)
	• 11th Indonesian Palm Oil Conference & 2016 Price Outlook	Indonesian Palm Oil Association (GAPKI)
December 2015	• Cooking the Books: The Malaysian Recipe of Financial Fraud	Bursa Malaysia
	• Enforcement of Latest Bursa Revamp Listing Requirements	Smart Business Consulting
	• National Seminar on Trans Pacific Partnership Agreement	Federation of Public Listed Companies Bhd (FPLC)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

IN ACCORDANCE WITH PARAGRAPH 15.26 (B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD, THE BOARD OF DIRECTORS OF LISTED COMPANIES IS REQUIRED TO INCLUDE IN THEIR ANNUAL REPORT, A "STATEMENT ABOUT THE STATE OF INTERNAL CONTROL OF THE LISTED ISSUERS AS A GROUP". IN ADDITION, THE REVISED MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 ISSUED BY SECURITIES COMMISSION MALAYSIA REQUIRES THE BOARD TO ESTABLISH A SOUND RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM. THE BOARD OF DIRECTORS IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT THAT IS PREPARED IN ACCORDANCE WITH THE "STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED ISSUERS" ENDORSED BY BURSA SECURITIES WHICH OUTLINES THE NATURE AND SCOPE OF THE RISK MANAGEMENT AND INTERNAL CONTROL OF THE GROUP DURING THE FINANCIAL YEAR UNDER REVIEW.

RESPONSIBILITY AND ACCOUNTABILITY

The Board acknowledges its overall responsibility in the establishment and overseeing the MSM Group's risk management framework and internal control system. The Board is fully committed to ensure the existence of an effective risk management framework and internal controls system within the Group and continuously reviews and evaluates the effectiveness and adequacy of these systems. However, the Board recognises that such systems are designed to manage and reduce, rather than eliminate, the risks identified to an acceptable level of risk appetite. The internal controls system by its nature is designed to manage key risks that may hinder the achievement of the Group's business objectives within an acceptable risk appetite. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

To facilitate the Board's discharge of its responsibility and oversight role in risk management and internal control, the Board is assisted by the following Committees:

- Board Governance & Risk Management Committee ("BGRMC") – Overseeing the risk management and governance aspects of the Group.
- Audit Committee ("AC") – Assessing the risk management, control and governance aspects of the Group.
- Investment Committee ("IC") – Oversee that all investments are aligned to the Group's objectives and plans.

These Board Committees are empowered by clearly established and approved terms of reference which cover the abovementioned responsibilities.

RISK MANAGEMENT APPROACH

Risk management is an integral part of the Group's organisational process with the objective of maintaining a sound internal control system and ensuring its continuing adequacy and integrity.

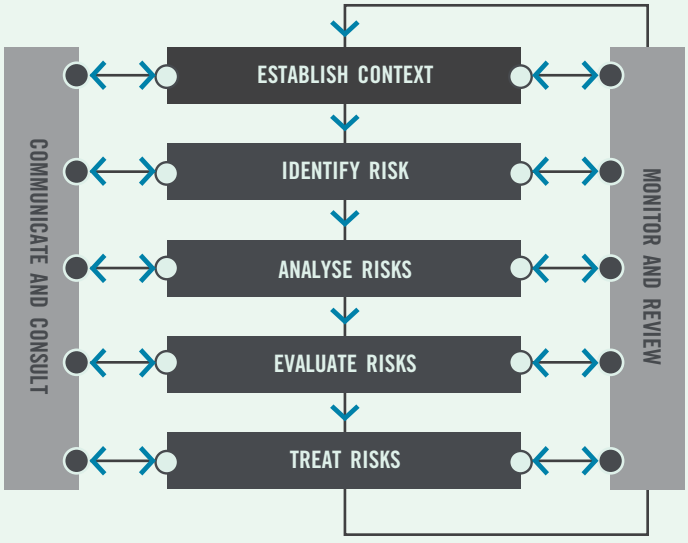
The function for the Group is spearheaded by the MSM Head of Risk. The MSM Head of Risk is supported by the Subsidiaries Risk Champions and Risk Owners. The Subsidiaries Risk Champions are individuals nominated as representatives of the respective subsidiaries, to coordinate with the Subsidiaries Risk Owners in identifying, evaluating, managing and monitoring their respective key risks. They are also tasked with ensuring that implementation of the action plans effectively mitigate the risks identified. The report on key risks facing the Group was presented to the Board Governance & Risk Management Committee and subsequently to Board on a quarterly basis. The Group Risk Management Division of FGV oversees and coordinates the overall risk management activities within the Group. An overview of the Group's risk management framework is depicted as below:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Group has adopted Risk Management policies and procedures which are consistent with ISO 31000 Risk Management Standard, developed to aid the undertaking their risk management responsibilities.

The process of risk management adopted by the Group is illustrated as below:



Key Risk Management Activities For 2015

Key risk management activities undertaken during the financial year under review were as follows:

Quarterly Reporting of Enterprise Risk

Key enterprise risks were reported every quarter to the BGRMC. All corporate centres and subsidiaries within the Group update the Risk Registers through an Enterprise Risk Management System, which is reported to the BGRMC by the MSM Head of Risk.

Development of Risk Management Culture and Awareness

Enterprise Risk Management awareness and training sessions were held for targeted groups as below. This is to instil the importance of strong and effective risk management culture within the Group.

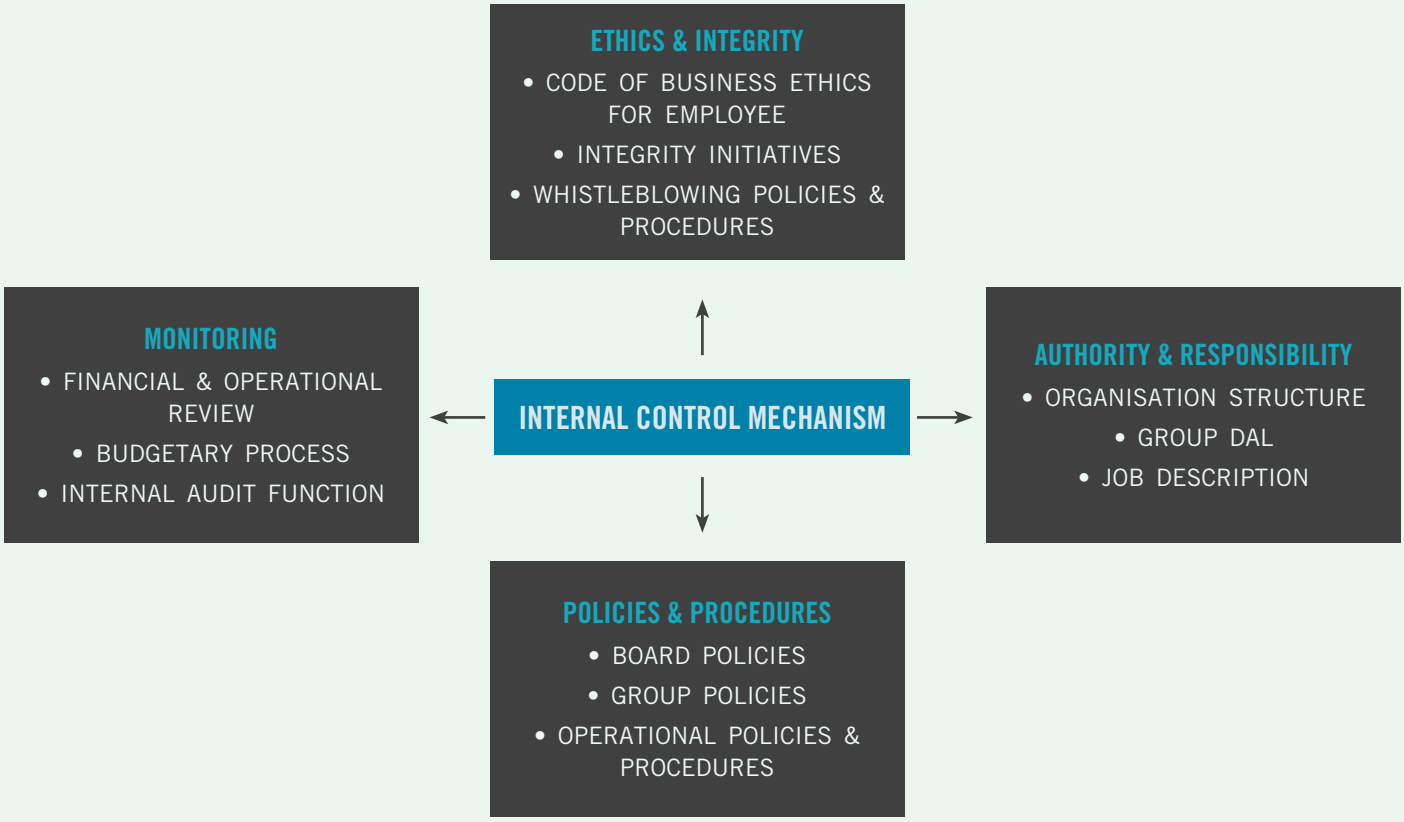
Subsidiary (Location)	Date of training
MSM Holdings Berhad (Menara Felda, Kuala Lumpur)	13 January 2015
MSM Holdings Berhad (Menara Felda, Kuala Lumpur)	16-18 March 2015
MSM Holdings Berhad (Menara Felda, Kuala Lumpur)	21 April 2015
MSM Prai Berhad (Prai, Penang)	9 July 2015
MSM Perlis Sdn Bhd (Chuping, Perlis)	10 August 2015
MSM Logistics Sdn Bhd (Jalan Sultan Ismail, Kuala Lumpur)	13 October 2015
MSM Holdings Berhad (Menara Felda, Kuala Lumpur)	17 November 2015

Risk Management Audit

Risk Management Audits were undertaken by FGV Group Risk Management Division to ensure relevant and effective risk reporting.

INTERNAL CONTROL FRAMEWORK

The Group manages its risks by implementing various internal control mechanisms. The key elements of the Group's internal control mechanisms are as follows:



1. Ethics and Integrity

a. Code of Business Ethics for Employees

The Group has a Code of Business Ethics for Employees (the Code), which sets out the principles to guide its employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. The Code covers areas such as compliance, conduct in the workplace, grievance and disciplinary policy and procedure, confidentiality and conflict of interest. The Code was incorporated in the MSM's Group Employee Handbook established on 1 September 2014.

b. Integrity Initiatives

Integrity initiatives was undertaken by the FGV Group Governance Division which extended to all FGV Group of Companies including MSM Group. The Group is committed to enhance its business environment by emphasising on transparency, integrity and good governance. In 2015, MSM has participated in the Integrity Awareness road show tour program through Jelajah Integriti which was attended by 41 staff from MSM.

c. Whistleblowing Policy and Procedures

The Group has a Whistleblowing Policy and Procedures that serves as an official channel for its employees to raise their concerns in a secure and confidential manner. Details of the Whistleblowing Policy are stated in the MSM's Statement on Corporate Governance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2. Authority and Responsibility

a. Organisation Structure

The Group has a comprehensive organisational structure which organises business operations. The organisational structure provides clear lines of reporting, authority and segregation of duties, which promotes ownership and accountability and delegated authority for planning, executing, controlling and monitoring of business operations. The organisation structure is reviewed on a regular basis to incorporate any emerging business needs.

b. Group Discretionary Authority Limit (DAL)

Consistent with the spirit of continually enhancing internal controls, the Group DAL was reviewed and updated to promote organisational efficiency while ensuring that it is aligned with the Board's risk appetite.

c. Job Description

Each role in the organisation structure is supported by clear description of the job responsibilities which are linked to the vision and goals of the Group. With clarity of responsibilities and relationships between functions, collaboration across the Group is enhanced to move the Group towards operational efficiency.

3. Policies and Procedures

Policies and Procedures are designed to manage risks and ensure compliance to related requirements of the Group's operations. New policies are formulated as business needs or risks arise and to support implementation of proper governance of MSM Group. They are reviewed periodically to remain effective and relevant to the Group's business activities as it continues to grow and transform locally and across borders. The Group's policies are categorised as follows:

Board Policies

Board level policies comprise Board Charters, Terms of References of Board Committees and related supporting policies that ensures proper working of the Board in the handling of risk and control matters of the Group. These are explained in further detail in the Statement on Corporate Governance.

Group Policies

Group Policies refer to high level policies that are aligned or adapted from FGV Group's policies and relate to major risks of MSM Group. These are applicable throughout MSM Group. Examples of these are (mention any that has been adopted).

The following are the new policies and procedures that were established and subsequently endorsed by BGRMC and approved by the Board in 2015:

- Group Information Technology

Operational Policies and Procedures

Operational Policies and Procedures are localised for specific operations of support function or subsidiary within MSM Group. The following are the new policies and procedures that were established and subsequently endorsed by BGRMC and approved by the Board in 2015:

- MSM Perlis Sdn Bhd (Plantation Division)
- MSM Trading International DMCC Raw/Refined Sugar Trading Policy

4. Monitoring

a. Financial and Operational review

The Group presents its financial statements to the AC for review each quarter before the same is tabled to the Board for approval and subsequent announcement to Bursa Malaysia. The quarterly review enables the AC to deliberate and assess the Group's financial results, operational performance and variances against budget to enable them to monitor and contribute towards improving the performance of the Group.

b. Budgetary Process

The Group performs an annual budgeting and forecasting exercise, including the development of business strategies and establishment of Key Performance Indicators ("KPI") of the Group. The KPI includes the respective performance of business segments and companies within the Group which can be measured and evaluated. A detailed operating and capital expenditure requirement is tabled to the Board for approval prior to the commencement of a new financial year. The approved key parameters on various business segments are then converted into KPIs for the purpose of performance measurement and evaluation.

c. Internal Audit Function

The Group engages the services of the Group Internal Audit of its holding company, FGV, for its internal audit function. The Group refers to recommendations from reports of Group Internal Audit for improvement in its internal control system. The full report on the internal audit activities for the Group is included in the Report on the Audit Committee on pages 119 to 122.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad, MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

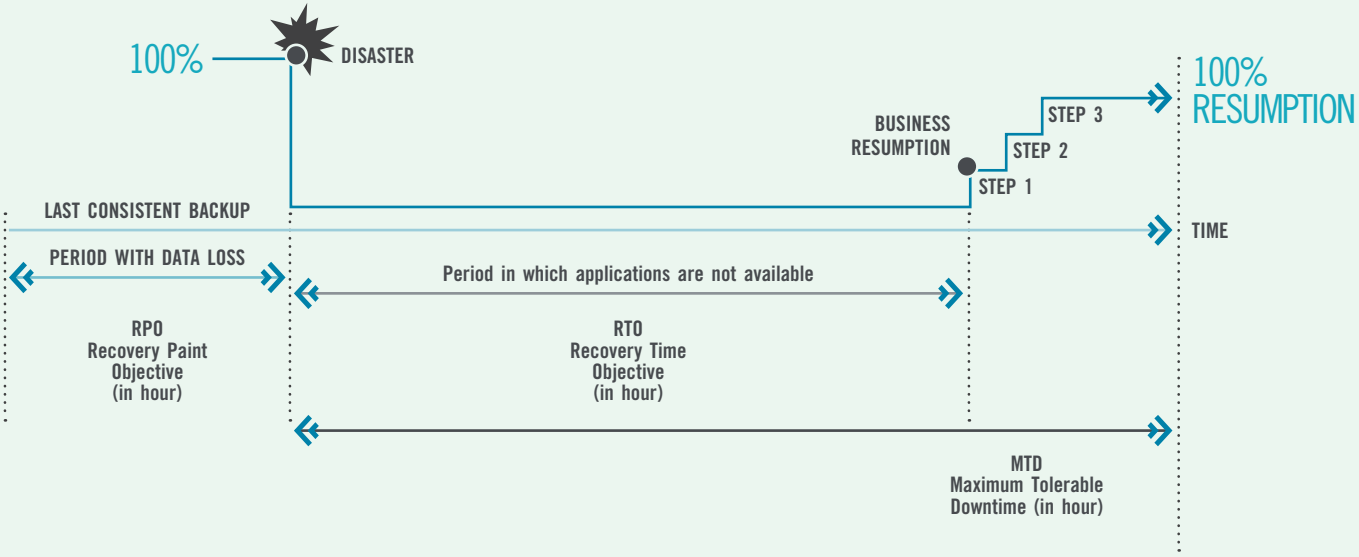
Based on the processes and measures undertaken by the Board and its Committees during the financial year and up to the date of this report and assurance provided by the President/Group CEO and CFO, the Board is of the view that the risk management framework and internal controls system as described in this Statement is sound and effective to safeguard the shareholders' investment and the Group's assets.

This Statement is made in accordance to the resolution of the Board dated 23 February 2016.

BUSINESS CONTINUITY MANAGEMENT (BCM)

Business Continuity Management documentation is prepared to support the Group to have an effective response and a fast recoving plan from the significant unexpected events. It includes Business Continuity Plan, Business Impact Analysis and Risk Assessment were reviewed to maintain robust plans to protect the interest of the stakeholders.

Business Continuity Management process is illustrated as below.



Additionally, BCM Testing has been conducted at the subsidiaries as below:

Subsidiary (Location)	Date	Type of Testing	Status
MSM Perlis Sdn Bhd (Chuping, Perlis)	26 August 2015	Terrorist Attack	Successful
MSM Malaysia Holdings Berhad (HQ)	31 December 2015	Network Failure	Successful

CORPORATE INTEGRITY

MSM GROUP IS COMMITTED TO A CULTURE OF INTEGRITY. THE CODE OF ETHICS & CONDUCT AND CODE OF BUSINESS PRACTICE LAUNCHED BY FGV GROUP SET OUT THE PRINCIPLES OF BUSINESS PRACTICES TO BE OBSERVED, ADOPTED AND EMBEDDED IN ALL OPERATIONS AND BUSINESSES OF MSM AND ITS GROUP OF COMPANIES. THIS IS TO ENSURE THAT MSM GROUP CONDUCTS ITS BUSINESSES GLOBALLY IN COMPLIANCE WITH LAWS AND ETHICAL VALUES.

Through the introduction and execution of integrity initiatives by FGV Group i.e. Code of Ethics & Conduct, Code of Business Practice, Gift Policy, Corporate Integrity Pledge, MSM Group a subsidiary of FGV Group commits to:

- Adhere to all set of laws, policies, procedures, rules, regulations and guidelines;
- Perform to our best ability at 'global standards' whilst continuously improving the quality of our products and services;
- Deliver products and services to customers as pledged;
- Take pride in contributing towards MSM's success;
- Uphold FGV's core values PRIDE (Partnership, Respect, Integrity, Dynamism and Enthusiasm); and
- Adopt an open and honest attitude in all aspect.

REPORT ON THE NOMINATION AND REMUNERATION COMMITTEE

THE BOARD BELIEVES THAT THE CURRENT NOMINATION AND REMUNERATION COMMITTEE'S ("THE COMMITTEE") COMPOSITION PROVIDES THE APPROPRIATE BALANCE IN TERMS OF SKILLS, KNOWLEDGE AND EXPERIENCE TO PROMOTE THE INTERESTS OF ALL SHAREHOLDERS AND TO MEET THE NEEDS OF THE GROUP.

THE BOARD IS PLEASED TO PRESENT THE REPORT ON NOMINATION AND REMUNERATION COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015.

COMPOSITION AND MEETINGS

Members	Appointed	Attendance
Dato' Zainal Haji Ismail	March 2011	11/11
Dato' Hajjah Rosni Haji Zahari	March 2011	11/11
Dato' Rosini Abd Samad	May 2015	6/6

The Nomination and Remuneration Committee comprises of exclusively of Non-Executive Directors and all its members are Independent Directors. The composition of the Committee complies with both requirements of the MMLR and the Code.

The Committee had held a total of 11 meetings throughout the year 2015. Out of the total, 5 meetings are unscheduled meetings of which among others discussing matters on bonus and increment payment for staff and Management and appointment of new directors.

SUMMARY OF THE TERMS OF REFERENCE (TOR) OF THE NOMINATION AND REMUNERATION COMMITTEE

Purpose

The purpose of the Committee, which is set under the Listing Requirements, is to assist the Board in fulfilling its roles and responsibilities in regards to the following:

1. Composition of the Board, the Board Committees, the directorship in the Group and the Group's Top Management
2. Nomination and election process and appointment and re-appointment/re-election process
3. Contribution and commitment of Directors
4. Letter of appointment
5. Induction and continuing education programmes
6. Board Assessment
7. Succession Planning
8. Remuneration matters (Remuneration Policy)
9. Remuneration of the President/Group CEO and the Executive Director(s)
10. Remuneration of the Group's Top Management
11. Other general remuneration across the MSM Group

The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision making relation to the functions and duties of the Committee.

Authority

The Board authorises the Committee, within the scope of its duties and responsibilities set out in this TOR to:

1. Perform the activities required to discharge its responsibilities within its TOR and make relevant recommendations to the Board
2. Acquire the resources which are required to perform its duties
3. Have full and unrestricted access to information pertaining to the Group, their records, properties and personnel
4. Obtain independent professional advice, as it deem necessary, to assist the Committee in the proper discharge of its roles and responsibilities, at the expense of the Company. In the event the Committee retains any such consultant, the Committee shall have the authority to approve their appointment and such consultant's fees and other retention terms in accordance with the delegation of authority of the Committee
5. Meet exclusively among itself, whenever deemed necessary

REPORT ON THE NOMINATION AND REMUNERATION COMMITTEE

Key Responsibilities and Duties

The Committee's key responsibilities among others are summarised as below:

1. **Composition of the Board, the Board Committees, and all directorship in the Group**

   The Committee shall review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, the Board Committees and all directorship in the Group with a view to determine the impact of the number of Directors upon the Board's the Board Committee's and Group's effectiveness and recommend to the Board on any improvements to be made.

2. **Employment Contracts**

   The Committee shall review and recommend to the Board for its approval:

   a. The appointment of Executive Directors and Top Management within the Group;

   b. The extension of contracts of the President/Group CEO, the Executive Director, the Group's Top Management and any other person the Board determines;

   c. Any matters relating to the continuation in office including the suspension or termination of services of the President/Group CEO, the Executive Director (s), the Group's Top Management and any other person the Board determines subject to the provision of the laws and their service contracts

3. **Appointment/re-appointment/re-election process and its criteria**

   The Committee shall recommend to the Board for its approval, candidates for the Board, the Board Committees, including the Chairman of the Board Committees and all directorships in the Group. In making the recommendations, the Committee also consider candidates proposed by the Chairman of the Committee and, within the bounds of practicality, by any Director or shareholder.

   The Committee also consider the prospective Director's character, experience, competence, integrity and time commitment, as prescribed by Paragraph 2.20A of the MMLR as well as the following factors:

   a. skills, knowledge and experience;

   b. contribution and performance;

   c. character, professionalism and integrity;

   d. number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution;

   e. in the case of candidates for the position of Independent Director, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors; and

   f. prior to the appointment, the prospective Director shall be required to disclose any other business interest that may result in a conflict of interest.

   The Committee also review and make recommendation to the Board for its approval, candidates for the President/ Group CEO, and the Group's Top Management.

4. **Contribution and commitment of Directors**

   The Committee shall set out and communicate the expectations of Directors regarding the level of contribution and time commitment expected of them, and obtains this commitment in writing including an indication of time that shall be spent on an appointment, from the Directors.

5. **Induction and continuing education programmes**

   The Committee shall recommend to the Board and facilitate appropriate education programmes for newly appointed Directors and existing Directors.

6. **Board Assessment**

   a. Assess the necessary and desirable core competencies of Directors so that an appropriate balance of skills, experience, expertise and diversity is maintained and that the Board is able to discharge its responsibilities effectively.

   b. Assess, on an annual basis, the effectiveness of the Board as a whole, the individual Directors, the independence of the Independent Directors, the Board Committees and the contribution of each individual Director, including the President/Group CEO and maintain proper documentation of such assessment;

c. Assess the findings of the Board Assessment and devise the appropriate action plans to be taken to address any gaps identified from the Board Assessment process and table to the Board for its review and approval;

d. Review, on an annual basis, the independence of Independent Directors, at a minimum, with reference to the definition of "Independent Director" as stipulated by Paragraph 1.01 of the MMLR. The tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

7. Succession Planning

The Committee shall review and oversee the development of a succession planning framework for the Board members (including positions in Board Committees), the President/Group CEO, the Subsidiary Boards and the Group's Top Management.

8. Remuneration Matters

The Committee shall review the remuneration matters including the policies related to remuneration of the President/Group CEO and Executive Director(s), Non-Executive Directors and Group's Top Management.

COMMITTEE'S PERFORMANCE

The Board shall evaluate annually the Committee's performance and extent to which the Committee has met the requirements of its Terms of Reference, including the terms of office and performance of the Committee and each of its members. This performance assessment may constitute a part of the annual Board Effectiveness Assessment, pertaining to the assessment of Board Committees.

The full details of the Nomination and Remuneration's Terms of Reference are published in the Company's corporate website at www.msmsugar.com.

ACTIVITIES OF THE NOMINATION AND REMUNERATION COMMITTEE DURING THE YEAR

Board Composition

The Committee reviewed and recommended two new directors namely Dato' Rosini Abd Samad, Independent Director and Datuk Hanapi Suhada, Non-Independent Director, nominated by KPF, our major shareholder. Dato' Rosini Abd Samad was appointed as the Chairman Audit Committee on 7 January 2015.

She was later appointed as member of Nomination and Remuneration Committee on 26 May 2015.

In December 2015, the Committee recommended for the redesignation of YB Datuk Noor Ehsanuddin Mohd Harun Narrashid to Non-Independent Director upon receiving a nomination letter from FGV on his appointment as FGV's representative in MSM.

Bonus Payout for the Financial Year 2014, annual 2015 salary increment and salary adjustment

The Committee reviewed and recommended the 2014 Bonus Payment and annual 2015 salary increment.

Promotion of MSM Senior Management Team

The Committee reviewed and recommended the promotion of MSM senior management team after taking into accounts the mid-year review exercise concluded by the HR Department in July 2015. The promotion is in line with the HR Harmonisation exercise that streamlines the performance management process across the MSM Group of Companies.

Salary market adjustment

The Committee reviewed and recommended for salary adjustment based on the findings of external salary benchmarking particularly for staff being paid below market median.

REPORT ON THE NOMINATION AND REMUNERATION COMMITTEE

Assessment of the Effectiveness of the Board, Board Committees and Individual Directors including assessment of the Independent Directors

For 2015, performance evaluations of the Board, Committees and Individual Directors were carried out externally, as recommended by the Committee. The evaluation considered independence, conflicts of interest, balance of skills, knowledge of the Company and diversity. Further details of the evaluation can be found on pages 76 to 80 of this Annual Report.

Appointment of Joint Company Secretary

The Committee reviewed and recommended En. Abd Rashid Atan as the Joint Company Secretary in February 2015.

Appointment of new Chief Financial Officer (CFO)

The Committee deliberated in great details on the appointment of the new CFO before it was recommended to the Board. The appointment of the successful candidate Puan Aznur Kama Azmir was made by the Board in June 2015 and announcement was made accordingly.

Renewals of Collective Agreements

The Committee reviewed and recommended the renewal of Collective Agreements for Employees Union for MSM subsidiaries namely MSM Prai Berhad and MSM Perlis Sdn Bhd.

Re-appointment/re-election of Directors retiring at the 2015 AGM

The newly appointed Director is subject to election at the first AGM following their appointment and re-election at each subsequent AGM. The Committee recommended the re-election of directors for 2015 AGM and for the forthcoming AGM. Full biographical details of the respective directors can be found on pages 76 to 80 of this Annual Report.

The full details of the Nomination and Remuneration's Terms of Reference are published in the Company's corporate website at www.msmsugar.com.

STATEMENT BY THE BOARD

This Report on Nomination and Remuneration Committee is made in accordance with a resolution of the Board of Directors approved at the Board meeting held duly passed on 31 March 2016.

REPORT ON THE AUDIT COMMITTEE

THE BOARD OF DIRECTORS OF MSM MALAYSIA HOLDINGS BERHAD (MSM) IS PLEASED TO PRESENT THE REPORT ON THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015.

THE AUDIT COMMITTEE WAS ESTABLISHED ON 25 MARCH 2011 TO ACT AS A COMMITTEE OF THE BOARD.

COMPOSITION AND MEETINGS

The Board believes that the current Audit Committee's ("the Committee") composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to meet the needs of the Group.

Members	Appointed	Attendance
Dato' Rosini Abd Samad (Chairman)	January 2015	5/5
Dato' Zainal Haji Ismail	March 2011	5/5
Dato' Hajjah Rosni Haji Zahari	March 2011	5/5
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid	March 2016	NA

Three (3) out of four (4) members including the Chairman are Independent Directors except YB Datuk Noor Ehsanuddin Mohd Harun Narrashid. The current composition is in line with the MMLR.

Dato' Rosini Abd Samad, the Chairman of the Committee, is an Independent Director and a member of the Malaysia Institute of Accountants. She is also an Honorary Fellow of CPA Australia. Dato' Rosini Abd Samad has fulfilled the requisite qualifications as stipulated in paragraph 15.09(1)(c)(i) of the MMLR. YB Datuk Noor Ehsanuddin Mohd Harun Narrashid is a Non-Independent Director and was appointed as an additional member of the Committee with effect from 1 March 2016.

SUMMARY OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Purpose

The purpose of the Committee, set up under the Listing Requirements, is to assist the Board in fulfilling its roles and responsibilities in regards to:

1) Assessing the risks and control environment;
2) Overseeing financial reporting;
3) Evaluating the internal and external audit process and outcome;
4) Reviewing conflict of interest situations and related party transactions; and
5) Undertake any such other functions as may be determined by the Board from time to time.

The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Committee.

Authority

The Board has authorised the Committee, within the scope of its duties and responsibilities set out in the Committee's Terms of Reference to:

1. investigate any activity or matter within its Terms of Reference;
2. acquire the resources which are required to perform its duties;
3. have full and unrestricted access to anyone in the Group in order to conduct any investigation and any information pertaining to the Group;
4. have full and unrestricted access to information pertaining to the Group, their records, properties and personnel;
5. maintain direct communication channels with the external auditors and the Chief Internal Auditor (or his/her equivalent), as well as the Chairman of the Whistle-blowing Committee;
6. obtain independent professional or other advice to assist the Committee or any individual member of the Committee in performing its responsibilities and duties, at the expense of the Company and in accordance with the delegation of authority of the Committee;
7. convene meetings with external auditors, internal auditors or both without the presence of other directors and employees of the Group, whenever deemed necessary; and
8. meet exclusively among itself, whenever deemed necessary.

The Committee may empower one or more its members to meet or communicate with the external auditors and/or internal auditors independently.

Key Responsibilities and Duties

The Committee's key responsibilities among others are summarised as below:

1. Assessing the risks and control environment

- Review the sufficiency and effectiveness of the Group's overall enterprise risk management framework, strategies, policies and systems.
- Assess the effectiveness of the system of internal control and the risk, control environment and compliance requirements of the Group.

REPORT ON THE AUDIT COMMITTEE

2. **Oversee financial reporting**
   - Review the quarterly results and the year-end financial statements of the Group prior to approval by the Board.
   - Review and recommend any changes in accounting policies or improvement in the system of the internal control.
   - Review the Audit Committee Report, Corporate Governance Statement and Statement on Risk Management and Internal Control for inclusion in MSM's Annual Report and recommend to the Board for approval.

3. **Evaluating the internal and external audit process and outcome**
   - Review with the external auditors their audit plan, evaluation of systems of internal control, audit report, problem and reservation arising from the interim and final audits, management letter and response and adequacy of assistance given by MSM Group employees.
   - Review and report to the Board on any letter of resignation from the external auditors.
   - Review and recommend to the Board on the re-appointment of the external auditors including matters relating to the audit fee.
   - Ensure the proper policies and procedures are established and to assess the suitability and independence of the external auditors.
   - Set the policy and procedures on non-audit services which may be provided by the external auditors and to review the engagement as to ensure their independence is maintained.
   - Review and recommend to the Board for approval on the Internal Auditors' scope, functions, competency and resources allocated to MSM Group.
   - Approve the internal audit plan and review and recommend to the Board the results of the internal audit plan undertaken.
   - Review and recommend to the Board the effectiveness of the MSM Group's internal audit function including compliance with the Internal Auditors' International Standard for the Professional Practice on Internal Auditing.
   - Review and recommend to the Board the assessment of the performance of the Chief Internal Auditor.

4. **Reviewing conflict of interests situation and related party transaction that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity**
   - Review any conflict of interest situation and related party transaction including recurrent related party transaction that may arise within the MSM Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

5. **Other responsibilities and functions as may be agreed to by the Audit Committee and the Board**
   - Review arrangements by which employees may, in confidence, raised concerns about possible improprieties in financial reporting or other matters including any whistleblowing complaints and investigative reports received from the Whistleblowing Committee.
   - Maintain and keep under review the whistleblowing mechanism as well as an effective and efficient set of investigation procedures.
   - Consider any concerns raised by the external auditors pertaining to a breach or non-performance of any requirement of any rules or matters that may materially affect the financial position of MSM Group.

Performance Review

The Board shall evaluate annually the Committee's performance and extent to which the Committee has met the requirements of its Terms of Reference, including the term of office and performance of the Committee and each of its members. This performance assessment may constitute a part of the annual Board Effectiveness Assessment, pertaining to the assessment of Board Committees.

The complete Audit Committee's Terms of Reference is made available on the Company's corporate website at www.msmsugar.com.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

Assessing the Risks and Control Environment

Evaluated the adequacy and effectiveness of the system on internal controls by reviewing the outcomes of work performed by internal and external auditors and discussions with the key Management.

Overseeing Financial Reporting

Reviewed the following matters and subsequently recommended their approvals to the Board:

- The announcements of the Quarterly Unaudited Financial results for the financial year.
- The Audited Financial Statements of the MSM Group for the financial year 2014 to ensure that the financial reports presented a true and fair view of the Company's financial performance and complied with regulatory requirements.
- The dividend proposals by the Company which are aligned to the Dividend Policy.

- The Report on the Audit Committee, Statement of Risk Management and Internal Control and Statement on Corporate Governance to be included in the Annual Report for financial year 2014.

Reviewing the Internal Audit Process

- Reviewed and approved the Annual Group Internal Audit plan, which was prepared on a priority ranking system based on a risk assessment of the audit universe to provide sufficient audit coverage.
- Reviewed the adequacy of competency and resources of FGV Group Internal Audit to execute the Annual Group Internal Audit Plan.
- Deliberated on the internal audit reports and recommendations and Management's response to these recommendations. Where appropriate, Audit Committee had instructed Management to rectify and improve control procedures based on FGV Group Internal Audit's recommendations.
- Reviewed the outcome of investigations, including investigative reports arising from whistleblowing complains, and monitored the progress and outcome of action taken by the Management on confirmed misconduct, fraud and non-compliances.
- Appraised the performance of the Chief Internal Auditor.

Reviewing the External Audit Process

- Reviewed and approved the external auditor's terms of engagement, audit plan and coordination with other audit firms involved in auditing the Group's operations for the financial year.
- Reviewed and evaluated factors relating to the independence of the external auditors, in addition to the declaration of independence made by the external auditors in their audit plan.
- Reviewed the external audit fees proposed in respect of the scope of work required for the financial year and recommended the same for approval by the Board.
- Reviewed the results and issues arising from the external audit for the financial year and from half yearly reviews of the financial statement during the financial year including resolution of the issues highlighted in their report to the Audit Committee and the Management's responses. In 2015, the external auditors were present at Audit Committee Meetings on 30 January 2015 and 12 August 2015 where the private meetings without the presence of Management were held.
- Reviewed the assessment of the external auditors for financial year 2014 for re-appointment based on input from Management and recommended the same for approval by the Board.

Reviewing the Related Party Transactions

- Reviewed the quarterly report on Recurrent Related Party Transactions (RRPTs) for monitoring the transactions against the shareholders' mandate.
- Reviewed the Circular to the shareholders to seek mandate on new and existing Recurrent Related Party Transactions of the Group and recommend the same for approval of the Board.
- Reviewed the internal audit report on Recurrent Related Party Transactions.

EXTERNAL AUDITOR POLICY

The Board had on 23 February 2016 approved the External Auditor Policy ("the Policy") as to provide guidance on matters related to dealing with the firm of professional accountants which is or will be appointed as the External Auditor for the statutory audit of MSM Group.

The Policy covers appointment and re-appointment of external auditors, assessing their performance and independence, audit partner rotation, audit delivery and reporting, engagement of external auditor for non-audit services and removal of external auditor.

KEEPING UPDATED ON RELEVANT INFORMATION

The Committee members are regularly kept updated on changes to accounting standards and issues related to financial reporting through quarterly meetings.

Throughout the financial year 2015, all Committee members had attended various seminars, training programme and conferences to keep abreast of changes in the industry and business environment. Details are set out in the Statement on Corporate Governance under Directors' Training on page 108 of this Report.

AUDIT COMMITTEE EVALUATION

In 2015, Board Effectiveness Assessment which encompassed the performance of the Committee and the Committee Chairman as well as the Independence of the Independent Directors was conducted. The assessment focused on structure and process including composition, tenure of the Committee members and level of accountability demonstrated. Based on the evaluation performed, the Board is satisfied that the Committee and its Chairman had demonstrated a high level of diligence, independence and commitment in discharging its responsibilities.

REPORT ON THE AUDIT COMMITTEE

INTERNAL AUDIT

The internal audit function for the Group is undertaken by the Group Internal Audit of the holding company, FGV. The Group Chief Internal Auditor reports functionally directly to the Audit Committee of MSM. The conduct of Group Internal Audit is based on a Group Internal Audit Charter, which was established in accordance with the requirements of IIA's International Standards for the Professional Practise of Internal Auditing.

The Group Chief Internal Auditor, Puan Zalily Mohd. Zaman Khan, leads the internal auditors across MSM Group. There are five (5) internal auditors specifically assigned for audits of MSM Group throughout the financial year. All internal auditors have the relevant qualifications and have the necessary expertise as required based on the audit needs of the Group.

Professional Status	No. of Auditors
Post-graduate	1
Graduate	3
Graduate pursuing Certified Internal Auditor (CIA) certification	1
Total	**5**

Group Internal Audit provides independent and objective assurance of the adequacy and effectiveness of risk management, controls and governance processes of the Group covering all operations of the Group. In addition to the assurance role, Group Internal Audit also undertakes consulting role and investigative role. To maintain the objectivity of the assurance role, a dedicated investigative audit team is allocated for the investigative audits.

In conducting their independent audits, Group Internal Audit adopted a risk based internal audit approach by focusing on the assessment of significant risk areas. Each internal audit assignment is undertaken based on a careful planning to focus on covering management of risks to achieve objectives; economy, efficiency and effectiveness of operations; safeguard of assets; accuracy, reliability and timeliness of reported information; and compliance with laws, regulations and internal policies and procedures.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

During the financial year, Group Internal Audit has undertaken the following main activities:

a. Carried out internal audits according to the Annual Group Internal Audit Plan approved by the Audit Committee and reported the findings, recommendations and Management's corrective actions to the Audit Committee every quarterly.

b. Undertook investigative audits based on the Audit Committee's, Management's and Whistleblowing Committee's requirements and reported the outcome of such investigations to the Audit Committee and Management.

c. Undertook Recurrent Related Party Transactions review for the purpose of supporting the Audit Committee's statement in the Circular to the shareholders to seek mandate on new and existing Recurrent Related Party Transactions of the Group.

d. Reviewed draft documents to provide input on the Statement on Risk Management and Internal Control 2014, the Report on the Audit Committee 2014 and the Statement on Corporate Governance 2014.

e. Through initiatives at FGV level, implemented periodical follow-up mechanisms for all audit recommendations, including follow-up of the matters reported by the external auditor in its Audit Committee report. The status of implementation tracked was reported to the Management Audit Committee at FGV level.

The total cost incurred for FGV Group Internal Audit for the financial year ended 31 December 2015 is RM1,925,878 (2014: RM1,681,973).

STATEMENT BY THE BOARD

This Report on Audit Committee is made in accordance with a resolution of the Board of Directors approved at the Board meeting held on 31 March 2016.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2015.

2. SHARE BUY-BACKS

During the financial year ended 31 December 2015, there were no share buy-backs by the Company.

3. OPTION, WARRANTS OR CONVERTIBLE SECURITIES

There were no option, warrant or convertible securities issued by the Company during the financial year ended 31 December 2015.

4. AMERICANS DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2015.

5. MATERIAL SANCTIONS AND/OR PENALTIES

During the financial year ended 31 December 2015, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

6. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company by its external auditors, Messrs PricewaterhouseCoopers for the financial year ended 31 December 2015 amounted to RM1,001,202.

7. VARIATION IN RESULTS

There were no profit estimation, forecasts or projections made or released by the Company during the financial year ended 31 December 2015.

8. PROFIT GUARANTEE

No profit guarantee was given by the Company in respect of the financial year ended 31 December 2015.

9. MATERIAL CONTRACTS

During the financial year ended 31 December 2015 and/or since the end of the previous financial year, the Company and/or its subsidiaries had entered into an agreement for term financing-i/Documentary Credit-i of up to RM1.25 billion with CIMB Islamic and HSBC Amanah Malaysia Berhad to finance the construction of the new refinery plant to be located at Tanjung Langsat Industrial Estate, Pasir Gudang, Johor ("Project Land").

ADDITIONAL COMPLIANCE INFORMATION

10. DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE (RRPT)

Transacting Related Parties	Nature of Relationship	Nature of Transaction	Transaction value for the year ended 31 December	
			2015 (estimate) RM'000	2015 (actual) RM'000
Felda Trading and MSM Prai Berhad (MSM Prai)	Interested Major Shareholder: • Koperasi Permodalan FELDA Malaysia Berhad (KPF) Interested Director: • Nil	Sales of refined sugar	30,000	21,792
MSM Malaysia Holdings Berhad (MSM) and FGV	Interested Major Shareholder: • FELDA • FAHC Interested Directors: • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • YB Datuk Noor Ehsanuddin Mohd Harun Narrashid • Dato' Mohd Emir Mavani Abdullah	Management fees	9,000	5,800
MSM Malaysia Holdings Berhad (MSM) and Felda Prodata	Interested Major Shareholders: • KPF • FGV • FELDA • FAHC Interested Directors: • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • Dato' Mohd Emir Mavani Abdullah	Provision of information technology (IT) services	1,000	327
MSM Malaysia Holdings Berhad (MSM) and Felda Security	Interested Major Shareholders: • KPF • FGV • FAHC • FELDA Interested Director: • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	Provision of security services	1,500	596

10. DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE (RRPT) (CONTINUED)

Transacting Related Parties	Nature of Relationship	Nature of Transaction	Transaction value for the year ended 31 December	
			2015 (estimate) RM'000	2015 (actual) RM'000
MSM Malaysia Holdings Berhad (MSM) and FELDA	Interested Major Shareholders: • FAHC • FGV Interested Directors: • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • YB Datuk Noor Ehsanuddin Mohd Harun Narrashid • Datuk Hanapi Suhada	Office rental: Address: Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur Size: 14,596 sq ft Duration: 1 September 2012 – 31 August 2015* Rental payment: Monthly	1,500	1,376

Note: The tenancy agreement is currently subject to finalisation of the terms between MSM Holdings and FELDA.



FINANCIAL STATEMENTS

127. Statement on Directors' Responsibilities / 128. Directors' Report / 132. Statement by Directors / 132. Statutory Declaration / 133. Independent Auditors' Report / 135. Statements of Comprehensive Income / 136. Statements of Financial Position / 138. Consolidated Statement of Changes in Equity / 139. Statement of Changes in Equity / 140. Statements of Cash Flows / 142. Notes to the Financial Statements / 199. Supplementary Information

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Companies Act, 1965 requires the Directors to prepare financial statements (which include the consolidated statements of financial position and the consolidated statements of financial position and the consolidated statements of comprehensive income of the Group) for each financial year in accordance with Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia for entities other than private entities and the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), and to lay these before the Company at its Annual General Meeting.

Incorporated on pages 135 to 198 of this Annual Report, are the financial statements of the Company and the Group for the financial year ended 31 December 2015. The Companies Act, 1965 placed responsibility on the Directors to ensure that the consolidated statements of financial position provides a true and fair view of the state of affairs of the Group as at 31 December 2015 and the consolidated statement of comprehensive income provides a true and fair view of the results of the Group for the financial year ended 31 December 2015.

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group. This also enables the Directors to ensure that a true and fair consolidated statements of financial position and statement of comprehensive income and documents required by the Companies Act, 1965 to be attached are prepared for the financial year to which these financial statements relate.

The Companies Act, 1965 also requires the Directors to cause the Company to keep such accounting and other records in such manner that enables the Directors to sufficiently explain the transactions and financial position of the Company and the Group, and to prepare a true and fair statements of comprehensive income and statements of financial position and any documents required to be attached, as well as to enable such accounting records to be audited conveniently and properly.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 18 to the financial statements.

There have been no significant change in the nature of these activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	275,296	182,352

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since 31 December 2014 were as follows:

	RM'000
In respect of the financial year 31 December 2014:	
Final single tier dividend of 14 sen per share, paid on 2 July 2015	98,417
In respect of the financial year 31 December 2015:	
Interim single tier dividend of 12 sen per share, paid on 29 December 2015	84,358
	182,775

The Board of Directors are recommending the payment of a final single tier dividend of 14 sen per share amounting to RM98.42 million which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967, and which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to and from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUE OF SHARES

The Company did not issue any shares or debentures during the financial year.

DIRECTORS

The Directors who have held office since the date of last report are as follows:

YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
Dato' Zainal Haji Ismail
Dato' Hajjah Rosni Haji Zahari
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid
Datuk Lim Thean Shiang
Dato' Mohd Emir Mavani Abdullah
Dato' Rosini Abd Samad
Dato' Sheikh Awab Sheikh Abod
Datuk Hanapi Suhada (Appointed on 7 October 2015)
Datuk Haji Faizoull Ahmad (Resigned on 2 June 2015)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of previous financial year, no Director has received or become entitled to receive a benefit (other than as disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Director's shareholdings, the Directors who held office at the end of the financial year and their interests in shares of the Company and its related corporations are as follows:

Shareholdings in MSM Malaysia Holdings Berhad

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	Acquired	(Disposed)	At 31.12.2015
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	20,000	–	–	20,000
Dato' Zainal Haji Ismail	20,000	–	–	20,000
Dato' Hajjah Rosni Haji Zahari	20,000	–	–	20,000

DIRECTORS' REPORT

DIRECTORS' INTEREST IN SHARES AND DEBENTURES (CONTINUED)

Shareholdings in Felda Global Ventures Holdings Berhad, the ultimate holding company

	Number of ordinary shares of RM1.00 each			
	At 1.1.2015	Acquired	(Disposed)	At 31.12.2015
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	180,000	–	–	180,000
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid	150,000	–	(145,000)	5,000
Dato' Mohd Emir Mavani Abdullah	150,000	–	–	150,000

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company, or shares, options over shares and debentures of its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual in nature likely to affect substantially the results of the operations of the Group or the Company for the financial year reported.

ULTIMATE HOLDING COMPANY

The Directors regard Felda Global Ventures Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 21 March 2016.



YB TAN SRI HAJI MOHD ISA DATO' HAJI ABDUL SAMAD
Chairman



DATO' SHEIKH AWAB SHEIKH ABOD
Director

Kuala Lumpur

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad and Dato' Sheikh Awab Sheikh Abod, two of the Directors of MSM Malaysia Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 135 to 198 are drawn up so as to give a true and fair view of the financial position of the Group and Company as at 31 December 2015 and of the financial performance and cash flows of the Group and the Company for the financial year ended on that date in accordance with Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 41 on page 199 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution dated 21 March 2016.



YB TAN SRI HAJI MOHD ISA DATO' HAJI ABDUL SAMAD
Chairman



DATO' SHEIKH AWAB SHEIKH ABOD
Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT

I, Aznur Kama Azmir, the Officer primarily responsible for the financial management of MSM Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 135 to 198 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



AZNUR KAMA AZMIR

Subscribed and solemnly declared by the abovenamed Aznur Kama Azmir at Kuala Lumpur in Malaysia on 21 March 2016, before me.

COMMISSIONER FOR OATHS



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MSM MALAYSIA HOLDINGS BERHAD
(Incorporated in Malaysia) (Company No. 935722 K)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MSM Malaysia Holdings Berhad on pages 135 to 198 which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 40.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MSM MALAYSIA HOLDINGS BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 199 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants



AZIZAN BIN ZAKARIA
(No. 2930/05/16 (J))
Chartered Accountant

Kuala Lumpur, Malaysia
21 March 2016

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	6	**2,307,263**	2,281,493	**210,957**	183,425
Cost of sales		**(1,818,173)**	(1,814,139)	**(25,008)**	(9,772)
Gross profit		**489,090**	467,354	**185,949**	173,653
Other operating income	7	**4,686**	6,169	**–**	–
Selling and distribution expenses		**(71,914)**	(75,402)	**–**	–
Administrative expenses		**(70,734)**	(53,122)	**–**	–
Other operating expenses		**(5,085)**	(5,527)	**–**	–
Other gains/(losses) – net	8	**25,769**	(4,345)	**–**	–
Profit from operations		**371,812**	335,127	**185,949**	173,653
Finance income	9	**7,862**	12,891	**–**	–
Finance costs	9	**(7,546)**	(3,719)	**–**	–
Profit before zakat and taxation	10	**372,128**	344,299	**185,949**	173,653
Zakat	11	**(5,000)**	(4,500)	**(500)**	(150)
Taxation	12	**(91,832)**	(82,786)	**(3,097)**	(1,006)
Profit for the financial year		**275,296**	257,013	**182,352**	172,497
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the financial year attributable to owners of the Company		**275,296**	257,013	**182,352**	172,497
Basic earnings per share attributable to equity holders of the Company (sen)	13	**39.16**	36.56		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	**660,615**	473,975	**91,063**	1,731
Prepaid lease payments	16	**687**	775	**–**	–
Intangible assets	17	**648,474**	649,557	**928**	420
Investments in subsidiaries	18	**–**	–	**2,027,406**	2,022,929
Biological assets	19	**41,392**	33,590	**–**	–
Loans to subsidiaries	20	**–**	–	**35,000**	35,000
Receivables	21	**16,533**	6,651	**–**	–
		1,367,701	1,164,548	**2,154,397**	2,060,080
Current assets					
Inventories	22	**729,910**	674,270	**–**	–
Receivables	21	**500,294**	202,440	**6,118**	60
Tax recoverable		**277**	3,015	**277**	1,104
Amounts due from subsidiaries	23	**–**	–	**155,935**	15,895
Amount due from other related companies	24	**1**	3,875	**–**	–
Loan to subsidiaries	20	**–**	–	**143,200**	157,000
Derivative financial assets	26	**313**	38	**–**	–
Deposits, cash and bank balances	27	**123,902**	469,999	**19,512**	234,657
		1,354,697	1,353,637	**325,042**	408,716
Assets held for sale	28	**7**	18	**–**	–
Total assets		**2,722,405**	2,518,203	**2,479,439**	2,468,796

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	29	**351,490**	351,490	**351,490**	351,490
Share premium	30	**366,765**	366,765	**366,765**	366,765
Reorganisation deficit	30	**(1,039,632)**	(1,039,632)	**–**	–
Merger relief reserve	30	**1,733,939**	1,733,939	**1,733,939**	1,733,939
Retained earnings	30	**624,454**	531,933	**5,534**	5,957
Equity attributable to owners of the Company		**2,037,016**	1,944,495	**2,457,728**	2,458,151
Non-current liabilities					
Deferred tax liabilities	31	**75,378**	76,699	**–**	–
		75,378	76,699	**–**	–
Current liabilities					
Payables	32	**176,197**	231,216	**12,415**	7,172
Amounts due to subsidiaries	23	**–**	–	**5,362**	309
Amounts due to other related companies	24	**510**	2,336	**133**	2,025
Amount due to an ultimate holding company	25	**11,785**	8,918	**3,483**	1,139
Loan due to a related company	24	**60,000**	–	**–**	–
Borrowings	33	**359,537**	248,390	**–**	–
Current tax liabilities		**1,982**	6,149	**318**	–
		610,011	497,009	**21,711**	10,645
Total liabilities		**685,389**	573,708	**21,711**	10,645
Total equity and liabilities		**2,722,405**	2,518,203	**2,479,439**	2,468,796

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital (Note 29) RM'000	Share premium (Note 30) RM'000	Reorganisation deficit (Note 30) RM'000	Merger relief reserve (Note 30) RM'000	Retained earnings (Note 30) RM'000	Total RM'000
Group							
At 1 January 2015		**351,490**	**366,765**	**(1,039,632)**	**1,733,939**	**531,933**	**1,944,495**
Profit and total comprehensive income for the financial year		**–**	**–**	**–**	**–**	**275,296**	**275,296**
Transactions with owners:							
Dividends	14	**–**	**–**	**–**	**–**	**(182,775)**	**(182,775)**
At 31 December 2015		**351,490**	**366,765**	**(1,039,632)**	**1,733,939**	**624,454**	**2,037,016**
At 1 January 2014		351,490	366,765	(1,039,632)	1,733,939	443,635	1,856,197
Profit and total comprehensive income for the financial year		–	–	–	–	257,013	257,013
Transactions with owners:							
Dividends	14	–	–	–	–	(168,715)	(168,715)
At 31 December 2014		351,490	366,765	(1,039,632)	1,733,939	531,933	1,944,495

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital (Note 29) RM'000	Share premium (Note 30) RM'000	Merger relief reserve (Note 30) RM'000	Retained earnings (Note 30) RM'000	Total RM'000
Company						
At 1 January 2015		**351,490**	**366,765**	**1,733,939**	**5,957**	**2,458,151**
Profit and total comprehensive income for the financial year		**–**	**–**	**–**	**182,352**	**182,352**
Transactions with owners:						
Dividends	14	**–**	**–**	**–**	**(182,775)**	**(182,775)**
At 31 December 2015		**351,490**	**366,765**	**1,733,939**	**5,534**	**2,457,728**
At 1 January 2014		**351,490**	**366,765**	**1,733,939**	**2,175**	**2,454,369**
Profit and total comprehensive income for the financial year		**–**	**–**	**–**	**172,497**	**172,497**
Transactions with owners:						
Dividends	14	**–**	**–**	**–**	**(168,715)**	**(168,715)**
At 31 December 2014		**351,490**	**366,765**	**1,733,939**	**5,957**	**2,458,151**

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		**275,296**	257,013	**182,352**	172,497
Adjustments for:					
Taxation		**91,832**	82,786	**3,097**	1,006
Depreciation of property, plant and equipment		**37,979**	43,842	**1,412**	146
Loss/(gain) on disposal of property, plant and equipment – net		**95**	(11)	**–**	–
Gain on disposal of asset held for sale		**(22)**	(57)	**–**	–
Property, plant and equipment written off		**1,681**	342	**317**	119
Amortisation of prepaid lease payments		**88**	73	**–**	–
Amortisation of intangible assets		**3,315**	3,228	**77**	2
Amortisation of advance payment		**928**	773	**–**	–
Unrealised gain on derivatives		**(313)**	(38)	**–**	–
Dividends income		**–**	–	**(188,775)**	(168,715)
Interest income		**(7,862)**	(12,891)	**(12,100)**	(14,710)
Interest expense		**7,546**	3,719	**–**	–
Amortisation of biological asset		**1**	1	**–**	–
Reversal of impairment on property, plant and equipment		**(2,956)**	–	**–**	–
Unrealised loss/(gain) on foreign exchange translation		**19**	(3,248)	**–**	–
Zakat		**5,000**	4,500	**500**	150
		412,627	380,032	**(13,120)**	(9,505)
Changes in working capital:					
Inventories		**(55,640)**	(103,408)	**–**	–
Receivables		**(282,970)**	7,986	**(6,058)**	(53)
Payables		**(73,236)**	38,144	**5,878**	1,232
Intercompany		**4,914**	3,381	**(6,667)**	(5,797)
Cash generated from/(used in) operations		**5,695**	326,135	**(19,967)**	(14,123)
Zakat paid		**(5,000)**	(4,500)	**(500)**	(150)
Tax paid		**(91,724)**	(81,791)	**(2,588)**	(533)
Net cash (used in)/generated from operating activities		**(91,029)**	239,844	**(23,055)**	(14,806)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	35	**(224,360)**	(70,885)	**(91,751)**	(1,451)
Purchase of intangible assets		**(2,140)**	(1,083)	**(493)**	(287)
Proceeds from disposal of property, plant and equipment		**829**	307	**599**	–
Proceeds from disposal of asset held for sale		**33**	75	**–**	–
Additions of biological assets		**(7,803)**	(10,227)	**–**	–
Additions of prepaid lease payments		**–**	(202)	**–**	–
Interest received		**1,655**	2,286	**12,100**	14,709
Dividend received		**–**	–	**188,775**	168,715
Loan to subsidiaries		**–**	–	**(178,200)**	(192,000)
Repayment of loan by subsidiaries		**–**	–	**192,000**	202,000
Investment in subsidiaries		**–**	–	**(4,477)**	–
Payment on behalf of subsidiaries		**–**	–	**(127,868)**	–
Net cash (used in)/generated from investing activities		**(231,786)**	(79,729)	**(9,315)**	191,686
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of loan from a related company		**60,000**	–	**–**	–
Drawdown of borrowings		**1,039,276**	1,081,690	**–**	–
Repayment of borrowings		**(928,551)**	(862,300)	**–**	–
Dividends paid		**(182,775)**	(168,715)	**(182,775)**	(168,715)
Interest paid		**(11,232)**	(7,945)	**–**	–
Net cash (used in)/generated from financing activities		**(23,282)**	42,730	**(182,775)**	(168,715)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT		**(346,097)**	202,845	**(215,145)**	8,165
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**469,999**	267,154	**234,657**	226,492
CASH AND CASH EQUIVALENT AT THE END OF THE FINANCIAL YEAR	27	**123,902**	469,999	**19,512**	234,657

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1 GENERAL INFORMATION

The Company was incorporated in Malaysia under the Companies Act, 1965 as a public limited company. The registered office of the Company is located at Level 45, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur. The principal place of business of the Company is located at Level 44, Menara Felda, Platinum Park, No.11, Persiaran KLCC, 50088 Kuala Lumpur.

The principal activity of the Company is of investment holding. The principal activities of the subsidiaries are set out in Note 18 of the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The ultimate holding company is Felda Global Ventures Holdings Berhad ("FGVH"), a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

2 BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with the Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

The Group includes transitioning entities and has elected to continue to apply FRS during the financial year. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") for annual period beginning on 1 January 2018. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period.

It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2 BASIS OF PREPARATION (CONTINUED)

(i) Accounting pronouncements that are effective and have been adopted by the Group and the Company as at 1 January 2015:

- Annual Improvements to FRSs 2010 – 2012 Cycle (Amendments to FRS 2 'Share-based Payment', FRS 3 'Business Combinations', FRS 8 'Operating Segments', FRS 13 'Fair Value Measurement', FRS 116 'Property, Plant and Equipment', FRS 124 'Related Party Disclosures' and FRS 138 'Intangible Assets')
- Annual Improvements to FRSs 2011 – 2013 Cycle (Amendments to FRS 1 'First-time Adoption of Financial Reporting Standards', FRS 3 'Business Combinations', FRS 13 'Fair Value Measurement' and FRS 140 'Investment Property')

The adoption of the Annual Improvements to FRSs 2010 – 2012 Cycle has required additional disclosures about the aggregation of segments. Other than that, the adoption of these amendments did not have any impact on the current or any prior year and are not likely to affect future periods.

(ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group and the Company:

Effective for annual periods beginning on or after 1 January 2016 with earlier application permitted

- 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')

Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue'
- Amendments to FRS 141 'Agriculture: Bearer Plants' (effective 1 January 2016, but adopted by the Group after 1 January 2018 upon MFRS adoption)

The effects of the above accounting pronouncements are currently being assessed by the Directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated:

(a) Basis of consolidation and investment in subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of financial year. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the non-controlling interests. The Group recognises any non-current controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 3(d)).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(a) Basis of consolidation and investment in subsidiaries (continued)

Predecessor accounting

Acquisitions of subsidiaries and businesses under common control that meet the conditions of a merger are accounted for using the predecessor basis of accounting.

Under the predecessor basis of accounting, the results of subsidiaries and businesses under common control are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit or debit difference is classified as reorganisation reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences or other reserves that relate to the subsidiary and is recognised in profit or loss.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the non-controlling interests.

In the Company's financial statements, investments in subsidiaries are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(g)).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, associates and joint ventures over the Group's share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the consolidated statement of financial position as intangible assets, or if arising in respect of an associate or joint ventures, is included in investments in associate or joint ventures. Negative goodwill represents the total of consideration transferred, non-controlling interest recognised and previously held interest measured being less than where the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(e) Intangible assets (continued)

If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(l) on impairment of non-financial assets.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives and intangible assets under development are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets are amortised using the straight line basis over their estimated useful lives as follows:

Brand	20 years
Software	3 – 5 years

Amortisation on intangible assets under development commences when the assets are ready for their intended use.

The nature of the intangible assets are as follows:

(i) Brand is related to a sugar brand 'Prai' acquired as part of the acquisition of the sugar business.

(ii) Software relates to information technology ("IT") used within the Group

(f) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group did not apply hedge accounting during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(f) Financial assets (continued)

Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are as disclosed in Note 38.

Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Subsequent measurement – gains and losses

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(g) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) Adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(h) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives in a loss position, if any, which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(i) Property, plant and equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Major spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they are expected to be used during more than one period.

Freehold land is not depreciated as it has an infinite useful life and assets under construction are not depreciated until when the assets are ready for their intended use.

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Principal annual rates used are summarised as follows:

Property, plant and equipment	Estimated useful lives (years)
Leasehold land	66 – 99 years
Buildings	5 – 20 years
Plant and machinery	3 – 20 years
Furniture, fittings, equipment and motor vehicles	3 – 11 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise. During the financial year, the Group has revised the useful life of certain plant and equipment from 14 years to an average of 20 years. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for current period was reduced by RM9,891,668.

Depreciation on property, plant and equipment ceases at the earlier of de-recognition and classification as held for sale. Depreciation on assets under construction commences when the assets are ready for their intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in other operating income in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies note 3(l) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(j) Biological assets

Biological assets are stated at historical costs less accumulated impairment losses. Biological assets comprise of new planting development costs incurred for new planting of rubber, oil palm and other crops which are accounted for under the capital maintenance method. Under the capital maintenance method, new planting development costs incurred (e.g. land clearing, planting and upkeep of trees) up to their maturity is capitalised and not amortised.

Biological assets will be subject to accelerated depreciation if the existing planted area has been earmarked by the Directors for replanting with a different crop, after writing down the carrying amount to its recoverable amount.

Replanting expenses are charged to profit or loss in the year in which they are incurred. When the planted area is replanted with different crop, the carrying value of the existing biological assets is expensed off in profit or loss and the planting development costs in respect of the new crop is capitalised.

Nursery costs comprise costs of oil palm and rubber seedlings and the associated development costs incurred (for example fertilising and weeding) in preparing the nursery.

Nursery costs relating to new planting are transferred to oil palm and rubber plantations upon reaching a certain level of maturity, which is between 10 to 12 months for oil palm and 5 to 6 months for rubber, while other types (resold or replanted) are charged to profit or loss.

(k) Inventories

Inventories which consist of raw materials, work-in-progress, finished goods, molasses and consumables are stated at lower of cost and net realisable value.

Cost is determined on the weighted average cost basis. Raw material cost comprises the landed cost of goods purchased and in the case of work-in-progress and finished goods, includes materials, direct labour, other direct charges and an appropriate proportion of factory overheads. Consumables comprise the actual purchase costs.

Net realisable value is the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(l) Impairment of non-financial assets

Assets that have an indefinite useful life for example goodwill or intangible asset not ready to use, are not subject to amortisation and are tested annually for impairment, or when events or circumstances occur indicating that impairment may exist. Property, plant and equipment and other non-current non-financial assets, including intangible assets with definite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The impairment loss is charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impaired assets, except goodwill, are reviewed for possible reversal of impairment at each reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(m) Current and deferred income taxes

Tax expenses for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax is measured using the tax rates that have been enacted or substantially enacted at the statement of financial position date in the countries where the Group's subsidiaries operate generate taxable income.

Deferred tax is provided for on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax benefits arising from reinvestment allowance are recognised when the tax credit is utilised.

(n) Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as "haul (eligible period)".

Zakat expense is determined based on the Group's financial results for the year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(o) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss. Foreign exchange gains and losses related to foreign currency forward contracts are presented in profit or loss within "other (losses)/gains – net".

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is presented net of goods and services tax, returns, rebates and discounts and after eliminating sales within the Group.

(i) Revenue from sale of goods

Revenue from sale of goods is recognised upon the delivery of goods, when significant risks and rewards of ownership of the goods are transferred to the buyer.

Bill and hold sales are sales contracts which, at customers' request, transfer legal title of inventories to customers before the inventories leave the warehouses. Bill and hold sales are recognised as revenue when legal title is transferred, on condition that it is probable that delivery will be made, the inventories are ready for delivery, are physically segregated from unsold inventories, the customer has specifically acknowledged deferred delivery instructions and usual payment terms apply.

(ii) Revenue from rendering of services

Revenue from rendering of services including management fees and transportation services are recognised when the services are performed by reference to completion of the specific services.

(iii) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(p) Revenue recognition (continued)

(iv) Dividend income

Dividend income is recognised when the shareholders' right to receive is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(q) Dividend distribution

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the statement of financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the statement of financial position date.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(s) Leases

Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Operating leases – the Group as lessee

Operating leases payment are recognised as an expense on a straight-line basis over the period of the relevant lease period. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Initial direct costs incurred by the Company in negotiating and arranging operating leases are recognised in profit or loss when incurred.

Payment for rights to use land and buildings over a predetermined period, is classified as prepaid lease payments and is stated at cost less accumulated amortisation and accumulated impairment losses. The prepaid lease payments are amortised on a straight-line basis over lease periods ranging from 15 to 60 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(s) Leases (continued)

Finance lease – the Group as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of finance on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The finance element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(t) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of the restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(u) Equity instruments

Ordinary shares are classified as equity.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(v) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

(w) Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and Group Chief Executive Officer.

(x) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated: (continued)

(y) Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(z) Non-current assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. They are stated at the lower of their carrying amounts and fair value less costs to sell.

(aa) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue.

(ab) Fair value measurement

The fair value measurement prescribes that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Group is exposed to market risk (including foreign currency risk, commodity price risk and finance rate risk), credit risk and liquidity risk arising from its business activities. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant derivative financial instruments to hedge the risk of such commercial exposure and ensure the implementation risk action plans to effectively mitigate the risks. Such derivative financial instruments are not held for trade or speculative purposes.

The Board of Directors has overall responsibility for the oversight of financial risk management which includes risk identification, operational or strategic, and the subsequent action plans to manage these risks. Management is responsible for identifying, monitoring and managing the Group's risk exposures.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk

(i) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD").

The Group manages its currency exposure through foreign currency forward contracts.

A 10% strengthening/weakening of the USD against Malaysia Ringgit ('RM") at the date of statement of financial position would have a lower/higher impact to Group's profit after tax of approximately RM5,311,902 (2014: RM3,285,231).

The above exposure mainly as a result of foreign exchange gains/losses on translation of trade receivables and payables. The analysis assumes that all other variables remain constant.

(ii) Commodity price risk

The Group is exposed to raw sugar prices which are subject to fluctuations due to unpredictable factors such as weather, change of global demand and global production.

Management is responsible for managing the Group's exposure to raw sugar input cost against selling prices of refined sugar set by the Government. Management meets regularly to review their raw sugar requirements and price trends and then decides when to buy and price raw sugar consignments so that a refining margin is locked to ensure budgeted profits are met.

A sensitivity analysis has been performed based on the Group's exposure to sugar futures as at year end. If price of raw sugar increases or decreases by 10% with all other variables held constant, the Group's profit before tax and equity would increase or decrease by nil (2014: RM3,275,372).

(iii) Finance rate risk

Finance rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market finance rates.

At 31 December 2015, the Group and the Company are not exposed to finance rate risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including bank guarantees and advance payment, to mitigate credit risk. The maximum exposures approximate the carrying amount of the financial assets.

In addition, the trade receivable exposure is continuously closely monitored and followed up by finance and marketing department. The Group's ten major customers comprise 53% of trade receivables as at 31 December 2015 (2014: 60%).

The Group seeks to invest in its cash assets safely by depositing them with licensed financial institutions.

The Group's bank and cash balances were largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds. The Group maintains a sufficient level of cash and cash equivalents to meet the Group's working capital requirements by closely monitoring its cash flows. Due to the nature of its business, the Group has adopted prudent liquidity risk management in maintaining and obtaining sufficient credit facilities from financial institutions.

Cash flow forecasting is performed in the operating entities of the Group and then aggregated by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statements of financial position ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions.

Surplus cash is invested in profit bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held cash investments of RM67,592,000 (2014: RM424,043,000) and other liquid assets of RM56,310,000 (2014: RM45,956,000) that are expected to readily generate cash inflows for managing liquidity risk. At the reporting date, the Company held cash investments of RM16,761,000 (2014: RM233,891,000) and other liquid assets of RM2,751,000 (2014: RM766,000) that are expected to readily generate cash inflows for managing liquidity risk.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining maturity periods at the reporting date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The table below summaries the maturity profile of the Group's and Company's financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows.

Group	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2015					
Payables	**176,197**	**–**	**–**	**–**	**176,197**
Amounts due to other related companies	**510**	**–**	**–**	**–**	**510**
Amount due to an ultimate holding company	**11,785**	**–**	**–**	**–**	**11,785**
Loan due to a related company	**60,000**	**–**	**–**	**–**	**60,000**
Borrowings	**359,537**	**–**	**–**	**–**	**359,537**
Total undiscounted financial liabilities	**608,029**	**–**	**–**	**–**	**608,029**
At 31 December 2014					
Payables	231,216	–	–	–	231,216
Amounts due to other related companies	2,336	–	–	–	2,336
Amount due to an ultimate holding company	8,918	–	–	–	8,918
Borrowings	248,390	–	–	–	248,390
Total undiscounted financial liabilities	490,860	–	–	–	490,860

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Company	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2015					
Payables	**12,415**	**–**	**–**	**–**	**12,415**
Amounts due to other related companies	**133**	**–**	**–**	**–**	**133**
Amounts due to subsidiaries	**5,362**	**–**	**–**	**–**	**5,362**
Amount due to an ultimate holding company	**3,483**	**–**	**–**	**–**	**3,483**
Total undiscounted financial liabilities	**21,393**	**–**	**–**	**–**	**21,393**
At 31 December 2014					
Payables	7,172	–	–	–	7,172
Amounts due to other related companies	2,025	–	–	–	2,025
Amounts due to subsidiaries	309	–	–	–	309
Amount due to an ultimate holding company	1,139	–	–	–	1,139
Total undiscounted financial liabilities	10,645	–	–	–	10,645

(b) Capital risk management policies

The Group's primary objectives on capital management policies are to safeguard the Group's ability to maintain healthy capital ratios to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2015 and 31 December 2014.

The Group monitors capital using gearing ratio. This ratio is calculated as net debt divided by total capital of the Group. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) and loan due to a related company. Total capital is calculated as 'equity attributable to owners of the Group' as shown in the consolidated statement of financial position plus the net debt of the Group.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies (continued)

The gearing ratio analysis for the Group and the Company are as disclosed below:

	Group	
	2015 RM'000	**2014 RM'000**
Net debt	**419,537**	248,390
Equity attributable to owners of the Group	**2,037,016**	1,944,495
Total capital	**2,456,553**	2,192,885
Gearing ratio	**17%**	11%

The increase in the Group's gearing ratio in 2015 resulted primarily from higher external loans during the year for the purposes of purchasing raw sugar supplies.

There are no externally imposed capital requirements for the Group and the Company during the financial year.

(c) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015 and 31 December 2014:

Group	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Assets				
As at 31 December 2015				
Financial assets at fair value through profit or loss:				
– Derivatives	**313**	**–**	**313**	**–**
As at 31 December 2014				
Financial assets at fair value through profit or loss:				
– Derivatives	38	–	38	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

Company	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Assets				
As at 31 December 2015				
Loan and receivable				
– Loan to subsidiaries	**35,000**	**–**	**–**	**35,000**
As at 31 December 2014				
Loan and receivable				
– Loan to subsidiaries	35,000	–	–	35,000

There were no transfers between levels 1 and 2 during the financial year.

(i) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market 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 sugar futures contracts.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ('CGU') to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of CGUs were determined based on the higher of fair value less cost to sell or value in use calculations. As a result of these impairments assessments, the Group did not recognise any impairment. A forecast period of 3 years together with a terminal value growth rate was used to derive the recoverable amount.

The key assumptions and the sensitivity analysis are as disclosed in Note 17 to the financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Leases

The Group had entered into a land lease agreement with a government authority for a period of 30 years from 1994 to 2024. Machinery and equipment situated on the land are depreciated over a straight-line basis to write off the cost to their residual values with estimated useful lives of 20 years which in some cases extend beyond 2024. As the land lease is highly likely to be extended by another 30 years, the Group, is of the view no accelerated depreciation of the machinery and equipment situated on the land is required.

6 REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Revenue from sale of goods	**2,307,259**	2,281,443	**–**	–
Dividends from subsidiaries	**–**	–	**188,775**	168,715
Management fees	**–**	–	**10,082**	–
Interest income	**–**	–	**12,100**	14,710
Others	**4**	50	**–**	–
	2,307,263	2,281,493	**210,957**	183,425

7 OTHER OPERATING INCOME

	Group	
	2015 RM'000	2014 RM'000
Rental income	**112**	118
Income from sale of scrap	**204**	401
Gain on disposal of property, plant and equipment and assets held for sale	**1,785**	68
Unrealised (loss)/gain on foreign exchange translation	**(19)**	3,248
Realised (loss)/gain on foreign exchange translation	**(2,267)**	2,235
Reversal of impairment	**2,956**	–
Others	**1,915**	99
	4,686	6,169

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8 OTHER GAINS/(LOSS) – NET

	Group	
	2015 RM'000	**2014 RM'000**
Unrealised fair value gains-net		
– Sugar futures contracts	**–**	38
– Foreign exchange forward contracts	**313**	–
	313	38
Realised fair value gains/(losses)-net		
– Sugar futures contracts	**24,235**	(1,832)
– Foreign exchange forward contracts	**1,221**	(2,551)
	25,456	(4,383)
	25,769	(4,345)

9 FINANCE INCOME AND COSTS

	Group	
	2015 RM'000	**2014 RM'000**
Finance income:		
Interest income	**7,862**	12,891
Finance costs:		
Interest on:		
– bankers' acceptances	**(7,546)**	(3,719)

10 PROFIT BEFORE ZAKAT AND TAXATION

Profit before zakat and taxation is stated after charging/(crediting):

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Amortisation of biological assets	**1**	1	**–**	–
Amortisation of prepaid lease payments	**88**	73	**–**	–
Amortisation of intangible assets	**3,315**	3,228	**77**	2
Amortisation of advance payment	**928**	773	**–**	–
Auditors' remuneration				
– Audit	**457**	361	**240**	150
– Non–audit				
– current year	**473**	73	**473**	73
– prior year	**393**	–	**393**	–
Other auditors' remuneration				
– Non–audit	**135**	–	**135**	–
Changes in inventories of work in progress, refined sugar and molasses	**55,640**	103,408	**–**	–
Cost of raw sugar consumed	**1,485,392**	1,599,604	**–**	–
Depreciation on property, plant and equipment	**37,979**	43,842	**1,412**	146
Distribution and transport expenses	**64,183**	62,514	**–**	–
Natural gas and fuel consumed	**53,874**	46,203	**–**	–
Operating lease rental on land and buildings	**311**	305		–
Property, plant and equipment written off	**1,681**	342	**317**	119
Repair and maintenance	**12,365**	16,192	**319**	9
Tyre expenses	**503**	510	**–**	–
Staff costs*	**79,282**	60,261	**12,935**	5,518
Rental income	**(112)**	(145)	**–**	–
Rental expenses	**5,268**	5,042	**364**	431
Gain on disposal of assets held for sale	**(22)**	(57)	**–**	–
Loss/(gain) on disposal of property, plant and equipment	**95**	(11)	**–**	–
Reversal of impairment on property, plant and equipment	**(2,956)**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

Profit before zakat and taxation is stated after charging/(crediting): (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
*Staff costs comprise:				
Wages, salaries and bonuses	**60,541**	49,411	**10,591**	4,473
Defined contribution plan	**9,460**	6,594	**1,072**	309
Other employee benefits	**9,281**	4,256	**1,272**	736
	79,282	60,261	**12,935**	5,518
Directors' remuneration included in staff costs above comprise:				
Fees	**1,956**	1,147	**1,836**	1,063
Salaries, allowances and bonuses	**1,267**	1,414	**595**	178
Defined contribution plan	**172**	110	**58**	–
	3,395	2,671	**2,489**	1,241

Benefits-in-kind provided to Directors' of the Group and Company amounted to RM264,259 (2014: RM191,615) and RM236,523 (2014: RM87,615) respectively.

11 ZAKAT

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Movement in zakat liability:				
At beginning of financial year	**–**	–	**–**	–
Current financial year's zakat expense	**5,000**	4,500	**500**	150
Zakat paid	**(5,000)**	(4,500)	**(500)**	(150)
At the end of financial year	–	–	–	–

12 TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax	**(91,767)**	(84,510)	**(3,097)**	(1,006)
Over accrual in prior financial year	**(1,386)**	(1,271)	**–**	–
	(93,153)	(85,781)	**(3,097)**	(1,006)
Deferred tax (Note 31)	**1,321**	2,995	**–**	–
	(91,832)	(82,786)	**(3,097)**	(1,006)

The numerical reconciliation of the relationship between taxation and profit before taxation after zakat is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation after zakat	**367,128**	339,799	**185,449**	173,503
Tax at Malaysian tax rate of 25% (2014: 25%)	**91,782**	84,950	**46,362**	43,376
Tax arising from:				
– non-deductible expenses	**3,875**	2,433	**5,494**	2,498
– income not subject to tax	**(2,310)**	(2,899)	**(48,759)**	(44,868)
– expenses eligible for double deduction	**(129)**	(427)	**–**	–
– under accrual in prior year	**(1,386)**	(1,271)	**–**	–
	91,832	82,786	**3,097**	1,006

13 EARNINGS PER SHARE

	Group	
	2015 RM'000	2014 RM'000
Profit for the financial year attributable to owners of the Company	**275,296**	257,013
Weighted average number of ordinary shares in issue ('000)	**702,980**	702,980
Basic earnings per share (sen)	**39.16**	36.56

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14 DIVIDENDS

Dividends declared and paid in respect of the financial year are as follows:

	Group and Company			
	2015		2014	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Final single tier dividend for the year ended 31 December 2013 – paid on 11 July 2014	–	–	14	98,417
Final single tier dividend for the year ended 31 December 2014 – paid on 2 July 2015	**14**	**98,417**	–	–
Interim single tier dividend for the year ended 31 December 2014 – paid on 19 September 2014	–	–	10	70,298
Interim single tier dividend for the year ended 31 December 2015 – paid on 29 December 2015	**12**	**84,358**	–	–
	26	**182,775**	24	168,715

15 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and motor vehicles RM'000	Assets under construction RM'000	Total RM'000
2015							
Cost							
At 1.1.2015	15,950	123,351	78,530	356,374	27,386	43,856	645,447
Additions	–	88,952	5,468	34,457	18,584	76,899	224,360
Disposals	–	–	–	–	(2,218)	–	(2,218)
Write-offs	–	–	(243)	(14,443)	(2,053)	–	(16,739)
Transfer to intangible assets (Note 17)	–	–	–	–	(92)	–	(92)
Reclassifications	–	–	2,378	22,341	1,353	(26,072)	–
At 31.12.2015	15,950	212,303	86,133	398,729	42,960	94,683	850,758
Accumulated depreciation							
At 1.1.2015	–	9,527	21,493	127,960	9,431	–	168,411
Charge for the financial year	–	3,133	4,918	25,622	4,306	–	37,979
Disposals	–	–	–	–	(1,294)	–	(1,294)
Write-offs	–	–	(223)	(13,707)	(1,126)	–	(15,056)
At 31.12.2015	–	12,660	26,188	139,875	11,317	–	190,040
Accumulated impairment							
At 1.1.2015/31.12.2015	–	2,956	–	45	60	–	3,061
Write-offs	–	–	–	(2)	–	–	(2)
Reversal	–	(2,956)	–	–	–	–	(2,956)
At 31.12.2015	–	–	–	43	60	–	103
Net book value							
At 31.12.2015	15,950	199,643	59,945	258,811	31,583	94,683	660,615

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and motor vehicles RM'000	Assets under construction RM'000	Total RM'000
2014							
Cost							
At 1.1.2014	15,950	118,944	71,142	280,843	23,574	64,765	575,218
Additions	–	–	5,305	27,710	5,864	34,418	73,297
Disposals	–	–	(196)	–	(1,410)	(141)	(1,747)
Write-offs	–	(93)	(108)	(154)	(966)	–	(1,321)
Reclassifications	–	4,500	2,387	47,975	324	(55,186)	–
At 31.12.2014	15,950	123,351	78,530	356,374	27,386	43,856	645,447
Accumulated depreciation							
At 1.1.2014	–	7,574	16,759	94,906	7,760	–	126,999
Charge for the financial year	–	2,046	5,032	33,183	3,581	–	43,842
Disposals	–	–	(192)	–	(1,259)	–	(1,451)
Write-offs	–	(93)	(106)	(129)	(651)	–	(979)
At 31.12.2014	–	9,527	21,493	127,960	9,431	–	168,411
Accumulated impairment							
At 1.1.2014/31.12.2014	–	2,956	–	45	60	–	3,061
Net book value							
At 31.12.2014	15,950	110,868	57,037	228,369	17,895	43,856	473,975

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land RM'000	Furniture, fittings, equipment and motor vehicles RM'000	Total RM'000
2015			
At the beginning of the financial year	**–**	**1,905**	**1,905**
Additions	**88,952**	**2,800**	**91,752**
Disposals	**–**	**(599)**	**(599)**
Write-offs	**–**	**(441)**	**(441)**
Transfer to intangible assets (Note 17)	**–**	**(92)**	**(92)**
At the end of the financial year	**88,952**	**3,573**	**92,525**
Accumulated depreciation			
At the beginning of the financial year	**–**	**174**	**174**
Charge for the financial year	**1,112**	**300**	**1,412**
Write-offs	**–**	**(124)**	**(124)**
At the end of the financial year	**1,112**	**350**	**1,462**
Net book value			
At the end of the financial year	**87,840**	**3,223**	**91,063**
2014			
At the beginning of the financial year	–	572	572
Additions	–	1,452	1,452
Write-offs	–	(119)	(119)
At the end of the financial year	–	1,905	1,905
Accumulated depreciation			
At the beginning of the financial year	–	28	28
Charge for the financial year	–	146	146
At the end of the financial year	–	174	174
Net book value			
At the end of the financial year	–	1,731	1,731

Included in assets under construction of the Group is capitalised interest expense amounting to RM1,885,984 (2014 : RM3,411,304).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 PREPAID LEASE PAYMENTS

	Group	
	2015 RM'000	2014 RM'000
Short-term leasehold land		
Cost		
At 1 January	**1,684**	1,482
Addition	**–**	202
At 31 December	**1,684**	1,684
Accumulated amortisation		
At 1 January	**909**	917
Amortisation for the financial year	**88**	73
Reclassification	**–**	(81)
At 31 December	**997**	909
Net book value		
At 31 December	**687**	775

17 INTANGIBLE ASSETS

	Group				Company
	Goodwill RM'000	**Brand RM'000**	**Software RM'000**	**Total RM'000**	**Software RM'000**
As at 1 January 2015	**576,240**	**69,903**	**3,414**	**649,557**	**420**
Additions	**–**	**–**	**2,140**	**2,140**	**493**
Transfer from property, plant and equipment (Note 15)	**–**	**–**	**92**	**92**	**92**
Amortisation charge for the financial year	**–**	**(3,226)**	**(89)**	**(3,315)**	**(77)**
As at 31 December 2015	**576,240**	**66,677**	**5,557**	**648,474**	**928**
As at 1 January 2014	576,240	73,129	2,333	651,702	135
Additions	–	–	1,083	1,083	287
Amortisation charge for the financial year	–	(3,226)	(2)	(3,228)	(2)
As at 31 December 2014	576,240	69,903	3,414	649,557	420

17 INTANGIBLE ASSETS (CONTINUED)

Goodwill

The goodwill relates to the acquisition of the sugar business and is allocated to the sugar segment. This represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of the CGU is determined based on fair value less cost to sell basis using cash flows projections based on financial budgets approved by the Directors covering a three-years period and applying a terminal value multiple using a long term sustainable growth rate.

The key assumptions used for the CGU's value in use calculation are:

	Gross margin	Terminal value growth rate	Discount rate
At 31 December 2015	**18-21%**	**2%**	**11%**
At 31 December 2014	19-22%	1%	10%

(i) Gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the financial year immediately before the budgeted year, adjusted for market and economic conditions, which includes expectations of raw sugar pricing and expected efficiency improvements.

(ii) Terminal value growth rate

The terminal growth rate used is based on long term sustainable growth rates in the sugar industry in Malaysia.

(iii) Discount rate

Discount rate used, which is pre-tax, reflects specific industry risks relating to the sugar business.

Management believes that there is no reasonable possible change in any of the above key assumptions which would cause the carrying amount of the CGU to exceed the recoverable amount.

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Directors concluded that no reasonable change in any of the base case assumptions would cause the carrying amount of the CGU to exceed the recoverable amount.

18 INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted investments, at cost	**2,027,406**	2,022,929

NOTES TO THE FINANCIAL STATEMENTS
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18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries, are as follows:

Name of subsidiary	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group	
			2015 %	2014 %	2015 %	2014 %
Direct subsidiaries						
MSM Prai Berhad	Malaysia	Sugar refining, sales and marketing of refined sugar products	**100**	100	**100**	100
MSM Perlis Sdn Bhd	Malaysia	Sugar refining, sales and marketing of refined sugar products and planting of rubber and oil palm	**100**	100	**100**	100
MSM Trading and Distribution Sdn Bhd (incorporated on 22 September 2014)	Malaysia	Conduct commodity trading and related business activities	**100**	100	**100**	100
MSM Sugar Refinery (Johor) Sdn Bhd (incorporated on 8 April 2015)	Malaysia	Carry on business in sugar products and by-products	**100**	–	**100**	–
MSM Trading International DMCC (incorporated on 1 October 2015)	United Arab Emirates	Raw and refined sugar trading	**100**	–	**100**	–
Indirect subsidiaries						
MSM Logistics Sdn Bhd	Malaysia	Provision of transportation services	**–**	–	**100**	100
MSM Properties Sdn Bhd +	Malaysia	Dissolved^	**–**	–	**–**	100

+ Not audited by PricewaterhouseCoopers Malaysia
^ Dissolved on 28 December 2014

There is no proportion of investment of ordinary shares and preferences shares held by non-controlling interests and the Group respectively.

19 BIOLOGICAL ASSETS

Group	Rubber – Non-current RM'000
2015	
At 1 January	**33,590**
New planting costs – additions	**7,803**
Amortisation	**(1)**
At 31 December	**41,392**
2014	
At 1 January	23,364
New planting costs – additions	10,227
Amortisation	(1)
At 31 December	33,590

Included in biological assets of the Group is capitalised interest expense amounting to RM2,029,830 (2014 : RM2,030,000).

20 LOANS TO SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Loans to subsidiaries	**178,200**	192,000
Non-current asset:		
Term loan	**35,000**	35,000
Current asset:		
Revolving credit loans		
– MSM Prai Bhd	**65,000**	147,000
– MSM Perlis Sdn Bhd	**78,200**	10,000
	143,200	157,000

NOTES TO THE FINANCIAL STATEMENTS
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20 LOANS TO SUBSIDIARIES (CONTINUED)

The interest rates charged during the financial year were as follows:

	2015 % per annum	2014 % per annum
Term loan	**5.80**	5.80
Revolving credit loans	**3.60**	3.70

Revolving credit loans to subsidiaries are unsecured, with interest charged at a rate which is at the prevailing rate based on a licensed bank's revolving credit facility rate on the day of the drawing. Subject to the provisions of the agreements, the amount of the facility shall be repaid at the end of every six (6) months from the date of the first drawing.

Term loan is unsecured, with interest charged at a rate which is at the prevailing rate based on a licensed bank's term loan facility rate on the day of the drawing. Subject to the provisions of the agreements, the amount of the facility shall be repaid commencing from the seventh (7) year from the date of the first drawing and shall be repaid fully at the tenth (10) year.

As at 31 December 2015, the loans to subsidiaries are neither past due nor impaired.

The fair value of loan to subsidiaries equals their carrying amount, as the impact of discounting is not significant.

21 RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current:				
Advance payment[a]	**5,569**	6,651	**–**	–
Prepayments[b]	**10,964**	–	**–**	–
Current:				
Trade receivables	**346,396**	191,018	**–**	–
Other receivables	**30,089**	6,588	**5,671**	–
Deposits[c]	**119,509**	1,766	**8**	8
Prepayments	**3,372**	2,140	**439**	52
Advance payment[a]	**928**	928	**–**	–
	500,294	202,440	**6,118**	60
Total receivables	**516,827**	209,091	**6,118**	60

21 RECEIVABLES (CONTINUED)

The receivables and deposits are denominated as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	**467,203**	185,187	**6,118**	60
US Dollar	**49,624**	23,904	**–**	–
	516,827	209,091	**6,118**	60

Credit term of trade receivables is between 30 to 60 days (2014: 30 to 60 days).

Included in deposits is an amount related to sugar futures trading facilities amounting to RM36,560,000 (2014: RM66,975).

(a) On 28 February 2014, MSM Perlis Sdn Bhd signed the Gas Supply Agreement ('GSA') for the supply and delivery of gas to MSM Perlis Sdn Bhd. The GSA is effective from March 2014 and will expire on 31 December 2022. The advance payment is amortised over 106 months on a straight line basis starting from March 2014 based on the tenure of the GSA and the total amortisation expenses incurred during the financial year ended 31 December 2015 amounted to RM928,080. As at 31 December 2015, RM928,075 is classified as current portion and the balance of RM5,568,445 is classified as non-current in the statement of financial position.

(b) Non-current prepayments balance of RM10,964,221 relates to loan arrangement fees for the construction of refinery sugar mill in Johor.

(c) Included in deposits is an amount of RM74,634,182 relating to advance prepayments to contractors for the constructions of refinery sugar mill in Johor.

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21 RECEIVABLES (CONTINUED)

Group

Past due but not impaired

As at 31 December 2015, RM82,127,000 (2014: RM60,936,000) of receivables were past due but not impaired. These relate to a number of external parties where there is no expectation of default and there were receipts from these customers amounting to RM37,165,000 (2014: RM49,239,095) subsequent to period end. The ageing analysis of these receivables is as follows:

Group	No history of default RM'000	History of default RM'000	New customers RM'000	Total RM'000
2015				
Less than 30 days past due	**44,879**	**–**	**167**	**45,046**
Between 30 and 60 days past due	**25,450**	**–**	**–**	**25,450**
Between 61 and 90 days past due	**8,103**	**–**	**–**	**8,103**
Between 91 days and 1 year past due	**3,528**	**–**	**–**	**3,528**
At 31 December 2015	**81,960**	**–**	**167**	**82,127**
2014				
Less than 30 days past due	52,489	–	539	53,028
Between 30 and 60 days past due	7,487	–	–	7,487
Between 61 and 90 days past due	421	–	–	421
Between 91 days and 1 year past due	–	–	–	–
At 31 December 2014	60,397	–	539	60,936

Receivables of RM413,867,000 (2014: RM138,436,000), which are neither past due nor impaired are not significantly impacted by credit and default risks.

There are no amounts that are past due and impaired.

21 RECEIVABLES (CONTINUED)

The credit quality of receivables that are neither past due nor impaired can be assessed to historical information about counter party default rates:

	Group	
	2015 RM'000	**2014 RM'000**
Group 1	**1,463**	11,312
Group 2	**412,404**	127,124
Total unimpaired receivables	**413,867**	138,436

Group 1 – new customers (less than 6 months).
Group 2 – existing customers (more than 6 months) with no defaults in the past.

The fair value of the receivables, excluding prepayments, equals their carrying value, as the impact of discounting is not significant.

22 INVENTORIES

	Group	
	2015 RM'000	**2014 RM'000**
Raw materials	**564,611**	375,312
Work-in-progress	**22,214**	23,736
Finished goods	**32,246**	39,755
Consumable stores	**28,681**	24,798
Molasses	**1,321**	1,143
Raw sugar in transit	**80,837**	209,526
	729,910	674,270

NOTES TO THE FINANCIAL STATEMENTS
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23 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Amounts due from/(to) subsidiaries are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 30 to 60 days (2014: 30 to 60 days).

Past due but not impaired

As at 31 December 2015, RM147,911,000 (2014: RM7,391,000) of the total amounts due from subsidiaries were past due but not impaired. These relate to interest income and expenses paid on behalf of subsidiaries where there is no expectation of default. The ageing analysis of these balances is as follows:

	Company	
	2015 RM'000	**2014 RM'000**
Less than 30 days past due	**127,868**	2,573
Between 30 and 90 days past due	**2,505**	1,720
Between 91 days and 1 year past due	**17,538**	3,098
	147,911	7,391

Impaired and provided for

As at 31 December 2014, none of the amounts due from subsidiaries was impaired and provided for.

The credit quality of subsidiaries that are neither past due nor impaired can be assessed to historical information about counterparty default rates:

	Company	
	2015 RM'000	**2014 RM'000**
Group 2	**8,024**	8,504
Total unimpaired	**8,024**	8,504

Group 1 – new subsidiary (less than 6 months)
Group 2 – existing subsidiaries (more than 6 months) with no defaults in the past

24 AMOUNTS DUE FROM/(TO) OTHER RELATED COMPANIES AND LOAN DUE TO A RELATED COMPANY

Amounts due from/(to) other related companies are unsecured, interest free and have credit terms ranging from 30 to 60 days (2014: 30 to 60 days) and denominated in Ringgit Malaysia.

Loan due to a related company relates to a short term funding facility from a subsidiary of FGVH. The average interest rate of the loan is 4.61% (2014: nil) per annum.

24 AMOUNTS DUE FROM/(TO) OTHER RELATED COMPANIES AND LOAN DUE TO A RELATED COMPANY (CONTINUED)

As at 31 December 2014, RM3,100,000 of the total amounts due from other related companies were past due but not impaired. These relate to sales of goods where there is no expectation of default. The ageing analysis of these balances is as follows:

	Group	
	2015 RM'000	2014 RM'000
Less than 30 days past due	–	3,100

The credit quality of other related companies that are neither past due nor impaired can be assessed to historical information about counterparty default rates:

	Group	
	2015 RM'000	2014 RM'000
Group 2	**1**	775
Total unimpaired	**1**	775

Group 1 – new other related company (less than 6 months)
Group 2 – existing other related companies (more than 6 months) with no defaults in the past.

25 AMOUNT DUE TO ULTIMATE HOLDING COMPANY

As at 31 December 2015, the amount due to the ultimate holding company represents non trade balances, which are expected to be settled within the normal credit period of 90 days (2014: 90 days) and is denominated in Ringgit Malaysia, unsecured and interest free.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26 DERIVATIVE FINANCIAL ASSETS

	Group 2015		Group 2014	
	Notional amount RM'000	Derivative assets RM'000	Notional amount RM'000	Derivative assets RM'000
Foreign currency forward contracts	**15,000,000**	**313**	–	–
Sugar futures contracts	**–**	**–**	2,217	38

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. None of the derivatives are designated as hedges as hedge accounting has not been applied.

The notional amount of sugar futures contracts outstanding as at 31 December 2015 is nil (2014: 28,905MT).

27 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the followings:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed deposits with				
– licensed investment bank in Malaysia	**49,952**	190,052	**–**	–
– licensed banks in Malaysia	**17,640**	233,991	**16,761**	233,891
	67,592	424,043	**16,761**	233,891
Cash and bank balances	**56,310**	45,956	**2,751**	766
Deposits, cash and bank balances	**123,902**	469,999	**19,512**	234,657

The effective interest rates of the fixed deposits of the Group ranges from 3.15% to 3.6% (2014: 2.95% to 4.00%) per annum and ranges for the Company from 3.15% to 3.46% (2014: 3.16% to 4.00%) per annum. All fixed deposits have original maturity terms of three months or less.

Cash and bank balances are deposits held at call with banks and earn no interest.

27 CASH AND CASH EQUIVALENTS (CONTINUED)

The fixed deposits, cash and bank balances are denominated as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	**115,980**	460,855	**19,512**	234,657
US Dollar	**3,445**	9,144	**–**	–
AE Dirham	**4,477**	–	**–**	–
	123,902	469,999	**19,512**	234,657

Credit rating profiles of banks in which the fixed deposits have been placed are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
AAA	**38,101**	292,246	**11,034**	123,897
A1	**879**	1,429	**–**	1,330
A2	**28,612**	115,008	**5,727**	93,304
AA2	**–**	15,360	**–**	15,360
	67,592	424,043	**16,761**	233,891

AAA – A financial institution rated AAA has a superior capacity to meet its financial obligations. This is the highest long-term financial institution rated assigned by RAM Ratings.

AA – A financial institution rated AA has a strong capacity to meet its financial obligations. The financial institution is resilient against adverse changes in circumstances, economic conditions and/or operating environments.

A – A financial institution rated A has an adequate capacity to meet its financial obligations. The financial institution is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.

For long-term ratings, RAM Ratings applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscripts 1 indicates that the financial institution ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscripts 3 indicates that the financial institution ranks at the lower end of its generic rating category.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28 ASSETS HELD FOR SALE

The details are as follows:

31 December 2015 Group	Plant and machinery RM'000	Furniture and fittings, equipment and motor vehicles RM'000	Total RM'000
Property, plant and equipment at net book value	**14**	**4**	**18**
Disposal	**(11)**	**–**	**(11)**
	3	**4**	**7**

31 December 2014 Group	Plant and machinery RM'000	Furniture and fittings, equipment and motor vehicles RM'000	Total RM'000
Property, plant and equipment at net book value	23	13	36
Disposal	(9)	(9)	(18)
	14	4	18

29 SHARE CAPITAL

	Group and Company	
	2015 RM'000	2014 RM'000
Authorised share capital:		
Ordinary shares of RM0.50 each	**500,000**	500,000
Issued and fully paid share capital:		
Ordinary shares of RM0.50 each	**351,490**	351,490

30 RESERVES

(i) Share premium (non-distributable)

Share premium comprises the 125,000,000 new ordinary shares issued in 2011 with a par value of RM0.50 each at fair value of RM3.50 per share in conjunction with the listing and quotation of the Company's shares on Main Market of Bursa Malaysia Securities Bhd. The difference between par value and fair value is recognised as share premium.

Share premium is not available for distribution as cash dividends.

(ii) Reorganisation deficit (non-distributable)

Reorganisation deficit comprises the difference between the fair value of 577,979,800 new ordinary shares issued at RM3.50 per share on 20 May 2011 and the carrying amounts of the sugar business as at January 2010. It is recognised as reorganisation deficit in accordance with the predecessor method of accounting.

(iii) Merger relief reserve (non-distributable)

Merger relief reserve comprises the 577,979,800 new ordinary shares with a par value of RM0.50 each issued at a fair value of RM3.50 per share for the acquisition of entire equity interests in MSM Prai Berhad and MSM Perlis Sdn Bhd on 20 May 2011. The difference between par value and fair value is recognised as merger relief reserve in accordance with section 60(4) of the Companies Act, 1965.

(iv) Retained earnings

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

31 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Subject to income tax		
– Deferred tax liabilities	**(75,378)**	(76,699)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 DEFERRED TAX LIABILITIES (CONTINUED)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2015 RM'000	2014 RM'000
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	**(30,388)**	(62,202)
– Deferred tax liabilities to be recovered within 12 months	**(44,990)**	(14,497)
Deferred tax liabilities (net)	**(75,378)**	(76,699)
At 1 January	**(76,699)**	(79,694)
Charged/(credited) to statement of comprehensive income (Note 12):		
– property, plant and equipment	**(926)**	1,539
– payables and accruals	**73**	761
– intangible assets	**807**	807
– receivables	**1,310**	392
– biological assets	**48**	(495)
– derivative financial assets	**9**	(9)
	1,321	2,995
At 31 December	**(75,378)**	(76,699)
Deferred tax liabilities (before offsetting)		
– property, plant and equipment	**(61,172)**	(60,638)
– intangible assets	**(15,862)**	(16,669)
– receivables	**1,032**	119
– biological assets	**(443)**	(496)
– derivative financial assets	**–**	(9)
	(76,445)	(77,693)
Offsetting	**1,067**	994
Deferred tax liabilities (after offsetting)	**(75,378)**	(76,699)
Deferred tax assets (before offsetting)		
– payables and accruals	**1,067**	994
Offsetting	**(1,067)**	(994)
	–	–

32 PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	**100,107**	171,024	**–**	–
Other payables	**48,200**	37,905	**7,865**	4,968
Accruals	**24,196**	16,472	**4,541**	2,196
Unpaid balance for acquisition of property, plant and equipment (Note 35)	**3,694**	5,815	**9**	8
	176,197	231,216	**12,415**	7,172

Trade payables carry credit periods of between 30 days to 60 days (2014: 30 days to 60 days).

The fair value of the payables equal their carrying value, as the impact of discounting is not significant.

The payables are denominated as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
– Ringgit Malaysia	**99,265**	81,611	**12,415**	7,172
– United States Dollar	**76,932**	149,599	**–**	–
– Singapore Dollar	**–**	6	**–**	–
	176,197	231,216	**12,415**	7,172

33 BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Bankers' acceptances		
– Unsecured	**359,537**	248,390

The average interest rates of the borrowings range approximately 3.60% to 4.04% (2014: 3.23% to 3.95%) per annum.

All borrowings are denominated in Ringgit Malaysia.

The fair value of borrowings equal their carrying amount, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 RELATED PARTY TRANSACTIONS

Federal Land Development Authority ("FELDA"), a significant shareholder of the Group's ultimate holding company, Felda Global Ventures Holdings Berhad ("FGVH"), owns 33.67% (2014: 33.7% of the issued share capital of FGVH, which in turn has an effective 51% interest in the Company. The Group considers that, for the purpose of FRS 124 "Related Party Disclosures", FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Company.

Apart from the individually significant transactions as disclosed in Note 34(a)(v) and Note 34(c) to the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- Deposit placing with and deposit taking from government-related entities
- Utilities services provided by the government-related entities

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

Related parties and their relationship with the Group are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Significant shareholder of FGVH
Felda D'Saji Sdn Bhd ("D'Saji")	Subsidiary of KPF
Felda Global Ventures Holdings Berhad ("FGVH")	Ultimate holding company
Felda Prodata Systems Sdn Bhd ("FPSB")	Subsidiary of FHB
Felda Security Services Sdn Bhd ("FSS")	Subsidiary of FHB
Felda Trading Sdn Bhd ("FTSB")	Subsidiary of KPF
FGV Capital Sdn Bhd ("FGVC")	Subsidiary of FGVH
FPM Sdn Bhd ("FPM")	Subsidiary of FHB
MSM Sugar Refinery (Johor) Sdn Bhd ("MSM Johor")	Subsidiary company
MSM Logistics Sdn Bhd ("MSM Logistics")	Subsidiary company
MSM Prai Berhad ("MSM Prai")	Subsidiary company
MSM Perlis Sdn Bhd ("MSM Perlis")	Subsidiary company
MSM Trading & Distribution Sdn Bhd ("MSM Trading")	Subsidiary company

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties

	Group	
	2015 RM'000	**2014 RM'000**
(i) Transactions with FGVH Group:		
– management fees	**5,800**	4,294
(ii) Transactions with FHB and subsidiaries of FHB:		
– FSS (security services)	**596**	94
– FPM (provision of plantation material)	**266**	870
– FELDA (rental)	**1,376**	326
– Other related parties	**708**	1,923
(iii) Transactions with FTSB:		
– sales of refined sugar	**21,792**	19,275
(iv) Transaction with D'Saji		
– provision of refreshment	**117**	106

	Company	
	2015 RM'000	**2014 RM'000**
(v) Transactions with subsidiaries:		
Dividends received from:		
– MSM Prai	**18,878**	151,844
– MSM Perlis	**169,897**	16,872
Interest received from:		
– MSM Prai	**590**	1,435
– MSM Perlis	**5,184**	2,505
Management fees from:		
– MSM Prai	**8,040**	–
– MSM Perlis	**1,860**	–
– MSM Logistics	**183**	–

These transactions were undertaken on agreed terms between the related parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant financial year end balances arising from sales/purchases of goods/services

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Amount due to ultimate holding company, FGVH	**(11,785)**	(8,918)	**(3,483)**	(1,139)
Amounts due from/(to) other related companies				
Due from				
– FTSB	**–**	3,870	**–**	–
– Other related companies	**1**	5	**–**	–
	1	3,875	**–**	–
Due to				
– FELDA	**–**	(1,845)	**–**	(1,845)
– Other related companies	**(510)**	(491)	**(133)**	(180)
	(510)	(2,336)	**(133)**	(2,025)
Loan due to related company, FGVC	**60,000**	–	**–**	–
Amounts due from subsidiaries:				
– MSM Perlis	**–**	–	**14,620**	4,221
– MSM Prai	**–**	–	**13,103**	11,443
– MSM Logistics	**–**	–	**341**	231
– MSM Johor	**–**	–	**127,868**	–
– MSM Trading	**–**	–	**3**	–
	60,000	–	**155,935**	15,895
Loans due from subsidiaries, net of repayments:				
– MSM Prai	**–**	–	**65,000**	147,000
– MSM Perlis	**–**	–	**113,200**	45,000
	–	–	**178,200**	192,000

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Key management personnel comprise Directors and senior management and above of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The aggregate amount of emoluments received/receivable by Directors of the Group during the year is disclosed in Note 10 to the financial statements.

The aggregate amount of emoluments received/receivable by key management personnel of the Group and Company during the year is as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Fees	**1,956**	1,147	**1,836**	1,063
Salary, allowances and bonuses	**3,791**	2,427	**1,833**	434
Defined contribution plan	**591**	178	**252**	72
Other employee benefits	**58**	93	**8**	–
Total	**6,396**	3,845	**3,929**	1,569

Benefits-in-kind provided to key management personnel of the Group amounted to RM280,539 (2014: RM146,073).

35 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Aggregate cost of property, plant and equipment	**224,360**	73,297	**91,752**	1,452
Capitalisation of borrowing cost	**(2,121)**	(3,592)	**–**	–
Unpaid balances included in other payables and accruals (Note 32)	**(3,694)**	(5,815)	**(9)**	(8)
Cash paid in respect of previous financial years acquisition	**5,815**	6,995	**8**	7
	224,360	70,885	**91,751**	1,451

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36 OPERATING LEASE COMMITMENTS

The Group leases premises from various parties under operating lease arrangements. These leases are non-cancellable and typically run for a period.

None of the leases includes contingent rentals. There are no restrictions placed upon the Group by entering into these leases.

The future aggregated minimum lease payments under non-cancellable operating lease are as follows:

	Group	
	2015 RM'000	**2014 RM'000**
No later than 1 year	**9,734**	313
Later than 1 year and no later than 5 years	**1,410**	1,410
Later than 5 years	**1,119**	1,195
	12,263	2,918

37 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Property, plant and equipment:				
– contracted and not provided for	**467,025**	33,575	**–**	–
– authorised and not contracted for	**985,799**	224,898	**–**	–
Biological assets:				
– authorised and contracted	**656**	98	**–**	–
– authorised and not contracted for	**18,299**	16,104	**–**	–
	1,471,779	274,675	**–**	–

38 FINANCIAL INSTRUMENTS

The analysis of classification of financial instruments are as follows:

Group	Loans and receivables 2015 RM'000	Loans and receivables 2014 RM'000
As at 31 December		
Financial assets		
Receivables (excluding prepayments)	**495,994**	199,372
Amounts due from other related companies	**1**	3,875
Cash and cash equivalent	**123,902**	469,999
Total financial assets	**619,897**	673,246

Group	Liabilities at amortised cost 2015 RM'000	Liabilities at amortised cost 2014 RM'000
Financial liabilities		
Payables	**176,197**	231,216
Amount due to ultimate holding company	**11,785**	8,918
Amounts due to other related companies	**510**	2,336
Loan due to a related company	**60,000**	–
Borrowings	**359,537**	248,390
Total financial liabilities	**608,029**	490,860

Company	Loans and receivables 2015 RM'000	Loans and receivables 2014 RM'000
As at 31 December		
Financial assets		
Receivables (excluding prepayments)	**5,679**	8
Amounts due from subsidiaries	**155,935**	15,895
Loans to subsidiaries	**178,200**	192,000
Cash and cash equivalent	**19,512**	234,657
Total financial assets	**359,326**	442,560

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38 FINANCIAL INSTRUMENTS (CONTINUED)

The analysis of classification of financial instruments are as follows: (continued)

Company	Liabilities at amortised cost 2015 RM'000	2014 RM'000
Financial liabilities		
Payables	**12,415**	7,172
Amount due to an ultimate holding company	**3,483**	1,139
Amounts due to other related companies	**133**	2,025
Amounts due to subsidiaries	**5,362**	309
Total financial liabilities	**21,393**	10,645

39 SEGMENT INFORMATION

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 and sales and marketing of refined sugar

(ii) Rubber and palm oil – rubber and palm oil plantation

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

The President and Group Chief Executive Officer, 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.

39 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the President and Group Chief Executive Officer for the reportable segments for the financial year is as follows:

	Sugar RM'000	Rubber and palm oil RM'000	Reconciliation RM'000	Total RM'000
31 December 2015				
Total segment revenue	**2,307,042**	**221**	**–**	**2,307,263**
Finance income	**1,555**	**–**	**6,307**	**7,862**
Finance costs	**(7,543)**	**(3)**	**–**	**(7,546)**
Depreciation and amortisation	**37,444**	**2,368**	**1,570**	**41,382**
Profit before zakat and taxation	**399,878**	**(3,651)**	**(24,099)**	**372,128**
Zakat	**(4,500)**	**–**	**(500)**	**(5,000)**
Taxation	**(88,734)**	**–**	**(3,098)**	**(91,832)**
Profit for the financial year				**275,296**
Total assets	**1,811,635**	**140,147**	**770,623**	**2,722,405**
Total liabilities	**(938,128)**	**(78,736)**	**331,475**	**(685,389)**
Additions to biological assets	**–**	**7,803**	**–**	**7,803**
Additions to property, plant and equipment	**211,385**	**246**	**12,729**	**224,360**
Additions to intangible assets	**1,647**	**–**	**493**	**2,140**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

39 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the President/Chief Executive Officer for the reportable segments for the financial year is as follows: (continued)

	Sugar RM'000	Rubber and palm oil RM'000	Reconciliation RM'000	Total RM'000
31 December 2014				
Total segment revenue	2,281,493	–	–	2,281,493
Finance income	(1,820)	–	14,711	12,891
Finance costs	(3,716)	(3)	–	(3,719)
Depreciation and amortisation	45,902	3,121	149	49,172
Profit before zakat and taxation	345,748	(6,387)	4,938	344,299
Zakat	(4,350)	–	(150)	(4,500)
Taxation	(81,780)	–	(1,006)	(82,786)
Profit for the financial year				257,013
Total assets	1,447,789	117,075	953,339	2,518,203
Total liabilities	(678,322)	(63,386)	168,000	(573,708)
Additions to biological assets	–	10,227	–	10,227
Additions to property, plant and equipment	71,547	300	1,450	73,297
Additions to intangible assets	1,083	–	–	1,083

Analysis of revenue

The analysis of revenue by geographical locations is as follows:

	Group	
	2015 RM'000	2014 RM'000
Malaysia	**2,012,973**	1,959,433
Asia	**206,003**	228,349
Australia	**16,357**	33,825
Europe	**27,988**	26,056
Others	**43,942**	33,830
	2,307,263	2,281,493

All assets are located in Malaysia.

40 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 March 2016.

SUPPLEMENTARY INFORMATION

41 REALISED AND UNREALISED RETAINED EARNINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Realised	**757,035**	648,061	**5,534**	5,957
Unrealised	**2,312**	3,239	**–**	–
	759,347	651,300	**5,534**	5,957
Consolidation adjustments	**(134,893)**	(119,367)	**–**	–
Total Group retained earnings	**624,454**	531,933	**5,534**	5,957

The unrealised portion of retained earnings comprises deferred tax expense, cumulative net gains arising from fair value through profit or loss and translation gains and losses on monetary items denominated other than in Ringgit Malaysia.

ANALYSIS OF SHAREHOLDINGS

AS AT 21 MARCH 2016

Authorised Share Capital	:	RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each
Issued and Paid Up Share Capital	:	RM351,490,000 comprising 702,980,000 ordinary shares of RM0.50
Class of Shares	:	Ordinary share of RM0.50 each
Voting Right	:	One (1) vote per ordinary share

DISTRIBUTION SCHEDULE OF SHARE

	No. of Holders Shareholders	Percentage of Shareholders (%)	No. of Share	Percentage of Share Capital (%)
Less than 100	326	9.89	1,956	0.00
100 to 1,000	1,441	43.72	989,674	0.14
1,001 to 10,000	1,311	39.78	5,114,720	0.73
10,001 to 100,000	173	5.25	4,201,800	0.60
100,001 to less than 5% of issued shares	39	1.18	109,693,350	15.60
5% and above of issued shares	6	0.18	582,978,500	82.93
Total	**3,296**	**100.00**	**702,980,000**	**100.00**

INFORMATION ON DIRECTORS SHAREHOLDINGS

No.	Name	No. of Shares (Direct)	%
1.	YB Tan Sri Haji Mohd Isa Bin Dato' Haji Abdul Samad	20,000	0.00
2.	Dato' Zainal Bin Haji Ismail	20,000	0.00
3.	Dato' Hajjah Rosni Binti Haji Zahari	20,000	0.00
4.	YB Datuk Noor Ehsanuddin Bin Mohd Harun Narrashid	–	–
5.	Dato' Mohd Emir Mavani Bin Abdullah	–	–
6.	Datuk Lim Thean Shiang	–	–
7.	Dato' Sheikh Awab Bin Sheikh Abod	–	–
8.	Dato' Rosini Binti Abd Samad	–	–
9.	Datuk Hanapi Bin Suhada	–	–

INFORMATION ON SUBSTANTIAL SHARERHOLDERS (5% AND ABOVE)

		Direct Holdings	
No.	Name	No.	%
1.	Felda Global Ventures Sugar Sdn Bhd	281,369,800	40.03
2.	Koperasi Permodalan Felda Malaysia Berhad	140,612,952	20.00
3.	Felda Global Ventures Holdings Sdn Bhd	77,150,248	10.97
4.	Employees Provident Fund Board	42,408,300	6.03
5.	AmanahRaya Trustees Berhad	41,437,200	5.89

LIST OF TOP 30 SHAREHOLDERS

AS AT 21 MARCH 2016

No.	Name	Holdings	%
1.	FELDA GLOBAL VENTURES SUGAR SDN BHD	281,369,800	40.03
2.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	88,805,852	12.63
3.	FELDA GLOBAL VENTURES HOLDINGS SDN BHD	77,150,248	10.97
4	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	51,807,100	7.37
5.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	41,437,200	5.89
6.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	17,329,500	2.47
7.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	15,610,200	2.22
8.	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	11,485,900	1.63
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	9,251,900	1.32
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	8,000,800	1.14
11.	LEMBAGA TABUNG HAJI	7,478,400	1.06
12.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	7,220,000	1.03
13.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EQUITY FUND	4,411,000	0.63
14.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD YAYASAN HASANAH (AUR-VCAM)	4,265,200	0.61
15.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	4,246,100	0.60
16.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	4,099,900	0.58
17.	PERTUBUHAN KESELAMATAN SOSIAL	1,372,450	0.20
18.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH PREMIER FUND	333,700	0.05
19	AMANAHRAYA TRUSTEES BERHAD CIMB PRINCIPAL EQUITY AGGRESSIVE FUND 1	270,300	0.04
20.	BANK SIMPANAN NASIONAL	231,000	0.03

LIST OF TOP 30 SHAREHOLDERS
AS AT 21 MARCH 2016

No.	Name	Holdings	%
21.	BANK SIMPANAN NASIONAL	207,300	0.03
22.	AMANAHRAYA TRUSTEES BERHAD AMB DANA AQEEL (CAPITAL PROTECTED) – SERIES 2	191,400	0.03
23.	AMANAHRAYA TRUSTEES BERHAD CIMB ISLAMIC EQUITY AGGRESSIVE FUND	182,600	0.03
24.	BANK SIMPANAN NASIONAL	181,100	0.03
25.	AMANAHRAYA TRUSTEES BERHAD CIMB PRINCIPAL EQUITY GROWTH & INCOME FUND	173,200	0.02
26.	BANK SIMPANAN NASIONAL	171,000	0.02
27.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD FOR MSIG INSURANCE (MALAYSIA) BERHAD	151,400	0.02
28.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD AMB BALANCED TRUST FUND	151,100	0.02
29.	SHAHRIL BIN SHAMSUDDIN	150,000	0.02
30.	BANK SIMPANAN NASIONAL	150,000	0.02

LIST OF TOP 10 PROPERTIES OWNED BY MSM GROUP

AS AT 31 DECEMBER 2015

No.	Name of Registered owner/ Beneficial owner/Lot. no/Leasehold period	Acquisition Date	Ownership	Existing Use	Land Area (hectares unless otherwise stated)	Age of Plant & Building (years)	NBV as at 31.12.2015 (RM'000)
1	PN 39, Lot No : 2035, Bukit Merah, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	1,268.108	–	25,038
2	HS (D) 145, PT, Chuping, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	1,027.862	–	20,345
3	H.S.(D) 8549, PT 4363, Padang Mayat, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	953.743	–	18,832
4	PN 37, Lot No.: 2040, Kampong Baru, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	523.940	–	10,346
5	H.S.(D) 119796, PT121676, Mukim Kelang, Daerah Klang, Selangor.	24.4.2013	Leasehold	Vacant land	10,670 sq metres	–	5,192
6	PN 43, Lot No.: 2037, Air Hujan, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	277.178	–	5,473
7	Pajakan Negeri, No. Hakmilik 58, Lot 3142, Mukim Chuping, Daerah Perlis, Negeri Perlis.	30.9.1973		Factory Buildings	42,855 sq metres	–	5,064
8	H.S.(D) 119797, PT121677, Mukim Kelang, Daerah Klang, Selangor.	24.4.2013	Leasehold	Vacant land	9,697 sq metres	–	4,676
9	H.S.(D) 31964, PT 34446, Mukim Batu, Daerah Gombak, Negeri Selangor.	15.9.1993	Freehold	Facility for sugar distribution and storage	1.214	15	2,228
10	H.S.(D) 4976, TLO 778A, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor.	30.8.2002	Leasehold	Facility for sugar distribution and storage	0.8599	17 to 39	2,120

SUMMARY OF PROPERTIES OWNED BY MSM GROUP

AS AT 31 DECEMBER 2015

No.	Name of Registered owner/Beneficial owner Lot. no/Leasehold period	Acquisition Date	Ownership	Existing Use	Land Area (hectares unless otherwise stated)	Age of Plant & Building (years)	NBV as at 31.12.2015 (RM'000)
	MSM PRAI BERHAD						
1	H.S.(D) 31960, PT 34442, Mukim Batu, Daerah Gombak, Negeri Selangor. Lot 59, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	15.9.1993	Freehold	Vacant land	0.254	15	466
2	H.S.(D) 31961, PT 34443, Mukim Batu, Daerah Gombak, Negeri Selangor. Lot 58, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	15.9.1993	Freehold	Bays for trucks and primers	0.088	15	161
3	H.S.(D) 31962, PT 34444, Mukim Batu, Daerah Gombak, Negeri Selangor. Lot 58, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	15.9.1993	Freehold	Bays for trucks and primers	0.519	15	953
4	H.S.(D) 31963, PT 34445, Mukim Batu, Daerah Gombak, Negeri Selangor. Lot 59, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	15.9.1993	Freehold	Vacant land	0.353	15	648
5	H.S.(D) 31964, PT 34446, Mukim Batu, Daerah Gombak, Negeri Selangor. Lot 60, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	15.9.1993	Freehold	Facility for sugar distribution and storage Building	1.214 903 sq metres	15	2,228
6	H.S.(D) 31965, PT 34447, Mukim Batu, Daerah Gombak, Negeri Selangor. Lot 61, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	30.8.2002	Freehold	Facility for sugar distribution and storage Building	1.10543 9,010 sq metres	15	2,029
7	H.S.(D) 4976, TLO 778A, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor. 5, Jalan Bakti, Kawasan Perindustrian Larkin, 80350 Johor Bahru, Johor.	30.8.2002	Leasehold	Facility for sugar distribution and storage Building	0.8599 3,891 sq metres	17 to 39	2,120
8	H.S.(D) 119796, PT121676, Mukim Kelang, Daerah Klang, Selangor.	24.4.2013	Leasehold	Vacant land	10,670 sq metres	0	5,192
9	H.S.(D) 119797, PT121677, Mukim Kelang, Daerah Klang, Selangor.	24.4.2013	Leasehold	Vacant land	9,697 sq metres	0	4,676

No.	Name of Registered owner/Beneficial owner Lot. no/Leasehold period	Acquisition Date	Ownership	Existing Use	Land Area (hectares unless otherwise stated)	Age of Plant & Building (years)	NBV as at 31.12.2015 (RM'000)
	MSM PERLIS SDN. BHD. (FACTORY)						
1	Pajakan Negeri, No. Pendaftaran 38, Lot No. 2039, Mukim Chuping, Daerah Perlis, Negeri Perlis.	20.2.1972 30.9.1973	Leasehold	Factory land Factory Buildings	16.353 42,855 sq metres		6 5,064
2	Pajakan Negeri, No. Hakmilik 58, Lot 3142, Mukim Chuping, Daerah Perlis, Negeri Perlis.	30.9.1977	Leasehold	Tubewell area Building	28.715 236 sq metres		49
	MSM PERLIS SDN. BHD. (PLANTATION)						
3	PN 37, Lot No: 2040, Kampong Baru, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	523.940		10,346
4	PN 39, Lot No: 2035, Bukit Merah, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	1,268.108		25,038
5	PN 40, Lot No: 2038, Store Chia, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation Building	288.877 8,149.55 sq metres		5,704
6	PN 41, Lot No: 2041, Padang Hang Chik Wa, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	92.202		1,821
7	PN 43, Lot No: 2037, Air Hujan, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	277.178		5,473
8	H.S.(D) 8549, PT 4363, Padang Mayat, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation Building	953.743 8,735.39 sq metres		18,832
9	H.S.(D) 8550, PT 4364, Padang Mayat, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	10.001		197
10	HS (D) 145, PT, Chuping, Chuping.	21.5.2011	Leasehold	Rubber & other crops plantation	1,027.862		20,345
11	HS (D) 2587, PT349, Bilal Udoh, Chuping.	21.5.2011	Leasehold	Experimental station Building	12.841 713.68 sq metres		259

SUMMARY OF PROPERTIES LEASED BY MSM GROUP

No.	Name of Lessor/ Lessee or Landlord/ Tenant or Grantor/Grantee Lot. No./Postal address	Description of property/ Existing use	Built-up area/Land area (square metre unless otherwise stated)	Tenure/date of expiry	Rental per annum (Unless otherwise stated) (RM unless otherwise stated)
1	H.S. (D) 28162, Lot 286, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang – Plot A & B. 798, Main Road, 13600 Prai, Penang.	Property erected with molasses tanks, refined sugar warehouse, raw sugar warehouse, container parking area, railway lines and packaging materials warehouse	3,471.5/97,494 square feet	A lease for 30 years/Expiring on 30 November 2024 with option to renew for another 30 years.	26,323.00
2	H.S. (D) 28162, Lot 286, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang – Plot D 798, Main Road, 13600 Prai, Penang.	Property erected with raw warehouse and miscellaneous materials warehouse	5,374.7/96,140 square feet	A lease for 14 years/Expiring on 31 May 2018 with option to renew for another 10 years.	30,764.00
3	H.S. (D) 28162, Lot 286, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang – Plot C 798, Main Road, 13600 Prai, Penang.	Property erected with raw warehouse and miscellaneous materials warehouse	4,119.7/60,575 square feet	A lease for 30 years/Expiring on 30 November 2024 with option to renew for another 30 years.	16,355.00
4	H.S. (D) 28137, Lot 287, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang 798, Main Road, 13600 Prai, Penang.	Property erected with raw warehouse and miscellaneous materials warehouse	72,451.4/605,484 square feet	A lease for 30 years/Expiring on 30 November 2024 with option to renew for another 30 years.	163,480
5	Penang Port Commission (as lessor)/ Kilang Gula Felda Perlis Sdn Bhd (as lessee) Bulk Cargo Terminal, 13600 Prai, Penang.	Storage godown/currently used as a storage facility for refined sugar and raw sugar	7,580.12/ Not Applicable	A lease for 22 years/ Expiring on 31 January 2025.	RM0.84 per square metre per month
6	Level 44, Menara Felda, Platinum Park, 11 Persiaran KLCC 50088 Kuala Lumpur.	Office space/currently used at MSM's administrative office in KL	16,129 square feet	A lease for 3 years/Expiring on 31 August 2018.	109,417 per month

CORPORATE DIRECTORY

HEAD OFFICE

1. **MSM MALAYSIA HOLDINGS BERHAD** (935722-K)
   Level 44, Menara Felda, Platinum Park
   No. 11, Persiaran KLCC
   50088 Kuala Lumpur, Malaysia
   Tel : +603 2181 5018
   Fax : +603 2181 5015

2. **MSM PRAI BERHAD** (3573-D)
   Level 44, Menara Felda, Platinum Park
   No. 11, Persiaran KLCC
   50088 Kuala Lumpur, Malaysia
   Tel : +603 2181 4818
   Fax : +603 2181 4825 (Accounts)
   : +603 2181 4812/4827 (Marketing)

3. **MSM LOGISTICS SDN BHD** (208409-P)
   CP 18, Suite 13.02, 13th Floor, Central Plaza
   34, Jalan Sultan Ismail
   50250 Kuala Lumpur, Malaysia
   Tel : +603 2110 1213/2145 9022/2866
   Fax : +603 2145 6022

4. **MSM SUGAR REFINERY (JOHOR) SDN. BHD.** (1139464-W)
   Postal Address: Level 44, Menara Felda, Platinum Park
   No. 11, Persiaran KLCC
   50088 Kuala Lumpur, Malaysia
   Tel : +603 2181 5018
   Fax : +603 2181 5015

FACTORY

5. **MSM PRAI BERHAD** (3573-D)
   798, Main Road, 13600 Prai, Seberang Prai
   Pulau Pinang, Malaysia
   Tel : +604 388 8888
   Fax : +604 390 8122/399 9140

6. **MSM PERLIS SDN BHD** (10776-K)
   Postal Address: P.O Box 42
   01700 Kangar, Perlis, Malaysia
   Address : Mukim Chuping, 02500 Chuping
   Perlis, Malaysia
   Tel : +604 944 1301/1302/1303
   Fax : +604 944 1027/1311

WAREHOUSE

7. **MSM PRAI BERHAD** (3573-D)
   Lot No.61, Jalan BRP 8/1
   Kawasan Perusahaan Bukit Rahman Putra
   47000 Sungai Buloh, Selangor, Malaysia
   Tel : +603 6157 6358
   Fax : +603 6157 5358

8. **MSM PRAI BERHAD** (3573-D)
   No. 5, Jalan Bakti, Kawasan Perindustrian Larkin
   80350 Johor Bahru, Johor, Malaysia
   Tel : +607 238 3687
   Fax : +607 238 3766

PLANTATION

9. **MSM PERLIS SDN BHD** (10776-K)
   Postal Address : P.O. Box 40
   01700 Kangar, Perlis, Malaysia
   Address : KM23, Jalan Kilang Gula Chuping
   02400 Beseri, Perlis, Malaysia
   Tel : +604 944 1002
   Fax : +604 944 1211

TRADING

10. **MSM TRADING INTERNATIONAL DMCC** (DMCC28344)
    No. Unit 404 & 405, Jumeirah Bay X3
    Cluster X, Jumeirah Lakes Tower (JLT), Dubai
    United Arab Emirates
    Email: trading@msmsugar.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth (5th) Annual General Meeting of MSM Malaysia Holdings Berhad ("MSM" or "the Company") will be held at Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur, Malaysia on Tuesday, 10 May 2016, at 11.00 a.m., or any adjournment thereof, for the transaction of the following businesses:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note 1

2. To approve the payment of a Final Dividend of 14 sen per ordinary share, under single-tier system, in respect of the financial year ended 31 December 2015. ..... **(Resolution 1)**

   Please refer to Explanatory Note 2

3. To approve the payment of Directors' fees of RM1,836,485.27 for the financial year ended 31 December 2015. ..... **(Resolution 2)**

   Please refer to Explanatory Note 3

4. To re-appoint Dato' Zainal Haji Ismail as Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965. ..... **(Resolution 3)**

   Please refer to Explanatory Note 4

5. To re-elect the following Directors who retires pursuant to Article 99 of the Articles of Association of the Company.

   (i) Datuk Hanapi Suhada ..... **(Resolution 4)**
   (ii) Dato' Zakaria Arshad ..... **(Resolution 5)**

   Please refer to Explanatory Note 5

6. To re-elect the following Directors who retires pursuant to Article 93 of the Articles of Association of the Company.

   (i) YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad ..... **(Resolution 6)**
   (ii) YB Datuk Noor Ehsanuddin Mohd Harun Narrashid ..... **(Resolution 7)**

   Please refer to Explanatory Note 6

7. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2016, and to authorise the Directors to fix the remuneration. ..... **(Resolution 8)**

   Please refer to Explanatory Note 7

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following as Ordinary Resolution:

   i. Proposed Renewal Of Shareholders' Mandate For Existing Recurrent Related Party Transactions Of A Revenue Or Trading Nature

   ..... **(Resolution 9)**

   "THAT, subject always to the Companies Act, 1965 **(the "Act")**, the Articles of Association of MSM Malaysia Holdings Berhad **(the "Company")**, other applicable laws, guidelines, rules and regulations, and the approval of the relevant governmental/regulatory authorities (if applicable), approval be and is hereby given to the Company and/or its subsidiaries to enter into all arrangements and/or transactions involving the interests of the related parties as specified in Appendix I of the circular to shareholders dated 18 April 2016, provided that such arrangements and/or transactions are:

   (i) recurrent transactions of a revenue or trading nature;

   (ii) necessary for the day-to-day operations;

   (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

   (iv) not detrimental to the minority shareholders of the Company;

   (the "Proposed Renewal of Shareholders' Mandate");

   AND THAT the Proposed Renewal of Shareholders' Mandate shall commence immediately upon passing of this ordinary resolution and continue to be in force until:

   (a) the conclusion of the next Annual General Meeting **(the "AGM")** of the Company following this AGM at which the ordinary resolution for the Proposed Renewal of Shareholders' Mandate for recurrent related party transactions is approved, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM; or

   (b) the expiration of the period within which the next AGM after that date is required by law to be held; or

   (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting of the Company,

   whichever is the earlier;

   AND FURTHER THAT authority be and is hereby given to the Directors of the Company and/or its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this resolution and the Proposed Renewal of Shareholders' Mandate."

9. To transact any other business of the Company for which due notice shall be given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Fifth (5th) Annual General Meeting of the Company to be held on 10 May 2016, a final dividend of 14 sen per ordinary share, under single-tier system, in respect of the financial year ended 31 December 2015 will be paid on 10 June 2016 to the shareholders. The entitlement date for the said dividend shall be 27 May 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement to the dividend only in respect of:

i. Shares transferred into the Depositor's securities account before 4.00 p.m. on 27 May 2016 in respect of ordinary transfers; and

ii. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad

By Order Of The Board

Abd Rashid Atan (MIA 18390)
Koo Shuang Yen (MIA 7556)
Company Secretaries

Kuala Lumpur
18 April 2016

NOTES:

1. Proxy

(i) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (onmibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of subsection 25A(1) of SICDA.

(iii) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(iv) The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(v) The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. In the case of a poll, not less than twenty-four (24) hours before the time appointed in taking the poll, and in default the instrument of proxy shall not be treated as valid.

2. Members entitled to attend

For purposes of determining a member who shall be entitled to attend the Fifth (5th) Annual General Meeting, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Article 58 of the Company's Articles of Association and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at 4 May 2016. Only a depositor whose name appears on the General Meeting Record of Depositors as at 4 May 2016 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such depositor's behalf.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Explanatory Note 1:

Audited Financial Statements for the Financial Year Ended 31 December 2015

This item is meant for discussion only as Section 169(1) of the Act does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item is not put forward for voting.

Explanatory Note 2:

Declaration of a Final Single Tier Dividend

In accordance with Article 138 of the Company's Article of Association, the Board is recommending that the shareholders approve the payment of final single tier dividend. Pursuant to paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the final single tier dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

Explanatory Note 3:

Payment of Directors' Remuneration for Non-Executive Directors for the Financial Year Ended 31 December 2015

Article 86 of the Company's Articles of Association provides that the remuneration for Non-Executive Directors (NED) shall be determined by the Company by an ordinary resolution at a general meeting.

Explanatory Note 4:

Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965

The re-appointment of Dato' Zainal Haji Ismail who has attained the age of 72, as Director of the Company to hold office until the conclusion of the next AGM shall take effect if the proposed Ordinary Resolution 4 is passed by a majority of not less than three-fourth (3/4) of such members as being entitled to vote in person or by proxy at the Fifth (5th) AGM of the Company.

Explanatory Note 5:

Re-election of Directors

Article 99 stipulates that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election.

Explanatory Note 6:

Re-election of Directors

Article 93 state that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. In addition, all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election.

Explanatory Note 7:

Re-appointment of Auditors

Pursuant to Section 172(2) and 172(16) of the Act, the shareholders are required to approve the re-appointment of Auditors who shall hold office until the conclusion of the next AGM and to authorise the Director to determine their remuneration thereof. The present Auditors, Messrs PricewaterhouseCoopers (PwC), have indicated their willingness to continue their services for another year. The Audit Committee and the Board have considered the re-appointment of PwC as Auditor of the Company and have collectively agreed that PwC has met the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions

The proposed Resolution 9, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transaction being carried out in the ordinary course of business on terms not more than favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Renewal of Shareholders' Mandate is set out in Appendix 1 of the Circular to the matter dispatched together with the Company's 2015 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.72(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. Dato' Zainal Haji Ismail is standing for re-appointment under Section 129(6) of the Companies Act, 1965.

2. The Directors who are retiring pursuant to Article 99 of the Articles of Association of the Company and seeking re-election are:

   i. Datuk Hanapi Suhada
   ii. Dato' Zakaria Arshad

3. The Directors who are retiring pursuant to Article 93 of the Articles of Association of the Company and seeking re-election are:

   i. YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
   ii. YB Datuk Noor Ehsanuddin Mohd Harun Narrashid

The profiles of the above Directors are set out on pages 76 to 80 of the Company's 2015 Annual Report. Their shareholdings are set out on page 200.

ADMINISTRATIVE DETAILS FOR THE FIFTH (5TH) ANNUAL GENERAL MEETING ("AGM")

OF MSM MALAYSIA HOLDINGS BERHAD ("THE COMPANY")

Event	:	**5th AGM**
Date of Meeting	:	**10 May 2016**
Commencement of AGM	:	**11.00 a.m.**
Venue of AGM	:	**Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur.**

1. LODGEMENT OF FORM(S) OF PROXY FOR AGM

(a) The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan **not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof**.

(b) **Only original duly executed Form of Proxy is acceptable**. The duly executed Form of Proxy submitted via fax or email is not acceptable.

(c) If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please inform the Help Desk to cancel the Proxy Form.

2. REGISTRATION

(a) Registration will start at 8.30 a.m and will end at a time as directed by the Chairman of the meeting.

(b) Please read the signages to ascertain where you should register yourself as a member or proxy for the meeting and join the queue accordingly.

(c) Please produce your **original Identity Card ("IC")** to the registration clerk for verification. Please make sure you collect your IC thereafter.

(d) **No person will be allowed to register on behalf of another person** even with the original IC of that other person.

(e) The registration counter will handle only verification of identity and registration. If you have any clarification or enquiry, please proceed to the Help Desk.

3. HELP DESK

(a) Please proceed to the Help Desk for any clarification or enquiry.

(b) The Help Desk will also handle revocation of proxy's appointment.

4. IDENTIFICATION TAG

(a) You will be provided with an identification tag upon verification and registration.

(b) The identification tag must be worn throughout the AGM. No person will be allowed to enter the meeting room without the identification tag.

(c) There will be no replacement in the event that you lose or misplace the identification tag.

5. DOOR GIFTS

(a) As a token of appreciation, each member or proxy who is present at the AGM will be entitled to **one (1) door gift only upon registration (per head count)**, irrespective of the number of members he/she represents.

(b) A door gift coupon will be provided upon registration. Please bring your door gift coupon to the Door Gifts Counter to collect your door gift.

6. REFRESHMENTS

Each member or proxy who is present at the AGM will be entitled to **one (1) food voucher only upon registration (per head count)**, irrespective of the number of members he/she represents.

7. PARKING

MSM provides free parking only at Park Safe, an open parking space located behind Menara Felda from 7.00 am to 4.30 pm. Please produce your parking ticket during registration for validation.

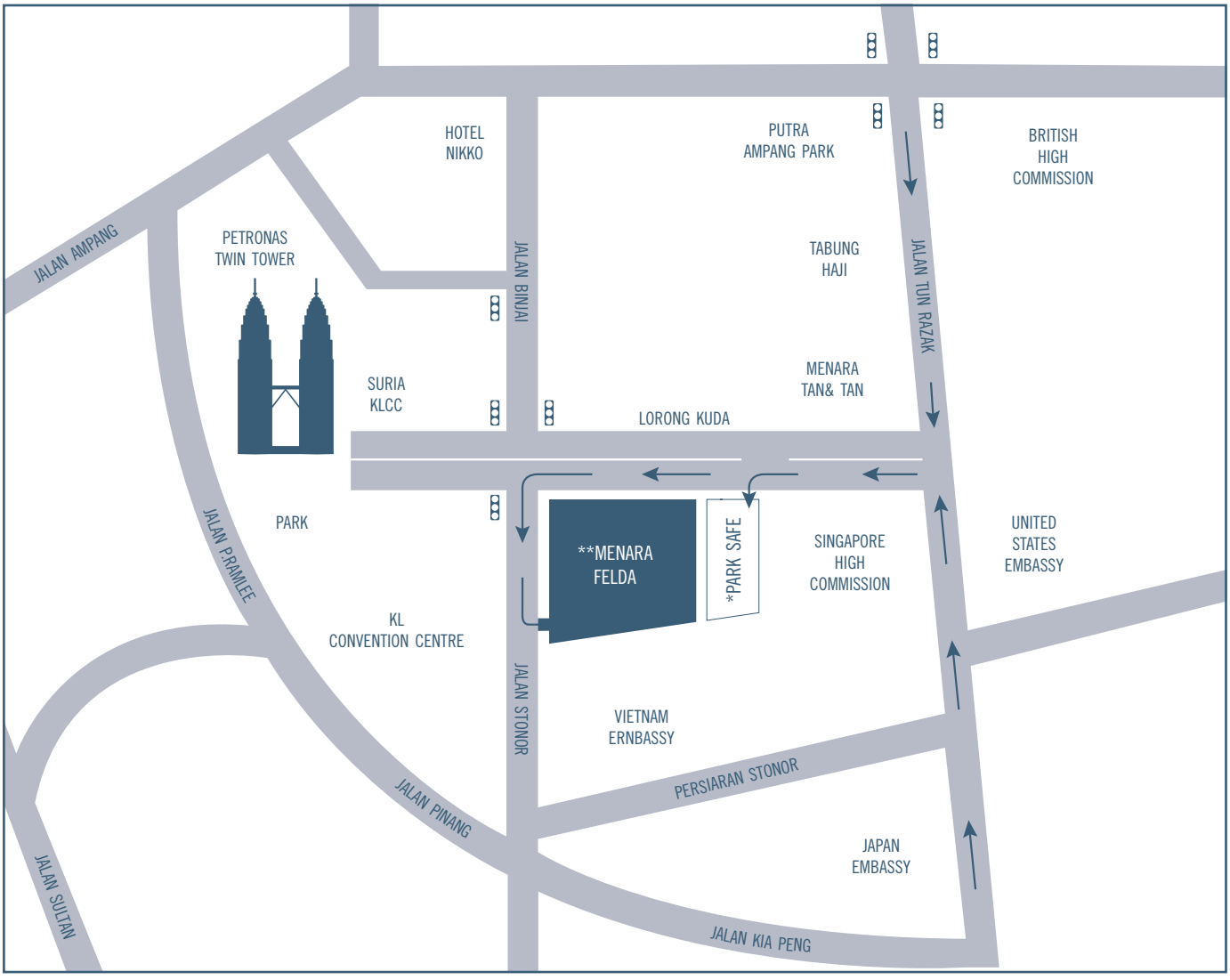
8. ENQUIRIES FOR AGM

Contact details for queries from shareholders pertaining to the registration and Proxy Form are as follows:

Tel (Help Desk) : +603 7849 0777

Fax : +603 7841 8151/8152

9. LOCATION FOR AGM AND PARKING



* OPEN PARKING AREA AT PARK SAFE (LORONG KUDA)

** VENUE FOR AGM AT MENARA FELDA

PROXY FORM

CDS Account No:

No. of Shares held:

MSM MALAYSIA HOLDINGS BERHAD
(935722-K)

I/We ..... NRIC/Company No.: ..... of .....
(Full name in block letters)

.....
(Address in full)

telephone no. ..... being a member of **MSM MALAYSIA HOLDINGS BERHAD** ("the Company"), hereby appoint

..... NRIC/Company No.: ..... of .....
(Full name of proxy in block letters as per identity card/passport)

.....
(Address in full)

and/or failing him/her ..... NRIC/Company No.: ..... of .....
(Full name in block letters)

.....
(Address in full)

and failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Fifth (5th) Annual General Meeting of the Company to be held at **Banquet Hall 1, Level B2, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur** on Tuesday, 10 May 2016 at 11.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

NO.	AGENDA	RESOLUTION	FOR	AGAINST
1	To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.			
2	To approve the payment of a Final Dividend of 14 sen per ordinary share, under single-tier system, in respect of the financial year ended 31 December 2015.	1		
3	To approve the payment of Directors' fees of RM1,836,485.27 for the financial year ended 31 December 2015.	2		
4	To re-appoint Dato' Zainal Haji Ismail as Director of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965.	3		
5	(i) Re-election of Datuk Hanapi Suhada as a Director pursuant to Article 99 of the Company's Articles of Association.	4		
	(ii) Re-election of Dato' Zakaria Arshad as a Director pursuant to Article 99 of the Company's Articles of Association.	5		
6	(i) Re-election of YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad as a Director pursuant to Article 93 of the Company's Articles of Association.	6		
	(ii) Re-election of YB Datuk Noor Ehsanuddin Mohd Harun Narrashid as a Director pursuant to Article 93 of the Company's Articles of Association.	7		
7	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2016, and to authorise the Directors to fix the remuneration.	8		
8	Proposed Renewal Of Shareholders' Mandate.	9		

(Please indicate with an "X" in the space whether you wish your votes to be cast for or against the resolutions. In the absence of such specific instructions, your proxy will vote or abstain as he thinks fit).

Dated this _____ day of _____ 2016

_____
Signature(s)/Common Seal of Members(s)

The proportions of my/our holding to be represented by my/our proxies are as follows:

	No. of shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

NOTES:

(i) A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (onmibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of subsection 25A(1) of SICDA.

(iii) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(iv) The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(v) The instrument appointing a proxy shall be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. In the case of a poll, not less than twenty-four (24) hours before the time appointed in taking the poll, and in default the instrument of proxy shall not be treated as valid.

(vi) For purposes of determining a member who shall be entitled to attend the Fifth (5th) Annual General Meeting, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Article 58 of the Company's Articles of Association and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at 4 May 2016. Only a depositor whose name appears on the General Meeting Record of Depositors as at 4 May 2016 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such depositor's behalf.

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Annual General Meeting
MSM Malaysia Holdings Berhad
10 May 2016

STAMP

Share Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

please fold here to seal

www.msmsugar.com

MSM MALAYSIA HOLDINGS BERHAD (935722-K)
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