



THE NEXT PHASE

MSM MALAYSIA HOLDINGS BERHAD (935722-K)

ANNUAL REPORT TWENTY FOURTEEN



MSM MALAYSIA HOLDINGS BERHAD



SUGAR LEADER
SINCE 1959

PRESENCE

SUGAR LEADER
1.1 MILLION TONNES

PRODUCTION

WORKFORCE
1,144 EMPLOYEES

NATIONWIDE

MARKET OVERVIEW
20 COUNTRIES

GLOBALLY

“MSM is determined to become
a top 10 global sugar player
by 2020”



FOURTH

ANNUAL GENERAL MEETING OF
MSM MALAYSIA HOLDINGS BERHAD

Venue : Banquet Hall 1, Level B2,
Menara Felda, Platinum Park, No. 11,
Persiaran KLCC, 50088 Kuala Lumpur

Date : Tuesday, 2 June 2015

Time : 11.00 a.m

ABOUT SUGAR

Sugar – sucrose – is a carbohydrate that is present naturally in fruits and vegetables. All plants use a natural process called photosynthesis to turn sunlight into the nourishment they need for growth.

SUGAR

was discovered in India



and the Egyptians were the first to be able to extract sugar from cane.



Sugar is one of the **world's oldest ingredients.**



Sugar has no fat and is

100% natural.



A grain of sugar
under the
microscope is
a translucent
crystal



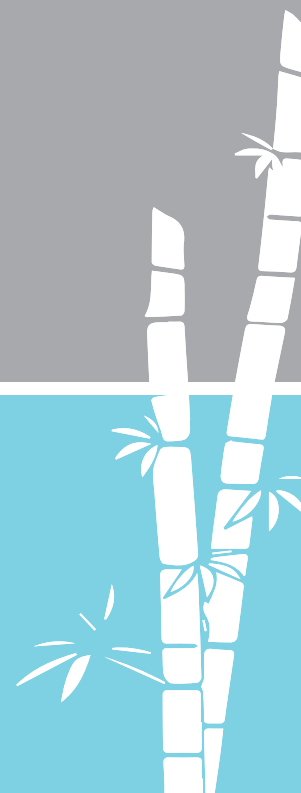
reflecting lights from
its 14 facets
like a jewel.



Sugar can take
several forms,
including sucrose,
fructose and lactose.

Sugar cane

is known to have the highest concentration of sugar.



Source:

Sugar Nutritional UK • facts.randomhistory.com • www.hollyseed.com

A PINCH
OF SUGAR
ON THE
TONGUE



is a traditional remedy for hiccups.



BABIES

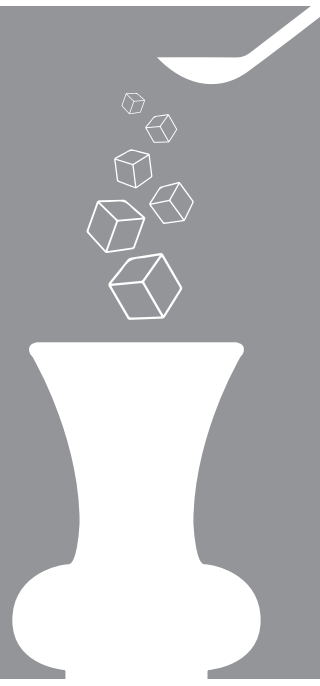
are born with an innate
preference for the **sweet taste**.

SUGAR & PEOPLE

The world produced about 168 million tonnes of sugar in 2011. The average person consumes about 24 kg of sugar each year (33.1 kg in industrialised countries), equivalent to over 260 food calories per person, per day.

A spoonful of sugar added

to a vase will prolong the life of freshly
cut flowers.



Sugar is an important
source of carbohydrate,
it is the body's main
energy supply.



In 2001

scientists found sugar in space!



SUGAR

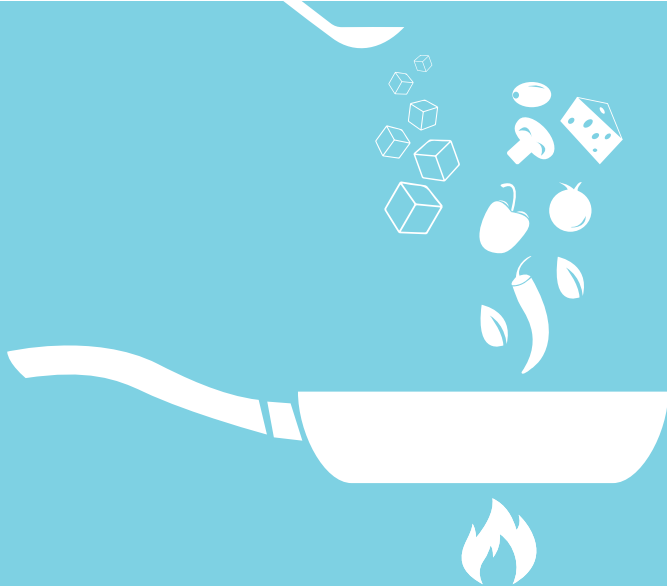
is found naturally in many foods.



SUGAR & FOOD

Feeling lethargic? We need some sugar in our diets to supply ready energy to fuel our muscles and keep our brains active.





**A teaspoon of sugar
after a hot curry will
extinguish the
furnace
in your mouth.**

Lemons

contain more sugar than
strawberries.



Sugar inhibits mould and yeast growth.

It increases

the useful life of jams and jellies.



**Sugar makes nutritious food
tasty enough to eat. A
sprinkle of sugar on oat-
meal, grapefruit and bran
muffins helps!**

Source:

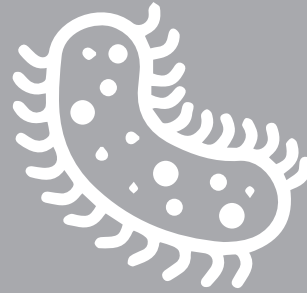
Sugar Nutritional UK • facts.randomhistory.com • www.hollyseed.com

SUGAR was one of the first pharmaceutical ingredients used, as it still is today, to mask the bitter taste of medicines.




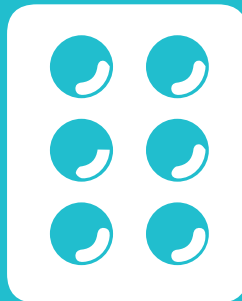
SUGAR
helps to heal wounds.

Sugar dries the wound thus preventing the growth of bacteria.



PHARMACEUTICAL
MANUFACTURERS

use  to grow penicillin.



SUGAR
is used as a vehicle for supplying vitamins.

WITHOUT SUGAR

the drugs they used
had no effect.



SUGAR & MEDICINE

Laboratory tests showed that glucose and fructose - a type of sugar found in plants - stimulated bugs and made them more vulnerable to drug treatments.



Source:

Sugar Nutritional UK • facts.randomhistory.com • www.hollyseed.com

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pg 20 Chairman's Statement

Our share price remained fairly constant throughout 2013 and 2014. Our increased profit has resulted in a higher dividend payout to shareholders. This year our gross dividend per share is estimated to be 24 sen, translating into a yield of 4.8% and net payout of 66%.

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pg 86 Business Review

In 2014, our two refineries – in Prai and Perlis – produced a record of 986,115 tonnes of refined sugar products, marking an increase of 5% from 2013. Of this volume, 839,400 tonnes was produced in Prai, and the remaining 146,715 tonnes in Perlis.

pg 92 Corporate Social Responsibility

MSM is one of the largest provider of employment in the state of Perlis, where we currently have 612 employees, of whom 391 work in the sugar refinery and 221 in our plantation division.



VISION

TOP 10

GLOBAL SUGAR PLAYER BY 2020

TO EXCEL AS A
HIGHLY COMPETITIVE &
ENVIRONMENT FRIENDLY
SUGAR MANUFACTURER WITH
EXCEPTIONAL QUALITY
RECOGNITION.

TO BE 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 customer's needs,
- Providing superior performance to our shareholders,
- Making available rewarding careers to our people,
- Having mutually beneficial relationships with our core business associates; and
- Participating and contributing effectively towards nation building and the welfare and advancement of the society in which we operate.

MISSION

HIGHLIGHTS OF 2014

FACTS AT A GLANCE

**GULA
PRAI**

NO.1

Selling Brand in
Malaysia

PROFIT BEFORE ZAKAT AND TAX

RM344.30
MILLION

NET EARNINGS

RM257.01
MILLION

REVENUE

RM2.28
BILLION

MARKET CAPITALISATION

RM3.50
BILLION

**MARKET
SHARE**

64%

(as at December 2014)

**HIGHEST
PRODUCTION**
IN 50 YEARS

986,115
TONNES

TOTAL DIVIDEND PAYOUT

RM168.72
MILLION

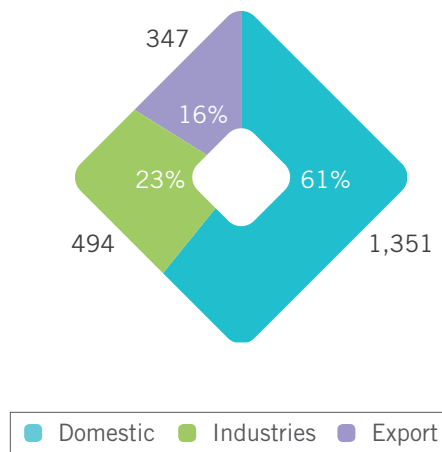
HIGHLIGHTS OF 2014

PERFORMANCE AT A GLANCE

2013

SALES REVENUE (RM MILLION)

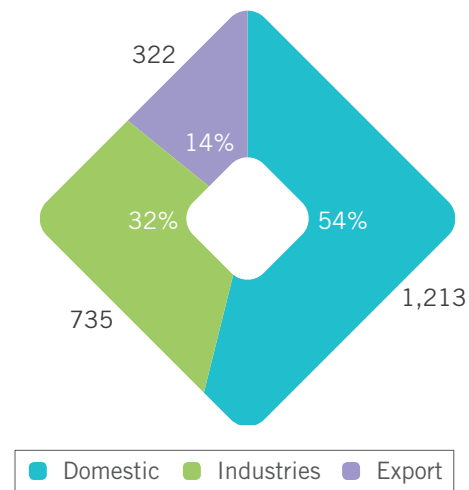
TOTAL SALES
RM2,192 million



2014

SALES REVENUE (RM MILLION)

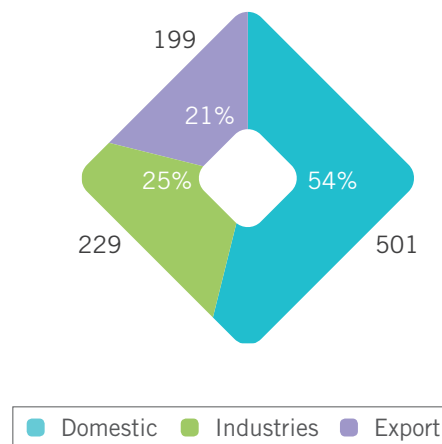
TOTAL SALES
RM2,270 million



2013

SALES VOLUME (TONNES)

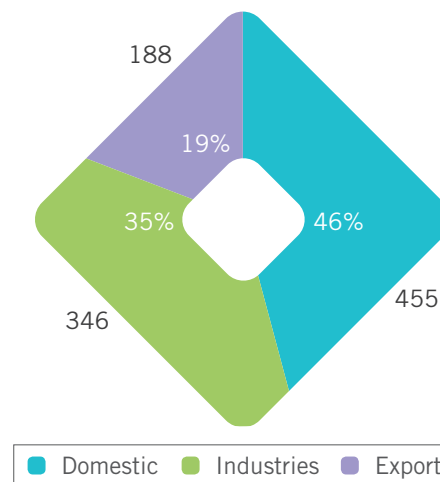
TOTAL SALES
929,052 tonnes



2014

SALES VOLUME (TONNES)

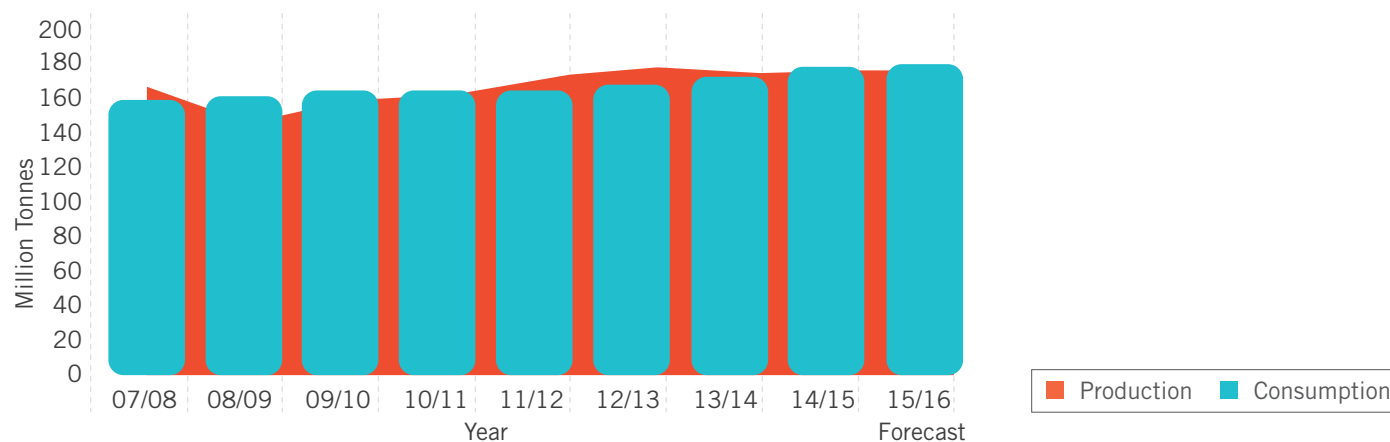
TOTAL SALES
989,290 tonnes



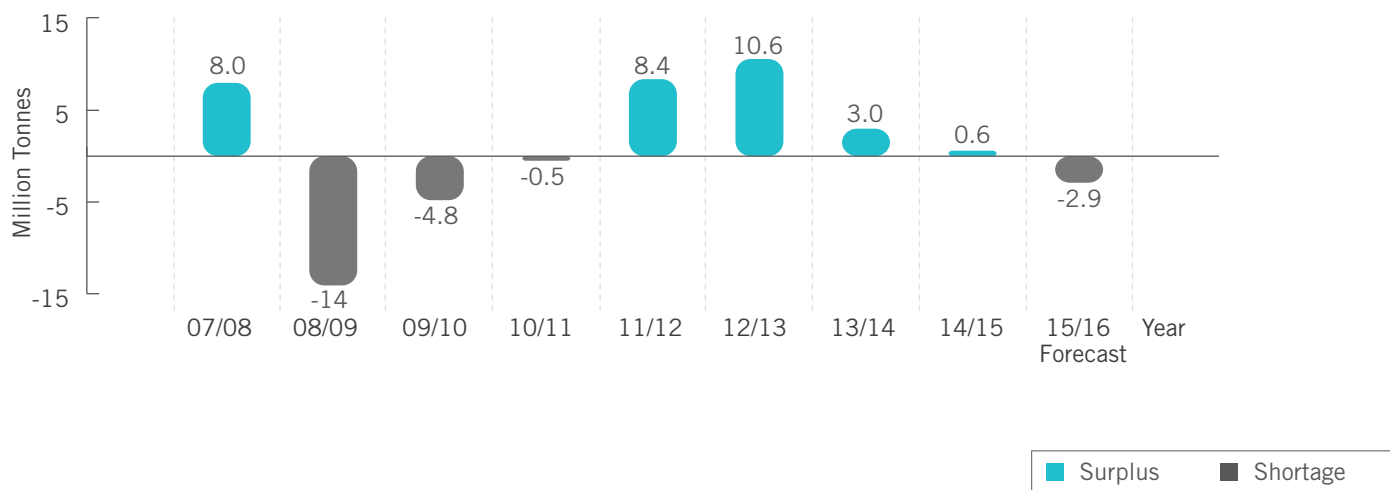
Notes:

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

GLOBAL PRODUCTION OF RAW SUGAR (MILLION TONNES)



GLOBAL PRODUCTION & CONSUMPTION BALANCE (MILLION TONNES)





We are the undisputed market leader, producing 64% of Malaysia's entire production of refined sugar. Today, our plans for regional and global expansion are based on our ability to deliver competitively priced products of the highest quality. Our investments in technology and skills development augurs well for the ongoing development of our business.



LEADING THE WAY

CHAIRMAN'S STATEMENT

REVENUE

RM2.28
BILLION

3.6% INCREASE FROM RM2.20 BILLION
IN 2013

PROFIT

RM257.01
MILLION

SURPASSING RM254.68 MILLION
IN 2013

DEAR SHAREHOLDERS,

AS CHAIRMAN OF MSM MALAYSIA HOLDINGS BERHAD (MSM), MY PRINCIPAL ROLE IS TO ENSURE THE LONG-TERM SUSTAINABILITY OF THIS COMPANY AS IT GROWS ITS BUSINESS TO PROVIDE ATTRACTIVE RETURNS TO YOU. WHILE SUSTAINABILITY MAY BE SEEN AS QUITE DISTINCT FROM PROFITS, WE BELIEVE THAT SUSTAINABLE OPERATIONS STRENGTHEN THE COMPANY – IN WAYS THAT ARE BOTH TANGIBLE AND INTANGIBLE – AND ULTIMATELY TRANSLATE INTO INCREASED SHAREHOLDER VALUE.



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

This belief is reflected in a new style of reporting MSM has embarked on which serves to provide a clear picture of the factors that are material to our long-term success and how we are managing these. As this is the first year that we have adopted the Integrated Reporting approach, there will be many gaps in our ability to demonstrate the impact of our non-financial actions on our bottom line. However, with time, we hope to establish these links to provide a holistic view of what is important to us and how we are nurturing or building on these critical assets.

During the year under review, the Company performed very well – recording revenue of RM2.28 billion, a 3.6% increase from RM2.20 billion in 2013. On the back of this, we achieved RM257.01 million in profit, surpassing that of RM254.68 million in 2013.



Although our share price remained fairly constant throughout 2013 and 2014, our increased profit has resulted in a higher dividend payout to shareholders. For the past three years, we have exceeded our stated minimum payout of 50% of our net profit. This year will be no different, as our gross dividend per share is estimated to be 24 sen, translating into a yield of 4.8% and net payout of 66%.

Over and above our financial performance, I am pleased to report a significant strengthening of our governance structure which will enhance future results. As stated in the theme of this year's annual report, the next phase of our journey is to go global. The global stage presents many more opportunities for growth and we are extremely excited by the game plan that has been outlined in this regard. However, with expansion – both geographically as well as vertically within the industry – comes added risks which need to be governed and managed appropriately.

Accordingly, in 2014, the Board set up two new committees to further enhance MSM's risk governance. On 28 April, the Board Investment Committee was formed to ensure investments undertaken by the Group are aligned with our vision and overall risk appetite. Later, on 28 August, we set up the Board Governance and Risk Management Committee (BGRMC).

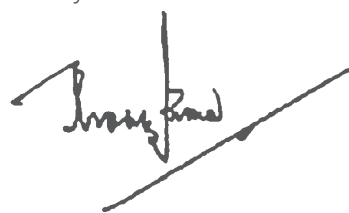
At the corporate level, a Group Governance, Risk Management and Compliance (GRC) Department has been established and became functional as of 1 January 2015. The team immediately got to work, and within a month the GRC's roadmap for the year – A Way Forward Plan 2015 – was approved by the BGRMC. We are heartened to see the vigour with which GRC is embracing its new role, and are confident of its ability to put in place a firm framework to safeguard MSM's sustainability.

While we look forward to an exciting future, I would like to also look back at our immediate past and thank my fellow Board Members for their role in shaping MSM into the company it is today, a Malaysian sugar player poised to take its place among leaders in the international space.

During the year, two of our Board Members stepped down from office. On behalf of my colleagues, I would like to thank both YM Raja Anuar Raja Abu Hassan and Dr Suzana Idayu Wati Osman for their contributions to the Company, and wish them the best in their future undertakings. Replacing them, in 2015, we welcome Dato' Rosini Abd Samad, who has vast experience in the civil service culminating with her being the Deputy Accountant General in the Accountant General's Department. Earlier, in 2014, Dato' Sheikh Awab Sheikh Abod, who is also our Chief Executive Officer, joined the Board as our new Executive Director. Given his vast corporate experience, especially in banking, he will add to the Board's collective knowledge and skills while bringing a fresh perspective to our decision-making.

Dato' Sheikh Awab has been instrumental in leading many positive changes within the organisation. On behalf of the Board I would like to thank him and his team for steering the Group to greater success. At the same time, I would like to express my heartfelt appreciation to all employees of MSM for all their hard work which has truly been the pillar supporting MSM over the years and will drive us in *The Next Phase – Our Global Journey*.

Thank you.



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

“MSM PERFORMED EXTREMELY WELL IN 2014, BOTH OPERATIONALLY AS WELL AS FINANCIALLY. WE INCREASED OUR PRODUCTIVITY FROM 938,203 TONNES OF REFINED SUGAR IN 2013 TO 986,115 TONNES IN 2014, THE HIGHEST EVER ACHIEVED FOR THE GROUP.”



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

The year 2014 was challenging for most businesses in Malaysia given the outflow of funds from the local capital market and the depreciating Ringgit. While these had an impact on MSM, for us the most significant macro-economic factors were operating in the first full year following the Government's removal of sugar subsidies in October 2013; and the increase in number of sugar import permits awarded to market players from 13 to more than 30.

The former led to an increase in our cost of sales while the latter further compounded the situation by intensifying competition. Within the given environment, MSM had no choice but to embark on intense cost efficiency measures in order to remain relevant. Although this was a difficult time, I am proud to share that the results validate our short-term pain.

Despite the challenges as outlined, MSM performed extremely well in 2014, both operationally as well as financially. We increased our productivity from 938,203 tonnes of refined sugar in 2013 to

986,115 tonnes in 2014, the highest ever achieved for the Group. In the face of an influx of cheap Thai sugar, we managed to improve our domestic sales to 801,020 tonnes from 730,040 tonnes in 2013 and in the process enhanced our market share from 57% previously to 64% (as at December 2014). Our encouraging performance was the direct consequence of continuous and conscientious efforts to increase our operational efficiencies as well as managing our costs.

As noted in last year's annual report, in 2013 we had invested RM85 million to enhance our infrastructure, storage and handling capacity, as well as our distribution system. In 2014, we began to see some positive outcomes from our capex, especially from the replacement of ageing assets in our refineries. In the same year, we kicked start the Enterprise Resource Planning (ERP) System at our head office. The automation continues in 2015 which enables us to automate our back-office functions, driving quicker processing times.

CEO'S REVIEW



“

GOING FORWARD, WE BELIEVE THAT WE CAN BUILD ON THE STRONG FUNDAMENTALS THAT MSM HAS DEVELOPED OVER THE YEARS TO TAKE THIS COMPANY REGIONAL AS WELL AS GLOBAL. OUR VISION IS TO BE THE TOP THREE (3) SUGAR PLAYER IN ASEAN AND TOP 10 SUGAR PLAYER IN THE WORLD.

”

In terms of cost management, we realise the largest savings we can accrue are from managing the cost of raw sugar, which makes up about 87% of our total costs. In 2014, although the price of raw sugar fell, we were unable to reap the full benefits of this given that long-term contracts had been locked in at higher prices. This was compounded by a significant weakening of the Ringgit against the US Dollar. We have, however, put in place mechanisms for hedging our raw sugar purchases as well as our forex and, by keeping a vigilant watch on the markets, we are making sure that we buy at the right price at the right time.

Another significant cost reduction measure is reducing the transport rebates offered to customers who collect their consignments from our refineries, which used to amount to anywhere between RM30 million and RM40 million a year. To reduce our own transport costs, we have regionalised our distribution business into Northern, Central and Southern zones, hence although we still offer transport rebates, these are at nominal rates.

Going forward, we believe that we can build on the strong fundamentals that MSM has developed over the years to take this company regional as well as global. Our vision is to be the top three (3) sugar player in ASEAN and top 10 sugar player in the world.

Key to our forward journey is to leverage on our expertise in refining and increase our capacity as well as to diversify our operations so as to establish a presence along the entire value chain of the industry, from the upstream to the deep downstream. It gives me pleasure to share that we have already made progress on this front.

In the first half of 2015, we will be opening a trading office in Dubai. The office will focus on trading both raw as well as refined sugar, and plan to complement this venture with our own chartering company. While the trading concern will operate out of Dubai, it will be supported by four representative offices in Indonesia, China, India and Thailand.

We are also building a refinery in Johor with a daily production capacity of 3,000 tonnes, which will double our annual production. We hope to kick-start construction of this refinery in Q3 this year and complete it by Q3 2017. Employing state-of-the-art technology, the refinery is expected to achieve a high rate of operational efficiency which will translate into very competitively priced end products. This will support our ambition to grow our export market, and will in turn be supported by our trading outfit.

At the same time, we are exploring the possibility of entering into mergers and acquisitions with other players either in the upstream or downstream segments. We will also undertake strategic alliances to add to our geographical diversification.

It goes without saying that much of our success lies in the hands of our people. As we seek to establish MSM as a global leader, and transform Malaysia into a regional hub for sugar, our people will need to further step up to drive the Group's envisioned future. To instill a culture of performance within the organisation, we recently introduced a performance management system through which attractive incentives will be offered to reward outstanding results.

MSM is today at a very exciting crossroad. In order to take the path towards our outlined destination, we need the continued commitment of all our people. To our employees, my message is for us to work together for an infinitely brighter future. Meanwhile, to all our stakeholders – and especially our partners, customers and shareholders – I thank you for your continued and highly valued support.



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

2014

MSM PRODUCED A TOTAL OF

986,115
tonnes

of refined sugar products

64%

of total market share in Malaysia
(as at December 2014).



MSM Malaysia Holdings Berhad (MSM), incorporated on 10 March 2011, is Malaysia's leading sugar producer. It was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 and is one of the Bursa top 60 companies with a market capitalisation of RM3.5 billion (as at 2014).

MSM operates the sugar business of Felda Global Ventures Holdings Berhad (FGV). It produces, markets and sells refined sugar products. The company conducts its business principally through its subsidiaries, MSM Prai Berhad (*formerly known as Malayan Sugar Manufacturing Company Berhad*) and MSM Perlis Sdn Bhd (*formerly known as Kilang Gula Felda Perlis Sdn Bhd*) which were established in 1959 and 1971, respectively. MSM also operates its own logistics company, MSM Logistics Sdn Bhd (*formerly known as Astakonas Sdn Bhd*).

Through its subsidiaries, MSM has a combined annual production capacity of 1.1 million tonnes of refined sugar products. In 2014, MSM produced its highest production of refined sugar of 986,115 tonnes and enhanced its market share to 64% (as at December 2014).

CORPORATE PROFILE

The Group 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. The Group 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 in Malaysia and other countries directly and indirectly through traders, wholesalers and distributors. Its customers include major companies in the beverage and confectionery industries, hotels, restaurants, food outlets and household consumers.

MSM PRAI BERHAD

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 86% 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.

CORPORATE PROFILE

“MSM PRAI IS THE COUNTRY’S LARGEST SUGAR REFINERY WITH AN ANNUAL PRODUCTION CAPACITY OF 960,000 TONNES OF REFINED SUGAR”



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 is 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 the 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 export 20 ft containers per day.

MSM PERLIS SDN BHD

MSM Perlis operates a sugar refinery located in Chuping, Perlis in the north-western part of Peninsular Malaysia with an annual production capacity of 150,000 tonnes of refined sugar, representing approximately 14% 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.



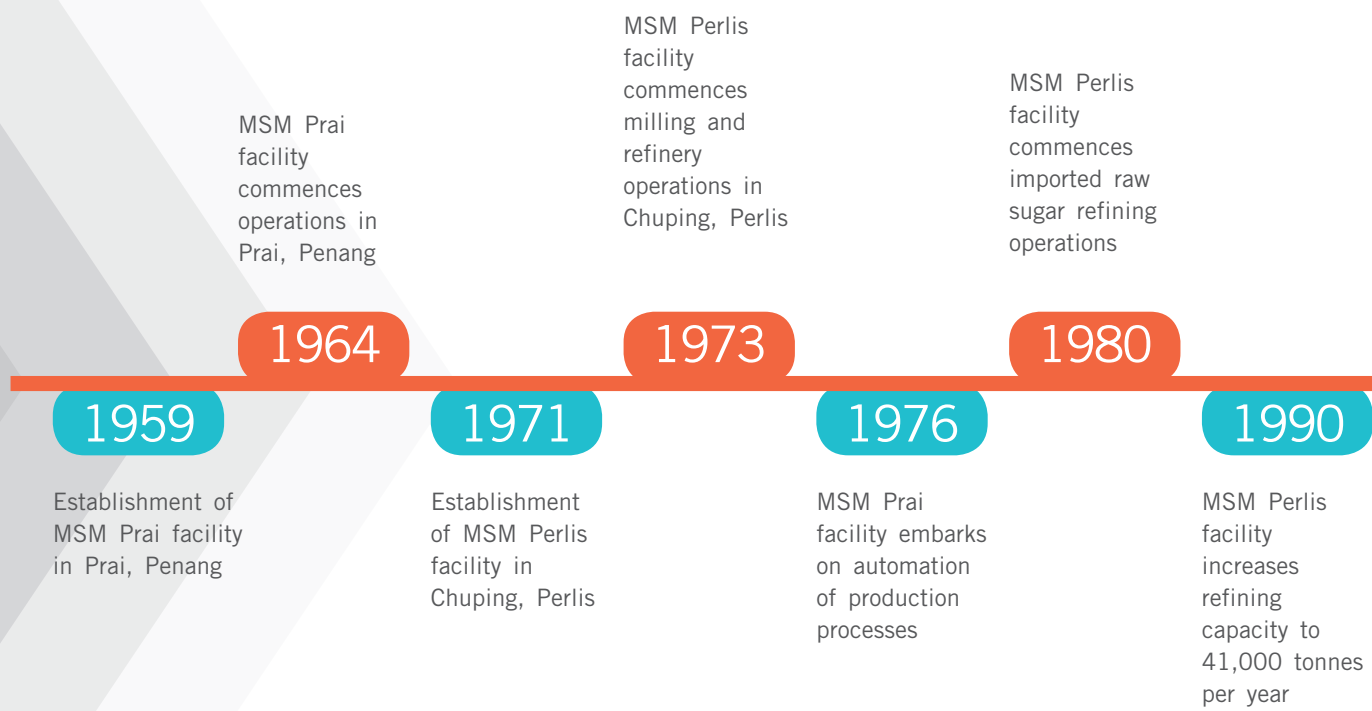
MSM LOGISTICS TRUCK FLEET

- **31**
20 tonnes
cargo trailers
- **2**
10 tonnes tankers
- **2**
15 tonnes tankers
- **5**
20 tonnes tankers
- **7**
30 tonnes tankers

MSM LOGISTICS SDN BHD

MSM Logistics was incorporated on 23 November 1990 as a wholly-owned logistics company to serve MSM Group's requirements for reliable product transport and delivery services nationwide.

MSM Logistics' 47-truck fleet consists of 31 cargo trailers (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 products reach customers and MSM's warehouses nationwide in good condition, 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'S

SUGAR TRAIL

MSM's warehouse at Sungai Buloh commences operations with rail connection from MSM Prai facility

MSM Prai facility increases refining capacity to 800,000 tonnes per year

Incorporation of MSM Malaysia Holdings Berhad and consequently the successful listing of MSM on the Main Market of Bursa Malaysia

1992

2007

2011

2002

2010

2014

MSM's warehouse at Johor Bahru commences operations with rail connection from MSM Prai facility

Refining capabilities increases to 960,000 tonnes per year at MSM Prai facility and 150,000 tonnes per year at MSM Perlis. Acquisition by the Felda Group of PPB Group's interests in MSM Prai and MSM Perlis

MSM Prai Berhad celebrated its 50th Anniversary



05 FEB 2014

Courtesy visit to Tuan Yang Terutama of Penang.



24 MAY 2014

MSM Perlis organised the *Gula Perlis* Open Chess Challenge 2014 in conjunction with the 71st birthday of DYMM Raja Perlis at Putra Palace Hotel.



11 JUNE 2014

MSM Malaysia Holdings Berhad 3rd Annual General Meeting held at Menara Felda.

CALENDAR



15 JUNE 2014

MSM Perlis Treasure Hunt took place around Perlis state organised by *Kelab Sukan Kilang Gula*.



08 JULY 2014

FGV Group Townhall and Breaking Fast at Ixora Hotel, Penang.



09 JULY 2014

Felda Group Breaking Fast with the media.



17 JULY 2014

MSM Perlis *Bubur Lambuk* cooking event held at the factory compound.



22 JULY 2014

Presentation of *duit raya* to employees of MSM Perlis.



22-23 JULY 2014

MSM is one of the sponsors for the 5th Kingsman Asia Pacific Sugar Conference in Bangkok, Thailand.

OF EVENTS



20 AUG 2014

MSM Group *Hari Raya Aidilfitri* Celebration and the opening of *Surau Al-Munawwarah* in MSM Prai.



28 AUG 2014

The Thai Sugar Delegation visited MSM Malaysia Holdings Berhad head office at Menara Felda.



31 AUG 2014

MSM Perlis celebrated the 57th National Day at Padang Merdeka in Kangar.



19 SEPT 2014

MSM Perlis employees participated in fishing competition.



23 SEPT 2014

Briefing on MSM's future direction and distribution of Medical Card to employees at Menara Felda.



02 OCT 2014

Ceramah and *Solat Hajat* session organised by MSM Perlis for the Muslim employees.

CALENDAR



05 OCT 2014

Qurban at MSM Perlis during *Hari Raya Aidiladha*.



01 NOV 2014

MSM's 50th Anniversary Celebration held at Grand Ballroom, Palace of the Golden Horses.



10 NOV 2014

Medical Card distribution to employees of Plantation Division, MSM Perlis.



12-13 NOV 2014

Briefing and training on Key Performance Indicator (KPI) at Menara Felda.



12 DEC 2014

Visit by Dato' Sri Hasan Malek, Minister of Domestic Trade, Cooperative and Consumerism to MSM Prai.



DEC 2014 – JAN 2015

MSM Group reach out to flood victims in Kedah, Perak, Pahang, Kelantan and Terengganu.

OF EVENTS

MEDIA MILESTONES

MSM cuts margin prediction

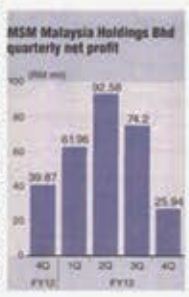
Lower margins due to influx of lower priced foreign sugar primarily from Thailand
by Wei Lynn Tang

KUALA LUMPUR: MSM Malaysia Holdings Bhd, the company's chief executive officer, said the company's margin prediction for 2014 will be lower than that of 2013 due to an influx of lower priced foreign sugar primarily from Thailand, in the domestic market and higher sugar prices with the increase of sugar subsidy of 70 per cent.

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MSM looking into new income channels

By Sharina Ahmad
sharina@mmsmail.com.my

KUALA LUMPUR — MSM Malaysia Holdings Bhd, Malaysia's largest sugar producer, will look into finding new streams of income to increase its revenues, with a focus on the strengthening the management of its supply chain, its CEO Datuk Sheikh Awab Sheikh Abud said.

He said that some of the new activities it is exploring include venturing into foreign markets via strategic acquisitions and

MSM's technical expertise in the sugar refining industry will be put to good use with the company tapping into the growing regional demand for sugar.

This, the CEO said, will be one of the company's focus, as it sees opportunities and potential in Indonesia and Indochina.

MSM has signed a memorandum of understanding (MoU) with Al Khaleej International to strengthen its investment in the hospitality sector abroad.

"The food and beverages industries will remain our

profit of RM359 million on the back of a RM2.2 billion revenue.

The group's shareholders will receive a final dividend of 14 sen per share, which amounts to RM98.4 million.

According to the company's latest annual report, both MSM's refineries in Seberang Prai and Perlis are increasing production capacity to 87 per cent and 95 per cent respectively, enabling MSM to raise annual production capacity from 1.1 million tonnes to 1.2 million tonnes by end-2014.

The company foresees

AmanahRaya Trustees buys into MSM Holdings

KUALA LUMPUR: AmanahRaya Trustees Bhd has emerged as a substantial shareholder of MSM Holdings Bhd with a 5.01% stake, having acquired 35.24 million shares in the latter on Aug 13.

A filing with Bursa Malaysia showed that AmanahRaya Trustees acquired this block of shares through a direct transaction. However, the transacted price was not stated.

According to MSM's 2013 annual report, its top four shareholders as at April 17 are Felda Global Ventures Sugar Sdn Bhd with a 40.03% stake, Koperasi Permodalan Felda Malaysia Bhd (20%), Felda Global Ventures Holdings Bhd (10.97%), and the Employees Provident Fund board (6.03%). — by Wei Lynn Tang



MSM RESEARCH: FY13 results following the analyst briefing on MSM Malaysia's (MSM) FY13 results, we cut our FY13 and FY14 earnings predictions by 0% and 40% respectively, and lower our fair value by 34% to RM5.49. We remain positive on MSM as it is positive on its earnings and margins by purchasing raw sugar at lower prices from 2013 to 2015. The stock also offers decent yields of 4% to 6%.

We estimate about 50% of MSM's raw sugar purchases were locked in at 100.00 per tonne in 2013 versus 90% in 2014, leading to an improvement in profit margin by 100 to 400 basis points.

Besides increasing MSM's full year results into our model, we revise our refined sugar price assumption (for local export and export sales) to 30% from 17% to reflect current market selling prices, and four down our FY14 FY15 domestic sugar sales volume estimates to -10% to -15% from -5% to -10%, respectively, as we see greater volume decline given the drastic increase in retail sugar prices to RM2.60 per kg from RM2.10 per kg in the past 18 months. This alone could 2013 volume to decline by 4%.

MSM sees costs down 38% with US\$270m refinery

MSM's margins impacted by imports

MSM Malaysia's Chairman Datuk Sheikh Awab Sheikh Abud said that the company's margins were impacted by imports of refined sugar from Thailand and other countries.

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MSM targets to triple sugar output by 2020

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Company plans to go big into the international raw sugar trading business

By SHARINA AHMAD
sharina@mmsmail.com.my

KUALA LUMPUR: MSM Malaysia Holdings Bhd, the company's chief executive officer, said the company plans to go big into the international raw sugar trading business.

He said the company plans to go big into the international raw sugar trading business.

50 years of sweet legacy

Nation's leading sugar producer celebrates golden jubilee

By CHHINI YEEN
chhini@mmsmail.com.my

IT was a sweet occasion at MSM Malaysia Holdings Bhd's 50th anniversary celebration at the Palace of the Golden Horses earlier this month.

The event, hosted by celebrity Sazzy Falak, was a celebration of MSM's heritage and legacy in the sugar industry.

Guests included Domestic Trade, Co-operation and Consumer Minister Datuk Seri Hassan Malek, who was the special guest of honour along with his wife Datin Seri Nurazmah Mohd Yatim, Felda Group chairman Tan Sri Mohd Yusoff Abdul Samad, Kooi Khooi Hong, the nephew of MSM founder Robert Kooi, the high commissioners of Fiji, Indonesia, Pakistan and Singapore as well as ambassadors from Indonesia and South Korea.

MSM customers and partners from different parts of the world were also present.

Masud said MSM was a national icon and had played a major role in Malaysia's post-independence development.

MSM president and group chief executive officer Datuk Sheikh Awab Sheikh Abud shared with guests the company's history.

In 1955, Malayan Sugar Manufacturing Company Berhad (MSM) was incorporated with the mission to set up a sugar refinery in Malaysia. At that time, Malaysia was still dependent on imported sugar refined in Britain and Hong Kong.

Three companies, the Malaysian partner

was the Kaok Brothers Sdn Bhd while the two Japanese partners were Mitsui & Co and Nissin Sugar Manufacturing Company, participated as joint venture partners to form Malayan Sugar Manufacturing Company Bhd.

"An acquisition took place between Felda Global Ventures (FGV) and FFB Group, which resulted in the incorporation of MSM Malaysia Holdings Berhad in March 2011," he said.

For the financial year of 2013, MSM achieved a net profit of RM255mil — a record-breaking result in the company's history and an improvement of 26% compared to 2012.

It is one of the top 60 companies listed on Bursa Malaysia with a market capitalisation of RM2.2bil.

On future plans, he said the company was gearing itself to be a global player.

"We are currently looking at a few mergers and acquisitions globally, as well as setting up strategic alliances.

"We are in the process of setting up our third refinery with a two-million-tonne capacity that will make us the biggest in Asia on a stand-alone basis.

"We will also be opening our trading office in Dubai in January 2015," he said.

Awards were presented to long service employees, including Chuaib Hoe Peng who has been working with the company for 50 years.

One of the highlights of the night was a performance by Datuk Sheila Majid who serenaded guests with her powerful vocals.

MSM would only be making concrete decisions on this matter by the first quarter of next year as it anticipates the price of raw sugar to drop sharply.

SEXY NEWS

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CORPORATE INFORMATION

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
Independent Non-Executive Director

Dato' Rosini Abd Samad
Independent Non-Executive Director
(Appointed on 7 January 2015)

Datuk Haji Faizoull Ahmad
Non-Independent Non-Executive Director

Datuk Lim Thean Shiang
Independent Non-Executive Director

Dato' Mohd Emir Mavani Abdullah
Non-Independent Non-Executive Director

Dato' Sheikh Awab Sheikh Abod
Non-Independent Executive Director
(Appointed on 20 August 2014)

YM Raja Anuar Raja Abu Hassan
Senior Independent Non-Executive Director
(Resigned on 10 October 2014)

Dr. Suzana Idayu Wati Osman
Non-Independent Non-Executive Director
(Resigned on 20 August 2014)

PRESIDENT/GROUP CHIEF EXECUTIVE OFFICER

Dato' Sheikh Awab Sheikh Abod

COMPANY SECRETARIES

Koo Shuang Yen
(MIA 7556)

Abd Rashid Atan
(MIA 18390)
(Appointed on 11 February 2015)

REGISTERED OFFICE

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

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

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

INVESTOR RELATIONS AND ENQUIRIES

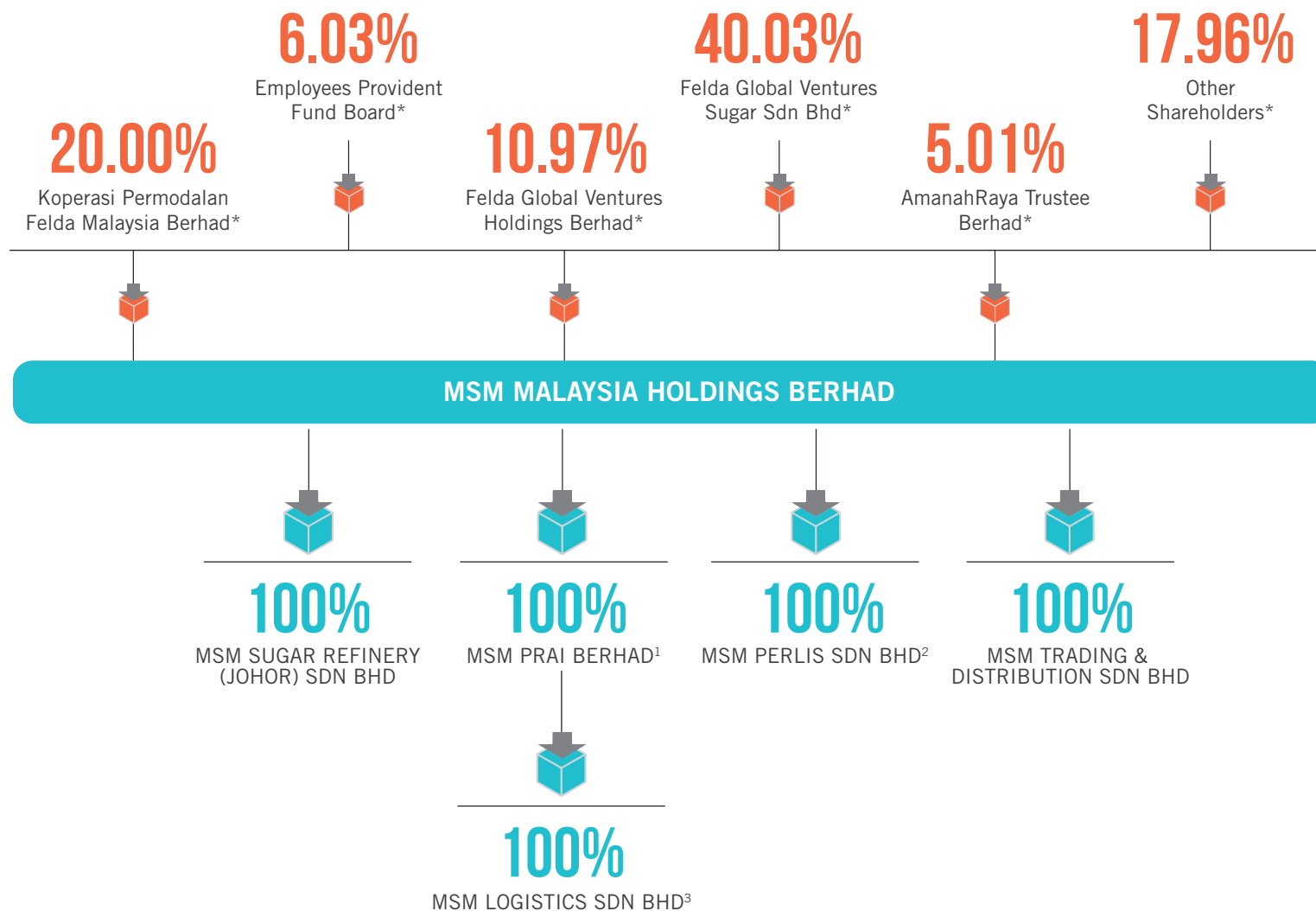
Level 44, Menara Felda
Platinum Park
No.11 Persiaran KLCC
50088 Kuala Lumpur
Malaysia
Tel : +603 2181 5018
Fax : +603 2181 5015
www.msmsugar.com
info@msmsugar.com

STOCK EXCHANGE LISTING

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



CORPORATE STRUCTURE



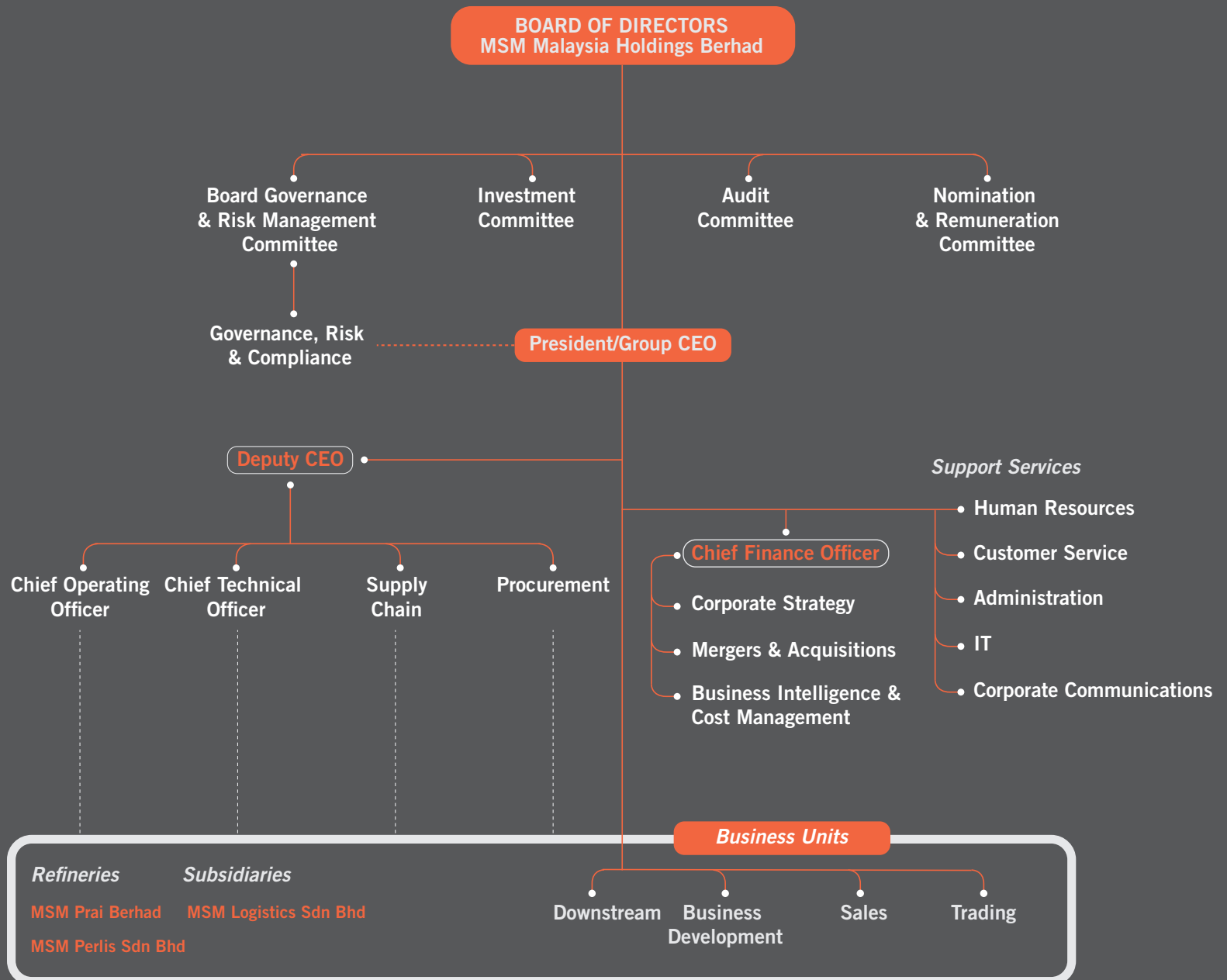
* As at 1 April 2015

¹ Previously known as Malayan Sugar Manufacturing Company Berhad

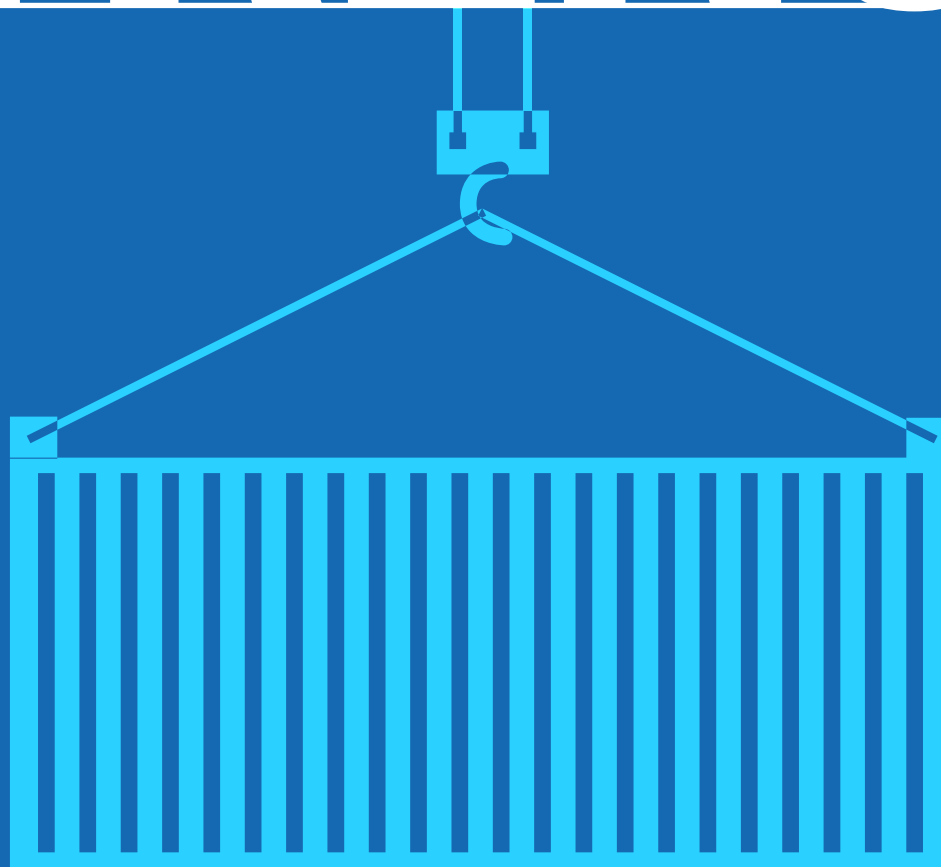
² Previously known as Kilang Gula Felda Perlis Sdn Bhd

³ Previously known as Astakonas Sdn Bhd

ORGANISATION STRUCTURE



STRENGTH



To further strengthen our export capabilities, we've installed a second flexi-bag filling station in Prai. We are the only sugar manufacturer in Malaysia that uses flexi-bag system. It reduces cost of materials and labour associated with conventional methods of product packing and is quicker and more convenient. With demand from overseas market for flexi-bag sugar, this puts us in a strong position to boost export sales.



ENING

CAPABILITIES



2014 AWARDS & RECOGNITION

OVER THE YEARS, MSM GROUP ATTAINED SEVERAL MAJOR CERTIFICATIONS FOR OUR PRODUCTS AND MANUFACTURING PROCESSES. THOUGH THESE ARE PROFESSIONAL ACKNOWLEDGEMENTS TO RECOGNISE OUR EXCEPTIONAL WORKS AND SERVICES, THE ACHIEVEMENTS ARE INDEED ATTRIBUTED TO THE HARD WORK AND DEDICATION OF OUR EMPLOYEES AND THEIR STRONG FOCUS TO DELIVER VALUE AND QUALITY TO OUR CUSTOMERS.

1



2



3



4



2015

1. Name of the award/recognition:
THE BILLION RINGGIT CLUB 2014

Awarded By:
The Edge

5

6

7



2. Name of the award/recognition:
THE BLUE RIBBON CERTIFICATE

Awarded By:
Malaysian Health Promotion Board (MySihat)

3. Name of the award/recognition:
BEST VIDEO – OSH PROMOTIONAL VIDEO

Awarded By:
Department of Occupational Safety & Health Penang

4. Name of the award/recognition:
BEST DIRECTOR AWARD

Awarded By:
Department of Occupational Safety & Health Penang

5. Name of the award/recognition:
SPECIAL AWARD

Awarded By:
MTT Group

6. Name of the award/recognition:
TOP TEN EXPORTERS AND IMPORTERS BY CONTAINER VOLUME

Awarded By:
Penang Port Sdn Bhd (PPSB)

7. Name of the award/recognition:
BEST VIDEO – 1ST PLACE

Awarded By:
Department of Occupational Safety & Health Penang

2014

2014 AWARDS & RECOGNITION



- **Hazard Analysis and Critical Control Point (HACCP) Certification by the Ministry of Health, Malaysia**
- **Kosher Certification by London Beth Din Certified Company**
- **HALAL Certification by Department of Islamic Development (JAKIM)**
Certification as confirmation of our compliance with stringent food processes
- **Food Safety System Certification 22000: 2010**
Certification by SGS Malaysia 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



- MS1722: 2011**
 Certification by The International Certification Network for complying with Occupational Health and Safety Management System
- OHSAS 18001: 2007**
 Certification by SIRIM QAS for complying with Occupational Health and Safety Management System

OUR BUSINESS MODEL

WHAT WE DO

HOW WE DO IT

RAW SUGAR SOURCING

Consistently source raw sugar from credible suppliers together with supply management excellence.

RAW SUGAR REFINING

A safe working environment and continuous improvements in our production lines, with minimal environmental impact, are a key focus in our operations.

LOGISTIC MANAGEMENT

We deliver high quality products to our customers in timely manner, strengthening customer relationships and ensuring strong financial returns.

MARKET

We are a customer oriented organisation which focuses on identifying and fulfilling customers needs in the best possible ways and in a competitive manner.

PERFORMANCE

Raw Sugar Purchased Volume (Tonnes)

2012: 844,575
 2013: **918,000**
 2014: **1,168,730**

Refined Sugar Production Volume (Tonnes)

2012: 900,620
 2013: **938,203**
 2014: **986,115**

Refined Sugar Transported Volume (Tonnes)

2012: 245,402
 2013: **274,687**
 2014: **304,608**

Sales Volume (Tonnes)

2012: 907,000
 2013: **929,052**
 2014: **989,290**

HOW WE CREATE VALUES TO THE SHAREHOLDERS

PROFITABILITY



FY2012: RM202.03 million
 FY2013: RM254.68 million
 FY2014: **RM257.01 million**

DIVIDEND



FY2012: RM133.57 million
 FY2013: RM168.72 million
 FY2014: **RM168.72 million**

SHARE PRICE



RM5.20 (FEB 2015)

DIVIDEND YIELD



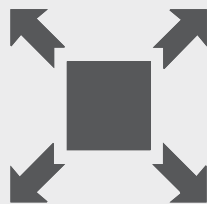
FY2012: 4.00%
 FY2013: 4.80%
 FY2014: **4.85%**

OUR BUSINESS STRATEGY

KEY STRATEGIES

GROWTH

- Downstream expansion
- Capacity building
- Expand value chain footprint
- New corporate identity



OPERATIONS

- Optimise assets utilisation
- Developing customer focus mindset
- Pursuing operational excellence



PEOPLE

- Developing High Performance Culture



KEY INITIATIVES 2015

GROWTH

- Setting up trading office in Dubai
- Johor refinery project
- Expansion of business through M&As

OPERATIONS

- Operational improvements via asset replacement initiatives
- Cost reduction initiatives
- ERP implementation

PEOPLE

- Introduction of Performance Management System
- Human Resources harmonisation initiatives for all operating subsidiaries within MSM Group



MSM IS GEARED UP FOR ITS GLOBAL AND DOMESTIC EXPANSION PLANS DESPITE THE GOVERNMENT IS SLOWLY LIBERALISING THE COUNTRY'S SUGAR INDUSTRY. WITH THE REMOVAL OF SUGAR SUBSIDIES, THE SUGAR INDUSTRIES NOW HAVE PERMITS TO IMPORT SUGAR. BESIDES FACING CHALLENGES OF SUGAR SMUGGLING FROM OUR NEIGHBOURING COUNTRIES, THE INDUSTRIES ARE ALSO POISED TO SEE THE MALAYSIAN GOVERNMENT DISCONTINUING THE PRACTICE OF THE LONG-TERM CONTRACT (LTC) IN THE SALE OF RAW SUGAR.

In the midst of all the above challenges, MSM boldly placed the key growth focus on the downstream expansion, boosting our capacity building and to build a strong value chain footprint. Our investment in the set-up of the Dubai trading operation will add a strong arm to establish our own raw sugar trading business; while the upcoming Johor refinery project will be set to ramp production capacity to 3.25 million tonnes of refined sugar per year, from the current 1.1 million tonnes. This will help MSM win more of the domestic market share. Our Mergers & Acquisitions team is actively sourcing for opportunities and major sugarcane plantations are among the opportunities MSM explores fervently.

MSM management drives many major efforts to lower production costs. The following cost reduction initiatives were implemented in 2014:

- Optimising the asset utilisation through operational improvement, i.e. asset replacement; and
- Implementation of ERP – improved technology to increase efficiency from sourcing to production chain; in logistics and distributions.

In the pursuit of operational excellence, we launched the performance excellence program for our employees as our anchor initiative to develop a customer focus mindset among all of our teams. This is also a systematic approach to establish and to sustain excellent performance at all levels. The following employee-focus programs were launched in 2014:

- New Performance Management System; and
- Human Resources Harmonisation Initiatives.

INVESTOR RELATIONS

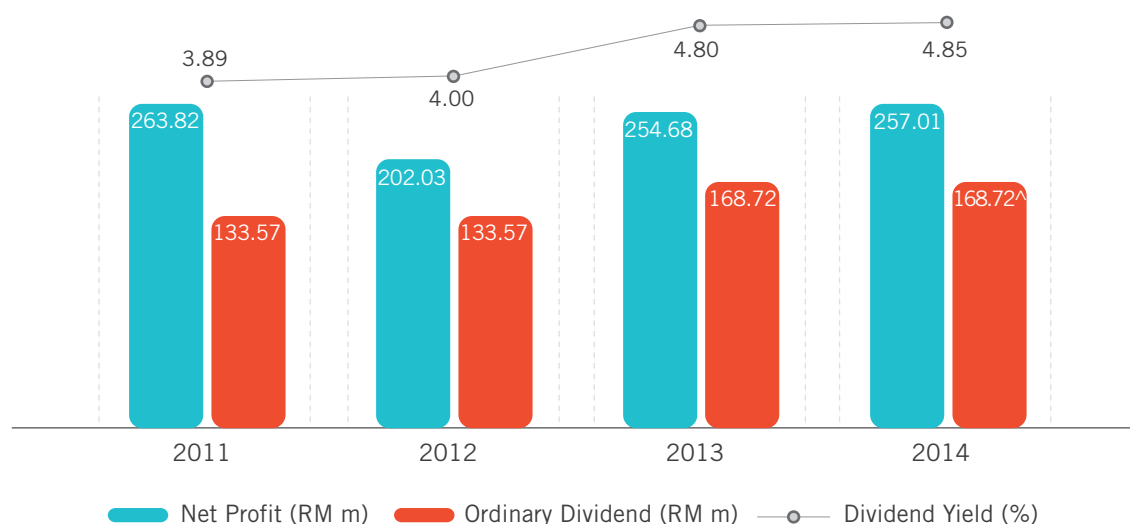
“AS A PUBLIC LISTED COMPANY, MSM IS OBLIGED TO PROVIDE INFORMATION ABOUT THE COMPANY AND ITS OPERATIONS, GOVERNANCE, FINANCIAL CONDITION AND FUTURE PROSPECTS. THIS INFORMATION IS DIRECTED TO A DIVERSE AUDIENCE OF SHAREHOLDERS, STAKEHOLDERS AND THE PUBLIC GENERALLY. THE AIM IS TO FAIRLY AND ACCURATELY REPRESENT THE COMPANY, SO THAT INVESTORS AND POTENTIAL INVESTORS CAN MAKE PROPERLY INFORMED INVESTMENT DECISIONS, AND OTHERS CAN HAVE A BALANCED UNDERSTANDING OF THE COMPANY AND ITS OBJECTIVES.”

COMMITMENT TO SHAREHOLDERS

In our aim to become one of the top 10 global sugar player by 2020, MSM focuses on creating value for our shareholders. In the financial year 2014, we continue to prove our commitment by declaring a paid and proposed total net dividend pay-out of RM168.72 million, representing a 66% net pay out to our shareholders, consisting of:

- An interim dividend of 10 sen per share amounting to RM70.30 million, paid on 19 September 2014; and
- A proposed final dividend of 14 sen per share amounting to RM98.42 million.

RETURN TO SHAREHOLDERS



	2011	2012	2013	2014
Dividend per share (sen) ^{^^}	19.00	19.00	24.00	24.00
Share price (RM)	4.88	4.75	5.00	4.95
Dividend yield (%)	3.89	4.00	4.80	4.85

[^] 2014 interim dividend of 10 sen and final dividend of 14 sen.

^{^^} Dividend per share (gross) consist of interim and final dividend declared and proposed for the designated financial year.

DIVIDEND POLICY

The Company presently adopts a dividend pay-out ratio of at least 50% 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 MSM is an investment holding company, its income and therefore its ability to pay dividends 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.

MSM FIXED DEPOSIT PROFILE

MSM continues to prove strong fundamentals and a sound balance sheet. Until today, we do not have any foreign currency debt. The credit ratings accorded by both local and international rating agencies, as follows:

	Group	
	2014	2013
	RM'000	RM'000
AAA	292,246	219,247
A1	1,429	12,100
A2	115,008	6,104
AA2	15,360	-
Others*	-	4,982
	424,043	242,433

* Others comprises of funds which are invested in Government approved financial institutions regulated by the Bank Negara of Malaysia.

INVESTOR RELATIONS

COMMUNICATION MATERIALS

Information published about the Company may reasonably be expected to have a material effect on:

- The market price or value of the Company's shares; and
- A decision to buy, sell or continue holding the Company's shares which is made by an existing holder, or someone considering an investment in our shares.

Materiality can be difficult to evaluate on each occasion. However, the Company will always lean towards an assessment of the likely effect of the information on the price of the Company's shares rather than based on percentage ratio calculation.

Quarterly Financial Results Announcement

Quarterly reports of interim financial results will be issued to Bursa Malaysia on the day of approval by the Board, in the format required by Bursa Malaysia. Thereafter, a copy of the Quarterly Report will be posted on the Company's website, and upon request, email copies may be dispatched to relevant parties on the Company's mailing list.

Annual General Meeting (AGM)

The 3rd AGM last year was held on 11 June 2014. The AGM is regarded as an important forum, especially for individual shareholders. The Company believes it should provide an opportunity for shareholders to engage with the Board and Senior Management, and to gain a full understanding of the Company's affairs.

Investor Relations Portal

MSM's corporate website at www.msmsugar.com continues to draw interest and queries from both local and foreign visitors. The website serves as an excellent platform with the Company's annual and quarterly reports, financial results, stock information, analyst report, press releases and other valuable information.

INVESTOR RELATIONS

Annual Report

The Annual Report is managed within the Company as a special project, with Corporate Communications acting as co-ordinator. The complete Annual Report in a printed format will be delivered to all registered shareholders and those who notify the Company that they would like to receive the full report. An electronic copy of the Annual Report will also be made available on the Company's website.

Analyst Briefings

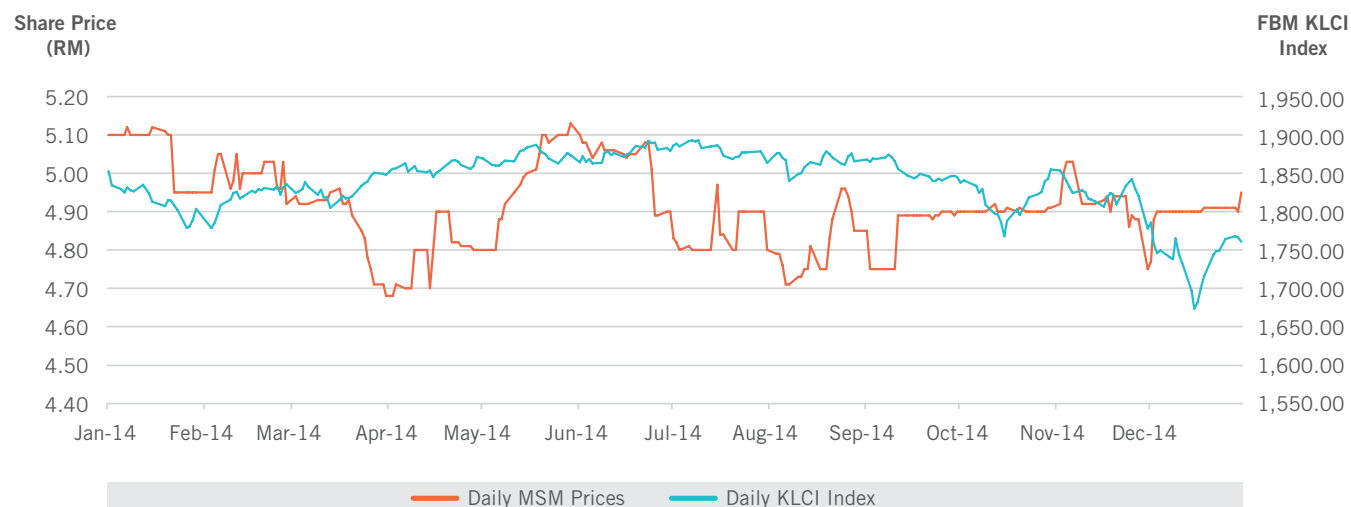
We have conducted four live briefings for analysts and the media in 2014 during our quarterly financial results. We also ensured that the analyst presentation sent to interested parties and the press releases are made available immediately on the Company's website.

Key Events	Date
Fourth Quarter FY2013	20 February 2014
First Quarter FY2014	22 May 2014
Second Quarter FY2014	21 August 2014
Third Quarter FY2014	19 November 2014

Equity Research Coverage

- 1 Affin Hwang Investment Bank
- 2 Alliance DBS Research
- 3 AmResearch
- 4 CIMB
- 5 Maybank IB Research
- 6 MIDF Research
- 7 M&A Securities
- 8 RHB Research Institute

SHARE PERFORMANCE



FINANCIAL CALENDAR



2014



19 FEBRUARY 2014

Announcement of the unaudited consolidated results for the Fourth Quarter ended 31 December 2013.

30 APRIL 2014

Announcement of the Annual Audited Accounts for the Financial Year ended 31 December 2013.

20 MAY 2014

Notice of the Third Annual General Meeting, Notice of Dividend Entitlement and issuance of Annual Report.

21 MAY 2014

Announcement of the unaudited results for the First Quarter ended 31 March 2014.

11 JUNE 2014

Third Annual General Meeting.

20 AUGUST 2014

Announcement of the unaudited results for the Second Quarter ended 30 June 2014.

20 AUGUST 2014

Payment of the single tier interim dividend of 10.0 sen per ordinary share for the financial year ended 31 December 2014.

19 NOVEMBER 2014

Announcement of the unaudited results for the Third Quarter ended 30 September 2014.

2015



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 and issuance of Annual Report.

25 MAY 2015

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

2 JUNE 2015

Fourth Annual General Meeting.

DIRECTORS

BOARD OF

Standing from left to right:

1. Dato' Zainal Haji Ismail
2. Dato' Rosini Abd Samad
3. YB Datuk Noor Ehsanuddin Mohd Harun Narrashid
4. Dato' Hajjah Rosni Haji Zahari

5. Datuk Lim Thean Shiang
7. Dato' Mohd Emir Mavani Abdullah
6. Datuk Haji Faizoull Ahmad

Sitting from left to right:

1. YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad
2. Dato' Sheikh Awab Sheikh Abod





PROFILE

OF DIRECTORS

THE BOARD IS RESPONSIBLE FOR THE STRATEGIC DIRECTION AND ULTIMATE CONTROL OF THE COMPANY ACCORDING TO ITS MEMORANDUM AND ARTICLES OF ASSOCIATION AND BOARD CHARTER.



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

Chairman, Non-Independent Non-Executive Director

Age:
 65

Appointed:
 25 March 2011

Qualifications:
 Bachelor of Arts, University of Malaya

Skills and Experience:

YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad began his career in politics in 1974 as the Deputy of the United Malays National Organisation (UMNO) Youth of Teluk Kemang. He has held the positions of Chief of UMNO Youth Teluk Kemang, Chief of UMNO Teluk Kemang (a position he still holds), State Assemblyman of Linggi and member of the Negeri Sembilan State Executive Committee. He was formerly the Chief Minister of Negeri Sembilan, Minister of Federal Territories and Vice President of UMNO. He is currently the Member of Parliament for Jempol, Negeri Sembilan.

MSM Board Committees:
 Nil

Other appointments:

Chairman of the Federal Land Development Authority (FELDA), Felda Global Ventures Holdings Berhad (FGV), Felda Holdings Bhd (FHB), Director of Negeri Sembilan Holdings Bhd and several companies within the FGV Group of Companies.

Attended Board Meetings in 2014:
 Five of Five

Conflict of interest with MSM:
 No

Family relationship with any other director and/or major shareholder:
 No

Convicted for any offences within the past ten years:
 No



DATO' ZAINAL HAJI ISMAIL

Independent Non-Executive Director

Age:
 71

Appointed:
 25 March 2011

Qualifications:

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

Skills and Experience:

Dato' Zainal Haji Ismail started his career with the Civil Service Department as an Assistant Secretary. He was subsequently appointed Director of Training & Career Development of Lembaga Kemajuan Pahang Tenggara (DARA). Attended Professional Internship at University Hawaii and later Public Leadership to East West Centre Hawaii. In 1977, he served the Sarawak Development Department as the State Development Officer and in 1984 was made the first Director in the Sarawak Development Department. He was also appointed General Manager of Yayasan Pahang and in 1988, as the State Finance Officer for the State of Pahang.

MSM Board Committees:

- Nomination and Remuneration Committee – Chairman
- Audit Committee – Member
- Investment Committee – Member

Other appointments:

Board of several private limited companies in Malaysia.

Attended Board Meetings in 2014:
 Five of Five

Conflict of interest with MSM:
 No

Family relationship with any other director and/or major shareholder:
 No

Convicted for any offences within the past ten years:
 No

PROFILE OF DIRECTORS



DATO' HAJJAH ROSNI HAJI ZAHARI
Independent Non-Executive Director

Age:
54

Appointed:
25 March 2011

Qualifications:
Bachelor in Law, University of Technology MARA

Skills and Experience:

Dato' Hajjah Rosni Haji Zahari started her career in politics in 1982 and became a Pahang State Assemblywoman in 1999. She has been the Chief of Pergerakan Wanita UMNO, Maran since 1992 and Chief of Pergerakan Wanita UMNO Negeri Pahang since 2008. She has also been an Executive Committee member of Pergerakan Wanita UMNO Malaysia since 2004 and now she is the Information Chief for Pergerakan Wanita UMNO Malaysia. She began her legal career as an Advocates & Solicitor in the High Court of Malaysia in 1990 and also as Shariah Lawyer under the name of Messrs Rosni, Francis Tan & Co.

MSM Board Committees:

- Nomination and Remuneration Committee – Member
- Audit Committee – Member

Other appointments:

Board of several private limited companies in Malaysia.

Attended Board Meetings in 2014:

Five of Five

Conflict of interest with MSM:

No

Family relationship with any other director and/or major shareholder:

No

Convicted for any offences within the past ten years:

No



YB DATUK NOOR EHSANUDDIN MOHD HARUN NARRASHID
Independent Non-Executive Director

Age:
51

Appointed:
22 August 2013

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

Skills and Experience:

YB Datuk Noor Ehsanuddin Mohd Harun Narrashid began his career as an engineer, working for several private companies including Milford Haven Automation Sdn Bhd and Alfa Laval Sdn Bhd. He was a Director of Behnmas (M) Sdn Bhd and Daya Reka Nusantara Development Sdn Bhd. In 2008, he was made the Director of Seranta (FELDA) in the Prime Minister's Department and resigned as the Director of Seranta (FELDA) in 2013. He is currently the Member of Parliament for Kota Tinggi, Johor.

MSM Board Committees:

- Board Governance & Risk Management Committee – Member

Other appointments:

FELDA, FGV and Encorp Berhad

Attended Board Meetings in 2014:

Five of Five

Conflict of interest with MSM:

No

Family relationship with any other director and/or major shareholder:

No

Convicted for any offences within the past ten years:

No



DATUK LIM THEAN SHIANG

Independent Non-Executive Director

Age:
43

Appointed:
23 August 2013

Qualifications:

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

Skills and Experience:

He began his career as a Marketing Executive with TA Construction & Properties Sdn Bhd in 1994 and in 1996 joined Wayteam Sdn Bhd as a Business Development Manager. In 1997 he moved to Ideal Palms Sdn Bhd as the Personal Advisor to the Chairman. He set up his own businesses in 1999 and was later appointed Director of Glotel Sdn Bhd, Tripo Engineering Sdn Bhd, Focus Indera Sdn Bhd, Latimax Engineering Sdn Bhd and EI Medical Systems Sdn Bhd. In 2004 he became a Director of WWE Holdings Bhd and from 2008 to 2009 he was General Manager of Port Klang Authority and Executive Chairman of Port Klang Free Zone.

MSM Board Committees:

- Investment Committee – Chairman
- Board Governance & Risk Management Committee – Chairman

Other appointments:

He is currently an Executive Director and Group Chief Executive Officer of Daya Materials Berhad, a Public Company Listed on Bursa Malaysia

Attended Board Meetings in 2014:

Five of Five

Conflict of interest with MSM:

No

Family relationship with any other director and/or major shareholder:

No

Convicted for any offences within the past ten years:

No



DATO' ROSINI ABD SAMAD

Independent Non-Executive Director

Age:
60

Appointed:
7 January 2015

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

Skills and Experience:

She has drawn decades of experience from immersion in the civil service sector. Formerly the Deputy Accountant General (Corporate) in the Accountant General's Department, Malaysia she then held Deputy Accountant General the position (2010 – 2014) prior to her retirement. She had also served as the Accountant General's nominee on the Council of Malaysian Institute of Accountants (MIA). She was a member of the Board of Directors of Percetakan Nasional Malaysia Berhad (2007 – 2014) and served as Chairman of Audit Committee, member of Nominating and Remuneration Committee, Tender Committee and Disciplinary Committee.

MSM Board Committees:

- Audit Committee – Chairman

Other appointments:

Nil

Attended Board Meetings in 2014:

Nil

Conflict of interest with MSM:

No

Family relationship with any other director and/or major shareholder:

No

Convicted for any offences within the past ten years:

No

PROFILE OF DIRECTORS



DATUK HAJI FAIZOULL AHMAD

Non-Independent Non-Executive Director

Age:
55

Appointed:
1 March 2013

Qualifications:
Masters in Public Administration, Virginia Commonwealth University, USA

Skills and Experience:
He has extensive experience working in FELDA since 1986, and held various positions including as the Administrative Officer of Budget Department and Social Department, General Manager of Felda Wilayah Terengganu, Director of FELDA New Generation's Innovation and Development Department and Deputy Director General of FELDA (Community Development) and Director General of FELDA.

MSM Board Committees:
Nil

Other appointments:
Board of FGV and several companies within the FGV Group of Companies.

Attended Board Meetings in 2014:
Four of Five

Conflict of interest with MSM:
No

Family relationship with any other director and/or major shareholder:
No

Convicted for any offences within the past ten years:
No



DATO' MOHD EMIR MAVANI ABDULLAH

Non-Independent Non-Executive Director

Age:
51

Appointed:
1 March 2013

Qualifications:

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

Skills and Experience:
He was Senior Advisor to the United Nations Development Programme for various projects in the Middle East and North Africa from 1998 to 2004, Good Governance Coordinator for the Organisation for Economic Cooperation & Development for the Arab region from 2002 to 2004, Advisor to the Minister of Finance of the United Arab Emirates from 2002 to 2007, and Strategic Advisor to the Executive Council of Abu Dhabi from 2008 to 2010. Before his current post, he was a Director in charge of National Key Economic Areas (NKEA), Performance Management and Delivery Unit (PEMANDU) in the Prime Minister's Department, Chief Executive Officer of Malaysia Petroleum Resource Corporation (MPRC) in the Prime Minister's Department and Director of Malaysia Nuclear Power Corporation (MNPC).

MSM Board Committees:

- Investment Committee – Member
- Board Governance & Risk Management Committee – Member

Other appointments:
Group President/Chief Executive Officer of FGV and sits on its Board and of several companies within the FGV Group of Companies. He is also on the Board of FELDA.

Attended Board Meetings in 2014:
Five of Five

Conflict of interest with MSM:
No

Family relationship with any other director and/or major shareholder:
No

Convicted for any offences within the past ten years:
No



DATO' SHEIKH AWAB SHEIKH ABOD

Non-Independent Executive Director

Age:

55

Appointed:

20 August 2014

Qualifications:

Bachelor of Science from Oklahoma State University, USA

Skills and Experience:

He has more than 25 years of experience in commercial and investment banking. From 2003 to 2004, he was Acting CEO of Malaysian International Merchant Bank. He held the position of President and CEO of Affin Investment Bank from 2005 till 2007, and the Chairman of PECD Bhd from 2007 to 2010.

MSM Board Committees:

Nil

Other appointments:

President/Group Chief Executive Officer of MSM, Board of Percetakan Nasional Malaysia Bhd and the Chairman of its Finance & Investment Committee, Chairman of Axis Consultancy & Advisory Services, Board of several companies within the FGV Group of Companies.

Attended Board Meetings in 2014:

Two of Two

Conflict of interest with MSM:

No

Family relationship with any other director and/or major shareholder:

No

Convicted for any offences within the past ten years:

No

SENIOR MANAGEMENT

Standing, from left to right:

1. Dato' Sheikh Awab Sheikh Abod
2. Raja Faridah Raja Ahmad
3. Mohamad Amri Sahari @ Khuzari
4. Ismail Abdullah
5. Ismail Samsu
6. Ha Charm Mun





PROFILE

OF SENIOR MANAGEMENT



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



MOHAMAD AMRI SAHARI @ KHUZARI
Deputy Chief Executive Officer

Nationality:

Malaysian

Qualification:

- Bachelor of Science – Oklahoma State University, USA

Skills and experience:

- Credit Analyst, Bank of America (1982 – 1984)
- Head of Small & Medium Industry, Malaysian French Bank Berhad (1985 – 1992)
- Vice President (Head of Retail Banking), Bank Utama (M) Berhad (1993 – 1995)
- General Manager, EON Bank Berhad (1996 – 2002)
- Acting Chief Executive Officer, Malaysian International Merchant Bank (2003 – 2004)
- President & Chief Executive Officer, Affin Investment Bank Berhad (2005 – 2007)
- Head of Sugar Cluster, Felda Global Ventures Holdings Berhad (FGV)

Directorship in MSM and its related companies:

- Director, MSM Malaysia Holdings Berhad
- Several companies within FGV Group of Companies

Nationality:

Malaysian

Qualification:

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

Skills and experience:

- Factory Engineer, Felda Palm Industries Sdn Bhd (1989)
- Mill Manager, Hamparan Badai Oil Mill, Sabah (1996)
- Assistant General Manager, Felda Palm Industries Sdn Bhd (2004)
- General Manager, MSM Perlis Sdn Bhd (2004)
- Senior General Manager, MSM Perlis Sdn Bhd (2008)
- Chief Executive Officer, MSM Perlis Sdn Bhd

Directorship in MSM and its related companies:

- Several companies within FGV Group of Companies



RAJA FARIDAH RAJA AHMAD

Chief Financial Officer



ISMAIL ABDULLAH

Senior General Manager, Logistics

Nationality:

Malaysian

Qualification:

- Bachelor in Accountancy, University of East Anglia, UK
- Member of Malaysian Institute of Accountants and Associate Member of Chartered Institute of Management Accountants

Skills and experience:

- Accountant, FELDA (1991)
- Manager/Head of Finance/Senior Finance Manager, Felda Holding Bhd (FHB) (1993 – 2005)
- General Manager, FHB Group Plantation Division
- Consultant, PwC Capital Sdn Bhd (*secondment*) (2008 – 2009)
- Executive Director, FHB Group Finance (2009 – 2011)

Directorship in MSM and its related companies:

Nil

Nationality:

Malaysian

Qualification:

- Police Science Diploma, Universiti Kebangsaan Malaysia

Skills and experience:

- Probationary Inspector, Royal Malaysia Police Force (1970)
- Senior Assistant Commissioner, Royal Malaysia Police Force (2006)

Directorship in MSM and its related companies:

Nil

PROFILE

OF SENIOR MANAGEMENT



HA CHARM MUN

Chief Executive Officer, MSM Prai Berhad

Nationality:

Malaysian

Qualification:

- Bachelor of Science (Mechanical Engineering), University of Sussex, UK

Skills and experience:

- Mechanical Engineer, MSM Prai Berhad (1982)
- Senior Engineer, Dupont Singapore (1992)
- Maintenance Manager, Idemitsu SM (Malaysia) Sdn Bhd (1999)
- General Manager, MSM Prai Berhad (2004-present)

Directorship in MSM and its related companies:

Nil



ISMAL SAMSU

Chief Executive Officer, MSM Perlis Sdn Bhd

Nationality:

Malaysian

Qualification:

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

Skills and experience:

- Mechanical Engineer, Linatex Process Rubber Berhad (1988)
- Mechanical Engineer, Kedah Cement Sdn Bhd (1991)
- Mechanical Engineer, MSM Perlis Sdn Bhd (1994)
- Manager, Milling Department, MSM Perlis Sdn Bhd (2005)
- Senior Manager, Milling Department, MSM Perlis Sdn Bhd (2008)
- Technical Coordinator, MSM Perlis Sdn Bhd
- Assistant General Manager, MSM Perlis Sdn Bhd (2014 – present)

Directorship in MSM and its related companies:

Nil



KOO SHUANG YEN

Company Secretary

Nationality:

Malaysian

Qualification:

- Member of Chartered Institute of Management Accountants, United Kingdom
- Member of Malaysian Institute of Accountants

Skills and experience:

- Company Secretary and Head of Finance in several private limited companies, including FHB and its Group of Companies (1991-2012)
- Vice President, Group Finance, FGV (2013-present)
- Company Secretary of FGV and its Group of Companies



ABD RASHID ATAN

Company Secretary

Nationality:

Malaysian

Qualification:

- Diploma in Business Studies, Institut Teknologi MARA
- Bachelor in Business Administration (Finance), Drake University, Iowa, USA
- Bachelor of Accountancy (Honours), Universiti Teknologi MARA
- Member of Malaysian Institute of Accountants

Skills and experience:

- Assistant Assessment Officer, Inland Revenue Board (1988 – 1995)
- Manager, HBM Management Sdn Bhd (1995 – 1997)
- Group Company Secretary of UDA Holdings Berhad (1997 – 2013)
- Company Secretary of FGV subsidiaries

AUTOMATI

OUR PRODUCTION PROCES



NG



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We are continuing to increase our production capacity by automating our production processes. Being fully automated will allow us to increase the speed of distribution which then ultimately enables us to meet rising demand, maximise output as well as deliver significant cost savings.



FINANCIAL REVIEW

2014 WAS A BRILLIANT YEAR FOR MSM, WE HIT A RECORD HIGH REVENUE OF RM2.28 BILLION, OF WHICH THE 54% WAS CONTRIBUTED BY DOMESTIC MARKET AT RM1.2 BILLION; 32% WAS CONTRIBUTED BY INDUSTRIES AT RM735 MILLION; AND THE FINAL 14% PORTION WAS FROM EXPORT AT RM322 MILLION. WE SEE A SIGNIFICANT INCREASE IN INDUSTRIES SALES FROM RM494 MILLION IN 2013 TO RM735 MILLION IN 2014.

In congruent with our increased revenue, MSM also hit an all-time high in our annual sales volume in 2014, 989,290 tonnes. 454,610 tonnes (46%) goes to the domestic market; 346,410 tonnes (35%) for the industries; and 188,270 tonnes (19%) goes to the export market.

In 2014, strong consumption from the industries market led the growth in our sales. We shall continue to see the increase in demand in the segment of the market in the coming years. Although we see a minor slide in the export sales in 2014 as compared to 2013, we are confident of the growth in the coming years.

Profit level of MSM stays on a healthy uptrend since 2012 at RM202.03 million, RM254.68 million in 2013 and RM257.01 million in 2014. MSM had earlier declared an interim dividend of RM70.30 million for 2014. The global sugar production is striving to match the consumption demand. With the incorporation of our international trading center in Dubai in 2015, we shall see an uptrend in our export sales in the coming years.

With an added refinery in Johor in 2017, MSM will certainly increase both the domestic and international market shares. MSM intends to boost up its refined sugar production to four million tonnes a year by 2020 from the current 1.1 million tonnes a year. MSM's solid and steady moves will allow our shareholders continue to see healthy growth in the next five years.

REVENUE
RM2.28
billion

INDUSTRIES SALES
RM735
million

SALES VOLUME
989,290
tonnes

PROFIT LEVEL
RM257.01
million

INTERIM DIVIDEND
RM70.30
million

QUARTERLY FINANCIAL PERFORMANCE



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	68,718	101,690	60,895	103,824
Profit before zakat and taxation	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

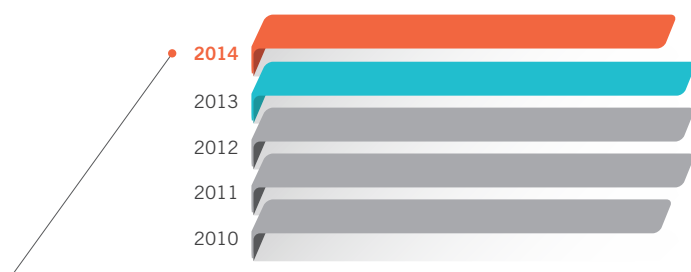
2013

	First Quarter RM'000	Second Quarter RM'000	Third Quarter RM'000	Fourth Quarter RM'000
Revenue	514,955	604,608	545,588	537,329
Profit from operations	79,939	120,933	95,382	52,528
Profit before zakat and taxation	82,835	123,218	97,340	55,511
Profit attributable to equity holders of the Company	61,958	92,578	74,204	25,936
Basic earnings per share (sen)	8.81	13.17	10.56	3.69
Single-tier dividend per share (sen)	–	–	10.00	14.00

5-YEAR FINANCIAL SUMMARY

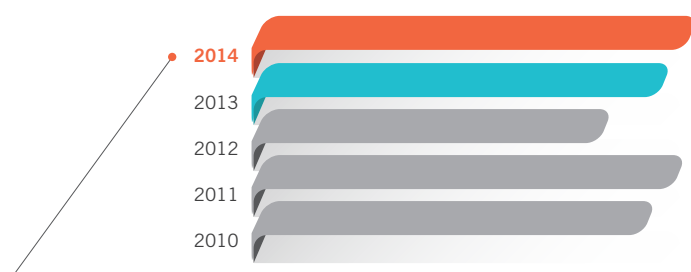
	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Revenue	2,281,493	2,202,480	2,301,319	2,299,554	2,168,598
Cost of Sales	(1,814,139)	(1,765,592)	(1,927,133)	(1,845,576)	(1,746,054)
Gross Profit	467,354	436,888	374,186	453,978	422,544
Other Operating Income	12,165	11,270	3,498	742	805
Other (Losses)/Gains-Net	(4,345)	1,501	3,544	(1,494)	(29,574)
Selling and Distribution Expenses	(81,398)	(57,886)	(53,608)	(54,312)	(49,279)
Administrative Expenses	(53,122)	(42,738)	(43,529)	(38,421)	(33,693)
Other Operating Expenses	(5,527)	(252)	(3,254)	(355)	–
Profit From Operations	335,127	348,783	280,837	360,138	310,803
Finance Income	12,891	15,017	15,371	11,538	3,494
Finance Costs	(3,719)	(4,895)	(11,049)	(12,303)	(8,565)
Profit Before Zakat and Taxation	344,299	358,905	285,159	359,373	305,732
Zakat	(4,500)	(17,481)	(16,580)	–	–
Taxation	(82,786)	(86,747)	(66,551)	(95,557)	(72,866)
Profit for the Financial Year	257,013	254,677	202,028	263,816	232,866

	2014	2013	2012	2011	2010
FINANCIAL RATIOS					
Return on Shareholder's Equity	13.2%	13.7%	11.6%	15.7%	16.9%
Return on Total Assets	10.2%	11.7%	8.6%	12.5%	13.4%
Debt Equity Ratio	0.3	0.2	0.3	0.3	0.3
Dividend Cover	1.5	1.7	1.5	0.7	1.4



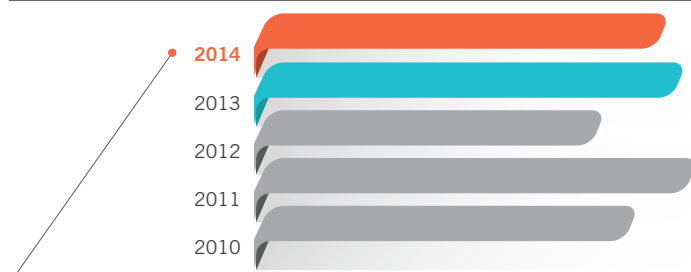
REVENUE (RM'000)

2,281,493



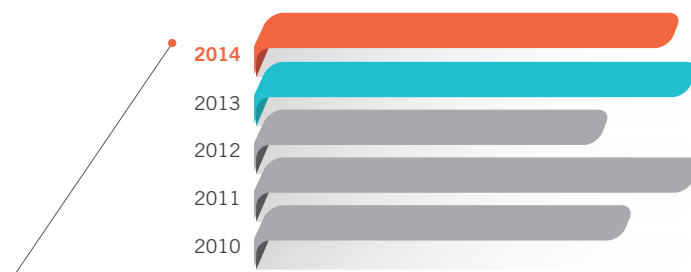
GROSS PROFIT (RM'000)

467,354



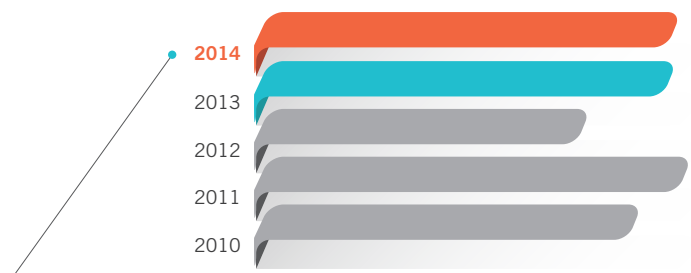
PROFIT FROM OPERATIONS (RM'000)

335,127



PROFIT BEFORE ZAKAT AND TAXATION (RM'000)

344,299



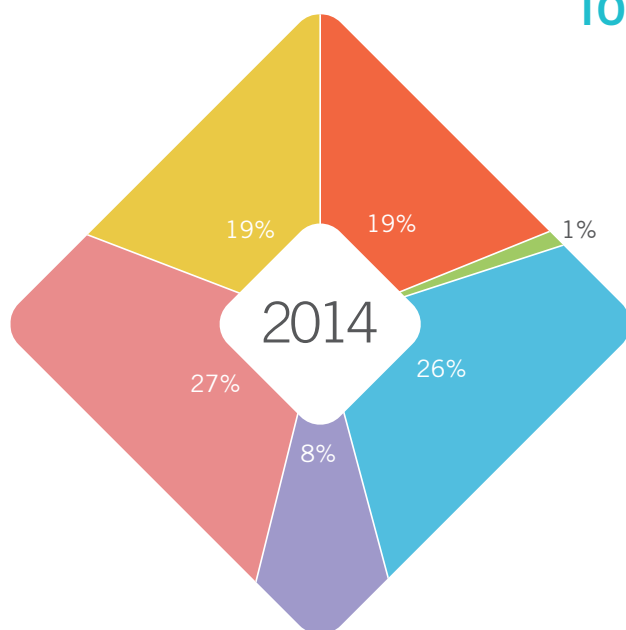
PROFIT FOR THE FINANCIAL YEAR (RM'000)

257,013

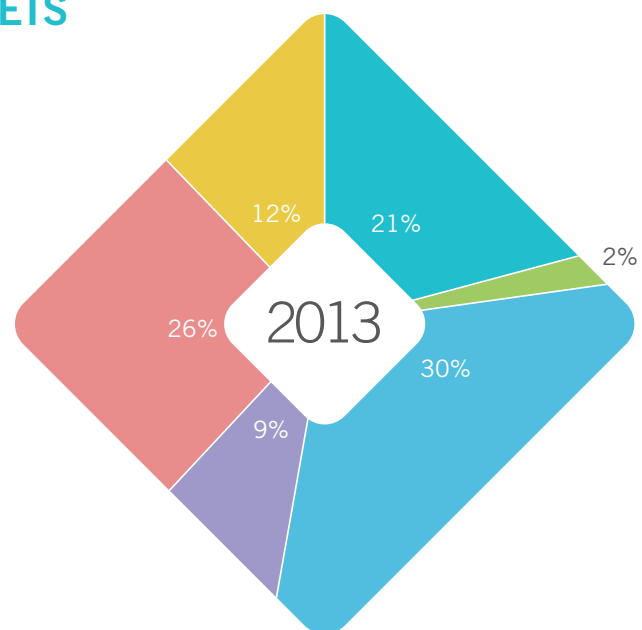
SIMPLIFIED GROUP

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS



- Property, plant & equipment
- Other assets
- Intangible assets
- Receivables
- Inventories
- Cash and cash equivalents

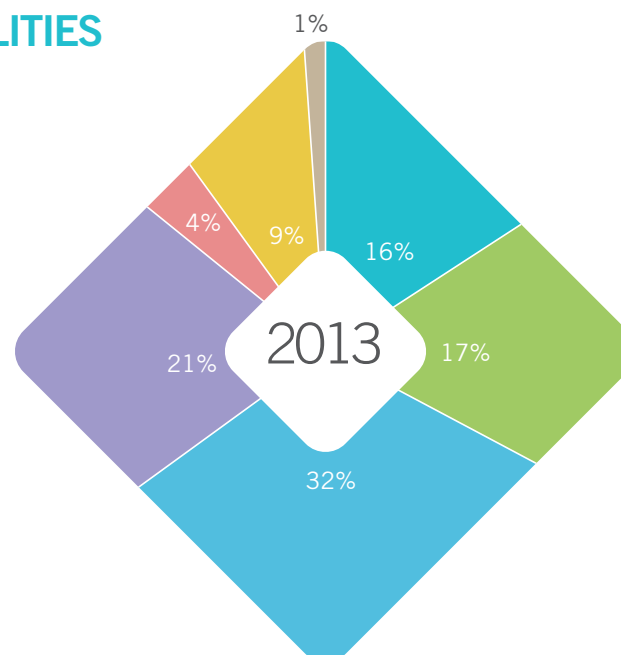
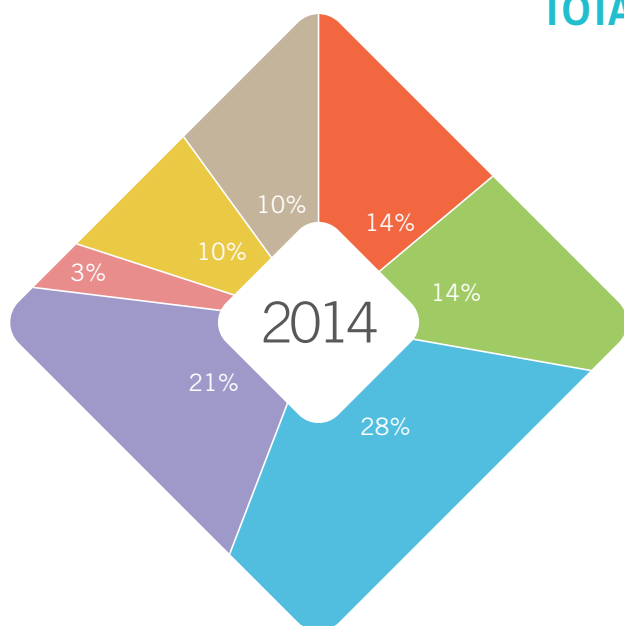


- Property, plant & equipment
- Other assets
- Intangible assets
- Receivables
- Inventories
- Cash and cash equivalents

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

ASSETS TYPE	Amount RM'000
Property, plant & equipment	445,158
Other assets	32,259
Intangible assets	651,702
Receivables	203,996
Inventories	570,862
Cash and cash equivalents	267,154

TOTAL LIABILITIES



- Share capital
- Share premium
- Other reserves
- Retained earnings
- Deferred tax liabilities
- Payables
- Borrowings
- Current tax liabilities

- Share capital
- Share premium
- Other reserves
- Retained earnings
- Deferred tax liabilities
- Payables
- Borrowings
- Current tax liabilities

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

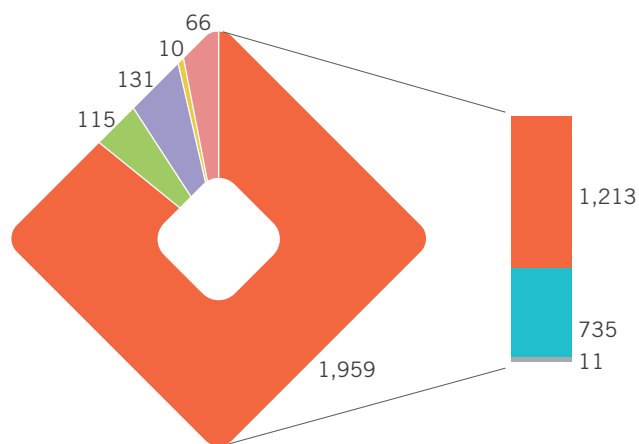
LIABILITIES TYPE	Amount RM'000
Share capital	351,490
Share premium	366,765
Other reserves	694,307
Retained earnings	443,635
Deferred tax liabilities	79,694
Payables	201,338
Borrowings	29,000
Current tax liabilities	4,902

STATEMENT OF VALUE ADDED

	2014 RM'000	2013 RM'000
VALUE ADDED		
Revenue	2,281,493	2,202,480
Purchase of goods and services	(1,844,753)	(1,765,824)
Value added by the Group	436,740	436,656
Other operating income	12,165	11,270
Other (losses)/gains – (net)	(4,345)	1,501
Finance income	12,891	15,017
Finance cost	(3,719)	(4,895)
Value added available for distribution	453,732	459,549
DISTRIBUTION		
To Employees		
Employment cost	60,261	58,307
To Government/Approved Agencies		
Taxation and Zakat	87,286	104,228
To Shareholders		
Dividends	168,715	147,626
Retained for reinvestment and future growth		
Depreciation and amortisation	49,172	42,337
Retained profits	88,298	107,051
Total distributed	453,732	459,549

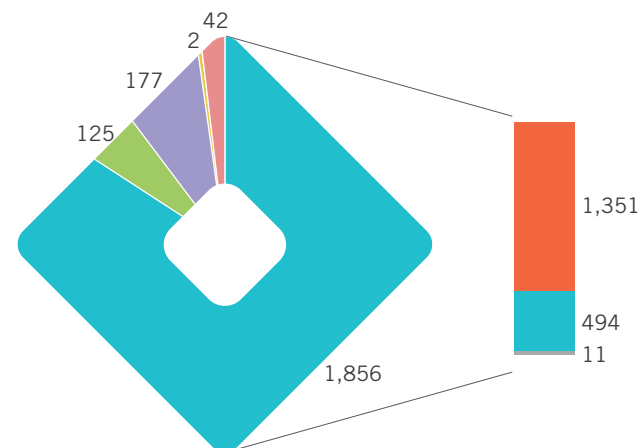
SEGMENTAL ANALYSIS

MSM REVENUE 2014 (RM' MILLION)

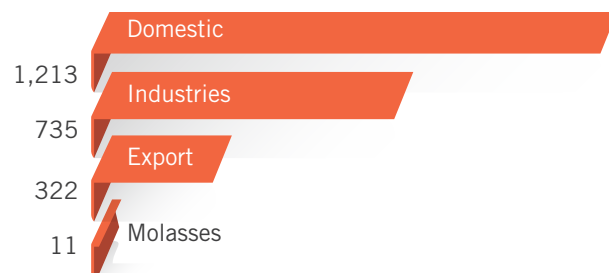


- ASEAN
- Asia (exc ASEAN)
- Others
- Australasia
- Domestic
- Industries
- Molasses

MSM REVENUE 2013 (RM' MILLION)



- ASEAN
- Asia (exc ASEAN)
- Others
- Australasia
- Domestic
- Industries
- Molasses





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EXPANDING OVERSEAS

We are planning a programme of growth via mergers, acquisitions and joint ventures. We will leverage on our sugar refining expertise to team up with overseas players and we are also exploring the possibility of expanding to downstream by acquiring or joint-venturing with local and overseas food producers.

OVERVIEW

FOR SEVERAL DECADES, MSM MALAYSIA HOLDINGS BERHAD HAS BEEN THE MARKET LEADER IN REFINED SUGAR SUPPLY IN MALAYSIA. CURRENTLY, MSM SUPPLIES TO 20 COUNTRIES ACROSS THE ASIA PACIFIC REGION.

2014 was a remarkable year for MSM. We were confronted with a new big challenge. The removal of sugar subsidy by the Malaysian government in 2014 was a major setback for the sugar industry in Malaysia. Balancing our cost and pricing was our utmost priority throughout the year to drive our production and performance. Our resilience and perseverance had turned 2014 to be a 'sweet' year for MSM.

In 2014, we made THREE new significant records in MSM's history; firstly, a record profit of RM257 million with robust revenue of RM2.28 billion. Secondly, a record high production volume where our two refineries produced a record of 986,115 tonnes of refined sugar products, marking an increase of 5% from 2013. Of this volume, 839,400 tonnes was produced in Prai, and the remaining 146,715 tonnes in Perlis. Thirdly, a new healthy sales volume of 989,290 tonnes, another milestone record which is 6.5% higher than the 929,052 tonnes achieved in 2013. 81.1% of this massive volume was contributed by the Malaysian market, while 18.9% was export to countries such as South Korea, Singapore, Australia, New Zealand and Pakistan.

Despite the increased competitiveness in the local market, MSM managed to grow our local market share to 64% in 2014, vs 57% in 2013. The persistent efforts of the team brought 'SWEET' reports to our shareholders.

On the raw sugar supply chain, despite the discontinuation of the Long Term Contract (LTC), MSM continues to retain sustainable raw sugar supplies. The supply management experts in MSM sees this as a crucial opportunity for MSM to source all our raw sugar at international prices and from credible suppliers. This also opens up new doors for sourcing sugar downstream business opportunities by potential Mergers and Acquisitions. This would well expand MSM's footprints throughout South East Asia & China Markets, as well as MSM's operations in sugar value chain.





BUSINESS

REVIEW

IN 2014, OUR TWO REFINERIES – IN PRAI AND PERLIS – PRODUCED A RECORD OF 986,115 TONNES OF REFINED SUGAR PRODUCTS, MARKING AN INCREASE OF 5% FROM 2013. OF THIS VOLUME, 839,400 TONNES WAS PRODUCED IN PRAI, AND THE REMAINING 146,715 TONNES IN PERLIS.

We achieved total sales of 989,290 tonnes, another record which was 6.5% higher than 929,052 tonnes achieved in 2013. Of the sales, 81.1% was within the Malaysian market, and 18.9% exported to countries such as South Korea, Singapore, Australia, New Zealand and Pakistan. Despite increased competition in the local market, brought about more players being awarded import permits, MSM managed to grow our local market share from 57% in 2013 to 64%.

Total production capacity remained unchanged from 2013, and stood at 3,600 tonnes of melt a day, with 3,000 tonnes per day (tpd) at the Prai refinery and 600 tpd in Perlis.



PRAI REFINERY

At the Prai refinery, efforts are ongoing to increase our systems and processes in order to enhance operational efficiencies across the entire chain from production to packing, storage and distribution.

PRODUCTION

A major improvement in terms of production was to enhance our power infrastructure – by installing a new transformer and switchgear – so as to increase our capacity to receive electricity from Tenaga Nasional Berhad (TNB) from 11kV to 33kV. The upgrade was completed in July 2014, following which production was no longer constrained by power limitations. Following the change in intake voltage the plant is now able to count on an adequate and reliable source of power supply to help it run its production process in a more stable manner.

Further enhancing production, we have identified bottlenecks in our production line and are in the process of installing new or upgraded equipment to resolve these. Results from this effort should be fully realised by year 2016.

For critical production area, additional equipment are being added to provide redundancy. This allows continuity in production during planned maintenance, and allows the refinery to cater to increase in demand or make up for lost capacity.

Description	Year 2014 (tonnes)	Year 2013 (tonnes)
Raw sugar melted	870,567	863,183
Refined sugar produced	839,400	828,522
Refined sugar sold	866,801	843,802
Sales of products in retail packaging	255,157	252,637



DISTRIBUTION

About half of the refined sugar produced in Prai is sent to our depot in Sungai Buloh, Selangor for re-distribution to customers in the Klang Valley. Final delivery to the customers' premises can be done within short lead times as inventory is kept at Sungai Buloh. In addition to the various sizes of bag packages, the option for delivery in bulk road tanker is also available.

One of the initiatives currently underway by the Company is to move more sugar packing activity from Prai to Sungai Buloh. This will be achieved through increasing the proportion of bulk transfer over bag transfers from Prai, and adding packing capacity in Sungai Buloh. By performing the packing in Sungai Buloh, we can be more responsive to customers' demands and requirements for our products whilst improving our inventory control and management at the same time. We are also able to reduce handling costs by making the whole operation more efficient.

Bulk accounted for about 240,778 tonnes of transfer from Prai in 2014, marking a 6.9% increase from 225,229 tonnes in 2013.

We are continuing to actively seek overseas markets and customers who are keen to purchase sugar supplied in bulk flexi-bags. This is a valuable opportunity for us to add export sales and link up with some key export industrial buyers. This mode of delivery is able to add value to both ourselves and the buyers by greatly simplifying the handling operation. It reduces the cost and effort associated with the packing and stuffing of sugar into the containers at the filling end, and the reverse operation at the receiving end.

We are the only sugar manufacturer in Malaysia that uses the flexi-bag system. Given demand for it, especially from clients in South Korea, Australia and New Zealand who have invested in the necessary off-loading equipment, in 2014 we installed a second flexi-bag filling station in Prai. Export volume using flexi-bags increased from 45,225 tonnes in 2013 to 51,027 tonnes in 2014.

Description of bulk sugar delivery/transfer activity	Year 2014 (tonnes)	Year 2013 (tonnes)
Quantity of sugar delivered in Bulk Flexi-bags (for export) from Prai, tonnes	51,027	45,225
Quantity of sugar delivered from Prai to Sg Buloh in bulk (BBS), tonnes	240,778	225,229
Quantity of sugar delivered to customers through road tanker from Sg Buloh, tonnes	75,710	65,314

BUSINESS REVIEW

CERTIFICATION

During the year, the Prai refinery was OHSAS 18001 and MS 1722 Occupational Health and Safety Management certified.

During the year Prai factory had achieved full compliance to one of our major customer's ethical work practice standard after working towards this objective over the prior 3 years. One of the key steps taken by the factory to fulfil this goal was to change the shift roster pattern used to determine the factory operational manning. The change was brought about after much hard discussion between the Management and the Workers' Union that eventually resulted in an amicable and satisfactory resolution. It was a proud achievement for the Company to be recognised as an employer who is fully compliant to enforcing ethical labour relationships.

PERLIS REFINERY

Efforts to enhance efficiencies at the Perlis refinery continued in 2014.

A major highlight was the switch in fuel to run the boilers from biomass to natural gas, which has created greater stability in energy supply for sugar refining process. The conversion began in March and was completed in June. In addition to greater fuel supply efficiency, hence less downtime, the transformation has led to cleaner operations and produced significant cost savings.

Initiatives to enhance the quality of sugar are also ongoing with the ultimate objective of creating one brand for sugar produced at both the Prai and Perlis outfits. Towards this end, in May 2015, a new system will be implemented in the refining process using ion exchange resin, in place of sulphur, which meets GMP standards.

In terms of packaging, the refinery is gradually automating its processes and focusing more on 1kg packages which are in greater demand than the 50kg packages, which used to be the norm.

Refined sugar produced in Perlis is stored in both at the refinery itself as well as the refinery in Prai. To increase the storage capacity in Perlis, we are building a new facility within the refinery compound with a 4,000 tonnes capacity. This is expected to be ready by the middle of 2015.



PROSPECT & OUTLOOK

2015 WILL BE A VERY CHALLENGING YEAR FOR MALAYSIA. GROWTH IS EXPECTED TO MODERATE TO ABOUT 5%, DEPENDING ON THE MAGNITUDE OF FLUCTUATIONS IN CRUDE OIL PRICES AND MOVEMENTS OF THE RINGGIT AGAINST CURRENCIES OF MAJOR TRADING PARTNERS. INFLATION WILL BE AFFECTED BY BOTH EXTERNAL AND DOMESTIC FACTORS.

MSM is confident of winning more market share once our new third refinery in Tanjung Langsat, Johor is ready by 2017. This is a major cost reduction effort. MSM is set to spend around US\$270 million to US\$290 million to build this new refinery, a logistics complex, and a vessel terminal in Johor. This investment is part of MSM's plan to be Asia Pacific's largest sugar hub.

Once the refinery is completed in 2017, our production capacity will be ramped up to 3.25 million tonnes of refined sugar per year.

MSM has planned a series of Mergers and Acquisitions across the whole value-chain of the industry. Part of the strategy is to source for sustainable sugar upstream business by reviewing the possibilities of acquiring plantations in Myanmar, Indonesia and Brazil.

Besides plantations, the incorporation of MSM International Trading Center in Dubai in 2015 is geared to enhance our own raw sugar trading business. As part of our operational excellence pursuit, MSM is also considering having our own chartered vessels. This would further reduce the cost of production significantly.

MSM's venture into international raw sugar trading will allow us to have better control of the businesses' entire value chain.

Besides providing values to our shareholders, MSM's mission to always provide premium quality sugar to Malaysians will prevail whilst the company strategises to achieve its vision: To be One of the Top Ten Global Sugar Players by 2020.



HUMAN CAPITAL

REVIEW

AT MSM, WE PROVIDE OUR PEOPLE WITH THE MOST CONDUCTIVE WORK ENVIRONMENT THAT ENABLES THEM TO REALISE THEIR FULL POTENTIAL WHILE REWARDING THEM WITH MARKET-COMPETITIVE REMUNERATION AND OTHER BENEFITS.

In line with our transformation into a more cohesive Group, in 2014 we embarked on a process to harmonise these HR policies by implementing a common framework for all our business operations. The company recently took the initiatives to harmonise its HR policies across the group whereby all Group employees enjoy the same terms and conditions as well as benefits, and are appraised by the same Performance Management System. This has created greater equity and reinforced our employees' sense of belonging to the Group. Along with the restructuring, some benefits have been enhanced. For example, under the current medical insurance scheme, employees enjoy better coverage and more medical amenities than before.

EMPLOYEE REMUNERATION

In harmonising our employee benefits across the Group, benchmarking exercise was carried out to determine benefits provided by the individual companies and upon a thorough review, job grades were streamlined and salary ranges established. The company also initiated an external salary benchmarking exercise in late 2014, as a first step towards determining its competitive positioning within the industry. This exercise was conducted by an external consultant to ensure complete objectivity.

Following the development of a harmonised benefits structure, a handbook for executive level staff was reviewed and launched in December 2014 via employee communication session. This allows employees to see the compensation and benefit entitlements of the different job grades, and serves to motivate them to strive continuously to move up to increasingly higher grade levels so as to enjoy more attractive benefits at every step up.

PERFORMANCE MANAGEMENT

As part of the restructuring of the HR framework and in line with harmonisation of benefits across the Group, MSM also streamlined the Performance Management System for all executives and managers. All executive staff were briefed and trained about the change and introduced to the new systems and forms to facilitate the implementation of the new Performance Management system. Under the new system, employees will receive rewards and bonuses based on their individual performance throughout the year which is assessed at the year-end appraisal.

EMPLOYEE TRAINING AND DEVELOPMENT

All employees undergo continuous training and professional development in order to equip them with the necessary knowledge and skills to perform optimally. The company incorporated achievement of minimum eight hours training a year in all executive employees KPIs. The training that each individual receives depends on their individual needs as well as a Training Need Analysis which is conducted at the department and Group levels, and is designed to address performance gaps in achieving the department's and Group's objectives. The development plan for employees addresses the following:

- Mandatory training – for which needs are identified at the Group level
- Technical skills – for which needs are identified by each operating company. Gaps are filled via on-the-job (OJT) training as well as other training programs to meet process certification requirements (including ISO, vendor and supplier audits and regulatory audits)
- Leadership skills – to address various levels of leadership development; these are initiated at the Group level



In 2014, our refineries continued to run specific training initiatives to meet their operational needs. At MSM Prai, 58% of all employees underwent training either in Good Management Practices (GMP), Safety, Leadership-Q4X, Executive Leadership for Supervisory skills, or in technical areas that include working in confined space or at height, as well as training to meet ISO 18001 and FSSC 22000 requirements. A total of more than 5,000 training hours were observed for the plant. The plant also ensure training evaluation in line with the requirements of the certification audits such as Kirkpatrick's Level 1, 2 and 3, which included employees evaluation of training programmes at end of training sessions. Subsequently, Heads of Department were required to rate the effectiveness of the training received as reflected in improved performance.

A total of more than 80% was claimed under the Human Resource Development Fund (HRDF) provided by the Ministry of Human Resource for the year.

At MSM Perlis, much of the training focus was placed on employees' safety. Throughout the year, the refinery ran a Zero Occupational Accident Campaign during which safety messages continued to be reinforced in all departments and the department that recorded the least occupational accidents will be rewarded during the Safety Week Campaign, tentatively to be held in June 2015. In conjunction with the campaign, two sessions on safe motorcycle riding – Kursus Keselamatan Pekerja Bermotorsikal – were held, on 4-5 December and then again 8-9 December 2014. These were conducted in collaboration with the National Institute of Occupational Safety and Health (NIOSH) to reduce accidents on the road.

MSM Perlis was also involved in a Mentor-Mentee programme initiated by the Department of Occupational Safety and Health (DOSH) Perlis by volunteering to become a mentor for Hup Huat Engineering.

CORPORATE

SOCIAL RESPONSIBILITY

MSM BELIEVES FULLY THAT EVERY CORPORATION HAS A DUTY TO GIVE BACK TO THE COMMUNITIES THAT SUPPORT ITS OPERATIONS. THIS MEANS CARING FOR OUR EMPLOYEES, CUSTOMERS, SUPPLIERS AND PARTNERS AS WELL AS UPHOLDING THE HIGHEST LEVEL OF INTEGRITY IN OUR DEALINGS WITH SHAREHOLDERS AND INVESTORS. MORE THAN BE PART OF OUR CORPORATE CITIZENRY, RESPONSIBLE ACTIONS AND BEHAVIOURS SERVE TO REINFORCE OUR MARKET REPUTATION, STRENGTHEN OUR KEY RELATIONSHIPS AND CONTRIBUTE TO THE COMPANY'S BUSINESS SUSTAINABILITY.

Over and above our ethical contract with our stakeholders, we acknowledge the urgency of climate change issues and play our part to minimise our carbon emissions while reducing waste in order to protect the country's natural resources and safeguard the environment for us today, and future generations tomorrow.

The following pages present an outline of our Corporate Responsibility initiatives, which we have categorised into the four broad areas of the Community, Workplace, Marketplace and the Environment, in line with global best practice.

COMMUNITY

As a responsible organisation, MSM has always supported the welfare and well-being of communities that live near our operations. This includes local communities surrounding our refineries in Prai and Chuping, as well as in Sungai Buloh where our warehouse is located. We also support the work of our parent organisation, FGV, in providing for the Felda communities and others living around these area. In 2014, this saw us contributed to the Felda Flood Donation fund to help all those who were impacted by the natural disaster.



We have a tradition of donating towards infrastructure improvements in these local communities, such as building roads, installing utilities and building schools for the children. We also provide funds to support the educational development of the local children, and look into the health needs of both children and adults alike. During festive seasons, and especially during the month of Ramadhan, we intensify our efforts to show that we truly care for the underprivileged by spending time with them and providing them with support in various different ways.

During the year under review, we collaborated with the Batu Bertangkup mosque in Perlis to organise a breaking of fast at which we donated money to the elderly, the poor and destitute, orphans and new converts. We also organised a large-scale “Bubur Lambuk” cooking programme and distributed the porridge to personnel from the police force, the fire brigade as well as various old folks’ homes and orphanage. Hari Raya Aidilfitri, meanwhile, was celebrated with MSM open house for employees and their families as well as guests from government departments and the private sector around Prai.

Every year, further, MSM contributes zakat (business tithes) to the collection centres in the three states where we operate, namely Penang, Perlis and the Federal Territory. These funds are then channelled by the relevant authorities to underprivileged Muslims. In 2014, we paid a total of RM4.5 million towards the three states’ zakat funds. Promoting religious activity, we also built the *Surau Al-Munawwarah* for use of both our staff at the Prai refinery as well as members from the local community. The ground-breaking ceremony for the *surau* (prayer hall) which accommodate 150 people was held on 18 March 2013, the *surau* was completed on 19 March 2014.

In addition to our community outreach programmes, since 2013 volunteers from MSM have been tending Taman Tunku, a popular recreational park in Penang. And since 1973, we have been contributing to scientific research and development in the country via an endowment fund.

TAMAN TUNKU

In 2013, MSM Prai “adopted” Taman Tunku and since then has been working with the Municipal Council to help preserve the park which is one of the best and most popular recreational venues in Butterworth. Located within the Seberang Jaya township, the 15-acre Taman Tunku boasts a 300m jogging track, which attracts health conscious adults in addition to children and the elderly. Every two weeks, MSM Prai employees are assigned on certain maintenance tasks such as mowing the lawn or cleaning the public facilities. In addition, MSM Prai also provides rubbish bins around Taman Tunku.



SUPPORTING ECONOMIC AND SOCIAL DEVELOPMENT IN PERLIS

MSM is one of the largest provider of employment in the state of Perlis, where we currently have 612 employees, of whom 391 work in the sugar refinery and 221 in our plantation division. In addition to providing a regular source of income to our employees, we also provide them with housing facilities complete with water and electricity. Bus facilities are organised to transport their children to and from school, while once a week staff and their families are given free transport to perform Friday prayers at the nearby mosque. Caring for their health, our employees and their dependents may seek free health treatment from our in-house clinic located in our factory premise.

Supporting the local community in Chuping, every year, MSM Perlis organises a blood donation campaign for the local blood bank. In 2014, our refinery in Perlis held the programme in June in collaboration with Hospital Tunku Fauziah in Kangar. A total of 25 employees turned up to donate blood. Another annual event is the Gula Perlis Open Chess Challenge, organised in conjunction with HRH the King of Perlis’ birthday. Entry fees collected from the participants are donated to the *Majlis Sukan Sekolah-Sekolah Perlis* (Perlis School Sports Council) chess contingent to assist them with their expenditure to participate in *Majlis Sukan Sekolah-Sekolah Malaysia* (Malaysian School Sports Council) competition.

CORPORATE SOCIAL RESPONSIBILITY



ADVANCEMENT OF SCIENCE THROUGH MSM RESEARCH FUND

In 1973, MSM set up an endowment fund known as MSM Research Fund, managed by Kuok Foundation (KF) to support scientific research at Universiti Sains Malaysia (USM). Initially, to fund a Chair in Industrial Chemistry which became the MSM Chair in Food Technology, the fund eventually was disbursed for more general research in science and technology. In September 2014, representatives from MSM, KF and USM agreed to use the endowment (which now stood at approximately RM5 million) as a fellowship fund to sponsor post-graduate students directly (in terms of their course fees and living costs), as opposed to sponsoring research projects.

The fund channels about RM250,000 to USM annually to award four Fellowships to postgraduates pursuing research-based Master's degrees at the Pusat Pengajian Teknologi Industri (PPTI) in USM. Each Fellowship is for a period of two years, with the Fellows receiving RM30,000 per annum to cover their tuition fees, allowance and research expenses.

This flagship Corporate Responsibility (CR) programme contributes in a meaningful way to the enhancement of scientific knowledge in the country which will go a long way towards Malaysia's transformation into an innovation-driven high income nation.

WORKPLACE

MSM believes strongly that we are only as good as our people. Today, as we have set ourselves the ambitious goal of becoming a world-class sugar player, it is more critical than ever to nurture a work environment that is results-oriented, dynamic and forward-looking.

Towards this end, we strive to attract and retain the best talent by offering attractive remuneration packages while nurturing a workplace that is stimulating and that empowers our employees to realise their true potential. Operating in a multicultural environment, we positively encourage diversity at work as we recognise the immense value that can be obtained from having different and fresh perspectives. Employee engagement and knowledge sharing are seen as important elements in elevating our intellectual capital, which in turn raises our performance level and long-term business sustainability.

EMPLOYEE ENGAGEMENT

We realise the importance of communication across all levels in the workplace in order for employees to feel a sense of belonging to the Company. The top management, therefore, engages regularly with all employees to share not only the Company's strategies and direction, but also our progress in terms of meeting key milestones. Where targets have not been met, employees are informed of these performance gaps in order to motivate change for the better. At the same time, we encourage two-way dialogue in order to obtain feedback which is critical towards maintaining a healthy and transparent environment.

Each employee is provided a clear sense of his or her role in relation to the entire Company as this inspires a sense of ownership of individual functions and responsibilities.

Dialogue sessions are not restricted to the headquarters but are also held at our respective subsidiaries to create a sense of Group unity, as well as for the management to have a clear picture of the environment at the ground level and to rectify any issues that may exist.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING AGREEMENT

Non-executive Group employees, especially those at the refineries in Prai and Perlis, enjoy the freedom to join and/or leave our union as they see fit. Our unions are empowered to take collective action to pursue the interests of our employees, within the boundaries of Malaysian Employment Law. However, as part of management's commitment to treating all employees, regardless of position, with respect and dignity, conscious efforts are made to maintain a good relationship with our union. Regular dialogue sessions are held between the union and management in order to iron out issues before these escalate to disproportionate levels.

EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITY

MSM Group is an equal opportunity employer, meaning that we treat all applicants to the Company and all existing employees equally for recruitment and, later, career enhancement opportunities. Each employee is treated and rewarded according to merit as opposed to race, religion, gender or dis/ability. We believe in developing our own talent to fill positions of increasing seniority as opposed to bringing in external parties, as this motivates performance excellence and keeps our employees inspired to enhance their professional skills and knowledge.

High performers and potential leaders are identified and provided with training and development opportunities to progress their careers within the Group.

As a result of our equitable Human Resources (HR) policies, MSM successfully passed the Intertek Audit in September 2014 on meeting the International Labour Organization (ILO)'s Foreign Workers Rights and Employment Laws requirements.



CORPORATE SOCIAL RESPONSIBILITY

BENEFITS

The Company contributes above the mandatory EPF rate which is a benefit offered to our employees. In addition, we also offer healthcare benefits that cover our employees and their immediate dependants. In September 2014, MSM launched our first Staff Medical Cards, which our employees can use for outpatient, hospitalisation and surgical health benefits as well as group term life and personal accident insurance coverage. Our President/Group CEO, Dato' Sheikh Awab Sheikh Abod, made the most of the opportunity to personally present the cards to all employees at all locations, and to share his vision for a healthy and safe work environment.

SAFETY

Valuing our people, MSM places top priority on maintaining the highest standard of occupational safety and health (OSH). Towards this end, we comply with all the relevant national laws, regulations and other requirements relating to best practices in OSH; and constantly carry out activities aimed at preventing work injuries.

We have in placed a safety framework comprising procedures and practices to operate our equipment and machinery safely. Employees who use any machinery are trained to do so properly, while health and safety training is provided to all employees to enhance their knowledge and enable them to lead healthy, safe lives both at work and away from the work environment. At MSM, we entrust each employee with the responsibility to look after his/her own safety as well as the safety of everyone else in the belief that "all accidents can be prevented with collective effort".

As a result of conscious efforts to maintain the highest level of safety, MSM Prai is certified for the following:

- Occupational Safety & Health Management System – MS 1722:2011 August 2014; and
- Occupational Health & Safety Management System complying with OHSAS 18001:2007.



MARKETPLACE

As we strive to be among the world's leading sugar players by 2020, we recognise the critical need to ensure our products are of top quality; that we serve our customers to the best of our ability; and that we maintain a high level of integrity in our dealings with all stakeholders while ensuring that our partners and suppliers share our values and approach to responsible business practices. Backed by quality achievements, reputed clientele and continuous investments in people, technology and capabilities, we are committed to advancing our domestic lead and making new inroads internationally.

We are backed in our quality initiatives by attaining and maintaining Quality Management System ISO 9001:2008 certification.

CUSTOMER ENGAGEMENT

We recognise that our customers are key to our success and place them at the centre of our operations. Over the past 50 years we have built strong relationships with our customers which are reflected in our market share, which has continued to increase despite more intense competition. As we celebrated our golden anniversary in 2014, we acknowledged our loyal customers at an exclusive event held at the Palace of the Golden Horses. A total of 40 customers were invited to the event, of whom 17 have been with us since 1964.



CORPORATE SOCIAL RESPONSIBILITY

PRODUCT QUALITY

We stand proud of our flagship product - Gula Prai – which is acknowledged as the premier brand for sugar in Malaysia and the most popular choice among consumers. The 50-year-old home-grown product, has become a household name, living up to its slogan, “The No.1 Best Selling Brand in Malaysia”. Today, as we are enhancing our systems and processes at both our refineries, we are ensuring that the sugar produced in Chuping, Perlis matches the quality of Gula Prai and is being sold under the same brand name.

The quality of our products is driven by strong laboratory capabilities, and meet not only Food Safety System Certification ISO 22000:2005 and the Hazard Analysis and Critical Control Point (HACCP) Certification from Ministry of Health Malaysia, but also the stringent requirements of customers’ Supplier Guiding Principles. For the first time, in 2014, we were awarded a Green Code by leading Food & Beverages (F&B) companies in Malaysia, signifying compliance with ethical labour practice standards. We also meet global halal and kosher standards, with our products being halal certified under MS 1500:2009 and kosher certified by the London Beth Din Kashrut Division for MS 1722:2011.

As a responsible manufacturer, we provide clear information on our products on their packaging as well as on our website.

Our continuous commitment to quality, combined with excellent relations with customers, led to an increase in sales volume by 6.5% during the year to a record high of 989,290 tonnes from 929,052 tonnes in 2013.



SUPPLIER MANAGEMENT

We ensure that our suppliers abide by similarly high standards of ethics as MSM and have developed a Supplier Code of Conduct specifically for this purpose. Among others, the code requires our contractors to comply with all applicable local national laws and regulations; to carry out their roles without resorting to bribery or any other unscrupulous behaviour; to provide a safe workplace for their employees; and to treat their workers fairly.

To reinforce our commitment to responsible practices, we conduct regular briefings to our suppliers and contractors on our factory requirements, including their environmental requirements.

GULA MERAH LEMBUT PRAI

BERAT BERSIH
500g
NETT

SOFT BROWN SUGAR
赤黃香糖

The No. 1 Selling Brand
In Malaysia

Manufactured and Packaged by
MALAYSIAN SUGAR BERHAD
7th Floor, No. 100, 100th Street,
Kuala Lumpur, Malaysia
E-mail: msmb@msm.com.my



CORPORATE

SOCIAL RESPONSIBILITY

ENVIRONMENT

Conscious of the role of all corporations to play our part in reducing our carbon footprint while also minimising waste of natural resources, MSM has a comprehensive Environmental Management System (EMS) which provides clear guidelines for responsible operations across our value chain from our plants to our daily practices at our headquarters. Guided by the EMS, we identify the environmental impact of all our activities and ensure these meet all applicable regulatory standards.

In 2011, we engaged SIRIM to conduct an assessment of the environmental impact of each stage of our sugar processing chain, starting from the melting of raw sugar to the packaging of the refined product, the use of pallets and energy in the refinery processes, transport and up to packing material disposal. From this life cycle assessment (LCA) we have a clear picture of the environmental impact of our processes and are able to formulate mitigation actions accordingly.

Our Environmental Head is responsible for organising relevant training for all employees to keep everyone at MSM updated on pertinent environmental trends and issues. During the year, three key employees from Health Safety Environment, Process and Quality Assurance departments attended a Certified Environmental Professional in Scheduled Waste Management (CePSWaM) course held on 17-21 November.

Under the EMS, we regularly monitor the following parameters at our refineries: pollution/emissions, noise, effluents, solid and scheduled waste disposal, water and energy consumption and greenhouse gas emissions. Our ultimate goal is to exceed the Department of Environment (DOE)'s requirements and, by actively engaging in positive behaviours such as reducing the use of material, re-using and recycling – namely abiding by the principles of 3R – to minimise the impact of our operations on the environment.

In transport and logistics, we ensure the engines of our vehicles are switched off during the loading process, and we maximise the use of rail wagons to transport products as trains are more energy efficient, while our forklifts are run on gas and/or electric. We also encourage our suppliers and contractors to communicate with us via teleconferencing to reduce the need to travel.

A key environmental achievement in 2014 was to switch from the use of biomass in boilers in the Chuping refinery to natural gas, which is the cleanest burning fossil fuel available.



STATEMENT ON CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS 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 THAT IN CONDUCTING THE BUSINESS OF MSM MALAYSIA HOLDINGS GROUP (“THE GROUP”) IN A PROPERLY GOVERNED MANNER WHICH UPHOLDS THE HIGHEST STANDARD OF CORPORATE GOVERNANCE THROUGHOUT THE GROUP TO ENSURE CONTINUOUS MAXIMIZATION 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 AS WELL AS THE ADOPTION OF BETTER PRACTICES AS PRESCRIBED IN THE CORPORATE GOVERNANCE GUIDE 2ND EDITION (THE GUIDE) ISSUED BY BURSA MALAYSIA BERHAD.

THE BOARD IS PLEASED TO PRESENT THIS CORPORATE GOVERNANCE STATEMENT (STATEMENT) WHICH SETS OUT THE APPLICATION AND OBSERVATION OF THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE BY MSM THROUGHOUT THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (FYE 2014).

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 its holding company, Felda Global Ventures Holdings Berhad (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 role 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 Board Charter is made available at the Company's corporate website at www.msmsugar.com

BOARD BALANCE AND COMPOSITION

The Board comprises a strong presence of eight (8) Non-Executive Directors of which five (5) of the Directors are Independent Non-Executive Directors and one (1) Executive Director. The composition of the Board complies with the requirements set out in the MMLR and as recommended under Recommendation 3.5 of the Code.

The composition of the Board fairly reflects the interest of the significant shareholders, without compromising the interest of the minority shareholders. The Board regularly reviews the composition of the Board and its Board Committees to ensure appropriate balance and a good mix of skills and experience. The Board comprises members of high calibre and integrity with diverse professional backgrounds, skills and extensive experience and knowledge in the areas of accountancy, economics, law, general management and strategy required for the successful direction of the Group.

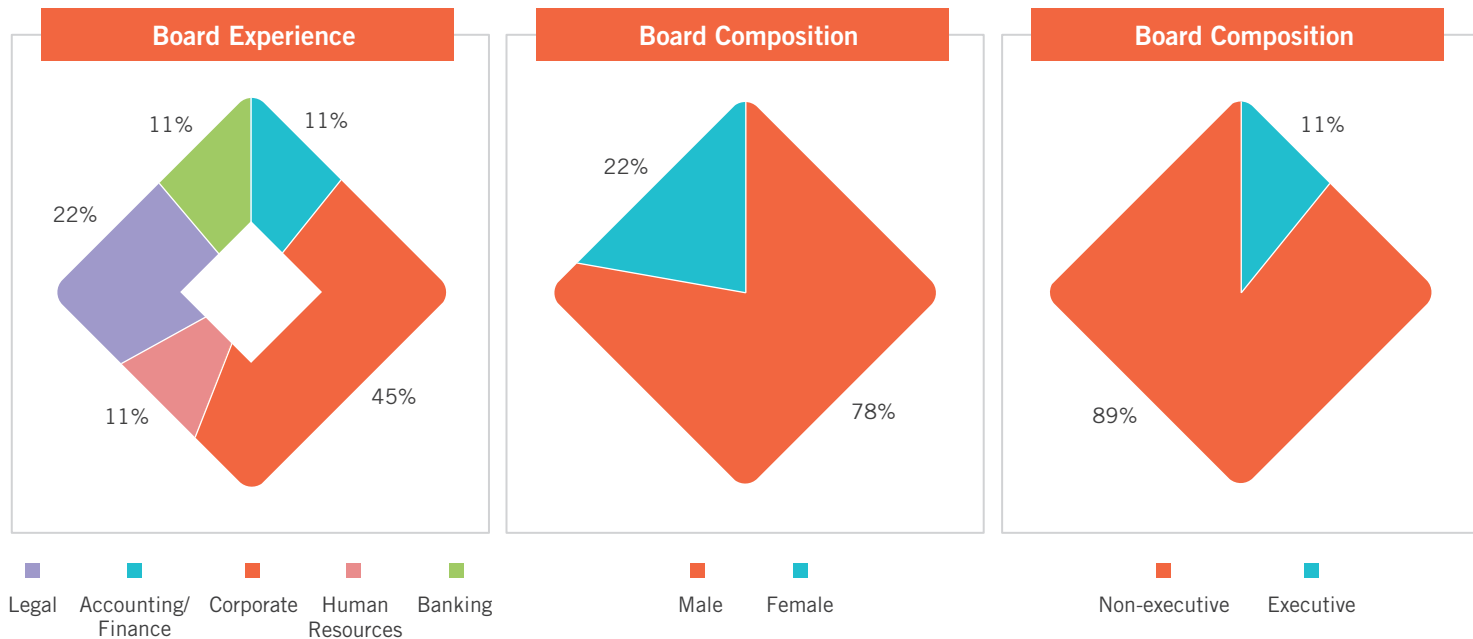
The presence of a majority of Non-Executive Directors on the Board provides the necessary checks and balances on the conduct of the Group CEO in managing the business of the Group. Their expertise allow them to provide independent judgement on the issues of strategy, business performance, resources and 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 appointed as 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 page 61 to 65 of this annual report.

STATEMENT ON CORPORATE GOVERNANCE

Board diversity



INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considers all the five (5) Independent Non-Executive Directors, namely Dato' Zainal Haji Ismail, Dato' Hajjah Rosni Haji Zahari, YB Datuk Noor Ehsanuddin Mohd Harun Narrashid, Datuk Lim Thean Shiang and Dato' Rosini Abd Samad to be independent based on the definition as set out under the MMLR. The Board is satisfied that the five (5) 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 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 five (5) Independent Non-Executive Directors has provided an annual confirmation of his or her independence to the Nomination and Remuneration Committee and the Board. None of the Independent Non-Executive Directors of the Company has been a director for nine (9) years.

BOARD APPOINTMENT PROCESS

The appointment of new Directors to the Board is set out in a formal and transparent procedure, the primary responsibility of which has been delegated to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will also first assess the Directors who are due for re-election at the AGM and will then submit its recommendation to the Board for deliberation and approval.

The Nomination and Remuneration Committee ensures candidates satisfy the requisite skills and core competencies to be deemed fit and proper, and to be appointed as Director in accordance with the MMLR. The Board makes clear of its expectations of its new Directors in terms of their time commitment.

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. In the Directors' Kit is the MSM Board Charter which serves as a comprehensive constitution for the Board, which 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 annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

The performance of those Directors who are subject to re-appointment and re-election of Directors at the annual general meeting 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 annual general meeting.

Save for Datuk Haji Faizoull Ahmad, all the other four (4) Directors who are due for re-election at the forthcoming AGM, as evaluated by the Nomination and Remuneration Committee and approved by the Board, have met the Board's expectations and continued to perform in an exemplary manner as demonstrated by inter alia their contribution to the Board's deliberations.

STATEMENT

ON CORPORATE GOVERNANCE

CONTINUING DEVELOPMENT PROGRAMME AND TRAINING

The Board has assumed the onus of determining and overseeing the training needs of the Directors and will encourage Directors to attend courses, seminars and training to enhance their skill and knowledge and 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 the MMLR, a newly appointed Director is required 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. Both newly appointed directors namely Dato' Sheikh Awab Sheikh Abod and Dato' Rosini Abd Samad have attended and successfully completed the MAP.

Seminars and training programmes in which members of the Board have participated are as follows:

- (1) Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies (Pursuant to Paragraph 15.09 of Bursa Securities Listing Requirements)
- (2) In-house Directors' Training on Related Party Transactions by Messrs. Albar & Partners
- (3) World Islamic Economic Forum by World Islamic Economic Forum Foundation
- (4) 10th Kingsman Sugar Conference, Dubai
- (5) Data Group Sugar Conference, New York, USA
- (6) LMC Sugar Retreat, London
- (7) London Sugar Week, London
- (8) World Sugar Investment 2014, Dubai

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 meetings into their respective meeting schedules. The calendar includes meetings of Board Committees and those involving shareholders. 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 the items considered during the scheduled meetings are:

- Matters specifically reserved for the Board's decision.
- The financial statements and results of the Company and its subsidiaries.
- Operational activities and strategic and corporate initiatives.
- Reports by Board Committees.

The Chairman of each Board Committee informs the Directors at Board meetings, of any salient matters deliberated at the respective Board Committee meetings and which require the Board's notice or direction.

Senior Management and/or external advisors may be invited to attend the Board and Board Committee meetings to advise the Board and furnish the Directors with information and clarification needed on relevant items on the agenda to enable them to arrive at an informed decision.

During the financial year ended 31 December 2014, five (5) board meetings were held to consider and deliberate on various issues. All Directors have complied with the minimum requirement of 50% attendance at Board meetings as stipulated in the Bursa Malaysia MMLR.

During the year, all the directors confirmed that they have been able to allocate sufficient time to discharge their responsibilities effectively.

The attendance of the respective Directors in respect of the Board Meetings and Board Committee Meetings held during the FYE 2014 is set out below:

Board and Board Committee Meetings and attendance

Directors	Board Meetings	AC Meetings	NRC Meetings	BGRMC Meetings	IC Meetings
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	5/5	NA	NA	NA	NA
Dato' Zainal Haji Ismail ¹	5/5	7/7	5/5	NA	2/2
Dato' Hajjah Rosni Haji Zahari	5/5	7/7	5/5	NA	NA
Dato' Rosini Abd Samad ²	NA	NA	NA	NA	NA
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid	5/5	NA	NA	2/2	NA
Datuk Lim Thean Shiang	5/5	NA	NA	2/2	4/4
Datuk Haji Faizoull Ahmad	4/5	NA	NA	NA	NA
Dato' Mohd Emir Mavani Abdullah	5/5	NA	NA	2/2	2/4
Dato' Sheikh Awab Sheikh Abod ³	2/2	NA	NA	NA	NA
YM Raja Anuar Raja Abu Hassan ⁴	4/4	5/5	3/3	NA	NA
Dr. Suzana Idayu Wati Osman ⁵	3/3	NA	NA	NA	NA

Notes

- ¹ Appointed as IC member with effect from 20 August 2014
² Appointed as Board member with effect from 7 January 2015
³ Appointed as Board member with effect from 20 August 2014
⁴ Resigned as Board member with effect from 10 October 2014
⁵ Resigned as Board member with effect from 20 August 2014

STATEMENT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION

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 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 proposal 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 a 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 and top secret, 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 paper format includes an Executive Summary which outlines the salient key points of matters to be deliberated.

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 he does 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, required and before the minutes are confirmed as correct.

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 SENIOR MANAGEMENT AND INDEPENDENT PROFESSIONAL ADVICE

The Board has direct access to the Senior Management to any information relating to the Group's business and affairs in the discharge of their duties. 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/relevant subsidiary's expense. The services of independent professional advisors or experts are typically sought to confirm or dispel concerns raised by the Directors in the furtherance of their duties. All Board Committees also have access to the independent professional advice on the same basis.

BOARD PERFORMANCE EVALUATION

The Board performance evaluation framework and processes in MSM have been developed and adopted in accordance with the principles as enunciated in the Guide and the Code.

For 2014, 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.

The questionnaire was 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 process, 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 and output, information and support rendered to the Board as well as meeting arrangements.

Similar topics were covered in respect of the questionnaire for each Board Committee. Thereafter, 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, identified 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 Nomination and Remuneration Committee recommends to the Board the remuneration of all Non-Executive Directors, the framework remuneration policy of the Directors and Key Management and 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 is 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 nor entitled to receive any meeting allowance for the Board and Board Committee meetings that they attend.

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' Fee are provided below:

Annual Fees

Board	<ul style="list-style-type: none"> – RM255,000 (Chairman) – RM96,000 (Non-Executive Directors)
Audit Committee	<ul style="list-style-type: none"> – RM24,000 (Chairman) – RM12,000 (Non-Executive Directors)
Nomination and Remuneration Committee, Investment Committee, Board Governance & Risk Management Committee	<ul style="list-style-type: none"> – RM10,000 (Chairman) – RM8,000 (Non-Executive Directors)

The aggregate remuneration of Directors of the Company for the FYE 2014, in respective bands RM50,000 are as follows:

Range of Remuneration per annum	Number of Directors	
	Executive	Non-Executive
RM1 to RM50,000		0
RM50,001 to RM100,000		1
RM100,001 to RM150,000		5
RM150,001 to RM200,000		1
RM200,001 to RM250,000		1
RM250,001 to RM300,000		1
RM800,001 to RM850,000	1	

STATEMENT ON CORPORATE GOVERNANCE

Details of the Directors' Remuneration for the FYE 2014 as follows:

MSM MALAYSIA HOLDINGS BERHAD									MSM MALAYSIA HOLDINGS BERHAD SUBSIDIARIES			
NAME OF DIRECTORS	SALARY (RM)	BONUS (RM)	ANNUAL FEES FOR FYE 2014					MEETING ALLOWANCE (RM)	ANNUAL FEES (RM)	MEETING ALLOWANCE (RM)	BENEFIT IN KIND (RM)	TOTAL
			BOARD (RM)	AUDIT COMMITTEE (RM)	NOMINATION AND REMUNERATION COMMITTEE (RM)	INVESTMENT COMMITTEE (RM)	BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE (RM)					
Non-Independent Non-Executive Director												
YB Tan Sri Haji Mohd Isa												
Dato' Haji Abdul Samad	-	-	255,000.00	-	-	-	-	10,000.00	-	-	-	265,000.00
Datuk Haji Faizoull Ahmad	-	-	96,000.00	-	-	-	-	8,000.00	-	-	-	104,000.00
Dato' Mohd Emir Mavani Abdullah	-	-	96,000.00	-	-	5,983.56	3,112.33	18,000.00	-	-	-	123,095.89
Dr. Suzana Idayu Wati Osman ¹	-	-	61,072.47	-	-	-	-	6,000.00	-	-	-	67,072.47
Independent Non-Executive Director												
Dato' Zainal Haji Ismail	-	-	96,000.00	12,000.00	8,312.32	3,112.33	-	38,000.00	-	-	-	157,424.65
Dato' Hajjah Rosni Haji Zahari	-	-	96,000.00	12,000.00	8,000.00	-	-	34,000.00	-	-	-	150,000.00
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid	-	-	96,000.00	-	-	-	3,112.33	14,000.00	-	-	-	113,112.33
Dato' Rosini Abd Samad ²	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Lim Thean Shiang	-	-	96,000.00	-	-	7,479.45	3,890.41	22,000.00	-	-	87,615.00	216,984.86
YM Raja Anuar Raja Abu Hassan ³	-	-	74,488.29	18,608.22	7,753.42	3,046.58	-	28,000.00	-	-	-	131,896.51
Executive Director												
Dato' Sheikh Awab Sheikh Abod ^{4*}	640,000.00	50,000.00	-	-	-	-	-	-	44,000.00	-	104,054.17	838,054.17
TOTAL	640,000.00	50,000.00	966,560.76	42,608.22	24,065.74	19,621.92	10,115.07	178,000.00	44,000.00	-	191,669.17	2,166,640.88

Notes:

¹ Dr. Suzana Idayu Wati Osman resigned as Non-Independent Non-Executive Director on 20 August 2014.

² Dato' Rosini Abd Samad was appointed as Independent Non-Executive Director on 7 January 2015.

³ YM Raja Anuar Raja Abu Hassan resigned as Senior Independent Non-Executive Director on 10 October 2014.

⁴ Dato' Sheikh Awab Sheikh Abod was appointed as Non-Independent Executive Director on 20 August 2014.

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

THE BOARD

The Board has standing 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. The full details of the Board Committees' Term of Reference are published in the Company's corporate website.

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling the following key responsibilities:

- (1) Assessing the risks and control environment;
- (2) Overseeing financial reporting;
- (3) Evaluating the internal and external audit process;
- (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.

Further information on the scope and activities of Audit Committee and its Terms of Reference are set out separately in the Report on Audit Committee on pages 128 to 134 of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

Further information on the scope and activities of Nomination and Remuneration Committee and its Terms of Reference are set out separately in the Nomination and Remuneration Committee Report on Nomination and Remuneration Committee on pages 123 to 127 of this Annual Report.

INVESTMENT COMMITTEE

The Investment Committee was established on 28 April 2014 to assist the Board of in performing its duties and discharging its responsibilities in evaluating the Group's investment proposals.

The members of the Investment Committee are appointed by the Board from amongst its Directors and consists of three (3) members, two (2) of which are Independent Directors. The Chairman is an Independent Director.

The scope and functions of the Investment Committee are as set out below:

- (a) To review annual business plans and budgets for recommendation to the Board.
- (b) To invest in sugar midstream (sugar refinery) and downstream (consumer products) activities only. Any sugar upstream (sugar plantation and sugar mills) activities will be deliberated in FGV Investment Committee and carried out by FGV.
- (c) To evaluate proposals on new investments and divestments of significant value to ensure consistency with MSMH Global Strategy and returns in excess of a hurdle rate adjusted for risk and performance premium.
- (d) To approve 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.
- (e) To review 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.
- (f) To oversee current and future capital and financial resource requirements.
- (g) To monitor the fund raising activities of the Group.
- (h) To conduct the annual performance evaluation of the Group's investment activities.
- (i) To review and recommend to the Board the foreign exchange and raw sugar hedging policies and procedures.

The full details of the Investment Committee's Terms of Reference are published in the Company's corporate website.

The Investment Committee held five (5) meetings during the FYE 2014.

STATEMENT ON CORPORATE GOVERNANCE

BOARD GOVERNANCE & RISK MANAGEMENT COMMITTEE

The Board Governance & Risk Management Committee was established on 20 August 2014 to assist the Board in fulfilling its statutory and fiduciary responsibilities in relation to governance, ethics and risk management within the Group.

The members of the Board Governance & Risk Management Committee are appointed by the Board from amongst its Directors and consists of three (3) members, two (2) of which are Independent Directors. The Chairman is an Independent Director.

The Board Governance & Risk Management Committee's responsibilities shall include the review of the following areas and report of the same to the Board:

(1) Governance and Ethics

In relation to governance and ethics, the Board Governance & Risk Management Committee shall perform the following:

- (a) To direct and oversee the formulation of the Group's governance framework with a view to inculcate an ethical and governance climate consistent with the Board's risks appetite, guided by the Recommendations of the Code.
- (b) To direct and oversee the formulation of the Group's programmes and policies to support the implementation of the Group's governance framework and endorse the blueprints and policies for the Board's approval.
- (c) To review reports on the status and availability of related procedures by the Group's operations and subsidiaries to implement the Group's policies.
- (d) To monitor the status and progress of formulation and implementation of the related governance framework, blueprints and policies; and accordingly report to the Board.
- (e) To recommend to the Board the approval of and/or amendments to the Group governance framework, blueprints and policies.
- (f) To direct and oversee the Group's Ethics & Integrity.

2) Risk Management

In relation to the risk management, to undertake the following:

- (a) To direct and oversee the formulation of the Group's overall enterprise risk management framework and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks to ensure their relevance and appropriateness to the Group's position and business.
 - (b) To report, advise and recommend to the Board, the overall risk appetite, tolerance and strategy on managing business risks.
 - (c) To report to the Board the key business risks and seeks its approval on the management of key business risks that are aligned to the Group's risk appetite.
 - (d) To monitor the effectiveness and progress of management of key business risks and accordingly report to the Board the status of the key business risks.
 - (e) To recommend to the Board the approval of and/or amendments to the Group risk management framework and strategies, including policies, procedures, systems, capability and parameters, as relevant.
- ### (3) Governance and risk reporting to the shareholders and relevant authorities
- (a) To review any reporting of matters relating to the Group's governance, ethics, and integrity and risk management to the shareholders and relevant authorities.
 - (b) To review the relevant statements for inclusion in the Company's Annual Report, including the Statement on Risk Management and Internal Control and the Statement on Corporate Governance.
- ### (4) The Board Governance & Risk Management Committee shall undertake any such other functions as may be determined by the Board from time to time.

The Board Governance & Risk Management Committee held two (2) meetings during the FYE 2014.

COMPANY SECRETARY

Directors have unrestricted access to the advice and services of the Company Secretary to facilitate the discharge of their duties. The Company Secretary is responsible and accountable to the Board for ensuring that the secretarial function provides adequate support to the Board and Board Committees for all related administrative functions.

INSIDER TRADING

In line with the MMLR and the relevant provisions of the Capital Markets & 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 that members of the Board to make a declaration to that effect at the Board meeting in the event that they have interests in 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 Company communicates with its shareholders and stakeholders through the following channels of communication:

Annual Report

The Annual Report is a main channel of communication between the Company and its stakeholders. The annual report communicates information on its 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.

As a listed corporation, the contents and disclosure requirements of the Annual Report are also governed by the MMLR.

Announcement to Bursa Malaysia

The Company makes announcement of quarterly financial results, circulars and various announcements to Bursa Malaysia to provide stakeholders with key information which affects their decision making, thus enhancing the level of transparency. Announcements released to Bursa Malaysia 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.

STATEMENT

ON CORPORATE GOVERNANCE

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 announcement, corporate presentations and other information on the Company can be found 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 the Group's 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 Group CEO and whenever necessary, also released to Bursa Securities to increase the visibility of media releases.

To provide opportunity for regular dialogues between the fund managers and research analysts with the Group CEO and other Senior Management officers, the Company holds a briefing for analysts/equity fund managers. The briefing is a forum whereby management will present the quarterly/half yearly results immediately after the Bursa announcement is made. 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 analyses and reports so that these may be made available to investors and the media in a timely manner.

Investor Relations

The Group CEO, CFO and Investor Relations 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.

Annual General Meeting

Another key avenue of communication with its shareholders is MSM's AGM, which will be the main event for the Board to meet the shareholders of the Company. The Company's AGM, scheduled in June of 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 a 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 meeting hall, a media conference will be held immediately after the AGM where the Chairman, the Group CEO and CFO 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.

DIVIDEND POLICY

The Company presently adopts a dividend pay-out ratio of at least 50% 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 therefore its ability to pay dividends 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 cashflow 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 policy, for FYE 2014, the Company has paid a single tier interim dividend of RM0.10 sen per ordinary share on 19 September 2014 and the Board is seeking its shareholders' approval for payment of a final single tier dividend of RM0.14 sen per ordinary share.

FINANCIAL REPORTING

The Board ensures that shareholders are presented with a clear, balanced and comprehensive Group 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 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 were required to attend training 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 in pages 143 to 147 and the Financial Statements set out on pages 152 to 225 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 in the pages 118 to 122 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 victimization 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 shall be administered by FGV Group Internal Audit's Head of Investigation. 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 whistle blower 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 Policy in April 2013.

The objectives of this 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 2014 for Recurrent Related Party Transactions of a revenue or trading nature. At the forthcoming AGM, the Company will seek shareholders' mandate for Recurrent Related Party Transactions of a 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. 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. Key features underlying the Audit Committee's relationship with both internal auditors and the external auditors are detailed in the Report of the Audit Committee of this Annual Report.

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

CORPORATE INTEGRITY

MSM 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

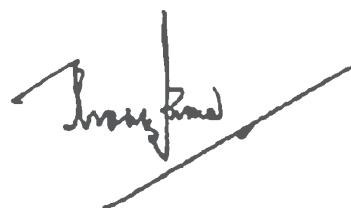
MSM Group manages its business responsibly by managing the environmental, social and governance aspects of its operations and committed to all three principles of sustainability i.e. people, planet and profit (triple bottom line).

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 dated 8 April 2015.

On behalf of the Board



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

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.

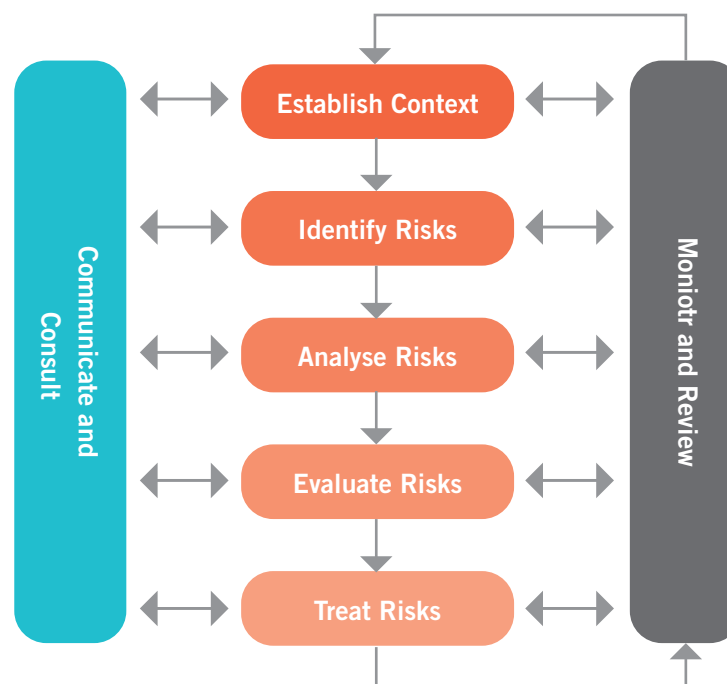
RESPONSIBILITY AND ACCOUNTABILITY

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 control 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 Audit Committee (“AC”) which was tasked with overseeing and assessing the risk management and governance aspects of the Group prior to Board Governance and Risk Management Committee (“BGRMC”) being established. Thereafter, the oversight role has been undertaken by BGRMC when it was established on 28 August 2014. In addition, to ensure all investments undertaken by the Group are aligned to the Group’s vision and risk appetite, an Investment Committee (“IC”) was subsequently established to assist the Board for this oversight role. These Board Committees are empowered by clearly established and approved terms of reference which cover the abovementioned responsibilities.

RISK MANAGEMENT

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 Group has adopted Risk Management policies and procedures which are consistent with the ISO 31000 Risk Management Standard, developed to aid relevant personnel in undertaking their risk management responsibilities. The process of risk management adopted by the Group is illustrated as below:



The function for the Group is spearheaded by the FGV Sugar Cluster Risk Champion. The Sugar Cluster Risk Champion 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 Audit Committee (prior to the BGRMC being established) 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:



KEY RISK MANAGEMENT ACTIVITIES FOR 2014

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 AC (prior to the BGRMC being established). All corporate centres and subsidiaries within the Group update the Risk Registers through an Enterprise Risk Management System, which is reported to the AC/BGRMC by the Sugar Cluster Risk Champion.

Development of Risk Management Culture and Awareness

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

Subsidiary (Location)	Date of training
MSM Prai Berhad (Prai, Penang)	20 February 2014
MSM Holdings Berhad & MSM Logistics Sdn Bhd (Menara Felda, Kuala Lumpur)	9 October 2014
MSM Perlis Sdn Bhd (Chuping, Perlis)	28 October 2014
MSM Prai Berhad (Prai, Penang)	29 October 2014
MSM Holdings Berhad & MSM Logistics Sdn Bhd (Menara Felda, Kuala Lumpur)	27 November 2014

Business Continuity Management (BCM)

A BCM is prepared to support the Group to respond and recover from significant unexpected events. The BCM documentation including Business Continuity Plan, Business Impact Analysis and Risk Assessment were reviewed to maintain robust plans to protect the interest of the stakeholders. Additionally, BCM Testing has been conducted at the subsidiaries as below:

Subsidiary (Location)	Date	Type of testing
MSM Perlis Sdn Bhd (Chuping, Perlis)	10 June 2014	IT Failure
MSM Prai Berhad (Prai, Penang)	12 June 2014	Fire

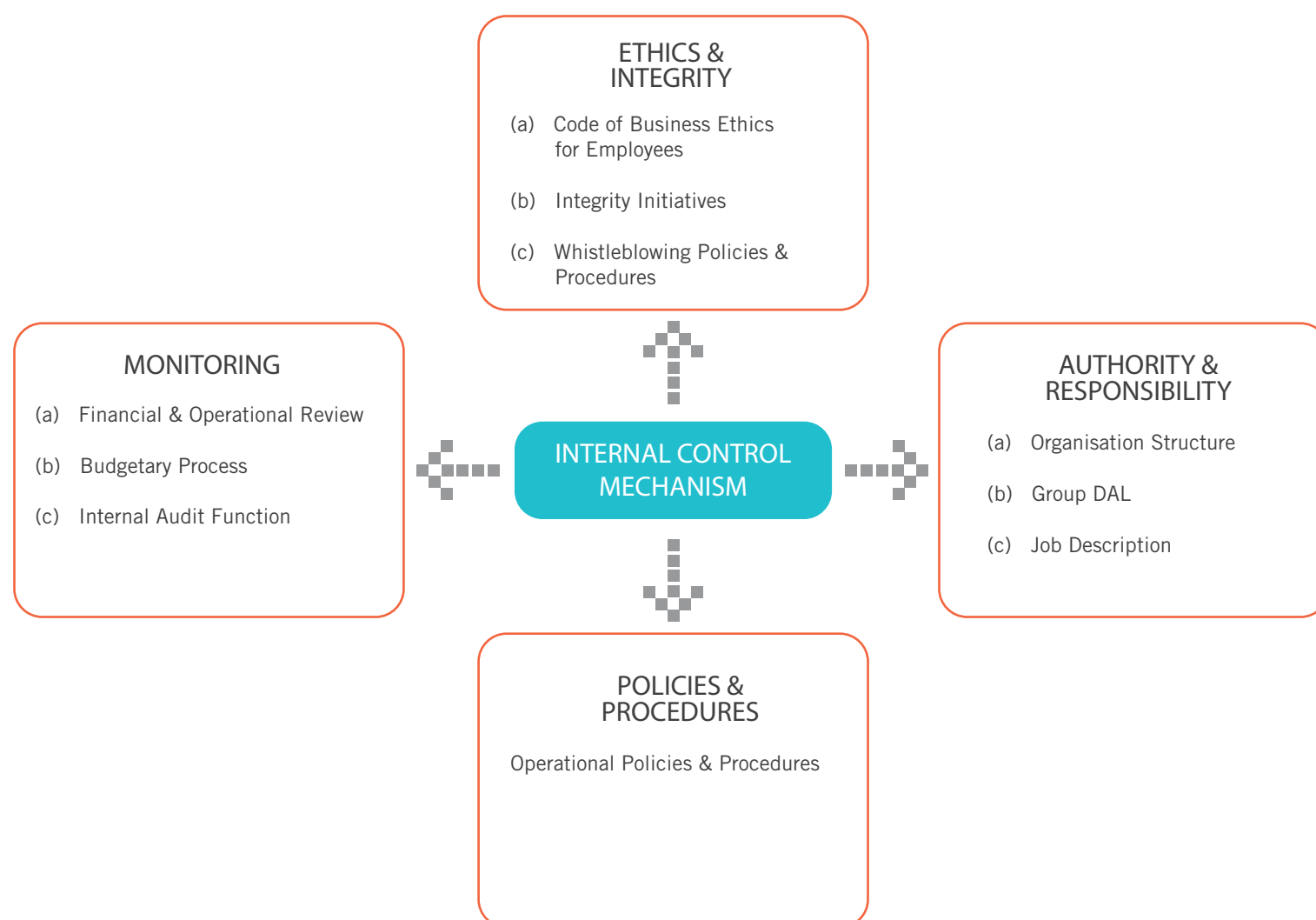
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 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 2014, FGV Group has undertaken the following integrity awareness initiatives:

- i. Integrity Awareness road show tour program;
- ii. Integrity Plan was launched on 27 January 2014; and
- iii. Integrity Portal was launched on 27 January 2014.

c. Whistleblowing Policies and Procedures

The Group has a Whistleblowing Policies and Procedures that serves as an official channel for its employees to raise their concerns in a secure and confidential manner.

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

Operational Policies and Procedures

The Group operates based on existing policies and procedures. The Operational Policies and Procedures (the Policy) are reviewed periodically to remain effective and relevant to support the Group's business activities at all times as it continues to grow and transform locally and across borders. The Policy also facilitates compliance to regulations, listing and governance requirements. The following are the new policies and procedures that were established and subsequently endorsed by BGRMC and approved by the Board in 2014:

- i. Forex Hedging;
- ii. Raw/Refined Sugar Hedging; and
- iii. Investment.

STATEMENT

ON RISK MANAGEMENT AND INTERNAL CONTROL

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 page 128 to 134.

REVIEW OF STATEMENT BY EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad, Main Market Listing Requirements, 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 Chief Executive Officer and Chief Financial Officer, 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 8 April 2015.

REPORT

ON THE NOMINATION AND REMUNERATION COMMITTEE



THE BOARD OF DIRECTORS OF MSM IS PLEASED TO PRESENT THE REPORT ON THE NOMINATION AND REMUNERATION COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014.

COMPOSITION AND MEETINGS

The members of the Nomination and Remuneration Committee are as follows:

- Dato' Zainal Haji Ismail – Chairman
(Independent Non-Executive Director)
- Dato' Hajjah Rosni Haji Zahari
(Independent Non-Executive Director)
- YM Raja Anuar Raja Abu Hassan
(Independent Non-Executive Director)
(Resigned w.e.f 10 October 2014)

The Nomination and Remuneration Committee met 5 times throughout the financial year ended 31 December 2014.

Board Committee meetings and attendance

Directors	NRC Meetings
Dato' Zainal Haji Ismail	5/5
Dato' Hajjah Rosni Haji Zahari	5/5
YM Raja Anuar Raja Abu Hassan	3/3

The Nomination and Remuneration Committee was established by the Board on 25 March 2011.

Under the Code, the Board is recommended to establish a Nomination Committee which should comprise exclusively of Non-Executive Directors, a majority of whom must be independent. MSM's Nomination and Remuneration Committee is comprised exclusively of Non-Executive Directors and all its members are Independent Directors. The Board believes that the current Nomination and Remuneration Committee's 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.

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

1.0 PURPOSE

The purpose of the Nomination and Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities in regards to:

- (a) Composition of the Board, the Board Committees, the directorship in the Group and the Group's Top Management;
- (b) Nomination and election process and appointment and re-appointment/re-election process;
- (c) Contribution and commitment of Directors;
- (d) Letter of appointment;
- (e) Induction and continuing education programmes;
- (f) Board Assessment;
- (g) Succession Planning;
- (h) Remuneration matters (Remuneration Policy);
- (i) Remuneration of the President/Group CEO and the Executive Director(s);
- (j) Remuneration of the Group's Top Management; and
- (k) Other general remuneration across the Group.

2.0 AUTHORITY

The Board has authorised the Nomination and Remuneration Committee, within the scope of its duties and responsibilities to:

- (a) Perform the activities required to discharge its responsibilities within its Terms of Reference and make relevant recommendations to the Board;
- (b) Acquire the resources which are required to perform its duties;
- (c) Have full and unrestricted access to information pertaining to the Group, their records, properties and personnel;
- (d) Obtained independent professional advice, as it deem necessary, to assist the Nomination and Remuneration Committee in the proper discharge of its roles and responsibilities, at the expense of the Company. In the event the Nomination and Remuneration Committee retains any such consultant, the Nomination and Remuneration 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 Nomination and Remuneration Committee; and
- (e) Meet exclusively among itself, whenever deemed necessary.

REPORT

ON THE NOMINATION AND REMUNERATION COMMITTEE

3.0 CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE

The Chairman of the Nomination and Remuneration Committee must be an Independent Non-Executive Director, and where a Senior Independent Non-Executive Director position exists, the Senior Independent Non-Executive Director shall assume the position of Chairman of the Nomination and Remuneration Committee.

4.0 SECRETARY OF THE NOMINATION AND REMUNERATION COMMITTEE

- (a) The Company Secretary shall be the Secretary of the Nomination and Remuneration Committee;
- (b) The Secretary of the Nomination and Remuneration Committee shall be present to record proceedings of the Committee meetings; and
- (c) The Secretary of the Nomination and Remuneration Committee shall have the following responsibilities:
 - (i) Ensure the Nomination and Remuneration Committee meetings are arranged and held accordingly;
 - (ii) Assisting the Chairman of the Nomination and Remuneration Committee in planning the Nomination and Remuneration Committee's activities for the financial year;
 - (iii) Drawing up meeting agenda in consultation with the Chairman of Nomination and Remuneration Committee, and circulate the agenda, together with the relevant papers, at least seven (7) days prior to each of the Nomination and Remuneration Committee meeting;
 - (iv) Ensuring structured communication (i.e formal and prompt reporting) between the Board and the Nomination and Remuneration Committee;
 - (v) Ensuring proceedings of meetings are minuted and endorsed by the Chairman of the Nomination and Remuneration Committee before disseminating them to all Board members; and

- (vi) Ensure the Nomination and Remuneration Committee's recommendations presented to the Board are supported by explanatory papers, including report of the Nomination and Remuneration Committee or minutes that explain the rationale of the Nomination and Remuneration Committee's recommendations.

5.0 RESPONSIBILITIES AND DUTIES

5.1 Nomination and Election Process

- (a) Composition of the Board and Board Committees and all directorship in the Group
 - (i) To review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, Board Committees and all directorship in the Group with a view to determining the impact of the number of Directors upon the Board's, Board Committee's and Group's effectiveness and recommend to the Board any improvements to be made; and
 - (ii) To develop, review and recommend to the Board the Policy on Independence & Conflict of Interest.
- (b) Employment Contracts
To review and recommend to the Board the appointment of Executive Director and Top Management within the Group.
- (c) Appointment/re-appointment/re-election process and its criteria
 - (i) To develop, maintain and keep under review the criteria to be used in the recruitment process and recommend to the Board for approval;
 - (ii) To recommend to the Board for approval the criteria for identifying a Senior Independent Non-Executive Director;
 - (iii) To recommend to the Board for approval, candidates for the Board, the Senior Independent Non-Executive Director, the Board Committees, including the Chairman of the Board Committees and all directorships in the Group;

- (iv) To recommend to the Board for its approval, candidates for the President/Group CEO and the Top Management;
 - (v) To review the re-appointment/re-election/retirement process of Directors having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience; and
 - (vi) To make recommendations to the Board for its approval on the re-appointment/re-election/retirement of the Directors.
- (d) Contribution and commitment of Directors
 Set out and communicate the expectations of Directors regarding the level of contribution and time commitment expected of them, and obtain this commitment in writing including an indication of time that will be spent on an appointment, from the Directors.
- (e) Letter of appointment
 Ensure that all Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of their roles and responsibilities as well as time commitment expected from them.
- (f) Induction and continuing education programmes
- (i) To recommend to the Board and facilitate appropriate induction programmes for new Directors;
 - (ii) To recommend to the Board and facilitate appropriate education programmes for newly appointed Directors and existing Directors; and
- (g) Board Assessment
- (i) To ensure that prior to new Board appointments, a full assessment on the candidates is undertaken based on MSM's Policy on Board Composition (once developed) to 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;
 - (ii) To develop, maintain and review the criteria and process to be used in the assessment of the Board as a whole, the Board Committees and the individual directors;
 - (iii) To assess, on an annual basis, the effectiveness of the Board as a whole, the individual Directors, the Board Committees and the contribution of each individual director, including the President/Group CEO and maintain proper documentation of such assessment;
 - (iv) To 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;
 - (v) To develop, maintain and keep under review the criteria to assess independence pursuant to the MMLR and recommend to the Board for its approval; and
 - (vi) To 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 and the Policy on Independence & Conflict of Interest (once developed) and recommend to the Board for continuation of office.
- (h) Succession Planning
 To 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.

REPORT

ON THE NOMINATION AND REMUNERATION COMMITTEE

5.2 Remuneration Matters

- (a) Policies related to remuneration
 - (i) To develop a remuneration framework for the Group covering the Board, Board Committee, the Group's Top Management and all levels of the Group's employees;
 - (ii) To design, formulate and recommend to the Board for its approval, and maintain under review, the remuneration packages for Non-Executive Directors of the Group, Board Committees and Subsidiary Boards;
 - (iii) Assess the effectiveness and relevance of the Board Remunerations Policy as and when the need arises;
 - (iv) Consider the use of combination of remuneration types, e.g. Director's fees, allowances, performance share plans, long-term and short-term performance incentives, benefits-in-kind, etc;
 - (v) To design, formulate and recommend to the Board for approval, and maintain under review, the remuneration packages for the President/Group CEO, the Executive Director(s) and the Group's Top Management; and
 - (vi) As and when the need arises, to review and link the remuneration of Directors, the President/Group CEO, the Executive Director(s) and the Group's Top Management, especially performance – based remuneration, to the individual's performance and contribution to the Group.
- (b) Remuneration of the President/Group CEO/Executive Director(s)
 - (i) Review and recommend to the Board, on an annual basis, the contractual and remuneration arrangements for the President/Group CEO and Executive Director(s) having regard to the Board Remunerations Policy;
 - (ii) Determine and agree with the Board an appropriate performance framework, endorse its application in setting performance targets for the remuneration of the President/Group CEO and the Executive Director(s);
 - (iii) In formulating remuneration levels, the Nomination and Remuneration Committee must consider the assessment on the performance of the President/Group CEO and the Executive Director(s) against such targets as well as benchmarking; and
 - (iv) The Chief Human Resource Officer of FGV shall assist the Nomination and Remuneration Committee to formulate the remuneration levels of the President/Group CEO and the Executive Director(s) and conduct appropriate benchmarking to market rate prior to determining the benefits-in-kind annual increments and bonus.
- (c) Remuneration of the Non-Executive Directors.
- (d) Remuneration of the Group's Top Management.
- (e) To consider any other matters referred to the Nomination and Remuneration Committee by the Board.

6.0 Reporting

- (a) The Nomination and Remuneration Committee shall report to the Board on matters considered and make appropriate recommendations including through:
 - (i) copies of minutes of each meeting of the Nomination and Remuneration Committee supported by explanatory papers and being circulated to all Board members once endorsed by the Chairman of the Nomination and Remuneration Committee; and
 - (ii) the Chairman of the Nomination and Remuneration Committee drawing to the Board's attention any matter of major importance.
- (b) At the discretion of the Chairman of the Nomination and Remuneration Committee and members of the Nomination and Remuneration Committee, any relevant matters deemed to be of major importance shall be referred to the Board for its attention.
- (c) The Nomination and Remuneration Committee shall be responsible in ensuring that the Company discloses in its annual report the Nomination and Remuneration Committee Report for the financial year pursuant to the MMLR.

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

7.0 THE NOMINATION AND REMUNERATION COMMITTEE'S PERFORMANCE

On an annual basis, the Board shall evaluate the Nomination and Remuneration Committee's performance and extent to which the Nomination and Remuneration Committee has met the requirements of its Terms of Reference, including the term of office and performance of the Nomination and Remuneration 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.

SUMMARY OF ACTIVITIES OF THE NOMINATION AND REMUNERATION COMMITTEE

The Chairman of the Nomination and Remuneration Committee reported every quarterly to the Board on the activities carried out and principal matters deliberated by the Nomination and Remuneration Committee in the discharge of its duties and responsibilities as set out in the Terms of Reference. The minutes of each meeting were circulated to the Board at the most practicable next Board Meeting.

In the discharge of its responsibilities and duties, during the financial year 2014, the Nomination and Remuneration Committee considered and made recommendations to the Board on the following matters:

- (1) Proposed appointment of new Directors;
- (2) Proposed Bonus Payout for the Financial Year 2013; and
- (3) Proposed Policy on International Assignment for staff
- (4) Proposed Group Human Resource Policy on recruitment, promotion, transfer & termination;
- (5) Assessment of the Effectiveness of the Board, Board Committees and Individual Directors;
- (6) Proposed the Group Staff Insurance Scheme;
- (7) Reviewed the promotion of the Group's Top Management positions;
- (8) Re-appointment/re-election of Directors retiring at the 2014 AGM;
- (9) Annual Assessment of the Independent Directors of the Board; and
- (10) Salary Increment Proposals for the Financial Year 2015.

STATEMENT BY THE BOARD

This Report on the Nomination and Remuneration Committee is made in accordance with a resolution of the Board of Directors duly passed on 8 April 2015.

REPORT

ON THE AUDIT COMMITTEE

THE BOARD OF DIRECTORS OF MSM IS PLEASED TO PRESENT THE REPORT ON THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014.

COMPOSITION AND MEETINGS

The members of the Audit Committee are as follows:

- Dato' Rosini Abd Samad – Chairman
(Independent Non-Executive Director)
(Appointed w.e.f 7 January 2015)
- Dato' Zainal Haji Ismail
(Independent Non-Executive Director)
- Dato' Hajjah Rosni Haji Zahari
(Independent Non-Executive Director)
- YM Raja Anuar Raja Abu Hassan
(Independent Non-Executive Director)
(Resigned w.e.f 10 October 2014)

The Audit Committee met 7 times throughout the financial year ended 31 December 2014.

Board Committee meetings and attendance

Directors	AC Meetings
Dato' Rosini Abd Samad	NA
Dato' Zainal Haji Ismail	7/7
Dato' Hajjah Rosni Haji Zahari	7/7
YM Raja Anuar Raja Abu Hassan	5/5

*N/A: Not Applicable

The Audit Committee was established by the Board on 25 March 2011.

In line with the Main Market Listing Requirements of Bursa Malaysia Berhad, the Audit Committee comprises of three members. All members are Independent Directors.

Dato' Rosini Abd Samad, the Chairman of the Audit Committee, is an Independent Director and a member of Malaysian Institute of Accountants. She is also an Honorary Fellow CPA Australia.

The former Chairman of the Audit Committee, YM Raja Anuar Raja Abu Hassan is a Senior Independent Director and a member of Malaysian Institute of Certified Public Accountants. He is also a Fellow of Association of Chartered Certified Accountants and a Chartered Member of Institute of Internal Auditors.

Both Dato' Rosini Abd Samad and YM Raja Anuar Raja Abu Hassan have fulfilled the requisite qualifications as stipulated in paragraph 15.09(1)(c)(i) of the MMLR.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1.0 PURPOSE

The purpose of the Audit Committee is to assist the Board in fulfilling the following key responsibilities:

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

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

The full details of the Audit Committee's Terms of Reference are published in the Company's corporate website.

2.0 MEMBERSHIP

- (a) The Audit Committee members shall be appointed by and from the Board of MSM, and shall comprise of not less than three (3) members.
- (b) All the members of the Audit Committee must be Non-Executive Directors and a majority of whom must be Independent Directors free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of his or her independent judgement as a member of the Audit Committee.
- (c) No Alternate Director shall be appointed as a member of the Audit Committee.
- (d) At least one member of the Audit Committee:
 - (i) must be a member of Malaysian Institute of Accountants; or
 - (ii) if he is not a member of Malaysian Institute of Accountants, he must have at least 3 years' relevant working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (iii) fulfills such other requirements as prescribed by Bursa Malaysia.
- (e) All members of the Audit Committee shall be financially literate.
- (f) In the event a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the resulting that 2(a), 2(b), 2(c) and 2(d) is not complied with, the Board shall within three (3) months of that event appoint such number of new members as may be necessary to make up the requirements.

3.0 QUORUM

- (a) In order to form a quorum for the Audit Committee meeting, at least two (2) of the members of the Audit Committee must be present at the meeting, with the majority of Independent Non-Executive Directors;
- (b) In the absence of the Chairman of the Audit Committee, the members present shall elect a Chairman for the meeting, who shall be an Independent Non-Executive Director from amongst the members present.

4.0 AUTHORITY

The Board has authorised the Audit Committee, within the scope of its duties and responsibilities to:

- (a) Investigate any activity or matter within its terms of reference;
- (b) Acquire the resources which are required to perform its duties;
- (c) Have full and unrestricted access to anyone in the Group in order to conduct any investigation and any information pertaining to the Group;
- (d) Have full and unrestricted access to information pertaining to the Group, their records, properties and personnel;
- (e) Maintain direct communication channels with the external auditors and the Chief Internal Auditor (or his/her equivalent), as well as the Chairman of the Whistleblowing Audit Committee;
- (f) Obtain independent professional or other advice to assist the Audit Committee or any individual member of the Audit Committee in performing its responsibilities and duties, at the expense of the Company and in accordance with the delegation of authority of the Audit Committee;
- (g) Convene meetings with the external auditors, internal auditors or both, without the presence of other directors and employees of the Group, whenever deemed necessary; and
- (h) Meet exclusively among itself, whenever deemed necessary.

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

REPORT

ON THE AUDIT COMMITTEE

5.0 CHAIRMAN OF THE AUDIT COMMITTEE

The Chairman of the Audit Committee must be an Independent Non-Executive Director and shall be appointed by the members of the Audit Committee.

6.0 SECRETARY OF THE AUDIT COMMITTEE

- (a) The MSM Company Secretary shall be the Secretary of the Audit Committee;
- (b) The Secretary of the Audit Committee shall be present to record proceedings of the Audit Committee meetings; and
- (c) The Secretary of the Audit Committee shall have the following responsibilities:
 - (i) Ensuring meetings are arranged and held accordingly;
 - (ii) Assisting the Chairman of the Audit Committee in planning and drafting the Audit Committee's activities for the financial year;
 - (iii) Drawing up meeting agenda in consultation with the Chairman of Audit Committee, and circulate the agenda, together with the relevant papers, at least seven (7) days prior to each of the Audit Committee meeting;
 - (iv) Ensuring structured communication (i.e formal and prompt reporting) between the Board and the Audit Committee;
 - (v) Ensuring proceedings of meetings are minuted and endorsed by the Chairman of the Audit Committee before disseminating them to all Board members; and
 - (vi) Ensure the Audit Committee's recommendations presented to the Board are supported by explanatory papers, including report of the Audit Committee or minutes that explain the rationale of the Audit Committee's recommendations.

7.0 RESPONSIBILITIES AND DUTIES

7.1 Assessing the Risks and Control Environment

- (a) To review the sufficiency and effectiveness of the Group's overall enterprise risk management framework, strategies, policies and systems; and

- (b) To assess the effectiveness of the system of internal control vis-a-vis the risks, control environment and compliance requirements of the Group, based on the results of the external and internal audits and assurances from the respective responsible persons.

7.2 Oversee Financial Reporting

- (a) To review the quarterly results and the year-end financial statements of the Group prior to approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policies;
 - (ii) significant and unusual events and adjustments; and
 - (iii) compliance with the applicable financial reporting standards and other legal requirements.
- (b) To review and recommend any changes in accounting policies or improvement in the system of internal control, where deemed necessary.
- (c) To review the Audit Committee Report for inclusion in the Company's Annual Report and recommend to the Board for approval.

7.3 Evaluating the Internal and External Audit Process and Outcome

- (a) To review with the external auditors the following:
 - (i) their audit plan and ensure coordination where more than one audit firm is involved;
 - (ii) their evaluation of the system of internal controls;
 - (iii) their audit reports;
 - (iv) problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
 - (v) the management letter and management's response; and
 - (vi) the adequacy of assistance given by the Group employees to the external auditor;

- (b) To review any letter of resignation from the external auditors and report the same to the Board;
- (c) To review whether there is any reason that the external auditors is not suitable for reappointment, and make relevant recommendation to the Board;
- (d) To recommend the nomination of a person or persons as external auditors, including matters relating to the audit fee;
- (e) In relation to the Group's internal audit function, to undertake the following:
 - (i) review the adequacy of the scope, functions, competency, resources and budget of the Group's internal audit function and that it has the necessary authority to carry out its work, and report or make relevant recommendation to the Board;
 - (ii) approve the internal audit plan and review the results of the internal audit plan or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Group's internal audit function, and report or make relevant recommendation to the Board;
 - (iii) review the effectiveness of the FGV Group's internal audit function including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and make recommendations necessary for improvement of the internal audit function;
 - (iv) review any appraisal of or assessment of the performance of the FGV Group's internal audit function;
 - (v) take note any appointment and removal of the FGV Chief Internal Auditor;
 - (vi) appraise the performance of the FGV Chief Internal Auditor and submit the same to FGV; and
 - (vii) take cognisance of resignation of FGV Chief Internal Auditor and provide the resigning individual an opportunity to submit his/her reasons for resigning.

7.4 Reviewing Conflict of Interest Situations and Related Party Transactions (including Recurrent Related Party Transactions)

- (a) To review any 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;
- (b) In respect of Related Party Transaction, including Recurrent Related Party Transaction, to:
 - (i) ensure that the Group has adequate procedures and processes to identify, and where relevant, monitor and track the related party transactions in a timely manner, and to review these procedures and processes annually;
 - (ii) assess the sufficiency of the procedures, policies and terms of the Related Party Transactions to ensure that the transactions are fair, reasonable and on normal commercial terms; are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders and in the best interest of the Group;
 - (iii) where the Related Party Transactions are not comparable to quotations or comparative pricing with unrelated third parties, to review the basis of the transaction price determined by the management in comparison to transactions by/to unrelated parties for substantially similar type transactions for approval by the Board; and
- (c) The Related Party Transactions and conflict of interest situations should be a permanent agenda item of the Audit Committee meetings.

7.5 Other Responsibilities and Duties

- (a) To consider any concerns raised by 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 the Group;

REPORT

ON THE AUDIT COMMITTEE

- (b) Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Audit Committee must promptly report such matter to Bursa Malaysia; and
- (c) To undertake such other functions as may be agreed to by the Audit Committee and the Board.

8.0 REPORTING

- (a) The Audit Committee shall regularly update the Board about its activities and make appropriate recommendations including through:
 - (i) copies of minutes of each meeting of the Audit Committee supported by explanatory papers and being circulated to all Board members once endorsed by the Chairman of the Audit Committee; and
 - (ii) the Chairman of the Audit Committee drawing to the Board's attention any matter of major importance.
- (b) At the discretion of the Chairman of the Audit Committee and members of the Audit Committee, any relevant matters deemed to be of major importance shall be referred to the Board for its attention.
- (c) The Audit Committee shall be responsible in ensuring that the Company discloses the Report on the Audit Committee in its annual report, pursuant to the MMLR.

9.0 RELATIONSHIP WITH HOLDING COMPANY'S AUDIT COMMITTEE

- (a) The Audit Committee shall undertake all the functions under its terms of references in respect of the Group;
- (b) In undertaking its functions, Audit Committee shall maintain consistency of conduct, authorities and policies with FGV Group, particularly in accounting policies and internal audit policies; and
- (c) The Audit Committee shall apprise FGV Audit Committee of any significant issues that may have an impact on FGV Group.

10.0 THE AUDIT COMMITTEE'S PERFORMANCE

On an annual basis, the Board shall evaluate the Annual Audit Committee's performance and extent to which the Audit Committee has met the requirements of its Terms of Reference, including the term of office and performance of the Audit 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 Audit Committees.

11.0 THE AUDIT COMMITTEE'S ETHICS AND PROCEDURE

- (a) All members of the Audit Committee shall safeguard all internal communications and treat them as strictly private and confidential, and for the use of the Audit Committee members only; and
- (b) The Audit Committee shall work diligently amongst the members of the Board and adhere to all applicable laws and regulations as well as the prescriptions rendered in the Directors' Code of Ethics and Conduct and the Code of Business Practice.

12.0 REVIEW OF TERMS OF REFERENCE

- (i) The Audit Committee Terms of References and work plans shall be reviewed at least annually and as and when required. This review shall be facilitated by the Company Secretary, Head of Governance, Risk Management & Compliance, the FGV Chief Internal Auditor and the Chief Financial Officer; and
- (ii) All amendments to the Terms of References of the Audit Committee must be approved by the Board.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Chairman of the Audit Committee reported every quarterly to the Board on the activities carried out and principal matters deliberated by the Audit Committee in the discharge of its duties and responsibilities as set out in the Terms of Reference. The minutes of each Audit Committee meeting were circulated to the Board at the most practicable next Board Meeting.

In the discharge of its responsibilities and duties, the Audit Committee undertook the following principal activities during the financial year:

1. 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.

2. Overseeing Financial Reporting

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

- The Quarterly Unaudited Financial results and the related announcements.
- The Audited Financial Statements of the Group for the financial year 2013 to ensure that the financial reports presented a true and fair view of the Company's financial performance and complied with regulatory requirements.
- The Report on the Audit Committee, Statement of Internal Control and Statement on Corporate Governance for inclusion in the Annual Report.

3. 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.

- Reviewed the external audit fees proposed in respect of the scope of work required for the financial year and recommended the same to the Board for approval.
- Reviewed the results and issues arising from the external audit for the financial year and from half yearly reviews of the financial statements during the financial year including resolution of the issues highlighted in their report to the Audit Committee and the Management's responses. The external auditors were present at two Audit Committee Meetings during the financial year for this purpose.
- Reviewed the assessment of the external auditors for the financial year 2013 for re-appointment and recommended the same to the Board for approval.

4. 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, 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;
- Updated the implementation of recommendations by Management on outstanding issues to ensure that all key risks and control weaknesses were being properly addressed;
- Reviewed the outcome of investigations, including investigative reports arising from whistleblowing complains.
- Took cognisance of conformity of the Group's internal audit function to the Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing based on an External Quality Assurance Review by the IIA Malaysia.
- Appraised the performance of the Chief Internal Auditor.

REPORT

ON THE AUDIT COMMITTEE

5. 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 RRPTs Circular to the shareholders to seek mandate on new and existing Recurrent Related Party Transactions of the Group and recommend the same for approval by the Board.
- Reviewed the internal audit report on RRPTs.

TRAINING

During the year, the Audit Committee members attended various conferences, seminars and training programmes.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

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

FGV 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, FGV 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, FGV 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.

During the financial year ended 31 December 2014, FGV Group Internal Audit has undertaken the following main activities for the Group:

- (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 action to the Audit Committee every quarterly.
- (b) Undertook special review and 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 RRPTs review for the purpose of supporting the Audit Committee's statement in the Circular to the shareholders to seek mandate on new and existing RRPTs of the Group.
- (d) Reviewed draft documents to provide input on the Internal Control Statement, the Report on the Audit Committee and the Statement on Corporate Governance for inclusion in the 2013 Annual Report.
- (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 were reported to the Management Audit Committee at FGV level.
- (f) Through initiatives at FGV level, underwent External Quality Assurance Review by IIA Malaysia.

The total cost incurred for FGV Group Internal Audit for the financial year ended 31 December 2014 is RM1,681,973 (2013: RM1,538,081).

STATEMENT BY THE BOARD

This Report on Audit Committee is made in accordance with a resolution of the Board of Directors duly passed on 8 April 2015.

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.

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 2014.

2. SHARE BUY-BACKS

During the financial year ended 31 December 2014, 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 2014.

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 2014.

5. MATERIAL SANCTIONS AND/OR PENALTIES

During the financial year ended 31 December 2014, 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 2014 amounted to RM73,000.

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 2014.

8. PROFIT GUARANTEE

No profit guarantee was given by the Company in respect of the financial year ended 31 December 2014.

9. MATERIAL CONTRACTS

There were no material contracts or loan entered into by the Company or its subsidiaries involving directors' or major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year.

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

Transacting Parties	Nature of Relationship	Nature of Transaction	Transaction value for the year ended 31 December	
			2014 (estimate) RM'000	2014 (actual) RM'000
MSM Prai Berhad (MSM Prai) and Felda Trading Sdn Bhd (FTSB)	Interested major shareholder <ul style="list-style-type: none"> • Koperasi Permodalan FELDA Malaysia Berhad (KPF) Interested Director <ul style="list-style-type: none"> • Nil 	Sale of sugar from MSM Prai to FTSB	20,000	18,685
MSM Perlis Sdn Bhd (MSM Perlis) and Felda Trading Sdn Bhd (FTSB)	Interested major shareholder <ul style="list-style-type: none"> • KPF Interested Director <ul style="list-style-type: none"> • Nil 	Sale of sugar from MSM Perlis to FTSB	6,000	590
MSM Malaysia Holdings Berhad (MSM) and Felda Engineering Services Sdn Bhd (FESSB)	Interested major shareholder <ul style="list-style-type: none"> • KPF • FGV • FELDA Interested Director <ul style="list-style-type: none"> • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad 	Provision of logistic and renovation services	2,000	378
MSM Malaysia Holdings Berhad (MSM) and Felda Prodata Services Sdn Bhd (FPSSB)	Interested major shareholder <ul style="list-style-type: none"> • KPF • FGV • FAHC • FELDA Interested Director <ul style="list-style-type: none"> • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • Dato' Mohd Emir Mavani Abdullah • Dr. Suzana Idayu Wati Osman 	Provision of IT services	2,000	255

ADDITIONAL COMPLIANCE INFORMATION

Transacting Parties	Nature of Relationship	Nature of Transaction	Transaction value for the year ended 31 December	
			2014 (estimate) RM'000	2014 (actual) RM'000
MSM Malaysia Holdings Berhad (MSM) and Felda Global Ventures Sdn Bhd (FGVH)	Interested major shareholder <ul style="list-style-type: none"> • FAHC • FELDA Interested Directors <ul style="list-style-type: none"> • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • YB Datuk Noor Ehsanuddin Mohd Harun Narrashid • Dato' Mohd Emir Mavani Abdullah • Datuk Haji Faizoull Ahmad 	Management Fees and Miscellaneous	5,000	4,294
MSM Perlis Sdn Bhd (MSM Perlis) and Felda Agricultural Services Sdn Bhd (FASSB)	Interested major shareholder <ul style="list-style-type: none"> • KPF • FGV • FELDA Interested Director <ul style="list-style-type: none"> • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • Dato' Mohd Emir Mavani Abdullah 	i. Laboratory expenses ii. Provision of chemicals for agriculture iii. Provision of oil palm seedling and related services iv. Material mulching mat	1,000	19
MSM Malaysia Holdings Berhad (MSM) and Felda D' Saji Sdn Bhd (FDSSB)	Interested Major Shareholders: <ul style="list-style-type: none"> • KPF • FELDA Interested Director: <ul style="list-style-type: none"> • Datuk Haji Faizoull Ahmad 	Refreshments for MSM Corporate Events	1,000	106
MSM Malaysia Holdings Berhad (MSM) and Delima Oil Products Sdn Bhd (DOPSB)	Interested Major Shareholders: <ul style="list-style-type: none"> • KPF • FELDA • FGV • FAHC Interested Director: <ul style="list-style-type: none"> • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • Dato' Mohd Emir Mavani Abdullah • Dr. Suzana Idayu Wati Osman 	Door gifts for MSM Corporate Events	1,000	Nil

Transacting Parties	Nature of Relationship	Nature of Transaction	Transaction value for the year ended 31 December	
			2014 (estimate) RM'000	2014 (actual) RM'000
MSM Malaysia Holdings Berhad (MSM) and Felda Travel Sdn Bhd (FTSB)	Interested Major Shareholders: <ul style="list-style-type: none"> • FGV • FAHC • FELDA Interested Director: <ul style="list-style-type: none"> • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • Datuk Haji Faizoull Ahmad • Dato' Mohd Emir Mavani Abdullah • Dr. Suzana Idayu Wati Osman 	Ticketing Services	1,000	202
MSM Perlis Sdn Bhd (MSM Perlis) and FPM Sendirian Berhad (FPMSB)	Interested Major Shareholders: <ul style="list-style-type: none"> • FGV • FAHC • FELDA Interested Director: <ul style="list-style-type: none"> • YB Datuk Noor Ehsanuddin Mohd Harun Narrashid • Dato' Mohd Emir Mavani Abdullah • Dr. Suzana Idayu Wati Osman 	Fertilisers	1,000	870
MSM Malaysia Holdings Berhad (MSM) and Felda Trading Sdn Bhd	Interested Major Shareholders: <ul style="list-style-type: none"> • KPF Interested Director: <ul style="list-style-type: none"> • Nil 	i. Printing Services ii. Agricultural Material	1,000	380
MSM Malaysia Holdings Berhad (MSM) and FELDA	Interested Major Shareholders: <ul style="list-style-type: none"> • Nil Interested Director: <ul style="list-style-type: none"> • YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad • Datuk Haji Faizoull Ahmad 	Seedling and agriculture	1,000	Nil



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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 152 to 224 of this Annual Report, are the financial statements of the Company and the Group for the financial year ended 31 December 2014. 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 2014 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 2014.

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 2014.

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 changes 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	257,013	172,497

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since 31 December 2013 were as follows:

	RM'000
In respect of the financial year 31 December 2013: Final single tier dividend of 14 sen paid on 11 July 2014	98,417
In respect of the financial year 31 December 2014: Interim single tier dividend of 10 sen per share, paid on 19 September 2014	70,298
	168,715

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.

DIRECTORS' REPORT

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 Haji Faizoull Ahmad	
Datuk Lim Thean Shiang	
Dato' Mohd Emir Mavani Abdullah	
Dato' Rosini Abd Samad	(Appointed on 7 January 2015)
Dato' Sheikh Awab Sheikh Abod	(Appointed on 20 August 2014)
Dr. Suzana Idayu Wati Osman	(Resigned on 20 August 2014)
YM Raja Anuar Raja Abu Hassan	(Resigned on 10 October 2014)

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 the Company	Number of ordinary shares of RM0.50 each			
	At 1.1.2014	Granted/ acquired	Disposed	At 31.12.2014
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

Shareholdings in Felda Global Ventures Holdings Berhad

Shareholdings in Felda Global Ventures Holdings Berhad	Number of ordinary shares of RM0.50 each			
	At 1.1.2014	Granted/ acquired	Disposed	At 31.12.2014
YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	180,000	–	–	180,000
YB Datuk Noor Ehsanuddin Mohd Harun Narrashid	150,000	–	–	150,000
Datuk Haji Faizoull Ahmad	110,000	–	–	110,000
Dato' Mohd Emir Mavani Abdullah	150,000	–	–	150,000

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- 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
- 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.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 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.

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 11 February 2015.



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 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 152 to 224 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 2014 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 225 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 11 February 2015.



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, Raja Faridah Raja Ahmad, 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 152 to 224 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.

A handwritten signature in blue ink, appearing to read "Raja Faridah Raja Ahmad".

RAJA FARIDAH RAJA AHMAD

Subscribed and solemnly declared before me by the abovenamed Raja Faridah Raja Ahmad at Kuala Lumpur in Malaysia on 11 February 2015, before me.

COMMISSIONER FOR OATHS



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jin Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

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 152 to 224 which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the 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 judgment, 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 2014 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.

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 225 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 Securities Berhad 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
11 February 2015

STATEMENTS

OF COMPREHENSIVE INCOME

for the financial period ended 31 December 2014

	Notes	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	6	2,281,493	2,202,480	183,425	160,685
Cost of sales		(1,814,139)	(1,765,592)	(9,772)	(5,105)
Gross profit		467,354	436,888	173,653	155,580
Other operating income	7	12,165	11,270	–	–
Other (losses)/gains – net	8	(4,345)	1,501	–	–
Selling and distribution expenses		(81,398)	(57,886)	–	–
Administrative expenses		(53,122)	(42,738)	–	–
Other operating expenses		(5,527)	(252)	–	–
Profit from operations		335,127	348,783	173,653	155,580
Finance income	9	12,891	15,017	–	–
Finance costs	9	(3,719)	(4,895)	–	–
Profit before zakat and taxation	10	344,299	358,905	173,653	155,580
Zakat	11	(4,500)	(17,481)	(150)	(7,409)
Taxation	12	(82,786)	(86,747)	(1,006)	(328)
Profit for the financial year		257,013	254,677	172,497	147,843
Other comprehensive income		–	–	–	–
Total comprehensive income for the financial year attributable to owners of the Company		257,013	254,677	172,497	147,843
Basic earnings per share attributable to equity holders of the Company (sen)	13	36.56	36.23		

STATEMENTS

OF FINANCIAL POSITION as at 31 December 2014



	Notes	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	473,975	445,158	1,731	544
Prepaid lease payments	16	775	565	–	–
Intangible assets	17	649,557	651,702	420	135
Investment in subsidiaries	18	–	–	2,022,929	2,022,929
Biological assets	19	33,590	23,364	–	–
Loans to subsidiaries	20	–	–	35,000	35,000
Receivables	21	6,651	7,425	–	–
Total non-current assets		1,164,548	1,128,214	2,060,080	2,058,608
Current assets					
Inventories	22	674,270	570,862	–	–
Receivables	21	202,440	196,571	60	8
Tax recoverable		3,015	5,758	1,104	1,577
Amounts due from subsidiaries	23	–	–	15,895	5,099
Amount due from other related companies	24	3,875	2,536	–	–
Loan to subsidiaries	20	–	–	157,000	167,000
Derivative financial assets	26	38	–	–	–
Cash and cash equivalents	27	469,999	267,154	234,657	226,492
Total current assets		1,353,637	1,042,881	408,716	400,176
Assets held for sale	28	18	36	–	–
TOTAL ASSETS		2,518,203	2,171,131	2,468,796	2,458,784

STATEMENTS

OF FINANCIAL POSITION

as at 31 December 2014

	Notes	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 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	531,933	443,635	5,957	2,175
Equity attributable to owners of the Company		1,944,495	1,856,197	2,458,151	2,454,369
Total equity		1,944,495	1,856,197	2,458,151	2,454,369
Non-current liabilities					
Deferred tax liabilities	31	76,699	79,694	–	–
Total non-current liabilities		76,699	79,694	–	–
Current liabilities					
Payables	32	231,216	194,804	7,172	1,590
Amounts due to subsidiaries	23	–	–	309	–
Amounts due to other related companies	24	2,336	2,770	2,025	2,555
Amount due to ultimate holding company	25	8,918	3,764	1,139	270
Borrowings	33	248,390	29,000	–	–
Current tax liabilities		6,149	4,902	–	–
Total current liabilities		497,009	235,240	10,645	4,415
Total liabilities		573,708	314,934	10,645	4,415
TOTAL EQUITY AND LIABILITIES		2,518,203	2,171,131	2,468,796	2,458,784

STATEMENTS

OF CHANGES IN EQUITY

for the financial period ended 31 December 2014



	Note	Share capital (Note 29) RM'000	Share premium (Note 30) RM'000	Reorgani- sation 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 2014		351,490	366,765	(1,039,632)	1,733,939	443,635	1,856,197
Transactions with owners:							
Dividends	14	-	-	-	-	(168,715)	(168,715)
Total comprehensive income for the financial year		-	-	-	-	257,013	257,013
At 31 December 2014		351,490	366,765	(1,039,632)	1,733,939	531,933	1,944,495
At 1 January 2013							
At 1 January 2013		351,490	366,765	(1,039,632)	1,733,939	336,584	1,749,146
Transactions with owners:							
Dividends	14	-	-	-	-	(147,626)	(147,626)
Total comprehensive income for the financial year						254,677	254,677
At 31 December 2013		351,490	366,765	(1,039,632)	1,733,939	443,635	1,856,197

STATEMENTS

OF CHANGES IN EQUITY

for the financial period ended 31 December 2014

	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 2014		351,490	366,765	1,733,939	2,175	2,454,369
Transactions with owners:						
Dividends	14	-	-	-	(168,715)	(168,715)
Total comprehensive income for the financial year		-	-	-	172,497	172,497
At 31 December 2014		351,490	366,765	1,733,939	5,957	2,458,151
At 1 January 2013						
At 1 January 2013		351,490	366,765	1,733,939	1,958	2,454,152
Transactions with owners:						
Dividends	14	-	-	-	(147,626)	(147,626)
Total comprehensive income for the financial year		-	-	-	147,843	147,843
At 31 December 2013		351,490	366,765	1,733,939	2,175	2,454,369

STATEMENTS

OF CASH FLOWS

for the financial period ended 31 December 2014



	Notes	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		257,013	254,677	172,497	147,843
Adjustments for:					
Taxation		82,786	86,747	1,006	328
Depreciation of property, plant and equipment		43,842	38,885	146	15
Gain on disposal of property, plant and equipment – net		(11)	(561)	–	–
Gain on disposal of asset held for sale		(57)	(5,379)	–	–
Property, plant and equipment written off		342	89	119	20
Amortisation of prepaid lease payments		73	151	–	–
Amortisation of intangible assets		3,228	3,226	2	–
Amortisation of advance payment		773	–	–	–
Unrealised gain on derivatives		(38)	–	–	–
Dividends income		–	–	(168,715)	(147,626)
Interest income		(12,891)	(15,017)	(14,710)	(13,059)
Interest expense		3,719	4,895	–	–
Amortisation of biological asset		1	1	–	–
Reversal of impairment on property, plant and equipment		–	(28)	–	–
Assets held for sale written off		–	807	–	–
Unrealised gain on foreign exchange translation		(3,248)	(4,345)	–	–
Zakat		4,500	17,481	150	7,409
Operating profit before working capital changes:		380,032	381,629	(9,505)	(5,070)
Inventories		(103,408)	(128,520)	–	–
Receivables		7,986	32,328	(53)	29
Payables		38,144	145,419	1,232	1,027
Related party balances		3,381	4,370	(5,797)	(2,730)
Cash generated from/(used in) operations		326,135	435,226	(14,123)	(6,744)
Zakat paid		(4,500)	(17,481)	(150)	(7,409)
Tax paid		(81,791)	(88,149)	(533)	(666)
Net cash generated from/(used in) operating activities		239,844	329,596	(14,806)	(14,819)

STATEMENTS

OF CASH FLOWS

for the financial period ended 31 December 2014

	Notes	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	35	(70,885)	(81,065)	(1,451)	(44)
Purchase of intangible assets		(1,083)	(2,333)	(287)	(135)
Proceeds from disposal of property, plant and equipment		307	756	–	–
Proceeds from disposal of asset held for sale		75	6,511	–	–
Additions of biological assets		(10,227)	(11,654)	–	–
Additions of prepaid lease payments		(202)	–	–	–
Interest received		2,286	15,012	14,709	13,059
Dividend received		–	–	168,715	147,626
Loan to subsidiaries		–	–	(192,000)	(202,000)
Repayment of loan by subsidiaries		–	–	202,000	20,000
Net cash (used in)/generated from investing activities		(79,729)	(72,773)	191,686	(21,494)
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		1,081,690	476,000	–	–
Repayment of borrowings		(862,300)	(908,000)	–	–
Dividends paid		(168,715)	(147,626)	(168,715)	(147,626)
Interest paid		(7,945)	(4,598)	–	–
Net cash generated from/(used in) financing activities		42,730	(584,224)	(168,715)	(147,626)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		202,845	(327,401)	8,165	(183,939)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		267,154	594,555	226,492	410,431
CASH AND CASH EQUIVALENT AT THE END OF THE FINANCIAL YEAR	27	469,999	267,154	234,657	226,492

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014



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 2017. 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. It requires the Directors to make 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 reported period. Actual results could differ from these estimates.

It also requires management to exercise judgment in the process of applying the Group and the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

2 BASIS OF PREPARATION (CONTINUED)

(i) Amendments to published standards and interpretations adopted by the Group and the Company as at 1 January 2014:

- Amendments to FRS 132 'Offsetting Financial Assets and Financial Liabilities'
- Amendments to FRS 10 'Consolidated Financial Statements', FRS 12 'Disclosure of Interests in Other Entities' and FRS 127 'Separate Financial Statements' – Investment entities
- IC Interpretation 21 'Levies'
- Amendments to FRS 139 'Novation of Derivatives and Continuation of Hedge Accounting'

The adoption of the above amendments to published standards and interpretation did not have a significant financial impact to the Group and Company.

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not yet been early adopted:

Effective for annual periods beginning on or after 1 January 2015 with earlier application permitted

- 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')
- Amendments to FRS 119 'Employee Benefits' – Defined benefits plans: Employee contributions

Effective for annual periods beginning on or after 1 January 2016 with earlier application permitted

- Amendments to FRS 11 'Accounting for Acquisitions of Interests in Joint Operations'
- Amendments to FRS 116 'Property, Plant and Equipment' and FRS 138 'Clarification of Acceptable Methods of Depreciation and Amortisation'
- 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 127 'Separate Financial Statements' – Equity accounting in separate financial statements
- Annual Improvements to FRSS 2012 – 2014 Cycle (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')

2 BASIS OF PREPARATION (CONTINUED)

- (ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective and have not yet been early adopted: (continued)

Effective for annual periods beginning on or after 1 January 2017 with earlier application permitted

- MFRS 15 'Revenue'

Effective for annual periods beginning on or after 1 January 2018 with earlier application permitted

- MFRS 9 'Financial instruments'

The effects of the above amendments to published standards are currently being assessed by the Directors is not expected to have a significant impact other than the adoption of MFRS 141/MFRS 116 which will result in a change in the method of amortisation of biological assets to be over the period of its useful life as compared to the current accounting policy as disclosed in the Note 3 (j).

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 acquire 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.

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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)

Acquisition accounting (continued)

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)).

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.

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.

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)).

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)

Under the predecessor method of accounting, the results of subsidiaries or business under common control are presented as if the business combination had been effected throughout the current and previous financial 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 classified and presented as movement in other capital reserves.

(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.

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.

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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)

(d) Goodwill (continued)

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.

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.

(i) Brand

The acquired brand relating to a sugar brand 'Prai' was recognised at fair value at the acquisition date. The brand has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over the expected life of the brand of 20 years.

(ii) Software

This software relates to the development of an IT system. Amortisation will be calculated using the straight line method over the expected life of the software of 5 years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets and are included in 'other operating income', 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)

(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.

(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.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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)

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.

(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; or
- A breach of contract, such as a default or delinquency in interest or principal payments; or
- 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; or
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties; or

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 (continued)

Assets carried at amortised cost (continued)

- 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.

(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.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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 (continued)

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.

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.

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.

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 different 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.

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.

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.

Other property, plant and equipment are depreciated a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

Principal annual rates used are summarised as follows:

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.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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 (continued)

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.

(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.

However, the capitalised costs will be amortised to profit or loss on a straight-line basis over the remaining lease period if the biological assets are planted on leasehold land and the remaining lease period is shorter than the economic useful life of the biological assets.

When the area is replanted with a different crop, the previously capitalised costs on that area are expensed off to profit or loss.

Replanting expenditure, which represents costs incurred in replanting of the same crop on the existing planted areas, is charged to profit or loss in the financial period in which the expenditure is incurred.

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.

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)

(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 represents 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 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.

(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.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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 (continued)

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 rates enacted or substantively enacted by the statement of financial position date are used to determine the zakat expense. The rate of zakat on business, as determined by National Fatwa Council for 2014 is 2.5% of the zakat base of the applicable entity. For 2014, the amount of zakat base was determined by the management based on the Group’s financial result for the year. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the financial year in which it is incurred.

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 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 business. Revenue is shown net of goods and services, rebates and discounts and after eliminating sales within the Group.

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.

Subsidy receivable from the Government of Malaysia for the goods sold relates to the difference between estimated market price and the controlled price determined by the Government for sale of refined sugar in the domestic market. The subsidy is agreed with the Government on an annual basis and is credited to the statement of comprehensive income and recognised as part of revenue in the accounting period in which the corresponding sales of goods are recognised. Commencing from October 2013, the Government abolished sugar subsidies.

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 continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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)

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

Operating leases payment are recognised as an expense on a straight-line basis over the period of the 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.

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)

Operating leases (continued)

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 49 years.

Finance lease

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 interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest 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, paid annual leave, paid sick leaves, bonuses and non-monetary benefits are recognised as expenses in the period 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.

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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)

(t) Employee benefits (continued)

(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 and loss as incurred.

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (“EPF”).

(iii) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of the restructuring. The Group recognises 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.

(u) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in the period in which they are declared.

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.

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)

(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 Chief Executive Officer.

(x) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events; and
- 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.

(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 when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of their carrying amounts and fair value less costs to sell.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

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)

(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 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 OBJECTIVES AND POLICIES

(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 OBJECTIVES AND POLICIES (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 sensitivity analysis has been performed based on the outstanding foreign currency denominated monetary items as at year end. If the USD strengthens or weakens by 10% against RM with all other variables held constant, the Group’s profit before tax and equity would decrease or increase by RM3,285,231 (2013: RM6,366,449).

(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. The Group has no control over the selling price of 61% (2013: 69%) of its sales of refined sugar to industrial and retail customers.

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.

Management enters into long term contracts with suppliers for a portion of its raw sugar supply which fixes raw sugar prices for a period of time. In addition, management hedges the balance of its raw sugar requirements through sugar futures contracts.

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 RM3,275,372 (2013: Nil).

(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 2014, the Group and the Company are not exposed to finance rate risk.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 and Company. The Group and Company adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security including bank guarantees and advance payment where appropriate 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 twelve major customers comprise 60% of trade receivables as at 31 December 2014.

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 flow. 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 RM424,043,000 (2013: RM242,433,000) and other liquid assets of RM45,956,000 (2013: RM24,721,000) that are expected to readily generate cash inflows for managing liquidity risk. At the reporting date, the Company held cash investments of RM233,891,000 (2013: RM225,351,000) and other liquid assets of RM766,000 (2013: RM1,141,000) that are expected to readily generate cash inflows for managing liquidity risk.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 2014					
Payables	231,216	-	-	-	231,216
Amounts due to other related companies	2,336	-	-	-	2,336
Amount due to ultimate holding company	8,918	-	-	-	8,918
Borrowings	248,390	-	-	-	248,390
Total undiscounted financial liabilities	490,860	-	-	-	490,860
At 31 December 2013					
Payables	194,804	-	-	-	194,804
Amounts due to other related companies	2,770	-	-	-	2,770
Amount due to ultimate holding company	3,764	-	-	-	3,764
Borrowings	29,000	-	-	-	29,000
Total undiscounted financial liabilities	230,338	-	-	-	230,338

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 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 ultimate holding company	1,139	–	–	–	1,139
Total undiscounted financial liabilities	10,645	–	–	–	10,645
At 31 December 2013					
Payables	1,590	–	–	–	1,590
Amounts due to other related companies	2,555	–	–	–	2,555
Amounts due to ultimate holding company	270	–	–	–	270
Total undiscounted financial liabilities	4,415	–	–	–	4,415

(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 2014 and 31 December 2013.

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). 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 OBJECTIVES AND POLICIES (CONTINUED)

(b) Capital risk management policies (continued)

The gearing ratios as at 31 December were as follows:

	Group	
	2014 RM'000	2013 RM'000
Net debt	248,390	29,000
Equity attributable to owners of the Group	1,944,495	1,856,197
Total capital	2,192,885	1,885,197
Gearing ratio	11%	2%

The increase in the Group's gearing ratio in 2014 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).

As at 31 December 2014

Assets	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets at fair value through profit or loss:				
– Derivatives	38	–	38	–
Loan and receivable				
– Loan to subsidiaries	35,000	–	–	35,000

There were no transfers between levels 1 and 2 during the financial year.

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TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 an 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 used to derive the recoverable amount of the CGU are disclosed in Note 17.

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Dividends from subsidiaries	-	-	168,715	147,626
Interest income	-	-	14,710	13,059
Revenue from sale of goods	2,281,443	2,056,211	-	-
Revenue from transportation services	50	66	-	-
Subsidy from the Government of Malaysia for goods sold	-	146,203	-	-
	2,281,493	2,202,480	183,425	160,685

7 OTHER OPERATING INCOME

	Group	
	2014 RM'000	2013 RM'000
Rental income	118	811
Income from sale of scrap	401	4
Gain on disposal of property, plant and equipment and assets held for sale	68	5,978
Unrealised gain on foreign exchange translation	3,248	4,345
Realised gain on foreign exchange translation	2,235	-
East Malaysia transport rebates	5,996	-
Others	99	132
	12,165	11,270

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for the financial year ended 31 December 2014

8 OTHER (LOSS)/GAINS – NET

	Group	
	2014 RM'000	2013 RM'000
Unrealised fair value gains-net		
– Sugar futures contracts	38	–
	<hr/>	<hr/>
	38	–
Realised fair value (losses)/gains-net		
– Sugar futures contracts	(1,832)	(6,508)
– Foreign exchange forward contracts	(2,551)	8,009
	<hr/>	<hr/>
	(4,383)	1,501
	<hr/>	<hr/>
	(4,345)	1,501
	<hr/>	<hr/>

9 FINANCE INCOME AND COSTS

	Group	
	2014 RM'000	2013 RM'000
Finance income:		
Interest income	12,891	15,017
	<hr/>	<hr/>
Finance costs:		
Interest on:		
– bankers' acceptances	(3,719)	(2,762)
– revolving credits	–	(2,133)
	<hr/>	<hr/>
	(3,719)	(4,895)
	<hr/>	<hr/>

10 PROFIT BEFORE ZAKAT AND TAXATION

Profit before zakat and taxation is stated after charging/(crediting):

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amortisation of prepaid lease payments	73	151	–	–
Amortisation of intangible assets	3,228	3,226	2	–
Auditors' remuneration				
– Audit	361	305	150	145
– Non-audit	73	70	73	70
Changes in inventories of work in progress, refined sugar and molasses	61,743	128,593	–	–
Cost of raw sugar consumed	1,599,604	1,563,722	–	–
Depreciation on property, plant and equipment	43,842	38,885	146	15
Distribution and transport expenses	62,514	46,212	–	–
Inventory written off	–	301	–	–
Natural gas and fuel consumed	46,203	42,227	–	–
Operating lease rental on land and buildings	305	303	–	–
Property, plant and equipment written off	342	89	119	20
Gain on disposal of assets held for sale	(57)	(5,978)	–	–
(Gain)/loss on disposal of property, plant and equipment	(11)	38	–	–
Reversal of impairment on property, plant and equipment	–	(28)	–	–
Repair and maintenance	16,192	22,934	9	9
Tyre expenses	510	462	–	–
Staff costs*	60,261	58,307	5,518	2,428
Assets held for sale written off	–	807	–	–
Rental income	(145)	(53)	–	–
Rental expenses	5,042	2,398	431	398
Amortisation of advance payment	773	–	–	–

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for the financial year ended 31 December 2014

10 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

Profit before zakat and taxation is stated after charging/(crediting) (continued):

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
*Staff costs comprise:				
Wages, salaries and bonuses	49,411	46,232	4,473	2,110
Defined contribution retirement plan	6,594	6,664	309	181
Other employee benefits	4,256	5,411	736	137
	60,261	58,307	5,518	2,428

Directors' remuneration included in staff costs above comprise:

Fees	1,147	1,069	1,063	1,045
Salaries, allowances and bonuses	1,414	1,853	178	134
Defined contribution retirement plan	110	315	–	–
	2,671	3,237	1,241	1,179

Benefits-in-kind provided to Directors' of the Group and Company amounted to RM191,615 (2013: RM124,059) and RM87,615 (2013: nil) respectively.

11 ZAKAT

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Movement in zakat liability:				
At beginning of financial year	–	–	–	–
Current financial year's zakat expense	4,500	17,481	150	7,409
Zakat paid	(4,500)	(17,481)	(150)	(7,409)
	–	–	–	–

12 TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax	(84,510)	(87,236)	(1,006)	(328)
Over accrual in prior financial year	(1,271)	(1,590)	-	-
	(85,781)	(88,826)	(1,006)	(328)
Deferred tax (Note 31)	2,995	2,079	-	-
	(82,786)	(86,747)	(1,006)	(328)

The numerical reconciliation of the relationship between taxation and profit before taxation after zakat is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation after zakat	339,799	341,424	173,503	148,171
Tax at Malaysian tax rate of 25% (2013: 25%)	84,950	85,356	43,376	37,042
Tax arising from:				
- non-deductible expenses	2,433	4,474	2,498	3,117
- income not subject to tax	(2,899)	(4,420)	(44,868)	(39,831)
- expenses eligible for double deduction	(427)	(308)	-	-
- (under)/over accrual in prior year	(1,271)	1,590	-	-
- temporary differences not recognised	-	56	-	-
	82,786	86,747	1,006	328

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13 EARNINGS PER SHARE

	Group	
	2014 RM'000	2013 RM'000
Profit for the financial year attributable to owners of the Company	257,013	254,677
Weighted average number of ordinary shares in issue ('000)	702,980	702,980
Basic earnings per share (sen)	36.56	36.23

14 DIVIDENDS

Dividends declared and paid in respect of the financial year are as follows:

	Group and Company			
	2014		2013	
	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 2012 – paid on 28 June 2013	–	–	11	77,328
Final single tier dividend for the year ended 31 December 2013 – paid on 11 July 2014	14	98,417	–	–
Interim single tier dividend: – paid on 27 December 2013 – paid on 19 September 2014	– 10	– 70,298	10 –	70,298 –
	24	168,715	21	147,626

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
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

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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
2013							
Cost							
At 1.1.2013	15,950	108,750	61,016	256,239	19,057	30,743	491,755
Additions	–	10,194	106	5,640	5,468	64,398	85,806
Disposals	–	–	–	(288)	(491)	–	(779)
Write-offs	–	–	(65)	(503)	(592)	–	(1,160)
Reclassifications	–	–	10,085	20,042	249	(30,376)	–
Transfer to assets held for sale (Note 28)	–	–	–	(287)	(117)	–	(404)
At 31.12.2013	15,950	118,944	71,142	280,843	23,574	64,765	575,218
Accumulated depreciation							
At 1.1.2013	–	5,732	11,622	66,607	6,141	–	90,102
Charge for the financial year	–	1,842	5,199	29,210	2,634	–	38,885
Disposals	–	–	–	(204)	(380)	–	(584)
Write-offs	–	–	(62)	(472)	(537)	–	(1,071)
Transfer to assets held for sale (Note 28)	–	–	–	(235)	(98)	–	(333)
At 31.12.2013	–	7,574	16,759	94,906	7,760	–	126,999
Accumulated impairment							
At 1.1.2013	–	2,956	–	98	73	–	3,127
Reversal	–	–	–	(21)	(7)	–	(28)
Transfer to assets held for sale (Note 28)	–	–	–	(32)	(6)	–	(38)
At 31.12.2013	–	2,956	–	45	60	–	3,061
Net book value							
At 31.12.2013	15,950	108,414	54,383	185,892	15,754	64,765	445,158

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture, fittings, equipment and motor vehicles RM'000
2014	
At the beginning of the financial year	572
Additions	1,452
Write-offs	(119)
<hr/>	
At the end of the financial year	1,905
<hr/>	
Accumulated depreciation	
At the beginning of the financial year	28
Charge for the financial year	146
<hr/>	
At the end of the financial year	174
<hr/>	
Net book value	
At the end of the financial year	1,731
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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings, equipment and motor vehicles RM'000
Company	
2013	
At the beginning of the financial year	408
Additions	188
Write-offs	(24)
<hr/>	
At the end of the financial year	572
<hr/>	
Accumulated depreciation	
At the beginning of the financial year	17
Charge for the financial year	15
Write-offs	(4)
<hr/>	
At the end of the financial year	28
<hr/>	
Net book value	
At the end of the financial year	544
<hr/>	

Included in assets under construction of the Group is capitalised interest expense amounting to RM3,411,304 (2013: RM1,550,000).

16 PREPAID LEASE PAYMENTS

	Group	
	2014 RM'000	2013 RM'000
Short-term leasehold land		
Cost		
At 1 January	1,482	1,482
Addition	202	–
At 31 December	1,684	1,482
Accumulated amortisation		
At 1 January	917	766
Amortisation for the financial year	73	151
Reclassification	(81)	–
At 31 December	909	917
Net book value		
At 31 December	775	565

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17 INTANGIBLE ASSETS

	Goodwill RM'000	Brand RM'000	Software RM'000	Group Total RM'000	Company Software RM'000
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
As at 1 January 2013	576,240	76,355	–	652,595	–
Additions	–	–	2,333	2,333	135
Amortisation charge for the financial year	–	(3,226)	–	(3,226)	–
As at 31 December 2013	576,240	73,129	2,333	651,702	135

Goodwill

The goodwill relates to the acquisition of the sugar business and is allocated to MSM Prai Berhad. 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 2014	19-22%	1%	10%
At 31 December 2013	18-19%	1%	10%

17 INTANGIBLE ASSETS (CONTINUED)

(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.

18 INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted investments, at cost	2,022,929	2,022,929

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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	
			2014 %	2013 %	2014 %	2013 %
Direct subsidiaries						
MSM Prai Berhad (formerly known as Malayan Sugar Manufacturing Company Bhd)	Malaysia	Sugar refining, sales and marketing of refined sugar products	100	100	100	100
MSM Perlis Sdn Bhd (formerly known as Kilang Gula Felda Perlis Sdn Bhd)	Malaysia	Sugar refining, sales and marketing of refined sugar products and planting of rubber and oil palm	100	100	100	100
Indirect subsidiaries						
MSM Logistics Sdn Bhd (formerly known as Astakonas Sdn Bhd)	Malaysia	Provision of transportation services	–	–	100	100
MSM Properties Sdn Bhd ⁺	Malaysia	Under liquidation	–	–	100	100

+ Not audited by PricewaterhouseCoopers Malaysia

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
2014	
At 1 January	23,364
New planting costs – additions	10,227
Amortisation	(1)
<hr/>	
At 31 December	33,590
<hr/>	
2013	
At 1 January	11,711
New planting costs – additions	11,228
– interest capitalised	426
Total	11,654
Amortisation	(1)
<hr/>	
At 31 December	23,364
<hr/>	

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for the financial year ended 31 December 2014

20 LOANS TO SUBSIDIARIES

	Company	
	2014	2013
	RM'000	RM'000
Loans to subsidiaries	192,000	202,000
Non-current asset:		
Term loan	35,000	35,000
Current asset:		
Business loans (revolving credit)		
– MSM Prai Bhd	147,000	147,000
– MSM Perlis Sdn Bhd	10,000	20,000
	157,000	167,000

The interest rates charged during the financial year were as follows:

	2014	2013
	%	%
	per annum	per annum
Term loan	5.80	5.80
Business loan (revolving credit)	3.70	3.90

Business 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 2014, the loans to subsidiaries are neither past due nor impaired.

The fair value of loan to subsidiaries equal their carrying amount, as the impact of discounting is not significant.

21 RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current:				
Advance payment (a)	6,651	7,425	–	–
Current:				
Trade receivables	191,018	168,715	–	–
Other receivables	6,588	3,721	–	–
Deposits	1,766	19,276	8	8
Prepayments	2,140	4,086	52	–
Advance payment (a)	928	773	–	–
	202,440	196,571	60	8
Total receivables	209,091	203,996	60	8

The receivables and deposits are denominated as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	185,187	144,570	60	8
US Dollar	23,904	59,426	–	–
	209,091	203,996	60	8

Credit term of trade receivables is between 30 to 60 days (2013: 30 to 60 days).

Included in receivables is a deposit for sugar futures trading facilities amounting to RM66,975 (2013: RM19,016,636).

- (a) On 28 February 2014, the Company signed the Gas Supply Agreement ('GSA') for the supply and delivery of gas to the Company. 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 2014 amounted to RM773,396. As at 31 December 2014, RM928,075 is classified as current portion and the balance of RM6,651,000 is classified as non-current in the statement of financial position.

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21 RECEIVABLES (CONTINUED)

Group

Past due but not impaired

As at 31 December 2014, RM60,936,000 (2013: RM62,846,600) 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 RM49,239,095 (2013: RM62,403,000) subsequent to period end. The ageing analysis of these receivables is as follows:

	No history of default RM'000	History of default RM'000	New customers RM'000	Total RM'000
Group				
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
2013				
Less than 30 days past due	13,636	–	230	13,866
Between 30 and 60 days past due	36,887	–	–	36,887
Between 61 and 90 days past due	11,385	–	–	11,385
Between 91 days and 1 year past due	–	709	–	709
At 31 December 2013	61,908	709	230	62,847

Receivables of RM138,436,000 (2013: RM128,865,000), 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	
	2014	2013
	RM'000	RM'000
Group 1	11,312	3,776
Group 2	127,124	125,089
Total unimpaired receivables	138,436	128,865

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	
	2014	2013
	RM'000	RM'000
At cost		
Raw materials	375,312	436,470
Work-in-progress	23,736	33,662
Finished goods	39,755	50,136
Consumable stores	24,798	22,980
Molasses	1,143	117
Inventories in transit	209,526	27,497
	674,270	570,862

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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 (2013: 30 to 60 days).

Past due but not impaired

As at 31 December 2014, RM7,391,000 (2013: RM1,412,000) 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	
	2014 RM'000	2013 RM'000
Less than 30 days past due	2,573	239
Between 30 and 90 days past due	1,720	433
Between 91 days and 1 year past due	3,098	740
	7,391	1,412

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	
	2014 RM'000	2013 RM'000
Group 2	8,504	3,687
Total unimpaired	8,504	3,687

Group 2 – existing subsidiaries (more than 6 months) with no defaults in the past.

24 AMOUNTS DUE FROM/(TO) OTHER RELATED COMPANIES

Amounts due from/(to) other related companies are unsecured, interest free and have credit terms ranging from 30 to 60 days (2013: 30 to 60 days) and denominated in Ringgit Malaysia.

As at 31 December 2014, RM3,100,000 (2013: RM1,405,000) 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	
	2014 RM'000	2013 RM'000
Less than 30 days past due	3,100	1,405

As at 31 December 2014, none of the amounts due from other related companies was impaired and provided for.

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	
	2014 RM'000	2013 RM'000
Group 2	775	1,131
Total unimpaired	775	1,131

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 2014, 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 (2013: 90 days) and is denominated in Ringgit Malaysia, unsecured and interest free.

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26 DERIVATIVE FINANCIAL ASSETS

	Group 2014		Company 2013	
	Notional amount RM'000	Derivative assets RM'000	Notional amount RM'000	Derivative assets RM'000
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 2014 is 28,905MT (2013: nil).

27 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed deposits with				
– licensed investment bank in Malaysia	190,052	4,982	–	–
– licensed banks in Malaysia	233,991	237,451	233,891	225,351
	424,043	242,433	233,891	225,351
Cash and bank balances	45,956	24,721	766	1,141
Cash and cash equivalents	469,999	267,154	234,657	226,492

The effective interest rates of the fixed deposits of the Group ranges from 2.95% to 4.00% (2013: 2.40% to 3.27%) per annum and ranges for the Company from 3.16% to 4.00% (2013: 2.40% to 3.10%) per annum. All fixed deposits have 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	460,855	262,915	234,657	226,492
US Dollar	9,144	4,239	–	–
	469,999	267,154	234,657	226,492

Fixed deposits:

Credit rating profiles of banks in which the fixed deposits have been placed are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
AAA	292,246	219,247	123,897	219,247
A1	1,429	12,100	1,330	–
A2	115,008	6,104	93,304	6,104
AA2	15,360	–	15,360	–
Others*	–	4,982	–	–
	424,043	242,433	233,891	225,351

* Others comprises of funds which are invested in Government approved financial institutions regulated by the Bank Negara of Malaysia.

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28 ASSETS HELD FOR SALE

The details are as follows:

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

31 December 2013

Group	Mills and other buildings RM'000	Plant and machinery RM'000	Furniture and fittings, equipment and motor vehicles RM'000	Inventories RM'000	Total RM'000
Property, plant and equipment at net book value	4	1,130	–	807	1,941
Transfer from property, plant and equipment (Note 15)	–	20	13	–	33
Disposal	(4)	(1,127)	–	(807)	(1,938)
	–	23	13	–	36

29 SHARE CAPITAL

	Group and Company	
	2014 RM'000	2013 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) 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.

(iii) 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.

(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.

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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	
	2014 RM'000	2013 RM'000
Subject to income tax		
– Deferred tax assets	7,879	5,215
– Deferred tax liabilities	(84,578)	(84,909)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2014 RM'000	2013 RM'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	6,878	4,982
– Deferred tax assets to be recovered within 12 months	1,001	233
	7,879	5,215
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	(69,080)	(74,869)
– Deferred tax liabilities to be recovered within 12 months	(15,498)	(10,040)
	(84,578)	(84,909)
Deferred tax liabilities (net)	(76,699)	(79,694)
At 1 January	(79,694)	(81,773)
Charged/(credited) to statement of comprehensive income (Note 12):		
– property, plant and equipment	1,539	1,307
– payables and accruals	761	67
– intangible assets	807	806
– receivables	392	(241)
– biological assets	(495)	–
– derivative financial assets	(9)	140
	2,995	2,079
At 31 December	(76,699)	(79,694)

31 DEFERRED TAX LIABILITIES (CONTINUED)

	Group	
	2014 RM'000	2013 RM'000
Deferred tax liabilities (before offsetting)		
– property, plant and equipment	(60,638)	(62,177)
– intangible assets	(16,669)	(17,476)
– receivables	119	(273)
– biological assets	(496)	(1)
– derivative financial assets	(9)	–
	(77,693)	(79,927)
Offsetting	994	233
Deferred tax liabilities (after offsetting)	(76,699)	(79,694)
Deferred tax assets (before offsetting)		
– payables and accruals	994	233
Offsetting	(994)	(233)
	–	–

Temporary differences of a subsidiary for which a deferred tax asset has not been recognised in the financial statement is as follows:

	Group	
	2014 RM'000	2013 RM'000
Unabsorbed capital allowances	–	290

The deferred tax asset is not recognised as it is not probable that future taxable profits of the subsidiary will be available against which the deductible temporary differences can be utilised.

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32 PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	171,024	158,254	–	–
Other payables	37,905	23,711	4,968	845
Accruals	16,472	5,844	2,196	738
Unpaid balance for acquisition of property, plant and equipment (Note 35)	5,815	6,995	8	7
	231,216	194,804	7,172	1,590

Trade payables carry credit periods of between 30 days to 60 days (2013: 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
– Ringgit Malaysia	81,611	81,581	7,172	1,590
– United States Dollar	149,599	113,223	–	–
– Singapore Dollar	6	–	–	–
	231,216	194,804	7,172	1,590

33 BORROWINGS

	Group	
	2014 RM'000	2013 RM'000
Bankers' acceptances		
– Unsecured	248,390	29,000

The average interest rates of the borrowings range approximately 3.23% to 3.95% (2013: 3.29%) 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.

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 33.7% (2013: 38.6%) 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.

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34 RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties and their relationship with the Group are as follows:

Related parties

Federal Land Development Authority ("FELDA")
Felda Global Ventures Holdings Berhad ("FGVH")
Felda Holdings Berhad ("FHB")
Koperasi Permodalan FELDA Malaysia Berhad ("KPF")
MSM Prai Berhad ("MSM Prai")
MSM Perlis Sdn Bhd ("MSM Perlis")
Felda Prodata Systems Sdn Bhd ("FPSB")
Felda Security Services Sdn Bhd ("FSS")
Felda Travel Sdn Bhd ("Felda Travel")
Felda Engineering Services Sdn Bhd ("FES")
Felda Global Ventures Plantation (Malaysia) Sdn Bhd ("FGVPM")
Felda Trading Sdn Bhd ("FTSB")
Felda Agriculture Services Sdn Bhd ("FAS")
FPM Sdn Bhd ("FPM")
Felda Global Ventures Perlis Sdn Bhd ("FGVP")
Felda Transport Services Sdn Bhd ("FTSSB")
MSM Logistics Sdn Bhd ("MSM Logistics")
Felda Global Ventures Research & Development Sdn Bhd ("FGVRDSB")
Felda D'Saji Sdn Bhd ("D'Saji")

Relationship

Significant shareholder of FGVH
Ultimate holding company
Subsidiary of FGVH
Significant shareholder of the Company
Subsidiary company
Subsidiary company
Subsidiary of FHB
Subsidiary of FHB
Subsidiary of FHB
Subsidiary of FHB
Subsidiary of FGVH
Subsidiary of KPF
Subsidiary of FHB
Subsidiary of FHB
Subsidiary of FGVH
Subsidiary of FHB
Subsidiary company
Subsidiary of FGVH
Subsidiary of KPF

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties

	Group	
	2014 RM'000	2013 RM'000
(i) Transactions with FGVH:		
– management fees	4,294	4,888
(ii) Transactions with FHB and subsidiaries of FHB:		
– FHB (management fees)	171	138
– FPSB (information technology services)	255	289
– FSS (security services)	94	112
– Felda Travel (travel agent services)	202	53
– FES (engineering services)	378	1,334
– FGVPM (provision of plantation material)	11	100
– FTSB (provision of plantation material)	380	48
– FTSB (Insurance and goods)	498	88
– FAS (provision of plantation material)	19	11
– FAS (rental)	7	–
– FPM (provision of plantation material)	870	253
– FGVP (rental)	1	–
– FELDA (rental)	326	1,194
– FTSSB (transportation services)	–	5
– FGVRDSB	1	–
(iii) Transactions with FTSB:		
– sales of refined sugar	19,275	11,037
(iv) Transaction with D'Saji		
– provision of refreshment	106	15
(v) Transactions with Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan:		
– Sugar subsidy	–	146,203

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	Company	
	2014 RM'000	2013 RM'000
(vi) Transactions with subsidiaries:		
Dividends received from:		
– MSM Prai	151,844	132,863
– MSM Perlis	16,872	14,763
Interest received from:		
– MSM Prai	1,435	219
– MSM Perlis	2,505	1,111

These transactions were undertaken on agreed terms between the related parties.

(b) Financial year end balances arising from sales/purchases of goods/services

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount due to ultimate holding company, FGVH	(8,918)	(3,764)	(1,138)	(270)
Amounts due from/(to) other related companies				
Due from				
– FTSB	3,870	2,373	–	–
– FELDA	3	1	–	–
– FHB	–	162	–	–
– FAS	2	–	–	–
	3,875	2,536	–	–

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Financial year end balances arising from sales/purchases of goods/services (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Due to				
- FELDA	(1,845)	(1,194)	(1,845)	(1,194)
- FHB	(14)	(14)	(14)	(14)
- D'Saji	(5)	(1)	(5)	(1)
- FES	-	(1,326)	-	(1,326)
- Felda Travel	(63)	(20)	(63)	(20)
- FSS	(90)	(9)	(90)	-
- FPM	(246)	(146)	-	-
- FGVPM	(5)	(13)	-	-
- FPSB	(68)	(46)	(8)	-
- FTSB	-	(1)	-	-
	(2,336)	(2,770)	(2,025)	(2,555)
Amounts due from subsidiaries:				
- MSM Perlis	-	-	4,221	1,245
- MSM Prai	-	-	11,443	3,776
- MSM Logistics	-	-	231	78
	-	-	15,895	5,099
Loans due from subsidiaries, net of repayments:				
- MSM Prai	-	-	147,000	147,000
- MSM Perlis	-	-	45,000	55,000
	-	-	192,000	202,000
(c) Balance due from Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan:				
- Sugar subsidy	-	14,891	-	-

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel remuneration

Key management personnel comprise Directors and assistant general managers 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fees	1,147	1,069	1,063	1,045
Salary, allowances and bonuses	5,167	6,272	947	206
Defined contribution plan	873	1,079	135	–
Other employee benefits	165	89	44	–
Total	7,352	8,509	2,189	1,251

Benefits-in-kind provided to key management personnel of the Group amounted to RM272,053 (2013: RM198,009).

35 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Aggregate cost of property, plant and equipment	73,297	85,806	1,452	188
Reclassification of inventory	–	(2,787)	–	–
Capitalisation of borrowing cost	(3,592)	–	–	–
Unpaid balance included in other related parties	–	–	–	(137)
Unpaid balances included in other payables and accruals (Note 32)	(5,815)	(6,995)	(8)	(7)
Cash paid in respect of previous financial years acquisition	6,995	5,041	7	–
Total	70,885	81,065	1,451	44

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	
	2014 RM'000	2013 RM'000
No later than 1 year	313	313
Later than 1 year and no later than 5 years	1,410	1,442
Later than 5 years	1,195	1,478
	2,918	3,233

37 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment:				
– contracted and not provided for	33,575	49,542	–	–
– authorised and not contracted for	224,898	64,771	–	–
Intangible assets:				
– contracted and not provided for	–	1,367	–	79
Biological assets:				
– authorised and contracted	98	1,371	–	–
– authorised and not contracted for	16,104	27,895	–	–
	274,675	144,946	–	79

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

38 FINANCIAL INSTRUMENTS

The analysis of classification of financial instruments are as follows:

Group	Loans and receivables	
	2014 RM'000	2013 RM'000
As at 31 December		
Financial assets		
Receivables (excluding prepayments)	199,372	191,712
Amounts due from other related companies	3,875	2,536
Cash and cash equivalent	469,999	267,154
Total financial assets	673,246	461,402
Financial liabilities		
	Liabilities at amortised cost	
	RM'000	RM'000
Payables	231,216	194,804
Amount due to ultimate holding company	8,918	3,764
Amounts due to other related companies	2,336	2,770
Borrowings	248,390	29,000
Total financial liabilities	490,860	230,338

38 FINANCIAL INSTRUMENTS (CONTINUED)

The analysis of classification of financial instruments are as follows: (continued)

Company	Loans and receivables	
	2014 RM'000	2013 RM'000
As at 31 December		
Financial assets		
Receivables (excluding prepayments)	8	8
Amounts due from subsidiaries	15,895	5,099
Loans to subsidiaries	192,000	202,000
Cash and cash equivalent	234,657	226,492
Total financial assets	442,560	433,599
	Liabilities at amortised cost	
	RM'000	RM'000
Financial liabilities		
Payables	7,172	1,590
Amount due to ultimate holding company	1,139	270
Amounts due to other related companies	2,025	2,555
Total financial liabilities	10,336	4,415

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 Chief Executive Officer. The Chief Executive Officer considers the business primarily a product perspective.

The reportable operating segments have been identified as follows:

- (i) Sugar – Sugar refining and sales and marketing of refined sugar
- (ii) Rubber and palm oil – rubber and palm oil plantation

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

39 SEGMENT INFORMATION (CONTINUED)

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 Chief Executive Officer of the Group, which is the chief operating decision maker, reviews the internal management reports on a basis that is consistent with the presentation as per the statement of comprehensive income.

The segment information provided to the Chief Executive Officer for the reportable segments for the financial year is as follows:

	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	177,033	(6,387)	173,653	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

39 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the 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 2013				
Total segment revenue	2,202,480	–	–	2,202,480
Finance income	3,288	–	11,729	15,017
Finance costs	(4,895)	–	–	(4,895)
Depreciation and amortisation	29,502	–	12,835	42,337
Profit before zakat and taxation	369,314	(5,544)	(4,865)	358,905
Zakat	(10,072)	–	(7,409)	(17,481)
Taxation	(89,626)	–	2,879	(86,747)
Profit for the financial year				254,677
Total assets	3,541,478	129,902	(1,500,249)	2,171,131
Total liabilities	(432,117)	(57,935)	175,118	(314,934)
Additions to biological assets	–	11,654	–	11,654
Additions to property, plant and equipment	85,536	82	188	85,806
Additions to intangible assets	2,333	–	–	2,333

NOTES

TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2014

39 SEGMENT INFORMATION (CONTINUED)

Analysis of revenue

The analysis of revenue by geographical locations is as follows:

Group	2014 RM'000	2013 RM'000
Malaysia	1,959,433	1,855,812
Asia	228,349	297,430
Others	93,711	49,238
	2,281,493	2,202,480

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 11 February 2015.

SUPPLEMENTARY INFORMATION



41 REALISED AND UNREALISED RETAINED EARNINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Realised	648,061	570,897	5,957	2,175
Unrealised	3,239	309	–	–
Consolidation adjustments	651,300 (119,367)	571,206 (127,571)	5,957 –	2,175 –
Total Group retained earnings	531,933	443,635	5,957	2,175

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 SHAREHOLDING

as at 1 April 2015

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 each
 Class of Shares : Ordinary share of RM0.50 each
 Voting Right : One (1) vote per ordinary share

DISTRIBUTION SCHEDULE OF SHARE

Size of Shareholdings	No. of Holders Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Share Capital (%)
Less than 100	181	5.62	1,397	0.00
100 to 1,000	1,421	44.14	1,032,182	0.15
1,001 to 10,000	1,390	43.18	5,379,171	0.77
10,001 to 100,000	185	5.75	4,447,400	0.63
100,001 to less than 5% of issued shares	36	1.12	116,854,150	16.62
5% and above of issued shares	6	0.19	575,265,700	81.83
TOTAL	3,219	100.00	702,980,000	100.00

INFORMATION ON DIRECTORS SHAREHOLDINGS

Nos.	Name	No. of Shares (Direct)	%
1.	YB Tan Sri Haji Mohd Isa Dato' Haji Abdul Samad	20,000	0.00
2.	Dato' Zainal Haji Ismail	20,000	0.00
3.	Dato' Hajjah Rosni Haji Zahari	20,000	0.00
4.	YB Datuk Noor Ehsanuddin Mohd Harun Narrashid	-	-
5.	Dato' Rosini Abd Samad	-	-
6.	Datuk Haji Faizoull Ahmad	-	-
7.	Dato' Mohd Emir Mavani Abdullah	-	-
8.	Datuk Lim Thean Shiang	-	-
9.	Dato' Sheikh Awab Sheikh Abod	-	-

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

Nos.	Name	Direct Holdings	
		No.	%
1.	Felda Global Ventures Sugar Sdn Bhd	281,369,800	40.03
2.	Koperasi Permodalan Felda Malaysia Berhad	140,595,952	20.00
3.	Felda Global Ventures Holdings Berhad	77,150,248	10.97
4.	Employees Provident Fund Board	42,408,300	6.03
5.	AmanahRaya Trustees Berhad	35,241,400	5.01

LIST OF TOP 30

SHAREHOLDERS

(without aggregating the securities from different securities account belonging to the same Depositor)



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 Berhad	77,150,248	10.97
4.	Koperasi Permodalan Felda Malaysia Berhad	51,790,100	7.37
5.	Citigroup Nominees (Tempatan) Sdn Bhd <Employers Provident Fund Board>	40,908,300	5.82
6.	AmanahRaya Trustees Berhad <Skim Amanah Saham Bumiputera>	35,241,400	5.01
7.	Kumpulan Wang Persaraan (Diperbadankan)	19,112,300	2.72
8.	AmanahRaya Trustees Berhad <Amanah Saham Wawasan 2020>	17,857,400	2.54
9.	AmanahRaya Trustees Berhad <As 1Malaysia>	13,285,200	1.89
10.	AmanahRaya Trustees Berhad <Amanah Saham Malaysia>	10,976,800	1.56
11.	AmanahRaya Trustees Berhad <Amanah Saham Didik>	10,061,100	1.43
12.	Lembaga Tabung Haji	7,478,400	1.06
13.	AmanahRaya Trustees Berhad <Public Islamic Dividend Fund>	7,220,000	1.03
14.	Cartaban Nominees (Asing) Sdn Bhd <GIC Private Limited For Government Of Singapore (C)>	6,431,100	0.91
15.	AmanahRaya Trustees Berhad <Public Islamic Equity Fund>	4,411,000	0.63
16.	AmanahRaya Trustees Berhad <Public Islamic Select Enterprises Fund>	4,246,100	0.60

LIST OF TOP 30

SHAREHOLDERS

(without aggregating the securities from different securities account belonging to the same Depositor)

No	Name	Holdings	%
17.	AmanahRaya Trustees Berhad <Public Islamic Select Treasures Fund>	4,099,900	0.58
18.	Cartaban Nominees (Asing) Sdn Bhd <GIC Private Limited For Monetary Authority of Singapore (H)>	1,770,100	0.25
19.	Pertubuhan Keselamatan Sosial	1,766,550	0.25
20.	Lembaga Tabung Angkatan Tentera	1,557,200	0.22
21.	Employees Provident Fund Board	1,500,000	0.21
22.	Citigroup Nominees (Tempatan) Sdn Bhd <Universal Trustee (Malaysia) Berhad For CIMB Islamic Small Cap Fund>	1,146,900	0.16
23.	Citigroup Nominees (Tempatan) Sdn Bhd <Universal Trustee (Malaysia) Berhad For CIMB – Principal Equity Fund>	538,600	0.08
24.	HSBC Nominees (Tempatan) Sdn Bhd <HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (CIMB-P 6939-404)>	398,100	0.06
25.	AmanahRaya Trustees Berhad <PMB Shariah Premier Fund>	333,700	0.05
26.	Bank Simpanan Nasional	231,000	0.03
27.	Bank Simpanan Nasional	207,300	0.03
28.	Citigroup Nominees (Tempatan) Snd Bhd <AIG Malaysia Insurance Berhad>	200,000	0.03
29.	Bank Simpanan Nasional	181,100	0.03
30.	Koh Yong Kiang	176,600	0.03

SUMMARY OF PROPERTIES OWNED BY MSM GROUP as at 31 December 2014



PROPERTIES OWNED BY OUR GROUP

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 31.12.2014 (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

SUMMARY OF

PROPERTIES OWNED BY MSM GROUP

as at 31 December 2014

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 31.12.2014 (RM'000)
MSM PRAI BERHAD (CONTINUED)							
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	2,350
8	H.S.(D) 119796, PT121676, Mukim Kelang, Daerah Klang, Selangor.	24.4.2013	Leasehold	Vacant land	10,670 sq metres	0	5,234
9	H.S.(D) 119797, PT121677, Mukim Kelang, Daerah Klang, Selangor.	24.4.2013	Leasehold	Vacant land	9,697 sq metres	0	4,756

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 31.12.2014 (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 Building	16.353 42,855 sq metres	41 40	– –
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	36	–
MSM PERLIS SDN. BHD. (PLANTATION)							
3	PN 37, Lot No: 2040, Kampong Baru, Chuping	21.5.2011	Leasehold	Rubber & other crops plantation	523.940		10,223
4	PN 39, Lot No: 2035, Bukit Merah, Chuping	21.5.2011	Leasehold	Rubber & other crops plantation	1,268.108		24,743
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		5,636
6	PN 41, Lot No: 2041, Padang Hang Chik Wa, Chuping	21.5.2011	Leasehold	Rubber & other crops plantation	92.202		1,799
7	PN 43, Lot No: 2037, Air Hujan, Chuping	21.5.2011	Leasehold	Rubber & other crops plantation	277.178		5,408

SUMMARY OF PROPERTIES OWNED BY MSM GROUP as at 31 December 2014

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 31.12.2014 (RM'000)
MSM PERLIS SDN. BHD. (PLANTATION) (CONTINUED)							
8	H.S.(D) 8549, PT 4363, Padang Mayat, Chuping	21.5.2011	Leasehold	Rubber & other crops plantation	953.743		18,609
				Building	8,735.39 sq metres		
9	H.S.(D) 8550, PT 4364, Padang Mayat, Chuping	21.5.2011	Leasehold	Rubber & other crops plantation	10.001		196
10	HS (D) 145, PT, Chuping, Chuping	21.5.2011	Leasehold	Rubber & other crops plantation	1,027.862		20,080
11	HS (D) 2587, PT349, Bilal Udoh, Chuping	21.5.2011	Leasehold	Experimental station	12.841	31	263
				Building	713.68 sq metres		

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, Pulau Pinang	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, Pulau Pinang.	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, Pulau Pinang.	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

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)
4	H.S. (D) 28137, Lot 287, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang. 798, Main Road, 13600 Prai, Pulau Pinang.	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	Pulau Pinang Port Commission (as lessor)/ MSM PERLIS SDN BHD (as lessee) Bulk Cargo Terminal, 13600 Prai, Pulau Pinang.	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 2015.	109,464 per month

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT THE FOURTH (4TH) 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, 2 JUNE 2015, AT 11.00 A.M., OR ANY ADJOURNMENT THEREOF, FOR THE TRANSACTION OF THE FOLLOWING BUSINESS:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.

Please refer to Note (1) of the Explanatory Notes on Ordinary Business

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 2014. **(Resolution 1)**
3. To re-elect Dato’ Zainal Haji Ismail who retires in accordance with Section 129(6) of the Companies Act, 1965. **(Resolution 2)**
4. To re-elect the following Directors who retire in accordance with Article 93 of the Company’s Articles of Association
 - (i) Dato’ Hajjah Rosni Haji Zahari **(Resolution 3)**
 - (ii) Datuk Haji Faizoull Ahmad **(Resolution 4)**
5. To re-elect the following Directors who retire in accordance with Article 99 of the Company’s Articles of Association
 - (i) Dato’ Sheikh Awab Sheikh Abod **(Resolution 5)**
 - (ii) Dato’ Rosini Abd Samad **(Resolution 6)**
6. To approve the payment of Directors’ fees of RM1,062,971.71 for the financial year ended 31 December 2014. **(Resolution 7)**
7. To re-appoint Messrs. PricewaterhouseCoopers as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolution:

8. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandates").** (Resolution 9)

"THAT, subject always to the Companies Act, 1965 ("**Act**"), the Articles of Association of MSM Malaysia Holdings Berhad ("**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 subsidiary companies to enter into all arrangements and/or transactions involving the interests of the Related Parties as specified in the Circular to Shareholders dated 11 May 2015, 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;

("Mandate");

AND THAT the 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 ("**AGM**") of the Company following this AGM at which the ordinary resolution for the Proposed Mandates for RRPT 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 resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earlier;

AND THAT 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 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 DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Fourth (4th) Annual General Meeting of the Company to be held on 2 June 2015, a final dividend of 14 sen per ordinary share, under single-tier system, in respect of the financial year ended 31 December 2014 will be paid on 2 July 2015 to the shareholders. The entitlement date for the said dividend shall be 18 June 2015.

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 18 June 2015 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

KOO SHUANG YEN (MIA 7556)
ABD RASHID ATAN (MIA 18390)
Company Secretaries

Kuala Lumpur
11 May 2015

NOTICE OF ANNUAL GENERAL MEETING

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 Fourth (4th) 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 26 May 2015. Only a depositor whose name appears on the General Meeting Record of Depositors as at 26 May 2015 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:

1. **Agenda item no. 1** is meant for presentation and discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 ("Act") and Article 130 of the Company's Articles of Association, the Audited Financial Statements do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.
2. **Ordinary Resolutions 2, 3 and 6 – Assessment of Independence of Independent Directors**
The independence of Dato' Zainal Haji Ismail, Dato' Hajjah Rosni Haji Zahari and Dato' Rosini Abd Samad who have served as Independent Non-Executive Directors of the Company has been assessed by the Board Nomination and Remuneration Committee and affirmed by the Board.
3. **Ordinary Resolution 4 - Re-election of Director**
The Board in respect of the resolution has resolved, on the recommendation of the Nomination and Remuneration Committee, that it shall not support the re-election of Datuk Haji Faizoull Ahmad as he is no longer the Director General of Federal Land Development Authority (FELDA) and the Chairman of Koperasi Permodalan Felda Malaysia Berhad (KPF).
4. **Abstention from Voting**
 - (i) All the Non-Executive Directors who are shareholders of the Company will abstain from voting on Ordinary Resolution 7 concerning Directors' Fees at the 4th AGM.
 - (ii) The Directors referred to in Ordinary Resolutions 2, 3, 4, 5 and 6, who are shareholders of the Company will abstain from voting on the resolution in respect of their re-election at the 4th AGM.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. **Ordinary Resolution 9 – Proposed Renewal Of Shareholders' Mandate ("Proposed Mandates") For Recurrent Related Party Transactions Of A Revenue or Trading Nature**
The proposed Ordinary 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 transactions being carried out in the ordinary course of business on terms not favourable than those generally available to the public and are not detrimental to the minority shareholders of the Company.

STATEMENT

ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING



Made pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of the Directors seeking re-election pursuant to Section 129(6) of the Companies Act, 1965, Article 93 and Article 99 of the Company's Articles of Association are set out from pages 61 to 65 of this Annual Report. The details of the Directors' shareholdings in the Company are set out in page 226 of this Annual Report.

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)

*(Formerly known as Malayan Sugar
Manufacturing Company Berhad)*
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)
*(Formerly known as Astakonon
Sdn Bhd)*
CP 18, Suite 13.02
13th Floor, Central Plaza
34, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : +603 2110 1213/
: +603 2145 9022/2866
Fax : +603 2145 6022

FACTORY

4. MSM PRAI BERHAD (3573-D)

*(Formerly known as Malayan Sugar
Manufacturing Company Berhad)*
798, Main Road
13600 Prai, Seberang Prai
Pulau Pinang, Malaysia
Tel : +604 388 8888
Fax : +604 390 8122/
: +604 399 9140

5. MSM PERLIS SDN BHD (10776-K)

*(Formerly known as Kilang Gula Felda
Perlis Sdn Bhd)*
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

6. MSM PRAI BERHAD (3573-D)

*(Formerly known as Malayan Sugar
Manufacturing Company Berhad)*
Lot No.61, Jalan BRP 8/1V
Kawasan Perusahaan Bukit Rahman
Putra
47000 Sungai Buloh
Selangor, Malaysia
Tel : +603 6157 6358
Fax : +603 6157 5358

7. MSM PRAI BERHAD (3573-D)

*(Formerly known as Malayan Sugar
Manufacturing Company Berhad)*
No. 5, Jalan Bakti
Kawasan Perindustrian Larkin
80350 Johor Bahru
Johor, Malaysia
Tel : +607 238 3687
Fax : +607 238 3766

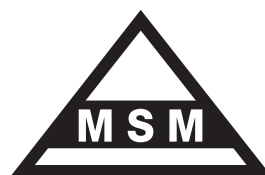
PLANTATION

8. MSM PERLIS SDN BHD (10776-K)

*(Formerly known as Kilang Gula Felda
Perlis Sdn Bhd)*
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

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 Fourth (4th) 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, 2 June 2015 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 2014 together with the Reports of the Directors and Auditors thereon.			
2	Payment of a Final Dividend of 14 sen per ordinary share, under single-tier system, in respect of the financial year ended 31 December 2014.	1		
3	Re-election of Dato' Zainal Haji Ismail as Director pursuant to Section 129(6) of the Companies Act, 1965.	2		
4	(i) Re-election of Dato' Hajjah Rosni Haji Zahari as Director pursuant to Article 93 of the Company's Articles of Association.	3		
	(ii) Re-election of Datuk Haji Faizoull Ahmad as Director pursuant to Article 93 of the Company's Articles of Association.	4		
5	(i) Re-election of Dato' Sheikh Awab Sheikh Abod as Director pursuant to Article 99 of the Company's Articles of Association.	5		
	(ii) Re-election of Dato' Rosini Abd Samad as Director pursuant to Article 99 of the Company's Articles of Association.	6		
6	Payment of Directors' fees of RM1,062,971.71 for the financial year ended 31 December 2014.	7		
7	Re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2015, and to authorise the Directors to fix their remuneration.	8		
8	Renewal Of Shareholders' Mandate And Proposed New Shareholders' Mandate ("Proposed Mandates").	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 _____ 2015

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%

Signature(s)/Common Seal of Members(s)

Notes:

1. 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.
2. 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 (omnibus 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.
3. 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.
4. 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.
5. 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.
6. Only members registered in the General Meeting Record of Depositors as at 26 May 2015 shall be entitled to attend the Annual General Meeting or appoint a proxy/(ies) to attend and vote/or vote on their behalf.

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Annual General Meeting
MSM Malaysia Holdings Berhad
2 June 2015

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

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THE NEXT PHASE

MSM MALAYSIA HOLDINGS BERHAD (935722-K)

ANNUAL REPORT TWENTY FOURTEEN

www.msmsugar.com

MSM MALAYSIA HOLDINGS BERHAD (935722-K)
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