

MSM GROWS HALF YEAR REVENUE BY 8.2%

KUALA LUMPUR, AUGUST 23, 2016 – MSM Malaysia Holdings Berhad (MSM), the country's leading refined sugar producer and a subsidiary of Felda Global Ventures Holdings Berhad (FGV), shows an 8.2% revenue growth to RM1.18 billion in the first half of FY2016 despite strong headwinds facing the industry – due to the prevailing uptrend of global raw sugar prices and unfavourable exchange rate of MYR against USD.

On a quarter-to-quarter note, MSM's revenue grew 7.7% from RM588.32 million to RM633.86 million and sales volumes increased by 4%. This was mainly attributable to higher sales recorded for the Domestic & Export segment, by 19% and 22% respectively.

Due to the sharp rise in commodity price coupled with a challenging Forex outlook, the Group registered RM85.92 million in gross profit margin compared to the preceding quarter from RM103.59 million.

With the first half of 2016 undoubtedly affected by uncontrollable external challenges, simultaneously production costs were higher, denoting a 59% increase in natural gas price compared to the corresponding Q2 previous year. The Group's Q2 FY2016 profit before tax (PBT) achieved RM31.08 million while profit after tax (PAT) achieved RM23.68 million.

"The global sugar industry is impacted by the sky rocketing raw sugar price. Thus far, we have adopted a cautious approach on these external factors. Our key priority is to pursue our growth plan and remain firm to achieve the targets set forth for this year," said MSM's President/ Group Chief Executive Officer, Mohamad Amri Sahari.

Amri Sahari continued, "I am confident with the aggressive plans constituted in our strategic roadmap will safeguard our target revenue, profit and value. These strategies are set to motion via price adjustment concerning the industrial buyer, strategic hedging mechanism to achieve the best average raw sugar price and prudent cost management initiatives, particularly on the Johor refinery project and effective management of our CAPEX."

Notably, MSM continues to pursue profitable growth in tandem with steadily sustaining a healthy balance sheet. With its Johor refinery well underway and set as a catalyst to anchor export growth, opportunistic alliances in South East Asia (SEA) countries which offers

synergetic benefits is poised to position MSM for further growth and safeguard future revenue gains.

On the trading side, MSM is hopeful that the prevailing upside market trends for raw sugar will reflect more fundamentals once huge physical from Central America, mainly Brazil has been contracted.

Currently, MSM is putting effort to ensure a steady sugar supply by engaging with the relevant stakeholders and hedging back-to-back for better stock management. At present, MSM corroborates the majority of the domestic market share.

At this difficult period, MSM is confident to overcome the challenges ahead and move closer towards its goal of the top 10 global sugar player by 2020.

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About MSM Malaysia Holdings Berhad (MSM)

MSM Malaysia Holdings Berhad (MSM), incorporated on 10 March 2011, is Malaysia's leading refined sugar producer. It was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 June 2011 and is one of the top 50 prominent companies on Bursa Malaysia with a market capitalization of RM3.5 billion (as at 2015).

Principally, 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 two operating subsidiaries, MSM Prai Berhad and MSM Perlis Sdn. Bhd. which were established in 1959 and 1971 respectively. In addition, MSM also operates a logistics company - MSM Logistics Sdn. Bhd. and a trading company - MSM Trading International DMCC, based in Dubai, UAE.

At present, MSM's production capacity is up to 1.25 million tonnes of refined sugar per annum. In 2015, MSM produced its highest output at 1,033,519 tonnes of refined sugar, of which 17% are catered for the export market. Currently, MSM is supplying up to 65% of the domestic market share.

MSM offers a variety of products ranging from white refined sugar of various grain sizes to soft brown sugar. These are marketed and sold in a variety of packaging options under its flagship brand - Gula Prai. MSM also sells molasses, a by-product of the refining process, to distilleries and producers of ethanol, animal feed and yeast, among other products. Aside from household consumers, MSM sells to a wide range of customers in Malaysia and in other countries directly and indirectly through traders, wholesalers and distributors. Its customers include major companies in the beverage and confectionery industries, hotels, restaurants and food outlets.

For more information, please visit www.msmsugar.com

For media enquiries, please contact:

Siti Noorbaya Mohd Yunus

+603 2181 5018 ext. 158

+6016 677 6118

noorbaya.my@msmsugar.com

Muhammad Aniz Mohd Azmi

+603 2181 5018 ext. 211

+6012 289 3294

aniz.ma@msmsugar.com