



MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 30 September 2017**

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

QUARTERLY REPORT

On consolidated results for the period ended 30 September 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Quarter Ended 30 September			Year to Date Ended 30 September		
	2017	2016	% Change	2017	2016	% Change
Revenue	668,515	633,122	5.6%	2,009,944	1,820,138	10.4%
Cost of sales	(593,194)	(556,312)		(1,911,290)	(1,553,822)	
Gross profit	75,321	76,810	(1.9%)	98,654	266,316	(63.0%)
Other operating (loss)/income	(4,185)	(2,583)		2,934	2,956	
Selling and distribution cost	(22,419)	(26,395)		(66,246)	(75,008)	
Administrative expenses	(13,147)	(15,677)		(50,185)	(63,541)	
Other gains/(loss)-net	761	2,291		(9,639)	6,190	
Other operating expenses	(1,833)	(401)		(5,537)	(5,973)	
Profit/(Loss) from operations	34,498	34,045	1.3%	(30,019)	130,940	>(100.0%)
Finance costs	(10,404)	(3,240)		(17,438)	(10,155)	
Finance income	1,218	1,945		4,614	3,597	
Profit/(Loss) before taxation	25,312	32,750	(22.7%)	(42,843)	124,382	>(100.0%)
Taxation	(14,896)	(9,445)		(2,813)	(18,054)	
Profit/(Loss) for the period	10,416	23,305	(55.3%)	(45,656)	106,328	>(100.0%)
Other comprehensive (loss)/income						
Currency translation differences	(28)	2,869		4,731	693	
Cash flow hedges	(329)	-		(329)	-	
Other comprehensive (loss)/income for the period	(357)	2,869		4,402	693	
Total comprehensive income/(loss) for the period	10,059	26,174	(61.6%)	(41,254)	107,021	>(100.0%)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Quarter Ended 30 September			Year to Date Ended 30 September		
	2017	2016	% Change	2017	2016	% Change
Profit/(Loss) attributable to :						
Shareholders of the Company	10,416	23,305	(55.3%)	(45,656)	106,328	>(100.0%)
Non-controlling interest	-	-		-	-	
Profit/(Loss) for the period	10,416	23,305	(55.3%)	(45,656)	106,328	>(100.0%)
Total comprehensive income/(loss) attributable to :						
Shareholders of the Company	10,059	26,174	(61.6%)	(41,254)	107,021	>(100.0%)
Non-controlling interest	-	-		-	-	
Total comprehensive income/(loss) for the period	10,059	26,174	(61.6%)	(41,254)	107,021	>(100.0%)
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)	1.48	3.32		(6.49)	15.13	

The Unaudited Condensed Consolidated Income Statement and Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

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

On consolidated results for the period ended 30 September 2017 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in RM thousand unless otherwise stated

	Unaudited As at 30 September 2017	Audited As at 31 December 2016
Assets		
Non-current assets		
Property, plant and equipment	1,461,214	950,408
Intangible asset	71,420	70,464
Goodwill	576,240	576,240
Prepaid lease payment	540	601
Receivables	8,107	4,640
Total non-current assets	<u>2,117,521</u>	<u>1,602,353</u>
Current assets		
Inventories	699,151	888,949
Trade receivables	250,881	262,443
Other receivables, deposits and prepayments	39,942	87,949
Tax recoverable	50,881	29,520
Derivative financial assets	-	1,970
Amounts due from related companies	34,937	14,326
Cash and cash equivalents	134,008	337,911
Total current assets	<u>1,209,800</u>	<u>1,623,068</u>
Non-current assets held for sale	<u>7</u>	<u>7</u>
Total assets	<u>3,327,328</u>	<u>3,225,428</u>
Equity		
Share capital	351,490	351,490
Share premium	366,765	366,765
Reorganisation deficit	(1,039,632)	(1,039,632)
Merger relief reserve	1,733,939	1,733,939
Foreign exchange reserve	2,518	(2,213)
Cash flow hedge reserve	(329)	-
Retained earnings	502,686	576,461
Total equity attributable to equity holders of the Company	<u>1,917,437</u>	<u>1,986,810</u>
Non-controlling interest	-	-
Total equity	<u>1,917,437</u>	<u>1,986,810</u>
Non-current liabilities		
Deferred tax liabilities	79,578	73,744
Borrowings	-	178,903
Provisions	32	-
Derivative financial instruments	329	-
Total non-current liabilities	<u>79,939</u>	<u>252,647</u>
Current liabilities		
Payables and accruals	188,738	465,856
Amounts due to other related companies	923	400
Amount due to ultimate holding company	4,561	6,963
Loan due to a related company	111,664	156,452
Borrowings	1,024,061	356,300
Derivative financial instruments	5	-
Total current liabilities	<u>1,329,952</u>	<u>985,971</u>
Total liabilities	<u>1,409,891</u>	<u>1,238,618</u>
Total equity and liabilities	<u>3,327,328</u>	<u>3,225,428</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.73</u>	<u>2.83</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Amounts in RM thousand unless otherwise stated

Period ended	Share capital	Share premium	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Equity attributable to equity holders of the Company
30 September 2017								
At 1 January 2017	351,490	366,765	1,733,939	(1,039,632)	(2,213)	-	576,461	1,986,810
Loss for the period	-	-	-	-	-	-	(45,656)	(45,656)
<u>Other comprehensive income/(loss)</u> <u>Item that will be subsequently reclassified to profit or loss</u>								
- currency translation differences	-	-	-	-	4,731	-	-	4,731
- cash flow hedges	-	-	-	-	-	(329)	-	(329)
Total comprehensive income/(loss)	-	-	-	-	4,731	(329)	(45,656)	(41,254)
<u>Transaction with owners:</u>								
Dividend	-	-	-	-	-	-	(28,119)	(28,119)
At 30 September 2017	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>2,518</u>	<u>(329)</u>	<u>502,686</u>	<u>1,917,437</u>
Period ended	Share capital	Share premium	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Equity attributable to equity holders of the Company
30 September 2016								
At 1 January 2016	351,490	366,765	1,733,939	(1,039,632)	-	-	624,454	2,037,016
Profit for the period	-	-	-	-	-	-	106,328	106,328
<u>Other comprehensive income/(loss)</u> <u>Item that will be subsequently reclassified to profit or loss</u>								
- currency translation differences	-	-	-	-	693	-	-	693
Total comprehensive income/(loss)	-	-	-	-	693	-	106,328	107,021
<u>Transaction with owners:</u>								
Dividend	-	-	-	-	-	-	(98,417)	(98,417)
At 30 September 2016	<u>351,490</u>	<u>366,765</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>693</u>	<u>-</u>	<u>632,365</u>	<u>2,045,620</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Amounts in RM thousand unless otherwise stated

	Year to Date Ended	
	30 September	
	2017	2016
Cash Flows from Operating Activities		
(Loss)/Profit for the period	(45,656)	106,328
Adjustment for Non-Cash Flow Items	47,176	49,643
Operating (Loss)/Profit Before Changes in Working Capital	<u>1,520</u>	<u>155,971</u>
Changes in Working Capital		
Net changes in working capital	(41,742)	207,392
Tax paid	(19,930)	(51,623)
Net Cash (used in)/ generated from Operating Activities	<u>(60,152)</u>	<u>311,740</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(543,611)	(201,385)
Acquisition of intangible assets	(2,128)	(1,094)
Proceeds from disposal of property, plant and equipment	195	630
Interest received	4,614	3,597
Net Cash used in Investing Activities	<u>(540,930)</u>	<u>(198,252)</u>
Cash Flows from Financing Activities		
Drawdown of loan due to a related company, net of issuance costs	81,660	-
Repayment of loan due to a related company	(126,448)	-
Drawdown of borrowings, net of issuance costs	1,979,633	1,077,634
Repayment of borrowings	(1,490,775)	(728,348)
Interest paid	(17,438)	(10,155)
Dividend paid	(28,119)	(98,417)
Net Cash generated from Financing Activities	<u>398,513</u>	<u>240,714</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	<u>(202,569)</u>	<u>354,202</u>
Foreign currency translation differences	(1,735)	-
Cash and Cash Equivalents at Beginning of the Financial Period	<u>322,706</u>	<u>123,902</u>
Cash and Cash Equivalents at End of the Financial Period	<u>118,402</u>	<u>478,104</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	33,585	319,285
Cash and bank balances	100,423	158,819
Less : Restricted cash	(15,606)	-
	<u>118,402</u>	<u>478,104</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

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QUARTERLY REPORT (CONTINUED)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Amounts in RM thousand unless otherwise stated

The Interim financial statements have been prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and FRS 134: Interim Financial Reporting.

The Unaudited Condensed Consolidated Financial Information should be read in conjunction with the Group's Audited Financial Statements for the year ended 31 December 2016. These explanatory notes attached to the Unaudited Condensed Consolidated Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

1 Basis of Preparation

The accounting policies and presentation adopted for this Unaudited Condensed Consolidated Financial Information are consistent with those of the Group's Audited Financial Statements for the financial year ended 31 December 2016, together with the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2017 as discussed below.

FRSs, Amendments to FRSs and Interpretations

Amendments to FRS 107 'Statement of Cash Flows' - Disclosure Initiative

Amendments to FRS 112 'Income Taxes' - Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to FRS 12 'Disclosures of Interests in Other Entities'

The initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group.

2 Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2016 were not subject to any audit qualification.

3 Seasonal or Cyclical Factors

Sales of refined sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for refined sugar.

4 Unusual Items Due to Their Nature, Size or Incidence

There were no material unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

5 Changes in Estimated Amounts Reported in Prior Period Which Have Effect on the Current Period

There were no material changes in the estimates of amounts reported in the prior interim periods of the current financial year or the previous financial year that have a material effect on the results for the current quarter under review.

6 Changes in Debt and Equity Securities

There were no changes in debt and equity securities during the period under review.

7 Dividends

No dividend was declared and paid during the quarter under review.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

8 Segmental Reporting

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and Group Chief Executive Officer. The President and Group Chief Executive Officer considers the business primarily a product perspective. The reportable operating segments have been identified as follows:-

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

(ii) Rubber and palm oil

Cumulative quarter ended 30 September 2017	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	2,009,181	763	-	2,009,944
Revenue from external customers	2,009,181	763	-	2,009,944
Finance income	2,351	-	2,263	4,614
Finance cost	(4,968)	-	(12,470)	(17,438)
Depreciation and amortisation	(20,417)	(1,748)	(1,790)	(23,955)
Loss before taxation	(33,954)	(4,769)	(4,120)	(42,843)
Taxation	(2,142)	-	(671)	(2,813)
Loss after taxation for the financial period				(45,656)

Total assets as at 30 September 2017

	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total assets	3,018,742	150,856	157,730	3,327,328
Total liabilities	1,316,645	101,227	(7,981)	1,409,891
Additions to property, plant and equipment	543,309	77	225	543,611
Additions to intangible assets	-	-	2,128	2,128

Cumulative quarter ended 30 September 2016

	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,819,756	382	-	1,820,138
Revenue from external customers	1,819,756	382	-	1,820,138
Finance income	1,820	-	1,777	3,597
Finance cost	(8,983)	(1)	(1,171)	(10,155)
Depreciation and amortisation	(24,243)	(1,796)	(1,698)	(27,737)
Profit/(loss) before taxation	149,588	(2,951)	(22,254)	124,383
Taxation	(15,624)	-	(2,431)	(18,055)
Profit after taxation for the financial period				106,328

Total assets as at 30 September 2016

	Sugar	Rubber and palm oil	Reconciliation	Total
	RM'000	RM'000	RM'000	RM'000
Total assets	2,639,200	140,858	212,487	2,992,545
Total liabilities	1,262,502	86,972	(402,548)	946,926
Additions to property, plant and equipment	194,258	5,065	2,062	201,385
Additions to intangible assets	-	-	1,094	1,094

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QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

9 Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in mark-to-market position on effective hedging contracts at 30 September 2017. Fair value changes in effective hedging contracts are recognized directly in equity and are transferred to the income statement in the same period as the underlying hedged item impacts profit or loss.

10 Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment in the current quarter under review.

11 Material Events Subsequent to the End of the Financial Period

There were no material events which occurred subsequent to the end of the period ended 30 September 2017.

12 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current period under review.

13 Changes in Contingent Liabilities or Contingent Assets

The Group does not have any material contingent liabilities or contingent assets as at 30 September 2017.

14 Capital Commitments Outstanding Not Provided for in the Unaudited Condensed Consolidated Financial Information

	As at 30 September	
	2017	2016
Property, plant and equipment:		
- Contracted but not provided for	369,768	422,095
- Approved but not contracted for	174,822	911,184
	<u>544,590</u>	<u>1,333,279</u>

15 Material Related Party Transactions

(a) Related party transactions are as follows:

	Year to Date Ended 30 September	
	2017	2016
(i) Transactions with ultimate holding company		
Management fees (Felda Global Ventures Holdings Berhad)	3,570	5,930
(ii) Transactions with related companies		
Sales of refined sugar (Felda Trading Sdn. Bhd.)	(19,761)	(20,759)
Security services (Felda Security Services Sdn. Bhd.)	870	623
Information technology services (Felda Prodata System Sdn. Bhd.)	128	268
Travel agent services (Felda Travel Sdn. Bhd.)	411	199
Insurance services (Felda Trading Sdn. Bhd.)	-	30
Plantation material (Felda Trading Sdn. Bhd.)	-	209
Repair tractor (Felda Global Ventures Plantations Sdn. Bhd.)	(1)	-
Advisory fees for analysis (Felda Agricultural Services Sdn Bhd)	1	-
Refreshment services (Felda D'Saji Sdn. Bhd.)	-	73
Rental income (Felda Agricultural Services Sdn. Bhd.)	(27)	(19)
House rental (Felda Global Ventures R&D Sdn. Bhd.)	(17)	(7)
Office rental (FELDA)	1,110	1,131
Water and electricity charges (Felda Chuping Sdn. Bhd.)	(3)	3
Fertilizer (FPM Sdn. Bhd.)	481	-
	<u>(13,238)</u>	<u>(12,319)</u>

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QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

15 Material Related Party Transactions (continued)

	Year to Date Ended	
	30 September 2017	2016
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers acceptances	3,338	2,699
Interest income from fixed deposits and cash balances	(246)	(132)
(b) Balances relating to related party transactions are as follows:		
	As at	
	30 September 2017 RM'000	31 December 2016 RM'000
(i) Balances with ultimate holding company		
Amount due to:		
Felda Global Ventures Holdings Berhad	4,561	6,963
(ii) Balances with related companies		
Amount due to:		
Felda Security Services Sdn. Bhd.	53	51
Felda Prodata System Sdn. Bhd.	80	259
Felda Agriculture Services Sdn Bhd	1	-
Felda Travel Sdn. Bhd.	52	25
Felda Holdings Bhd	14	14
FPM Sdn. Bhd.	510	-
Felda Transport Services Sdn Bhd	35	-
FELDA	178	51
	<u>923</u>	<u>400</u>
(iii) Balances with related companies		
Amount due from:		
Felda Trading Sdn. Bhd.	19,039	14,325
Felda Agricultural Services Sdn. Bhd.	1	-
Felda Global Ventures R&D Sdn. Bhd.	2	1
FGV Capital Sdn. Bhd.	15,895	-
	<u>34,937</u>	<u>14,326</u>
(iv) Loan due to a related company		
Amount due to:		
FGV Capital Sdn. Bhd.	111,664	156,452
(v) Balances between subsidiaries and government-related financial institutions		
Bankers acceptances	273,200	227,600
Fixed deposits and cash balances	4,082	160,997

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QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

16 Review of Performance

	Quarter Ended			Year to Date Ended		
	30 September			30 September		
	2017	2016	% Change	2017	2016	% Change
Revenue	668,515	633,122	5.6%	2,009,944	1,820,138	10.4%
Gross profit	75,321	76,810	(1.9%)	98,654	266,316	(63.0%)
Profit/(Loss) before taxation	25,312	32,750	(22.7%)	(42,843)	124,382	>(100.0%)
Profit/(Loss) for the period	10,416	23,305	(55.3%)	(45,656)	106,328	>(100.0%)

(a) Quarter on Quarter

The Group recorded a total revenue of RM 668.52 million quarter on quarter, which was RM 35.39 million or 5.6% higher compared to the same period last year of RM 633.12 million on the back of improved selling price.

The profit after tax (PAT) for the three (3) months period ended 30 September 2017 was RM 10.42 million compared to previous corresponding period PAT of RM 23.31 million due to the higher raw material costs and weakening Ringgit. The average raw sugar cost for the Group had increased by 11.0% (RM/mt) compared to the same period last year due to higher market price of raw sugar. The high raw sugar cost however being cushioned by the increase in average selling price by 8% compared to the same period last year.

(b) Year on Year

The Group revenue for the nine (9) months ended 30 September 2017 was RM 2,009.94 million compared to RM 1,820.14 million revenue in the same period last year due to improved selling price.

The Group recorded a loss after tax for the nine (9) months period ended 30 September 2017 of RM 45.66 million as compared to previous corresponding period's PAT of RM 106.33 million due to higher production costs and higher raw material cost. Higher cost of material in tandem with weakened Ringgit and higher raw sugar cost.

17 Material Changes in the Quarterly Results Compared to the Preceding Quarter (30 June 2017)

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

	Quarter Ended		
	30 September	30 June	% Change
	2017	2017	
Revenue	668,515	692,458	(3.5%)
Gross profit	75,321	20,281	>100.0%
Profit/(Loss) before taxation	25,312	(28,593)	>100.0%
Profit/(Loss) for the period	10,416	(21,450)	>100.0%

The Group recorded a total revenue RM 668.52 million in the current quarter compared to the preceding quarter of RM 692.46 million due to slightly lower demand of refined sugar from the Industries market.

The Group recorded PAT of RM 10.42 million for the three (3) months period ended 30 September 2017 compared to the preceding quarter loss after tax of RM 21.45 million due to the lower raw material costs. The average raw sugar cost for the Group had decreased by 11.0% (RM/mt) compared to preceding quarter due to slightly decline in market price of raw sugar.

18 Current Year Prospects

The Group is of the view that the results are expected to improve in the near to medium term as a direct positive result from lower raw sugar price and improvement of operation cost.

19 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

20 Profit/(Loss) from Operations

Included in the operating profit/(loss) are:

	Year to Date Ended	
	30 September	2016
	2017	2016
Amortisation of intangible asset	1,893	886
Amortisation of prepaid lease payment	61	64
Depreciation of property plant and equipment	22,002	26,788
Property, plant and equipment written off	922	144
Loss/(gain) on disposal of property, plant and equipment	10	(12)
Net foreign currency exchange loss/(gain)	9,639	(6,190)
Commodity gain	(37,706)	(103,125)

21 Taxation

	Quarter Ended		Year to Date Ended	
	30 September		30 September	
	2017	2016	2017	2016
Current	(2,187)	(9,860)	3,021	(18,649)
Deferred	(12,709)	415	(5,834)	595
	(14,896)	(9,445)	(2,813)	(18,054)

The effective tax rate for the current period ended 30 September 2017 is higher than the Malaysian income tax rate of 24% due to tax revision in current quarter.

While effective tax rate for year to date ended 30 September 2017 is lower than Malaysian income tax rate of 24% mainly due to the Group loss position.

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QUARTERLY REPORT (CONTINUED)

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

22 Realised and Unrealised Retained Earnings

	As at 30 September	
	2017	2016
Realised	663,232	810,827
Unrealised	(74,342)	(73,357)
	588,890	737,470
Consolidation adjustments	(86,204)	(105,105)
Total Group retained earnings as per consolidated accounts	502,686	632,365

The unrealised portion of retained earnings comprises the deferred tax expense, cumulative net gains arising from fair value through profit and loss and translation gains and losses on monetary items denominated other than in Ringgit Malaysia.

23 Earnings Per Share

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2017	2016	2017	2016
Basic earnings/(loss) per share are computed as follows:				
Profit/(Loss) for the financial period/year attributable to owners of the Company (RM'000)	10,416	23,305	(45,656)	106,328
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic earnings/(loss) per share (sen)	1.48	3.32	(6.49)	15.13

24 Derivative Financial Instruments

The Group uses foreign currency exchange forward contracts and sugar commodity future contracts to manage its exposure to various financial and derivative risks. The fair value of these derivatives as at 30 September 2017 are as follows:

	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Type of derivatives			
Islamic profit rate swap	317,380	-	329
Foreign currency exchange forward contracts	36,196	-	5
	353,576	-	334

25 Fair Value Changes of Financial Instruments

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2016. The maturity periods of the above derivatives are less than one year. The following table presents the liabilities that are measured at fair value at 30 September 2017.

30 September 2017

	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit and loss				
- Islamic profit rate swap	-	329	-	329
- Foreign currency exchange forward contracts	-	5	-	5
	-	5	-	5

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

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

26 Unquoted Investments and/or Properties

There were no purchases or disposals of unquoted investments or properties for the current quarter.

27 Quoted Investments

There were no purchases or disposals of quoted investments for the current quarter.

28 Status of Corporate Proposals

There was no corporate proposals entered into during the financial period under review.

29 Group Borrowings

Total borrowings, which are denominated in Ringgit Malaysia, are as follows:

	As at 30 September	
	2017	2016
Borrowings		
Non-current		
Secured:		
Islamic term loans	-	119,050
Current		
Secured :		
Islamic term loans	399,231	-
Unsecured:		
Bankers' acceptances and revolving credits	624,830	382,218
Average interest rate	3.60%	3.82%

All borrowings are denominated in Ringgit Malaysia.

As at 30 September 2017, the Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group. The Islamic term loans (under syndicated loan facility) have been classified as current borrowings due to non-compliance of certain loan covenants as at 30 June 2017. The Group has since received the indulgence letter dated 3 November 2017 with certain conditions, which once confirmed as met, the borrowings will be expected to be reclassified as non-current borrowings as at 31 December 2017.

30 Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

31 Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2016, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

On behalf of the Board

Encik Mohamad Amri Bin Sahari @ Khuzari
President/ Group Chief Executive Officer

Datuk Wira Azhar Abdul Hamid
Chairman

Kuala Lumpur
22 November 2017