



**MSM MALAYSIA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

Condensed Consolidated Financial Statements  
For The Financial Period Ended 31 December 2020

# MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)  
Registration No.: 201101007583 (935722-K)

## QUARTERLY REPORT On consolidated results for the period ended 31 December 2020 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Amounts in RM thousand unless otherwise stated

	Quarter Ended 31 December			Year to Date Ended 31 December		
	2020	2019	% Change	2020	2019	% Change
<b><i>Continuing operations</i></b>						
<b>Revenue</b>	<b>630,331</b>	<b>516,039</b>	<b>22.1%</b>	<b>2,184,463</b>	<b>2,006,911</b>	<b>8.8%</b>
Cost of sales	(537,026)	(502,470)		(2,016,920)	(1,997,424)	
<b>Gross profit</b>	<b>93,305</b>	<b>13,569</b>	<b>&gt;100%</b>	<b>167,543</b>	<b>9,487</b>	<b>&gt;100%</b>
Other operating income	1,099	1,703		15,722	8,329	
Selling and distribution cost	(5,808)	(5,377)		(26,101)	(25,272)	
Administrative expenses	(17,060)	(27,194)		(69,976)	(78,145)	
Other (loss)/gain - net	(1,002)	2,324		(2,816)	4,999	
Other operating expenses	(1,843)	(672)		(16,593)	(140,769)	
<b>Profit/(Loss) from operations</b>	<b>68,691</b>	<b>(15,647)</b>	<b>&gt;100%</b>	<b>67,779</b>	<b>(221,371)</b>	<b>&gt;100%</b>
Finance costs	3,857	(16,639)		(35,767)	(82,128)	
Finance income	1,056	1,233		3,835	3,949	
<b>Profit/(Loss) before taxation</b>	<b>73,604</b>	<b>(31,053)</b>	<b>&gt;100%</b>	<b>35,847</b>	<b>(299,550)</b>	<b>&gt;100%</b>
Zakat	(1,486)	(14)		(1,486)	(14)	
Taxation	(15,466)	(6,215)		(30,498)	11,074	
<b>Profit/(Loss) from continuing operations</b>	<b>56,652</b>	<b>(37,282)</b>	<b>&gt;100%</b>	<b>3,863</b>	<b>(288,490)</b>	<b>&gt;100%</b>
<b><i>Discontinuing operations</i></b>						
<b>Loss from discontinuing operations, net of tax</b>	<b>(409)</b>	<b>(2,996)</b>	<b>86.4%</b>	<b>(75,091)</b>	<b>(11,279)</b>	<b>(&gt;100%)</b>
<b>Profit/(Loss) for the period</b>	<b>56,243</b>	<b>(40,278)</b>	<b>&gt;100%</b>	<b>(71,228)</b>	<b>(299,769)</b>	<b>76.2%</b>
<b>Other comprehensive profit/(loss) for</b>						
Currency translation differences	(138)	(110)		(536)	(145)	
Cash flow hedges	1,528	665		(4,241)	(5,529)	
Other comprehensive profit/(loss) for the period	1,390	555		(4,777)	(5,674)	
<b>Total comprehensive profit/(loss) for the period</b>	<b>57,633</b>	<b>(39,723)</b>	<b>&gt;100%</b>	<b>(76,005)</b>	<b>(305,443)</b>	<b>75.1%</b>

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**  
On consolidated results for the period ended 31 December 2020 (continued)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Quarter Ended 31 December			Year to Date Ended 31 December		
	2020	2019	% Change	2020	2019	% Change
<b>Profit/(Loss) attributable to :</b>						
Shareholders of the Company						
- from continuing operations	56,652	(37,282)		3,863	(288,490)	
- from discontinuing operations	(409)	(2,996)		(75,091)	(11,279)	
<b>Profit/(Loss) for the period</b>	<b>56,243</b>	<b>(40,278)</b>	<b>&gt;100%</b>	<b>(71,228)</b>	<b>(299,769)</b>	<b>76.2%</b>
<b>Total comprehensive profit/(loss) attributable to :</b>						
Shareholders of the Company						
- from continuing operations	58,042	(36,727)		(914)	(294,164)	
- from discontinuing operations	(409)	(2,996)		(75,091)	(11,279)	
<b>Total comprehensive profit/(loss) for the period</b>	<b>57,633</b>	<b>(39,723)</b>	<b>&gt;100%</b>	<b>(76,005)</b>	<b>(305,443)</b>	<b>75.1%</b>
<b>Basic profit/(loss) per share attributable to equity holders of the Company (sen) Note 22</b>						
- from continuing operations	8.06	(5.30)		0.55	(41.04)	
- from discontinuing operations	(0.06)	(0.43)		(10.68)	(1.60)	
	<b>8.00</b>	<b>(5.73)</b>		<b>(10.13)</b>	<b>(42.64)</b>	

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 2019 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 31 December 2020 (continued)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 December 2020	Audited As at 31 December 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,255,235	1,295,432
Intangible asset	48,872	54,519
Goodwill	576,240	576,240
Right-of-use assets	92,642	96,174
Deposit and other receivables	-	301
<b>Total non-current assets</b>	<b>1,972,989</b>	<b>2,022,666</b>
<b>Current assets</b>		
Inventories	274,485	319,252
Trade receivables	216,355	269,341
Other receivables, deposits and prepayments	10,822	20,931
Tax recoverable	8,118	9,738
Derivative financial assets	-	2,466
Amounts due from related companies	465	6,846
Amount due from ultimate holding company	1,461	1,443
Deposits with licensed banks	127,787	148,969
Cash and bank balances	68,134	21,567
<b>Total current assets</b>	<b>707,627</b>	<b>800,553</b>
Non-current assets held for sale	89,664	157,547
<b>Total assets</b>	<b>2,770,280</b>	<b>2,980,766</b>
<b>Equity</b>		
Share capital	718,255	718,255
Reorganisation deficit	(1,039,632)	(1,039,632)
Merger relief reserve	1,733,939	1,733,939
Foreign exchange reserve	1,299	1,835
Cash flow hedge reserve	(9,209)	(4,968)
Retained earnings	176,874	248,102
<b>Total equity attributable to equity holders of the Company</b>	<b>1,581,526</b>	<b>1,657,531</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>1,581,526</b>	<b>1,657,531</b>
<b>Non-current liabilities</b>		
Lease liabilities	3,772	4,469
Deferred tax liabilities	47,010	51,062
Borrowings	518,636	605,153
Derivative financial instruments	10,163	4,968
<b>Total non-current liabilities</b>	<b>579,581</b>	<b>665,652</b>
<b>Current liabilities</b>		
Payables and accruals	157,312	129,969
Amounts due to other related companies	1,643	2,059
Amount due to FELDA	-	50
Amount due to ultimate holding company	12,503	14,246
Lease liabilities	1,170	1,187
Loan due to a related company	47,152	70,431
Borrowings	388,464	439,631
Derivative financial liabilities	929	10
<b>Total current liabilities</b>	<b>609,173</b>	<b>657,583</b>
<b>Total liabilities</b>	<b>1,188,754</b>	<b>1,323,235</b>
<b>Total equity and liabilities</b>	<b>2,770,280</b>	<b>2,980,766</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>2.25</b>	<b>2.36</b>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

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

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

<b>Year ended</b>	<b>Share capital</b>	<b>Merger relief reserve</b>	<b>Reorganisation deficit</b>	<b>Foreign exchange reserves</b>	<b>Cash flow hedge reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to equity holders of the Company</b>
<b>31 December 2020</b>							
At 1 January 2020	718,255	1,733,939	(1,039,632)	1,835	(4,968)	248,102	1,657,531
Loss for the period	-	-	-	-	-	(71,228)	(71,228)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(536)	-	-	(536)
- cash flow hedges	-	-	-	-	(4,241)	-	(4,241)
Total comprehensive loss	-	-	-	(536)	(4,241)	(71,228)	(76,005)
At 31 December 2020	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,299</u>	<u>(9,209)</u>	<u>176,874</u>	<u>1,581,526</u>
<b>Year ended</b>	<b>Share capital</b>	<b>Merger relief reserve</b>	<b>Reorganisation deficit</b>	<b>Foreign exchange reserves</b>	<b>Cash flow hedge reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to equity holders of the Company</b>
<b>31 December 2019</b>							
At 1 January 2019	718,255	1,733,939	(1,039,632)	1,980	561	547,871	1,962,974
Loss for the period	-	-	-	-	-	(299,769)	(299,769)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(145)	-	-	(145)
- cash flow hedges	-	-	-	-	(5,529)	-	(5,529)
Total comprehensive loss	-	-	-	(145)	(5,529)	(299,769)	(305,443)
At 31 December 2019	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,835</u>	<u>(4,968)</u>	<u>248,102</u>	<u>1,657,531</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 2019 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 31 December	
	2020	2019
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) for the period from		
Continuing operations	3,863	(288,490)
Discontinuing operations	(75,091)	(11,279)
Loss for the period	<u>(71,228)</u>	<u>(299,769)</u>
Adjustment for Non-Cash Flow Items from continuing operations	160,392	354,687
Adjustment for Non-Cash Flow Items from discontinuing operations	73,493	3,513
Operating Profit Before Changes in Working Capital	<u>162,657</u>	<u>58,431</u>
Changes in Working Capital		
Net changes in working capital	124,070	230,159
Tax paid	(32,930)	(25,339)
Tax refunded	-	31,920
Zakat paid	-	(14)
Operating cash generated from continuing operations	<u>253,797</u>	<u>295,157</u>
Operating cash (used in)/generated from discontinuing operations	<u>(1,594)</u>	<u>10,407</u>
<b>Net Cash generated from Operating Activities</b>	<u>252,203</u>	<u>305,564</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(29,170)	(25,409)
Acquisition of intangible assets	(598)	(586)
Proceeds from disposal of assets held for sale	1,148	-
Interest received	1,901	4,032
Investing cash used in continuing operations	<u>(26,719)</u>	<u>(21,963)</u>
Investing cash generated from/(used in) discontinuing operations	<u>802</u>	<u>(1,462)</u>
<b>Net Cash used in Investing Activities</b>	<u>(25,917)</u>	<u>(23,425)</u>
<b>Cash Flows from Financing Activities</b>		
Drawdown of loan due to a related company, net of issuance costs	61,920	103,000
Repayment of loan due to a related company	(65,919)	(63,000)
Drawdown of borrowings, net of issuance costs	1,179,063	1,408,338
Repayment of borrowings	(1,304,362)	(1,678,676)
Principal payment of lease liability	(805)	(1,301)
Interest payment of lease liability	(241)	(315)
Interest paid	(69,848)	(67,222)
Arrangement fees paid for loan modification	-	(3,818)
Changes in restricted cash	847	75,768
<b>Net Cash used in from Financing Activities</b>	<u>(199,345)</u>	<u>(227,226)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	26,941	54,913
<b>Foreign currency translation differences</b>	(709)	(172)
<b>Cash and Cash Equivalents at Beginning of the Financial Period</b>	152,961	98,220
<b>Cash and Cash Equivalents at End of the Financial Period</b>	<u>179,193</u>	<u>152,961</u>
<b>Cash and Cash Equivalents comprise:</b>		
Deposits with licensed banks	127,787	148,969
Cash and bank balances	68,134	21,567
Less : Restricted cash	(16,728)	(17,575)
	<u>179,193</u>	<u>152,961</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 2019 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

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

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

**1 Basis of Preparation**

The interim financial information of MSM Malaysia Holdings Berhad ('MSM' or 'Group') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standards ('MFRS') 134 - Interim Financial Reporting and International Accounting Standards ('IAS') 34 - 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 2019. These explanatory notes attached to the Unaudited Condensed Consolidated Interim 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 financial year ended 31 December 2019.

The financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act 2016 in Malaysia.

Effective for annual periods beginning on or after 1 January 2020 with earlier application permitted

Amendments to the existing standards and other accounting pronouncement that are not expected to have any significant impact on the financial statements of the Group:

- The Conceptual Framework for Financial Reporting
- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors'
  - Definition of Material
- Amendments to MFRS 3 'Business Combinations' - Definition of Business

**2 Auditors' Report on Preceding Annual Financial Statements**

The financial statements for the year ended 31 December 2019 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**

Pursuant to the Group's portfolio review in the financial year 2019, after analysing the market outlook, competitive intensity and the attractiveness of industry, the Board had strategically decided to exit the rubber, palm oil and mango business. The Group has reclassified its leasehold agriculture land at Chuping, Perlis as Asset Held for Sale when they entered into a sale and purchase agreement with F&N on 8 October 2019 to sell its leasehold agriculture land.

However, on 9 April 2020, the Group issued a letter to F&N to exercise its rights to rescind the sale and purchase agreement with F&N in respect of the disposal of its leasehold and agriculture land at Chuping, Perlis. The Group has reclassified plantation segment's Asset Held for Sale of RM74.17m to Property, Plant and Equipment (Non-Current Assets) and RM79.76m to Right-of-Use Assets in 2Q 2020 since it no longer meets the criteria for Asset Held for Sale as stated in MFRS 5 (Non Current Asset Held for Sale and Discontinued Operations). Accordingly, the plantation segment is no longer presented as discontinuing operations in 2Q 2020.

In 3Q 2020, the Group has assessed the carrying value of its bearer plants due to a series of fire incidents which took place in the current year. An amount of RM27.24 million of bearer plants pertaining to rubber trees had been written off in 3Q 2020. The Group has recognised a further provision of RM43.70 million for the impairment of the remaining bearer plant assets in accordance to MFRS136.

In 4Q 2020, following an offer received for leasehold agriculture land, the Group has reclassified plantation segment's assets to Asset Held for Sale in line with MFRS 5.

**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.

**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 Group Chief Executive Officer. The Group Chief Executive Officer considers the business from 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, palm oil and mango



**MSM MALAYSIA HOLDINGS BERHAD**  
**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 31 December 2020.

Fair value changes in effective hedging contracts are recognised 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 Changes in the Composition of the Group**

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

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

The Group does not have any material contingent liabilities or contingent assets as at 31 December 2020.

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

	As at 31 December	
	2020	2019
<b>Property, plant and equipment:</b>		
- Contracted but not provided for	32,188	25,226
- Approved but not contracted for	188,799	200,736
	<u>220,987</u>	<u>225,962</u>

**14 Material Related Party Transactions**

(a) Related party transactions are as follows:

	Year to Date 31 December	
	2020	2019
<b>(i) Transactions with ultimate holding company</b>		
Management fees (FGV Holdings Berhad)	2,819	6,978
Other services (FGV Holdings Berhad)	-	26
<b>(ii) Transactions with related companies</b>		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	-	(3,418)
Sales of refined sugar (Felda Travel Sdn. Bhd.)	(3)	-
Sales of refined sugar (Delima Oil Product)	(1)	-
Supply of product (FGV R&D)	(1)	-
Supply of product (FGV Kernel Products)	(7)	-
Security services (FGV Security Services Sdn. Bhd.)	1,149	1,491
Information technology services (FGV Prodata System Sdn. Bhd.)	(17)	190
Travel agent services (Felda Travel Sdn. Bhd.)	40	170
Insurance services (KPF Trading Sdn. Bhd.)	-	301
Refreshment services (Felda D'Saji Sdn. Bhd.)	-	70
Finance cost (FGV Capital Sdn. Bhd.)	2,383	-
Finance income (FGV Capital Sdn. Bhd.)	(54)	-
Rental of office (FGV Agri Services Sdn. Bhd.)	-	(8)
House rental (FGV Agri Services Sdn. Bhd.)	(15)	(7)
Transportation services (FGV Transport Services Sdn Bhd)	8,523	3,117
House rental (FGV R&D Sdn. Bhd.)	-	(24)
Office rental (FELDA)	-	653
Supply of water and electricity charges (Felda Chuping Sdn. Bhd.)	-	(6)
Installation & construction of building (Felda Engineering Services Sdn. Bhd.)	-	5,792
	<u>14,816</u>	<u>15,325</u>
<b>(iii) Transactions between subsidiaries and government-related financial institutions</b>		
Interest expense for bankers' acceptance	11,881	18,753
Interest income from fixed deposits and cash balances	(3,835)	(3,949)

(b) Balances relating to related party transactions are as follows:

	As at	
	31 December 2020	31 December 2019
<b>(i) Balances with ultimate holding company</b>		
Amount due to:		
FGV Holdings Berhad	<u>12,503</u>	<u>14,246</u>

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

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

**14 Material Related Party Transactions (continued)**

(b) Balances relating to related party transactions are as follows: (continued)

	<b>31 December 2020</b>	<b>As at 31 December 2019</b>
<b>(ii) Balances with related companies</b>		
Amount due to:		
FGV Security Services Sdn. Bhd.	119	255
FGV Prodata System Sdn. Bhd.	1	240
Felda Travel Sdn. Bhd.	2	(16)
Felda D'saji Sdn Bhd	1	1
FGV Transport Services Sdn Bhd	1,520	1,579
	<b>1,643</b>	<b>2,059</b>
<b>(iii) Balances with FELDA</b>		
Amount due to:		
FELDA	-	50
	<b>-</b>	<b>50</b>
	<b>31 December 2020</b>	<b>As at 31 December 2019</b>
<b>(iv) Balances with related companies</b>		
Amount due from:		
KPF Trading Sdn. Bhd.	464	-
FGV Agri Services Sdn. Bhd.	-	1
Felda Travel Sdn. Bhd.	1	-
FGV R&D Sdn. Bhd.	-	4
FGV Capital Sdn. Bhd.	-	6,841
	<b>465</b>	<b>6,846</b>
<b>(v) Balances with ultimate holding company</b>		
Amount due from:		
FGV Holdings Berhad	1,461	1,443
	<b>1,461</b>	<b>1,443</b>
<b>(vi) Loan due to a related company</b>		
Amount due to:		
FGV Capital Sdn. Bhd.	47,152	70,431
	<b>47,152</b>	<b>70,431</b>
<b>(vii) Balances with government-related financial institutions</b>		
Bankers' acceptance and revolving credits	354,550	341,156
Fixed deposits and cash balances	192,183	166,933

**15 Discontinuing operations and assets classified as held for sale**

Pursuant to the Group's portfolio review in the financial year 2019, after analysing the market outlook, competitive intensity and the attractiveness of industry, the Board had strategically decided to exit the rubber, palm oil and mango business. The Group therefore presents and disclose in its financial statements, the financial effects of discontinuing operations in accordance to MFRS 5 (Non Current Assets Held For Sale and Discontinued Operations). The results of the discontinuing operations are as follows:-

	<b>Quarter Ended 31 December 2020</b>	<b>2019</b>	<b>Year to Date Ended 31 December 2020</b>	<b>2019</b>
<b>Results of discontinuing operation</b>				
<b>Revenue</b>	-	228	-	884
Cost of sales	-	(200)	-	(3,303)
<b>Gross profit/(loss)</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>(2,419)</b>
Other operating income	572	26	619	109
Administrative expenses	(52)	(245)	(555)	(1,111)
Other operating expenses	(929)	(253)	(75,155)	(15,701)
<b>Loss from operations</b>	<b>(409)</b>	<b>(444)</b>	<b>(75,091)</b>	<b>(19,122)</b>
Finance costs	-	-	-	-
Finance income	-	-	-	-
<b>Loss before taxation</b>	<b>(409)</b>	<b>(444)</b>	<b>(75,091)</b>	<b>(19,122)</b>
Taxation	-	(2,552)	-	7,843
<b>Loss from discontinuing operations</b>	<b>(409)</b>	<b>(2,996)</b>	<b>(75,091)</b>	<b>(11,279)</b>

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

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

**16 Review of Performance**

	Quarter Ended 31 December		% Change
	2020	2019	
<b><u>Continuing operations</u></b>			
Revenue	630,331	516,039	22%
Gross profit	93,305	13,569	>100%
Profit/(Loss) before taxation	73,604	(31,053)	>100%
Profit/(Loss) for the period	<u>56,652</u>	<u>(37,282)</u>	>100%
<b><u>Discontinuing operations</u></b>			
Revenue	-	228	(>100%)
Gross loss	-	28	(>100%)
Loss before taxation	(409)	(444)	8%
Loss for the period	<u>(409)</u>	<u>(2,996)</u>	86%

**(a) Quarter on Quarter**

**Continuing operations**

The Group recorded a total revenue of RM630.33 million in this quarter, which is RM114.29 million or 22% higher compared to the same period last year of RM516.04 million. This is due to increased in export sales volume compared to the same quarter last year.

The profit after tax (PAT) for the three months period ended 31 December 2020 is RM56.65 million, compared to a loss after tax (LAT) of RM37.28 million in the corresponding quarter in the previous year. The higher profit in the current quarter is attributable to improved margin to 14.80% from better capacity utilisation and lower finance cost.

**Discontinuing operations**

The Group recorded lower LAT for the three months period ended 31 December 2020 due to no tax expense incurred during the period compared to the higher tax expense incurred in the same period last year.

**17 Material Changes in the Quarterly Results Compared to the Preceding Quarter (30 September 2020)**

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

	Quarter Ended		% Change
	31 December 2020	30 September 2020	
<b><u>Continuing operations</u></b>			
Revenue	630,331	594,553	6%
Gross profit	93,305	42,868	>100%
Profit before taxation	73,604	14,769	>100%
Profit for the period	<u>56,652</u>	<u>921</u>	>100%
<b><u>Discontinuing operations</u></b>			
Revenue	-	-	-
Gross profit	-	-	-
Loss before taxation	(409)	(72,132)	99%
Loss for the period	<u>(409)</u>	<u>(72,132)</u>	99%

**Continuing operations**

The Group recorded a total revenue RM630.33 million in the current quarter compared to the preceding quarter of RM594.55 million due to increase in the overall sales volume.

The Group recorded PAT of RM56.65 million for the three months period ended 31 December 2020 compared to profit in preceding quarter of RM0.1 million. A higher profit in this quarter were attributable to higher overall margin and lower finance cost.

**Discontinuing operations**

The Group recorded lower LAT for the three months period ended 31 December 2020 compared to the preceding quarter due to write-off of bearer plant assets of RM27.24 million and impairment of bearer plant assets of RM43.70 million in 3Q 2020.

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

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

**18 Current Year Prospects**

Outlook for FY 2021 remains challenging with economic disruption in the country from travel and movement restriction orders due to Covid-19 pandemic. With the implementation of the vaccination program, MSM anticipates that the national sugar consumption to gradually improve.

The Group is gearing towards capacity and assets optimisation in FY 2021 and MSM expects the business environment to remain optimistic.

**19 Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast.

**20 Loss from Operations**

Included in the operating loss from continuing and discontinuing operations are:

	<b>Year to Date Ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
Impairment on property, plant and equipment	43,705	140,546
Reversal of impairment on property, plant and equipment	(9,800)	-
Impairment of receivables	6,545	4,583
Amortisation of intangible asset	5,709	8,722
Amortisation of right-of-use assets	5,729	4,534
Depreciation of property plant and equipment	74,841	79,709
Property, plant and equipment written off	28,699	3,010
Inventory written off	1,023	1,537
Net foreign currency exchange loss	1,432	1,166
Commodity loss/(gain)	4,339	(3,086)
	<u>4,339</u>	<u>(3,086)</u>

**21 Taxation**

	<b>Quarter Ended 31 December</b>		<b>Year to Date Ended 31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current	(18,267)	(8,845)	(34,550)	(13,405)
Deferred	2,801	2,630	4,052	24,479
Tax (expense)/credit	<u>(15,466)</u>	<u>(6,215)</u>	<u>(30,498)</u>	<u>11,074</u>

For the year to date ended 31 December 2020, despite the Group recording losses, the taxation charge arose from certain profit making companies after utilizing surrendered tax losses from another company in the Group.

**22 Loss Per Share**

	<b>Quarter Ended 31 December</b>		<b>Year to Date Ended 31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Basic profit/(loss) per share are computed as follows:				
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)				
- from continuing operations	56,652	(37,282)	3,863	(288,490)
- from discontinuing operations	(409)	(2,996)	(75,091)	(11,279)
	<u>56,243</u>	<u>(40,278)</u>	<u>(71,228)</u>	<u>(299,769)</u>
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic profit/(loss) per share (sen)				
- from continuing operations	8.06	(5.30)	0.55	(41.04)
- from discontinuing operations	(0.06)	(0.43)	(10.68)	(1.60)
	<u>8.00</u>	<u>(5.73)</u>	<u>(10.13)</u>	<u>(42.64)</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

Amounts in RM thousand unless otherwise stated

**23 Derivative Financial Instruments**

The fair value of these derivatives as at 31 December 2020 are as follows:

<u>Type of derivatives</u>	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Islamic profit rate swap	416,667	-	10,163
Foreign currency exchange forward contracts	18,397	-	929
	<u>435,064</u>	<u>-</u>	<u>11,092</u>

**24 Fair Value Changes of Financial Instruments**

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2019. The following table presents the assets that are measured at fair value at 31 December 2020.

**31 December 2020**

	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward	-	-	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	10,163	-	10,163
- Foreign currency exchange forward contracts	-	929	-	929
	<u>-</u>	<u>11,092</u>	<u>-</u>	<u>11,092</u>

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.

**25 Unquoted Investments and/or Properties**

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

**26 Quoted Investments**

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

**27 Status of Corporate Proposals**

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

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

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

**28 Group Borrowings**

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

	<b>As at</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
<b>Borrowings</b>		
<b>Non-current</b>		
Secured:		
Islamic term loans	<u>518,636</u>	<u>605,153</u>
<b>Current</b>		
Secured :		
Islamic term loans	33,914	26,566
Term loan	-	71,909
Unsecured:		
Bankers' acceptances and revolving credits	<u>354,550</u>	<u>341,156</u>
	<u>388,464</u>	<u>439,631</u>
Average interest rate	<u>3.92%</u>	<u>4.05%</u>

All borrowings are denominated in Ringgit Malaysia.

The Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group.

The Group has met all the covenant requirements as at 31 December 2020. Accordingly as at 31 December 2020, all loans have been classified based on its contractual due dates.

**29 Off Balance Sheet Financial Instruments**

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

**30 Material Litigation**

Since the last Financial Statements for the year ended 31 December 2019, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

**On behalf of the Board**

**Syed Feizal Syed Mohammad**  
**Group Chief Executive Officer**

**Datuk Syed Hisham Syed Wazir**  
**Chairman**

**Kuala Lumpur**  
**24 February 2021**