



MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 31 March 2022**

QUARTERLY REPORT
On consolidated results for the period ended 31 March 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Amounts in RM thousand unless otherwise stated

Note	Quarter Ended 31 March			Year to Date Ended 31 March		
	2022	2021	% + / (-)	2022	2021	% + / (-)
<i>Continuing operations</i>						
Revenue	595,917	514,935	15.7%	595,917	514,935	15.7%
Cost of sales	(600,669)	(446,578)		(600,669)	(446,578)	
Gross (loss)/profit	(4,752)	68,357	(>100%)	(4,752)	68,357	(>100%)
Other operating income	1,444	2,939		1,444	2,939	
Selling and distribution cost	(7,252)	(6,668)		(7,252)	(6,668)	
Administrative expenses	(16,135)	(13,430)		(16,135)	(13,430)	
Reversal of impairment/(Impairment) of non-financial assets	653	(2,943)		653	(2,943)	
Other gain - net	7,906	3,940		7,906	3,940	
Other operating expenses	(208)	(16)		(208)	(16)	
(Loss)/Profit from operations	(18,344)	52,179	(>100%)	(18,344)	52,179	(>100%)
Finance costs	(7,615)	(9,826)		(7,615)	(9,826)	
Finance income	939	721		939	721	
(Loss)/Profit before taxation	(25,020)	43,074	(>100%)	(25,020)	43,074	(>100%)
Taxation	(2,663)	(12,967)		(2,663)	(12,967)	
(Loss)/Profit from continuing operations	(27,683)	30,107	(>100%)	(27,683)	30,107	(>100%)
<i>Discontinued operations</i>						
Profit from discontinued operations, net of tax	-	1,079	(100%)	-	1,079	(100%)
(Loss)/Profit for the period	(27,683)	31,186	(>100%)	(27,683)	31,186	(>100%)
Other comprehensive income for the period						
Currency translation differences	39	124		39	124	
Cash flow hedges	391	2,436		391	2,436	
Other comprehensive income for the period	430	2,560		430	2,560	
Total comprehensive (loss)/income for the period	(27,253)	33,746	(>100%)	(27,253)	33,746	(>100%)
(Loss)/Profit attributable to :						
Shareholders of the Company						
- from continuing operations	(27,683)	30,107		(27,683)	30,107	
- from discontinued operations	-	1,079		-	1,079	
(Loss)/Profit for the period	(27,683)	31,186	(>100%)	(27,683)	31,186	(>100%)
Total comprehensive (loss)/income attributable to :						
Shareholders of the Company						
- from continuing operations	(27,253)	32,667		(27,253)	32,667	
- from discontinued operations	-	1,079		-	1,079	
Total comprehensive (loss)/income for the period	(27,253)	33,746	(>100%)	(27,253)	33,746	(>100%)
Basic (loss)/profit per share attributable to the Owners of the Company (sen)						
- from continuing operations	(3.94)	4.28		(3.94)	4.28	
- from discontinued operations	-	0.15		-	0.15	
	(3.94)	4.43		(3.94)	4.43	

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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 2021 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 March 2022 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 March 2022	Audited As at 31 December 2021
<u>Non-current assets</u>		
Property, plant and equipment	1,218,807	1,220,510
Intangible asset	44,889	45,945
Goodwill	576,240	576,240
Right-of-use assets	82,407	83,036
	1,922,343	1,925,731
<u>Current assets</u>		
Inventories	403,399	421,059
Trade receivables	250,278	257,496
Other receivables, deposits and prepayments	49,564	49,747
Tax recoverable	2,385	-
Derivative financial assets	35	-
Amounts due from related companies	1,955	3,048
Amount due from immediate holding company	-	1
Deposits with licensed banks	144,200	81,154
Cash and bank balances	81,057	113,621
	932,873	926,126
Assets held for sale	7,682	18,982
Total assets	2,862,898	2,870,839
<u>Equity</u>		
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	1,481	1,442
Cash flow hedge reserve	(3,276)	(3,667)
Retained earnings	274,544	302,227
Equity attributable to owners of the Company	1,685,311	1,712,564
Non-controlling interest	-	-
Total equity	1,685,311	1,712,564

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

On consolidated results for the period ended 31 March 2022 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 March 2022	Audited As at 31 December 2021
<u>Non-current liabilities</u>		
Lease liabilities	3,676	3,549
Deferred tax liabilities	38,521	39,911
Borrowings	347,899	363,885
Derivative financial liabilities	3,230	3,571
	<u>393,326</u>	<u>410,916</u>
<u>Current liabilities</u>		
Payables and accruals	287,486	301,234
Amounts due to other related companies	4,691	3,936
Amount due to ultimate holding body	6	-
Amount due to immediate holding company	2,127	2,982
Lease liabilities	578	996
Borrowings	488,653	429,171
Provision for taxation	-	5,291
Derivative financial liabilities	720	3,749
	<u>784,261</u>	<u>747,359</u>
Total liabilities	<u>1,177,587</u>	<u>1,158,275</u>
Total equity and liabilities	<u>2,862,898</u>	<u>2,870,839</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.40</u>	<u>2.44</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 2021 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

	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Total equity
Period Ended 31 March 2022							
At 1 January 2022	718,255	1,733,939	(1,039,632)	1,442	(3,667)	302,227	1,712,564
Loss for the financial period	-	-	-	-	-	(27,683)	(27,683)
Other comprehensive income							
<u>Item that will be subsequently reclassified to profit or loss</u>							
- currency translation differences	-	-	-	39	-	-	39
- cash flow hedges	-	-	-	-	391	-	391
	-	-	-	39	391	-	430
Total comprehensive loss	-	-	-	39	391	(27,683)	(27,253)
At 31 March 2022	718,255	1,733,939	(1,039,632)	1,481	(3,276)	274,544	1,685,311

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Amounts in RM thousand unless otherwise stated

	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Total equity
Period Ended 31 March 2021							
At 1 January 2021	718,255	1,733,939	(1,039,632)	1,299	(9,209)	176,874	1,581,526
Profit for the financial period	-	-	-	-	-	31,186	31,186
Other comprehensive income							
<u>Item that will be subsequently reclassified to profit or loss</u>							
- currency translation differences	-	-	-	124	-	-	124
- cash flow hedges	-	-	-	-	2,436	-	2,436
	-	-	-	124	2,436	-	2,560
Total comprehensive income	-	-	-	124	2,436	31,186	33,746
At 31 March 2021	718,255	1,733,939	(1,039,632)	1,423	(6,773)	208,060	1,615,272

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 2021 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 March	
	2022	2021
Cash Flows from Operating Activities		
(Loss)/Profit for the period from		
Continuing operations	(27,683)	30,107
Discontinued operations	-	1,079
(Loss)/Profit for the period	(27,683)	31,186
Adjustment for Non-Cash Flow Items from continuing operations	20,358	32,553
Adjustment for Non-Cash Flow Items from discontinued operations	-	(1,282)
Operating (Loss)/Profit Before Changes in Working Capital	(7,325)	62,457
Changes in Working Capital from continuing operations	23,035	18,379
Changes in Working Capital from discontinued operations	-	(332)
Cash generated from operations	15,710	80,504
Tax paid	(11,729)	(4,941)
Tax refunded	-	3,986
Net Cash generated from Operating Activities	3,981	79,549
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(10,213)	(6,471)
Acquisition of intangible assets	(41)	-
Proceeds from disposal of property, plant and equipment	60	-
Interest received	939	721
Investing cash used in continuing operations	(9,255)	(5,750)
Investing cash generated from discontinued operations	-	1,370
Net Cash used in Investing Activities	(9,255)	(4,380)
Cash Flows from Financing Activities		
Repayment of loan due to a related company	-	(37,000)
Drawdown of borrowings, net of issuance costs	406,100	289,800
Repayment of borrowings	(361,700)	(301,700)
Principal payment of lease liability	(291)	(273)
Interest payment of lease liability	(56)	(60)
Interest paid	(8,829)	(10,203)
Changes in restricted cash	(76)	(74)
Net Cash generated from/(used in) Financing Activities	35,148	(59,510)
Net increase in Cash and Cash Equivalents	29,874	15,659
Foreign currency translation differences	532	2,064
Cash and Cash Equivalents at Beginning of the Financial Period	178,082	179,923
Cash and Cash Equivalents at End of the Financial Period	208,488	197,646
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	144,200	121,074
Cash and bank balances	81,057	92,643
Less : Restricted cash	(16,769)	(16,071)
Cash and Cash Equivalents at End of the Financial Period	208,488	197,646

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2021 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

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 2021. 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 2021.

1 Basis of Preparation

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.

The accounting policies and presentation adopted for this Unaudited Condensed Consolidated Interim Financial Information are mainly consistent with those of the Group's audited financial statements for the financial year ended 31 December 2021.

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

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual improvements to Illustrative Example Accompanying MFRS 16 Leases: Lease Incentives
- Annual improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'
- Reference to the Conceptual Framework - Amendments to MFRS 3

(ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group:

Effective annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of liabilities as current and non-current'
- Disclosure of Accounting Policies - Amendments to MFRS 101 and MFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to MFRS 108
- Amendments to MFRS 112 'Deferred Tax relating to assets and liabilities arising from a single transaction'

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group.

2 Auditors' Report on Preceding Annual Financial Statements

The financial statements for the year ended 31 December 2021 were not subject to any audit qualification.

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

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

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 other material or 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

On 10 March 2022, the Board of Directors agreed to declare the payment of a final single tier dividend of 3.0 sen per ordinary share amounting to RM21.09 million, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967. The dividend was paid on 7 April 2022.

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

Previously, the reportable operating segments were identified as:

- (i) Sugar - Sugar refining, sales and marketing of refined sugar and trading of sugar
- (ii) Rubber, palm oil and mango

Subsequent to the disposal of plantation segment in 3Q 2021, the Group now operates a single product business primarily engaged in sugar refining, sales and marketing of refined sugar and trading of sugar. Segment analysis has not been prepared for the current quarter given segmentation is not part of the regular internal financial information reported to the Chief Operational Decision Maker (CODM).

The table below shows segment analysis of previous year quarter ended 31 March 2021 for the reportable operating segments previously identified by CODM.

	<u>Continuing operations</u>			<u>Discontinued operations</u>	Total
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	
Cumulative quarter ended 31 March 2021					
Total segment revenue	514,935	-	514,935	-	514,935
Revenue from external customers	514,935	-	514,935	-	514,935
Finance income	618	103	721	-	721
Finance cost	(8,427)	(1,399)	(9,826)	-	(9,826)
Depreciation and amortisation	(21,377)	(672)	(22,049)	-	(22,049)
Profit before taxation	34,544	8,530	43,074	1,079	44,153
Taxation	(12,002)	(965)	(12,967)	-	(12,967)
Profit after taxation for the financial period	22,542	7,565	30,107	1,079	31,186
Timing of revenue recognition:					
<u>Goods and services transferred</u>					
- At a point in time	514,828	-	514,828	-	514,828
- Over time	107	-	107	-	107
	514,935	-	514,935	-	514,935
Total assets as at 31 March 2021					
Total assets	2,693,206	117,006	2,810,212	82,284	2,892,496
Total liabilities	1,236,739	28,025	1,264,764	12,460	1,277,224
Additions to property, plant and equipment	6,399	147	6,546	-	6,546

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 March 2022.

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 March 2022.

13 Capital Commitments

Capital expenditure approved and contracted for:

- Property, plant and equipment

As at 31 March 2022	As at 31 March 2021
47,531	11,541
47,531	11,541

14 Material Related Party Transactions

(a) Related party transactions are as follows:

(i) Transactions with Immediate holding company

Management fees (FGV Holdings Berhad)
 Other services (FGV Holdings Berhad)

Year to Date Ended 31 March	
2022	2021
771	740
1	1

(ii) Transactions with related companies

Sales of refined sugar (KPF Trading Sdn. Bhd.)
 Sales of refined sugar (Felda Travel Sdn. Bhd.)
 Supply of product (FGV Kernel Products Sdn. Bhd.)
 Security services (FGV Security Services Sdn. Bhd.)
 Information technology services (FGV Prodata System Sdn. Bhd.)
 Travel agent services (Felda Travel Sdn. Bhd.)
 Insurance services (KPF Trading Sdn. Bhd.)
 Finance cost (FGV Capital Sdn. Bhd.)
 Rental of land (FGV Integrated Farming Holding Sdn. Bhd.)
 Transportation services (FGV Transport Services Sdn Bhd)
 Office rental (FELDA)

(2,471)	(957)
(18)	(3)
-	(16)
477	346
49	1
7	-
-	43
-	118
-	(129)
3,800	831
221	221
2,837	1,196

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)

(a) Related party transactions are as follows (continued):

Year to Date Ended	
31 March	
2022	2021

(iii) Transactions between subsidiaries and government-related financial institutions

Interest expense for bankers' acceptance	3,043	2,607
Interest income from fixed deposits and cash balances	(939)	(721)

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

As at	As at
31 March	31 December
2022	2021

(i) Balances with immediate holding company

Amount due to:		
FGV Holdings Berhad	2,127	2,982

(ii) Balances with related companies

Amount due to:		
FGV Security Services Sdn. Bhd.	507	351
MSM Perlis Sdn. Bhd.	16	41
FGV Prodata System Sdn. Bhd.	49	47
Felda Travel Sdn. Bhd.	8	39
Felda D'saji Sdn. Bhd.	7	8
FGV Transport Services Sdn. Bhd.	4,104	3,450
	<u>4,691</u>	<u>3,936</u>

(iii) Balances with ultimate holding body

Amount due to:		
FELDA	6	-

(iv) Balances with related companies

Amount due from:		
KPF Trading Sdn. Bhd.	1,919	2,950
Felda Travel Sdn. Bhd.	5	5
MSM Perlis Sdn. Bhd.	31	93
	<u>1,955</u>	<u>3,048</u>

(v) Balances with immediate holding company

Amount due from:		
FGV Holdings Berhad	-	1

(vi) Balances with government-related financial institutions

Bankers' acceptance	434,635	378,934
Fixed deposits and cash balances	225,257	194,775

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

15 Discontinued operations and assets classified as held for sale

	Quarter Ended 31 March		
	2022	2021	% + / (-)
Results of discontinued operations			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit/(loss)	-	-	-
Other operating income	-	1,418	(100%)
Administrative expenses	-	(339)	(100%)
Profit from operations	-	1,079	(100%)
Finance costs	-	-	-
Finance income	-	-	-
Profit before taxation	-	1,079	(100%)
Taxation	-	-	-
Profit from discontinued operations	-	1,079	(100%)

16 Review of Performance

	Quarter Ended 31 March		
	2022	2021	% + / (-)
Continuing operations			
Revenue	595,917	514,935	15.7%
Gross (loss)/profit	(4,752)	68,357	(>100%)
(Loss)/Profit before taxation	(25,020)	43,074	(>100%)
(Loss)/Profit for the period	(27,683)	30,107	(>100%)
Discontinued operations			
Revenue	-	-	-
Gross profit/(loss)	-	-	-
Profit before taxation	-	1,079	(100%)
Profit for the period	-	1,079	(100%)

(a) Quarter on Quarter

Continuing operations

The Group recorded total revenue of RM595.92 million in this quarter, which is RM80.98 million or 15.7% higher compared to the same period last year of RM514.94 million. This is due to increase in overall average selling price for the Group.

The loss after tax (LAT) for the three months period ended 31 March 2022 is RM27.68 million, compared to profit after tax (PAT) of RM30.11 million in the same quarter last year. The loss in the current quarter is attributable to lower gross margin due to higher raw sugar, freight and gas costs incurred in this quarter compared to same quarter last year.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

17 Material Changes in the Quarterly Results Compared to the Preceding Quarter (31 December 2021)

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

	Quarter Ended		
	31 March 2022	31 December 2021	% + / (-)
<u>Continuing operations</u>			
Revenue	595,917	642,017	(7%)
Gross (loss)/profit	(4,752)	27,125	(>100%)
Loss before taxation	(25,020)	(5,829)	>100%
Loss for the period	<u>(27,683)</u>	<u>(16,161)</u>	71%
<u>Discontinued operations</u>			
Revenue	-	-	-
Gross profit	-	-	-
Profit before taxation	-	-	-
Profit for the period	<u>-</u>	<u>-</u>	-

Continuing operations

The Group recorded a total revenue of RM595.92 million in the current quarter compared to the preceding quarter of RM642.02 million due to lower overall sales volume.

The Group recorded LAT of RM27.68 million for the three months period ended 31 March 2022 compared to preceding quarter of RM16.16 million. The higher loss recorded in this quarter were attributable to lower overall margin due to rising raw sugar and gas costs.

Discontinued operations

Nil amount recorded for the three months period ended 31 March 2022 and preceding quarter due to deconsolidation of a wholly-owned subsidiary MSM Perlis Sdn. Bhd. following its disposal to FGV Integrated Farming Holdings Sdn. Bhd. on 29 September 2021.

18 Current Year Prospects

The Group recognizes the current challenging environment amidst rising raw sugar prices, increase in freight & natural gas costs and volatility of foreign exchange but remains cautiously optimistic on its Turnaround Plan.

On the domestic front, the positive development of the National Recovery Plan leading to the endemic phase will continue to provide strong impetus for greater economic recovery and socio-economic activities leading to more product consumption including sugar. MSM will ensure consistent supply of sugar is made available to the market.

On the export market, barring unforeseen circumstances, FY2022 poses good opportunities within the Asia Pacific region that has a strong and growing demand.

The Group will remain focused towards higher yield and capacity utilisation to attain lower refining and production costs.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

19 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

20 (Loss)/Profit from Operations

Included in the (loss)/profit are:

	Year to Date Ended 31 March	
	2022	2021
(Reversal of impairment)/Impairment of non-financial assets	(653)	2,943
Amortisation of intangible asset	1,097	1,197
Amortisation of right-of-use assets	629	746
Depreciation of property plant and equipment	18,692	20,106
Property, plant and equipment written off	3	36
(Reversal of impairment of inventories)/Inventory written off	(2,041)	165
Gain on disposal of property, plant and equipment	(60)	(1,282)
Realised loss on sugar futures contracts	798	-
Realised gain on Brent crude oil option contracts	(5,594)	-
Net foreign currency exchange gain	(1,051)	(2,750)
Unrealised (gain)/loss on sugar futures contracts	(963)	273
Unrealised gain on Brent crude oil option contracts	(1,414)	-
Unrealised gain on foreign currency exchange forward contracts	(687)	(4,163)

21 Taxation

	Year to Date Ended 31 March	
	2022	2021
Current tax	(4,053)	(7,019)
Deferred tax	1,390	(5,948)
	(2,663)	(12,967)

The effective tax rate for the financial period ended 31 March 2022 is 11%, lower than the Malaysian income tax rate of 24% due to utilisation of tax losses from another company in the Group.

22 (Loss)/Profit Per Share

	Year to Date Ended 31 March	
	2022	2021
Basic (loss)/profit per share are computed as follows:		
(Loss)/Profit for the financial period attributable to owners of the Company (RM'000)		
- from continuing operations	(27,683)	30,107
- from discontinued operations	-	1,079
	(27,683)	31,186

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

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

22 (Loss)/Profit Per Share (continued)

	Year to Date Ended 31 March	
	2022	2021
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980
Basic (loss)/profit per share (sen)		
- from continuing operations	(3.94)	4.28
- from discontinued operations	-	0.15
	(3.94)	4.43

23 Derivative Financial Instruments

The fair value of these derivatives as at 31 March 2022 are as follows:

	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<u>Non-current</u>			
Islamic profit rate swap	187,500	-	3,230
<u>Current</u>			
Foreign currency exchange forward contracts	127,055	35	1
Brent crude oil option contracts	1,068	-	719
	128,123	35	720
	315,623	35	3,950

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 2021. The following table presents the assets that are measured at fair value at 31 March 2022.

<u>31 March 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward	-	35	-	35
	-	35	-	35
<u>Liabilities</u>				
Financial liabilities at fair value through profit and loss				
- Foreign currency exchange forward contracts	-	1	-	1
- Brent crude oil option contracts	719	-	-	719
	719	1	-	720
<u>Liabilities</u>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	3,230	-	3,230
	-	3,230	-	3,230

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

24 Fair Value Changes of Financial Instruments (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise Brent crude oil option contracts.

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.

28 Group Borrowings

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

	As at 31 March 2022	As at 31 March 2021
Borrowings		
<u>Non-current</u>		
Secured:		
Islamic term loans	347,899	507,347
<u>Current</u>		
Secured :		
Islamic term loans	54,018	37,683
Unsecured:		
Bankers' acceptances	434,635	349,776
	<u>488,653</u>	<u>387,459</u>
Average interest rate	3.33%	3.35%

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 is required to comply with certain financial covenants i.e. consolidated net debt and financing to equity ratio, consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio and consolidated finance payment cover ratio (collectively known as "financial covenants"). The financial covenants are to be complied with annually. The Group has met all the covenant requirements as at 31 December 2021.

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

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

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 2021, 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
27 May 2022