



MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

**Condensed Consolidated Financial Statements
For The Financial Period Ended 30 September 2022**

QUARTERLY REPORT
On consolidated results for the period ended 30 September 2022

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

Note	Quarter Ended 30 September			Year to Date Ended 30 September		
	2022	2021	% + / (-)	2022	2021	% + / (-)
<u>Continuing operations</u>						
Revenue	668,130	548,646	21.8%	1,888,250	1,617,681	16.7%
Cost of sales	(733,936)	(524,824)		(1,966,233)	(1,483,852)	
Gross (loss)/profit	(65,806)	23,822	(>100%)	(77,983)	133,829	(>100%)
Other operating income	11,706	7,475		20,035	10,694	
Selling and distribution cost	(13,567)	(7,254)		(28,339)	(19,326)	
Administrative expenses	(16,521)	(18,118)		(51,483)	(46,525)	
Reversal of impairment of financial assets	822	1,118		2,393	2,713	
Reversal of impairment of non-financial assets	-	-		-	5,127	
Commodity gains - net	16,095	42,302		24,539	45,827	
Other operating expenses	-	(7,358)		(155)	(7,682)	
(Loss)/Profit from operations	(67,271)	41,987	(>100%)	(110,993)	124,657	(>100%)
Finance costs	(5,692)	(20,023)		(22,714)	(39,497)	
Finance income	1,129	412		2,179	1,770	
(Loss)/Profit before taxation	(71,834)	22,376	(>100%)	(131,528)	86,930	(>100%)
Zakat	-	-		(1,000)	(1,000)	
Taxation	(968)	(12,984)		(2,023)	(33,155)	
(Loss)/Profit from continuing operations	(72,802)	9,392	(>100%)	(134,551)	52,775	(>100%)
<u>Discontinued operations</u>						
Profit from discontinued operations, net of tax	-	87,469	(100%)	-	88,738	(100%)
(Loss)/Profit for the period	(72,802)	96,861	(>100%)	(134,551)	141,513	(>100%)
Other comprehensive (loss)/income for the period						
Realisation of foreign exchange reserve upon liquidation of a subsidiary	(1,881)	-		(1,881)	-	
Currency translation differences	211	34		439	164	
Cash flow hedges	676	1,091		3,158	4,048	
Other comprehensive (loss)/income for the period	(994)	1,125		1,716	4,212	
Total comprehensive (loss)/income for the period	(73,796)	97,986	(>100%)	(132,835)	145,725	(>100%)
(Loss)/Profit attributable to :						
Shareholders of the Company						
- from continuing operations	(72,802)	9,392		(134,551)	52,775	
- from discontinued operations	-	87,469		-	88,738	
(Loss)/Profit for the period	(72,802)	96,861	(>100%)	(134,551)	141,513	(>100%)
Total comprehensive (loss)/income attributable to :						
Shareholders of the Company						
- from continuing operations	(73,796)	10,517		(132,835)	56,987	
- from discontinued operations	-	87,469		-	88,738	
Total comprehensive (loss)/income for the period	(73,796)	97,986	(>100%)	(132,835)	145,725	(>100%)
Basic (loss)/profit per share attributable to the Owners of the Company (sen)						
- from continuing operations	(10.36)	1.34		(19.14)	7.51	
- from discontinued operations	-	12.44		-	12.62	
	(10.36)	13.78		(19.14)	20.13	

21

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 30 September 2022 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in RM thousand unless otherwise stated

	Unaudited As at 30 September 2022	Audited As at 31 December 2021
<u>Non-current assets</u>		
Property, plant and equipment	1,213,262	1,220,510
Intangible asset	44,013	45,945
Goodwill	576,240	576,240
Right-of-use assets	99,577	83,036
	1,933,092	1,925,731
<u>Current assets</u>		
Inventories	303,834	421,059
Trade receivables	212,606	257,496
Other receivables, deposits and prepayments	44,862	49,747
Tax recoverable	15,265	-
Derivative financial assets	15,269	-
Amounts due from related companies	523	3,048
Amount due from immediate holding company	-	1
Deposits with licensed banks	293,664	81,119
Cash and bank balances	15,689	113,656
	901,712	926,126
Assets held for sale	7,682	18,982
Total assets	2,842,486	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	-	1,442
Cash flow hedge reserve	(509)	(3,667)
Retained earnings	146,587	302,227
Equity attributable to owners of the Company	1,558,640	1,712,564
Non-controlling interest	-	-
Total equity	1,558,640	1,712,564

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

On consolidated results for the period ended 30 September 2022 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Amounts in RM thousand unless otherwise stated

	Unaudited As at 30 September 2022	Audited As at 31 December 2021
<u>Non-current liabilities</u>		
Lease liabilities	21,414	3,549
Deferred tax liabilities	38,932	39,911
Borrowings	316,276	363,885
Derivative financial liabilities	602	3,571
	<u>377,224</u>	<u>410,916</u>
<u>Current liabilities</u>		
Payables and accruals	281,211	301,234
Amounts due to other related companies	6,014	3,936
Amount due to ultimate holding body	153	-
Amount due to immediate holding company	755	2,982
Lease liabilities	749	996
Borrowings	617,634	429,171
Provision for taxation	-	5,291
Derivative financial liabilities	106	3,749
	<u>906,622</u>	<u>747,359</u>
Total liabilities	1,283,846	1,158,275
Total equity and liabilities	<u>2,842,486</u>	<u>2,870,839</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.22</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 30 September 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	-	-	-	-	-	(134,551)	(134,551)
Other comprehensive (loss)/income							
<u>Item that will be subsequently reclassified to profit or loss</u>							
- currency translation differences	-	-	-	439	-	-	439
- realisation of foreign exchange reserve upon liquidation of a subsidiary	-	-	-	(1,881)	-	-	(1,881)
- cash flow hedges	-	-	-	-	3,158	-	3,158
	-	-	-	(1,442)	3,158	-	1,716
Total comprehensive (loss)/income	-	-	-	(1,442)	3,158	(134,551)	(132,835)
Transaction with owners:							
Dividends paid for the financial year ended 31 December 2021 (final)	-	-	-	-	-	(21,089)	(21,089)
Total transactions with owners	-	-	-	-	-	(21,089)	(21,089)
At 30 September 2022	718,255	1,733,939	(1,039,632)	-	(509)	146,587	1,558,640

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 30 September 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	-	-	-	-	-	141,513	141,513
Other comprehensive income							
<u>Item that will be subsequently reclassified to profit or loss</u>							
- currency translation differences	-	-	-	164	-	-	164
- cash flow hedges	-	-	-	-	4,048	-	4,048
	-	-	-	164	4,048	-	4,212
Total comprehensive income	-	-	-	164	4,048	141,513	145,725
At 30 September 2021	718,255	1,733,939	(1,039,632)	1,463	(5,161)	318,387	1,727,251

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	
	30 September	
	2022	2021
Cash Flows from Operating Activities		
(Loss)/Profit for the period from		
Continuing operations	(134,551)	52,775
Discontinued operations	-	88,738
(Loss)/Profit for the period	(134,551)	141,513
Adjustment for Non-Cash Flow Items from continuing operations	69,124	113,873
Adjustment for Non-Cash Flow Items from discontinued operations	-	(87,098)
Operating (Loss)/Profit Before Changes in Working Capital	(65,427)	168,288
Changes in Working Capital from continuing operations	139,496	(174,520)
Changes in Working Capital from discontinued operations	-	(3,533)
Cash generated from/(used in) operations	74,069	(9,765)
Tax paid	(23,558)	(13,350)
Tax refunded	-	5,986
Net Cash generated from/(used in) Operating Activities	50,511	(17,129)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(47,849)	(18,332)
Acquisition of property, plant and equipment - ROU asset	(376)	-
Acquisition of intangible assets	(1,108)	(239)
Proceeds from disposal of property, plant and equipment	430	902
Proceeds from disposal of a subsidiary	-	175,000
Cash inflow from liquidation of a subsidiary	4,012	-
Proceeds from disposal of assets held for sale	11,300	-
Interest received	2,179	1,770
Investing cash (used in)/generated from continuing operations	(31,412)	159,101
Investing cash generated from discontinued operations	-	1,815
Net Cash (used in)/generated from Investing Activities	(31,412)	160,916
Cash Flows from Financing Activities		
Drawdown of loan due to a related company, net of issuance costs	-	20,000
Repayment of loan due to a related company	-	(47,232)
Drawdown of borrowings, net of issuance costs	1,014,680	868,770
Repayment of borrowings	(872,700)	(841,550)
Principal payment of lease liability	(1,109)	(832)
Interest payment of lease liability	(651)	(180)
Interest paid	(24,191)	(29,360)
Changes in restricted cash	(3,216)	(72,724)
Dividend paid	(21,089)	-
Net Cash generated from/(used in) Financing Activities	91,724	(103,108)
Net increase in Cash and Cash Equivalents	110,823	40,679
Foreign currency translation differences	539	1,989
Cash and Cash Equivalents at Beginning of the Financial Period	178,082	179,924
Cash and Cash Equivalents at End of the Financial Period	289,444	222,592
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	293,664	245,615
Cash and bank balances	15,689	65,698
Less : Restricted cash	(19,909)	(88,721)
Cash and Cash Equivalents at End of the Financial Period	289,444	222,592

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 30 September 2021 for the reportable operating segments previously identified by CODM.

Cumulative quarter ended 30 September 2021	<u>Continuing</u> operations	Reconciliation	Subtotal	<u>Discontinued</u> operations	Total
	Sugar			Rubber, palm oil and mango	
Total segment revenue	1,617,681	-	1,617,681	-	1,617,681
Revenue from external customers	1,617,681	-	1,617,681	-	1,617,681
Finance income	1,386	384	1,770	-	1,770
Finance cost	(35,579)	(3,918)	(39,497)	-	(39,497)
Depreciation and amortisation	(60,520)	(2,025)	(62,545)	-	(62,545)
Profit before taxation	78,001	8,929	86,930	88,738	175,668
Taxation	(30,147)	(3,008)	(33,155)	-	(33,155)
Zakat	(1,000)	-	(1,000)	-	(1,000)
Profit after taxation for the financial period	46,854	5,921	52,775	88,738	141,513
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	1,617,555	-	1,617,555	-	1,617,555
- Over time	126	-	126	-	126
	1,617,681	-	1,617,681	-	1,617,681
Total assets as at 30 September 2021					
Total assets	2,736,394	187,388	2,923,782	-	2,923,782
Total liabilities	1,178,301	18,230	1,196,531	-	1,196,531
Additions to property, plant and equipment	18,054	734	18,788	-	18,788
Additions to intangible assets	-	239	239	-	239

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 30 September 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

MSM Trading International DMCC ("MTI Dubai") is a wholly owned subsidiary of MSM Malaysia Holdings Berhad ("MSMH") and was in the business of raw and refined sugar trading. MTI Dubai has ceased operations in April 2019 after its business functions were brought back to Malaysia and assumed by MSM Prai Berhad. Subsequently, MTI Dubai has filed for voluntary winding up and the winding-up exercise was completed on 16 September 2022 as per the Deregistration Letter issued by Dubai Multi Commodities Centre.

The effect of the liquidation on the financial position of the Group as at the financial period end is as follows:

Equity	RM'000
Share capital	(4,477)
Accumulated profit	1,968
Current profit	88
Foreign exchange reserve	(1,881)
Total equity of MTI Dubai	<u>(4,302)</u>
Add: Cash inflow from liquidation	<u>4,012</u>
Loss on liquidation	(290)
Add: Realisation of foreign exchange reserve upon liquidation	<u>1,881</u>
Net gain on liquidation of MTI Dubai	<u>1,591</u>

On the liquidation of MTI Dubai, the Group recognised a gain of RM1.88 million arising from realisation of accumulated foreign exchange difference in foreign exchange reserve to profit or loss.

12 Changes in Contingent Liabilities or Contingent Assets

The Group does not have any material contingent liabilities or contingent assets as at 30 September 2022.

13 Capital Commitments

Capital expenditure approved and contracted for:

- Property, plant and equipment

As at	
30 September	
2022	2021
54,954	27,294
54,954	27,294

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

(a) Related party transactions are as follows:

	Year to Date Ended	
	30 September	
	2022	2021
(i) Transactions with Immediate holding company		
Management fees (FGV Holdings Berhad)	2,314	2,220
Other services (FGV Holdings Berhad)	2	2
(ii) Transactions with related companies		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	(3,129)	(1,546)
Sales of refined sugar (Felda Travel Sdn. Bhd.)	(53)	(29)
Sales of refined sugar (Delima Oil Product)	-	(1)
Supply of product (FGV R&D Sdn. Bhd.)	-	(1)
Supply of product (FGV Kernel Products Sdn. Bhd.)	(14)	(35)
Security services (FGV Security Services Sdn. Bhd.)	1,501	1,266
Information technology services (FGV Prodata System Sdn. Bhd.)	49	(1)
Travel agent services (Felda Travel Sdn. Bhd.)	74	36
Insurance services (KPF Niaga Sdn. Bhd.)	-	227
Refreshment services (Felda D'Saji Sdn. Bhd.)	68	2
Finance cost (FGV Capital Sdn. Bhd.)	-	270
Rental of land (FGV Integrated Farming Holding Sdn. Bhd.)	-	(129)
Research services (FGV Applied Technologies Sdn. Bhd.)	126	-
Sales of fixed assets (FGV Integrated Farming Holding Sdn. Bhd.)	-	(622)
Sales of inventories (FGV Integrated Farming Holding Sdn. Bhd.)	-	(10)
Transportation services (FGV Transport Services Sdn Bhd)	12,085	2,313
Rental of tankers (FGV Johor Bulkiers Sdn. Bhd.)	48	-
Hall rental (FELDA)	23	-
Office rental (FELDA)	664	664
	<u>13,758</u>	<u>4,626</u>
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers' acceptance	9,743	7,412
Interest income from fixed deposits and cash balances	(2,179)	(1,770)

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:

	As at 30 September 2022	As at 31 December 2021
(i) Balances with immediate holding company		
Amount due to:		
FGV Holdings Berhad	755	2,982
(ii) Balances with related companies		
Amount due to:		
FGV Security Services Sdn. Bhd.	613	351
MSM Perlis Sdn. Bhd.	-	41
FGV Prodata System Sdn. Bhd.	-	47
FGV Applied Technologies Sdn. Bhd.	126	-
FGV Johor Bulkiers Sdn. Bhd.	24	-
Felda Travel Sdn. Bhd.	53	39
Felda D'saji Sdn. Bhd.	11	8
FGV Transport Services Sdn. Bhd.	5,187	3,450
	<u>6,014</u>	<u>3,936</u>
(iii) Balances with ultimate holding body		
Amount due to:		
FELDA	153	-
(iv) Balances with related companies		
Amount due from:		
KPF Trading Sdn. Bhd.	504	2,950
Felda Travel Sdn. Bhd.	-	5
FGV Kernel Products	(14)	-
MSM Perlis Sdn. Bhd.	33	93
	<u>523</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	556,046	378,934
Fixed deposits and cash balances	309,353	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 30 September			Year to Date Ended 30 September		
	2022	2021	% + / (-)	2022	2021	% + / (-)
Results of discontinued operations						
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-	-
Other operating income	-	87,640	(100%)	-	89,493	(100%)
Administrative expenses	-	(187)	(100%)	-	(771)	(100%)
Reversal of impairment of financial assets	-	16	(100%)	-	16	(100%)
Profit from operations	-	87,469	(100%)	-	88,738	(100%)
Finance costs	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Profit before taxation	-	87,469	(100%)	-	88,738	(100%)
Taxation	-	-	-	-	-	-
Profit from discontinued operations	-	87,469	(100%)	-	88,738	(100%)

16 Review of Performance

	Quarter Ended 30 September			Year to Date Ended 30 September		
	2022	2021	% + / (-)	2022	2021	% + / (-)
Continuing operations						
Revenue	668,130	548,646	21.8%	1,888,250	1,617,681	16.7%
Gross (loss)/profit	(65,806)	23,822	(>100%)	(77,983)	133,829	(>100%)
(Loss)/Profit before taxation	(71,834)	22,376	(>100%)	(131,528)	86,930	(>100%)
(Loss)/Profit for the period	(72,802)	9,392	(>100%)	(134,551)	52,775	(>100%)
Discontinued operations						
Revenue	-	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-	-
Profit before taxation	-	87,469	(100%)	-	88,738	(100%)
Profit for the period	-	87,469	(100%)	-	88,738	(100%)

(a) Quarter on Quarter

Continuing operations

The Group recorded total revenue of RM668.13 million in this quarter, which is RM119.48 million or 21.8% higher compared to the same period last year of RM548.65 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 30 September 2022 is RM72.80 million, compared to profit after tax (PAT) of RM9.39 million in the same quarter last year. The loss is attributable to high input costs mainly raw sugar, freight, natural gas and weakening of Ringgit Malaysia.

(b) Year on Year

Continuing operations

The Group recorded total revenue for the nine month ended 30 September 2022 of RM1,888.25 million compared to RM1,617.68 million in the same period last year. The increase is due to higher overall average selling price.

The Group recorded LAT for the nine month ended 30 September 2022 of RM134.55 million as compared to previous corresponding period's PAT of RM52.78 million. The loss is attributable to high input costs mainly raw sugar, freight, natural gas and weakening of Ringgit Malaysia.

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 (30 June 2022)

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

	Quarter Ended		
	30 September 2022	30 June 2022	% + / (-)
Revenue	668,130	624,203	7%
Gross loss	(65,806)	(7,425)	>100%
Loss before taxation	(71,834)	(34,674)	>100%
Loss for the period	(72,802)	(34,067)	>100%

The Group recorded a total revenue of RM668.13 million in the current quarter compared to the preceding quarter of RM624.20 million due to higher overall sales volume and average selling price.

The Group recorded LAT of RM72.80 million for the three months period ended 30 September 2022 compared to preceding quarter of RM34.07 million. The higher loss recorded in this quarter were attributable to high input costs mainly freight, natural gas and weakening of Ringgit Malaysia.

18 Variance of Actual Profit from Forecast Profit

The Group did not issue any forecast profit.

19 (Loss)/Profit from Operations

Included in the (loss)/profit are:

	Year to Date Ended 30 September	
	2022	2021
Reversal of impairment of financial assets		
- Continuing	(2,393)	(2,713)
- Discontinued	-	(16)
Reversal of impairment of non-financial assets	-	(5,127)
Amortisation of intangible asset	3,040	3,515
Amortisation of right-of-use assets	2,562	2,121
Depreciation of property plant and equipment	56,173	56,909
Property, plant and equipment written off	53	36
(Reversal of impairment of inventories)/Inventory written off	(165)	170
Gain on disposal of property, plant and equipment	(80)	(2,473)
Realised loss/(gain) on sugar futures contracts	1,333	(12,242)
Realised gain on Brent crude oil option contracts	(3,068)	-
Realised gain on foreign currency exchange forward contracts	(1,804)	(769)
Realised gain on liquidation of excess raw sugar contracts	(2,087)	(30,962)
Net foreign currency exchange gain	(17,220)	(2,867)
Unrealised gain on sugar futures contracts	(858)	(916)
Unrealised gain on Brent crude oil option contracts	(2,133)	-
Unrealised gain on foreign currency exchange forward contracts	(15,922)	(939)

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

20 Taxation

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2022	2021	2022	2021
Current tax	2,203	(16,903)	(3,002)	(32,495)
Deferred tax	(3,171)	3,919	979	(660)
	(968)	(12,984)	(2,023)	(33,155)

The effective tax rate for the financial period ended 30 September 2022 is 2%, lower than the Malaysian income tax rate of 24% due to utilisation of tax losses from another company in the Group.

21 (Loss)/Profit Per Share

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2022	2021	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	(72,802)	9,392	(134,551)	52,775
- from discontinued operations	-	87,469	-	88,738
	(72,802)	96,861	(134,551)	141,513
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic (loss)/profit per share (sen)				
- from continuing operations	(10.36)	1.34	(19.14)	7.51
- from discontinued operations	-	12.44	-	12.62
	(10.36)	13.78	(19.14)	20.13

22 Derivative Financial Instruments

The Group uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 30 September 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	145,833	-	602
<u>Current</u>			
Foreign currency exchange forward contracts	446,199	15,269	-
Sugar commodity futures contracts	2,686	-	106
	448,885	15,269	106
	594,718	15,269	708

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

23 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 30 September 2022.

<u>30 September 2022</u>	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward contracts	-	15,269	-	15,269
	<u>-</u>	<u>15,269</u>	<u>-</u>	<u>15,269</u>
<u>Liabilities</u>				
Financial liabilities at fair value through profit and loss				
- Sugar commodity futures contracts	106	-	-	106
	<u>106</u>	<u>-</u>	<u>-</u>	<u>106</u>
<u>Liabilities</u>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	602	-	602
	<u>-</u>	<u>602</u>	<u>-</u>	<u>602</u>

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 and sugar commodity futures contract.

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.

24 Unquoted Investments and/or Properties

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

25 Quoted Investments

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

26 Status of Corporate Proposals

There was no corporate proposal 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

27 Group Borrowings

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

Borrowings
Non-current

Secured:

Islamic term loans

As at 30 September	
2022	2021
316,276	377,696

Current

Secured :

Islamic term loans

61,588	148,009
556,046	418,844
617,634	566,853

Unsecured:

Bankers' acceptances

Average interest rate

3.49%	3.36%
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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.

28 Off Balance Sheet Financial Instruments

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

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

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

29 Material events after reporting period

On 9 November 2022, a wholly-owned subsidiary of the Company, MSM Sugar Refinery (Johor) Sdn Bhd ("MSM Johor"), has commenced legal proceedings against Gas Malaysia Energy and Services Sdn Bhd ("GMES") vide a Writ Action.

MSM Johor is claiming:

- i) an injunction to restrain GMES, whether by itself, its agent(s), servant(s), representative(s), employee(s) or otherwise whosoever, from calling upon the Bank Guarantee and if a demand had already been made to the issuing bank, from receiving the sum guaranteed under the Bank Guarantee save and except for the sum ordered by the Courts to be paid by MSM Johor to GMES;
- ii) a declaration that a clause of the Gas Supply Agreement ("GSA") is invalid, unlawful and / or unenforceable;
- iii) for an order that the reasonable sum payable by MSM Johor to GMES be assessed by the Courts; and
- iv) such other relief as the Courts deem fit and proper.

On 10 November 2022, MSM Johor has successfully obtained an interim injunction against GMES pending the full hearing of the injunction application which has been fixed on 9 February 2023.

30 Prospects

The Group continues to face prevailing challenging environment amidst high input costs mainly raw sugar, freight, natural gas and weakening of Ringgit Malaysia. Other input costs such as packaging materials, wages and inland logistics have also increased significantly.

The domestic and export markets are seeing stronger demands which provide growth opportunities and recovery of product consumption including sugar across Consumer and Industrial segments.

The Group remains focused in meeting these demands by improving our operations particularly focused on MSM Johor ramp up to attain lower refining cost with higher efficiency.

MSM will ensure consistent supply of sugar is made available to the market. We continue to engage the Government for all necessary economic support in ensuring food security despite the challenges.

On behalf of the Board

Syed Feizal Syed Mohammad
Group Chief Executive Officer

Datuk Syed Hisham Syed Wazir
Chairman

Kuala Lumpur
21 November 2022