



MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)
(Company No : 935722-K)

QUARTERLY REPORT

Condensed Consolidated Financial Statements
For The Financial Period Ended 30 September 2019

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 935722-K)

QUARTERLY REPORT

On consolidated results for the period ended 30 September 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Restated			Restated		
	Quarter Ended 30 September 2019	2018	% Change	Year to Date Ended 30 September 2019	2018	% Change
<i>Continuing operations</i>						
Revenue	531,415	561,683	(5.4%)	1,490,871	1,683,522	(11.4%)
Cost of sales	(563,666)	(516,220)		(1,494,954)	(1,537,527)	
Gross (loss)/profit	(32,251)	45,463	>(100%)	(4,083)	145,995	>(100%)
Other operating income	464	1,701		6,625	5,597	
Selling and distribution cost	(3,577)	(1,193)		(19,895)	(15,171)	
Administrative expenses	(18,054)	(18,945)		(50,951)	(56,178)	
Other gain/(loss) - net	2,512	(2,640)		2,675	(1,110)	
Other operating expenses	(138,358)	(642)		(140,097)	-	
(Loss)/Profit from operations	(189,264)	23,744	>(100%)	(205,726)	79,133	>(100%)
Finance costs	(16,327)	(3,591)		(65,488)	(16,226)	
Finance income	611	463		2,716	2,066	
(Loss)/Profit before taxation	(204,980)	20,616	>(100%)	(268,498)	64,973	>(100%)
Taxation	23,992	(3,305)		17,289	(14,208)	
(Loss)/Profit from continuing operations	(180,988)	17,311	>(100%)	(251,209)	50,765	>(100%)
<i>Discontinuing operations</i>						
Loss from discontinuing operations, net of tax	(4,113)	(1,435)	>100%	(8,280)	(4,753)	74.2%
(Loss)/Profit for the period	(185,101)	15,876	>(100%)	(259,489)	46,012	>(100%)
Other comprehensive (loss)/income						
Currency translation differences	(22)	495		(35)	853	
Cash flow hedges	(892)	(254)		(6,194)	214	
Other comprehensive (loss)/income for the period	(914)	241		(6,229)	1,067	
Total comprehensive (loss)/income for the period	(186,015)	16,117	>(100%)	(265,718)	47,079	>(100%)

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

On consolidated results for the period ended 30 September 2019 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Quarter Ended 30 September			Year to Date Ended 30 September		
	2019	2018	% Change	2019	2018	% Change
(Loss)/Profit attributable to :						
Shareholders of the Company						
- from continuing operations	(180,988)	17,311		(251,209)	50,765	
- from discontinuing operations	(4,113)	(1,435)		(8,280)	(4,753)	
(Loss)/Profit for the period	(185,101)	15,876	>(100%)	(259,489)	46,012	>(100%)
Total comprehensive (loss)/income attributable to :						
Shareholders of the Company						
- from continuing operations	(181,902)	17,552		(257,438)	51,832	
- from discontinuing operations	(4,113)	(1,435)		(8,280)	(4,753)	
Total comprehensive (loss)/income for the period	(186,015)	16,117	>(100%)	(265,718)	47,079	>(100%)
Basic (loss)/earnings per share attributable to equity holders of the Company (sen) Note 23						
- from continuing operations	(25.75)	2.46		(35.73)	7.22	
- from discontinuing operations	(0.59)	(0.20)		(1.18)	(0.68)	
	(26.34)	2.26		(36.91)	6.54	

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 2018 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 2019 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Amounts in RM thousand unless otherwise stated

	Unaudited As at 30 September 2019 Restated	Unaudited As at 31 December 2018 Restated	Unaudited As at 1 January 2018 Restated
Assets			
Non-current assets			
Property, plant and equipment	1,286,592	1,553,921	1,264,998
Intangible asset	56,355	63,920	68,332
Goodwill	576,240	576,240	576,240
Right-of-use assets	107,785	193,401	198,701
Receivables	2,103	2,979	5,054
Derivative financial assets	-	561	717
Amount due from a related company	-	1,372	4,245
Total non-current assets	2,029,075	2,392,394	2,118,287
Current assets			
Inventories	425,459	679,046	732,242
Trade receivables	254,803	224,701	239,750
Other receivables, deposits and prepayments	14,549	88,487	78,603
Tax recoverable	27,582	29,722	36,032
Derivative financial assets	115	-	3,147
Amounts due from related companies	25,430	44,056	31,485
Amount due from ultimate holding company	881	702	605
Loan due from a related company	5,500	-	-
Deposits with licensed banks	109,333	148,786	88,201
Cash and bank balances	51,982	42,777	82,326
Total current assets	915,634	1,258,277	1,292,391
Non-current assets held for sale	157,584	2,027	-
Total assets	3,102,293	3,652,698	3,410,678
Equity			
Share capital	718,255	718,255	718,255
Reorganisation deficit	(1,039,632)	(1,039,632)	(1,039,632)
Merger relief reserve	1,733,939	1,733,939	1,733,939
Foreign exchange reserve	1,945	1,980	1,079
Cash flow hedge reserve	(5,633)	561	717
Retained earnings	287,945	547,434	511,864
Total equity attributable to equity holders of the Company	1,696,819	1,962,537	1,926,222
Non-controlling interest	-	-	-
Total equity	1,696,819	1,962,537	1,926,222
Non-current liabilities			
Lease liabilities	3,189	4,783	6,134
Deferred tax liabilities	51,103	83,351	78,574
Borrowings	612,647	556,284	370,339
Provisions	-	32	32
Derivative financial instruments	5,633	-	-
Total non-current liabilities	672,572	644,450	455,079
Current liabilities			
Payables and accruals	169,116	262,148	193,106
Amounts due to other related companies	2,262	2,844	467
Amount due to FELDA	50	50	561
Amount due to ultimate holding company	12,829	9,213	505
Loan due to a related company	89,018	30,365	108,826
Borrowings	459,590	740,461	725,912
Derivative financial liabilities	37	630	-
Total current liabilities	732,902	1,045,711	1,029,377
Total liabilities	1,405,474	1,690,161	1,484,456
Total equity and liabilities	3,102,293	3,652,698	3,410,678
Net assets per share attributable to equity holders of the Company (RM)	2.41	2.79	2.74

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

Period ended	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Equity attributable to equity holders of the Company
30 September 2019							
At 1 January 2019	718,255	1,733,939	(1,039,632)	1,980	561	547,607	1,962,710
Impact from Adoption of MFRS 16	-	-	-	-	-	(173)	(173)
At 1 January 2019 - as restated	718,255	1,733,939	(1,039,632)	1,980	561	547,434	1,962,537
Loss for the period	-	-	-	-	-	(259,489)	(259,489)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(35)	-	-	(35)
- cash flow hedges	-	-	-	-	(6,194)	-	(6,194)
Total comprehensive loss	-	-	-	(35)	(6,194)	(259,489)	(265,718)
At 30 September 2019	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,945</u>	<u>(5,633)</u>	<u>287,945</u>	<u>1,696,819</u>
Period ended	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Equity attributable to equity holders of the Company
30 September 2018							
At 1 January 2018	718,255	1,733,939	(1,039,632)	1,079	717	512,001	1,926,359
Impact from Adoption of MFRS 16	-	-	-	-	-	(137)	(137)
At 1 January 2018 - as restated	718,255	1,733,939	(1,039,632)	1,079	717	511,864	1,926,222
Profit for the period	-	-	-	-	-	46,012	46,012
Other comprehensive income							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	853	-	-	853
- cash flow hedges	-	-	-	-	214	-	214
Total comprehensive income	-	-	-	853	214	46,012	47,079
At 30 September 2018	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,932</u>	<u>931</u>	<u>557,876</u>	<u>1,973,301</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 2018 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

	Restated	
	Year to Date Ended	
	30 September	
	2019	2018
Cash Flows from Operating Activities		
(Loss)/Profit for the period from		
Continuing operations	(251,209)	50,765
Discontinuing operations	(8,280)	(4,753)
	<u>(259,489)</u>	<u>46,012</u>
Adjustment for Non-Cash Flow Items	<u>264,794</u>	<u>87,790</u>
Operating Profit Before Changes in Working Capital	<u>5,305</u>	<u>133,802</u>
Changes in Working Capital		
Net changes in working capital	269,465	10,278
Tax paid	(22,005)	(5,365)
Tax refunded	19,585	-
Operating cash from continuing operations	<u>272,350</u>	<u>138,715</u>
Operating cash from discontinuing operations	<u>26,747</u>	<u>1,886</u>
Net Cash generated from Operating Activities	<u>299,097</u>	<u>140,601</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(10,672)	(248,735)
Acquisition of intangible assets	-	(2,298)
Loan given to a related company	(5,500)	-
Interest received	2,716	2,066
Investing cash used in continuing operations	<u>(13,456)</u>	<u>(248,967)</u>
Investing cash used in discontinuing operations	<u>(1,452)</u>	<u>(4,344)</u>
Net Cash used in Investing Activities	<u>(14,908)</u>	<u>(253,311)</u>
Cash Flows from Financing Activities		
Drawdown of loan due to a related company, net of issuance costs	59,000	-
Repayment of loan due to a related company	-	(78,807)
Drawdown of borrowings, net of issuance costs	1,126,838	1,823,395
Repayment of borrowings	(1,369,449)	(1,624,067)
Interest paid	(65,488)	(39,315)
Net Cash (used in)/generated from Financing Activities in continuing operations	<u>(249,099)</u>	<u>81,206</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>35,090</u>	<u>(31,504)</u>
Foreign currency translation differences	<u>(137)</u>	<u>404</u>
Cash and Cash Equivalents at Beginning of the Financial Period	<u>98,220</u>	<u>154,787</u>
Cash and Cash Equivalents at End of the Financial Period	<u>133,173</u>	<u>123,687</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	109,333	109,034
Cash and bank balances	51,982	127,149
Less : Restricted cash	(28,142)	(112,496)
	<u>133,173</u>	<u>123,687</u>
Cash and Cash Equivalents from continuing operations	<u>132,886</u>	<u>123,435</u>
Cash and Cash Equivalents from discontinuing operations	<u>287</u>	<u>252</u>
	<u>133,173</u>	<u>123,687</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 2018 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 have been prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134: Interim Financial Reporting.

The Unaudited Condensed Consolidated Financial Information should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2018. 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 2018.

The financial statements of the Group and of the Company 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 2018, except for the following:

- (a) MFRS and amendments to MFRS which are applicable to the Group effective 1 January 2019 and have an impact on the accounting policies of the Group:

MFRS 16 "Leases"

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating leased (off balance sheet) and finance leases (on balance sheet) and requires a lessee to recognise a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payments for virtually all lease contracts. The only exceptions are for short-term and low-value leases.

The standard will affect primarily the accounting for the Group and Company's leases previously recognised as operating leases under MFRS 117.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' (MFRS 116) and the lease liability is accreted over time with interest expense recognised in the income statement. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, as operating expense will be replaced with interest and depreciation, key metrics like earnings before interest, taxation, depreciation and amortisation ("EBITDA") will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and Company had adopted MFRS 16 on a full retrospective method. The financial impact of the adoption of MFRS 16 on the financial statements of the Group are disclosed in Note 1(b).

Effective for annual periods beginning on or after 1 January 2019 with earlier application permitted

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

- IC Interpretation 23 "Uncertainty over Income Tax Treatments"
- Amendments to MFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation
- Amendments to MFRS 119 "Employee Benefits" - Plan Amendment, Curtailment or Settlement
- Annual Improvements to MFRS 3 "Business Combinations"
- Annual Improvements to MFRS 112 "Income Taxes"

- (b) The effects of the new accounting policies and the restatement of comparative figures are as follows:

Effects of the new accounting policies	As per previous accounting framework	Adoption of MFRS 16	As per current accounting framework
30 September 2019			
Statement of financial position			
Non-current assets			
Property, plant and equipment	1,391,080	(104,488)	1,286,592
Prepaid lease payments	387	(387)	-
Right-of-use assets *	-	107,785	107,785
Equity			
Retained earnings	288,118	(173)	287,945
Non-current liabilities			
Lease liabilities	-	3,189	3,189
Deferred tax liabilities	51,209	(106)	51,103

* Amount excludes plantation leasehold land of RM81,538,000 which has been reclassified to non-current assets held for sale.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

1 Basis of Preparation (continued)

(b) The effects of the new accounting policies and the restatement of comparative figures are as follows: (continued)

Restatement of comparative figures	As per previous accounting framework	Adoption of MFRS 16	As per current accounting framework
31 December 2018			
Statement of financial position			
Non-current assets			
Property, plant and equipment	1,742,369	(188,448)	1,553,921
Prepaid lease payments	450	(450)	-
Right-of-use assets	-	193,401	193,401
Equity			
Retained earnings	547,607	(173)	547,434
Non-current liabilities			
Lease liabilities	-	4,783	4,783
Deferred tax liabilities	83,458	(107)	83,351
1 January 2018			
Statement of financial position			
Non-current assets			
Property, plant and equipment	1,457,282	(192,284)	1,264,998
Prepaid lease payments	521	(521)	-
Right-of-use assets	-	198,701	198,701
Equity			
Retained earnings	512,001	(137)	511,864
Non-current liabilities			
Lease liabilities	-	6,134	6,134
Deferred tax liabilities	78,675	(101)	78,574

2 Auditors' Report on Preceding Annual Financial Statements

The financial statements for the year ended 31 December 2018 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

During the current quarter, the Group has recognised a provision of RM137.35 million for the impairment of certain plant and machinery following the change in group strategy and future plan of certain assets in response to the challenging business and economic conditions.

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

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

6 Changes in Debt and Equity Securities

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

7 Dividends

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

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

8 Segmental Reporting

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the 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

Cumulative quarter ended 30 September 2019	Continuing operations			Discontinuing operations	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total segment revenue	1,490,871	-	1,490,871	656	1,491,527
Revenue from external customers	1,490,871	-	1,490,871	656	1,491,527
Finance income	1,086	1,630	2,716	-	2,716
Finance cost	(65,488)	-	(65,488)	-	(65,488)
Depreciation and amortisation	(70,275)	(1,791)	(72,066)	(744)	(72,810)
(Loss)/profit before taxation	(291,355)	22,857	(268,498)	(18,679)	(287,177)
Taxation	18,070	(781)	17,289	10,399	27,688
Loss after taxation for the financial period					(259,489)
Timing of revenue recognition:					
<u>Goods and services transferred</u>					
- At a point in time	1,490,264	-	1,490,264	656	1,490,920
- Over time	607	-	607	-	607
	1,490,871	-	1,490,871	656	1,491,527

Total assets as at 30 September 2019	Continuing operations			Discontinuing operations	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total assets	2,805,351	140,265	2,945,616	156,677	3,102,293
Total liabilities	1,381,378	7,895	1,389,273	16,201	1,405,474
Additions to property, plant and equipment	10,266	406	10,672	1,452	12,124

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 (continued)

Cumulative quarter ended 30 September 2018	Continuing operations			Discontinuing operations	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total segment revenue	1,683,522	-	1,683,522	816	1,684,338
Revenue from external customers	1,683,522	-	1,683,522	816	1,684,338
Finance income	1,320	746	2,066	-	2,066
Finance cost	(16,226)	-	(16,226)	-	(16,226)
Depreciation and amortisation	(33,133)	(2,624)	(35,757)	(1,663)	(37,420)
Profit/(loss) before taxation	74,823	(9,850)	64,973	(4,753)	60,220
Taxation	(14,490)	282	(14,208)	-	(14,208)
Profit after taxation for the financial period					46,012
Timing of revenue recognition:					
<u>Goods and services transferred</u>					
- At a point in time	1,682,622	-	1,682,622	816	1,683,438
- Over time	900	-	900	-	900
	1,683,522	-	1,683,522	816	1,684,338

Total assets as at 30 September 2018 (restated)	Continuing operations			Discontinuing operations	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total assets	3,150,814	236,057	3,386,871	156,870	3,543,741
Total liabilities	1,446,727	8,067	1,454,794	111,742	1,566,536
Additions to property, plant and equipment	248,558	177	248,735	4,349	253,084
Additions to intangible assets	-	2,298	2,298	-	2,298

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 2019.

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 Material Events Subsequent to the End of the Financial Period

There were no material events which occurred subsequent to the end of the period ended 30 September 2019.

12 Changes in the Composition of the Group

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

13 Changes in Contingent Liabilities or Contingent Assets

The Group does not have any material contingent liabilities or contingent assets as at 30 September 2019.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

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

	As at	
	30 September	
	2019	2018
Property, plant and equipment:		
- Contracted but not provided for	48,235	155,369
- Approved but not contracted for	98,054	78,361
	<u>146,289</u>	<u>233,730</u>

15 Material Related Party Transactions

(a) Related party transactions are as follows:

	Year to Date Ended	
	30 September	
	2019	2018
(i) Transactions with ultimate holding company		
Management fees (FGV Holdings Berhad)	4,831	4,783
Sales of refined sugar (FGV Holdings Berhad)	-	(47)
Other services (FGV Holdings Berhad)	8	94
(ii) Transactions with related companies		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	(1,830)	(8,359)
Security services (FGV Security Services Sdn. Bhd.)	1,442	819
Information technology services (FGV Prodata System Sdn. Bhd.)	54	85
Travel agent services (Felda Travel Sdn. Bhd.)	148	160
Insurance services (KPF Trading Sdn. Bhd.)	-	30
Agro chemical (Felda Trading Sdn. Bhd.)	-	4
Advisory fees for analysis (Felda Agricultural Services Sdn Bhd)	-	2
Refreshment services (Felda D'Saji Sdn. Bhd.)	68	60
Rental of office (FGV Agri Services Sdn. Bhd.)	(8)	-
House rental (FGV Agri Services Sdn. Bhd.)	(5)	(34)
Transportation services (FGV Transport Services Sdn Bhd)	217	187
House rental (FGV R&D Sdn. Bhd.)	(18)	18
Office rental (FELDA)	441	619
Supply of water and electricity charges (Felda Chuping Sdn. Bhd.)	(5)	(4)
Installation & construction of utilities building (Felda Engineering Sdn. Bhd.)	1,557	31,740
Freight forwarder (Felda Transport Services Sdn. Bhd.)	2,372	-
	<u>9,272</u>	<u>30,157</u>
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers acceptances	7,004	12,472
Interest income from fixed deposits and cash balances	(2,438)	(2,050)

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

	As at	
	30 September	31 December
	2019	2018
(i) Balances with ultimate holding company		
Amount due to:		
FGV Holdings Berhad	12,829	9,213
(ii) Balances with related companies		
Amount due to:		
FGV Security Services Sdn. Bhd.	234	270
FGV Prodata System Sdn. Bhd.	107	34
Felda Travel Sdn. Bhd.	5	56
Felda Holdings Bhd	-	14
KPF Trading Sdn. Bhd.	42	58
Felda D'saji Sdn Bhd	1	-
FPM Sdn. Bhd.	-	2
FGV Transport Services Sdn Bhd	1,873	80
Felda Engineering Services Sdn. Bhd.	-	2,330
	<u>2,262</u>	<u>2,844</u>

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15 Material Related Party Transactions (continued)

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

	As at	
	30 September 2019	31 December 2018
(iii) Balances with FELDA		
Amount due to: FELDA	50	50
(iv) Balances with related companies		
Non-current		
Amount due from: KPF Trading Sdn. Bhd.	-	1,372
Current		
Amount due from:		
KPF Trading Sdn. Bhd.	3,809	7,411
FGV Agri Services Sdn. Bhd.	1	-
FGV R&D Sdn. Bhd.	2	2
FGV Capital Sdn. Bhd.	21,618	36,643
	25,430	44,056
(v) Balances with ultimate holding company		
Amount due from: FGV Holdings Bhd	881	702
(vi) Loan due from a related company		
FGV Capital Sdn. Bhd.	5,500	-
(vii) Loan due to a related company		
Amount due to: FGV Capital Sdn. Bhd.	89,018	30,365
(viii) Balances with government-related financial institutions		
Bankers acceptances	187,118	310,673
Fixed deposits and cash balances	95,704	175,402

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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16 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:-

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2019	2018	2019	2018
Results of discontinuing operation				
Revenue	276	372	656	816
Cost of sales	(718)	(346)	(3,103)	(1,040)
Gross (loss)/profit	(442)	26	(2,447)	(224)
Other operating income	30	88	83	340
Administrative expenses	1,350	(322)	(866)	(1,026)
Other operating expenses	(15,450)	(1,227)	(15,449)	(3,843)
Loss from operations	(14,512)	(1,435)	(18,679)	(4,753)
Finance costs	-	-	-	-
Loss before taxation	(14,512)	(1,435)	(18,679)	(4,753)
Taxation	10,399	-	10,399	-
Loss from discontinuing operations	(4,113)	(1,435)	(8,280)	(4,753)

17 Review of Performance

	Quarter Ended 30 September		% Change
	2019	2018	
Continuing operations			
Revenue	531,415	561,683	(5.4%)
Gross (loss)/profit	(32,251)	45,463	>(100%)
(Loss)/Profit before taxation	(204,980)	20,616	>(100%)
(Loss)/Profit for the period	(180,988)	17,311	>(100%)
Discontinuing operations			
Revenue	276	372	(25.8%)
Gross (loss)/profit	(442)	26	>(100%)
Loss before taxation	(14,512)	(1,435)	>100%
Loss for the period	(4,113)	(1,435)	>100%

(a) Quarter on Quarter

Continuing operations

The Group recorded a total revenue of RM531.42 million quarter on quarter, which is RM30.26 million or 5.4% lower compared to the same period last year of RM561.68 million. This is due to reduction of overall average selling price.

The loss after tax (LAT) for the three (3) months period ended 30 September 2019 is RM180.99 million, compared to a profit after tax (PAT) of RM17.31 million in the corresponding quarter in the previous year. The loss in the current quarter is attributable to lower average selling price, higher refining cost, higher finance cost incurred and provision of RM137.35 million for the impairment of plant and machinery.

Discontinuing operations

The Group recorded low revenue due to non core segment. The Group recorded higher LAT for the three (3) months period ended 30 September 2019 compared to the same period last year due to closure cost.

(b) Year on Year

Continuing operations

The Group revenue for the nine (9) months ended 30 September 2019 is RM1,490.87 million compared to RM1,683.52 million in the same period last year. The decrease is due to reduction in the overall tonnage sold and lower average selling price.

The Group recorded a LAT for the nine months period ended 30 September 2019 of RM251.21 million as compared to previous corresponding period's PAT of RM50.77 million due to lower gross profit, higher finance cost incurred following the modification of certain terms in respect of the Islamic term loan and provision of RM137.35 million for the impairment of plant and machinery.

Discontinuing operations

The Group recorded low revenue due to non core segment. The Group recorded higher LAT for the nine months period ended 30 September 2019 of RM8.28 million as compared to previous corresponding period's of RM4.75 million due to closure cost.

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18 Material Changes in the Quarterly Results Compared to the Preceding Quarter (30 June 2019)

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

	Quarter Ended		% Change
	30 September 2019	30 June 2019	
Continuing operations			
Revenue	531,415	474,022	12.1%
Gross (loss)/profit	(32,251)	2,613	>(100%)
Loss before taxation	(204,980)	(62,382)	>100%
Loss for the period	(180,988)	(65,403)	>100%
Discontinuing operations			
Revenue	276	197	40.1%
Gross loss	(442)	(864)	(48.8%)
Loss before taxation	(14,512)	(1,927)	>100%
Loss for the period	(4,113)	(1,927)	>100%

Continuing operations

The Group recorded a total revenue RM531.42 million in the current quarter compared to the preceding quarter of RM474.02 million due to increase of 14% in the overall tonnage sold.

The Group recorded LAT of RM180.99 million for the three (3) months period ended 30 September 2019 compared to the preceding quarter of RM65.40 million. This is mainly due to provision of RM137.35 million for the impairment of plant and machinery.

Discontinuing operations

The Group recorded low revenue due to non core segment. The Group recorded higher LAT for the three (3) months period ended 30 September 2019 compared to the preceding quarter due to closure cost .

19 Current Year Prospects

The Group shall continue to pursue strategic initiatives in 2019, to improve financial performance and ensure sustainable business amidst challenging internal and external factors and slow Malaysian economic growth.

20 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

21 (Loss)/Profit from Operations

Included in the operating (loss)/profit are:

	Year to Date Ended 30 September	
	2019	2018
Impairment on property, plant and equipment	137,348	-
Amortisation of intangible asset	7,385	5,148
Amortisation of right-of-use assets	4,078	52
Depreciation of property plant and equipment	61,347	32,220
Property, plant and equipment written off	6,918	123
Inventory written off	145	1,363
Gain on disposal of property, plant and equipment	-	(32)
Net foreign currency exchange loss	341	1,761
Commodity (gain)/loss	(708)	1,841

22 Taxation

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2019	2018	2019	2018
Current	1,830	(4,918)	(4,560)	(14,210)
Deferred	22,162	1,613	21,849	2
Tax credit/(expense) on continuing operations	23,992	(3,305)	17,289	(14,208)

The effective tax rate for the current period and for the year to date ended 30 September 2019 is lower than the Malaysian income tax rate of 24% due to loss before tax recorded by a subsidiary and higher finance cost charged due to impact of loan modification.

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23 (Loss)/Earnings Per Share

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2019	2018	2019	2018
Basic (loss)/earnings per share are computed as follows:				
(Loss)/Profit for the financial period/year attributable to owners of the Company (RM'000)				
- from continuing operations	(180,988)	17,311	(251,209)	50,765
- from discontinuing operations	(4,113)	(1,435)	(8,280)	(4,753)
	<u>(185,101)</u>	<u>15,876</u>	<u>(259,489)</u>	<u>46,012</u>
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic (loss)/earnings per share (sen)				
- from continuing operations	(25.75)	2.46	(35.73)	7.22
- from discontinuing operations	(0.59)	(0.20)	(1.18)	(0.68)
	<u>(26.34)</u>	<u>2.26</u>	<u>(36.91)</u>	<u>6.54</u>

24 Derivative Financial Instruments

The fair value of these derivatives as at 30 September 2019 are as follows:

Type of derivatives	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Islamic profit rate swap	416,667	-	5,633
Foreign currency exchange forward contracts	913	115	37
	<u>417,580</u>	<u>115</u>	<u>5,670</u>

25 Fair Value Changes of Financial Instruments

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2018. The following table presents the assets that are measured at fair value at 30 September 2019.

30 September 2019

	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward contracts	-	115	-	115
	<u>-</u>	<u>115</u>	<u>-</u>	<u>115</u>
<u>Liabilities</u>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	5,633	-	5,633
- Foreign currency exchange forward contracts	-	37	-	37
	<u>-</u>	<u>5,670</u>	<u>-</u>	<u>5,670</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.

26 Unquoted Investments and/or Properties

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

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QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

27 Quoted Investments

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

28 Status of Corporate Proposals

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

29 Group Borrowings

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

	As at 30 September	
	2019	2018
Borrowings		
Non-current		
Secured:		
Islamic term loans	612,647	628,520
Current		
Secured :		
Islamic term loans	102,264	283,115
Unsecured:		
Bankers' acceptances and revolving credits	357,326	379,794
	<u>459,590</u>	<u>662,909</u>
Average interest rate	<u>4.75%</u>	<u>4.13%</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.

As at 30 September 2019, the Group has met all the covenant requirements. Accordingly as at September 2019, all loans have been classified based on its contractual due dates.

30 Off Balance Sheet Financial Instruments

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

31 Material Litigation

Since the last Financial Statements for the year ended 31 December 2018, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

On behalf of the Board

Dato' Khairil Anuar Aziz
Group Chief Executive Officer

Datuk Wira Azhar Abdul Hamid
Chairman

Kuala Lumpur
20 Nov 2019