



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 2020

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

On consolidated results for the period ended 31 March 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Restated			Restated		
	Quarter Ended		% Change	Year to Date Ended		% Change
	31 March			31 March		
	2020	2019		2020	2019	
<i>Continuing operations</i>						
Revenue	510,844	485,435	5.2%	510,844	485,435	5.2%
Cost of sales	(496,528)	(459,879)		(496,528)	(459,879)	
Gross profit	14,316	25,556	(44.0%)	14,316	25,556	(44.0%)
Other operating income	5,759	3,651		5,759	3,651	
Selling and distribution cost	(7,863)	(6,731)		(7,863)	(6,731)	
Administrative expenses	(19,365)	(17,200)		(19,365)	(17,200)	
Other loss - net	(1,522)	(33)		(1,522)	(33)	
Other operating expenses	(5,834)	(1,272)		(5,834)	(1,272)	
(Loss)/Profit from operations	(14,509)	3,971	>(100%)	(14,509)	3,971	>(100%)
Finance costs	(13,813)	(6,191)		(13,813)	(6,191)	
Finance income	1,069	1,086		1,069	1,086	
Loss before taxation	(27,253)	(1,134)	>100%	(27,253)	(1,134)	>100%
Taxation	(7,038)	(3,684)		(7,038)	(3,684)	
Zakat	-	-		-	-	
Loss from continuing operations	(34,291)	(4,818)	>100%	(34,291)	(4,818)	>100%
<i>Discontinuing operations</i>						
Loss from discontinuing operations, net of tax	(414)	(2,243)	>100%	(414)	(2,243)	>100%
Loss for the period	(34,705)	(7,061)	>100%	(34,705)	(7,061)	>100%
Other comprehensive loss						
Currency translation differences	(235)	(306)		(235)	(306)	
Cash flow hedges	(5,864)	(1,878)		(5,864)	(1,878)	
Other comprehensive loss for the period	(6,099)	(2,184)		(6,099)	(2,184)	
Total comprehensive loss for the period	(40,804)	(9,244)	>100%	(40,804)	(9,244)	>100%

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

On consolidated results for the period ended 31 March 2020 (continued)

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

	Restated			Restated		
	Quarter Ended 31 March		% Change	Year to Date Ended 31 March		% Change
	2020	2019		2020	2019	
Loss attributable to :						
Shareholders of the Company						
- from continuing operations	(34,291)	(4,818)		(34,291)	(4,818)	
- from discontinuing operations	(414)	(2,243)		(414)	(2,243)	
Loss for the period	(34,705)	(7,061)	>100%	(34,705)	(7,061)	>100%
Total comprehensive loss attributable to :						
Shareholders of the Company						
- from continuing operations	(40,390)	(7,002)		(40,390)	(7,002)	
- from discontinuing operations	(414)	(2,243)		(414)	(2,243)	
Total comprehensive loss for the period	(40,804)	(9,244)	>100%	(40,804)	(9,244)	>100%
Basic loss per share attributable to equity holders of the Company (sen)						
- from continuing operations	(4.88)	(0.69)		(4.88)	(0.69)	
- from discontinuing operations	(0.06)	(0.32)		(0.06)	(0.32)	
	(4.94)	(1.01)		(4.94)	(1.01)	

Note 23

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

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

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

	Unaudited As at 31 March 2020	Audited As at 31 December 2019
Assets		
Non-current assets		
Property, plant and equipment	1,279,454	1,295,432
Intangible asset	53,175	54,519
Goodwill	576,240	576,240
Right-of-use assets	95,479	96,174
Deposit and other receivables	-	301
Total non-current assets	2,004,348	2,022,666
Current assets		
Inventories	400,631	319,252
Trade receivables	252,506	269,341
Other receivables, deposits and prepayments	10,251	20,931
Tax recoverable	7,112	9,738
Derivative financial assets	-	2,466
Amounts due from related companies	4,583	6,846
Amount due from ultimate holding company	1,338	1,443
Deposits with licensed banks	90,933	143,652
Cash and bank balances	47,909	26,884
Total current assets	815,263	800,553
Non-current assets held for sale	157,630	157,547
Total assets	2,977,241	2,980,766
Equity		
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	1,600	1,835
Cash flow hedge reserve	(10,832)	(4,968)
Retained earnings	213,397	248,102
Total equity attributable to equity holders of the Company	1,616,727	1,657,531
Non-controlling interest	-	-
Total equity	1,616,727	1,657,531
Non-current liabilities		
Lease liabilities	4,387	4,469
Deferred tax liabilities	50,977	51,062
Borrowings	597,486	605,153
Derivative financial instruments	11,030	4,968
Total non-current liabilities	663,880	665,652
Current liabilities		
Payables and accruals	295,521	129,969
Amounts due to other related companies	4,517	2,059
Amount due to FELDA	50	50
Amount due to ultimate holding company	14,710	14,246
Lease liabilities	981	1,187
Loan due to a related company	55,015	70,431
Borrowings	325,620	439,631
Derivative financial liabilities	220	10
Total current liabilities	696,634	657,583
Total liabilities	1,360,514	1,323,235
Total equity and liabilities	2,977,241	2,980,766
Net assets per share attributable to equity holders of the Company (RM)	2.30	2.36

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

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

Year 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
31 March 2020							
At 1 January 2020	718,255	1,733,939	(1,039,632)	1,835	(4,968)	248,102	1,657,531
Loss for the year	-	-	-	-	-	(34,705)	(34,705)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(235)	-	-	(235)
- cash flow hedges	-	-	-	-	(5,864)	-	(5,864)
Total comprehensive loss	-	-	-	(235)	(5,864)	(34,705)	(40,804)
At 31 March 2020	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,600</u>	<u>(10,832)</u>	<u>213,397</u>	<u>1,616,727</u>
Year 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
31 March 2019							
At 1 January 2019	718,255	1,733,939	(1,039,632)	1,980	561	547,871	1,962,974
Loss for the period	-	-	-	-	-	(7,061)	(7,061)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(306)	-	-	(306)
- cash flow hedges	-	-	-	-	(1,878)	-	(1,878)
Total comprehensive loss	-	-	-	(306)	(1,878)	(7,061)	(9,245)
At 31 March 2019	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,674</u>	<u>(1,317)</u>	<u>540,810</u>	<u>1,953,729</u>

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

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

	Year to Date Ended	
	2020	2019 Restated
Cash Flows from Operating Activities		
Loss for the period from		
Continuing operations	(34,291)	(4,818)
Discontinuing operations	(414)	(2,243)
	<u>(34,705)</u>	<u>(7,061)</u>
Adjustment for Non-Cash Flow Items	46,375	33,789
Operating Profit Before Changes in Working Capital	<u>11,670</u>	<u>26,728</u>
Changes in Working Capital		
Net changes in working capital	114,400	(50,654)
Tax paid	(4,497)	(10,151)
Tax refunded	-	14,629
Operating cash generated from/(used in) continuing operations	<u>121,573</u>	<u>(19,448)</u>
Operating cash (used in)/generated from discontinuing operations	<u>(1,328)</u>	<u>135</u>
Net Cash generated from/(used in) Operating Activities	<u>120,245</u>	<u>(19,313)</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(2,839)	(64,104)
Acquisition of intangible assets	(117)	(87)
Loan given to a related company	-	(20,000)
Interest received	1,069	1,085
Investing cash used in continuing operations	<u>(1,887)</u>	<u>(83,106)</u>
Investing cash used in discontinuing operations	-	(1,169)
Net Cash used in Investing Activities	<u>(1,887)</u>	<u>(84,275)</u>
Cash Flows from Financing Activities		
Drawdown of loan due to a related company, net of issuance costs	-	15,000
Repayment of loan due to a related company	(15,000)	(342)
Drawdown of borrowings, net of issuance costs	213,130	504,420
Repayment of borrowings	(333,749)	(437,316)
Principal payment of lease liability	(288)	(325)
Interest payment of lease liability	(45)	(79)
Interest paid	(14,339)	(13,189)
Changes in restricted cash	(6,443)	19,022
Net Cash (used in)/generated from Financing Activities	<u>(156,734)</u>	<u>87,191</u>
Net Decrease in Cash and Cash Equivalents	<u>(38,376)</u>	<u>(16,397)</u>
Foreign currency translation differences	239	(312)
Cash and Cash Equivalents at Beginning of the Financial Period	<u>152,961</u>	<u>98,220</u>
Cash and Cash Equivalents at End of the Financial Period	<u>114,824</u>	<u>81,511</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	90,933	96,730
Cash and bank balances	47,909	59,104
Less : Restricted cash	(24,018)	(74,323)
	<u>114,824</u>	<u>81,511</u>
Cash and Cash Equivalents from continuing operations	114,219	81,257
Cash and Cash Equivalents from discontinuing operations	605	254
	<u>114,824</u>	<u>81,511</u>

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

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

1 Basis of Preparation

The interim financial information 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 2019. These explanatory notes attached to the Unaudited Condensed Consolidated Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

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

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

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

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

2 Auditors' Report on Preceding Annual Financial Statements

The financial statements for the year ended 31 December 2019 were not subject to any audit qualification.

3 Seasonal or Cyclical Factors

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

4 Unusual Items Due to Their Nature, Size or Incidence

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, except for the consideration of COVID-19 pandemic as disclosed in the Current Year Prospects (Note 19)

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

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

6 Changes in Debt and Equity Securities

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

7 Dividends

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

8 Segmental Reporting

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

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

Cumulative quarter ended 31 March 2020	<u>Continuing operations</u>			<u>Discontinuing operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total segment revenue	510,844	-	510,844	-	510,844
Revenue from external customers	<u>510,844</u>	<u>-</u>	<u>510,844</u>	<u>-</u>	<u>510,844</u>
Finance income	857	212	1,069	-	1,069
Finance cost	(13,057)	(756)	(13,813)	-	(13,813)
Depreciation and amortisation	(19,096)	(760)	(19,856)	-	(19,856)
Loss before taxation	(25,996)	(1,257)	(27,253)	(414)	(27,667)
Taxation	(6,460)	(578)	(7,038)	-	(7,038)
Loss after taxation for the financial period					<u>(34,705)</u>
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	510,808	-	510,808	-	510,808
- Over time	<u>36</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>36</u>
	<u>510,844</u>	<u>-</u>	<u>510,844</u>	<u>-</u>	<u>510,844</u>

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)

Total assets as at 31 March 2020	<u>Continuing operations</u>			<u>Discontinuing operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total assets	2,852,817	34,186	2,887,003	90,238	2,977,241
Total liabilities	1,319,577	16,888	1,336,465	24,049	1,360,514
Additions to property, plant and equipment	2,839	-	2,839	-	2,839
Additions to intangible assets	34	83	117	-	117

Cumulative quarter ended 31 March 2019	<u>Continuing operations</u>			<u>Discontinuing operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total segment revenue	485,435	-	485,435	182	485,617
Revenue from external customers	485,435	-	485,435	182	485,617
Finance income	88	998	1,086	-	1,086
Finance cost	(6,191)	-	(6,191)	-	(6,191)
Depreciation and amortisation	(19,196)	(855)	(20,051)	(372)	(20,423)
Profit/(loss) before taxation	4,077	(5,211)	(1,134)	(2,243)	(3,377)
Taxation	(2,903)	(781)	(3,684)	-	(3,684)
Profit after taxation for the financial period					(7,061)

Timing of revenue recognition:

Goods and services transferred

- At a point in time	485,274	-	485,274	182	485,456
- Over time	161	-	161	-	161
	485,435	-	485,435	182	485,617

Total assets as at 31 March 2019 (restated)	<u>Continuing operations</u>			<u>Discontinuing operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total assets	3,358,951	102,494	3,461,445	158,724	3,620,169
Total liabilities	1,643,757	6,897	1,650,654	16,220	1,666,874
Additions to property, plant and equipment	64,069	35	64,104	1,169	65,273
Additions to intangible assets	-	87	87	-	87

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 2020.

Fair value changes in effective hedging contracts are recognised directly in equity and are transferred to the income statement in the same period as the underlying hedged item impacts profit or loss.

10 Valuation of Property, Plant and Equipment

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

11 Material Events Subsequent to the End of the Financial Period

Rescission of the sale and purchase agreement between a subsidiary and F&N Agrivalley Sdn. Bhd.

On 9 April 2020, the Group issued a letter to F&N to exercise its rights to rescind the sale and purchase agreement in respect of the disposal of its leasehold agriculture land located at Chuping, Perlis, entered on 8 October 2019 as disclosed in Note 29 to the 2019 financial statements. As of the date of this announcement, the Group continues the plan to sell the leasehold agriculture land located at Chuping, Perlis and is of the view that the transacted value in the F&N sale and purchase agreement of RM156,000,000 remains the most reflective market value to be used as fair value less cost to sell for the purposes of measurement of the assets held for sale.

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 31 March 2020.

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

Property, plant and equipment:	As at 31 March	
	2020	2019
- Contracted but not provided for	26,423	70,344
- Approved but not contracted for	59,899	97,426
	86,322	167,770

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

15 Material Related Party Transactions

(a) Related party transactions are as follows:

	Year to Date Ended	
	31 March	
	2020	2019
(i) Transactions with ultimate holding company		
Management fees (FGV Holdings Berhad)	1,531	1,420
(ii) Transactions with related companies		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	-	(1,019)
Security services (FGV Security Services Sdn. Bhd.)	293	389
Information technology services (FGV Prodata System Sdn. Bhd.)	-	1
Travel agent services (Felda Travel Sdn. Bhd.)	31	4
Refreshment services (Felda D'Saji Sdn. Bhd.)	-	7
Finance cost (FGV Capital Sdn. Bhd.)	732	-
Finance income (FGV Capital Sdn. Bhd.)	(6)	-
Rental of office (FGV Agri Services Sdn. Bhd.)	-	(8)
House rental (FGV Agri Services Sdn. Bhd.)	(15)	(5)
Transportation services (FGV Transport Services Sdn Bhd)	3,408	824
House rental (FGV R&D Sdn. Bhd.)	-	(6)
Office rental (FELDA)	-	167
Supply of water and electricity charges (Felda Chuping Sdn. Bhd.)	-	(1)
Installation & construction of utilities building (Felda Engineering Sdn. Bhd.)	-	1,535
	<u>5,973</u>	<u>3,308</u>
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers acceptances	2,874	5,045
Interest income from fixed deposits and cash balances	(1,063)	(1,086)

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

	31 March	As at
	2020	31 December
		2019
(i) Balances with ultimate holding company		
Amount due to:		
FGV Holdings Berhad	<u>14,710</u>	<u>14,246</u>
(ii) Balances with related companies		
Amount due to:		
FGV Security Services Sdn. Bhd.	241	255
FGV Prodata System Sdn. Bhd.	222	240
Felda Travel Sdn. Bhd.	13	(16)
Felda D'saji Sdn Bhd	1	1
FGV Transport Services Sdn Bhd	4,040	1,579
	<u>4,517</u>	<u>2,059</u>
(iii) Balances with FELDA		
Amount due to:		
FELDA	<u>50</u>	<u>50</u>
(iv) Balances with related companies		
Current		
Amount due from:		
FGV Agri Services Sdn. Bhd.	10	1
FGV R&D Sdn. Bhd.	-	4
FGV Capital Sdn. Bhd.	4,573	6,841
	<u>4,583</u>	<u>6,846</u>
(v) Balances with ultimate holding company		
Amount due from:		
FGV Holdings Berhad	<u>1,338</u>	<u>1,443</u>
(vi) Loan due to a related company		
Amount due to:		
FGV Capital Sdn. Bhd.	<u>55,015</u>	<u>70,431</u>
(vii) Balances with government-related financial institutions		
Bankers acceptances and revolving credits	223,620	341,156
Fixed deposits and cash balances	135,223	166,933

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

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 31 March		Year to Date Ended 31 December	
	2020	2019	2020	2019
Results of discontinuing operation				
Revenue	-	182	-	182
Cost of sales	-	(1,324)	-	(1,324)
Gross loss	-	(1,142)	-	(1,142)
Other operating income	22	31	22	31
Administrative expenses	(436)	(1,132)	(436)	(1,132)
Loss from operations	(414)	(2,243)	(414)	(2,243)
Finance costs	-	-	-	-
Finance income	-	-	-	-
Loss before taxation	(414)	(2,243)	(414)	(2,243)
Taxation	-	-	-	-
Loss from discontinuing operations	(414)	(2,243)	(414)	(2,243)

17 Review of Performance

	Quarter Ended 31 March		% Change
	2020	2019	
Continuing operations			
Revenue	510,844	485,435	5%
Gross profit	14,316	25,556	(44%)
Loss before taxation	(27,253)	(1,134)	>100%
Loss for the period	(34,291)	(4,818)	>100%
Discontinuing operations			
Revenue	-	182	>(100%)
Gross loss	-	(1,142)	>100%
Loss before taxation	(414)	(2,243)	(82%)
Loss for the period	(414)	(2,243)	(82%)

(a) Quarter on Quarter

Continuing operations

The Group recorded a total revenue of RM510.84 million quarter on quarter, which is RM25.41 million or 5% higher compared to the same period last year of RM485.44 million. This is due to increase in overall average selling price for the group and new export product in 2020.

The loss after tax (LAT) for the three (3) months period ended 31 March 2020 is RM34.29 million, compared to a loss after tax (LAT) of RM4.82 million in the corresponding quarter in the previous year. The higher loss in the current quarter is attributable to lower gross margin 3%, higher finance cost and higher depreciation incurred this quarter compared to same quarter last year, due to commercialisation of Johor plant.

Discontinuing operations

The Group recorded loss for the three (3) months period ended 31 March 2020 compared to the same period last year due to cessation of operations since June 2019.

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

18 Material Changes in the Quarterly Results Compared to the Preceding Quarter (31 December 2019)

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

	Quarter Ended		% Change
	31 March 2020	31 December 2019	
Continuing operations			
Revenue	510,844	516,039	(1%)
Gross profit	14,316	13,569	6%
Loss before taxation	(27,253)	(31,054)	(12%)
Loss for the period	<u>(34,291)</u>	<u>(37,281)</u>	(8%)
Discontinuing operations			
Revenue	-	228	(100%)
Gross profit	-	28	(100%)
Loss before taxation	(414)	(444)	(7%)
Loss for the period	<u>(414)</u>	<u>(2,996)</u>	(86%)

Continuing operations

The Group recorded a total revenue RM510.84 million in the current quarter compared to the preceding quarter of RM516.04 million due to decrease of 5% in the overall sales volume sold.

The Group recorded LAT of RM34.29 million for the three (3) months period ended 31 March 2020 compared to the preceding quarter of RM37.28 million. This is mainly due to lower gross margin recorded in previous quarter.

Discontinuing operations

The Group recorded lower LAT for the three (3) months period ended 31 December 2020 compared to the preceding quarter due to cessation of operations since June 2019.

19 Current Year Prospects

MSM will continue its focus on sustainable growth strategies which include product diversification to penetrate into export markets and increase margins. MSM expects the business environment to remain challenging for the rest of 2020.

20 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

21 Loss from Operations

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

	Year to Date Ended 31 March	
	2020	2019
Impairment of receivables/(reversal of impairment of receivables)	1,132	(795)
Amortisation of intangible asset	1,462	2,933
Amortisation of right-of-use assets	695	1,509
Depreciation of property plant and equipment	17,699	15,981
Property, plant and equipment written off	1,117	-
Inventory written off	648	-
Net foreign currency exchange (gain)/loss	(2,807)	341
Commodity loss/(gain)	<u>2,874</u>	<u>(672)</u>

22 Taxation

	Quarter Ended 31 March		Year to Date Ended 31 March	
	2020	2019	2020	2019
Current	(7,123)	(4,114)	(7,123)	(4,114)
Deferred	85	430	85	430
Tax expense on continuing operations	<u>(7,038)</u>	<u>(3,684)</u>	<u>(7,038)</u>	<u>(3,684)</u>

The effective tax rate for the current period ended 31 March 2020 is higher than the Malaysian income tax rate of 24% due to deferred tax assets not being recognised on losses in one of the subsidiaries and non-deductible provisions.

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

23 Loss Per Share

	Quarter Ended 31 March		Year to Date Ended 31 March	
	2020	2019	2020	2019
Basic (loss)/earnings per share are computed as follows:				
(Loss)/Profit for the financial period attributable to owners of the Company (RM'000)				
- from continuing operations	(34,291)	(4,818)	(34,291)	(4,818)
- from discontinuing operations	(414)	(2,243)	(414)	(2,243)
	<u>(34,705)</u>	<u>(7,061)</u>	<u>(34,705)</u>	<u>(7,061)</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	(4.88)	(0.69)	(4.88)	(0.69)
- from discontinuing operations	(0.06)	(0.32)	(0.06)	(0.32)
	<u>(4.94)</u>	<u>(1.01)</u>	<u>(4.94)</u>	<u>(1.01)</u>

24 Derivative Financial Instruments

The fair value of these derivatives as at 31 March 2020 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	-	11,030
Foreign currency exchange forward contracts	7,602	-	220
	<u>424,269</u>	<u>-</u>	<u>11,250</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 2019. The following table presents the assets that are measured at fair value at 31 March 2020.

31 March 2020

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward contracts	-	-	-	-
Liabilities				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	11,030	-	11,030
- Foreign currency exchange forward contracts	-	220	-	220
	<u>-</u>	<u>11,250</u>	<u>-</u>	<u>11,250</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.

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.

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29 Group Borrowings

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

	As at 31 March	
	2020	2019
Borrowings		
Non-current		
Secured:		
Islamic term loans	597,486	524,494
Current		
Secured :		
Islamic term loans	30,461	299,118
Term loan	71,539	-
Unsecured:		
Bankers' acceptances and revolving credits	223,620	540,237
	<u>325,620</u>	<u>839,355</u>
Average interest rate	<u>3.91%</u>	<u>4.50%</u>

All borrowings are denominated in Ringgit Malaysia.

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

The Group is required to meet its covenant as at 31 December 2020. Accordingly as at 31 March 2020, 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 2019, 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
27 May 2020