



**MSM MALAYSIA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

Condensed Consolidated Financial Statements  
For The Financial Period Ended 30 June 2020

# MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

## QUARTERLY REPORT

On consolidated results for the period ended 30 June 2020

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Quarter Ended 30 June			Year to Date Ended 30 June		
	2020	2019 (Restated)	% Change	2020	2019 (Restated)	% Change
<b>Revenue</b>	<b>448,735</b>	<b>474,219</b>	<b>(5.4%)</b>	<b>959,579</b>	<b>959,836</b>	<b>(0.0%)</b>
Cost of sales	(431,681)	(472,470)		(928,209)	(933,673)	
<b>Gross profit</b>	<b>17,054</b>	<b>1,749</b>	<b>&gt;100%</b>	<b>31,370</b>	<b>26,163</b>	<b>19.9%</b>
Other operating income	752	2,533		6,534	6,214	
Selling and distribution cost	(5,322)	(9,587)		(13,185)	(16,318)	
Administrative expenses	(17,375)	(16,785)		(37,178)	(35,114)	
Other (loss)/gain - net	(12)	196		(1,534)	163	
Other operating expenses	(10,425)	(466)		(16,260)	(1,738)	
<b>Loss from operations</b>	<b>(15,328)</b>	<b>(22,360)</b>	<b>31.4%</b>	<b>(30,253)</b>	<b>(20,630)</b>	<b>(46.6%)</b>
Finance costs	(12,911)	(42,969)		(26,723)	(49,161)	
Finance income	831	1,020		1,901	2,105	
<b>Loss before taxation</b>	<b>(27,408)</b>	<b>(64,309)</b>	<b>57.4%</b>	<b>(55,075)</b>	<b>(67,686)</b>	<b>18.6%</b>
Taxation	5,854	(3,021)		(1,184)	(6,705)	
Zakat	-	-		-	-	
<b>Loss for the period</b>	<b>(21,554)</b>	<b>(67,330)</b>	<b>68.0%</b>	<b>(56,259)</b>	<b>(74,391)</b>	<b>24.4%</b>
<b>Other comprehensive loss</b>						
Currency translation differences	(35)	293		(270)	(13)	
Cash flow hedges	(841)	(3,424)		(6,705)	(5,302)	
Other comprehensive loss for the period	(876)	(3,131)		(6,975)	(5,315)	
<b>Total comprehensive loss for the period</b>	<b>(22,430)</b>	<b>(70,461)</b>	<b>68.2%</b>	<b>(63,234)</b>	<b>(79,706)</b>	<b>20.7%</b>
<b>Loss attributable to :</b>						
Shareholders of the Company	<u>(21,554)</u>	<u>(67,330)</u>	<u>68.0%</u>	<u>(56,259)</u>	<u>(74,391)</u>	<u>24.4%</u>
<b>Total comprehensive loss attributable to :</b>						
Shareholders of the Company	<u>(22,430)</u>	<u>(70,461)</u>	<u>68.2%</u>	<u>(63,234)</u>	<u>(79,706)</u>	<u>20.7%</u>
<b>Basic loss per share attributable to equity holders of the Company (sen)</b>	<b>Note 21</b>	<b>(3.07)</b>	<b>(9.58)</b>	<b>(8.00)</b>	<b>(10.58)</b>	

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

**MSM MALAYSIA HOLDINGS BERHAD**  
**QUARTERLY REPORT (CONTINUED)**  
On consolidated results for the period ended 30 June 2020 (continued)

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

	Unaudited As at 30 June 2020	Audited As at 31 December 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,342,138	1,295,432
Intangible asset	52,031	54,519
Goodwill	576,240	576,240
Right-of-use assets	174,635	96,174
Deposit and other receivables	-	301
<b>Total non-current assets</b>	<u>2,145,044</u>	<u>2,022,666</u>
<b>Current assets</b>		
Inventories	409,620	319,252
Trade receivables	216,978	269,341
Other receivables, deposits and prepayments	11,694	20,931
Tax recoverable	17,280	9,738
Derivative financial assets	5	2,466
Amounts due from related companies	8,454	6,846
Amount due from ultimate holding company	1,137	1,443
Deposits with licensed banks	159,559	143,652
Cash and bank balances	54,268	26,884
<b>Total current assets</b>	<u>878,995</u>	<u>800,553</u>
Non-current assets held for sale	1,543	157,547
<b>Total assets</b>	<u>3,025,582</u>	<u>2,980,766</u>
<b>Equity</b>		
Share capital	718,255	718,255
Reorganisation deficit	(1,039,632)	(1,039,632)
Merger relief reserve	1,733,939	1,733,939
Foreign exchange reserve	1,565	1,835
Cash flow hedge reserve	(11,673)	(4,968)
Retained earnings	191,843	248,102
<b>Total equity attributable to equity holders of the Company</b>	<u>1,594,297</u>	<u>1,657,531</u>
<b>Non-controlling interest</b>	-	-
<b>Total equity</b>	<u>1,594,297</u>	<u>1,657,531</u>
<b>Non-current liabilities</b>		
Lease liabilities	4,157	4,469
Deferred tax liabilities	50,786	51,062
Borrowings	589,840	605,153
Derivative financial instruments	11,870	4,968
<b>Total non-current liabilities</b>	<u>656,653</u>	<u>665,652</u>
<b>Current liabilities</b>		
Payables and accruals	280,925	129,969
Amounts due to other related companies	5,461	2,059
Amount due to FELDA	50	50
Amount due to ultimate holding company	15,073	14,246
Lease liabilities	981	1,187
Loan due to a related company	64,199	70,431
Borrowings	407,943	439,631
Derivative financial liabilities	-	10
<b>Total current liabilities</b>	<u>774,632</u>	<u>657,583</u>
<b>Total liabilities</b>	<u>1,431,285</u>	<u>1,323,235</u>
<b>Total equity and liabilities</b>	<u>3,025,582</u>	<u>2,980,766</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<u>2.27</u>	<u>2.36</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 2019 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

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

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

<b>Year ended</b>	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Equity attributable to equity holders of the Company
<b>30 June 2020</b>							
At 1 January 2020	718,255	1,733,939	(1,039,632)	1,835	(4,968)	248,102	1,657,531
Loss for the period	-	-	-	-	-	(56,259)	(56,259)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(270)	-	-	(270)
- cash flow hedges	-	-	-	-	(6,705)	-	(6,705)
Total comprehensive loss	-	-	-	(270)	(6,705)	(56,259)	(63,234)
At 30 June 2020	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,565</u>	<u>(11,673)</u>	<u>191,843</u>	<u>1,594,297</u>
<b>Year ended</b>	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Equity attributable to equity holders of the Company
<b>30 June 2019</b>							
At 1 January 2019	718,255	1,733,939	(1,039,632)	1,980	561	547,871	1,962,974
Loss for the period	-	-	-	-	-	(74,391)	(74,391)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(13)	-	-	(13)
- cash flow hedges	-	-	-	-	(5,302)	-	(5,302)
Total comprehensive loss	-	-	-	(13)	(5,302)	(74,391)	(79,706)
At 30 June 2019	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,967</u>	<u>(4,741)</u>	<u>473,480</u>	<u>1,883,268</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 30 June	
	2020	2019 Restated
<b>Cash Flows from Operating Activities</b>		
Loss for the period	(56,259)	(74,391)
Adjustment for Non-Cash Flow Items	<u>80,788</u>	<u>96,379</u>
Operating Profit Before Changes in Working Capital	24,529	21,988
Changes in Working Capital		
Net changes in working capital	114,846	68,103
Tax paid	(9,002)	(17,107)
Tax refunded	-	14,629
<b>Net Cash generated from Operating Activities</b>	<u>130,373</u>	<u>87,613</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(9,395)	(29,933)
Acquisition of intangible assets	(437)	-
Proceeds from disposal of assets held for sale	162	-
Loan given to a related company	-	(16,416)
Interest received	1,901	2,105
<b>Net Cash used in Investing Activities</b>	<u>(7,769)</u>	<u>(44,244)</u>
<b>Cash Flows from Financing Activities</b>		
Drawdown of loan due to a related company, net of issuance costs	10,920	59,000
Repayment of loan due to a related company	(17,000)	-
Drawdown of borrowings, net of issuance costs	567,663	789,223
Repayment of borrowings	(615,026)	(902,540)
Principal payment of lease liability	(519)	(519)
Interest payment of lease liability	(134)	(134)
Interest paid	(26,594)	(29,217)
Changes in restricted cash	(8,334)	90,092
<b>Net Cash (used in)/generated from Financing Activities</b>	<u>(89,024)</u>	<u>5,905</u>
<b>Net Increase in Cash and Cash Equivalents</b>	33,580	49,274
<b>Foreign currency translation differences</b>	1,377	(19)
<b>Cash and Cash Equivalents at Beginning of the Financial Period</b>	152,961	98,220
<b>Cash and Cash Equivalents at End of the Financial Period</b>	<u>187,918</u>	<u>147,475</u>
<b>Cash and Cash Equivalents comprise:</b>		
Deposits with licensed banks	159,559	59,331
Cash and bank balances	54,268	91,396
Less : Restricted cash	(25,909)	(3,252)
	<u>187,918</u>	<u>147,475</u>

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

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

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

**1 Basis of Preparation**

The interim financial information of MSM Malaysia Holdings Berhad ('MSM' or 'Group') is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standards ('MFRS') 134 - Interim Financial Reporting and International Accounting Standards ('IAS') 34 - Interim Financial Reporting.

MFRS 134 is dual compliance with IFRS, so reference to IAS 34 needs to be made as well. This is per MFRS 134 para MY19.1 - An entity's interim financial report that has been prepared in accordance with this Standard shall also disclose the fact it has complied with IAS 34 Interim Financial Reporting.

The Unaudited Condensed Consolidated Financial Information should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2019. These explanatory notes attached to the Unaudited Condensed Consolidated Interim Financial Information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

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

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

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

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

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

However, on 9 April 2020, the Group issued a letter to F&N to exercise its rights to rescind the sale and purchase agreement with F&N in respect of the disposal of its leasehold and agriculture land at Chuping, Perlis. The Group has reclassified plantation segment's Asset Held for Sale of RM74.17m to Property, Plant and Equipment (Non-Current Assets) and RM79.76m to Right-of-Use Assets in Q2 2020 since it no longer meets the criteria for Asset Held for Sale as stated in MFRS 5 (Non Current Asset Held for Sale and Discontinued Operations). Accordingly, the plantation segment is no longer presented as discontinuing operations.

**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

<b>Cumulative quarter ended 30 June 2020</b>	<b>Sugar</b>	<b>Rubber, palm oil and mango</b>	<b>Reconciliation</b>	<b>Total</b>
Total segment revenue	959,579	-	-	959,579
Revenue from external customers	<u>959,579</u>	<u>-</u>	<u>-</u>	<u>959,579</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)**

<b>Cumulative quarter ended 30 June 2020</b>	<b>Sugar</b>	<b>Rubber, palm oil and mango</b>	<b>Reconciliation</b>	<b>Total</b>
Finance income	1,500	-	401	1,901
Finance cost	(25,233)	-	(1,490)	(26,723)
Depreciation and amortisation	(38,651)	(3,329)	(1,519)	<u>(43,499)</u>
Loss before taxation	(52,474)	(2,551)	(50)	(55,075)
Taxation	(27)	-	(1,157)	<u>(1,184)</u>
Loss after taxation for the financial				<u>(56,259)</u>
Timing of revenue recognition: <u>Goods and services transferred</u>				
- At a point in time	959,389	-	-	959,389
- Over time	190	-	-	190
	<u>959,579</u>	<u>-</u>	<u>-</u>	<u>959,579</u>
<b>Total assets as at 30 June 2020</b>				
	<b>Sugar</b>	<b>Rubber, palm oil and mango</b>	<b>Reconciliation</b>	<b>Total</b>
<b>Total assets</b>	2,760,298	154,556	110,728	3,025,582
<b>Total liabilities</b>	1,401,019	12,624	17,642	1,431,285
<b>Additions to property, plant and equipment</b>	9,488	-	122	9,610
<b>Additions to intangible assets</b>	34	-	403	437
<b>Cumulative quarter ended 30 June 2019</b>				
	<b>Sugar</b>	<b>Rubber, palm oil and mango</b>	<b>Reconciliation</b>	<b>Total</b>
Total segment revenue	<u>959,456</u>	<u>380</u>	-	<u>959,836</u>
Revenue from external customers	<u>959,456</u>	<u>380</u>	-	<u>959,836</u>
Finance income	838	-	1,267	2,105
Finance cost	(49,161)	-	-	(49,161)
Depreciation and amortisation	(43,521)	(744)	(1,791)	<u>(46,056)</u>
Loss before taxation	(35,333)	(4,170)	(28,183)	(67,686)
Taxation	(5,924)	-	(781)	<u>(6,705)</u>
Loss after taxation for the financial				<u>(74,391)</u>
Timing of revenue recognition: <u>Goods and services transferred</u>				
- At a point in time	959,076	380	-	959,456
- Over time	380	-	-	380
	<u>959,456</u>	<u>380</u>	<u>-</u>	<u>959,836</u>
<b>Total assets as at 30 June 2019</b>				
	<b>Sugar</b>	<b>Rubber, palm oil and mango</b>	<b>Reconciliation</b>	<b>Total</b>
<b>Total assets</b>	3,146,497	158,621	76,966	3,382,084
<b>Total liabilities</b>	1,475,690	17,922	5,638	1,499,250
<b>Additions to property, plant and equipment</b>	28,285	1,452	196	29,933

**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 June 2020. Fair value changes in effective hedging contracts are recognised directly in equity and are transferred to the income statement in the same period as the underlying hedged item impacts profit or loss.

**10 Valuation of Property, Plant and Equipment**

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

**11 Changes in the Composition of the Group**

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

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

The Group does not have any material contingent liabilities or contingent assets as at 30 June 2020.

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

	<b>As at 30 June</b>	
	<b>2020</b>	<b>2019</b>
<b>Property, plant and equipment:</b>		
- Contracted but not provided for	26,624	63,030
- Approved but not contracted for	162,248	45,929
	<u>188,872</u>	<u>108,959</u>

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

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

**14 Material Related Party Transactions**

(a) Related party transactions are as follows:

	<b>Year to Date Ended</b>	
	<b>2020</b>	<b>2019</b>
	<b>30 June</b>	<b>30 June</b>
<b>(i) Transactions with ultimate holding company</b>		
Management fees (FGV Holdings Berhad)	3,062	2,994
Other services (FGV Holdings Berhad)	-	5
<b>(ii) Transactions with related companies</b>		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	-	(1,643)
Security services (FGV Security Services Sdn. Bhd.)	534	953
Information technology services (FGV Prodata System Sdn. Bhd.)	(19)	24
Travel agent services (Felda Travel Sdn. Bhd.)	32	158
Refreshment services (Felda D'Saji Sdn. Bhd.)	-	62
Finance cost (FGV Capital Sdn. Bhd.)	1,399	-
Finance income (FGV Capital Sdn. Bhd.)	(8)	-
Rental of land (FGV Agri Services Sdn. Bhd.)	-	(11)
House rental (FGV Agri Services Sdn. Bhd.)	(15)	(5)
Transportation services (FGV Transport Services Sdn Bhd)	6,270	1,909
House rental (FGV R&D Sdn. Bhd.)	-	(12)
Office rental (FELDA)	-	331
Supply of water and electricity charges (Felda Chuping Sdn. Bhd.)	-	(4)
Installation&construction of building (Felda Engineering Services Sdn. Bhd.)	-	1,557
	<u>11,255</u>	<u>6,318</u>
<b>(iii) Transactions between subsidiaries and government-related financial institutions</b>		
Interest expense for bankers' acceptance	5,422	5,319
Interest income from fixed deposits and cash balances	(1,892)	(1,910)

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

	<b>30 June</b>	<b>As at</b>
	<b>2020</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
<b>(i) Balances with ultimate holding company</b>		
Amount due to:		
FGV Holdings Berhad	<u>15,073</u>	<u>14,246</u>
<b>(ii) Balances with related companies</b>		
Amount due to:		
FGV Security Services Sdn. Bhd.	195	255
FGV Prodata System Sdn. Bhd.	1	240
Felda Travel Sdn. Bhd.	1	(16)
Felda D'saji Sdn Bhd	1	1
FGV Transport Services Sdn Bhd	5,263	1,579
	<u>5,461</u>	<u>2,059</u>
<b>(iii) Balances with FELDA</b>		
Amount due to:		
FELDA	<u>50</u>	<u>50</u>
<b>(iv) Balances with related companies</b>		
<b>Current</b>		
Amount due from:		
KPF Trading Sdn. Bhd.	697	-
FGV Agri Services Sdn. Bhd.	10	1
FGV R&D Sdn. Bhd.	-	4
FGV Capital Sdn. Bhd.	7,747	6,841
	<u>8,454</u>	<u>6,846</u>
<b>(v) Balances with ultimate holding company</b>		
Amount due from:		
FGV Holdings Berhad	<u>1,137</u>	<u>1,443</u>
<b>(vi) Loan due to a related company</b>		
Amount due to:		
FGV Capital Sdn. Bhd.	<u>64,199</u>	<u>70,431</u>
<b>(vii) Balances with government-related financial institutions</b>		
Bankers' acceptance and revolving credits	352,440	341,156
Fixed deposits and cash balances	210,463	166,933



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

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

**15 Review of Performance**

	<b>Quarter Ended 30 June</b>		<b>% Change</b>
	<b>2020</b>	<b>2019</b>	
Revenue	448,735	474,219	(5.4%)
Gross profit	17,054	1,749	>100%
Loss before taxation	(27,408)	(64,309)	57.4%
Loss for the period	<u>(21,554)</u>	<u>(67,330)</u>	68.0%

**(a) Quarter on Quarter**

The Group recorded a total revenue of RM448.74 million quarter on quarter, which is RM25.48 million or 5% lower compared to the same period last year of RM474.22 million. This is due to decrease in quantity sold for Wholesale segment compared to the same quarter last year.

The loss after tax (LAT) for the three (3) months period ended 30 June 2020 is RM21.55 million, compared to a loss after tax (LAT) of RM67.33 million in the corresponding quarter in the previous year. The lower loss in the current quarter is attributable to higher overall margin of 3.8% and lower finance cost incurred in this quarter compared to same quarter last year.

**16 Material Changes in the Quarterly Results Compared to the Preceding Quarter (31 March 2020)**

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

	<b>Quarter Ended</b>		<b>% Change</b>
	<b>30 June 2020</b>	<b>31 March 2020</b>	
Revenue	448,735	510,844	(12%)
Gross profit	17,054	14,316	19%
Loss before taxation	(27,408)	(27,667)	1%
Loss for the period	<u>(21,554)</u>	<u>(34,705)</u>	38%

The Group recorded a total revenue RM448.74 million in the current quarter compared to the preceding quarter of RM510.84 million due to decrease in the overall sales volume sold.

The Group recorded LAT of RM21.55 million for the three (3) months period ended 30 June 2020 compared to the preceding quarter of RM34.71 million. This is due to higher gross margin and lower operating expenses in the current quarter.

**17 Current Year Prospects**

MSM will continue its focus on sustainable growth strategies which include product diversification to penetrate into export markets and increase profitability. MSM is committed to increase capacity utilisation of MSM Johor, which will reduce production cost and improve margins. MSM expects the business environment to remain challenging for the rest of 2020.

**18 Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast.

**19 Loss from Operations**

Included in the operating loss are:

	<b>Year to Date Ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
Reversal of impairment on property, plant and equipment	(1,762)	-
Impairment of receivables	1,779	-
Amortisation of intangible asset	2,925	4,931
Amortisation of right-of-use assets	3,132	2,505
Depreciation of property plant and equipment	37,442	38,620
Property, plant and equipment written off	1,257	47
Inventory written off	648	30
Net foreign currency exchange (gain)/loss	(2,208)	341
Commodity loss/(gain)	<u>2,648</u>	<u>(717)</u>

**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 June		Year to Date Ended 30 June	
	2020	2019	2020	2019
Current	5,663	(2,278)	(1,460)	(6,392)
Deferred	191	(743)	276	(313)
Tax credit/(expense)	<u>5,854</u>	<u>(3,021)</u>	<u>(1,184)</u>	<u>(6,705)</u>

For the year to date ended 30 June 2020, despite the Group recording losses, the taxation charge arose from certain profit making companies after utilizing surrendered tax losses from another company in the Group.

**21 Loss Per Share**

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2020	2019	2020	2019
Basic loss per share are computed as follows:				
Loss for the financial period attributable to owners of the Company (RM'000)	<u>(21,554)</u>	<u>(67,330)</u>	<u>(56,259)</u>	<u>(74,391)</u>
Weighted average number of ordinary shares in	<u>702,980</u>	<u>702,980</u>	<u>702,980</u>	<u>702,980</u>
Basic loss per share (sen)	<u>(3.07)</u>	<u>(9.58)</u>	<u>(8.00)</u>	<u>(10.58)</u>

**22 Derivative Financial Instruments**

The fair value of these derivatives as at 30 June 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	-	11,870
Foreign currency exchange forward contracts	<u>2,111</u>	<u>5</u>	<u>-</u>
	<u>418,778</u>	<u>5</u>	<u>11,870</u>

**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 2019. The following table presents the assets that are measured at fair value at 30 June 2020.

**30 June 2020**

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>
<b>Liabilities</b>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	<u>-</u>	<u>11,870</u>	<u>-</u>	<u>11,870</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.

**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.

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

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

**26 Status of Corporate Proposals**

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

**27 Group Borrowings**

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

	2020	As at 30 June 2019
<b>Borrowings</b>		
<b>Non-current</b>		
Secured:		
Islamic term loans	589,840	620,850
<b>Current</b>		
Secured :		
Islamic term loans	30,781	151,675
Term loan	24,722	-
Unsecured:		
Bankers' acceptances and revolving credits	352,440	430,846
	<u>407,943</u>	<u>582,521</u>
Average interest rate	<u>4.37%</u>	<u>4.48%</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 financial covenants as at 31 December 2020. Accordingly as at 30 June 2020, all loans have been classified based on its contractual due dates.

**28 Off Balance Sheet Financial Instruments**

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

**29 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 Syed Hisham Syed Wazir**  
**Chairman**

**Kuala Lumpur**  
**19 August 2020**