



MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

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

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

On consolidated results for the period ended 30 September 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Quarter Ended 30 September			Year to Date Ended 30 September		
	2020	2019 (Restated)	% Change	2020	2019 (Restated)	% Change
Revenue	594,553	531,691	11.8%	1,554,132	1,491,527	4.2%
Cost of sales	(551,685)	(564,384)		(1,479,894)	(1,498,057)	
Gross profit/(loss)	42,868	(32,693)	>100%	74,238	(6,530)	>100%
Other operating income	9,898	494		16,432	6,708	
Selling and distribution cost	(7,108)	(3,577)		(20,293)	(19,895)	
Administrative expenses	(16,241)	(16,704)		(53,419)	(51,818)	
Other (loss)/gain - net	(279)	2,512		(1,813)	2,675	
Other operating expenses	(74,479)	(153,808)		(90,739)	(155,546)	
Loss from operations	(45,341)	(203,776)	77.7%	(75,594)	(224,406)	66.3%
Finance costs	(12,900)	(16,327)		(39,623)	(65,488)	
Finance income	878	611		2,779	2,716	
Loss before taxation	(57,363)	(219,492)	73.9%	(112,438)	(287,178)	60.8%
Taxation	(13,848)	34,391		(15,032)	27,686	
Zakat	-	-		-	-	
Loss for the period	(71,211)	(185,101)	61.5%	(127,470)	(259,492)	50.9%
Other comprehensive profit/(loss) for						
Currency translation differences	(128)	(22)		(398)	(35)	
Cash flow hedges	936	(892)		(5,769)	(6,194)	
Other comprehensive profit/(loss) for the period	808	(914)		(6,167)	(6,229)	
Total comprehensive loss for the period	(70,403)	(186,015)	62.2%	(133,637)	(265,721)	49.7%
Loss attributable to :						
Shareholders of the Company	<u>(71,211)</u>	<u>(185,101)</u>	<u>61.5%</u>	<u>(127,470)</u>	<u>(259,492)</u>	<u>50.9%</u>
Total comprehensive loss attributable to :						
Shareholders of the Company	<u>(70,403)</u>	<u>(186,015)</u>	<u>62.2%</u>	<u>(133,637)</u>	<u>(265,721)</u>	<u>49.7%</u>
Basic loss per share attributable to equity holders of the Company (sen)	<u>(10.13)</u>	<u>(26.33)</u>		<u>(18.13)</u>	<u>(36.91)</u>	

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 September 2020 (continued)

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

	Unaudited As at 30 September 2020	Audited As at 31 December 2019
Assets		
Non-current assets		
Property, plant and equipment	1,262,062	1,295,432
Intangible asset	50,203	54,519
Goodwill	576,240	576,240
Right-of-use assets	180,941	96,174
Deposit and other receivables	-	301
Total non-current assets	<u>2,069,446</u>	<u>2,022,666</u>
Current assets		
Inventories	231,517	319,252
Trade receivables	228,752	269,341
Other receivables, deposits and prepayments	17,996	20,931
Tax recoverable	6,925	9,738
Derivative financial assets	-	2,466
Amounts due from related companies	80,224	6,846
Amount due from ultimate holding company	1,403	1,443
Deposits with licensed banks	121,218	143,652
Cash and bank balances	92,279	26,884
Total current assets	<u>780,314</u>	<u>800,553</u>
Non-current assets held for sale	329	157,547
Total assets	<u>2,850,089</u>	<u>2,980,766</u>
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	1,437	1,835
Cash flow hedge reserve	(10,737)	(4,968)
Retained earnings	120,632	248,102
Total equity attributable to equity holders of the Company	<u>1,523,894</u>	<u>1,657,531</u>
Non-controlling interest	-	-
Total equity	<u>1,523,894</u>	<u>1,657,531</u>
Non-current liabilities		
Lease liabilities	3,753	4,469
Deferred tax liabilities	49,812	51,062
Borrowings	582,912	605,153
Derivative financial instruments	11,702	4,968
Total non-current liabilities	<u>648,179</u>	<u>665,652</u>
Current liabilities		
Payables and accruals	178,113	129,969
Amounts due to other related companies	4,099	2,059
Amount due to FELDA	-	50
Amount due to ultimate holding company	13,322	14,246
Lease liabilities	1,187	1,187
Loan due to a related company	30,892	70,431
Borrowings	450,325	439,631
Derivative financial liabilities	78	10
Total current liabilities	<u>678,016</u>	<u>657,583</u>
Total liabilities	<u>1,326,195</u>	<u>1,323,235</u>
Total equity and liabilities	<u>2,850,089</u>	<u>2,980,766</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.17</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

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
30 September 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 period	-	-	-	-	-	(127,470)	(127,470)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(398)	-	-	(398)
- cash flow hedges	-	-	-	-	(5,769)	-	(5,769)
Total comprehensive loss	-	-	-	(398)	(5,769)	(127,470)	(133,637)
At 30 September 2020	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,437</u>	<u>(10,737)</u>	<u>120,632</u>	<u>1,523,894</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
30 September 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	-	-	-	-	-	(259,492)	(259,492)
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)	(259,492)	(265,721)
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>288,379</u>	<u>1,697,253</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 September	
	2020	2019 Restated
Cash Flows from Operating Activities		
Loss for the period	(127,470)	(259,492)
Adjustment for Non-Cash Flow Items	200,381	243,468
Operating Profit/(Loss) Before Changes in Working Capital	<u>72,911</u>	<u>(16,024)</u>
Changes in Working Capital		
Net changes in working capital	90,743	358,792
Tax paid	(13,469)	(22,005)
Tax refunded	-	19,585
Net Cash generated from Operating Activities	<u>150,185</u>	<u>340,348</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(18,603)	(12,123)
Acquisition of intangible assets	(564)	-
Proceeds from disposal of assets held for sale	1,373	-
Loan given to a related company	-	(5,500)
Interest received	1,901	2,716
Net Cash used in Investing Activities	<u>(15,893)</u>	<u>(14,907)</u>
Cash Flows from Financing Activities		
Drawdown of loan due to a related company, net of issuance costs	20,920	59,000
Repayment of loan due to a related company	(60,999)	-
Drawdown of borrowings, net of issuance costs	859,763	1,126,838
Repayment of borrowings	(872,972)	(1,369,449)
Principal payment of lease liability	(715)	(656)
Interest payment of lease liability	(198)	(234)
Interest paid	(38,156)	(40,648)
Changes in restricted cash	(4,371)	(65,202)
Net Cash used in from Financing Activities	<u>(96,728)</u>	<u>(290,351)</u>
Net Increase in Cash and Cash Equivalents	37,564	35,090
Foreign currency translation differences	1,026	(137)
Cash and Cash Equivalents at Beginning of the Financial Period	152,961	98,220
Cash and Cash Equivalents at End of the Financial Period	<u>191,551</u>	<u>133,173</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	121,218	109,333
Cash and bank balances	92,279	51,982
Less : Restricted cash	(21,946)	(28,142)
	<u>191,551</u>	<u>133,173</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.

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

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 2Q 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.

In 3Q 2020, the Group has assessed the carrying value of its bearer plants due to a series of fire incidents which took place in 1Q 2020. An amount of RM27.24 million of bearer plants pertaining to rubber trees had been written off in 3Q 2020. The Group has recognised a further provision of RM43.70 million for the impairment of the remaining bearer plant assets in accordance to MFRS136.

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 2020	Sugar	Rubber, palm oil and mango	Reconciliation	Total
Total segment revenue	1,554,132	-	-	1,554,132
Revenue from external customers	1,554,132	-	-	1,554,132
Finance income	2,281	-	498	2,779
Finance cost	(36,371)	-	(3,252)	(39,623)
Depreciation and amortisation	(58,709)	(4,159)	(2,245)	(65,113)
(Loss)/Profit before taxation	(66,842)	(74,683)	29,087	(112,438)
Taxation	(10,882)	-	(4,150)	(15,032)
Loss after taxation for the financial				(127,470)
Timing of revenue recognition: <u>Goods and services transferred</u>				
- At a point in time	1,553,823	-	-	1,553,823
- Over time	309	-	-	309
	1,554,132	-	-	1,554,132

Total assets as at 30 September 2020	Sugar	Rubber, palm oil and mango	Reconciliation	Total
Total assets	2,655,497	82,721	111,871	2,850,089
Total liabilities	1,297,514	12,461	16,220	1,326,195
Additions to property, plant and equipment	19,353	-	184	19,537
Additions to intangible assets	34	-	530	564

Cumulative quarter ended 30 September 2019	Sugar	Rubber, palm oil and mango	Reconciliation	Total
Total segment revenue	1,490,871	656	-	1,491,527
Revenue from external customers	1,490,871	656	-	1,491,527
Finance income	1,086	-	1,630	2,716
Finance cost	(65,488)	-	-	(65,488)
Depreciation and amortisation	(70,275)	(744)	(1,791)	(72,810)
(Loss)/Profit before taxation	(301,752)	(8,283)	22,857	(287,178)
Taxation	18,068	10,399	(781)	27,686
Loss after taxation for the financial				(259,492)
Timing of revenue recognition: <u>Goods and services transferred</u>				
- At a point in time	1,490,264	656	-	1,490,920
- Over time	607	-	-	607
	1,490,871	656	-	1,491,527

Total assets as at 30 September 2019	Sugar	Rubber, palm oil and mango	Reconciliation	Total
Total assets	2,805,351	156,677	140,265	3,102,293
Total liabilities	1,381,378	16,201	7,895	1,405,474
Additions to property, plant and equipment	10,265	1,452	406	12,123

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

9 Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in mark-to-market position on effective hedging contracts at 30 September 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 September 2020.

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

	As at 30 September	
	2020	2019
Property, plant and equipment:		
- Contracted but not provided for	19,621	48,235
- Approved but not contracted for	164,057	98,054
	183,678	146,289

14 Material Related Party Transactions

(a) Related party transactions are as follows:

	Year to Date Ended 30 September	
	2020	2019
(i) Transactions with ultimate holding company		
Management fees (FGV Holdings Berhad)	2,336	4,831
Other services (FGV Holdings Berhad)	-	8
(ii) Transactions with related companies		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	-	(1,830)
Sales of refined sugar (Felda Travel Sdn. Bhd.)	(1)	-
Sales of refined sugar (Delima Oil Product)	(1)	-
Security services (FGV Security Services Sdn. Bhd.)	777	1,442
Information technology services (FGV Prodata System Sdn. Bhd.)	(18)	54
Travel agent services (Felda Travel Sdn. Bhd.)	38	148
Refreshment services (Felda D'Saji Sdn. Bhd.)	-	68
Finance cost (FGV Capital Sdn. Bhd.)	2,008	-
Finance income (FGV Capital Sdn. Bhd.)	(27)	-
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)	7,587	217
House rental (FGV R&D Sdn. Bhd.)	-	(18)
Office rental (FELDA)	-	441
Supply of water and electricity charges (Felda Chuping Sdn. Bhd.)	-	(5)
Installation & construction of building (Felda Engineering Services Sdn. Bhd.)	-	1,557
Freight forwarder (Felda Transport Services Sdn. Bhd.)	-	2,372
	12,684	9,272

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

14 Material Related Party Transactions (continued)

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

	Year to Date Ended	
	30 September	
	2020	2019
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers' acceptance	8,706	15,703
Interest income from fixed deposits and cash balances	(2,779)	(2,716)

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

	As at	
	30 September	31 December
	2020	2019
(i) Balances with ultimate holding company		
Amount due to:		
FGV Holdings Berhad	<u>13,322</u>	<u>14,246</u>
(ii) Balances with related companies		
Amount due to:		
FGV Security Services Sdn. Bhd.	59	255
FGV Prodata System Sdn. Bhd.	1	240
Felda Travel Sdn. Bhd.	4	(16)
Felda D'saji Sdn Bhd	1	1
FGV Transport Services Sdn Bhd	4,034	1,579
	<u>4,099</u>	<u>2,059</u>
(iii) Balances with FELDA		
Amount due to:		
FELDA	<u>-</u>	<u>50</u>
(iv) Balances with related companies		
Amount due from:		
KPF Trading Sdn. Bhd.	649	-
Delima oil	1	-
FGV Agri Services Sdn. Bhd.	-	1
FGV Security Services Sdn. Bhd.	13	-
Felda Travel Sdn. Bhd.	1	-
FGV R&D Sdn. Bhd.	-	4
FGV Capital Sdn. Bhd.	79,560	6,841
	<u>80,224</u>	<u>6,846</u>
(v) Balances with ultimate holding company		
Amount due from:		
FGV Holdings Berhad	<u>1,403</u>	<u>1,443</u>
(vi) Loan due to a related company		
Amount due to:		
FGV Capital Sdn. Bhd.	<u>30,892</u>	<u>70,431</u>
(vii) Balances with government-related financial institutions		
Bankers' acceptance and revolving credits	413,311	341,156
Fixed deposits and cash balances	209,269	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

	Quarter Ended		% Change
	2020	2019	
Revenue	594,553	531,691	11.8%
Gross profit/(loss)	42,868	(32,693)	>100%
Loss before taxation	(57,363)	(219,492)	73.9%
Loss for the period	<u>(71,211)</u>	<u>(185,101)</u>	61.5%

(a) Quarter on Quarter

The Group recorded a total revenue of RM594.55 million in this quarter, which is RM62.86 million or 12% higher compared to the same period last year of RM531.69 million. This is due to increased in Export sales volume compared to the same quarter last year.

The loss after tax (LAT) for the three (3) months period ended 30 September 2020 is RM71.21 million, compared to a loss after tax (LAT) of RM185.10 million in the corresponding quarter in the previous year. The lower loss in the current quarter is attributable to higher overall margin of 7.21% and lower operating cost incurred in this quarter compared to same quarter last year. Included in this quarter's other operating cost is write-off of bearer plant assets of RM27.24 million and impairment of bearer plant assets of RM43.70 million. The write-off due to the fire did not pose any material financial and operational impact to the Group. Higher other operating cost in 3Q 2019 was due to provision of RM137.35 million for impairment of assets due to planned relocation of refining operations of the Group's subsidiary.

16 Material Changes in the Quarterly Results Compared to the Preceding Quarter (30 June 2020)

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

	Quarter Ended		% Change
	30 September	30 June	
	2020	2020	
Revenue	594,553	448,735	32%
Gross profit	42,868	17,054	>100%
Loss before taxation	(57,363)	(27,408)	>(100%)
Loss for the period	<u>(71,211)</u>	<u>(21,554)</u>	>(100%)

The Group recorded a total revenue RM594.55 million in the current quarter compared to the preceding quarter of RM448.74 million due to increase in the overall sales volume.

The Group recorded LAT of RM71.21 million for the three (3) months period ended 30 September 2020 compared to loss in preceding quarter of RM21.55 million. A higher loss in this quarter despite higher margin is due to write-off of bearer plant assets of RM27.24 million and impairment of bearer plant assets of RM43.70 million.

17 Current Year Prospects

Outlook for 4Q 2020 remains challenging with economic disruption in the country due to the Conditional Movement Control Orders (CMCO) to curb the spread of Covid-19. As CMCO results in lesser social gatherings and limited travel, it will take some time before national sugar consumption returns to its pre-pandemic levels. Internationally, export destination port closures seen in previous quarter had reopened, providing steady Export revenues to the Group.

Despite the challenges, the Group is committed and is on track to increase capacity utilisation of MSM Johor, which will reduce production cost and improve margins. MSM expects the business environment to remain challenging in the final quarter of the year, but remains optimistic on its turnaround plan and the Group's ability in achieving sustainable growth.

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:

	Year to Date Ended	
	2020	2019
Impairment on property, plant and equipment	43,705	137,348
Reversal of impairment on property, plant and equipment	(9,800)	-
Impairment of receivables	4,511	-
Amortisation of intangible asset	4,346	7,385
Amortisation of right-of-use assets	4,636	4,078
Depreciation of property plant and equipment	56,131	61,347
Property, plant and equipment written off	28,957	6,918
Inventory written off	698	145
Net foreign currency exchange (gain)/loss	(689)	341
Commodity loss/(gain)	<u>3,499</u>	<u>(708)</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 September		Year to Date Ended 30 September	
	2020	2019	2020	2019
Current	(14,822)	1,830	(16,282)	(4,562)
Deferred	974	32,561	1,250	32,248
Tax (expense)/credit	<u>(13,848)</u>	<u>34,391</u>	<u>(15,032)</u>	<u>27,686</u>

For the year to date ended 30 September 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 September		Year to Date Ended 30 September	
	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>(71,211)</u>	<u>(185,101)</u>	<u>(127,470)</u>	<u>(259,492)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>702,980</u>	<u>702,980</u>	<u>702,980</u>	<u>702,980</u>
Basic loss per share (sen)	<u>(10.13)</u>	<u>(26.33)</u>	<u>(18.13)</u>	<u>(36.91)</u>

22 Derivative Financial Instruments

The fair value of these derivatives as at 30 September 2020 are as follows:

<u>Type of derivatives</u>	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Islamic profit rate swap	416,667	-	11,702
Foreign currency exchange forward contracts	<u>5,000</u>	<u>-</u>	<u>78</u>
	<u>421,667</u>	<u>-</u>	<u>11,780</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 September 2020.

30 September 2020	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	<u>-</u>	<u>11,702</u>	<u>-</u>	<u>11,702</u>
- Foreign currency exchange forward	<u>-</u>	<u>78</u>	<u>-</u>	<u>78</u>
	<u>-</u>	<u>11,780</u>	<u>-</u>	<u>11,780</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.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

25 Quoted Investments

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

26 Status of Corporate Proposals

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

27 Group Borrowings

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

	As at 30 September	
	2020	2019
Borrowings		
Non-current		
Secured:		
Islamic term loans	<u>582,912</u>	<u>612,647</u>
Current		
Secured :		
Islamic term loans	30,822	102,264
Term loan	6,192	-
Unsecured:		
Bankers' acceptances and revolving credits	<u>413,311</u>	<u>357,326</u>
	<u>450,325</u>	<u>459,590</u>
Average interest rate	<u>4.05%</u>	<u>4.75%</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 September 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

Fakhrunniam Othman
Acting Group Chief Executive Officer

Datuk Syed Hisham Syed Wazir
Chairman

Kuala Lumpur
16 November 2020