



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 2021

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

On consolidated results for the period ended 30 June 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Quarter Ended 30 June			Year to Date Ended 30 June		
	2021	2020 (Restated)	% Change	2021	2020 (Restated)	% Change
<i>Continuing operations</i>						
Revenue	554,100	448,735	23.5%	1,069,035	959,579	11.4%
Cost of sales	(512,451)	(431,681)		(959,028)	(928,209)	
Gross profit	41,649	17,054	>100%	110,007	31,370	>100%
Other operating income	5,407	293		8,345	6,052	
Selling and distribution cost	(5,404)	(5,322)		(12,072)	(13,185)	
Administrative expenses	(10,439)	(17,394)		(26,812)	(36,760)	
Other (loss)/gain - net	(415)	(12)		3,525	(1,534)	
Other operating expenses	(307)	(7,811)		(324)	(13,644)	
Profit/(Loss) from operations	30,491	(13,192)	>100%	82,669	(27,701)	>100%
Finance costs	(9,648)	(12,910)		(19,474)	(26,724)	
Finance income	638	831		1,359	1,901	
Profit/(Loss) before taxation	21,481	(25,271)	>100%	64,554	(52,524)	>100%
Zakat	(1,000)	-		(1,000)	-	
Taxation	(7,204)	5,854		(20,171)	(1,184)	
Profit/(Loss) from continuing operations	13,277	(19,417)	>100%	43,383	(53,708)	>100%
<i>Discontinued operations</i>						
Profit/(Loss) from discontinued operations, net of tax	189	(2,137)	>100%	1,269	(2,551)	>100%
Profit/(Loss) for the period	13,466	(21,554)	>100%	44,652	(56,259)	>100%
Other comprehensive income/(loss)						
Currency translation differences	6	(35)		130	(270)	
Cash flow hedges	521	(841)		2,957	(6,705)	
Other comprehensive income/(loss) for the period	527	(876)		3,087	(6,975)	
Total comprehensive income/(loss) for the period	13,993	(22,430)	>100%	47,739	(63,234)	>100%

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)
On consolidated results for the period ended 30 June 2021 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	Quarter Ended 30 June			Year to Date Ended 30 June		
	2021	2020 (Restated)	% Change	2021	2020 (Restated)	% Change
Profit/(Loss) attributable to :						
Shareholders of the Company						
- from continuing operations	13,277	(19,417)		43,383	(53,708)	
- from discontinued operations	189	(2,137)		1,269	(2,551)	
Profit/(Loss) for the period	13,466	(21,554)	>100%	44,652	(56,259)	>100%
Total comprehensive income/(loss) attributable to :						
Shareholders of the Company						
- from continuing operations	13,804	(20,293)		46,470	(60,683)	
- from discontinued operations	189	(2,137)		1,269	(2,551)	
Total comprehensive income/(loss) for the period	13,993	(22,430)	>100%	47,739	(63,234)	>100%
Basic profit/(loss) per share attributable to equity holders of the Company (sen) Note 22						
- from continuing operations	1.89	(2.76)		6.17	(7.64)	
- from discontinued operations	0.03	(0.31)		0.18	(0.36)	
	1.92	(3.07)		6.35	(8.00)	

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 2020 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 2021 (continued)

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

	Unaudited As at 30 June 2021	Audited As at 31 December 2020
Assets		
Non-current assets		
Property, plant and equipment	1,233,714	1,255,235
Intangible asset	46,557	48,872
Goodwill	576,240	576,240
Right-of-use assets	83,468	92,642
Total non-current assets	<u>1,939,979</u>	<u>1,972,989</u>
Current assets		
Inventories	379,831	274,485
Trade receivables	218,513	216,355
Other receivables, deposits and prepayments	33,594	10,822
Tax recoverable	-	8,118
Derivative financial assets	997	-
Amounts due from related companies	193	465
Amount due from immediate holding company	410	1,461
Deposits with licensed banks	111,072	127,787
Cash and bank balances	52,010	68,134
Total current assets	<u>796,620</u>	<u>707,627</u>
Assets held for sale	110,719	89,664
Total assets	<u>2,847,318</u>	<u>2,770,280</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	1,429	1,299
Cash flow hedge reserve	(6,252)	(9,209)
Retained earnings	221,526	176,874
Total equity attributable to equity holders of the Company	<u>1,629,265</u>	<u>1,581,526</u>
Non-controlling interest	-	-
Total equity	<u>1,629,265</u>	<u>1,581,526</u>
Non-current liabilities		
Lease liabilities	3,410	3,772
Deferred tax liabilities	44,417	47,010
Borrowings	495,945	518,636
Derivative financial liabilities	6,993	10,163
Total non-current liabilities	<u>550,765</u>	<u>579,581</u>
Current liabilities		
Payables and accruals	285,772	157,091
Amounts due to other related companies	1,121	1,643
Amount due to ultimate holding body	74	221
Amount due to immediate holding company	11,087	12,503
Lease liabilities	986	1,170
Loan due to a related company	-	47,152
Borrowings	356,802	388,464
Current tax liabilities	4,275	-
Derivative financial liabilities	-	929
Total current liabilities	<u>660,117</u>	<u>609,173</u>
Liabilities related to assets held for sale	7,171	-
Total liabilities	<u>1,218,053</u>	<u>1,188,754</u>
Total equity and liabilities	<u>2,847,318</u>	<u>2,770,280</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.32</u>	<u>2.25</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 2020 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 June 2021							
At 1 January 2021	718,255	1,733,939	(1,039,632)	1,299	(9,209)	176,874	1,581,526
Profit for the period	-	-	-	-	-	44,652	44,652
Other comprehensive income							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	130	-	-	130
- cash flow hedges	-	-	-	-	2,957	-	2,957
Total comprehensive income	-	-	-	130	2,957	44,652	47,739
At 30 June 2021	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,429</u>	<u>(6,252)</u>	<u>221,526</u>	<u>1,629,265</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 June 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	-	-	-	-	-	(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>

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 2020 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	
	2021	2020 (Restated)
Cash Flows from Operating Activities		
Profit/(Loss) for the period from		
Continuing operations	43,383	(53,708)
Discontinued operations	1,269	(2,551)
Profit/(Loss) for the period	<u>44,652</u>	<u>(56,259)</u>
Adjustment for Non-Cash Flow Items from continuing operations	60,384	79,013
Adjustment for Non-Cash Flow Items from discontinued operations	(1,283)	1,774
Operating Profit Before Changes in Working Capital	<u>103,753</u>	<u>24,528</u>
Changes in Working Capital		
Net changes in working capital	(447)	114,207
Tax paid	(9,719)	(9,002)
Tax refunded	3,986	-
Operating cash generated from continuing operations	<u>97,573</u>	<u>129,733</u>
Operating cash (used in)/generated from discontinued operations	(1,174)	640
Net Cash generated from Operating Activities	<u>96,399</u>	<u>130,373</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(11,669)	(9,395)
Acquisition of intangible assets	(40)	(437)
Proceeds from disposal of property, plant and equipment	204	-
Interest received	1,359	1,901
Investing cash used in continuing operations	<u>(10,146)</u>	<u>(7,931)</u>
Investing cash generated from discontinued operations	1,374	162
Net Cash used in Investing Activities	<u>(8,772)</u>	<u>(7,769)</u>
Cash Flows from Financing Activities		
Drawdown of loan due to a related company, net of issuance costs	-	10,920
Repayment of loan due to a related company	(47,232)	(17,000)
Drawdown of borrowings, net of issuance costs	512,100	567,663
Repayment of borrowings	(565,950)	(615,026)
Principal payment of lease liability	(545)	(519)
Interest payment of lease liability	(116)	(134)
Interest paid	(19,987)	(26,594)
Changes in restricted cash	(845)	(8,334)
Net Cash used in Financing Activities	<u>(122,575)</u>	<u>(89,024)</u>
Net (decrease)/increase in Cash and Cash Equivalents	<u>(34,948)</u>	<u>33,580</u>
Foreign currency translation differences	1,264	1,377
Cash and Cash Equivalents at Beginning of the Financial Period	179,924	152,961
Cash and Cash Equivalents at End of the Financial Period	<u>146,240</u>	<u>187,918</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	111,072	159,559
Cash and bank balances	52,010	54,268
Less : Restricted cash	(16,842)	(25,909)
	<u>146,240</u>	<u>187,918</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 2020 and the accompanying explanatory notes attached to the Unaudited Condensed Consolidated Financial Information.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

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

The Unaudited Condensed Consolidated Financial Information should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2020. 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 2020.

1 Basis of Preparation

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

The accounting policies and presentation adopted for this Unaudited Condensed Consolidated Interim Financial Information are mainly consistent with those of the Group's audited financial statements for the financial year ended 31 December 2020.

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

Effective for annual periods beginning on or after 1 January 2021

- Interest Rate Benchmark Reform—Phase 2 - Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16

(ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group:

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual improvements to Illustrative Example Accompanying MFRS 16 Leases: Lease Incentives
- Annual improvements to MFRS 141 "Taxation in Fair Value Measurements"
- Annual improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'
- Reference to the Conceptual Framework - Amendments to MFRS 3

Effective annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of liabilities as current and non-current'
- Disclosure of Accounting Policies - Amendments to MFRS 101 and MFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to MFRS 108

2 Auditors' Report on Preceding Annual Financial Statements

The financial statements for the year ended 31 December 2020 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 1Q 2021, there have been high number of Covid-19 cases which result in the continuation of movement control orders to majority of states in Malaysia. These contributed to low sugar demand from F&B outlets which resulted in low sugar offtake from Wholesale and Industrial customers.

2Q 2021: The Group has reclassified certain assets and liabilities of a subsidiary to assets held for sale and liabilities related to assets held for sale upon meeting MFRS 5 criteria following the planned disposal of the subsidiary.

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 June 2021	Continuing operations			Discontinued operations	Total
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	
Total segment revenue	1,069,035	-	1,069,035	-	1,069,035
Revenue from external customers	1,069,035	-	1,069,035	-	1,069,035
Finance income	1,135	224	1,359	-	1,359
Finance cost	(16,685)	(2,789)	(19,474)	-	(19,474)
Depreciation and amortisation	(40,998)	(1,340)	(42,338)	-	(42,338)
Profit before taxation	77,631	(13,077)	64,554	1,269	65,823
Taxation	(17,762)	(2,409)	(20,171)	-	(20,171)
Zakat	(1,000)	-	(1,000)	-	(1,000)
Profit after taxation for the financial					44,652
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	1,068,936	-	1,068,936	-	1,068,936
- Over time	99	-	99	-	99
	1,069,035	-	1,069,035	-	1,069,035

Total assets as at 30 June 2021	Continuing operations			Discontinued operations	Total
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	
Total assets	2,709,258	55,970	2,765,228	82,090	2,847,318
Total liabilities	1,171,058	35,339	1,206,397	11,656	1,218,053
Additions to property, plant and equipment	11,249	626	11,875	-	11,875
Additions to intangible assets	-	40	40	-	40

Cumulative quarter ended 30 June 2020	Continuing operations			Discontinued operations	Total
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	
Total segment revenue	959,579	-	959,579	-	959,579
Revenue from external customers	959,579	-	959,579	-	959,579
Finance income	1,500	401	1,901	-	1,901
Finance cost	(25,234)	(1,490)	(26,724)	-	(26,724)
Depreciation and amortisation	(38,651)	(1,519)	(40,170)	(3,329)	(43,499)
Loss before taxation	(52,474)	(50)	(52,524)	(2,551)	(55,075)
Taxation	(27)	(1,157)	(1,184)	-	(1,184)
Loss after taxation for the financial					(56,259)
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	959,389	-	959,389	-	959,389
- Over time	190	-	190	-	190
	959,579	-	959,579	-	959,579

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 30 June 2020	<u>Continuing operations</u>	Reconciliation	Subtotal	<u>Discontinued operations</u>	Total
	Sugar			Rubber, palm oil and mango	
Total assets	2,760,298	110,728	2,871,026	154,556	3,025,582
Total liabilities	1,401,019	17,642	1,418,661	12,624	1,431,285
Additions to property, plant and equipment	9,488	122	9,610	-	9,610
Additions to intangible assets	34	403	437	-	437

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 2021.

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 2021.

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

	As at 30 June	
	2021	2020
Property, plant and equipment:		
- Contracted but not provided for	24,161	26,624
- Approved but not contracted for	169,461	162,248
	<u>193,622</u>	<u>188,872</u>

14 Material Related Party Transactions

(a) Related party transactions are as follows:

	Year to Date 30 June	
	2021	2020
(i) Transactions with Immediate holding company		
Management fees (FGV Holdings Berhad)	1,480	3,062
(ii) Transactions with related companies		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	(1,447)	-
Sales of refined sugar (Felda Travel Sdn. Bhd.)	(22)	-
Supply of product (FGV Kernel Products)	(16)	-
Security services (FGV Security Services Sdn. Bhd.)	781	534
Information technology services (FGV Prodata System Sdn. Bhd.)	1	(19)
Travel agent services (Felda Travel Sdn. Bhd.)	-	32
Insurance services (KPF Trading Sdn. Bhd.)	127	135
Finance cost (FGV Capital Sdn. Bhd.)	166	1,399
Finance income (FGV Capital Sdn. Bhd.)	-	(8)
Rental of land (FGV Integrated Farming Holding Sdn. Bhd.)	(129)	-
House rental (FGV Agri Services Sdn. Bhd.)	-	(15)
Transportation services (FGV Transport Services Sdn Bhd)	1,525	6,270
Office rental (FELDA)	443	188
	<u>2,909</u>	<u>11,578</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 (continued)

	Year to Date	
	30 June	
	2021	2020
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers' acceptance	4,988	5,422
Interest income from fixed deposits and cash balances	(1,359)	(1,892)
(b) Balances relating to related party transactions are as follows:		
	30 June	As at
	2021	31 December
	2021	2020
(i) Balances with immediate holding company		
Amount due to:		
FGV Holdings Berhad	<u>11,087</u>	<u>12,503</u>
(ii) Balances with related companies		
Amount due to:		
FGV Security Services Sdn. Bhd.	400	119
FGV Prodata System Sdn. Bhd.	1	1
FGV Biotechnology	83	-
FGV Refineries	47	-
Felda Travel Sdn. Bhd.	-	2
Felda D'saji Sdn Bhd	3	1
FGV Transport Services Sdn Bhd	587	1,520
	<u>1,121</u>	<u>1,643</u>
(iii) Balances with ultimate holding body		
Amount due to:		
FELDA	<u>74</u>	<u>221</u>
(iv) Balances with related companies		
Amount due from:		
KPF Trading Sdn. Bhd.	179	464
Felda Travel Sdn. Bhd.	8	1
FGV Kernel Products	-	-
FGV Integrated Farming	6	-
	<u>193</u>	<u>465</u>
(v) Balances with immediate holding company		
Amount due from:		
FGV Holdings Berhad	<u>410</u>	<u>1,461</u>
(vi) Loan due to a related company		
Amount due to:		
FGV Capital Sdn. Bhd.	<u>-</u>	<u>47,152</u>
(vii) Balances with government-related financial institutions		
Bankers' acceptance and revolving credits	315,358	354,550
Fixed deposits and cash balances	52,010	192,183

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

15 Discontinued operations and assets classified as held for sale

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 discontinued operations in accordance to MFRS 5 (Non Current Assets Held For Sale and Discontinued Operations). The results of the discontinued operations are as follows:-

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2021	2020	2021	2020
Results of discontinued operations				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit/(loss)	-	-	-	-
Other operating income	435	1,775	1,853	1,797
Administrative expenses	(246)	(279)	(584)	(418)
Other operating expenses	-	(3,633)	-	(3,930)
Profit/(Loss) from operations	189	(2,137)	1,269	(2,551)
Finance costs	-	-	-	-
Finance income	-	-	-	-
Profit/(Loss) before taxation	189	(2,137)	1,269	(2,551)
Taxation	-	-	-	-
Profit/(Loss) from discontinued operations	189	(2,137)	1,269	(2,551)

16 Review of Performance

	Quarter Ended 30 June			Year to Date Ended 30 June		
	2021	2020	%Change	2021	2020	%Change
Continuing operations						
Revenue	554,100	448,735	23.5%	1,069,035	959,579	11.4%
Gross profit	41,649	17,054	>100%	110,007	31,370	>100%
Profit/(Loss) before taxation	21,481	(25,271)	>100%	64,554	(52,524)	>100%
Profit/(Loss) for the period	<u>13,277</u>	<u>(19,417)</u>	>100%	<u>43,383</u>	<u>(53,708)</u>	>100%
Discontinued operations						
Revenue	-	-	-	-	-	-
Gross loss	-	-	-	-	-	-
Profit/(Loss) before taxation	189	(2,137)	>100%	1,269	(2,551)	>100%
Profit/(Loss) for the period	<u>189</u>	<u>(2,137)</u>	>100%	<u>1,269</u>	<u>(2,551)</u>	>100%

(a) Quarter on Quarter

Continuing operations

The Group recorded total revenue of RM554.1 million in this quarter, which is RM105.37 million or 23.5% higher compared to the same period last year of RM448.73 million. This is due to higher average selling price in industry sector compared to the same quarter last year.

The profit after tax (PAT) for the three months period ended 30 June 2021 is RM13.28 million, compared to loss after tax (LAT) of RM19.42 million in the corresponding quarter in the previous year. The higher profit in the current quarter is attributable to improved margin from higher average selling price and lower finance cost.

Discontinued operations

The Group recorded higher PAT for the three months period ended 30 June 2021 due to reversal of provision for cost to sell during the period, compared to LAT of RM2.14 million in the corresponding quarter in the previous year.

(b) Year on Year

Continuing operations

The Group recorded total revenue for the six months ended 30 June 2021 of RM1,069.04 million compared to RM959.58 million in the same period last year. The increase is due to higher overall average selling price and sales volume.

The Group recorded PAT for the six months period ended 30 June 2021 of RM43.38 million as compared to previous corresponding period's LAT of RM53.71 million due to improved margin from higher average selling price.

Discontinued operations

The Group recorded higher PAT for the six months period ended 30 June 2021 due to reversal of provision for cost to sell and gain from disposal of fixed assets during the period. In the previous year LAT of RM2.55 million was recorded mainly due to depreciation charges for assets being reclassified from Assets Held for Sale to Property, Plant and Equipment.

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17 Material Changes in the Quarterly Results Compared to the Preceding Quarter (31 March 2021)

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 June 2021	31 March 2021	
<u>Continuing operations</u>			
Revenue	554,100	514,935	8%
Gross profit	41,649	68,357	(39%)
Profit before taxation	21,481	43,074	(50%)
Profit for the period	<u>13,277</u>	<u>30,107</u>	(56%)
<u>Discontinued operations</u>			
Revenue	-	-	-
Gross profit	-	-	-
Profit before taxation	189	1,079	>100%
Profit for the period	<u>189</u>	<u>1,079</u>	>100%

Continuing operations

The Group recorded a total revenue RM554.1 million in the current quarter compared to the preceding quarter of RM514.94 million due to increase in the overall sales volume.

The Group recorded PAT of RM13.28 million for the three months period ended 30 June 2021 compared to profit in preceding quarter of RM30.11 million. A lower profit in this quarter were attributable to lower overall margin due to low production from temporary shutdown of refinery operations.

Discontinued operations

The Group recorded higher profit in preceding quarter period ended 31 March 2021 due to gain on disposal of fixed asset of RM1.28mil.

18 Current Year Prospects

The Group remains cautiously optimistic on its turnaround plan and the ability to achieve sustainable growth amidst the rising trend of global raw sugar price. The Group is working towards improving its efficiency and remains positive of its full year target performance. In addition, the Group is focused towards higher yield and capacity utilisation which will result in lower refining and production cost.

On the domestic front, the National Recovery Plan underway and rate of vaccination provides strong impetus for greater economic recovery and socio-economic activities leading to more product consumption including sugar.

On the export front, the seaport segment is poised to grow further in 2021 as global trade recovery gains further momentum, backed by the reopening of economies, businesses and borders. This encouraging development is favourable for our MSM Johor refinery and the Group.

MSM will continue to pursue its turnaround plan and achieve sustainable growth with good returns.

19 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

20 Loss from Operations

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

	Year to Date Ended 30 June	
	2021	2020
Reversal of impairment on property, plant and equipment	(5,129)	(1,898)
(Reversal of impairment)/Impairment of receivables	(1,595)	1,779
Amortisation of intangible asset	2,355	2,925
Amortisation of right-of-use assets	1,493	3,132
Depreciation of property plant and equipment	38,490	37,442
Property, plant and equipment written off	36	1,257
Inventory written off	165	836
Gain on disposal of property, plant and equipment	(1,487)	-
Net foreign currency exchange loss/(gain)	306	(2,483)
Commodity (gain)/loss	<u>(2,139)</u>	<u>2,648</u>

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Amounts in RM thousand unless otherwise stated

21 Taxation

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2021	2020	2021	2020
Current	(8,573)	5,663	(15,592)	(1,460)
Deferred	1,369	191	(4,579)	276
Tax expense	<u>(7,204)</u>	<u>5,854</u>	<u>(20,171)</u>	<u>(1,184)</u>

For the year to date ended 30 June 2021, despite the Group recording profit, the taxation charge arose from certain profit making companies after utilizing surrendered tax losses from another company in the Group.

22 Profit/(Loss) Per Share

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2021	2020	2021	2020
Basic profit/(loss) per share are computed as follows:				
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)				
- from continuing operations	13,277	(19,417)	43,383	(53,708)
- from discontinued operations	189	(2,137)	1,269	(2,551)
	<u>13,466</u>	<u>(21,554)</u>	<u>44,652</u>	<u>(56,259)</u>

	Quarter Ended 30 June		Year to Date Ended 30 June	
	2021	2020	2021	2020
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic profit/(loss) per share (sen)				
- from continuing operations	1.89	(2.76)	6.17	(7.64)
- from discontinued operations	0.03	(0.31)	0.18	(0.36)
	<u>1.92</u>	<u>(3.07)</u>	<u>6.35</u>	<u>(8.00)</u>

23 Derivative Financial Instruments

The fair value of these derivatives as at 30 June 2021 are as follows:

Type of derivatives	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Islamic profit rate swap	250,000	-	6,993
Foreign currency exchange forward contracts	199,671	478	-
Sugar commodity futures contracts	8,967	519	-
	<u>458,638</u>	<u>997</u>	<u>6,993</u>

24 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 2020. The following table presents the assets that are measured at fair value at 30 June 2021.

30 June 2021

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward contracts	-	478	-	478
- Sugar commodity options	519	-	-	519
	<u>519</u>	<u>478</u>	<u>-</u>	<u>997</u>
Liabilities				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	6,993	-	6,993
	<u>-</u>	<u>6,993</u>	<u>-</u>	<u>6,993</u>

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24 Fair Value Changes of Financial Instruments (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise sugar commodity futures contracts.

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.

25 Unquoted Investments and/or Properties

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

26 Quoted Investments

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

27 Status of Corporate Proposals

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

28 Group Borrowings

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

	As at	
	2021	30 June
	2021	2020
Borrowings		
Non-current		
Secured:		
Islamic term loans	495,945	589,840
Current		
Secured :		
Islamic term loans	41,444	30,781
Term loan	-	24,722
Unsecured:		
Bankers' acceptances and revolving credits	315,358	352,440
	<u>356,802</u>	<u>407,943</u>
Average interest rate	3.36%	4.37%

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 expected to meet its financial covenants as at 31 December 2021. Accordingly as at 30 June 2021, all loans have been classified based on its contractual due dates.

29 Off Balance Sheet Financial Instruments

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

30 Material Litigation

Since the last Financial Statements for the year ended 31 December 2020, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

On behalf of the Board

Syed Feizal Syed Mohammad
Group Chief Executive Officer

Datuk Syed Hisham Syed Wazir
Chairman

Kuala Lumpur
25 August 2021