



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 2021

MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

On consolidated results for the period ended 30 September 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Quarter Ended 30 September			Year to Date Ended 30 September		
	2021	2020 (Restated)	% Change	2021	2020 (Restated)	% Change
<i>Continuing operations</i>						
Revenue	548,646	594,553	(7.7%)	1,617,681	1,554,132	4.1%
Cost of sales	(524,824)	(551,685)		(1,483,852)	(1,479,894)	
Gross profit	23,822	42,868	(44.4%)	133,829	74,238	80.3%
Other operating income	7,475	9,886		15,821	14,623	
Selling and distribution cost	(7,254)	(7,108)		(19,326)	(20,293)	
Administrative expenses	(17,000)	(16,155)		(43,812)	(52,915)	
Other gain/(loss) - net	42,302	(279)		45,827	(1,814)	
Other operating expenses	(7,358)	(2,423)		(7,682)	(14,750)	
Profit/(Loss) from operations	41,987	26,789	56.7%	124,657	(911)	>100%
Finance costs	(20,023)	(12,900)		(39,497)	(39,623)	
Finance income	412	879		1,770	2,779	
Profit/(Loss) before taxation	22,376	14,768	51.5%	86,930	(37,755)	>100%
Zakat	-	-		(1,000)	-	
Taxation	(12,984)	(13,848)		(33,155)	(15,032)	
Profit/(Loss) from continuing operations	9,392	920	>100%	52,775	(52,787)	>100%
<i>Discontinued operations</i>						
Profit/(Loss) from discontinued operations, net of tax	87,469	(72,131)	>100%	88,738	(74,683)	>100%
Profit/(Loss) for the period	96,861	(71,211)	>100%	141,513	(127,470)	>100%
Other comprehensive income/(loss)						
Currency translation differences	34	(128)		164	(398)	
Cash flow hedges	1,091	936		4,048	(5,769)	
Other comprehensive income/(loss) for the period	1,125	808		4,212	(6,167)	
Total comprehensive income/(loss) for the period	97,986	(70,403)	>100%	145,725	(133,637)	>100%
Profit/(Loss) attributable to :						
Shareholders of the Company						
- from continuing operations	9,392	920		52,775	(52,787)	
- from discontinued operations	87,469	(72,131)		88,738	(74,683)	
Profit/(Loss) for the period	96,861	(71,211)	>100%	141,513	(127,470)	>100%
Total comprehensive income/(loss) attributable to :						
Shareholders of the Company						
- from continuing operations	10,517	1,728		56,987	(58,954)	
- from discontinued operations	87,469	(72,131)		88,738	(74,683)	
Total comprehensive income/(loss) for the period	97,986	(70,403)	>100%	145,725	(133,637)	>100%
Basic profit/(loss) per share attributable to equity holders of the Company (sen) Note 22						
- from continuing operations	1.34	0.13		7.51	(7.51)	
- from discontinued operations	12.44	(10.26)		12.62	(10.62)	
	13.78	(10.13)		20.13	(18.13)	

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 September 2021 (continued)

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

	Unaudited As at 30 September 2021	Audited As at 31 December 2020
Assets		
Non-current assets		
Property, plant and equipment	1,222,098	1,255,235
Intangible asset	45,596	48,872
Goodwill	576,240	576,240
Right-of-use assets	83,664	92,642
Total non-current assets	<u>1,927,598</u>	<u>1,972,989</u>
Current assets		
Inventories	326,879	274,485
Trade receivables	263,660	216,355
Other receivables, deposits and prepayments	85,165	10,822
Tax recoverable	-	8,118
Derivative financial assets	989	-
Amounts due from related companies	179	465
Amount due from immediate holding company	317	1,461
Deposits with licensed banks	245,615	127,787
Cash and bank balances	65,698	68,134
Total current assets	<u>988,502</u>	<u>707,627</u>
Assets held for sale	7,682	89,664
Total assets	<u>2,923,782</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	1,463	1,299
Cash flow hedge reserve	(5,161)	(9,209)
Retained earnings	318,387	176,874
Total equity attributable to equity holders of the Company	<u>1,727,251</u>	<u>1,581,526</u>
Non-controlling interest	-	-
Total equity	<u>1,727,251</u>	<u>1,581,526</u>
Non-current liabilities		
Lease liabilities	3,941	3,772
Deferred tax liabilities	40,498	47,010
Borrowings	377,696	518,636
Derivative financial liabilities	5,833	10,163
Total non-current liabilities	<u>427,968</u>	<u>579,581</u>
Current liabilities		
Payables and accruals	152,324	157,091
Amounts due to other related companies	1,109	1,643
Amount due to ultimate holding body	-	221
Amount due to immediate holding company	9,634	12,503
Lease liabilities	992	1,170
Loan due to a related company	20,104	47,152
Borrowings	566,853	388,464
Current tax liabilities	17,547	-
Derivative financial liabilities	-	929
Total current liabilities	<u>768,563</u>	<u>609,173</u>
Liabilities related to assets held for sale	-	-
Total liabilities	<u>1,196,531</u>	<u>1,188,754</u>
Total equity and liabilities	<u>2,923,782</u>	<u>2,770,280</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>2.46</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 September 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	-	-	-	-	-	141,513	141,513
Other comprehensive income							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	164	-	-	164
- cash flow hedges	-	-	-	-	4,048	-	4,048
Total comprehensive income	-	-	-	164	4,048	141,513	145,725
At 30 September 2021	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,463</u>	<u>(5,161)</u>	<u>318,387</u>	<u>1,727,251</u>
Period ended	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Equity attributable to equity holders of the Company
30 September 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>

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 September	
	2021	2020 (Restated)
Cash Flows from Operating Activities		
Profit/(Loss) for the period from		
Continuing operations	52,775	(52,787)
Discontinued operations	88,738	(74,683)
Profit/(Loss) for the period	<u>141,513</u>	<u>(127,470)</u>
Adjustment for Non-Cash Flow Items from continuing operations	113,873	126,829
Adjustment for Non-Cash Flow Items from discontinued operations	(87,098)	73,552
Operating Profit Before Changes in Working Capital	<u>168,288</u>	<u>72,911</u>
Changes in Working Capital		
Net changes in working capital	(174,520)	89,768
Tax paid	(13,350)	(13,469)
Tax refunded	5,986	-
Operating cash (used in)/generated from continuing operations	<u>(13,596)</u>	<u>149,210</u>
Operating cash (used in)/generated from discontinued operations	<u>(3,533)</u>	<u>975</u>
Net Cash (used in)/generated from Operating Activities	<u>(17,129)</u>	<u>150,185</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(18,332)	(18,603)
Acquisition of intangible assets	(239)	(564)
Proceeds from disposal of property, plant and equipment	902	1,211
Proceeds from disposal of a subsidiary	175,000	-
Interest received	1,770	1,901
Investing cash generated/(used in) continuing operations	<u>159,101</u>	<u>(16,055)</u>
Investing cash generated from discontinued operations	<u>1,815</u>	<u>162</u>
Net Cash generated/(used in) Investing Activities	<u>160,916</u>	<u>(15,893)</u>
Cash Flows from Financing Activities		
Drawdown of loan due to a related company, net of issuance costs	20,000	20,920
Repayment of loan due to a related company	(47,232)	(60,999)
Drawdown of borrowings, net of issuance costs	868,770	859,763
Repayment of borrowings	(841,550)	(872,972)
Principal payment of lease liability	(832)	(715)
Interest payment of lease liability	(180)	(198)
Interest paid	(29,360)	(38,156)
Changes in restricted cash	(72,724)	(4,371)
Net Cash used in Financing Activities	<u>(103,108)</u>	<u>(96,728)</u>
Net increase in Cash and Cash Equivalents	40,679	37,564
Foreign currency translation differences	1,989	1,026
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>222,592</u>	<u>191,551</u>
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	245,615	121,218
Cash and bank balances	65,698	92,279
Less : Restricted cash	(88,721)	(21,946)
	<u>222,592</u>	<u>191,551</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
- Amendments to MFRS 112 'Deferred tax relating to asset and liabilities arising from a single transaction'

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.

3Q 2021: On 27 August 2021, MSM Malaysia Holdings Berhad (MSMH) announced the disposal of entire equity interest held in MSM Perlis Sdn. Bhd. (MSMP) for an initial cash consideration of RM175,000,000, subject to adjustment for net working capital and net debt at completion. The disposal was completed on 29 September 2021 and MSMP ceased to be a subsidiary of MSMH.

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.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

6 Changes in Debt and Equity Securities

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

7 Dividends

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

8 Segmental Reporting

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

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

Cumulative quarter ended 30 September 2021	Continuing operations			Discontinued operations	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total segment revenue	1,617,681	-	1,617,681	-	1,617,681
Revenue from external customers	1,617,681	-	1,617,681	-	1,617,681
Finance income	1,386	384	1,770	-	1,770
Finance cost	(35,579)	(3,918)	(39,497)	-	(39,497)
Depreciation and amortisation	(60,520)	(2,025)	(62,545)	-	(62,545)
Profit before taxation	78,001	8,929	86,930	88,738	175,668
Taxation	(30,147)	(3,008)	(33,155)	-	(33,155)
Zakat	(1,000)	-	(1,000)	-	(1,000)
Profit after taxation for the financial period					141,513
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	1,617,555	-	1,617,555	-	1,617,555
- Over time	126	-	126	-	126
	1,617,681	-	1,617,681	-	1,617,681

Total assets as at 30 September 2021	Continuing operations			Discontinued operations	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total assets	2,736,394	187,388	2,923,782	-	2,923,782
Total liabilities	1,178,301	18,230	1,196,531	-	1,196,531
Additions to property, plant and equipment	18,054	734	18,788	-	18,788
Additions to intangible assets	-	239	239	-	239

Cumulative quarter ended 30 September 2020	Continuing operations			Discontinued operations	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total segment revenue	1,554,132	-	1,554,132	-	1,554,132
Revenue from external customers	1,554,132	-	1,554,132	-	1,554,132
Finance income	2,281	498	2,779	-	2,779
Finance cost	(36,371)	(3,252)	(39,623)	-	(39,623)
Depreciation and amortisation	(58,709)	(2,245)	(60,954)	(4,159)	(65,113)
(Loss)/Profit before taxation	(66,842)	29,087	(37,755)	(74,683)	(112,438)
Taxation	(10,882)	(4,150)	(15,032)	-	(15,032)
Loss after taxation for the financial period					(127,470)
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	1,553,823	-	1,553,823	-	1,553,823
- Over time	309	-	309	-	309
	1,554,132	-	1,554,132	-	1,554,132

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 September 2020	Continuing operations		Reconciliation	Subtotal	Discontinued operations	
	Sugar				Rubber, palm oil and mango	Total
Total assets	2,655,497	111,871		2,767,368	82,721	2,850,089
Total liabilities	1,297,514	16,220		1,313,734	12,461	1,326,195
Additions to property, plant and equipment	19,353	184		19,537	-	19,537
Additions to intangible assets	34	530		564	-	564

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 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

On 29 September 2021, MSM Malaysia Holdings Berhad ("MSMH") disposed the entire equity of MSM Perlis Sdn. Bhd. ("MSMP"), a wholly owned subsidiary of MSMH, for an initial disposal consideration of RM175 million, subject to net working capital and net debt of RM6.11 million, which resulted in a gain on disposal of RM91.81 million.

The effect of the disposal of MSMP on the financial position of the Group as at the financial period end is as follows:

Net Asset Disposed	RM'000
Asset held for sale	89,420
Receivables	441
Income tax recoverable	534
Cash and cash equivalents	5,204
Payables	(72)
Deferred tax liabilities	(7,171)
Net asset disposed	88,356
Cost to sell	937
Gain on disposal of subsidiary	91,814
Proceeds from disposal	181,107
Less: Net working capital (NWC) - adj	(903)
Less: Cash and cash equivalents	(5,204)
Net cash inflow from disposal of a subsidiary	175,000

12 Changes in Contingent Liabilities or Contingent Assets

The Group does not have any material contingent liabilities or contingent assets as at 30 September 2021.

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

Property, plant and equipment:	As at 30 September	
	2021	2020
- Contracted but not provided for	27,294	19,621
- Approved but not contracted for	164,044	164,057
	<u>191,338</u>	<u>183,678</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:

	Year to Date 30 September	
	2021	2020
(i) Transactions with Immediate holding company		
Management fees (FGV Holdings Berhad)	2,220	2,336
(ii) Transactions with related companies		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	(1,546)	-
Sales of refined sugar (Felda Travel Sdn. Bhd.)	(29)	(1)
Sales of refined sugar (Delima Oil Product)	(1)	(1)
Supply of product (FGV R&D Sdn. Bhd.)	(1)	-
Supply of product (FGV Kernel Products Sdn. Bhd.)	(35)	-
Security services (FGV Security Services Sdn. Bhd.)	1,266	777
Information technology services (FGV Prodata System Sdn. Bhd.)	(1)	(18)
Travel agent services (Felda Travel Sdn. Bhd.)	36	38
Insurance services (KPF Trading Sdn. Bhd.)	227	201
Refreshment services (Felda D'Saji Sdn. Bhd.)	2	7
Finance cost (FGV Capital Sdn. Bhd.)	270	2,008
Finance income (FGV Capital Sdn. Bhd.)	-	(27)
Rental of land (FGV Integrated Farming Holding Sdn. Bhd.)	(129)	-
Sales of fixed assets (FGV Integrated Farming Holding Sdn. Bhd.)	(622)	-
Sales of inventories (FGV Integrated Farming Holding Sdn. Bhd.)	(10)	-
House rental (FGV Agri Services Sdn. Bhd.)	-	(15)
Transportation services (FGV Transport Services Sdn Bhd)	2,313	7,587
Office rental (FELDA)	664	188
	<u>4,624</u>	<u>13,080</u>
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers' acceptance	7,412	8,706
Interest income from fixed deposits and cash balances	(1,770)	(2,779)

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

	30 September 2021	As at 31 December 2020
(i) Balances with immediate holding company		
Amount due to:		
FGV Holdings Berhad	<u>9,634</u>	<u>12,503</u>
(ii) Balances with related companies		
Amount due to:		
FGV Security Services Sdn. Bhd.	329	119
FGV Prodata System Sdn. Bhd.	(1)	1
Felda Travel Sdn. Bhd.	36	2
Felda D'saji Sdn. Bhd.	3	1
FGV Transport Services Sdn. Bhd.	742	1,520
	<u>1,109</u>	<u>1,643</u>
(iii) Balances with ultimate holding body		
Amount due to:		
FELDA	<u>-</u>	<u>221</u>
(iv) Balances with related companies		
Amount due from:		
KPF Trading Sdn. Bhd.	179	464
Felda Travel Sdn. Bhd.	-	1
	<u>179</u>	<u>465</u>
(v) Balances with immediate holding company		
Amount due from:		
FGV Holdings Berhad	<u>317</u>	<u>1,461</u>
(vi) Loan due to a related company		
Amount due to:		
FGV Capital Sdn. Bhd.	<u>20,104</u>	<u>47,152</u>
(vii) Balances with government-related financial institutions		
Bankers' acceptance and revolving credits	418,844	354,550
Fixed deposits and cash balances	311,313	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 September		Year to Date Ended 30 September	
	2021	2020	2021	2020
Results of discontinued operations				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit/(loss)	-	-	-	-
Other operating income	87,640	(1,750)	89,493	47
Administrative expenses	(171)	(85)	(755)	(503)
Other operating expenses	-	(70,296)	-	(74,227)
Profit/(Loss) from operations	87,469	(72,131)	88,738	(74,683)
Finance costs	-	-	-	-
Finance income	-	-	-	-
Profit/(Loss) before taxation	87,469	(72,131)	88,738	(74,683)
Taxation	-	-	-	-
Profit/(Loss) from discontinued operations	87,469	(72,131)	88,738	(74,683)

Included in other operating income is gain on disposal of MSM Malaysia Holdings Berhad's subsidiary of RM85.52 million.

16 Review of Performance

	Quarter Ended 30 September			Year to Date Ended 30 September		
	2021	2020	%Change	2021	2020	%Change
Continuing operations						
Revenue	548,646	594,553	(7.7%)	1,617,681	1,554,132	4.1%
Gross profit	23,822	42,868	(44.4%)	133,829	74,238	80.3%
Profit/(Loss) before taxation	22,376	14,768	51.5%	86,930	(37,755)	>100%
Profit/(Loss) for the period	9,392	920	>100%	52,775	(52,787)	>100%
Discontinued operations						
Revenue	-	-	-	-	-	-
Gross loss	-	-	-	-	-	-
Profit/(Loss) before taxation	87,469	(72,131)	>100%	88,738	(74,683)	>100%
Profit/(Loss) for the period	87,469	(72,131)	>100%	88,738	(74,683)	>100%

(a) Quarter on Quarter

Continuing operations

The Group recorded total revenue of RM548.65 million in this quarter, which is RM45.91 million or 7.7% lower compared to the same period last year of RM594.55 million. This is due to lower total sales volume in the current period due to prolonged travel restrictions and reduced social gatherings.

The profit after tax (PAT) for the three months period ended 30 September 2021 is RM9.39 million, compared to profit after tax (PAT) of RM0.92 million in the same quarter last year. The current period profit includes gain on disposal of MSM Perlis Sdn. Bhd. of RM6.29 million and gain from liquidation of excess raw sugar hedges of RM30.96 million.

Discontinued operations

The Group recorded higher PAT for the three months period ended 30 September 2021 due to gain on disposal of MSM Perlis Sdn. Bhd. of RM85.52 million, compared to LAT of RM72.13 million in the same period last year.

(b) Year on Year

Continuing operations

The Group recorded total revenue for the nine months ended 30 September 2021 of RM1,617.68 million compared to RM1,554.13 million in the same period last year. The increase is due to higher overall average selling price.

The Group recorded PAT for the nine months ended 30 September 2021 of RM52.78 million as compared to previous corresponding period's LAT of RM52.79 million attributable to improved margin from higher average selling price, gain on disposal of MSM Perlis Sdn. Bhd. of RM6.29 million and gain from liquidation of excess raw sugar hedges of RM30.96 million.

Discontinued operations

The Group recorded higher PAT for the nine months ended 30 September 2021 due to gain on disposal of MSM Perlis Sdn. Bhd. of RM85.52m during the period. In the previous year, LAT of RM74.68 million was recorded mainly due to write-off and impairment of bearer plant assets.

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17 Material Changes in the Quarterly Results Compared to the Preceding Quarter (30 June 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 September 2021	30 June 2021	
Continuing operations			
Revenue	548,646	554,100	(1%)
Gross profit	23,822	41,649	(43%)
Profit before taxation	22,376	21,481	4%
Profit for the period	9,392	13,277	(29%)
Discontinued operations			
Revenue	-	-	-
Gross profit	-	-	-
Profit before taxation	87,469	189	>100%
Profit for the period	87,469	189	>100%

Continuing operations

The Group recorded a total revenue RM548.65 million in the current quarter compared to the preceding quarter of RM554.10 million due to decrease in the overall sales volume.

The Group recorded PAT of RM9.39 million for the three months period ended 30 September 2021 compared to profit in preceding quarter of RM13.28 million. A lower profit in this quarter were attributable to lower overall margin due to rising raw sugar and freight costs.

Discontinued operations

The Group recorded higher profit in current quarter due to gain on disposal of MSM Perlis Sdn. Bhd. of RM85.52 million.

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 main production cost elements. 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 costs.

On the domestic front, the positive development of the National Recovery Plan 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 2022 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 enhance performance in parallel to the 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 Profit/(Loss) from Operations

Included in the profit/(loss) from continuing and discontinued operations are:

	Year to Date Ended 30 September	
	2021	2020
(Reversal of impairment)/Impairment on property, plant and equipment	(5,129)	33,905
(Reversal of impairment)/Impairment of receivables	(2,714)	4,511
Amortisation of intangible asset	3,515	4,346
Amortisation of right-of-use assets	2,121	4,636
Depreciation of property plant and equipment	56,909	56,131
Property, plant and equipment written off	36	28,957
Inventory written off	170	885
Gain on disposal of property, plant and equipment	(2,473)	-
Gain on liquidation of excess raw sugar hedges	(30,962)	-
Gain on realised sugar futures	(12,242)	(485)
Net foreign currency exchange gain	(2,867)	(689)
Unrealised commodity (gain)/loss	(2,200)	3,499

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21 Taxation

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2021	2020	2021	2020
Current	(16,903)	(14,822)	(32,495)	(16,282)
Deferred	3,919	974	(660)	1,250
Tax expense	<u>(12,984)</u>	<u>(13,848)</u>	<u>(33,155)</u>	<u>(15,032)</u>

For the financial period ended 30 September 2021, 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 September		Year to Date Ended 30 September	
	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	9,392	920	52,775	(52,787)
- from discontinued operations	87,469	(72,131)	88,738	(74,683)
	<u>96,861</u>	<u>(71,211)</u>	<u>141,513</u>	<u>(127,470)</u>

	Quarter Ended 30 September		Year to Date Ended 30 September	
	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	1.34	0.13	7.51	(7.51)
- from discontinued operations	12.44	(10.26)	12.62	(10.62)
	<u>13.78</u>	<u>(10.13)</u>	<u>20.13</u>	<u>(18.13)</u>

23 Derivative Financial Instruments

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

Type of derivatives	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Islamic profit rate swap	229,167	-	5,833
Foreign currency exchange forward contracts	10,705	73	-
Sugar commodity futures contracts	20,833	916	-
	<u>260,705</u>	<u>989</u>	<u>5,833</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 September 2021.

30 September 2021

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Foreign currency exchange forward contracts	-	73	-	73
- Sugar commodity options	916	-	-	916
	<u>916</u>	<u>73</u>	<u>-</u>	<u>989</u>
Liabilities				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	5,833	-	5,833
	<u>-</u>	<u>5,833</u>	<u>-</u>	<u>5,833</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	
	30 September	
	2021	2020
Borrowings		
Non-current		
Secured:		
Islamic term loans	377,696	582,912
Current		
Secured :		
Islamic term loans	148,009	30,822
Term loan	-	6,192
Unsecured:		
Bankers' acceptances and revolving credits	418,844	413,311
	<u>566,853</u>	<u>450,325</u>
Average interest rate	<u>3.36%</u>	<u>4.05%</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 expected to meet its financial covenants as at 31 December 2021. Accordingly as at 30 September 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 November 2021