



**MSM MALAYSIA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

QUARTERLY REPORT

Condensed Consolidated Financial Statements  
For The Financial Year Ended 31 December 2021

# MSM MALAYSIA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201101007583 (935722-K)

## QUARTERLY REPORT

On consolidated results for the year ended 31 December 2021

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in RM thousand unless otherwise stated

	Quarter Ended 31 December			Year to Date Ended 31 December		
	2021	2020	% Change	2021	2020	% Change
<b><i>Continuing operations</i></b>						
Revenue	642,017	630,331	1.9%	2,259,698	2,184,463	3.4%
Cost of sales	(614,892)	(537,026)		(2,098,744)	(2,016,920)	
<b>Gross profit</b>	<b>27,125</b>	<b>93,305</b>	<b>(70.9%)</b>	<b>160,954</b>	<b>167,543</b>	<b>(3.9%)</b>
Other operating (expenses)/income	(797)	(5,089)		9,897	1,566	
Selling and distribution cost	(8,967)	(5,808)		(28,293)	(26,101)	
Administrative expenses	(19,597)	(13,969)		(66,122)	(62,374)	
Impairment of Receivables - net	(4,332)	(2,054)		(1,619)	(6,565)	
Reversal of impairment of Assets	11,300	3,807		16,427	11,775	
Other (loss)/gain - net	(3,829)	(1,002)		41,998	(2,816)	
Other operating income/(expenses)	-	518		(7,682)	(14,232)	
<b>Profit from operations</b>	<b>903</b>	<b>69,708</b>	<b>(98.7%)</b>	<b>125,560</b>	<b>68,796</b>	<b>82.5%</b>
Finance costs	(7,549)	2,839		(47,045)	(36,784)	
Finance income	817	1,056		2,587	3,835	
<b>(Loss)/Profit before zakat and taxation</b>	<b>(5,829)</b>	<b>73,603</b>	<b>(&gt;100%)</b>	<b>81,102</b>	<b>35,847</b>	<b>&gt;100%</b>
Zakat	-	(1,486)		(1,000)	(1,486)	
Taxation	(10,332)	(15,466)		(43,487)	(30,498)	
<b>(Loss)/Profit from continuing operations</b>	<b>(16,161)</b>	<b>56,651</b>	<b>(&gt;100%)</b>	<b>36,615</b>	<b>3,863</b>	<b>&gt;100%</b>
<b><i>Discontinued operations</i></b>						
<b>(Loss)/Profit from discontinued operations, net of tax</b>	<b>-</b>	<b>(429)</b>	<b>(100%)</b>	<b>88,738</b>	<b>(75,091)</b>	<b>&gt;100%</b>
<b>(Loss)/Profit for the year</b>	<b>(16,161)</b>	<b>56,222</b>	<b>(&gt;100%)</b>	<b>125,353</b>	<b>(71,228)</b>	<b>&gt;100%</b>
<b>Other comprehensive income/(loss) for</b>						
Currency translation differences	(21)	(138)		143	(536)	
Cash flow hedges	1,494	1,528		5,542	(4,241)	
Other comprehensive income/(loss) for the year	1,473	1,390		5,685	(4,777)	
<b>Total comprehensive (loss)/income for the year</b>	<b>(14,688)</b>	<b>57,612</b>	<b>(&gt;100%)</b>	<b>131,038</b>	<b>(76,005)</b>	<b>&gt;100%</b>
<b>(Loss)/Profit attributable to :</b>						
Shareholders of the Company						
- from continuing operations	(16,161)	56,651		36,615	3,863	
- from discontinued operations	-	(429)		88,738	(75,091)	
<b>(Loss)/Profit for the year</b>	<b>(16,161)</b>	<b>56,222</b>	<b>(&gt;100%)</b>	<b>125,353</b>	<b>(71,228)</b>	<b>&gt;100%</b>
<b>Total comprehensive (loss)/income attributable to :</b>						
Shareholders of the Company						
- from continuing operations	(14,688)	58,041		42,300	(914)	
- from discontinued operations	-	(429)		88,738	(75,091)	
<b>Total comprehensive (loss)/income for the year</b>	<b>(14,688)</b>	<b>57,612</b>	<b>(&gt;100%)</b>	<b>131,038</b>	<b>(76,005)</b>	<b>&gt;100%</b>
<b>Basic (loss)/profit per share attributable to equity holders of the Company (sen) Note 22</b>						
- from continuing operations	(2.30)	8.06		5.21	0.55	
- from discontinued operations	-	(0.06)		12.62	(10.68)	
	<b>(2.30)</b>	<b>8.00</b>		<b>17.83</b>	<b>(10.13)</b>	

The Unaudited Condensed Consolidated Income Statement and Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 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 year ended 31 December 2021 (continued)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 December 2021	Audited As at 31 December 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,221,947	1,255,235
Intangible asset	44,508	48,872
Goodwill	576,240	576,240
Right-of-use assets	83,036	92,642
<b>Total non-current assets</b>	<b>1,925,731</b>	<b>1,972,989</b>
<b>Current assets</b>		
Inventories	421,059	274,485
Trade receivables	257,496	216,355
Other receivables, deposits and prepayments	49,746	10,822
Tax recoverable	-	8,118
Amounts due from related companies	3,048	465
Amount due from immediate holding company	1	1,461
Deposits with licensed banks	81,154	127,748
Cash and bank balances	113,621	68,173
<b>Total current assets</b>	<b>926,125</b>	<b>707,627</b>
Assets held for sale	18,982	89,664
<b>Total assets</b>	<b>2,870,838</b>	<b>2,770,280</b>
<b>Equity</b>		
Share capital	718,255	718,255
Reorganisation deficit	(1,039,632)	(1,039,632)
Merger relief reserve	1,733,939	1,733,939
Foreign exchange reserve	1,442	1,299
Cash flow hedge reserve	(3,667)	(9,209)
Retained earnings	302,227	176,874
<b>Total equity attributable to equity holders of the Company</b>	<b>1,712,564</b>	<b>1,581,526</b>
<b>Non-controlling interest</b>	-	-
<b>Total equity</b>	<b>1,712,564</b>	<b>1,581,526</b>
<b>Non-current liabilities</b>		
Lease liabilities	3,549	3,772
Deferred tax liabilities	40,081	47,010
Borrowings	363,885	518,636
Derivative financial liabilities	3,571	10,163
<b>Total non-current liabilities</b>	<b>411,086</b>	<b>579,581</b>
<b>Current liabilities</b>		
Payables and accruals	301,233	157,091
Amounts due to other related companies	3,936	1,643
Amount due to ultimate holding body	-	221
Amount due to immediate holding company	2,982	12,503
Lease liabilities	996	1,170
Loan due to a related company	-	47,152
Borrowings	429,171	388,464
Current tax liabilities	5,121	-
Derivative financial liabilities	3,749	929
<b>Total current liabilities</b>	<b>747,188</b>	<b>609,173</b>
<b>Total liabilities</b>	<b>1,158,274</b>	<b>1,188,754</b>
<b>Total equity and liabilities</b>	<b>2,870,838</b>	<b>2,770,280</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>2.44</b>	<b>2.25</b>

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**

<b>Year ended</b>	<b>Share capital</b>	<b>Merger relief reserve</b>	<b>Reorganisation deficit</b>	<b>Foreign exchange reserves</b>	<b>Cash flow hedge reserves</b>	<b>Retained earnings</b>	<b>Equity attributable to equity holders of the Company</b>
<b>31 December 2021</b>							
At 1 January 2021	718,255	1,733,939	(1,039,632)	1,299	(9,209)	176,874	1,581,526
Profit for the financial year	-	-	-	-	-	125,353	125,353
Other comprehensive income							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	143	-	-	143
- cash flow hedges	-	-	-	-	5,542	-	5,542
Total comprehensive income	-	-	-	143	5,542	125,353	131,038
At 31 December 2021	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,442</u>	<u>(3,667)</u>	<u>302,227</u>	<u>1,712,564</u>
<b>Year ended</b>							
<b>31 December 2020</b>							
At 1 January 2020	718,255	1,733,939	(1,039,632)	1,835	(4,968)	248,102	1,657,531
Loss for the financial year	-	-	-	-	-	(71,228)	(71,228)
Other comprehensive loss							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(536)	-	-	(536)
- cash flow hedges	-	-	-	-	(4,241)	-	(4,241)
Total comprehensive loss	-	-	-	(536)	(4,241)	(71,228)	(76,005)
At 31 December 2020	<u>718,255</u>	<u>1,733,939</u>	<u>(1,039,632)</u>	<u>1,299</u>	<u>(9,209)</u>	<u>176,874</u>	<u>1,581,526</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 31 December	
	2021	2020
<b>Cash Flows from Operating Activities</b>		
Profit/(Loss) for the year from		
Continuing operations	36,615	3,863
Discontinued operations	88,738	(75,091)
Profit/(Loss) for the year	<u>125,353</u>	<u>(71,228)</u>
Adjustment for Non-Cash Flow Items from continuing operations	152,367	169,903
Adjustment for Non-Cash Flow Items from discontinued operations	(87,098)	73,503
Operating Profit Before Changes in Working Capital	<u>190,622</u>	<u>172,178</u>
Changes in Working Capital		
Net changes in working capital	(94,623)	117,205
Tax paid	(36,525)	(32,930)
Tax refunded	5,986	-
Zakat paid	-	(1,486)
Operating cash generated from continuing operations	<u>65,460</u>	<u>254,967</u>
Operating cash used in discontinued operations	<u>(3,533)</u>	<u>(12,481)</u>
<b>Net Cash generated from Operating Activities</b>	<u>61,927</u>	<u>242,486</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(35,411)	(22,271)
Acquisition of intangible assets	(326)	(596)
Proceeds from disposal of property, plant and equipment	902	25
Proceeds from disposal of a subsidiary	175,000	-
Proceeds from disposal of assets held for sale	-	1,148
Interest received	2,587	3,835
Investing cash generated from/(used in) continuing operations	<u>142,752</u>	<u>(17,859)</u>
Investing cash generated from discontinued operations	<u>1,815</u>	<u>619</u>
<b>Net Cash generated from/(used in) Investing Activities</b>	<u>144,567</u>	<u>(17,240)</u>
<b>Cash Flows from Financing Activities</b>		
Drawdown of loan due to a related company, net of issuance costs	20,000	61,920
Repayment of loan due to a related company	(67,232)	(84,919)
Drawdown of borrowings, net of issuance costs	1,146,470	1,179,063
Repayment of borrowings	(1,269,676)	(1,303,815)
Principal payment of lease liability	(1,220)	(221)
Interest payment of lease liability	(242)	(241)
Interest paid	(38,443)	(50,850)
Changes in restricted cash	(696)	1,578
<b>Net Cash used in Financing Activities</b>	<u>(211,039)</u>	<u>(197,485)</u>
<b>Net (decrease)/increase in Cash and Cash Equivalents</b>	(4,545)	27,761
<b>Foreign currency translation differences</b>	2,703	(798)
<b>Cash and Cash Equivalents at Beginning of the Financial Period</b>	179,924	152,961
<b>Cash and Cash Equivalents at End of the Financial Period</b>	<u>178,082</u>	<u>179,924</u>
<b>Cash and Cash Equivalents comprise:</b>		
Deposits with licensed banks	81,154	127,748
Cash and bank balances	113,621	68,173
Less : Restricted cash	(16,693)	(15,997)
	<u>178,082</u>	<u>179,924</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.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**

Amounts in RM thousand unless otherwise stated

**4 Unusual Items Due to Their Nature, Size or Incidence (continued)**

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.

4Q 2021: On 1 December 2021, MSM Malaysia Holdings Berhad received an offer and Earnest Deposit for the disposal of certain plant and machinery which was impaired in FY 2019. Following this offer, the Group has reclassified these assets as assets held for sale in line with MFRS 5 criteria. The remaining proceeds were received on 27 January 2022. The disposal is expected to be completed in 1Q 2022.

An external party warehouse in Kota Kemuning, Selangor was affected by the flash floods from 18 to 19 December 2021. The Group has initiated insurance claim in respect of the stock affected by floods. Full assessment of damages is still in progress at the time of this report.

Based on management's estimate to date, inventories affected by floods amounted to RM6.08 million which has been reflected in the current quarter. We will continue to engage with the insurers to ascertain the insurance receivable that would be recognised in due course.

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

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

**6 Changes in Debt and Equity Securities**

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

**7 Dividends**

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

**8 Segmental Reporting**

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

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

Cumulative quarter ended 31 December 2021	<u>Continuing operations</u>			<u>Discontinued operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
Total segment revenue	2,259,698	-	2,259,698	-	2,259,698
Revenue from external customers	2,259,698	-	2,259,698	-	2,259,698
Finance income	1,659	928	2,587	-	2,587
Finance cost	(42,058)	(4,987)	(47,045)	-	(47,045)
Depreciation and amortisation	(80,106)	(2,735)	(82,841)	-	(82,841)
Profit before taxation	78,697	2,405	81,102	88,738	169,840
Taxation	(39,036)	(4,451)	(43,487)	-	(43,487)
Zakat	(1,000)	-	(1,000)	-	(1,000)
Profit after taxation for the financial year					125,353
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	2,252,740	-	2,252,740	-	2,252,740
- Over time	6,958	-	6,958	-	6,958
	2,259,698	-	2,259,698	-	2,259,698

**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)**

	<u>Continuing operations</u>			<u>Discontinued operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
<b>Total assets as at 31 December 2021</b>					
<b>Total assets</b>	2,812,341	58,497	2,870,838	-	2,870,838
<b>Total liabilities</b>	1,144,735	13,539	1,158,274	-	1,158,274
<b>Additions to property, plant and equipment</b>	35,323	968	36,291	-	36,291
<b>Additions to intangible assets</b>	-	326	326	-	326
	<u>Continuing operations</u>			<u>Discontinued operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
<b>Cumulative quarter ended 31 December 2020</b>					
Total segment revenue	2,184,463	-	2,184,463	-	2,184,463
Revenue from external customers	2,184,463	-	2,184,463	-	2,184,463
Finance income	3,202	633	3,835	-	3,835
Finance cost	(32,063)	(4,721)	(36,784)	-	(36,784)
Depreciation and amortisation	(78,913)	(2,627)	(81,540)	(4,685)	(86,225)
Profit/(Loss) before taxation	62,036	(26,189)	35,847	(75,091)	(39,244)
Taxation	(28,050)	(2,448)	(30,498)	-	(30,498)
Zakat	(1,486)	-	(1,486)	-	(1,486)
Loss after taxation for the financial year					(71,228)
Timing of revenue recognition: <u>Goods and services transferred</u>					
- At a point in time	2,184,051	-	2,184,051	-	2,184,051
- Over time	412	-	412	-	412
	2,184,463	-	2,184,463	-	2,184,463

	<u>Continuing operations</u>			<u>Discontinued operations</u>	
	Sugar	Reconciliation	Subtotal	Rubber, palm oil and mango	Total
<b>Total assets as at 31 December 2020</b>					
<b>Total assets</b>	2,575,520	112,738	2,688,258	82,022	2,770,280
<b>Total liabilities</b>	1,161,675	14,539	1,176,214	12,540	1,188,754
<b>Additions to property, plant and equipment</b>	29,665	378	30,043	-	30,043
<b>Additions to intangible assets</b>	35	561	596	-	596

**9 Other Comprehensive Income**

Cash flow hedges represent fair value changes due to movement in mark-to-market position on effective hedging contracts at 31 December 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.



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

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

**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:

<b>Net Asset Disposed</b>	<b>RM'000</b>
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	<u>88,356</u>
Cost to sell	937
Gain on disposal of subsidiary	<u>91,814</u>
Proceeds from disposal	181,107
Less: Net working capital (NWC) - adjustment	(903)
Less: Cash and cash equivalents	<u>(5,204)</u>
Net cash inflow from disposal of a subsidiary	<u>175,000</u>

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

The Group does not have any material contingent liabilities or contingent assets as at 31 December 2021.

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

	<b>As at</b>	
	<b>2021</b>	<b>2020</b>
<b>Property, plant and equipment:</b>		
- Contracted but not provided for	43,157	32,233
- Approved but not contracted for	<u>137,915</u>	<u>188,799</u>
	<u>181,072</u>	<u>221,032</u>

**14 Material Related Party Transactions**

(a) Related party transactions are as follows:

	<b>Year to Date</b>	
	<b>2021</b>	<b>2020</b>
<b>(i) Transactions with Immediate holding company</b>		
Management fees (FGV Holdings Berhad)	2,954	2,819
Sales of refined sugar (FGV Holdings Berhad)	(16)	-
Other services (FGV Holdings Berhad)	3	203
<b>(ii) Transactions with related companies</b>		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	(1,921)	(1,376)
Sales of refined sugar (Felda Travel Sdn. Bhd.)	(42)	(3)
Sales of refined sugar (Delima Oil Product)	(1)	(1)
Supply of product (FGV R&D Sdn. Bhd.)	(1)	(1)
Supply of product (FGV Kernel Products Sdn. Bhd.)	(49)	(7)
Security services (FGV Security Services Sdn. Bhd.)	1,752	1,197
Information technology services (FGV Prodata System Sdn. Bhd.)	47	(17)
Travel agent services (Felda Travel Sdn. Bhd.)	61	40
Insurance services (KPF Trading Sdn. Bhd.)	302	279
Refreshment services (Felda D'Saji Sdn. Bhd.)	4	7
Finance cost (FGV Capital Sdn. Bhd.)	417	2,383
Finance income (FGV Capital Sdn. Bhd.)	-	(54)
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.)	5,771	8,523
Office rental (FELDA)	885	409
Installation and construction of building (Felda Engineering Services Sdn. Bhd.)	-	865
	<u>9,405</u>	<u>15,281</u>

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**14 Material Related Party Transactions (continued)**

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

	Year to Date 31 December	
	2021	2020
<b>(iii) Transactions between subsidiaries and government-related financial institutions</b>		
Interest expense for bankers' acceptance	9,988	11,881
Interest income from fixed deposits and cash balances	(2,587)	(3,835)

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

	As at	
	31 December 2021	31 December 2020
<b>(i) Balances with immediate holding company</b>		
Amount due to:		
FGV Holdings Berhad	<u>2,982</u>	<u>12,503</u>
<b>(ii) Balances with related companies</b>		
Amount due to:		
FGV Security Services Sdn. Bhd.	351	119
MSM Perlis Sdn. Bhd.	41	-
FGV Prodata System Sdn. Bhd.	47	1
Felda Travel Sdn. Bhd.	39	2
Felda D'saji Sdn. Bhd.	8	1
FGV Transport Services Sdn. Bhd.	3,450	1,520
	<u>3,936</u>	<u>1,643</u>
<b>(iii) Balances with ultimate holding body</b>		
Amount due to:		
FELDA	<u>-</u>	<u>221</u>
<b>(iv) Balances with related companies</b>		
Amount due from:		
KPF Trading Sdn. Bhd.	2,950	464
Felda Travel Sdn. Bhd.	5	1
MSM Perlis Sdn. Bhd.	93	-
	<u>3,048</u>	<u>465</u>
<b>(v) Balances with immediate holding company</b>		
Amount due from:		
FGV Holdings Berhad	<u>1</u>	<u>1,461</u>
<b>(vi) Loan due to a related company</b>		
Amount due to:		
FGV Capital Sdn. Bhd.	<u>-</u>	<u>47,152</u>
<b>(vii) Balances with government-related financial institutions</b>		
Bankers' acceptance and revolving credits	378,934	354,550
Fixed deposits and cash balances	194,775	192,183

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**QUARTERLY REPORT (CONTINUED)**

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**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 31 December		Year to Date Ended 31 December	
	2021	2020	2021	2020
<b>Results of discontinued operations</b>				
<b>Revenue</b>	-	-	-	-
Cost of sales	-	-	-	-
<b>Gross profit/(loss)</b>	-	-	-	-
Other operating income	-	572	89,493	619
Administrative expenses	-	(52)	(755)	(555)
Impairment of receivables	-	(20)	-	(20)
Impairment of Assets	-	-	-	41,943
Other operating expenses	-	(929)	-	(117,078)
<b>(Loss)/Profit from operations</b>	-	<b>(429)</b>	<b>88,738</b>	<b>(75,091)</b>
Finance costs	-	-	-	-
Finance income	-	-	-	-
<b>(Loss)/Profit before taxation</b>	-	<b>(429)</b>	<b>88,738</b>	<b>(75,091)</b>
Taxation	-	-	-	-
<b>(Loss)/Profit from discontinued operations</b>	-	<b>(429)</b>	<b>88,738</b>	<b>(75,091)</b>

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 31 December			Year to Date Ended 31 December		
	2021	2020	%Change	2021	2020	%Change
<b>Continuing operations</b>						
Revenue	642,017	630,331	1.9%	2,259,698	2,184,463	3.4%
Gross profit	27,125	93,305	(70.9%)	160,954	167,543	(3.9%)
(Loss)/Profit before taxation	(5,829)	73,603	(>100%)	81,102	35,847	>100%
(Loss)/Profit for the period	<u>(16,161)</u>	<u>56,651</u>	(>100%)	<u>36,615</u>	<u>3,863</u>	>100%
<b>Discontinued operations</b>						
Revenue	-	-	-	-	-	-
Gross loss	-	-	-	-	-	-
(Loss)/Profit before taxation	-	(429)	(100%)	88,738	(75,091)	>100%
(Loss)/Profit for the period	<u>-</u>	<u>(429)</u>	(100%)	<u>88,738</u>	<u>(75,091)</u>	>100%

**(a) Quarter on Quarter**

**Continuing operations**

The Group recorded total revenue of RM642.02 million in this quarter, which is RM11.69 million or 1.9% higher compared to the same period last year of RM630.33 million. This is due to increase in overall average selling price for the Group.

The loss after tax (LAT) for the three months period ended 31 December 2021 is RM16.16 million, compared to profit after tax (PAT) of RM56.65 million in the same quarter last year. The loss in the current quarter is attributable to lower gross margin due to higher raw sugar, freight and gas costs incurred in this quarter compared to same quarter last year.

**Discontinued operations**

Nil amount recorded for the three months period ended 31 December 2021 due to deconsolidation of a wholly-owned subsidiary MSM Perlis Sdn. Bhd. following its disposal to FGV Integrated Farming Holdings Sdn. Bhd. on 29 September 2021.

**(b) Year on Year**

**Continuing operations**

The Group recorded total revenue for the year ended 31 December 2021 of RM2,259.70 million compared to RM2,184.46 million in the same period last year. The increase is due to higher overall average selling price.

The Group recorded PAT for year ended 31 December 2021 of RM36.62 million as compared to previous corresponding period's PAT of RM3.86 million attributable to improved margin from higher average selling price and gain on disposal of MSM Perlis Sdn. Bhd. of RM6.29 million.

**Discontinued operations**

The Group recorded higher PAT for the year ended 31 December 2021 due to gain on disposal of MSM Perlis Sdn. Bhd. of RM85.52m during the period. In the previous year, LAT of RM75.09 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 September 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
	31 December 2021	30 September 2021	
<b>Continuing operations</b>			
Revenue	642,017	548,646	17%
Gross profit	27,125	23,822	14%
(Loss)/Profit before taxation	(5,829)	22,376	(>100%)
(Loss)/Profit for the period	<u>(16,161)</u>	<u>9,392</u>	(>100%)
<b>Discontinued operations</b>			
Revenue	-	-	-
Gross profit	-	-	-
Profit before taxation	-	87,469	>100%
Profit for the period	<u>-</u>	<u>87,469</u>	>100%

**Continuing operations**

The Group recorded a total revenue RM642.02 million in the current quarter compared to the preceding quarter of RM548.65 million due to increase in overall average selling price for the Group.

The Group recorded LAT of RM16.16 million for the three months period ended 31 December 2021 compared to profit in preceding quarter of RM9.39 million. The loss recorded in this quarter were attributable to lower overall margin due to rising raw sugar, incoming freight and gas costs.

**Discontinued operations**

Nil amount recorded for the three months period ended 31 December 2021 due to deconsolidation of a wholly-owned subsidiary MSM Perlis Sdn. Bhd. following its disposal to FGV Integrated Farming Holdings Sdn. Bhd. on 29 September 2021.

**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.

On the domestic front, the positive development of the National Recovery Plan has provided strong impetus for greater economic recovery and socio-economic activities leading to more product consumption including sugar.

On the export market, barring unforeseen circumstances, FY 2022 poses good opportunities within the Asia Pacific region that has a strong and growing demand.

The Group will remain focused towards higher yield and capacity utilisation which will result in lower refining and production costs.

**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) are:

	Year to Date Ended 31 December	
	2021	2020
(Reversal of impairment)/Impairment on property, plant and equipment, net		
- Continuing	(16,427)	(11,775)
- Discontinued	-	41,943
Impairment of receivables, net		
- Continuing	1,619	6,565
- Discontinued	-	20
Amortisation of intangible asset	4,690	5,709
Amortisation of right-of-use assets	2,749	5,675
Depreciation of property plant and equipment	75,402	74,841
Property, plant and equipment written off	2,102	28,638
Inventory written off	6,081	1,376
Gain on disposal of property, plant and equipment	(2,473)	(583)
Gain on liquidation of excess raw sugar hedges	(30,962)	-
(Gain)/Loss on realised sugar futures	(13,005)	1,903
Net foreign currency exchange (gain)/loss	(2,038)	2,627
Unrealised commodity (gain)/loss	<u>(9,313)</u>	<u>4,339</u>

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**QUARTERLY REPORT (CONTINUED)**

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**21 Taxation**

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2021	2020	2021	2020
Current	(10,749)	(18,267)	(43,244)	(34,550)
Deferred	417	2,801	(243)	4,052
Tax expense	<u>(10,332)</u>	<u>(15,466)</u>	<u>(43,487)</u>	<u>(30,498)</u>

The effective tax rate for the financial year ended 31 December 2021 is 26%, higher than the Malaysian income tax rate of 24% due to certain expenses which were not deductible for income tax purposes.

**22 Profit/(Loss) Per Share**

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2021	2020	2021	2020
Basic (loss)/profit per share are computed as follows: (Loss)/Profit for the financial period attributable to owners of the Company (RM'000)				
- from continuing operations	(16,161)	56,651	36,615	3,863
- from discontinued operations	-	(429)	88,738	(75,091)
	<u>(16,161)</u>	<u>56,222</u>	<u>125,353</u>	<u>(71,228)</u>

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2021	2020	2021	2020
Weighted average number of ordinary shares in issue (thousands)	702,980	702,980	702,980	702,980
Basic (loss)/profit per share (sen)				
- from continuing operations	(2.30)	8.06	5.21	0.55
- from discontinued operations	-	(0.06)	12.62	(10.68)
	<u>(2.30)</u>	<u>8.00</u>	<u>17.83</u>	<u>(10.13)</u>

**23 Derivative Financial Instruments**

The fair value of these derivatives as at 31 December 2021 are as follows:

Type of derivatives	Contractual/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Islamic profit rate swap	208,333	-	3,571
Foreign currency exchange forward contracts	88,234	-	653
Brent crude oil option contracts	4,155	-	2,133
Sugar commodity futures contracts	1,882	-	963
	<u>302,604</u>	<u>-</u>	<u>7,320</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 31 December 2021.

**31 December 2021**

	Level 1	Level 2	Level 3	Total
<u>Liabilities</u>				
Financial liabilities at fair value through profit and loss				
- Foreign currency exchange forward	-	653	-	653
- Brent crude oil option contracts	2,133	-	-	2,133
- Sugar commodity futures contracts	963	-	-	963
	<u>3,096</u>	<u>653</u>	<u>-</u>	<u>3,749</u>

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**24 Fair Value Changes of Financial Instruments (continued)**

**31 December 2021**

	Level 1	Level 2	Level 3	Total
<u>Liabilities</u>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	3,571	-	3,571
	<u>-</u>	<u>3,571</u>	<u>-</u>	<u>3,571</u>

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 and Brent crude oil option 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 31 December	
	2021	2020
<b>Borrowings</b>		
<b>Non-current</b>		
Secured:		
Islamic term loans	363,885	518,636
<b>Current</b>		
Secured :		
Islamic term loans	50,237	33,914
Unsecured:		
Bankers' acceptances and revolving credits	378,934	354,550
	<u>429,171</u>	<u>388,464</u>
Average interest rate	<u>3.33%</u>	<u>3.92%</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 has met all the covenant requirement as at 31 December 2021. Accordingly as at 31 December 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.

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**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  
22 February 2022**