



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 2022**

QUARTERLY REPORT
On consolidated results for the financial year ended 31 December 2022
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Amounts in RM thousand unless otherwise stated

Note	Quarter Ended 31 December			Year to Date Ended 31 December		
	2022	2021	% + / (-)	2022	2021	% + / (-)
<u>Continuing operations</u>						
Revenue	677,735	642,017	5.6%	2,565,985	2,259,698	13.6%
Cost of sales	(645,471)	(614,892)		(2,611,704)	(2,098,744)	
Gross profit/(loss)	32,264	27,125	18.9%	(45,719)	160,954	(>100%)
Other operating (expenses)/income	(10,085)	(797)		10,044	9,897	
Selling and distribution cost	(11,300)	(8,967)		(39,639)	(28,293)	
Administrative expenses	(19,325)	(19,581)		(70,808)	(66,106)	
Reversal of impairment/(Impairment) of financial assets	426	(4,348)		2,819	(1,635)	
Reversal of impairment of non-financial assets	-	11,300		-	16,427	
Commodity (losses)/gains - net	(31,564)	(3,829)		(7,025)	41,998	
Other operating expenses	-	-		(249)	(7,682)	
(Loss)/Profit from operations	(39,584)	903	(>100%)	(150,577)	125,560	(>100%)
Finance costs	(9,270)	(7,549)		(31,984)	(47,045)	
Finance income	1,843	817		4,022	2,587	
(Loss)/Profit before zakat and taxation	(47,011)	(5,829)	>100%	(178,539)	81,102	(>100%)
Zakat	-	-		(1,000)	(1,000)	
Taxation	2,850	(10,332)		827	(43,487)	
(Loss)/Profit from continuing operations	(44,161)	(16,161)	>100%	(178,712)	36,615	(>100%)
<u>Discontinued operations</u>						
Profit from discontinued operations, net of tax	-	-		-	88,738	(100%)
(Loss)/Profit for the financial year	(44,161)	(16,161)	>100%	(178,712)	125,353	(>100%)
Other comprehensive income :						
Realisation of foreign exchange reserve upon liquidation of a subsidiary	-	-		(1,881)	-	
Currency translation differences	-	(21)		439	143	
Cash flow hedges	268	1,494		3,426	5,542	
Other comprehensive income for the financial year	268	1,473		1,984	5,685	
Total comprehensive (loss)/income for the financial year	(43,893)	(14,688)	>100%	(176,728)	131,038	(>100%)
(Loss)/Profit attributable to :						
Shareholders of the Company						
- from continuing operations	(44,161)	(16,161)		(178,712)	36,615	
- from discontinued operations	-	-		-	88,738	
(Loss)/Profit for the financial year	(44,161)	(16,161)	>100%	(178,712)	125,353	(>100%)
Total comprehensive (loss)/income attributable to :						
Shareholders of the Company						
- from continuing operations	(43,893)	(14,688)		(176,728)	42,300	
- from discontinued operations	-	-		-	88,738	
Total comprehensive (loss)/income for the financial year	(43,893)	(14,688)	>100%	(176,728)	131,038	(>100%)
Basic (loss)/profit per share attributable to the Owners of the Company (sen)						
- from continuing operations	(6.28)	(2.30)		(25.42)	5.21	
- from discontinued operations	-	-		-	12.62	
	(6.28)	(2.30)		(25.42)	17.83	

21

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 2021 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 financial year ended 31 December 2022 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 December 2022	Audited As at 31 December 2021
<u>Non-current assets</u>		
Property, plant and equipment	1,205,454	1,220,510
Intangible asset	43,425	45,945
Goodwill	576,240	576,240
Right-of-use assets	98,656	83,036
	1,923,775	1,925,731
<u>Current assets</u>		
Inventories	360,523	421,059
Trade receivables	240,874	257,496
Other receivables, deposits and prepayments	41,736	49,747
Tax recoverable	15,271	-
Amounts due from related companies	968	3,048
Amount due from immediate holding company	-	1
Deposits with licensed banks	208,809	81,119
Cash and bank balances	12,155	113,656
	880,336	926,126
Assets held for sale	7,682	18,982
Total assets	2,811,793	2,870,839
<u>Equity</u>		
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
Cash flow hedge reserve	(241)	(3,667)
Retained earnings	102,426	302,227
Equity attributable to owners of the Company	1,514,747	1,712,564
Non-controlling interest	-	-
Total equity	1,514,747	1,712,564

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

On consolidated results for the financial year ended 31 December 2022 (continued)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Amounts in RM thousand unless otherwise stated

	Unaudited As at 31 December 2022	Audited As at 31 December 2021
<u>Non-current liabilities</u>		
Lease liabilities	20,603	3,549
Deferred tax liabilities	35,940	39,911
Borrowings	299,210	363,885
Derivative financial liabilities	193	3,571
	355,946	410,916
<u>Current liabilities</u>		
Payables and accruals	334,542	301,234
Amounts due to other related companies	6,937	3,936
Amount due to ultimate holding body	65	-
Amount due to immediate holding company	328	2,982
Lease liabilities	1,228	996
Borrowings	580,257	429,171
Provision for taxation	-	5,291
Derivative financial liabilities	17,743	3,749
	941,100	747,359
Total liabilities	1,297,046	1,158,275
Total equity and liabilities	2,811,793	2,870,839
Net assets per share attributable to owners of the Company (RM)	2.15	2.44

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2021 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

	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Total equity
Year Ended 31 December 2022							
At 1 January 2022	718,255	1,733,939	(1,039,632)	1,442	(3,667)	302,227	1,712,564
Loss for the financial year	-	-	-	-	-	(178,712)	(178,712)
Other comprehensive (loss)/income							
<u>Item that will be subsequently reclassified to profit or loss</u>							
- currency translation differences	-	-	-	439	-	-	439
- realisation of foreign exchange reserve upon liquidation of a subsidiary	-	-	-	(1,881)	-	-	(1,881)
- cash flow hedges	-	-	-	-	3,426	-	3,426
	-	-	-	(1,442)	3,426	-	1,984
Total comprehensive (loss)/income	-	-	-	(1,442)	3,426	(178,712)	(176,728)
Transaction with owners:							
Dividends paid for the financial year ended 31 December 2021 (final)	-	-	-	-	-	(21,089)	(21,089)
Total transactions with owners	-	-	-	-	-	(21,089)	(21,089)
At 31 December 2022	718,255	1,733,939	(1,039,632)	-	(241)	102,426	1,514,747

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Amounts in RM thousand unless otherwise stated

	Share capital	Merger relief reserve	Reorganisation deficit	Foreign exchange reserves	Cash flow hedge reserves	Retained earnings	Total equity
Year Ended 31 December 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 financial year	-	-	-	-	-	125,353	125,353
Other comprehensive income							
<u>Item that will be subsequently reclassified to profit or loss</u>							
- currency translation differences	-	-	-	143	-	-	143
- cash flow hedges	-	-	-	-	5,542	-	5,542
	-	-	-	143	5,542	-	5,685
Total comprehensive income	-	-	-	143	5,542	125,353	131,038
At 31 December 2021	718,255	1,733,939	(1,039,632)	1,442	(3,667)	302,227	1,712,564

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 2021 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	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the financial year from		
Continuing operations	(178,712)	36,615
Discontinued operations	-	88,738
(Loss)/Profit for the financial year	(178,712)	125,353
Adjustment for Non-Cash Flow Items from continuing operations	125,698	183,351
Adjustment for Non-Cash Flow Items from discontinued operations	-	(87,098)
Operating (Loss)/Profit Before Changes in Working Capital	(53,014)	221,606
Changes in Working Capital from continuing operations	106,879	(122,920)
Changes in Working Capital from discontinued operations	-	(3,533)
Cash generated from operations	53,865	95,153
Tax paid	(23,706)	(36,525)
Zakat paid	(1,000)	(1,000)
Tax refunded	-	5,986
Net Cash generated from Operating Activities	29,159	63,614
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51,162)	(41,768)
Purchase of property, plant and equipment - ROU asset	(376)	-
Purchase of intangible assets	(1,452)	(1,763)
Proceeds from disposal of property, plant and equipment	691	902
Proceeds from disposal of a subsidiary	-	181,106
Cash inflow from liquidation of a subsidiary	4,012	-
Proceeds from disposal of assets held for sale	11,300	-
Interest received	4,022	2,587
Investing cash (used in)/generated from continuing operations	(32,965)	141,064
Investing cash generated from discontinued operations	-	1,815
Net Cash (used in)/generated from Investing Activities	(32,965)	142,879
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loan due to a related company, net of issuance costs	-	20,000
Repayment of loan due to a related company	-	(67,232)
Drawdown of borrowings, net of issuance costs	1,313,430	1,146,470
Repayment of borrowings	(1,226,240)	(1,269,676)
Principal payment of lease liability	(1,440)	(1,221)
Interest payment of lease liability	(914)	(241)
Interest paid	(33,189)	(38,442)
Changes in restricted cash	(3,348)	(696)
Dividend paid	(21,089)	-
Net Cash generated from/(used in) Financing Activities	27,210	(211,038)
Net increase/(decrease) in Cash and Cash Equivalents	23,404	(4,545)
Effect of foreign exchange rate changes	(563)	2,703
Cash and Cash Equivalents at Beginning of the Financial Year	178,082	179,924
Cash and Cash Equivalents at End of the Financial Year	200,923	178,082
Cash and Cash Equivalents comprise:		
Deposits with licensed banks	208,809	81,119
Cash and bank balances	12,155	113,656
Less : Restricted cash	(20,041)	(16,693)
Cash and Cash Equivalents at End of the Financial Year	200,923	178,082

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2021 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 2021. 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 2021.

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 2021.

(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 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

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

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 assets and liabilities arising from a single transaction'

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group.

2 Auditors' Report on Preceding Annual Financial Statements

The financial statements for the year ended 31 December 2021 were not subject to any audit qualification.

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

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

3 Seasonal or Cyclical Factors

Sales of refined sugar products in Malaysia typically increase slightly during the months leading up to major holidays and festivals in Malaysia, especially Hari Raya and Chinese New Year, due to increased consumer demand for refined sugar.

4 Unusual Items Due to Their Nature, Size or Incidence

There were no other material or unusual items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period under review.

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

On 10 March 2022, the Board of Directors agreed to declare the payment of a final single tier dividend of 3.0 sen per ordinary share amounting to RM21.09 million, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967. The dividend was paid on 7 April 2022.

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

Previously, the reportable operating segments were identified as:

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

Subsequent to the disposal of plantation segment in 3Q 2021, the Group now operates a single product business primarily engaged in sugar refining, sales and marketing of refined sugar and trading of sugar. Segment analysis has not been prepared for the current quarter given segmentation is not part of the regular internal financial information reported to the Chief Operational Decision Maker (CODM).

The table below shows segment analysis of previous year quarter ended 31 December 2021 for the reportable operating segments previously identified by CODM.

	<u>Continuing operations</u>	Reconciliation	Subtotal	<u>Discontinued operations</u>	Total
	Sugar			Rubber, palm oil and mango	
Cumulative quarter ended 31 December 2021					
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	(80,105)	(2,735)	(82,840)	-	(82,840)
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 period	38,661	(2,046)	36,615	88,738	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
Total assets as at 31 December 2021					
Total assets	2,812,342	58,497	2,870,839	-	2,870,839
Total liabilities	1,144,736	13,539	1,158,275	-	1,158,275
Additions to property, plant and equipment	37,236	968	38,204	-	38,204
Additions to intangible assets	1,437	326	1,763	-	1,763

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

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

9 Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in mark-to-market position on effective hedging contracts at 31 December 2022.

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

MSM Trading International DMCC ("MTI Dubai") is a wholly owned subsidiary of MSM Malaysia Holdings Berhad ("MSMH") and was in the business of raw and refined sugar trading. MTI Dubai has ceased operations in April 2019 after its business functions were brought back to Malaysia and assumed by MSM Prai Berhad. Subsequently, MTI Dubai has filed for voluntary winding up and the winding-up exercise was completed on 16 September 2022 as per the Deregistration Letter issued by Dubai Multi Commodities Centre.

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

Equity	RM'000
Share capital	(4,477)
Accumulated profit	1,968
Current profit	88
Foreign exchange reserve	(1,881)
Total equity of MTI Dubai	<u>(4,302)</u>
Add: Cash inflow from liquidation	<u>4,012</u>
Loss on liquidation	(290)
Add: Realisation of foreign exchange reserve upon liquidation	<u>1,881</u>
Net gain on liquidation of MTI Dubai	<u>1,591</u>

On the liquidation of MTI Dubai, the Group recognised a gain of RM1.88 million arising from realisation of accumulated foreign exchange difference in foreign exchange reserve to profit or loss.

12 Changes in Contingent Liabilities or Contingent Assets

The Group does not have any material contingent liabilities or contingent assets as at 31 December 2022.

13 Capital Commitments

Capital expenditure approved and contracted for:

- Property, plant and equipment

As at 31 December	
2022	2021
52,399	99,982
52,399	99,982

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 Ended	
	31 December	
	2022	2021
(i) Transactions with Immediate holding company		
Management fees (FGV Holdings Berhad)	3,085	2,954
Sales of refined sugar (FGV Holdings Berhad)	-	(16)
Other services (FGV Holdings Berhad)	-	3
(ii) Transactions with related companies		
Sales of refined sugar (KPF Trading Sdn. Bhd.)	(3,633)	(1,921)
Sales of refined sugar (Felda Travel Sdn. Bhd.)	(55)	(42)
Sales of refined sugar (Delima Oil Products Sdn. Bhd.)	-	(1)
Supply of product (FGV R&D Sdn. Bhd.)	-	(1)
Supply of product (FGV Kernel Products Sdn. Bhd.)	(27)	(49)
Security services (FGV Security Services Sdn. Bhd.)	2,037	1,752
Information technology services (FGV Prodata Systems Sdn. Bhd.)	49	47
Travel agent services (Felda Travel Sdn. Bhd.)	85	61
Insurance services (KPF Niaga Sdn. Bhd.)	-	302
Refreshment services (Felda D'Saji Sdn. Bhd.)	78	4
Finance cost (FGV Capital Sdn. Bhd.)	-	417
Sales of refined sugar (FGV Integrated Farming Holdings Sdn. Bhd.)	(17)	(129)
Research services (FGV Applied Technologies Sdn. Bhd.)	126	-
Sales of fixed assets (FGV Integrated Farming Holdings Sdn. Bhd.)	-	(622)
Sales of inventories (FGV Integrated Farming Holdings Sdn. Bhd.)	-	(10)
Transportation services (FGV Transport Sdn. Bhd.)	16,197	5,771
Claim received (FGV Transport Sdn. Bhd.)	(1)	-
Rental of tankers (FGV Johor Bulkiers Sdn. Bhd.)	88	-
Rental of tankers (Langsat Bulkiers Sdn. Bhd.)	311	-
Purchase of product (FGV Integrated Farming Holdings Sdn. Bhd.)	19	-
Hall rental (FELDA)	23	-
Office rental (FELDA)	863	885
Meeting room rental (FELDA)	3	-
	<u>19,231</u>	<u>9,405</u>
(iii) Transactions between subsidiaries and government-related financial institutions		
Interest expense for bankers' acceptance	14,446	9,988
Interest income from fixed deposits and cash balances	(4,022)	(2,587)

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)

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

	As at 31 December 2022	As at 31 December 2021
(i) Balances with immediate holding company		
Amount due to:		
FGV Holdings Berhad	328	2,982
(ii) Balances with related companies		
Amount due to:		
FGV Security Services Sdn. Bhd.	402	351
MSM Perlis Sdn. Bhd.	-	41
FGV Prodata Systems Sdn. Bhd.	-	47
Langsat Bulkiers Sdn. Bhd.	311	-
FGV Johor Bulkiers Sdn. Bhd.	14	-
Felda Travel Sdn. Bhd.	46	39
Felda D'saji Sdn. Bhd.	14	8
FGV Transport Sdn. Bhd.	6,150	3,450
	<u>6,937</u>	<u>3,936</u>
(iii) Balances with ultimate holding body		
Amount due to:		
FELDA	65	-
(iv) Balances with related companies		
Amount due from:		
KPF Trading Sdn. Bhd.	967	2,950
Felda Travel Sdn. Bhd.	-	5
FGV Transport Sdn. Bhd.	1	-
MSM Perlis Sdn. Bhd.	-	93
	<u>968</u>	<u>3,048</u>
(v) Balances with immediate holding company		
Amount due from:		
FGV Holdings Berhad	-	1
(vi) Balances with government-related financial institutions		
Bankers' acceptance	517,156	378,935
Fixed deposits and cash balances	220,964	194,775

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

	Quarter Ended 31 December			Year to Date Ended 31 December		
	2022	2021	% + / (-)	2022	2021	% + / (-)
Results of discontinued operations						
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-	-
Other operating income	-	-	-	-	89,493	(100%)
Administrative expenses	-	-	-	-	(771)	(100%)
Reversal of impairment of financial assets	-	-	-	-	16	(100%)
Profit from operations	-	-	-	-	88,738	(100%)
Finance costs	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Profit before taxation	-	-	-	-	88,738	(100%)
Taxation	-	-	-	-	-	-
Profit from discontinued operations	-	-	-	-	88,738	(100%)

16 Review of Performance

	Quarter Ended 31 December			Year to Date Ended 31 December		
	2022	2021	% + / (-)	2022	2021	% + / (-)
Continuing operations						
Revenue	677,735	642,017	5.6%	2,565,985	2,259,698	13.6%
Gross profit/(loss)	32,264	27,125	18.9%	(45,719)	160,954	(>100%)
(Loss)/Profit before zakat and taxation	(47,011)	(5,829)	>100%	(178,539)	81,102	(>100%)
(Loss)/Profit for the period	(44,161)	(16,161)	>100%	(178,712)	36,615	(>100%)
Discontinued operations						
Revenue	-	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-	-
Profit before taxation	-	-	-	-	88,738	(100%)
Profit for the period	-	-	-	-	88,738	(100%)

(a) Quarter on Quarter

Continuing operations

The Group recorded total revenue of RM677.74 million in this quarter, which is RM35.72 million or 5.6% higher compared to the same quarter last year of RM642.02 million. This is due to increase in overall average selling price for the Group.

The Group recorded higher loss after tax (LAT) for the three months period ended 31 December 2022 of RM44.16 million compared to the same quarter last year of RM16.16 million. The higher loss is attributable to high input costs mainly raw sugar, natural gas and weakening of Ringgit Malaysia.

(b) Year on Year

Continuing operations

The Group recorded total revenue for the year ended 31 December 2022 of RM2,565.99 million compared to RM2,259.70 million in the same period last year. The increase is due to higher overall average selling price.

The Group recorded LAT for the year ended 31 December 2022 of RM178.71 million as compared to previous corresponding period's PAT of RM36.62 million. The loss is attributable to high input costs mainly raw sugar, natural gas and weakening of Ringgit Malaysia.

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

17 Material Changes in the Quarterly Results Compared to the Preceding Quarter (30 September 2022)

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

	Quarter Ended		
	31 December 2022	30 September 2022	% + / (-)
Revenue	677,735	668,130	1%
Gross profit/(loss)	32,264	(65,806)	(>100%)
Loss before taxation	(47,011)	(71,834)	(35%)
Loss for the period	(44,161)	(72,802)	(39%)

The Group recorded a total revenue of RM677.74 million in the current quarter compared to the preceding quarter of RM668.13 million due to increase in overall average selling price for the Group.

The Group recorded lower LAT of RM44.16 million for the three months period ended 31 December 2022 compared to preceding quarter of RM72.80 million. This is due to decrease in freight cost compared to preceding quarter.

18 Variance of Actual Profit from Forecast Profit

The Group did not issue any forecast profit.

19 (Loss)/Profit from Operations

Included in the (loss)/profit are:

	Year to Date Ended 31 December	
	2022	2021
(Reversal of impairment)/Impairment of financial assets		
- Continuing	(2,819)	1,635
- Discontinued	-	(16)
Reversal of impairment of non-financial assets	-	(16,427)
Amortisation of intangible asset	3,972	4,690
Amortisation of right-of-use assets	3,483	2,748
Depreciation of property plant and equipment	75,345	75,402
Property, plant and equipment written off	220	2,654
Inventory written off	272	6,081
Gain on disposal of property, plant and equipment	(342)	(2,474)
Realised loss/(gain) on sugar futures contracts	1,313	(13,005)
Realised gain on Brent crude oil option contracts	(3,068)	-
Realised gain on foreign currency exchange forward contracts	(3,127)	(851)
Realised gain on liquidation of excess raw sugar contracts	(2,087)	(30,962)
Net foreign currency exchange gain	(6,530)	(2,038)
Unrealised (gain)/loss on sugar futures contracts	(964)	963
Unrealised (gain)/loss on Brent crude oil option contracts	(1,280)	2,133
Unrealised loss/(gain) on foreign currency exchange forward contracts	16,238	(276)

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

Amounts in RM thousand unless otherwise stated

20 Taxation

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2022	2021	2022	2021
Current tax	(142)	(10,920)	(3,144)	(43,415)
Deferred tax	2,992	588	3,971	(72)
	2,850	(10,332)	827	(43,487)

The effective tax rate for the financial year ended 31 December 2022 is -1%, lower than the Malaysian income tax rate of 24% due to utilisation of tax losses in a subsidiary.

21 (Loss)/Profit Per Share

	Quarter Ended 31 December		Year to Date Ended 31 December	
	2022	2021	2022	2021
Basic (loss)/profit per share are computed as follows:				
(Loss)/Profit for the financial year				
attributable to owners of the Company (RM'000)				
- from continuing operations	(44,161)	(16,161)	(178,712)	36,615
- from discontinued operations	-	-	-	88,738
	(44,161)	(16,161)	(178,712)	125,353
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	(6.28)	(2.30)	(25.42)	5.21
- from discontinued operations	-	-	-	12.62
	(6.28)	(2.30)	(25.42)	17.83

22 Derivative Financial Instruments

The Group uses forward foreign exchange contracts and commodity contracts to manage its exposure to various financial risks. The outstanding contractual/notional amounts and fair values of these derivatives as at 31 December 2022 are as follows:

	Contractual /Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<u>Non-current</u>			
Islamic profit rate swap	125,000	-	193
<u>Current</u>			
Foreign currency exchange forward contracts	398,394	-	16,890
Brent crude oil option contracts	1,980	-	853
	400,374	-	17,743
	525,374	-	17,936

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

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

23 Fair Value Changes of Financial Instruments

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the last financial year ended 31 December 2021. The following table presents the assets that are measured at fair value at 31 December 2022.

31 December 2022

	Level 1	Level 2	Level 3	Total
<u>Liabilities</u>				
Financial liabilities at fair value through profit and loss				
- Foreign currency exchange forward contracts		16,890	-	16,890
- Brent crude oil option contracts	853	-	-	853
	<u>853</u>	<u>16,890</u>	<u>-</u>	<u>17,743</u>
<u>Liabilities</u>				
Financial liabilities at fair value through other comprehensive income				
- Islamic profit rate swap	-	193	-	193
	<u>-</u>	<u>193</u>	<u>-</u>	<u>193</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 Brent crude oil option contracts and sugar commodity futures contract.

The fair value of financial instruments that are not traded in an active market (for example, foreign currency forward contracts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise Islamic profit rate swap and foreign currency exchange forward contracts.

24 Unquoted Investments and/or Properties

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

25 Quoted Investments

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

26 Status of Corporate Proposals

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

MSM MALAYSIA HOLDINGS BERHAD
QUARTERLY REPORT (CONTINUED)

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

27 Group Borrowings

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

Borrowings
Non-current

Secured:

Islamic term loans

As at	
31 December	
2022	2021
299,210	363,885

Current

Secured :

Islamic term loans

63,101	50,236
517,156	378,935
580,257	429,171

Unsecured:

Bankers' acceptances

Average interest rate

3.66%	3.33%
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All borrowings are denominated in Ringgit Malaysia.

The Islamic term loans are secured against a leasehold land, debenture and certain bank balances of the Group.

The Group is required to comply with certain financial covenants i.e. consolidated net debt and financing to equity ratio, consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio and consolidated finance payment cover ratio (collectively known as "financial covenants"). The financial covenants are to be complied with annually.

The Group had received a waiver letter dated 8 November 2022 from the lender granting a waiver on one of the financial covenants for the financial year ended 31 December 2022 and therefore was not required to meet this covenant. The Group has complied with the other two of the financial covenants for the year ended 31 December 2022.

28 Off Balance Sheet Financial Instruments

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

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

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

29 Prospects

The Group continues to face prevailing challenging environment amidst high input costs mainly raw sugar, freight, natural gas and volatility of Ringgit Malaysia. Other input costs such as packaging materials, wages and inland logistics have also increased significantly.

Despite stronger demands seen in the local and export markets, the high input costs continue to impede the improvement of the Group's financial performance. The Group remains focused on improving average selling price and minimizing costs.

The local Sugar Industry requires urgent Government's intervention by way of price increase or subsidy in-lieu in ensuring food security amidst these challenges.

On behalf of the Board

Syed Feizal Syed Mohammad
Group Chief Executive Officer

Datuk Syed Hisham Syed Wazir
Chairman

Kuala Lumpur
22 February 2023