

MSM plans to consolidate production facilities

PETALING JAYA: MSM Malaysia Holdings Bhd has proposed to consolidate its refined sugar production by relocating its factory operations in Chuping, Perlis to Tanjung Langsat, Johor.

The group said in a filing with the stock exchange that MSM Perlis Sdn Bhd's production will cease on June 30.

Meanwhile, the mobilisation of manpower and certain equipment from MSM Perlis to MSM Sugar Refinery (Johor) Sdn Bhd (MSMJ) and MSM Prai Bhd will be conducted in stages and is expected to complete by the fourth quarter of 2020.

For context, both MSM Perlis and MSMJ are wholly-owned subsidiaries of

the group.

"This consolidation of the two factories will allow the company to optimise the capacity of its new refinery, MSMJ.

"Following this optimisation, the cost of refining raw sugar will improve significantly and thus, will generate higher margins, and ultimately have an overall positive financial impact on MSM Holdings and its group of companies," it said.

Meanwhile, in a separate stock exchange filing, MSM reported that its net loss widened to RM34.71mil in the first quarter of financial year 2020 (1Q20).

A year earlier, the group recorded a net loss of RM7.06mil.

The higher loss was attributable to MSM's lower gross margin of 3%, higher finance cost and higher depreciation incurred in the quarter compared with the same quarter last year, due to the commercialisation of its Johor plant.

However, MSM's revenue in 1Q20 rose by 5% year-on-year to RM510.84mil, thanks to the increase in overall average selling price for the group and new export product in 2020.

The group's loss per share in 1Q20 was 4.94 sen, as compared to a loss per share of 1.01 sen a year earlier.

No dividend was declared for the quarter under review.