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Production in Perlis will be relocated to various other MSM plants. – *MSM WEBSITE PIX*

MSM to consolidate sugar-refining operations

PETALING JAYA: MSM Malaysia Holdings Bhd will be consolidating its refined sugar production by relocating its factory operations for MSM Perlis Sdn Bhd (MSMP) in Chuping to MSM Sugar Refinery (Johor) Sdn Bhd (MSMJ) in Pasir Gudang and MSM Prai Bhd (MSMPB) in stages from June 20.

The consolidation exercise consists of staff mobilisation plans to support MSMPB and MSMJ headcount with the latter's requirements in implementing its ramp-up plan, new products development and construction of new facilities.

Staff who opt not to move to any of the other entities will be compensated according to the law.

The relocation is expected to be complete by the fourth quarter of the year.

In its Bursa Malaysia disclosure, MSM said followng a review and assessement by the group's management, the consolidation is in its best interests.

In FY19 ended Dec 31, MSMP recorded a loss after tax of RM122.6 million, and is expected to continue making losses due to its small capacity, old/obsolete machinery and increasing overheads. The prohibitive distance between Penang Port and MSMP has also contributed to high logistics and warehousing costs.

The consolidation exercise had resulted in a provision of RM137.35 million for the impairment of MSMP's plant and machinery in FY19.

Meanwhile, for the first quarter ended March 31, MSM posted an increased net loss of RM34.7 million, from a net loss of RM7.1 million at the same time last year and the recognition of depreciation of RM 8.6 million following the commercialisation of MSMJ.

Revenue increased 5% to RM510.84 million from RM485.44 million attributable to the steady improvement in average selling price (ASP) and total sales volume over the period.

On the operational front, MSM produced a total of 234,037 tonnes of refined sugar for the quarter, 7% higher than 217,880 tonnes in the same quarter last year. Refining costs for the same period increased by 20% however, as a result of increased capacity for the group, higher depreciation in MSMJ and the increase in gas tariffs from January 2020.

Going forward, MSM expects some impact as a result of Covid-19 with reduced demand, mainly in the domestic market, although this may be mitigated by increased exports especially the newly launched products.