

# KRETAM HOLDINGS BERHAD

Company No.: 198801000928 (168285-H)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2020

This interim financial report is unaudited and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2019.

### A. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 31 March			3 months ended 31 March		
	2020	2019	Changes	2020	2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<b><u>CONTINUING OPERATIONS:-</u></b>						
Revenue	94,274	104,491	-10%	94,274	104,491	-10%
Cost of sales and services	(88,286)	(100,632)		(88,286)	(100,632)	
Gross profit	5,988	3,859	55%	5,988	3,859	55%
Selling and distribution costs	(33)	(1,495)		(33)	(1,495)	
	5,955	2,364		5,955	2,364	
Other income	3,136	2,203		3,136	2,203	
Administrative expenses	(3,640)	(3,793)		(3,640)	(3,793)	
Other expenses	(975)	(74)		(975)	(74)	
<b>Profit/(loss) before interest and Taxation</b>	<b>4,476</b>	<b>700</b>	<b>539%</b>	<b>4,476</b>	<b>700</b>	<b>539%</b>
Finance income	30	40		30	40	
Finance costs	(704)	(827)		(704)	(827)	
<b>Profit/(loss) before taxation</b>	<b>3,802</b>	<b>(87)</b>	<b>4469%</b>	<b>3,802</b>	<b>(87)</b>	<b>4469%</b>
Taxation	(1,287)	646		(1,287)	646	
<b>Profit/(loss) after taxation</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>
<b>Profit/(loss) after taxation attributable to:-</b>						
Shareholders of the Company	2,472	537	360%	2,472	537	360%
Non-Controlling Interests	43	22		43	22	
	<b>2,515</b>	<b>559</b>	<b>350%</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>
<b><u>EARNINGS/(LOSS) PER SHARE (EPS):-</u></b>						
	<b><u>Sen</u></b>	<b><u>Sen</u></b>		<b><u>Sen</u></b>	<b><u>Sen</u></b>	
Basic EPS	0.11	0.02		0.11	0.02	
Diluted EPS	0.11	0.02		0.11	0.02	

**B. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 31 March			3 months ended 31 March		
	2020	2019	Changes	2020	2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Profit/(loss) after taxation</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>
Other Comprehensive Income (OCI)	0	0		0	0	
Income tax relating to components of OCI	0	0		0	0	
<b>Other Comprehensive Income net of tax</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	
<b>Total Comprehensive Income/(loss)</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>
<b>Total Comprehensive Income/(loss) attributable to:-</b>						
Shareholders of the Company	2,472	537	360%	2,472	537	360%
Non-Controlling Interests	43	22	95%	43	22	95%
	<b>2,515</b>	<b>559</b>	<b>350%</b>	<b>2,515</b>	<b>559</b>	<b>350%</b>

**C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 31.03.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	542,558	548,516
Investment property	613	614
Biological assets	3,896	4,154
Intangible assets	42,777	42,777
Trade & other receivables	4,532	4,532
<b>CURRENT ASSETS</b>		
Biological assets	9,247	9,499
Inventories	100,535	97,274
Receivables	48,626	44,087
Tax refundable	22,243	21,096
Derivatives	0	104
Cash and bank balances	13,335	20,991
	193,986	193,051
Assets held for sale	0	0
	193,986	193,051
<b>CURRENT LIABILITIES</b>		
Payables	51,860	47,996
Loans and borrowings	47,577	59,068
Derivatives	771	904
Income tax payable	0	0
	100,208	107,968
Liabilities associated with disposal group	0	0
	100,208	107,968
<b>NET CURRENT ASSETS</b>	93,778	85,083
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	7,441	8,445
Deferred taxation	73,328	72,361
	607,385	604,870
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	746,467	746,467
Retained profits /(losses)	(138,351)	(140,823)
	608,116	605,644
<b>Equity attributable to non-controlling interests</b>	(731)	(774)
	607,385	604,870
<b>NET ASSETS PER SHARE</b>	<b><u>Sen</u></b>	<b><u>Sen</u></b>
	<b>26.1</b>	<b>26.0</b>

**D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY RM'000
	Shareholders of the Company			Non- controlling Interests RM'000	TOTAL RM'000	
	Share Capital RM'000	Reserves RM'000	Retained Profits RM'000			
<b><u>CURRENT YEAR TO DATE:</u></b>						
At 1 January 2020	746,467	0	(140,823)	605,644	(774)	604,870
Total Comprehensive Income/(loss) for the period	0	0	2,472	2,472	43	2,515
Dividend paid	0	0	0	0	0	0
Dividend paid to non-controlling interests	0	0	0	0	0	0
At 31 March 2020	746,467	0	(138,351)	608,116	(731)	607,385
<b><u>PREVIOUS YEAR CORRESPONDING PERIOD:</u></b>						
At 1 January 2019, as restated	746,467	0	(138,743)	607,724	6,568	614,292
Total Comprehensive Income/(loss) for the period	0	0	537	537	22	559
Non-controlling interests on acquisition of a subsidiary	0	0	0	0	0	0
Dividend paid	0	0	0	0	0	0
Dividend paid to non-controlling interests	0	0	0	0	0	0
At 31 March 2019	746,467	0	(138,206)	608,261	6,590	614,851

**E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>3 months ended 31 Mar</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation from continuing operations	3,802	(87)
<u>Adjustments for:-</u>		
Depreciation and amortisation	11,808	11,264
Net fair value loss/ (gain) on biological assets	510	512
Interest income	(30)	(40)
Finance costs	704	827
Net loss / (gain) on disposal of assets	(20)	(5)
Unrealised loss/ (gain) on derivatives	(29)	(710)
Others	0	14,756
Changes in working capital	(3,935)	14,755
Income taxes paid, net of refunds	(1,467)	6,536
Interest received	30	38
Interest paid	(704)	(1,418)
	<b>10,669</b>	<b>46,428</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,903)	(10,495)
Proceeds from disposal of property plant and equipment	73	17
Addition to Biological Assets	0	0
Withdrawal/(placement) of fixed deposits of longer-term tenure	(7)	301
Others	0	0
	<b>(5,837)</b>	<b>(10,177)</b>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of lease liabilities	(185)	(142)
Net drawdown/(repayment) of revolving credit, term loan & foreign bill of exchange	(12,310)	(3,222)
Payment of dividends to shareholders	0	0
Payment of dividends to non-controlling interests	0	0
	<b>(12,495)</b>	<b>(3,364)</b>
Increase/(decrease) in cash and cash equivalents	(7,663)	32,887
Cash and cash equivalents at the beginning of the year	19,858	16,981
Cash and cash equivalents at the end of the period	<b>12,195</b>	<b>49,868</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	13,335	50,112
less: Fixed deposits with maturity of more than 3 months	(1,140)	(244)
	<b>12,195</b>	<b>49,868</b>

**1. ACCOUNTING POLICIES**

The interim financial statements are prepared as required by Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements and comply with Malaysian Financial Reporting Standard (MFRS 134) *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB).

**(a) Changes to Accounting Policies**

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 December 2019.

**(b) Malaysian Financial Reporting Standards (“MFRS”) and MFRS Framework**

The interim financial statements of the Group for the financial period ended 31 March 2020 was prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) Framework.

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

<b>MFRS, IC Interpretation and Amendments to IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amednments to MFRS 16: COVID-19 – Related Rent Concessions	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to FRS 10 and FRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

**2. SEASONAL OR CYCLICAL FACTORS**

The Group's production from its plantations generally experiences an "up-down" cycle once a year, with low production usually in the early part of the year, and peak production in the second half of the year but such cyclical crop pattern can be affected by the changes in weather conditions.

The prices for the Group’s products are not within the control of the Group and it is mainly determined by the global supply and demand situation for edible oils, and somewhat related to the price of crude oil.

**3. SIGNIFICANT ITEMS/EVENTS**

Apart from the Movement Control Order (MCO) initiated by the Government to tackle the COVID-19 outbreak, there were no other material events which arose during the period under review which affected assets, liabilities, equity, net income or cash flows.

**4. MATERIAL CHANGES IN ACCOUNTING ESTIMATES**

During the period under review, there were no:

- (i) material changes in estimates of amounts reported in the previous interim periods of the current financial year; and
- (ii) material changes in estimates of amounts reported in prior financial years.

**5. DEBT AND EQUITY SECURITIES**

There were no cancellations, repurchases, resale and repayments of debt and equity securities during the period under review.

**6. PAYMENT OF DIVIDENDS**

The Company did not pay any dividends during the period under review.

## 7. SEGMENT REVENUE AND RESULTS FOR THE 3 MONTHS ENDED 31 MARCH 2020

	<b>Plantation &amp; Mill</b>	<b>Refinery</b>	<b>Elimination</b>	<b>TOTAL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>REVENUES AND RESULTS:-</u></b>				
Segment Revenue – external	26,753	67,521	0	94,274
Inter-segment revenue	25,963	0	(25,963)	0
	<u>52,716</u>	<u>67,521</u>	<u>(25,963)</u>	<u>94,274</u>
Segment results	<u>(2,443)</u>	<u>7,470</u>	<u>(1,354)</u>	<u>3,673</u>
Unallocated Items:-				
Other income				533
Corporate expenses				(404)
Finance costs				0
Profit/(loss) before taxation from continuing operations				<u>3,802</u>
Taxation				<u>(1,287)</u>
Profit/(loss) after taxation from continuing operations				<u>2,515</u>
<b><u>ASSETS:-</u></b>				
Segment assets	<u>606,215</u>	<u>221,313</u>		827,528
Unallocated assets/(liabilities)				(39,166)
Assets classified as held for sale				0
Total assets				<u>788,362</u>

## 8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment for the current quarter.

## 9. CAPITAL COMMITMENTS

As at 31 March 2020, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group, except as disclosed below:

	<b>As at 31.03.2020</b>
	<b>RM'000</b>
Approved and contracted for	13,859
Approved but not contracted for	<u>67,288</u>
	<u><b>81,147</b></u>

## 10. SUBSEQUENT EVENTS

As at the date of this report, there were no other material events which arose subsequent to the end of the period under review other than the Movement Control Order (MCO) which is ongoing but gradually being relaxed.

## 11. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

During the period under review there were no:

- (a) acquisitions or disposals of subsidiaries; and
- (b) discontinued operations.

## 12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS SINCE THE LAST FINANCIAL YEAR

There were no changes in contingent liabilities or contingent assets since 31 December 2019.

**G. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD**

**13. REVIEW OF PERFORMANCE**

For the 3 months of 2020, the Group achieved a total revenue of RM 94.3 million (2019: RM104.5 million) and incurred a pre-tax gain of RM 3.8 million (2019: pre-tax loss of RM 0.09 million).

Commentary on the performance of the operating segments of the Group for Q1 2020 is as follows:

**(a) Plantations and Mills**

As shown in Note 7, the Group's plantation and mill operations achieved revenue (including inter-segment revenue) of RM 52.7 million (2019: RM 66.7 million), and pre-tax loss of RM 2.4 million (2019: pre-tax loss of RM 2.3 million). These should be seen in the context of information presented in the tables below:

Table A: Crude palm oil (CPO and palm kernel (PK) prices – Sabah MPOB\* average

	CPO		PK	
	2020	2019	2020	2019
January	3,000.00	2,007.50	1,860.50	1,405.00
February	2,689.00	2,085.00	1,601.00	1,259.00
March	2,348.00	1,928.50	1,430.00	1,103.50

Table B: Output indicators, and comparison with industrial average

	1st Quarter			Year to Date		
	2020	2019	% change	2020	2019	% change
<b>FFB Production (mt)</b>	62,062	82,096	-24.4%	62,062	82,096	-24.4%
<b>FFB Yield (mt/hectare):</b>						
The Group's estates	3.55	4.69	-24.2%	3.55	4.69	-24.2%
MPOB* Sabah average	3.53	4.82	-26.8%	3.53	4.82	-26.8%
<b>CPO Closing Stock at Palm Oil Mills (mt)</b>	4,403	6,747	-34.7%	4,403	6,747	-34.7%
<b>Oil Extraction Rate:</b>						
The Group's palm oil mills	20.04%	19.97%	0.4%	20.04%	19.97%	0.4%
MPOB* Sabah average	20.69%	20.63%	0.3%	20.69%	20.63%	0.3%

\* - MPOB: Malaysian Palm Oil Board

The plantation division Q1 2020 results are less favorable than Q1 2019 mainly due to lower FFB production compared to Q1 2019. Although the commodity prices are higher, the plantation division unable to fully capitalized on it

**(b) Refinery**

Also as shown in Note 7, the Group's refinery operations achieved revenue of RM 67.5 million (2019: RM 66.1 million) and generated a pre-tax gain of RM 7.5 million (2019: pre-tax gain of RM 2.6 million). Refinery's pre-tax gain was generated mainly due to stock sold in Q1 2020 managed to generate higher profit margin.



#### 14. COMPARISON WITH THE PREVIOUS QUARTER'S RESULTS

The following is a summary based on the two respective quarters' condensed consolidated income statements:

	<b>Current Quarter RM'000</b>	<b>Previous Quarter RM'000</b>	<b>Changes %</b>
<b><u>CONTINUING OPERATIONS:-</u></b>			
Revenue	94,274	120,885	-22%
Cost of sales and services, including distribution	(88,319)	(112,798)	
	5,955	8,087	
Other income	3,136	5,246	
Administrative and other expenses	(4,615)	2,189	
<b>Profit/(loss) before interest and taxation</b>	<b>4,476</b>	<b>15,522</b>	<b>-71%</b>
Interest income	30	84	
Interest costs	(704)	(980)	
<b>Profit/(loss) before taxation</b>	<b>3,802</b>	<b>14,626</b>	<b>-74%</b>
Taxation	(1,287)	(2,870)	
<b>Profit/(loss) after taxation</b>	<b>2,515</b>	<b>11,756</b>	<b>-79%</b>
<b>Profit/(loss) after taxation attributable to:</b>			
Shareholders of the Company	2,472	11,729	-79%
Non-Controlling Interests	43	27	
	<b>2,515</b>	<b>11,756</b>	<b>-79%</b>

The lower pre-tax gain as compared to previous quarter was mainly due to previous quarter gain from the disposal of a subsidiary for RM 8.0 million.

#### 15. CURRENT YEAR PROSPECTS

Year 2020 has begun with great optimism of commodity prices reaching the height of RM3,000 per mt in January 2020 and started to fizzle out with the emergence of COVID-19 pandemic. By mid of March 2020, the commodity prices have dropped significantly mainly due to the pandemic which dampened the demand for edible oil. However, the palm oil commodity price has recovered slightly in June 2020 due to hopes of increase demands when key importing countries start to come out of their respective COVID-19 lockdown.

In the plantation division, the coronavirus outbreak has caused disruption in the operational flow and its supply chain. Nevertheless, the disruption was temporary and by mid-April 2020, the plantation division has been back in full operation with new standard operating procedures (SOP) in place to counter the COVID-19 pandemic. In view of the expected cyclical increase in oil palm production during second half of the year, it is hopeful that such increase in production coupled with increase in commodity price will neutralized the impact from COVID-19.

As for the refinery division, the low demand of bio-diesel will impact the overall performance of the division during the MCO period. However, the division will see an uptake in the biodiesel demand when the country starting to come out from the restricted movement control environment.

The Group aware that the COVID-19 pandemic has brought in a lot of uncertainty and unexpected impact on Malaysia and the World economies. At this juncture, the Group expect there is minimal impact on the Group's overall performance up to the date of these announcement but giving the evolving nature of COVID-19 pandemic, the Group notes that there are still impending COVID-19 risks that might impact the Group performance.

## 16. ACHIEVEMENT OF REVENUE/PROFIT ESTIMATES, FORECASTS AND/OR INTERNAL TARGETS

Not applicable as the Company did not provide any revenue or profit estimate, forecast or projection, and did not publish any internal targets, in any public document.

## 17. EXPLANATION OF VARIANCES FROM PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Company did not provide any profit forecast or guarantee, in any public document.

## 18. TAXATION

	<b>Quarter ended <u>31.03.2020</u> RM'000</b>	<b>3 months ended <u>31.03.2020</u> RM'000</b>
Provision in respect of results for the current quarter/period	320	320
Overprovision for taxation in respect of previous years	-	-
Deferred taxation	967	967
	<u>1,287</u>	<u>1,287</u>

The Group's tax credit on its Loss Before Tax for the current quarter was lower than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes and deferred tax assets not recognised on business losses in certain subsidiaries.

## 19. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

### (a) Bulking Joint Venture Agreement ("BJVA")

On 7 July 2014, Usaha Dimega Sdn Bhd ("UDSB"), a wholly-owned subsidiary of the Group, entered into a conditional Bulking Joint Venture Agreement ("BJVA") with Rikaworth Sdn Bhd ("RSB") and Sawit Bulkers Sdn Bhd ("SBSB") to venture into the business of palm oil common bulking installations for palm oil and related products together with a system of pipe racks to facilitate the transfer of liquid products between the bulking facilities and users of such facilities and the conveyance of the same to and from the jetty facilities of the Sabah Ports Authority in Sandakan, subject to the terms and conditions of the BJVA.

The BJVA is subject to the fulfilment (unless waived by mutual written consent of UDSB and RSB) of certain Conditions Precedent, after which UDSB and RSB are to subscribe for shares at par in the JV Company in cash on a date to be decided by the Board of Directors of the JV Company within 10 days after the Conditions Precedent are fulfilled or waived. Following the subscription of shares, the equity interest held by the respective parties shall be as follows:

	<b><u>No. of Shares</u></b>	<b><u>Percentage</u></b>
UDSB	12,750,000	60%
RSB	8,500,000 (including the existing 100,000 issued shares)	40%

The status of the Conditions Precedent are as follows:

<b>Conditions Precedent</b>		<b>Status</b>
<b>1</b>	The approvals of RSB and UDSB for the rolling business plan for the JV Company relating to the then current financial year and three succeeding financial years	Obtained
<b>2</b>	RSB and UDSB obtaining the approvals of their respective shareholders to the terms and conditions of the BJVA	Obtained
<b>3</b>	Obtaining the licence/consent from the Malaysian Palm Oil Board to commence construction of the bulking installation	Obtained
<b>4</b>	Increasing the authorised capital of the JV Company to RM50,000,000 consisting of 50,000,000 shares of RM1.00 each	Done
<b>5</b>	RSB and UDSB agreeing to the form and substance of the Land Sale and Purchase Agreement relating to the purchase of the Land and price relating thereto	Not yet agreed
<b>6</b>	RSB and UDSB agreeing to the terms and conditions of the Bulking Facilities User Agreement relating to the use of the JV Company's bulking facilities by Green Edible Oil Sdn Bhd ("GEOSB") (a wholly-owned subsidiary of the Group) operating a refinery in the vicinity of the Sawit POIC Area to produce refined palm oil products	Done

7	The JV Company (as sublessee) and Sandakan Bulkers (as sublessor) agreeing to the terms and conditions of the Pipe Rack Land Sublease relating to the sublease of a strip of land on which the JV Company's pipe racks would be erected	Not yet agreed
8	Issuance of the letter of offer in respect of the alienation of the Land by the Lands and Surveys Department	Issued
9	The JV Company obtaining such other authorizations, consents and permits as shall be necessary for commencing its business according to written laws	In progress
10	Sandakan Bulkers (as landowner and licensor) and the Offtaker (as licensee) agreeing to the form of the Land Licence Agreement for Sandakan Bulkers to grant a licence for the Offtaker to use a stretch of land for the purpose of building a pipe rack to carry pipes for liquid goods and water pipe	Not yet agreed
11	RSB issuing a letter to the JV Company promising to insert into all future sale and purchase agreements in respect of the sale of various lots within the Sawit POIC Area, words to restrict the use of the said lots for conducting bulking business	Done
12	The execution and delivery of KHB's Guarantee issued in favour of RSB to guarantee the performance, liabilities and obligations of UDSB under the BJVA	Done
13	RSB and UDSB agreeing to the rate of charges payable to the JV Company for each metric ton of goods loaded onto any barge or vessel at the mini jetty located adjacent to GEOSB's land	In progress

On 5 May 2016, UDSB received from RSB a draft Deed of Variation proposing the following major changes to the BJVA:

- the respective proportions in which UDSB and RSB will hold the issued ordinary share capital of the JV Company from time to time shall be as follows:

<u>Party</u>	<u>Percentage</u>
UDSB	40%
RSB	60%

- the BJVA shall be inserted with a new Condition Precedent as follows:

*"The relevant authority shall have issued separate land titles in respect of the lands which are the subject matter of the Pipe Rack Land Sublease."*

The draft Deed of Variation is under consideration by the Board of Directors and an announcement will be made once a decision has been made.

## 20. GROUP BORROWINGS

	<u>As at</u> <u>31.03.2020</u> RM'000	<u>As at</u> <u>31.12.2019</u> RM'000
<b>Short term secured:</b>		
Bankers' acceptances	31,310	43,387
Revolving credit	14,000	14,000
Term loans	938	938
Lease	1,329	743
	47,577	59,068
<b>Long term secured:</b>		
Term loans	1,642	1,875
Lease	5,799	6,570
	7,441	8,445
<b>TOTAL BORROWINGS</b>	<b>55,018</b>	<b>67,513</b>

The above borrowings are denominated in Malaysian Ringgit except where otherwise indicated.

## 21. ADDITIONAL DISCLOSURES

### (a) Financial Derivatives

Outstanding financial derivatives held by the Group as at 31 March 2020 are as follows:

	<u>Currency</u>	<u>Contract/ Notional Amount '000</u>	<u>Fair Value</u>	
			<u>Assets RM'000</u>	<u>Liabilities RM'000</u>
US Dollar forward contracts - less than 1 year	USD	7,540	0	131
Palm oil futures contracts - less than 1 year	MYR	7,041	0	333
Olein price swap contracts - less than 1 year	USD	21,627	0	307

### (b) Gains/(Losses) Arising from Fair Value Changes of Financial Liabilities

For the period ended 31 March 2020, there were no gains or losses arising from changes to fair values of the Group's financial liabilities.

## 22. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 19 JUNE 2020

Not applicable as the Group is not involved in any material litigation.

## 23. DIVIDENDS DECLARED

No dividend has been declared or recommended in respect of the period under review.

## 24. EARNINGS/(LOSS) PER SHARE ("EPS")

Basic and diluted EPS for the period under review is calculated based on the following:

	<u>Quarter ended 31.03.2020</u>	<u>3 months ended 31.03.2020</u>
Weighted average number of shares in issue	2,327,627,135	2,327,627,135
Number of shares used in calculating diluted EPS	2,327,627,135	2,327,627,135
	<u>RM'000</u>	<u>RM'000</u>
Profit/(loss) after taxation from continuing operations	2,515	2,515
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	(43)	(43)
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	<u>2,472</u>	<u>2,472</u>
<b>EPS:</b>	<u>Sen</u>	<u>Sen</u>
- Basic	0.11	0.11
- Diluted	0.11	0.11

Basic EPS is calculated by dividing "Profit/(loss) after taxation attributable to shareholders of the Company" by the "Weighted average number of shares in issue".

Diluted EPS is calculated by dividing "Adjusted profit/(loss) after taxation" by the "Number of shares used in calculating diluted EPS".

**25. AUDITOR'S REPORT ON THE PREVIOUS YEAR'S FINANCIAL STATEMENTS**

The auditors' report on the Group's consolidated financial statements for the year ended 31 December 2019 was not qualified.

**26. AUDITOR'S LIMITED REVIEW ON INTERIM FINANCIAL STATEMENTS**

The auditor has performed a limited review on the interim financial for the period ending 31 March 2020.

**27. AUTHORISED FOR ISSUE**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 26 June 2020.

**By Order of the Board,**

**DATUK LIM NYUK SANG @ FREDDY LIM**  
**Chief Executive Officer**

**29<sup>th</sup> June 2020**