Second Quarter Report 2021

UNITED PLANTATIONS BERHAD
(Company Registration No. 191701000045 (240 A))
Jendarata Estate • 36009 Teluk Intan • Perak Darul Ridzuan • Malaysia

United Plantations Berhad

Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2021

(The figures have not been audited)

	Quarter ended 30 June			6 Months ended 30 June		
(RM'000)	2021	2020	Changes (%)	2021	2020	Changes (%)
Revenue	481,869	294,317	63.7%	881,523	613,226	43.8%
Operating expenses	(305,259)	(146,392)	108.5%	(617,042)	(370,685)	66.5%
Other operating income	5,529	(4,950)	211.7%	10,206	15,777	-35.3%
Finance costs	(7)	(7)	0.0%	(13)	(14)	-7.1%
Interest income	1,155	4,218	-72.6%	2,351	8,334	-71.8%
Share of results of joint venture	3,386	2,475	36.8%	1,560	667	133.9%
Profit before taxation	186,673	149,661	24.7%	278,585	267,305	4.2%
Income tax expense	(49,966)	(25,601)	95.2%	(66,168)	(61,717)	7.2%
Profit after taxation	136,707	124,060	10.2%	212,417	205,588	3.3%
Profit for the period	136,707	124,060	10.2%	212,417	205,588	3.3%
Net profit attributable to:						
Equity holders of the parent	135,785	123,586	9.9%	210,610	204,776	2.8%
Non-controlling interests	922	474	94.5%	1,807	812	122.5%
	136,707	124,060	10.2%	212,417	205,588	3.3%
Earnings per share						
(i) Basic - based on an average 414,784,984 (2020:414,784,984) ordinary shares (sen)	32.74	29.80	9.9%	50.78	49.37	2.8%
(ii) Fully diluted (not applicable)	-	-	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2020.

United Plantations Berhad

Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended 30 June 2021

(The figures have not been audited)

	Quarter ended 30 June			6 Months ended 30 June		
(RM'000)	2021	2020	Changes (%)	2021	2020	Changes (%)
Profit for the period	136,707	124,060	10.2%	212,417	205,588	3.3%
Other comprehensive income:						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	(1,626)	23,726	-106.9%	(2,422)	4,076	-159.4%
Cash flow hedge						
- changes in fair value	(37,407)	1,691	-2312.1%	(81,993)	35,763	-329.3%
- transfers to profit or loss	30,333	2,224	1263.9%	85,210	(8,443)	1109.2%
Total Comprehensive income	128,007	151,701	-15.6%	213,212	236,984	-10.0%
Total comprehensive income attributable to:						
Equity holders of the parent	127,168	150,044	-15.2%	211,527	235,972	-10.4%
Non-controlling interests	839	1,657	-49.4%	1,685	1,012	66.5%
	128,007	151,701	-15.6%	213,212	236,984	-10.0%

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2020.

United Plantations Berhad

Condensed Consolidated Statement of Financial Position as at 30 June 2021

(The figures have not been audited)

(RM'000)	30 June 2021	31 December 2020
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,206,292	1,209,385
Right-of-use assets	382,350	382,408
Associated company	50	50
Joint Venture	41,437	39,876
Goodwill	356,856	356,856
Other receivables	10,076	10,076
Deferred tax assets	3,989	3,831
Total non-current assets	2,001,050	2,002,482
Current Assets		
Biological assets	43,778	38,767
Inventories	168,151	134,451
Trade & other receivables	257,278	287,145
Prepayments	485	175
Tax recoverable	23,659	18,916
Derivatives	54,022	28,093
Cash and bank balances	179,995	128,537
Short term funds	231,542	336,283
Total current assets	958,910	972,367
Total assets	2,959,960	2,974,849
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	390,054	390,054
Treasury shares	(18,668)	(18,668)
Other reserves	(38,937)	(39,854)
Retained profits	2,229,440	2,288,440
	2,561,889	2,619,972
Non-controlling interests	11,574	10,931
Total equity	2,573,463	2,630,903
Non-Current Liabilities		
Deferred tax liabilities	154,210	149,705
Retirement benefit obligations	18,415	17,077
Derivatives	34,318	56
Total non-current liabilities	206,943	166,838
Current Liabilities		
Trade & other payables	85,595	94,921
Tax payable	46,785	26,687
Retirement benefit obligations	2,198	2,198
Derivatives	44,876	53,202
Bank borrowings	100	100
Total current liabilities	179,554	177,108
Total liabilities	386,497	343,946
Total equity and liabilities	2,959,960	2,974,849
Net assets per share (RM)	6.18	6.32

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2020.

United Plantations Berhad

Condensed Statement of Changes in Equity
for the Six Months Ended 30 June 2021
(The figures have not been audited)

(RM'000)	Share Capital	Treasury shares	Retained profits	Cash flow hedge reserve	Capital reserve	Translation reserve	Total	Non-controlling interests	Total equity
	Attributable to Equity Holders of the Parent								
Balance at 1 January 2021	390,054	(18,668)	2,288,440	(40,476)	21,798	(21,176)	2,619,972	10,931	2,630,903
Total comprehensive income for the period	-	-	210,610	3,217	-	(2,300)	211,527	1,685	213,212
Dividends, representing total transaction with owners	-	-	(269,610)	-	-	-	(269,610)	-	(269,610)
Dividends to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	(1,042)	(1,042)
Balance at 30 June 2021	**390,054**	**(18,668)**	**2,229,440**	**(37,259)**	**21,798**	**(23,476)**	**2,561,889**	**11,574**	**2,573,463**
Balance at 1 January 2020	390,054	(18,668)	2,189,251	(22,235)	21,798	(15,612)	2,544,588	9,195	2,553,783
Total comprehensive income for the period	-	-	204,776	27,320	-	3,876	235,972	1,012	236,984
Dividends, representing total transaction owners	-	-	(217,762)	-	-	-	(217,762)	-	(217,762)
Balance at 30 June 2020	**390,054**	**(18,668)**	**2,176,265**	**5,085**	**21,798**	**(11,736)**	**2,562,798**	**10,207**	**2,573,005**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2020.

United Plantations Berhad

Condensed Consolidated Cash Flow Statements
for the Six Months Ended 30 June 2021

(The figures have not been audited)

(RM'000)	6 Months ended 30 June 2021	2020
Operating Activities		
-Receipts from operations	798,972	590,125
-Operating payments	(509,155)	(317,265)
Cash flow from operations	289,817	272,860
Other operating receipts	9,102	15,106
Taxes paid	(47,482)	(32,835)
Cash flow from operating activities	251,437	255,131
Investing Activities		
- Proceeds from sale of property, plant and equipment	1,104	671
- Interest received	2,150	8,156
- Purchase of property, plant and equipment	(46,776)	(50,655)
- Payment for right-of-use assets	(141)	(116)
- Net change in short term funds	104,741	67,415
Cash flow from investing activities	61,078	25,471
Financing Activities		
- Dividends paid	(269,610)	(217,762)
- Dividends paid to non-controlling shareholders of a subsidiary	(1,042)	-
- Finance costs paid	(13)	(14)
- Associated company	(3)	(4)
- Joint venture	9,611	13,460
Cash flow from financing activities	(261,057)	(204,320)
Net Change in Cash & Cash Equivalents	51,458	76,282
Cash & Cash Equivalents at beginning of year	128,437	91,513
Cash & Cash Equivalents at end of period	179,895	167,795

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

Short Term Funds of RM231,542,000 (2020: RM300,377,000) are excluded from Cash Flow Statements due to reclassification of Short Term Funds from Cash & Cash Equivalents.

Notes To The Interim Financial Report

A1) ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial statements of the Group for the financial period ended 30 June 2021 are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020. These explanatory notes attached to the interim financial statements 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 year ended 31 December 2020.

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

MFRS	Effective for annual periods beginning on or after
• Amendments to MFRS 3: Business Combinations	1 Jan 2022
• Amendments to MFRS 116: Property, Plant and Equipment	1 Jan 2022
• Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 Jan 2022
• Amendments to MFRS1 First-time Adoption of Malaysian Financial Reporting Standards	1 Jan 2022
• Amendments to MFRS 9 Financial Instruments Arrangements	1 Jan 2022
• Amendments to MFRS 16 Leases – Illustrative Examples	1 Jan 2022
• Amendments to MFRS 141 Agriculture	1 Jan 2022
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 Jan 2023
• MFRS 17 Insurance Contracts	1 Jan 2023
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2) AUDIT REPORT

The auditor's report on the financial statements for the financial year ended 31 December 2020 was not qualified.

A3) SEASONAL AND CYCLICAL NATURE OF GROUP'S PRODUCTS AND OPERATIONS

The prices for the Group's products are not within the total control of the Group but are determined by the global supply and demand situation for edible oils and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil ("CPO") and palm kernel ("PK") gradually increases from March, peaking around July to September, and then declines from October to February. This pattern can be affected by severe global weather conditions such as El-Nino and La Nina.

The prices obtainable for the Group's products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

Notes To The Interim Financial Report

A4) EXCEPTIONAL AND EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the current period.

A5) CHANGES IN ESTIMATES

There were no material changes to estimates made in prior period.

A6) EQUITY AND DEBT SECURITIES

As at 30 June 2021, the number of treasury shares held was 1,483,548 shares as there were no share buy-back nor any cancellation, re-sale or distribution of treasury shares in the current period. There was also no issuance of new shares or debt instruments in the current period.

A7) DIVIDENDS PAID

The following dividends were paid on 7 May 2021 in respect of the financial year ended 31 December 2020: -

Ordinary	RM'000
Final Dividend of 15 sen paid	62,218
Special Dividend of 50 sen paid	207,392
Total	269,610

A8) SEGMENTAL INFORMATION

Segmental information for the current period:

(RM'000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External sales	282,287	598,540	696	-	881,523
Inter-segment sales	187,097	-	-	(187,097)	-
	469,384	598,540	696	(187,097)	881,523
Segment Results:					
Profit before tax	272,634	6,961	(1,010)	-	278,585

A9) VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2020.

A10) EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date.

Notes To The Interim Financial Report

A11) CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group for the period including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

A12) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 22 July 2021.

B1) DIRECTORS' ANALYSIS OF THE GROUP'S PERFORMANCE FOR 6 MONTHS ENDED 30 JUNE 2021

The Group's revenue for the current period at RM881.5 million was higher by 43.8% as compared to RM613.2 million recorded in the corresponding period, mainly due to 18.3% and 58.3% increase in revenue from the plantation and the refinery segments respectively.

The Group's profit before tax at RM278.6 million for the current period was higher by 4.2% as compared to RM267.3 million in the corresponding period mainly due to higher contribution from the plantation segment. The analysis of the performance in accordance to the segments are as follows:

Plantations

This major segment of the Group's revenue increased by 18.3% to RM469.4 million in the current period from RM396.6 million in the corresponding period. This increase was mainly due to higher Group CPO production, and higher Group CPO and PK average prices.

The profit before tax of this segment increased by 25.2% in the current period as compared to the corresponding period mainly due to higher CPO and PK prices. Group CPO production increased marginally by 1.7%, whereas the Group PK production decreased marginally by 1.1%. The average Group CPO and PK prices achieved were 17.5% and 22.4% higher than the corresponding period. However, the Group costs of production per MT of CPO and PK were 2.8% and 5.5% higher in the current period, mainly due to higher labour costs. The average selling prices of CPO and PK are as shown below:

Countries	Products	June 2021 Current Period (RM/MT)	June 2020 Corresponding Period (RM/MT)
Malaysia	CPO	3,020	2,601
Indonesia	CPO	2,751	2,208
Average	CPO	2,967	2,525
Malaysia	PK	2,014	1,758
Indonesia	PK	1,979	1,152
Average	PK	2,007	1,640

With palm oil prices traded in the range of RM3,200/mt to RM4,500/mt which is above the windfall tax threshold of RM2,500/mt, the Malaysian plantation segment incurred RM21.9 million in windfall tax, a 1,391% jump from RM1.5 million in the corresponding period last year.

Interest income for the Group was lower by 71.8% in the current period as compared to the corresponding period mainly due to lower bank deposits and lower rates. The lower bank deposits were mainly due to higher dividend paid, higher windfall taxes paid and higher MDEX deposit by our refinery unit for hedging purposes.

Notes To The Interim Financial Report

Refinery

The revenue for the refinery segment increased by 58.3% to RM598.5 million in the current period from RM378.1 million in the corresponding period mainly due to higher selling prices and sales volume by 33.6% and 18.5% respectively. However, the profit before tax declined by 84.1% to RM7.0 million from RM43.9 million in the corresponding period. This was mainly due to timing differences of raw materials hedging versus delivery of finished goods. The immediate hedging loss recognized upon closing of the earlier hedged raw materials positions will be reversed upon delivery of the finished goods in the next quarters.

Others

The other segments of the Group recorded a loss before taxation of RM1.0 million in the current period mainly as a result of the negative returns from the investment in unit trust fund due to increase in the market yield in the government bonds invested by the unit trust fund in the current period.

B2) COMPARISON OF RESULTS WITH PRECEDING QUARTER

(RM'000)	Current Quarter 30/6/2021	Preceding Quarter 31/3/2021	Changes %
Revenue	481,869	399,654	20.6%
Interest income	1,155	1,196	-0.03%
Profit Before Tax	186,673	91,912	103.1%
Profit After Tax	136,707	75,710	80.6%

The Group's revenue for the current quarter at RM481.9 million was higher by 20.6% as compared to RM399.7 million recorded in the preceding quarter as a result of the revenues from both the plantation and refinery segments being higher by 27.7% and 14.7% respectively in the current quarter.

The profit before tax for the current quarter at RM186.7 million was higher by 103.1% as compared to RM91.9 million recorded in the preceding quarter. The reasons for the increase are as explained below.

Plantations

The plantation segment registered an increase in revenue of 31.5% in the current quarter from the preceding quarter mainly due to higher Group CPO and PK production by 14.2% and 8.3% respectively, and higher Group average CPO and PK prices by 4.8% and 24.1% respectively in the current quarter compared to the preceding quarter. The CPO and PK costs of production were lower by 10.7% and 10.4% respectively mainly due to higher production and lower manuring costs in the current quarter. As the result, the profit before tax of this segment increased by 31.5% in the current quarter as compared to the preceding quarter. With higher MPOB CPO price in the current quarter, the windfall tax incurred at RM12.6 million was 37% higher than the previous quarter.

Interest income for the Group was lower by 3.4% in the current quarter as compared to the preceding quarter due to lower rates as well as lower bank deposits as a result of the dividend payment in the current quarter.

Refinery

The refinery segment recorded an increase in revenue of 14.7% in the current quarter mainly due to higher selling prices and sales volume in the current quarter as compared to the preceding quarter. The profit before tax for the current quarter was higher by 229.1% as compared to the preceding quarter mainly due to partial reversal of previously recognised hedging losses upon delivery of finished goods in the current quarter.

B3) PROSPECTS AND OUTLOOK

Covid-19 continues to be the main headline for 2021 and is still having a major impact on world markets. The recently enhanced travel restrictions that have been adopted by the Malaysian and now Indonesian as well as Bangladeshi Governments following the rise of the Covid-19 Delta variant has brought the recruitment of guest workers to a standstill. The Malaysian Palm Oil Industry has been impacted severely with labour shortages, which during the last 12 months have been going from bad to worse in line with the repatriation of guest workers and impediment in terms of recruiting new guest workers. This is now significantly impacting production on several estates across Malaysia, especially in the state of Sarawak where field losses are now unavoidable.

The shortage of guest workers (which make up around 85% percent of the total labour force in the Malaysian plantation sector) combined with the risk of rising Covid-19 infection rates will therefore be the biggest risk for the Plantation Industry as well as for United Plantations for the remaining part of 2021.

Palm oil prices have been very volatile during the first half of 2021 and have traded between RM3,200/MT – RM4,500/MT. Currently prices are trading at around RM3,850/MT for the 3rd month position on the futures market and in the near term it is expected that prices will remain supportive. Inventories remain low for the main producing countries. Production is expected to remain tight until issues involving labour shortages at plantations are resolved while demand from buyers like China and India as well as consumption in Indonesia (both edible and biodiesel demand) remains high. India may experience a consumption hit from high commodity prices, high freight markets and serious Covid-19 lock-downs/restrictions.

According to the Australian Bureau of Meteorology, who on the 17th March 2021 changed their El Niño–Southern Oscillation (ENSO) Outlook to "Inactive" from "La Niña" and at the time of writing the ENSO remains neutral with no indication that El Niño or La Niña will develop in the coming months.

Another factor which will impact our market is the 2021 world production of biodiesel which is expected to recover (from 46.5 million mt. in 2020 to 48.6 million mt. in 2021). The 2021 increase is primarily from the US, Indonesia, China and Brazil. In the US, the EPA under Biden administration has fueled increased blending expectations. However, the political uncertainties are many in regards to these blending targets.

According to Oil World, the 2021/22 Palm oil production is expected to increase by 3.8 million mt. (5.0%) to 80.6 million mt. Oil World estimates that the world production of the 10 seed oils and palm oil combined will increase sharply by 9.5 million mt. (4.7%) in Oct/Sept 2021/22. Following two years of tightness, Oil World anticipates a production surplus in vegetable oils next season, allowing for a recovery in stocks.

With Covid-19 continuing its presence around the world and in broad parts of South East Asia including Malaysia, it is of utmost importance to keep our guard up in order to minimise the risk of Covid-19 entering UP's premises which would result in a temporary shut-down of our factories or plantation operations.

The Board views Covid-19 as being the single largest risk in the foreseeable future until all employees have been vaccinated, a goal which Management is pursuing relentlessly. Due attention is therefore being directed towards doing what is practically possible to mitigate this risk. Nevertheless, with UP´s positive liquidity and conservative capital resources, the Board believes that the Company based on the present fundamentals will be able to perform satisfactorily without the need for any asset impairments arising from the current Covid-19 pandemic.

UP will, in accordance with its replanting policy, continue to replant areas of its older and less productive oil palm stands in Malaysia during 2021. Cost efficiencies and improved productivities including optimizing all possible steps of mechanization will therefore continue as a vital part of sustaining our positive development going forward.

With the significant uncertainties related to the consequences of the Covid-19 pandemic, it is difficult to predict the results for 2021 as much can still happen. However, based on the prices contracted under the Company's forward sales policy and with production having increased due to large areas steadily coming into maturity from our replanted areas in Malaysia, the Board of Directors expect that the results for the year will be satisfactory.

B4) PROFIT FORECASTS

The Group has not issued any profit forecasts for the period under review.

B5) OPERATING PROFIT

Included in the operating profit are the following:

(RM '000)	*Current Quarter*	*Current year-to-date*
Depreciation and amortisation	(26,129)	(50,967)
Realised foreign exchange gains/(losses)	5,440	6,957
Realised gains/(losses) on commodities futures contracts	(34,131)	(112,242)
Fair value gains/(losses):		
- Forward foreign exchange contracts	(3,838)	(13,446)
- Commodities futures contracts	845	24,407
Gain/(loss) on disposal of property, plant and equipment	555	798

The year-to-date realised loss of RM112 million from commodities futures contracts was a result of hedging losses due to timing differences of raw material hedges versus delivery of finished goods as explained under Notes B1 and B2. The high hedging loss was because of the significant increase in CPO prices since entering into the earlier BMD commodity futures sales. Upon buying back of the earlier entered BMD commodity futures sales there are immediate losses, however, these hedging losses will continue to be reversed in the coming quarters through significantly higher contributions upon delivery of finished goods based on earlier purchased CPO at lower prices as part of the raw material hedge.

B6) TAXATION

The charge for taxation for the period ended 30 June 2021 comprises:

(RM '000)	*Current Quarter*	*Current year-to-date*
Current taxation	36,946	62,837
Deferred taxation	13,020	3,331
	49,966	66,168
Profit before taxation	186,673	278,585
Tax at the statutory income tax rate of 24%	44,802	66,860
Tax effects of expenses not deductible / (income not taxable) in determining taxable profit:		
Depreciation on non-qualifying assets	268	536
Double deductions for research and development	(1,080)	(2,160)
Others	5,976	932
Tax expense	49,966	66,168

B7) CORPORATE PROPOSALS

There were no corporate proposals which were announced but not completed as at 22 July 2021.

B8) GROUP BORROWINGS

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 30 June 2021 was RM100,000.

B9) FINANCIAL INSTRUMENTS

a) Derivatives

Derivatives not designated as hedging instruments

The Group uses forward currency contracts and commodity futures contracts to manage its exposure to currency and price risks, as well as to take advantage of favourable market conditions. The forward currency contract is not designated as cash flow or fair value hedges and is entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Derivatives designated as hedging instruments – Cash flow hedge

Commencing from 1 October 2018, the Group has designated certain commodity futures contracts as hedging derivatives to reduce the volatility attributable to price fluctuations of crude palm oil ("CPO"). Hedging of the price volatility of forecast CPO is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Notes To The Interim Financial Report

The fair values of these derivatives as at 30 June 2021 are as follows:

	Net Notional Amount Sales / (Purchases) RM'000	Assets RM'000	Liabilities RM'000
Current			
Non-hedging derivatives:			
Forward currency contracts	363,342	-	(451)
Commodity futures contracts	(158,408)	54,022	-
Hedging derivatives:			
Commodity futures contracts	336,356	-	(44,425)
		54,022	(44,876)
Non-current			
Non-hedging derivatives:			
Commodity futures contracts	(228,910)	-	(29,986)
Hedging derivatives:			
Commodity futures contracts	145,686	-	(4,332)
		-	(34,318)
Total derivatives		54,022	(79,194)

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 financial year ended 31 December 2020.

The description, notional amount and maturity profile of each derivative are shown below:

i) Forward currency contracts

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date.

The forward currency contracts are stated at fair value. Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

As at 30 June 2021, the notional amount, fair value and maturity tenor of the forward currency contracts are as follows:

	Net Notional Amount Sales / (Purchases) RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	363,342	(451)
- 1 year to less than 3 years	-	-
- More than 3 years	-	-
	363,342	(451)

ii) Commodity futures contracts

Commodity futures contracts are used to manage and hedge the Group's exposure to adverse price movements in vegetable oil commodities

The commodity futures contracts are stated at fair value. Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

As at 30 June 2021, the notional amount, fair value and maturity tenor of the commodity futures contracts are as follows:

	Net Notional Amount Sales / (Purchases) RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	177,948	9,597
- 1 year to less than 3 years	(83,224)	(34,318)
- More than 3 years	-	-
	94,724	(24,721)

b) Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

B10) MATERIAL LITIGATION

There was no material litigation as at 22 July 2021.

B11) PROPOSED DIVIDENDS

No interim dividend has been declared or proposed for the year ending 31 December 2021.

B12) EARNINGS PER SHARE (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of RM210,610,000 (2020: RM204,776,000) and the weighted average number of ordinary shares in issue of 414,784,984 (2020: 414,784,984) in issue during the period.

For comparative purpose, the earnings per share for the corresponding period ended 30 June 2020 had been adjusted to reflect the bonus issue of 1 for every 1 existing ordinary share which was completed on 29 May 2020.

By Order of the Board

Ng Eng Ho
Company Secretary

Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan
Malaysia
22 July 2021

Contact information

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