

FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2021 - unaudited
CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	145,997	221,095	145,997	221,095
Cost of sales	(98,148)	(157,088)	(98,148)	(157,088)
Gross profit	47,849	64,007	47,849	64,007
Other income	3,481	3,628	3,481	3,628
Selling and distribution costs	(4,186)	(6,374)	(4,186)	(6,374)
Administrative expenses	(8,185)	(6,152)	(8,185)	(6,152)
Fair value change in biological assets	5,952	39	5,952	39
Operating profit	44,911	55,148	44,911	55,148
Finance costs	(7,788)	(8,152)	(7,788)	(8,152)
Profit before taxation	37,123	46,996	37,123	46,996
Income tax expense	(12,592)	(12,055)	(12,592)	(12,055)
Profit for the period	24,531	34,941	24,531	34,941
Other comprehensive income:				
Net loss on equity instrument designated as fair value through other comprehensive income	(695)	(2,506)	(695)	(2,506)
Total comprehensive income for the year	23,836	32,435	23,836	32,435
Profit attributable to:				
Owner of the parent	24,570	34,844	24,570	34,844
Non-controlling interests	(39)	97	(39)	97
	24,531	34,941	24,531	34,941
Total comprehensive income attributable to:				
Owner of the parent	23,875	32,338	23,875	32,338
Non-controlling interests	(39)	97	(39)	97
	23,836	32,435	23,836	32,435
Basic earnings per share attributable to owners of the parent (Sen)	2.54	3.60	2.54	3.60

The unaudited condensed consolidated profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to this quarterly report.

FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2021 - unaudited

CONDENSED STATEMENTS OF FINANCIAL POSITION

	AS AT 30/09/2021 RM'000	AS AT 30/06/2021 RM'000 (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	1,668,396	1,702,643
Biological assets	92,588	93,842
Intangible assets	602	640
Investment securities	14,943	15,638
Deferred tax assets	11,181	10,159
	<u>1,787,710</u>	<u>1,822,922</u>
Current Assets		
Inventories	58,893	36,698
Biological assets	16,283	10,222
Trade and other receivables	38,420	40,534
Other current assets	7,734	8,521
Cash and bank balances	73,615	23,425
	<u>194,945</u>	<u>119,400</u>
TOTAL ASSETS	<u><u>1,982,655</u></u>	<u><u>1,942,322</u></u>
EQUITY AND LIABILITIES		
Current Liabilities		
Interest bearing loans and borrowings	104,172	373,787
Trade and other payables	91,358	90,736
Income tax payable	2,384	723
	<u>197,914</u>	<u>465,246</u>
EQUITY AND LIABILITIES		
Non-current Liabilities		
Interest bearing loans and borrowings	552,029	279,442
Deferred tax liabilities	69,770	58,528
	<u>621,799</u>	<u>337,970</u>
Total Liabilities	<u>819,713</u>	<u>803,216</u>
Net assets	<u>1,162,942</u>	<u>1,139,106</u>
Equity Attributable to owners of the parent		
Share capital	977,402	977,402
Treasury shares	(13,687)	(13,687)
Other Reserves and Retained Earnings	200,360	176,485
	<u>1,164,075</u>	<u>1,140,200</u>
Non-controlling interests	<u>(1,133)</u>	<u>(1,094)</u>
Total Equity	<u>1,162,942</u>	<u>1,139,106</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,982,655</u></u>	<u><u>1,942,322</u></u>
Net assets per share attributable to equity holders (RM)	1.20	1.18
Number of ordinary shares net of treasury shares	967,991	967,991

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached.

FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2021 - unaudited

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 01 July 2021	977,402	(13,687)	(19,111)	195,596	1,140,200	(1,094)	1,139,106
Profit for the year	-	-	-	24,570	24,570	(39)	24,531
Other comprehensive income	-	-	(695)	-	(695)	-	(695)
Total comprehensive income	-	-	(695)	24,570	23,875	(39)	23,836
At 30 September 2021	977,402	(13,687)	(19,806)	220,166	1,164,075	(1,133)	1,162,942
At 01 July 2020	977,402	(13,687)	(31,505)	177,637	1,109,847	(1,029)	1,108,818
Profit for the year	-	-	-	34,844	34,844	97	34,941
Other comprehensive income	-	-	(2,506)	-	(2,506)	-	(2,506)
Total comprehensive income	-	-	(2,506)	34,844	32,338	97	32,435
Transfer of fair value adjustment reserve upon disposal of equity instruments designated as at fair value through other comprehensive income/(loss)	-	-	3,756	(3,756)	-	-	-
At 30 September 2020	977,402	(13,687)	(30,255)	208,725	1,142,185	(932)	1,141,253

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to this quarterly report.

FIRST QUARTERLY REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2021 - unaudited

CONDENSED STATEMENTS OF CASH FLOWS

	Current	Corresponding
	3 months ended	3 months ended
	30/09/2021	30/09/2020
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	37,123	46,996
Adjustments for:		
Depreciation and amortisation	38,763	40,424
Fair value change in biological assets	(5,952)	(39)
Interest expenses	6,726	7,811
Interest income	(3)	(5)
Net (gain)/loss on disposal of property, plant and equipment	(1,109)	17
Net unrealised foreign exchange loss	-	69
Operating cash flows before working capital changes	75,548	95,273
Net change in current assets	(21,232)	(4,734)
Net change in current liabilities	1,344	(6,119)
Cash flows from operations	55,660	84,420
Interest received	3	5
Interest paid	(6,726)	(7,811)
Income taxes paid, net of refund	397	(881)
Net cash flows from operating activities	49,334	75,733
Cash Flows (used in)/from Investing Activities		
Acquisition of property, plant and equipment	(2,209)	(2,516)
Acquisition of biological assets	(1,379)	(2,552)
Proceeds from disposal of property, plant and equipment	1,481	1,531
Proceeds from disposal of investment securities	-	5,744
Net cash flows (used in)/from investing activities	(2,107)	2,207
Cash Flows from/(used in) Financing Activities		
Net (repayment)/proceed from revolving credit and bankers' acceptances	(258,325)	17
Repayments of lease liabilities	(1,629)	(2,111)
Repayments of term loans	(249,150)	(1,350)
Proceeds from term loans	589,818	-
Net cash flows from/(used in) financing activities	80,714	(3,444)
Net change in cash and cash equivalent	127,941	74,496
Cash and cash equivalents at the beginning of the year	(61,593)	(109,991)
Cash and cash equivalents at the end of the year	66,348	(35,495)
Cash and bank balances	73,615	40,264
Bank overdrafts	(7,267)	(75,759)
	66,348	(35,495)

The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to this quarterly report.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Chapter 9 Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2021. The explanatory notes attached to the interim financial report 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 30 June 2021.

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 30 June 2021. At the date of authorisation of these interim financial statements, the Group had not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”). The Group intend to adopt these amendments/standards, if applicable, when they become effective.

<i>MFRSs and/or IC Interpretations (Including the Consequential Amendments)</i>	<i>Effective Date</i>
Amendments to MFRSs contained in the document entitled “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
MFRS17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS101: Classification of Liabilities as Current or Non- current	1 January 2023
Amendments to MFRS101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS112: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Initial application of these pronouncements is not expected to have material impact on the financial statements of the Group.

2 ***Auditors’ Report on Preceding Annual Financial Statements***

The auditors’ report on the financial statements for the year ended 30 June 2021 was not qualified.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

3 *Seasonal and Cyclical Factors*

Production of fresh fruit bunches (“FFB”) is cyclical in nature. The peak crops season of FFB normally is in the second half of the year but depends on weather conditions.

4 *Unusual Items*

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date.

5 *Changes in Estimates*

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

6 *Debt and Equity Securities*

There were no issuances or repayments of debt and equity securities during the financial period. The number of shares retained as treasury shares amounted to 5,727,000 as at 30 September 2021.

7 *Dividends Paid*

There were no dividends paid during the financial period.

8 *Carrying Amount of Revalued Assets*

The Group did not carry out any valuations on its property, plant and equipment during the current quarter and financial period-to-date. The carrying value of property, plant and equipment is based on the valuation incorporated in the annual financial statements for the year ended 30 June 2021.

9 *Subsequent Events*

No material events have arisen during the interval between the end of the current quarter and the date of this announcement that have not been reflected in the current quarterly report.

10 *Changes in Composition of the Group*

There were no changes in the composition of the Group during the current quarter, which were previously not announced.

11 *Contingent Liabilities and Contingent Assets*

There are no significant changes in contingent liabilities or assets as at the end of the current quarter.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

12 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the quarterly report is as follows:

	As at 30 September 2021 RM'000	As at 30 June 2021 RM'000
Approved and contracted for	<u>8,759</u>	<u>9,260</u>

13 Segmental Information

The financial information in respect of the Group's business segments for the current financial period ended 30 September 2021 is as follows:

	Oil Palm RM'000	Timber RM'000	Others RM'000	Elimination RM'000	Total RM'000
REVENUE					
External	116,645	29,252	100	-	145,997
Inter segment	142,921	32,015	1,243	(176,179)	-
Total Revenue	<u>259,566</u>	<u>61,267</u>	<u>1,343</u>	<u>(176,179)</u>	<u>145,997</u>
EBITDA	73,598	13,717	275	-	87,590
Finance cost	(5,746)	(2,025)	(17)	-	(7,788)
Depreciation and amortisation	(34,364)	(2,992)	(1,407)	-	(38,763)
Segmental result	<u>33,488</u>	<u>8,700</u>	<u>(1,149)</u>	-	<u>41,039</u>
Group admin and overhead cost					(3,916)
Profit before tax					<u>37,123</u>
Segment assets	<u>1,681,767</u>	<u>262,888</u>	<u>38,000</u>	-	<u>1,982,655</u>
Segment liabilities	<u>161,273</u>	<u>656,157</u>	<u>2,283</u>	-	<u>819,713</u>

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

14 Property, Plant and Equipment

Acquisition and disposal of items of property, plant and equipment by the Group for the current financial period ended 30 September 2021 is as follows:

	Acquisition RM'000	Disposal RM'000
Factory, building and quarter	702	(5)
Road and bridge	240	-
Furniture, fitting and equipment	170	(57)
Aircraft and Motor vehicle	768	-
Plant and machinery	106	(1,350)
Total	1,986	(1,412)

15 Fair value of Financial Instruments

The Group uses the following levels of fair value hierarchy in measuring the fair value of financial instruments.

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2021, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Equity investments quoted in Malaysia	14,943	-	-	14,943

The methods and valuation techniques used for the purpose of measuring fair value are consistent with the previous financial year ended 30 June 2021. There have been no transfers between the levels during the year.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

16 Significant Related Party Transactions

The Group entered into the following significant related parties transactions with companies connected to certain Directors of the Companies and its subsidiaries for the current financial period ended 30 September 2021.

	Period-to-date	
	30.09.2021 RM'000	30.09.2020 RM'000
i) Purchase of raw materials from Petanak Enterprise Sdn Bhd	-	958
ii) Purchase of lubricant and spare parts from Rimbunan Hijau General Trading Sdn Bhd	1,010	1,219
iii) Provision of towage and freight charges by Subur Group	-	11
iv) Land rental for oil palm plantation development by RH Group	1,072	1,984
v) Sale of CPO to Borneo Edible Oil Sdn Bhd	54,571	140,111
vi) Sales of lubricant and spare parts to Oriental Evermore Group	35	287
vii) Provision of freight and towage services by Oriental Evermore Group	1,004	981
viii) Provision of construction services by Moverstar (M) Sdn Bhd	-	872

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

17 Performance Review for Current Quarter and Financial Year to Date

	Individual Period		Changes
	Current Year First Quarter 30.09.2021 RM'000	Preceding Year Corresponding First Quarter 30.09.2020 RM'000	
<u>Revenue</u>			
<i>Oil Palm</i>	116,646	178,021	-34%
<i>Timber</i>	29,251	42,965	-32%
<i>Others</i>	100	109	-8%
	145,997	221,095	-34%
<u>Operating Profit/(Loss)</u>			
<i>Oil Palm</i>	39,233	61,442	-36%
<i>Timber</i>	10,725	(1,381)	>100%
<i>Others</i>	(5,047)	(4,913)	-3%
	44,911	55,148	-19%
<u>Profit/(Loss) Before Tax</u>			
<i>Oil Palm</i>	33,487	55,629	-40%
<i>Timber</i>	8,700	(3,691)	>100%
<i>Others</i>	(5,064)	(4,942)	-2%
	37,123	46,996	-21%
Profit After Tax	24,531	34,941	-30%
Profit Attributable to Owner of the Parent	24,570	34,844	-29%

For the financial period under review, the Group recorded a 34% decrease in total revenue due to lower revenue contribution from Oil Palm division.

Lower pre-tax profit for the current quarter was mainly due to:-

- Decrease in the sales volume of FFB and CPO by 44% and 48% CPO respectively ;
- Higher FFB and CPO cost of production resulting from reduction in production volume by 40% and 38% respectively.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

18 Performance Review for Current Quarter with Immediate Preceding Quarter

	Individual Period		Changes
	Current Quarter 30.09.2021 RM'000	Immediate Preceding Quarter 30.06.2021 RM'000	
<u>Revenue</u>			
<i>Oil Palm</i>	116,646	166,431	-30%
<i>Timber</i>	29,251	32,420	-10%
<i>Others</i>	100	49	>100%
	145,997	198,900	-27%
<u>Operating Profit/(Loss)</u>			
<i>Oil Palm</i>	39,233	56,438	-30%
<i>Timber</i>	10,725	28,687	-63%
<i>Others</i>	(5,047)	(6,468)	22%
	44,911	78,657	-43%
<u>Profit/(Loss) Before Tax</u>			
<i>Oil Palm</i>	33,487	44,941	-25%
<i>Timber</i>	8,700	6,498	34%
<i>Others</i>	(5,064)	(6,491)	22%
	37,123	44,948	-17%
Profit After Tax	24,531	18,748	31%
Profit Attributable to Owner of the Parent	24,570	18,797	31%

When compared to the immediate preceding quarter, current quarter's revenue decreased by 27% as a result of 17% and 7% contraction in the sales volume of CPO and Logs respectively.

The Group's pre-tax profit was 32% lower than the immediate preceding quarter mainly due to:-

- Lower CPO forward sales contracts realised in the quarter ;
- Increase in the cost of production of CPO by 5% arising from higher FFB cost of production.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

19 Group's Prospects

While the FFB production will continue to be affected by the acute shortage of workforce, we expect the current high palm oil prices on the back of supply disruptions and low inventory levels will cushion the financial impact of the reduction in crop production.

The Group remains focused on improving productivity and operational cost efficiency. We are also capitalising on the opportunity in bringing in new foreign workers following the announcement by the Malaysian Government to allow fully vaccinated foreign plantation workers coming into the country.

Barring any unforeseen circumstances, the Group anticipates satisfactory financial performance for the financial year 2022.

20 Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variation of actual profit after tax and non-controlling interest, and shortfall in profit guarantee are not applicable.

21 Taxation

Tax charge for the current financial period comprise:-

	Current quarter		Year-to-date	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Current taxation	2,373	2,424	2,373	2,424
Deferred taxation	10,219	9,631	10,219	9,631
	<u>12,592</u>	<u>12,055</u>	<u>12,592</u>	<u>12,055</u>

The effective tax rate for the Group is higher than the statutory tax rate of 24%. This is mainly due to certain expenses not allowable for tax deduction and reversal of deferred tax assets.

22 Corporate Proposals

There were no corporate proposals pending completion as at the date of this quarterly report.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

23 Profit for the Year

Included in the profit before tax are the following items:

	Current quarter		Year-to-date	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Amortisation	14,960	14,961	14,960	14,961
Depreciation	23,803	25,463	23,803	25,463
Fair value change in biological assets	(5,952)	(39)	(5,952)	(39)
Interest expenses	6,726	7,811	6,726	7,811
Net (gain)/loss on disposal of property, plant and equipment	(1,109)	17	(1,109)	17
Net unrealised foreign exchange loss	-	69	-	69
Interest income	(3)	(5)	(3)	(5)
	<u>(3)</u>	<u>(5)</u>	<u>(3)</u>	<u>(5)</u>

24 Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter and financial period-to-date.

25 Unquoted Securities

There was no purchase or disposal of unquoted securities during the current quarter and financial period-to-date.

26 Material litigation

There is no pending material litigation as at the date of this announcement.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

27 Borrowings and Debt Securities

	As at 30 September 2021					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Lease Liabilities	-	4,383	-	3,273	-	7,656
Bank overdraft	-	-	-	7,267	-	7,267
Banker acceptance	-	-	-	31,910	-	31,910
Revolving credit	-	-	-	10,000	-	10,000
Term loans	-	547,646	-	42,172	-	589,818
	-	552,029	-	94,622	-	646,651
Unsecured						
Revolving credit	-	-	-	9,550	-	9,550
Total	-	552,029	-	104,172	-	656,201

	As at 30 June 2021					
	Long term		Short term		Total borrowings	
	USD'000	RM'000	USD'000	RM'000	USD'000	RM'000
Secured						
Lease Liabilities	-	4,442	-	4,833	-	9,275
Unsecured						
Bank overdraft	-	-	-	85,018	-	85,018
Banker acceptance	-	-	-	34,286	-	34,286
Revolving credit	-	-	-	131,500	-	131,500
Term loans - RC	-	98,000	-	56,000	-	154,000
Term loans	-	177,000	-	62,150	-	239,150
	-	275,000	-	368,954	-	643,954
Total	-	279,442	-	373,787	-	653,229

28 Dividend Payable

No final dividend has been declared by the Board of Directors for the financial year ended 30 June 2021.

Explanatory notes pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

29 Earnings per share –EPS

i) Basic EPS

Basic earnings per share is calculated by dividing the net profit of the period over the weighted average number of ordinary shares in issue during the year excluding treasury shares held by the Company.

	Current Quarter		Year-to-date	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to the equity holders of the Company (RM'000)	24,570	34,844	24,570	34,844
Weighted average number of ordinary shares in issue ('000)	967,991	967,991	967,991	967,991
Basic EPS (sen)	2.54	3.60	2.54	3.60

ii) Diluted EPS

There are no dilutive potential ordinary shares. As such, the dilutive earnings per share of the Group is equivalent to basic earnings per share.

30 Authorization for issue

The Board of Directors in accordance with a resolution of the directors has authorized the quarterly report for issue on 24th November 2021.