

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The Second Quarter Ended 30 June 2021

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.6.2021 (Unaudited) RM' 000	30.6.2020 (Restated) RM'000	30.6.2021 (Unaudited) RM' 000	30.6.2020 (Restated) RM' 000
Revenue	139,012	82,111	235,188	155,364
Cost of sales	(113,486)	(69,650)	(192,470)	(137,166)
Gross profit	25,526	12,461	42,718	18,198
Other income	930	594	1,900	1,816
Administrative expenses	(2,829)	(2,728)	(5,806)	(5,930)
Other operating expenses	(1,295)	(1,452)	(2,294)	(2,561)
Operating profit	22,332	8,875	36,518	11,523
Finance costs	(983)	(1,585)	(1,940)	(3,134)
Profit/(Loss) before tax	21,349	7,290	34,578	8,389
Income tax expense	(5,424)	(1,999)	(7,748)	(2,370)
Profit/(Loss) after tax	15,925	5,291	26,830	6,019
Other comprehensive income				
Exchange difference on translation of foreign operations	(116)	393	(43)	77
Total comprehensive income for the period	15,809	5,684	26,787	6,096
Profit/(Loss) attributable to:				
Owners of the parent	9,065	2,677	15,943	3,974
Non-controlling interests	6,860	2,614	10,887	2,045
	15,925	5,291	26,830	6,019
Total comprehensive income attributable to:				
Owners of the parent	9,020	2,972	15,916	4,092
Non-controlling interests	6,789	2,712	10,871	2,004
	15,809	5,684	26,787	6,096
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	4.61	1.36	8.11	2.02

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
as at 30 June 2021

	As at 30.6.2020 (Unaudited) RM'000	As at 31.12.2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	497,362	507,400
Investment properties	45,264	45,264
Deferred tax assets	6,597	6,777
Investment in securities	338	338
Goodwill on consolidation	43,867	43,867
	<u>593,428</u>	<u>603,646</u>
Current assets		
Inventories	22,331	18,533
Biological assets	3,264	3,264
Trade and other receivables	21,873	23,026
Tax recoverable	1,026	848
Short term investments	18,003	17,573
Fixed deposits with licensed banks	11,323	7,796
Cash and bank balances	29,516	24,810
	<u>107,336</u>	<u>95,850</u>
TOTAL ASSETS	<u>700,764</u>	<u>699,496</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	62,375	54,322
	<u>258,919</u>	<u>250,866</u>
Non-controlling interests	258,888	253,568
Total equity	<u>517,807</u>	<u>504,434</u>

**Condensed Consolidated Statement of Financial Position
as at 30 June 2021 (Contd.)**

	As at 30.6.2020 (Unaudited) RM'000	As at 31.12.2020 (Audited) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Borrowings	35,059	46,867
Deferred tax liabilities	49,473	48,913
Lease liabilities	3,322	3,876
	87,854	99,656
Current liabilities		
Payables	26,767	26,322
Borrowings	60,604	65,238
Lease liabilities	1,110	1,229
Taxation	6,622	2,617
	95,103	95,406
Total liabilities	182,957	195,062
TOTAL EQUITY AND LIABILITIES	700,764	699,496
Net Tangible Asset Per Share (RM)	1.09	1.05
Net Asset Per Share (RM)	1.32	1.28

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The Second Quarter Ended 30 June 2021

							Distributable			Non-controlling Interests	Total Equity
	Share Capital RM' 000	Capital Reserve RM' 000	Other Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000	Total RM' 000		
Opening balance at 1 Jan 2020	196,544	5,737	(32,266)	789	52	(343)	8	76,874	247,395	264,798	512,193
Effect of changes in accounting policies	-	-	-	-	-	-	-	(7,490)	(7,490)	(15,563)	(23,053)
Opening balance at 1 Jan 2020 (Restated)	196,544	5,737	(32,266)	789	52	(343)	8	69,384	239,905	249,235	489,140
Total comprehensive income for the period	-	-	-	-	-	81	-	3,974	4,055	2,004	6,059
Dividends paid to the equity holders of the Company	-	-	-	-	-	-	-	(2,948)	(2,948)	-	(2,948)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(3,650)	(3,650)
Closing balance at 30 June 2020	196,544	5,737	(32,266)	789	52	(262)	8	70,410	241,012	247,589	488,601
Opening balance at 1 Jan 2021	196,544	5,737	(32,382)	789	(4)	(276)	8	80,450	250,866	253,568	504,434
Total comprehensive income for the period	-	-	-	-	-	(28)	-	15,943	15,915	10,871	26,786
Dividends paid to the equity holders of the Company	-	-	-	-	-	-	-	(7,862)	(7,862)	-	(7,862)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(5,551)	(5,551)
Closing balance at 30 June 2021	196,544	5,737	(32,382)	789	(4)	(304)	8	88,531	258,919	258,888	517,807

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Second Quarter Ended 30 June 2021

	6 months ended	
	30.6.2021	30.6.2020
	(Unaudited)	(Unaudited)
	RM' 000	RM' 000
Operating activities		
Profit before taxation	34,578	8,389
Adjustments for:		
Depreciation and amortisation	14,683	14,746
Interest expense	1,940	3,134
(Gain)/Loss on disposal of property, plant and equipment	-	32
Property, plant and equipment written off	2	10
Interest income	(246)	(282)
Dividend income	-	(22)
Total adjustments	16,379	17,618
Operating cash flows before changes in working capital	50,957	26,007
Changes in working capital:		
Inventories	(3,798)	859
Receivables	643	567
Payables	878	(7,611)
Total changes in working capital	(2,276)	(6,185)
Cash generated from operations	48,680	19,822
Interest received	246	327
Interest paid	(1,934)	(3,130)
Tax paid	(3,185)	(854)
Net cash flows from/(used in) operating activities	43,808	16,165
Investing activities		
Dividend received	-	22
Acquisition from non-controlling interest	-	(39)
Proceeds from disposal of property, plant and equipment	-	6
Purchase of property, plant and equipment	(4,647)	(7,827)
Net redemption/(investment in) of short term investments	(430)	(509)
Net cash flows (used in)/from investing activities	(5,077)	(8,347)
Financing activities		
Drawdown of revolving credit	5,000	16,050
Repayment of revolving credit	(9,400)	-
Repayment of term loan	(12,042)	(9,500)
Repayment of lease liabilities	(649)	(469)
Dividends paid to equity holders of the Company	(7,862)	(2,948)
Dividends paid to non-controlling shareholders	(5,551)	(3,650)
Net cash flows from/(used in) financing activities	(30,503)	(517)
Net increase/(decrease) in cash and cash equivalents	8,228	7,301
Effect on exchange rate changes on cash and cash equivalents	4	58
Cash and cash equivalents as at 1 January	28,050	17,432
Cash and cash equivalents as at 30 June	36,283	24,791
Cash and cash equivalents :		
Fixed deposits with licensed banks	11,323	7,726
Cash and bank balances	29,516	20,398
	40,839	28,124
Less : Fixed deposits pledged	(4,556)	(3,333)
	36,283	24,791

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements for the financial period ended 30 June 2021 have been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in the audited financial statements of the Group 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 the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 except for the adoption of new MFRS, amendments to published standards and IC Interpretations for the Group for the financial year beginning 1 January 2021:

Amendments to MFRSs	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform – Phase 2	1 Jan 2022
Amendments to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021	1 Apr 2021

The adoption of above amendments to MFRS did not have a material impact on the financial statements of the Group.

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:

Amendments to MFRSs	Effective Date
Amendments to MFRS 3: Business Combinations	1 Jan 2022
Amendments to MFRS 116: Property, Plant and Equipment	1 Apr 2021
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

2. Significant accounting policies (Cont'd)

Change in Accounting Policy

On the third quarter of previous financial year ended 31 September 2020, the Group has undertaken a detailed reassessment of facts and information with regards to the Renewable Energy Power Purchase Agreements ("REPPAs") entered into by its subsidiaries, Cash Horse Sdn Bhd. ("CHSB") and Mistral Engineering Sdn Bhd ("MESB") with Sabah Electricity Sdn Bhd ("SESB") for their biomass and biogas power plants respectively.

Based on the above reassessment of the terms and conditions of the REPPAs and recoverability of the biomass and biogas power plants at the end of the term of the REPPAs, the Group has determined that residual interest in the infrastructure at the end of the term of the arrangement is significant and which SESB has no control over.

Consequently, the Group restated the biomass and biogas power plants initially recognised under IC 12 Service Concession Agreements ("IC 12") under financial assets to plant and equipment under MFRS 116 Property, plant and equipment as required conditions pursuant to IC 12 is not met.

The above restatement has been affected retrospectively. This involved reclassification of Service concession receivables to Plant and equipment and adjustment for the recomputed depreciation to date, net of the resulting deferred taxation impact.

Due to the restatement of the account balances mentioned in the above paragraph, the corresponding comparative figures which conform with the current presentation are as summarised below:

Condensed Consolidated Statement of Comprehensive Income					
			As Previously reported	Adjustments	Restated
			RM'000	RM'000	RM'000
3 months ended 30 June 2020					
Revenue			77,805	4,306	82,111
Cost of sales			(67,655)	(1,995)	(69,650)
Other income			2,554	(1,960)	594
Profit before tax			6,939	351	7,290
Income tax expense			(1,915)	(84)	(1,999)
Profit after tax			5,024	267	5,291
Total comprehensive income for the period			5,417	267	5,684
Profit attributable to :-					
Owners of the Parent			2,562	115	2,677
Non-Controlling interest			2,462	152	2,614
Total comprehensive income attributable to:					
Owners of the Parent			2,857	115	2,972
Non-Controlling interest			2,560	152	2,712
Basic Earnings per share (sen)					
			1.30		1.36

2. Significant accounting policies (Cont'd)

Change in Accounting Policy (Cont'd)

Condensed Consolidated Statement of Comprehensive Income					
			As Previously		
			reported	Adjustments	Restated
			RM'000	RM'000	RM'000
6 months ended 30 June 2020					
Revenue			146,933	8,431	155,364
Cost of sales			(132,912)	(4,254)	(137,166)
Other income			5,555	(3,739)	1,816
Profit before tax			7,951	438	8,389
Income tax expense			(2,265)	(105)	(2,370)
Profit after tax			5,686	333	6,019
Total comprehensive income for the period			5,763	333	6,096
Profit attributable to :-					
Owners of the Parent			3,823	151	3,974
Non-Controlling interest			1,863	182	2,045
Total comprehensive income attributable to:					
Owners of the Parent			3,941	151	4,092
Non-Controlling interest			1,822	182	2,004
Basic Earnings per share (sen)					
			1.95		2.02

Condensed Consolidated Statement of Cash Flows					
			As Previously		
			reported	Adjustments	Restated
			RM'000	RM'000	RM'000
6 months ended 30 June 2020					
Profit before tax			7,951	438	8,389
Depreciation and amortisation			10,492	4,254	14,746
Interest income			(4,021)	3,739	(282)
Operating profit before capital changes			17,576	8,431	26,007
Receivables			8,998	(8,431)	567

3. Auditors' report

The auditor's report on the preceding annual financial statements was not qualified.

4. Seasonal and cyclical factors

The business of the Group is cyclical in nature and the third quarter is normally the peak production season.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2021.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial period ended 30 June 2021.

8. Dividend paid

On 7 April 2021, the Directors approved a single-tier interim dividend of 2.0 sen per ordinary share and a single-tier special dividend of 2.0 sen per ordinary shares in respect of the financial year ending 31 December 2021 on 196,543,970 ordinary shares, amounting to a total dividend payable of RM7,861,759 which was paid on 21 May 2021.

The rationale for the payment of a special dividend was:

1. To reward our loyal shareholders for keeping faith in MHC Plantations Bhd despite the uncertain economic situation; and
2. To hopefully help in mitigating any difficulties our shareholders might currently be facing as a result of the economic turmoil caused by COVID-19.

9. Segment information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- a. Plantation - Cultivation of oil palm
- b. Oil Mill - Milling and sales of oil palm products
- c. Power Plant - Power Generation and sales of biomass by-products

Information about reportable segments

	Results for 3 months ended 30 June							
	Plantation		Oil Mill		Power Plant		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	14,118	7,614	114,498	64,201	10,319	10,472	138,935	82,287
Inter-segment revenue	14,580	7,781	-	-	-	-	14,580	7,781
Segment profit/(loss)	15,057	3,109	5,977	3,311	2,287	2,142	23,321	8,562

Segment profit is reconciled to consolidated profit before tax as follows:	3 months ended 30.6.2021 (Unaudited)	3 months ended 30.6.2020 (Unaudited)
	RM'000	RM'000
Segment profit	23,321	8,562
Other non-reportable segments	(846)	(150)
Amortisation of group land cost	(631)	(631)
Elimination of inter-segment profits	10	(9)
Unallocated corporate (expenses)/income	(505)	(482)
Consolidated profit/(loss) before tax	<u>21,349</u>	<u>7,290</u>

9. Segment information (Contd.)

	Results for 6 months ended 30 June									
	Plantation		Oil Mill		Power Plant		Total			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	22,804	14,865	188,159	121,309	23,743	18,479	234,706	154,653		
Inter-segment revenue	27,187	16,267	-	-	-	-	27,187	16,267		
Segment profit/(loss)	23,180	4,188	6,987	4,642	7,570	2,111	37,737	10,941		

	6 months ended 30.6.2021 (Unaudited) RM'000	6 months ended 30.6.2020 (Unaudited) RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	37,737	10,941
Other non-reportable segments	(895)	(195)
Amortisation of group land cost	(1,261)	(1,261)
Elimination of inter-segment profits	12	(20)
Unallocated corporate (expenses)/income	(1,015)	(1,076)
Consolidated profit/(loss) before tax	<u>34,578</u>	<u>8,389</u>

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2021.

11. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

12. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	1,250
Approved but not contracted for	<u>9,224</u>
	<u>10,474</u>

13. Subsequent event

There were no material subsequent events to the end of the current quarter.

14. Significant events

As is the case with other businesses, the Covid-19 global pandemic has presented significant challenges to our operations. Despite this, our Group has adapted well to the difficulties faced and thus continue to remain viable.

Since 18 March 2020, the Malaysian Government has imposed different stages of Movement Control Order (“MCO”) as a means of curbing the spread of the virus in the country. Inevitably, the MCO has intermittently disrupted our operations during the year. With strict Standard Operating Procedures in place, we have been able to maintain negligible Covid-19 positive cases amongst our workforce. We recognise the serious threat and danger that the virus poses and we strive to keep our employees safe at all times.

The Group expects CPO prices to remain firm in 2021 in view of supply tightness on a low inventory level and the expected recovery in export demand. However, the Group is facing challenges from the shortage of foreign labour in the Malaysian palm oil industry resulting from the international travel restriction that was implemented to prevent the spread of COVID-19. Hence, the Group expects this to be a major challenge to its FFB production in the financial year 2021. Nevertheless, the Group’s performance for current financial year ending 2021 is not expected to be significantly affected by COVID-19 pandemic. The Group will continue to monitor and assess the impacts and at the same time adhering to all preventive and control measures to curb the spread of COVID-19.

Information required by BMSB Listing Requirements

1. Review of performance

Financial review for current quarter and financial year to date

	Individual Period (2nd Quarter)			Cumulative Period (6 months ended)			
	Current year Quarter	Preceding Year Corresponding Quarter	Changes (%)	Current Year To- date	Preceding Year Corresponding Period	Changes (%)	
	30.6.2021	30.6.2020		30.6.2021	30.6.2020		
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	RM'000	RM'000		RM'000	RM'000		
Revenue	139,012	82,111	69%	235,188	155,364	51%	
Operating profit	22,332	8,875	> 100%	36,518	11,523	> 100%	
Profit before tax	21,349	7,290	> 100%	34,578	8,389	> 100%	
Profit after tax	15,925	5,291	> 100%	26,830	6,019	> 100%	
Profit attributable to ordinary equity holders of the Parent	9,065	2,677	> 100%	15,943	3,974	> 100%	
Operational Statistics							
Production:							
FFB	(mt)	35,329	37,796	-7%	63,920	69,651	-8%
CPO	(mt)	23,659	24,464	-3%	39,972	42,673	-6%
PK	(mt)	6,159	6,311	-2%	10,829	11,117	-3%
Average selling price:							
FFB	(RM/mt)	818	407	101%	785	444	77%
CPO	(RM/mt)	4,189	2,278	84%	4,042	2,453	65%
PK	(RM/mt)	2,636	1,310	101%	2,580	1,487	74%
Quantity sold:							
CPO	(mt)	23,443	24,632	-5%	39,727	42,790	-7%
PK	(mt)	6,185	6,175	0%	10,695	11,001	-3%
FFB	(mt)	17,251	18,689	-8%	29,055	33,443	-13%
Oil Extraction Rate (%)		19.77	19.27	3%	19.29	19.18	1%
Electricity Export(MWh)		10,506	15,967	-34%	28,311	30,688	-8%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a revenue of RM139.01 million and profit before tax of RM21.35 million for the current quarter ended 30 June 2021 as compare to a revenue of RM82.11 million and profit before tax of RM7.29 million in the preceding year quarter ended 30 June 2020. The remarkable performance for the current quarter was mainly due to higher selling prices of CPO by 84% and higher average selling prices of PK, FFB and EFB Oil by about two-fold.

Performance of the respective operating business segments for this quarter under review as compared to the previous corresponding quarter was analysed as follows:

- (i) Plantation – The increase in Segment profit by RM11.95 million (>100%) from RM3.11 million to RM15.06 million was mainly due to an increase in average FFB selling price by about 100% despite a lower FFB production by 7% for the current quarter under review.
- (ii) Oil Mill – The increase in Segment profit by RM2.67 million (81%) from RM3.31 million to RM5.98 million was mainly due to higher selling prices of CPO and PK by 84% and 101% respectively and a favourable OER Margin for the quarter under review.
- (iii) Power Plant – Segment profit increased only marginally by RM0.15 million (7%) from RM2.14 million to RM2.29 million. Despite a substantial increase in the average selling price of EFB Oil by 100%, the gain was offset by a decrease in EFB Oil Sales (26%) and the substantial drop in power export to SESB (43%) mainly due to the shutdown maintenance of the Biomass Power plant since May 2021. The shutdown maintenance was extended and is expected to be completed by 1st week of August 2021. It was extended as the delivery of essential spare parts and provision of engineering support services were delayed due to the MCO border controls

1. Review of performance (Cont'd)

Current Year-to-date vs. Previous Year-to-date

For this financial period under review, the Group recorded a revenue of RM235.19 million and profit before tax of RM34.58 million as compared to a revenue of RM155.36 million and profit before tax of RM8.39 million in the preceding year corresponding period. The remarkable performance for this financial period was mainly due to higher average selling prices of CPO, PK, FFB and EFB Oil by 65%, 74% 77% and 80% respectively.

Performance of the respective operating business segments for this financial period under review as compared to the previous financial corresponding period was analysed as follows:

- (i) Plantation – The increase in Segment profit by RM18.99 million (>100%) from RM4.19 million to RM23.18 million was mainly due to an increase in average FFB selling price by 75% despite a decrease in FFB production by 8%.
- (ii) Oil Mill – The increase in Segment profit by RM2.35 million (51%) from RM4.64 million to RM6.99 million was mainly due to higher average selling prices of CPO and PK by 65% and 74% respectively and a favourable OER Margin.
- (iii) Power Plant – The increase in Segment profit by RM5.46 million (>100%) from RM2.11 million to RM7.57 million was mainly due to the increase in the average EFB Oil selling price by 80% outweighs the reduction in Power Export by 8%.

2. Financial review for current quarter compared with immediate preceding quarter

	Current quarter 30.6.2021 (Unaudited) RM'000	Immediate Preceding Quarter 31.3.2021 (Unaudited) RM'000	Changes (%)
Revenue	139,012	96,176	45%
Operating profit	22,332	14,185	57%
Profit before tax	21,349	13,228	61%
Profit after tax	15,925	10,904	46%
Profit attributable to ordinary equity holders of the Parent	9,065	6,877	32%
<i>Operational Statistics</i>			
Production:			
FFB (mt)	35,329	28,592	24%
CPO (mt)	23,659	16,312	45%
PK (mt)	6,159	4,670	32%
Average selling price:			
FFB (RM/mt)	818	736	11%
CPO (RM/mt)	4,189	3,830	9%
PK (RM/mt)	2,636	2,504	5%
Quantity sold:			
CPO (mt)	23,443	16,283	44%
PK (mt)	6,185	4,510	37%
Oil Extraction Rate (%)	19.77	18.62	6%
Electricity Export(MWh)	10,506	17,805	-41%

The Group recorded a profit before tax of RM21.35 million in the quarter under review as compared to a profit before tax of RM13.23 million in the immediate preceding quarter. The increase in profit before tax was mainly due to:

- a) Increases in average selling prices of CPO, PK and FFB by 9%, 5% and 11% respectively;
- b) Increases in sales volume of CPO and PK by 44% and 37% respectively and
- c) Increase in FFB production by 24%.

3. Commentary on prospects

The Group expects CPO prices to remain firm in 2021 in view of supply tightness on a low inventory level and the expected recovery in export demand.

The Group is facing challenges from the shortage of foreign labour in the Malaysian palm oil industry resulting from the international travel restriction that was implemented as part of COVID-19 measures. Hence, the Group expects this to be a major challenge to its FFB production in the financial year 2021.

On the whole, the Board is confident that, barring any unforeseen circumstances, the Group expects better financial performance for the financial year ending 31 December 2021 in view of prevailing strong palm oil prices.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit/(Loss) before taxation

This is arrived at after crediting/ (charging):

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Gain/(Loss) on disposal of plant and equipment	-	(28)	-	(32)
Interest income	110	121	246	282
Interest expense	(983)	(1,585)	(1,940)	(3,134)
Depreciation and amortisation	(7,351)	(7,414)	(14,683)	(14,746)
Dividend	-	-	-	22
Property, plant and equipment written off	(1)	(10)	(2)	(10)

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

6. Income tax expense

Taxation is provided at the prevailing statutory rate based on the operating profit for the quarter as follows:

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	4,166	1,627	6,830	2,806
-Under/(over) provision of tax	(19)	-	194	-
	<u>4,147</u>	<u>1,627</u>	<u>7,024</u>	<u>2,806</u>
Deferred tax				
- relating to origination and reversal of temporary differences	1,215	372	940	(426)
- under/(over) provision of tax	62	-	(216)	(10)
	<u>1,277</u>	<u>372</u>	<u>724</u>	<u>(436)</u>
Total income tax expense	<u>5,424</u>	<u>1,999</u>	<u>7,748</u>	<u>2,370</u>

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% principally due to certain expenses was disallowed for tax purposes.

The Group's effective tax rate for the cumulative quarter was lower than the statutory tax rate of 24% principally due to the recognition of previously unrecognised deferred tax assets.

7. Corporate proposal

There was no corporate proposal for the current quarter under review.

8. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows:

		Current quarter	
		6 months ended	
		30.6.2021	30.6.2020
		(Unaudited)	(Unaudited)
		RM'000	RM'000
Short term borrowings			
Secured:			
Term loans		18,104	21,625
Short term revolving credits		41,400	68,300
Unsecured:			
Short term revolving credits		1,100	1,100
		60,604	91,025
Long term borrowings			
Secured:			
Term loans		35,059	46,788
Total borrowings			
Secured:			
Term loans		53,163	68,413
Short term revolving credits		41,400	68,300
Unsecured:			
Short term revolving credits		1,100	1,100
		95,663	137,813

9. Trade and Other Receivables

		As at	
		30.6.2021	31.12.2020
		(Unaudited)	(Audited)
		RM'000	RM'000
Current			
Trade receivables:			
- Non-related parties		13,438	15,205
Less: Allowance for doubtful debts		(278)	(278)
		13,160	14,927
Other receivables, net		8,713	8,099
		21,873	23,026

The credit period of trade receivables is generally for a period of one month.

The ageing analysis of trade receivables is as follows:

		As at	
		30.6.2021	31.12.2020
		(Unaudited)	(Audited)
		RM'000	RM'000
Neither past due nor impaired		13,258	14,364
1 - 30 days past due not impaired		-	465
31 - 60 days past due not impaired		-	10
61 - 90 days past due not impaired		27	21
More than 90 days past due not impaired		153	345
		180	841
Impaired		(278)	(278)
		13,160	14,927

10. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly, there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2021.

11. Changes in material litigation

There are no pending material litigations as at the date of this report.

12. Dividend payable

On 7 April 2021, the Directors approved a single-tier interim dividend of 2.0 sen per ordinary share and a single-tier special dividend of 2.0 sen per ordinary shares in respect of the financial year ending 31 December 2021 on 196,543,970 ordinary shares, amounting to a total dividend payable of RM7,861,759 which was paid on 21 May 2021.

13. Earnings per share

a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 196,543,970 (2020 – 196,543,970) in issue during the financial period.

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	9,065	2,677	15,943	3,974
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	4.61	1.36	8.11	2.02

b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share have not been presented.

14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 12 August 2021.