



SARAWAK PLANTATION BERHAD
(Incorporated in Malaysia - 451377- P)

INTERIM REPORT FOR 1ST QUARTER ENDED 31 MARCH 2020



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

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INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)

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**Condensed Consolidated Statement of Financial Position**
(The figures have not been audited)

	Notes	As At End Of Current Financial period 31/3/2020 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2019 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		284,594	287,603
Bearer plants		317,738	312,761
Right-of-use assets		98,684	99,203
Investment properties		4,081	4,123
Total non-current assets		705,097	703,690
Current assets			
Biological assets		24,589	26,358
Inventories		12,814	12,615
Trade and other receivables		18,076	15,660
Prepayments and other assets		5,083	5,733
Current tax recoverable		35	34
Other investments	B6	-	1,254
Cash and cash equivalents		73,391	68,652
Total current assets		133,988	130,306
TOTAL ASSETS		839,085	833,996

**Condensed Consolidated Statement of Financial Position (continued)**

(The figures have not been audited)

	Notes	As At End Of Current Financial Period 31/3/2020 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2019 (Audited) RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A5	340,969	340,969
Reserves		216,882	211,064
Equity attributable to Owners of the Company		<u>557,851</u>	<u>552,033</u>
Non-controlling interests		(10,475)	(10,639)
Total equity		<u>547,376</u>	<u>541,394</u>
Non-current liabilities			
Deferred tax liabilities		118,040	117,848
Loans and borrowings	B7	61,829	72,232
Lease liabilities		2,036	2,042
Total non-current liabilities		<u>181,905</u>	<u>192,122</u>
Current liabilities			
Trade and other payables		44,503	51,252
Loans and borrowings	B7	61,530	47,144
Current tax payable		3,771	2,084
Total current liabilities		<u>109,804</u>	<u>100,480</u>
Total liabilities		<u>291,709</u>	<u>292,602</u>
TOTAL EQUITY AND LIABILITIES		<u>839,085</u>	<u>833,996</u>
Net assets per share attributable to Owners of the Company (RM)		<u>2.00</u>	<u>1.98</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/3/2020 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/3/2019 (Unaudited) RM'000	Current Year - Period To Date 31/3/2020 (Unaudited) RM'000	Preceding Year - Period To Date 31/3/2019 (Unaudited) RM'000
Revenue		98,881	69,402	98,881	69,402
Cost of sales		(79,149)	(55,774)	(79,149)	(55,774)
Gross profit		19,732	13,628	19,732	13,628
Other income		274	380	274	380
Distribution expenses		(5,386)	(4,184)	(5,386)	(4,184)
Administrative expenses		(4,408)	(4,018)	(4,408)	(4,018)
Results from operating activities		10,212	5,806	10,212	5,806
Finance income		516	752	516	752
Finance costs		(593)	(1,117)	(593)	(1,117)
Net finance costs		(77)	(365)	(77)	(365)
Operating profit before tax		10,135	5,441	10,135	5,441
Change in fair value of biological assets		(1,769)	2,043	(1,769)	2,043
Profit before tax	A16	8,366	7,484	8,366	7,484
Taxation	B5	(2,384)	(2,884)	(2,384)	(2,884)
Profit after tax		5,982	4,600	5,982	4,600
Other comprehensive income, net of tax		-	-	-	-
Profit and total comprehensive income for the period		5,982	4,600	5,982	4,600



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)
(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3Months)	
		Current Year Quarter 31/3/2020 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/3/2019 (Unaudited) RM'000	Current Year - Period To Date 31/3/2020 (Unaudited) RM'000	Preceding Year - Period To Date 31/3/2019 (Unaudited) RM'000
Profit attributable to:					
Owners of the Company		5,818	4,656	5,818	4,656
Non-controlling interests		164	(56)	164	(56)
Profit for the period		5,982	4,600	5,982	4,600
Profit and total comprehensive income attributable to:					
Owners of the Company		5,818	4,656	5,818	4,656
Non-controlling interests		164	(56)	164	(56)
Profit and total comprehensive income for the period		5,982	4,600	5,982	4,600
Basic earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	2.08	1.67	2.08	1.67
Diluted	B12	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Changes in Equity**
(The figures have not been audited)

	Attributable to Owners of the Company						Non-controlling interests RM'000	Total equity RM'000
	Notes	Non-distributable			Distributable			
		Share capital RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2020		340,969	493	(2,105)	212,676	552,033	(10,639)	541,394
Profit and total comprehensive income for the period		-	-	-	5,818	5,818	164	5,982
At 31 March 2020		340,969	493	(2,105)	218,494	557,851	(10,475)	547,376

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity (continued)
(The figures have not been audited)

Notes	Attributable to Owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable		Distributable				
	Share capital RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2019	340,969	493	(1,223)	205,709	545,948	(10,415)	535,533
Profit and total comprehensive income for the period	-	-	-	4,656	4,656	(56)	4,600
Treasury shares acquired for the period	-	-	(74)	-	(74)	-	(74)
At 31 March 2019	340,969	493	(1,297)	210,365	550,530	(10,471)	540,059

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
(The figures have not been audited)

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/3/2020 (Unaudited) RM'000	Preceding Year - Period To Date 31/3/2019 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	8,366	7,484
<i>Adjustments for:</i>		
Change in fair value of biological assets	1,769	(2,043)
Depreciation of property, plant and equipment	3,633	3,699
Depreciation of bearer plants	3,138	2,719
Depreciation of investment properties	42	42
Depreciation of - right of- use assets	505	-
Gain on disposal of property, plant and equipment	(115)	-
Property, plant and equipment written off	204	-
Finance income	(516)	(752)
Finance costs	593	1,117
Operating profit before changes in working capital	17,619	12,266
Change in inventories	(199)	331
Change in trade and other receivables, deposits and prepayments	(1,980)	6,675
Change in trade and other payables	(7,884)	(6,857)
Cash generated from operations	7,556	12,415
Tax paid	(342)	(906)
Interest/Profit paid	(1,386)	(1,705)
Hire purchase facility profit paid	(156)	(171)
Interest received	567	1,220
Net cash from operating activities	6,239	10,853



Condensed Consolidated Statement of Cash Flows
(The figures have not been audited)

	Cumulative Quarter (3 Months)	
	Current Year - Period to Date 31/3/2020 (Unaudited) RM'000	Preceding Year - Period to Date 31/3/2019 (Unaudited) RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,075)	(588)
Net movement of deposits with original maturities exceeding three months	1,254	(900)
Bearer plants (net of depreciation)	(5,764)	(5,489)
Proceed from sale of property, plant & equipment	270	-
Net cash used in investing activities	(5,315)	(6,977)
Cash flows from financing activities		
Treasury shares acquired	-	(74)
Proceeds from drawdown of term loans and revolving credits	15,110	11,725
Repayment of term loans and revolving credits	(10,000)	(36,000)
Repayment of hire purchase facilities	(1,295)	(1,456)
Net cash from/(used in) financing activities	3,815	(25,805)
Net increase/(decrease) in cash and cash equivalents	4,739	(21,929)
Cash and cash equivalents as at 1 January	68,652	101,912
Cash and cash equivalents as at 31 March	73,391	79,983
Represented by:		
Deposits with original maturities not exceeding three months	60,042	55,473
Cash and bank balances	13,349	24,510
Cash and cash equivalents	73,391	79,983

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this report)



Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

A1. Basis of preparation

1. Statement of compliance

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting*, the International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

2. Significant accounting policies

2.1 Adoption of new/revised Standards, Amendments and Interpretations

The Group’s financial statements for annual period beginning on 1 January 2020 is prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by the MASB.

The Group adopted the following accounting standards, amendments and interpretations where applicable for the annual period beginning 1 January 2020:

Standards / Amendments / Interpretations

- Amendments to MFRS 3, *Business Combinations*
– *Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
– *Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The initial application of the accounting standards, interpretations or amendments that are effective from annual period beginning 1 January 2020 do not have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

2.2 Standards issued but not yet effective

Standards / Amendments / Interpretations	Effective date
<ul style="list-style-type: none"> • MFRS 17, <i>Insurance Contracts</i> 	1 January 2021
<ul style="list-style-type: none"> • Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i> 	1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 10, <i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> 	Yet to be determined

The Group will adopt the above except for MFRS 17, where applicable when they become effective in the respective financial periods.



Part A – Explanatory Notes Pursuant to MFRS 134

A2. Seasonality or Cyclicity of Interim Operations

The Group's performance is affected by the cropping pattern of fresh fruit bunches ("FFB") which normally reaches its peak in the second half of the year, that will be reflected accordingly in the crude palm oil ("CPO") and palm kernel ("PK") production of the Group. The performance is also affected by the prices of CPO and PK which are determined by global supply and demand situation for edible oils and fats.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net income or Cash Flows

There were no items affecting assets, liabilities, equity, net income, or cash flows, which were unusual in nature, size or incidence during the current interim financial period.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years and preceding interim periods, which have a material effect in the current interim financial period.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity in the current interim financial period.

A6. Dividends Paid

There was no dividend paid during the current interim financial period.



Part A – Explanatory Notes Pursuant to MFRS 134

A7. Disaggregation of revenue

Individual Quarter (Q1)

	Oil palm operation		Management services		Total	
	Current Year Quarter 31/3/2020	Preceding Year Corresponding Quarter 31/3/2019	Current Year Quarter 31/3/2020	Preceding Year Corresponding Quarter 31/3/2019	Current Year Quarter 31/3/2020	Preceding Year Corresponding Quarter 31/3/2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Major products and service lines						
Sales of oil palm products	98,645	69,202	-	-	98,645	69,202
Management/Agronomic services income	-	-	94	89	94	89
	98,645	69,202	94	89	98,739	69,291
Other revenue	-	-	142	111	142	111
Total revenue	98,645	69,202	236	200	98,881	69,402
Major products and service lines						
Geographical markets						
Malaysia	98,645	69,202	94	89	98,739	69,291
Timing and recognition						
At a point in time	98,645	69,202	75	70	98,720	69,272
Over time	-	-	19	19	19	19
	98,645	69,202	94	89	98,739	69,291



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information

The Group's business segments mainly comprise the following three major business segments:-

- (i) **Investment holding**
Investment holding company
- (ii) **Oil palm operations**
 - Estate operations (Cultivation of oil palm)
 - Mill operations (processing of fresh fruit bunches)
- (iii) **Management services and rental**
Provision of management service and rental of investment properties



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information (continued)

Individual Quarter (Q1)/Cumulative Quarter (3 Months)

	Investment holding	Management services and rental	Oil palm operations		Consolidated	
			Estate operations	Mill operations	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31/3/2020						
Revenue						
Segment revenue	-	502	30,703	92,667	123,370	123,872
Inter-segment	-	(266)	-	-	(24,725)	(24,991)
External revenue	-	236	30,703	92,667	98,645	98,881
Cost of sales						
Segment cost of sales	-	(346)	(20,549)	(83,001)	(103,550)	(103,896)
Inter-segment	-	20	-	-	24,727	24,747
External cost of sales	-	(326)	(20,549)	(83,001)	(78,823)	(79,149)
Gross (loss)/profit	-	(90)	10,154	9,666	19,822	19,732
Distribution expenses	-	-	-	(5,386)	(5,386)	(5,386)
Segment (loss)/profit	-	(90)	10,154	4,280	14,436	14,346
Other income including finance income	750	24			685	1,459
Inter-segment	(395)	(2)			(272)	(669)
External other income	355	22			413	790
Other expenses including finance costs	(326)	(240)			(5,001)	(5,567)
Inter-segment	28	175			363	566
External other expenses	(298)	(65)			(4,638)	(5,001)
Operating profit/(loss) before tax	57	(133)			10,211	10,135
Change in fair value of biological assets	-	-			(1,769)	(1,769)
Profit/(Loss) before tax	57	(133)			8,442	8,366



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information (continued)

Individual Quarter (Q1)/Cumulative Quarter (3 Months)

	Investment holding	Management services and rental	Oil palm operations		Consolidated	
	RM'000	RM'000	Estate operations RM'000	Mill operations RM'000	Total RM'000	RM'000
31/3/2019						
Revenue						
Segment revenue	-	564	20,802	66,230	87,032	87,596
Inter-segment	-	(364)	-	-	(17,830)	(18,194)
External revenue	-	200	20,802	66,230	69,202	69,402
Cost of sales						
Segment cost of sales	-	(493)	(16,311)	(56,845)	(73,156)	(73,649)
Inter-segment	-	45	-	-	17,830	17,875
External cost of sales	-	(448)	(16,311)	(56,845)	(55,326)	(55,774)
Gross (loss)/profit	-	(248)	4,491	9,385	13,876	13,628
Distribution expenses	-	-	-	(4,184)	(4,184)	(4,184)
Segment (loss)/profit	-	(248)	4,491	5,201	9,692	9,444
Other income including finance income	911	42			930	1,883
Inter-segment	(512)	(5)			(234)	(751)
External other income	399	37			696	1,132
Other expenses including finance costs	(368)	(250)			(5,472)	(6,090)
Inter-segment	51	190			714	955
External other expenses	(317)	(60)			(4,758)	(5,135)
Operating profit/(loss) before tax	82	(271)			5,630	5,441
Change in fair value of biological assets	-	-			2,043	2,043
Profit/(Loss) before tax	82	(271)			7,673	7,484



Part A – Explanatory Notes Pursuant to MFRS 134

A8. Segment Information (continued)
Segment assets and liabilities

	As At End Of Current Financial
	31/3/2020 RM'000
Segment assets:	
Investment holding	405,587
Oil palm operations	748,419
Management services/Rental	28,305
Others	7
	<hr/> 1,182,318
Elimination	<hr/> (343,233)
Total assets	<hr/> 839,085 <hr/>
Segment liabilities:	
Investment holding	9,443
Oil palm operations	339,408
Management services/Rental	14,189
Others	178
	<hr/> 363,218
Elimination	<hr/> (71,509)
Total liabilities	<hr/> 291,709 <hr/>

A9. Impairment of Assets

There was neither impairment loss nor reversal of such impairment loss recognised during the current financial period.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current interim financial period that have not been reflected in the financial statements for the current interim financial period.



Part A – Explanatory Notes Pursuant to MFRS 134

A11. Changes in the Composition of the Group

As at 31 March 2020, there were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations.

A12. Changes in Contingent Liabilities and Contingent Assets

As at 31 March 2020, there were no material contingent liabilities or contingent assets, which upon being enforced might have a material impact on the financial position or business of the Group, except as disclosed below:

	At 31/3/2020
	RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to a subsidiary	230,000

A13. Capital Expenditure 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:

	At 31/3/2020
	RM'000
Contracted but not provided for	
Property, plant and equipment	808
Bearer plants	6,208
	<u>7,016</u>

A14. Unfulfilled Contract Obligation

As at 31 March 2020, unfulfilled contract obligation of the Group is as disclosed below:

	At 31/03/2020
	RM'000
Sale Contracts	1,900

**Part A – Explanatory Notes Pursuant to MFRS 134****A15. Significant Related Party Transactions**

The significant related party transactions during the financial period as set out below represent significant transactions with companies having common directorship or in which certain Directors or person connected to a Director have interests.

	Cumulative Quarter (3 Months)	Preceding Year - Period To Date
	Current Year - Period To Date 31/3/2020 RM'000	31/3/2019 RM'000
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	4,287	1,740
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	67	54
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	262	274
- Purchase of software	-	50
d. Stonehead Sdn. Bhd.		
- Purchase of material	12	172
e. Ironhead Sdn. Bhd.		
- Purchase of assets	-	288
- Services of equipment	17	-
f. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(3,083)	(1,418)
g. Butrasemari Sdn. Bhd.		
- Purchase of fresh fruit bunches	683	-
h. Ta Ann Plywood Sdn. Bhd.		
- Field maintenance work and rental of machineries	19	22
- Purchase of seedlings	60	-
- Agronomics service fee income	(2)	-
i. Mega Bumimas Sdn. Bhd.		
- Purchase of fresh fruit bunches	811	-
j. PSS Oil Mill		
- Purchase of fresh fruit bunches	2,482	-
k. Ta Ann Pelita Silas Plantation Sdn. Bhd.		
- Purchase of fresh fruit bunches	688	-
l. Ta Ann Pelita Assan Sdn. Bhd.		
- Purchase of seedlings	-	1



Part A – Explanatory Notes Pursuant to MFRS 134

A15. Significant Related Party Transactions (continued)

	Cumulative Quarter (3 Months)	Preceding Year - Period To Date
	Current Year - Period To Date 31/3/2020 RM'000	31/3/2019 RM'000
m. Lik Shen Sawmill Sdn. Bhd.		
- Purchase of material	2	96
n. Sebbubu Sdn. Bhd.		
- Purchase of fresh fruit bunches	325	-
o. TBS Oil Mill Sdn. Bhd.		
- Sale of fresh fruit bunches	(1,031)	-
p. TABM Sdn Bhd		
- Sale of palm kernel shell	(360)	-
q. Eagle Forest Sdn. Bhd.		
- Rental of office	4	-
r. AcoSAFE Sdn Bhd		
- Purchase of insurance policies	98	-
s. Key Ta Trading Sdn. Bhd.		
- Purchase of general items and spare parts	547	-
t. Key Jaya Sdn. Bhd.		
- Purchase of diesel	658	-
u. Key Group Sdn. Bhd.		
- Purchase of equipments	163	-

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and they are effected on terms not materially different from those obtainable in transactions with unrelated parties.



Part A – Explanatory Notes Pursuant to MFRS 134

A16. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Disclosures

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year - Period To Date 31/3/2020 RM'000	Preceding Year - Period To Date 31/3/2019 RM'000
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	3,633	3,699	3,633	3,699
Depreciation of right of- use assets	505	-	505	-
Depreciation of bearer plants	3,138	2,719	3,138	2,719
Depreciation of investment properties	42	42	42	42
Change in fair value of biological assets	1,769		1,769	-
Property, plant and equipment written off	204	-	204	-
Finance costs	593	1,117	593	1,117
Profit before tax is arrived at after crediting:				
Change in fair value of biological assets	-	2,043	-	2,043
Gain on disposal of Property, plant and equipment	115	-	115	-
Other income	274	380	274	380
Finance income	516	752	516	752

Other items not applicable to the Group are foreign exchange gain or loss and gain or loss on derivatives.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)

B1. Review of Performance

Quarter 1, 2020 vs Quarter 1, 2019

Three Months ended 31 March 2020 vs Three Months ended 31 March 2019

The Group recorded revenue of RM98.9 million in the current financial period ended 31 March 2020 compared with RM69.4 million reported in the corresponding period of the preceding year.

The Group's operating profit before tax was RM10.1 million for the current financial period compared to operating profit before tax of RM5.4 million for the corresponding period of the preceding year. The increase in operating profit was principally due to the effect of higher sales volume of CPO and PK and higher realised average selling price of CPO and PK during the current financial period.

The Group recorded a profit before tax of RM8.4 million for the current financial period, as compared to a profit before tax of RM7.5 million in the corresponding period of the preceding year in line with the increase in operating profit.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

The oil palm operations comprise estate and mill operations. During the current financial period, estate operations recorded a revenue and segment profit of RM30.7 million and RM10.1 million respectively, whereas mill operations recorded a revenue and segment profit of RM92.7 million and RM4.3 million respectively.

For the current financial period, the oil palm operations segment contributed 99.7% of the Group revenue of RM98.9 million.

Revenue of the oil palm operations increased by RM29.4 million to RM98.6 million in the current financial period compared with RM69.2 million reported in the corresponding period of the preceding year. The increase was principally attributed to the effect of higher sales volumes of CPO and PK and higher realised average selling prices of CPO and PK during the current financial period.

Average selling prices of CPO and PK had increased approximately by 32.4% and 39.8% whereas sales volumes of CPO and PK had increased by approximately 5.2% and 3.3% respectively for the current financial period.

The operating profit before tax for the oil palm operations (after deducting administrative and finance cost) was RM10.2 million for the current quarter as compared to operating profit before tax of RM5.6 million for the corresponding period of the preceding year. The increase was principally due to increase revenue for the current financial period.

Other segments

Other segments' results for the current financial period are insignificant to the Group.

B2. Material Changes in Profit Before Tax for the Current Quarter as compared with the Immediate Preceding Quarter

For the quarter under review, the Group recorded an operating profit before tax of RM10.1 million for the current quarter compared with an operating profit before tax of RM8.9 million in the preceding quarter, mainly due to the effect of higher realised average selling prices of CPO and PK despite lower sale volume of CPO and PK.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B2. Material Changes in Profit Before Tax for the Current Quarter as compared with the Immediate Preceding Quarter (continued)

The average realised selling prices of CPO and PK increased by 10.7% and 19.5% respectively, the sales volume of CPO and PK had decreased approximately by 18.1% and 23.8% respectively during the current quarter.

The Group recorded a profit before tax of RM8.4 million for the current quarter, as compared to profit before tax of RM10.7 million in the preceding quarter principally due to loss arising from changes in fair value of biological assets for the current quarter.

B3. Prospects for the Current Financial Year

The Group's performance is largely dependent on the palm oil prices, productivity, sales volume and operating costs.

World Health Organisation has declared coronavirus (COVID-19) as global health emergency on 30 January 2020 and has since spread to countries across the world including Malaysia. The widespread of the virus has resulted lockdowns in many countries and the Government of Malaysia has announced a Movement Control Order ("MCO"), which began on 18 March 2020, further announced a Conditional Movement Control Order ("CMCO") commencing 4 May 2020 which was then extended until 9 June 2020. The COVID-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts, which affects the global and Malaysian economic outlook. The Group's estates and mills continue to operate during MCO period as allowed by the Malaysian government.

Crude oil price has dropped to historically low attributed to the price war among the major oil producers of the world, United States, Saudi Arabia and Russia coupled with decline in global oil demand due to COVID - 19 pandemic. Biodiesel consumption is expected to reduce, resulting in rising palm oil inventory. In view thereof, CPO price is likely to remain depressed.

With the current unpredictable situation, the Board anticipates that the financial performance is likely to be affected for the current financial year. Nevertheless, the Group will continue to strive for production and productivity improvement and cautious in spending.

B4. Profit Forecast or Profit Guarantee

Not applicable

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B5. Taxation**

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year - Period To Date 31/3/2020 RM'000	Preceding Year - Period To Date 31/3/2019 RM'000
Current tax expense	2,192	1,584	2,192	1,584
Deferred tax expenses	192	1,300	192	1,300
	<u>2,384</u>	<u>2,884</u>	<u>2,384</u>	<u>2,884</u>

The Group's effective tax rate for the financial period ended 31 March 2020 is higher than the statutory tax rate principally due to higher non deductible expenditure.

B6. Other Investments

There was no material purchase or disposal of quoted securities for the current financial period.

The investments as at 31 March 2020 are as follows:

	At 31/3/2020 RM'000
<u>Current</u>	
Deposits with original maturities exceeding three months	-

B7. Loans and Borrowings - Secured

	At 31/3/2020 RM'000
<u>Non-current</u>	
Term Loan (Term Financing -i)	58,763
Hire purchase facility	1,820
Hire purchase facility (Islamic)	1,246
	<u>61,829</u>
<u>Current</u>	
Revolving credit	22,200
Revolving credit - i	-
Term Loan (Term Financing -i)	34,000
Hire purchase facility	1,281
Hire purchase facility (Islamic)	4,049
	<u>61,530</u>
Total loans and borrowings	<u>123,359</u>



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B7. Loans and Borrowings (continued)

Revolving Credit

This revolving credit facility of RM40 million is secured by way of the Company's corporate guarantee and legal charge over certain land and buildings of a subsidiary.

The effective interest rate of revolving credit is 4.73% per annum.

Revolving Credit (Revolving Credits –i)

The revolving credit facility of RM30 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company.

The Revolving Credit –i bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.60% per annum above the Bank's i-cost of funds.

Term Loan (Term Financing – i)

The term loan facility of RM150 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company. The loan is for a tenure of 8 years from the date of first drawdown in November 2014 and is repayable by 16 quarterly installments commencing 51th month after date of first drawdown of TF-i.

The Term Financing – i, bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.75% per annum above the Bank's i-cost of funds.

Hire purchase facilities

The hire purchase facilities are secured on property, plant and equipment under the hire purchase.

Hire purchase facility and Hire purchase facility (Islamic) carry interest/profit rates ranged between 5.09% - 5.22% per annum.

The above borrowings are denominated in Ringgit Malaysia.

B8. Corporate Proposals

Status of Corporate Proposals Announced

There was no corporate proposal being announced during the current interim financial period.

B9. Gains/Losses from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities during the current interim financial period.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B10. Changes in Material Litigation

As at 22 May 2020 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), there were no changes to the status of material litigation or arbitration in which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant which has a material effect on the Group's financial position except as disclosed below:

- (a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

- (i) There is no concluded contract between the Defendants and SP Suai;
- (ii) It has not been shown by the parties that the Defendants were members of the Penan community for which the land was gazetted for their exclusive use;
- (iii) That the gazette to allow SP Suai to deal with native land has no retrospective effect;
- (iv) Generally, parties have not proven their case against each other.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SP Suai had filed and served the Record of Appeal on 2 December 2013. The Court of Appeal heard the appeal on 10 December 2015, and ordered that the case be remitted back to the High Court (before a different Judge) for a retrial. They were of the view that there was a mistrial in respect of the High Court's finding. There was no order as to costs.

The retrial of the case proceeded on 26 July 2016.

At the conclusion of the proceedings, the Court directed as follows:

- (1) The parties are to file and exchange Written Submissions;
- (2) Thereafter, the parties are to file Written Reply; and
- (3) Counsel for the parties are to appear before the Court to go through their Submissions on 25 August 2016

The Court allowed the Counsel for the Defendants' application for an extension of 2 weeks from 27 October 2016 to file the Written Submission and the same has to be filed on or before 10 November 2016. Thereafter, the parties may file Reply (if any) by 17 November 2016. Hearing of the Submissions is fixed on 28 November 2016.

The Court delivered its Judgement on 23 February 2017 as follows:

- (i) Dismissed SP Suai's claim;
- (ii) Allowed part of the Defendants' claim, namely SP Suai is prohibited from entering the 2 parcels of NCR Land and SP Suai has to vacate and remove its machineries, equipments and structures existing on the Defendants' 2 parcels of NCR land.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 9 March 2017 and an application for a stay of execution on 11 April 2017. The Court heard and allowed the application for a stay of execution on 9 June 2017. The Appeal came up for Case Management on 6 September 2017. The Court of Appeal fixed the hearing of the Appeal on 27 June 2018.

At the hearing of the Appeal on 27 June 2018, the Court of Appeal adjourned the same for Case Management to 10 July 2018. On 10 July 2018, the Court of Appeal directed the 1st Respondent's Advocates to file an application to substitute the deceased 1st Respondent within one month.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B10. Changes in Material Litigation (continued)

- (a) The Court of Appeal has fixed hearing date of the Appeal on 15 April 2020 regardless of whether or not the deceased's 1st Respondent's family has decided on their representative to substitute the deceased.

The hearing fixed on 15 April 2020 had to be vacated in view of the COVID-19 Movement Control Order. Instead the case was fixed for case management by way of e-Review on 14 April 2020. On 14 April 2020, the Deputy Registrar of the Court of Appeal fixed the hearing of the Appeal on 23 September 2020 regardless of whether or not the deceased's 1st Respondent's family has decided on their representative to substitute the deceased.

- (b) On 13 July 2016, the Company and SPAD were served with legal proceedings. Amongst other things, the Plaintiffs sought a declaration to the effect that they have acquired native customary rights and/or are the customary owners over land situated at/around all of the Kampung Melugu Sri Aman.

The Company and SPAD had on 20 July 2016 entered appearance. On 10 August 2016, an application to strike out the Plaintiffs' Writ and Statement of Claim was filed and served the Plaintiffs. On 17 October 2016, the Court dismissed SPAD's application to strike out the Plaintiff's Statement of Claim. SPAD filed its appeal against the Court's said decision on 9 November 2016.

On 14 July 2017, the Court Appeal dismissed the Company and SPAD's appeal with costs in the cause.

On 18 July 2017, the parties informed the Court of the verdict of the appeal hearing. The Company and SPAD also informed the Court of their intention to amend the 'Defence of the 1st and 2nd Defendants'.

The Court fixed 18 August 2017 as the next mention date to monitor the progress of the application for amendment of the Defence of the 1st and 2nd Defendants.

On 28 August 2017, the Court had allowed the 1st and 2nd Defendants' application for amendment of the Defence. The Court on 20 September 2017 had given directions for the parties to file the bundle of documents and documents pertinent to the trial. The Court fixed the case for trial from 21 May 2018 to 25 May 2018.

The Court gave its decision on 16 July 2018 as follows:-

1. The Plaintiffs' action against the 1st, 2nd, 3rd and 4th Defendants is dismissed.
2. Costs of RM40,000.00 is awarded to the 1st & 2nd Defendants and RM40,000.00 to the 3rd and 4th Defendants, all subject to payment of Allocatur fees.

On 3 August 2018, the Plaintiffs filed their appeal against the whole of the Court's decision delivered on 16 July 2018.

At the last hearing date fixed on 21 February 2020, the Court of Appeal adjourned the matter to be heard on 15 September 2020.

The Directors, in consultation with the Company's and SPAD's advocates, are of the opinion that the Company and SPAD have strong merits in the case.

B11. Dividend Declared

The Board of Directors declared a first interim, single tier dividend of 5 sen per share, totalling approximately RM14 million, in respect of the financial year ending 31 December 2020, payable to shareholders on 6 August 2020. The dividend entitlement date shall be on 15 July 2020.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B12. Earnings per Share

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Corresponding Quarter 31/3/2019 RM'000	Current Year - Period To Date 31/3/2020 RM'000	Preceding Year - Period To Date 31/3/2019 RM'000
Profit attributable to Owners of the Company (RM)	5,818	4,656	5,818	4,656
Weighted average number of ordinary shares in issue (unit)	279,172	279,515	279,172	279,515
Basic earnings per share (sen)	2.08	1.67	2.08	1.67
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Basic earnings per share

The calculation of basic earnings per share for the interim quarter and financial period is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares in issue less the weighted average number of treasury shares held by the Company.

Diluted earnings per share

The diluted earnings per share for the interim quarter and financial period were not computed as the Company does not have any potentially dilutive ordinary shares as at 31 March 2020.

B13. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was unqualified.

B14. 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 28 May 2020.

By Order of the Board

Company Secretary
Kuching

28 May 2020