



**Condensed Consolidated Statement of Comprehensive Income
For The Financial Period Ended 30 September 2020**

(The figures have not been audited, unless stated otherwise)

	Note	Individual Period		Cumulative Period	
		3 months Ended		3 months Ended	
		30.09.2020	30.09.2019	30.09.2020	30.09.2019
		RM'000	RM'000	RM'000	RM'000
Revenue	8	259,129	203,766	259,129	203,766
Cost of sales		(233,041)	(191,931)	(233,041)	(191,931)
Gross profit		26,088	11,835	26,088	11,835
Other items of income					
Interest income		45	200	45	200
Other operating income		8,126	2,034	8,126	2,034
Other items of expenses					
Selling expenses		(7,795)	(5,801)	(7,795)	(5,801)
Administrative expenses		(9,253)	(12,120)	(9,253)	(12,120)
Other operating expenses		(5,125)	(30)	(5,125)	(30)
Finance costs		(3,980)	(5,910)	(3,980)	(5,910)
Profit/(Loss) before tax	17	8,106	(9,792)	8,106	(9,792)
Taxation	20	(1,500)	(500)	(1,500)	(500)
Profit/(Loss) for the financial period		6,606	(10,292)	6,606	(10,292)
Other comprehensive income/(loss)					
Item that to be reclassified in subsequent period to profit or loss:					
Foreign currency translation		781	(1,789)	781	(1,789)
		781	(1,789)	781	(1,789)
Total comprehensive income/(loss) for the period		7,387	(12,081)	7,387	(12,081)
Income/(Loss) for the period attributable to:					
Owners of the Company		7,042	(9,912)	7,042	(9,912)
Non-controlling interests		(436)	(380)	(436)	(380)
		6,606	(10,292)	6,606	(10,292)
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		7,823	(11,701)	7,823	(11,701)
Non-controlling interests		(436)	(380)	(436)	(380)
		7,387	(12,081)	7,387	(12,081)
Earning/(Loss) per share attributable to Owners of the Company (sen):					
Basic	27 (a)	2.26	(3.18)	2.26	(3.18)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position

As At 30 September 2020

(The figures have not been audited, unless stated otherwise)

	Note	As at 30.09.2020 RM'000	As at 30.06.2020 (Audited) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	788,469	792,825
Right-of-use assets	9	801,501	803,538
Investment properties	9	47,330	47,330
		<u>1,637,300</u>	<u>1,643,693</u>
Current Assets			
Inventories		114,772	118,569
Biological assets		6,685	5,226
Trade and non-trade receivables		46,175	47,028
Derivative assets	24	235	265
Cash and cash equivalents	22	61,790	60,923
		<u>229,657</u>	<u>232,011</u>
TOTAL ASSETS		<u>1,866,957</u>	<u>1,875,704</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		209,566	209,566
Other reserves		662,899	662,118
Retained earnings		260,763	253,721
		<u>1,133,228</u>	<u>1,125,405</u>
Non-controlling interests		(18,483)	(18,047)
Total equity		<u>1,114,745</u>	<u>1,107,358</u>
Non-Current Liabilities			
Loans and borrowings	23	6,766	10,365
Lease liabilities		1,616	1,789
Deferred tax liabilities		232,730	233,230
		<u>241,112</u>	<u>245,384</u>
Current Liabilities			
Loans and borrowings	23	430,043	464,728
Lease liabilities		1,270	1,278
Trade and non-trade payables		70,523	53,208
Tax payable		3,613	3,192
Derivative liabilities	24	5,651	556
		<u>511,100</u>	<u>522,962</u>
Total liabilities		<u>752,212</u>	<u>768,346</u>
TOTAL EQUITY AND LIABILITIES		<u>1,866,957</u>	<u>1,875,704</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity
For The Financial Period Ended 30 September 2020

(The figures have not been audited, unless stated otherwise)

	← Attributable to owners of the Company →								
	Non-distributable	Distributable	← Non-distributable →				Equity attributable to owners of the Company, Total RM'000	Non-controlling Interests RM'000	Total equity RM'000
	Share capital RM'000	Retained earnings RM'000	Other reserves total RM'000	Asset revaluation reserve RM'000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000			
At 1 July 2019	209,566	285,707	626,641	618,109	4,193	4,339			
Loss, net of tax	-	(9,912)	-	-	-	-	(9,912)	(380)	(10,292)
Other comprehensive loss									
Foreign currency translation	-	-	(1,789)	-	-	(1,789)	(1,789)	-	(1,789)
	-	-	(1,789)	-	-	(1,789)	(1,789)	-	(1,789)
Total comprehensive loss	-	(9,912)	(1,789)	-	-	(1,789)	(11,701)	(380)	(12,081)
At 30 September 2019	209,566	275,795	624,852	618,109	4,193	2,550	1,110,213	(17,037)	1,093,176
At 1 July 2020	209,566	253,721	662,118	654,967	-	7,151	1,125,405	(18,047)	1,107,358
Profit/(Loss), net of tax	-	7,042	-	-	-	-	7,042	(436)	6,606
Other comprehensive income									
Foreign currency translation	-	-	781	-	-	781	781	-	781
	-	-	781	-	-	781	781	-	781
Total comprehensive income/(loss)	-	7,042	781	-	-	781	7,823	(436)	7,387
At 30 September 2020	209,566	260,763	662,899	654,967	-	7,932	1,133,228	(18,483)	1,114,745

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Cash Flows
For The Financial Period Ended 30 September 2020

(The figures have not been audited, unless stated otherwise)



	12 months Ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit/(Loss) before tax	8,106	(9,792)
Adjustments for:		
Depreciation of right-of-use assets, property, plant and equipment	14,867	18,938
Fair value loss/(gain) on derivative financial instruments	5,125	(576)
Fair value (gain)/loss on biological assets	(1,459)	30
Gain on disposal of property, plant and equipment	(101)	-
Unrealised (gain)/loss on foreign exchange	(3,218)	2,276
Interest expense	3,980	5,910
Interest income	(45)	(200)
Total adjustments	19,149	26,378
Operating cash flows before working capital changes	27,255	16,586
Changes in working capital:		
Change in inventories	3,797	(22,027)
Change in receivables	4,071	(190)
Change in payables	17,315	25,215
Total changes in working capital	25,183	2,998
Cash flows generated from operations	52,438	19,584
Interest paid	(3,980)	(5,884)
Income tax paid	(1,679)	(1,008)
Income tax refund	100	-
Net cash flows generated from operating activities	46,879	12,692
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,426)	(3,645)
Proceeds from disposal of property, plant and equipment	135	-
Interest received	45	200
Net cash flows used in investing activities	(5,246)	(3,445)
FINANCING ACTIVITIES		
Drawdown of bankers' acceptances	312,504	125,377
Drawdown of revolving credits	735,300	749,600
Repayment of revolving credits	(758,846)	(760,300)
Repayment of term loans	(3,600)	(4,743)
Repayment of bankers' acceptances	(323,642)	(118,819)
Payment of lease liabilities	(372)	(393)
Net cash flows used in financing activities	(38,656)	(9,278)
Net change in cash and cash equivalents	2,977	(31)
Effect of exchange rate differences	(2,110)	(1,056)
Cash and cash equivalents at beginning of financial period	60,923	39,727
Cash and cash equivalents at end of financial period (Note 22)	61,790	38,640

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2020
(The figures have not been audited)

1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2020. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2020.

2. Significant Accounting Policies

The interim financial statements of the Group for the financial period ended 30 September 2020 was prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) Framework.

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

<i>Descriptions</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform Phase 2</i>	1 January 2021
Amendments to MFRS 3 <i>Business Combinations</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2022
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Directors anticipate that the abovementioned MFRS and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2020 was not qualified.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5. Changes in Estimates

There were no other material changes in estimates that have had material effects in the current financial period results.

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2020
(The figures have not been audited)

6. Comments About Seasonal or Cyclical Factors

The seasonal or cyclical factors affecting the results of the operations of the Group are general climatic conditions, age profile of oil palms, the cyclical nature of annual production and fluctuating commodity prices.

7. Dividend Payable

No dividend was paid/payable during the current financial period under review.

8. Segmental Information

	<i>Oil palm plantations and palm products</i>		<i>Oleochemical products</i>		<i>Other operating segments</i>		<i>Per consolidated financial statements</i>	
	<i>30.09.20</i>	<i>30.09.19</i>	<i>30.09.20</i>	<i>30.09.19</i>	<i>30.09.20</i>	<i>30.09.19</i>	<i>30.09.20</i>	<i>30.09.19</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
3 months ended 30 September (Individual Period and Cumulative Period)								
Revenue								
External sales	184,379	145,629	74,750	58,137	-	-	259,129	203,766
Total Revenue	184,379	145,629	74,750	58,137	-	-	259,129	203,766
Results								
Interest income	42	194	3	6	-	-	45	200
Depreciation	(12,681)	(16,824)	(1,974)	(1,902)	(212)	(212)	(14,867)	(18,938)
Segment profit/(loss) before tax	6,304	(8,066)	2,038	(1,509)	(236)	(217)	8,106	(9,792)
Reconciliation								
Segment profit/(loss) before tax	6,304	(8,066)	2,038	(1,509)	(236)	(217)	8,106	(9,792)
<u>Add/(Less): Non-cash and provisional items</u>								
Depreciation of property, plant and equipment and right-of-use assets	12,681	16,824	1,974	1,902	212	212	14,867	18,938
Fair value loss/(gain) on derivatives	5,125	(576)	-	-	-	-	5,125	(576)
Fair value (gain)/loss on biological assets	(1,459)	30	-	-	-	-	(1,459)	30
Gain on disposal of property, plant and equipment	(101)	-	-	-	-	-	(101)	-
Unrealised foreign exchange (gain)/loss	(3,218)	2,276	-	-	-	-	(3,218)	2,276
Total	13,028	18,554	1,974	1,902	212	212	15,214	20,668
Segment profit/(loss) excluding non-cash and provisional items	19,332	10,488	4,012	393	(24)	(5)	23,320	10,876

9. Carrying Amount of Revalued Assets

The Group has performed its latest revaluation on its property, plant and equipment, investment properties and certain items in the right-of-use assets to conform to the Group's policy as at 30 June 2020. Any revaluation surplus has been credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase shall be recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

10. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 September 2020.

11. Changes in Composition of the Group

There were no significant changes in the composition of the Group for the period.

12. Capital Commitments

The amount of capital commitments for the plantation development activities not provided for in the financial statements as at 30 September 2020 is as follows:

	<i>RM'000</i>
Approved and contracted for	<u>2,588</u>

13. Changes in Contingent Liabilities and Contingent Assets

Unsecured

The Company has provided corporate guarantees to secure banking facilities granted to its subsidiary companies. The amount utilised and outstanding as at 30 September 2020 amounted to approximately RM318 million.

14. Subsequent Events

There were no material events subsequent to the end of the current quarter under review, other than as mentioned in Note 21.

15. Detailed Analysis of the Performance of All Operating Segments of the Group

The Group has recorded a revenue of RM259.1 million in current quarter (Q1 FY2020: RM203.8 million) whilst profit before taxation for the current quarter stood at RM8.1 million, representing a significant improvement of 183% from a loss before taxation of RM9.8 million in previous corresponding quarter. The analysis of the segmental performance are as follows:

Oil palm plantations and palm products

Oil palm plantations and palm products segment has contributed approximately 71% of the Group's total revenue in the current financial period. Revenue from this segment increased by RM38.8 million to RM184.4 million in the current quarter (Q1 FY2020: RM145.6 million). This resulted in profit before taxation of RM9.0 million being achieved as compared to a loss before taxation of RM8.1 million in previous corresponding quarter.

The higher revenue which was contributed by sales of CPO and CPKO was due to higher average unit selling price of CPO and CPKO realised at RM2,429 per MT and RM2,769 per MT respectively in Q1 FY2021 compared to RM1,967 per MT and RM2,273 per MT respectively in Q1 FY2020. CPO recorded lower sales volume of 54,189 MT in Q1 FY2021 (Q1 FY2020: 62,536 MT) as a result of lower inventory level whilst CPKO recorded higher sales volume of 11,999 MT in Q1 FY2021 as compared to 5,500 MT in Q1 FY2020.

In the current quarter, this segment has incurred RM12.7 million in depreciation of right-of-use assets, property, plant and equipment and, from fair value loss of RM5.1 million on derivatives financial instruments mainly from commodity swap contracts. Lower finance cost of RM3.8 million in the current quarter as compared to RM5.7 million in previous corresponding quarter, mainly due to lower utilisation of certain short-term banking facilities and lower interest rate following lower OPR announced by Bank Negara Malaysia during the period.

As shown in Note 8, after excluding non-cash and provisional items, this segment would have achieved an underlying profit of RM19.3 million in the current quarter (Q1 FY2020: RM10.5 million), representing an improvement of 84%.

Oleochemical products

Oleochemical products segment remains significant to the Group contributing approximately 29% of the Group's total revenue in the current quarter. Revenue increased by 29% to RM74.8 million in Q1 FY2021 (Q1 FY2020: RM58.1 million). This was mainly due to increase production and trading of Oleochemical products, a result of higher volume traded for which reached 24,821 MT in Q1FY2021 (Q1 FY2020: 23,192 MT) and higher selling price averaging around RM3,004 per MT in Q1 FY2021 compared to RM2,423 per MT in Q1 FY2020.

In the current quarter, this segment achieved profit before taxation of RM2.0 million compared to loss before taxation of RM1.5 million in previous corresponding quarter. As shown in Note 8, after excluding non-cash item such as depreciation of property, plant and equipment of RM1.9 million, this segment would have achieved an underlying operating profit of RM4.0 million (Q1 FY2020: RM0.4 million).

Other operating segments

The results from other operating segments are insignificant to the Group.

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2020
(The figures have not been audited)

16. Comment on Material Change in Loss Before Tax for the Current Quarter as Compared with the Immediate Preceding Quarter

	<i>Current Quarter</i> 3 months ended 30.09.2020 RM'000	<i>Immediate Preceding Quarter</i> 3 months ended 30.06.2020 RM'000	<i>Changes (Amount)</i> RM'000	<i>Changes (%)</i>
Revenue	259,129	206,201	52,928	+25.67%
Profit/(Loss) before interest and tax	12,086	(1,463)	13,549	+9.26%
Profit/(Loss) before tax	8,106	(6,671)	14,777	+221.51%
Profit/(Loss) after tax	6,606	(6,414)	13,020	+202.99%

The Group achieved a profit before tax of RM8.1 million in the current quarter compared to a loss before tax of RM6.7 million in immediate preceding quarter (Q4 FY2020). The was mainly due to the higher CPO price and higher trading volumes. Further, there was a one off RM14.9 million impairment loss on property, plant and equipment in Q4 FY2020.

17. Profit/(Loss) Before Tax

Profit/(Loss) before tax for the period is arrived at after (charging)/crediting:

	<i>Individual Period</i> 3 months ended		<i>Cumulative Period</i> 3 months ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Depreciation of property, plant and equipment and right-of-use assets	(14,867)	(18,938)	(14,867)	(18,938)
Fair value (loss)/gain on derivative financial instruments	(5,125)	576	(5,125)	576
Fair value gain/(loss) on biological assets	1,459	(30)	1,459	(30)
Unrealised gain/(loss) on foreign exchange	3,218	(2,276)	3,218	(2,276)
Realised gain/(loss) on foreign exchange	2,058	(827)	2,058	(827)
Gain on disposal of property, plant and equipment	101	-	101	-
Interest income	45	200	45	200
Interest expense	(3,980)	(5,910)	(3,980)	(5,910)

18. Commentary on Prospects

The Covid-19 pandemic continues to exert a negative impact on the world economy. The Malaysian government has closed its borders until at least December 2020 resulting in a labour shortage in the plantation sector which in turn affects the overall production in the Malaysian Palm Oil Industry. On the positive side, CPO price has increased to a record high in November 2020 to approximately RM3,400 per MT as a result of concern over production output shortage in Malaysia. The high CPO price has contributed positively to the Group's revenue and has since contributed to a positive margin for the Group during the quarter. The Management is cautiously optimistic that the CPO price will remain strong until the end of the year.

18. Commentary on Prospects (continued)

Intensive restructuring efforts in the management of the Oleochemical plant in China have contributed towards a major improvement in the performance of Oleochemical segment, resulting in an increase of 38% in oleochemical productions and achieving profit before tax in the current quarter from a loss position in the previous corresponding quarter, accordingly contribute 25% of the Group’s total profit before tax. The Management will continue adopt new strategies and policies to strive to achieve higher productivity and to become more competitive in pricing and product quality.

With the good start in the first quarter, the Management is cautiously optimistic that the positive outlook will contribute to a satisfactory financial performance for FY2021. The Management remained vigilant and will continue to adopt the various standard operating procedures introduced by the Malaysian government to contain the Covid-19 pandemic.

19. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

20. Income Tax Expense

	<i>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.09.2020</i>	<i>30.09.2019</i>	<i>30.09.2020</i>	<i>30.09.2019</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	2,000	1,000	2,000	1,000
Reversal of deferred tax	(500)	(500)	(500)	(500)
Total income tax expense	1,500	500	1,500	500

The effective tax rate for the current quarter was higher than the statutory income tax rate of 24% (Q1 FY2020: 24%) principally due to non-deductible expenses for tax purposes, which include unrealised foreign exchange differences. The reversal of deferred tax in the current quarter was due to the availability of deductible temporary differences arising from capital allowances in certain subsidiaries.

21. Corporate Proposals

On 26 August 2020, the Group has announced that it has received a letter from the Company director/shareholder requesting to undertake a selective capital reduction and a corresponding capital repayment exercise (“Proposed SCR”) pursuant to Section 116 of the Companies Act 2016 in respect of the ordinary shares in the Company held by all the shareholders of the Company (save for Kwan Ngen Wah and the Estate of Kwan Ngen Chung “the Interested Directors”) whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board.

On 2 September 2020, in accordance with Paragraph 3.06 of the Rules, the Board of Directors (save for the Interested Directors) has appointed Mercury Securities to act as the Independent Adviser to provide comments, opinions, information and recommendation to the Board of Directors (save for the Interested Directors) and the disinterested shareholders of the Company in respect of the Proposed SCR.

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2020
 (The figures have not been audited)

21. Corporate Proposals (continued)

On 25 September 2020, Maybank Investment Bank Berhad, on behalf of the Board of Directors, announced that the Board (save for the Interested Directors) had on even date deliberated on the contents of the Proposed SCR Proposal Letter and resolved to table the resolution for the Proposed SCR to the disinterested shareholders of the Company for their consideration and approval. The Securities Commission Malaysia (“SC”) had, vide its letters dated 27 October 2020, notified that it has no further comments on the circular and independent advice letter in relation to the Proposed SCR.

On 28 October 2020, the Company issued a notice of Extraordinary General Meeting (“EGM”) which was conducted on 30 November 2020 for purpose of considering and passing the Proposed SCR and the resolution set out in the notice of EGM was duly passed by shareholders by way of poll.

There are no other corporate proposals announced but not completed as at 30 November 2020.

22. Cash and Cash Equivalents

	<i>As at</i> <i>30.09.2020</i> <i>RM’000</i>	<i>As at</i> <i>30.06.2020</i> <i>(Audited)</i> <i>RM’000</i>
Cash and bank balances	49,090	54,223
Short-term deposits with licensed banks	12,700	6,700
Cash and cash equivalents	61,790	60,923

23. Loans and borrowings

	<i>As at 30.09.2020</i>			<i>As at 30.06.2020 (Audited)</i>		
	Denominated in foreign currency RM’000	Denominated in RM RM’000	Total RM’000	Denominated in foreign currency RM’000	Denominated in RM RM’000	Total RM’000
<u>Long term</u>						
Secured						
Term loan	-	6,766	6,766	-	10,365	10,365
Total	-	6,766	6,766	-	10,365	10,365
<u>Short term</u>						
Secured						
Term loan	-	14,400	14,400	-	14,400	14,400
Banker acceptance	-	181,543	181,543	30,449	162,233	192,682
Revolving credits	-	234,100	234,100	-	257,646	257,646
Total	-	430,043	430,043	30,449	434,279	464,728
Total borrowings	-	436,809	436,809	30,449	444,644	475,093

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2020
(The figures have not been audited)

24. Derivative Asset/(Liabilities)

As at 30 September 2020, the values and maturity analysis of the outstanding derivatives liabilities are as follows:

	<i>Contract/ Notional Amount RM '000</i>	<i>Fair Value Loss RM '000</i>
i) Forward Currency Contracts - Less than 1 year	235	(30)
ii) Commodity Swap Contracts - Less than 1 year	(5,651)	(5,095)
Net Total	(5,416)	(5,125)

The Group had entered into forward currency contracts and commodity swap, options and future contracts to manage some of the transactions exposure to foreign exchange fluctuations and commodity price fluctuations respectively. These contracts were not designated as cash flow or fair value hedges and were entered into for periods consistent with currency transaction exposures and fair value changes exposure.

With the adoption of MFRS 9, the derivative financial instruments are initially stated at fair value on contract dates and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in the statement of profit or loss.

For the current quarter ended 30 September 2020, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year as well as the Group's risk management objectives, policies and processes.

25. Material Litigation

a) Inno Integrasi

A Writ of Summons dated 27 June 2014 was filed by Inno Integrasi Sdn. Bhd. (Plaintiff or Appellant) and served to Kwantas Oil Sdn. Bhd. (KOSB or Respondent), a wholly-owned subsidiary of the Company, whereby the plaintiff claimed for loss of profit of approximately RM66,900,000 for the alleged breached/repudiation of agreements entered into by plaintiff with KOSB in relation to the supply of organic palm wastes together with land leased by KOSB to the plaintiff, and in return, plaintiff will process the organic palm wastes to become bio-organic fertilizer (BF) and re-sell to KOSB. KOSB filed its Statement of Defence and Counterclaim on 5 August 2014.

KOSB has however counterclaimed against the plaintiff for outstanding rental, dismantling of plaintiff's plant and possession of the land being occupied by the plaintiff, and damages and declarative reliefs against the plaintiff.

Based on the court order dated 21 December 2017, the High Court adjudged that the plaintiff's claim is dismissed and shall forthwith pay the defendant costs of RM150,000 subject to payment of allocator fee. The plaintiff has appealed against the High Court's decision in dismissing the RM66,900,000 claims against KOSB and in allowing KOSB's counterclaim in the Court of Appeal. Based on the court order dated 18 June 2020, the Court of Appeal adjudged that the Appellant's appeal is dismissed with costs of RM30,000 being ordered against the Appellant.

On 10 July 2020, the Appellant has filed for a leave in application to appeal in the Federal Court in respect of the above claim. On 12 November 2020, the Appellant filed a Notice of Motion to the Federal Court. The date of case management in respect of the appeal by the Appellant in Federal Court has been fixed on 10 December 2020.

25. Material Litigation (continued)

b) Shanghai Hengtong

- (i) A Writ of Summons dated 11 September 2018 was filed by Shanghai Hengtong Energy Development Co. Ltd. ("SHT") and served to Dongma Palm Industries (Zhangjiagang) Co. Ltd. ("DMPI"), a wholly-owned subsidiary of the Company, whereby SHT claimed for loss of profit on termination of contract plus interest of RMB33,718,397.05 (equivalent to approximately RM20,399,630) in respect of a Processing Contract and its Supplemental Agreement (together "the Contract") entered into between SHT and DMPI on 27 September 2017 and 19 December 2017 respectively to process 10,000 MT of palm stearin per month on behalf of SHT by DMPI. The legal proceedings have commenced on 24 October 2018 and DMPI has appointed a solicitor in Shanghai, People's Republic of China to represent DMPI in the legal suit.

Based on the judgement from Shanghai Pudong New Area People's Court ("the Court") received on 24 October 2019, the Court adjudged that DMPI shall compensate SHT RMB24,436,768 (equivalent to approximately RM14,725,596) as damages within 10 days after the judgement takes effect and the Court costs of RMB201,862 (equivalent to approximately RM121,642) shall be borne by DMPI. DMPI had on 18 December 2019 filed an application of appeal to Shanghai No.1 Intermediate Court ("the Intermediate Court") to revoke the entire judgment made by the earlier Court, as well as to rebut SHT's Statement of Claim in whole or to be re-trial.

DMPI had received the statement of judgment relating to the appeal on 14 February 2020, where the Intermediate Court had ordered the appeal to be dismissed and had upheld the decision of the original judgment on 24 October 2019 as decided by the earlier Court. DMPI lost the appeal and had become liable to compensate SHT on litigation sum of RMB24,436,767.54. The Company had fully settled the litigation sum, as well as the Court's costs and charges of RMB293,901.02 (equivalent to approximately RM15.22 million).

DMPI had on 21 August 2020 applied and filed for a petition to retrial SHT's claim against DMPI in respect of the above lost appeal at the Higher Court of Shanghai. Subsequently on 24 November 2020, the Higher Court of Shanghai had turned down the application for retrial submitted by DMPI.

- (ii) DMPI had on 10 December 2018 filed a Statement of Counterclaim against SHT in respect of the Contract entered into between SHT and DMPI on 27 September 2017 and 19 December 2017 respectively to process 10,000 MT of palm stearin per month. DMPI claimed for RMB26,715,302.55 (equivalent to approximately RM16,184,130) on loss of profits and outstanding receivables due to non-performance of terms and conditions by SHT.

DMPI had on 24 October 2019, received the judgement from the Court regarding the Counterclaim filed on 10 December 2018. The Court adjudged that SHT shall compensate DMPI the processing fee and interest loss amounted to RMB734,690 (equivalent to approximately RM442,724) within 10 days after the judgement takes effect and DMPI should bear the Court costs of RMB164,228 (equivalent to approximately RM98,964). All other claims filed by DMPI in the Statement of Counterclaim were dismissed by the Court. Thereafter, DMPI had on 14 February 2020 submitted an application of appeal to the Intermediate Court to revoke the entire judgment made by the earlier Court, as well as to appeal against the whole Statement of Counter-Claim.

25. Material Litigation (continued)

b) Shanghai Hengtong (continued)

- (ii) On 13 May 2020, DMPI received a decision from the Intermediate Court on the appeal. The Court adjudged that SHT shall pay DMPI RMB821,089.86 (equivalent to approximately RM502,917.54) as processing fee; compensation for loss of interest accrued on the basis of RMB821,089.86 at the rate of 0.0001% per day from 13th June 2018 to the day of actual payment which estimated to be RMB57,394.18 (equivalent to approximately RM35,153.94); and storage costs for the 291.13 MT of products on which DMPI has a lien, accrued at the rate of RMB0.6 per MT per day from 6th August 2018 to the day of delivery which estimated to be RMB112,667.31 (equivalent to approximately RM69,008.73). The Court costs of original and appeal case amounting to RMB300,000.00 (equivalent to approximately RM183,750.00) shall be borne by DMPI.

The Company had received the full compensation of RMB 1,050,985.75 (approximately RM0.65 million) from SHT on 14 July 2020, and had on 13 August 2020 satisfied all delivery obligations of products to SHT previously held under lien, as per the judgment from the Intermediate Court.

c) Technopalm

A Writ of Summons and Statement of Claim dated 28 February 2019 was filed by Technopalm Resources Sdn. Bhd. (“TRSB”) and served to Kwantas Plantations Sdn. Bhd. (“KPSB”), a wholly-owned subsidiary of the Company, whereby TRSB claimed for outstanding sum of work done being RM557,089 plus interest at the rate of 5% per annum calculated from the date of judgement to the date of full payment and to recover other costs incurred for the filing of this Writ. KPSB has filed its Statement of Defence and Counterclaim against TRSB for loss and damages suffered as a result of the unsatisfactory works by TRSB for land and oil palm nursery development on 29 April 2019. Due to the recent Movement Control Order (“MCO”), the date of hearing of the case which was originally fixed on April 2020 was subsequently postponed and a new date of hearing was yet to be fixed by the Court.

26. Dividend

No interim dividend has been declared for the financial period ended 30 September 2020.

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2020
(The figures have not been audited)

27. Earning/(Loss) Per Share

(a) Basic

Basic earning/(loss) per share amounts are calculated by dividing profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	<i>Individual Period</i>		<i>Cumulative Period</i>	
	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.09.2020</i>	<i>30.09.2019</i>	<i>30.09.2020</i>	<i>30.09.2019</i>
Profit/(Loss) for the period attributable to Owners of the Company (RM'000)	7,042	(9,912)	7,042	(9,912)
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
Basic earning/(loss) per share (sen)	2.26	(3.18)	2.26	(3.18)

(b) Diluted

There is no dilution in the earnings per share of the current and previous period end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

28. Significant Related Party Transactions

The significant related party transactions set out below were carried out in the normal course of business and on terms and conditions no more materially different from those obtainable in transactions with unrelated parties.

<i>Name of related parties</i>	<i>Type of transaction</i>	<i>3 months ended</i>	
		<i>30.09.2020</i>	<i>30.09.2019</i>
		<i>RM'000</i>	<i>RM'000</i>
With companies which have common Directors with the Company and in which certain Directors of the Company have financial interests:			
Lahad Datu Tyres Sdn. Bhd.	Purchase of tyres, batteries, lubricants and general servicing	(292)	(338)
Fordeco Sdn. Bhd.	Provision of general servicing and supply of spare parts	(1,454)	(1,236)
Petrolmax Borneo Sdn. Bhd.	Purchase of diesel	(1,707)	(1,921)
Bina Segama Sdn. Bhd.	Purchase of lubricants and transportation services	(324)	(160)
Fordeco Construction Sdn. Bhd.	Construction costs/materials and hiring of machineries and equipments	(865)	(726)
Kwan Ah Hee & Sons Realty Sdn. Bhd.	Rental	(95)	(98)
Miyasa Sdn. Bhd.	Purchase of fresh fruit bunches	(839)	(617)
Sri Bandaran Sdn. Bhd.	Purchase of fresh fruit bunches	(143)	(72)
Fordeco Plantations Sdn. Bhd.	Purchase of fresh fruit bunches	(506)	(362)
Cindai Development Sdn. Bhd.	Purchase of fresh fruit bunches	(444)	(284)

Notes to the Condensed Consolidated Interim Financial Statements – 30 September 2020
(The figures have not been audited)

29. Group Statistics

	<i>Unit</i>	<i>Cumulative Period 3 months ended</i>	
		<i>30.09.2020</i>	<i>30.09.2019</i>
<u>PLANTATION</u>			
Oil Palm Area			
Mature	<i>hectare</i>	16,054	15,977
Immature	<i>hectare</i>	2,402	3,403
Total planted area	<i>hectare</i>	18,456	19,380
FFB			
Production	<i>tonnes</i>	75,127	61,958
Yield per mature hectare	<i>tonnes</i>	4.68	3.88
Average selling price per tonne	<i>RM</i>	425	363
<u>MILLS, REFINERY AND OLEOCHEMICAL</u>			
Extraction Rates			
Crude palm oil (CPO)	<i>%</i>	20.5	21.5
Palm kernel (PK)	<i>%</i>	4.6	5.0
Production			
Crude palm oil (CPO)	<i>tonnes</i>	25,375	23,876
Palm kernel (PK)	<i>tonnes</i>	5,677	5,569
Oleochemical products	<i>tonnes</i>	24,721	17,860
Trading			
Crude palm oil (CPO)	<i>tonnes</i>	54,189	62,536
Crude palm kernel oil (CPKO)	<i>tonnes</i>	11,999	5,500
Oleochemical products	<i>tonnes</i>	24,821	23,192
Average Selling Price (Per Tonne)			
Crude palm oil (CPO)	<i>RM per Tonne</i>	2,429	1,967
Crude palm kernel oil (CPKO)	<i>RM per Tonne</i>	2,769	2,273
Oleochemical products	<i>RM per Tonne</i>	3,004	2,423

30. Authorisation for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 November 2020.