



**Condensed Consolidated Statement of Comprehensive Income
For The Financial Period Ended 31 December 2020**

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

	Note	Individual Period		Cumulative Period	
		3 months Ended		6 months Ended	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	8	293,489	252,729	552,618	456,495
Cost of sales		(243,189)	(223,154)	(476,230)	(415,085)
Gross profit		50,300	29,575	76,388	41,410
Other items of income					
Interest income		75	142	120	342
Other operating income		4,900	2,772	13,026	4,806
Other items of expenses					
Selling expenses		(9,233)	(7,391)	(17,028)	(13,192)
Administrative expenses		(9,857)	(23,366)	(19,110)	(35,486)
Other operating expenses		(2,286)	(1,803)	(7,411)	(1,833)
Finance costs		(4,547)	(6,166)	(8,527)	(12,076)
Profit/(Loss) before tax	17	29,352	(6,237)	37,458	(16,029)
Taxation	20	(3,000)	(600)	(4,500)	(1,100)
Profit/(Loss) for the financial period		26,352	(6,837)	32,958	(17,129)
Other comprehensive income/(loss)					
Item that to be reclassified in subsequent period to profit or loss:					
Foreign currency translation		571	(1,064)	1,352	(2,853)
		571	(1,064)	1,352	(2,853)
Total comprehensive income/(loss) for the period		26,923	(7,901)	34,310	(19,982)
Income/(Loss) for the period attributable to:					
Owners of the Company		26,873	(6,229)	33,915	(16,141)
Non-controlling interests		(521)	(608)	(957)	(988)
		26,352	(6,837)	32,958	(17,129)
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		27,444	(7,293)	35,267	(18,994)
Non-controlling interests		(521)	(608)	(957)	(988)
		26,923	(7,901)	34,310	(19,982)
Earning/(Loss) per share attributable to Owners of the Company (sen):					
Basic	27 (a)	8.62	(2.00)	10.88	(5.18)

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 31 December 2020**

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

	Note	As at 31.12.2020 RM'000	As at 30.06.2020 (Audited) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	783,722	792,825
Right-of-use assets	9	798,971	803,538
Investment properties	9	47,330	47,330
		1,630,023	1,643,693
Current Assets			
Inventories		106,509	118,569
Biological assets		8,775	5,226
Trade and non-trade receivables		62,119	47,028
Derivative assets	24	-	265
Cash and cash equivalents	22	76,386	60,923
		253,789	232,011
TOTAL ASSETS		1,883,812	1,875,704
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		209,566	209,566
Other reserves		663,470	662,118
Retained earnings		287,636	253,721
		1,160,672	1,125,405
Non-controlling interests		(19,004)	(18,047)
Total equity		1,141,668	1,107,358
Non-Current Liabilities			
Loans and borrowings	23	3,166	10,365
Lease liabilities		1,350	1,789
Deferred tax liabilities		232,730	233,230
		237,246	245,384
Current Liabilities			
Loans and borrowings	23	440,014	464,728
Lease liabilities		1,218	1,278
Trade and non-trade payables		51,233	53,208
Tax payable		5,582	3,192
Derivative liabilities	24	6,851	556
		504,898	522,962
Total liabilities		742,144	768,346
TOTAL EQUITY AND LIABILITIES		1,883,812	1,875,704



Condensed Consolidated Statement of Changes in Equity
For The Financial Period Ended 31 December 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	285,565	639,899	631,367	4,193	4,339			
Loss, net of tax	-	(16,141)	-	-	-	-	(16,141)	(988)	(17,129)
Other comprehensive loss									
Foreign currency translation	-	-	(2,853)	-	-	(2,853)	(2,853)	-	(2,853)
	-	-	(2,853)	-	-	(2,853)	(2,853)	-	(2,853)
Total comprehensive loss	-	(16,141)	(2,853)	-	-	(2,853)	(18,994)	(988)	(19,982)
At 31 December 2019	209,566	269,424	637,046	631,367	4,193	1,486	1,116,036	(17,645)	1,098,391
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	-	33,915	-	-	-	-	33,915	(957)	32,958
Other comprehensive income									
Foreign currency translation	-	-	1,352	-	-	1,352	1,352	-	1,352
	-	-	1,352	-	-	1,352	1,352	-	1,352
Total comprehensive income/(loss)	-	33,915	1,352	-	-	1,352	35,267	(957)	34,310
At 31 December 2020	209,566	287,636	663,470	654,967	-	8,503	1,160,672	(19,004)	1,141,668

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 31 December 2020**

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



	6 months Ended	
	31.12.2020 RM'000	31.12.2019 RM'000
OPERATING ACTIVITIES		
Profit/(Loss) before tax	37,458	(16,029)
Adjustments for:		
Depreciation of right-of-use assets, property, plant and equipment	29,747	37,930
Fair value loss on derivative financial instruments	6,560	1,833
Fair value gain on biological assets	(3,549)	(2,477)
Gain on disposal of property, plant and equipment	(101)	-
Provision for loss in litigation	-	10,227
Inventories written off	1	-
Property, plant and equipment written off	20	-
Unrealised (gain)/loss on foreign exchange	(4,472)	3,931
Interest expense	8,527	12,076
Interest income	(120)	(342)
Total adjustments	36,613	63,178
Operating cash flows before working capital changes	74,071	47,149
Changes in working capital:		
Change in inventories	12,059	(33,354)
Change in receivables	(11,552)	(14,870)
Change in payables	(1,975)	(3,475)
Total changes in working capital	(1,468)	(51,699)
Cash flows generated from operations	72,603	(4,550)
Interest paid	(8,527)	(12,076)
Income tax paid	(3,104)	(2,446)
Income tax refund	494	-
Net cash flows generated from/(used in) operating activities	61,466	(19,072)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(17,810)	(11,778)
Proceeds from disposal of property, plant and equipment	135	-
Interest received	120	342
Net cash flows used in investing activities	(17,555)	(11,436)
FINANCING ACTIVITIES		
Drawdown of bankers' acceptances	601,053	330,493
Drawdown of revolving credits	1,414,900	1,473,500
Repayment of revolving credits	(1,446,146)	(1,489,200)
Repayment of term loans	(7,200)	(9,613)
Repayment of bankers' acceptances	(593,587)	(275,550)
Payment of lease liabilities	(690)	(306)
Net cash flows (used in)/from financing activities	(31,670)	29,324
Net change in cash and cash equivalents	12,241	(1,184)
Effect of exchange rate differences	3,222	3,997
Cash and cash equivalents at beginning of financial period	60,923	39,727
Cash and cash equivalents at end of financial period (Note 22)	76,386	42,540

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 – 31 December 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 31 December 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 – 31 December 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>31.12.20</i>	<i>31.12.19</i>	<i>31.12.20</i>	<i>31.12.19</i>	<i>31.12.20</i>	<i>31.12.19</i>	<i>31.12.20</i>	<i>31.12.19</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 31 December (Individual Period)								
Revenue								
External sales	189,360	168,055	104,129	84,674	-	-	293,489	252,729
Results								
Interest income	48	135	27	7	-	-	75	142
Depreciation	(12,718)	(16,956)	(2,013)	(1,825)	(149)	(211)	(14,880)	(18,992)
Segment profit/(loss) before tax	12,900	1,369	16,623	(7,359)	(171)	(247)	29,352	(6,237)
Reconciliation								
Segment profit/(loss) before tax	12,900	1,369	16,623	(7,359)	(171)	(247)	29,352	(6,237)
Depreciation of property, plant and equipment and right-of-use assets	12,718	16,956	2,013	1,825	149	211	14,880	18,992
Fair value loss on derivatives	1,435	2,409	-	-	-	-	1,435	2,409
Fair value gain on biological assets	(2,091)	(2,507)	-	-	-	-	(2,091)	(2,507)
Provision for loss in litigation	-	-	-	10,227	-	-	-	10,227
Inventory written off	1	-	-	-	-	-	1	-
Property, plant and equipment written off	-	-	20	-	-	-	20	-
Unrealised foreign exchange (gain)/loss	(1,254)	1,655	-	-	-	-	(1,254)	1,655
Total	10,809	18,513	2,033	12,052	149	211	12,991	30,776
Segment profit/(loss) excluding non-cash and provisional items	23,709	19,882	18,656	4,693	(22)	(36)	42,343	24,539

Notes to the Condensed Consolidated Interim Financial Statements – 31 December 2020
(The figures have not been audited)

8. Segmental Information (continued)

	<i>Oil palm plantations and palm products</i>		<i>Oleochemical products</i>		<i>Other operating segments</i>		<i>Per consolidated financial statements</i>	
	<i>31.12.20 RM'000</i>	<i>31.12.19 RM'000</i>	<i>31.12.20 RM'000</i>	<i>31.12.19 RM'000</i>	<i>31.12.20 RM'000</i>	<i>31.12.19 RM'000</i>	<i>31.12.20 RM'000</i>	<i>31.12.19 RM'000</i>
6 months ended 31 December (Cumulative Period)								
Revenue								
External sales	373,739	313,684	178,879	142,811	-	-	552,618	456,495
Results								
Interest income	90	329	30	13	-	-	120	342
Depreciation	(25,399)	(33,780)	(3,987)	(3,727)	(361)	(423)	(29,747)	(37,930)
Segment profit/(loss) before tax	19,204	(6,697)	18,661	(8,868)	(407)	(464)	37,458	(16,029)
Reconciliation								
Segment profit/(loss) before tax	19,204	(6,697)	18,661	(8,868)	(407)	(464)	37,458	(16,029)
Depreciation of property, plant and equipment and right-of-use assets	25,399	33,780	3,987	3,727	361	423	29,747	37,930
Fair value loss on derivatives	6,560	1,833	-	-	-	-	6,560	1,833
Fair value gain on biological assets	(3,549)	(2,477)	-	-	-	-	(3,549)	(2,477)
Gain on disposal of property, plant and equipment	(101)	-	-	-	-	-	(101)	-
Provision for loss in litigation	-	-	-	10,227	-	-	-	10,227
Inventory written off	1	-	-	-	-	-	1	-
Property, plant and equipment written off	-	-	20	-	-	-	20	-
Unrealised foreign exchange (gain)/loss	(4,472)	3,931	-	-	-	-	(4,472)	3,931
Total	23,838	37,067	4,007	13,954	361	423	28,206	51,444
Segment profit/(loss) excluding non-cash and provisional items	43,042	30,370	22,668	5,086	(46)	(41)	65,664	35,415

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 31 December 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 31 December 2020 is as follows:

	<i>RM'000</i>
Approved and contracted for	<u><u>2,588</u></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 31 December 2020 amounted to approximately RM331 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

For the six month ended 31 December 2020, the Group has recorded a revenue of RM552.6 million (Q2 YTD FY2020: RM456.5 million) and a profit before taxation of RM37.4 million, representing a significant improvement of 333% from a loss before taxation of RM16.0 million in previous corresponding period. 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 68% of the Group's total revenue in the current financial period. Revenue from this segment increased by RM60.1 million to RM373.7 million in the current financial period (Q2 YTD FY2020: RM313.6 million). This resulted in profit before taxation of RM19.2 million being achieved as compared to a loss before taxation of RM6.7 million in previous corresponding period.

The higher revenue which was contributed by sales of CPO and CPKO. This was attributed to higher average unit selling price of CPO and CPKO realised at RM2,671 per MT and RM2,974 per MT respectively in Q2 YTD FY2021 compared to RM2,098 per MT and RM2,555 per MT respectively in Q2 YTD FY2020. However, CPO sales recorded lower volume of 105,853 MT in Q2 YTD FY2021 (Q2 YTD FY2020: 122,063 MT) because of lower production level. On the other hand, CPKO sales recorded higher volume of 18,998 MT in Q2 YTD FY2021 as compared to 13,500 MT in Q2 YTD FY2020.

In the current financial period, this segment has incurred RM25.4 million in depreciation of right-of-use assets, property, plant and equipment and, RM6.5 million loss from fair value of derivatives financial instruments mainly from commodity swap contracts. Lower finance cost of RM8.5 million in the current financial period as compared to RM12.1 million in previous corresponding period, this was 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 RM43.0 million in the current financial period (Q2 YTD FY2020: RM30.4 million), representing an improvement of 42%.

Oleochemical products

Oleochemical products segment remains significant to the Group contributing approximately 32% of the Group's total revenue in the current financial period. Revenue increased by 25% to RM178.9 million in Q2 YTD FY2021 (Q2 YTD FY2020: RM142.8 million). This was mainly due to increase production and trading of Oleochemical products, a result of higher volume traded which reached 53,213 MT in Q2 YTD FY2021 (Q2 YTD FY2020: 53,420 MT) and higher selling price averaging around RM3,350 per MT in Q2 YTD FY2021 compared to RM2,599 per MT in Q2 YTD FY2020.

In the current financial period, this segment achieved profit before taxation of RM18.7 million compared to loss before taxation of RM8.9 million in previous corresponding period. As shown in Note 8, after excluding non-cash item such as depreciation of property, plant and equipment of RM4.0 million, this segment would have achieved an underlying operating profit of RM22.7 million (Q2 YTD FY2020: RM5.1 million).

Other operating segments

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

Notes to the Condensed Consolidated Interim Financial Statements – 31 December 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 31.12.2020 RM'000	<i>Immediate Preceding Quarter</i> 3 months ended 30.09.2020 RM'000	<i>Changes (Amount)</i> RM'000	<i>Changes (%)</i>
Revenue	293,489	259,129	34,360	+13.26%
Profit before interest and tax	33,899	12,086	21,813	+180.48%
Profit before tax	29,352	8,106	21,246	+262.10%
Profit after tax	26,923	6,606	20,317	+307.55%

The Group achieved a profit before tax of RM29.3 million in the current quarter (Q1 FY2021: RM8.1 million), mainly due to the higher CPO price and overall higher trading volumes.

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> 6 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment and right-of-use assets	(14,880)	(18,992)	(29,747)	(37,930)
Fair value loss on derivative financial instruments	(1,435)	(2,409)	(6,560)	(1,833)
Fair value gain on biological assets	2,091	2,507	3,549	2,477
Unrealised gain/(loss) on foreign exchange	1,254	(1,655)	4,472	(3,931)
Realised (loss)/gain on foreign exchange	(843)	(1,129)	1,215	(1,956)
Gain on disposal of property, plant and equipment	-	-	101	-
Provision for loss in litigation	-	(10,227)	-	(10,227)
Property, plant and equipment written off	(20)	-	(20)	-

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 February 2021 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 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 in oleochemical productions and achieving profit before tax in the current quarter from a loss position in the previous corresponding quarter, and the segment had contributed 43% of the Group’s total profit before tax. The Management will continue its effort to improve the factory efficiency and to be more competitive in the pricing of its products.

The Management is cautiously optimistic that the positive outlook will contribute to a satisfactory financial performance for FY2021. It remains 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>6 months ended</i>	
	<i>31.12.2020</i>	<i>31.12.2019</i>	<i>31.12.2020</i>	<i>31.12.2019</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	3,000	600	5,000	1,600
Reversal of deferred tax	-	-	(500)	(500)
Total income tax expense	3,000	600	4,500	1,100

The effective tax rate for the current quarter was lower than the statutory income tax rate of 24% (Q2 YTD FY2020: 24%) principally due to non-taxable income from overseas subsidiaries. The reversal of deferred tax in the current financial period 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 – 31 December 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 approving the Proposed SCR and the resolution set out in the notice of EGM was duly passed by shareholders by way of poll.

On 27 January 2021, the Company filed the petition to the High Court to obtain an order by the High Court confirming the reduction of the issued share capital of the Company in accordance with Section 116 of the Act to give effect to the Proposed SCR. The date of hearing is fixed on 1 March 2021.

There are no other corporate proposals announced but not completed as at 26 February 2021.

22. Cash and Cash Equivalents

	<i>As at 31.12.2020 RM’000</i>	<i>As at 30.06.2020 (Audited) RM’000</i>
Cash and bank balances	64,594	54,223
Short-term deposits with licensed banks	11,792	6,700
Cash and cash equivalents	76,386	60,923

23. Loans and borrowings

	<i>As at 31.12.2020</i>			<i>As at 30.06.2020 (Audited)</i>		
	<i>Denominated in foreign currency RM’000</i>	<i>Denominated in RM RM’000</i>	<i>Total RM’000</i>	<i>Denominated in foreign currency RM’000</i>	<i>Denominated in RM RM’000</i>	<i>Total RM’000</i>
<u>Long term</u>						
Secured						
Term loan	-	3,166	3,166	-	10,365	10,365
Total	-	3,166	3,166	-	10,365	10,365
<u>Short term</u>						
Secured						
Term loan	-	14,400	14,400	-	14,400	14,400
Bankers’ acceptance	48,115	151,099	199,214	30,449	162,233	192,682
Revolving credits	-	226,400	226,400	-	257,646	257,646
Total	48,115	391,899	440,014	30,449	434,279	464,728
Total borrowings	48,115	395,065	443,180	30,449	444,644	475,093



Notes to the Condensed Consolidated Interim Financial Statements – 31 December 2020

(The figures have not been audited)

24. Derivative Asset/(Liabilities)

As at 31 December 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	1,116	851
ii) Commodity Swap Contracts - Less than 1 year	(7,967)	(7,411)
Net Total	(6,851)	(6,560)

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 31 December 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.

The High Court had on 21 December 2017 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. The Court of Appeal had on 18 June 2020 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 to appeal in the Federal Court in respect of the above claim and on 12 November 2020, the Appellant filed a Notice of Motion to the Federal Court. The Federal Court had unanimously dismissed the Appellant's application for leave to proceed with appeal to the Federal Court on 15 February 2021 and cost of RM20,000 was awarded to the Respondent.

25. Material Litigation (continued)

b) Shanghai Hengtong

The 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 (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 Shanghai Pudong New Area People's Court ("the Court") had on 24 October 2019 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 RMB121,642) shall be borne by DMPI. DMPI had on 18 December 2019 filed an appeal to Shanghai No. 1 Intermediate Court ("the Intermediate Court") to revoke the entire judgement 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 judgement 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 judgement on 24 October 2019. DMPI lost the appeal and had fully settled the litigation sum of RMB24,436,767 to SHT, as well as the Court's costs and charges of RMB293,901 (equivalent to approximately RM15,220,000).

DMPI 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. However on 24 November 2020, the Higher Court of Shanghai turned down the application for retrial submitted by DMPI.

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 of 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 on the plantation land and oil palm nursery development on 29 April 2019. Due to the Movement Control Order ("MCO"), the date of hearing of the case which was originally fixed on April 2020 was postponed and the 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 31 December 2020.

Notes to the Condensed Consolidated Interim Financial Statements – 31 December 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>6 months ended</i>	
	<i>31.12.2020</i>	<i>31.12.2019</i>	<i>31.12.2020</i>	<i>31.12.2019</i>
Profit/(Loss) for the period attributable to Owners of the Company (RM'000)	26,873	(6,229)	33,915	(16,141)
Weighted average number of ordinary shares in issue ('000)	311,678	311,678	311,678	311,678
Basic earning/(loss) per share (sen)	8.62	(2.00)	10.88	(5.18)

(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>6 months ended</i>	
		<i>31.12.2020</i>	<i>31.12.2019</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	(610)	(643)
Fordeco Sdn. Bhd.	Provision of general servicing and supply of spare parts	(2,912)	(2,519)
Petrolmax Borneo Sdn. Bhd.	Purchase of diesel	(3,466)	(4,066)
Bina Segama Sdn. Bhd.	Purchase of lubricants and transportation services	(666)	(350)
Fordeco Construction Sdn. Bhd.	Construction costs/materials and hiring of machineries and equipments	(1,729)	(1,717)
Kwan Ah Hee & Sons Realty Sdn. Bhd.	Rental	(181)	(186)
Miyasa Sdn. Bhd.	Purchase of fresh fruit bunches	(1,973)	(1,509)
Sri Bandaran Sdn. Bhd.	Purchase of fresh fruit bunches	(467)	(186)
Fordeco Plantations Sdn. Bhd.	Purchase of fresh fruit bunches	(1,499)	(875)
Cindai Development Sdn. Bhd.	Purchase of fresh fruit bunches	(1,004)	(691)

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 (The figures have not been audited)

29. Group Statistics

	<i>Unit</i>	<i>Cumulative Period</i>	
		<i>31.12.2020</i>	<i>31.12.2019</i>
<u>PLANTATION</u>			
Oil Palm Area			
Mature	<i>hectare</i>	14,956	16,061
Immature	<i>hectare</i>	3,518	3,294
Total planted area	<i>hectare</i>	18,474	19,355
FFB			
Production	<i>tonnes</i>	144,293	132,049
Yield per mature hectare	<i>tonnes</i>	9.65	8.22
Average selling price per tonne	<i>RM</i>	467	407
<u>MILLS, REFINERY AND OLEOCHEMICAL</u>			
Extraction Rates			
Crude palm oil (CPO)	<i>%</i>	21.10	21.13
Palm kernel (PK)	<i>%</i>	4.71	4.89
Production			
Crude palm oil (CPO)	<i>tonnes</i>	53,099	49,060
Palm kernel (PK)	<i>tonnes</i>	11,850	11,348
Oleochemical products	<i>tonnes</i>	52,342	47,608
Trading			
Crude palm oil (CPO)	<i>tonnes</i>	105,853	122,063
Crude palm kernel oil (CPKO)	<i>tonnes</i>	18,998	13,500
Oleochemical products	<i>tonnes</i>	53,213	53,420
Average Selling Price (Per Tonne)			
Crude palm oil (CPO)	<i>RM per Tonne</i>	2,671	2,098
Crude palm kernel oil (CPKO)	<i>RM per Tonne</i>	2,974	2,475
Oleochemical products	<i>RM per Tonne</i>	3,350	2,599

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 26 February 2021.