

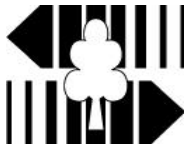


**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**  
**For the period ended 31 July 2020**

	(UNAUDITED)	(AUDITED)	(UNAUDITED)	(AUDITED)
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2019 RM'000	CURRENT YEAR TO DATE 31/07/2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2019 RM'000
Revenue	71,650	72,222	329,349	314,569
Cost of sales	(63,929)	(62,600)	(274,894)	(278,236)
<b>Gross Profit</b>	7,721	9,622	54,455	36,333
Other income	10,781	14,799	32,882	37,050
Administrative expenses	(8,315)	(9,478)	(29,290)	(37,248)
Selling and distribution expenses	(10,693)	(11,813)	(42,513)	(43,250)
Other expenses	(8,367)	(3,316)	(8,367)	(3,316)
Finance costs	(4,004)	(4,246)	(18,902)	(17,882)
<b>Loss before taxation</b>	(12,877)	(4,432)	(11,735)	(28,313)
Income tax expenses	(13,608)	(11,560)	(12,853)	(7,527)
<b>Loss after taxation</b>	(26,485)	(15,992)	(24,588)	(35,840)
<b>Other Comprehensive Income</b>				
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Fair value changes of equity investments	722	(3,240)	5,056	(6,739)
<b>Total comprehensive income for the period</b>	(25,763)	(19,232)	(19,532)	(42,579)
<b>Loss after taxation attributable to:</b>				
Owners of the Company	(26,340)	(16,337)	(24,656)	(35,796)
Non-controlling interests	(145)	345	68	(44)
	(26,485)	(15,992)	(24,588)	(35,840)
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(25,618)	(19,577)	(19,600)	(42,535)
Non-controlling interests	(145)	345	68	(44)
	(25,763)	(19,232)	(19,532)	(42,579)
	Sen	Sen	Sen	Sen
<b>Loss per share:</b>				
- Basic	(14.00)	(8.68)	(13.11)	(19.03)
- Diluted	N/A	N/A	N/A	N/A

Note: N/A: Not Applicable

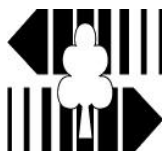
The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 July 2019 and the accompanying explanatory notes attached to the quarterly report.



**Condensed Consolidated Statements of Financial Position**

**As at 31 July 2020**

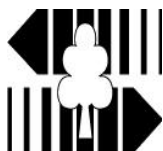
	(UNAUDITED) AS AT END OF CURRENT QUARTER 31/07/2020 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/07/2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,007,772	1,003,081
Right-of-use assets	1,165	-
Investment properties	148,830	147,094
Land held for property development	6,631	6,628
Intangible assets	20,475	20,944
Biological assets	69,995	56,991
Investment securities	7,949	15,583
Goodwill	2,720	2,720
Long-term receivable	2,348	2,117
Deferred tax assets	-	6,554
	1,267,885	1,261,712
<b>Current assets</b>		
Inventories	94,222	119,084
Biological assets	5,317	2,776
Trade receivables	30,867	29,252
Other receivables, deposits and prepayments	13,115	37,027
Current tax assets	1,824	4,938
Deposits with licensed banks	1,088	4,721
Cash and bank balances	3,946	6,604
	150,379	204,402
<b>TOTAL ASSETS</b>	1,418,264	1,466,114
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	268,680	268,680
Treasury shares	(55,166)	(55,172)
Reserves	322,717	342,317
Equity attributable to owners of the Company	536,231	555,825
Non-controlling interests	4,831	4,763
<b>Total equity</b>	541,062	560,588
<b>Non-current liabilities</b>		
Bank borrowings	238,878	229,202
Lease liabilities	863	-
Deferred tax liabilities	37,348	35,079
	277,089	264,281
<b>Current liabilities</b>		
Trade payables	102,829	106,912
Other payables, deposits and accruals	24,077	35,981
Bank borrowings	471,100	498,056
Lease liabilities	330	-
Current tax liabilities	1,777	296
	600,113	641,245
<b>Total liabilities</b>	877,202	905,526
<b>TOTAL EQUITY AND LIABILITIES</b>	1,418,264	1,466,114
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	2.88	2.98
Number of shares net of treasury shares ('000)	188,121	188,108



**Condensed Consolidated Statements of Changes in Equity**  
**For the period ended 31 July 2020**

	<u>Share Capital</u> RM'000	<u>Treasury Shares</u> RM'000	<u>Non- distributable Fair Value Reserves</u> RM'000	<u>Distributable Retained Profits</u> RM'000	<u>Attributable to Owners of the Company</u> RM'000	<u>Non- controlling Interests</u> RM'000	<u>Total Equity</u> RM'000
Twelve Months Ended 31 July 2020							
Balance as at 1 August 2019	268,680	(55,172)	(42,583)	384,900	555,825	4,763	560,588
Profit/(Loss) after tax for the financial period	-	-	-	(24,656)	(24,656)	68	(24,588)
Other comprehensive income:- - Fair value changes of equity investments	-	-	5,056	-	5,056	-	5,056
Total comprehensive income	-	-	5,056	(24,656)	(19,600)	68	(19,532)
Contributions by and distributions to owners of the Company:- - Purchase of treasury shares - Sale of treasury shares	-	(2)	-	-	(2)	-	(2)
	-	8	-	-	8	-	8
Transactions with owners	-	6	-	-	6	-	6
Balance as at 31 July 2020	<u>268,680</u>	<u>(55,166)</u>	<u>(37,527)</u>	<u>360,244</u>	<u>536,231</u>	<u>4,831</u>	<u>541,062</u>

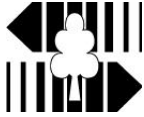
The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2019 and the accompanying explanatory notes attached to the quarterly report.



**Condensed Consolidated Statements of Changes in Equity**  
**For the period ended 31 July 2019**

	<u>Share Capital</u> RM'000	<u>Treasury Shares</u> RM'000	<u>Non- distributable Fair Value Reserves</u> RM'000	<u>Distributable Retained Profits</u> RM'000	<u>Attributable to Owners of the Company</u> RM'000	<u>Non- controlling Interests</u> RM'000	<u>Total Equity</u> RM'000
Twelve Months Ended 31 July 2019							
Balance as at 1 August 2018	268,680	(55,166)	(35,844)	420,696	598,366	3,807	602,173
Loss after tax for the financial period	-	-	-	(35,796)	(35,796)	(44)	(35,840)
Other comprehensive income:- - Fair value changes of equity investments	-	-	(6,739)	-	(6,739)	-	(6,739)
Total comprehensive income	-	-	(6,739)	(35,796)	(42,535)	(44)	(42,579)
Contributions by and distributions to owners of the Company:- - Purchase of treasury shares - Sale of treasury shares - Additional investments in an existing subsidiary by non-controlling interests	-	(8) 2 -	- - -	- - -	(8) 2 -	- - 1,000	(8) 2 1,000
Transactions with owners	-	(6)	-	-	(6)	1,000	994
Balance as at 31 July 2019	<u>268,680</u>	<u>(55,172)</u>	<u>(42,583)</u>	<u>384,900</u>	<u>555,825</u>	<u>4,763</u>	<u>560,588</u>

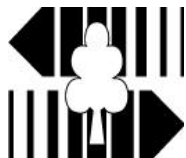
The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2019 and the accompanying explanatory notes attached to the quarterly report.



**Condensed Consolidated Statements of Cash Flows**  
**For the period ended 31 July 2020**

	(UNAUDITED) CURRENT YEAR-TO-DATE 31/07/2020 RM'000	(AUDITED) CORRESPONDING YEAR-TO-DATE 31/07/2019 RM'000
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(11,735)	(28,313)
Adjustments for :		
Allowance for slow-moving inventories	664	2,492
Amortisation of intangible assets	469	21
Depreciation of property, plant and equipment	49,579	43,130
Depreciation of right-to-use assets	1,162	-
Dividend income	(29)	(17)
Fair value gain on investment securities	(8)	(14)
Fair value gain on investment properties	(1,736)	(12,246)
Fair value change in biological assets	(10,241)	(8,793)
Impairment of property, plant and equipment	3,214	-
Impairment loss on trade and other receivables	8,367	3,316
Interest expense	18,275	17,882
Interest expense arising from lease liabilities	627	-
Interest income	(441)	(258)
Gain on disposal of property, plant and equipment	(4,458)	(10,812)
Property, plant and equipment written off	119	66
Unrealised loss on foreign exchange	131	163
Write-down of inventories	3,922	10,898
Operating profit before working capital changes	57,881	17,515
Changes in working capital :		
Decrease/(increase) in inventories	20,564	(22,043)
Decrease in trade and other receivables	13,569	57,297
(Decrease)/increase in trade and other payables	(15,987)	10,448
Cash from operations	76,027	63,217
Taxes paid, net of refund	563	(7,541)
Interest paid	(13,275)	(22,518)
Interest received	441	258
Net cash from operating activities	63,756	33,416
<b>Cash Flows for Investing Activities</b>		
Additional investments in existing subsidiaries by non-controlling interests	-	250
Costs incurred on biological assets	(5,303)	(2,238)
Dividend received	14	17
Proceeds from disposal of investment securities	12,712	3,027
Proceeds from disposal of property, plant and equipment	6,507	26,410
Purchase of investment securities	-	(14)
Purchase of intangible assets	-	(20,983)
Purchase of land held for property development	(3)	-
Purchase of property, plant and equipment	(52,906)	(200,639)
Net cash for investing activities	(38,979)	(194,170)
<b>Cash Flows (for)/from Financing Activities</b>		
Net of drawdown/(repayment) of bankers' acceptance	4,571	18,360
Net of drawdown/(repayment) of revolving credit	(23,850)	10,200
Drawdown of term loans	9,599	166,891
Payment of interests on long-term borrowings	(13,794)	(11,789)
Repayment of term loans	(16,353)	(14,968)
Purchase of treasury shares	(2)	(8)
Proceed from disposal of treasury shares	8	2
Drawdown of hire purchase obligations	16,190	-
Repayment of hire purchase obligations	(9,478)	(7,504)
Net cash (for)/from financing activities	(33,109)	161,184
<b>Net change in cash and cash equivalents</b>	(8,332)	430
Effects of exchange rate changes on cash and cash equivalents	-	(14)
<b>Cash and cash equivalents at beginning of period</b>	10,737	10,321
<b>Cash and cash equivalents at end of period</b>	2,405	10,737
Cash and cash equivalents included in the Condensed Consolidated Statements of Cash Flows comprise:-		
Cash and bank balances	3,946	6,604
Deposits with licensed banks	1,088	4,721
Bank overdrafts	(2,629)	(588)
	2,405	10,737

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 July 2019 and the accompanying explanatory notes attached to the quarterly financial report.



**NOTES :**

**Note 1 Basis of Preparation**

The quarterly report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The quarterly report should be read in conjunction with the Group’s audited financial statements for the year ended 31 July 2019. These explanatory notes attached to the quarterly report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 July 2019.

**Note 2 Significant Accounting Policies**

The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 July 2019, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and Issues Committee Interpretations (“IC Interpretations”) effective for financial year beginning 1 January 2019.

**(a) Changes in accounting policies**

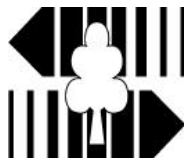
The significant accounting policies adopted in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 July 2019. On 1 August 2019, the Group adopted MFRS 16, “Leases”, which supersedes MFRS 117, “Leases”, IC Interpretation 4 “Determining whether an Arrangement contains a Lease”, IC Interpretation 115 “Operating Leases – Incentives” and IC Interpretation 127 “Evaluating the Substance of Transactions involving the Legal Form of a Lease”.

**MFRS 16, Leases:**

MFRS 16 requires lessee to recognize the right to use of the underlying asset and its corresponding lease liability reflecting future lease payment liabilities in the statement of financial position.

The Group has applied MFRS 16 using the modified retrospective approach where no restatement to prior year comparative information is required. The cumulative effect of the initial adoption of MFRS 16 is recognized as an opening balance adjustment to Right-of-use Assets and Lease Liabilities as follows:

<b>As at 1 August 2019:-</b>	<b>RM’000</b>
<b>NON-CURRENT ASSETS</b>	
Right-of-use assets	<u>1,172</u>
<b>NON-CURRENT LIABILITIES</b>	
Lease liabilities	<u>932</u>
<b>CURRENT LIABILITIES</b>	
Lease liabilities	<u>240</u>



**Note 2 Significant Accounting Policies (cont'd)**

**(a) Changes in accounting policies (cont'd)**

The adoption of the new/revised MFRSs, Amendments to MFRSs and IC Interpretation did not result in any material financial impact to the Group.

**(b) Standards issued but not yet effective**

The Group has not adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (MASB). The Group will adopt these amendments/standards, if applicable, when they become effective.

<b>MFRSs and/or IC Interpretations (Including the Consequential Amendments)</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**Note 3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 July 2019 was not qualified.

**Note 4 Seasonal or Cyclical factors**

Production of fresh fruit bunches ("FFB") is subject to the cropping pattern and age of the palms. The prices for the Group's products are not within the control of the Group. The timber and timber products prices are determined by the global demand and buying patterns of the buyers. The FFB prices are affected by the edible oils demand in the market.

**Note 5 Unusual Items**

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

**Note 6 Changes in Estimates**

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



## Note 7 Debt and Equity Securities

During the financial year-to-date, 5,700 shares were purchased and retained as treasury shares. The monthly breakdown of shares bought back were as follows:

Month	No. of shares	Purchase price per share		Average price per share RM	Total consideration RM
		Lowest RM	Highest RM		
September 2019	5,000	0.44	0.44	0.44	2,233
October 2019	700	0.39	0.39	0.39	304
<b>TOTAL</b>	<b>5,700</b>	<b>0.39</b>	<b>0.44</b>	<b>0.43</b>	<b>2,537</b>

During the financial year-to-date, 18,000 shares were resold in the open market. The monthly breakdown of shares resold were as follows:

Month	No. of shares	Selling price per share		Average price per share RM	Total consideration RM
		Lowest RM	Highest RM		
October 2019	9,000	0.40	0.45	0.43	3,705
November 2019	1,000	0.47	0.47	0.47	439
May 2020	8,000	0.52	0.52	0.52	4,084
<b>TOTAL</b>	<b>18,000</b>	<b>0.40</b>	<b>0.52</b>	<b>0.47</b>	<b>8,228</b>

As at 31 July 2020, the number of shares retained as treasury shares amounted to 20,879,300.

Apart from the above, there were no issuances and repayments of debt and equity securities for the period under review.

## Note 8 Dividends Paid

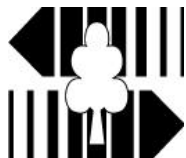
There were no dividends paid during the period under review.

## Note 9 Segmental Information

Segmental revenue and profit/(loss) before taxation for the current financial year-to-date and preceding year corresponding period by the respective operating segments as follows:

	Financial year-to-date ended			
	31.07.2020		31.07.2019	
	Revenue	Profit/(Loss) Before Tax	Revenue	Profit/(Loss) Before Tax
	RM'000	RM'000	RM'000	RM'000
Plantation	132,849	24,715	100,024	(6,991)
Timber	188,554	(28,731)	207,625	(25,151)
Others	7,946	(7,719)	6,920	3,829
	<u>329,349</u>	<u>(11,735)</u>	<u>314,569</u>	<u>(28,313)</u>





**Note 9 Segmental Information (cont'd)**

The Group is organised into business units based on their products and services provided, and has three reportable operating segments as follows:

The timber segment is involved in extraction, sale of logs, subcontractor for tree planting (reforestation), and the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger-joint moulding and charcoal for its manufacturing activities.

The plantation segment is involved in cultivation of oil palm and sale of fresh fruit bunches.

The others segment is involved in provision of towage and transportation services, insurance services, property holding and development, and manufacturing and trading of drinking water.

**Note 10 Valuations of Property, Plant and Equipment**

There has been no valuation undertaken for the Group's property, plant and equipment since the last annual financial statements.

**Note 11 Valuations of Investment Properties**

Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, tenure and market trends. The most significant input into this valuation approach is price per acre of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

There has been no valuation undertaken for the Group's investment properties since the last annual financial statements.

**Note 12 Subsequent Events**

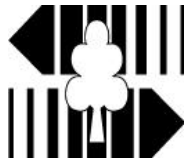
There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statement.

**Note 13 Changes in the Composition of the Group**

On 6 November 2019, Enerrich Sdn. Bhd. (formerly known as Merri Mee Sdn. Bhd.), a wholly-owned subsidiary of the Company, acquired 100% equity interest in Powerpuff Alliance Sdn. Bhd. ("PWF"), a company incorporated in Malaysia, for a total cash consideration of RM410. PWF is currently a dormant company and its intended principal activities are related to oil palm business.

**Note 14 Changes in Contingent Liabilities and Contingent Assets**

There were no material changes in the contingent liabilities or assets since the last annual reporting date.



**Note 15 Capital Commitments**

	As at 31.07.2020 RM'000	As at 31.07.2019 RM'000
Purchase of property, plant and equipment	3,166	1,576
Construction of property, plant and equipment	352	271
	3,518	1,847

**Note 16 Review of Performance**

**Comparison of Results with Previous Year Corresponding Quarter and Financial Year-to-date**

For financial year ended 31 July 2020, the Group recorded revenue growth of 5% from RM314.6 million to RM329.3 million despite marginal decrease in current quarter revenue from RM72.2 million to RM71.7 million as compared to previous year corresponding period. As for year-to-date pre-tax loss, the Group has reduced it by 59% from RM28.3 million to RM11.7 million while current quarter pre-tax loss has increased from RM4.4 million to RM12.9 million as compared to previous year corresponding period.

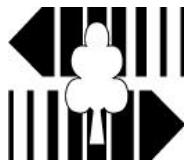
Segmental performance:

	Individual Quarter			Q-o-Q	Cumulative Quarter		
	3 months ended		%		12 months ended		Y-o-Y
	31.07.2020	31.07.2019			31.07.2020	31.07.2019	
	RM'000	RM'000	%	RM'000	RM'000	%	
<b>Revenue</b>							
Oil Palm	35,150	25,090	40%	132,849	100,024	33%	
Timber	34,933	44,816	-22%	188,554	207,625	-9%	
Others	1,567	2,316	-32%	7,946	6,920	15%	
	<b>71,650</b>	<b>72,222</b>	<b>-1%</b>	<b>329,349</b>	<b>314,569</b>	<b>5%</b>	
<b>Profit/(Loss) Before Tax</b>							
Oil Palm	6,743	(2,256)	>100%	24,715	(6,991)	>100%	
Timber	(14,667)	(796)	> -100%	(28,731)	(25,151)	-14%	
Others	(4,953)	(1,380)	> -100%	(7,719)	3,829	> -100%	
	<b>(12,877)</b>	<b>(4,432)</b>	<b>&gt; -100%</b>	<b>(11,735)</b>	<b>(28,313)</b>	<b>59%</b>	

**Oil Palm**

For quarter-on-quarter (Q-o-Q) review, revenue increased by RM10.1 million and recorded turnaround of pre-tax profit of RM6.7 million as compared to pre-tax loss of RM2.3 million, mainly contributed by:

- 18% increase in fresh fruit bunch (“FFB”) sales volume from 71,865 MT to 84,590 MT.
- 21% increase in crude palm oil (“CPO”) price from RM1,932/MT to RM2,335/MT.



## Note 16 Review of Performance (cont'd)

### Comparison of Results with Previous Year Corresponding Quarter and Financial Year-to-date (cont'd)

For year-on-year (Y-o-Y) review, revenue increased by RM32.8 million and recorded turnaround of pre-tax profit of RM24.7 million as compared to pre-tax loss of RM7.0 million, mainly contributed by:

- 16% increase in FFB sales volume from 268,377 MT to 310,423 MT.
- 19% increase in CPO price from RM1,999/MT to RM2,382/MT.

Oil Palm segment recorded a turnaround of 19% profit margin for year-to-date as compared to 7% loss margin in previous year in line with improved CPO price and continuous growth in our FFB production volume.

#### Timber

For Q-o-Q and Y-o-Y review, revenue decreased by RM9.9 million and RM19.1 million respectively, mainly due to lower average selling price of logs and plywood in line with weaker market demand arising from the Covid-19 global pandemic. However, the drop was mitigated by higher sales volume of logs.

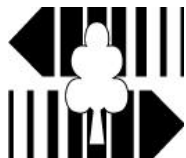
For Y-o-Y, pre-tax loss increased by 14% from RM25.2 million to RM28.7 million while Q-o-Q pre-tax loss increased from RM0.8 million to RM14.7 million mainly due to impairment losses provided on financial assets and property, plant and equipment.

## Note 17 Material Changes in Quarterly Results Compared to the Results of the Immediate Preceding Quarter

The Group reported revenue of RM71.7 million in the current quarter as compared to RM78.5 million reported in the immediate preceding quarter. The Group recorded loss before tax of RM12.9 million as compared to loss before tax of RM5.3 million in the immediate preceding quarter.

#### Segmental performance:

	<b>Current Quarter 31.07.2020 RM'000</b>	<b>Immediate Preceding Quarter 30.04.2020 RM'000</b>	<b>Changes %</b>
-			
<b><u>Revenue</u></b>			
Oil Palm	35,150	26,464	33%
Timber	34,933	49,927	-30%
Others	1,567	2,066	-24%
	<b>71,650</b>	<b>78,457</b>	<b>-9%</b>
<b><u>Profit/(Loss) Before Tax</u></b>			
Oil Palm	6,743	1,579	>100%
Timber	(14,667)	(5,745)	> -100%
Others	(4,953)	(1,149)	> -100%
	<b>(12,877)</b>	<b>(5,315)</b>	<b>&gt; -100%</b>



**Note 17 Material Changes in Quarterly Results Compared to the Results of the Immediate Preceding Quarter (cont'd)**

Oil Palm

Revenue and pre-tax profit increased by RM8.7 million and RM5.2 million respectively, mainly due to 42% increase in FFB sales volume from 59,370 MT to 84,590 MT. The significant growth in FFB sales volume was attributable to constant emphasis and implementation of good and sustainable agriculture practice by the estate management, which have resulted in higher productivity and increase in yield per hectare.

Timber

Revenue decreased by RM15.0 million, mainly due to weaker demand of timber and timber products while pre-tax loss increased from RM5.8 million to RM14.7 million mainly due to impairment losses provided on financial assets and property, plant and equipment.

**Note 18 Commentary on Prospects**

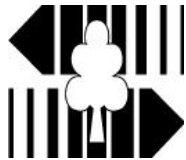
Our Oil Palm segment is expected to register higher profit margin on the back of continuous growth in our FFB production and uptrend in CPO price. Our FFB production is expected to increase in line with the peak crop season and more areas approaching maturity. CPO price is expected to be on the uptrend in tandem with recovery in market demand as more countries have gradually opened up their economies up to 90% capacity. We expect strong demand from China and India as they continue to replenish their palm oil inventories in line with re-opening of businesses and swift recovery in China's economy with positive GDP growth.

The outlook of Timber segment is more optimistic as market is gradually recovering. A decent optimism can be expected on the recovery in consumer consumption as major nations like US, China, Russia and UK are expediting their Covid-19 vaccine trials where two of the vaccine developers have reached Phase III trial. China is getting its vaccine ready for Emergency-Use phase by September 2020 before releasing it for general public use by November 2020. In addition, the Group is pleased to notify that we have achieved MTCS-PEFC Forest Management Certification for Mujong-Melinau Forest Management Unit on 24 August 2020.

Despite the uncertainty and adverse global environment arising from the on-going Covid-19 pandemic and trade war, the Group remains steadfast in constantly improving and streamlining its operation including cost rationalization initiatives. Overall, the Group is confident in managing the challenges underpinned by its commitment to review and improve the effectiveness of its strategic plans in order to deliver positive returns in the months to come.

**Note 19 Financial Estimate, Forecast, Projection or Internal Targets**

The disclosure requirements for explanatory notes on the variation of actual profit after tax and profit forecast stated in the financial estimate, forecast, projection or internal targets and shortfall in profit guarantee are not applicable.



**Note 20 Loss Before Taxation**

Loss before taxation was derived after taking into consideration of the following:

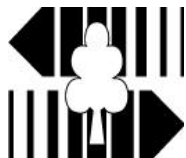
	Quarter ended		Financial year-to-date ended	
	31.07.2020	31.07.2019	31.07.2020	31.07.2019
	RM'000	RM'000	RM'000	RM'000
Allowance for slow-moving inventories	(166)	2,137	664	2,492
Amortisation of commercial rights	117	21	469	21
Depreciation of property, plant and equipment	12,600	2,029	49,579	43,130
Depreciation of right-of-use assets	1,162	-	1,162	-
Dividend income	(16)	(8)	(29)	(17)
Fair value change in biological assets	(10,634)	(7,764)	(10,241)	(8,793)
Fair value loss/(gain) on investment properties	264	(546)	(1,736)	(12,246)
Fair value gain on investment securities	(8)	(14)	(8)	(14)
Impairment of property, plant and equipment	3,214	-	3,214	-
Impairment loss on receivables	8,367	3,316	8,367	3,316
Interest expenses	3,377	4,246	18,275	17,882
Interest expenses arising from lease liabilities	627	-	627	-
Interest income	53	(16)	(441)	(258)
Gain on disposal of property, plant and equipment	(693)	(4,814)	(4,458)	(10,812)
Property, plant and equipment written off	108	(3,089)	119	66
Rental income	(143)	(430)	(543)	(826)
Write-down of inventories	4,728	10,898	3,922	10,898
Loss on foreign exchange				
- realised	260	580	1,171	1,375
- unrealised	125	257	131	163

**Note 21 Taxation**

The Group's taxation for the period under review was as follows:

	Quarter ended		Financial year-to-date ended	
	31.07.2020	31.07.2019	31.07.2020	31.07.2019
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period provision	1,716	11,034	7,068	8,595
Over provision	(3,037)	(7,556)	(3,037)	(59)
Deferred tax:				
Current period provision	14,929	3,818	8,822	(5,273)
Under provision	-	4,264	-	4,264
	<u>13,608</u>	<u>11,560</u>	<u>12,853</u>	<u>7,527</u>

Income tax expense is recognised in each quarter based on the best estimate of the weighted average annual income tax rate expected for the full financial year.



## Note 22 Status of Corporate Proposals

There were no outstanding corporate proposals that have been announced but not completed as at the date of this announcement.

## Note 23 Borrowings and Debt Securities

		As at 31.07.2020 RM'000	As at 31.07.2019 RM'000
<b>Short term borrowings:</b>			
Unsecured	- Bank overdrafts	1,876	-
	- Bankers' acceptance	71,362	60,514
	- Revolving credit	292,850	330,700
Secured	- Bank overdrafts	752	588
	- Bankers' acceptance	-	6,277
	- Hire purchase obligations	3,122	6,788
	- Revolving credit	86,000	72,000
	- Term loans	15,138	21,189
		<u>471,100</u>	<u>498,056</u>
<b>Long term borrowings:</b>			
Secured	- Term loans	215,982	216,684
	- Hire purchase obligations	22,896	12,518
		<u>238,878</u>	<u>229,202</u>
<b>Total borrowings</b>		<u>709,978</u>	<u>727,258</u>

There were no borrowings denominated in foreign currency.

## Note 24 Fair Value of Financial Liabilities

The Group has entered into forward foreign exchange contracts to limit its exposure on foreign currency receipts, when it is deemed necessary.

As at 31 July 2020, there was no outstanding foreign exchange contracts.

There was no significant change for the financial derivatives in respect of the followings since the last financial year ended 31 July 2019:

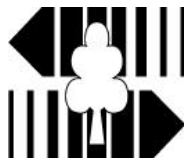
- the credit risk, market risk and liquidity risk associated with these financial derivatives;
- the cash requirements of the derivatives;
- the policies in place for mitigating or controlling the risks associated with these financial derivative; and
- the related accounting policies.

## Note 25 Profit/Loss Arising from Fair Value Changes of Financial Liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter ended 31 July 2020.

## Note 26 Changes in Material Litigation

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



**Note 27 Dividend Payable**

The Board of Directors did not declare any dividend for the quarter ended 31 July 2020 (previous corresponding period: Nil).

**Note 28 Loss Per Share**

(a) Basic loss per share

Basic loss per share is calculated by dividing the net profit or loss for the period attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	<b>Quarter ended 31.07.2020</b>	<b>Financial year-to-date ended 31.07.2020</b>
Loss for the period attributable to ordinary equity holders of the Company (RM'000)	(26,340)	(24,656)
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	188,121	188,112
Basic loss per share (Sen)	(14.00)	(13.11)

(b) Diluted earnings per share

N/A

**Note 29 Authorisation for Issue**

The quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 September 2020.