



**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**  
**Condensed Consolidated Statement of Financial Position as at 31 December 2019**  
(The figures have not been audited)

	Note	31 December 2019 RM'000	31 December 2018 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		1,043,677	1,559,560
Bearer plants		1,014,075	1,028,805
Inventories		40,521	37,483
Land use rights		-	4,996
Right-of-use assets	A1	518,967	-
Investment in a joint venture		39,879	-
Intangible assets		168,257	168,123
Derivatives	B9	-	1,952
Deferred tax assets		53,615	55,880
		2,878,991	2,856,799
<b>Current Assets</b>			
Inventories		235,182	325,228
Biological assets		18,554	8,745
Trade and other receivables		206,313	279,138
Derivatives	B9	11,383	1,593
Cash and bank balances		830,186	654,510
		1,301,618	1,269,214
<b>TOTAL ASSETS</b>		4,180,609	4,126,013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		820,091	820,085
Employee share option reserve		20,366	15,805
Other reserves		(1,855)	2,894
Retained earnings		1,365,122	1,303,852
		2,203,724	2,142,636
<b>Non-controlling interests</b>		111,871	108,194
<b>Total equity</b>		2,315,595	2,250,830

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Financial Position as at 31 December 2019 (Continued)**  
(The figures have not been audited)

	<b>Note</b>	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Non-current liabilities</b>			
Loans and borrowings	B8	801,186	756,819
Deferred tax liabilities		356,333	353,233
Government grant		16,123	14,170
Derivatives	B9	1,891	-
Lease liabilities		1,830	-
		<u>1,177,363</u>	<u>1,124,222</u>
<b>Current liabilities</b>			
Loans and borrowings	B8	435,085	515,035
Trade and other payables		215,961	233,283
Government grant		796	796
Derivatives	B9	35,271	1,847
Lease liabilities		538	-
		<u>687,651</u>	<u>750,961</u>
<b>Total liabilities</b>		<u>1,865,014</u>	<u>1,875,183</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,180,609</u>	<u>4,126,013</u>
Net assets per share attributable to owners of the Company (RM)		3.86	3.75
No. of share ('000)		570,876	570,874

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Comprehensive Income**  
**For the Twelve-Months Period Ended 31 December 2019**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 12 months ended 31 December	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Continuing Operations</b>					
Revenue		866,758	1,054,289	2,915,335	3,603,898
Cost of sales		(756,699)	(1,043,110)	(2,714,235)	(3,479,367)
<b>Gross profit</b>		110,059	11,179	201,100	124,531
Administrative expenses		(9,589)	(2,802)	(32,971)	(27,870)
Other operating (expenses)/income		(20,289)	22,486	(9,736)	52,982
<b>Operating profit</b>		80,181	30,863	158,393	149,643
Finance income		5,820	6,053	23,139	21,675
Finance costs		(12,704)	(15,368)	(54,018)	(62,321)
Share of results of a joint venture		(690)	-	(357)	-
<b>Profit before tax</b>	B5	72,607	21,548	127,157	108,997
Taxation	B6	(21,646)	(14,009)	(35,077)	(41,090)
<b>Profit for the period</b>		50,961	7,539	92,080	67,907
<b>Other comprehensive (loss)/income:</b>					
Foreign exchange translation differences for foreign operations		149	855	(1,113)	(314)
Fair value adjustment on cash flow hedge		(464)	1,312	(4,785)	1,459
Income tax relating to components of other comprehensive income		112	(315)	1,149	(350)
<b>Other comprehensive (loss)/income for the period, net of tax</b>		(203)	1,852	(4,749)	795
<b>Total comprehensive income for the period</b>		50,758	9,391	87,331	68,702
<b>Profit attributable to:</b>					
Owners of the Company		48,880	8,169	89,813	62,502
Non-controlling interests		2,081	(630)	2,267	5,405
		50,961	7,539	92,080	67,907
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		48,677	10,021	85,064	63,297
Non-controlling interests		2,081	(630)	2,267	5,405
		50,758	9,391	87,331	68,702

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Comprehensive Income**  
**For the Twelve-Months Period Ended 31 December 2019 (Continued)**  
(The figures have not been audited)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		12 months ended	
		31 December		31 December	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
<b>Earnings per share attributable to owners of the Company (Sen):</b>					
Basic	B12	<u>8.56</u>	<u>1.43</u>	<u>15.73</u>	<u>10.95</u>
Diluted	B12	<u>8.56</u>	<u>1.43</u>	<u>15.73</u>	<u>10.95</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity**  
**For the Twelve-Months Period Ended 31 December 2019**  
(The figures have not been audited)

Equity Attributable to Owners of the Company

	Equity, total	Equity attributable to owners of the Company total	Non-Distributable		Distributable		Non- controlling interests
			Share capital	Employee share option reserve	Other reserves	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2019</b>	2,250,830	2,142,636	820,085	15,805	2,894	1,303,852	108,194
<b>Total comprehensive income for the period</b>	87,331	85,064	-	-	(4,749)	89,813	2,267
<b>Transactions with owners</b>							
Dividends paid to non-controlling interests in subsidiaries	(4,680)	-	-	-	-	-	(4,680)
Dividends on ordinary shares	(28,543)	(28,543)	-	-	-	(28,543)	-
Issuance of ordinary shares:							
Pursuant to exercise of ESOS	5	5	5	-	-	-	-
Issuance of shares in a subsidiary	490	-	-	-	-	-	490
Reclassification	5,600	-	-	-	-	-	5,600
Share options granted under ESOS	4,562	4,562	-	4,562	-	-	-
Exercise of share options	-	-	1	(1)	-	-	-
<b>At 31 December 2019</b>	<u>2,315,595</u>	<u>2,203,724</u>	<u>820,091</u>	<u>20,366</u>	<u>(1,855)</u>	<u>1,365,122</u>	<u>111,871</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunctions with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity**  
**For the Twelve-Months Period Ended 31 December 2019 (Continued)**  
(The figures have not been audited)

Equity Attributable to Owners of the Company

	Equity, total	Equity attributable to owners of the Company total	Share capital	Non-Distributable Employee share option reserve	Other reserves	Distributable Retained earnings	Non- controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2018</b>	2,213,831	2,108,168	819,860	10,607	2,099	1,275,602	105,663
<b>Total comprehensive income for the period</b>	68,702	63,297	-	-	795	62,502	5,405
<b>Transactions with owners</b>							
Dividends paid to non-controlling interests in subsidiaries	(3,240)	-	-	-	-	-	(3,240)
Dividends on ordinary shares	(34,252)	(34,252)	-	-	-	(34,252)	-
Acquisition of a subsidiary	366	-	-	-	-	-	366
Issuance of ordinary shares:							
Pursuant to exercise of ESOS	202	202	202	-	-	-	-
Share options granted under ESOS	5,221	5,221	-	5,221	-	-	-
Exercise of share options	-	-	23	(23)	-	-	-
<b>At 31 December 2018</b>	<u>2,250,830</u>	<u>2,142,636</u>	<u>820,085</u>	<u>15,805</u>	<u>2,894</u>	<u>1,303,852</u>	<u>108,194</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunctions with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Cash Flows**  
**For the Twelve-Months Period Ended 31 December 2019**  
(The figures have not been audited)

	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
<b>Profit before tax</b>	127,157	108,997
Adjustments for non-cash items:		
Depreciation and amortisation	149,947	142,301
Amortisation of government grant	(796)	(796)
Share options granted under ESOS	4,562	5,221
Loss/(Gain) on disposal of property, plant and equipment	254	(349)
Gain on disposal of bearer plants	-	(46)
Property, plant and equipment written off	960	691
Bearer plants written off	50	387
Impairment loss on trade and other receivables	9	747
Derecognition of deferred tax asset	4,200	-
Inventories written down	-	554
Inventories written off	3	7
Finance income	(23,139)	(21,675)
Finance costs	54,018	62,321
Reserve on consolidation	-	(413)
Fair value changes on biological assets	(9,809)	7,236
Unrealised (gain)/loss on foreign exchange	(1,104)	2,317
Fair value changes on derivatives	22,743	4,426
Share of results of a joint venture	357	-
<b>Operating cash flows before working capital changes</b>	<b>329,412</b>	<b>311,926</b>
Decrease in inventories	87,005	49,602
Decrease in trade and other receivables	38,939	153,076
Decrease in trade and other payables	(7,962)	(65,705)
<b>Cash flows from operations</b>	<b>447,394</b>	<b>448,899</b>
Net income tax refunded/(paid)	3,270	(61,633)
<b>Net cash flows from operating activities</b>	<b>450,664</b>	<b>387,266</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Cash Flows**  
**For the Twelve-Months Period Ended 31 December 2019 (Continued)**  
(The figures have not been audited)

	<b>31 December 2019 RM'000</b>	<b>31 December 2018 RM'000</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(89,506)	(97,860)
Increase in bearer plants	(37,290)	(46,826)
Additions to land use rights	(47)	(80)
Additions to intangible assets	(134)	-
Proceeds from disposal of property, plant and equipment	1,224	710
Proceeds from disposal of bearer plants	-	65
Investment in a joint venture	(40,236)	-
Acquisition of subsidiaries, net of cash acquired	-	349
Net movement in deposit restricted in use	-	1,000
Interest received	23,139	21,675
<b>Net cash flows used in investing activities</b>	<b>(142,850)</b>	<b>(120,967)</b>
<b>Financing activities</b>		
Net movements in trade financing	(71,189)	(73,105)
Proceeds from loans and borrowings	209,370	107,132
Proceeds from issuance of shares in a subsidiary	490	-
Proceeds from exercise of ESOS	5	202
Proceeds from government grants	2,748	530
Repayment of obligations under finance leases	(8,071)	(6,092)
Repayment of loans and borrowings	(173,159)	(181,374)
Repayment of lease liabilities	(436)	-
Dividend paid	(28,543)	(34,252)
Dividend paid to non-controlling interests	(4,680)	(3,240)
Interest paid	(58,527)	(64,348)
<b>Net cash flows used in financing activities</b>	<b>(131,992)</b>	<b>(254,547)</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)





**Condensed Consolidated Statement of Cash Flows**  
**For the Twelve-Months Period Ended 31 December 2019 (Continued)**  
(The figures have not been audited)

	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net increase in cash and cash equivalents</b>	175,822	11,752
<b>Cash and cash equivalents at beginning of the financial period</b>	647,358	635,064
Effect of exchange rate changes	(745)	542
<b>Cash and cash equivalents at end of the financial period</b>	<u>822,435</u>	<u>647,358</u>
 Cash and cash equivalents at the end of the financial period comprised the following:		
Short term deposits with licensed banks	565,498	490,745
Cash in hand and at banks	264,688	163,765
Cash and bank balances	<u>830,186</u>	<u>654,510</u>
Less: Bank overdraft	(7,651)	(7,052)
Less: Short term deposit pledged as security	(100)	(100)
	<u>822,435</u>	<u>647,358</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



## **Explanatory Notes To The Interim Report – 31 December 2019**

### **A1. Accounting Policies and Basis of Preparation**

The 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 interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. These explanatory notes attached to the 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 year ended 31 December 2018.

The accounting policies used in the preparation of interim financial statements are consistent with those adopted in the audited financial statements of the Group for the year ended 31 December 2018.

On 1 January 2019, the Group adopted the following new and amended Malaysian Financial Reporting Standards ("MFRSs") mandatory for annual financial periods beginning on or after 1 January 2019.

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The adoption of the above pronouncements did not have material impact on the financial statements of the Group, except for the following:

#### **MFRS 16, Leases**

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 Property, Plant and Equipment whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.



**Explanatory Notes To The Interim Report – 31 December 2019**

**A1. Accounting Policies and Basis of Preparation (Continued)**

In accordance with the transition requirements, comparative figures are not restated. The effect of the adoption of MFRS 16 is as follows:

	As at 31 December 2018 (RM'000)	Effects on adoption of MFRS 16 (RM'000)	As at 1 January 2019 (RM'000)
<b>Non-current assets</b>			
Property, plant and equipment	1,559,560	(519,792)	1,039,768
Land use rights	4,996	(4,996)	-
Right-of-use assets	-	525,418	525,418
<b>Current liabilities</b>			
Lease liabilities	-	171	171
<b>Non-current liabilities</b>			
Lease liabilities	-	459	459

At the date of authorization of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

<b>MFRS, IC Interpretation and Amendments to IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
• Amendments to MFRS 3: Definition of a Business	01 January 2020
• Amendments to MFRS 101: Definition of Material	01 January 2020
• Amendments to MFRS 108: Definition of Material	01 January 2020
• MFRS 17: Insurance Contracts	01 January 2021
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined

**A2. Disclosure of audit report qualification and status of matters raised**

There were no qualifications in the audit report on the preceding annual financial statements.

**A3. Seasonality or cyclicity of interim operations**

The Group's performance is subjected to the cropping pattern of the palms.

**A4. Unusual Items affecting assets, liabilities, equity, net income, or cash flow**

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

**A5. Material changes in estimates**

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



**Explanatory Notes To The Interim Report – 31 December 2019**

**A6. Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale or repayment of debt and equity securities during the current quarter.

**A7. Dividends paid**

The Company has paid RM28,543,707 on 19 July 2019, being the first and final single tier dividend of 5 sen per ordinary share declared for the financial year ended 31 December 2018 and duly approved during Annual General Meeting held on 26 June 2019.

**A8. Segment Information**

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.

**Year to date ended 31 December 2019**

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	4,339,209	10,519	(1,434,393)	2,915,335
Less: Inter-segment revenue	(1,434,393)	-	1,434,393	-
Revenue from external customers	2,904,816	10,519	-	2,915,335
Finance income	33,396	163	(10,420)	23,139
Finance costs	(62,943)	(946)	9,871	(54,018)
Depreciation and amortisation	(141,873)	(346)	(7,728)	(149,947)
Profit before taxation for financial period	161,037	1,606	(35,486)	127,157

**Year to date ended 31 December 2018**

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	5,106,558	16,962	(1,519,622)	3,603,898
Less: Inter-segment revenue	(1,519,622)	-	1,519,622	-
Revenue from external customers	3,586,936	16,962	-	3,603,898
Finance income	29,877	139	(8,341)	21,675
Finance costs	(69,231)	(915)	7,825	(62,321)
Depreciation and amortisation	(135,448)	(391)	(6,462)	(142,301)
Profit before taxation for financial period	108,500	3,618	(3,121)	108,997



**Explanatory Notes To The Interim Report – 31 December 2019**

**A9. Valuation of property, plant and equipment**

There were no amendments in the valuations of property, plant and equipment brought forward from previous annual financial statements.

**A10. Material events subsequent to the end of the interim period**

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

**A11. Changes in the composition of the Group**

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period except subscription of 4,625,000 and 900,000 preference shares of USD1.00 each on 22 October 2019 and 19 December 2019 by Asia Oils Investment Pte. Ltd., a wholly owned subsidiary of Sarawak Oil Palms Berhad, in Seaworth Pte. Ltd., a joint venture company.

**A12. Changes in contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at 31 December 2019 except corporate guarantees of RM1,119.7 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM196.1 million represents the outstanding banking facilities of the subsidiaries with corporate guarantee at the end of the reporting period.

**A13. Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment and for bearer plants not provided for in the financial statements as at 31 December 2019 is as follows:-

	<b>31 December 2019</b>
	<b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	88,822
Contracted but not provided in the financial statements	23,339
	-----
	112,161
	=====
 Bearer plants	
Authorised but not contracted for	8,337
Contracted but not provided in the financial statements	11,799
	-----
	20,136
	=====



**Explanatory Notes To The Interim Report – 31 December 2019**

**B. BMSB Listing Requirements (Part A of Appendix 9B)**

**B1. Review of Group's Financial Performance**

**Financial review for current quarter and financial period to date**

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (%)	Current Year To-date	Preceding Year Corresponding Period	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018		
<b>Revenue</b>	866,758	1,054,289	(18%)	2,915,335	3,603,898	(19%)
<b>Gross Profit</b>	110,059	11,179	885%	201,100	124,531	61%
<b>Operating profit</b>	80,181	30,863	160%	158,393	149,643	6%
<b>Profit Before Tax</b>	72,607	21,548	237%	127,157	108,997	17%
<b>Profit After Tax</b>	50,961	7,539	576%	92,080	67,907	36%
<b>Profit Attributable to Ordinary Equity Holders of the Parent</b>	48,880	8,169	498%	89,813	62,502	44%

**4<sup>th</sup> Quarter FY2019 (“Q4FY2019”) vs 4<sup>th</sup> Quarter FY2018 (“Q4FY2018”)**

The Group registered a total revenue of RM866.8 million for Q4FY2019 compared with RM1,054.3 million reported in Q4FY2018, representing a decrease of 17.8%. The decrease in revenue was mainly due to lower volume of palm products transacted.

However, the Group's profit before tax for the current quarter increased to RM72.6 million compared with RM21.5 million reported in corresponding quarter last year due mainly to higher average realised prices of palm products sold.

**Current Year To Date (“4QFY2019”) vs Preceding Year To Date (“4QFY2018”)**

The Group registered a total revenue of RM2,915.3 million for the twelve months ended 31 December 2019 against RM3,603.9 million reported in the corresponding period year 2018, representing a decrease of 19.1%.

Group profit before tax for the year ended 31 December 2019 was RM127.2 million against RM108.9 million achieved during the corresponding period year 2018. The increase in profit before tax was attributed to higher margin for palm products transacted due to better efficiency.



**Explanatory Notes To The Interim Report – 31 December 2019**

**B2. Group's Financial Performance Review and Segmental Analysis**

**Financial review for current quarter compared with immediate preceding quarter**

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	RM'000	RM'000	
	31/12/2019	30/09/2019	
<b>Revenue</b>	866,758	716,312	21%
<b>Gross Profit</b>	110,059	56,538	95%
<b>Operating profit</b>	80,181	50,160	60%
<b>Profit Before Tax</b>	72,607	43,247	68%
<b>Profit After Tax</b>	50,961	32,604	56%
<b>Profit Attributable to Ordinary Equity Holders of the Parent</b>	48,880	30,909	58%

**4<sup>th</sup> Quarter FY2019 (“Q4FY2019”) vs 3<sup>rd</sup> Quarter FY2019 (“Q3FY2019”)**

The Group posted total revenue of RM866.8 million in Q4FY2019 compared with RM716.3 million reported in Q3FY2019.

The Group reported a profit before tax of RM72.6 million compared with RM43.2 million reported in Q3FY2019. This was mainly attributed to higher palm products average realised prices coupled with higher volume of palm products transacted in current quarter. For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q4FY 2019	Q3FY 2019
Palm Oil Products (RM/mt)	2,487	2,077
Palm Kernel Products (RM/mt)	1,531	1,346

**B3. Prospect**

The performance of the Group would continue to be driven by the FFB production and palm products price movement which is dependent on the world edible oil market, movement of Ringgit Malaysia and economic situation.

**B4. Variance of actual profit from forecast profit**

The disclosure requirement for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interests and for the shortfall in profit guarantee are not applicable.



**Explanatory Notes To The Interim Report – 31 December 2019**

**B5. Profit before tax**

Profit before tax is arrived at after charging/(crediting):-

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	39,716	35,566	149,947	142,301
Property, plant and equipment written off	257	618	960	691
Bearer plants written off	3	387	50	387
Loss/(Gain) on disposal of property, plant and equipment	500	(30)	254	(349)
Impairment loss on trade and other receivables	-	747	9	747
Derecognition of deferred tax asset	4,200	-	4,200	-
Inventories written down	-	554	-	554
Inventories written off	-	7	3	7
Finance income	(5,820)	(6,053)	(23,139)	(21,675)
Finance costs	12,704	15,368	54,018	62,321
Unrealised (gain)/loss on foreign exchange	(1,488)	292	(1,104)	2,317
Fair value changes on derivatives	22,963	1,343	22,743	4,426
Fair value changes on biological assets	(4,095)	7,942	(9,809)	7,236

**B6. Taxation**

Current tax expenses	10,211	4,755	32,763	34,001
Deferred tax	11,435	9,254	2,314	7,089
	<u>21,646</u>	<u>14,009</u>	<u>35,077</u>	<u>41,090</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	<u>(112)</u>	<u>315</u>	<u>(1,149)</u>	<u>350</u>

The Group's effective tax rate is higher than the prevailing corporate tax rate of 24% mainly due to certain expenditure which are non tax deductible.

**B7. Status of corporate proposal announced**

There was no corporate proposal announced that was not completed as at the date of this announcement.





**Explanatory Notes To The Interim Report – 31 December 2019**

**B8. Loans and borrowings**

	As at 4 <sup>th</sup> quarter ended 2019								
	Long term		Short term			Total borrowings			
	Denomination in		Denomination in			Denomination in			
	SGD	RM	SGD	USD	RM	SGD	USD	RM	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b><u>Secured</u></b>									
Finance leases	-	5,704	-	-	6,468	-	-	-	12,172
Revolving credits	-	-	-	-	69,500	-	-	-	69,500
Term loans	5,489	779,229	1,372	-	100,418	6,861	-	-	879,647
<b><u>Unsecured</u></b>									
Revolving credits	-	-	-	-	4,000	-	-	-	4,000
Banker acceptance	-	-	-	91,473	140,053	-	91,473	-	140,053
Bank overdraft	-	-	-	-	7,651	-	-	-	7,651
Term loans	-	10,764	-	-	14,150	-	-	-	24,914
	<u>5,489</u>	<u>795,697</u>	<u>1,372</u>	<u>91,473</u>	<u>342,240</u>	<u>6,861<sup>^</sup></u>	<u>91,473<sup>*</sup></u>	<u>-</u>	<u>1,137,937</u>

*\*USD22.35 million equivalent*

*<sup>^</sup>SGD2.26 million equivalent*



**Explanatory Notes To The Interim Report – 31 December 2019**

**B8. Loans and borrowings (Continued)**

	As at 4 <sup>th</sup> quarter ended 2018							
	Long term		Short term			Total borrowings		
	Denomination in		Denomination in			Denomination in		
	SGD	RM	SGD	USD	RM	SGD	USD	RM
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>Secured</u></b>								
Finance leases	-	6,008	-	-	6,553	-	-	12,561
Banker acceptances	-	-	-	-	1,763	-	-	1,763
Revolving credits	-	-	-	-	76,000	-	-	76,000
Term loans	6,848	719,027	1,370	-	87,534	8,218	-	806,561
<b><u>Unsecured</u></b>								
Trust receipts	-	-	-	17,630	-	-	17,630	-
Revolving credits	-	-	-	-	15,000	-	-	15,000
Banker acceptances	-	-	-	102,723	181,430	-	102,723	181,430
Bank overdraft	-	-	-	-	7,052	-	-	7,052
Term loans	-	24,936	-	-	17,980	-	-	42,916
	<u>6,848</u>	<u>749,971</u>	<u>1,370</u>	<u>120,353</u>	<u>393,312</u>	<u>8,218<sup>^</sup></u>	<u>120,353<sup>*</sup></u>	<u>1,143,283</u>

\*USD29.10 million equivalent

<sup>^</sup>SGD2.71 million equivalent



**Explanatory Notes To The Interim Report – 31 December 2019**

**B9. Derivatives**

(a) The outstanding interest rate swap (IRS) contracts as at 31 December 2019 are as follows:-

(i) Interest rate swap - designated as hedging

	Contract/Notional Value (Million)					Fair Value – assets/(liabilities) (RM'000)			
	Base Currency	<1 year	1 year to 3 years	More than 3 years	Total	<1 year	1 year to 3 years	More than 3 years	Total
Interest rate swap	RM	-	-	200	200	(1,087)	(1,743)	(148)	(2,978)

The Group uses IRS to manage part of its exposure to interest rate movements on its bank borrowings by swapping a proportion of its borrowings from floating rates to fixed rates and is designated as cash flow hedges. The fair value of IRS is measured at the present value of future cash flows estimated and discounted based on quoted interest rates. The IRS would reduce the group's cash flow exposure resulting from interest rate fluctuation. It satisfies the criteria for cash flow hedges and accordingly hedge accounting is applied.

(b) The outstanding commodity forward contracts, commodity swaps and forward currency contracts as at 31 December 2019 are as follows:-

	Contract/Notional Value (Million)					Fair Value assets/(liabilities) (RM'000)			
	Base Currency	<1 year	1 year to 3 years	More than 3 years	Total	<1 year	1 year to 3 years	More than 3 years	Total
Commodity forward contracts	RM	98	-	-	98	(9,466)	-	-	(9,466)
Commodity forward contracts	USD	109	-	-	109	(6,401)	-	-	(6,401)
Commodity swaps	RM	78	-	-	78	(9,168)	-	-	(9,168)
Forward currency contracts	USD	154	-	-	154	2,234	-	-	2,234

The Group uses commodity forward contracts, commodity swaps and forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD and RM for which firm commitments existed at the reporting date.

**B10. Changes in material litigation**

There was no new material litigation during the interim period under review.



**Explanatory Notes To The Interim Report – 31 December 2019**

**B11. Dividends**

There was no dividend declared in the current quarter and the corresponding quarter in the previous year.

**B12. Earnings per share**

*Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to owners of the Company holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	48,880	8,169	89,813	62,502
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	570,874	570,868	570,874	570,868
	Sen	Sen	Sen	Sen
Basic earnings per share	8.56	1.43	15.73	10.95

*Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	48,880	8,169	89,813	62,502
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	570,904	570,871	570,904	570,871
	Sen	Sen	Sen	Sen
Diluted earnings per share	8.56	1.43	15.73	10.95



**SARAWAK OIL PALMS BERHAD**  
(Incorporated in Malaysia – 7949-M)

**Explanatory Notes To The Interim Report – 31 December 2019**

**B13. Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2020.

*By Order of the Board*  
Eric Kiu Kwong Seng  
Company Secretary

Miri  
**28 February 2020**