



INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
Condensed Consolidated Statement of Financial Position as at 31 March 2020
(The figures have not been audited)

	Note	31 March 2020 RM'000	31 December 2019 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		1,034,437	1,043,156
Bearer plants		1,008,013	1,014,076
Inventories		40,533	41,109
Right-of-use assets	A1	517,579	519,487
Investment in a joint venture		39,879	39,879
Intangible assets		168,253	168,255
Deferred tax assets		52,481	53,185
		2,861,175	2,879,147
Current Assets			
Inventories		281,893	234,594
Biological assets		15,203	18,554
Trade and other receivables		151,231	255,477
Derivatives	B9	17,624	11,383
Cash and bank balances		834,640	783,166
		1,300,591	1,303,174
TOTAL ASSETS		4,161,766	4,182,321
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		820,204	820,091
Employee share option reserve		21,215	20,366
Other reserves		(3,245)	(1,856)
Retained earnings		1,435,966	1,364,764
		2,274,140	2,203,365
Non-controlling interests		114,846	111,740
Total equity		2,388,986	2,315,105

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



Condensed Consolidated Statement of Financial Position as at 31 March 2020 (Continued)
(The figures have not been audited)

	Note	31 March 2020 RM'000	31 December 2019 RM'000
Non-current liabilities			
Loans and borrowings	B8	793,520	801,129
Deferred tax liabilities		364,420	356,328
Government grant		16,072	16,123
Derivatives	B9	3,510	1,891
Lease liabilities		1,459	1,677
		1,178,981	1,177,148
Current liabilities			
Loans and borrowings	B8	398,954	435,143
Trade and other payables		189,321	218,168
Government grant		-	796
Derivatives	B9	4,360	35,271
Lease liabilities		1,164	690
		593,799	690,068
Total liabilities		1,772,780	1,867,216
TOTAL EQUITY AND LIABILITIES		4,161,766	4,182,321
Net assets per share attributable to owners of the Company (RM)		3.98	3.86
No. of share ('000)		570,912	570,876

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



Condensed Consolidated Statement of Comprehensive Income
For the Three-Months Period Ended 31 March 2020
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 March		CUMULATIVE QUARTER 3 months ended 31 March	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing Operations					
Revenue		518,084	742,065	518,084	742,065
Cost of sales		(444,745)	(721,450)	(444,745)	(721,450)
Gross profit		73,339	20,615	73,339	20,615
Administrative expenses		(8,241)	(7,466)	(8,241)	(7,466)
Other operating income/(expenses)		37,257	5,083	37,257	5,083
Operating profit		102,355	18,232	102,355	18,232
Finance income		6,239	5,444	6,239	5,444
Finance costs		(12,285)	(13,774)	(12,285)	(13,774)
Profit before tax	B5	96,309	9,902	96,309	9,902
Taxation	B6	(22,001)	(2,274)	(22,001)	(2,274)
Profit for the period		74,308	7,628	74,308	7,628
Other comprehensive (loss)/income:					
Foreign exchange translation differences for foreign operations		408	495	408	495
Fair value adjustment on cash flow hedge		(2,364)	(1,220)	(2,364)	(1,220)
Income tax relating to components of other comprehensive income		567	293	567	293
Other comprehensive (loss)/income for the period, net of tax		(1,389)	(432)	(1,389)	(432)
Total comprehensive income for the period		72,919	7,196	72,919	7,196
Profit attributable to:					
Owners of the Company		71,202	8,347	71,202	8,347
Non-controlling interests		3,106	(719)	3,106	(719)
		74,308	7,628	74,308	7,628
Total comprehensive income attributable to:					
Owners of the Company		69,813	7,915	69,813	7,915
Non-controlling interests		3,106	(719)	3,106	(719)
		72,919	7,196	72,919	7,196

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Comprehensive Income
For the Three-Months Period Ended 31 March 2020 (Continued)**
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 March		CUMULATIVE QUARTER 3 months ended 31 March	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Earnings per share attributable to owners of the Company (Sen):					
Basic	B12	<u>12.47</u>	<u>1.46</u>	<u>12.47</u>	<u>1.46</u>
Diluted	B12	<u>12.46</u>	<u>1.46</u>	<u>12.46</u>	<u>1.46</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period Ended 31 March 2020
(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		Distributable		Non- controlling interests
				Employee share option reserve	Other reserves	Retained earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	2,315,105	2,203,365	820,091	20,366	(1,856)	1,364,764	111,740	
Total comprehensive income for the period	72,919	69,813	-	-	(1,389)	71,202	3,106	
Transactions with owners		-						
Dividends paid to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	96	96	96	-	-	-	-	-
Issuance of shares in a subsidiary	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Share options granted under ESOS	866	866	-	866	-	-	-	-
Exercise of share options	-	-	17	(17)	-	-	-	-
At 31 March 2020	<u>2,388,986</u>	<u>2,274,140</u>	<u>820,204</u>	<u>21,215</u>	<u>(3,245)</u>	<u>1,435,966</u>	<u>114,846</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 2019 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period Ended 31 March 2020
(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		Distributable		Non- controlling interests
				Employee share option reserve	Other reserves	Retained earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	2,250,830	2,142,636	820,085	15,805	2,894	1,303,852	108,194	
Total comprehensive income for the period	86,841	84,705	-	-	(4,750)	89,455	2,136	
Transactions with owners								
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)	-	-	-	
At 31 December 2019	<u>2,315,105</u>	<u>2,203,365</u>	<u>820,091</u>	<u>20,366</u>	<u>(1,856)</u>	<u>1,364,764</u>	<u>111,740</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 2019 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period Ended 31 March 2020
(The figures have not been audited)

	31 March	31 March
	2020	2019
	RM'000	RM'000
Operating activities		
Profit before tax	96,309	9,902
Adjustments for non-cash items:		
Depreciation and amortisation	36,262	35,834
Amortisation of government grant	(847)	(199)
Share options granted under ESOS	866	1,039
(Gain)/Loss on disposal of property, plant and equipment	(147)	(27)
Property, plant and equipment written off	368	207
Finance income	(6,239)	(5,444)
Finance costs	12,285	13,774
Fair value changes on biological assets	3,351	(194)
Unrealised loss on foreign exchange	4,317	2,395
Fair value changes on derivatives	(37,900)	2,446
Operating cash flows before working capital changes	108,625	59,733
(Increase)/Decrease in inventories	(58,306)	43,084
Decrease/(Increase) in trade and other receivables	73,639	(11,580)
(Decrease)/Increase in trade and other payables	(30,566)	1,203
Cash flows from operations	93,392	92,440
Net income tax paid	(8,789)	(5,575)
Net cash flows from operating activities	84,603	86,865

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



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period Ended 31 March 2020 (Continued)
(The figures have not been audited)

	31 March 2020 RM'000	31 March 2019 RM'000
Investing activities		
Acquisition of property, plant and equipment	(12,412)	(8,087)
Increase in bearer plants	(6,961)	(17,237)
Proceeds from disposal of property, plant and equipment	107	399
Interest received	6,239	4,983
Net cash flows used in investing activities	<u>(13,027)</u>	<u>(19,942)</u>
Financing activities		
Net movements in trade financing	(53,979)	4,183
Proceeds from loans and borrowings	24,859	49,803
Proceeds from issuance of shares in a subsidiary	96	-
Repayment of obligations under finance leases	(7,784)	(1,831)
Repayment of loans and borrowings	(16,164)	(34,464)
Repayment of lease liabilities	257	-
Interest paid	(12,735)	(13,571)
Net cash flows used in financing activities	<u>(65,450)</u>	<u>4,120</u>

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



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period Ended 31 March 2020 (Continued)
(The figures have not been audited)

	31 March 2020 RM'000	31 March 2019 RM'000
Net increase in cash and cash equivalents	6,126	71,043
Cash and cash equivalents at beginning of the financial period	822,416	647,358
Effect of exchange rate changes	(1,724)	(1,952)
Cash and cash equivalents at end of the financial period	<u>826,818</u>	<u>716,449</u>
 Cash and cash equivalents at the end of the financial period comprised the following:		
Short term deposits with licensed banks	597,205	487,271
Cash in hand and at banks	237,434	236,409
Cash and bank balances	<u>834,639</u>	<u>723,680</u>
Less: Bank overdraft	(7,721)	(7,131)
Less: Short term deposit pledged as security	(100)	(100)
	<u>826,818</u>	<u>716,449</u>

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



Explanatory Notes To The Interim Report – 31 March 2020

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 2019. 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 2019.

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 2019.

On 1 January 2020, the Group adopted the following new and amended Malaysian Financial Reporting Standards (“MFRSs”) mandatory for annual financial periods beginning on or after 1 January 2020.

- 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.

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:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
• 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



Explanatory Notes To The Interim Report – 31 March 2020

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.

A6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale or repayment of debt and equity securities during the current quarter other than the listing and quotation of 35,600 shares exercised under the Employees' Share Options Scheme.

A7. Dividends paid

There was no dividend paid during interim period under review.

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 March 2020

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	895,700	3,844	(381,460)	518,084
Less: Inter-segment revenue	(381,461)	-	381,461	-
Revenue from external customers	514,239	3,844	-	518,083
Finance income	8,617	31	(2,409)	6,239
Finance costs	(14,437)	(260)	2,412	(12,285)
Depreciation and amortisation	(34,329)	(74)	(1,859)	(36,262)
Profit before taxation for financial period	93,882	1,735	692	96,309



Explanatory Notes To The Interim Report – 31 March 2020

A8. Segment Information

Year to date ended 31 March 2019

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,062,114	1,796	(321,845)	742,065
Less: Inter-segment revenue	(321,845)	-	321,845	-
Revenue from external customers	740,269	1,796	-	742,065
Finance income	7,691	45	(2,292)	5,444
Finance costs	(15,708)	(224)	2,158	(13,774)
Depreciation and amortisation	(34,315)	(94)	(1,425)	(35,834)
Profit before taxation for financial period	10,695	173	(966)	9,902

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 200,000 non-cumulative and non-convertible preference shares of USD1.00 each on 13 March 2020 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 March 2020 except corporate guarantees of RM1,119.7 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM187.8 million represents the outstanding banking facilities of the subsidiaries with corporate guarantee at the end of the reporting period.



Explanatory Notes To The Interim Report – 31 March 2020

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 March 2020 is as follows:-

	31 March 2020 RM'000
Property, plant and equipment	
Authorised but not contracted for	134,719
Contracted but not provided in the financial statements	31,440

	166,159
	=====
 Bearer plants	
Authorised but not contracted for	26,188
Contracted but not provided in the financial statements	6,276

	32,464
	=====



Explanatory Notes To The Interim Report – 31 March 2020

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	(%)
	31/03/2020	31/03/2019		31/03/2020	31/03/2019	
Revenue	518,084	742,065	(30%)	518,084	742,065	(30%)
Gross Profit	73,339	20,615	256%	73,339	20,615	256%
Operating profit	102,355	18,232	461%	102,355	18,232	461%
Profit Before Tax	96,309	9,902	873%	96,309	9,902	873%
Profit After Tax	74,308	7,628	874%	74,308	7,628	874%
Profit Attributable to Ordinary Equity Holders of the Parent	71,202	8,347	753%	71,202	8,347	753%

1st Quarter FY2020 (“Q1FY2020”) vs 1st Quarter FY2019 (“Q1FY2019”)

The Group registered a total revenue of RM518.1 million for Q1FY2020 compared with RM742.1 million reported in Q1FY2019, representing a decrease of 30%. 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 RM96.3 million compared with RM9.9 million reported in corresponding quarter last year due mainly to higher average realised prices of palm products sold and fair value gain on derivatives.



Explanatory Notes To The Interim Report – 31 March 2020

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	
	31/03/2020	31/12/2019	
Revenue	518,084	866,758	(40%)
Gross Profit	73,339	110,059	(33%)
Operating profit	102,355	80,181	28%
Profit Before Tax	96,309	72,607	33%
Profit After Tax	74,308	50,961	46%
Profit Attributable to Ordinary Equity Holders of the Parent	71,202	48,880	46%

1st Quarter FY2020 (“Q1FY2020”) vs 4th Quarter FY2019 (“Q4FY2019”)

The Group posted total revenue of RM518.1 million in Q1FY2020 compared with RM866.8 million reported in Q4FY2019.

The Group reported a profit before tax of RM96.3 million compared with RM72.6 million reported in Q4FY2019. This was mainly attributed to higher palm products average realised prices and fair value gain on derivatives in current quarter. For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q1FY 2020	Q4FY 2019
Palm Oil Products (RM/mt)	2,679	2,487
Palm Kernel Products (RM/mt)	1,869	1,531

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 March 2020

B5. Profit before tax

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

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	36,262	35,834	36,262	35,834
Property, plant and equipment written off	368	207	368	207
Gain on disposal of property, plant and equipment	(147)	(27)	(147)	(27)
Finance income	(6,239)	(5,444)	(6,239)	(5,444)
Finance costs	12,285	13,774	12,285	13,774
Unrealised loss on foreign exchange	4,317	2,395	4,317	2,395
Fair value changes on derivatives	(37,900)	2,446	(37,900)	2,446
Fair value changes on biological assets	3,351	(194)	3,351	(194)

B6. Taxation

Current tax expenses	30,797	6,681	30,797	6,681
Deferred tax	(8,796)	(4,407)	(8,796)	(4,407)
	<u>22,001</u>	<u>2,274</u>	<u>22,001</u>	<u>2,274</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	<u>(567)</u>	<u>(293)</u>	<u>(567)</u>	<u>(293)</u>

The Group's effective tax rate is lower than the prevailing corporate tax rate of 24% mainly due to lower tax rate from foreign subsidiary set-off by 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 March 2020

B8. Loans and borrowings

	As at 1 st quarter ended 2020							
	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	
<u>Secured</u>								
Finance leases	-	4,556	-	-	5,800	-	-	10,356
Banker acceptance	-	-	-	-	-	-	-	-
Revolving credits	-	-	-	-	69,500	-	-	69,500
Term loans	5,460	776,171	1,365	-	109,603	6,825	-	885,774
Revolving credits	-	-	-	-	10,000	-	-	10,000
Banker acceptance	-	-	-	80,951	99,864	-	80,951	99,864
Bank overdraft	-	-	-	-	7,721	-	-	7,721
Term loans	-	7,333	-	-	14,150	-	-	21,483
	5,460	788,060	1,365	80,951	316,638	6,825 [^]	80,951 [*]	1,104,698

**USD18.77 million equivalent*

[^]SGD2.14 million equivalent



Explanatory Notes To The Interim Report – 31 March 2020

B8. Loans and borrowings (Continued)

	As at 1 st 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	
<u>Secured</u>								
Finance leases	-	5,449	-	-	6,445	-	-	11,894
Banker acceptances	-	-	-	-	-	-	-	-
Revolving credits	-	-	-	-	56,000	-	-	56,000
Term loans	6,451	743,830	1,357	-	109,451	7,808	-	853,281
<u>Unsecured</u>								
Trust receipts	-	-	-	20,529	-	-	20,529	-
Revolving credits	-	-	-	-	10,000	-	-	10,000
Banker acceptances	-	-	-	122,202	165,097	-	122,202	165,097
Bank overdraft	-	-	-	-	7,131	-	-	7,131
Term loans	-	20,935	-	-	15,943	-	-	36,878
	<u>6,451</u>	<u>770,214</u>	<u>1,357</u>	<u>142,731</u>	<u>370,067</u>	<u>7,808[^]</u>	<u>142,731[*]</u>	<u>1,140,281</u>

**USD34.94 million equivalent*

[^]SGD2.59 million equivalent



Explanatory Notes To The Interim Report – 31 March 2020

B9. Derivatives

(a) The outstanding interest rate swap (IRS) contracts as at 31 March 2020 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	(1,831)	(3,315)	(195)	(5,341)

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 March 2020 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	13	-	-	13	(298)	-	-	(298)
Commodity forward contracts	USD	115	-	-	115	5,120	-	-	5,120
Forward currency contracts	USD	184	-	-	184	277	-	-	277
Commodity swaps	RM	78	-	-	78	9,996	-	-	9,996

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 March 2020

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		3 months ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	71,202	8,347	71,202	8,347
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	570,904	570,874	570,904	570,874
	Sen	Sen	Sen	Sen
Basic earnings per share	12.47	1.46	12.47	1.46

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		3 months ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	71,202	8,347	71,202	8,347
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	571,083	570,874	571,083	570,874
	Sen	Sen	Sen	Sen
Diluted earnings per share	12.46	1.46	12.46	1.46



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

Explanatory Notes To The Interim Report – 31 March 2020

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 22 May 2020.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary

Miri
22 May 2020