



INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
Condensed Consolidated Statement of Financial Position as at 30 June 2020
(The figures have not been audited)

	Note	30 June 2020 RM'000	31 December 2019 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		1,030,900	1,043,156
Bearer plants		1,001,605	1,014,076
Inventories		40,550	41,109
Right-of-use assets		515,193	519,487
Investment in a joint venture		39,476	39,879
Intangible assets		168,253	168,255
Deferred tax assets		51,814	53,185
		2,847,791	2,879,147
Current Assets			
Inventories		247,752	234,594
Biological assets		16,908	18,554
Trade and other receivables		226,378	210,477
Derivatives	B9	7,712	11,383
Cash and bank balances		862,157	828,166
		1,360,907	1,303,174
TOTAL ASSETS		4,208,698	4,182,321
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		820,207	820,091
Employee share option reserve		22,082	20,366
Other reserves		(4,485)	(1,856)
Retained earnings		1,474,309	1,364,764
		2,312,113	2,203,365
Non-controlling interests		114,302	111,740
Total equity		2,426,415	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 30 June 2020 (Continued)
(The figures have not been audited)

	Note	30 June 2020 RM'000	31 December 2019 RM'000
Non-current liabilities			
Loans and borrowings	B8	762,922	801,129
Deferred tax liabilities		362,463	356,328
Government grant		15,725	16,123
Derivatives	B9	4,251	1,891
Lease liabilities		1,334	1,677
		1,146,695	1,177,148
Current liabilities			
Loans and borrowings	B8	414,582	435,143
Trade and other payables		215,993	218,168
Government grant		796	796
Derivatives	B9	3,077	35,271
Lease liabilities		1,140	690
		635,588	690,068
Total liabilities		1,782,283	1,867,216
TOTAL EQUITY AND LIABILITIES		4,208,698	4,182,321
Net assets per share attributable to owners of the Company (RM)		4.05	3.86
No. of share ('000)		570,913	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 Six-Months Period Ended 30 June 2020
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 30 June		CUMULATIVE QUARTER 6 months ended 30 June	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Continuing Operations					
Revenue		626,060	590,200	1,144,144	1,332,265
Cost of sales		(564,836)	(576,312)	(1,009,580)	(1,297,762)
Gross profit		61,224	13,888	134,564	34,503
Administrative expenses		(7,947)	(6,164)	(16,188)	(13,630)
Other operating income		5,819	2,096	43,076	7,179
Operating profit		59,096	9,820	161,452	28,052
Finance income		5,558	6,043	11,797	11,487
Finance costs		(12,078)	(14,516)	(24,363)	(28,290)
Share of result of equity- accounted joint venture, net of tax		(1,063)	54	(1,063)	54
Profit before tax	B5	51,513	1,401	147,823	11,303
Taxation	B6	(10,485)	(514)	(32,486)	(2,788)
Profit after tax for the period		41,028	887	115,337	8,515
Other comprehensive (loss)/income:					
Foreign exchange translation differences for foreign operations		126	(1,534)	534	(1,039)
Fair value adjustment on cash flow hedge		(1,798)	(1,221)	(4,162)	(2,441)
Income tax relating to components of other comprehensive income		432	293	999	586
Other comprehensive loss for the period, net of tax		(1,240)	(2,462)	(2,629)	(2,894)
Total comprehensive income for the period		39,788	(1,575)	112,708	5,621
Profit attributable to:					
Owners of the Company		38,342	1,677	109,545	10,024
Non-controlling interests		2,686	(790)	5,792	(1,509)
		41,028	887	115,337	8,515
Total comprehensive income attributable to:					
Owners of the Company		37,102	(785)	106,916	7,130
Non-controlling interests		2,686	(790)	5,792	(1,509)
		39,788	(1,575)	112,708	5,621

(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 Six-Months Period Ended 30 June 2020 (Continued)
(The figures have not been audited)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		6 months ended	
		30 June		30 June	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Earnings per share attributable to owners of the Company (Sen):					
Basic	B12	<u>6.72</u>	<u>0.29</u>	<u>19.19</u>	<u>1.76</u>
Diluted	B12	<u>6.71</u>	<u>0.29</u>	<u>19.18</u>	<u>1.76</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 Six-Months Period Ended 30 June 2020
(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
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	112,708	106,916	-	-	(2,629)	109,545	5,792
Transactions with owners							
Dividends paid to non-controlling interests in subsidiaries	(3,230)	-	-	-	-	-	(3,230)
Issuance of ordinary shares:							
Pursuant to exercise of ESOS	99	99	99	-	-	-	-
Share options granted under ESOS	1,733	1,733	-	1,733	-	-	-
Share options exercised under ESOS	-	-	17	(17)	-	-	-
At 30 June 2020	<u>2,426,415</u>	<u>2,312,113</u>	<u>820,207</u>	<u>22,082</u>	<u>(4,485)</u>	<u>1,474,309</u>	<u>114,302</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 Six-Months Period Ended 30 June 2020 (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		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 of redeemable preference shares	5,600	-	-	-	-	-	5,600	
Share options granted under ESOS	4,562	4,562	-	4,562	-	-	-	
Share options exercised under ESOS	-	-	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 Six-Months Period Ended 30 June 2020
(The figures have not been audited)

	30 June	30 June
	2020	2019
	RM'000	RM'000
Operating activities		
Profit before tax	147,823	11,303
Adjustments for non-cash items:		
Depreciation and amortisation	73,234	73,192
Amortisation of government grant	(398)	(398)
Share options granted under ESOS	1,733	2,077
Gain on disposal of property, plant and equipment	(239)	(113)
Property, plant and equipment written off	496	259
Bearer plants written off	1	-
Finance income	(11,797)	(11,487)
Finance costs	24,363	28,290
Fair value changes on biological assets	1,646	(3,022)
Unrealised loss on foreign exchange	1,079	664
Fair value changes on derivatives	(30,472)	3,235
Share of results of a joint venture	1,063	(54)
Operating cash flows before working capital changes	208,532	103,946
(Increase)/Decrease in inventories	(12,599)	35,774
(Increase)/Decrease in trade and other receivables	(17,881)	54,037
Decrease in trade and other payables	(8,797)	(19,523)
Cash flows from operations	169,255	174,234
Net income tax paid	(10,104)	(1,182)
Net cash flows from operating activities	159,151	173,052

(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 Six-Months Period Ended 30 June 2020 (Continued)
(The figures have not been audited)

	30 June 2020 RM'000	30 June 2019 RM'000
Investing activities		
Acquisition of property, plant and equipment	(29,154)	(23,086)
Increase in bearer plants	(14,016)	(34,995)
Investment in a joint venture	(661)	(16,837)
Proceeds from disposal of property, plant and equipment	171	251
Interest received	11,797	11,487
Net cash flows used in investing activities	<u>(31,863)</u>	<u>(63,180)</u>
Financing activities		
Net movements in trade financing	(39,983)	(30,101)
Proceeds from loans and borrowings	27,582	187,176
Proceeds from issuance of shares in a subsidiary	98	490
Repayment of obligations under finance leases	(7,663)	(3,589)
Repayment of loans and borrowings	(46,070)	(111,603)
Repayment of lease liabilities	(300)	-
Dividend paid to non-controlling interests	(3,230)	(4,230)
Interest paid	(25,163)	(29,281)
Net cash flows (used in)/from financing activities	<u>(94,729)</u>	<u>8,862</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 Six-Months Period Ended 30 June 2020 (Continued)
(The figures have not been audited)

	30 June 2020 RM'000	30 June 2019 RM'000
Net increase in cash and cash equivalents	32,559	118,734
Cash and cash equivalents at beginning of the financial period	822,416	647,358
Effect of exchange rate changes	(707)	(1,509)
Cash and cash equivalents at end of the financial period	<u>854,268</u>	<u>764,583</u>
 Cash and cash equivalents at the end of the financial period comprised the following:		
Short term deposits with licensed banks	660,789	477,114
Cash in hand and at banks	201,368	294,779
Cash and bank balances	<u>862,157</u>	<u>771,893</u>
Less: Bank overdraft	(7,789)	(7,210)
Less: Short term deposit pledged as security	(100)	(100)
	<u>854,268</u>	<u>764,583</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 – 30 June 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.

- Amendments to MFRS 3, Business Combinations - *Definition of a Business*
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - *Interest Rate Benchmark Reform*
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – *Definition of Material*

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
• Amendments to MFRS 16, Leases – <i>Covid-19 Related Rent Concessions</i>	01 June 2020
• MFRS 17, Insurance Contracts	01 January 2021
• Amendments to MFRS 3 Business Combination - <i>Reference to the Conceptual Framework</i>	01 January 2022
• MFRS 9, Financial Instruments - <i>Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
• Amendments to MFRS 101, Presentation of Financial Statements - <i>Classification of Liabilities as Current or Non-current</i>	01 January 2022
• Amendments to MFRS 116, Property, Plant and Equipment - <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	01 January 2022



Explanatory Notes To The Interim Report – 30 June 2020

A1. Accounting Policies and Basis of Preparation (Continued)

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
<ul style="list-style-type: none">Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	01 January 2022
<ul style="list-style-type: none">MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards – <i>Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
<ul style="list-style-type: none">MFRS 141, Agriculture - <i>Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
<ul style="list-style-type: none">Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – <i>Sale or Contribution of Assets between and Investors and its Associates or Joint Venture</i>	Deferred

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 1,100 shares exercised under the Employees' Share Options Scheme.

A7. Dividends paid

The Company has paid RM28,545,652 on 30 July 2020, being the first and final single tier dividend of 5 sen per ordinary share declared for the financial year ended 31 December 2019 and duly approved during Annual General Meeting held on 15 July 2020.



Explanatory Notes To The Interim Report – 30 June 2020

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 30 June 2020

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,137,169	6,975	-	1,144,144
Revenue from external customers	1,137,169	6,975	-	1,144,144
Finance income	16,148	55	(4,406)	11,797
Finance costs	(28,196)	(479)	4,312	(24,363)
Depreciation and amortisation	(69,132)	(148)	(3,954)	(73,234)
Profit before taxation for financial period	161,826	2,121	(16,124)	147,823

Year to date ended 30 June 2019

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,328,878	3,387	-	1,332,265
Revenue from external customers	1,328,878	3,387	-	1,332,265
Finance income	16,814	93	(5,420)	11,487
Finance costs	(33,090)	(474)	5,274	(28,290)
Depreciation and amortisation	(69,059)	(195)	(3,938)	(73,192)
Profit before taxation for financial period	26,045	247	(14,989)	11,303



Explanatory Notes To The Interim Report – 30 June 2020

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 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 30 June 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 RM220.7 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 30 June 2020 is as follows:-

	30 June 2020
	RM'000
Property, plant and equipment	
Authorised but not contracted for	133,181
Contracted but not provided in the financial statements	36,212

	169,393
	=====
 Bearer plants	
Authorised but not contracted for	21,224
Contracted but not provided in the financial statements	3,345

	24,569
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Explanatory Notes To The Interim Report – 30 June 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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019		
Revenue	626,060	590,200	6%	1,144,144	1,332,265	(14%)
Gross Profit	61,224	13,888	341%	134,564	34,503	290%
Operating profit	59,096	9,820	502%	161,452	28,052	476%
Profit Before Tax	51,513	1,401	3577%	147,823	11,303	1208%
Profit After Tax	41,028	887	4525%	115,337	8,515	1255%
Profit Attributable to Owners of the Company	38,342	1,677	2186%	109,545	10,024	993%

2nd Quarter FY2020 (“Q2FY2020”) vs 2nd Quarter FY2019 (“Q2FY2019”)

The Group registered a total revenue of RM626.1 million for Q2FY2020 compared with RM590.2 million reported in Q2FY2019, representing an increase of 6%. The increase in revenue was mainly attributed to higher average selling price realised.

The Group's profit before tax for the current quarter increased to RM51.5 million compared with RM1.4 million reported in corresponding quarter last year due mainly to higher average realised prices of palm products sold and fair value gain on derivatives.

Current Year To Date (“2QFY2020”) vs Preceding Year To Date (“2QFY2019”)

The Group registered a total revenue of RM1,144.1 million for the six months ended 30 June 2020 against RM1,332.3 million reported in the corresponding period year 2019, representing a decrease of 14%. This was due mainly to lower volume of palm products sold.

Group profit before tax for the period ended 30 June 2020 nevertheless was RM147.8 million against RM11.3 million achieved during the corresponding period year 2019. The increase in profit before tax was mainly attributed to increase in palm products average realised prices and fair value gain on derivatives.



Explanatory Notes To The Interim Report – 30 June 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	
	30/06/2020	31/03/2020	
Revenue	626,060	518,084	21%
Gross Profit	61,224	73,339	(17%)
Operating profit	59,096	102,355	(42%)
Profit Before Tax	51,513	96,309	(47%)
Profit After Tax	41,028	74,308	(44%)
Profit Attributable to owners of the Company	38,342	71,202	(46%)

2nd Quarter FY2020 (“Q2FY2020”) vs 1st Quarter FY2020 (“Q1FY2020”)

The Group posted total revenue of RM626.1 million in Q2FY2020 compared with RM518.1 million reported in Q1FY2020.

The Group reported a profit before tax of RM51.5 million compared with RM96.3 million reported in Q1FY2020. This was principally due to lower palm products average realised prices in current quarter. For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q2FY 2020	Q1FY 2020
Palm Oil Products (RM/mt)	2,357	2,679
Palm Kernel Products (RM/mt)	1,736	1,869

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 – 30 June 2020

B5. Profit before tax

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

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	36,972	37,358	73,234	73,192
Property, plant and equipment written off	128	52	496	259
Gain on disposal of property, plant and equipment	(92)	(86)	(239)	(113)
Finance income	(5,558)	(6,043)	(11,797)	(11,487)
Finance costs	12,078	14,516	24,363	28,290
Unrealised (gain)/loss on foreign	(3,238)	(1,731)	1,079	664
Fair value changes on derivatives	7,428	789	(30,472)	3,235
Fair value changes on biological assets	(1,705)	(2,828)	1,646	(3,022)

B6. Taxation

Current tax expenses	11,775	4,612	24,980	11,293
Deferred tax	(1,290)	(4,098)	7,506	(8,505)
	<u>10,485</u>	<u>514</u>	<u>32,486</u>	<u>2,788</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	<u>(432)</u>	<u>(293)</u>	<u>(999)</u>	<u>(586)</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 – 30 June 2020

B8. Loans and borrowings

	As at 2 nd 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>								
Hire purchase	-	4,430	-	-	6,047	-	-	10,477
Revolving credits	-	-	-	-	69,500	-	-	69,500
Term loans	4,845	748,610	1,384	-	112,968	6,229	-	861,578
<u>Unsecured</u>								
Revolving credits	-	-	-	-	10,000	-	-	10,000
Banker acceptance	-	-	-	79,740	113,004	-	79,740	113,004
Bank overdraft	-	-	-	-	7,789	-	-	7,789
Term loans	-	5,037	-	-	14,150	-	-	19,187
	<u>4,845</u>	<u>758,077</u>	<u>1,384</u>	<u>79,740</u>	<u>333,458</u>	<u>6,229[^]</u>	<u>79,740[*]</u>	<u>1,091,535</u>

**USD18.62 million equivalent*

[^]SGD2.03 million equivalent



Explanatory Notes To The Interim Report – 30 June 2020

B8. Loans and borrowings (Continued)

	As at 2 nd 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>								
Hire purchase	-	4,646	-	-	7,015	-	-	11,661
Revolving credits	-	-	-	-	69,500	-	-	69,500
Term loans	6,206	840,202	1,379	-	45,318	7,585	-	885,520
<u>Unsecured</u>								
Trust receipts	-	-	-	31,816	-	-	31,816	-
Revolving credits	-	-	-	-	30,000	-	-	30,000
Banker acceptances	-	-	-	80,953	161,137	-	80,953	161,137
Bank overdraft	-	-	-	-	7,210	-	-	7,210
Term loans	-	17,570	-	-	14,150	-	-	31,720
	<u>6,206</u>	<u>862,418</u>	<u>1,379</u>	<u>112,769</u>	<u>334,330</u>	<u>7,585[^]</u>	<u>112,769[*]</u>	<u>1,196,748</u>

**USD27.28 million equivalent*

[^]SGD2.48 million equivalent



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B9. Derivatives

(a) The outstanding interest rate swap (IRS) contracts as at 30 June 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	(2,887)	(4,136)	(115)	(7,138)

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 30 June 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	9	-	-	9	89	-	-	89
Commodity forward contracts	USD	39	-	-	39	172	-	-	172
Forward currency contracts	USD	229	-	-	229	1,346	-	-	1,346
Commodity swaps	RM	38	-	-	38	5,915	-	-	5,915

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 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 – 30 June 2020

B11. Dividends

First and final single-tier dividend in respect of the financial year ended 31 December 2019, of 5 sen per ordinary share amounting to RM28,545,652 has been approved by shareholders during Annual General Meeting held on 15 July 2020 and the payment was subsequently made on 30 July 2020.

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 3 months ended		Cumulative Quarter 6 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	38,342	1,677	109,545	10,024
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	570,913	570,874	570,908	570,874
	Sen	Sen	Sen	Sen
Basic earnings per share	6.72	0.29	19.19	1.76

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 3 months ended		Cumulative Quarter 6 months ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	38,342	1,677	109,545	10,024
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	571,066	570,906	571,060	570,906
	Sen	Sen	Sen	Sen
Diluted earnings per share	6.71	0.29	19.18	1.76



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

Explanatory Notes To The Interim Report – 30 June 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 26 August 2020.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary

Miri
26 August 2020