



**INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**  
**Condensed Consolidated Statement of Financial Position as at 30 September 2020**  
(The figures have not been audited)

	Note	30 September 2020 RM'000	31 December 2019 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		1,036,203	1,043,156
Bearer plants		986,811	1,014,076
Inventories		40,578	41,109
Right-of-use assets		512,846	519,487
Investment in a joint venture		38,287	39,879
Intangible assets		168,248	168,255
Deferred tax assets		46,134	53,185
		2,829,107	2,879,147
<b>Current Assets</b>			
Inventories		276,742	234,594
Biological assets		25,499	18,554
Trade and other receivables		226,978	208,477
Derivatives	B9	5,495	11,383
Cash and bank balances		916,404	830,166
		1,451,118	1,303,174
<b>TOTAL ASSETS</b>		4,280,225	4,182,321
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		820,221	820,091
Employee share option reserve		23,039	20,366
Other reserves		(6,425)	(1,856)
Retained earnings		1,519,586	1,364,764
		2,356,421	2,203,365
<b>Non-controlling interests</b>		117,172	111,740
<b>Total equity</b>		2,473,593	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 September 2020 (Continued)**  
(The figures have not been audited)

	Note	30 September 2020 RM'000	31 December 2019 RM'000
<b>Non-current liabilities</b>			
Loans and borrowings	B8	728,236	801,129
Deferred tax liabilities		363,900	356,328
Government grant		15,501	16,123
Derivatives	B9	5,106	1,891
Lease liabilities		1,203	1,677
		<u>1,113,946</u>	<u>1,177,148</u>
<b>Current liabilities</b>			
Loans and borrowings	B8	422,618	435,143
Trade and other payables		263,193	218,168
Government grant		796	796
Derivatives	B9	4,964	35,271
Lease liabilities		1,115	690
		<u>692,686</u>	<u>690,068</u>
<b>Total liabilities</b>		<u>1,806,632</u>	<u>1,867,216</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,280,225</u>	<u>4,182,321</u>
Net assets per share attributable to owners of the Company (RM)		4.13	3.86
No. of share ('000)		570,919	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 Nine-Months Period ended 30 September 2020**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 September		9 months ended 30 September	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Continuing Operations</b>					
<b>Revenue</b>		794,884	716,312	1,939,028	2,048,577
Cost of sales		(669,142)	(659,774)	(1,678,723)	(1,957,536)
<b>Gross profit</b>		125,742	56,538	260,305	91,041
Administrative expenses		(13,904)	(9,752)	(30,092)	(23,382)
Other operating income		2,311	3,374	45,387	10,553
<b>Operating profit</b>		114,149	50,160	275,600	78,212
Finance income		4,528	5,832	16,325	17,319
Finance costs		(10,388)	(13,024)	(34,751)	(41,314)
Share of result of equity- accounted joint venture, net of tax		(1,371)	279	(2,434)	333
<b>Profit before tax</b>	B5	106,918	43,247	254,740	54,550
Taxation	B6	(29,925)	(10,643)	(62,411)	(13,431)
<b>Profit after tax for the period</b>		76,993	32,604	192,329	41,119
<b>Other comprehensive (loss)/income:</b>					
Foreign exchange translation differences for foreign operations		(737)	(223)	(203)	(1,262)
Fair value adjustment on cash flow hedge		(1,583)	(1,880)	(5,745)	(4,321)
Income tax relating to components of other comprehensive income		380	451	1,379	1,037
<b>Other comprehensive loss for the period, net of tax</b>		(1,940)	(1,652)	(4,569)	(4,546)
<b>Total comprehensive income for the period</b>		75,053	30,952	187,760	36,573
<b>Profit attributable to:</b>					
Owners of the Company		73,836	30,909	183,380	40,933
Non-controlling interests		3,157	1,695	8,949	186
		76,993	32,604	192,329	41,119

(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 Nine-Months Period ended 30 September 2020 (Continued)**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		9 months ended	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		71,896	29,257	178,811	36,387
Non-controlling interests		3,157	1,695	8,949	186
		<u>75,053</u>	<u>30,952</u>	<u>187,760</u>	<u>36,573</u>
<b>Earnings per share attributable to owners of the Company (Sen):</b>					
Basic	B12	<u>12.93</u>	<u>5.41</u>	<u>32.12</u>	<u>7.17</u>
Diluted	B12	<u>12.93</u>	<u>5.41</u>	<u>32.11</u>	<u>7.17</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 Nine-Months Period ended 30 September 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
<b>At 1 January 2020</b>	2,315,105	2,203,365	820,091	20,366	(1,856)	1,364,764	111,740	
<b>Total comprehensive income for the period</b>	187,760	178,811	-	-	(4,569)	183,380	8,949	
<b>Transactions with owners</b>								
Dividends paid to non-controlling interests in subsidiaries	(3,530)	-	-	-	-	-	(3,530)	
Dividends on ordinary shares	(28,545)	(28,545)	-	-	-	(28,545)	-	
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	114	114	114	-	-	-	-	
Acquisition of shares in a subsidiary	-	(13)	-	-	-	(13)	13	
Share options granted under ESOS	2,689	2,689	-	2,689	-	-	-	
Share options exercised under ESOS	-	-	16	(16)	-	-	-	
<b>At 30 September 2020</b>	<u>2,473,593</u>	<u>2,356,421</u>	<u>820,221</u>	<u>23,039</u>	<u>(6,425)</u>	<u>1,519,586</u>	<u>117,172</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 Nine-Months Period ended 30 September 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 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 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>	86,842	84,706	-	-	(4,750)	89,456	2,136
<b>Transactions with owners</b>							
Dividends paid to non-controlling interests in subsidiaries	(4,680)	-	-	-	-	-	(4,680)
Dividends on ordinary shares	(28,544)	(28,544)	-	-	-	(28,544)	-
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)	-	-	-
<b>At 31 December 2019</b>	<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 Nine-Months Period ended 30 September 2020**  
(The figures have not been audited)

	<b>30 September</b>	<b>30 September</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
<b>Profit before tax</b>	254,740	54,550
Adjustments for non-cash items:		
Depreciation and amortisation	115,511	110,231
Amortisation of government grant	(699)	(597)
Share options granted under ESOS	2,689	3,388
Gain on disposal of property, plant and equipment	(258)	(246)
Property, plant and equipment written off	768	703
Impairment loss on bearer plants	2,820	47
Impairment loss on other receivables	7	9
Inventories written off	-	3
Finance income	(16,325)	(17,319)
Finance costs	34,751	41,314
Fair value changes on biological assets	(6,945)	(5,714)
Unrealised loss on foreign exchange	985	384
Fair value changes on derivatives	(27,080)	(220)
Share of results of a joint venture	2,434	(333)
<b>Operating cash flows before working capital changes</b>	<b>363,398</b>	<b>186,200</b>
Increase in inventories	(41,617)	(554)
(Increase)/Decrease in trade and other receivables	(25,379)	57,044
Increase in trade and other payables	22,003	16,938
<b>Cash flows from operations</b>	<b>318,405</b>	<b>259,628</b>
Net income tax paid	(9,194)	(7,726)
<b>Net cash flows from operating activities</b>	<b>309,211</b>	<b>251,902</b>

(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 Nine-Months Period ended 30 September 2020 (Continued)**  
(The figures have not been audited)

	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(54,095)	(36,790)
Increase in bearer plants	(20,821)	(46,593)
Increase in intangible assets	(3)	-
Investment in a joint venture	(842)	(16,836)
Proceeds from disposal of property, plant and equipment	478	571
Interest received	16,325	17,319
<b>Net cash flows used in investing activities</b>	<u>(58,958)</u>	<u>(82,329)</u>
<b>Financing activities</b>		
Net movements in trade financing	(19,777)	(55,224)
Proceeds from loans and borrowings	29,588	199,419
Proceeds from issuance of shares	114	490
Proceeds from government grant	77	2,100
Repayment of obligations under finance leases	(7,780)	(5,605)
Repayment of loans and borrowings	(89,564)	(153,466)
Repayment of lease liabilities	(1,145)	-
Dividend paid	(28,545)	(28,544)
Dividend paid to non-controlling interests	(3,530)	(4,680)
Interest paid	(35,792)	(42,719)
<b>Net cash flows used in financing activities</b>	<u>(156,354)</u>	<u>(88,229)</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 Nine-Months Period ended 30 September 2020 (Continued)**  
(The figures have not been audited)

	<b>30 September</b>	<b>30 September</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net increase in cash and cash equivalents</b>	93,899	81,344
<b>Cash and cash equivalents at beginning of the financial period</b>	822,416	647,358
Effect of exchange rate changes	(1,342)	(1,110)
<b>Cash and cash equivalents at end of the financial period</b>	<u>914,973</u>	<u>727,592</u>
 Cash and cash equivalents at the end of the financial period comprised the following:		
Short term deposits with licensed banks	677,209	504,468
Cash in hand and at banks	239,195	226,832
Cash and bank balances	<u>916,404</u>	<u>731,300</u>
Less: Bank overdraft	(1,331)	(3,608)
Less: Short term deposit pledged as security	(100)	(100)
	<u>914,973</u>	<u>727,592</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 September 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:

<b>MFRS, IC Interpretation and Amendments to IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
• Amendments to MFRS 16, Leases – <i>Covid-19 Related Rent Concessions</i>	01 June 2020
• Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts, and MFRS 16, Leases - <i>Interest Rate Benchmark Reform – Phase 2</i>	01 January 2021
• MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards – <i>Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
• 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



**Explanatory Notes To The Interim Report – 30 September 2020**

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

<b>MFRS, IC Interpretation and Amendments to IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
<ul style="list-style-type: none"> <li>• Amendments to MFRS 116, Property, Plant and Equipment - <i>Property, Plant and Equipment – Proceeds before Intended Use</i></li> </ul>	01 January 2022
<ul style="list-style-type: none"> <li>• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - <i>Onerous Contracts – Cost of Fulfilling a Contract</i></li> </ul>	01 January 2022
<ul style="list-style-type: none"> <li>• Amendments to Illustrative Examples accompanying MFRS 16, Leases - <i>Annual Improvements to MFRS Standards 2018-2020</i></li> </ul>	01 January 2022
<ul style="list-style-type: none"> <li>• MFRS 141, Agriculture - <i>Annual Improvements to MFRS Standards 2018-2020</i></li> </ul>	01 January 2022
<ul style="list-style-type: none"> <li>• MFRS 17, Insurance Contracts</li> </ul>	01 January 2023
<ul style="list-style-type: none"> <li>• Amendments to MFRS 17, Insurance Contracts</li> </ul>	01 January 2023
<ul style="list-style-type: none"> <li>• Amendments to MFRS 101, Presentation of Financial Statements - <i>Classification of Liabilities as Current or Non-current</i></li> </ul>	01 January 2023
<ul style="list-style-type: none"> <li>• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – <i>Sale or Contribution of Assets between an Investors and its Associate or Joint Venture</i></li> </ul>	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 30,200 shares exercised under the Employees' Share Options Scheme.



**Explanatory Notes To The Interim Report – 30 September 2020**

**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.

**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 September 2020**

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,928,485	10,543	-	1,939,028
Revenue from external customers	1,928,485	10,543	-	1,939,028
Finance income	22,507	74	(6,256)	16,325
Finance costs	(40,276)	(697)	6,222	(34,751)
Depreciation and amortisation	(109,459)	(232)	(5,820)	(115,511)
Profit before taxation for financial period	277,526	3,400	(26,186)	254,740

**Year to date ended 30 September 2019**

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	2,041,099	7,478	-	2,048,577
Revenue from external customers	2,041,099	7,478	-	2,048,577
Finance income	24,410	140	(7,231)	17,319
Finance costs	(47,627)	(700)	7,013	(41,314)
Depreciation and amortisation	(103,269)	(269)	(6,693)	(110,231)
Profit before taxation for financial period	100,684	1,533	(47,667)	54,550



## Explanatory Notes To The Interim Report – 30 September 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 the acquisition of 35,000 paid up ordinary shares in SOP Developments Sdn Bhd (formerly known as SOP-Pelita Developments Sdn Bhd) for a total consideration of RM1.00, represents stage acquisition of SOP Developments Sdn Bhd by Sarawak Oil Palms Berhad from 65% to 100% on 3 September 2020.

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

There were no contingent liabilities or contingent assets as at 30 September 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 RM182.1 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 30 September 2020 is as follows:-

	<b>30 September 2020</b> <b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	121,437
Contracted but not provided in the financial statements	44,905
	----- 166,342 =====
 Bearer plants	
Authorised but not contracted for	8,662
Contracted but not provided in the financial statements	4,530
	----- 13,192 =====



**Explanatory Notes To The Interim Report – 30 September 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	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019		
<b>Revenue</b>	794,884	716,312	11%	1,939,028	2,048,577	(5%)
<b>Gross Profit</b>	125,742	56,538	122%	260,305	91,041	186%
<b>Operating profit</b>	114,149	50,160	128%	275,600	78,212	252%
<b>Profit Before Tax</b>	106,918	43,247	147%	254,740	54,550	367%
<b>Profit After Tax</b>	76,993	32,604	136%	192,329	41,119	368%
<b>Profit Attributable to Owners of the Company</b>	73,836	30,909	139%	183,380	40,933	348%

**3<sup>rd</sup> Quarter FY2020 (“Q3FY2020”) vs 3<sup>rd</sup> Quarter FY2019 (“Q3FY2019”)**

The Group registered a total revenue of RM794.9 million for Q3FY2020 compared with RM716.3 million reported in Q3FY2019, representing an increase of 11%.

The Group's profit before tax for the current quarter increased to RM106.9 million compared with RM43.2 million reported in corresponding quarter last year. Both increase in revenue and profit before tax was mainly attributed to higher average realised prices of palm products.

**Current Year To Date (“3QFY2020”) vs Preceding Year To Date (“3QFY2019”)**

The Group registered a total revenue of RM1,939.0 million for the nine months ended 30 September 2020 against RM2,048.6 million reported in the corresponding period year 2019, representing a decrease of 5%. This was due mainly to lower volume of palm products sold.

Group profit before tax for the period ended 30 September 2020 nevertheless was RM254.7 million against RM54.6 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 September 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	
	30/09/2020	30/06/2020	
<b>Revenue</b>	794,884	626,060	27%
<b>Gross Profit</b>	125,742	61,224	105%
<b>Operating profit</b>	114,149	59,096	93%
<b>Profit Before Tax</b>	106,918	51,513	108%
<b>Profit After Tax</b>	76,993	41,028	88%
<b>Profit Attributable to owners of the Company</b>	73,836	38,342	93%

**3<sup>rd</sup> Quarter FY2020 (“Q3FY2020”) vs 2<sup>nd</sup> Quarter FY2020 (“Q2FY2020”)**

The Group posted total revenue of RM794.9 million in Q3FY2020 compared with RM626.1 million reported in Q2FY2020.

The Group reported a profit before tax of RM106.9 million compared with RM51.5 million reported in Q2FY2020. This was due principally to higher palm oil products average realised prices as well as higher volume sold in current quarter. For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q3FY 2020	Q2FY 2020
Palm Oil Products (RM/mt)	2,845	2,357
Palm Kernel Products (RM/mt)	1,665	1,736

**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 September 2020**

**B5. Profit before tax**

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

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	42,267	37,039	115,511	110,231
Gain on disposal of property, plant and equipment	(19)	(133)	(258)	(246)
Property, plant and equipment written off	272	444	768	703
Impairment loss on bearer plants	2,819	47	2,820	47
Impairment loss on other receivables	7	9	7	9
Inventories written off	-	3	-	3
Finance income	(4,528)	(5,832)	(16,325)	(17,319)
Finance costs	10,388	13,024	34,751	41,314
Fair value changes on biological assets	(8,591)	(2,692)	(6,945)	(5,714)
Unrealised (gain)/loss on foreign exchange	(94)	(280)	985	384
Fair value changes on derivatives	3,392	(3,455)	(27,080)	(220)

**B6. Taxation**

Current tax expenses	19,891	11,259	44,871	22,552
Deferred tax	10,034	(616)	17,540	(9,121)
	<u>29,925</u>	<u>10,643</u>	<u>62,411</u>	<u>13,431</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	<u>(380)</u>	<u>(451)</u>	<u>(1,379)</u>	<u>(1,037)</u>

**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 September 2020**

**B8. Loans and borrowings**

	As at 3 <sup>rd</sup> 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	
<b><u>Secured</u></b>								
Hire purchase	-	5,230	-	-	6,420	-	-	11,650
Revolving credits	-	-	-	-	69,500	-	-	69,500
Term loans	4,448	716,431	1,369	-	116,904	5,817	-	833,335
<b><u>Unsecured</u></b>								
Banker acceptance	-	-	-	74,051	138,893	-	74,051	138,893
Bank overdraft	-	-	-	-	1,331	-	-	1,331
Term loans	-	2,127	-	-	14,150	-	-	16,277
	<u>4,448</u>	<u>723,788</u>	<u>1,369</u>	<u>74,051</u>	<u>347,198</u>	<u>5,817<sup>^</sup></u>	<u>74,051<sup>*</sup></u>	<u>1,070,986</u>

*\*USD17.82 million equivalent*

*<sup>^</sup>SGD1.92 million equivalent*



**Explanatory Notes To The Interim Report – 30 September 2020**

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

	As at 3 <sup>rd</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>								
Hire purchase	-	4,111	-	-	5,905	-	-	10,016
Revolving credits	-	-	-	-	69,500	-	-	69,500
Term loans	5,811	787,795	1,367	-	91,835	7,178	-	879,630
<b><u>Unsecured</u></b>								
Revolving credits	-	-	-	-	10,000	-	-	10,000
Banker acceptances	-	-	-	94,812	154,496	-	94,812	154,496
Bank overdraft	-	-	-	-	3,608	-	-	3,608
Term loans	-	14,176	-	-	14,150	-	-	28,326
	<u>5,811</u>	<u>806,082</u>	<u>1,367</u>	<u>94,812</u>	<u>349,494</u>	<u>7,178<sup>^</sup></u>	<u>94,812<sup>*</sup></u>	<u>1,155,576</u>

*\*USD22.63 million equivalent*

*<sup>^</sup>SGD2.37 million equivalent*



**Explanatory Notes To The Interim Report – 30 September 2020**

**B9. Derivatives**

(a) The outstanding interest rate swap (IRS) contracts as at 30 September 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	(3,616)	(5,106)	-	(8,722)

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 September 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	17	-	-	17	444	-	-	444
Commodity forward contracts	USD	60	-	-	60	(1,499)	-	-	(1,499)
Forward currency contracts	USD	302	-	-	302	1,737	-	-	1,737
Commodity swaps	RM	137	-	-	137	3,464	-	-	3,464

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 September 2020**

**B11. Dividends**

No interim dividend has been declared for the financial period ended 30 September 2020 (30 September 2019: Nil).

**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 divided by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	73,836	30,909	183,380	40,933
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	570,943	570,874	570,910	570,874
	Sen	Sen	Sen	Sen
Basic earnings per share	12.93	5.41	32.12	7.17

*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		9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	73,836	30,909	183,380	40,933
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	571,110	570,894	571,077	570,894
	Sen	Sen	Sen	Sen
Diluted earnings per share	12.93	5.41	32.11	7.17



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

**Explanatory Notes To The Interim Report – 30 September 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 November 2020.

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

Miri  
**26 November 2020**