



**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**  
**Condensed Consolidated Statement of Financial Position as at 31 December 2020**  
(The figures have not been audited)

	Note	31 December 2020 RM'000	31 December 2019 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		1,038,596	1,043,156
Bearer plants		980,084	1,014,076
Inventories		40,618	41,109
Right-of-use assets		510,461	519,487
Investment in a joint venture		23,287	39,879
Intangible assets		168,266	168,255
Deferred tax assets		44,941	53,185
		2,806,253	2,879,147
<b>Current Assets</b>			
Inventories		251,557	234,594
Biological assets		25,282	18,554
Trade and other receivables		214,654	198,391
Current tax recoverable		5,851	10,086
Derivatives	B9	7,144	11,383
Other investments		296,918	74,358
Cash and bank balances		650,187	755,808
		1,451,593	1,303,174
<b>TOTAL ASSETS</b>		4,257,846	4,182,321
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		820,981	820,091
Employee share option reserve		23,870	20,366
Other reserves		(6,544)	(1,856)
Retained earnings		1,538,399	1,364,764
		2,376,706	2,203,365
<b>Non-controlling interests</b>		124,302	111,740
<b>Total equity</b>		2,501,008	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 December 2020 (Continued)**  
(The figures have not been audited)

	Note	31 December 2020 RM'000	31 December 2019 RM'000
<b>Non-current liabilities</b>			
Loans and borrowings	B8	718,245	801,129
Deferred tax liabilities		362,007	356,328
Government grant		15,212	16,123
Derivatives	B9	4,828	1,891
Lease liabilities		1,232	1,677
		1,101,524	1,177,148
<b>Current liabilities</b>			
Loans and borrowings	B8	391,383	435,143
Trade and other payables		210,310	214,368
Current tax payable		6,508	3,800
Government grant		868	796
Derivatives	B9	45,311	35,271
Lease liabilities		934	690
		655,314	690,068
<b>Total liabilities</b>		1,756,838	1,867,216
<b>TOTAL EQUITY AND LIABILITIES</b>		4,257,846	4,182,321
Net assets per share attributable to owners of the Company (RM)		4.16	3.86
No. of share ('000)		571,122	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 Quarter and Year ended 31 December 2020**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 12 months ended 31 December	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Continuing Operations</b>					
<b>Revenue</b>		820,395	923,293	2,759,423	2,971,870
Cost of sales		(699,041)	(809,515)	(2,377,764)	(2,767,051)
<b>Gross profit</b>		121,354	113,778	381,659	204,819
Administrative expenses		(9,623)	(3,738)	(39,715)	(27,120)
Other operating expenses		(52,129)	(25,125)	(6,742)	(14,572)
<b>Operating profit</b>		59,602	84,915	335,202	163,127
Finance income		4,882	5,432	21,207	22,751
Finance costs		(7,377)	(12,899)	(42,128)	(54,213)
Share of result of equity-accounted joint venture, net of tax		(11,529)	(690)	(13,963)	(357)
<b>Profit before tax</b>	B5	45,578	76,758	300,318	131,308
Taxation	B6	(19,635)	(26,285)	(82,046)	(39,716)
<b>Profit after tax for the period</b>		25,943	50,473	218,272	91,592
<b>Other comprehensive (loss)/income:</b>					
Foreign exchange translation differences for foreign operations		(276)	149	(479)	(1,113)
Fair value adjustment on cash flow hedge		207	(465)	(5,538)	(4,785)
Income tax relating to components of other comprehensive income		(50)	112	1,329	1,148
<b>Other comprehensive loss for the period, net of tax</b>		(119)	(204)	(4,688)	(4,750)
<b>Total comprehensive income for the period</b>		25,824	50,269	213,584	86,842
<b>Profit attributable to:</b>					
Owners of the Company		18,820	48,523	202,200	89,456
Non-controlling interests		7,123	1,950	16,072	2,136
		25,943	50,473	218,272	91,592

(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 Quarter and Year ended 31 December 2020 (Continued)**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 12 months ended 31 December	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		18,701	48,319	197,512	84,706
Non-controlling interests		7,123	1,950	16,072	2,136
		<u>25,824</u>	<u>50,269</u>	<u>213,584</u>	<u>86,842</u>
<b>Earnings per share attributable to owners of the Company (Sen):</b>					
Basic	B12	<u>3.30</u>	<u>8.49</u>	<u>35.42</u>	<u>15.67</u>
Diluted	B12	<u>3.29</u>	<u>8.49</u>	<u>35.40</u>	<u>15.67</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 Year ended 31 December 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>	213,584	197,512	-	-	(4,688)	202,200	16,072	
<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	748	748	748	-	-	-	-	
Acquisition of shares in a subsidiary	-	(20)	-	-	-	(20)	20	
Share options granted under ESOS	3,646	3,646	-	3,646	-	-	-	
Share options exercised under ESOS	-	-	142	(142)	-	-	-	
<b>At 31 December 2020</b>	<u>2,501,008</u>	<u>2,376,706</u>	<u>820,981</u>	<u>23,870</u>	<u>(6,544)</u>	<u>1,538,399</u>	<u>124,302</u>	

(The Condensed Consolidated Statement of Changes in Equity 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 Year ended 31 December 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 Year ended 31 December 2020**  
(The figures have not been audited)

	<b>31 December 2020 RM'000</b>	<b>31 December 2019 RM'000</b>
<b>Operating activities</b>		
<b>Profit before tax</b>	300,318	131,308
Adjustments for non-cash items:		
Depreciation and amortisation	153,650	150,030
Amortisation of government grant	(917)	(795)
Share options granted under ESOS	3,646	4,562
(Gain)/loss on disposal of property, plant and equipment	(779)	163
Gain on disposal of right-of-use asset	-	(165)
Property, plant and equipment written off	539	350
Bearer plants written off	2,848	55
Impairment loss on other receivables	2,675	482
Impairment loss on investment in joint venture	3,471	-
Inventories written off	-	3
Inventories written down	-	654
Finance income	(21,207)	(22,751)
Finance costs	42,128	54,213
Fair value changes on biological assets	(6,728)	(9,809)
Unrealised gains on foreign exchange	(109)	(1,037)
Fair value changes on derivatives	11,956	22,743
Share of results of a joint venture	13,963	357
<b>Operating cash flows before working capital changes</b>	<b>505,454</b>	<b>330,363</b>
(Increase)/Decrease in inventories	(16,472)	86,351
(Increase)/Decrease in trade and other receivables	(20,848)	36,265
Increase/(Decrease) in trade and other payables	1,914	(7,058)
<b>Cash flows from operations</b>	<b>470,048</b>	<b>445,921</b>
Net income tax (paid)/refunded	(60,556)	3,270
<b>Net cash flows from operating activities</b>	<b>409,492</b>	<b>449,191</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 Year ended 31 December 2020 (Continued)**  
(The figures have not been audited)

	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(78,664)	(88,129)
Increase in bearer plants	(28,258)	(37,278)
Increase in intangible assets	(27)	(140)
Investment in a joint venture	(842)	(40,236)
Addition to land use rights	-	(252)
Proceed from disposal of right-of-use asset	-	170
Proceeds from disposal of property, plant and equipment	1,836	1,955
Interest received	21,207	22,751
Placement of fixed deposits with tenor maturities exceeding three months	(222,560)	(74,358)
<b>Net cash flows used in investing activities</b>	<b>(307,308)</b>	<b>(215,517)</b>
<b>Financing activities</b>		
Net movements in trade financing	(15,354)	(71,189)
Proceeds from islamic medium term note	20,000	-
Proceeds from loans and borrowings	29,588	209,370
Proceeds from issuance of shares in a subsidiary	-	490
Proceeds from exercise of shares	748	5
Proceeds from government grant	78	2,748
Repayment of obligations under hire purchase	(4,897)	(8,070)
Repayment of loans and borrowings	(153,441)	(173,158)
Repayment of lease liabilities	(810)	(437)
Dividend paid	(28,545)	(28,544)
Dividend paid to non-controlling interests	(3,530)	(4,680)
Interest paid	(43,413)	(58,722)
<b>Net cash flows used in financing activities</b>	<b>(199,576)</b>	<b>(132,187)</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 Year ended 31 December 2020 (Continued)**  
(The figures have not been audited)

	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(97,392)	101,487
<b>Cash and cash equivalents at beginning of the financial year</b>	748,057	647,358
Effect of exchange rate changes	(578)	(788)
<b>Cash and cash equivalents at end of the financial year</b>	<u>650,087</u>	<u>748,057</u>
 Cash and cash equivalents at the end of the financial year comprised the following:		
Short term deposits with licensed banks	443,019	493,629
Cash in hand and at banks	207,168	262,179
Cash and bank balances	<u>650,187</u>	<u>755,808</u>
Less: Bank overdraft	-	(7,651)
Less: Short term deposit pledged as security	(100)	(100)
	<u>650,087</u>	<u>748,057</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 December 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 financial 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*,
- MFRS 101, *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current .

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



**Explanatory Notes To The Interim Report – 31 December 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>
• MFRS 9, Financial Instruments - <i>Annual Improvements to MFRS Standards 2018-2020</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
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	01 January 2022
• Amendments to Illustrative Examples accompanying MFRS 16, Leases - <i>Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
• MFRS 141, Agriculture - <i>Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
• MFRS 17, Insurance Contracts	01 January 2023
• Amendments to MFRS 17, Insurance Contracts	01 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements - <i>Classification of Liabilities as Current or Non-current</i>	01 January 2023
• 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>	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 178,600 shares exercised under the Employees' Share Options Scheme.



**Explanatory Notes To The Interim Report – 31 December 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 31 December 2020**

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	2,746,668	12,755	-	2,759,423
Revenue from external customers	2,746,668	12,755	-	2,759,423
Finance income	29,067	91	(7,951)	21,207
Finance costs	(49,126)	(892)	7,890	(42,128)
Depreciation and amortisation	(153,355)	(295)	-	(153,650)
Profit before taxation for financial year	313,835	3,385	(16,902)	300,318

**Year to date ended 31 December 2019**

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	2,961,352	10,518	-	2,971,870
Revenue from external customers	2,961,352	10,518	-	2,971,870
Finance income	33,000	171	(10,420)	22,751
Finance costs	(63,124)	(965)	9,876	(54,213)
Depreciation and amortisation	(149,684)	(346)	-	(150,030)
Profit before taxation for financial year	127,187	1,582	2,539	131,308



**Explanatory Notes To The Interim Report – 31 December 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 for transfer of 100,000 ordinary shares in a wholly-owned subsidiary, SOP Developments Sdn. Bhd. to another wholly-owned subsidiary, SOP Industries Sdn Bhd. at the total consideration of RM1.00 on 16 December 2020.

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

There were no contingent liabilities or contingent assets as at 31 December 2020 except corporate guarantees of RM1,058.5 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM202.2 million represents the outstanding banking facilities of the subsidiaries with corporate guarantee at the end of the reporting period.

**A13. Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment and for bearer plants not provided for in the financial statements as at 31 December 2020 is as follows:-

	<b>31 December 2020</b>
	<b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	110,264
Contracted but not provided in the financial statements	42,412
	-----
	152,676
	=====
 Bearer plants	
Authorised but not contracted for	3,425
Contracted but not provided in the financial statements	4,530
	-----
	7,955
	=====



**Explanatory Notes To The Interim Report – 31 December 2020**

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

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

**Financial review for current quarter and financial year**

	Individual Period			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year Corresponding Period	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
	31/12/2020	31/12/2019		31/12/2020	31/12/2019	
<b>Revenue</b>	820,395	923,293	(11%)	2,759,423	2,971,870	(7%)
<b>Gross Profit</b>	121,354	113,778	7%	381,659	204,819	86%
<b>Operating profit</b>	59,602	84,915	(30%)	335,202	163,127	105%
<b>Profit Before Tax</b>	45,578	76,758	(41%)	300,318	131,308	129%
<b>Profit After Tax</b>	25,943	50,473	(49%)	218,272	91,592	138%
<b>Profit Attributable to Owners of the Company</b>	18,820	48,523	(61%)	202,200	89,456	126%

**4<sup>th</sup> Quarter FY2020 (“Q4FY2020”) vs 4<sup>th</sup> Quarter FY2019 (“Q4FY2019”)**

The Group registered a total revenue of RM820.3 million for Q4FY2020 compared with RM923.2 million reported in Q4FY2019, representing an decrease of 11%.

The Group's profit before tax for the current quarter decreased to RM45.5 million compared with RM76.7 million reported in corresponding quarter last year. Both decrease in revenue and profit before tax was mainly attributed to lower volume of palm products sold, fair value loss on derivatives and share of loss of equity-accounted joint venture in relation to shipping to reflect the current market conditions.

**Current Year To Date (“4QFY2020”) vs Preceding Year To Date (“4QFY2019”)**

The Group registered a total revenue of RM2,759.4 million for the financial year ended 31 December 2020 against RM2,971.8 million reported in the corresponding financial year ended 2019, representing a decrease of 7%. This was due mainly due to lower volume of palm products sold.

Group profit before tax for the financial year ended 31 December 2020 nevertheless was RM300.3 million against RM131.3 million achieved during the corresponding financial year ended 2019. The increase in profit before tax was mainly attributed to increase in palm products average realised prices.



**Explanatory Notes To The Interim Report – 31 December 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	
	31/12/2020	30/09/2020	
<b>Revenue</b>	820,395	794,884	3%
<b>Gross Profit</b>	121,354	125,742	(3%)
<b>Operating profit</b>	59,602	114,149	(48%)
<b>Profit Before Tax</b>	45,578	106,918	(57%)
<b>Profit After Tax</b>	25,943	76,993	(66%)
<b>Profit Attributable to owners of the Company</b>	18,820	73,836	(75%)

**4<sup>th</sup> Quarter FY2020 (“Q4FY2020”) vs 3<sup>rd</sup> Quarter FY2020 (“Q3FY2020”)**

The Group posted total revenue of RM820.3 million in Q4FY2020 compared with RM794.8 million reported in Q3FY2020.

The Group reported a profit before tax of RM45.5 million compared with RM106.9 million reported in Q3FY2020. The lower profit before tax was principally due to fair value loss on derivatives and share of loss of equity-accounted joint venture in relation to shipping to reflect the current market conditions in the current quarter. For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q4FY 2020	Q3FY 2020
Palm Oil Products (RM/mt)	3,235	2,845
Palm Kernel Products (RM/mt)	2,177	1,665

**B3. Prospect**

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

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

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



**Explanatory Notes To The Interim Report – 31 December 2020**

**B5. Profit before tax**

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

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	38,139	39,799	153,650	150,030
(Gain)/loss on disposal of property, plant and equipment	(521)	409	(779)	163
Gain on disposal of right-of-use assets	-	(165)	-	(165)
Property, plant and equipment written off	-	-	539	350
Impairment loss on other receivables	2,668	473	2,675	482
Impairment loss on investment in joint venture	3,471	-	3,471	-
Inventories written off	-	-	-	3
Inventories written down	-	654	-	654
Bearer plants written off	28	8	2,848	55
Finance income	(4,882)	(5,432)	(21,207)	(22,751)
Finance costs	7,377	12,899	42,128	54,213
Fair value changes on biological assets	217	(4,095)	(6,728)	(9,809)
Unrealised gain on foreign exchange	(1,094)	(1,421)	(109)	(1,037)
Fair value changes on derivatives	39,036	22,963	11,956	22,743

**B6. Taxation**

Current tax expenses	23,252	10,226	68,123	32,778
Deferred tax	(3,617)	16,059	13,923	6,938
	19,635	26,285	82,046	39,716
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	50	(112)	(1,329)	(1,148)

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

**B7. Status of corporate proposal announced**

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





**Explanatory Notes To The Interim Report – 31 December 2020**

**B8. Loans and borrowings**

	As at 4 <sup>th</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	-	4,991	-	-	7,398	-	-	12,389
Revolving credits	-	-	-	-	50,000	-	-	50,000
Islamic medium term note	-	20,000	-	-	-	-	-	20,000
Term loans	4,114	689,140	1,371	-	103,650	5,485	-	792,790
<b><u>Unsecured</u></b>								
Trade loans	-	-	-	73,913	142,261	-	73,913	142,261
Bank overdraft	-	-	-	-	-	-	-	-
Term loans	-	-	-	-	12,790	-	-	12,790
	<u>4,114</u>	<u>714,131</u>	<u>1,371</u>	<u>73,913</u>	<u>316,099</u>	<u>5,485<sup>^</sup></u>	<u>73,913<sup>*</sup></u>	<u>1,030,230</u>

\*USD18.40 million equivalent

<sup>^</sup>SGD1.80 million equivalent



**Explanatory Notes To The Interim Report – 31 December 2020**

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

	As at 4 <sup>th</sup> quarter ended 2019							
	Long term		Short term			Total borrowings		
	Denomination in		Denomination in			Denomination in		
	SGD	RM	SGD	USD	RM	SGD	USD	RM
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>Secured</u></b>								
Hire purchase	-	5,647	-	-	6,526	-	-	12,173
Revolving credits	-	-	-	-	69,500	-	-	69,500
Term loans	5,489	779,229	1,373	-	100,418	6,862	-	879,647
<b><u>Unsecured</u></b>								
Revolving credits	-	-	-	-	4,000	-	-	4,000
Trade loans	-	-	-	91,472	140,053	-	91,472	140,053
Bank overdraft	-	-	-	-	7,651	-	-	7,651
Term loans	-	10,764	-	-	14,150	-	-	24,914
	<u>5,489</u>	<u>795,640</u>	<u>1,373</u>	<u>91,472</u>	<u>342,298</u>	<u>6,862<sup>^</sup></u>	<u>91,472<sup>*</sup></u>	<u>1,137,938</u>

\*USD22.35 million equivalent

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



**Explanatory Notes To The Interim Report – 31 December 2020**

**B9. Derivatives**

(a) The outstanding interest rate swap (IRS) contracts as at 31 December 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	(3,688)	(4,828)	-	(8,516)

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

(b) The outstanding commodity forward contracts, commodity swaps and forward currency contracts as at 31 December 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	59	-	-	59	(2,637)	-	-	(2,637)
Commodity forward contracts	USD	58	-	-	58	(11,811)	-	-	(11,811)
Forward currency contracts	USD	247	-	-	247	4,442	-	-	4,442
Commodity swaps	RM	207	-	-	207	(24,473)	-	-	(24,473)

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 – 31 December 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 divided by the weighted average number of ordinary shares in issue during the period.

	<b>Individual Quarter</b>		<b>Financial Year</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	18,820	48,523	202,200	89,456
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue	571,083	570,874	570,925	570,874
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic earnings per share	3.30	8.49	35.42	15.67

*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.

	<b>Individual Quarter</b>		<b>Financial Year</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	18,820	48,523	202,200	89,456
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue	571,225	570,904	571,110	570,904
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share	3.29	8.49	35.40	15.67



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

**Explanatory Notes To The Interim Report – 31 December 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 25 February 2021.

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

Miri  
**25 February 2021**