



**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021**  
**Condensed Consolidated Statement of Financial Position as at 30 June 2021**  
(The figures have not been audited)

	Note	30 June 2021 RM'000	31 December 2020 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		1,051,906	1,040,132
Bearer plants		958,823	979,964
Inventories		40,822	40,618
Right-of-use assets		517,852	510,461
Investment in a joint venture		24,156	23,287
Intangible assets		168,260	168,266
Deferred tax assets		34,746	44,942
		2,796,565	2,807,670
<b>Current Assets</b>			
Inventories		457,072	251,561
Biological assets		37,975	25,282
Trade and other receivables		203,421	213,377
Current tax recoverable		1,597	5,808
Derivatives	B9	3,080	7,144
Other investments		170,505	304,836
Cash and bank balances		745,271	642,409
		1,618,921	1,450,417
<b>TOTAL ASSETS</b>		4,415,486	4,258,087
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		823,106	820,982
Employee share option reserve		24,974	23,870
Other reserves		(3,893)	(6,543)
Retained earnings		1,717,691	1,540,314
		2,561,878	2,378,623
<b>Non-controlling interests</b>		134,777	124,272
<b>Total equity</b>		2,696,655	2,502,895

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Financial Position as at 30 June 2021 (Continued)**  
(The figures have not been audited)

	<b>Note</b>	<b>30 June 2021 RM'000</b>	<b>31 December 2020 RM'000</b>
<b>Non-current liabilities</b>			
Loans and borrowings	B8	360,755	715,164
Deferred tax liabilities		354,145	356,998
Government grants		14,870	15,212
Derivatives	B9	4,273	4,828
Lease liabilities		1,201	584
		<u>735,244</u>	<u>1,092,786</u>
<b>Current liabilities</b>			
Loans and borrowings	B8	699,889	393,848
Trade and other payables		214,178	209,330
Current tax payable		26,676	11,469
Government grants		1,064	868
Derivatives	B9	40,941	45,311
Lease liabilities		839	1,580
		<u>983,587</u>	<u>662,406</u>
<b>Total liabilities</b>		<u>1,718,831</u>	<u>1,755,192</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,415,486</u>	<u>4,258,087</u>
Net assets per share attributable to owners of the Company (RM)		4.48	4.16
No. of share ('000)		571,673	571,122

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Comprehensive Income**  
**For the Six-Months Period ended 30 June 2021**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 30 June		CUMULATIVE QUARTER 6 months ended 30 June	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Continuing Operations</b>					
<b>Revenue</b>		949,046	626,060	1,737,368	1,144,144
Cost of sales		(761,142)	(564,836)	(1,406,694)	(1,009,580)
<b>Gross profit</b>		187,904	61,224	330,674	134,564
Administrative expenses		(8,510)	(7,947)	(16,445)	(16,188)
Other operating (expense)/income		(29,329)	5,819	(44,383)	43,076
<b>Operating profit</b>		150,065	59,096	269,846	161,452
Finance income		5,682	5,558	8,145	11,797
Finance costs		(8,760)	(12,078)	(17,451)	(24,363)
Share of result of equity- accounted joint venture, net of tax		(367)	(1,063)	(887)	(1,063)
<b>Profit before tax</b>	B5	146,620	51,513	259,653	147,823
Taxation	B6	(38,702)	(10,485)	(65,125)	(32,486)
<b>Profit after tax for the period</b>		107,918	41,028	194,528	115,337
<b>Other comprehensive income/(loss):</b>					
Foreign exchange translation differences for foreign operations		(113)	126	499	534
Fair value adjustment on cash flow hedge		3,494	(1,798)	2,830	(4,162)
Income tax relating to components of other comprehensive income		(838)	432	(679)	999
<b>Other comprehensive income/(loss) for the period, net of tax</b>		2,543	(1,240)	2,650	(2,629)
<b>Total comprehensive income for the period</b>		110,461	39,788	197,178	112,708
<b>Profit attributable to:</b>					
Owners of the Company		98,320	38,342	177,377	109,545
Non-controlling interests		9,598	2,686	17,151	5,792
		107,918	41,028	194,528	115,337

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Comprehensive Income**  
**For the Six-Months Period ended 30 June 2021 (Continued)**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 30 June		CUMULATIVE QUARTER 6 months ended 30 June	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		100,863	37,102	180,027	106,916
Non-controlling interests		9,598	2,686	17,151	5,792
		<u>110,461</u>	<u>39,788</u>	<u>197,178</u>	<u>112,708</u>
<b>Earnings per share attributable to owners of the Company (Sen):</b>					
Basic	B12	<u>17.20</u>	<u>6.72</u>	<u>31.04</u>	<u>19.19</u>
Diluted	B12	<u>17.12</u>	<u>6.71</u>	<u>30.90</u>	<u>19.18</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity**  
**For the Six-Months Period ended 30 June 2021**  
(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 2021</b>	2,502,895	2,378,623	820,982	23,870	(6,543)	1,540,314	124,272
<b>Total comprehensive income for the period</b>	197,178	180,027	-	-	2,650	177,377	17,151
<b>Transactions with owners</b>							
Dividends paid to non-controlling interests in subsidiaries	(6,646)	-	-	-	-	-	(6,646)
Issuance of ordinary shares:							
Pursuant to exercise of ESOS	1,804	1,804	1,804	-	-	-	-
Share options granted under ESOS	1,424	1,424	-	1,424	-	-	-
Share options exercised under ESOS	-	-	320	(320)	-	-	-
<b>At 30 June 2021</b>	<u>2,696,655</u>	<u>2,561,878</u>	<u>823,106</u>	<u>24,974</u>	<u>(3,893)</u>	<u>1,717,691</u>	<u>134,777</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 2020 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity  
For the Six-Months Period ended 30 June 2021 (Continued)**

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 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 year</b>	215,471	199,429	-	-	(4,687)	204,116	16,042
<b>Transactions with owners</b>							
Dividends paid to non-controlling interests in subsidiaries	(3,530)	-	-	-	-	-	(3,530)
Dividends on ordinary shares	(28,546)	(28,546)	-	-	-	(28,546)	-
Issuance of ordinary shares:							
Pursuant to exercise of ESOS	749	749	749	-	-	-	-
Change in ownership interest 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>2,502,895</u>	<u>2,378,623</u>	<u>820,982</u>	<u>23,870</u>	<u>(6,543)</u>	<u>1,540,314</u>	<u>124,272</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 2020 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Cash Flows**  
**For the Six-Months Period ended 30 June 2021**  
(The figures have not been audited)

	<b>30 June</b>	<b>30 June</b>
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
<b>Profit before tax</b>	259,653	147,823
Adjustments for non-cash items:		
Depreciation and amortisation	76,434	73,234
Amortisation of government grant	(516)	(398)
Share options granted under ESOS	1,424	1,733
Loss/(Gain) on disposal of property, plant and equipment	3	(239)
Property, plant and equipment written off	83	496
Bearer plants written off	256	1
Finance income	(8,145)	(11,797)
Finance costs	17,451	24,363
Fair value (gain)/loss on biological assets	(12,693)	1,646
Unrealised loss on foreign exchange	716	1,079
Fair value loss/(gain) on derivatives	1,712	(30,472)
Share of results of a joint venture	887	1,063
<b>Operating cash flows before working capital changes</b>	337,265	208,532
Increase in inventories	(205,715)	(12,599)
Decrease/(Increase) in trade and other receivables	14,989	(17,881)
Increase/(Decrease) in trade and other payables	1,208	(8,797)
<b>Cash flows from operations</b>	147,747	169,255
Net income tax paid	(39,044)	(10,104)
<b>Net cash flows from operating activities</b>	108,703	159,151

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Cash Flows**  
**For the Six-Months Period ended 30 June 2021 (Continued)**  
(The figures have not been audited)

	<b>30 June 2021 RM'000</b>	<b>30 June 2020 RM'000</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(55,042)	(29,154)
Acquisition of right-of-use assets	(11,948)	-
Increase in bearer plants	(7,481)	(14,016)
Investment in a joint venture	(1,757)	(661)
Proceeds from disposal of property, plant and equipment	441	171
Interest received	8,145	11,797
Upliftment of fixed deposits with tenor maturities exceeding three months	134,331	-
<b>Net cash flows from/(used in) investing activities</b>	<b>66,689</b>	<b>(31,863)</b>
<b>Financing activities</b>		
Net movements in trade financing	36,401	(39,983)
Proceeds from loans and borrowings	-	27,582
Proceeds from issuance of shares	1,804	98
Proceeds from government grant	370	-
Repayment of obligations under hire purchase	(3,291)	(7,663)
Repayment of loans and borrowings	(83,707)	(46,070)
Repayment of lease liabilities	(325)	(300)
Dividend paid to non-controlling interests	(6,646)	(3,230)
Interest paid	(17,797)	(25,163)
<b>Net cash flows used in financing activities</b>	<b>(73,191)</b>	<b>(94,729)</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this report)





**Condensed Consolidated Statement of Cash Flows**  
**For the Six-Months Period ended 30 June 2021 (Continued)**  
(The figures have not been audited)

	<b>30 June 2021 RM'000</b>	<b>30 June 2020 RM'000</b>
<b>Net increase in cash and cash equivalents</b>	102,201	32,559
<b>Cash and cash equivalents at beginning of the financial period</b>	642,309	822,416
Effect of exchange rate changes	661	(707)
<b>Cash and cash equivalents at end of the financial period</b>	<u>745,171</u>	<u>854,268</u>
 Cash and cash equivalents at the end of the financial period comprised the following:		
Short term deposits with licensed banks	418,662	660,789
Cash in hand and at banks	326,609	201,368
Cash and bank balances	<u>745,271</u>	<u>862,157</u>
Less: Bank overdraft	-	(7,789)
Less: Short term deposit pledged as security	(100)	(100)
	<u>745,171</u>	<u>854,268</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this report)



**Explanatory Notes To The Interim Report – 30 June 2021**

**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 2020. 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 2020.

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 2020.

On 1 January 2021, the Group adopted the following new and amended Malaysian Financial Reporting Standards (“MFRSs”) mandatory for annual financial periods beginning on or after 1 January 2021.

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*
- 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 – Interest Rate Benchmark Reform – Phase 2*

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, Amendments to MFRS and IC interpretations were issued but not yet effective and have not been applied by the Group:

<b>MFRS, Amendments to MFRS and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
• Amendments to MFRS 16, <i>Leases – Covid-19-Related Rent Concessions beyond 30 June 2021</i>	01 April 2021
• Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards – 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
• Amendments to MFRS 9, <i>Financial Instruments - Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
• Amendments to MFRS 116, <i>Property, Plant and Equipment - Property, Plant and Equipment – Proceeds before Intended Use</i>	01 January 2022
• Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract</i>	01 January 2022



**Explanatory Notes To The Interim Report – 30 June 2021**

**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 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>• Amendments to 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 108, Accounting Policies Changes in Accounting Estimates and Errors - <i>Definition of Accounting Estimates</i></li> </ul>	01 January 2023
<ul style="list-style-type: none"> <li>• Amendments to MFRS 112, Income Tax. <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</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>	To be determined

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

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

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

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

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

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

**A5. Material changes in estimates**

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

**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 listing and quotation of 255,800 shares exercised under the Employees' Share Option Scheme.



**Explanatory Notes To The Interim Report – 30 June 2021**

**A7. Dividends paid**

The Company has paid RM34,300,436 on 16 July 2021, being the first and final single tier dividend of 6 sen per ordinary share declared for the financial year ended 31 December 2020 and which was duly approved during the Annual General Meeting held on 25 June 2021.

**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 2021**

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,734,145	3,223	-	1,737,368
Revenue from external customers	1,734,145	3,223	-	1,737,368
Finance income	12,247	16	(4,118)	8,145
Finance costs	(21,214)	(317)	4,080	(17,451)
Depreciation and amortisation	(73,133)	(139)	(3,162)	(76,434)
Profit before taxation for financial period	330,947	(198)	(71,096)	259,653

**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



## Explanatory Notes To The Interim Report – 30 June 2021

### 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 subscription of 275,000 non-cumulative and non-convertible preference shares of USD1.00 each in Seaworth Pte Ltd, a joint venture company by Asia Oils Pte Ltd, a wholly-owned subsidiary of the Group.

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

There were no contingent liabilities or contingent assets as at 30 June 2021 except corporate guarantees of RM1,069.9 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM207.8 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 2021 is as follows:-

	<b>30 June 2021</b> <b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	195,273
Contracted but not provided in the financial statements	24,228
	-----
	219,501
	=====
 Bearer plants	
Authorised but not contracted for	24,467
Contracted but not provided in the financial statements	1,994
	-----
	26,461
	=====



**Explanatory Notes To The Interim Report – 30 June 2021**

**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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020		
<b>Revenue</b>	949,046	626,060	52%	1,737,368	1,144,144	52%
<b>Gross Profit</b>	187,904	61,224	207%	330,674	134,564	146%
<b>Operating profit</b>	150,065	59,096	154%	269,846	161,452	67%
<b>Profit Before Tax</b>	146,620	51,513	185%	259,653	147,823	76%
<b>Profit After Tax</b>	107,918	41,028	163%	194,528	115,337	69%
<b>Profit Attributable to Owners of the Company</b>	98,320	38,342	156%	177,377	109,545	62%

**2<sup>nd</sup> Quarter FY2021 (“Q2FY2021”) vs 2<sup>nd</sup> Quarter FY2020 (“Q2FY2020”)**

The Group registered a total revenue of RM949.0 million for Q2FY2021 compared with RM626.1 million reported in Q2FY2020.

The Group's profit before tax for the current quarter was RM146.6 million compared with RM51.5 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 sold.

**Current Year To Date (“2QFY2021”) vs Preceding Year To Date (“2QFY2020”)**

The Group registered a total revenue of RM1,737.4 million for the six months ended 30 June 2021 against RM1,144.1 million reported in the corresponding period year 2020.

Group profit before tax for the period ended 30 June 2021 was RM259.6 million against RM147.8 million achieved during the corresponding period year 2020. The increase in profit before tax was mainly attributed to increase in palm products average realised prices despite FFB production for the Group dropped by about 5% due to labour shortage arising from lockdown and movement restrictions during this Covid-19 pandemic period.



**Explanatory Notes To The Interim Report – 30 June 2021**

**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	
	30/06/2021	31/03/2021	
<b>Revenue</b>	949,046	788,322	20%
<b>Gross Profit</b>	187,904	142,770	32%
<b>Operating profit</b>	150,065	119,781	25%
<b>Profit Before Tax</b>	146,620	113,033	30%
<b>Profit After Tax</b>	107,918	86,610	25%
<b>Profit Attributable to owners of the Company</b>	98,320	79,057	24%

**2<sup>nd</sup> Quarter FY2021 (“Q2FY2021”) vs 1<sup>st</sup> Quarter FY2021 (“Q1FY2021”)**

The Group registered a total revenue of RM949.0 million for Q2FY2021 compared with RM788.3 million reported in Q1FY2021.

The Group reported a profit before tax of RM146.6 million compared with RM113.0 million reported in Q1FY2021. This was due principally to higher palm oil products average realised prices and higher fresh fruits bunches (“FFB”) production in current quarter. For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q2FY 2021	Q1FY 2021
Palm Oil Products (RM/mt)	4,414	3,885
Palm Kernel Products (RM/mt)	3,106	2,889

**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 2021**

**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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	38,252	36,972	76,434	73,234
Loss/(Gain) on disposal of property, plant and equipment	513	(92)	3	(239)
Property, plant and equipment written off	52	128	83	496
Bearer plant written off	256	1	256	1
Finance income	(5,682)	(5,558)	(8,145)	(11,797)
Finance costs	8,760	12,078	17,451	24,363
Fair value (gain)/loss on biological assets	(5,294)	(1,705)	(12,693)	1,646
Unrealised (gain)/loss on foreign exchange	(247)	(3,238)	716	1,079
Fair value loss/(gain) on derivatives	4,450	7,428	1,712	(30,472)

**B6. Taxation**

Current tax expenses	35,411	11,775	58,460	24,980
Deferred tax	3,291	(1,290)	6,665	7,506
	<u>38,702</u>	<u>10,485</u>	<u>65,125</u>	<u>32,486</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	838	(432)	679	(999)

**B7. Status of corporate proposal announced**

On 29 April 2021, the Group has announced its proposed acquisition of 6,200,000 ordinary shares of SOP Plantations (Sabaju) Sdn. Bhd. which represents the remaining 40.0% equity interest not already held by the Group, from Shin Yang Holding Sdn. Bhd. for a total consideration of RM45.88 million. The acquisition has been duly completed on 16 July 2021.

On 4 June 2021, the Group has announced its proposed acquisition of four (4) parcels of land for a total consideration of RM14.0 million from Shin Yang Construction Sdn. Bhd. ("SYCSB") by Wawasan Asiamaju Sdn Bhd, a subsidiary of the Group. At the same time, the Group via SOP Properties Sdn Bhd acquires additional 539,000 ordinary shares of Wawasan Asiamaju Sdn Bhd ("Wawasan") for the a consideration of RM449,750 from SYCSB. After this acquisition, Wawasan will become a wholly-owned subsidiary of the Group. Barring any unforeseen circumstances, the corporate proposal is expected to complete by end of the third quarter of financial year 2021.

Save as disclosed, 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 2021**

**B8. Loans and borrowings**

	As at 2 <sup>nd</sup> quarter ended 2021							
	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	-	5,253	-	-	3,846	-	-	9,099
Revolving credits	-	-	-	-	37,000	-	-	37,000
Sukuk Murabahah	-	19,384	-	-	-	-	-	19,384
Term loans	4,179	331,939	696	-	397,900	4,875	-	729,839
<b><u>Unsecured</u></b>								
Trade loans	-	-	-	84,286	170,432	-	84,286	170,432
Term loans	-	-	-	-	5,729	-	-	5,729
	<u>4,179</u>	<u>356,576</u>	<u>696</u>	<u>84,286</u>	<u>614,907</u>	<u>4,875<sup>^</sup></u>	<u>84,286<sup>*</sup></u>	<u>971,483</u>

*\*USD20.30 million equivalent*

*<sup>^</sup>SGD1.58 million equivalent*



**Explanatory Notes To The Interim Report – 30 June 2021**

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

	As at 2 <sup>nd</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	-	4,430	-	-	6,047	-	-	10,477
Revolving credits	-	-	-	-	69,500	-	-	69,500
Term loans	4,845	748,610	1,384	-	112,968	6,229	-	861,578
<b><u>Unsecured</u></b>								
Revolving credits	-	-	-	-	10,000	-	-	10,000
Trade loans	-	-	-	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<sup>^</sup></u>	<u>79,740<sup>*</sup></u>	<u>1,091,535</u>

*\*USD18.62 million equivalent*

*<sup>^</sup>SGD2.03 million equivalent*



**Explanatory Notes To The Interim Report – 30 June 2021**

**B9. Derivatives**

(a) The outstanding interest rate swap (IRS) contracts as at 30 June 2021 are as follows:-

(i) Interest rate swap - designated as hedging

	Contract/Notional Value (Million)					Fair Value – assets/(liabilities) (RM'000)			
	Base Currency	<1 year	1 year to 3 years	More than 3 years	Total	<1 year	1 year to 3 years	More than 3 years	Total
Interest rate swap	RM	-	200	-	200	(1,412)	(4,273)	-	(5,685)

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 2021 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	82	-	-	82	(143)	-	-	(143)
Commodity forward contracts	USD	210	-	-	210	(6,275)	-	-	(6,275)
Forward currency contracts	USD	314	-	-	314	282	-	-	282
Commodity swaps	RM	118	-	-	118	(30,313)	-	-	(30,313)

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 material litigation during the interim period under review.



**Explanatory Notes To The Interim Report – 30 June 2021**

**B11. Dividends**

First and final single-tier dividend in respect of the financial year ended 31 December 2020, of 6 sen per ordinary share amounting to RM34,300,436 has been approved by shareholders during the Annual General Meeting held on 25 June 2021 and the payment was subsequently made on 16 July 2021.

**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		Cummulative Quarter	
	3 months ended		6 months ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	98,320	38,342	177,377	109,545
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	571,674	570,913	571,409	570,908
	Sen	Sen	Sen	Sen
Basic earnings per share	17.20	6.72	31.04	19.19

*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		Cummulative Quarter	
	3 months ended		6 months ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	98,320	38,342	177,377	109,545
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	574,296	571,066	574,031	571,060
	Sen	Sen	Sen	Sen
Diluted earnings per share	17.12	6.71	30.90	19.18



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

**Explanatory Notes To The Interim Report – 30 June 2021**

**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 2021.

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

Miri  
**26 August 2021**