



INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021
Condensed Consolidated Statement of Financial Position as at 31 December 2021
(The figures have not been audited)

	Note	31 December 2021 RM'000	31 December 2020 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		1,075,526	1,040,132
Bearer plants		921,246	979,964
Inventories		57,525	40,618
Right-of-use assets		512,986	510,461
Investment in a joint venture		22,252	23,287
Intangible assets		168,263	168,266
Deferred tax assets		19,617	44,942
		2,777,415	2,807,670
Current Assets			
Inventories		476,971	251,561
Biological assets		34,237	25,282
Trade and other receivables		333,430	213,377
Current tax recoverable		1,790	5,808
Derivatives	B9	10,274	7,144
Other investments		204,327	304,836
Cash and bank balances		826,324	642,409
		1,887,353	1,450,417
TOTAL ASSETS		4,664,768	4,258,087
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		823,162	820,982
Employee share option reserve		26,481	23,870
Other reserves		(1,157)	(6,543)
Retained earnings		1,954,587	1,540,314
		2,803,073	2,378,623
Non-controlling interests		136,838	124,272
Total equity		2,939,911	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 31 December 2021 (Continued)
(The figures have not been audited)

	Note	31 December 2021 RM'000	31 December 2020 RM'000
Non-current liabilities			
Loans and borrowings	B8	327,686	715,164
Deferred tax liabilities		376,465	356,998
Government grants		14,354	15,212
Derivatives	B9	888	4,828
Lease liabilities		887	584
		<u>720,280</u>	<u>1,092,786</u>
Current liabilities			
Loans and borrowings	B8	690,104	393,848
Trade and other payables		299,593	209,330
Current tax payable		9,919	11,469
Government grants		1,048	868
Derivatives	B9	3,082	45,311
Lease liabilities		831	1,580
		<u>1,004,577</u>	<u>662,406</u>
Total liabilities		<u>1,724,857</u>	<u>1,755,192</u>
TOTAL EQUITY AND LIABILITIES		<u>4,664,768</u>	<u>4,258,087</u>
Net assets per share attributable to owners of the Company (RM)		4.90	4.16
No. of share ('000)		571,694	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 Quarter and Year ended 31 December 2021
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 12 months ended 31 December	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing Operations					
Revenue		1,394,106	839,575	4,432,984	2,778,603
Cost of sales		(1,086,391)	(717,431)	(3,592,368)	(2,396,155)
Gross profit		307,715	122,144	840,616	382,448
Administrative expenses		(17,586)	(9,462)	(29,832)	(39,554)
Other operating expenses		(8,429)	(50,722)	(78,336)	(5,335)
Operating profit		281,700	61,960	732,448	337,559
Finance income		4,969	4,530	17,106	20,855
Finance costs		(6,489)	(7,501)	(32,671)	(42,252)
Share of result of equity- accounted joint venture, net of tax		(1,177)	(11,529)	(2,791)	(13,963)
Profit before tax	B5	279,003	47,460	714,092	302,199
Taxation	B6	(62,558)	(19,630)	(171,030)	(82,041)
Profit after tax for the period		216,445	27,830	543,062	220,158
Other comprehensive income/(loss):					
Foreign exchange translation differences for foreign operations		48	(276)	733	(478)
Fair value adjustment on cash flow hedge		3,037	207	6,122	(5,538)
Income tax relating to components of other comprehensive income		(729)	(50)	(1,469)	1,329
Other comprehensive income/(loss) for the period, net of tax		2,356	(119)	5,386	(4,687)
Total comprehensive income for the period		218,801	27,711	548,448	215,471
Profit attributable to:					
Owners of the Company		208,346	20,737	511,213	204,116
Non-controlling interests		8,099	7,093	31,849	16,042
		216,445	27,830	543,062	220,158

(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 Quarter and Year ended 31 December 2021 (Continued)
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 December		CUMULATIVE QUARTER 12 months ended 31 December	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total comprehensive income attributable to:					
Owners of the Company		210,702	20,618	516,599	199,429
Non-controlling interests		8,099	7,093	31,849	16,042
		<u>218,801</u>	<u>27,711</u>	<u>548,448</u>	<u>215,471</u>
Earnings per share attributable to owners of the Company (Sen):					
Basic	B12	<u>36.44</u>	<u>3.63</u>	<u>89.44</u>	<u>35.75</u>
Diluted	B12	<u>36.35</u>	<u>3.63</u>	<u>89.21</u>	<u>35.74</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 Year ended 31 December 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		Distributable		Non- controlling interests
				Employee share option reserve	Other reserves	Retained earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	2,502,895	2,378,623	820,982	23,870	(6,543)	1,540,314	124,272	
Total comprehensive income for the period	548,448	516,599	-	-	5,386	511,213	31,849	
Transactions with owners								
Dividends to owners of the Company	(57,168)	(57,168)	-	-	-	(57,168)	-	
Dividends paid to non-controlling interests in subsidiaries	(7,261)	-	-	-	-	-	(7,261)	
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	1,848	1,848	1,848	-	-	-	-	
Share options granted under ESOS	2,943	2,943	-	2,943	-	-	-	
Share options exercised under ESOS	-	-	332	(332)	-	-	-	
Change in ownership in subsidiaries	(51,794)	(39,772)	-	-	-	(39,772)	(12,022)	
At 31 December 2021	<u>2,939,911</u>	<u>2,803,073</u>	<u>823,162</u>	<u>26,481</u>	<u>(1,157)</u>	<u>1,954,587</u>	<u>136,838</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 Year ended 31 December 2021 (Continued)**

Equity attributable to owners of the Company

	Equity, total	Equity attributable to owners of the Company total	Share capital	Non-distributable		Distributable		Non- controlling interests
				Employee share option reserve	Other reserves	Retained earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020	2,315,105	2,203,365	820,091	20,366	(1,856)	1,364,764	111,740	
Total comprehensive income for the year	215,471	199,429	-	-	(4,687)	204,116	16,042	
Transactions with owners								
Dividends to owners of the Company	(28,546)	(28,546)	-	-	-	(28,546)	-	
Dividends paid to non-controlling interests in subsidiaries	(3,530)	-	-	-	-	-	(3,530)	
Change in ownership interest in a subsidiary	-	(20)	-	-	-	(20)	20	
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	749	749	749	-	-	-	-	
Share options granted under ESOS	3,646	3,646	-	3,646	-	-	-	
Share options exercised under ESOS	-	-	142	(142)	-	-	-	
At 31 December 2020	<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 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 Year ended 31 December 2021
(The figures have not been audited)

	31 December	31 December
	2021	2020
	RM'000	RM'000
Operating activities		
Profit before tax	714,092	302,199
Adjustments for non-cash items:		
Depreciation and amortisation	175,025	150,146
Amortisation of government grant	(1,048)	(917)
Share options granted under ESOS	2,943	3,646
Gain on disposal of property, plant and equipment	(405)	(849)
Inventory written down	-	1,437
Inventory written off	507	534
Property, plant and equipment written off	510	681
Bearer plants written off	414	6,387
Impairment loss on financial instruments	1,001	2,879
Impairment loss on investment in a joint venture	-	3,471
Finance income	(17,106)	(20,855)
Finance costs	32,671	42,252
Fair value gain on biological assets	(8,955)	(6,728)
Unrealised loss on foreign exchange	720	69
Fair value (gain)/loss on derivatives	(43,484)	11,955
Share of results of a joint venture	2,791	13,963
Operating cash flows before working capital changes	859,676	510,270
Increase in inventories	(242,823)	(18,447)
Increase in trade and other receivables	(116,452)	(19,863)
Increase/(Decrease) in trade and other payables	86,296	(3,167)
Cash flows from operations	586,697	468,793
Net income tax paid	(125,240)	(60,556)
Net cash flows from operating activities	461,457	408,237

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 Year ended 31 December 2021 (Continued)
(The figures have not been audited)

	31 December	31 December
	2021	2020
	RM'000	RM'000
Investing activities		
Acquisition of property, plant and equipment	(126,067)	(75,471)
Acquisition of right-of-use assets	(12,101)	(116)
Acquisition of non-controlling interests	(51,794)	-
Additions to bearer plants	(18,629)	(27,147)
Additions to intangible assets	-	(27)
Investment in a joint venture	(1,756)	(842)
Proceeds from disposal of property, plant and equipment	2,072	1,922
Interest received	17,106	20,855
Upliftment/(Placement) of fixed deposits with tenor maturities exceeding three months	100,509	(230,478)
Net cash flows used in investing activities	<u>(90,660)</u>	<u>(311,304)</u>
Financing activities		
Net movements in trade financing	91,783	(15,350)
Net proceeds from Sukuk Murabahah	-	19,384
Proceeds from loans and borrowings	-	29,588
Proceeds from exercise of ESOS	1,848	749
Proceeds from government grant	370	78
Repayment of obligations under hire purchase	(6,446)	(4,897)
Repayment of loans and borrowings	(177,964)	(153,446)
Repayment of lease liabilities	(497)	(608)
Dividend paid to owners of the Company	(57,168)	(28,546)
Dividend paid to non-controlling interests	(7,261)	(3,530)
Interest paid	(32,353)	(46,113)
Net cash flows used in financing activities	<u>(187,688)</u>	<u>(202,691)</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)



Condensed Consolidated Statement of Cash Flows
For the Year ended 31 December 2021 (Continued)
(The figures have not been audited)

	31 December	31 December
	2021	2020
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	183,109	(105,758)
Cash and cash equivalents at beginning of the financial period	642,309	748,057
Effect of exchange rate changes	806	10
Cash and cash equivalents at end of the financial period	<u>826,224</u>	<u>642,309</u>
 Cash and cash equivalents at the end of the financial period comprised the following:		
Short term deposits with licensed banks	538,498	443,070
Cash in hand and at banks	287,826	199,339
Cash and bank balances	<u>826,324</u>	<u>642,409</u>
Less: Short term deposit pledged as security	<u>(100)</u>	<u>(100)</u>
	<u>826,224</u>	<u>642,309</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 – 31 December 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 authorisation 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:

MFRS, Amendments to MFRS and IC Interpretations	Effective for annual periods beginning on or after
• 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 – 31 December 2021

A1. Accounting Policies and Basis of Preparation (Continued)

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
• Amendments to Illustrative Examples accompanying MFRS 16, Leases - <i>Annual Improvements to MFRS Standards 2018-2020</i>	01 January 2022
• Amendments to 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
• Initial Application of <i>MFRS 17</i> and <i>MFRS 9 – Comparative Information (Amendment to MFRS 17 Insurance Contracts)</i>	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 108, Accounting Policies Changes in Accounting Estimates and Errors - <i>Definition of Accounting Estimates</i>	01 January 2023
• Amendments to MFRS 112, Income Tax. <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</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>	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 other than disclosed in the ensuing page.



Explanatory Notes To The Interim Report – 31 December 2021

A5. Material changes in estimates (continued)

During the financial year ended 31 December 2021, The Group conducted a review on the estimates of the useful and economic life of oil palms which gives rise to changes in the useful and economic life from 25 to 22 years, as to reflect the economics pattern of the palms under current prevailing operating conditions. The effect of these changes on amortisation expense, recognised in cost of sales, in current and future periods is as follows:

	2021	2022	2023	2024	2025	Later
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Increase/(decrease) in amortisation expense	14,388	14,335	14,335	14,148	13,488	(70,694)
	=====	=====	=====	=====	=====	=====

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 18,700 shares exercised under the Employees' Share Option Scheme.

A7. Dividends paid

Since the previous financial year the Company has paid :-

- (i) a first and final single tier dividend of 6 sen per ordinary share amounting to RM34,300,436 in respect of the financial year ended 31 December 2020 was paid on 16 July 2021; and
- (ii) a first interim single tier dividend of 4 sen per ordinary share amounting to RM22,867,666 in respect of the financial year ended 31 December 2021 was paid on 30 December 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 31 December 2021

	Palm oil Segment	Property Segment	Consolidation Adjustment	Consolidated
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	4,417,607	15,377	-	4,432,984
Revenue from external customers	4,417,607	15,377	-	4,432,984
Finance income	26,387	53	(9,334)	17,106
Finance costs	(40,827)	(952)	9,108	(32,671)
Depreciation and amortisation	(165,914)	(273)	(8,838)	(175,025)
Profit before taxation for financial period	715,005	1,445	(2,358)	714,092



Explanatory Notes To The Interim Report – 31 December 2021

A8. Segment Information (continued)

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	2,765,157	13,446	-	2,778,603
Revenue from external customers	2,765,157	13,446	-	2,778,603
Finance income	28,714	91	(7,950)	20,855
Finance costs	(50,137)	(890)	8,775	(42,252)
Depreciation and amortisation	(153,390)	(295)	3,539	(150,146)
Profit before taxation for financial period	298,557	2,461	1,181	302,199

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.

A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 31 December 2021 except corporate guarantees of RM1,046.8 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM157.0 million represents the outstanding banking facilities of the subsidiaries with corporate guarantee at the end of the reporting period.



Explanatory Notes To The Interim Report – 31 December 2021

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 2021 is as follows:-

	31 December 2021
	RM'000
Property, plant and equipment	
Authorised but not contracted for	149,716
Contracted but not provided in the financial statements	48,450

	198,166
	=====
 Bearer plants	
Authorised but not contracted for	10,863
Contracted but not provided in the financial statements	4,453

	15,316
	=====



Explanatory Notes To The Interim Report – 31 December 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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020		
Revenue	1,394,106	839,575	66%	4,432,984	2,778,603	60%
Gross Profit	307,715	122,144	152%	840,616	382,448	120%
Operating profit	281,700	61,960	355%	732,448	337,559	117%
Profit Before Tax	279,003	47,460	488%	714,092	302,199	136%
Profit After Tax	216,445	27,830	678%	543,062	220,158	147%
Profit Attributable to Owners of the Company	208,346	20,737	905%	511,213	204,116	150%

4th Quarter FY2021 (“Q4FY2021”) vs 4th Quarter FY2020 (“Q4FY2020”)

The Group registered a total revenue of RM1,394.1 million for Q4FY2021 compared with RM839.6 million reported in Q4FY2020.

The Group's profit before tax for the current quarter was RM279.0 million compared with RM47.5 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 (“4QFY2021”) vs Preceding Year To Date (“4QFY2020”)

The Group registered a total revenue of RM4,433.0 million for the financial year ended 31 December 2021 against RM2,778.6 million reported in the corresponding financial year 2020.

Group profit before tax for the financial year ended 31 December 2021 was RM714.1 million against RM302.2 million achieved during the corresponding financial 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 8% due to labour shortage during this Covid-19 pandemic period.



Explanatory Notes To The Interim Report – 31 December 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	
	31/12/2021	30/09/2021	
Revenue	1,394,106	1,301,510	7%
Gross Profit	307,715	215,825	43%
Operating profit	281,700	180,901	56%
Profit Before Tax	279,003	175,435	59%
Profit After Tax	216,445	132,088	64%
Profit Attributable to owners of the Company	208,346	125,489	66%

4th Quarter FY2021 (“Q4FY2021”) vs 3rd Quarter FY2021 (“Q3FY2021”)

The Group registered a total revenue of RM1,394.1 million for Q4FY2021 compared with RM1,301.5 million reported in Q3FY2021.

The Group reported a profit before tax of RM279.0 million compared with RM175.4 million reported in Q3FY2021. This was due principally to higher palm products average realised prices in current quarter compared to preceding quarter.

For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q4FY 2021	Q3FY 2021
Palm Oil Products (RM/mt)	5,468	4,490
Palm Kernel Products (RM/mt)	4,272	2,919

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, plantation labour supply, the effect of supply chain on costs of fertilizers and chemicals, on-going COVID-19 pandemic, 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 2021

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	48,350	34,635	175,025	150,146
Gain on disposal of property, plant and equipment	(437)	(591)	(405)	(849)
Property, plant and equipment written off	194	(87)	510	681
Bearer plant written off	1	3,567	414	6,387
Inventories written off	507	534	507	534
Inventories written down	-	1,437	-	1,437
Impairment loss on financial instruments	1,001	2,872	1,001	2,879
Impairment loss on investment in joint venture	-	3,471	-	3,471
Finance income	(4,969)	(4,530)	(17,106)	(20,855)
Finance costs	6,489	7,501	32,671	42,252
Fair value loss/(gain) on biological assets	10,358	217	(8,955)	(6,728)
Unrealised loss/(gain) on foreign exchange	28	(916)	720	69
Fair value (gain)/loss on derivatives	(40,722)	39,035	(43,484)	11,955

B6. Taxation

Current tax expenses	38,779	26,926	127,708	71,797
Deferred tax	23,779	(7,296)	43,322	10,244
	<u>62,558</u>	<u>19,630</u>	<u>171,030</u>	<u>82,041</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	<u>729</u>	<u>50</u>	<u>1,469</u>	<u>(1,329)</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 – 31 December 2021

B8. Loans and borrowings

	As at 4 th 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	
<u>Secured</u>								
Hire purchase	-	2,658	-	-	3,286	-	-	5,944
Sukuk Murabahah	-	19,461	-	-	-	-	-	19,461
Term loans	3,828	301,739	348	-	376,900	4,176	-	678,639
<u>Unsecured</u>								
Trade loans	-	-	-	49,564	198,120	-	49,564	198,120
Trust receipts	-	-	-	61,518	-	-	61,518	-
Term loans	-	-	-	-	368	-	-	368
	<u>3,828</u>	<u>323,858</u>	<u>348</u>	<u>111,082</u>	<u>578,674</u>	<u>4,176</u>	<u>111,082</u>	<u>902,532</u>

*USD26.67 million equivalent

^SGD1.35 million equivalent



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B8. Loans and borrowings (Continued)

	As at 4 th quarter ended 2020							
	Long term		Short term			Total borrowings		
	Denomination in		Denomination in			Denomination in		
	SGD	RM	SGD	USD	RM	SGD	USD	RM
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>Secured</u>								
Hire purchase	-	5,777	-	-	6,612	-	-	12,389
Revolving credits	-	-	-	-	50,000	-	-	50,000
Sukuk Murabahah	-	19,384	-	-	-	-	-	19,384
Term loans	5,143	684,860	343	-	107,929	5,486	-	792,789
<u>Unsecured</u>								
Trade loans	-	-	-	73,913	142,261	-	73,913	142,261
Term loans	-	-	-	-	12,790	-	-	12,790
	<u>5,143</u>	<u>710,021</u>	<u>343</u>	<u>73,913</u>	<u>319,592</u>	<u>5,486[^]</u>	<u>73,913[*]</u>	<u>1,029,613</u>

**USD18.40 million equivalent*

[^]SGD1.80 million equivalent



Explanatory Notes To The Interim Report – 31 December 2021

B9. Derivatives

(a) The outstanding interest rate swap (IRS) contracts as at 31 December 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	(1,505)	(888)	-	(2,393)

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 and forward currency contracts as at 31 December 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	151	-	-	151	6,512	-	-	6,512
Forward currency contracts	USD	399	-	-	399	2,185	-	-	2,185

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 – 31 December 2021

B11. Dividends

Since the end of the previous quarter, the amount of dividend paid by the Company in respect of the financial year ended 31 December 2021 was a first interim single tier dividend of 4 sen per ordinary share totaling RM22,867,666 paid on 30 December 2021.

There was no dividend declared in 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.

	Individual Quarter		Cummulative Quarter	
	3 months ended		12 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	208,346	20,737	511,213	204,116
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	571,694	571,122	571,545	570,925
	Sen	Sen	Sen	Sen
Basic earnings per share	36.44	3.63	89.44	35.75



Explanatory Notes To The Interim Report – 31 December 2021

B12. Earnings per share (Continued)

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		12 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	208,346	20,737	511,213	204,116
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	573,167	571,307	573,018	571,110
	Sen	Sen	Sen	Sen
Diluted earnings per share	36.35	3.63	89.21	35.74

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 23 February 2022.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary

Miri
24 February 2022