



INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022
Condensed Consolidated Statement of Financial Position as at 31 March 2022
(The figures have not been audited)

| | Note | 31 March 2022 RM'000 | 31 December 2021 RM'000 |
|---|------|----------------------------|-------------------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and equipment | | 1,073,149 | 1,074,314 |
| Bearer plants | | 907,067 | 921,245 |
| Inventories | | 57,584 | 57,525 |
| Right-of-use assets | | 510,546 | 512,986 |
| Investment in a joint venture | | 21,034 | 22,163 |
| Intangible assets | | 168,263 | 168,264 |
| Deferred tax assets | | 14,090 | 19,573 |
| | | 2,751,733 | 2,776,070 |
| Current Assets | | | |
| Inventories | | 339,988 | 476,475 |
| Biological assets | | 39,164 | 34,169 |
| Trade and other receivables | | 363,277 | 323,052 |
| Current tax recoverable | | 4,709 | 7,427 |
| Derivatives | B9 | 9,928 | 8,697 |
| Other investments | | 221,241 | 234,269 |
| Cash and bank balances | | 995,023 | 796,693 |
| | | 1,973,330 | 1,880,782 |
| TOTAL ASSETS | | 4,725,063 | 4,656,852 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 827,783 | 823,162 |
| Employee share option reserve | | 26,199 | 26,481 |
| Other reserves | | (154) | (793) |
| Retained earnings | | 2,148,260 | 1,953,269 |
| | | 3,002,088 | 2,802,119 |
| Non-controlling interests | | 147,338 | 136,592 |
| Total equity | | 3,149,426 | 2,938,711 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Financial Position as at 31 March 2022 (Continued)
(The figures have not been audited)

| | Note | 31 March 2022 RM'000 | 31 December 2021 RM'000 |
|---|-------------|-------------------------------------|--|
| Non-current liabilities | | | |
| Loans and borrowings | B8 | 508,972 | 522,110 |
| Deferred tax liabilities | | 383,944 | 377,620 |
| Government grants | | 14,050 | 14,338 |
| Derivatives | B9 | 117 | 408 |
| Lease liabilities | | 756 | 114 |
| | | <u>907,839</u> | <u>914,590</u> |
| Current liabilities | | | |
| Loans and borrowings | B8 | 323,672 | 495,679 |
| Trade and other payables | | 315,818 | 288,830 |
| Current tax payable | | 24,692 | 14,938 |
| Government grants | | 1,086 | 1,064 |
| Derivatives | B9 | 1,826 | 1,505 |
| Lease liabilities | | 704 | 1,535 |
| | | <u>667,798</u> | <u>803,551</u> |
| Total liabilities | | <u>1,575,637</u> | <u>1,718,141</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>4,725,063</u> | <u>4,656,852</u> |
| Net assets per share attributable to owners of the Company (RM) | | 5.24 | 4.90 |
| No. of share ('000) | | 572,799 | 571,694 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Comprehensive Income
For the Three-Months Period ended 31 March 2022
(The figures have not been audited)

| | Note | INDIVIDUAL QUARTER 3 months ended 31 March | | CUMULATIVE QUARTER 3 months ended 31 March | |
|---|------|--|----------------|--|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Continuing Operations | | | | | |
| Revenue | | 1,434,576 | 788,322 | 1,434,576 | 788,322 |
| Cost of sales | | (1,191,116) | (645,552) | (1,191,116) | (645,552) |
| Gross profit | | 243,460 | 142,770 | 243,460 | 142,770 |
| Administrative expenses | | (7,785) | (7,935) | (7,785) | (7,935) |
| Other operating income/(expenses) | | 36,739 | (15,054) | 36,739 | (15,054) |
| Operating profit | | 272,414 | 119,781 | 272,414 | 119,781 |
| Finance income | | 4,757 | 2,463 | 4,757 | 2,463 |
| Finance costs | | (7,437) | (8,691) | (7,437) | (8,691) |
| Share of result of equity- accounted joint venture, net of tax | | (1,129) | (520) | (1,129) | (520) |
| Profit before tax | B5 | 268,605 | 113,033 | 268,605 | 113,033 |
| Taxation | B6 | (62,868) | (26,423) | (62,868) | (26,423) |
| Profit after tax for the period | | 205,737 | 86,610 | 205,737 | 86,610 |
| Other comprehensive income: | | | | | |
| Foreign exchange translation differences for foreign operations | | 309 | 612 | 309 | 612 |
| Fair value adjustment on cash flow hedge | | 434 | (664) | 434 | (664) |
| Income tax relating to components of other comprehensive income | | (104) | 159 | (104) | 159 |
| Other comprehensive income for the period, net of tax | | 639 | 107 | 639 | 107 |
| Total comprehensive income for the period | | 206,376 | 86,717 | 206,376 | 86,717 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 194,991 | 79,057 | 194,991 | 79,057 |
| Non-controlling interests | | 10,746 | 7,553 | 10,746 | 7,553 |
| | | 205,737 | 86,610 | 205,737 | 86,610 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Comprehensive Income
For the Quarter and Year ended 31 March 2022 (Continued)
(The figures have not been audited)

| | Note | INDIVIDUAL QUARTER 3 months ended 31 March | | CUMULATIVE QUARTER 3 months ended 31 March | |
|--|------|--|----------------|--|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 195,630 | 79,164 | 195,630 | 79,164 |
| Non-controlling interests | | 10,746 | 7,553 | 10,746 | 7,553 |
| | | <u>206,376</u> | <u>86,717</u> | <u>206,376</u> | <u>86,717</u> |
| Earnings per share attributable to owners of the Company (Sen): | | | | | |
| Basic | B12 | <u>34.09</u> | <u>13.84</u> | <u>34.09</u> | <u>13.84</u> |
| Diluted | B12 | <u>33.73</u> | <u>13.76</u> | <u>33.73</u> | <u>13.76</u> |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period ended 31 March 2022
(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 2022 | 2,938,711 | 2,802,119 | 823,162 | 26,481 | (793) | 1,953,269 | 136,592 | |
| Total comprehensive income for the period | 206,376 | 195,630 | - | - | 639 | 194,991 | 10,746 | |
| Transactions with owners | | | | | | | | |
| Issuance of ordinary shares: | | | | | | | | |
| Pursuant to exercise of ESOS | 3,845 | 3,845 | 3,845 | - | - | - | - | - |
| Share options granted under ESOS | 494 | 494 | - | 494 | - | - | - | - |
| Share options exercised under ESOS | - | - | 776 | (776) | - | - | - | - |
| At 31 March 2022 | <u>3,149,426</u> | <u>3,002,088</u> | <u>827,783</u> | <u>26,199</u> | <u>(154)</u> | <u>2,148,260</u> | <u>147,338</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 2021 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period ended 31 March 2022 (Continued)**

Equity attributable to owners of the Company

| | Equity, total | Equity attributable to owners of the Company total | Share capital | Non-distributable | | Distributable | |
|---|------------------|--|------------------|----------------------------------|-------------------|----------------------|----------------------------------|
| | | | | Employee share option reserve | Other reserves | Retained earnings | Non- controlling interests |
| | 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 year | 547,249 | 515,646 | - | - | 5,750 | 509,896 | 31,603 |
| 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) |
| Change in ownership interest in subsidiary | (51,795) | (39,773) | - | - | - | (39,773) | (12,022) |
| 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) | - | - | - |
| At 31 December 2021 | <u>2,938,711</u> | <u>2,802,119</u> | <u>823,162</u> | <u>26,481</u> | <u>(793)</u> | <u>1,953,269</u> | <u>136,592</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 2021 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period ended 31 March 2022
(The figures have not been audited)

| | 31 March 2022 RM'000 | 31 March 2021 RM'000 |
|--|-------------------------------------|-------------------------------------|
| Operating activities | | |
| Profit before tax | 268,605 | 113,033 |
| Adjustments for non-cash items: | | |
| Depreciation and amortisation | 41,459 | 38,182 |
| Amortisation of government grant | (266) | (250) |
| Share options granted under ESOS | 494 | 665 |
| Gain on disposal of property, plant and equipment | (318) | (510) |
| Property, plant and equipment written off | 135 | 31 |
| Finance income | (4,757) | (2,463) |
| Finance costs | 7,437 | 8,691 |
| Fair value gain on biological assets | (4,995) | (7,399) |
| Unrealised (gain)/loss on foreign exchange | (678) | 963 |
| Fair value gain on derivatives | (767) | (2,738) |
| Share of results of a joint venture | 1,129 | 520 |
| Operating cash flows before working capital changes | 307,478 | 148,725 |
| Decrease/(Increase) in inventories | 136,430 | (80,751) |
| Increase in trade and other receivables | (38,272) | (53,763) |
| Increase in trade and other payables | 26,009 | 40,906 |
| Cash flows from operations | 431,645 | 55,117 |
| Net income tax paid | (38,693) | (26,909) |
| Net cash flows from operating activities | 392,952 | 28,208 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period ended 31 March 2022 (Continued)
(The figures have not been audited)

| | 31 March 2022 RM'000 | 31 March 2021 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Investing activities | | |
| Acquisition of property, plant and equipment | (19,286) | (22,935) |
| Additions to bearer plants | (4,277) | (6,475) |
| Investment in a joint venture | - | (614) |
| Proceeds from disposal of property, plant and equipment | 169 | 765 |
| Interest received | 4,757 | 2,463 |
| Upliftment of fixed deposits with tenor maturities exceeding three months | 13,027 | 54,089 |
| Net cash flows (used in)/from investing activities | <u>(5,610)</u> | <u>27,293</u> |
| Financing activities | | |
| Net movements in trade financing | (57,848) | 17,941 |
| Proceeds from exercise of ESOS | 3,845 | 967 |
| Proceeds from government grant | - | 370 |
| Repayment of obligations under hire purchase | (1,325) | (7,699) |
| Repayment of loans and borrowings | (126,318) | (26,222) |
| Repayment of lease liabilities | (189) | (159) |
| Interest paid | (7,431) | (8,691) |
| Net cash flows used in financing activities | <u>(189,266)</u> | <u>(23,493)</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period ended 31 March 2022 (Continued)
(The figures have not been audited)

| | 31 March | 31 March |
|---|-----------------|-----------------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Net increase in cash and cash equivalents | 198,076 | 32,008 |
| Cash and cash equivalents at beginning of the financial period | 796,593 | 642,309 |
| Effect of exchange rate changes | 254 | (76) |
| Cash and cash equivalents at end of the financial period | <u>994,923</u> | <u>674,241</u> |
| Cash and cash equivalents at the end of the financial period comprised the following: | | |
| Short term deposits with licensed banks | 579,339 | 421,674 |
| Cash in hand and at banks | 415,684 | 252,667 |
| Cash and bank balances | 995,023 | 674,341 |
| Less: Short term deposit pledged as security | (100) | (100) |
| | <u>994,923</u> | <u>674,241</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this report)



Explanatory Notes To The Interim Report – 31 March 2022

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 2021. 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 2021.

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 2021.

On 1 January 2022, the Group adopted the following new and amended Malaysian Financial Reporting Standards (“MFRSs”) mandatory for annual financial periods beginning on or after 1 January 2022.

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements to MFRS Standards 2018-2020*
- Amendments to MFRS 3 Business Combination - *Reference to the Conceptual Framework*
- Amendments to MFRS 9, Financial Instruments - *Annual Improvements to MFRS Standards 2018-2020*
- Amendments to MFRS 116, Property, Plant and Equipment - *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to Illustrative Examples accompanying MFRS 16, Leases - *Annual Improvements to MFRS Standards 2018-2020*
- Amendments to MFRS 141, Agriculture - *Annual Improvements to MFRS Standards 2018-2020*

The adoption of the above pronouncements did not have material impact on the financial statements of the Group.



Explanatory Notes To The Interim Report – 31 March 2022

A1. Accounting Policies and Basis of Preparation (Continued)

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, IC Interpretation and Amendments to IC Interpretations | Effective for annual periods beginning on or after |
|---|---|
| • MFRS 17, Insurance Contracts | 01 January 2023 |
| • Amendments to MFRS 17, Insurance Contracts | 01 January 2023 |
| • Initial Application of <i>MFRS 17</i> and MFRS 9 – <i>Comparative Information</i> (Amendment to MFRS 17 <i>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.



Explanatory Notes To The Interim Report – 31 March 2022

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 1,105,500 shares exercised under the Employees' Share Option Scheme.

A7. Dividends paid

There were no dividend paid during interim period under review.

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 March 2022

| | Palm oil Segment RM'000 | Property Segment RM'000 | Consolidation Adjustment RM'000 | Consolidated RM'000 |
|---|-------------------------------|-------------------------------|---------------------------------------|------------------------|
| Total segment revenue | 1,433,513 | 1,063 | - | 1,434,576 |
| Revenue from external customers | 1,433,513 | 1,063 | - | 1,434,576 |
| Finance income | 7,032 | 12 | (2,287) | 4,757 |
| Finance costs | (9,517) | (251) | 2,331 | (7,437) |
| Depreciation and amortisation | (39,004) | (66) | (2,389) | (41,459) |
| Profit before taxation for financial period | 269,916 | (296) | (1,015) | 268,605 |

Year to date ended 31 March 2021

| | Palm oil Segment RM'000 | Property Segment RM'000 | Consolidation Adjustment RM'000 | Consolidated RM'000 |
|---|-------------------------------|-------------------------------|---------------------------------------|------------------------|
| Total segment revenue | 786,354 | 1,968 | - | 788,322 |
| Revenue from external customers | 786,354 | 1,968 | - | 788,322 |
| Finance income | 4,176 | 9 | (1,722) | 2,463 |
| Finance costs | (10,247) | (155) | 1,711 | (8,691) |
| Depreciation and amortisation | (36,766) | (70) | (1,346) | (38,182) |
| Profit before taxation for financial period | 113,393 | 24 | (384) | 113,033 |



Explanatory Notes To The Interim Report – 31 March 2022

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 March 2022 except corporate guarantees of RM1,162.9 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM147.9 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 March 2022 is as follows:-

| | 31 March 2022 |
|---|----------------------|
| | RM'000 |
| Property, plant and equipment | |
| Authorised but not contracted for | 147,457 |
| Contracted but not provided in the financial statements | 81,182 |
| | ----- |
| | 228,639 |
| | ===== |
| Bearer plants | |
| Authorised but not contracted for | 40,440 |
| Contracted but not provided in the financial statements | 1,712 |
| | ----- |
| | 42,152 |
| | ===== |



Explanatory Notes To The Interim Report – 31 March 2022

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 | (%) |
| | 31/03/2022 | 31/03/2021 | | 31/03/2022 | 31/03/2021 | |
| Revenue | 1,434,576 | 788,322 | 82% | 1,434,576 | 788,322 | 82% |
| Gross Profit | 243,460 | 142,770 | 71% | 243,460 | 142,770 | 71% |
| Operating profit | 272,414 | 119,781 | 127% | 272,414 | 119,781 | 127% |
| Profit Before Tax | 268,605 | 113,033 | 138% | 268,605 | 113,033 | 138% |
| Profit After Tax | 205,737 | 86,610 | 138% | 205,737 | 86,610 | 138% |
| Profit Attributable to Owners of the Company | 194,991 | 79,057 | 147% | 194,991 | 79,057 | 147% |

1st Quarter FY2022 (“Q1FY2022”) vs 1st Quarter FY2021 (“Q1FY2021”)

The Group registered a total revenue of RM1,434.6 million for Q1FY2022 compared with RM788.3 million reported in Q1FY2021, representing an increase of 82%.

The Group's profit before tax for the current quarter increased to RM268.6 million compared with RM113.0 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.



Explanatory Notes To The Interim Report – 31 March 2022

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 | |
| | 31/03/2022 | 31/12/2021 | |
| Revenue | 1,434,576 | 1,394,106 | 3% |
| Gross Profit | 243,460 | 307,715 | -21% |
| Operating profit | 272,414 | 281,700 | -3% |
| Profit Before Tax | 268,605 | 279,003 | -4% |
| Profit After Tax | 205,737 | 216,445 | -5% |
| Profit Attributable to owners of the Company | 194,991 | 208,346 | -6% |

1st Quarter FY2022 (“Q1FY2022”) vs 4th Quarter FY2021 (“Q4FY2021”)

The Group registered a total revenue of RM1,434.6 million for Q1FY2022 compared with RM1,394.1 million reported in Q4FY2021.

The Group reported a profit before tax of RM268.6 million compared to RM279.0 million reported in Q4FY2021. One of the main reasons for the lower profit before tax reported was due to decrease in FFB production by about 20% compared to preceding quarter in spite of increase of average realized prices of palm products during the quarter.

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

| | Q1FY 2022 | Q4FY 2021 |
|------------------------------|-----------|-----------|
| Palm Oil Products (RM/mt) | 6,308 | 5,468 |
| Palm Kernel Products (RM/mt) | 5,128 | 4,272 |

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 March 2022

B5. Profit before tax

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

| | Individual quarter | | Cumulative quarter | |
|---|--------------------|---------|--------------------|---------|
| | 3 months ended | | 3 months ended | |
| | 31 March | | 31 March | |
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Depreciation and amortisation | 41,459 | 38,182 | 41,459 | 38,182 |
| Gain on disposal of property, plant and equipment | (318) | (510) | (318) | (510) |
| Property, plant and equipment written off | 135 | 31 | 135 | 31 |
| Finance income | (4,757) | (2,463) | (4,757) | (2,463) |
| Finance costs | 7,437 | 8,691 | 7,437 | 8,691 |
| Fair value gain on biological assets | (4,995) | (7,399) | (4,995) | (7,399) |
| Unrealised (gain)/loss on foreign exchange | (678) | 963 | (678) | 963 |
| Fair value gain on derivatives | (767) | (2,738) | (767) | (2,738) |

B6. Taxation

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Current tax expenses | 51,165 | 23,049 | 51,165 | 23,049 |
| Deferred tax | 11,703 | 3,374 | 11,703 | 3,374 |
| | <u>62,868</u> | <u>26,423</u> | <u>62,868</u> | <u>26,423</u> |
| Deferred tax related to other comprehensive income:- | | | | |
| Derivative financial instruments | <u>104</u> | <u>(159)</u> | <u>104</u> | <u>(159)</u> |

B7. Status of corporate proposal announced

On 7 March 2022, the Group has announced its proposed bonus issue up to 303,136,773 new ordinary shares on the basis of 1 bonus share for every 2 existing shares held on the entitlement date to be determined and announced later.

The Group has obtained approval from Bursa Securities for the listing and quotation of up to 303,136,773 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities on 20 April 2022. The approval was subject to the fulfilment of the prescribed conditions from Bursa Securities and approval from shareholders at the forthcoming Extraordinary General Meeting to be held on 23 June 2022.

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 – 31 March 2022

B8. Loans and borrowings

| | As at 1 st quarter ended 2022 | | | | | | | |
|-------------------------|--|---------|-----------------|--------|---------|------------------|---------------------|----------------------|
| | 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 | - | 1,662 | - | - | 2,956 | - | - | 4,618 |
| Sukuk Murabahah | - | 19,468 | - | - | - | - | - | 19,468 |
| Term loans | 2,453 | 485,389 | 1,402 | - | 67,650 | 3,855 | - | 553,039 |
| <u>Unsecured</u> | | | | | | | | |
| Trade loans | - | - | - | 83,278 | 168,386 | - | 83,278 | 168,386 |
| | 2,453 | 506,519 | 1,402 | 83,278 | 238,992 | 3,855 | [^] 83,278 | [*] 745,511 |

*USD19.80 million equivalent

[^]SGD1.24 million equivalent

| | As at 1 st 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 | - | 5,990 | - | - | 4,524 | - | - | 10,514 |
| Revolving credits | - | - | - | - | 50,000 | - | - | 50,000 |
| Sukuk Murabahah | - | 19,384 | - | - | - | - | - | 19,384 |
| Term loans | 4,176 | 653,039 | 1,044 | - | 117,400 | 5,220 | - | 770,439 |
| <u>Unsecured</u> | | | | | | | | |
| Trade loans | - | - | - | 108,003 | 128,501 | - | 108,003 | 128,501 |
| Term loans | - | - | - | - | 9,265 | - | - | 9,265 |
| | 4,176 | 678,413 | 1,044 | 108,003 | 309,690 | 5,220 [^] | 108,003 [*] | 988,103 |

*USD26.05 million equivalent

[^]SGD1.69 million equivalent



Explanatory Notes To The Interim Report – 31 March 2022

B9. Derivatives

(a) The outstanding interest rate swap (IRS) contracts as at 31 March 2022 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 | (1,362) | (117) | - | (1,479) |

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 March 2022 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 | 63 | - | - | 63 | 9,928 | - | - | 9,928 |
| Forward currency contracts | USD | 282 | - | - | 282 | (464) | - | - | (464) |

The Group uses commodity forward contracts 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.

B11. Dividends

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2021, of 6 sen per ordinary share on 576,423,046 ordinary shares, amounting to a dividend payable of RM34,585,383 will be proposed for shareholders' approval.



Explanatory Notes To The Interim Report – 31 March 2022

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 | | 3 months ended | |
| | 31/03/2022 | 31/03/2021 | 31/03/2022 | 31/03/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to owners of the Company | 194,991 | 79,057 | 194,991 | 79,057 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares in issue | 572,007 | 571,285 | 572,007 | 571,285 |
| | Sen | Sen | Sen | Sen |
| Basic earnings per share | 34.09 | 13.84 | 34.09 | 13.84 |

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 | | 3 months ended | |
| | 31/03/2022 | 31/03/2021 | 31/03/2022 | 31/03/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to owners of the Company | 194,991 | 79,057 | 194,991 | 79,057 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares in issue | 578,176 | 574,545 | 578,176 | 574,545 |
| | Sen | Sen | Sen | Sen |
| Diluted earnings per share | 33.73 | 13.76 | 33.73 | 13.76 |



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

Explanatory Notes To The Interim Report – 31 March 2022

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 May 2022.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary

Miri
23 May 2022