Third Quarter Report 2019

UNITED PLANTATIONS BERHAD

Company No. 191701000045 (240-A)
Jendarata Estate • 36009 Teluk Intan • Perak Darul Ridzuan • Malaysia

United Plantations Berhad

Condensed Consolidated Statement of Comprehensive Income for the Nine Months Ended 30 September 2019

(The figures have not been audited)

(RM'000)	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Quarter ended 30 September Changes (%)	9 Months ended 30 September 2019	9 Months ended 30 September 2018	9 Months ended 30 September Changes (%)
Revenue	278,661	340,858	-18.2%	871,457	976,332	-10.7%
Operating expenses	(215,332)	(225,804)	-4.6%	(646,313)	(658,520)	-1.9%
Other operating income	8,401	645	1202.5%	16,940	34,766	-51.3%
Finance costs	(7)	(7)	0.0%	(21)	(18)	16.7%
Interest income	4,085	7,203	-43.3%	21,756	21,995	-1.1%
Share of results of joint venture	2,263	(430)	626.3%	2,624	(996)	363.5%
Profit before taxation	78,071	122,465	-36.3%	266,443	373,559	-28.7%
Income tax expense	(17,520)	(27,349)	-35.9%	(62,652)	(89,453)	-30.0%
Profit after taxation	60,551	95,116	-36.3%	203,791	284,106	-28.3%
Profit for the period	60,551	95,116	-36.3%	203,791	284,106	-28.3%
Net profit attributable to:						
Equity holders of the parent	60,199	94,853	-36.5%	203,067	282,599	-28.1%
Non-controlling interests	352	263	33.8%	724	1,507	-52.0%
	60,551	95,116	-36.3%	203,791	284,106	-28.3%
Earnings per share						
(i) Basic - based on an average 207,792,492 (2018:207,792,492) ordinary shares (sen)	28.97	45.65	-36.5%	97.73	136.00	-28.1%
(ii) Fully diluted (not applicable)	-	-	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2018.

United Plantations Berhad

Condensed Consolidated Statement of Comprehensive Income for the Nine Months Ended 30 September 2019

(The figures have not been audited)

(RM'000)	Quarter ended 30 September 2019	Quarter ended 30 September 2018	Quarter Changes (%)	9 Months ended 30 September 2019	9 Months ended 30 September 2018	9 Months Changes (%)
Profit for the period	60,551	95,116	-36.3%	203,791	284,106	-28.3%
Other comprehensive income:						
Items that will be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation	1,364	(1,971)	169.2%	4,012	(10,997)	136.5%
Cash flow hedge						
- changes in fair value	1,199	-	-	16,248	-	-
- transfers to profit or loss	(2,184)	-	-	(11,832)	-	-
Tax expense relating to components of other comprehensive income	236	-	-	(1,060)	-	-
Total Comprehensive income	61,166	93,145	-34.3%	211,159	273,109	-22.7%
Total comprehensive income attributable to:						
Equity holders of the parent	60,602	92,977	-34.8%	210,095	272,582	-22.9%
Non-controlling interests	564	168	235.7%	1,064	527	101.9%
	61,166	93,145	-34.3%	211,159	273,109	-22.7%

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2018.

United Plantations Berhad

Condensed Consolidated Statement of Financial Position as at 30 September 2019

(The figures have not been audited)

(RM'000)	30 September 2019	31 December 2018
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,542,565	1,493,021
Land use rights	38,435	38,105
Associated company	50	50
Joint Venture	25,617	25,988
Derivatives	3,640	1,582
Goodwill	355,574	-
Deferred tax assets	4,219	3,631
Total non-current assets	1,970,100	1,562,377
Current Assets		
Biological assets	31,473	28,509
Inventories	136,886	152,866
Trade & other receivables	203,425	236,108
Prepayments	300	3,218
Tax recoverable	8,373	2,273
Derivatives	4,266	17,238
Cash and bank balances	144,520	202,389
Short term funds	332,021	713,411
Total current assets	861,264	1,356,012
Total assets	2,831,364	2,918,389
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	390,054	390,054
Treasury shares	(18,668)	(8,635)
Other reserves	10,156	3,128
Retained profits	2,171,037	2,196,542
	2,552,579	2,581,089
Non-controlling interests	8,892	7,828
Total equity	2,561,471	2,588,917
Non-Current Liabilities		
Deferred tax liabilities	156,591	145,991
Retirement benefit obligations	14,830	13,615
Derivatives	2	-
Total non-current liabilities	171,423	159,606
Current Liabilities		
Trade & other payables	90,089	137,329
Tax payable	7,023	22,451
Retirement benefit obligations	1,258	1,234
Derivatives	-	8,752
Bank borrowings	100	100
Total current liabilities	98,470	169,866
Total liabilities	269,893	329,472
Total equity and liabilities	2,831,364	2,918,389
Net assets per share (RM)	12.28	12.42

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2018.

United Plantations Berhad

Condensed Statement of Changes in Equity
for the Nine Months Ended 30 September 2019
(The figures have not been audited)

	← Attributable to Equity Holders of the Parent →								
(RM'000)	Share Capital	Treasury shares	Retained profits	Cash flow hedge reserve	Capital reserve	Translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	390,054	(8,635)	2,196,542	352	21,798	(19,022)	2,581,089	7,828	2,588,917
Total comprehensive income for the period	-	-	203,067	3,356	-	3,672	210,095	1,064	211,159
Purchase of treasury shares	-	(10,033)	-	-	-	-	(10,033)	-	(10,033)
Dividends, representing total transaction with owners	-	-	(228,572)	-	-	-	(228,572)	-	(228,572)
Balance at 30 September 2019	**390,054**	**(18,668)**	**2,171,037**	**3,708**	**21,798**	**(15,350)**	**2,552,579**	**8,892**	**2,561,471**
Balance at 1 January 2018	390,054	(8,635)	2,134,195	-	21,798	(13,487)	2,523,925	6,893	2,530,818
Total comprehensive income for the period	-	-	282,599	-	-	(10,017)	272,582	527	273,109
Dividends, representing total transaction with owners	-	-	(249,351)	-	-	-	(249,351)	-	(249,351)
Balance at 30 September 2018	**390,054**	**(8,635)**	**2,167,443**	**-**	**21,798**	**(23,504)**	**2,547,156**	**7,420**	**2,554,576**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 31 December 2018.

United Plantations Berhad

Condensed Consolidated Cash Flow Statements
for the Nine Months Ended 30 September 2019

(The figures have not been audited)

(RM'000)	9 Months ended 30 September 2019	2018
Operating Activities		
-Receipts from operations	851,815	1,003,938
-Operating payments	(551,746)	(621,054)
Cash flow from operations	300,069	382,884
Other operating receipts	18,246	45,188
Taxes paid	(75,080)	(72,113)
Cash flow from operating activities	243,235	355,959
Investing Activities		
- Proceeds from sale of property, plant and equipment	481	2,402
- Interest received	20,427	18,762
- Acquisition of a business	(395,743)	(41,357)
- Purchase of property, plant and equipment	(69,222)	(88,282)
- Prepaid lease payments made	(372)	(3,157)
- Net change in short term funds	381,390	(319,167)
Cash flow from investing activities	(63,039)	(430,799)
Financing Activities		
- Dividends paid	(228,572)	(249,351)
- Finance costs paid	(21)	(18)
- Associated Company	5	-
- Joint venture	556	-
- Purchase of treasury shares	(10,033)	-
Cash flow from financing activities	(238,065)	(249,369)
Net Change in Cash & Cash Equivalents	(57,869)	(324,209)
Cash & Cash Equivalents at beginning of year	202,289	473,600
Cash & Cash Equivalents at end of period	144,420	149,391

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

Short Term Funds of RM322,021,000 (2018: RM697,041,000) are excluded from Cash & Cash Equivalents.

Notes To The Interim Financial Report

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 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018.

The interim financial statements of the Group for the financial period ended 30 September 2019 was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework.

At the date of authorization of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

FRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
• Revised Conceptual Framework for Financial Reporting	1 Jan 2020
• Amendments to MFRS 3 Definition of a Business	1 Jan 2020
• Amendments to MFRS 101 Definition of Material	1 Jan 2020
• Amendments to MFRS 108 Definition of Material	1 Jan 2020
• MFRS 17: Insurance Contracts	1 Jan 2021
• Amendments to FRS 10 and FRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

A2) AUDIT REPORT

The auditor's report on the financial statements for the financial year ended 31 December 2018 was not qualified.

A3) SEASONAL AND CYCLICAL NATURE OF GROUP'S PRODUCTS AND OPERATIONS

The prices for the Group's products are not within the total control of the Group but are determined by the global supply and demand situation for edible oils and it is somewhat related to the price of mineral oil.

Crop production is seasonal. Based on statistics, the Group's production of crude palm oil ("CPO") and palm kernel ("PK") gradually increases from March, peaking around July to September, and then declines from October to February. This pattern can be affected by severe global weather conditions such as El-Nino and La Nina.

The prices obtainable for the Group's products as well as the volume of production, which is cyclical in nature, will determine the profits for the Group.

A4) EXCEPTIONAL AND EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items for the current period.

Notes To The Interim Financial Report

A5) CHANGES IN ESTIMATES

There were no material changes to estimates made in prior quarter.

A6) EQUITY AND DEBT SECURITIES

With the mandate for the share buy-back for up to 10% of its own shares as resolved in the last Annual General Meeting on 23 April 2019, 400,000 ordinary shares were purchased on 26 September 2019 with internally generated funds from the open market of Bursa Malaysia for a total consideration of RM10,033,000 for the current quarter and current period. As at 30 September 2019, the number of treasury shares held totalled 741,774 shares. There were no cancellation, re-sale or distribution of treasury shares in the current period. There was also no issuance of new shares or debt instruments in the current period.

A7) DIVIDENDS PAID

The following dividends were paid on 15 May 2019 in respect of the financial year ended 31 December 2018: -

Ordinary	RM'000
Final 20 sen paid	41,559
Special 90 sen paid	187,013
Total	228,572

A8) SEGMENTAL INFORMATION

Segmental information for the current period:

(RM'000)	Plantations	Refining	Other Segments	Elimination	Total
Segment Revenue:					
External sales	286,881	583,426	1,150	-	871,457
Inter-segment sales	225,403	-	-	(225,403)	-
	512,284	583,426	1,150	(225,403)	871,457
Segment Results:					
Profit before tax	205,521	51,672	9,250	-	266,443

A9) VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2018.

A10) EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date.

A11) CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group structure for the period including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

A12) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 11 November 2019.

B1) DIRECTORS' ANALYSIS OF THE GROUP'S PERFORMANCE FOR 9 MONTHS ENDED 30 SEPTEMBER 2019

The Group's revenue for the current period at RM871.5 million was lower by 10.7% as compared to RM976.3 million recorded in the corresponding period, due to the decreases in revenue for the plantation and refinery segments by 4.0% and 14.3% respectively in the current period.

The Group's profit before tax at RM266.4 million for the current period was lower by 28.7% as compared to RM373.6 million in the corresponding period. The analysis of the performance in accordance to the segments are as follows:

Plantations

This major segment of the Group's revenue decreased by 4.0% to RM512.3 million in the current period from RM533.5 million in the corresponding period. This decrease was mainly due to lower Group average CPO and PK prices by 10.3% and 38.7% respectively in the current period compared to the corresponding period, as shown below:

Countries	Products	September 2019 Current Period (RM/MT)	September 2018 Corresponding Period (RM/MT)
Malaysia	CPO	2,320	2,621
Indonesia	CPO	1,900	2,077
Average	CPO	2,232	2,487
Malaysia	PK	1,276	2,132
Indonesia	PK	1,002	1,456
Average	PK	1,222	1,993

CPO and PK production in our Malaysian operations increased by 11.2% and 4.5% respectively compared to the corresponding period. However, CPO production in our Indonesian operations decreased in the current period by 9.6% compared to the corresponding period. The Group costs of production of CPO and PK were marginally lower in the current period by 0.1% and 0.5% respectively.

The profit before tax of this segment was lower by 34.2% in the current period as compared to the corresponding period. This was mainly due to the one-off acquisition-related costs to effect the business combination during the year which includes stamp duty, registration fee, levy and other related costs totaling RM24.4 million, incurred as a result of the acquisition of agricultural lands from Pinehill Pacific Berhad as mentioned in Note B7 below. The lower profit for the current period was also a result of lower average selling prices of CPO and PK achieved for the current period as mentioned above.

This lower profit before tax in the current period was also due to the gain of RM23.3 million due to the fair valuation of the commodity contracts at the end of the corresponding period. There was no such gain in the current period since the Group started applying hedge accounting on the relevant commodity contracts since October 2018.

Interest income for the Group was lower by 1.1% in the current period as compared to the corresponding period mainly due to lower bank deposits after the completion of the purchase of the agriculture lands measuring approximately 8,999 acres as mentioned in Note B7 below.

Refinery

The revenue for the refinery segment decreased by 14.3% to RM583.4 million in the current period from RM680.5 million in the corresponding period mainly due to lower CPO and CPKO prices in the current period. Profit before tax at RM51.7 million was also lower than RM54.1 million in the corresponding period mainly due to lower margins for lauric products mitigated by a more favourable exchange rate, higher sales volume and higher interest income in the current period.

Others

As a result of the Indonesian Rupiah (IDR) strengthening by 2.6% against Malaysian Ringgit in the current period, the holding companies' investments in Indonesia recorded a total of RM1.7 million in foreign exchange gains from IDR loans extended to Indonesian subsidiaries in the current period, as compared to the foreign exchange losses totalling RM7.1 million reported in the corresponding period.

B2) COMPARISON OF RESULTS WITH PRECEDING QUARTER

(RM'000)	Current Quarter 30/9/2019	Preceding Quarter 30/6/2019	Changes %
Revenue	278,661	270,532	3.0%
Interest income	4,085	7,203	(43.3%)
Profit Before Tax	78,071	100,932	(22.6%)
Profit After Tax	60,551	76,173	(20.5%)

The Group's revenue for the current quarter at RM278.7 million was higher by 3.0% as compared to RM270.5 million recorded in the preceding quarter, mainly due to the increase in the revenue from the plantation segment by 11.9%. However, the revenue from the refinery segment was lower by 2.4% in the current quarter.

Profit before tax for the current quarter at RM78.1 million was lower by 22.6% as compared to RM100.9 million recorded in the preceding quarter mainly due to the one-off acquisition-related costs to effect the business combination during the year which includes stamp duty, registration fee, levy and other related costs totaling RM24.4 million, incurred as a result of the acquisition of agricultural lands from Pinehill Pacific Berhad as mentioned in Note B7 below.

Plantations

The plantation segment registered an increase in revenue of 11.9% in the current quarter from the preceding quarter mainly due to higher Group CPO and PK production by 32.5% and 42.9% respectively, and marginally higher Group average price for PK by 0.8% in the current quarter as compared to the preceding quarter. Costs of production of CPO and PK decreased by 16.9% and 31.5% respectively in the current quarter as compared to the preceding quarter, mainly due to higher CPO and PK production and lower manuring cost in the current quarter.

Interest income for the Group was lower by 43.3% in the current quarter as compared to the preceding quarter due to lower bank deposits after the completion of the purchase of the agriculture lands measuring approximately 8,999 acres as mentioned in Note B7 below.

Refinery

The revenue from the refinery segment decreased by 2.4% to RM177.5 million in the current quarter mainly due to lower CPKO prices in the current quarter as compared to the preceding quarter. The profit before tax for the current quarter was lower by 76.1% as compared to the preceding quarter mainly due to a provision of stock impairment and lower margins for lauric products in the current quarter.

Others

The strengthening of the Indonesian Rupiah against the Malaysian Ringgit by 0.9% during the current quarter resulted in foreign exchange gains totalling RM0.2 million in the current quarter, as compared to the foreign exchange gains totalling RM1.5 million in the preceding quarter.

B3) PROSPECTS AND OUTLOOK

During the first half of 2019, global production of palm oil exceeded expectations which resulted in crude palm oil market prices experiencing significant selling pressure. This resulted in average price levels, not seen in the last 10 years, of below RM2,000/MT.

However, as the Malaysian production during July-Sep was lower than expected, combined with higher demand from especially China and India, the market prices rebounded to around around RM2,200/MT.

The latest market expectations for 2020 was discussed at a price outlook conference in Mumbai during late September. Most of the expert speakers expressed a bullish market view, based on their expectations of an increased Indonesian biodiesel production combined with slower palm oil production growth in both Malaysia and Indonesia in the coming year. However, whilst cautiously optimistic, we are concerned about the impact of the ongoing trade war between the US and China as well as the subdued global economy which continues to indicate uncertainties and weaknesses.

Based on the above, the result for 2019 will be lower than 2018. Nevertheless, with the prices contracted under our forward sales policy combined with our Malaysian production improving due to further areas steadily coming into maturity from our replanted fields, the Board of Directors expects that the results will still be satisfactory.

B4) PROFIT FORECASTS

The Group has not issued any profit forecasts for the period under review.

B5) OPERATING PROFIT

Included in the operating profit are the following:

(RM '000)	*Current Quarter*	*Current year-to-date*
Depreciation and amortisation	24,519	68,995
Realised foreign exchange gains/(losses)	(279)	1,345
Unrealised foreign exchange gains/(losses)	279	1,529
Fair value gains/(losses):		
- Forward foreign exchange contracts	(795)	(1,242)
- Commodities futures contracts	2,163	(1,911)
Gain/(loss) on disposal of property, plant and equipment	-	104

B6) TAXATION

The charge for taxation for the period ended 30 September 2019 comprises:

(RM '000)	*Current Quarter*	*Current year-to-date*
Current taxation	14,520	53,551
Deferred taxation	3,000	9,101
	17,520	62,652
Profit before taxation	78,071	266,443
Tax at the statutory income tax rate of 24%	18,737	63,946
Tax effects of expenses not deductible / (income not taxable) in determining taxable profit:		
Depreciation on non-qualifying assets	268	804
Double deductions for research and development	(8)	(24)
Overprovision of tax expense in prior year	(5,475)	(5,475)
Others	3,998	3,401
Tax expense	17,520	62,652

Notes To The Interim Financial Report

B7) CORPORATE PROPOSALS

On 21 September 2018, United Plantations Bhd entered into 3 conditional sale and purchase agreements ("SPAs") with Pinehill Pacific Berhad's group of companies to purchase agriculture lands measuring approximately 8,999 acres together with a palm oil mill in Daerah Hilir Perak for a total combined purchase consideration of RM413.57 million ("Proposed Acquisition"). This Proposed Acquisition was completed on 3 September 2019.

The acquisition was accounted for using the Business Combination method of accounting, and as such all acquisition-related costs to effect the business combination totaling RM24.4 million has been expensed off in the current period.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RM'000
Purchase consideration	413,574

The provisional fair value of assets acquired as a result of the acquisition are as follows:

	RM'000
Land	45,495
Bearer plants	8,001
Oil palm mill	1,032
Other buildings	1,472
Plant and machinery	2,000
Fair value of identifiable assets acquired	58,000
Add: provisional goodwill	355,574
	413,574

The provisional goodwill is attributable to the synergies which are expected to arise after the acquisition. None of the goodwill is expected to be deductible for tax purposes.

There were no other corporate proposals which were announced but not completed as at 11 November 2019.

B8) GROUP BORROWINGS

All Group borrowings were unsecured, short term and denominated in Ringgit Malaysia only and outstanding balance as at 30 September 2019 was RM100,000.

B9) FINANCIAL INSTRUMENTS

a) Derivatives

Derivatives not designated as hedging instruments

The Group uses forward currency contracts and commodity futures contracts to manage its exposure to currency and price risks, as well as to take advantage of favourable market conditions. The forward currency contract is not designated as cash flow or fair value hedges and is entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Derivatives designated as hedging instruments – Cash flow hedge

Commencing from 1 October 2018, the Group has designated certain commodity futures contracts as hedging derivatives to reduce the volatility attributable to price fluctuations of crude palm oil ("CPO"). Hedging of the price volatility of forecast CPO is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity price and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity price and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The fair values of these derivatives as at 30 September 2019 are as follows:

	Net Notional Amount Sales / (Purchases) RM'000	Assets RM'000	Liabilities RM'000
Current			
Non-hedging derivatives:			
Forward currency contracts	157,250	336	-
Commodity futures contracts	(107,296)	2,691	-
Hedging derivatives:			
Commodity futures contracts	76,126	1,239	-
		4,266	-
Non-current			
Non-hedging derivatives:			
Forward currency contracts	25,255	-	2
Hedging derivatives:			
Commodity futures contracts	66,442	3,640	-
		3,640	-
Total derivatives		7,906	2

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the financial year ended 31 December 2018.

Notes To The Interim Financial Report

The description, notional amount and maturity profile of each derivative are shown below:

i) Forward currency contracts

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.

The forward currency contracts are stated at fair value. Fair value of the forward currency contracts is determined by reference to the difference between the contracted rate and the market rate as at the reporting date.

As at 30 September 2019, the notional amount, fair value and maturity tenor of the forward currency contracts are as follows:

	Net Notional Amount Sales / (Purchases) RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	157,250	336
- 1 year to less than 3 years	25,255	(2)
- More than 3 years	-	-
	182,505	334

ii) Commodity futures contracts

Commodity futures contracts are used to manage and hedge the Group's exposure to adverse price movements in vegetable oil commodities

The commodity futures contracts are stated at fair value. Fair value of the commodity futures contracts is determined by reference to the difference between the contracted rate and the forward rate as at the reporting date.

As at 30 September 2019, the notional amount, fair value and maturity tenor of the commodity futures contracts are as follows:

	Net Notional Amount Sales / (Purchases) RM'000	Fair Value Assets/ (Liabilities) RM'000
- less than 1 year	(31,170)	3,930
- 1 year to less than 3 years	66,442	3,640
- More than 3 years	-	-
	35,272	7,570

b) Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

Notes To The Interim Financial Report

B10) MATERIAL LITIGATION

There was no material litigation as at 11 November 2019.

B11) PROPOSED DIVIDENDS

The Directors have on 11 November 2019 declared an interim dividend of 20 sen per share (2018: 20 sen per share) and a special dividend of 10 sen per share (2018: 10 sen per share) for the year ending 31 December 2019 on the issued ordinary share capital of the Company. The dividend is payable on 6 December 2019.

B12) EARNINGS PER SHARE (EPS)

The calculation of EPS is based on profit attributable to the ordinary equity holders of the parent company of RM203,067,000 (2018: RM282,599,000) and the weighted average number of ordinary shares of 207,792,492 (2018: 207,792,492) in issue during the period.

By Order of the Board

Ng Eng Ho
Company Secretary

Jendarata Estate
36009 Teluk Intan
Perak Darul Ridzuan
Malaysia

11 November 2019

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