



INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

(The figures have not been audited)

Condensed Consolidated Statement of Financial Position as at 31 March 2017

	Note	31 March 2017 RM'000	31 December 2016 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A1	1,569,399	1,585,207
Plantation development expenditure	A1	1,036,612	1,037,688
Land held for property development		20,265	20,262
Land use rights	A1	4,985	5,009
Investment in associate		1,316	1,895
Intangible assets		168,123	168,123
Deferred tax assets		67,298	67,226
		2,867,998	2,885,410
Current Assets			
Inventories		301,102	315,711
Property development costs		31,453	29,482
Trade and other receivables		249,166	359,869
Derivatives financial assets		29,673	6,719
Cash and bank balances		738,423	736,111
		1,349,817	1,447,892
TOTAL ASSETS		4,217,815	4,333,302
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		570,790	570,111
Share premium		248,959	246,844
Employee share option reserve		-	7,695
Other reserves		1,773	1,954
Retained earnings		1,122,961	1,048,074
		1,944,483	1,874,678
Non-controlling interests		103,665	97,967
Total equity		2,048,148	1,972,645

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Financial Position as at 31 March 2017

	Note	31 March 2017 RM'000	31 December 2016 RM'000
Non-current liabilities			
Deferred tax liabilities		336,458	328,716
Loans and borrowings	B8	922,919	277,754
Government grant		14,440	13,658
Derivative financial liabilities	B9	44	48
		<u>1,273,861</u>	<u>620,176</u>
Current liabilities			
Loans and borrowings	B8	598,299	910,577
Trade and other payables		291,012	805,078
Government grant		-	782
Derivative financial liabilities	B9	6,495	24,044
		<u>895,806</u>	<u>1,740,481</u>
Total liabilities		<u>2,169,667</u>	<u>2,360,657</u>
TOTAL EQUITY AND LIABILITIES		<u>4,217,815</u>	<u>4,333,302</u>
Net assets per share attributable to owners of the Company (RM)		3.41	3.29

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Comprehensive Income
For the Three-Months Period Ended 31 March 2017**

	Note	INDIVIDUAL QUARTER 3 months ended 31 March		CUMULATIVE QUARTER 3 months ended 31 March	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Continuing Operations					
Revenue		1,117,368	1,035,709	1,117,368	1,035,709
Operating expenses		(1,026,183)	(1,013,460)	(1,026,183)	(1,013,460)
Other operating income		29,575	19,957	29,575	19,957
Administrative expenses		(6,649)	(2,932)	(6,649)	(2,932)
Finance costs		(9,338)	(8,936)	(9,338)	(8,936)
Share of results of an associate, net of tax		(579)	1,290	(579)	1,290
Profit before tax		104,194	31,628	104,194	31,628
Taxation	B6	(29,958)	(7,645)	(29,958)	(7,645)
Profit for the period		74,236	23,983	74,236	23,983
Other comprehensive income:					
Net changes in fair value of derivatives	B9	23	-	23	-
Foreign exchange translation differences for foreign operations		(204)	(1,454)	(204)	(1,454)
Other comprehensive income for the period, net of tax		(181)	(1,454)	(181)	(1,454)
Total comprehensive income for the period		74,055	22,529	74,055	22,529
Profit attributable to:					
Owners of the Company		68,538	25,032	68,538	25,032
Non-controlling interests		5,698	(1,049)	5,698	(1,049)
		74,236	23,983	74,236	23,983
Total comprehensive income attributable to:					
Owners of the Company		68,357	23,578	68,357	23,578
Non-controlling interests		5,698	(1,049)	5,698	(1,049)
		74,055	22,529	74,055	22,529
Earning per share attributable to Owners of the Company (Sen):					
Basic	B12	12.02	5.67	12.02	5.67
Diluted	B12	11.94	5.65	11.94	5.65

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period Ended 31 March 2017**

Equity Attributable to Owners of the Company

	Equity, total RM'000	Equity attributable to owners of the Company total RM'000	Share capital RM'000	Share premium RM'000	Non- Distributable	Distributable		Non- controlling interests RM'000
					Employee share option reserve RM'000	Other reserve RM'000	Retained earnings RM'000	
At 1 January 2017	1,972,645	1,874,678	570,111	246,844	7,695	1,954	1,048,074	97,967
Total comprehensive income for the period	74,054	68,356	-	-	-	(181)	68,537	5,698
Transactions with owners								
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	1,449	1,449	679	770	-	-	-	-
Share option granted under ESOS:								
Exercise of ESOS	-	-	-	1,345	(1,345)	-	-	-
Expiry of ESOS	-	-	-	-	(6,350)	-	6,350	-
At 31 March 2017	<u>2,048,148</u>	<u>1,944,483</u>	<u>570,790</u>	<u>248,959</u>	<u>-</u>	<u>1,773</u>	<u>1,122,961</u>	<u>103,665</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 2016 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period Ended 31 March 2017**

Equity Attributable to Owners of the Company

	Equity, total RM'000	Equity attributable to owners of the Company total RM'000	Share capital RM'000	Share premium RM'000	Non- Distributable	Distributable		
					Employee share option reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Non- controlling interests RM'000
At 1 January 2016	1,499,868	1,403,784	441,307	16,724	6,191	1,613	937,949	96,084
Total comprehensive income for the period	142,629	132,537	-	-	-	341	132,196	10,092
Transactions with owners								
Dividend paid to non-controlling interests	(8,340)	-	-	-	-	-	-	(8,340)
Dividends on ordinary shares	(22,090)	(22,090)	-	-	-	-	(22,090)	-
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	3,166	3,166	2,127	1,039	-	-	-	-
Pursuant to exercise of right issue	354,695	354,695	126,677	228,018	-	-	-	-
Share option granted under ESOS:								
Recognised in profit or loss	2,567	2,567	-	-	2,567	-	-	-
Exercise of ESOS	-	-	-	1,063	(1,063)	-	-	-
Disposal of interest in a subsidiary	150	19	-	-	-	-	19	131
At 31 December 2016	<u>1,972,645</u>	<u>1,874,678</u>	<u>570,111</u>	<u>246,844</u>	<u>7,695</u>	<u>1,954</u>	<u>1,048,074</u>	<u>97,967</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 2016 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Cash Flow Statement
For the Three-Months Period Ended 31 March 2017**

	Note	31 March 2017 RM'000	31 March 2016 RM'000
Operating activities			
Profit before tax		104,194	31,628
Adjustments for non-cash flow items:			
Depreciation and amortisation		34,134	26,920
Employee expenses under ESOS		-	362
Gain on disposal of property, plant and equipment		(30)	(210)
Property, plant and equipment written off		12	7
Finance income		(3,574)	(2,047)
Finance costs		9,338	8,936
Unrealised gains/(loss) on foreign exchange		(2,026)	3,557
Fair value changes on derivative financial instruments		(40,512)	(16,580)
Share of results of an associate		579	(1,290)
Operating profit before working capital changes		102,115	51,283
Decrease in inventories		12,274	47,693
Decrease/(Increase) in trade and other receivables		108,975	(106,591)
(Decrease)/Increase in trade and other payables		(516,091)	55,752
Cash generated (utilised in)/from operations		(292,727)	48,137
Tax paid		(15,537)	(7,191)
Net cash flows (utilised in)/from operating activities		(308,264)	40,946

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Cash Flow Statement
For the Three-Months Period Ended 31 March 2017 (Continued)

	Note	31 March 2017 RM'000	31 March 2016 RM'000
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,241)	(24,796)
Increase in plantation development expenditure		(9,608)	(2,753)
Increase in property development cost		(1,975)	(2,768)
Proceeds from disposals of property, plant and equipment		344	232
Interest received		3,574	2,047
Net cash used in investing activities		<u>(13,906)</u>	<u>(28,038)</u>
Cash flows from financing activities			
Net changes in trade facilities		(82,258)	91,643
Proceeds from loans and borrowings		509,352	-
Proceeds from issuance of share capital		1,449	190
Government grant received		-	6,354
Net repayment of hire purchase		(1,989)	(2,395)
Repayment of loans and borrowings		(92,918)	(28,815)
Interest paid		(8,961)	(8,936)
Net cash from financing activities		<u>324,675</u>	<u>58,041</u>
Net increase in cash and cash equivalents		2,505	70,949
Cash and cash equivalents at beginning of the financial period		736,111	450,113
Effect of exchange rate changes on cash and cash equivalents		(193)	(251)
Cash and cash equivalents at end of financial period		<u>738,423</u>	<u>520,811</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Cash Flow Statement
For the Three-Months Period Ended 31 March 2017 (Continued)

	Note	31 March 2017 RM'000	31 March 2016 RM'000
Cash and cash equivalents at the end of the financial period comprised the following:			
Short term deposits with licensed banks		451,777	316,783
Cash in hand and at banks		286,646	204,028
Cash and bank balances		<u>738,423</u>	<u>520,811</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this report)



Explanatory Notes To The Interim Report – 31 March 2017

A. FRS (Financial Reporting Standards) 134 – Paragraph 16

A1. Accounting policies

The interim financial statements have been prepared under the historical cost convention except for the revaluation of leasehold land.

The interim financial statements of the Group are audited and have been prepared in accordance with the requirements of FRS 134 – Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2016.

The Company has applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board effective for annual periods beginning on 1 January 2017:-

Amendments to FRS 2: Share-based Payment (Improvements 2012 Cycle)

FRS 3: Business Combinations

Amendments to FRS 3: Business Combinations (Improvements 2010-2012 Cycle)

Amendments to FRS 3: Business Combinations (Improvements 2011-2013 Cycle)

Amendments to FRS 5: Non-current assets held for sale and Discontinued operations (Improvements 2012-2014 Cycle)

Amendments to FRS 8: Operating Segments (Improvements 2010-2012)

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 13: Fair Value Measurement (Improvements 2011-2013)

FRS 14: Regulatory Deferral Accounts

FRS 16: Leases

Amendments to FRS 101: Disclosure Initiatives

Amendments to FRS 107: Disclosures Initiatives

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

Amendments to FRS 124: Related Party Disclosure (Improvements 2010-2012)

Amendments to FRS 127: Equity Method in Separate Financial Statements

Amendments to FRS 132: Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 134: Interim Financial Reporting (Improvements 2012-2014)

Amendments to FRS 136: Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

Amendments to FRS 138: Intangible Assets (Improvements 2010-2012)

Amendments to FRS 139: Financial Instruments: Recognition and Measurement: Novation of Derivatives and continuation of Hedge Accounting

Amendments to FRS 140: Investment Property (Improvements 2011-2013)

IC Interpretation 21, Levies



Explanatory Notes To The Interim Report – 31 March 2017

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities other than Private Entities for financial year beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (“MFRS 141”) and IC Interpretation 15 Agreements for Construction of Real Estate (“IC 15”), including its parent, significant investor and venture (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards framework until the MFRS Framework is mandated by the MASB. According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2019.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS framework in its first MFRS financial statements for the financial year ending 31 December 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2019.

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 items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size, or incidence during the interim period under review.

A5. Material changes in estimates

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

A6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale or repayment of debt and equity securities during the current quarter other than the listing and quotation of 679,080 shares exercised under the Employees’ Share Options Scheme.

A7. Dividends paid

There was no dividend paid during interim period under review.



Explanatory Notes To The Interim Report – 31 March 2017

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.

Period to date ended 31 March 2017

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,601,452	2,190	(486,274)	1,117,368
Less: Inter-segment revenue	(486,274)	-	486,274	-
Revenue from external customers	1,115,178	2,190	-	1,117,368
Finance income	4,214	31	(671)	3,574
Finance costs	(14,095)	(10)	4,767	(9,338)
Depreciation and amortisation	(32,711)	(99)	(1,126)	(33,936)
Share of results of associates	-	-	(579)	(579)
Profit before taxation for financial period	106,867	108	(2,781)	104,194

Period to date ended 31 March 2016

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,896,250	243	(860,784)	1,035,709
Less: Inter-segment revenue	(860,784)	-	860,784	-
Revenue from external customers	1,035,466	243	-	1,035,709
Finance income	2,628	10	(591)	2,047
Finance costs	(13,726)	-	4,790	(8,936)
Depreciation and amortisation	(26,223)	(87)	(610)	(26,920)
Share of results of associates	-	-	1,290	1,290
Profit before taxation for financial period	33,651	(278)	(1,745)	31,628



Explanatory Notes To The Interim Report – 31 March 2017

A9. Valuation of property, plant and equipment

There were no amendments in the valuations of property, plant and equipment brought forward from previous annual financial statements.

A10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period except for the incorporation of Murum Trading Sdn Bhd on 9 March 2017 with a paid up ordinary share capital of RM100 and incorporation of Titian Megamas Sdn Bhd on 14 March 2017 with a paid up ordinary share capital of RM2, both of which are wholly owned by Sarawak Oil Palms Berhad.

A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 31 March 2017 except corporate guarantees of RM731.0 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM318.2 million represents the outstanding banking facilities of the subsidiaries with corporate guarantee at the end of the reporting period.

A13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and for plantation development expenditure not provided for in the financial statements as at 31 March 2017 is as follows:-

	31 March 2017
	RM'000
Property, plant and equipment	
Authorised but not contracted for	64,946
Contracted but not provided in the financial statements	19,213
	<u>84,159</u>
 Plantation Development Expenditure	
Authorised but not contracted for	42,368
Contracted but not provided in the financial statements	3,158
	<u>45,526</u>



Explanatory Notes To The Interim Report – 31 March 2017

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

B1. Review of Performance

1st Quarter FY2017 (“Q1FY2017”) vs 1st Quarter FY2016 (“Q1FY2016”)

The Group registered a total revenue of RM1,117.4 million for Q1FY2017 compared with RM1,035.7 million reported in Q1FY2016, representing an increase of 8%.

Profit before tax for the quarter was RM104.2 million against RM31.6 million for corresponding quarter last year. Increase in profit before tax was mainly attributed to higher Fresh Fruit Bunch ('FFB') production volume coupled with favorable realised price.

B2. Variation of Results to Preceding quarter

1st Quarter FY2017 (“Q1FY2017”) vs 4th Quarter FY2016 (“Q4FY2016”)

The Group posted total revenue of RM1,117.4 million in Q1FY2017 compared with 1,292.1 million reported in Q4FY2016.

The Group reported a profit before tax of RM104.2 million compared with RM58.3 million reported in Q4FY2016. The increase of profit was mainly attributed to higher FFB production volume, average palm products realised price improvement and fair value gain on derivative financial instruments. For the quarter under review, simple average palm products realised prices against last quarter were as below:-

	Q1FY 2017	Q4FY 2016
Palm Oil Products (RM/mt)	3,153	2,980
Palm Kernel Products (RM/mt)	3,476	3,297

B3. Prospect

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

B4. Variance of actual profit from forecast profit

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



Explanatory Notes To The Interim Report – 31 March 2017

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	34,134	26,920	34,134	26,920
Property, plant and equipment written off	12	7	12	7
Gain on disposal of property, plant and equipment	(30)	(210)	(30)	(210)
Finance income	(3,574)	(2,047)	(3,574)	(2,047)
Finance costs	9,338	8,936	9,338	8,936
Unrealised loss on foreign exchange	3,554	3,557	3,354	3,557
Fair value changes on derivatives financial instruments	(45,892)	(16,580)	(45,892)	(16,580)

B6. Taxation

Current tax expenses	22,288	10,287	22,288	10,287
Deferred tax	7,670	(2,642)	7,670	(2,642)
	<u>29,958</u>	<u>7,645</u>	<u>29,958</u>	<u>7,645</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>

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

B7. Status of corporate proposal announced

There was no corporate proposal announced but not completed as at the date of this announcement except proposal for the establishment of a new employees' share option scheme ("**Proposed ESOS**") of up to ten percent (10%) of the total number of issued ordinary shares of the Company by the Board on even date. The maximum number of shares involved pursuant to the proposed ESOS would be up to 57.07 million shares for a duration of ten years. The proposed ESOS is subject to approval by relevant authorities and also by shareholders at a general meeting.



Explanatory Notes To The Interim Report – 31 March 2017

B8. Borrowing and debt securities

	Denominated in RM RM'000	Denominated in USD* RM'000	31 March 2017 RM'000
Current			
Secured	319,111	79,670	398,781
Unsecured	199,518	-	199,518
Non-current			
Secured	723,731	-	723,731
Unsecured	199,188	-	199,188
Total	1,441,548	79,670	1,521,218

*USD18.01 million equivalent

B9. Derivatives financial instruments

(a) The outstanding interest rate swap (IRS) contracts as at 31 March 2017 are as follows:-

(i) Interest rate swap - designated as hedging

	Contract/Notional Value (Million)					Fair Value Gain / (Loss) (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	9	8	-	17	20	3	-	23

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.

(ii) Interest rate swap - fair value to profit or loss

	Contract/Notional Value (Million)					Fair Value Gain / (Loss) (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	6	11	-	17	6	12	-	18

Interest rate swap does not qualify for cash flow hedges is measured at its fair value to profit or loss at the end of each reporting date.



Explanatory Notes To The Interim Report – 31 March 2017

B9. Derivatives financial instruments (Continued)

(b) The outstanding commodity forward contracts, commodity swaps and forward currency contracts as at 31 March 2017 are as follows:-

	Contract/Notional Value (Million)					Fair Value Gain / (Loss) (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	358	-	-	358	36,394	-	-	36,394
Commodity swaps	RM	15	-	-	15	3,025	-	-	3,025
Forward currency contracts	USD	24	-	-	24	1,075	-	-	1,075

The Group uses commodity forward contracts, currency contracts and commodity swap 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, EURO and RM for which firm commitments existed at the reporting date.



Explanatory Notes To The Interim Report – 31 March 2017

B10. Changes in material litigation

- (i) On 30 September 2010, SOP Plantations (Borneo) Sdn Bhd, a subsidiary of the Company had been served with a Writ of Summons (“**the Writ**”) in the High Court of Sabah and Sarawak at Bintulu under Suit No. 21-06-2010(BTU) (“**Douglas Ding Suit**”) wherein it was named as the fifth (5th) defendant along with other defendants which include Government of Sarawak, Director of Forests, Superintendent of Land & Surveys, Kapit and Pusaka KTS Forests Plantation Sdn Bhd.

The High Court has made a judgment on 8 August 2014, and the area affected is insignificant and has no significant impact to the Company.

On 3 September 2014, the plaintiff appealed against the judgment of the High Court on 8 August 2014 and similarly, the Company had filed a cross appeal against the same judgment on 4 November 2014.

Subsequently, the native residents of a nearby settlement of Uma Long Bangan, i.e. Uma Kahei, Long Mekero, applied to the Court of Appeal to be added as a party (as respondents) to the same appeal filed by the Plaintiff which was allowed by the Court of Appeal on 20 April 2016. In response, the Plaintiff filed a motion for leave to appeal to the Federal Court against the said Court of Appeal’s decision made on 20 April 2016.

The Plaintiff/NCR Claimants of Uma Long Bangan have also recently filed an application to the Court of Appeal, seeking a stay of their appeal against the High Court’s decision of 8 August 2014, until the disposal of the above said motion for leave to appeal to the Federal Court (against the Court of Appeal’s decision of 20 April 2016).

On 18 August 2016, the Court of Appeal had granted Douglas Ding Jangan and the residents of Uma Long Bangan a stay of hearing of their appeal pending the disposal of their motion for leave to appeal to the Federal Court.

- (ii) On 8 May 2017, SOPB Pte Ltd, a subsidiary of SOPB, had been served with a Writ of Summons and Statement of Claim in the High Court of the Republic of Singapore under Case No. HC/S 398/2017 (the “**Case**”) wherein it was named as the defendant.

The Case was initiated by Posco Daewoo Corporation (formerly known as Daewoo International Corporation) claiming against the defendant for damages amounting to USD3.55 million that arises out of a sales contract dispute between the parties in determining the rightful recipient of the letter of indemnity issued by the defendant.

On 25 May 2017, provisional liquidator was appointed to place SOPB Pte Ltd under liquidation.

B11. Dividends

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2016 of 5% on 570,111,364 ordinary shares, amounting to a dividend payable of RM28,505,568 (5.00 sen per ordinary share) will be proposed for shareholders’ approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

No interim dividend has been declared for the financial period ended 31 March 2017 (31 March 2016 : Nil).



Explanatory Notes To The Interim Report – 31 March 2017

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 holders of the parent divided by the weighted average number of ordinary shares of RM1 each in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	68,538	25,032	68,538	25,032
	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue	570,380	441,397	570,380	441,397
	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	Sen	Sen	Sen	Sen
Basic earning per share	12.02	5.67	12.02	5.67

Diluted earnings per share

The diluted earning per share is based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares of RM1 each in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	68,538	25,032	68,538	25,032
	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue	573,812	443,423	573,812	443,423
	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	Sen	Sen	Sen	Sen
Diluted earning per share	11.94	5.65	11.94	5.65



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

Explanatory Notes To The Interim Report – 31 March 2017

B13. Authorised for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2017.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary

Miri
29 May 2017