



INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019
Condensed Consolidated Statement of Financial Position as at 31 March 2019
(The figures have not been audited)

	Note	31 March 2019 RM'000	31 December 2018 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		1,025,667	1,559,560
Bearer plants		1,033,360	1,028,805
Land held for property development		37,041	37,483
Land use rights		-	4,996
Right-of-use assets	A1	525,089	-
Intangible assets		168,123	168,123
Derivatives	B9	948	1,952
Deferred tax assets		59,285	55,880
		2,849,513	2,856,799
Current Assets			
Inventories		282,959	325,228
Biological assets		8,940	8,745
Trade and other receivables		290,718	279,138
Derivatives	B9	1,308	1,593
Cash and bank balances		723,680	654,510
		1,307,605	1,269,214
TOTAL ASSETS		4,157,118	4,126,013
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		820,085	820,085
Employee share option reserve		16,844	15,805
Other reserves		2,462	2,894
Retained earnings		1,312,199	1,303,852
		2,151,590	2,142,636
Non-controlling interests		107,475	108,194
Total equity		2,259,065	2,250,830

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Financial Position as at 31 March 2019 (Continued)
(The figures have not been audited)

	Note	31 March 2019 RM'000	31 December 2018 RM'000
Non-current liabilities			
Deferred tax liabilities		352,231	353,233
Loans and borrowings	B8	776,665	756,819
Government grant		13,972	14,170
Lease liabilities		298	-
		1,143,166	1,124,222
Current liabilities			
Loans and borrowings	B8	514,155	515,035
Trade and other payables		235,908	233,283
Government grant		796	796
Derivatives	B9	4,028	1,847
		754,887	750,961
Total liabilities		1,898,053	1,875,183
TOTAL EQUITY AND LIABILITIES		4,157,118	4,126,013
Net assets per share attributable to owners of the Company (RM)		3.77	3.75

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Comprehensive Income
For the Three-Months Period Ended 31 March 2019
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER 3 months ended 31 March		CUMULATIVE QUARTER 3 months ended 31 March	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue		742,065	904,360	742,065	904,360
Cost of sales		(721,450)	(866,935)	(721,450)	(866,935)
Gross profit		20,615	37,425	20,615	37,425
Administrative expenses		(7,466)	(7,257)	(7,466)	(7,257)
Other operating income		5,083	17,263	5,083	17,263
Operating profit		18,232	47,431	18,232	47,431
Finance income		5,444	4,883	5,444	4,883
Finance costs		(13,774)	(14,532)	(13,774)	(14,532)
Profit before tax	B5	9,902	37,782	9,902	37,782
Taxation	B6	(2,274)	(9,409)	(2,274)	(9,409)
Profit for the period		7,628	28,373	7,628	28,373
Other comprehensive income:					
Net changes in fair value of derivatives		(927)	(198)	(927)	(198)
Foreign exchange translation differences for foreign operations		495	(1,024)	495	(1,024)
Other comprehensive income for the period, net of tax		(432)	(1,222)	(432)	(1,222)
Total comprehensive income for the period		7,196	27,151	7,196	27,151
Profit attributable to:					
Owners of the Company		8,347	26,072	8,347	26,072
Non-controlling interests		(719)	2,301	(719)	2,301
		7,628	28,373	7,628	28,373
Total comprehensive income attributable to:					
Owners of the Company		7,915	24,850	7,915	24,850
Non-controlling interests		(719)	2,301	(719)	2,301
		7,196	27,151	7,196	27,151

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Comprehensive Income
For the Three-Months Period Ended 31 March 2019 (Continued)**
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		3 months ended	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Earnings per share attributable to owners of the Company (Sen):					
Basic	B12	1.46	4.57	1.46	4.57
Diluted	B12	1.46	4.56	1.46	4.56

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period Ended 31 March 2019
(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	
				Employee share option reserve	Other reserve	Retained earnings	Non- controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	2,250,830	2,142,636	820,085	15,805	2,894	1,303,852	108,194
Total comprehensive income for the period	7,196	7,915	-	-	(432)	8,347	(719)
Transactions with owners							
Share options granted under ESOS	1,039	1,039	-	1,039	-	-	-
At 31 March 2019	<u>2,259,065</u>	<u>2,151,590</u>	<u>820,085</u>	<u>16,844</u>	<u>2,462</u>	<u>1,312,199</u>	<u>107,475</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 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
For the Three-Months Period Ended 31 March 2019 (Continued)
(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	
				Employee share option reserve	Other reserve	Retained earnings	Non- controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	2,213,831	2,108,168	819,860	10,607	2,099	1,275,602	105,663
Total comprehensive income for the period	68,702	63,297	-	-	795	62,502	5,405
Transactions with owners							
Dividends paid to non-controlling interests in subsidiaries	(3,240)	-	-	-	-	-	(3,240)
Dividends on ordinary shares	(34,252)	(34,252)	-	-	-	(34,252)	-
Acquisition of a subsidiary	366	-	-	-	-	-	366
Issuance of ordinary shares:							
Pursuant to exercise of ESOS	202	202	202	-	-	-	-
Share options granted under ESOS	5,221	5,221	-	5,221	-	-	-
Exercise of share options	-	-	23	(23)	-	-	-
At 31 December 2018	<u>2,250,830</u>	<u>2,142,636</u>	<u>820,085</u>	<u>15,805</u>	<u>2,894</u>	<u>1,303,852</u>	<u>108,194</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 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period Ended 31 March 2019
(The figures have not been audited)

	31 March 2019 RM'000	31 March 2018 RM'000
Operating activities		
Profit before tax	9,902	37,782
Adjustments for non-cash flow items:		
Depreciation and amortisation	35,834	35,259
Amortisation of government grant	(199)	(199)
Share options granted under ESOS	1,039	1,235
Gain on disposal of property, plant and equipment	(27)	(210)
Property, plant and equipment written off	207	9
Finance income	(5,444)	(4,883)
Finance costs	13,774	14,532
Fair value changes on biological assets	(194)	664
Unrealised loss on foreign exchange	2,395	2,332
Fair value changes on derivatives	2,446	2,040
Operating cash flows before working capital changes	<u>59,733</u>	<u>88,561</u>
Decrease in inventories	43,084	1,573
Increase in trade and other receivables	(11,580)	(25,428)
Increase in trade and other payables	1,203	78,089
Cash flows from operations	<u>92,440</u>	<u>142,795</u>
Net income tax paid	(5,575)	(20,843)
Net cash flows from operating activities	<u>86,865</u>	<u>121,952</u>
Investing activities		
Additions of property, plant and equipment	(8,087)	(7,985)
Increase in bearer plants	(17,237)	(13,744)
Proceeds from disposal of property, plant and equipment	399	386
Interest received	4,983	4,883
Net cash flows used in investing activities	<u>(19,942)</u>	<u>(16,460)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
For the Three-Months Period Ended 31 March 2019 (Continued)
(The figures have not been audited)

	31 March 2019 RM'000	31 March 2018 RM'000
Financing activities		
Net movements in trade financing	4,183	(8,850)
Proceeds from loans and borrowings	49,803	5,935
Proceeds from issuance of share capital	-	183
Net repayment of obligations under finance leases	(1,831)	(1,653)
Repayment of loans and borrowings	(34,464)	(31,070)
Interest paid	(13,571)	(13,634)
Net cash from/(used in) financing activities	4,120	(49,089)
Net increase in cash and cash equivalents	71,043	56,403
Cash and cash equivalents at beginning of the financial period	647,358	639,177
Effect of exchange rate changes	(1,952)	(852)
Cash and cash equivalents at end of the financial period	716,449	694,728
Cash and cash equivalents at the end of the financial period comprised the following:		
Short term deposits with licensed banks	487,271	506,387
Cash in hand and at banks	236,409	192,487
Cash and bank balances	723,680	698,874
Less: Bank overdraft	(7,131)	(4,046)
Less: Short term deposit pledged as security	(100)	(100)
	716,449	694,728

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report)



Explanatory Notes To The Interim Report – 31 March 2019

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 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 2018.

On 1 January 2019, the Group adopted the following new and amended Malaysian Financial Reporting Standards ("MFRSs") mandatory for annual financial periods beginning on or after 1 January 2019.

- MFRS 16: Leases
- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
- IC Interpretation 23: Uncertainty over Income Tax Treatments
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Amendments to MFRS 119: Employee Benefits – Plan Amendment, Curtailment or settlement

The adoption of the above pronouncements did not have material impact on the financial statements of the Group, except for the following:

MFRS 16, Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 Property, Plant and Equipment whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

In accordance with the transition requirements, comparative figures are not restated. The effect of the adoption of MFRS 16 is as follows:



Explanatory Notes To The Interim Report – 31 March 2019

A1. Accounting Policies and Basis of Preparation (Continued)

MFRS 16, Leases (Continued)

	As at 31 December 2018 (RM'000)	Effects on adoption of MFRS 16 (RM'000)	As at 1 January 2019 (RM'000)
Non-current assets			
Property, plant and equipment	1,559,560	(521,776)	1,037,784
Land use rights	4,996	(4,996)	-
Right-of-use assets	-	527,070	527,070
Non-current liabilities			
Lease liabilities	-	298	298

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:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
• Amendments to MFRS 3: Definition of a Business	01 January 2020
• Amendments to MFRS 101: Definition of Material	01 January 2020
• Amendments to MFRS 108: Definition of Material	01 January 2020
• MFRS 17: Insurance Contracts	01 January 2021
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 2019

A6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale or repayment of debt and equity securities during the current quarter.

A7. Dividends paid

There was 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.

Period to date ended 31 March 2019

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,062,114	1,796	(321,845)	742,065
Less: Inter-segment revenue	(321,845)	-	321,845	-
Revenue from external customers	740,269	1,796	-	742,065
Finance income	7,691	45	(2,292)	5,444
Finance costs	(15,708)	(224)	2,158	(13,774)
Depreciation and amortisation	(34,315)	(94)	(1,425)	(35,834)
Profit before taxation for financial period	10,695	173	(966)	9,902

Period to date ended 31 March 2018

	Palm oil Segment RM'000	Property Segment RM'000	Consolidation Adjustment RM'000	Consolidated RM'000
Total segment revenue	1,263,346	2,626	(361,612)	904,360
Less: Inter-segment revenue	(361,612)	-	361,612	-
Revenue from external customers	901,734	2,626	-	904,360
Finance income	6,866	21	(2,004)	4,883
Finance costs	(15,342)	(329)	1,139	(14,532)
Depreciation and amortisation	(32,596)	(98)	(2,565)	(35,259)
Profit before taxation for financial period	47,521	619	(10,358)	37,782



Explanatory Notes To The Interim Report – 31 March 2019

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 2019 except corporate guarantees of RM1,119.7 million favouring the banks in respect of banking facilities granted to the subsidiaries. The contingent liabilities of RM327.4 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 2019 is as follows:-

	31 March 2019 RM'000
Property, plant and equipment	
Authorised but not contracted for	134,321
Contracted but not provided in the financial statements	14,689

	149,010
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 Bearer plants	
Authorised but not contracted for	46,530
Contracted but not provided in the financial statements	2,666

	49,196
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Explanatory Notes To The Interim Report – 31 March 2019

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	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018		
Revenue	742,065	904,360	(18%)	742,065	904,360	(18%)
Gross Profit	20,615	37,425	(45%)	20,615	37,425	(45%)
Operating profit	18,232	47,431	(62%)	18,232	47,431	(62%)
Profit Before Tax	9,902	37,782	(74%)	9,902	37,782	(74%)
Profit After Tax	7,628	28,373	(73%)	7,628	28,373	(73%)
Profit Attributable to Ordinary Equity Holders of the Parent	8,347	26,072	(68%)	8,347	26,072	(68%)

1st Quarter FY2019 (“Q1FY2019”) vs 1st Quarter FY2018 (“Q1FY2018”)

The Group registered a total revenue of RM742.1 million for Q1FY2019 compared with RM904.4 million reported in Q1FY2018, representing a decrease of 17.9%. The decrease in revenue was mainly attributed to lower palm products average realised prices.

As a result of the above, profit before tax for the quarter decreased to RM9.9 million compared with RM37.8 million in corresponding quarter last year.



Explanatory Notes To The Interim Report – 31 March 2019

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	
	31/03/2019	31/12/2018	
Revenue	742,065	983,281	(25%)
Gross Profit	20,615	29,189	(29%)
Operating profit	18,232	30,937	(41%)
Profit Before Tax	9,902	19,602	(49%)
Profit After Tax	7,628	6,337	20%
Profit Attributable to Ordinary Equity Holders of the Parent	8,347	6,967	20%

1st Quarter FY2019 (“Q1FY2019”) vs 4th Quarter FY2018 (“Q4FY2018”)

The Group posted total revenue of RM742.1 million in Q1FY2019 compared with RM983.3 million reported in Q4FY2018.

The Group reported a profit before tax of RM9.9 million compared with RM19.6 million reported in Q4FY2018. The lower profit before tax was mainly attributed to lower transacted palm products volume and lower average palm kernel products realised price. For the quarter under review, simple average palm products' realised prices against last quarter were as below:-

	Q1FY 2019	Q4FY 2018
Palm Oil Products (RM/mt)	1,982	1,930
Palm Kernel Products (RM/mt)	1,555	1,815

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 2019

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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	35,834	35,259	35,834	35,259
Property, plant and equipment written off	207	9	207	9
Gain on disposal of property, plant and equipment	(27)	(210)	(27)	(210)
Finance income	(5,444)	(4,883)	(5,444)	(4,883)
Finance costs	13,774	14,532	13,774	14,532
Unrealised loss on foreign exchange	2,395	2,332	2,395	2,332
Fair value changes on derivatives	2,446	2,040	2,446	2,040
Fair value changes on biological assets	(194)	664	(194)	664

B6. Taxation

Current tax expenses	6,681	7,958	6,681	7,958
Deferred tax	(4,407)	1,451	(4,407)	1,451
	<u>2,274</u>	<u>9,409</u>	<u>2,274</u>	<u>9,409</u>
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	(293)	(63)	(293)	(63)

The Group's effective tax rate is lower than the prevailing corporate tax rate of 24% mainly due to lower tax rate provision from foreign subsidiaries, set off by certain expenditure which are non-tax deductible.

B7. Status of corporate proposal announced

There was no corporate proposal announced that was not completed as at the date of this announcement.



Explanatory Notes To The Interim Report – 31 March 2019

B8. Loans and borrowings

	As at 1 st quarter ended 2019							
	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>								
Finance leases	-	5,449	-	-	6,445	-	-	11,894
Banker acceptance	-	-	-	-	-	-	-	-
Revolving credits	-	-	-	-	56,000	-	-	56,000
Term loans	6,451	743,830	1,357	-	109,451	7,808	-	853,281
<u>Unsecured</u>								
Trust receipts	-	-	-	20,529	-	-	20,529	-
Revolving credits	-	-	-	-	10,000	-	-	10,000
Banker acceptance	-	-	-	122,202	165,097	-	122,202	165,097
Bank overdraft	-	-	-	-	7,131	-	-	7,131
Term loans	-	20,935	-	-	15,943	-	-	36,878
	<u>6,451</u>	<u>770,214</u>	<u>1,357</u>	<u>142,731</u>	<u>370,067</u>	<u>7,808[^]</u>	<u>142,731[*]</u>	<u>1,140,281</u>

**USD34.94 million equivalent*

[^]SGD2.59 million equivalent



Explanatory Notes To The Interim Report – 31 March 2019

B8. Loans and borrowings (Continued)

	As at 1 st quarter ended 2018					
	Long term		Short term		Total borrowings	
	Denomination in		Denomination in		Denomination in	
	USD	RM	USD	RM	USD	RM
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	<u>Secured</u>					
Finance leases	-	5,010	-	4,696	-	9,706
Banker acceptance	-	-	-	-	-	-
Revolving credits	-	-	-	71,300	-	71,300
Term loans	-	778,349	8,974	57,183	8,974	835,532
<u>Unsecured</u>						
Trust receipts	-	-	70,615	-	70,615	-
Banker acceptance	-	-	47,169	257,576	47,169	257,576
Bank overdraft	-	-	-	4,046	-	4,046
Revolving credits	-	-	-	8,000	-	8,000
Term loans	-	34,190	-	28,546	-	62,736
	-	817,549	126,758	431,347	126,758*	1,248,896

*USD34.49 million equivalent

B9. Derivatives

(a) The outstanding interest rate swap (IRS) contracts as at 31 March 2019 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	-	-	780	780

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.



Explanatory Notes To The Interim Report – 31 March 2019

B9. Derivatives (continued)

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

	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	4	-	-	4	(3)	-	-	(3)

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.

(b) The outstanding commodity forward contracts, commodity swaps and forward currency contracts as at 31 March 2019 are as follows:-

	Contract/Notional Value (Million)					Fair Value assets/(liabilities) (RM'000)			
	Base Currency	<1 year	1 year to 3 years	More than 3 years	Total	<1 year	1 year to 3 years	More than 3 years	Total
Commodity forward contracts	RM	82	-	-	82	(355)	-	-	(355)
Commodity forward contracts	USD	81	-	-	81	(2,213)	-	-	(2,213)
Forward currency contracts	USD	191	-	-	191	250	-	-	250
Commodity swaps	RM	27	-	-	27	(231)	-	-	(231)

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 and RM for which firm commitments existed at the reporting date.

B10. Changes in material litigation

There was no new material litigation during the interim period under review.

B11. Dividends

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2018 of 5 sen per ordinary share on 570,874,146 ordinary shares, amounting to a dividend payable of RM28,543,707 will be proposed for shareholders' approval. 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 2019.

No interim dividend has been declared for the financial period ended 31 March 2019 (31 March 2018 : Nil).



Explanatory Notes To The Interim Report – 31 March 2019

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 in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	8,347	26,072	8,347	26,072
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	570,874	570,850	570,874	570,850
	Sen	Sen	Sen	Sen
Basic earnings per share	1.46	4.57	1.46	4.57

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		Cumulative Quarter	
	3 months ended		3 months ended	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	8,347	26,072	8,347	26,072
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	570,874	571,484	570,874	571,484
	Sen	Sen	Sen	Sen
Diluted earnings per share	1.46	4.56	1.46	4.56



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

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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 21 May 2019.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary

Miri
21 May 2019