

FINANCIAL REVIEW OF OPERATIONS

KEY PERFORMANCE HIGHLIGHTS

REVENUE

(RM MILLION)

Year	Revenue (RM Million)
'17	753.71
'16	557.61
'15	667.67
'14	646.98
'13	486.28

To-date Highest Revenue

The Group achieved a higher revenue of RM753.71 million (2016: RM557.61 million) during the financial year, representing an increase of 35% as compared to the previous year. The increase in revenue was mainly due to the increase in commodity prices despite the lower sales volume. Off-takes by the buying refineries during the year were smooth without any major logistic constraints.

PROFIT BEFORE TAX

(RM MILLION)

Year	Profit Before Tax (RM Million)
'17	168.51
'16	50.41
'15	89.41
'14	109.08
'13	156.61

Three Fold Increase in PBT

The Group's PBT increased by three folds from last year to end the financial year at RM168.51 million. The marked increase was mainly due to the higher commodity prices coupled with CPO swap gains of RM5.0 million (2016: RM15.3 million swap losses).

TOTAL ASSETS

(RM BILLION)

Year	Total Assets (RM Billion)
'17	2.98
'16	2.59
'15	2.57
'14	2.23
'13	2.14

Higher Total Assets

The Group's total assets enlarged by 15.06% from previous year to reach RM2.98 billion.

SHAREHOLDERS' FUND

(RM BILLION)

Year	Shareholders' Fund (RM Billion)
'17	1.78
'16	1.62
'15	1.61
'14	1.38
'13	1.39

Improved Shareholders' Fund

The Group's shareholders' value improved by 10.49% from the previous year to reach RM1.78 billion due to the profit generated during the year, net of dividend paid.

NET TANGIBLE ASSETS

In line with the Group's improved performance, the earnings per share and net tangible assets per share have improved to 13.07 sen (2016: 2.75 sen) and by RM2.03 (2016: RM1.84) respectively.

COST OF SALES

Cost of sales increased by 20% as compared to the previous year, mainly due to the higher outside fruit purchase costs in tandem with the increase in commodity prices, higher cost of production resulting from the increase in minimum wages in the Malaysian operations, and also higher cost of production in the Indonesian operations arising from the increase in young mature areas that incurred full fixed plantation maintenance and overhead costs set against start-up crop yields.

PALM PRODUCT PRICES

The Group's financial performance recovered strongly in FY2017 flattered by the higher CPO and PK prices. The average CPO prices realised by the Group's Malaysian and Indonesian operations were 29% and 36% higher in FY2017 than the previous year, at RM2,753 per mt (2016: RM2,142 per mt) and RM2,589 per mt (2016: RM1,899 per mt) respectively. In addition, upstream players were also pleasantly blessed by the impressive rally in PK prices due to supply tightness of CPKO and coconut oil.

CORPORATE DEVELOPMENT

On 21 November 2016, the Group, KL-Kepong Plantation Holdings Sdn Bhd ("KLKP"), two (2) existing individual shareholders and a new individual shareholder had entered into an amended agreement to vary some salient terms of the Conditional Share Subscription Agreement ("CSSA") entered into on 21 November 2014, which included the following:

- the shareholding ratio of the Group, KLKP and the new individual shareholder to be varied to 20:75:5; and
- the new individual shareholder will purchase the shares held by the two (2) existing individual shareholders

Further to that, on 1 March 2017 the Group entered into a Novation Agreement with the same parties to novate the Group's rights, benefits and obligations under the CSSA to its Indonesian subsidiary, PT Indonesia Plantation Synergy.

RETURNING TO SHAREHOLDERS

The Group is committed to payment of annual dividends. The quantum of dividends will be determined after taking into account, *inter alia*, the level of available funds, the amount of retained earnings, capital expenditure commitments and other investment planning requirements. The adopted policy is deemed as a balanced approach between rewarding shareholders and maintaining reserves for future growth.

In respect of the financial year ended 31 March 2016, a single-tier interim dividend of 5 sen per share was paid on 13 July 2016 totalling RM 44.03 million.

In view of the shareholders support to the Group, the Group continues to reward its' shareholders for the financial year under review. The Directors declared a single tier interim dividend on 25 May 2017, amounting to 7 sen per share. The single tier interim dividend was paid on 19 July 2017 to every member who was entitled to receive the dividend as at 5.00 p.m. on 30 June 2017. The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2017.

SHARE PERFORMANCE IN THE REPORTING YEAR

