The Group achieved revenue of RM747.22 million (2017: RM753.71 million) during the financial year, representing a decrease of 1% as compared to the previous year. The decrease in revenue was mainly due to lower commodity prices, net of the higher volume.

The Group’s total assets remained above the RM2 billion mark to end the year at RM2.62 billion. The decrease was mainly due to fund utilised to pare down borrowings and payment of dividend.

The Group’s PBT was lower due to:
1. The weakening of the Rupiah against the US Dollar that resulted in a net unrealised foreign exchange loss of RM23.69 million on the US Dollar denominated borrowings;
2. Lower commodity prices;
3. Higher costs from increased replanting activities, full impact of the minimum wage revision, and harvesting rates increase for the tall palms; and
4. Increased young mature area in the Indonesian operations incurring full plantation maintenance and overheads set against a start-up yield, and additional depreciation and overheads associated with the commencement of the second palm oil mill.

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Shareholders’ fund decreased to RM1.62 billion, mainly due to the weakening of IDR which resulted in adverse effect on the currency translation of net investments in subsidiaries.

Cost of sales increased by 13% as compared to the previous year, mainly due to:
1. Higher costs from increased replanting activities, minimum wage and harvesting rates revision in the Malaysian operations; and
2. Increased young mature area in the Indonesian operations incurring full plantation maintenance and overheads against a start-up yield, and additional depreciation and overheads associated with the commencement of the second palm oil mill.
PALM PRODUCT PRICES

The year witnessed a significant swing in CPO price. Average CPO price remained strong in the beginning of the year and exceeded the RM3,000 per mt mark to achieve RM3,045 per mt in the first quarter of 2017. However, prices started to come under pressure especially in the last quarter of 2017 as a consequence of the recovery in FFB production from effects of the earlier prolonged drought, reduced off-take by China and rising CPO stocks. This was further aggravated by the strengthening in the Ringgit against USD and various external factors such as import duty hike in India, the plan to reduce the usage of palm based biodiesel and the proposed new certification standards by the European Union (“EU”). As a result, MPOB’s average CPO price slumped more than 19% to RM2,466 per mt in the first quarter of 2018.

In line with this, the average CPO price achieved by the Group softened to RM2,532 per mt as compared to RM2,695 per mt achieved in the previous financial year. The average CPO price from the Malaysian operations decreased to RM2,639 per mt (2017: RM2,753 per mt), whereas in the Indonesian operations, the CPO price decreased to RM2,380 per mt (2017: RM2,589 per mt) at the end of financial year.

CORPORATE DEVELOPMENT

On 26 March 2018, PT Indonesia Plantation Synergy (“IPS”), a subsidiary of the Group entered into a Shareholders Agreement with PT Perindustrian Sawit Sinergi (“PT PSS”), KL-Kepong Plantation Holdings Sdn. Bhd. (“KLKP”) and an individual shareholder to regulate the relationship and obligations of IPS, KLKP and the individual shareholder as the shareholders of PT PSS. Pursuant to the Shareholders Agreement, IPS will subscribe 44,000 shares of IDR1,000,000 each representing 20% equity interest in PT PSS for a total cash consideration of IDR44,000,000,000 (approximately RM13,000,000). The amount was paid after balance sheet date on 15 May 2018.

RETURNING TO SHAREHOLDERS

The Group is committed to the 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 2017, a single-tier interim dividend of 7 sen per share was paid on 19 July 2017 totaling RM61.64 million.

For the financial year under review, the Directors declared a single tier interim dividend on 30 May 2018, amounting to 5 sen per share. The single tier interim dividend was paid on 18 July 2018 to every member who was entitled to receive the dividend as at 5.00 p.m. on 29 June 2018. The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2018.