



RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)

No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak, Malaysia

Telephone No.: 084-218555

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Interim Financial Statements

For the 2nd Quarter Ended 30 June 2012

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Condensed Consolidated Statement of Comprehensive Income
For the 2nd Quarter Ended 30 June 2012

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended 30.6.2012 RM'000	30.6.2011 RM'000	6-month Period Ended 30.6.2012 RM'000	30.6.2011 RM'000
REVENUE	87,324	94,196	159,489	168,592
COST OF SALES	(73,847)	(51,688)	(132,137)	(92,807)
GROSS PROFIT	13,477	42,508	27,352	75,785
OTHER INCOME	1,317	1,020	3,867	1,320
DISTRIBUTION COSTS	(2,984)	(3,313)	(5,525)	(5,804)
ADMINISTRATIVE AND OTHER EXPENSES	(4,058)	(3,631)	(8,118)	(8,074)
SHARE OF RESULTS IN AN ASSOCIATE	280	-	90	-
FINANCE COSTS	(3,006)	(3,753)	(6,334)	(7,740)
PROFIT BEFORE TAXATION	5,026	32,831	11,332	55,487
INCOME TAX EXPENSE	(1,458)	(7,303)	(2,885)	(13,091)
PROFIT AFTER TAXATION	3,568	25,528	8,447	42,396
OTHER COMPREHENSIVE INCOME, NET OF TAX				
- Fair value changes of available-for-sale financial assets	732	-	1,580	-
- Transferred to profit or loss upon reinvestment of available-for-sale financial assets	(732)	-	(2,295)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,568	25,528	7,732	42,396



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Condensed Consolidated Statement of Comprehensive Income (Cont'd)

For the 2nd Quarter Ended 30 June 2012

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended 30.6.2012 RM'000	30.6.2011 RM'000	6-month Period Ended 30.6.2012 RM'000	30.6.2011 RM'000
PROFIT AFTER TAXATION				
ATTRIBUTABLE TO:-				
- Owners of the Company	4,727	24,073	9,485	39,746
- Non-controlling interests	(1,159)	1,455	(1,038)	2,650
	<u>3,568</u>	<u>25,528</u>	<u>8,447</u>	<u>42,396</u>
TOTAL COMPREHENSIVE				
INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	4,727	24,073	8,770	39,746
- Non-controlling interests	(1,159)	1,455	(1,038)	2,650
	<u>3,568</u>	<u>25,528</u>	<u>7,732</u>	<u>42,396</u>
EARNINGS PER SHARE (SEN):-				
- Basic	0.23	1.80	0.46	2.99
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	As at 30.6.2012 (Unaudited) RM'000	As at 31.12.2011 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	25,880	25,790
Property, plant and equipment	589,468	569,729
Intangible assets	23,026	23,262
Biological assets	692,355	672,785
Goodwill	54,045	54,045
Deferred tax assets	5,075	4,748
	<u>1,389,849</u>	<u>1,350,359</u>
CURRENT ASSETS		
Inventories	26,686	25,233
Trade receivables	19,413	17,001
Other receivables, deposits and prepayments	15,390	9,278
Tax refundable	3,106	1,772
Short-term investments	81,795	118,214
Fixed deposits	1,729	90,141
Cash and bank balances	1,629	410
	<u>149,748</u>	<u>262,049</u>
TOTAL ASSETS	<u>1,539,597</u>	<u>1,612,408</u>

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 30 June 2012

	As at 30.6.2012 (Unaudited) RM'000	As at 31.12.2011 (Audited) RM'000
EQUITY AND LIABILITIES		
Share capital	751,239	751,239
Reserves	141,826	133,056
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TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	893,065	884,295
NON-CONTROLLING INTERESTS	80,196	81,234
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TOTAL EQUITY	973,261	965,529
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NON-CURRENT LIABILITIES		
Borrowings	226,190	254,488
Deferred tax liabilities	145,334	144,480
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	371,524	398,968
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CURRENT LIABILITIES		
Trade payables	57,048	60,181
Other payables, deposits and accruals	48,143	58,782
Borrowings:-		
- bank overdrafts	19,320	7,533
- other borrowings	68,706	118,953
Provision for taxation	1,595	2,462
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	194,812	247,911
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TOTAL LIABILITIES	566,336	646,879
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TOTAL EQUITY AND LIABILITIES	1,539,597	1,612,408
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NET ASSETS PER SHARE (RM)	0.60	0.59
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The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Changes in Equity
 For the Six Months Period Ended 30 June 2012

	< ----- Non-distributable ----- >					Distri- butable Retained Profits RM'000	Attri- butable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital		Share Premium RM'000	Merger Reserve RM'000	Fair Value Reserve RM'000				
	Ordinary Shares RM'000	Preference Shares RM'000							
Balance at 1.1.2012	654,252	96,987	15,447	(53,066)	715	169,960	884,295	81,234	965,529
Profit after taxation	-	-	-	-	-	9,485	9,485	(1,038)	8,447
Other comprehensive income for the period, net of tax:-									
- fair value changes of available-for-sale financial assets	-	-	-	-	1,580	-	1,580	-	1,580
- transferred to profit or loss upon reinvestment of available-for-sale financial assets	-	-	-	-	(2,295)	-	(2,295)	-	(2,295)
Total comprehensive income for the period	-	-	-	-	(715)	9,485	8,770	(1,038)	7,732
Balance at 30.6.2012	654,252	96,987	15,447	(53,066)	-	179,445	893,065	80,196	973,261



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Condensed Consolidated Statement of Changes in Equity (Cont'd)
 For the Six Months Period Ended 30 June 2012

	< ----- Non-distributable ----- >				Distri- butable Retained Profits RM'000	Attri- butable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital		Share Premium RM'000	Merger Reserve RM'000				
	Ordinary Shares RM'000	Preference Shares RM'000						
Balance at 1.1.2011								
- as previously reported	78,299	96,987	183,908	(44,631)	112,520	427,083	116,354	543,437
- effect of adopting FRS 139	-	-	-	-	233	233	41	274
- as restated	78,299	96,987	183,908	(44,631)	112,753	427,316	116,395	543,711
Profit after taxation/Total comprehensive income for the period	-	-	-	-	39,746	39,746	2,650	42,396
Contributions by and distributions to owners of the Company:-								
- issuance of shares	3,483	-	12,488	-	-	15,971	-	15,971
- acquisition of a subsidiary	-	-	-	-	-	-	165	165
- dividends	-	-	-	-	(6,614)	(6,614)	-	(6,614)
Changes in ownership interest in subsidiaries:-								
- acquisition from non-controlling interests	-	-	-	(8,776)	(1,182)	(9,958)	(6,060)	(16,018)
Balance at 30.6.2011	81,782	96,987	196,396	(53,407)	144,703	466,461	113,150	579,611

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Cash Flows
For the Six Months Period Ended 30 June 2012

	6-month Period Ended	
	30.6.2012	30.6.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,332	55,487
Adjustments for:-		
Amortisation of biological assets	12,754	9,480
Amortisation of intangible assets	71	57
Depreciation of property, plant and equipment	13,429	9,882
Gain on disposal of property, plant and equipment	(99)	(155)
Interest expense	6,334	7,740
Interest income	(2,706)	(110)
Share of results in an associate	(90)	-
Operating profit before working capital changes	41,025	82,381
Increase in inventories	(1,453)	(7,976)
Increase in trade and other receivables	(8,524)	(22,442)
(Decrease)/increase in trade and other payables	(13,772)	12,642
CASH FROM OPERATIONS	17,276	64,605
Income tax paid	(4,560)	(4,174)
Interest paid	(857)	(77)
Interest received	2,706	110
NET CASH FROM OPERATING ACTIVITIES	14,565	60,464
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(1,018)
Costs incurred on biological assets	(27,239)	(29,447)
Proceeds from disposal of property, plant and equipment	213	466
Purchase of intangible assets	(38)	-
Purchase of property, plant and equipment	(33,808)	(27,852)
NET CASH FOR INVESTING ACTIVITIES	(60,872)	(57,851)
BALANCE CARRIED FORWARD	(46,307)	2,613

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Six Months Period Ended 30 June 2012

	6-month Period Ended	
	30.6.2012	30.6.2011
	RM'000	RM'000
BALANCE BROUGHT FORWARD	(46,307)	2,613
CASH FLOWS FOR FINANCING ACTIVITIES		
Deposits and bank balances held on trust for Islamic securities investors	2,435	777
Dividend paid	-	(6,614)
Drawdown of Islamic securities	-	5,000
Drawdown of term loans	32,071	23,271
Net of drawdown/(repayment) of bankers' acceptance	(275)	5,693
Net of drawdown/(repayment) of unsecured loans	(40,000)	-
Payment of interest on long-term borrowings	(8,176)	(7,664)
Repayment of hire purchase obligations	(1,398)	(583)
Repayment of Islamic securities	(30,000)	(20,000)
Repayment of term loans	(40,600)	(6,500)
NET CASH FOR FINANCING ACTIVITIES	(85,943)	(6,620)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(132,250)	(4,007)
EFFECT OF FAIR VALUE CHANGES OF SHORT-TERM INVESTMENTS	(715)	-
CASH AND CASH EQUIVALENTS AT 1 JANUARY	197,067	(19,124)
CASH AND CASH EQUIVALENTS AT 30 JUNE	64,102	(23,131)

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Condensed Consolidated Statement of Cash Flows (Cont'd)For the Six Months Period Ended 30 June 2012

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise:-

	As at	
	30.6.2012	30.6.2011
	RM'000	RM'000
Cash and bank balances	1,629	338
Fixed deposits	1,729	4,091
Short-term investments	81,795	-
Bank overdrafts	(19,320)	(23,468)
	<hr/>	<hr/>
	65,833	(19,039)
Less:-		
Bank balances held on trust for Islamic securities investors	(2)	(1)
Islamic deposits held on trust for Islamic securities investors	(1,729)	(4,091)
	<hr/>	<hr/>
	64,102	(23,131)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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Part A – Explanatory Notes Pursuant to FRS 134

A1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with FRS 134 *Interim Financial Reporting* and Chapter 9 Appendix 9B 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 of the Group for the financial year ended 31 December 2011. 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 financial year ended 31 December 2011.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2011, except for the adoption of the following new accounting standards and interpretations (including the consequential amendments) that are effective on 1 January 2012:-

FRSs and IC Interpretations (including Consequential Amendments)

FRS 124 (Revised) Related Party Disclosures

Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7: Disclosures – Transfers of Financial Assets

Amendments to FRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.



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Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)

A1 Basis of Preparation (Cont'd)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, Malaysian Financial Reporting Standards (“MFRSs”) that are equivalent to International Financial Reporting Standards (“IFRSs”).

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter referred to as “Transitioning Entities”).

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to defer the adoption of the MFRSs to annual periods beginning on or after 1 January 2014 after which the MFRSs will become mandatory. The Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 31 December 2014.

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between the current FRSs and MFRSs. The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to the ongoing assessment by the management. 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 MFRSs for the financial year ending 31 December 2014.

A2 Comments about Seasonality or Cyclicity of Operations

The prices for the Group’s products are not within the control of the Group but are determined by the global supply and demand situation for edible oils.

Crop production is affected by weather conditions and age of palms.

The prices obtainable for the Group’s products as well as the volume of production will determine the profits for the Group.

A3 Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period under review.



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Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)

A4 Changes in Estimates

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

A5 Debt and Equity Securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review:-

The Group repaid RM30.0 million of Islamic securities (Sukuk Ijarah) on 27 June 2012.

A6 Dividends Paid

There were no dividends paid during the current quarter under review.

A7 Segment Information

Information about operating segment is not reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the oil palm plantation and operation of palm oil mill.

A8 Property, Plant and Equipment

(a) Acquisitions and Disposals

During the 6-month period ended 30 June 2012, the Group acquired assets at a cost of RM35.5 million.

Assets with a carrying amount of RM114,000 were disposed of by the Group during the 6-month period ended 30 June 2012, resulting in a gain on disposal of RM99,000, which is included in other income in the statement of comprehensive income.

(b) Impairment Losses

Neither losses from impairment of property, plant and equipment nor reversal of such impairment losses were recognised for the period under review.

(c) Valuations

The Group did not have any revalued assets.

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Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)

A9 Material Events Subsequent to the End of the Interim Period

On 2 July 2012, the Company acquired 2 ordinary shares of RM1.00 each in the share capital of RSB Palm Oil Mill Sdn Bhd (“RPOM”) for a total cash consideration of RM2. Subsequent to the acquisition, RPOM became an 100%-owned subsidiary of the Company.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group for the period under review.

A11 Changes in Contingent Liabilities or Contingent Assets

Save as disclosed below, there were no changes in contingent liabilities or contingent assets since the last reporting date as at 31 December 2011:-

A claim for damages was lodged by a contractor during the financial year ended 31 August 2009 against two subsidiaries of the Group in respect of damages allegedly caused by the termination of harvesting and transporting contracts. During the 6-month period ended 30 June 2012, the Group made an offer of RM280,000 as full and final settlement in respect of the claim; and the offer was accepted by the contractor.

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 30 June 2012 was as follows:-

	RM'000
Property, plant and equipment:-	
- Approved and contracted for	12,522
- Approved but not contracted for	-
	<hr/>
	12,522
	<hr/>

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Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)

A13 Significant Related Party Transactions

The Group carried out the following significant transactions with the related parties during the period under review:-

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	6-month Period Ended	6-month Period Ended
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Contract charges	10,259	9,456	18,331	16,401
Insurance paid	315	143	862	370
Interest paid	274	660	581	1,425
Management fee	604	-	1,208	-
Purchase of fertilisers and chemicals	15,887	10,100	36,071	16,941
Purchase of fresh fruit bunches	5,193	446	8,998	750
Purchase of property, plant and equipment	863	613	2,329	841
Purchase of seedlings	505	511	699	577
Purchase of sundry stores and consumables	3,211	6,539	5,837	11,715
Recruitment charges	468	223	828	375
Rental paid	373	1,266	1,088	2,196
Repairs and maintenance	221	170	381	295
Sale of fresh fruit bunches	23,133	23,949	43,015	45,816
Sale of seedlings	317	-	512	-
Transportation and accommodation charges	1,768	1,282	3,043	2,240



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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of Performance

Revenue

The Group's revenue declined by 7.3% to RM87.3 million for the current quarter from RM94.2 million in the corresponding quarter in 2011, mainly due to the decrease in average selling prices and sales volume for crude palm oil ("CPO") and palm kernel ("PK").

Average selling prices of CPO and PK fell by 5.7% and 26.4% respectively for the current quarter as compared to the preceding corresponding quarter. The weakening of CPO and PK prices was attributable to the lower global market prices for oil palm products.

Sales volume for CPO and PK decreased by 9.4% and 0.5% respectively for the current quarter as compared to the preceding corresponding quarter, due to the lower fresh fruit bunches ("FFB") production from estates.

On a 6-month basis, the Group recorded revenue of RM159.5 million in 2012. This was compared to RM168.6 million in the corresponding period in 2011, representing a decrease of 5.4%. The decrease was mainly due to the decrease in average selling prices for CPO and PK.

Cost of sales

Despite the lower revenue recorded for the quarter, cost of sales of the Group increased by 42.9% to RM73.8 million for the current quarter as compared to RM51.7 million in the preceding corresponding quarter. The higher cost of sales was mainly due to the following:-

- (i) increased manuring costs of RM8.2 million, due to the increase in matured fields, as well as good weather which facilitated the speed up of manuring programs.; and
- (ii) increased upkeep and maintenance costs of RM4.0 million, and higher depreciation/amortisation of RM2.4 million, following the acquisition of an estate in fourth quarter of the previous financial year.

On a 6-month basis, the Group's cost of sales was RM132.1 million in 2012, which was compared to RM92.8 million in the corresponding period in 2011. The increase of 42.4% was for the similar reasons as stated above.



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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B1 Review of Performance (Cont'd)

Gross Profit and Gross Profit Margin

The Group's gross profit recorded a decrease of 68.3% to RM13.5 million for the current quarter from RM42.5 million in the corresponding quarter in 2011. The Group recorded a gross profit margin of 15.4% for the current quarter, a decline of 29.7 percentage points as compared to 45.1% in the preceding corresponding quarter. The decline in gross profit as well as gross profit margin was in line with the decrease in revenue and the increase in cost of sales as set out above.

Similarly on a 6-month basis, the Group recorded a gross profit of RM27.4 million in 2012, a decrease of 63.9% from RM75.8 million in the preceding corresponding period. The gross profit margin was 17.1% in 2012 as compared to 45.0% in the corresponding period in 2011.

Profit Before Taxation

The Group recorded a pre-tax profit of RM5.0 million for the 3-month period ended 30 June 2012 as compared to RM32.8 million in the preceding corresponding quarter. The decrease of RM27.8 million was in tandem with the decrease in gross profit. This was, however, partially offset by the increase in interest income of RM0.7 million and fair value gain on derivatives of RM0.2 million for the current quarter.

Similarly on a 6-month basis, the RM44.2 million drop in pre-tax profit to RM11.3 million in 2012 from RM55.5 million in the corresponding period in 2011 was in consonance with the decrease in gross profit, which was partially offset by the increase in interest income of RM2.6 million for the six-month under review.

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B2 Material Change in the Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

	Current Quarter RM'000	Immediate Preceding Quarter RM'000	Increase/ (Decrease) RM'000
Revenue	87,324	72,165	15,159
Gross profit	13,477	13,875	(398)
Profit before taxation	5,026	6,306	(1,280)

Despite the increase in revenue for the current quarter, profit before taxation decreased by 20.3% from RM6.3 million in the preceding quarter to RM5.0 million for the current quarter. The decrease was mainly attributable to the following:-

- (i) increase in manuring costs by 12% as a result of manuring activities ahead of scheduled programs; and
- (ii) increase in upkeep and maintenance costs by 47% due to the maintenance of fields and main roads in preparation for peak crops season; and
- (iii) decreased in other income by 48% resulting from the drop in interest income of RM1.0 million.

B3 Commentary on Prospects

The Group's prospects for the future performance are strongly dependent on the development in the world edible oil and related markets, world economic movement and their corresponding effect on CPO prices. Notwithstanding the volatility of the commodity prices, the Directors are of the opinion that the Group will be able to maintain the stable performance in the coming quarters.

B4 Profit Forecasts

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

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B5 Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	6-month Period Ended	6-month Period Ended
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Current tax	1,051	3,058	2,358	6,425
Deferred tax	407	4,245	527	6,666
	<hr/>	<hr/>	<hr/>	<hr/>
	1,458	7,303	2,885	13,091
	<hr/>	<hr/>	<hr/>	<hr/>

B6 Corporate Proposals

(a) Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at 15 August 2012, being the latest practicable date:-

On 16 April 2012, Nescaya Palma Sdn Bhd, a subsidiary of the Company, entered into a Share Sale Agreement with Bong Hon Voo and Yaw Chee Weng to acquire 2,400 ordinary shares of RM1.00 each in Formasi Abadi Sdn Bhd, representing 100% of its total issued and paid-up share capital, for a total cash consideration of RM35.8 million.

The acquisition is expected to be completed by December 2012.

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B6 Corporate Proposals (Cont'd)

(b) Status of Utilisation of Proceeds Raised from Corporate Proposals

As at the end of the period under review, the proceeds from the Rights Issue have been utilised as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation RM'000	%	Remark
Repayment of borrowings	296,200	215,910	within 6 months	80,290	27	
Working capital/ acquisitions	94,851	95,691	within 3 years	(840)	(1)	
Expenses in relation to the Rights Issue	1,500	1,450	within 3 months	50	3	
Short-term investments	-	79,500		(79,500)	-	(1)
	<u>392,551</u>	<u>392,551</u>		<u>-</u>		

Remark:-

(1) Short-term money market placement

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B7 Group Borrowings

	As at	
	30.6.2012	31.12.2011
	RM'000	RM'000
Long-term borrowings:-		
Hire purchase obligations	2,005	2,275
Islamic securities and obligations under Ijarah arrangements	15,300	38,300
Term loans, secured	208,885	213,913
	<hr/>	<hr/>
	226,190	254,488
	<hr/>	<hr/>
Short-term borrowings:-		
Bank overdrafts, secured	9,403	5,467
Bank overdrafts, unsecured	9,917	2,066
Bankers' acceptance, unsecured	8,667	8,942
Hire purchase obligations	2,569	2,041
Islamic securities and obligations under Ijarah arrangements	24,950	31,950
Term loans, secured	-	3,500
Unsecured loans	32,520	72,520
	<hr/>	<hr/>
	88,026	126,486
	<hr/>	<hr/>
Total borrowings	<hr/>	<hr/>
	314,216	380,974
	<hr/>	<hr/>

The Group's borrowings were denominated in Ringgit Malaysia.

B8 Material Litigation

Save as disclosed in Note A11, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 15 August 2012, being the latest practicable date.

B9 Dividend

No interim dividend has been declared for the financial year ending 31 December 2012.



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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B10 Earnings Per Share

	Individual Quarter 3-month Period Ended		Cumulative Quarter 6-month Period Ended	
	30.6.2012	Restated 30.6.2011	30.6.2012	Restated 30.6.2011
Profit attributable to owners of the Company (RM'000)	4,727	24,073	9,485	39,746
Weighted average number of ordinary shares ('000):-				
Issued at 1 January	2,041,722	350,571	2,041,722	350,571
Effect of new ordinary shares issued	-	2,832	-	1,424
Effect of rights issue	-	314,529	-	313,275
Effect of bonus issue	-	667,931	-	665,270
Weighted average number of ordinary shares at 30 June	2,041,722	1,335,863	2,041,722	1,330,540
Basic earnings per share (sen)	0.23	1.80	0.46	2.99

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

B11 Audit Report of the Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not subject to any qualification.

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B12 Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	6-month Period Ended	6-month Period Ended
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Amortisation of biological assets	7,601	4,840	12,754	9,480
Amortisation of intangible assets	35	38	71	57
Depreciation of property, plant and equipment	7,521	4,797	13,429	9,882
Fair value gain on derivatives	(164)	-	(164)	-
Gain on disposal of property, plant and equipment	(32)	(27)	(99)	(155)
Interest expense	3,006	3,452	6,334	7,440
Interest income	(792)	(93)	(2,706)	(110)
Share of results in an associate	(281)	-	(90)	-

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B13 Derivatives

(a) Nature of outstanding derivatives

The outstanding CPO futures contracts as at 30 June 2012 were as follows:-

	Quantity MT	Notional Amount RM'000	Fair value Assets/ (Liabilities) RM'000
Sales contracts - Less than 1 year	150	453	-

(b) Risks and Policies of Derivatives

The Group is not subject to significant credit risk, market risk and liquidity risk associated with the CPO futures contracts.

The underlying exposures associated with CPO futures contracts are monitored on an on-going basis.

Derivatives that are held for trading are stated at their fair values, with any gains or losses arising on remeasurement recognised in profit or loss.

(c) Gains/losses Arising from Fair Value Changes of Financial Liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 June 2012 and 31 December 2011.

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B14 Disclosure of Realised and Unrealised Profits or Losses

The breakdown of the retained profits of the Group into realised and unrealised profits or losses are analysed as follows:-

	As at	
	30.6.2012	31.12.2011
	RM'000	RM'000
Total retained profits:-		
- realised	221,494	202,674
- unrealised	(43,019)	(42,492)
	<hr/>	<hr/>
	178,475	160,182
Total share of retained profits of associate:-		
- realised	984	894
- unrealised	(241)	(241)
	<hr/>	<hr/>
	179,218	160,835
Add: Consolidation adjustments	227	9,125
	<hr/>	<hr/>
At 30 June / 31 December	179,445	169,960
	<hr/>	<hr/>

B15 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 17 August 2012.