



## **RIMBUNAN SAWIT BERHAD**

(Company No. 691393-U)

North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak, Malaysia

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### **Interim Financial Statements**

For the 1st Quarter Ended 31 March 2017

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

For the 1st Quarter Ended 31 March 2017

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.3.2017 RM'000	31.3.2016 RM'000	31.3.2017 RM'000	31.3.2016 RM'000
REVENUE	80,339	43,151	80,339	43,151
COST OF SALES	(71,868)	(53,047)	(71,868)	(53,047)
GROSS PROFIT/(LOSS)	8,471	(9,896)	8,471	(9,896)
OTHER INCOME	468	1,295	468	1,295
DISTRIBUTION COSTS	(2,503)	(1,717)	(2,503)	(1,717)
ADMINISTRATIVE AND OTHER EXPENSES	(6,614)	(6,258)	(6,614)	(6,258)
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX	-	-	-	-
FINANCE COSTS	(4,842)	(4,184)	(4,842)	(4,184)
LOSS BEFORE TAXATION	(5,020)	(20,760)	(5,020)	(20,760)
INCOME TAX EXPENSE	(529)	3,241	(529)	3,241
LOSS AFTER TAXATION	(5,549)	(17,519)	(5,549)	(17,519)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(5,549)	(17,519)	(5,549)	(17,519)

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)**

For the 1st Quarter Ended 31 March 2017

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.3.2017 RM'000	31.3.2016 RM'000	31.3.2017 RM'000	31.3.2016 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(5,242)	(14,974)	(5,242)	(14,974)
- Non-controlling interests	(307)	(2,545)	(307)	(2,545)
	<u>(5,549)</u>	<u>(17,519)</u>	<u>(5,549)</u>	<u>(17,519)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(5,242)	(14,974)	(5,242)	(14,974)
- Non-controlling interests	(307)	(2,545)	(307)	(2,545)
	<u>(5,549)</u>	<u>(17,519)</u>	<u>(5,549)</u>	<u>(17,519)</u>
LOSS PER SHARE (SEN):-				
- Basic	(0.26)	(0.73)	(0.26)	(0.73)
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Financial Position**

As at 31 March 2017

	As at 31.3.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investment in an associate	4,397	4,397
Other investment	5,000	5,000
Property, plant and equipment	661,866	663,430
Intangible assets	20,897	21,144
Biological assets	774,067	778,926
Goodwill	60,760	60,760
Deposits with licensed banks	102	102
	<u>1,527,089</u>	<u>1,533,759</u>
<b>CURRENT ASSETS</b>		
Inventories	17,839	21,338
Trade receivables	10,824	20,305
Other receivables, deposits and prepayments	24,792	17,432
Tax refundable	5,145	5,689
Deposits with licensed banks	5,160	-
Cash and bank balances	1,026	1,612
	<u>64,786</u>	<u>66,376</u>
<b>TOTAL ASSETS</b>	<u>1,591,875</u>	<u>1,600,135</u>

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**Condensed Consolidated Statement of Financial Position (Cont'd)**

As at 31 March 2017

	As at 31.3.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	807,129	791,682
Reserves	(64,671)	(43,982)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>742,458</b>	<b>747,700</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>41,840</b>	<b>42,147</b>
<b>TOTAL EQUITY</b>	<b>784,298</b>	<b>789,847</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	372,846	354,094
Deferred tax liabilities	124,949	126,915
	<b>497,795</b>	<b>481,009</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	53,304	60,737
Other payables, deposits and accruals	53,779	33,808
Borrowings:-		
- bank overdrafts	10,009	13,078
- other borrowings	188,117	218,033
Provision for taxation	4,573	3,623
	<b>309,782</b>	<b>329,279</b>
<b>TOTAL LIABILITIES</b>	<b>807,577</b>	<b>810,288</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,591,875</b>	<b>1,600,135</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.47</b>	<b>0.47</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity**

For the Three Months Period Ended 31 March 2017

	< ----- 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 1.1.2017	709,243	82,439	15,447	(53,066)	(6,363)	747,700	42,147	789,847
Loss after taxation/Total comprehensive income for the period	-	-	-	-	(5,242)	(5,242)	(307)	(5,549)
Transfer to share capital upon implementation of the Company Act 2016	15,447	-	(15,447)	-	-	-	-	-
Balance at 31.3.2017	724,690	82,439	-	(53,066)	(11,605)	742,458	41,840	784,298

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's shares capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares and redeemable convertible preference shares in issue or the relative entitlement of any of the members as a result of this transition.

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**Condensed Consolidated Statement of Changes in Equity (Cont'd)**

For the Three Months Period Ended 31 March 2017

	< ----- 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	Ordinary Shares RM'000	Preference Shares RM'000	Share Premium RM'000				
Balance at 1.1.2016	709,243	82,439	15,447	(53,066)	60,303	814,366	54,591	868,957
Loss after taxation/Total comprehensive income for the period	-	-	-	-	(14,974)	(14,974)	(2,545)	(17,519)
Balance at 31.3.2016	709,243	82,439	15,447	(53,066)	45,329	799,392	52,046	851,438

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows**

For the Three Months Period Ended 31 March 2017

	3-month Period Ended	
	31.3.2017	31.3.2016
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(5,020)	(20,760)
Adjustments for:-		
Amortisation of biological assets	10,536	10,319
Amortisation of intangible assets	247	248
Allowance for stock obsolescence no longer required	(5)	-
Depreciation of property, plant and equipment	8,682	9,141
Gain on disposal of property, plant and equipment	(19)	(102)
Goodwill written off	-	13
Interest expense	4,842	4,184
Operating profit before working capital changes	19,263	3,043
Decrease/(Increase) in inventories	3,504	(879)
Decrease/(Increase) in trade and other receivables	2,121	(585)
Increase in trade and other payables	12,538	12,369
<b>CASH FROM OPERATIONS</b>	37,426	13,948
Income tax paid	(1,001)	(822)
Interest paid	(1,661)	(1,936)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	34,764	11,190
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	*
Costs incurred on biological assets	(3,217)	(4,871)
Proceeds from disposal of property, plant and equipment	308	1,258
Purchase of property, plant and equipment	(4,082)	(4,396)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(6,991)	(8,009)
<b>BALANCE CARRIED FORWARD</b>	27,773	3,181

\* denotes RM200

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**Condensed Consolidated Statement of Cash Flows (Cont'd)**

For the Three Months Period Ended 31 March 2017

	3-month Period Ended	
	31.3.2017 RM'000	31.3.2016 RM'000
BALANCE BROUGHT FORWARD	27,773	3,181
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown of term loans	1,512	542
Net of repayment of bankers' acceptance	(1,149)	(1,259)
Net of repayment of revolving credit	(3,942)	(176)
Payment of interest on long-term borrowings	(5,296)	(4,585)
Repayment of hire purchase obligations	(1,173)	(728)
Repayment of term loans	(10,082)	(8,904)
NET CASH FOR FINANCING ACTIVITIES	(20,130)	(15,110)
NET DECREASE IN CASH AND CASH EQUIVALENTS	7,643	(11,929)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(11,466)	(5,719)
CASH AND CASH EQUIVALENTS AT 31 MARCH	(3,823)	(17,648)

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

	3-month Period Ended	
	31.3.2017 RM'000	31.3.2016 RM'000
Cash and bank balances	1,026	879
Deposits with licensed banks	5,262	102
Bank overdrafts	(10,009)	(18,527)
	(3,721)	(17,546)
Less: Deposits pledged to licensed banks	(102)	(102)
	(3,823)	(17,648)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



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### Part A – Explanatory Notes Pursuant to FRS 134

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#### 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 read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016. 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 2016.

The significant accounting policies and methods of computation adopted by Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following new accounting standards and interpretations (including the consequential amendments) that are effective on 1 January 2017:-

Effective for annual periods beginning on after 1 January 2017:

- Amendments to FRS 107: Disclosure Initiatives
- Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to FRS 12: Disclosure of Interests in Other Entities (Annual Improvements to FRSs 2014 – 2016 Cycle)

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

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "transitioning entities").

As announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018. Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.



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

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#### **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.

#### **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**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review.

#### **A6 Dividends Paid**

There were no dividends paid during the current quarter.

#### **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.



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

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#### **A8 Property, Plant and Equipment**

(a) Acquisitions and Disposals

During the 3-month period ended 31 March 2017, the Group acquired assets at a cost of RM8.4 million.

Assets with a carrying amount of RM0.3 million were disposed of by the Group during the 3-month period ended 31 March 2017, resulting in a gain on disposal of RM19,014 which is included in other income in the statement of profit or loss and other comprehensive income.

(b) Valuations

The Group did not have any revalued assets.

#### **A9 Material Events Subsequent to the End of the Interim Period**

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

#### **A10 Changes in the Composition of the Group**

(a) On 3 January 2017, the Company acquired the entire issued and paid-up share capital of Topline Synergy Sdn Bhd ("TSSB") comprising 2 ordinary shares of RM1 each for a cash consideration of RM2. Subsequent to the acquisition, TSSB became a 100%-owned subsidiary of the Company. TSSB is currently a dormant company and its intended principal business activity is general trading and services.

(b) On 17 January 2017, the Company acquired the entire issued and paid-up share capital of RSB Lundu Palm Oil Mill Sdn Bhd ("RSBLPOM") comprising 2 ordinary shares of RM1 each for a cash consideration of RM2. Subsequent to the acquisition, RSBLPOM became a 100%-owned subsidiary of the Company. RSBLPOM is currently a dormant company and its intended principal business activity is operation of palm oil mill.

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

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**A10 Changes in the Composition of the Group (Cont'd)**

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2017 At Date of Acquisition Fair Value Recognised RM
Total purchase consideration, to be settled by cash	4
Less: Cash and cash equivalents of subsidiaries acquired	(4)
	<hr/>
Net cash outflow for acquisition of subsidiary	-
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The acquired subsidiary had contributed the following results to the Group

	The Group RM
Revenue	-
Profit after taxation	(223,582)
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**A11 Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last reporting date as at 31 December 2016.

**A12 Capital Commitments**

The amount of capital commitments not provided for in the financial statements as at 31 March 2017 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	18,968
- Authorised but not contracted for	-
	<hr/>
	18,968
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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 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.3.2017 RM'000	31.3.2016 RM'000	31.3.2017 RM'000	31.3.2016 RM'000
Consultancy fees	60	-	60	-
Contract charges	177	281	177	281
Insurance paid	-	113	-	113
Interest paid	35	37	35	37
Management fee	405	605	405	605
Purchase of fertilisers and chemicals	354	677	354	677
Purchase of fresh fruit bunches	1,283	753	1,283	753
Purchase of property, plant and equipment	4	572	4	572
Purchase of sundry stores and consumables	549	650	549	650
Rental paid	471	448	471	448
Repairs and maintenance	-	251	-	251
Sale of fresh fruit bunches	22,602	11,606	22,602	11,606
Sale of property, plant and equipment	247	1,100	247	1,100
Transportation and accommodation charges	319	406	319	406



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

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#### **B1 Review of Performance**

##### *Quarter under review*

Revenue elevated by 86.2% as crude palm oil (“CPO”) selling price upped by 35.0% while CPO sales volume increased 36.7% as compared to corresponding quarter in 2016. The improvement in revenue is further substantiated by better selling price of palm kernel (“PK”) and fresh fruit bunches (“FFB”), which have climbed by 58.8% and 39.0% respectively, along with improved sales volume of 52.9% and 20.7% as well.

The Group recorded lower pre-tax loss of RM5.0 million compared to corresponding quarter loss of RM20.8 million, in line with gross profit margin of 10.5% compared to previous year corresponding quarter gross loss margin of 22.9%.

As such, loss after taxation shrank further to RM5.5 million as compared to corresponding quarter of RM17.5 million.

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

Revenue retreated slightly by 1.2% to RM80.3 million compared to immediate preceding quarter mainly attributable to lower CPO sales volume by 1.9% despite higher CPO price by 8.5%.

Lower pre-tax loss of RM5.0 million and loss after taxation of RM5.5 million compared to preceding quarter pre-tax loss of RM32.0 million and loss after taxation of RM43.2 million mainly due to the impairments provision on the assets and receivables provided in preceding quarter.

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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)**

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**B3 Commentary on Prospects**

With FFB production expected to recover further into the 2nd half of 2017, CPO price is expected to remain firm on the back of sustained market demand due to the upcoming festival season.

The Group will continue to use its best endeavor to improve its productivity and remain committed on improving its cost efficiency.

**B4 Financial Estimate, Forecast, Projection or Internal Targets**

The Group has not issued any financial estimate, forecast, projection or internal targets for the period under review.

**B5 Income Tax Expense**

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.3.2017 RM'000	31.3.2016 RM'000	31.3.2017 RM'000	31.3.2016 RM'000
Current tax	2,495	143	2,495	143
Deferred tax	(1,966)	(3,384)	(1,966)	(3,384)
	<u>529</u>	<u>(3,241)</u>	<u>529</u>	<u>(3,241)</u>

**B6 Corporate Proposals Pending Completion**

Proposed voluntary winding up of Midas Plantation Sdn Bhd.

Proposed disposal of all rights, titles and interests in relation to the Simunjan Estate via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings relating thereto by RSB to Tiasa Mesra Sdn Bhd, a wholly-owned subsidiary of Subur Tiasa Holdings Berhad, for a cash consideration of RM150.0 million.

Proposed acquisition of a parcel of land together with a palm oil mill (including workers' quarters) erected thereon and plantation assets by RSB Lundu Palm Oil Mill Sdn Bhd, a wholly-owned subsidiary of RSB, from R H Lundu Palm Oil Mill Sdn Bhd, for a total cash consideration of RM33.7 million.

**RIMBUNAN SAWIT BERHAD**

(Company No. 691393-U)

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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)**

Proposed acquisition of 100,000 ordinary shares in Sastat Holdings Sdn Bhd (“SHSB”), representing the entire equity interest in SHSB, by RSB from Pertumbuhan Abadi Asia Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd and Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, for a total cash consideration of RM17.0 million.

Save as disclosed above, there were no corporate proposals announced but not completed as at 20 May 2017, being the latest practicable date.

**B7 Group Borrowings**

	As at	
	31.3.2017	31.12.2016
	RM'000	RM'000
Long-term borrowings:-		
Hire purchase obligations	6,926	4,865
Term loans, secured	362,411	345,722
Term loans, unsecured	3,509	3,507
	<u>372,846</u>	<u>354,094</u>
Short-term borrowings:-		
Bank overdrafts, secured	7,959	12,408
Bank overdrafts, unsecured	2,050	671
Bankers' acceptance, unsecured	27,547	28,696
Hire purchase obligations	4,817	4,380
Revolving credit, secured	52,991	70,991
Revolving credit, unsecured	70,258	56,200
Term loans, secured	28,798	53,834
Term loans, unsecured	686	912
Unsecured loans	3,020	3,020
	<u>198,126</u>	<u>231,112</u>
Total borrowings	<u>570,972</u>	<u>585,206</u>

The Group's borrowings were denominated in Ringgit Malaysia.

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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)**

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**B8 Material Litigation**

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 20 May 2017 being the latest practicable date.

**B9 Dividends**

No interim dividend has been declared for the period ending 31 March 2017.

**B10 Loss Per Share**

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Loss attributable to owners of the Company (RM'000)	(5,242)	(14,974)	(5,242)	(14,974)
Weighted average number of ordinary shares ('000):- Issued ordinary shares at 1 January	1,418,487	1,418,487	1,418,487	1,418,487
Effect of conversion of ICPS	623,235	623,235	623,235	623,235
Weighted average number of ordinary shares at 31 March	2,041,722	2,041,722	2,041,722	2,041,722
Basic loss per share (sen)	(0.26)	(0.73)	(0.26)	(0.73)

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 2016 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)**

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**B12 Loss Before Taxation**

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

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.3.2017 RM'000	31.3.2016 RM'000	31.3.2017 RM'000	31.3.2016 RM'000
Amortisation of biological assets	10,536	10,319	10,536	10,319
Amortisation of intangible assets	247	248	247	248
Allowance for stock obsolescence no longer required	(5)	-	(5)	-
Depreciation of property, plant and equipment	8,682	9,141	8,682	9,141
Gain on disposal of property, plant and equipment	(19)	(102)	(19)	(102)
Goodwill written off	-	13	-	13
Interest expense	4,842	4,184	4,842	4,184

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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)**

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**B13 Derivatives**

## (a) Nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

## (b) Risks and Policies of Derivatives

The Group did not enter into any derivatives during the 3-month period ended 31 March 2017.

## (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 31 March 2017 and 31 December 2016.

**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	
	31.3.2017	31.12.2016
	RM'000	RM'000
Total retained profits:-		
- realised	62,756	63,962
- unrealised	(47,902)	(48,347)
	<hr/>	<hr/>
	14,854	15,615
Total share of retained profits of associate:-		
- realised	(984)	(984)
- unrealised	(638)	(638)
	<hr/>	<hr/>
	13,232	13,993
Less: Consolidation adjustments	(24,838)	(20,356)
	<hr/>	<hr/>
At 31 March / 31 December	(11,605)	(6,363)
	<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 26 May 2017.