



RIMBUNAN SAWIT BERHAD

[Registration No: 200501014346(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 2021

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 1ST Quarter Ended 31 March 2021*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
REVENUE	100,597	80,359	100,597	80,359
COST OF SALES	(97,321)	(70,193)	(97,321)	(70,193)
GROSS PROFIT	3,276	10,166	3,276	10,166
OTHER INCOME	1,095	583	1,095	583
DISTRIBUTION COSTS	(4,664)	(3,760)	(4,664)	(3,760)
OTHER OPERATING EXPENSES	(709)	(1,301)	(709)	(1,301)
ADMINISTRATIVE EXPENSES	(4,716)	(4,690)	(4,716)	(4,690)
FINANCE COSTS	(3,112)	(5,613)	(3,112)	(5,613)
LOSS BEFORE TAXATION	(8,830)	(4,615)	(8,830)	(4,615)
INCOME TAX INCOME	(1,260)	(712)	(1,260)	(712)
LOSS AFTER TAXATION	(10,090)	(5,327)	(10,090)	(5,327)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(10,090)	(5,327)	(10,090)	(5,327)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 1ST Quarter Ended 31 March 2021*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(10,566)	(2,504)	(10,566)	(2,504)
- Non-controlling interests	476	(2,823)	476	(2,823)
	<u>(10,090)</u>	<u>(5,327)</u>	<u>(10,090)</u>	<u>(5,327)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(10,566)	(2,504)	(10,566)	(2,504)
- Non-controlling interests	476	(2,823)	476	(2,823)
	<u>(10,090)</u>	<u>(5,327)</u>	<u>(10,090)</u>	<u>(5,327)</u>
LOSS PER SHARE (SEN):-				
- Basic	(0.52)	(0.12)	(0.52)	(0.12)
- 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 2020 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 2021

(the figures have not been audited)

	As at 31.03.2021	As at 31.12.2020
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	842,999	855,047
Biological assets	756	1,013
Intangible assets	141	197
Other investment	1,643	1,643
Goodwill	7,462	7,462
Deposits with licensed banks	120	120
	<hr/>	<hr/>
	853,121	865,482
CURRENT ASSETS		
Inventories	21,312	18,477
Trade receivables	7,330	10,195
Other receivables, deposits and prepayments	10,575	10,090
Current tax assets	3,265	3,908
Biological assets	3,828	3,078
Deposits with licensed banks	89	89
Cash and bank balances	1,289	1,037
	<hr/>	<hr/>
	47,688	46,874
TOTAL ASSETS	<hr/>	<hr/>
	900,809	912,356


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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 March 2021

(the figures have not been audited)

	As at 31.03.2021	As at 31.12.2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	614,600	614,600
Accumulated losses	(235,571)	(225,005)
	<hr/>	<hr/>
Equity attributable to owners of the Company	379,029	389,595
Non-controlling interests	(22,669)	(23,145)
	<hr/>	<hr/>
TOTAL EQUITY	356,360	366,450
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Borrowings	202,504	205,601
Deferred tax liabilities	44,646	45,407
	<hr/>	<hr/>
	247,150	251,008
	<hr/>	<hr/>
CURRENT LIABILITIES		
Trade payables	55,031	55,219
Other payables, deposits and accruals	28,940	31,122
Borrowings:-		
- bank overdrafts	65	1,848
- other borrowings	211,069	202,314
Current tax liabilities	2,194	4,395
	<hr/>	<hr/>
	297,299	294,898
	<hr/>	<hr/>
TOTAL LIABILITIES	544,449	545,906
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	900,809	912,356
	<hr/>	<hr/>
NET ASSETS PER SHARE (RM)	0.19	0.19
	<hr/>	<hr/>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 Ended 31 March 2021

(the figures have not been audited)

	< ----- Non-distributable ----- >					
	Share Capital					
	Ordinary Shares RM'000	Merger Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2021	614,600	(53,065)	(171,940)	389,595	(23,145)	366,450
Loss after taxation/Total comprehensive income for the period	-	-	(10,566)	(10,566)	476	(10,090)
Balance at 31.3.2021	614,600	(53,065)	(182,506)	379,029	(22,669)	356,360

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

For the Three Months Ended 31 March 2021

(the figures have not been audited)

	< ----- Non-distributable ----- >						
	Share Capital				Attributable to	Non-	Total
	Ordinary	Preference	Merger	Accumulated	Owners of	controlling	Equity
	Shares	Shares	Reserve	Losses	the Company	Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2020	724,691	82,438	(53,065)	(320,347)	433,717	(11,215)	422,502
Loss after taxation/Total comprehensive income for the period	-	-	-	(2,504)	(2,504)	(2,823)	(5,327)
Balance at 31.3.2020	724,691	82,438	(53,065)	(322,851)	431,213	(14,038)	417,175

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 2020 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 Ended 31 March 2021

(the figures have not been audited)

	3 Months Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,830)	(4,615)
Adjustments for:-		
Allowance for stock obsolescence no longer required	(2)	(2)
Amortisation of intangible assets	73	73
Bad debts written off	23	36
Biological assets written off	253	-
Change in fair value of biological assets	(750)	1,239
Change in fair value of other investment	-	(4,982)
Depreciation of property, plant and equipment	13,515	16,884
(Loss)/Gain on disposal of property, plant and equipment	(8)	79
Gain on derecognition of lease contract	(15)	-
Impairment loss on receivables no longer required	(5)	-
Interest expense	3,112	5,613
Interest income	(1)	(1)
Property, plant and equipment written off	433	92
Operating profit before working capital changes	7,798	14,416
Change in inventories	(2,833)	4,895
Change in trade and other receivables	2,362	(254)
Change in trade and other payables	(2,370)	10,930
CASH FROM OPERATIONS	4,957	29,987
Income tax paid	(5,463)	(1,643)
Income tax refunded	1,885	-
Interest paid	(3,428)	(6,096)
Interest received	1	1
NET CASH (FOR) / FROM OPERATING ACTIVITIES	(2,048)	22,249
BALANCE CARRIED FORWARD	(2,048)	22,249

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Three Months Ended 31 March 2021

(the figures have not been audited)

	3 Months Ended	
	31.03.2021 RM'000	31.03.2020 RM'000
BALANCE BROUGHT FORWARD	(2,048)	22,249
CASH FLOWS FOR INVESTING ACTIVITIES		
Costs incurred on biological assets	-	(59)
Proceeds from disposal of property, plant and equipment	425	156
Purchase of property, plant and equipment	(1,982)	(1,637)
Purchase of intangible assets	(17)	-
NET CASH FOR INVESTING ACTIVITIES	(3,622)	(1,540)
CASH FLOWS FOR FINANCING ACTIVITIES		
Change in bankers' acceptance	(899)	(3,493)
Change in revolving credit	13,879	4,100
Drawdown of term loans	2,481	-
Repayment of unsecured loans	(200)	-
Repayment of secured loans	(40)	-
Repayment of lease liabilities	(440)	(1,197)
Repayment of term loans	(9,124)	(14,634)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	5,657	(15,224)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,035	5,485
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(722)	(16,763)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,313	(11,278)

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Three Months Ended 31 March 2021

(the figures have not been audited)

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

	3 Months Ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Cash and bank balances	1,289	3,915
Deposits with licensed banks	209	205
Bank overdrafts	(65)	(15,278)
	<hr/>	<hr/>
	1,433	(11,158)
Less: Deposits pledged to licensed banks	(120)	(120)
	<hr/>	<hr/>
	1,313	(11,278)
	<hr/>	<hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



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Part A – Explanatory Notes Pursuant to MFRS 134

A1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 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 2020. 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 2020.

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

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Part A – Explanatory Notes Pursuant to MFRS 134

A1 Basis of Preparation (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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, age of palms and availability of labour force.

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 MFRS 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

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.

A8 Property, Plant and Equipment**(a) Acquisitions and Disposals**

During the 3-month period ended 31 March 2021, the Group acquired assets at a cost of RM1.98 million.

Assets with a carrying amount of RM416,700 were disposed of by the Group during the 3-month period ended 31 March 2021, resulting in a net gain on disposal of RM8,574 which is included 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.

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

A10 Changes in the Composition of the Group

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

A11 Changes in Contingent Liabilities or Contingent Assets

On 23 December 2020, Timrest Sdn. Bhd. (“TSB”), a wholly-owned subsidiary of the Company, received notices of assessment for the years of assessment (“YAs”) 2012, 2014 and 2015, and notices of additional assessment for the YAs 2010, 2011, 2013, 2016 and 2017 (“Assessments”) in an amount totalling RM56.4 million.

The Assessments arose as a result of the Director General of Inland Revenue’s (“DGIR”) contention that the disposal of cultivation rights under Licence for Planted Forest at the Simunjan estate in 2018 rendered TSB engaging in an adventure or concern in the nature of trade; the disposal of which was therefore subject to income tax under the Income Tax Act 1967 (“ITA”) instead of real property gains tax under the Real Property Gains Tax Act 1976 (“RPGTA”). The claim of agriculture allowance under Schedule 3 of the ITA on the expenditure incurred on planting activities arising from the Simunjan estate was consequently disallowed for YAs 2010 to 2017.

TSB challenged the Assessments and on 15 January 2021, filed a judicial review application against the Ministry of Finance (“Respondent”). The Kuala Lumpur High Court had initially fixed the hearing for TSB’s application for leave to commence judicial review on 2 February 2021. However, the DGIR has made an application to intervene in the judicial review proceeding commenced by TSB. The High Court provided directions to the parties in respect to the DGIR’s application to intervene and fixed the hearing for the DGIR’s application on 12 April 2021, with the decision to be fixed on 3 June 2021 after the hearing. Further, the High Court has granted an interim stay upon the enforcement of the Assessments until the hearing on 3 June 2021, whereby the disputed taxes do not have to be paid.

Management believes, based on legal advice, that TSB has an arguable case to contend that the Respondent has exceeded its jurisdiction and acted illegally and unreasonably in failing to exercise its power under Section 135 of the ITA to provide directions to the DGIR and/or Section 127(3A) of the ITA to set aside or exempt the notices of additional assessment. Further, the DGIR’s conduct in subjecting the gains arising from TSB’s disposal of cultivation rights at the Simunjan estate to Section 4(a) of the ITA is without legal and factual basis. Therefore, no provision is required to be made in the financial statements.

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

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 31 March 2021 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	989
- Authorised but not contracted for	-
	<u>989</u>

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 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Consultancy fees paid	21	3	21	3
Interest paid	254	62	254	62
Purchase of fertilisers and chemicals	64	1	64	1
Purchase of FFB	2,169	1,596	2,169	1,596
Purchase of property, plant and equipment	228	-	228	-
Purchase of stores and consumables	586	248	586	248
Rental paid	370	368	370	368
Repairs and maintenance	22	9	22	9
Transportation and accommodation charges	4	1	4	1
Utilities, insurance, and sundry expenses	55	20	55	20
Rental received	15	2	15	2
Sale of crude palm oil	15,827	15,862	15,827	15,862
Sale of empty bunch ash	-	1	-	1
Sale of FFB	8,273	7,132	8,273	7,132
Sale of property, plant and equipment	4	-	4	-
Sale of stores and consumables	25	21	25	21
Transportation and handling income	208	281	208	281
Utilities, insurance, and sundry income	46	16	46	16
	<u>46</u>	<u>16</u>	<u>46</u>	<u>16</u>



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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

Financial review for current quarter and financial year to date

	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 3 Months Ended		Changes (%)
	31.03.2021	31.03.2020		31.03.2021	31.03.2020	
	RM'000	RM'000		RM'000	RM'000	
Revenue	100,597	80,359	25.2%	100,597	80,359	25.2%
Gross profit	3,276	10,166	-67.8%	3,276	10,166	-67.8%
Loss before interest and taxation	(5,718)	998	-672.9%	(5,718)	998	-672.9%
Loss before taxation	(8,830)	(4,615)	-91.3%	(8,830)	(4,615)	-91.3%
Loss after taxation	(10,090)	(5,327)	-89.4%	(10,090)	(5,327)	-89.4%
Loss attributable to owners of the Company	(10,566)	(2,504)	-322.0%	(10,566)	(2,504)	-322.0%

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 3 Months Ended		Changes (%)
	31.03.2021	31.03.2020		31.03.2021	31.03.2020	
Production volume (MT)						
FFB	43,961	56,249	-21.9%	43,961	56,249	-21.9%
CPO	22,443	21,250	5.6%	22,443	21,250	5.6%
PK	4,815	4,547	5.9%	4,815	4,547	5.9%
Sales volume (MT)						
CPO	21,695	22,463	-3.4%	21,695	22,463	-3.4%
PK	5,017	4,962	1.1%	5,017	4,962	1.1%
Average selling price (RM per MT)						
FFB	740	489	51.3%	740	489	51.3%
CPO	3,574	2,689	32.9%	3,574	2,689	32.9%
PK	2,299	1,598	43.9%	2,299	1,598	43.9%

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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)**3 Months Ended 31.03.2021 vs 31.03.2020**

The Group achieved higher revenue of RM100.6 million, an increase of 25.2% from RM80.4 million on 31 March 2021. This was principally due to ongoing favourable growth in average selling price on FFB, CPO and PK throughout the quarter by 51.3%, 32.9% and 43.9% respectively where the average selling price for FFB, CPO and PK was at RM740, RM3,574 and RM2,299 for 3 months ended 31 March 2021 respectively.

The Group recorded gross profit of RM3.3 million in the current quarter as compared to corresponding period with gross profit of RM10.2 million mainly due to the impact from the lower FFB production volume accompanied with lower OER extraction rate recorded.

The Group reported loss after taxation expanded by RM4.8 million to RM10.1 million as compared to RM5.3 million in the corresponding period, mainly attributed by the significant increase in cost of mill operation.

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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 Ended	Immediate Preceding Quarter Ended	Changes (%)
	31.03.2021	31.12.2020	
	RM'000	RM'000	
Revenue	100,597	111,538	-9.8%
Gross loss	3,276	(2,173)	250.8%
Loss before interest and taxation	(5,718)	(31,462)	81.8%
Loss before taxation	(8,830)	(36,916)	76.1%
Loss after taxation	(10,090)	(41,097)	75.4%
Loss attributable to owners of the Company	(10,566)	(36,395)	71.0%

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	31.03.2021	31.12.2020	
Production volume (MT)			
FFB	43,961	59,145	-25.7%
CPO	22,443	29,289	-23.4%
PK	4,815	6,269	-23.2%
Sales volume (MT)			
CPO	21,695	28,299	-23.3%
PK	5,017	6,254	-19.8%
Average selling price (RM per MT)			
FFB	740	612	20.9%
CPO	3,574	2,928	22.1%
PK	2,299	1,772	29.7%

3 Months Ended 31.03.2021 vs 31.12.2020

Revenue slightly reduced by 9.8% to RM100.6 million mainly due to lower production volume of FFB and sales volume of CPO and PK recorded with declined rate of 25.7%, 23.3% and 19.8% to 43,961MT, 21,695MT and 5,017MT despite of higher average selling price achieved on FFB, CPO and PK by 20.9%, 22.1% and 29.7% to RM740, RM3,574 and RM2,299 respectively as compared to immediate preceding quarter.

Concurrently, the Group recorded pre-tax loss of RM8.8 million and loss after taxation of RM10.1 million, both improved in comparison to immediate preceding quarter mainly due to non-cash adjustments for the financial year ended 31 December 2020 which inclusive of the biological assets and property, plant and equipment written off for RM13.5 million and impairment loss on goodwill for RM5.1 million and RPGT payment of RM4.1 million pertaining to disposal of both Lumiera and Woodijaya estates.

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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)

B3 Commentary on Prospects

The price of crude palm oil (CPO) is expected to rise from current levels to average higher by the end of this year through 2021, partly driven by the enforcement of higher biodiesel mandates in Malaysia and Indonesia. The higher expected prices for CPO will give palm oil producers more time to resolve ongoing issues in the industry, such as labour shortage. With the expectation of firm palm oil prices and the forthcoming peak crop season, the Group remains cautiously optimistic on the outlook of plantation segment.

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 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Tax expense for the year:				
Current tax	2,020	1,253	2,020	1,253
Deferred tax	(760)	(541)	(760)	(541)
	<u>1,260</u>	<u>712</u>	<u>1,260</u>	<u>712</u>

The effective tax rate for the Group were higher than the statutory tax rate of 24%. This is mainly due to expenses not deductible for tax purposes and tax losses of certain subsidiaries where deferred tax assets have not been recognised.



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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 Pending Completion and Status of Utilisation of Proceeds Raised from Corporate Proposals

On 22 February 2017, Rimbunan Sawit Berhad (“RSB”) and its subsidiary had entered into agreements (collectively referred to as “Agreements”) as set out as following:		
Proposal	Status	Status
(i) Simunjan Agreement	Conditional Sale and Purchase Agreement between RSB (“Vendor”) and Tiasa Mesra Sdn Bhd (“Buyer”) for the proposed disposal of the License Rights via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings for a cash consideration of RM 150.0 million	Completed on 25 October 2018
(ii) Lundu Mill Agreement	Conditional Sale and Purchase Agreement between RSB Lundu Palm Oil Mill Sdn Bhd (“Company or Buyer”) and R H Lundu Palm Oil Mill Sdn Bhd (“R H Lundu or Vendor”) for the proposed acquisition of a parcel of Lundu Land with approximately 67.5 ha and together with the Lundu Oil Mill comprising workers’ quarters; and Plantation assets for a total cash consideration of RM 33.7 million	Refer Approvals/ Status pending
(iii) Sasat Agreement	Conditional Share Sale Agreement for the proposed acquisition of entire SHSB Shares, for a total cash consideration of RM 17.0 million	Completed on 27 November 2018
Advisers	Maybank Investment Bank Berhad & Mercury Securities Sdn Bhd	
Approvals / Status Pending (Lundu Mill Agreement)		
(i)	The completion of the subdivision of the Parent Lot 248 culminating in the issuance of a separate document of title to the Lundu Land with a term of lease of 60 years from the date of registration of the provisional lease of the Parent Lot 248 by the Lands and Surveys Kuching Division. The Director of Lands and Surveys Kuching Division’s consent for the transfer of the Lundu Land to RSB Lundu. The Superintendent of Land and Survey’ consent in writing for the transfer of the Lundu Land to RSB Lundu in accordance with Section 31 of the Sarawak Land Code; and completion of Simunjan Agreement.	
(ii)	On 20 February 2019, RSB Lundu has settled the Partial Balance Sum to RH Lundu to complete the acquisition of the Lundu Oil Mill (including the workers’ quarters) and the Plantation Assets (“Partial Completion Date”). As such, the Lundu Land is the remaining asset to be completed under the Lundu Acquisition SPA, which is to be fulfilled by RH Lundu within 18 months from the Partial Completion Date or such other extended period as RH Lundu and RSB Lundu may mutually agree upon.	
(iii)	On 18 th August 2020, RSB Lundu acquisition SPA have mutually agreed to extend a period of another eighteen (18) months from 18 August 2020 until 18 February 2022 to fulfill the Conditions Subsequent.	
(iv)	On 5 February 2021, R H Lundu had received the title to the Lundu Land (“Subdivided Title”) with a term lease of 60 years from 30 January 2004, being the date of registration of the provisional lease of the Parent Lot 248, the issuance of which is by the Lands and Surveys Kuching Division (“Subdivision”). The land size set out in the Subdivided Title is 68.6 hectares, representing an increase of 1.1 hectare or approximately 1.6% as compared to the size of the Parent Lot 248 stated in the Lundu Acquisition SPA. Such increase in size is meant to include the access road to the plantation estate. The Subdivision of Parent Lot 248 is completed. Currently, palm oil mill is pending the written consent from the Director of Lands and Surveys and the Superintendent of Lands and Surveys respectively for the transfer of the Lundu Land. Notwithstanding the above, the Lundu Acquisition SPA is subject to two Conditions Subsequent which remain to be fulfilled by RH Lundu within 18 months from 19 August 2020 until 18 February 2022 or such other extended period as R H Lundu and RSB Lundu may mutually agree upon.	



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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 Pending Completion and Status of Utilisation of Proceeds Raised from Corporate Proposals (Cont’d)

Approvals / Status Pending (Lundu Mill Agreement) (Cont’d)						
(v)	On 6 May 2021, the application for consent to transfer Lot 306 by RH Lundu to RSB Lundu has been approved by the Director of Lands and Surveys Department, Kuching division. Fulfilment of the remaining Conditions Subsequent (c) and (d) set out in clause 4.1 of the Supplemental Agreement dated 21 December 2018 (originally contained in clause 3.1(c) and (d) of the principal Sale and Purchase Agreement dated 22 February 2017) on 17 May 2021 and that parties are to proceed to the final completion of the sale and purchase transaction of the within two (2) months from 17 May 2021.					
Status of Utilisation of Proceeds Raised from Corporate Proposals						
No.	Purpose	Proposed Utilisation (RM’mil)	Actual Utilisation (RM’mil)	Intended Time-frame	Deviation	
					RM’mil	%
1	Lundu Acquisition (quarters, oil mill and plantation assets)	31.2	31.2	August 2020	-	-
2	Lundu Acquisition (Land Lot 248)	2.5	-	February 2022	-	-
3	Sastat Holdings Sdn Bhd Acquisition	17.0	17.0	November 2018	-	-
4	Repayment of Simunjan Credit Facilities	58.0	58.0	October 2018	-	-
5	Repayment of advance	23.0	23.0	December 2020	-	-
6	Working capital and defray expenses relating to Corporate Proposals	18.3	18.3	December 2019	-	-
Total		150.0	147.5		-	-

Save as disclosed above, there were no corporate proposals announced but not completed as at 18 May 2021, being the latest practicable date.



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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 31.03.2021 (RM'000)			As at 31.12.2020 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured:-						
Bank overdrafts	-	-	-	430	-	430
Bankers' acceptance	15,578	-	15,578	16,458	-	16,458
Lease liabilities	856	6,738	7,594	5,622	2,410	8,032
Revolving credit	139,936	-	139,936	128,607	-	128,607
Term loans	21,198	173,106	194,304	25,543	175,405	200,948
Loans	120	20,840	20,960	120	20,880	21,000
	177,688	200,684	378,372	176,780	198,695	375,475
Unsecured:-						
Bank overdrafts	65	-	65	1,418	-	1,418
Bankers' acceptance	9,431	-	9,431	9,450	-	9,450
Loans	4,950	1,820	6,770	5,150	1,820	6,970
Revolving credit	19,000	-	19,000	16,450	-	16,450
	33,446	1,820	35,266	32,468	1,820	34,288
Total Borrowings	211,134	202,504	413,638	209,248	200,515	409,763

- a) The bank overdraft is bearing interest ranging from 5.85% to 7.10% per annum.
- b) The bankers' acceptance, revolving credit and term loan bore interest ranging from 3.07% to 3.89% per annum.
- c) The unsecured loans bore interest ranging from 2.40% to 4.00% per annum.

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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)

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 18 May 2021 being the latest practicable date.

B9 Dividends

No interim dividend has been declared for the period ending 31 March 2021.

B10 Loss Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Loss attributable to the Company (RM'000)	(10,566)	(2,504)	(10,566)	(2,504)
Weighted average number of ordinary shares ('000):- Issued ordinary shares at 1 January	2,041,722	1,418,487	2,041,722	1,418,487
Effect of conversion of ICPS	-	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)	(0.52)	(0.12)	(0.52)	(0.12)

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 2020 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 Loss Before Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Allowance for stock obsolescence	-	-	-	-
Allowance for stock obsolescence no longer required	(2)	(2)	(2)	(2)
Amortisation of intangible assets	73	73	73	73
Bad debts written off	23	36	23	36
Biological assets written off	253	-	253	-
Changes in fair value of other investment	-	(4,982)	-	(4,982)
Changes in fair value of biological assets	(750)	1,239	(750)	1,239
Depreciation of property, plant and equipment	13,515	16,884	13,515	16,884
Directors' remuneration	98	70	98	70
Finance costs	3,112	5,613	3,112	5,613
Gain on derecognition of lease liabilities	(15)	-	(15)	-
Loss / (Gain) on disposal of property, plant and equipment	(8)	79	(8)	79
Interest income	(1)	(1)	(1)	(1)
Property, plant and equipment written off	433	92	433	92
Rental income	(28)	(9)	(28)	(9)
Rental on equipment	5	1	5	1
Rental on premises	374	378	374	378
Staff costs:-				
- short-term employee benefits	7,589	7,507	7,589	7,507
- defined contribution plan	836	786	836	786
	<u>836</u>	<u>786</u>	<u>836</u>	<u>786</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)

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 2021.

(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 2021 and 31 December 2020.

B14 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 24 May 2021.