



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 4TH Quarter Ended 31 December 2019

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 4TH Quarter Ended 31 December 2019*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
REVENUE	86,918	93,526	285,157	338,688
COST OF SALES	(80,042)	(94,905)	(279,414)	(345,253)
GROSS PROFIT / (LOSS)	6,876	(1,379)	5,743	(6,565)
OTHER INCOME	6,009	7,813	11,417	14,125
DISTRIBUTION COSTS	(4,315)	(3,846)	(15,167)	(15,703)
OTHER OPERATING EXPENSES	(33,220)	(119,729)	(33,591)	(125,930)
ADMINISTRATIVE EXPENSES	(4,208)	(8,096)	(20,631)	(24,821)
FINANCE COSTS	(6,758)	(5,903)	(23,593)	(25,012)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	-	(156)	-	(156)
LOSS BEFORE TAXATION	(35,616)	(131,296)	(75,822)	(184,062)
INCOME TAX EXPENSE	3,891	33,613	6,141	35,365
LOSS AFTER TAXATION	(31,725)	(97,683)	(69,681)	(148,697)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(31,725)	(97,683)	(69,681)	(148,697)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 4TH Quarter Ended 31 December 2019*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(24,349)	(92,775)	(52,154)	(133,532)
- Non-controlling interests	(7,376)	(4,908)	(17,527)	(15,165)
	<u>(31,725)</u>	<u>(97,683)</u>	<u>(69,681)</u>	<u>(148,697)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(24,349)	(92,775)	(52,154)	(133,532)
- Non-controlling interests	(7,376)	(4,908)	(17,527)	(15,165)
	<u>(31,725)</u>	<u>(97,683)</u>	<u>(69,681)</u>	<u>(148,697)</u>
LOSS PER SHARE (SEN):-				
- Basic	(1.19)	(4.54)	(2.55)	(6.54)
- 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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position

As at 31 December 2019

(the figures have not been audited)

	As at 31.12.2019	As at 31.12.2018
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	-	4,397
Property, plant and equipment	966,019	1,129,820
Right-of-use assets	10,049	-
Biological assets	10,672	10,294
Intangible assets	482	772
Other investment	18	310
Goodwill	12,546	16,399
	<u>999,786</u>	<u>1,161,992</u>
CURRENT ASSETS		
Inventories	15,253	12,766
Trade receivables	8,555	6,725
Other receivables, deposits and prepayments	5,380	17,573
Current tax assets	9,213	7,923
Biological assets	4,115	2,553
Deposits with licensed banks	187	262
Cash and bank balances	778	1,572
	<u>43,481</u>	<u>49,374</u>
Assets classified as held for sale	80,442	-
TOTAL ASSETS	<u>1,123,709</u>	<u>1,211,366</u>

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 December 2019

(the figures have not been audited)

	As at 31.12.2019	As at 31.12.2018
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	807,129	807,129
Reserves	(373,998)	(321,844)
Equity attributable to owners of the Company	433,131	485,285
Non-controlling interests	(17,467)	60
TOTAL EQUITY	415,664	485,345
NON-CURRENT LIABILITIES		
Borrowings	207,721	249,728
Lease liabilities	9,546	-
Deferred tax liabilities	48,791	58,258
	266,058	307,986
CURRENT LIABILITIES		
Trade payables	76,013	60,473
Other payables, deposits and accruals	63,336	60,827
Borrowings:-		
- bank overdrafts	17,624	19,183
- other borrowings	274,990	268,660
Lease liabilities	808	-
Current tax liabilities	9,216	8,892
	441,987	418,035
TOTAL LIABILITIES	708,045	726,021
TOTAL EQUITY AND LIABILITIES	1,123,709	1,211,366
NET ASSETS PER SHARE (RM)	0.27	0.31

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity

For the Twelve Months Ended 31 December 2019

(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 1.1.2019	724,690	82,439	(53,065)	(268,779)	485,285	60	485,345
Loss after taxation/Total comprehensive income for the period	-	-	-	(52,154)	(52,154)	(17,527)	(69,681)
Balance at 31.12.2019	724,690	82,439	(53,065)	(320,933)	433,131	(17,467)	415,664



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

For the Twelve Months Ended 30 December 2018

(the figures have not been audited)

	< ----- Non-distributable ----- >				Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital		Merger Reserve RM'000	Accumulated Losses RM'000			
	Ordinary Shares RM'000	Preference Shares RM'000					
Balance at 1.1.2018	724,690	82,439	(53,065)	(135,247)	618,817	15,015	633,832
Loss after taxation/Total comprehensive income for the period	-	-	-	(133,532)	(133,532)	(15,165)	(148,697)
Contributions by and distributions to the owners of the Company:- - issuance of ordinary shares by a subsidiary to non-controlling interests	-	-	-	-	-	210	210
Balance at 31.12.2018	724,690	82,439	(53,065)	(268,779)	485,285	60	485,345

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 2018 and the accompanying explanatory notes attached to the interim financial statements.


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Condensed Consolidated Statement of Cash Flows

For the Twelve Months Ended 31 December 2019

(the figures have not been audited)

	12 Months Ended	
	31.12.2019 RM'000	31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(75,822)	(184,062)
Adjustments for:-		
Allowance for stock obsolescence	234	20
Allowance for stock obsolescence no longer required	(15)	(41)
Amortisation of intangible assets	290	435
Bad debts written off	1	87
Change in fair value of:-		
- biological assets	(1,562)	1,378
- other investment	292	4,690
Depreciation of:-		
- property, plant and equipment	71,853	68,476
- right-to-use assets	1,059	-
(Gain)/Loss on disposal:-		
- assets classified as held for sale	-	(6,192)
- associated company	(603)	-
- property, plant and equipment	(7,357)	402
Impairment losses on:-		
- biological assets	-	-
- goodwill	3,854	32,475
- property, plant and equipment	28,751	80,087
- receivables	-	1,406
Impairment losses on receivables no longer required	(1)	(1,249)
Interest expense	22,839	25,012
Interest expense arising from lease liabilities	755	-
Interest income	(29)	(17)
Property, plant and equipment written off	359	7,213
Operating profit before working capital changes	44,898	30,120
Change in inventories	(2,706)	5,715
Change in trade and other receivables	10,363	41,592
Change in trade and other payables	18,049	(55,071)
CASH FROM OPERATIONS	70,604	22,356
Income tax paid	(8,979)	(11,285)
Income tax refunded	4,516	371
Interest paid	(26,921)	(28,936)
Interest paid arising from lease liabilities	(755)	-
Interest received	29	17
NET CASH FROM / (FOR) OPERATING ACTIVITIES	38,494	(17,477)
BALANCE CARRIED FORWARD	38,494	(17,477)

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2019

(the figures have not been audited)

	12 Months Ended	
	31.12.2019 RM'000	31.12.2018 RM'000
BALANCE BROUGHT FORWARD	38,494	(17,477)
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisitions of subsidiaries, net of cash and cash equivalents acquired	-	(16,965)
Costs incurred on biological assets	(379)	(417)
Proceeds from disposal of assets classified as held for sale	-	150,000
Proceeds from disposal of an associated company	5,000	-
Proceeds from disposal of intangible assets	-	836
Proceeds from disposal of property, plant and equipment	9,861	2,441
Proceeds from issuance of ordinary shares from non-controlling interests	-	210
Purchase of intangible assets	-	(884)
Purchase of property, plant and equipment	(15,777)	(66,867)
NET CASH FOR / (FROM) INVESTING ACTIVITIES	(1,295)	68,354
CASH FLOWS FOR FINANCING ACTIVITIES		
Change in bankers' acceptance	5,842	857
Change in revolving credit	4,500	13,000
Drawdown of term loans	4,469	18,103
Proceeds from promissory note	4,200	-
Repayment of hire purchase obligations	(5,016)	(6,435)
Repayment of lease liabilities	(753)	-
Repayment of term loans	(49,751)	(81,490)
NET CASH FOR FINANCING ACTIVITIES	(36,509)	(55,965)
NET CHANGE IN CASH AND CASH EQUIVALENTS	690	(5,088)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(17,349)	(12,363)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(16,659)	(17,451)

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2019

(the figures have not been audited)

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

	12 Months Ended	
	31.12.2019 RM'000	31.12.2018 RM'000
Cash and bank balances	778	1,572
Deposits with licensed banks	187	262
Bank overdrafts	(17,624)	(19,183)
	<hr/>	<hr/>
	(16,659)	(17,349)
Less: Deposits pledged to licensed banks	-	(102)
	<hr/>	<hr/>
	(16,659)	(17,451)
	<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 2018 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 2018. 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 2018.

The Group's financial statements for the financial period ended 31 December 2019 is prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") Framework.

On 1 January 2019, the Group adopted MFRS 16, "Leases", which supersedes MFRS 117, "Leases", IC Interpretation 4 "Determining whether an Arrangement contains a Lease", IC Interpretation 115 "Operating Leases – Incentives" and IC Interpretation 127 "Evaluating the Substance of Transactions involving the Legal Form of a Lease".

MFRS 16, Leases:

MFRS 16 requires lessee to recognize the right to use of the underlying asset and its corresponding lease liability reflecting future lease payment liabilities in the statement of financial position.

The Group has applied MFRS 16 using the modified retrospective approach where no restatement to prior year comparative information is required. The cumulative effect of the initial adoption of MFRS 16 is recognized as an opening balance adjustment to Right-of-use Assets and Lease Liabilities as follows:

<u>As at 1 January 2019:-</u>	<u>RM'000</u>
NON-CURRENT ASSETS	
Right-of-use assets	<u>11,052</u>
NON-CURRENT LIABILITIES	
Lease liabilities	<u>10,321</u>
CURRENT LIABILITIES	
Lease liabilities	<u>731</u>

Leases with tenure of 12 months or less and assets of low value are excluded from MFRS 16 application, which is in accordance with the exemptions stipulated under the Standard.

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

A1 Basis of Preparation (Cont'd)

The following MFRS, IC Interpretations and Amendments to IC Interpretations have not been applied by the Group:-

<i>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</i>	<i>Effective Date</i>
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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 MFRS 134 (Cont’d)

A8 Property, Plant and Equipment

(a) Acquisitions and Disposals

During the 12-month period ended 31 December 2019, the Group acquired assets at a cost of RM15.5 million.

Assets with a carrying amount of RM2,503,892 were disposed of by the Group during the 12-month period ended 31 December 2019, resulting in a net gain on disposal of RM7,356,829, 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.

A10 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the quarter under review except as mentioned below:

On 30 August 2019, the Company had entered into a Share Sale Agreement (“SSA”) with a non-related party, Lembaga Amanah Kebajikan Masjid Negeri Sarawak (“LAKMNS”), to dispose its remaining 3,520,000 ordinary shares of RM1.00 each in the capital of Lubuk Tiara Sdn Bhd (“LTSB”) for a total cash consideration sum of RM5,000,000.00, which represents 44% of the total issued and paid-up share capital of LTSB.

With the execution of Deed of Settlement 1 and Deed of Settlement 2 during the quarter under review, the SSA is completed and accordingly, LTSB ceased as an associated company of the Group.

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 2018.

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 31 December 2019 was as follows:-

	RM’000
Property, plant and equipment:-	
- Contracted but not provided for	1,175
- Authorised but not contracted for	-
	<hr/>
	1,175
	<hr/>


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Part A – Explanatory Notes Pursuant to MFRS 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 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Chartering income	-	-	-	15
Consultancy fees paid	55	25	103	266
Contract charges	-	833	1,041	3,646
Contract income overbilled	-	-	-	(3,538)
Fresh Fruit Bunches (“FFB”) margin income	-	348	-	4,398
Interest paid	88	32	196	139
Management fee	-	403	500	1,618
Purchase of crude palm oil	-	-	-	5,116
Purchase of fertilisers and chemicals	9	410	226	1,445
Purchase of FFB	2,938	2,590	7,942	11,874
Purchase of property, plant and equipment	7	244	317	310
Purchase of palm kernel	-	-	-	335
Purchase of palm kernel shell	-	-	-	24
Purchase of stores and consumables	416	2,360	3,009	9,157
Recharge income – labor service	-	-	-	3
Rental received	-	-	8	61
Rental paid	369	488	1,475	1,856
Repairs and maintenance	56	37	1,125	360
Sale of crude palm oil	16,322	11,344	57,317	35,908
Sale of FFB	8,987	7,403	26,450	28,006
Sale of property, plant and equipment	46	19	4,405	183
Sale of seedling	-	-	-	37
Sale of stores and consumables	24	252	745	1,033
Transportation and accommodation charges	6	127	16	182
Transportation and handling income	342	293	1,340	1,105
Utilities, insurance, and sundry expenses	46	43	132	243
Utilities, insurance, and sundry income	17	68	39	107


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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 12 Months Ended		Changes (%)
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	86,918	93,526	-7.1%	285,157	338,688	-15.8%
Gross profit / (loss)	6,876	(1,379)	-598.6%	5,743	(6,565)	-187.5%
Loss before interest and taxation	(28,858)	(125,393)	-77.0%	(52,229)	(159,050)	-67.2%
Loss before taxation	(35,616)	(131,296)	-72.9%	(75,822)	(184,062)	-58.8%
Loss after taxation	(31,725)	(97,683)	-67.5%	(69,681)	(148,697)	-53.1%
Loss attributable to owners of the Company	(24,349)	(92,775)	-73.8%	(52,154)	(133,532)	-60.9%

The Group's revenue for 3 months and 12 Months ended 31 December 2019 decreased by 7.1% and 15.8% respectively as compared to corresponding periods in 2018 mainly due to lower sales volume across the board despite recovery in CPO and FFB average selling for the current reporting quarter.

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 12 Months Ended		Changes (%)
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
Production (MT)						
FFB	79,678	96,524	-17.5%	315,132	345,709	-8.8%
CPO	28,578	34,605	-17.4%	109,514	116,689	-6.2%
PK	6,361	7,575	-16.0%	23,616	25,582	-7.7%
Average selling price (RM per MT)						
FFB	420	324	29.8%	354	395	-10.4%
CPO	2,277	1,854	22.8%	2,017	2,128	-5.3%
PK	1,237	1,348	-8.25%	1,128	1,632	-30.9%

CPO & PK production for the current period and year-to-date is lower as compared to corresponding period in 2018, which correspond to declining FFB production.

The Group recorded gross profit of RM6.9 million for the current quarter as compared to previous year's gross loss of RM1.4 million as plantation costs continued to be rationalized. As such, year-to-date gross loss reduced by 187.5% as compared to corresponding period in 2018.

**RIMBUNAN SAWIT BERHAD**

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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 (cont'd)**

The Group recorded lower pre-tax loss by 72.9% for the current quarter while year-to-date pre-tax loss is 58.8% lower as previous year corresponding period incurred higher impairment provision by RM80.0 million.

Concurrently, the Group recorded lower loss after taxation of RM31.7 million and RM69.7 million respectively for the current quarter and year-to-date as compared to RM97.7 million and 148.7 million respectively in corresponding period of 2018.

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 (%)
	31.12.2019	30.09.2019	
	RM'000	RM'000	
Revenue	86,918	80,545	7.9%
Gross profit	6,876	8,177	-15.9%
Profit / (Loss) before interest and taxation	(28,858)	1,036	-2,885.5%
Loss before taxation	(35,616)	(4,463)	698.0%
Loss after taxation	(31,725)	(2,404)	1,219.7%
Profit / (Loss) attributable to owners of the Company	(24,349)	252	-9,762.3%

Revenue surged by RM6.4 million on the back of higher average selling price across the board. The Group recorded lower gross profit by RM1.3 million as compared to the immediate preceding quarter mainly due to surge in plantation administrative costs.

The Group's incurred pre-tax loss of RM28.9 million as compared to pre-tax profit of RM1.0 million in the immediate preceding quarter mainly due to impairment provision of RM32.6 million during the current reporting quarter.



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

B2 Material Change in the Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter (cont'd)

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	31.12.2019	30.09.2019	
Production (MT)			
FFB	79,678	95,560	-16.6%
CPO	28,578	33,412	-14.5%
PK	6,361	7,018	-9.4%
Average selling price (RM per MT)			
FFB	420	333	26.2%
CPO	2,277	1,945	17.1%
PK	1,237	1,040	19.0%

Loss after taxation expanded by RM29.3 million as compared to immediate preceding quarter.

B3 Commentary on Prospects

CPO price is expected to be volatile in the near term on the back of the on-going restrictions imposed by India on Malaysian palm oil imports and the uncertainty over the impact and duration of the Covid-19 outbreak. As such, the Group remains committed on improving its productivity and operational 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 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Tax expense for the year:				
Current tax	3,149	7,891	3,326	13,309
Deferred tax	(7,040)	(41,504)	(9,467)	(48,674)
	<u>(3,891)</u>	<u>(33,613)</u>	<u>(6,141)</u>	<u>(35,365)</u>

The effective tax rate for the current quarter ended 31 December 2019 were lower than the statutory tax rate 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

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	Details	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) Sastat Agreement	Conditional Share Sale Agreement for the proposed acquisition of entire SHSB Shares, for a total cash consideration of RM 17.0 million. On 25 October 2019, the period for repayment of Advance has been extended by 6 Months to 25 April 2020.	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 Land & Survey Kuching Division. The Director of Land and Survey 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 28 March 2017, a supplemental agreement to include 4 motor vehicles as part of the Plantation Asset without affecting the consideration. On 21 December 2018, another supplemental agreement to amend and vary certain terms of the Lundu Acquisition SPA.
- (iii) 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.

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 (land, quarters, oil mill and plantation assets)	33.7	28.8	August 2020	-	-
2	Sastat Holdings Sdn Bhd Acquisition	17.0	17.0	November 2018	-	-
3	Repayment of Simunjan Credit Facilities	58.0	58.0	October 2018	-	-
4	Repayment of Advance	23.0	-	April 2020	-	-
5	Working capital and defray expenses relating to Corporate Proposals	18.3	18.3	December 2018	-	-
	Total	150.0	122.1		-	-


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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)

Proposal	On 22 January 2020, Rimbunan Sawit Berhad (“ RSB ”)’s wholly-owned subsidiary, Lumiera Enterprise Sdn. Bhd. had entered into a Sale and Purchase Agreement with Biogreen Success Sdn. Bhd. to dispose all that parcel of land situated at Along Batang Baram, Baram together with the oil palm plantation, its facilities, infrastructures, improvements, immovable assets but excluding the movable assets thereon for a total cash consideration of Ringgit Malaysia Eighty-Five Million (RM85,000,000) (“Proposed Disposal”).
Status Pending	The Proposed Disposal is condition upon obtaining Land and Survey Department’s consent to transfer the land to Biogreen Success Sdn. Bhd. and charged to its Financier and completion of due diligence review by Biogreen Success Sdn. Bhd.

Save as disclosed above, there were no corporate proposals announced but not completed as at 18 February 2020, being the latest practicable date.

B7 Group Borrowings

	As at 31.12.2019 (RM'000)			As at 31.12.2018 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured:-						
Bank overdrafts	10,083	-	10,083	9,107	-	9,107
Bankers' acceptance	15,517	-	15,517	12,606	-	12,606
Hire purchase	2,232	581	2,813	4,991	2,760	7,751
Revolving credit	157,291	-	157,291	125,691	-	125,691
Term loans	49,174	207,140	256,314	53,547	245,501	299,048
	234,297	207,721	442,018	205,942	248,261	454,203
Unsecured:-						
Bank overdrafts	7,541	-	7,541	10,076	-	10,076
Bankers' acceptance	12,656	-	12,656	9,725	-	9,725
Loans	3,020	-	3,020	3,020	-	3,020
Promissory note	4,200	-	4,200	-	-	-
Revolving credit	30,900	-	30,900	58,000	-	58,000
Term loans	-	-	-	1,080	1,467	2,547
	58,317	-	58,317	81,901	1,467	83,368
Total Borrowings	292,614	207,721	500,335	287,843	249,728	537,571

- The effective HP interest rates ranging from 4.8% to 5.5% per annum.
- The bank overdraft is bearing interest ranging from base lending rate + 0.5% to 1.5% per annum.
- The bankers' acceptance, revolving credit and term loan bore interest ranging from cost of funds + 0.5% to 2.5% per annum.
- The promissory note bore interest at 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 February 2020 being the latest practicable date.

B9 Dividends

No interim dividend has been declared for the period ending 31 December 2019.

B10 Loss Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Loss attributable to owners of the Company (RM'000)	(24,349)	(92,775)	(52,154)	(133,532)
Weighted average number of ordinary shares ('000):- Issued ordinary shares at 1 Oct / 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 December	2,041,722	2,041,722	2,041,722	2,041,722
Basic loss per share (sen)	(1.19)	(4.54)	(2.55)	(6.54)

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 2018 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 12 Months Ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Allowance for stock obsolescence	234	20	234	20
Allowance for stock obsolescence no longer required	(2)	(5)	(15)	(41)
Amortisation of intangible assets	72	72	290	435
Audit fee:-				
- current financial year	370	368	370	368
- (over)/under provision in the previous financial year	(7)	(2)	(7)	(2)
Bad debts written off	-	22	1	87
Changes in fair value of:-				
- biological assets	(749)	2,090	(1,562)	1,378
- other investment	292	4,690	292	4,690
Depreciation of property, plant and equipment	17,970	16,411	71,853	68,476
Depreciation of right-of-use assets	1,059	-	1,059	-
Directors' remuneration	397	874	687	1,764
Finance costs	6,004	5,903	22,839	25,012
Interests expenses arising from lease liabilities	755	-	755	-
(Gain) / loss on disposal of:-				
- assets classified as held for sale	-	(6,192)	-	(6,192)
- associated company	-	-	(603)	-
- property, plant and equipment	(4,544)	363	(7,357)	402
Impairment losses on:-				
- goodwill	3,854	32,475	3,854	32,475
- property, plant and equipment	28,751	80,087	28,751	80,087
Interest income	(27)	(10)	(29)	(17)
Management fee	-	403	500	1,618
Property, plant and equipment written off	43	3,988	359	7,213
Rental income	(48)	(111)	(117)	(382)
Rental on:-				
- equipment	135	94	384	416
- premises	372	462	1,495	1,850
Staff costs:-				
- short-term employee benefits	6,487	7,327	28,533	30,743
- defined contribution plan	710	755	3,131	3,431



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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 12-month period ended 31 December 2019.

(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 December 2019 and 31 December 2018.

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 February 2020.