



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 3rd Quarter Ended 30 September 2017

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 3rd Quarter Ended 30 September 2017

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
REVENUE	82,581	74,370	232,632	169,232
COST OF SALES	(71,767)	(61,460)	(212,858)	(168,856)
GROSS PROFIT	10,814	12,910	19,774	376
OTHER INCOME	486	1,110	1,633	3,257
DISTRIBUTION COSTS	(2,669)	(2,577)	(7,478)	(6,176)
ADMINISTRATIVE AND OTHER EXPENSES	(5,976)	(5,052)	(17,853)	(16,494)
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX	-	-	-	-
FINANCE COSTS	(6,147)	(4,314)	(16,283)	(12,392)
(LOSS)/PROFIT BEFORE TAXATION	(3,492)	2,077	(20,207)	(31,429)
INCOME TAX EXPENSE	(5,507)	(502)	(2,050)	5,572
(LOSS)/PROFIT AFTER TAXATION	(8,999)	1,575	(22,257)	(25,857)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(8,999)	1,575	(22,257)	(25,857)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 3rd Quarter Ended 30 September 2017

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(4,467)	2,240	(15,224)	(20,707)
- Non-controlling interests	(4,532)	(665)	(7,033)	(5,150)
	<u>(8,999)</u>	<u>1,575</u>	<u>(22,257)</u>	<u>(25,857)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(4,467)	2,240	(15,224)	(20,707)
- Non-controlling interests	(4,532)	(665)	(7,033)	(5,150)
	<u>(8,999)</u>	<u>1,575</u>	<u>(22,257)</u>	<u>(25,857)</u>
(LOSS)/PROFIT PER SHARE (SEN):-				
- Basic	(0.22)	0.11	(0.75)	(1.01)
- 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 30 September 2017

	As at 30.9.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	4,397	4,397
Other investment	5,000	5,000
Property, plant and equipment	654,111	663,430
Intangible assets	20,410	21,144
Biological assets	766,279	778,926
Goodwill	60,760	60,760
Deposits with licensed banks	102	102
	<u>1,511,059</u>	<u>1,533,759</u>
CURRENT ASSETS		
Inventories	24,653	21,338
Trade receivables	22,244	20,305
Other receivables, deposits and prepayments	56,360	17,432
Tax refundable	5,460	5,689
Deposits with licensed banks	150	-
Cash and bank balances	1,262	1,612
	<u>110,129</u>	<u>66,376</u>
TOTAL ASSETS	<u>1,621,188</u>	<u>1,600,135</u>

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 30 September 2017

	As at 30.9.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
EQUITY AND LIABILITIES		
Share capital	807,129	791,682
Reserves	(74,653)	(43,982)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	732,476	747,700
NON-CONTROLLING INTERESTS	35,114	42,147
TOTAL EQUITY	767,590	789,847
NON-CURRENT LIABILITIES		
Borrowings	334,020	354,094
Deferred tax liabilities	119,217	126,915
	453,237	481,009
CURRENT LIABILITIES		
Trade payables	64,401	60,737
Other payables, deposits and accruals	77,536	33,808
Borrowings:-		
- bank overdrafts	17,319	13,078
- other borrowings	236,261	218,033
Provision for taxation	4,844	3,623
	400,361	329,279
TOTAL LIABILITIES	853,598	810,288
TOTAL EQUITY AND LIABILITIES	1,621,188	1,600,135
NET ASSETS PER SHARE (RM)	0.46	0.47

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 Nine Months Period Ended 30 September 2017

	< ----- Non-distributable ----- >				Accumulated Losses 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	-	-	-	-	(15,224)	(15,224)	(7,033)	(22,257)
Transfer to share capital upon implementation of the Company Act 2016	15,447	-	(15,447)	-	-	-	-	-
Balance at 30.9.2017	724,690	82,439	-	(53,066)	(21,587)	732,476	35,114	767,590

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 Nine Months Period Ended 30 September 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 1.1.2016	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	-	-	-	-	(20,707)	(20,707)	(5,150)	(25,857)
Balance at 30.9.2016	709,243	82,439	15,447	(53,066)	39,596	793,659	49,441	843,100

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 Nine Months Period Ended 30 September 2017

	9-month Period Ended	
	30.9.2017	30.9.2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(20,207)	(31,429)
Adjustments for:-		
Amortisation of biological assets	31,351	30,048
Amortisation of intangible assets	687	601
Biological assets written off	-	6
Depreciation of property, plant and equipment	25,622	23,402
Gain arising from the liquidation of subsidiary	(48)	-
Gain on disposal of property, plant and equipment	(87)	(407)
Gain on disposal of Intangible asset	(20)	-
Goodwill written off	-	13
Interest expense	16,283	12,392
Interest income	(16)	(3)
Property, plant and equipment written off	46	178
Reversal of obsolete stock allowance	(11)	-
Operating profit before working capital changes	53,600	34,801
(Increase)/Decrease in inventories	(3,304)	1,628
Increase in trade and other receivables	(40,866)	(16,338)
Increase/(Decrease) in trade and other payables	47,394	(1,430)
CASH FROM OPERATIONS	56,824	18,661
Income tax paid	(8,520)	(2,520)
Income tax refunded	267	-
Interest paid	(5,823)	(5,803)
Interest received	16	3
NET CASH FROM OPERATING ACTIVITIES	42,764	10,341
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	*
Costs incurred on biological assets	(11,415)	(15,279)
Proceeds from disposal of intangible asset	25	-
Proceeds from disposal of property, plant and equipment	2,872	3,008
Purchase of intangible asset	(8)	-
Purchase of property, plant and equipment	(15,629)	(11,124)
NET CASH FOR INVESTING ACTIVITIES	(24,155)	(23,395)
BALANCE CARRIED FORWARD	18,609	(13,054)

* denotes RM200

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Nine Months Period Ended 30 September 2017

	9-month Period Ended	
	30.9.2017	30.9.2016
	RM'000	RM'000
BALANCE BROUGHT FORWARD	18,609	(13,054)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown of term loans	7,954	62,093
Net of repayment of bankers' acceptance	(10,844)	(302)
Net of drawdown/(repayment) of revolving credit	34,758	(10,176)
Payment of interest on long-term borrowings	(15,516)	(14,921)
Repayment of hire purchase obligations	(4,151)	(4,015)
Repayment of term loans	(35,251)	(28,201)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(23,050)	4,478
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,441)	(8,576)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(11,466)	(5,719)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	(15,907)	(14,295)

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

	9-month Period Ended	
	30.9.2017	30.9.2016
	RM'000	RM'000
Cash and bank balances	1,262	1,206
Deposits with licensed banks	252	100
Bank overdrafts	(17,319)	(15,501)
	(15,805)	(14,195)
Less: Deposits pledged to licensed banks	(102)	(100)
	(15,907)	(14,295)

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

A1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with FRS 134 Interim Financial Reporting and Chapter 9 Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 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)

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)

A8 Property, Plant and Equipment

(a) Acquisitions and Disposals

During the 9-months period ended 30 September 2017, the Group acquired assets at a cost of RM22.7 million.

Assets with a carrying amount of RM2.8 million were disposed of by the Group during the 9-month period ended 30 September 2017, resulting in a net gain on disposal of RM87,378 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

- (a) On 29 May 2017, Midas Plantation Sdn. Bhd, ("MPSB") a wholly-owned subsidiary of the Company held its final meeting for members' voluntary winding-up. The aforesaid member's voluntary winding-up will not have any material operational and financial impact on the net assets and earnings of the Group for the financial year ending 31 December 2017.
- (b) 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 involve in general trading and services.
- (c) 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 has commenced provision of contract services 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)

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 subsidiaries	-
	<hr/>

The acquired subsidiaries had contributed the following results to the Group

	The Group RM'000
Revenue	9,174
Profit after taxation	5,936
	<hr/>

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.



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

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 30 September 2017 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	16,861
- Authorised but not contracted for	-
	16,861

A13 Significant Related Party Transactions

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

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	9-month Period Ended	9-month Period Ended
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Consultancy fees	60	60	180	180
Contract charges	4,822	586	8,295	1,138
FFB margin income	1,350	-	2,700	-
Interest paid	36	37	107	112
Management fee	405	405	1,215	1,415
Purchase of fertilisers and chemicals	230	269	680	1,425
Purchase of fresh fruit bunches	864	396	3,118	2,211
Purchase of property, plant and equipment	68	-	119	1,005
Purchase of sundry stores and consumables	3,489	707	5,142	2,097
Rental paid	494	435	1,509	1,287
Repairs and maintenance	261	(5)	448	423
Sale of crude palm oil	5,555	-	5,555	-
Sale of fresh fruit bunches	21,163	26,329	59,676	50,379
Sale of seedling	21	-	145	-
Sale of property, plant and equipment	476	-	829	1,130
Transportation and accommodation charges	69	5	255	539
	69	5	255	539



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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-month Period Ended		Changes (%)	Cumulative Quarter 9-month Period Ended		Changes (%)
	30.9.2017	30.9.2016		30.9.2017	30.9.2016	
	RM'000	RM'000		RM'000	RM'000	
Revenue	82,581	74,370	+11.0%	232,632	169,232	+37.5%
Gross profit	10,814	12,910	-16.2%	19,774	376	+5159.0%
Profit/(loss) before interest and taxation	2,655	6,391	-58.5%	(3,924)	(19,037)	+79.4%
(Loss)/Profit before taxation	(3,492)	2,077	-268.1%	(20,207)	(31,429)	+35.7%
(Loss)/Profit after taxation	(8,999)	1,575	-671.4%	(22,257)	(25,857)	+13.9%
(Loss)/Profit attributable to owners of the Company	(4,467)	2,240	-299.4%	(15,224)	(20,707)	+26.5%

The Group registered revenue of RM82.6 million and RM232.6 million for the 3 months and 9 months ended 30 September 2017, which is an increase of 11.0% and 37.5% as compared to corresponding period in 2016. The improved in revenue is mainly contributed by the improvement in the CPO and PK sales volume by 13.1% and 21.5%, respectively.

Revenue for year-to-date improved by 37.5% compare to corresponding period in 2016 as CPO, PK and FFB sales volume increased 30.6%, 40.0% and 4.2%, respectively. The increased in the revenue is contributed by the newly acquired subsidiary and newly constructed palm oil mill, which have come into operation and generate income during the quarter.

Gross profit for the current quarter dropped 16.2% compared to corresponding quarter in 2016, due to increase in FFB processed cost, and road, bridges and culvert cost by 14.7% and 119.6%. As for cumulative period ended 30 September, gross profit improved RM19.4 million as compared to corresponding period in 2016 owing to higher revenue despite increased in FFB processed cost and manuring cost by 54.7% and 23.9%.

The Group recorded pre-tax loss of RM3.5 million in the current quarter compared to previous year corresponding quarter pre-tax profit of RM2.1 million. As of year-to-date, the Group recorded a lower pre-tax loss of RM20.2 million compared to corresponding period in 2016 of RM31.4 million.

The Group recorded loss after taxation of RM9.0 million as compare to corresponding quarter profit after taxation of RM1.6 million. The loss after taxation for 9-month cumulative reduced by 13.9% compared to 2016.

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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**

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	30.9.2017	30.6.2017	
	RM'000	RM'000	
Revenue	82,581	69,712	+18.5%
Gross profit	10,814	489	+2111.5%
Profit/(loss) before interest and taxation	2,655	(6,401)	+141.5%
Loss before taxation	(3,492)	(11,695)	+70.1%
Loss after taxation	(8,999)	(7,709)	-16.7%
Loss attributable to owners of the Company	(4,467)	(5,515)	+19.0%

Revenue increased by 18.5% compare to immediate preceding quarter as CPO, PK and FFB sales volume increased 4.4%, 6.3% and 21.9%, respectively. The improved in the selling price of PK has further contributed to the increase in revenue.

Lower pre-tax loss of RM3.5 million compared to preceding quarter pre-tax loss of RM11.7 million mainly due to the improvement in gross profit margin from 0.7% in immediate preceding quarter to 13.1% in current quarter.

The Group recorded loss after taxation of RM9.0 million as compare to preceding quarter loss after taxation of RM7.7 million. Increased in the taxation for the current quarter as some of the subsidiaries are in the profitable position.

B3 Commentary on Prospects

The FFB, CPO and PK production is expected to continue its uptrend as compared to 2016. The Group is expected to ride on this uptrend to boost its productivity and 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.

**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)**B5 Income Tax Expense**

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Current tax	6,328	1,765	9,747	2,332
Deferred tax	(821)	(1,263)	(7,697)	(7,904)
	<u>5,507</u>	<u>502</u>	<u>2,050</u>	<u>(5,572)</u>

Included in the current tax is Real Property Gain Tax (RPGT) of RM2.7 million, arising from the corporate proposal of disposal of Simunjan Estate.

B6 Corporate Proposals Pending Completion

Midas Plantation Sdn Bhd (“MPSB”) was fully dissolved on 29 August 2017 via members’ voluntary winding-up.

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 (“TMSB”), a wholly-owned subsidiary of Subur Tiasa Holdings Berhad, for a cash consideration of RM150.0 million. The Company and TMSB had on 19 August 2017 extended the period to fulfill the conditions precedent set out in the Simunjan Agreement for a further 6 months from 22 August 2017 until 21 February 2018.

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.

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 (“SHSB Vendor”), for a total cash consideration of RM17.0 million. The Company and SHSB Vendor had on 19 August 2017 extended the period to fulfill the conditions precedent set out in the Share Sale Agreement for a further 6 months from 22 August 2017 until 21 February 2018.

Save as disclosed above, there were no corporate proposals announced but not completed as at 17 November 2017, 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	
	30.9.2017	31.12.2016
	RM'000	RM'000
Long-term borrowings:-		
Hire purchase obligations	5,645	4,865
Term loans, secured	324,866	345,722
Term loans, unsecured	3,509	3,507
	<u>334,020</u>	<u>354,094</u>
Short-term borrowings:-		
Bank overdrafts, secured	10,905	12,408
Bank overdrafts, unsecured	6,414	670
Bankers' acceptance, unsecured	17,852	28,696
Hire purchase obligations	5,137	4,380
Revolving credit, secured	52,991	70,991
Revolving credit, unsecured	108,958	56,200
Term loans, secured	48,068	53,834
Term loans, unsecured	235	912
Unsecured loans	3,020	3,020
	<u>253,580</u>	<u>231,111</u>
Total borrowings	<u>587,600</u>	<u>585,205</u>

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 17 November 2017 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)

B9 Dividends

No interim dividend has been declared for the period ending 30 September 2017.

B10 (Loss)/Profit Per Share

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended 30.9.2017	30.9.2016	9-month Period Ended 30.9.2017	30.9.2016
(Loss)/Profit attributable to owners of the Company (RM'000)	(4,467)	2,240	(15,224)	(20,707)
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 July / 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 30 September	2,041,722	2,041,722	2,041,722	2,041,722
Basic (loss)/profit per share (sen)	(0.22)	0.11	(0.75)	(1.01)

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)**B12 (Loss)/Profit Before Taxation**

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

	Individual Quarter		Cumulative Quarter	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Amortisation of biological assets	10,407	9,902	31,351	30,048
Amortisation of intangible assets	244	195	687	601
Allowance for stock obsolescence no longer required	(1)	-	(11)	-
Biological assets written off	-	-	-	6
Depreciation of property, plant and equipment	7,970	4,516	25,622	23,402
Gain arising from the liquidation of subsidiary	-	-	(48)	-
Gain on disposal of property, plant and equipment	(11)	(220)	(87)	(407)
Gain on disposal of intangible asset	(20)	-	(20)	-
Goodwill written off	-	-	-	13
Interest expense	6,147	4,314	16,283	12,392
Interest income	(14)	(1)	(16)	(3)
Property, plant and equipment written off	43	5	46	178

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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 9-month period ended 30 September 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 30 September 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	
	30.9.2017	31.12.2016
	RM'000	RM'000
Total retained profits:-		
- realised	56,539	63,962
- unrealised	(48,277)	(48,347)
	<hr/>	<hr/>
	8,262	15,615
Total share of retained profits of associate:-		
- realised	(984)	(984)
- unrealised	(638)	(638)
	<hr/>	<hr/>
	6,640	13,993
Less: Consolidation adjustments	(28,227)	(20,356)
	<hr/>	<hr/>
At 30 September / 31 December	(21,587)	(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 23 November 2017.