



## **RIMBUNAN SAWIT BERHAD**

(Company No. 691393-U)

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

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### **Interim Financial Statements**

For the 3<sup>rd</sup> Quarter Ended 30 September 2012

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	<b>Page</b>
<b>Condensed Consolidated Statement of Comprehensive Income</b>	<b>1</b>
<b>Condensed Consolidated Statement of Financial Position</b>	<b>3</b>
<b>Condensed Consolidated Statement of Changes in Equity</b>	<b>5</b>
<b>Condensed Consolidated Statement of Cash Flows</b>	<b>7</b>
<b>Explanatory Notes</b>	
<i>Part A – Explanatory Notes Pursuant to FRS 134</i>	<i>10</i>
<i>Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad</i>	<i>16</i>


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**Condensed Consolidated Statement of Comprehensive Income**  
 For the 3<sup>rd</sup> Quarter Ended 30 September 2012
 

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	Individual Quarter		Cumulative Quarter	
	3-month Period Ended		9-month Period Ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
REVENUE	94,451	98,613	253,940	267,205
COST OF SALES	(65,800)	(68,006)	(197,937)	(160,813)
GROSS PROFIT	28,651	30,607	56,003	106,392
OTHER INCOME	766	4,197	4,633	5,517
DISTRIBUTION COSTS	(2,969)	(3,540)	(8,494)	(9,344)
ADMINISTRATIVE AND OTHER EXPENSES	(4,500)	(4,556)	(12,618)	(12,630)
SHARE OF RESULTS IN AN ASSOCIATE	616	186	706	186
FINANCE COSTS	(2,553)	(3,441)	(8,887)	(11,181)
PROFIT BEFORE TAXATION	20,011	23,453	31,343	78,940
INCOME TAX EXPENSE	(6,635)	(5,432)	(9,520)	(18,523)
PROFIT AFTER TAXATION	13,376	18,021	21,823	60,417
OTHER COMPREHENSIVE INCOME, NET OF TAX				
- Fair value changes of available-for-sale financial assets	393	-	1,973	-
- Transferred to profit or loss upon reinvestment of available-for-sale financial assets	(393)	-	(2,688)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,376	18,021	21,108	60,417

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**Condensed Consolidated Statement of Comprehensive Income (Cont'd)**

 For the 3<sup>rd</sup> Quarter Ended 30 September 2012

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended		9-month Period Ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
<b>PROFIT AFTER TAXATION</b>				
<b>ATTRIBUTABLE TO:-</b>				
- Owners of the Company	12,489	17,855	21,974	57,602
- Non-controlling interests	887	166	(151)	2,815
	<u>13,376</u>	<u>18,021</u>	<u>21,823</u>	<u>60,417</u>
<b>TOTAL COMPREHENSIVE</b>				
<b>INCOME ATTRIBUTABLE TO:-</b>				
- Owners of the Company	12,489	17,855	21,259	57,602
- Non-controlling interests	887	166	(151)	2,815
	<u>13,376</u>	<u>18,021</u>	<u>21,108</u>	<u>60,417</u>
<b>EARNINGS PER SHARE (SEN):-</b>				
- Basic	0.61	1.32	1.08	4.31
- Diluted	N/A	N/A	N/A	N/A

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

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**Condensed Consolidated Statement of Financial Position**

As at 30 September 2012

	As at 30.9.2012 (Unaudited) RM'000	As at 31.12.2011 (Audited) RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investment in an associate	26,496	25,790
Property, plant and equipment	602,058	569,729
Intangible assets	22,917	23,262
Biological assets	703,539	672,785
Goodwill	54,049	54,045
Deferred tax assets	4,891	4,748
	<u>1,413,950</u>	<u>1,350,359</u>
<b>CURRENT ASSETS</b>		
Inventories	31,153	25,233
Trade receivables	23,159	17,001
Other receivables, deposits and prepayments	21,494	9,278
Tax refundable	4,348	1,772
Short-term investments	52,188	118,214
Fixed deposits	1,729	90,141
Cash and bank balances	3,174	410
	<u>137,245</u>	<u>262,049</u>
<b>TOTAL ASSETS</b>	<u><b>1,551,195</b></u>	<u><b>1,612,408</b></u>


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

As at 30 September 2012

	As at 30.9.2012 (Unaudited) RM'000	As at 31.12.2011 (Audited) RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	751,239	751,239
Reserves	131,778	133,056
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>883,017</b>	<b>884,295</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>81,083</b>	<b>81,234</b>
<b>TOTAL EQUITY</b>	<b>964,100</b>	<b>965,529</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	246,713	254,488
Deferred tax liabilities	147,398	144,480
	<b>394,111</b>	<b>398,968</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	56,241	60,181
Other payables, deposits and accruals	42,011	58,782
Borrowings:-		
- bank overdrafts	29,827	7,533
- other borrowings	62,139	118,953
Provision for taxation	2,766	2,462
	<b>192,984</b>	<b>247,911</b>
<b>TOTAL LIABILITIES</b>	<b>587,095</b>	<b>646,879</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,551,195</b>	<b>1,612,408</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.59</b>	<b>0.59</b>

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



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**Condensed Consolidated Statement of Changes in Equity**  
 For the Nine Months Period Ended 30 September 2012

	< ----- Non-distributable ----- >					Distri- butable Retained Profits RM'000	Attri- butable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital		Share Premium RM'000	Merger Reserve RM'000	Fair Value Reserve RM'000				
	Ordinary Shares RM'000	Preference Shares RM'000							
Balance at 1.1.2012	654,252	96,987	15,447	(53,066)	715	169,960	884,295	81,234	965,529
Profit after taxation	-	-	-	-	-	21,974	21,974	(151)	21,823
Other comprehensive income for the period, net of tax:-									
- fair value changes of available-for-sale financial assets	-	-	-	-	1,973	-	1,973	-	1,973
- transferred to profit or loss upon reinvestment of available-for-sale financial assets	-	-	-	-	(2,688)	-	(2,688)	-	(2,688)
Total comprehensive income for the period	-	-	-	-	(715)	21,974	21,259	(151)	21,108
Contributions by and distributions to owners of the Company:-									
- dividends	-	-	-	-	-	(22,537)	(22,537)	-	(22,537)
Balance at 30.9.2012	654,252	96,987	15,447	(53,066)	-	169,397	883,017	81,083	964,100



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**Condensed Consolidated Statement of Changes in Equity (Cont'd)**  
 For the Nine Months Period Ended 30 September 2012

	< ----- Non-distributable ----- >				Distri- butable Retained Profits RM'000	Attri- butable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital		Share Premium RM'000	Merger Reserve RM'000				
	Ordinary Shares RM'000	Preference Shares RM'000						
Balance at 1.1.2011								
- as previously reported	78,299	96,987	183,908	(44,631)	112,520	427,083	116,354	543,437
- effect of adopting FRS 139	-	-	-	-	233	233	41	274
- as restated	78,299	96,987	183,908	(44,631)	112,753	427,316	116,395	543,711
Profit after taxation/Total comprehensive income for the period	-	-	-	-	57,602	57,602	2,815	60,417
Contributions by and distributions to owners of the Company:-								
- issuance of shares	3,483	-	12,488	-	-	15,971	-	15,971
- acquisition of a subsidiary	-	-	-	-	-	-	165	165
- disposal of a subsidiary	-	-	-	-	(366)	(366)	(18,154)	(18,520)
- dividends	-	-	-	-	(6,614)	(6,614)	-	(6,614)
Changes in ownership interest in subsidiaries:-								
- acquisition from non-controlling interests	-	-	-	(8,776)	(4,518)	(13,294)	(15,424)	(28,718)
Balance at 30.9.2011	81,782	96,987	196,396	(53,407)	158,857	480,615	85,797	566,412

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


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**Condensed Consolidated Statement of Cash Flows**  
 For the Nine Months Period Ended 30 September 2012
 

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	9-month Period Ended	
	30.9.2012	30.9.2011
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	31,343	78,940
Adjustments for:-		
Amortisation of biological assets	19,460	15,192
Amortisation of intangible assets	103	92
Depreciation of property, plant and equipment	20,283	13,377
Gain on disposal of a subsidiary	-	(3,210)
Gain on disposal of property, plant and equipment	(166)	(466)
Interest expense	8,887	11,181
Interest income	(3,131)	(150)
Share of results in an associate	(706)	(186)
	<hr/>	<hr/>
Operating profit before working capital changes	76,073	114,770
Increase in inventories	(5,920)	(3,848)
Increase in trade and other receivables	(18,374)	(29,376)
(Decrease)/increase in trade and other payables	(20,715)	2,525
	<hr/>	<hr/>
<b>CASH FROM OPERATIONS</b>	31,064	84,071
Income tax paid	(9,018)	(11,546)
Interest paid	(1,358)	(90)
Interest received	3,131	150
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	23,819	72,585
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<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(13,718)
Costs incurred on biological assets	(42,149)	(47,571)
Disposal of a subsidiary, net of cash and cash equivalents acquired	-	13,091
Proceeds from disposal of property, plant and equipment	466	1,120
Purchase of intangible assets	(62)	(13)
Purchase of property, plant and equipment	(54,092)	(54,917)
	<hr/>	<hr/>
<b>NET CASH FOR INVESTING ACTIVITIES</b>	(95,837)	(102,008)
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<b>BALANCE CARRIED FORWARD</b>	(72,018)	(29,423)
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**Condensed Consolidated Statement of Cash Flows (Cont'd)**

For the Nine Months Period Ended 30 September 2012

	9-month Period Ended	
	30.9.2012	30.9.2011
	RM'000	RM'000
BALANCE BROUGHT FORWARD	(72,018)	(29,423)
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Deposits and bank balances held on trust for Islamic securities investors	2,435	777
Dividend paid	(22,537)	(6,614)
Drawdown of Islamic securities	-	23,750
Drawdown of term loans	52,828	122,020
Net of drawdown/(repayment) of bankers' acceptance	35	5,349
Net of drawdown/(repayment) of unsecured loans	(50,000)	-
Payment of interest on long-term borrowings	(11,895)	(11,091)
Repayment of hire purchase obligations	(1,782)	(1,002)
Repayment of Islamic securities	(30,000)	(74,200)
Repayment of term loans	(37,885)	(26,000)
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>	<b>(98,801)</b>	<b>32,989</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(170,819)</b>	<b>3,566</b>
<b>EFFECT OF FAIR VALUE CHANGES OF SHORT-TERM INVESTMENTS</b>	<b>(715)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>197,067</b>	<b>(19,124)</b>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>25,533</b>	<b>(15,558)</b>

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**Condensed Consolidated Statement of Cash Flows (Cont'd)**For the Nine Months Period Ended 30 September 2012

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

	As at	
	30.9.2012	30.9.2011
	RM'000	RM'000
Cash and bank balances	3,174	378
Fixed deposits	1,729	4,091
Short-term investments	52,188	-
Bank overdrafts	(29,827)	(15,935)
	<hr/>	<hr/>
	27,264	(11,466)
Less:-		
Bank balances held on trust for Islamic securities investors	(2)	(1)
Islamic deposits held on trust for Islamic securities investors	(1,729)	(4,091)
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	25,533	(15,558)
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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

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#### **A1 Basis of Preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

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

#### **FRSs and IC Interpretations (including the Consequential Amendments)**

FRS 124 (Revised) Related Party Disclosures

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

Amendments to FRS 7: Disclosures – Transfers of Financial Assets

Amendments to FRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

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

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



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

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#### A1 Basis of Preparation (Cont'd)

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

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

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

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between the current FRSs and MFRSs. The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to the ongoing assessment by the management. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2014.

#### A2 Comments about Seasonality or Cyclicity of Operations

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

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

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

#### A3 Unusual Items Due to their Nature, Size or Incidence

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

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

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**A4 Changes in Estimates**

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

**A5 Debt and Equity Securities**

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

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

**A6 Dividends Paid**

The following dividend were declared and paid by the Company:-

	9-month Period Ended	
	30.9.2012	30.9.2011
	RM'000	RM'000
Final dividend of NIL (2011: 0.6 sen) per share, net of tax of 25%	-	1,609
Final single tier dividend of 1.5 sen (2011: 1.4 sen) per share	22,537	5,005
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	22,537	6,614
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**A7 Segment Information**

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



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

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

(a) Acquisitions and Disposals

During the 9-month period ended 30 September 2012, the Group acquired assets at a cost of RM56.3 million.

Assets with a carrying amount of RM300,000 were disposed of by the Group during the 9-month period ended 30 September 2012, resulting in a gain on disposal of RM166,000, which is included in other income in the statement of comprehensive income.

(b) Impairment Losses

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

(c) Valuations

The Group did not have any revalued assets.

#### **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 FRS 134 (Cont'd)**

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

On 2 July 2012, the Company acquired 2 ordinary shares of RM1.00 each in the share capital of RSB Palm Oil Mill Sdn Bhd (“RPOM”), representing 100% of its total issued and paid-up share capital, for a total cash consideration of RM2.

The fair values of the identifiable assets and liabilities of RPOM as at the date of acquisition were:-

	Carrying Amount RM'000	Fair Value Recognised RM'000
Cash and bank balances	*	*
Other payables and accruals	(4)	(4)
	<hr/>	<hr/>
Net identifiable assets and liabilities	(4)	(4)
	<hr/>	<hr/>
Add: Goodwill		4
		<hr/>
Total cost of business combination		*
		<hr/>

The effect of the acquisition on cash flows is as follows:-

	RM'000
Total cost of business combination	*
Less: Cash and cash equivalents of subsidiary acquired	*
	<hr/>
Net cash outflows for acquisition of subsidiary	-
	<hr/>

\* denotes RM2

**A11 Changes in Contingent Liabilities or Contingent Assets**

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

A claim for damages was lodged by a contractor during the financial year ended 31 August 2009 against two subsidiaries of the Group in respect of damages allegedly caused by the termination of harvesting and transporting contracts. During the 9-month period ended 30 September 2012, the Group made an offer of RM280,000 as full and final settlement in respect of the claim; and the offer was accepted by the contractor.



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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 2012 was as follows:-

	RM'000
Property, plant and equipment:-	
- Approved and contracted for	12,082
- Approved but not contracted for	-
	12,082

**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
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Contract charges	10,556	7,467	28,887	23,868
Insurance paid	576	232	1,438	602
Interest paid	307	685	888	2,110
Management fee	624	-	1,832	-
Purchase of fertilisers and chemicals	20,585	17,417	56,656	34,358
Purchase of fresh fruit bunches	6,763	2,040	15,761	2,790
Purchase of property, plant and equipment	1,401	1,836	3,730	2,677
Purchase of seedlings	421	544	1,120	1,121
Purchase of sundry stores and consumables	2,804	5,703	8,641	17,418
Recruitment charges	201	384	1,029	759
Rental paid	149	2	1,237	2,198
Repairs and maintenance	232	257	613	552
Sale of fresh fruit bunches	30,616	29,698	73,631	75,514
Sale of seedlings	695	164	1,207	164
Transportation and accommodation charges	1,908	1,423	4,951	3,663





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

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#### B1 Review of Performance

##### *Revenue*

The Group's revenue declined by 4.2% to RM94.5 million for the current quarter from RM98.6 million in the corresponding quarter in 2011, mainly due to the decrease in average selling prices and sales volume for crude palm oil ("CPO") and palm kernel ("PK").

Average selling prices of CPO and PK fell by 8.6% and 20.8% respectively for the current quarter as compared to the preceding corresponding quarter. The weakening of CPO and PK prices was attributable to the lower global market prices for oil palm products.

Sales volume for CPO and PK decreased by 9.4% and 6.4% respectively for the current quarter as compared to the preceding corresponding quarter, due to higher closing stock for 3<sup>rd</sup> quarter of 2012.

On a 9-month basis, the Group recorded revenue of RM253.9 million in 2012. This was compared to RM267.2 million in the corresponding period in 2011, representing a decrease of 5.0%. The decrease was mainly due to the decrease in average selling prices for CPO and PK.

##### *Cost of sales*

Cost of sales of the Group decreased by 3.2% to RM65.8 million for the current quarter as compared to RM68.0 million in the preceding corresponding quarter, which was in consonance with the decline in revenue as stated above.

On a 9-month basis, however, the Group's cost of sales rose from RM160.8 million in 2011 to RM197.9 million in 2012, despite the lower revenue recorded for the period. The rise of 23.1% was mainly due to the following:-

- (i) increased manuring costs of RM14.0 million, due to the increase in matured areas and early application of manuring programs; and
- (ii) increased upkeep and maintenance costs of RM6.8 million, and higher depreciation/amortisation of RM7.0 million, following the acquisition of an estate in fourth quarter of the previous financial year.



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

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#### B1 Review of Performance (Cont'd)

##### *Gross Profit and Gross Profit Margin*

The Group's gross profit recorded a decrease of 6.4% to RM28.7 million for the current quarter from RM30.6 million in the corresponding quarter in 2011. The gross profit margin was 30.3% in 2012 as compared to 31.0% in the corresponding quarter in 2011.

On a 9-month basis, the Group recorded a gross profit of RM56.0 million in 2012, a decrease of 47.4% from RM106.4 million in the preceding corresponding period. The Group recorded a gross profit margin of 22.1% for the current period, a decline of 17.7 percentage points as compared to 39.8% in the preceding corresponding period. The decline in gross profit as well as gross profit margin was in line with the decrease in revenue and the increase in cost of sales as set out above.

##### *Profit Before Taxation*

The Group recorded a pre-tax profit of RM20.0 million for the 3-month period ended 30 September 2012 as compared to RM23.5 million in the preceding corresponding quarter. The decrease of RM3.5 million was due to the decrease in gross profit, as well as the drop in other income, where other income in 2011 included a gain on disposal of a subsidiary of RM3.2 million.

On a 9-month basis, the RM47.6 million drop in pre-tax profit to RM31.3 million in 2012 from RM78.9 million in the corresponding period in 2011 was in consonance with the decrease in gross profit.

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

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

	Current Quarter RM'000	Immediate Preceding Quarter RM'000	Increase/ (Decrease) RM'000
Revenue	94,451	87,324	7,127
Gross profit	28,651	13,477	15,174
Profit before taxation	20,011	5,026	14,985

Profit before taxation increased by 298.1% from RM5.0 million in the immediate preceding quarter to RM20.0 million for the current quarter. The Group recorded an increase in revenue of 8.2% for the current quarter. The increase in revenue and profit before taxation for the current quarter was attributed to the higher FFB production.

**B3 Commentary on Prospects**

The Group's prospects for the future performance are strongly dependent on the development in the world edible oil and related markets, world economic movement and their corresponding effect on CPO prices. Notwithstanding the volatility of the commodity prices, the Directors are optimistic on the outlook of the oil palm sector and expect the prices to be stabilised.

**B4 Profit Forecasts**

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

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

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**B5 Income Tax Expense**

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	9-month Period Ended	9-month Period Ended
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Current tax	4,388	1,496	6,746	7,921
Deferred tax	2,247	3,936	2,774	10,602
	<u>6,635</u>	<u>5,432</u>	<u>9,520</u>	<u>18,523</u>

**B6 Corporate Proposals****(a) Status of Corporate Proposals**

Save as disclosed below, there were no corporate proposals announced but not completed as at 16 November 2012, being the latest practicable date:-

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

The acquisition is expected to be completed by December 2012.

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

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**B6 Corporate Proposals (Cont'd)**

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

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

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation RM'000	%	Remark
Repayment of borrowings	296,200	245,910	within 6 months	50,290	17	(1)
Working capital/ acquisitions	94,851	95,691	within 3 years	(840)	(1)	
Expenses in relation to the Rights Issue	1,500	1,450	within 3 months	50	3	
Short-term investments	-	49,500		(49,500)	-	(1)
	<u>392,551</u>	<u>392,551</u>		<u>-</u>		

Remark:-

- (1) Short-term money market placement to earmark for the repayment of borrowings

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

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**B7 Group Borrowings**

	As at	
	30.9.2012	31.12.2011
	RM'000	RM'000
Long-term borrowings:-		
Hire purchase obligations	1,771	2,275
Islamic securities and obligations under Ijarah arrangements	15,300	38,300
Term loans, secured	229,642	213,913
	<hr/>	<hr/>
	246,713	254,488
	<hr/>	<hr/>
Short-term borrowings:-		
Bank overdrafts, secured	10,587	5,467
Bank overdrafts, unsecured	19,240	2,066
Bankers' acceptance, unsecured	8,977	8,942
Hire purchase obligations	2,977	2,041
Islamic securities and obligations under Ijarah arrangements	24,950	31,950
Term loans, secured	2,715	3,500
Unsecured loans	22,520	72,520
	<hr/>	<hr/>
	91,966	126,486
	<hr/>	<hr/>
Total borrowings	<hr/> <b>338,679</b>	<hr/> <b>380,974</b>

The Group's borrowings were denominated in Ringgit Malaysia.

**B8 Material Litigation**

Save as disclosed in Note A11, the Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 16 November 2012, being the latest practicable date.

**B9 Dividend**

Please refer to A6 for details.



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

**B10 Earnings Per Share**

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.9.2012	Restated 30.9.2011	30.9.2012	Restated 30.9.2011
Profit attributable to owners of the Company (RM'000)	12,489	17,855	21,974	57,602
Weighted average number of ordinary shares ('000):- Issued at 1 July / 1 January	2,041,722	357,536	2,041,722	350,571
Effect of new ordinary shares issued	-	-	-	3,291
Effect of rights issue	-	318,207	-	314,937
Effect of bonus issue	-	675,743	-	668,800
Weighted average number of ordinary shares at 30 September	2,041,722	1,351,486	2,041,722	1,337,599
Basic earnings per share (sen)	0.61	1.32	1.08	4.31

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

**B11 Audit Report of the Preceding Annual Financial Statements**

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

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

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**B12 Profit Before Taxation**

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

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	9-month Period Ended	9-month Period Ended
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Amortisation of biological assets	6,706	5,712	19,460	15,192
Amortisation of intangible assets	32	35	103	92
Depreciation of property, plant and equipment	6,854	3,495	20,283	13,377
Fair value gain on derivatives	(15)	-	(179)	-
Gain on disposal of a subsidiary	-	(3,210)	-	(3,210)
Gain on disposal of property, plant and equipment	(67)	(311)	(166)	(466)
Interest expense	2,553	3,441	8,887	11,181
Interest income	(425)	(40)	(3,131)	(150)
Share of results in an associate	(616)	(186)	(706)	(186)

**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 information on the type of derivatives entered into, the rationale for entering into such derivatives and the expected benefit accruing to the Group are similar to those disclosed in the interim financial statements for the period ended 30 June 2012.

## (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 2012 and 31 December 2011.



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

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**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	
	30.9.2012	31.12.2011
	RM'000	RM'000
Total retained profits:-		
- realised	209,893	202,674
- unrealised	(38,044)	(42,492)
	<hr/>	<hr/>
	171,849	160,182
Total share of retained profits of associate:-		
- realised	1,601	894
- unrealised	(241)	(241)
	<hr/>	<hr/>
	173,209	160,835
(Less)/add: Consolidation adjustments	(3,812)	9,125
	<hr/>	<hr/>
At 30 September / 31 December	169,397	169,960
	<hr/>	<hr/>

**B15 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 23 November 2012.