



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 4th Quarter Ended 31 December 2012

	Page
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	9
Explanatory Notes	
<i>Part A – Explanatory Notes Pursuant to FRS 134</i>	<i>12</i>
<i>Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad</i>	<i>19</i>


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Condensed Consolidated Statement of Comprehensive Income

 For the 4th Quarter Ended 31 December 2012

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
REVENUE	59,943	92,363	313,883	359,568
COST OF SALES	(52,380)	(63,308)	(250,317)	(224,121)
GROSS PROFIT	7,563	29,055	63,566	135,447
OTHER INCOME	1,219	4,513	5,852	10,030
DISTRIBUTION COSTS	(1,953)	(2,952)	(10,447)	(12,296)
ADMINISTRATIVE AND OTHER EXPENSES	(4,229)	(6,818)	(16,847)	(19,448)
SHARE OF RESULTS IN AN ASSOCIATE	166	466	872	652
FINANCE COSTS	(2,581)	(7,894)	(11,468)	(19,075)
PROFIT BEFORE TAXATION	185	16,370	31,528	95,310
INCOME TAX EXPENSE	(2,216)	(7,075)	(11,736)	(25,598)
(LOSS)/PROFIT AFTER TAXATION	(2,031)	9,295	19,792	69,712
OTHER COMPREHENSIVE INCOME, NET OF TAX				
- Fair value changes of available- for-sale financial assets	224	715	2,197	715
- Transferred to profit or loss upon reinvestment of available- for-sale financial assets	(224)	-	(2,912)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(2,031)	10,010	19,077	70,427



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Condensed Consolidated Statement of Comprehensive Income (Cont'd)

For the 4th Quarter Ended 31 December 2012

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended		12-month Period Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(948)	10,544	21,026	68,146
- Non-controlling interests	(1,083)	(1,249)	(1,234)	1,566
	<u>(2,031)</u>	<u>9,295</u>	<u>19,792</u>	<u>69,712</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(948)	11,259	20,311	68,861
- Non-controlling interests	(1,083)	(1,249)	(1,234)	1,566
	<u>(2,031)</u>	<u>10,010</u>	<u>19,077</u>	<u>70,427</u>
(LOSS)/EARNINGS PER SHARE (SEN):-				
- Basic	(0.05)	0.56	1.03	4.63
- 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 31 December 2012

	As at 31.12.2012 (Unaudited) RM'000	As at 31.12.2011 (Audited) RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	26,663	25,790
Property, plant and equipment	647,363	569,729
Intangible assets	22,806	23,262
Biological assets	716,290	672,785
Goodwill	64,740	54,045
Deferred tax assets	5,027	4,748
	<u>1,482,889</u>	<u>1,350,359</u>
CURRENT ASSETS		
Inventories	35,822	25,233
Trade receivables	11,393	17,001
Other receivables, deposits and prepayments	12,622	9,278
Tax refundable	4,891	1,772
Short-term investments	17,412	118,214
Fixed deposits	1,021	90,141
Cash and bank balances	2,540	410
	<u>85,701</u>	<u>262,049</u>
TOTAL ASSETS	<u>1,568,590</u>	<u>1,612,408</u>

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 December 2012

	As at 31.12.2012 (Unaudited) RM'000	As at 31.12.2011 (Audited) RM'000
EQUITY AND LIABILITIES		
Share capital	751,239	751,239
Reserves	130,830	133,056
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TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	882,069	884,295
NON-CONTROLLING INTERESTS	77,200	81,234
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TOTAL EQUITY	959,269	965,529
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NON-CURRENT LIABILITIES		
Borrowings	267,471	254,488
Deferred tax liabilities	157,211	144,480
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	424,682	398,968
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CURRENT LIABILITIES		
Trade payables	45,796	60,181
Other payables, deposits and accruals	41,418	58,782
Borrowings:-		
- bank overdrafts	24,159	7,533
- other borrowings	71,990	118,953
Provision for taxation	1,276	2,462
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	184,639	247,911
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TOTAL LIABILITIES	609,321	646,879
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TOTAL EQUITY AND LIABILITIES	1,568,590	1,612,408
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NET ASSETS PER SHARE (RM)	0.59	0.59
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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 Twelve Months Period Ended 31 December 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	-	-	-	-	-	21,026	21,026	(1,234)	19,792
Other comprehensive income for the period, net of tax:-									
- fair value changes of available-for-sale financial assets	-	-	-	-	2,197	-	2,197	-	2,197
- transferred to profit or loss upon reinvestment of available-for-sale financial assets	-	-	-	-	(2,912)	-	(2,912)	-	(2,912)
Total comprehensive income for the period	-	-	-	-	(715)	21,026	20,311	(1,234)	19,077
Balance carried forward	654,252	96,987	15,447	(53,066)	-	190,986	904,606	80,000	984,606



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

For the Twelve Months Period Ended 31 December 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 brought forward	654,252	96,987	15,447	(53,066)	-	190,986	904,606	80,000	984,606
Contributions by and distributions to owners of the Company:-									
- dividends									
- by the Company	-	-	-	-	-	(22,537)	(22,537)	-	(22,537)
- by subsidiaries to non- controlling interests	-	-	-	-	-	-	-	(2,800)	(2,800)
Balance at 31.12.2012	654,252	96,987	15,447	(53,066)	-	168,449	882,069	77,200	959,269



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

For the Twelve Months Period Ended 31 December 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 1.1.2011	78,299	96,987	183,908	(44,631)	-	112,520	427,083	116,354	543,437
Profit after taxation	-	-	-	-	-	68,146	68,146	1,566	69,712
Other comprehensive income for the period, net of tax:-									
- fair value changes of available-for-sale financial assets	-	-	-	-	715	-	715	-	715
Total comprehensive income for the period	-	-	-	-	715	68,146	68,861	1,566	70,427
Balance carried forward	78,299	96,987	183,908	(44,631)	715	180,666	495,944	117,920	613,864



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Condensed Consolidated Statement of Changes in Equity (Cont'd)
 For the Twelve Months Period Ended 31 December 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 brought forward	78,299	96,987	183,908	(44,631)	715	180,666	495,944	117,920	613,864
Contributions by and distributions to owners of the Company:-									
- issuance of shares	575,953	-	(168,461)	-	-	-	407,492	-	407,492
- acquisition of a subsidiary	-	-	-	-	-	-	-	180	180
- disposal of a subsidiary	-	-	-	-	-	-	-	(18,036)	(18,036)
- dividends									
- by the Company	-	-	-	-	-	(6,614)	(6,614)	-	(6,614)
- by subsidiaries to non- controlling interests	-	-	-	-	-	-	-	(2,637)	(2,637)
Changes in ownership interest in subsidiaries:-									
- acquisition from non- controlling interests	-	-	-	(8,435)	-	(4,092)	(12,527)	(16,193)	(28,720)
Balance at 31.12.2011	654,252	96,987	15,447	(53,066)	715	169,960	884,295	81,234	965,529

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 Twelve Months Period Ended 31 December 2012

	12-month Period Ended	
	31.12.2012	31.12.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	31,528	95,310
Adjustments for:-		
Amortisation of biological assets	25,596	22,112
Amortisation of intangible assets	128	133
Depreciation of property, plant and equipment	27,131	23,020
Gain on disposal of a subsidiary	-	(4,742)
Gain on disposal of property, plant and equipment	(93)	(379)
Interest expense	11,468	19,075
Interest income	(3,353)	(1,802)
Share of results in an associate	(872)	(652)
	<hr/>	<hr/>
Operating profit before working capital changes	91,533	152,075
Increase in inventories	(10,589)	(4,948)
Decrease/(increase) in trade and other receivables	2,263	(1,677)
(Decrease)/increase in trade and other payables	(33,570)	10,245
	<hr/>	<hr/>
CASH FROM OPERATIONS	49,637	155,695
Income tax paid	(11,632)	(14,339)
Interest paid	(1,886)	(1,562)
Interest received	3,353	1,791
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	39,472	141,585
	<hr/>	<hr/>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of additional equity interests from non-controlling interests	-	(12,700)
Acquisition of plantation estates	-	(22,112)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(35,832)	(1,017)
Costs incurred on biological assets	(57,747)	(61,140)
Disposal of a subsidiary, net of cash and cash equivalents acquired	-	13,091
Proceeds from disposal of intangible assets	21	-
Proceeds from disposal of property, plant and equipment	891	976
Purchase of intangible assets	(99)	(22)
Purchase of property, plant and equipment	(71,975)	(76,950)
	<hr/>	<hr/>
NET CASH FOR INVESTING ACTIVITIES	(164,741)	(159,874)
	<hr/>	<hr/>
BALANCE CARRIED FORWARD	(125,269)	(18,289)
	<hr/>	<hr/>


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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Period Ended 31 December 2012

	12-month Period Ended	
	31.12.2012 RM'000	31.12.2011 RM'000
BALANCE BROUGHT FORWARD	(125,269)	(18,289)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Deposits and bank balances held on trust for Islamic securities investors	3,142	703
Dividend paid:-		
- by the Company	(22,537)	(6,614)
- by subsidiaries to non-controlling interests	(2,800)	(2,637)
Drawdown of term loans	76,962	41,855
Net of drawdown/(repayment) of bankers' acceptance	702	4,005
Net of drawdown/(repayment) of revolving credit	5,000	-
Net of drawdown/(repayment) of unsecured loans	(50,000)	(72,410)
Payment of interest on long-term borrowings	(15,742)	(25,293)
Payment of share issuance expenses	-	(1,078)
Proceeds from rights issue	-	392,551
Repayment of advances from related parties	-	(9,100)
Repayment of hire purchase obligations	(2,663)	(917)
Repayment of Islamic securities	(31,950)	(53,800)
Repayment of term loans	(35,406)	(33,500)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(75,292)	233,765
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(200,561)	215,476
EFFECT OF FAIR VALUE CHANGES OF SHORT-TERM INVESTMENTS	(715)	715
CASH AND CASH EQUIVALENTS AT 1 JANUARY	197,067	(19,124)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(4,209)	197,067

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Condensed Consolidated Statement of Cash Flows (Cont'd)For the Twelve Months Period Ended 31 December 2012

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

	As at	
	31.12.2012	31.12.2011
	RM'000	RM'000
Cash and bank balances	2,540	410
Fixed deposits	1,021	90,141
Short-term investments	17,412	118,214
Bank overdrafts	(24,159)	(7,533)
	<hr/>	<hr/>
	(3,186)	201,232
Less:-		
Bank balances held on trust for Islamic securities investors	(2)	(1)
Islamic deposits held on trust for Islamic securities investors	(1,021)	(4,164)
	<hr/>	<hr/>
	(4,209)	197,067
	<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 2011 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 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)

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)

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 and RM1.95 million of Islamic securities on 27 June 2012 and 21 December 2012, respectively.

A6 Dividends Paid

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

	12-month Period Ended	
	31.12.2012	31.12.2011
	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)

A8 Property, Plant and Equipment

(a) Acquisitions and Disposals

During the 12-month period ended 31 December 2012, the Group acquired assets at a cost of RM75.4 million.

Assets with a carrying amount of RM798,000 were disposed of by the Group during the 12-month period ended 31 December 2012, resulting in a gain on disposal of RM93,000, 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)

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.

On 9 November 2012, the Company acquired 2,400 ordinary shares of RM1.00 each in the share capital of Formasi Abadi Sdn Bhd (“FA”), representing 100% of its total issued and paid-up share capital, for a total cash consideration of RM35,832,561.

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

	Carrying Amount RM'000	Fair Value Recognised RM'000
Property, plant and equipment	2,837	35,000
Cash and bank balances	*	*
Deferred tax liabilities	-	(8,041)
Other payables and accruals	(1,822)	(1,822)
Net identifiable assets and liabilities	<u>1,015</u>	<u>25,137</u>
Add: Goodwill		<u>10,695</u>
Total cost of business combination		<u>35,832</u>

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

	RM'000
Total cost of business combination	35,832
Less: Cash and cash equivalents of subsidiaries acquired	*
Net cash outflows for acquisition of subsidiaries	<u>35,832</u>

* denotes RM2

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

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 12-month period ended 31 December 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.

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 31 December 2012 was as follows:-

	RM'000
Property, plant and equipment:-	
- Approved and contracted for	12,469
- Approved but not contracted for	-
	<hr/>
	12,469
	<hr/>

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

A13 Significant Related Party Transactions

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

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	12-month Period Ended	12-month Period Ended
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Contract charges	9,365	9,400	38,252	33,268
Insurance paid	138	295	1,576	897
Interest paid	258	724	1,146	2,834
Management fee	634	-	2,466	-
Purchase of fertilisers and chemicals	16,760	15,789	73,316	50,147
Purchase of fresh fruit bunches	4,712	4,628	20,473	7,418
Purchase of property, plant and equipment	211	481	3,941	3,158
Purchase of seedlings	543	150	1,663	1,271
Purchase of sundry stores and consumables	2,829	6,490	11,470	23,908
Recruitment charges	460	560	1,489	1,319
Rental paid	249	491	1,506	2,689
Repairs and maintenance	310	228	904	780
Sale of fresh fruit bunches	19,745	27,819	93,376	103,333
Sale of seedlings	992	-	2,199	164
Transportation and accommodation charges	2,135	1,961	7,086	5,624



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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

Revenue

The Group's revenue declined by 35.1% to RM59.9 million for the current quarter from RM92.4 million in the corresponding quarter in 2011, mainly due to the decrease in average selling prices for crude palm oil ("CPO") and palm kernel ("PK").

Average selling prices of CPO and PK fell by 25.9% and 34.3% 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.

On an annual basis, the Group recorded revenue of RM313.9 million in 2012. This was compared to RM359.6 million in 2011, representing a decrease of 12.7%. 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 17.3% to RM52.4 million for the current quarter as compared to RM63.3 million in the preceding corresponding quarter, which was due the decline in revenue as stated above.

On an annual basis, however, the Group's cost of sales rose from RM224.1 million in 2011 to RM250.3 million in 2012, despite the lower revenue recorded for the year. The rise of 11.7% was mainly due to the following:-

- (i) increased manuring costs of RM16.1 million, due to the increase in matured areas and early application of manuring programs; and
- (ii) increased upkeep and maintenance costs of RM4.6 million, and higher depreciation/amortisation of RM6.7 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)

B1 Review of Performance (Cont'd)

Gross Profit and Gross Profit Margin

The Group's gross profit recorded a decrease of 74.0% to RM7.6 million for the current quarter from RM29.1 million in the corresponding quarter in 2011. The gross profit margin was 12.6% in 2012 as compared to 31.5% in the corresponding quarter in 2011.

On an annual basis, the Group recorded a gross profit of RM63.6 million in 2012, a decrease of 53.1% from RM135.4 million in 2011. The Group recorded a gross profit margin of 20.3% for the current year, a decline of 17.4 percentage points as compared to 37.7% in the previous year. 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 RM185,000 for the 3-month period ended 31 December 2012 as compared to RM16.4 million in the preceding corresponding quarter. The decrease of RM16.2 million was due to the decrease in gross profit.

On an annual basis, the RM63.8 million drop in pre-tax profit to RM31.5 million in 2012 from RM95.3 million 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)

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	59,943	94,451	(34,508)
Gross profit	7,563	28,651	(21,088)
Profit before taxation	185	20,011	(19,826)

Profit before taxation decreased by 99.1% from RM20.0 million in the immediate preceding quarter to RM185,000 for the current quarter. The Group recorded a decrease in revenue of 36.5% for the current quarter. The decrease in revenue and profit before taxation for the current quarter was attributed to the decrease in average selling prices and sales volume for crude palm oil ("CPO") and palm kernel ("PK").

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 in the opinion that the market ahead is still challenging but 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)

B5 Income Tax Expense

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current tax	580	2,187	7,326	10,108
Deferred tax	1,636	4,888	4,410	15,490
	<u>2,216</u>	<u>7,075</u>	<u>11,736</u>	<u>25,598</u>

B6 Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 February 2013, being the latest practicable date.

(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	280,910	within 6 months	15,290	5	(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	-	14,500		(14,500)	-	(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)

B7 Group Borrowings

	As at	
	31.12.2012	31.12.2011
	RM'000	RM'000
Long-term borrowings:-		
Hire purchase obligations	1,746	2,275
Islamic securities and obligations under Ijarah arrangements	11,950	38,300
Term loans, secured	253,775	213,913
	<hr/>	<hr/>
	267,471	254,488
	<hr/>	<hr/>
Short-term borrowings:-		
Bank overdrafts, secured	11,090	5,467
Bank overdrafts, unsecured	13,069	2,066
Bankers' acceptance, unsecured	9,644	8,942
Hire purchase obligations	3,282	2,041
Islamic securities and obligations under Ijarah arrangements	26,350	31,950
Revolving credit, unsecured	5,000	-
Term loans, secured	5,194	3,500
Unsecured loans	22,520	72,520
	<hr/>	<hr/>
	96,149	126,486
	<hr/>	<hr/>
Total borrowings	<hr/> 363,620	<hr/> 380,974

The Group's borrowings were denominated in Ringgit Malaysia.

B8 Material Litigation

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 20 February 2013, being the latest practicable date.

B9 Dividends

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 12-month Period Ended	
	31.12.2012	Restated 31.12.2011	31.12.2012	Restated 31.12.2011
(Loss)/profit attributable to owners of the Company (RM'000)	(948)	10,544	21,026	68,146
Weighted average number of ordinary shares ('000):- Issued at 1 October/ 1 January	2,041,722	357,536	2,041,722	350,571
Effect of new ordinary shares issued	-	-	-	4,217
Effect of rights issue	-	577,046	-	381,003
Effect of bonus issue	-	934,581	-	735,791
Weighted average number of ordinary shares at 31 December	2,041,722	1,869,163	2,041,722	1,471,582
Basic (loss)/earnings per share (sen)	(0.05)	0.56	1.03	4.63

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)

B12 (Loss)/Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	3-month Period Ended	3-month Period Ended	12-month Period Ended	12-month Period Ended
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Amortisation of biological assets	6,136	6,920	25,596	22,112
Amortisation of intangible assets	25	41	128	133
Depreciation of property, plant and equipment	6,848	9,643	27,131	23,020
Fair value gain on derivatives	-	-	(179)	-
Gain on disposal of a subsidiary	-	-	-	(4,742)
Interest expense	2,581	7,894	11,468	19,075
Interest income	(222)	(1,652)	(3,353)	(1,802)
Loss/(gain) on disposal of property, plant and equipment	73	87	(93)	(379)
Share of results in an associate	(166)	(466)	(872)	(652)

B13 Derivatives**(a) Nature of outstanding derivatives**

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

(b) Risks and Policies of Derivatives

The Group did not enter into any derivatives during the 3-month period ended 31 December 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 31 December 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)

B14 Disclosure of Realised and Unrealised Profits or Losses

The breakdown of the retained profits of the Group into realised and unrealised profits or losses are analysed as follows:-

	As at	
	31.12.2012	31.12.2011
	RM'000	RM'000
Total retained profits:-		
- realised	218,414	202,674
- unrealised	(48,628)	(42,492)
	<hr/>	<hr/>
	169,786	160,182
Total share of retained profits of associate:-		
- realised	1,766	894
- unrealised	(241)	(241)
	<hr/>	<hr/>
	171,311	160,835
(Less)/add: Consolidation adjustments	(2,862)	9,125
	<hr/>	<hr/>
At 31 December	168,449	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 27 February 2013.