



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 2018

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 3RD Quarter Ended 30 September 2018*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.9.2018 RM'000	(Restated) 30.9.2017 RM'000	30.9.2018 RM'000	(Restated) 30.9.2017 RM'000
REVENUE	81,399	82,581	245,162	232,632
COST OF SALES	(83,396)	(71,739)	(250,348)	(212,830)
GROSS (LOSS) / PROFIT	(1,997)	10,842	(5,186)	19,802
OTHER INCOME	1,918	4,121	6,312	8,189
DISTRIBUTION COSTS	(4,220)	(2,669)	(11,857)	(7,478)
OTHER OPERATING EXPENSES	(4,897)	(188)	(6,201)	(7,237)
ADMINISTRATIVE EXPENSES	(5,063)	(5,929)	(16,725)	(17,804)
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX	-	-	-	-
FINANCE COSTS	(6,365)	(6,147)	(19,109)	(16,283)
(LOSS) / PROFIT BEFORE TAXATION	(20,624)	30	(52,766)	(20,811)
INCOME TAX EXPENSE	1,853	(6,352)	1,752	(1,905)
LOSS AFTER TAXATION	(18,771)	(6,322)	(51,014)	(22,716)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(18,771)	(6,322)	(51,014)	(22,716)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 3RD Quarter Ended 30 September 2018*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.9.2018	30.9.2017 (Restated)	30.9.2018	30.9.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(14,928)	(2,128)	(40,757)	(15,731)
- Non-controlling interests	(3,843)	(4,194)	(10,257)	(6,985)
	<u>(18,771)</u>	<u>(6,322)</u>	<u>(51,014)</u>	<u>(22,716)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(14,928)	(2,128)	(40,757)	(15,731)
- Non-controlling interests	(3,843)	(4,194)	(10,257)	(6,985)
	<u>(18,771)</u>	<u>(6,322)</u>	<u>(51,014)</u>	<u>(22,716)</u>
LOSS PER SHARE (SEN):-				
- Basic	(0.73)	(0.10)	(2.00)	(0.77)
- 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 2017 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 2018

(the figures have not been audited)

	As at 30.9.2018 RM'000	As at 31.12.2017 (Restated) RM'000	As at 1.1.2017 (Restated) RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in an associate	4,397	4,397	4,397
Other investment	5,000	5,000	5,000
Property, plant and equipment	1,153,914	1,179,852	1,443,527
Intangible assets	796	1,159	19,973
Goodwill	38,470	38,470	60,760
Deposits with licensed banks	102	102	102
	<u>1,202,679</u>	<u>1,228,980</u>	<u>1,533,759</u>
CURRENT ASSETS			
Inventories	25,944	22,213	21,338
Biological assets	14,331	13,619	20,060
Trade receivables	10,618	13,081	20,305
Other receivables, deposits and prepayments	61,643	54,224	17,433
Tax refundable	4,853	4,996	5,689
Deposits with licensed banks	158	154	-
Cash and bank balances	1,174	1,132	1,612
	<u>118,721</u>	<u>109,419</u>	<u>86,437</u>
Assets classified as held for sale	140,751	143,808	-
TOTAL ASSETS	<u>1,462,151</u>	<u>1,482,207</u>	<u>1,620,196</u>


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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 30 September 2018

(the figures have not been audited)

	As at 30.9.2018 RM'000	As at 31.12.2017 (Restated) RM'000	As at 1.1.2017 (Restated) RM'000
EQUITY AND LIABILITIES			
Share capital	807,129	807,129	791,682
Reserves	(221,415)	(180,658)	(30,079)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	585,714	626,471	761,603
NON-CONTROLLING INTERESTS	5,704	15,961	43,490
TOTAL EQUITY	591,418	642,432	805,093
NON-CURRENT LIABILITIES			
Borrowings	257,829	296,248	354,094
Deferred tax liabilities	98,528	105,698	131,729
	356,357	401,946	485,823
CURRENT LIABILITIES			
Trade payables	123,357	70,372	60,737
Other payables, deposits and accruals	108,290	75,283	33,808
Borrowings:-			
- bank overdrafts	18,012	13,649	13,078
- other borrowings	264,717	274,957	218,033
Provision for taxation	-	3,568	3,624
	514,376	437,829	329,280
TOTAL LIABILITIES	870,733	839,775	815,103
TOTAL EQUITY AND LIABILITIES	1,462,151	1,482,207	1,620,196
NET ASSETS PER SHARE (RM)	0.37	0.40	0.48

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 Ended 30 September 2018

(the figures have not been audited)

	< ----- Non-distributable ----- >					Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital Ordinary Shares RM'000	Preference Shares RM'000	Share Premium RM'000	Merger Reserve RM'000	Accumulated Losses RM'000			
Balance at 1.1.2018	724,690	82,439	-	(53,066)	(136,559)	617,504	14,578	632,082
Effect of MFRS adoption	-	-	-	-	8,967	8,967	1,383	10,350
At 1.1.2018 (restated)	724,690	82,439	-	(53,066)	(127,592)	626,471	15,961	642,432
Loss after taxation/Total comprehensive income for the period	-	-	-	-	(40,757)	(40,757)	(10,257)	(51,014)
Balance at 30.9.2018	724,690	82,439	-	(53,066)	(168,349)	585,714	5,704	591,418



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

For the Nine Months Ended 30 September 2017

(the figures have not been audited)

	< ----- 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
Effect of MFRS adoption	-	-	-	-	13,903	13,903	1,343	15,246
At 1.1.2017 (restated)	709,244	82,439	15,447	(53,066)	7,540	761,603	43,490	805,093
Loss after taxation/Total comprehensive income for the period	-	-	-	-	(15,731)	(15,731)	(6,985)	(22,716)
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)	(8,191)	745,872	36,505	782,377

Pursuant to Section 618(2) of the Companies Act 2016, the amount standing to the credit of the Company's share premium account became part of the Company's shares capital. 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 transfer.

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 2017 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 Ended 30 September 2018

(the figures have not been audited)

	9 Months Ended	
	30.9.2018	(Restated) 30.9.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(52,766)	(20,811)
Adjustments for:-		
Amortisation of intangible assets	632	687
Bad debts written off	65	-
Change in fair value of biological assets	(712)	604
Depreciation of property, plant and equipment	59,824	56,973
Gain arising from the liquidation of subsidiary	-	(48)
Gain on disposal of intangible assets	-	(20)
Interest expense	19,109	16,283
Interest income	(7)	(16)
Loss / (Gain) on disposal of property, plant and equipment	39	(87)
Property, plant and equipment written off	3,225	46
Reversal of obsolete stock allowance	(36)	(11)
Operating profit before working capital changes	29,373	53,600
Change in inventories	(3,694)	(3,304)
Change in trade and other receivables	(5,021)	(40,866)
Change in trade and other payables	85,992	47,394
CASH FROM OPERATIONS	106,650	56,824
Income tax paid	(9,214)	(8,520)
Income tax refunded	371	267
Interest paid	(21,936)	(21,339)
Interest received	7	16
NET CASH FROM OPERATING ACTIVITIES	75,878	27,248
BALANCE CARRIED FORWARD	75,878	27,248

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Nine Months Ended 30 September 2018

(the figures have not been audited)

	9 Months Ended	
	30.9.2018	(Restated) 30.9.2017
	RM'000	RM'000
BALANCE BROUGHT FORWARD	75,878	27,248
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of intangible assets	-	25
Proceeds from disposal of property, plant and equipment	2,346	2,872
Purchase of intangible asset	-	(8)
Purchase of property, plant and equipment	(31,630)	(27,044)
NET CASH FOR INVESTING ACTIVITIES	(29,284)	(24,155)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown of term loans	12,635	7,954
Change in bankers' acceptance	2,585	(10,844)
Change in revolving credit	5,000	34,758
Repayment of hire purchase obligations	(4,389)	(4,151)
Repayment of term loans	(66,742)	(35,251)
NET CASH FOR FINANCING ACTIVITIES	(50,911)	(7,534)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,317)	(4,441)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(12,363)	(11,466)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	(16,680)	(15,907)



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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Nine Months Ended 30 September 2018

(the figures have not been audited)

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

	9 Months Ended	
	30.9.2018	(Restated) 30.9.2017
	RM'000	RM'000
Cash and bank balances	1,174	1,262
Deposits with licensed banks	260	252
Bank overdrafts	(18,012)	(17,319)
	<hr/>	<hr/>
	(16,578)	(15,805)
Less: Deposits pledged to licensed banks	(102)	(102)
	<hr/>	<hr/>
	(16,680)	(15,907)
	<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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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Part A – Explanatory Notes Pursuant to MFRS 134**A1 Basis of Preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. 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 2017.

For the financial period beginning 1 January 2018, the Group's financial statements are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") Framework. The date of transition to the MFRS Framework was on 1 January 2017. The same accounting policies have been applied to the Group's restated opening statement of financial position as at 1 January 2017 and across all comparable interim periods as if these policies had always been in effect. The comparative information for these interim financial statements has been restated to demonstrate the effect of these changes. The financial impact arising from the transition to MFRS Framework is stipulated as follows:

MFRS 116 – Property, Plant, and Equipment, MFRS 141 – Agriculture, and MFRS 116 & MFRS 141 – Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)

Biological assets that fulfill the definition of bearer plants will come under the scope of MFRS 116, which at initial recognition, can be measured either at cost or revaluation model. The Group's bearer plants is measured at cost less amortization, which involve reclassification from biological assets to property, plant and equipment, while there will be no impact to comprehensive income or equity.

The biological assets within the scope of MFRS 141, such as the fresh fruit bunch ("FFB") on the bearer plants are measured at fair value less costs to sell, where the changes are recognized in profit or loss.

The effect of the changes in accounting policy on the comparatives figures of the financial statements are as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Quarter ended 30.9.2017 (RM'000)	As previously reported	Effect of MFRS 141	Restated
Other income	486	3,635	4,121
Other operating expenses	(75)	(113)	(188)
Loss before taxation	(3,492)	3,522	30
Income tax expense	(5,507)	(845)	(6,352)
Loss after taxation	(8,999)	2,677	(6,322)
Loss after taxation attributable to:-			
- Owners of the Company	(4,467)	2,339	(2,128)
- Non-controlling interests	(4,532)	338	(4,194)
	(8,999)	2,677	(6,322)


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Part A – Explanatory Notes Pursuant to MFRS 134 (Cont'd)
A1 Basis of Preparation (Cont'd)
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period ended 30.9.2017 (RM'000)	As previously reported	Effect of MFRS 141	Restated
Other income	1,633	6,556	8,189
Other operating expenses	(77)	(7,160)	(7,237)
Loss before taxation	(20,207)	(604)	(20,811)
Income tax expense	(2,050)	145	(1,905)
Loss after taxation	(22,257)	(459)	(22,716)
Loss after taxation attributable to:-			
- Owners of the Company	(15,224)	(507)	(15,731)
- Non-controlling interests	(7,033)	48	(6,985)
	(22,257)	(459)	(22,716)

Condensed Consolidated Statement of Financial Position

As at 1.1.2017 (RM'000)	As previously reported	Effect of MFRS 141	Restated
NON-CURRENT ASSETS			
Property, plant and equipment	661,057	782,470	1,443,527
Biological assets	782,470	(782,470)	-
CURRENT ASSETS			
Biological assets	-	20,060	20,060
EQUITY AND LIABILITIES			
Reserves	(43,982)	13,903	(30,079)
Total equity attributable to owners of the Company	747,700	13,903	761,603
Non-controlling interests	42,147	1,343	43,490
NON-CURRENT LIABILITIES			
Deferred tax liabilities	126,915	4,814	131,729
As at 31.12.2017 (RM'000)	As previously reported	Effect of MFRS 141	Restated
NON-CURRENT ASSETS			
Property, plant and equipment	584,444	595,408	1,179,852
Biological assets	595,408	(595,408)	-
CURRENT ASSETS			
Biological assets	-	13,619	13,619
EQUITY AND LIABILITIES			
Reserves	(189,625)	8,967	(180,658)
Total equity attributable to owners of the Company	617,504	8,967	626,471
Non-controlling interests	14,578	1,383	15,961
NON-CURRENT LIABILITIES			
Deferred tax liabilities	102,429	3,269	105,698

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

A1 Basis of Preparation (Cont'd)

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

Effective for annual periods beginning on after 1 January 2019:

MFRS 16:	Leases
MFRS 128:	Long Term Interest in Associates and Joint Ventures (Amendments to MFRS 128)
MFRS 17:	Insurance Contracts

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.

A2 Comments about Seasonality or Cyclicity of Operations

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

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

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

A3 Unusual Items Due to their Nature, Size or Incidence

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

A4 Changes in Estimates

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

A5 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review.

A6 Dividends Paid

There were no dividends paid during the current quarter.

A7 Segment Information

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

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

A8 Property, Plant and Equipment

(a) Acquisitions and Disposals

During the 9-month period ended 30 September 2018, the Group acquired assets at a cost of RM34.4million.

Assets with a carrying amount of RM2,384,544 were disposed of by the Group during the 9-month period ended 30 September 2018, resulting in a net loss on disposal of RM38,704, which is included in the statement of profit or loss and other comprehensive income.

(b) Valuations

The Group did not have any revalued assets.

A9 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the period under review that have not been reflected in the financial statements.

A10 Changes in the Composition of the Group

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

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 2017.

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 30 September 2018 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	10,221
- Authorised but not contracted for	-
	<hr/>
	10,221
	<hr/>


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Part A – Explanatory Notes Pursuant to MFRS 134 (Cont’d)
A13 Significant Related Party Transactions

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Chartering income	-	-	15	-
Consultancy fees paid	60	60	241	180
Contract charges	973	4,822	2,813	8,295
Contract income overbilled	(4,692)	-	(3,538)	-
FFB margin income	1,350	1,350	4,050	2,700
Interest paid	36	36	107	107
Management fee	405	405	1,215	1,215
Purchase of crude palm oil	-	-	5,116	-
Purchase of fertilisers and chemicals	241	230	1,035	680
Purchase of fresh fruit bunches	3,595	864	9,284	3,118
Purchase of property, plant and equipment	3	68	66	119
Purchase of palm kernel	-	-	335	-
Purchase of palm kernel shell	-	-	24	-
Purchase of stores and consumables	3,192	3,489	6,797	5,142
Recharge income – labor service	6	-	62	-
Rental received	61	-	191	-
Rental paid	469	494	1,368	1,509
Repairs and maintenance	24	261	323	448
Sale of crude palm oil	14,833	5,555	24,564	5,555
Sale of fresh fruit bunches	6,567	21,163	20,603	59,676
Sale of property, plant and equipment	87	476	164	829
Sale of seedling	42	21	52	145
Sale of stores and consumables	347	-	781	-
Transportation and accommodation charges	16	69	55	255
Transportation and handling income	307	-	812	-
Utilities, insurance, and sundry expenses	87	-	200	-
Utilities, insurance, and sundry income	19	-	39	-


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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
B1 Review of Performance
Financial review for current quarter and financial year to date

	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 9 Months Ended		Changes (%)
	30.9.2018	30.9.2017		30.9.2018	30.9.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	81,399	82,581	-1.4%	245,162	232,632	5.4%
Gross (loss) / profit	(1,997)	10,842	-118.4%	(5,186)	19,802	-126.2%
(Loss) / profit before interest and taxation	(14,259)	6,177	-330.8%	(33,657)	(4,528)	643.3%
(Loss) / profit before taxation	(20,624)	30	-68,846.7%	(52,766)	(20,811)	153.5%
Loss after taxation	(18,771)	(6,322)	196.9%	(51,014)	(22,716)	124.6%
Loss attributable to owners of the Company	(14,928)	(2,128)	601.5%	(40,757)	(15,731)	159.1%

The 3-month revenue is slightly lower as compared to corresponding period mainly due to lower CPO, PK, and FFB average selling price. However, the revenue for 9-month period has improved by 5.4% on the back of higher CPO and PK sales volume.

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 9 Months Ended		Changes (%)
	30.9.2018	30.9.2017		30.9.2018	30.9.2017	
Production (MT)						
FFB	95,329	98,768	-3.5%	249,185	258,284	-3.5%
CPO	33,877	16,944	99.9%	82,084	47,409	73.1%
PK	7,278	3,935	85.0%	18,007	10,967	64.2%
Average selling price (RM per MT)						
FFB	389	500	-22.3%	423	542	-21.9%
CPO	2,119	2,584	-18.0%	2,254	2,755	-18.2%
PK	1,617	2,149	-24.7%	1,769	2,262	-21.8%

The upsurge in CPO and PK production for 3-month and 9-month period as compared to corresponding period in 2017 was mainly attributable to additional contribution from RSB Lundu Palm Oil Mill ("RSBLPOM"), which secure its MPOB license on 19 January 2018.

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

B1 Review of Performance (cont'd)

The Group recorded gross loss of RM2.0 million for the current quarter and RM5.2 million for 9-month as compared to gross profit of RM10.8 million and RM19.8 million respectively in corresponding period of 2017. The gross loss is mainly due to lower CPO, FFB & PK price.

For the current quarter and year-to-date, the Group recorded pre-tax loss of RM20.6 million and RM52.8 million respectively, as compared to last year corresponding period of RM0.03 million pre-tax profit and RM20.8 million pre-tax loss respectively mainly due to lower average selling price across the board.

As for loss after taxation, the Group registered RM18.8 million for the current quarter and RM51.0 million for year-to-date as compared to RM6.3 million and RM22.7 million respectively in corresponding period of 2017.

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 (%)
	30.9.2018	30.6.2018	
	RM'000	RM'000	
Revenue	81,399	81,108	0.4%
Gross (loss) / profit	(1,997)	(1,670)	19.6%
Loss before interest and taxation	(14,259)	(7,336)	94.4%
Loss before taxation	(20,624)	(14,053)	46.8%
Loss after taxation	(18,771)	(14,650)	28.1%
Loss attributable to owners of the Company	(14,928)	(11,300)	32.1%

Revenue improved marginally by 0.4% mainly attributable to higher sales volume of CPO, PK, and FFB by 14.2%, 12.1%, and 20.1% respectively.

The Group registered gross loss of RM2.0 million for the current quarter as compared to gross loss of RM1.7 million recorded in the immediate preceding quarter as average selling price of CPO, PK and FFB continued to weaken.

Pre-tax loss increased by 46.8% mainly due to additional net loss arising from changes in fair value of biological assets (FFB) by RM1.6 million compared to preceding quarter net gain of RM3.0 million in anticipation of lower selling price in the coming months.



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

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

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	30.9.2018	30.6.2018	
Production (MT)			
FFB	95,329	79,354	20.1%
CPO	33,877	25,877	30.9%
PK	7,278	5,592	30.1%
Average selling price (RM per MT)			
FFB	389	428	-9.2%
CPO	2,119	2,312	-8.3%
PK	1,617	1,661	-2.6%

Loss after taxation has increased by 28.1% as compared to immediate preceding quarter.

B3 Commentary on Prospects

The CPO price is expected to remain weak as market sentiments remain subdued partly due to the ongoing trade war. However, the Group remains focus on improving its productivity and operational efficiency.

B4 Financial Estimate, Forecast, Projection or Internal Targets

The Group has not issued any financial estimate, forecast, projection or internal targets for the period under review.

B5 Income Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.9.2018 RM'000	(Restated) 30.9.2017 RM'000	30.9.2018 RM'000	(Restated) 30.9.2017 RM'000
Tax expense for the year:				
Current tax	2,716	10,804	5,418	9,747
Deferred tax	(4,569)	(4,452)	(7,170)	(7,842)
	<u>(1,853)</u>	<u>6,352</u>	<u>(1,752)</u>	<u>1,905</u>

The effective tax rate for the current quarter and 9 Months ended 30 September 2018 were lower than the statutory tax rate mainly due to expenses not deductible for tax purposes and tax losses of certain subsidiaries where deferred tax assets have not been recognised.



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B6 Corporate Proposals Pending Completion

<p>Proposal</p>	<p>On 22 February 2017, Rimbunan Sawit Berhad (“RSB”) and its subsidiary had entered into agreements (collectively referred to as “Agreements”) as set out as following:</p> <p>(i) Conditional Sale and Purchase Agreement between RSB (“Vendor”) and Tiasa Mesra Sdn Bhd (“Buyer”) for the proposed disposal of the License Rights via an absolute assignment, development costs, biological assets, commercial rights and all the fixtures and fittings for a cash consideration of RM 150.0 million (“Simunjan Agreement”);</p> <p>(ii) Conditional Sale and Purchase Agreement between RSB Lundu Palm Oil Mill Sdn Bhd (“Company or Buyer”) and R H Lundu Palm Oil Mill Sdn Bhd (“R H Lundu or Vendor”) for the proposed acquisition of a parcel of Lundu Land with approximately 67.5 ha and together with the Lundu Oil Mill comprising workers’ quarters; and Plantation assets for a total cash consideration of RM 33.7 million (“Lundu Mill Agreement”).</p> <p>On 28 March 2017, the Company had entered into a supplemental agreement with R H Lundu to include 4 motor vehicles as part of the Plantation Asset without affecting the consideration; and</p> <p>(iii) Conditional Share Sale Agreement for the proposed acquisition of entire SHSB Shares, for a total cash consideration of RM 17.0 million (“Sastat Agreement”).</p> <p>On 21 February 2018, the Vendors and the Buyers had agreed to further extend the Last Conditional Date of the Agreements by an additional twelve (12) months commencing from 22 February 2018 until 21 February 2019.</p>		
<p>Advisers</p>	<p>Maybank Investment Bank Berhad & Mercury Securities Sdn Bhd</p>		
<p>Approvals/ Status Pending</p>	<p>Simunjan Agreement</p> <p>On 24 September 2018, RSB and TMSB have mutually agreed to extend the Completion Period of the Simunjan Agreement by 30 days commencing from 26 September 2018 and expiring on 25 October 2018 (both dates inclusive) for TMSB to settle the balance of the Disposal Consideration;</p> <p>On 25 October 2018, RSB has received the balance of the Disposal Consideration and accordingly, the Simunjan Agreement has been completed.</p>	<p>Lundu Mill Agreement</p> <p>(i) The completion of the subdivision of the Parent Lot 248 culminating in the issuance of a separate document of title to the Lundu Land with a term of lease of 60 years from the date of registration of the provisional lease of the Parent Lot 248 by the Land & Survey Kuching Division;</p> <p>(ii) The Director of Land and Survey Kuching Division’s consent for the transfer of the Lundu Land to RSB Lundu;</p> <p>(iii) The Superintendent of Land and Survey’ consent in writing for the transfer of the Lundu Land to RSB Lundu in accordance with Section 31 of the Sarawak Land Code; and</p> <p>(iv) On 25 October 2018, the Proposed Disposal (Simunjan Agreement) has been completed.</p>	<p>Sastat Agreement</p> <p>On 25 October 2018, following the completion of the Proposed Disposal (Simunjan Agreement), the SSA in relation to the Proposed SHSB Acquisition has become unconditional.</p>

Save as disclosed above, there were no corporate proposals announced but not completed as at 23 November 2018, 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**

	30.9.2018	As at 31.12.2017
	RM'000	RM'000
Long-term borrowings:-		
Hire purchase obligations	3,514	5,118
Term loans, secured	252,483	288,596
Term loans, unsecured	1,832	2,534
	<u>257,829</u>	<u>296,248</u>
Short-term borrowings:-		
Bank overdrafts, secured	9,318	11,041
Bank overdrafts, unsecured	8,694	2,608
Bankers' acceptance, unsecured	24,060	21,474
Hire purchase obligations	5,386	5,919
Revolving credit, secured	101,691	86,691
Revolving credit, unsecured	74,000	84,000
Term loans, secured	55,597	72,874
Term loans, unsecured	963	979
Unsecured loans	3,020	3,020
	<u>282,729</u>	<u>288,606</u>
Total borrowings	<u>540,558</u>	<u>584,854</u>

- The fixed effective HP interest rate at approximately 5.4% per annum.
- The bank overdraft is bearing interest ranging from base lending rate + 0.5% to 1% per annum.
- The bankers' acceptance, revolving credit and term loan bore interest ranging from cost of funds + 0.5% to 1.5% per annum.

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 23 November 2018 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 2018.

B10 Loss Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.9.2018	(Restated) 30.9.2017	30.9.2018	(Restated) 30.9.2017
Loss attributable to owners of the Company (RM'000)	(14,928)	(2,128)	(40,757)	(15,731)
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 Oct / 1 January	1,418,487	1,418,487	1,418,487	1,418,487
Effect of conversion of ICPS	623,235	623,235	623,235	623,235
Weighted average number of ordinary shares at 31 December	2,041,722	2,041,722	2,041,722	2,041,722
Basic loss per share (sen)	(0.73)	(0.10)	(2.00)	(0.77)

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 2017 was not subject to any qualification.

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

B12 Loss Before Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.9.2018 RM'000	(Restated) 30.9.2017 RM'000	30.9.2018 RM'000	(Restated) 30.9.2017 RM'000
Amortisation of intangible assets	181	244	632	687
Bad debts written off	44	-	65	-
Change in fair value of biological assets	1,583	(3,522)	(712)	604
Depreciation of property, plant and equipment	19,816	18,377	59,824	56,973
Gain arising from the liquidation of subsidiary	-	-	-	(48)
Gain on disposal of intangible assets	-	(20)	-	(20)
Interest expense	6,365	6,147	19,109	16,283
Interest income	(3)	-	(7)	(16)
Loss/ (gain) on disposal of property, plant and equipment	32	(11)	39	(87)
Property, plant and equipment written off	3,132	43	3,225	46
Reversal of obsolete stock allowance	(36)	(1)	(36)	(11)



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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 2018.

(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 2018 and 31 December 2017.

B14 Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 November 2018.