



RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)

North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak, Malaysia

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Interim Financial Statements

For the 4TH Quarter Ended 31 December 2018

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 4TH Quarter Ended 31 December 2018*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2018 RM'000	(Restated) 31.12.2017 RM'000	31.12.2018 RM'000	(Restated) 31.12.2017 RM'000
REVENUE	90,704	91,760	335,866	324,392
COST OF SALES	(95,540)	(88,187)	(345,888)	(301,017)
GROSS (LOSS) / PROFIT	(4,836)	3,573	(10,022)	23,375
OTHER INCOME	7,648	439	13,960	2,506
DISTRIBUTION COSTS	(4,806)	(2,599)	(16,663)	(10,077)
OTHER OPERATING EXPENSES	(100,458)	(133,334)	(106,659)	(134,449)
ADMINISTRATIVE EXPENSES	(7,642)	(6,899)	(24,367)	(24,703)
SHARE OF RESULTS IN AN ASSOCIATE, NET OF TAX	-	-	-	-
FINANCE COSTS	(5,902)	(6,341)	(25,011)	(22,624)
LOSS BEFORE TAXATION	(115,996)	(145,161)	(168,762)	(165,972)
INCOME TAX EXPENSE	5,600	10,918	7,352	9,013
LOSS AFTER TAXATION	(110,396)	(134,243)	(161,410)	(156,959)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(110,396)	(134,243)	(161,410)	(156,959)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 4TH Quarter Ended 31 December 2018*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2018	31.12.2017 (Restated)	31.12.2018	31.12.2017 (Restated)
	RM'000	RM'000	RM'000	RM'000
LOSS AFTER TAXATION				
ATTRIBUTABLE TO:-				
- Owners of the Company	(103,144)	(115,686)	(143,901)	(131,417)
- Non-controlling interests	(7,252)	(18,557)	(17,509)	(25,542)
	<u>(110,396)</u>	<u>(134,243)</u>	<u>(161,410)</u>	<u>(156,959)</u>
TOTAL COMPREHENSIVE				
INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(103,144)	(115,686)	(143,901)	(131,417)
- Non-controlling interests	(7,252)	(18,557)	(17,509)	(25,542)
	<u>(110,396)</u>	<u>(134,243)</u>	<u>(161,410)</u>	<u>(156,959)</u>
LOSS PER SHARE (SEN):-				
- Basic	(5.05)	(5.67)	(7.05)	(6.44)
- 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 31 December 2018

(the figures have not been audited)

	As at 31.12.2018 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	310	5,000	5,000
Property, plant and equipment	1,130,873	1,179,852	1,443,527
Intangible assets	772	1,159	19,973
Goodwill	32,531	38,470	60,760
Deposits with licensed banks	102	102	102
	<u>1,168,985</u>	<u>1,228,980</u>	<u>1,533,759</u>
CURRENT ASSETS			
Inventories	16,838	22,213	21,338
Biological assets	2,519	3,929	5,500
Trade receivables	6,734	13,081	20,305
Other receivables, deposits and prepayments	18,366	54,224	17,433
Tax refundable	5,837	4,996	5,689
Deposits with licensed banks	159	154	-
Cash and bank balances	396	1,132	1,612
	<u>50,849</u>	<u>99,729</u>	<u>71,877</u>
Assets classified as held for sale	-	143,808	-
TOTAL ASSETS	<u>1,219,834</u>	<u>1,472,517</u>	<u>1,605,636</u>


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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 December 2018

(the figures have not been audited)

	As at 31.12.2018 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	(330,938)	(187,037)	(40,173)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	476,191	620,092	751,509
NON-CONTROLLING INTERESTS	(2,323)	14,976	42,518
TOTAL EQUITY	473,868	635,068	794,027
NON-CURRENT LIABILITIES			
Borrowings	249,097	296,248	354,094
Deferred tax liabilities	89,442	103,372	128,235
	338,539	399,620	482,329
CURRENT LIABILITIES			
Trade payables	61,236	70,372	60,737
Other payables, deposits and accruals	57,717	75,283	33,808
Borrowings:-			
- bank overdrafts	19,183	13,649	13,078
- other borrowings	269,291	274,957	218,033
Provision for taxation	-	3,568	3,624
	407,427	437,829	329,280
TOTAL LIABILITIES	745,966	837,449	811,609
TOTAL EQUITY AND LIABILITIES	1,219,834	1,472,517	1,605,636
NET ASSETS PER SHARE (RM)	0.30	0.39	0.47

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

(the figures have not been audited)

	< ----- Non-distributable ----- >					Attri- butable 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	-	-	-	-	2,588	2,588	398	2,986
At 1.1.2018 (restated)	724,690	82,439	-	(53,066)	(133,971)	620,092	14,976	635,068
Loss after taxation/Total comprehensive income for the period	-	-	-	-	(143,901)	(143,901)	(17,509)	(161,410)
Capital contribution by non-controlling interests	-	-	-	-	-	-	210	210
Balance at 31.12.2018	724,690	82,439	-	(53,066)	(277,872)	476,191	(2,323)	473,868



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

For the Twelve Months Ended 31 December 2017

(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		Share Premium RM'000	Merger Reserve RM'000	Accumulated Losses 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	-	-	-	-	3,809	3,809	371	4,180
At 1.1.2017 (restated)	709,244	82,439	15,447	(53,066)	(2,554)	751,509	42,518	794,027
Loss after taxation/Total comprehensive income for the period	-	-	-	-	(131,417)	(131,417)	(25,542)	(156,959)
Contributions by and distributions to owners of the Company:-								
- dividends:-								
- by subsidiaries to non-controlling interests	-	-	-	-	-	-	(2,000)	(2,000)
Transfer to share capital upon implementation of the Company Act 2016	15,447	-	(15,447)	-	-	-	-	-
Balance at 31.12.2017	724,690	82,439	-	(53,066)	(133,971)	620,092	14,976	635,068

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 Twelve Months Ended 31 December 2018

(the figures have not been audited)

	12 Months Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(168,762)	(165,972)
Adjustments for:-		
Allowance for stock obsolescence	161	1,196
Allowance for stock obsolescence no longer required	-	(14)
Amortisation of intangible assets	704	896
Bad debts written off	79	445
Change in fair value of biological assets	1,451	1,570
Change in fair value of other investment	4,690	-
Depreciation of property, plant and equipment	79,140	77,418
Gain arising from the liquidation of subsidiary	-	(48)
Gain on disposal of assets classified as held for sale	(9,249)	-
Gain on disposal of intangible assets	-	(20)
Impairment losses on:-		
- goodwill	28,397	22,290
- property, plant and equipment	66,337	109,653
Interest expense	25,011	22,624
Interest income	(17)	(24)
Loss / (Gain) on disposal of property, plant and equipment	277	(290)
Property, plant and equipment written off	5,703	1,173
Operating profit before working capital changes	33,922	70,897
Change in inventories	5,428	(2,057)
Change in trade and other receivables	42,584	(30,012)
Change in trade and other payables	(56,711)	51,113
CASH FROM OPERATIONS	25,223	89,941
Income tax paid	(11,360)	(15,629)
Income tax refunded	372	462
Interest paid	(28,937)	(27,494)
Interest received	17	24
NET CASH (FOR) / FROM OPERATING ACTIVITIES	(14,685)	47,304
BALANCE CARRIED FORWARD	(14,685)	47,304

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2018

(the figures have not been audited)

	12 Months Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
BALANCE BROUGHT FORWARD	(14,685)	47,304
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(16,965)	-
Proceeds from disposal of assets classified as held for sale	150,000	-
Proceeds from disposal of intangible assets	-	25
Proceeds from disposal of property, plant and equipment	2,433	3,832
Purchase of intangible asset	-	(43)
Purchase of property, plant and equipment	(71,160)	(41,568)
NET CASH FROM / (FOR) INVESTING ACTIVITIES	64,308	(37,754)
CASH FLOWS FOR FINANCING ACTIVITIES		
Change in bankers' acceptance	857	(7,222)
Change in revolving credit	13,000	43,500
Dividend paid by subsidiaries to non-controlling interests	-	(2,000)
Drawdown of term loans	18,103	10,337
Issuance of share capital to non-controlling interests of a subsidiary	210	-
Repayment of hire purchase obligations	(6,568)	(5,733)
Repayment of term loans	(81,490)	(49,329)
NET CASH FOR FINANCING ACTIVITIES	(55,888)	(10,447)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,265)	(897)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(12,363)	(11,466)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	(18,628)	(12,363)

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2018

(the figures have not been audited)

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

	12 Months Ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash and bank balances	396	1,132
Deposits with licensed banks	261	256
Bank overdrafts	(19,183)	(13,649)
	<u>(18,526)</u>	<u>(12,261)</u>
Less: Deposits pledged to licensed banks	(102)	(102)
	<u>(18,628)</u>	<u>(12,363)</u>

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 31.12.2017 (RM'000)	As previously reported	Effect of MFRS 141	Restated
Other income	439	-	439
Other operating expenses	(132,367)	(967)	(133,334)
Loss before taxation	(144,194)	(967)	(145,161)
Income tax expense	10,686	232	10,918
Loss after taxation	(133,508)	(735)	(134,243)
Loss after taxation attributable to:-			
- Owners of the Company	(114,973)	(713)	(115,686)
- Non-controlling interests	(18,535)	(22)	(18,557)
	(133,508)	(735)	(134,243)


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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 31.12.2017 (RM'000)	As previously reported	Effect of MFRS 141	Restated
Other income	2,072	434	2,506
Other operating expenses	(132,445)	(2,004)	(134,449)
Loss before taxation	(164,402)	(1,570)	(165,972)
Income tax expense	8,636	377	9,013
Loss after taxation	(155,766)	(1,193)	(156,959)
Loss after taxation attributable to:-			
- Owners of the Company	(130,197)	(1,220)	(131,417)
- Non-controlling interests	(25,569)	27	(25,542)
	(155,766)	(1,193)	(156,959)

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	-	5,500	5,500
EQUITY AND LIABILITIES			
Reserves	(43,982)	3,809	(40,173)
Total equity attributable to owners of the Company	747,700	3,809	751,509
Non-controlling interests	42,147	371	42,518
NON-CURRENT LIABILITIES			
Deferred tax liabilities	126,915	1,320	128,235
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	-	3,929	3,929
EQUITY AND LIABILITIES			
Reserves	(189,625)	2,588	(187,037)
Total equity attributable to owners of the Company	617,504	2,588	620,092
Non-controlling interests	14,578	398	14,976
NON-CURRENT LIABILITIES			
Deferred tax liabilities	102,429	943	103,372

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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 12-month period ended 31 December 2018, the Group acquired assets at a cost of RM74.4million.

Assets with a carrying amount of RM2,709,859 were disposed of by the Group during the 12-month period ended 31 December 2018, resulting in a net loss on disposal of RM277,282, 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

On 27 November 2018, the Company completed the acquisition of 100% equity interest in Sastat Holdings Sdn Bhd (“Sastat”) after fulfilling the terms and conditions in the share sale agreement. The assets and liabilities of Sastat at the date of acquisition was:-

	At Date of Acquisition	
	Carrying Amount RM'000	Fair Value Recognised RM'000
Total assets	25,521	25,521
Total liabilities	(30,979)	(30,979)
Net identifiable liabilities	(5,458)	(5,458)
Add: Goodwill on acquisition		22,458
Less: Cash and cash equivalents of subsidiary acquired		(35)
Net cash outflow for acquisition of Sastat		16,965
Sastat had contributed the following results to the Group:-		RM'000
Revenue		129
Loss after taxation		(248)

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 31 December 2018 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	10,189
- Authorised but not contracted for	-
	10,189


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

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Chartering income	-	48	15	48
Consultancy fees paid	60	-	301	243
Contract charges	833	1,969	3,646	1,969
Contract income	-	3,714	-	12,009
Contract income overbilled	-	-	(3,538)	-
Fresh Fruit Bunches (“FFB”) margin income	348	1,350	4,398	4,050
FFB transport subsidy	-	85	-	85
Interest paid	32	36	139	143
Management fee	385	405	1,600	1,620
Purchase of crude palm oil	-	-	5,116	-
Purchase of fertilisers and chemicals	352	603	1,387	1,283
Purchase of FFB	2,590	1,691	11,874	4,809
Purchase of property, plant and equipment	245	223	310	342
Purchase of palm kernel	-	-	335	-
Purchase of palm kernel shell	-	-	24	-
Purchase of stores and consumables	2,821	1,281	9,618	6,423
Recharge income – labor service	-	-	62	-
Rental received	39	190	230	190
Rental paid	489	374	1,856	1,883
Repairs and maintenance	40	208	364	656
Sale of crude palm oil	11,366	13,672	35,908	19,227
Sale of empty bunch ash	-	31	-	31
Sale of FFB	6,909	22,057	27,512	81,733
Sale of intangible assets	-	25	-	25
Sale of property, plant and equipment	40	270	244	1,099
Sale of seedling	-	-	52	145
Sale of stores and consumables	255	368	1,036	368
Transportation and accommodation charges	127	239	182	494
Transportation and handling income	293	254	1,105	254
Utilities, insurance, and sundry expenses	64	209	264	209
Utilities, insurance, and sundry income	4	208	42	208


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

	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 12 Months Ended		Changes (%)
	31.12.2018	31.12.2017		31.12.2018	31.12.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	90,704	91,760	-1.2%	335,866	324,392	3.5%
Gross (loss) / profit	(4,836)	3,573	-235.3%	(10,022)	23,375	-142.9%
Loss before interest and taxation	(110,094)	(138,820)	-20.7%	(143,751)	(143,348)	0.3%
Loss before taxation	(115,996)	(145,161)	-20.1%	(168,762)	(165,972)	1.7%
Loss after taxation	(110,396)	(134,243)	-17.8%	(161,410)	(156,959)	2.8%
Loss attributable to owners of the Company	(103,144)	(115,686)	-10.8%	(143,901)	(131,417)	9.5%

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 12-month period has improved by 3.5% on the back of higher CPO and PK sales volume.

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 12 Months Ended		Changes (%)
	31.12.2018	31.12.2017		31.12.2018	31.12.2017	
Production (MT)						
FFB	96,524	98,768	-2.3%	345,709	357,052	-3.2%
CPO	34,605	19,965	73.3%	116,689	67,374	73.2%
PK	7,575	4,502	68.3%	25,582	15,470	65.4%
Average selling price (RM per MT)						
FFB	324	503	-35.6%	395	531	-25.6%
CPO	1,854	2,540	-27.0%	2,128	2,691	-20.9%
PK	1,348	2,466	-45.3%	1,632	2,319	-29.6%

The gain in CPO and PK production for 3-month and 12-month period as compared to corresponding period in 2017 was mainly attributable to additional contribution from RSB Lundu Palm Oil Mill Sdn Bhd and RSB Palm Oil Mill Sdn Bhd.

The Group recorded gross loss of RM4.8 million for the current quarter and RM10.0 million for 12-month as compared to gross profit of RM3.6 million and RM23.4 million respectively in corresponding periods of 2017. The gross loss is mainly due to lower CPO, FFB & PK price.


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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)

For the current quarter the Group recorded lower pre-tax loss by 20.1% as compared to previous year corresponding quarter mainly due to lower impairment provision by RM37.2 million as followed:

IMPAIRMENT LOSSES								
Estate	2018 (RM'000)			Estate	2017 (RM'000)			Difference
	Goodwill	Property, Plant, & Equipment	Total		Goodwill	Property, Plant, & Equipment	Total	
Formasi	10,692	16,006	26,698	Biawak	10,969	27,331	38,300	
Jayamax	-	38,222	38,222	Jayamax	-	36,843	36,843	
Woodijaya	7,342	1,780	9,122	Lundu	9,805	8,695	18,500	
Selangau	-	6,460	6,460	Selangau	-	22,000	22,000	
Sastat	10,363	3,869	14,232	Selangor	-	13,500	13,500	
				Splendid	1,516	1,284	2,800	
TOTAL	28,397	66,337	94,734	TOTAL	22,290	109,653	131,943	(37,209)

As for 12-month pre-tax loss, it has increased slightly by 1.7% as compared to last year corresponding quarter mainly due to lower average selling price across the board.

As for loss after taxation, the Group registered RM110.4 million for the current quarter and RM161.4 million for year-to-date as compared to RM134.2 million and RM157.0 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 (%)
	31.12.2018	30.9.2018	
	RM'000	RM'000	
Revenue	90,704	81,399	11.4%
Gross (loss) / profit	(4,836)	(1,997)	142.2%
Loss before interest and taxation	(110,094)	(14,259)	672.1%
Loss before taxation	(115,996)	(20,624)	462.4%
Loss after taxation	(110,396)	(18,771)	488.1%
Loss attributable to owners of the Company	(103,144)	(14,928)	590.9%

Revenue grew by 11.4% mainly attributable to higher sales volume of CPO, PK, and FFB by 23.6%, 35.2%, and 1.3% respectively.

The Group registered gross loss of RM4.8 million for the current quarter as compared to gross loss of RM2.0 million recorded in the immediate preceding quarter as average selling price of CPO, PK and FFB continued to tumble.

Pre-tax loss increased by 462.4% mainly due to provisioning of impairment losses on goodwill and property, plant, and equipment amounting to RM94.7 million as compared to preceding quarter.



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

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

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	31.12.2018	30.9.2018	
Production (MT)			
FFB	96,524	95,329	1.3%
CPO	34,605	33,877	2.2%
PK	7,575	7,278	4.1%
Average selling price (RM per MT)			
FFB	324	389	-16.7%
CPO	1,854	2,119	-12.5%
PK	1,348	1,617	-16.6%

Loss after taxation has increased by 488.1% as compared to immediate preceding quarter.

B3 Commentary on Prospects

The CPO price is expected to remain firm in anticipation of low production period in the first few months of the year. 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 12 Months Ended	
	31.12.2018 RM'000	(Restated) 31.12.2017 RM'000	31.12.2018 RM'000	(Restated) 31.12.2017 RM'000
Tax expense for the year:				
Current tax	1,160	6,102	6,578	15,704
Deferred tax	(6,760)	(17,020)	(13,930)	(24,717)
	<u>(5,600)</u>	<u>(10,918)</u>	<u>(7,352)</u>	<u>(9,013)</u>

The effective tax rate for the current quarter and 12 Months ended 31 December 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 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>(v) On 21 December 2018, RSB Lundu entered into a supplemental agreement with RH Lundu (vendor for the Proposed Lundu Acquisition) to amend and vary certain terms of the Lundu Acquisition SPA (as amended and varied by the first supplemental agreement dated 28 March 2017.</p> <p>(vi) On 20 February 2019, RSB Lundu has settled the Partial Balance Sum to RH Lundu to complete the acquisition of the Lundu Oil Mill (including the workers’ quarters) and the Plantation Assets (“Partial Completion Date”). As such, the Lundu Land is the remaining asset to be completed under the Lundu Acquisition SPA, which is to be fulfilled by RH Lundu within 18 months from the Partial Completion Date or such other extended period as RH Lundu and RSB Lundu may mutually agree upon.</p>	<p>Sastat Agreement On 27 November 2018, RSB has fully settled the balance of the Purchase Consideration of SHSB and accordingly, the SSA in relation to the Proposed SHSB Acquisition has been completed</p>

Save as disclosed above, there were no corporate proposals announced but not completed as at 21 February 2019, 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**

	31.12.2018 RM'000	As at 31.12.2017 RM'000
Long-term borrowings:-		
Hire purchase obligations	2,754	5,118
Term loans, secured	244,761	288,596
Term loans, unsecured	1,582	2,534
	<u>249,097</u>	<u>296,248</u>
Short-term borrowings:-		
Bank overdrafts, secured	9,107	11,041
Bank overdrafts, unsecured	10,076	2,608
Bankers' acceptance, secured	3,360	-
Bankers' acceptance, unsecured	18,971	21,474
Hire purchase obligations	4,996	5,919
Revolving credit, secured	125,691	86,691
Revolving credit, unsecured	58,000	84,000
Term loans, secured	54,288	72,874
Term loans, unsecured	965	979
Unsecured loans	3,020	3,020
	<u>288,474</u>	<u>288,606</u>
Total borrowings	<u>537,571</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 21 February 2019 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 31 December 2018.

B10 Loss Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2018	(Restated) 31.12.2017	31.12.2018	(Restated) 31.12.2017
Loss attributable to owners of the Company (RM'000)	(103,144)	(115,686)	(143,901)	(131,417)
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)	(5.05)	(5.67)	(7.05)	(6.44)

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 12 Months Ended	
	31.12.2018 RM'000	(Restated) 31.12.2017 RM'000	31.12.2018 RM'000	(Restated) 31.12.2017 RM'000
Allowance for stock obsolescence	161	1,196	161	1,196
Allowance for stock obsolescence no longer required	-	(3)	-	(14)
Amortisation of intangible assets	72	209	704	896
Audit fee:-				
- current financial year	367	366	367	366
- (over) / under provision in the previous financial year	(2)	12	(2)	12
Bad debts written off	14	445	79	445
Change in fair value of other investment	4,690	-	4,690	-
Change in fair value of biological assets	2,163	967	1,451	1,570
Depreciation of property, plant and equipment	19,316	20,445	79,140	77,418
Directors' remuneration	1,112	1,831	1,112	1,831
Finance costs	5,902	6,341	25,011	22,624
Gain on disposal of assets classified as held for sale	(9,249)	-	(9,249)	-
Gain on disposal of intangible assets	-	-	-	(20)
Gain on disposal of investment in a subsidiary	-	-	-	(48)
Impairment losses on:-				
- goodwill	28,397	22,290	28,397	22,290
- property, plant and equipment	66,337	109,653	66,337	109,653
Interest income on financial assets not at fair value	(10)	(8)	(17)	(24)
Loss / (Gain) on disposal of property, plant and equipment	238	(203)	277	(290)
Management fee	385	405	1,600	1,620
Property, plant and equipment written off	2,478	1,127	5,703	1,173
Rental income	(70)	(73)	(341)	(284)
Rental on equipment	70	131	388	375
Rental on premises	460	463	1,848	1,832
Staff costs:-				
- short-term employee benefits	7,545	4,943	30,961	30,301
- defined contribution plan	830	844	3,506	3,497



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

B13 Derivatives

(a) Nature of outstanding derivatives

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

(b) Risks and Policies of Derivatives

The Group did not enter into any derivatives during the 12-month period ended 31 December 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 31 December 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 27 February 2019.