



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 1ST Quarter Ended 31 March 2019

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**RIMBUNAN SAWIT BERHAD**

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 1ST Quarter Ended 31 March 2019*(the figures have not been audited)*

| | Individual Quarter 3-month Period Ended | | Cumulative Quarter 3-month Period Ended | |
|--|--|----------------------|--|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| REVENUE | 61,722 | 82,655 | 61,722 | 82,655 |
| COST OF SALES | (65,613) | (84,174) | (65,613) | (84,174) |
| GROSS LOSS | (3,891) | (1,519) | (3,891) | (1,519) |
| OTHER INCOME | 3,267 | 1,001 | 3,267 | 1,001 |
| DISTRIBUTION COSTS | (3,455) | (3,742) | (3,455) | (3,742) |
| OTHER OPERATING EXPENSES | (753) | (1,192) | (753) | (1,192) |
| ADMINISTRATIVE EXPENSES | (5,518) | (6,610) | (5,518) | (6,610) |
| FINANCE COSTS | (5,631) | (6,027) | (5,631) | (6,027) |
| LOSS BEFORE TAXATION | (15,981) | (18,089) | (15,981) | (18,089) |
| INCOME TAX EXPENSE | 79 | 496 | 79 | 496 |
| LOSS AFTER TAXATION | (15,902) | (17,593) | (15,902) | (17,593) |
| OTHER COMPREHENSIVE INCOME | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | (15,902) | (17,593) | (15,902) | (17,593) |

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 1ST Quarter Ended 31 March 2019*(the figures have not been audited)*

| | Individual Quarter 3-month Period Ended | | Cumulative Quarter 3-month Period Ended | |
|---|--|----------------------|--|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| LOSS AFTER TAXATION ATTRIBUTABLE TO:- | | | | |
| - Owners of the Company | (12,168) | (14,529) | (12,168) | (14,529) |
| - Non-controlling interests | (3,734) | (3,064) | (3,734) | (3,064) |
| | <u>(15,902)</u> | <u>(17,593)</u> | <u>(15,902)</u> | <u>(17,593)</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- | | | | |
| - Owners of the Company | (12,168) | (14,529) | (12,168) | (14,529) |
| - Non-controlling interests | (3,734) | (3,064) | (3,734) | (3,064) |
| | <u>(15,902)</u> | <u>(17,593)</u> | <u>(15,902)</u> | <u>(17,593)</u> |
| LOSS PER SHARE (SEN):- | | | | |
| - Basic | (0.60) | (0.71) | (0.60) | (0.71) |
| - 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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position

As at 31 March 2019

(the figures have not been audited)

| | As at 31.03.2019 | As at 31.12.2018 |
|---|---------------------|---------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Investment in an associate | 4,397 | 4,397 |
| Property, plant and equipment | 1,116,060 | 1,129,820 |
| Biological assets | 10,387 | 10,294 |
| Intangible assets | 700 | 772 |
| Other investment | 310 | 310 |
| Goodwill | 16,399 | 16,399 |
| | <hr/> | <hr/> |
| | 1,148,253 | 1,161,992 |
| CURRENT ASSETS | | |
| Inventories | 10,974 | 12,766 |
| Trade receivables | 3,430 | 6,725 |
| Other receivables, deposits and prepayments | 17,393 | 17,573 |
| Current tax assets | 7,327 | 7,923 |
| Biological assets | 2,254 | 2,553 |
| Deposits with licensed banks | 187 | 262 |
| Cash and bank balances | 1,214 | 1,572 |
| | <hr/> | <hr/> |
| | 42,779 | 49,374 |
| TOTAL ASSETS | <hr/> | <hr/> |
| | 1,191,032 | 1,211,366 |

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 March 2019

(the figures have not been audited)

| | As at 31.03.2019 | As at 31.12.2018 |
|--|---------------------|---------------------|
| | RM'000 | RM'000 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 807,129 | 807,129 |
| Reserves | (334,012) | (321,844) |
| Equity attributable to owners of the Company | 473,117 | 485,285 |
| Non-controlling interests | (3,674) | 60 |
| TOTAL EQUITY | 469,443 | 485,345 |
| NON-CURRENT LIABILITIES | | |
| Borrowings | 242,254 | 249,728 |
| Deferred tax liabilities | 57,100 | 58,258 |
| | 299,354 | 307,986 |
| CURRENT LIABILITIES | | |
| Trade payables | 64,342 | 60,473 |
| Other payables, deposits and accruals | 60,001 | 60,827 |
| Borrowings:- | | |
| - bank overdrafts | 21,091 | 19,183 |
| - other borrowings | 268,327 | 268,660 |
| Current tax liabilities | 8,474 | 8,892 |
| | 422,235 | 418,035 |
| TOTAL LIABILITIES | 721,589 | 726,021 |
| TOTAL EQUITY AND LIABILITIES | 1,191,032 | 1,211,366 |
| NET ASSETS PER SHARE (RM) | 0.30 | 0.31 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity

For the Three Months Ended 31 March 2019

(the figures have not been audited)

| | < ----- Non-distributable ----- > | | | | | | |
|---|-----------------------------------|------------|----------|-------------|-----------------|-------------|----------|
| | Share Capital | | | | Attributable to | Non- | Total |
| | Ordinary | Preference | Merger | Accumulated | Owners of | controlling | Equity |
| | Shares | Shares | Reserve | Losses | the Company | Interests | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1.1.2019 | 724,690 | 82,439 | (53,065) | (268,779) | 485,285 | 60 | 485,345 |
| Loss after taxation/Total comprehensive income for the period | - | - | - | (12,168) | (12,168) | (3,734) | (15,902) |
| Balance at 31.3.2019 | 724,690 | 82,439 | (53,065) | (280,947) | 473,117 | (3,674) | 469,443 |

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

For the Three Months Ended 31 March 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 | | Merger Reserve RM'000 | Accumulated Losses RM'000 | | | |
| | Ordinary Shares RM'000 | Preference Shares RM'000 | | | | | |
| Balance at 1.1.2018 | 724,690 | 82,439 | (53,065) | (135,247) | 618,817 | 15,015 | 633,832 |
| Loss after taxation/Total comprehensive income for the period | - | - | - | (14,529) | (14,529) | (3,064) | (17,593) |
| Balance at 31.3.2018 | 724,690 | 82,439 | (53,065) | (149,776) | 604,288 | 11,951 | 616,239 |

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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Cash Flows

For the Three Months Ended 31 March 2019

(the figures have not been audited)

| | 3 Months Ended | |
|--|----------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (15,981) | (18,089) |
| Adjustments for:- | | |
| Allowance for stock obsolescence no longer required | (6) | - |
| Amortisation of intangible assets | 73 | 228 |
| Change in fair value of biological assets | 299 | 734 |
| Depreciation of property, plant and equipment | 17,877 | 19,212 |
| (Gain)/Loss on disposal of property, plant and equipment | (2,738) | 4 |
| Interest expense | 5,631 | 6,027 |
| Interest income | (2) | - |
| Property, plant and equipment written off | 223 | 6 |
| | <hr/> | <hr/> |
| Operating profit before working capital changes | 5,376 | 8,122 |
| Change in inventories | 1,799 | 2,034 |
| Change in trade and other receivables | 3,474 | (9,390) |
| Change in trade and other payables | 3,041 | 31,587 |
| | <hr/> | <hr/> |
| CASH FROM OPERATIONS | 13,690 | 32,353 |
| Income tax paid | (1,996) | (3,991) |
| Income tax refunded | 1,097 | 82 |
| Interest paid | (6,547) | (6,767) |
| Interest received | 2 | - |
| | <hr/> | <hr/> |
| NET CASH FROM OPERATING ACTIVITIES | 6,246 | 21,677 |
| | <hr/> | <hr/> |
| BALANCE CARRIED FORWARD | 6,246 | 21,677 |
| | <hr/> | <hr/> |

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Three Months Ended 31 March 2019

(the figures have not been audited)

| | 3 Months Ended | |
|---|----------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| BALANCE BROUGHT FORWARD | 6,246 | 21,677 |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Costs incurred on biological assets | (93) | (135) |
| Proceeds from disposal of property, plant and equipment | 4,441 | 94 |
| Purchase of property, plant and equipment | (5,128) | (9,905) |
| NET CASH FOR INVESTING ACTIVITIES | (780) | (9,946) |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Change in bankers' acceptance | 7,250 | (2,895) |
| Drawdown of term loans | - | 1,992 |
| Repayment of hire purchase obligations | (1,605) | (1,659) |
| Repayment of term loans | (13,452) | (13,968) |
| NET CASH FOR FINANCING ACTIVITIES | (7,807) | (16,530) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (2,341) | (4,799) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | (17,349) | (12,363) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | (19,690) | (17,162) |

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Three Months Ended 31 March 2019

(the figures have not been audited)

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

| | 3 Months Ended | |
|--|----------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| Cash and bank balances | 1,214 | 659 |
| Deposits with licensed banks | 187 | 257 |
| Bank overdrafts | (21,091) | (17,976) |
| | <hr/> | <hr/> |
| | (19,690) | (17,060) |
| Less: Deposits pledged to licensed banks | - | (102) |
| | <hr/> | <hr/> |
| | (19,690) | (17,162) |
| | <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 2018 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 2018. 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 2018.

The Group's financial statements for the financial period ended 31 March 2019 is prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") Framework.

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

| <i>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</i> | <i>Effective Date</i> |
|---|------------------------------|
| MFRS 17: Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 3: Definition of a Business | 1 January 2020 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 101 and MFRS 108: Definition of Material | 1 January 2020 |
| Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |

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 MFRS 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

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.

A8 Property, Plant and Equipment

(a) Acquisitions and Disposals

During the 3-month period ended 31 March 2019, the Group acquired assets at a cost of RM5.3million.

Assets with a carrying amount of RM1,703,302 were disposed of by the Group during the 3-month period ended 31 March 2019, resulting in a net gain on disposal of RM2,737,770, 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.

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

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 2018.

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 31 March 2019 was as follows:-

| | RM'000 |
|-------------------------------------|--------|
| Property, plant and equipment:- | |
| - Contracted but not provided for | 927 |
| - Authorised but not contracted for | - |
| | <hr/> |
| | 927 |
| | <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 3 Months Ended | |
|---|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| Chartering income | - | 15 | - | 15 |
| Consultancy fees paid | 1 | 62 | 1 | 62 |
| Contract charges | 1,041 | 647 | 1,041 | 647 |
| Contract income | - | 1,154 | - | 1,154 |
| Fresh Fruit Bunches (“FFB”) margin income | - | 1,350 | - | 1,350 |
| Interest paid | 31 | 35 | 31 | 35 |
| Management fee | 375 | 405 | 375 | 405 |
| Purchase of crude palm oil | - | 5,116 | - | 5,116 |
| Purchase of fertilisers and chemicals | 178 | 324 | 178 | 324 |
| Purchase of FFB | 1,361 | 2,809 | 1,361 | 2,809 |
| Purchase of property, plant and equipment | 15 | 59 | 15 | 59 |
| Purchase of palm kernel | - | 335 | - | 335 |
| Purchase of palm kernel shell | - | 24 | - | 24 |
| Purchase of stores and consumables | 1,394 | 1,125 | 1,394 | 1,125 |
| Recharge expense – labor service | - | 2 | - | 2 |
| Recharge income – labor service | - | 23 | - | 23 |
| Rental received | - | 58 | - | 58 |
| Rental paid | 459 | 452 | 459 | 452 |
| Repairs and maintenance | 527 | 68 | 527 | 68 |
| Sale of crude palm oil | 10,319 | 3,364 | 10,319 | 3,364 |
| Sale of empty bunch ash | - | - | - | - |
| Sale of FFB | 4,737 | 7,301 | 4,737 | 7,301 |
| Sale of property, plant and equipment | 4,300 | 56 | 4,300 | 56 |
| Sale of stores and consumables | 543 | 276 | 543 | 276 |
| Transportation and accommodation charges | 3 | 38 | 3 | 38 |
| Transportation and handling income | 248 | 370 | 248 | 370 |
| Utilities, insurance, and sundry expenses | 27 | 53 | 27 | 53 |
| Utilities, insurance, and sundry income | 3 | 13 | 3 | 13 |


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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 3 Months Ended | | Changes (%) |
|--|--------------------------------------|------------|----------------|--------------------------------------|------------|----------------|
| | 31.03.2019 | 31.03.2018 | | 31.03.2019 | 31.03.2018 | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | 61,722 | 82,655 | -25.3% | 61,722 | 82,655 | -25.3% |
| Gross loss | (3,891) | (1,519) | 156.2% | (3,891) | (1,519) | 156.2% |
| Loss before interest and taxation | (10,350) | (12,062) | -14.2% | (10,350) | (12,062) | -14.2% |
| Loss before taxation | (15,981) | (18,089) | -11.7% | (15,981) | (18,089) | -11.7% |
| Loss after taxation | (15,902) | (17,593) | -9.6% | (15,902) | (17,593) | -9.6% |
| Loss attributable to owners of the Company | (12,168) | (14,529) | -16.3% | (12,168) | (14,529) | -16.3% |

The Group's revenue for 3 months ended 31 March 2019 reduced by 25.3% as compared to corresponding period in 2018 mainly due to lower CPO, PK, and FFB average selling price.

| Statistic | Individual Quarter 3 Months Ended | | Changes (%) | Cumulative Quarter 3 Months Ended | | Changes (%) |
|--|--------------------------------------|------------|----------------|--------------------------------------|------------|----------------|
| | 31.03.2019 | 31.03.2018 | | 31.03.2019 | 31.03.2018 | |
| Production (MT) | | | | | | |
| FFB | 71,317 | 74,501 | -4.3% | 71,317 | 74,501 | -4.3% |
| CPO | 24,096 | 22,330 | 7.9% | 24,096 | 22,330 | 7.9% |
| PK | 5,336 | 5,137 | 3.9% | 5,336 | 5,137 | 3.9% |
| Average selling price (RM per MT) | | | | | | |
| FFB | 338 | 461 | -26.6% | 338 | 461 | -26.6% |
| CPO | 1,919 | 2,357 | -18.6% | 1,919 | 2,357 | -18.6% |
| PK | 1,197 | 2,044 | -41.4% | 1,197 | 2,044 | -41.4% |

CPO and PK production improved by 7.9% and 3.9% to 24,096MT and 5,336MT respectively in current quarter ended 31 March 2019 as compared to corresponding period in 2018 mainly due to higher FFB processed by RSB Lundu Palm Oil Mill and better OER recorded by RH Palm Oil Mill.

The Group's gross loss for the current quarter deteriorated by RM2.4 million as compared to corresponding period in 2018 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 11.7% as compared to previous year corresponding quarter mainly due to higher other income by RM2.3 million arising mainly from the RM2.7 million gain on disposal of three parcels of land together with one unit each of four-storey commercial shophouse by R.H. Plantation Sdn. Bhd. on 2 January 2019.

As for loss after taxation, the Group registered lower amount of RM15.9 million for the current quarter as compared to RM17.6 million in corresponding period of 2018.

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 (%) |
|--|--------------------------|---|----------------|
| | 31.03.2019 | 31.12.2018 | |
| | RM'000 | RM'000 | |
| Revenue | 61,722 | 93,526 | -34.0% |
| Gross (loss) / profit | (3,891) | (1,379) | 182.2% |
| Loss before interest and taxation | (10,350) | (125,393) | -91.7% |
| Loss before taxation | (15,981) | (131,296) | -87.8% |
| Loss after taxation | (15,902) | (97,683) | -83.7% |
| Loss attributable to owners of the Company | (12,168) | (92,775) | -86.9% |

Revenue retracted by 34.0% mainly due to lower sales volume of CPO, PK, and FFB by 33.3%, 32.9%, and 26.1% respectively despite recovery in CPO & PK selling price.

As such, gross loss expanded by RM2.5 million for the current quarter as compared to the immediate preceding quarter. Pre-tax loss shaved by 87.8% mainly because the immediate preceding quarter included RM4.7 million impairment provision on the investment in Borneo Edible Oils Sdn Bhd and provisioning of impairment losses on goodwill and property, plant, and equipment amounting to RM112.6 million as follows:

| IMPAIRMENT LOSSES | | | |
|--------------------------|----------------------|---|----------------|
| Estate | 2018 (RM'000) | | |
| | Goodwill | Property, Plant, & Equipment | Total |
| Formasi | 10,692 | 28,717 | 39,409 |
| Jayamax | - | 27,972 | 27,972 |
| Lumiera | 4,036 | - | 4,036 |
| Sastat | 10,404 | 18,235 | 28,639 |
| Selangor | - | 1,845 | 1,845 |
| Woodijaya | 7,342 | 3,319 | 10,661 |
| TOTAL | 32,474 | 80,088 | 112,562 |



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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 (%) |
|--|-----------------------|-----------------------------------|-------------|
| | 31.03.2019 | 31.12.2018 | |
| Production (MT) | | | |
| FFB | 71,317 | 96,524 | -26.1% |
| CPO | 24,096 | 34,605 | -30.4% |
| PK | 5,336 | 7,575 | -29.6% |
| Average selling price (RM per MT) | | | |
| FFB | 338 | 324 | 4.5% |
| CPO | 1,919 | 1,854 | 3.5% |
| PK | 1,197 | 1,348 | -11.2% |

Loss after taxation reduced by 83.7% as compared to immediate preceding quarter.

B3 Commentary on Prospects

The CPO price is expected to remain subdued in view of the escalating trade tensions between the United States and China. 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 3 Months Ended | |
|---------------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| Tax expense for the year: | | | | |
| Current tax | 1,079 | 1,994 | 1,079 | 1,994 |
| Deferred tax | (1,158) | (2,490) | (1,158) | (2,490) |
| | <u>(79)</u> | <u>(496)</u> | <u>(79)</u> | <u>(496)</u> |

The effective tax rate for the current quarter ended 31 March 2019 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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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
B6 Corporate Proposals Pending Completion and Status of Utilisation of Proceeds Raised from Corporate Proposals

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:

| Proposal | Status | Status |
|---------------------------|---|----------------------------------|
| (i) Simunjan Agreement | 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 | Completed on 25 October 2018 |
| (ii) Lundu Mill Agreement | 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 | Refer Approvals / Status pending |
| (iii) Sastat Agreement | Conditional Share Sale Agreement for the proposed acquisition of entire SHSB Shares, for a total cash consideration of RM 17.0 million | Completed on 27 November 2018 |
| Advisers | Maybank Investment Bank Berhad & Mercury Securities Sdn Bhd | |

Approvals / Status Pending (Lundu Mill Agreement)

- (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. The Director of Land and Survey Kuching Division’s consent for the transfer of the Lundu Land to RSB Lundu. 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 completion of Simunjan Agreement.
- (ii) On 28 March 2017, a supplemental agreement to include 4 motor vehicles as part of the Plantation Asset without affecting the consideration. On 21 December 2018, another supplemental agreement to amend and vary certain terms of the Lundu Acquisition SPA.
- (iii) 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.

Status of Utilisation of Proceeds Raised from Corporate Proposals

| No. | Purpose | Proposed Utilisation (RM’mil) | Actual Utilisation (RM’mil) | Intended Time-frame | Deviation | |
|-----|---|-------------------------------|-----------------------------|---------------------|-----------|---|
| | | | | | RM’mil | % |
| 1 | Lundu Acquisition (land, quarters, oil mill and plantation assets) | 33.7 | 28.8 | August 2020 | - | - |
| 2 | Sastat Holdings Sdn Bhd Acquisition | 17.0 | 17.0 | November 2018 | - | - |
| 3 | Repayment of Simunjan Credit Facilities | 58.0 | 58.0 | October 2018 | - | - |
| 4 | Repayment of Advance | 23.0 | - | November 2019 | - | - |
| 5 | Working capital and defray expenses relating to Corporate Proposals | 18.3 | 18.3 | December 2018 | - | - |
| | Total | 150.0 | 122.1 | | - | - |

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

| | 31.03.2019 | As at 31.12.2018 |
|--------------------------------|----------------|---------------------|
| | RM'000 | RM'000 |
| Long-term borrowings:- | | |
| Hire purchase obligations | 1,960 | 2,760 |
| Term loans, secured | 240,072 | 245,501 |
| Term loans, unsecured | 222 | 1,467 |
| | <u>242,254</u> | <u>249,728</u> |
| Short-term borrowings:- | | |
| Bank overdrafts, secured | 10,613 | 9,107 |
| Bank overdrafts, unsecured | 10,478 | 10,076 |
| Bankers' acceptance, unsecured | 29,581 | 22,331 |
| Hire purchase obligations | 4,186 | 4,991 |
| Revolving credit, secured | 106,691 | 106,691 |
| Revolving credit, unsecured | 77,000 | 77,000 |
| Term loans, secured | 45,778 | 53,547 |
| Term loans, unsecured | 2,071 | 1,080 |
| Unsecured loans | 3,020 | 3,020 |
| | <u>289,418</u> | <u>287,843</u> |
| Total borrowings | <u>531,672</u> | <u>537,571</u> |

- The effective HP interest rates ranging from 4.8% to 5.5% 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 May 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 March 2019.

B10 Loss Per Share

| | Individual Quarter 3 Months Ended | | Cumulative Quarter 3 Months Ended | |
|---|--------------------------------------|------------|--------------------------------------|------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Loss attributable to owners of the Company (RM'000) | (12,168) | (14,529) | (12,168) | (14,529) |
| 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) | (0.60) | (0.71) | (0.60) | (0.71) |

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 2018 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 3 Months Ended | |
|--|--------------------------------------|----------------------|--------------------------------------|----------------------|
| | 31.03.2019 RM'000 | 31.03.2018 RM'000 | 31.03.2019 RM'000 | 31.03.2018 RM'000 |
| Allowance for stock obsolescence no longer required | (6) | - | (6) | - |
| Amortisation of intangible assets | 73 | 228 | 73 | 228 |
| Change in fair value of biological assets | 299 | 734 | 299 | 734 |
| Depreciation of property, plant and equipment | 17,877 | 19,212 | 17,877 | 19,212 |
| Directors' remuneration | 136 | 251 | 136 | 251 |
| Finance costs | 5,631 | 6,027 | 5,631 | 6,027 |
| (Gain) / Loss on disposal of property, plant and equipment | (2,738) | 4 | (2,738) | 4 |
| Interest income | (2) | - | (2) | - |
| Management fee | 375 | 405 | 375 | 405 |
| Property, plant and equipment written off | 223 | 6 | 223 | 6 |
| Rental income | (23) | (89) | (23) | (89) |
| Rental on equipment | 1 | 101 | 1 | 101 |
| Rental on premises | 462 | 463 | 462 | 463 |
| Staff costs:- | | | | |
| - short-term employee benefits | 8,106 | 8,822 | 8,106 | 8,822 |
| - defined contribution plan | 894 | 1,014 | 894 | 1,014 |



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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 3-month period ended 31 March 2019.

(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 March 2019 and 31 December 2018.

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 May 2019.