



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 2ND Quarter Ended 30 June 2019

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 2ND Quarter Ended 30 June 2019*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 6-month Period Ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
REVENUE	55,972	81,108	117,694	163,763
COST OF SALES	(61,391)	(82,778)	(127,004)	(166,952)
GROSS LOSS	(5,419)	(1,670)	(9,310)	(3,189)
OTHER INCOME	818	3,393	3,905	3,429
DISTRIBUTION COSTS	(3,226)	(3,895)	(6,681)	(7,637)
OTHER OPERATING EXPENSES	(45)	(112)	(618)	(339)
ADMINISTRATIVE EXPENSES	(6,185)	(5,052)	(11,703)	(11,662)
FINANCE COSTS	(5,705)	(6,717)	(11,336)	(12,744)
LOSS BEFORE TAXATION	(19,762)	(14,053)	(35,743)	(32,142)
INCOME TAX EXPENSE	112	(597)	191	(101)
LOSS AFTER TAXATION	(19,650)	(14,650)	(35,552)	(32,243)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(19,650)	(14,650)	(35,552)	(32,243)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 2ND Quarter Ended 30 June 2019*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 6-month Period Ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(15,889)	(11,300)	(28,057)	(25,829)
- Non-controlling interests	(3,761)	(3,350)	(7,495)	(6,414)
	<u>(19,650)</u>	<u>(14,650)</u>	<u>(35,552)</u>	<u>(32,243)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(15,889)	(11,300)	(28,057)	(25,829)
- Non-controlling interests	(3,761)	(3,350)	(7,495)	(6,414)
	<u>(19,650)</u>	<u>(14,650)</u>	<u>(35,552)</u>	<u>(32,243)</u>
LOSS PER SHARE (SEN):-				
- Basic	(0.78)	(0.55)	(1.37)	(1.27)
- 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 30 June 2019

(the figures have not been audited)

	As at 30.06.2019	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	1,103,047	1,129,820
Biological assets	10,494	10,294
Intangible assets	627	772
Other investment	310	310
Goodwill	16,399	16,399
	<hr/>	<hr/>
	1,135,274	1,161,992
CURRENT ASSETS		
Inventories	11,797	12,766
Trade receivables	5,296	6,725
Other receivables, deposits and prepayments	15,192	17,573
Current tax assets	7,701	7,923
Biological assets	2,617	2,553
Deposits with licensed banks	187	262
Cash and bank balances	699	1,572
	<hr/>	<hr/>
	43,489	49,374
TOTAL ASSETS	<hr/>	<hr/>
	1,178,763	1,211,366

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 30 June 2019

(the figures have not been audited)

	As at 30.06.2019	As at 31.12.2018
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	807,129	807,129
Reserves	(349,901)	(321,844)
Equity attributable to owners of the Company	457,228	485,285
Non-controlling interests	(7,435)	60
TOTAL EQUITY	449,793	485,345
NON-CURRENT LIABILITIES		
Borrowings	232,791	249,728
Deferred tax liabilities	55,943	58,258
	288,734	307,986
CURRENT LIABILITIES		
Trade payables	61,272	60,473
Other payables, deposits and accruals	67,011	60,827
Borrowings:-		
- bank overdrafts	19,489	19,183
- other borrowings	282,878	268,660
Current tax liabilities	9,586	8,892
	440,236	418,035
TOTAL LIABILITIES	728,970	726,021
TOTAL EQUITY AND LIABILITIES	1,178,763	1,211,366
NET ASSETS PER SHARE (RM)	0.29	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 Six Months Ended 30 June 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	-	-	-	(28,057)	(28,057)	(7,495)	(35,552)
Balance at 30.6.2019	724,690	82,439	(53,065)	(296,836)	457,228	(7,435)	449,793

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

For the Six Months Ended 30 June 2018

(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 1.1.2018	724,690	82,439	(53,065)	(135,247)	618,817	15,015	633,832
Loss after taxation/Total comprehensive income for the period	-	-	-	(25,829)	(25,829)	(6,414)	(32,243)
Balance at 30.6.2018	724,690	82,439	(53,065)	(161,076)	592,988	8,601	601,589

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 Six Months Ended 30 June 2019

(the figures have not been audited)

	6 Months Ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(35,743)	(32,142)
Adjustments for:-		
Allowance for stock obsolescence no longer required	(11)	-
Amortisation of intangible assets	145	451
Bad debts written off	1	21
Change in fair value of biological assets	(64)	(2,295)
Depreciation of property, plant and equipment	35,961	40,008
(Gain)/Loss on disposal of property, plant and equipment	(2,813)	7
Interest expense	11,336	12,744
Interest income	(2)	(4)
Property, plant and equipment written off	259	93
Operating profit before working capital changes	9,069	18,883
Change in inventories	979	4,132
Change in trade and other receivables	3,810	(9,179)
Change in trade and other payables	6,984	34,184
CASH FROM OPERATIONS	20,842	48,020
Income tax paid	(4,057)	(6,367)
Income tax refunded	2,721	82
Interest paid	(13,296)	(14,450)
Interest received	2	4
NET CASH FROM OPERATING ACTIVITIES	6,212	27,289
BALANCE CARRIED FORWARD	6,212	27,289

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Six Months Ended 30 June 2019

(the figures have not been audited)

	6 Months Ended	
	30.06.2019 RM'000	30.06.2018 RM'000
BALANCE BROUGHT FORWARD	6,212	27,289
CASH FLOWS FOR INVESTING ACTIVITIES		
Costs incurred on biological assets	(201)	(285)
Proceeds from disposal of property, plant and equipment	4,691	773
Purchase of property, plant and equipment	(9,158)	(20,286)
NET CASH FOR INVESTING ACTIVITIES	(4,668)	(19,798)
CASH FLOWS FOR FINANCING ACTIVITIES		
Change in bankers' acceptance	10,096	2,040
Change in revolving credit	11,200	5,000
Drawdown of term loans	2,995	7,000
Repayment of hire purchase obligations	(2,943)	(3,220)
Repayment of term loans	(24,146)	(26,327)
NET CASH FOR FINANCING ACTIVITIES	(2,798)	(15,507)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,254)	(8,016)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(17,349)	(12,363)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(18,603)	(20,379)

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Six Months Ended 30 June 2019

(the figures have not been audited)

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

	6 Months Ended	
	30.06.2019 RM'000	30.06.2018 RM'000
Cash and bank balances	699	638
Deposits with licensed banks	187	258
Bank overdrafts	(19,489)	(21,173)
	<hr/>	<hr/>
	(18,603)	(20,277)
Less: Deposits pledged to licensed banks	-	(102)
	<hr/>	<hr/>
	(18,603)	(20,379)
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 30 June 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 6-month period ended 30 June 2019, the Group acquired assets at a cost of RM9.2 million.

Assets with a carrying amount of RM1,877,940 were disposed of by the Group during the 6-month period ended 30 June 2019, resulting in a net gain on disposal of RM2,812,947, 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 30 June 2019 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	1,300
- Authorised but not contracted for	-
	<hr/>
	1,300
	<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 6 Months Ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Chartering income	-	-	-	15
Consultancy fees paid	16	119	17	181
Contract charges	-	1,193	1,041	1,840
Contract income	-	-	-	1,154
Fresh Fruit Bunches (“FFB”) margin income	-	1,350	-	2,700
Interest paid	31	36	62	71
Management fee	125	405	500	810
Purchase of crude palm oil	-	-	-	5,116
Purchase of fertilisers and chemicals	34	470	212	794
Purchase of FFB	1,236	2,880	2,597	5,689
Purchase of property, plant and equipment	1	4	15	63
Purchase of palm kernel	-	-	-	335
Purchase of palm kernel shell	-	-	-	24
Purchase of stores and consumables	669	2,471	2,063	3,596
Recharge expense – labor service	-	-	-	2
Recharge income – labor service	-	13	-	21
Rental received	8	71	8	129
Rental paid	207	447	666	899
Repairs and maintenance	44	238	570	305
Sale of crude palm oil	14,082	6,345	24,401	9,730
Sale of empty bunch ash	-	-	-	-
Sale of FFB	4,414	6,735	9,151	14,036
Sale of property, plant and equipment	-	21	4,300	77
Sale of seedling	-	10	-	10
Sale of stores and consumables	156	156	700	430
Transportation and accommodation charges	3	128	5	203
Transportation and handling income	350	7	598	340
Utilities, insurance, and sundry expenses	34	60	60	111
Utilities, insurance, and sundry income	5	4	8	9


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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 6 Months Ended		Changes (%)
	30.06.2019	30.06.2018		30.06.2019	30.06.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	55,972	81,108	-31.0%	117,694	163,763	-28.1%
Gross loss	(5,419)	(1,670)	224.5%	(9,310)	(3,189)	191.9%
Loss before interest and taxation	(14,057)	(7,336)	91.6%	(24,407)	(19,398)	25.8%
Loss before taxation	(19,762)	(14,053)	40.6%	(35,743)	(32,142)	11.2%
Loss after taxation	(19,650)	(14,650)	34.1%	(35,552)	(32,243)	10.3%
Loss attributable to owners of the Company	(15,889)	(11,300)	40.6%	(28,057)	(25,829)	8.6%

The Group's revenue for 3 months and 6 months ended 30 June 2019 reduced by 31.0% and 28.1% respectively as compared to corresponding period in 2018 mainly due to lower selling price and quantity across the board.

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 6 Months Ended		Changes (%)
	30.06.2019	30.06.2018		30.06.2019	30.06.2018	
Production (MT)						
FFB	68,577	79,354	-13.6%	139,894	153,856	-9.1%
CPO	23,428	25,887	-9.5%	47,525	48,207	-1.4%
PK	4,900	5,592	-12.4%	10,237	10,730	-4.6%
Average selling price (RM per MT)						
FFB	324	428	-24.5%	331	444	-25.5%
CPO	1,891	2,312	-18.2%	1,905	2,334	-18.4%
PK	1,012	1,661	-39.1%	1,116	1,854	-39.8%

The production of CPO and PK for the current period and year-to-date has reduced as compared to corresponding period in 2018, which is in line with lower FFB production by 13.6% and 9.1% respectively.

The Group's gross loss for the current quarter increased by RM3.7 million while year-to-date gross loss higher by RM6.1 million as compared to corresponding period in 2018 mainly due to lower selling price and volume across the board.

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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 higher pre-tax loss by 40.6% for the current quarter while year-to-date pre-tax loss is 11.2% higher as compared to previous year corresponding quarter mainly due to selling price and volume across the board.

Concurrently, the Group recorded higher loss after taxation of RM19.7 million and RM35.6 million respectively for the current quarter and year-to-date as compared to RM14.7 million and 32.2 million respectively 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 (%)
	30.06.2019	31.03.2019	
	RM'000	RM'000	
Revenue	55,972	61,722	-9.3%
Gross (loss) / profit	(5,419)	(3,891)	39.3%
Loss before interest and taxation	(14,057)	(10,350)	35.8%
Loss before taxation	(19,762)	(15,981)	23.7%
Loss after taxation	(19,650)	(15,902)	23.6%
Loss attributable to owners of the Company	(15,889)	(12,168)	30.6%

Revenue waned by 9.3% mainly due to drop in average selling and quantity across the board.

As a result, gross loss deteriorated by RM1.5 million or 39.3% for the current quarter as compared to the immediate preceding quarter. Pre-tax loss swelled by 23.7% mainly because the immediate preceding quarter included higher other income by RM2.4 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.



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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 (%)
	30.06.2019	31.03.2019	
Production (MT)			
FFB	68,577	71,317	-3.9%
CPO	23,428	24,096	-2.8%
PK	4,900	5,336	-8.2%
Average selling price (RM per MT)			
FFB	324	338	-4.2%
CPO	1,891	1,919	-1.5%
PK	1,012	1,197	-15.5%

Loss after taxation higher by 23.6% as compared to immediate preceding quarter.

B3 Commentary on Prospects

With the forthcoming peak crop period, the CPO price is likely to be further depressed coupled with the uncertainty arising from the on-going 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 6 Months Ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Tax expense for the year:				
Current tax	1,045	2,702	2,124	4,696
Deferred tax	(1,157)	(2,105)	(2,315)	(4,595)
	<u>(112)</u>	<u>597</u>	<u>(191)</u>	<u>101</u>

The effective tax rate for the current quarter ended 30 June 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	-	October 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 21 August 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**

	30.06.2019	As at 31.12.2018
	RM'000	RM'000
Long-term borrowings:-		
Hire purchase obligations	1,482	2,760
Term loans, secured	231,087	245,501
Term loans, unsecured	222	1,467
	<u>232,791</u>	<u>249,728</u>
Short-term borrowings:-		
Bank overdrafts, secured	12,643	9,107
Bank overdrafts, unsecured	6,846	10,076
Bankers' acceptance, unsecured	32,428	22,331
Hire purchase obligations	3,404	4,991
Revolving credit, secured	118,191	106,691
Revolving credit, unsecured	76,700	77,000
Term loans, secured	47,319	53,547
Term loans, unsecured	1,816	1,080
Unsecured loans	3,020	3,020
	<u>302,367</u>	<u>287,843</u>
Total borrowings	<u>535,158</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 1.5% per annum.
- The bankers' acceptance, revolving credit and term loan bore interest ranging from cost of funds + 0.5% to 2.5% 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 August 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 30 June 2019.

B10 Loss Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Loss attributable to owners of the Company (RM'000)	(15,889)	(11,300)	(28,057)	(25,829)
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)	(0.78)	(0.55)	(1.37)	(1.27)

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 6 Months Ended	
	30.06.2019 RM'000	30.06.2018 RM'000	30.06.2019 RM'000	30.06.2018 RM'000
Allowance for stock obsolescence no longer required	(5)	-	(11)	-
Amortisation of intangible assets	72	223	145	451
Bad debts written off	1	21	1	21
Change in fair value of biological assets	(363)	(3,029)	(64)	(2,295)
Depreciation of property, plant and equipment	18,084	20,796	35,961	40,008
Directors' remuneration	93	230	229	481
Finance costs	5,705	6,717	11,336	12,744
(Gain) / Loss on disposal of property, plant and equipment	(75)	3	(2,813)	7
Interest income	-	(4)	(2)	(4)
Management fee	125	405	500	810
Property, plant and equipment written off	36	87	259	93
Rental income	(145)	(90)	(168)	(179)
Rental on equipment	233	105	234	206
Rental on premises	217	457	679	920
Staff costs:-				
- short-term employee benefits	6,961	7,311	15,067	16,133
- defined contribution plan	768	845	1,662	1,859



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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 6-month period ended 30 June 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 30 June 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 27 August 2019.