



RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)

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

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Interim Financial Statements

For the 3RD Quarter Ended 30 September 2019

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 3RD Quarter Ended 30 September 2019*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
REVENUE	80,545	81,399	198,239	245,162
COST OF SALES	(72,368)	(83,396)	(199,372)	(250,348)
GROSS PROFIT / (LOSS)	8,177	(1,997)	(1,133)	(5,186)
OTHER INCOME	1,810	1,918	5,634	6,312
DISTRIBUTION COSTS	(4,171)	(4,220)	(10,852)	(11,857)
OTHER OPERATING EXPENSES	(60)	(4,897)	(597)	(6,201)
ADMINISTRATIVE EXPENSES	(4,720)	(5,063)	(16,423)	(16,725)
FINANCE COSTS	(5,499)	(6,365)	(16,835)	(19,109)
LOSS BEFORE TAXATION	(4,463)	(20,624)	(40,206)	(52,766)
INCOME TAX EXPENSE	2,059	1,853	2,250	1,752
LOSS AFTER TAXATION	(2,404)	(18,771)	(37,956)	(51,014)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(2,404)	(18,771)	(37,956)	(51,014)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 3RD Quarter Ended 30 September 2019*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
PROFIT / (LOSS) AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	252	(14,928)	(27,805)	(40,757)
- Non-controlling interests	(2,656)	(3,843)	(10,151)	(10,257)
	<u>(2,404)</u>	<u>(18,771)</u>	<u>(37,956)</u>	<u>(51,014)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	252	(14,928)	(27,805)	(40,757)
- Non-controlling interests	(2,656)	(3,843)	(10,151)	(10,257)
	<u>(2,404)</u>	<u>(18,771)</u>	<u>(37,956)</u>	<u>(51,014)</u>
PROFIT/ (LOSS) PER SHARE (SEN):-				
- Basic	0.01	(0.73)	(1.36)	(2.00)
- 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 September 2019

(the figures have not been audited)

	As at 30.09.2019	As at 31.12.2018
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Investment in an associate	-	4,397
Property, plant and equipment	1,088,754	1,129,820
Biological assets	10,579	10,294
Intangible assets	555	772
Other investment	310	310
Goodwill	16,399	16,399
	<u>1,116,597</u>	<u>1,161,992</u>
CURRENT ASSETS		
Inventories	15,165	12,766
Trade receivables	7,906	6,725
Other receivables, deposits and prepayments	19,185	17,573
Current tax assets	8,493	7,923
Biological assets	3,366	2,553
Deposits with licensed banks	187	262
Cash and bank balances	762	1,572
	<u>55,064</u>	<u>49,374</u>
TOTAL ASSETS	<u>1,171,661</u>	<u>1,211,366</u>


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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 30 September 2019

(the figures have not been audited)

	As at 30.09.2019	As at 31.12.2018
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	807,129	807,129
Reserves	(349,649)	(321,844)
	<hr/>	<hr/>
Equity attributable to owners of the Company	457,480	485,285
Non-controlling interests	(10,091)	60
	<hr/>	<hr/>
TOTAL EQUITY	447,389	485,345
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Borrowings	217,736	249,728
Deferred tax liabilities	55,831	58,258
	<hr/>	<hr/>
	273,567	307,986
	<hr/>	<hr/>
CURRENT LIABILITIES		
Trade payables	69,675	60,473
Other payables, deposits and accruals	65,887	60,827
Borrowings:-		
- bank overdrafts	19,502	19,183
- other borrowings	290,085	268,660
Current tax liabilities	5,556	8,892
	<hr/>	<hr/>
	450,705	418,035
	<hr/>	<hr/>
TOTAL LIABILITIES	724,272	726,021
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	1,171,661	1,211,366
	<hr/>	<hr/>
NET ASSETS PER SHARE (RM)	0.29	0.31
	<hr/>	<hr/>

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 Nine Months Ended 30 September 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	-	-	-	(27,805)	(27,805)	(10,151)	(37,956)
Balance at 30.9.2019	724,690	82,439	(53,065)	(296,584)	457,480	(10,091)	447,389

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

For the Nine Months Ended 30 September 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	-	-	-	(40,757)	(40,757)	(10,257)	(51,014)
Balance at 30.9.2018	724,690	82,439	(53,065)	(176,004)	578,060	4,758	582,818

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 Nine Months Ended 30 September 2019

(the figures have not been audited)

	9 Months Ended	
	30.09.2019	30.09.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(40,206)	(52,766)
Adjustments for:-		
Allowance for stock obsolescence no longer required	(13)	(36)
Amortisation of intangible assets	218	632
Bad debts written off	1	65
Change in fair value of biological assets	(813)	(712)
Depreciation of property, plant and equipment	53,883	59,824
(Gain)/Loss on disposal of an associated company	(603)	-
(Gain)/Loss on disposal of property, plant and equipment	(2,813)	39
Interest expense	16,835	19,109
Interest income	(2)	(7)
Property, plant and equipment written off	316	3,225
Operating profit before working capital changes	26,803	29,373
Change in inventories	(2,386)	(3,694)
Change in trade and other receivables	(2,794)	(5,021)
Change in trade and other payables	14,261	85,992
CASH FROM OPERATIONS	35,884	106,650
Income tax paid	(6,626)	(9,214)
Income tax refunded	2,721	371
Interest paid	(19,824)	(21,936)
Interest received	2	7
NET CASH FROM OPERATING ACTIVITIES	12,157	75,878
BALANCE CARRIED FORWARD	12,157	75,878

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Nine Months Ended 30 September 2019

(the figures have not been audited)

	9 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000
BALANCE BROUGHT FORWARD	12,157	75,878
CASH FLOWS FOR INVESTING ACTIVITIES		
Costs incurred on biological assets	(285)	(393)
Proceeds from disposal of an associated company	5,000	-
Proceeds from disposal of property, plant and equipment	4,938	2,346
Purchase of property, plant and equipment	(12,368)	(31,237)
NET CASH FOR INVESTING ACTIVITIES	(2,715)	(29,284)
CASH FLOWS FOR FINANCING ACTIVITIES		
Change in bankers' acceptance	10,099	2,585
Change in revolving credit	10,400	5,000
Drawdown of term loans	4,469	12,635
Proceeds from promissory note	4,200	-
Repayment of hire purchase obligations	(4,035)	(4,389)
Repayment of term loans	(35,779)	(66,742)
NET CASH FOR FINANCING ACTIVITIES	(10,646)	(50,911)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,204)	(4,317)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(17,349)	(12,363)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(18,553)	(16,680)

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Nine Months Ended 30 September 2019

(the figures have not been audited)

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

	9 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000
Cash and bank balances	762	1,174
Deposits with licensed banks	187	260
Bank overdrafts	(19,502)	(18,012)
	<hr/>	<hr/>
	(18,553)	(16,578)
Less: Deposits pledged to licensed banks	-	(102)
	<hr/>	<hr/>
	(18,553)	(16,680)
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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 September 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 9-month period ended 30 September 2019, the Group acquired assets at a cost of RM12.8 million.

Assets with a carrying amount of RM2,124,892 were disposed of by the Group during the 9-month period ended 30 September 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 except as mentioned below:

On 30 August 2019, the Company had entered into a Share Sale Agreement (“SSA”) with a non-related party, Lembaga Amanah Kebajikan Masjid Negeri Sarawak (“LAKMNS”), to dispose its remaining 3,520,000 ordinary shares of RM1.00 each in the capital of Lubuk Tiara Sdn Bhd (“LTSB”) for a total cash consideration sum of RM5,000,000.00, which represents 44% of the total issued and paid-up share capital of LTSB.

With the execution of Deed of Settlement 1 and Deed of Settlement 2 during the quarter under review, the SSA is completed and accordingly, LTSB ceased as an associated company of the Group.

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 September 2019 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	1,191
- Authorised but not contracted for	-
	<hr/>
	1,191
	<hr/>


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

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Chartering income	-	-	-	15
Consultancy fees paid	30	60	47	241
Contract charges	-	973	1,041	2,813
Contract income overbilled	-	(4,692)	-	(3,538)
Fresh Fruit Bunches ("FFB") margin income	-	1,350	-	4,050
Interest paid	46	36	108	107
Management fee	-	405	500	1,215
Purchase of crude palm oil	-	-	-	5,116
Purchase of fertilisers and chemicals	5	241	217	1,035
Purchase of FFB	2,408	3,595	5,004	9,284
Purchase of property, plant and equipment	296	3	311	66
Purchase of palm kernel	-	-	-	335
Purchase of palm kernel shell	-	-	-	24
Purchase of stores and consumables	530	3,192	2,593	6,797
Recharge income – labor service	-	6	-	62
Rental received	-	61	8	191
Rental paid	439	469	1,105	1,368
Repairs and maintenance	498	24	1,069	323
Sale of crude palm oil	16,594	14,833	40,995	24,564
Sale of FFB	8,311	6,567	17,463	20,603
Sale of property, plant and equipment	60	87	4,360	164
Sale of seedling	-	42	-	52
Sale of stores and consumables	21	347	721	781
Transportation and accommodation charges	5	16	10	55
Transportation and handling income	400	307	998	812
Utilities, insurance, and sundry expenses	26	87	86	200
Utilities, insurance, and sundry income	14	19	22	39


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

	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 9 Months Ended		Changes (%)
	30.09.2019	30.09.2018		30.09.2019	30.09.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	80,545	81,399	-1.0%	198,239	245,162	-19.1%
Gross profit / (loss)	8,177	(1,997)	-509.5%	(1,133)	(5,186)	-78.2%
Profit / (loss) before interest and taxation	1,036	(14,259)	-107.3%	(23,371)	(33,657)	-30.6%
Loss before taxation	(4,463)	(20,624)	-78.4%	(40,206)	(52,766)	-23.8%
Loss after taxation	(2,404)	(18,771)	-87.2%	(37,956)	(51,014)	-25.6%
Profit / (Loss) attributable to owners of the Company	252	(14,928)	-101.7%	(27,805)	(40,757)	-31.8%

The Group's revenue for 3 months and 9 Months ended 30 September 2019 retracted by 1.0% and 19.1% respectively as compared to corresponding period in 2018 mainly due to lower selling price across the board.

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 9 Months Ended		Changes (%)
	30.09.2019	30.09.2018		30.09.2019	30.09.2018	
Production (MT)						
FFB	95,560	95,329	0.2%	235,454	249,185	-5.5%
CPO	33,412	33,877	-1.4%	80,936	82,084	-1.4%
PK	7,018	7,278	-3.6%	17,255	18,007	-4.2%
Average selling price (RM per MT)						
FFB	333	389	-14.3%	332	423	-21.5%
CPO	1,945	2,119	-8.2%	1,921	2,254	-14.8%
PK	1,040	1,617	-35.7%	1,084	1,769	-38.7%

CPO & PK production for the current period and year-to-date is lower as compared to corresponding period in 2018, which correspond to declining FFB production.

The Group recorded gross profit of RM8.2 million for the current quarter as compared to previous year's gross loss of RM2.0 million as plantation costs have been sequestered and further rationalized. As such, year-to-date gross loss reduced by 78.2% as compared to corresponding period in 2018.

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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**B1 Review of Performance (cont'd)**

The Group recorded lower pre-tax loss by 78.4% for the current quarter while year-to-date pre-tax loss is 23.8% lower as previous year corresponding period incurred higher written off of property, plant and equipment by RM2.9 million.

Concurrently, the Group recorded lower loss after taxation of RM2.4 million and RM38.0 million respectively for the current quarter and year-to-date as compared to RM18.8 million and 51.0 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 (%)
	30.09.2019	30.06.2019	
	RM'000	RM'000	
Revenue	80,545	55,972	43.9%
Gross profit / (loss)	8,177	(5,419)	-250.9%
Profit / (Loss) before interest and taxation	1,036	(14,057)	-107.4%
Loss before taxation	(4,463)	(19,762)	-77.4%
Loss after taxation	(2,404)	(19,650)	-87.8%
Profit / (Loss) attributable to owners of the Company	252	(15,889)	-101.6%

Revenue surged by RM24.6 million on the back of higher average selling price and quantity across the board.

As a result, the Group notched a gross profit of RM8.2 million as compared to gross loss of RM5.4 million in the immediate preceding quarter. Accordingly, pre-tax loss constricted by 77.4%.



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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 (%)
	30.09.2019	30.06.2019	
Production (MT)			
FFB	95,560	68,577	39.4%
CPO	33,412	23,428	42.6%
PK	7,018	4,900	43.2%
Average selling price (RM per MT)			
FFB	333	324	3.0%
CPO	1,945	1,891	2.9%
PK	1,040	1,012	2.7%

Loss after taxation contracted by 87.8% as compared to immediate preceding quarter.

B3 Commentary on Prospects

CPO price is expected to strengthen towards the year end in view of the lower than expected FFB production coupled with expectation of higher demand arising from the implementation of higher biodiesel usage next year. However, the protracted trade tensions between the United States and China may cap the price uptrend. As such, the Group remain committed on improving its productivity and operational efficiency.

B4 Financial Estimate, Forecast, Projection or Internal Targets

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

B5 Income Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Tax expense for the year:				
Current tax	(1,947)	2,716	177	5,418
Deferred tax	(112)	(4,569)	(2,427)	(7,170)
	<u>(2,059)</u>	<u>(1,853)</u>	<u>(2,250)</u>	<u>(1,752)</u>

The effective tax rate for the current quarter ended 30 September 2019 were higher than the statutory tax rate mainly due to over provision of tax expense in the previous financial year.


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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
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	Details	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. On 25 October 2019, the period for repayment of Advance has been extended by 6 Months to 25 April 2020.	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	-	April 2020	-	-
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 20 November 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

	As at 30.09.2019 (RM'000)			As at 31.12.2018 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured:-						
Bank overdrafts	12,312	-	12,312	9,107	-	9,107
Hire purchase	2,753	1,041	3,794	4,991	2,760	7,751
Revolving credit	137,291	-	137,291	125,691	-	125,691
Term loans	52,492	216,018	268,510	53,547	245,501	299,048
Bankers' acceptance	16,990	-	16,990	12,606	-	12,606
	221,838	217,059	438,897	205,942	248,261	454,203
Unsecured:-						
Bank overdrafts	7,190	-	7,190	10,076	-	10,076
Bankers' acceptance	15,440	-	15,440	9,725	-	9,725
Loans	3,020	-	3,020	3,020	-	3,020
Promissory note	4,200	-	4,200	-	-	-
Revolving credit	56,800	-	56,800	58,000	-	58,000
Term loans	1,099	677	1,776	1,080	1,467	2,547
	87,749	677	88,426	81,901	1,467	83,3680
Total Borrowings	309,587	217,736	527,323	287,843	249,728	537,571

- 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.
- The promissory note bore interest at 4.00% 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 20 November 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 September 2019.

B10 Profit / (Loss) Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Profit / (loss) attributable to owners of the Company (RM'000)	252	(14,928)	(27,805)	(40,757)
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 profit / (loss) per share (sen)	0.01	(0.73)	(1.36)	(2.00)

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 9 Months Ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Allowance for stock obsolescence no longer required	(2)	(36)	(13)	(36)
Amortisation of intangible assets	73	181	218	632
Bad debts written off	-	44	1	65
Change in fair value of biological assets	(749)	1,583	(813)	(712)
Depreciation of property, plant and equipment	17,922	19,816	53,883	59,824
Directors' remuneration	61	409	290	890
Finance costs	5,499	6,365	16,835	19,109
(Gain) / Loss on disposal of an associated company	(603)	-	(603)	-
(Gain) / Loss on disposal of property, plant and equipment	-	32	(2,813)	39
Interest income	-	(3)	(2)	(7)
Management fee	-	405	500	1,215
Property, plant and equipment written off	57	3,132	316	3,225
Rental income	99	(92)	(69)	(271)
Rental on equipment	15	116	249	322
Rental on premises	444	468	1,123	1,388
Staff costs:-				
- short-term employee benefits	6,979	7,283	22,046	23,416
- defined contribution plan	759	817	2,421	2,676



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

B13 Derivatives

(a) Nature of outstanding derivatives

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

(b) Risks and Policies of Derivatives

The Group did not enter into any derivatives during the 9-month period ended 30 September 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 September 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 26 November 2019.