



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

**INTERIM REPORT
FOR 3RD QUARTER ENDED
30 SEPTEMBER 2014**



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

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INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014
(The figures have not been audited)

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**Condensed Consolidated Statement of Financial Position**
(The figures have not been audited)

	Notes	As At End Of Current Year Quarter 30/09/2014 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2013 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		315,628	323,683
Plantation development expenditure		278,921	258,149
Investment property		4,995	5,120
Total non-current assets		599,544	586,952
Current assets			
Other investments	B6	2,099	2,080
Inventories		22,926	16,160
Trade and other receivables		27,190	21,249
Prepayments and other assets		4,698	4,580
Current tax recoverable		3,483	4,078
Cash and bank balances		100,614	117,390
		161,010	165,537
Assets held for sale		2,341	2,341
Total current assets		163,351	167,878
TOTAL ASSETS		762,895	754,830



Condensed Consolidated Statement of Financial Position (continued)
(The figures have not been audited)

		As At End Of Current Year Quarter 30/09/2014 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2013 (Audited) RM'000
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital	A5	280,000	280,000
Share premium	A5	60,969	60,969
Reserves		268,706	241,985
		<u>609,675</u>	<u>582,954</u>
Non-controlling interests		<u>(5,925)</u>	<u>(5,671)</u>
Total equity		<u>603,750</u>	<u>577,283</u>
Non-current liabilities			
Deferred tax liabilities		53,057	54,356
Loans and Borrowings	B7	1,940	5,065
Total non-current liabilities		<u>54,997</u>	<u>59,421</u>
Current liabilities			
Trade and other payables		60,069	55,745
Loans and Borrowings	B7	43,854	62,081
Current tax payable		225	300
Total current liabilities		<u>104,148</u>	<u>118,126</u>
Total liabilities		<u>159,145</u>	<u>177,547</u>
TOTAL EQUITY AND LIABILITIES		<u>762,895</u>	<u>754,830</u>
Net assets per share attributable to Owners of the Company (RM)		<u>2.18</u>	<u>2.08</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**
(The figures have not been audited)

	Notes	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
		Current Year Quarter 30/09/2014 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/09/2013 (Unaudited) RM'000	Current Year - Period To Date 30/09/2014 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2013 (Unaudited) RM'000
Revenue		94,099	104,051	292,680	249,003
Cost of sales		(74,630)	(72,013)	(212,551)	(189,239)
Gross profit		19,469	32,038	80,129	59,764
Other operating income		398	384	1,065	1,482
Distribution costs		(5,667)	(5,828)	(16,862)	(14,301)
Administrative expenses		(6,438)	(6,268)	(17,974)	(18,258)
Replanting expenditure		(2,207)	(543)	(2,783)	(1,954)
Results from operating activities		5,555	19,783	43,575	26,733
Finance income		782	619	2,353	2,465
Finance costs		(405)	6	(1,152)	(631)
Net finance income		377	625	1,201	1,834
Profit before tax	A14	5,932	20,408	44,776	28,567
Income tax (expense)/income	B5	1,486	(4,900)	(7,127)	(4,848)
Profit for the period		7,418	15,508	37,649	23,719
Other comprehensive income, net of tax		-	-	-	-
Profit and total comprehensive income for the period		7,418	15,508	37,649	23,719

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)**
(The figures have not been audited)

	Notes	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
		Current Year Quarter 30/09/2014 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/09/2013 (Unaudited) RM'000	Current Year - Period To Date 30/09/2014 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2013 (Unaudited) RM'000
Profit/(Loss) attributable to:					
Owners of the Company		7,151	15,802	37,903	24,591
Non-controlling interests		267	(294)	(254)	(872)
Profit for the period		7,418	15,508	37,649	23,719
Profit and total comprehensive income/(loss) attributable to:					
Owners of the Company		7,151	15,802	37,903	24,591
Non-controlling interests		267	(294)	(254)	(872)
Profit and total comprehensive income for the period		7,418	15,508	37,649	23,719
Basic earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	2.56	5.65	13.56	8.80
Diluted	B12	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 year ended 31 December 2013 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Changes in Equity**

(The figures have not been audited)

	Attributable to Owners of the Company									Total equity RM'000	
	Notes	Non-distributable					Distributable				Non-controlling interests RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000			
									Issued and paid up ordinary shares of RM1.00 each		
At 31 December 2013		280,000	280,000	60,969	493	(1,223)	242,715	582,954	(5,671)	577,283	
Profit and total comprehensive income for the period		-	-	-	-	-	37,903	37,903	(254)	37,649	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2013	B11(a)	-	-	-	-	-	(11,182)	(11,182)	-	(11,182)	
As at 30 September 2014		280,000	280,000	60,969	493	(1,223)	269,436	609,675	(5,925)	603,750	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity

(The figures have not been audited)

Notes	Attributable to Owners of the Company									
	Non-distributable						Distributable			
	Issued and paid up ordinary shares of RM1.00 each						Retained earnings	Total	Non-controlling interests	Total equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000	RM'000				
At 31 December 2012 / 1 January 2013, as previously stated	280,000	280,000	60,969	493	(1,223)	228,332	568,571	(1,736)	566,835	
Less : Effect of adoption of the Amendments to FRS 116	-	-	-	-	-	(141)	(141)	-	(141)	
1 January 2013, restated	280,000	280,000	60,969	493	(1,223)	228,191	568,430	(1,736)	566,694	
Profit and total comprehensive income for the period	-	-	-	-	-	24,591	24,591	(872)	23,719	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2012	-	-	-	-	-	(13,978)	(13,978)	-	(13,978)	
As at 30 September 2013	280,000	280,000	60,969	493	(1,223)	238,804	579,043	(2,608)	576,435	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Cash Flows**
(The figures have not been audited)

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/09/2014 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2013 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	44,776	28,567
<i>Adjustments for:</i>		
Depreciation of investment property	125	125
Change in fair value of other investments	-	(130)
Depreciation of plantation development expenditure	166	166
Depreciation of property, plant and equipment	16,061	15,155
Dividend income from other investments	(41)	(75)
Loss/(Gain) on disposal of other investments	2	(12)
Finance income	(2,353)	(2,465)
Finance costs	1,152	631
Property, plant and equipment written off	189	-
Operating profit before changes in working capital	60,077	41,962
Change in inventories	(6,766)	4,882
Change in trade and other receivables, prepayments and other assets	(4,728)	(17,650)
Change in trade and other payables	(1,557)	(5,297)
Cash generated from operations	47,026	23,897
Income tax refunded	-	181
Income tax paid	(7,907)	(11,279)
Interest paid	(1,944)	(2,095)
Finance lease profit paid	(127)	-
Interest received	1,606	2,582
Net cash from operating activities	38,654	13,286

**Condensed Consolidated Statement of Cash Flows (continued)**
(The figures have not been audited)

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/09/2014 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2013 (Unaudited) RM'000
Cash flows from investing activities		
Dividend received	30	-
Acquisition of property, plant and equipment	(5,799)	(9,474)
Net movement of fixed deposits with original maturities of more than three months	533	1,879
Plantation development expenditure (net of depreciation and finance costs capitalised)	(17,475)	(17,093)
Net cash used in investing activities	(22,711)	(24,688)
Cash flows from financing activities		
Proceeds from borrowings	17,000	9,000
Repayment of borrowings	(38,004)	(17,306)
Dividends paid to Owners of the Company	(11,182)	(13,978)
Net cash used in financing activities	(32,186)	(22,284)
Net decrease in cash and cash equivalents	(16,243)	(33,686)
Cash and cash equivalents as at 1 January	109,499	123,464
Cash and cash equivalents as at 30 September	93,256	89,778
Represented by:		
Short term deposits	95,642	96,335
Cash and bank balances	4,972	1,315
	100,614	97,650
Less:		
Fixed deposits pledged*	-	(716)
Fixed deposits with original maturities exceeding three months	(7,358)	(7,156)
Cash and cash equivalents	93,256	89,778

* Amounts pledged to licensed bank to secure bank guarantee facilities.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying notes attached to this report)

**Part A – Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134****A1. Basis of preparation****1. Statement of compliance**

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 *Interim Financial Reporting* and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

2. Significant accounting policies**2.1 Adoption of new/revised Standards, Amendments and Interpretations**

The accounting policies and methods of computation used in the preparation of the consolidated interim financial statements of the Group are consistent with those used in the preparation of the last audited financial statements of the Group for the financial year ended 31 December 2013 except for the adoption of the following new/revised accounting standards, amendments and interpretations that have been issued by Malaysian Accounting Standards Board (“MASB”):

Standard / Amendment / Interpretation	Effective date
Amendments to FRS 10, <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12, <i>Disclosure of Interests in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127, <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to FRS 132, <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136, <i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139, <i>Financial Instruments : Recognition and Measurement – Novation of Derivatives and Continuation of Hedging Accounting</i>	1 January 2014
IC Interpretations 21, <i>Levies</i>	1 January 2014



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies

2.1 Adoption of new/revised Standards, Amendments and Interpretations (continued)

The Group have not applied the following new/revised accountings standard, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are effective only for annual periods beginning on or after the respective dates indicated herein:

Standards / Amendments / Interpretations	Effective date
Amendments to FRS 2, <i>Share-based Payment (Annual Improvements 2010 – 2012 Cycle)</i>	1 July 2014
Amendments to FRS 3, <i>Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011-2013 Cycle)</i>	1 July 2014
Amendments to FRS 8, <i>Operating Segments (Annual Improvements 2010 – 2012 Cycle)</i>	1 July 2014
Amendments to FRS 13, <i>Fair Value Measurement (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)</i>	1 July 2014
Amendments to FRS 116, <i>Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)</i>	1 July 2014
Amendments to FRS 119, <i>Employee Benefits – Defined Benefits Plans: Employee Contributions</i>	1 July 2014
Amendments to FRS 124, <i>Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)</i>	1 July 2014
Amendments to FRS 138, <i>Intangible Assets (Annual Improvements 2010 – 2012 Cycle)</i>	1 July 2014
Amendment to FRS 140, <i>Investment Properties (Annual Improvements 2011 – 2013 Cycle)</i>	1 July 2014
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 116 and FRS 138, <i>(Clarification of Acceptable Methods of Depreciation and Amortisation)</i>	1 January 2016
Amendment to FRS 11, <i>Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)</i>	1 January 2016
FRS 9, <i>Financial Instruments (2009)</i>	Yet to be confirmed
FRS 9, <i>Financial Instruments (2010)</i>	Yet to be confirmed
FRS 9, <i>Financial Instruments - Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139</i>	Yet to be confirmed
Amendments to FRS 7, <i>Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures</i>	Yet to be confirmed

The initial application of standards, amendments and interpretations are not expected to have any material financial impacts on the financial statements for the current and prior periods except for FRS 9, *Financial Instruments*. The Group is currently assessing the financial impact that may arise from adoption of FRS 9.

2. Significant accounting policies

2.2 Malaysian Financial Reporting Standards

On 7 August 2013, MASB made an announcement to allow transitioning entities to defer the adoption of the Malaysian Financial Reporting Standards (“MFRS”). Transitioning entities will have to adopt the MFRS when mandated by MASB.

**Part A – Explanatory Notes Pursuant to FRS 134****A1. Basis of preparation (continued)****2. Significant accounting policies****2.2 Malaysian Financial Reporting Standards (continued)**

On 2 September 2014, MASB has announced that transitioning entities shall be required to apply the Malaysian Financial Reporting Standards (“MFRS”) for annual periods beginning on or after 1 January 2017.

MASB has also issued the following:

- (a) MFRS 15 *Revenue from Contracts with Customers*, effective for annual periods beginning on or after 1 January 2017.
- (b) Agriculture: *Bearer Plants* (Amendments to MFRS 116 and MFRS 141), effective for annual periods beginning on or after 1 January 2016.

Accordingly, the financial statements of the Group are/will be prepared in compliance with FRS for the year ending 31 December 2014 and will adopt new and/or amended FRSs and ICs as and when effective.

A2. Seasonality or Cyclicity of Interim Operations

The Group's performance is affected by the cropping pattern of fresh fruit bunches (“FFB”) which normally reaches its peak in the second half of the year, that will be reflected accordingly in the crude palm oil (“CPO”) and palm kernel (“PK”) production of the Group. The performance is also affected by the prices of CPO and PK which are determined by global supply and demand situation for edible oils and fats.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net income or Cash Flows

There were no items affecting assets, liabilities, equity, net income, or cash flows which were unusual in nature, size or incidence during the current financial period.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years and preceding interim periods which have a material effect in the current interim financial period.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity in the current interim financial period.

A6. Dividends Paid

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/09/2014 RM'000	Preceding Year - Period To Date 30/09/2013 RM'000
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2012		
- 5 sen per ordinary share	-	13,978
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2013		
- 4 sen per ordinary share	11,182	-
	<u>11,182</u>	<u>13,978</u>

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information**

The Group's business segments mainly comprise the following three major business segments:-

(i) Investment holding

Investment holding company

(ii) Oil palm operations

Cultivation of oil palm and processing of fresh fruit bunches

(iii) Management services and rental

Provision of management service and rental of investment properties

Individual Quarter (Q3)

	Investment holding RM'000	Oil palm operations RM'000	Management services and Rental RM'000	Consolidated RM'000
30/09/2014				
Revenue				
Segment revenue	10,000	93,699	1,250	104,949
Inter-segment revenue	(10,000)	-	(850)	(10,850)
External revenue	-	93,699	400	94,099
Cost of sales				
Segment cost of sales	-	(74,153)	(583)	(74,736)
Inter-segment cost of sales	-	61	45	106
External cost of sales	-	(74,092)	(538)	(74,630)
Gross profit/(loss)	-	19,607	(138)	19,469
Other income including finance income	1,021	1,046	1,285	3,352
Inter-segment	(455)	(525)	(1,192)	(2,172)
External other income	566	521	93	1,180
Other expenses including finance costs	(1,193)	(14,307)	(785)	(16,285)
Inter-segment	55	1,237	276	1,568
External other expenses	(1,138)	(13,070)	(509)	(14,717)
(Loss)/Profit before tax	(572)	7,058	(554)	5,932

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Individual Quarter (Q3)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and Rental RM'000	Consolidated RM'000
30/09/2013				
Revenue				
Segment revenue	-	103,792	1,133	104,925
Inter-segment revenue	-	-	(874)	(874)
External revenue	-	103,792	259	104,051
Cost of sales				
Segment cost of sales	-	(71,593)	(510)	(72,103)
Inter-segment cost of sales	-	45	45	90
External cost of sales	-	(71,548)	(465)	(72,013)
Gross profit	-	32,244	(206)	32,038
Other income including finance income	534	659	166	1,359
Inter-segment	(112)	(197)	(47)	(356)
External other income	422	462	119	1,003
Other expenses including finance costs	(1,498)	(11,847)	(428)	(13,773)
Inter-segment	47	681	412	1,140
External other expenses	(1,451)	(11,166)	(16)	(12,633)
(Loss)/Profit before tax	(1,029)	21,540	(103)	20,408



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Cumulative Quarter (9 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services and Rental RM'000	Consolidated RM'000
30/09/2014				
Revenue				
Segment revenue	26,500	291,607	3,493	321,600
Inter-segment revenue	(26,500)	-	(2,420)	(28,920)
External revenue	-	291,607	1,073	292,680
Cost of sales				
Segment cost of sales	-	(210,948)	(1,817)	(212,765)
Inter-segment cost of sales	-	79	135	214
External cost of sales	-	(210,869)	(1,682)	(212,551)
Gross profit/(loss)	-	80,738	(609)	80,129
Other income including finance income	2,654	2,586	1,553	6,793
Inter-segment	(1,130)	(1,030)	(1,215)	(3,375)
External other income	1,524	1,556	338	3,418
Other expenses including finance costs	(3,593)	(37,625)	(1,786)	(43,004)
Inter-segment	133	3,325	775	4,233
External other expenses	(3,460)	(34,300)	(1,011)	(38,771)
(Loss)/Profit before tax	(1,936)	47,994	(1,282)	44,776



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Cumulative Quarter (9 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services and Rental RM'000	Consolidated RM'000
30/09/2013				
Revenue				
Segment revenue	17,800	247,932	3,406	269,138
Inter-segment revenue	(17,800)	-	(2,335)	(20,135)
External revenue	-	247,932	1,071	249,003
Cost of sales				
Segment cost of sales	-	(187,651)	(1,782)	(189,433)
Inter-segment cost of sales	-	59	135	194
External cost of sales	-	(187,592)	(1,647)	(189,239)
Gross profit	-	60,340	(576)	59,764
Other income including finance income	2,802	2,497	530	5,829
Inter-segment	(1,273)	(500)	(109)	(1,882)
External other income	1,529	1,997	421	3,947
Other expenses including finance costs	(4,137)	(33,471)	(1,559)	(39,167)
Inter-segment	137	2,907	979	4,023
External other expenses	(4,000)	(30,564)	(580)	(35,144)
(Loss)/Profit before tax	(2,471)	31,773	(735)	28,567



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Segment assets and liabilities

	As At End Of Current Financial Period 30/09/2014
Segment assets:	
Oil palm operations	664,835
Investment holding	397,116
Management services and rental	45,102
Total	<u>1,107,053</u>
Elimination	<u>(344,158)</u>
Total assets	<u>762,895</u>
	As At End Of Current Financial Period 30/09/2014
Segment liabilities:	
Oil palm operations	198,389
Investment holding	1,458
Management services and rental	15,294
Total	<u>215,141</u>
Elimination	<u>(55,996)</u>
Total liabilities	<u>159,145</u>

A8. Impairment of Assets

There was neither impairment loss nor reversal of such impairment loss recognised during the current interim financial period.

A9. Material Events Subsequent to the End of the Interim Period

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

A10. Changes in the Composition of the Group

As at 30 September 2014, there were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations.

A11. Changes in Contingent Liabilities and Contingent Assets

As at 30 September 2014, there were no material contingent liabilities or contingent assets, which upon being enforced might have a material impact on the financial position or business of the Group.

	At 30/09/2014 RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees granted for banking facilities of subsidiaries	<u>137,000</u>



Part A – Explanatory Notes Pursuant to FRS 134

A12. Capital Expenditure Commitments

As at 30 September 2014, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group except as disclosed below:

	At 30/09/2014
	RM'000
Capital Expenditure	
Authorised and contracted for	28,338
Authorised and not contracted for	62,287
	<u>90,625</u>
Analysed as follows:	
Property, plant and equipment	47,329
Plantation development expenditure	43,296
	<u>90,625</u>

A13. Significant Related Party Transactions

The significant related party transactions during the financial period as set out below represent significant transactions with companies having common directorship or in which a Director or person connected to a Director has interests; or with a corporate shareholder of the Company.

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date	Preceding Year - Period To Date
	30/09/2014	30/09/2013
	RM'000	RM'000
a. Sarawak Land Development Board ("SLDB")		
- Receipts of proceeds from sales of fresh fruit bunches on behalf of SLDB*	1,336	1,363
- Payment of expenses on behalf of SLDB*	(709)	(698)
- Management fee in relation to the management of the Plantation of SLDB	(152)	-
b. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	13,271	4,181
c. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	363	252
d. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	23	14
e. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	661	437

* In the course of the management of the plantation of SLDB by a subsidiary.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and they are effected on terms not materially different from those obtainable in transactions with unrelated parties.



Part A – Explanatory Notes Pursuant to FRS 134

A14. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Disclosures

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year - Period To Date 30/09/2014 RM'000	Preceding Year - Period To Date 30/09/2013 RM'000
Profit before tax is arrived at after charging:				
Depreciation of investment property	42	42	125	125
Depreciation of plantation development expenditure	56	56	166	166
Depreciation of property, plant and equipment	5,589	5,134	16,061	15,155
Property, plant and equipment written off	55	-	189	-
Change in fair value of other investments	54	-	-	-
Loss on disposal of other investments	-	11	2	-
Finance costs	405	(6)	1,152	631
Profit before tax is arrived at after crediting:				
Dividend income from other investments	6	2	41	75
Change in fair value of other investments	-	56	-	130
Gain on disposal of other investments	9	-	-	12
Other operating income	398	384	1,065	1,482
Finance income	782	619	2,353	2,465

Other items not applicable to the Group are foreign exchange gain or loss and gain and loss on derivatives.



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

B1. Review of Performance

Quarter 3, 2014 vs Quarter 3, 2013

The Group recorded revenue of RM94.1 million in the current quarter under review compared with RM104 million reported in the corresponding period of the preceding year. Similarly, the Group's profit before tax of RM5.9 million for the current quarter under review as compared to RM20.4 million for the corresponding period of the preceding year. The decrease is principally due to lower sales volumes of CPO and PK, and lower realised average selling prices for CPO, offsetted by higher realised average selling prices of PK during the current interim quarter.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

For the current quarter under review, the oil palm operations segment contributed 99.6% of the Group revenue of RM94.1 million.

The revenue of the oil palm operations decreased by RM10.1 million to RM93.7 million in the current financial period compared with RM103.8 million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower sales volumes of CPO and PK, and lower realised average selling prices of CPO, offsetted by higher realised average selling prices of PK.

The CPO and PK sales volumes had decreased by approximately 5.9% and 15.2% respectively for the current quarter. The realised average selling prices of CPO had decreased by approximately 4.9%, whereas the PK had increased by approximately 11.7%.

The gross profit and profit before tax for the oil palm operations decreased by RM12.6 million and RM14.5 million, respectively for the current quarter as compared to the corresponding period of the preceding year, in line with the decrease in revenue.

Nine months ended 30 September 2014 vs Nine months ended 30 September 2013

The Group recorded revenue of RM292.7 million in the current financial period ended 30 September 2014 compared with RM249 million reported in the corresponding period of the preceding year. Similarly, the Group's profit before tax of RM44.8 million for the current financial period as compared to RM28.6 million for the corresponding period of the preceding year. The increase is principally due to higher realised average selling prices of CPO and PK, higher sales volumes of CPO, offsetted by lower volume of PK during the current financial period.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

For the current financial period, the oil palm operations segment contributed 99.6% of the Group revenue of RM292.7 million.

The revenue of the oil palm operations increased by RM43.7 million to RM291.6 million in the current financial period compared with RM247.9 million reported in the corresponding period of the preceding year. The increase was principally attributed to the effect of higher realised average selling prices of CPO and PK, and higher sales volumes of CPO, offsetted by lower sales volumes of PK.

The realised average selling prices of CPO and PK had increased by approximately 9.88% and 53.1% respectively for the current quarter. The CPO sales volumes had increased by approximately 4.4%, whereas the PK volume had decreased by approximately 0.7%.



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

B1. Review of Performance (continued)

Nine months ended 30 September 2014 vs Nine months ended 30 September 2013 (continued)

The gross profit and profit before tax for the oil palm operations increased by RM20.4 million and RM16.2 million, respectively for the current financial period as compared to the corresponding period of the preceding year, in line with the increase in revenue.

Other segments

Other segments' results are insignificant to the Group.

B2. Material Changes in Profit Before Tax for the Current Quarter as compared with the Immediate Preceding Quarter

For the quarter under review, the Group recorded a profit before tax of RM5.9 million as compared to a profit before tax of RM17 million in the preceding quarter. The decrease was principally attributed to the effect of lower realised average selling prices of CPO, offsetted by higher sales volumes of CPO and PK.

The realised average selling prices of CPO and PK had decreased approximately by 15.2% and 28.2%, whereas the sales volumes of CPO and PK had increased by approximately by 19.5% and 12.6% and respectively.

B3. Prospects for the Current Financial Year

The performance of the Group is largely dependent on the production, operation efficiency and prices of CPO and PK.

Barring any unforeseen circumstances, the Group expects to perform satisfactorily for the current financial year.

B4. Profit Forecast or Profit Guarantee

The disclosure requirement for explanatory notes for the variance of actual profit after income tax expense and non-controlling interests and forecast profit after income tax expense and non-controlling interests is not applicable as the Group did not issue any profit forecast or profit guarantee for the financial year.

B5. Income Tax Expense

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year - Period To Date 30/09/2014 RM'000	Preceding Year - Period To Date 30/09/2013 RM'000
Current tax expense	(786)	2,358	8,427	3,102
Deferred tax income	(700)	2,542	(1,300)	1,746
	<u>(1,486)</u>	<u>4,900</u>	<u>7,127</u>	<u>4,848</u>

The Group's effective tax rate for the financial period ended 30 September 2014 is lower than the statutory tax rate principally due to the utilisation of tax allowances available for offset against taxable profit.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B6. Quoted Investments**

There was no material purchase or disposal of quoted securities for the current financial period.

The investments in quoted securities as at 30 September 2014 are as follows:

Quoted in Malaysia

	At 30/09/2014
	RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	2,099
	<u>2,099</u>
<u>Represented by:</u>	
At fair value	<u>2,099</u>

B7. Loans and Borrowings

	At 30/09/2014
	RM'000
<u>Current</u>	
Revolving credits - secured	32,000
Term loan - secured	7,500
Term loan - unsecured	2,960
Finance lease liabilities (Hire purchase - i)	1,394
	<u>43,854</u>
<u>Non-current</u>	
Term loan - unsecured	760
Finance lease liabilities (Hire purchase - i)	1,180
	<u>1,940</u>
	<u>45,794</u>

Borrowings of the Group comprise:

(a) Secured facilities

Term loan

This term loan is secured by way of the Company's corporate guarantee and a first charge over certain land and buildings of a subsidiary. The loan is for a tenure of 5 years, repayable in 13 quarterly installments. The first quarterly installment commenced on 25 November 2011, 24 months from the date of first drawdown (25 November 2009).

The effective interest rate of this term loan is 5.04% per annum.

Revolving Credits

This revolving credit facility of RM50 Million is secured by way of the Company's corporate guarantee and a first charge over certain land and buildings of a subsidiary. The subsidiary may repay all or part of the revolving credits at the end of the relevant rollover period. As at 30 September 2014, the unutilised revolving credit facility that remains available to the Group amounting to RM18 million.

The effective interest rate of this revolving credit is 4.89% per annum.



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

B7. Loans and Borrowings (continued)

Finance lease liabilities (Hire purchase - i)

This finance lease liabilities are secured on property, plant and equipment under the finance lease.

The effective profit rate of this finance lease liabilities are between 4.49% to 5.32% per annum.

(b) Unsecured facility

Term loan

This term loan is secured by way of the Company's corporate guarantee. The loan is for a tenure of 7 years from the date of full drawdown in March 2009 and is repayable by 27 quarterly installments commencing 1 July 2009.

The effective interest rate of the term loan is 5.17% per annum.

The above borrowings are denominated in Ringgit Malaysia.

B8. Corporate Proposals

Status of Corporate Proposals Announced

There was no corporate proposal being announced during the current interim financial period.

B9. Gains/Losses from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities during the current interim financial period.

B10. Changes in Material Litigation

As at 17 November 2014 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), there were no changes to the status of material litigation or arbitration in which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant which has a material effect on the Group's financial position except as disclosed below:

- (a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

- (i) There is no concluded contract between the Defendants and SP Suai;
- (ii) It has not been shown by the parties that the Defendants were members of the Penan community for which the land was gazetted for their exclusive use;
- (iii) That the gazette to allow SP Suai to deal with native land has no retrospective effect; and
- (iv) Generally, parties have not proven their case against each other.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SP Suai had filed and served the Record of Appeal on 2 December 2013. No hearing date has been fixed by the Court.

The Directors, in consultation with SP Suai's Solicitors are of the opinion that SP Suai has basis/grounds for the appeal to the Court of Appeal.



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

B10. Changes in Material Litigation (continued)

- (b) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages and other reliefs for breach of contract or alternatively refund of deposits of RM2,600,000 in respect of shares in a company and RM7,200,000 in respect of shares in another company paid by SPAD under Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter was consolidated for trial with (c) and (d) below and was jointly tried with (e) below. On 8 August 2014, the Honourable Judge delivered the judgement as follows:

- (i) The Defendant was ordered to pay SPAD the sum of RM2,600,000 with interest at 5% per annum from 21 June 2004 until full settlement as interest for late payment;
- (ii) The Defendant was ordered to pay SPAD the sum of RM7,200,000 with interest at 5% per annum from 1 January 2001 until full settlement.

On 27 August 2014, a Notice of Appeal was filed by the Defendant against the judgement dated 8 August 2014. SPAD filed a Notice of Cross-Appeal on 28 October 2014. No hearing date has been fixed for the appeal.

- (c) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages for breach of contract or alternatively refund of deposits of RM15,400,000 in respect of shares in a company paid by SPAD under a Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter was consolidated for trial with (b) above and (d) below and was jointly tried with (e) below. On 8 August 2014, the Honourable Judge ruled that the Defendant pay SPAD the sum of RM15,400,000 with interest at 5% per annum from 30 November 2007 until full settlement.

On 27 August 2014, a Notice of Appeal was filed by the Defendant against the judgement dated 8 August 2014. SPAD filed a Notice of Cross-Appeal on 28 October 2014. No hearing date has been fixed for the appeal.

- (d) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages for breach of contract or alternatively refund of deposits RM7,000,000 in respect of shares in a company paid by SPAD under a Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter was consolidated for trial with (b) and (c) above and was jointly tried with (e) below. On 8 August 2014, the Honourable Judge ruled that the Defendant pay SPAD the sum of RM7,000,000 with interest at 5% per annum from 20 November 2007 until full settlement.

On 27 August 2014, a Notice of Appeal was filed by the Defendant against the judgement dated 8 August 2014. SPAD filed a Notice of Cross-Appeal on 28 October 2014. No hearing date has been fixed for the appeal.



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

B10. Changes in Material Litigation (continued)

- (e) On 29 June 2012, a Writ of Summons was filed against Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) in the High Court in the respect of the same subject matters as stated above in paragraphs (b), (c) and (d). The Writ of Summons was served on 1 August 2012. SPAD filed its Memorandum of Appearance on 13 August 2012.

The Plaintiffs are claiming for damages for alleged breach/repudiation of agreements entered into between the Plaintiffs and SPAD in relation to sale of shares in third party companies by the Plaintiffs. The Statement of Defence has been filed by SPAD.

The matter was jointly tried with (b), (c) and (d) above. On 8 August 2014, the Honourable Judge delivered the judgement as follows:

- (i) In respect of SPA in (c) above, SPAD was ordered to pay the Plaintiffs interest at 8.5% per annum on RM12,100,000 from 1 January 2001 to 29 November 2007;
- (ii) In respect of SPA in (d) above, SPAD was ordered to pay the Plaintiffs interest at 8.5% per annum on RM10,500,000 from 1 January 2001 to 19 November 2007.

On 27 August 2014, a Notice of Appeal was filed by the Plaintiffs against the judgement dated 8 August 2014. SPAD filed a Notice of Cross-Appeal on 28 October 2014. No hearing date has been fixed for the appeal.

- (f) On 19 November 2013 and 21 November 2013 respectively, Sarawak Plantation Bhd (“SPB”) and Sarawak Plantation Agriculture Development Sdn Bhd (“SPAD”) were served with legal proceedings. SPB and SPAD are sued together with 3 others.

No Specific Provisional Lease of State Land was specified in the Statement of Claim but the claimed area is described as “Tanah Hak Adat Kongsi dan Tanah Individu Rumah Lenon Ak Nanggai at Sungai Assan Baya, Bahagian Sibu and notated to be totaling 774.12 hectares. The allegations relate to 414.67 hectares in a community map prepared by the Sarawak Dayak Iban Association and certified by Tuai Rumah Lenon Ak Nanggai and Tuai Rumah Edwin Yap.

SPB and SPAD have entered appearance in these legal proceedings on 22 November 2013 and have instructed counsel to defend SPB and SPAD. SPB and SPAD’s Defence and Counterclaim were filed on 3 December 2013. The matter is fixed for Trial on 26 January 2015 to 30 January 2015.

- (g) On 13 October 2014, Sarawak Plantation Agriculture Development Sdn Bhd (“SPAD”) was served with legal proceedings by Writ of Summons. SPAD was sued together with 2 others. The Statement of Claim claimed a parcel of land in the total size of 771.51 hectares that is alleged to be part of Lot 2 Block 4 Buloh Land District as appearing in a community map annexed thereto.

SPAD has entered Appearance and Defence and Counterclaim was filed on 4 November 2014. The case is to be mentioned on 10 November 2014. The matter is fixed for case management on 11 December 2014.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B11. Dividend Declared**

- (a) On 27 February 2014, the Board of Directors declared a second interim, single tier dividend of 4 sen per share, totalling approximately RM11.2 million, in respect of the financial year ended 31 December 2013, which was paid to shareholders on 27 March 2014.
- (b) On 27 August 2014, the Board of Directors had declared a first interim, single tier dividend of 6 sen per share, totaling approximately RM 16.8 million, in respect of the financial year ending 31 December 2014, which was paid to shareholders on 8 October 2014.

B12. Earnings per Share

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year - Period To Date 30/09/2014 RM'000	Preceding Year - Period To Date 30/09/2013 RM'000
Profit attributable to Owners of the Company(RM)	7,151	15,802	37,903	24,591
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	2.56	5.65	13.56	8.80
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Basic earnings per share

The calculation of basic earnings per share for the interim quarter and financial period is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares of RM1.00 each in issue less the weighted average number of treasury shares held by the Company.

Diluted earnings per share

The diluted earnings per share for the interim quarter and financial period were not computed as the Company does not have any potentially dilutive ordinary shares as at 30 September 2014.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B13. Retained Earnings**

The retained earnings of the Group as at 30 September 2014 contain unrealised profits, as disclosed below:

	As At End Current Financial Period 30/09/2014 RM'000	As At End Of Preceding Financial Year 31/12/2013 RM'000
Total retained earnings of the Group and its subsidiaries		
Realised	305,342	278,356
Unrealised	(53,056)	(54,586)
	<u>252,286</u>	<u>223,770</u>
Consolidation adjustments	17,150	18,945
Total Group retained earnings as per consolidated accounts	<u><u>269,436</u></u>	<u><u>242,715</u></u>

B14. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2013 was unqualified.

B15. Review by External Auditors

The condensed consolidated financial statements of Sarawak Plantation Berhad for the quarter ended 30 September 2014 has been reviewed by the Company's auditor in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

B16. Authorised for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 24 November 2014.

By Order of the Board

Company Secretary
Kuching
24 November 2014