



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

**INTERIM REPORT
FOR 3RD QUARTER ENDED
30 SEPTEMBER 2015**



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

8th Floor, Wisma Naim, 2½ Mile Rock Road, 93200 Kuching, Sarawak, Malaysia

Telephone No: 082-233550

Facsimile No: 082-256650

Email: info@spbgroup.com.my

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015
(The figures have not been audited)

	Page
Condensed Consolidated Statement of Financial Position	1 – 2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3 – 4
Condensed Consolidated Statement of Changes in Equity	5 – 6
Condensed Consolidated Statement of Cash Flows	7 – 8
 Explanatory Notes	
 <i>Part A – Explanatory Notes Pursuant to FRS 134</i>	 <i>9 – 18</i>
<i>Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)</i>	 <i>19–27</i>

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

	Notes	As At End Of Current Year Quarter 30/09/2015 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2014 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		314,996	321,502
Plantation development expenditure		294,500	277,425
Investment property		4,829	4,954
Total non-current assets		614,325	603,881
Current assets			
Other investments	B6	1,761	1,868
Inventories		23,541	18,827
Trade and other receivables		28,259	19,726
Prepayments and other assets		8,496	4,106
Current tax recoverable		5,348	7,444
Cash and cash equivalents		105,166	113,173
		172,571	165,144
Assets held for sale		949	2,341
Total current assets		173,520	167,485
TOTAL ASSETS		787,845	771,366

**Condensed Consolidated Statement of Financial Position(continued)**

(The figures have not been audited)

		As At End Of Current Year Quarter 30/09/2015 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2014 (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		285,357	275,321
		<u>626,326</u>	<u>616,290</u>
Non-controlling interests		<u>(6,677)</u>	<u>(6,078)</u>
Total equity		<u>619,649</u>	<u>610,212</u>
Non-current liabilities			
Deferred tax liabilities		54,331	56,046
Loans and Borrowings	B7	17,668	2,772
Total non-current liabilities		<u>71,999</u>	<u>58,818</u>
Current liabilities			
Trade and other payables		52,651	65,955
Loans and Borrowings	B7	43,486	36,176
Current tax payable		60	205
Total current liabilities		<u>96,197</u>	<u>102,336</u>
Total liabilities		<u>168,196</u>	<u>161,154</u>
TOTAL EQUITY AND LIABILITIES		<u>787,845</u>	<u>771,366</u>
Net assets per share attributable to Owners of the Company (RM)		<u>2.24</u>	<u>2.20</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 30/09/2015 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/09/2014 (Unaudited) RM'000	Current Year - Period To Date 30/09/2015 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2014 (Unaudited) RM'000
Revenue		84,550	94,099	242,922	292,680
Cost of sales		(65,599)	(74,630)	(192,289)	(212,551)
Gross profit		18,951	19,469	50,633	80,129
Other operating income		387	398	6,970	1,065
Distribution costs		(5,086)	(5,667)	(14,456)	(16,862)
Administrative expenses		(5,936)	(6,438)	(17,207)	(17,974)
Replanting expenses		(2,179)	(2,207)	(7,854)	(2,783)
Results from operating activities		6,137	5,555	18,086	43,575
Finance income		836	782	2,767	2,353
Finance costs		(565)	(405)	(1,732)	(1,152)
Net finance income		271	377	1,035	1,201
Profit before tax	A14	6,408	5,932	19,121	44,776
Income tax expense	B5	(113)	1,486	(1,297)	(7,127)
Profit for the period		6,295	7,418	17,824	37,649
Other comprehensive income, net of tax		-	-	-	-
Profit and total comprehensive income for the period		6,295	7,418	17,824	37,649

**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 30/09/2015 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/09/2014 (Unaudited) RM'000	Current Year - Period To Date 30/09/2015 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2014 (Unaudited) RM'000
Profit attributable to:					
Owners of the Company		6,508	7,151	18,423	37,903
Non-controlling interests		(213)	267	(599)	(254)
Profit for the period		6,295	7,418	17,824	37,649
Profit and total comprehensive income attributable to:					
Owners of the Company		6,508	7,151	18,423	37,903
Non-controlling interests		(213)	267	(599)	(254)
Profit and total comprehensive income for the period		6,295	7,418	17,824	37,649
Basic earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	2.33	2.56	6.59	13.56
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 financial year ended 31 December 2014 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										
	Notes	Non-distributable					Distributable			Non-controlling interests RM'000	Total equity 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 2014		280,000	280,000	60,969	493	(1,223)	276,051	616,290	(6,078)	610,212	
Profit and total comprehensive income for the period		-	-	-	-	-	18,423	18,423	(599)	17,824	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2014	B11	-	-	-	-	-	(8,387)	(8,387)	-	(8,387)	
At 30 September 2015		280,000	280,000	60,969	493	(1,223)	286,087	626,326	(6,677)	619,649	

(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 2014 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										
	Notes	Non-distributable					Distributable			Non-controlling interests RM'000	Total equity 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		-	-	-	-	-	(11,182)	(11,182)	-	(11,182)	
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 financial year ended 31 December 2014 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 30/09/2015 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2014 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	19,121	44,776
<i>Adjustments for:</i>		
Depreciation of investment property	125	125
Change in fair value of other investments	127	-
Depreciation of plantation development expenditure	166	166
Depreciation of property, plant and equipment	16,355	16,061
Dividend income from other investments	(13)	(41)
Loss on disposal of other investments	4	2
Gain on disposal of property, plant and equipment	(206)	-
Gain on disposal of asset held for sale	(5,808)	-
Finance income	(2,767)	(2,353)
Finance costs	1,732	1,152
Property, plant and equipment written off	283	189
Operating profit before changes in working capital	29,119	60,077
Change in inventories	(4,714)	(6,766)
Change in trade and other receivables, prepayments and other assets	(9,591)	(4,728)
Change in trade and other payables	(18,471)	(1,557)
Cash (used in)/ generated from operations	(3,657)	47,026
Income tax refunded	5,526	-
Income tax paid	(6,665)	(7,907)
Interest paid	(1,643)	(1,944)
Finance lease profit paid	(90)	(127)
Interest received	2,481	1,606
Net cash (used in)/ from operating activities	(4,048)	38,654

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

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/09/2015 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2014 (Unaudited) RM'000
Cash flows from investing activities		
Dividend received	-	30
Acquisition of property, plant and equipment	(5,657)	(5,799)
Net movement of fixed deposits with original maturities of more than three months	299	533
Plantation development expenditure (net of depreciation and finance costs capitalised)	(14,112)	(17,475)
Deposit sum paid for acquisition of equity in a company	(2,977)	
Proceeds on disposal of asset held for sale	7,200	-
Net cash used in investing activities	(15,247)	(22,711)
Cash flows from financing activities		
Proceeds from borrowings	37,340	17,000
Repayment of borrowings	(17,366)	(38,004)
Dividends paid to owners of the Company	(8,387)	(11,182)
Net cash from/(used in) financing activities	11,587	(32,186)
Net decrease in cash and cash equivalents	(7,708)	(16,243)
Cash and cash equivalents as at 1 January	106,353	109,499
Cash and cash equivalents as at 30 September	98,645	93,256
Represented by:		
Short term deposits	102,864	95,642
Cash and bank balances	2,302	4,972
	105,166	100,614
Less:		
Fixed deposits with original maturities exceeding three months	(6,521)	(7,358)
Cash and cash equivalents	98,645	93,256

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 2014.

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 2014 except for the adoption of the following new/revised accounting standards, amendments and interpretations that have been issued by Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

Standards / Amendments / Interpretations	Effective date
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvement to FRSS 2012 – 2014 Cycle)</i>	1 January 2016
Amendments to FRS 7, <i>Financial Instruments : Disclosures ((Annual Improvements 2012 – 2014 Cycle)</i>	1 January 2016
Amendments to FRS 10, <i>Consolidated Financial Statements</i> and FRS 128, <i>Investments in Associates and Joint Venture - Sale or Contribution of Assets between Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 10, <i>Consolidated Financial Statements</i> , FRS 12, <i>Disclosure of Interests in Other Entities</i> and FRS 128, <i>Investments in Associates and Joint Venture – Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendment to FRS 11, <i>Joint Arrangements Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 101, <i>Presentation of Financial Statements – Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116, <i>Property, Plant and Equipment</i> and FRS 138, <i>Intangible Assets -Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 119, <i>Employee Benefits (Annual Improvements 2012 – 2014 Cycle)</i>	1 January 2016
Amendments to FRS 127, <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 134, <i>Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)</i>	1 January 2016



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

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.

On 8 September 2015, MASB has confirmed that the effective date of MFRS 15, *Revenue from Contracts with Customers* will be deferred to annual periods beginning on or after 1 January 2018, following the press release by International Accounting Standards Board. Formal amendment to MFRS 15, specifying the new effective date is issued by MASB on 28 October 2015.

As a result, the effective date for Transitioning Entities (TEs) to apply the Malaysian Financial Reporting Standards (MFRSs) will also be deferred to annual periods beginning on or after 1 January 2018.”

The Group’s financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by the MASB and International Financial Reporting Standards (“IFRSs”).

The Group falls within the scope of MFRS 141, *Agriculture*. Therefore, the Group is currently exempted from adopting the (“MFRSs”) and is referred to as a “Transitioning Entity”.

The Group will apply the following MFRSs that are not yet effective:

Standards / Amendments / Interpretations	Effective date
Agriculture: <i>Bearer Plants (Amendments to MFRS 116 and MFRS 114)</i>	1 January 2016
MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9, <i>Financial Instruments (2014)</i>	1 January 2018
Amendments to MFRS 7, <i>Financial Instruments : Disclosure Mandatory of MFRS 9 and Transition Disclosure</i>	1 January 2018

Material impacts of the initial application of the above accounting standards, which are or are likely to be applicable to the Group and which are to be applied retrospectively, are discussed below:

(i) Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*

The amendments to MFRS 116 and MFRS 141 require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment in accordance with MFRS 116, *Property, Plant and Equipment*.

The Group is currently assessing the financial impact that may arise from the adoption of amendments to MFRS 116 and MFRS 141.

(ii) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

**Part A – Explanatory Notes Pursuant to FRS 134****A1. Basis of preparation (continued)****2. Significant accounting policies****2.2 Malaysian Financial Reporting Standards (continued)****(iii) MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in FRS139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

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, except for the following:

On 17 August 2015, the Company entered into a Share Sale Agreement to acquire 100% equity interest in a company named Telliana Oil Palm Sdn. Bhd. ("Telliana") for a cash consideration of RM29,769,175. Telliana owns a parcel of land measuring 3,050 hectares, situated at Retus Land District. As at 30 September 2015, the Company paid RM2,976,918 as deposits. The Share Sale Agreement is conditional upon fulfillment of certain condition precedents which has yet to be fulfilled. The acquisition will be funded by internally generated funds and/or bank borrowings.

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 30/09/2015 RM'000	Preceding Year - Period To Date 30/09/2014 RM'000
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2013		
- 4 sen per ordinary share	-	11,182
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2014		
- 3 sen per ordinary share	8,387	-
	8,387	11,182

**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
30/09/2015				
Revenue				
Segment revenue	5,000	84,269	1,038	90,307
Inter-segment revenue	(5,000)	-	(757)	(5,757)
External revenue	-	84,269	281	84,550
Cost of sales				
Segment cost of sales	-	(65,131)	(536)	(65,667)
Inter-segment cost of sales	-	23	45	68
External cost of sales	-	(65,108)	(491)	(65,599)
Gross profit/(loss)	-	19,161	(210)	18,951
Other income including finance income	839	1,066	65	1,970
Inter-segment	(455)	(282)	(10)	(747)
External other income	384	784	55	1,223
Other expenses including finance costs	(834)	(13,778)	(564)	(15,176)
Inter-segment	34	1,070	306	1,410
External other expenses	(800)	(12,708)	(258)	(13,766)
(Loss)/Profit before tax	(416)	7,237	(413)	6,408

**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
30/09/2014				
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)****Cumulative Quarter (9 Months)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and Rental RM'000	Consolidated RM'000
30/09/2015				
Revenue				
Segment revenue	8,000	242,114	3,222	253,336
Inter-segment revenue	(8,000)	-	(2,414)	(10,414)
External revenue	-	242,114	808	242,922
Cost of sales				
Segment cost of sales	-	(190,802)	(1,662)	(192,464)
Inter-segment cost of sales	-	40	135	175
External cost of sales	-	(190,762)	(1,527)	(192,289)
Gross profit/(loss)	-	51,352	(719)	50,633
Other income including finance income	2,465	2,996	6,196	11,657
Inter-segment	(1,180)	(724)	(16)	(1,920)
External other income	1,285	2,272	6,180	9,737
Other expenses including finance costs	(3,177)	(40,670)	(1,536)	(45,383)
Inter-segment	91	3,151	892	4,134
External other expenses	(3,086)	(37,519)	(644)	(41,249)
(Loss)/Profit before tax	(1,801)	16,105	4,817	19,121

**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)****Segment assets and liabilities**

	As At End Of Current Financial Period 30/09/2015
Segment assets:	
Oil palm operations	708,190
Investment holding	382,577
Management services and rental	49,501
Total	1,140,268
Elimination	(352,423)
Total assets	787,845
Segment liabilities:	
Oil palm operations	221,203
Investment holding	1,011
Management services and rental	14,836
Total	237,050
Elimination	(68,854)
Total liabilities	168,196

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 2015, 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.

The voluntary winding up of five subsidiaries has been completed and does not have material impact on the financial statements of the Group and the Company.

A11. Changes in Contingent Liabilities and Contingent Assets

As at 30 September 2015, 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, except as disclosed below:

	At 30/09/2015 RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to subsidiaries	242,000

**Part A – Explanatory Notes Pursuant to FRS 134****A12. Capital Expenditure Commitments**

As at 30 September 2015, 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 30/09/2015
	RM'000
Capital Expenditure	
Authorised and contracted for	24,815
Authorised and not contracted for	103,622
	<u>128,437</u>
Analysed as follows:	
Property, plant and equipment	77,610
Plantation development expenditure	50,827
	<u>128,437</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 30/09/2015 RM'000	Preceding Year - Period To Date 30/09/2014 RM'000
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	12,734	13,271
b. Danawa Resources Sdn. Bhd.		
- Rental and support charges for satellite broadband services	229	363
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	252	661
d. Manis Oil Sdn. Bhd.		
- Sale of Fresh Fruit Bunches	(429)	-
e. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	(23)	(23)
	<u> </u>	<u> </u>

* 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 30/09/2015 RM'000	Preceding Year Corresponding Quarter 30/09/2014 RM'000	Current Year - Period To Date 30/09/2015 RM'000	Preceding Year - Period To Date 30/09/2014 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	5,486	5,589	16,355	16,061
Change in fair value of other investments	74	54	127	-
Property, plant and equipment written off	25	55	283	189
Loss on disposal of other investments	11	-	4	2
Finance costs	565	405	1,732	1,152
Profit before tax is arrived at after crediting:				
Dividend income from other investments	3	6	13	41
Gain on disposal of :				
- Other investments	-	9	-	-
- Property, plant and equipment	-	-	206	-
Other operating income				
- Gain on disposal of asset held for sale	-	-	5,808	-
- Other operating income	387	398	1,162	1,065
Finance income	836	782	2,767	2,353

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, 2015 vs Quarter 3, 2014

The Group recorded revenue of RM84.6 million in the current quarter under review compared with RM94.1 million reported in the corresponding period of the preceding year. The Group recorded a profit before tax of RM6.4 million for the current quarter under review as compared to a profit before tax of RM5.9 million for the corresponding period of the preceding year. The increase was principally due to the effect of lower operating costs and higher sales volumes of PK, partially offsetted by lower realised average selling prices and lower sales volumes of CPO 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 99.7% of the Group revenue of RM84.6 million.

The revenue of the oil palm operations decreased by RM9.4 million to RM84.3 million in the current quarter compared with RM93.7 million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower realised average selling prices of CPO and PK, lower sales volumes for CPO, partially offsetted by higher sales volumes for PK.

The CPO and PK realised average selling prices had decreased by approximately 6% and 5.6%, the sales volumes of CPO had decreased by approximately 6.5%, whereas the sales volumes of PK had increased by approximately 12.1% for the current quarter.

The gross profit for the oil palm operations decreased by RM0.4 million in line with the decrease in revenue, whereas the profit before tax for the oil palm operations increased by RM0.2 million due to lower operating costs during the current interim quarter.

Nine months ended 30 September 2015 vs Nine months ended 30 September 2014

The Group recorded revenue of RM242.9 million in the current financial period ended 30 September 2015 compared with RM292.7 million reported in the corresponding period of the preceding year. The Group recorded a profit before tax of RM19.1 million for the current financial period as compared to a profit before tax of RM44.8 million for the corresponding period of the preceding year. The decrease was principally due to the effect of lower realised average selling prices and lower sales volumes for CPO, partially offsetted by higher sales volumes for PK and a gain on disposal of land recognised by a subsidiary amounted to RM5.8 million in Quarter 1, 2015.

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 99.7% of the Group revenue of RM242.9 million.

The revenue of the oil palm operations decreased by RM49.5 million to RM242.1 million in the current financial period compared with RM291.6 million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower realised average selling prices of CPO and PK, lower sales volumes for CPO, partially offsetted by higher sales volumes for PK.



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 2015 vs Nine months ended 30 September 2014

The CPO and PK realised average selling prices had decreased by approximately 12.4% and 15.4%, the sales volumes of CPO had decreased by approximately 5.9%, whereas the sales volumes of PK had increased by approximately 2% for the current financial period.

The gross profit and profit before tax for the oil palm operations decreased by RM29.4 million and RM31.9 million, respectively for the current financial period under review as compared to the corresponding period of the preceding year, in line with the decrease in revenue.

Other segments

Other segments' results are insignificant to the Group, except for a gain on disposal of land of RM5.8 million recognised for Management services and Rental segment in Quarter 1, 2015.

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 RM6.4 million as compared to a profit before tax of RM5.4 million in the preceding quarter. The increase was principally due to the effect of lower operating costs and higher sales volumes for CPO and PK, offsetted by lower realised average selling prices of CPO and PK during the current interim quarter.

The sales volumes of CPO and PK had increased approximately by 1.3% and 15.3%, whereas the realised average selling prices of CPO and PK had decreased by approximately by 6% and 12.2% 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 are not applicable as the Group did not issue any profit forecast or profit guarantee for the financial year.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B5. Income Tax Expense**

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/09/2015 RM'000	Preceding Year Corresponding Quarter 30/09/2014 RM'000	Current Year - Period To Date 30/09/2015 RM'000	Preceding Year - Period To Date 30/09/2014 RM'000
Current tax expense	828	(786)	3,012	8,427
Deferred tax income	(715)	(700)	(1,715)	(1,300)
	<u>113</u>	<u>(1,486)</u>	<u>1,297</u>	<u>7,127</u>

The Group's effective tax rate for the financial period ended 30 September 2015 is lower than the statutory tax rate principally due to the utilisation of tax allowances available for offset against taxable profit and non-taxable income.

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 2015 are as follows:

Quoted in Malaysia

	At 30/09/2015
	RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	<u>1,761</u>

B7. Loans and Borrowings

	At 30/09/2015
	RM'000
<u>Current</u>	
Revolving credit - secured	36,000
Revolving credit - <i>i</i> - secured	5,000
Term loan - unsecured	760
Finance lease liabilities (Hire purchase - <i>i</i>)	<u>1,726</u>
	<u>43,486</u>
<u>Non-current</u>	
Term Loan (Term Financing – <i>i</i>) - secured	16,056
Finance lease liabilities (Hire purchase - <i>i</i>)	<u>1,612</u>
	<u>17,668</u>
Total loans and borrowings	<u>61,154</u>



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)

(a) Secured facilities

Revolving Credits

This revolving credit facility of RM50 Million is secured by way of the Company's corporate guarantee and legal charge over certain land and buildings of a subsidiary. As at 30 September 2015, the unutilised revolving credit facility that remains available to the Group amounting to RM14 million.

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

Revolving Credit (Revolving Credits –i)

The revolving credit facility of RM30 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company. As at 30 September 2015, the unutilised revolving credit facility that remains available to the Group amounting to RM25 million.

The Revolving Credit –i bear profit rate of 12% per annum, which is equivalent to effective profit rate of 0.60% per annum above the Bank's i-cost of funds.

Term Loan (Term Financing – j)

The term loan facility of RM150 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company. The loan is for a tenure of 8 years from the date of first drawdown in November 2014 and is repayable by 16 quarterly installments commencing 51th month after date of first drawdown of TF-i.

The Term Financing – i, bear profit rate of 12% per annum, which is equivalent to effective profit rate of 0.75% per annum above the Bank's i-cost of funds.

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 5.97% 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.



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

As at 21 November 2015 (*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;
- (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. The Court of Appeal has fixed the hearing of the Appeal on 10 December 2015.

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.

- (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. The appeal was heard on 19 August 2015. No ruling date has been fixed yet.

The Directors, in consultation with SPAD's advocates, are of the opinion that SPAD has strong merits in 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)

- (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. The appeal was heard on 19 August 2015. No ruling date has been fixed yet.

The Directors, in consultation with SPAD’s advocates, are of the opinion that SPAD has strong merits in 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. The appeal was heard on 19 August 2015. No ruling date has been fixed yet.

The Directors, in consultation with SPAD’s advocates, are of the opinion that SPAD has strong merits in 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 by each of the Plaintiffs and SPAD in relation to sale of shares by each of the Plaintiffs for shares in third party companies. The Statement of Defence has been served 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 judgements dated 8 August 2014. SPAD filed a Notice of Cross Appeal on 28 October 2014. The appeal was heard on 19 August 2015. No ruling date has been fixed yet.

The Directors, in consultation with SPAD’s advocates, are of the opinion that SPAD has strong merits in the Appeal.

- (f) 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 two 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 entered Appearance and Defence and Counterclaim was filed on 4 November 2014. SPAD had also filed a Notice of Application for Further and Better Particulars and the Application was heard on 28 January 2015. The Court dismissed SPAD’s Application on 6 March 2015. On 24 March 2015, SPAD appealed against the Court’s decision to dismiss its Application for Further and Better Particulars.

When the matter came up for final case management on 22 October 2015, the Court found that the Plaintiffs had failed to comply with a mandatory order made at the pre-trial case management. The Court then ordered that the whole of the Plaintiffs’ Writ and Statement of Claim be struck out.

- (g) On 25 March 2015, the Company was served with legal proceedings. The Company and SPAD are sued together with four others.

No Specific Provisional Lease State Land was specified in the Statement of Claim but the claimed area is described as “Tanah Hak Adat Komunal dan Tanah Individu Rumah Lenon Ak Nanggai at Sungai Assan Bayu, Bahagian Sibul and notated to be totaling 774.12 hectares. The allegations relate to 487.19 hectares in a community map prepared by the Sarawak Dayak Iban Association.

The Company and SPAD have entered appearance and Defence and Counterclaim was filed on 8 April 2015, SPAD has also filed a Notice of Application to Strike Out the Plaintiffs’ claim. SPAD’s said Application to Strike Out the Plaintiffs’ claim was dismissed and SPAD appealed against the said decision. The Court of Appeal has fixed the matter for case management on 10 December 2015.

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

On 27 February 2015, the Board of Directors declared a second interim, single tier dividend of 3 sen per share, totalling approximately RM8.4 million, in respect of the financial year ended 31 December 2014, which was paid to shareholders on 9 April 2015.

B12. Earnings per Share

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/09/2015 RM'000	Preceding Year Corresponding Quarter 30/09/2014 RM'000	Current Year - Period To Date 30/09/2015 RM'000	Preceding Year - Period To Date 30/09/2014 RM'000
Profit attributable to Owners of the Company(RM)	6,508	7,151	18,423	37,903
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	2.33	2.56	6.59	13.56
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 2015.

**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 2015 contain unrealised profits, as disclosed below:

	As At End Current Financial Period 30/09/2015 RM'000	As At End Of Preceding Financial Year 31/12/2014 RM'000
Total retained earnings of the Group and its subsidiaries		
Realised	317,934	309,260
Unrealised	(54,205)	(55,804)
	<u>263,729</u>	<u>253,456</u>
Consolidation adjustments	22,358	22,595
Total Group retained earnings as per consolidated accounts	<u><u>286,087</u></u>	<u><u>276,051</u></u>

B14. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2014 was unqualified.

B15. Review by External Auditors

The condensed consolidated financial statements of Sarawak Plantation Berhad for the quarter ended 30 September 2015 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 27 November 2015.

By Order of the Board

Company Secretary
Kuching
27 November 2015