



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

**INTERIM REPORT
FOR 2ND QUARTER ENDED
30 JUNE 2016**



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

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INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016
(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 Financial Period 30/06/2016 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2015 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		312,276	314,600
Plantation development expenditure		309,248	297,275
Investment properties		4,705	4,787
Total non-current assets		626,229	616,662
Current assets			
Other investments	B6	11,280	14,404
Inventories		22,276	18,715
Trade and other receivables		17,738	16,454
Deposits and prepayments		26,990	11,138
Current tax recoverable		3,751	3,882
Cash and cash equivalents		90,082	103,660
		172,117	168,253
Assets held for sale		949	949
Total current assets		173,066	169,202
TOTAL ASSETS		799,295	785,864



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

		As At End Of Current Financial Period 30/06/2016 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2015 (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		279,025	288,232
		<u>619,994</u>	<u>629,201</u>
Non-controlling interests		(7,137)	(6,842)
Total equity		<u>612,857</u>	<u>622,359</u>
Non-current liabilities			
Deferred tax liabilities		52,343	54,643
Loans and borrowings	B7	38,915	21,368
Total non-current liabilities		<u>91,258</u>	<u>76,011</u>
Current liabilities			
Trade and other payables		48,862	41,243
Loans and borrowings	B7	46,072	46,030
Current tax payable		246	221
Total current liabilities		<u>95,180</u>	<u>87,494</u>
Total liabilities		<u>186,438</u>	<u>163,505</u>
TOTAL EQUITY AND LIABILITIES		<u>799,295</u>	<u>785,864</u>
Net assets per share attributable to Owners of the Company (RM)		<u>2.22</u>	<u>2.25</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 2015 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 (Q2)		Cumulative Quarter (6 Months)	
		Current Year Quarter 30/06/2016 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/06/2015 (Unaudited) RM'000	Current Year - Period To Date 30/06/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2015 (Unaudited) RM'000
Revenue		90,315	87,461	152,383	158,372
Cost of sales		(71,168)	(68,285)	(124,309)	(126,690)
Gross profit		19,147	19,176	28,074	31,682
Other income		433	326	747	6,583
Distribution costs		(4,799)	(5,217)	(8,301)	(9,370)
Administrative expenses		(4,453)	(6,222)	(8,179)	(11,271)
Replanting expenses		(5,756)	(2,978)	(9,628)	(5,675)
Results from operating activities		4,572	5,085	2,713	11,949
Finance income		822	1,054	1,749	1,931
Finance costs		(726)	(698)	(1,309)	(1,167)
Net finance income		96	356	440	764
Profit before tax	A14	4,668	5,441	3,153	12,713
Taxation	B5	(654)	(1,145)	48	(1,184)
Profit for the period		4,014	4,296	3,201	11,529
Other comprehensive income, net of tax		-	-	-	-
Profit and total comprehensive income for the period		4,014	4,296	3,201	11,529

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

	Notes	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
		Current Year Quarter 30/06/2016 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/06/2015 (Unaudited) RM'000	Current Year - Period To Date 30/06/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2015 (Audited) RM'000
Profit attributable to:					
Owners of the Company		4,129	4,498	3,373	11,915
Non-controlling interests		(115)	(202)	(172)	(386)
Profit for the period		4,014	4,296	3,201	11,529
Profit and total comprehensive income attributable to:					
Owners of the Company		4,129	4,498	3,373	11,915
Non-controlling interests		(115)	(202)	(172)	(386)
Profit and total comprehensive income for the period		4,014	4,296	3,201	11,529
Basic earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	1.48	1.61	1.21	4.26
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 2015 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
		Issued and paid up ordinary shares of RM1.00 each					Retained earnings RM'000	Total RM'000			
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000					
At 31 December 2015		280,000	280,000	60,969	493	(1,223)	288,962	629,201	(6,842)	622,359	
Profit and total comprehensive income for the period		-	-	-	-	-	3,373	3,373	(172)	3,201	
Less: First interim, single tier exempt dividend in respect of the financial year ended 31 December 2015	B11	-	-	-	-	-	(12,580)	(12,580)	-	(12,580)	
Less: Dividends paid to non-controlling interests of the Company by a subsidiary company		-	-	-	-	-	-	-	(123)	(123)	
At 30 June 2016		280,000	280,000	60,969	493	(1,223)	279,755	619,994	(7,137)	612,857	

(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 2015 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Changes in Equity**

(The figures have 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		-	-	-	-	-	11,915	11,915	(386)	11,529	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2014		-	-	-	-	-	(8,387)	(8,387)	-	(8,387)	
At 30 June 2015		280,000	280,000	60,969	493	(1,223)	279,579	619,818	(6,464)	613,354	

(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 2015 and the accompanying explanatory notes attached to this report)

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

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2015 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	3,153	12,713
<i>Adjustments for:</i>		
Change in fair value of other investments	80	53
Depreciation of property, plant and equipment	11,359	10,869
Depreciation of plantation development expenditure	110	110
Depreciation of investment properties	83	83
Dividend income from other investments	(9)	(10)
Gain on disposal of:		
- other investments	(26)	(7)
- property, plant and equipment	-	(206)
- assets held for sale	-	(5,808)
Property, plant and equipment written off	-	258
Finance income	(1,749)	(1,931)
Finance costs	1,309	1,167
Operating profit before changes in working capital	14,310	17,291
Change in inventories	(3,561)	(1,174)
Change in trade and other receivables, deposits and prepayments	(2,119)	1,269
Change in trade and other payables	2,848	(21,352)
Cash generated from/(used in) operations	11,478	(3,966)
Income tax (paid)/refunded	(2,196)	203
Interest paid	(1,192)	(1,110)
Finance lease profit paid	(117)	(57)
Interest received	1,688	1,668
Net cash from/(used in) operating activities	9,661	(3,262)

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

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2015 (Unaudited) RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,308)	(2,944)
Net movement of fixed deposits with original maturities exceeding three months	3,082	(113)
Plantation development expenditure (net of depreciation and interest capitalised)	(10,091)	(7,265)
Deposit sum paid for acquisition of equity in a company	(14,859)	-
Proceeds from disposal of assets held for sale	-	7,200
Net cash used in investing activities	(27,176)	(3,122)
Cash flows from financing activities		
Net proceeds from borrowings	18,069	34,180
Repayment of borrowings	(1,429)	(7,187)
Dividends paid to owners of the Company	(12,580)	(8,387)
Dividends paid to non-controlling interests of the Company	(123)	-
Net cash from financing activities	3,937	18,606
Net (decrease)/increase in cash and cash equivalents	(13,578)	12,222
Cash and cash equivalents as at 1 January	103,660	106,353
Cash and cash equivalents as at 30 June	90,082	118,575
Represented by:		
Deposits with original maturities not exceeding three months	89,527	113,482
Cash and bank balances	555	5,093
Cash and cash equivalents	90,082	118,575

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 2015.

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 2015 except for the adoption of the following new/revised accounting standards, amendments and interpretations that have been issued by Malaysian Accounting Standards Board (“MASB”):

Standards / Amendments / Interpretations	Effective date
Amendment to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvement 2012 – 2014 Cycle)</i>	1 January 2016
Amendments to FRS 7, <i>Financial Instruments: Disclosures (Annual Improvements 2012 – 2014 Cycle)</i>	1 January 2016
Amendment to FRS 10, <i>Consolidated Financial Statement</i> and 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 127, <i>Separate Financial Statements - Equity Method in Separate Financial Statements</i>	1 January 2016
Amendment to FRS 134, <i>Interim Financial Reporting (Annual Improvements to FRSs 2012 – 2014 Cycle)</i>	1 January 2016

The Group have not applied the following new/revised accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group:

Standards / Amendments / Interpretations	Effective date
Amendment 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>	Yet to be determined
Amendments to FRS 107, <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112, <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

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

The Group is currently assessing the financial impact that may arise from the adoption of the above accounting standards.

2.2 Malaysian Financial Reporting Standards

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 141)</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
MFRS 15, <i>Revenue from Contracts with customers</i>	1 January 2018
MFRS 16, <i>Leases</i>	1 January 2019

Material impacts of the initial application of the above accounting standards, which are 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 9, *Financial Instruments*

MFRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

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.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.2 Malaysian Financial Reporting Standards (continued)

(iii) 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*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in the accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15 which is to be applied retrospectively.

(iv) MFRS 16, Leases

MFRS 16, *Leases* to replace the existing Standard on Leases, MFRS 117. MFRS 16 is word-for-word IFRS 16, *Leases* as issued by the International Accounting Standards Board, and has the same effective date of 1 January 2019. Earlier application is permitted provided MFRS 15, *Revenue from Contracts with Customers* is also applied.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its balance sheet are expected to increase substantially.

The Group is currently assessing the financial impact that may rise from the adoption of the MFRS 16.

**Part A – Explanatory Notes Pursuant to FRS 134****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 (6 Months)	
	Current Year	Preceding Year
	- Period To Date	- Period To Date
	30/06/2016	30/06/2015
	RM'000	RM'000
First interim, single tier exempt dividend in respect of the financial year ended 31 December 2015		
- 4.5 sen per ordinary share	12,580	-
Dividends paid to non-controlling interests of the Company by a subsidiary company	123	-
Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2014		
- 3 sen per ordinary share	-	8,387
	<u>12,703</u>	<u>8,387</u>

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

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Individual Quarter (Q2)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
30/06/2016				
Revenue				
Segment revenue	5,000	90,005	1,109	96,114
Inter-segment revenue	(5,000)	-	(799)	(5,799)
External revenue	-	90,005	310	90,315
Cost of sales				
Segment cost of sales	-	(70,689)	(583)	(71,272)
Inter-segment cost of sales	-	59	45	104
External cost of sales	-	(70,630)	(538)	(71,168)
Gross profit/(loss)	-	19,375	(228)	19,147
Other income including finance income	654	839	112	1,605
Inter-segment	(132)	(216)	(2)	(350)
External other income	522	623	110	1,255
Other expenses including finance costs	(882)	(15,289)	(608)	(16,779)
Inter-segment	170	570	305	1,045
External other expenses	(712)	(14,719)	(303)	(15,734)
(Loss)/Profit before tax	(190)	5,279	(421)	4,668

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Individual Quarter (Q2)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
30/06/2015				
Revenue				
Segment revenue	-	87,174	1,196	88,370
Inter-segment revenue	-	-	(909)	(909)
External revenue	-	87,174	287	87,461
Cost of sales				
Segment cost of sales	-	(67,718)	(618)	(68,336)
Inter-segment cost of sales	-	6	45	51
External cost of sales	-	(67,712)	(573)	(68,285)
Gross profit/(loss)	-	19,462	(286)	19,176
Other income including finance income	778	998	205	1,981
Inter-segment	(343)	(258)	-	(601)
External other income	435	740	205	1,380
Other expenses including finance costs	(1,550)	(14,492)	(533)	(16,575)
Inter-segment	30	1,123	307	1,460
External other expenses	(1,520)	(13,369)	(226)	(15,115)
(Loss)/Profit before tax	(1,085)	6,833	(307)	5,441

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Cumulative Quarter (6 Months)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
30/06/2016				
Revenue				
Segment revenue	8,868	151,820	2,100	162,788
Inter-segment revenue	(8,868)	-	(1,537)	(10,405)
External revenue	-	151,820	563	152,383
Cost of sales				
Segment cost of sales	-	(123,311)	(1,153)	(124,464)
Inter-segment cost of sales	-	65	90	155
External cost of sales	-	(123,246)	(1,063)	(124,309)
Gross profit/(loss)	-	28,574	(500)	28,074
Other income including finance income	1,461	1,686	285	3,432
Inter-segment	(509)	(422)	(5)	(936)
External other income	952	1,264	280	2,496
Other expenses including finance costs	(1,910)	(26,800)	(1,106)	(29,816)
Inter-segment	470	1,334	595	2,399
External other expenses	(1,440)	(25,466)	(511)	(27,417)
(Loss)/Profit before tax	(488)	4,372	(731)	3,153

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Cumulative Quarter (6 Months)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
30/06/2015				
Revenue				
Segment revenue	3,500	157,845	2,184	163,529
Inter-segment revenue	(3,500)	-	(1,657)	(5,157)
External revenue	-	157,845	527	158,372
Cost of sales				
Segment cost of sales	-	(125,671)	(1,126)	(126,797)
Inter-segment cost of sales	-	17	90	107
External cost of sales	-	(125,654)	(1,036)	(126,690)
Gross profit/(loss)	-	32,191	(509)	31,682
Other income including finance income	1,626	1,930	6,131	9,687
Inter-segment	(725)	(442)	(6)	(1,173)
External other income	901	1,488	6,125	8,514
Other expenses including finance costs	(2,343)	(26,892)	(972)	(30,207)
Inter-segment	57	2,081	586	2,724
External other expenses	(2,286)	(24,811)	(386)	(27,483)
(Loss)/Profit before tax	(1,385)	8,868	5,230	12,713

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Segment assets and liabilities**

	As At End Of Current Financial Period 30/06/2016
Segment assets:	
Investment holding	382,103
Oil palm operations	687,975
Management services/Rental	40,774
Total	<u>1,110,852</u>
Elimination	<u>(311,557)</u>
Total assets	<u><u>799,295</u></u>
Segment liabilities:	
Investment holding	831
Oil palm operations	206,863
Management services/Rental	11,686
Total	<u>219,380</u>
Elimination	<u>(32,942)</u>
Total liabilities	<u><u>186,438</u></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, except as disclosed below:

On 17 August 2015, Sarawak Plantation Berhad 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.

As at 1 July 2016, all conditions precedent have been fulfilled. The 100% equity of Telliana has also been transferred to the Company, thus making Telliana a wholly owned subsidiary of the Company.

The acquisition is not expected to have any material impact on the earnings or net assets of the Company for the financial year ending 31 December 2016.

**Part A – Explanatory Notes Pursuant to FRS 134****A10. Changes in the Composition of the Group**

As at 30 June 2016, 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, except as disclosed below:

On 4 March 2016, the Company entered into a joint venture agreement with a third party for the development of approximately 1,000 acres of land into an oil palm plantation. The land is situated at Karabungan, Niah Land District, Sarawak. On 23 May 2016, a joint venture company named SPB PPES Karabungan Plantation Sdn. Bhd. (“SPB PPES Karabungan”) was incorporated to undertake the said development. The equity shareholding in SPB PPES Karabungan is 70/30, with the Company owning 70% and the third party owning 30%. SPB PPES Karabungan has initial issued and paid up capital of RM100 divided into 100 ordinary shares of RM1 each. Its issued and paid up capital will be increased as and when the need arises.

The incorporation of SPB PPES Karabungan does not have any material impact on the earnings or net assets of the Company as at 30 June 2016.

A11. Changes in Contingent Liabilities and Contingent Assets

As at 30 June 2016, 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 30/06/2016
	RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to a subsidiary	230,000

A12. Capital Expenditure Commitments

As at 30 June 2016, 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 30/06/2016
	RM'000
Capital Expenditure	
Authorised and contracted for	24,728
Authorised and not contracted for	134,639
	<u>159,367</u>
Analysed as follows:	
Property, plant and equipment	95,380
Plantation development expenditure	63,987
	<u>159,367</u>

**Part A – Explanatory Notes Pursuant to FRS 134****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.

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2016 RM'000	Preceding Year - Period To Date 30/06/2015 RM'000
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	4,750	7,157
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	186	145
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	29	171
d. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(843)	-
e. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	(12)	(15)

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 (Q2)		Cumulative Quarter (6 Months)	
	Current Year Quarter 30/06/2016 RM'000	Preceding Year Corresponding Quarter 30/06/2015 RM'000	Current Year - Period To Date 30/06/2016 RM'000	Preceding Year - Period To Date 30/06/2015 RM'000
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	5,793	5,469	11,359	10,869
Depreciation of plantation development expenditure	55	55	110	110
Depreciation of investment properties	41	41	83	83
Property, plant and equipment written off	-	-	-	258
Change in fair value of other investments	68	68	80	53
Finance costs	726	698	1,309	1,167
Profit before tax is arrived at after crediting:				
Dividend income from other investments	3	4	9	10
Gain on disposal of:				
- other investments	17	6	26	7
- property, plant and equipment	-	-	-	206
- asset held for sale	-	-	-	5,808
Other income	433	326	747	775
Finance income	822	1,054	1,749	1,931

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