



**SARAWAK PLANTATION BERHAD**

(Incorporated in Malaysia - 451377- P)

# INTERIM REPORT FOR 3RD QUARTER ENDED 30 SEPTEMBER 2016



**SARAWAK PLANTATION BERHAD**

(Incorporated in Malaysia - 451377- P)

8<sup>th</sup> 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 2016**  
(The figures have not been audited)

---

	<b>Page</b>
<b>Condensed Consolidated Statement of Financial Position</b>	<b>1 – 2</b>
<b>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>3 – 4</b>
<b>Condensed Consolidated Statement of Changes in Equity</b>	<b>5 – 6</b>
<b>Condensed Consolidated Statement of Cash Flows</b>	<b>7 – 8</b>
 <b>Explanatory Notes</b>	
 <i>Part A – Explanatory Notes Pursuant to FRS 134</i>	 <i>9 – 20</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>21–29</i>

---

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

	Notes	As At End Of Current Financial Period 30/09/2016 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2015 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		341,358	314,600
Plantation development expenditure		316,708	297,275
Investment properties		4,663	4,787
<b>Total non-current assets</b>		<u>662,729</u>	<u>616,662</u>
<b>Current assets</b>			
Other investments	B6	9,480	14,404
Inventories		22,914	18,715
Trade and other receivables		22,701	16,454
Deposits and prepayments		13,482	11,138
Current tax recoverable		3,833	3,882
Cash and cash equivalents		94,680	103,660
		167,090	168,253
Assets held for sale		949	949
<b>Total current assets</b>		<u>168,039</u>	<u>169,202</u>
<b>TOTAL ASSETS</b>		<u>830,768</u>	<u>785,864</u>



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

(The figures have not been audited)

		<b>As At End Of Current Financial Period 30/09/2016 (Unaudited) RM'000</b>	<b>As At End Of Preceding Financial Year 31/12/2015 (Audited) RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Owners of the Company</b>			
Share capital	A5	280,000	280,000
Share premium	A5	60,969	60,969
Reserves		291,283	288,232
		<u>632,252</u>	<u>629,201</u>
<b>Non-controlling interests</b>		<u>(7,250)</u>	<u>(6,842)</u>
<b>Total equity</b>		<u>625,002</u>	<u>622,359</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		52,743	54,643
Loans and borrowings	B7	40,071	21,368
<b>Total non-current liabilities</b>		<u>92,814</u>	<u>76,011</u>
<b>Current liabilities</b>			
Trade and other payables		66,958	41,243
Loans and borrowings	B7	45,986	46,030
Current tax payable		8	221
<b>Total current liabilities</b>		<u>112,952</u>	<u>87,494</u>
<b>Total liabilities</b>		<u>205,766</u>	<u>163,505</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>830,768</u>	<u>785,864</u>
<b>Net assets per share attributable to Owners of the Company (RM)</b>		<u>2.26</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 (Q3)		Cumulative Quarter (9 Months)	
		Current Year Quarter 30/09/2016 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/09/2015 (Unaudited) RM'000	Current Year - Period To Date 30/09/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2015 (Unaudited) RM'000
Revenue		120,634	84,550	273,017	242,922
Cost of sales		(95,046)	(65,599)	(219,355)	(192,289)
<b>Gross profit</b>		25,588	18,951	53,662	50,633
Other income		1,774	387	2,521	6,970
Distribution costs		(6,220)	(5,086)	(14,521)	(14,456)
Administrative expenses		(4,494)	(5,936)	(12,673)	(17,207)
Replanting expenses		(5,301)	(2,179)	(14,929)	(7,854)
<b>Results from operating activities</b>		11,347	6,137	14,060	18,086
Other non-operating income		3,700	-	3,700	-
		15,047	6,137	17,760	18,086
Finance income		396	836	2,145	2,767
Finance costs		(1,396)	(565)	(2,705)	(1,732)
<b>Net finance income</b>		(1,000)	271	(560)	1,035
<b>Profit before tax</b>	A14	14,047	6,408	17,200	19,121
Taxation	B5	(1,902)	(113)	(1,854)	(1,297)
<b>Profit for the period</b>		12,145	6,295	15,346	17,824
<b>Other comprehensive income, net of tax</b>		-	-	-	-
<b>Profit and total comprehensive income for the period</b>		12,145	6,295	15,346	17,824

**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 30/09/2016 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/09/2015 (Unaudited) RM'000	Current Year - Period To Date 30/09/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2015 (Audited) RM'000
<b>Profit attributable to:</b>					
Owners of the Company		12,258	6,508	15,631	18,423
Non-controlling interests		(113)	(213)	(285)	(599)
<b>Profit for the period</b>		<u>12,145</u>	<u>6,295</u>	<u>15,346</u>	<u>17,824</u>
<b>Profit and total comprehensive income attributable to:</b>					
Owners of the Company		12,258	6,508	15,631	18,423
Non-controlling interests		(113)	(213)	(285)	(599)
<b>Profit and total comprehensive income for the period</b>		<u>12,145</u>	<u>6,295</u>	<u>15,346</u>	<u>17,824</u>
<b>Basic earnings per ordinary share attributable to Owners of the Company (sen):</b>					
<b>Basic</b>	B12	<u>4.38</u>	<u>2.33</u>	<u>5.59</u>	<u>6.59</u>
<b>Diluted</b>	B12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(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					
<b>At 31 December 2015</b>		280,000	280,000	60,969	493	(1,223)	288,962	629,201	(6,842)	622,359	
<b>Profit and total comprehensive income for the period</b>		-	-	-	-	-	15,631	15,631	(285)	15,346	
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)	
<b>At 30 September 2016</b>		280,000	280,000	60,969	493	(1,223)	292,013	632,252	(7,250)	625,002	

(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 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		
<b>At 31 December 2014</b>		280,000	280,000	60,969	493	(1,223)	276,051	616,290	(6,078)	610,212	
<b>Profit and total comprehensive income for the period</b>		-	-	-	-	-	18,423	18,423	(599)	17,824	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2014		-	-	-	-	-	(8,387)	(8,387)	-	(8,387)	
<b>At 30 September 2015</b>		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 2015 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 30/09/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2015 (Unaudited) RM'000
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	17,200	19,121
<i>Adjustments for:</i>		
Change in fair value of other investments	28	127
Depreciation of property, plant and equipment	17,212	16,355
Depreciation of plantation development expenditure	166	166
Depreciation of investment properties	125	125
Dividend income from other investments	(44)	(13)
Loss/(Gain) on disposal of:		
- other investments	(43)	4
- property, plant and equipment	-	(206)
- assets held for sale	-	(5,808)
Property, plant and equipment written off	-	283
Finance income	(2,145)	(2,767)
Finance costs	2,705	1,732
Reversal of impairment losses on deposits paid	(3,700)	-
<b>Operating profit before changes in working capital</b>	<b>31,504</b>	<b>29,119</b>
Change in inventories	(4,198)	(4,714)
Change in trade and other receivables, deposits and prepayments	13,857	(9,591)
Change in trade and other payables	(7,644)	(18,471)
<b>Cash generated from/(used in)operations</b>	<b>33,519</b>	<b>(3,657)</b>
Income tax paid	(3,941)	(1,139)
Interest paid	(2,917)	(1,643)
Finance lease profit paid	(173)	(90)
Interest received	2,173	2,481
<b>Net cash from/(used in)operating activities</b>	<b>28,661</b>	<b>(4,048)</b>



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

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/09/2016 (Unaudited) RM'000	Preceding Year - Period To Date 30/09/2015 (Unaudited) RM'000
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(11,430)	(5,657)
Dividend received	29	-
Net movement of fixed deposits with original maturities exceeding three months	4,958	299
Plantation development expenditure (net of depreciation)	(16,324)	(14,112)
Part payment of acquisition of equity interest in a company	(14,859)	(2,977)
Deposit sum paid for acquisition of lands	(7,600)	-
Proceeds from disposal of assets held for sale	-	7,200
Deposits for investment refunded	3,700	-
<b>Net cash used in investing activities</b>	<b>(41,526)</b>	<b>(15,247)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from borrowings	18,659	37,340
Repayment of borrowings	(2,071)	(17,366)
Dividends paid to owners of the Company	(12,580)	(8,387)
Dividends paid to non-controlling interests of the Company	(123)	-
<b>Net cash from financing activities</b>	<b>3,885</b>	<b>11,587</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,980)</b>	<b>(7,708)</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>103,660</b>	<b>106,353</b>
<b>Cash and cash equivalents as at 30 September</b>	<b>94,680</b>	<b>98,645</b>
<b>Represented by:</b>		
Deposits with original maturities not exceeding three months	93,998	96,343
Cash and bank balances	682	2,302
<b>Cash and cash equivalents</b>	<b>94,680</b>	<b>98,645</b>

(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”):

<b>Standards / Amendments / Interpretations</b>	<b>Effective date</b>
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:

<b>Standards / Amendments / Interpretations</b>	<b>Effective date</b>
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:

<b>Standards / Amendments / Interpretations</b>	<b>Effective date</b>
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
Amendments to MFRS 2, <i>Share-based Payment</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) Amendments to MFRS 2, Share-based Payment**

Amendments to MFRS 2 are with regards to classification and measurement of share-based payment transactions (the Amendments).

The Amendments provides specific guidance on how to account for the following situations:

- (a) the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
- (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

The Group is currently assessing the financial impact that may rise from the adoption of the Amendments to MFRS 2.

**(v) 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, except for the following:

- a. The Group recognised a reversal of prior year's impairment loss of RM3.7 million (included in other operating income) of which details are also summarised in note A8.
- b. On 1 September 2016, a wholly owned subsidiary of the Company, Sarawak Plantation Agriculture Development sdn. Bhd. ("SPAD"), has entered into two Sale and Purchase Agreements to purchase two parcels of lands together with oil palm plantations existing thereon from Magna Wide Sdn. Bhd. and Magna Wide Enterprise Sdn. Bhd. respectively for a total cash consideration of RM76 million. The two parcels of lands measuring approximately 1,908 hectares are situated at Puyut Land District.

As at 30 September 2016, SPAD paid RM7.6 million as deposits. The completion of the Sale Agreements is conditional upon fulfillment of certain condition precedents which have yet to be fulfilled. SPAD intends to fund this acquisition using 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**

	<b>Cumulative Quarter (9 Months)</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>- Period To Date</b>	<b>- Period To Date</b>
	<b>30/09/2016</b>	<b>30/09/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
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>