



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)

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INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

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**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
30/09/2016				
Revenue				
Segment revenue	5,500	120,299	1,120	126,919
Inter-segment revenue	(5,500)	-	(785)	(6,285)
External revenue	-	120,299	335	120,634
Cost of sales				
Segment cost of sales	-	(94,621)	(511)	(95,132)
Inter-segment cost of sales	-	41	45	86
External cost of sales	-	(94,580)	(466)	(95,046)
Gross profit/(loss)	-	25,719	(131)	25,588
Other income including finance income	601	5,440	107	6,148
Inter-segment	(64)	(212)	(2)	(278)
External other income	537	5,228	105	5,870
Other expenses including finance costs	(1,041)	(16,816)	(529)	(18,386)
Inter-segment	219	808	(52)	975
External other expenses	(822)	(16,008)	(581)	(17,411)
(Loss)/Profit before tax	(285)	14,939	(607)	14,047

**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
30/09/2015				
Revenue				
Segment revenue	4,500	84,269	1,038	89,807
Inter-segment revenue	(4,500)	-	(757)	(5,257)
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)****Cumulative Quarter (9 Months)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
30/09/2016				
Revenue				
Segment revenue	14,368	272,119	3,220	289,707
Inter-segment revenue	(14,368)	-	(2,322)	(16,690)
External revenue	-	272,119	898	273,017
Cost of sales				
Segment cost of sales	-	(217,932)	(1,664)	(219,596)
Inter-segment cost of sales	-	106	135	241
External cost of sales	-	(217,826)	(1,529)	(219,355)
Gross profit/(loss)	-	54,293	(631)	53,662
Other income including finance income	2,062	7,126	392	9,580
Inter-segment	(573)	(634)	(7)	(1,214)
External other income	1,489	6,492	385	8,366
Other expenses including finance costs	(2,951)	(43,616)	(1,635)	(48,202)
Inter-segment	689	2,142	543	3,374
External other expenses	(2,262)	(41,474)	(1,092)	(44,828)
(Loss)/Profit before tax	(773)	19,311	(1,338)	17,200

**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)

Segment assets and liabilities

	As At End Of Current Financial Period 30/09/2016
Segment assets:	
Investment holding	396,152
Oil palm operations	710,417
Management services/Rental	37,950
Total	<u>1,144,519</u>
Elimination	<u>(313,751)</u>
Total assets	<u>830,768</u>
Segment liabilities:	
Investment holding	9,955
Oil palm operations	216,920
Management services/Rental	11,767
Total	<u>238,642</u>
Elimination	<u>(32,876)</u>
Total liabilities	<u>205,766</u>

A8. Impairment of Assets

There was neither impairment loss nor reversal of such impairment loss recognised during the current interim financial period, except for the recognition of a reversal of prior year's impairment loss of RM3.7 million (included in other non operating income) on deposits paid for acquisitions of equity interest in four plantation companies as a result of recovery of the said deposits 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 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 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, the 100% equity of Telliana has been transferred to the Company, thus making Telliana a wholly owned subsidiary of the Company.

The consolidation of Telliana does not have material impact on the earnings of the Company as at 30 September 2016.



Part A – Explanatory Notes Pursuant to FRS 134

A11. Changes in Contingent Liabilities and Contingent Assets

As at 30 September 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 30/09/2016
	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 September 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 30/09/2016
	RM'000
Capital Expenditure	
Authorised and contracted for	92,990
Authorised and not contracted for	114,548
	<u>207,538</u>
Analysed as follows:	
Property, plant and equipment	110,463
Plantation development expenditure	97,075
	<u>207,538</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; or with a Corporate shareholder of the Company.

	Cumulative Quarter (9 Months)	
	Current Year - Period To Date 30/09/2016 RM'000	Preceding Year - Period To Date 30/09/2015 RM'000
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	11,980	12,734
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	245	229
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	33	252
d. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(1,698)	(429)
e. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	(17)	(23)

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 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year - Period To Date 30/09/2016 RM'000	Preceding Year - Period To Date 30/09/2015 RM'000
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	5,853	5,486	17,212	16,355
Depreciation of plantation development expenditure	56	56	166	166
Depreciation of investment properties	42	42	125	125
Property, plant and equipment written off	-	25	-	283
Change in fair value of other investments	-	74	28	127
Loss on disposal of other investments	-	11	-	4
Finance costs	1,396	565	2,705	1,732
Profit before tax is arrived at after crediting:				
Dividend income from other investments	35	3	44	13
Change in fair value of other investments	52	-	-	-
Gain on disposal of:				
- other investments	17	-	43	-
- property, plant and equipment	-	-	-	206
- asset held for sale	-	-	-	5,808
Reversal of impairment losses on deposits paid	3,700	-	3,700	-
Other income	1,774	387	2,521	1,162
Finance income	396	836	2,145	2,767

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, 2016 vs Quarter 3, 2015

The Group recorded revenue of RM120.6 million in the current quarter under review compared with RM84.6 million reported in the corresponding period of the preceding year. The increase was principally due to the effect of higher realised average selling prices of CPO and PK and higher sales volumes of CPO and PK during the current interim quarter.

The Group recorded a profit before tax of RM14 million for the current quarter as compared to a profit before tax of RM6.4 million for the corresponding period of the preceding year. The increase was in line with the increase in revenue and also due to the reversal of prior year's impairment loss on deposits paid for acquisition of equity interest in four plantation companies (other non operating income, see Notes A8), partially offsetted by an increase in replanting expenses 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, the oil palm operations segment contributed 99.7% of the Group revenue of RM120.6 million.

The revenue of the oil palm operations increased by RM36.0 million to RM120.3 million in the current quarter compared with RM84.3 million reported in the corresponding period of the preceding year. The increase was principally attributed to the effect of higher realised average selling prices of CPO and PK and higher sales volumes of CPO and PK during the current quarter.

The average selling prices of CPO and PK had increased approximately by 26% and 98.2% respectively, whereas sales volumes of CPO and PK had increased by approximately 5% and 2% the respectively for the current quarter.

The gross profit and profit before tax for the oil palm operations increased by RM6.6 million and RM7.7 million respectively for the current quarter as compared to the corresponding period of the preceding year. The increase was in line with the increase in revenue and also due to the reversal of prior year's impairment loss on deposits paid for acquisition of equity interest in four plantation companies, partially offsetted by an increase in replanting expenses during the current interim quarter.

Nine months ended 30 September 2016 vs Nine months ended 30 September 2015

The Group recorded revenue of RM273 million in the current financial period ended 30 September 2016 compared with RM242.9 million reported in the corresponding period of the preceding year. The increase was principally attributed to the effect of higher realised average selling prices of CPO and PK, partially offsetted by lower sales volumes of CPO and PK during the current financial period.

The Group recorded a profit before tax of RM17.2 million for the current financial period as compared to a profit before tax of RM19.1 million for the corresponding period of the preceding year. The decrease was principally attributed to the effect of increase in replanting expenditure, partially offsetted by increase in revenue and a reversal of prior year's impairment loss on deposits paid for acquisition of equity interest in four plantation companies as other non operating income (see Notes A8) during the current financial period.

In addition, there was a gain on disposal of land of RM5.8 million recognised as other income for management services and rental segment in the corresponding period of the preceding year.



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 2016 vs Nine months ended 30 September 2015 (continued)

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 RM273 million.

The revenue of the oil palm operations increased by RM30 million to RM272.1 million in the current financial period compared with RM242.1 million reported in the corresponding period of the preceding year. The increase was principally attributed to the effect of higher realised average selling prices of CPO and PK, partially offsetted by lower sales volumes of CPO and PK during the current financial period.

The average selling prices of CPO and PK had increased approximately by 17.9% and 58% respectively, whereas sales volumes of CPO and PK had decreased by approximately 10.1% and 9.6% respectively for the current financial period.

The gross profit and profit before tax for the oil palm operations increased by RM2.9 million and RM3.2 million, respectively for the current financial period as compared to the corresponding period of the preceding year. The increase was principally attributed to the effect of an increase in revenue and the reversal of prior year's impairment loss on deposits paid for acquisition of equity interest in four plantation companies, partially offsetted by an increase in replanting expenses during the current financial period.

Other segments

Other segments' results for the current quarter and current financial period are insignificant to the Group.

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

For the quarter under review, the Group recorded a profit before tax of RM14 million as compared to profit before tax of RM4.7 million in the preceding quarter. The increase was principally due to the effect of higher realised average selling prices of CPO and PK and higher sales volumes of CPO and PK, and the reversal of prior year's impairment loss on deposits paid for acquisition of equity interest in four plantation companies (other non operating income, see Notes A8) during the current interim quarter.

The realised average selling prices for CPO and PK had increased approximately 0.1% and 11.6% for the current quarter whereas the sales volumes of CPO and PK had increased approximately by 30.3% and 30.6% 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.

The Group will continue in its efforts to improve its performance and use its best endeavour to achieve satisfactory results for the remaining period of the current financial year.

B4. Profit Forecast or Profit Guarantee

The disclosure requirement for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and the achievements of financial estimate, forecast, projection for the current financial year are not applicable as the Group did not issue any profit forecast or profit guarantee for the current financial year.



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

B5. Taxation

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year - Period To Date 30/09/2016 RM'000	Preceding Year - Period To Date 30/09/2015 RM'000
Current tax expense	1,502	828	3,754	3,012
Deferred tax expense/(income)	400	(715)	(1,900)	(1,715)
	<u>1,902</u>	<u>113</u>	<u>1,854</u>	<u>1,297</u>

The Group's effective tax rate for the financial period ended 30 September 2016 is lower than the statutory tax rate principally due to the reversal of timing difference in deferred tax liabilities.

B6. Other Investments

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

The investments as at 30 September 2016 are as follows:

	At 30/09/2016 RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	1,849
Deposits with original maturities exceeding three months	7,631
	<u>9,480</u>

B7. Loans and Borrowings

	At 30/09/2016 RM'000
<u>Current</u>	
Revolving credit - secured	39,000
Revolving credit - <i>i</i> - secured	5,000
Finance lease liabilities (Hire purchase - <i>i</i>)	1,986
	<u>45,986</u>
<u>Non-current</u>	
Term Loan (Term Financing - <i>i</i>) - secured	37,845
Finance lease liabilities (Hire purchase - <i>i</i>)	2,226
	<u>40,071</u>
Total loans and borrowings	<u>86,057</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)

Revolving Credit

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 2016, the unutilised revolving credit facility that remains available to the Group amounting to RM11 million.

The effective interest rate of this revolving credit is 4.61% 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 2016, the unutilised revolving credit facility that remains available to the Group amounting to RM25 million.

The Revolving Credit –i bears 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 – i)

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, bears 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.

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 10 November 2016 (*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 heard the appeal on 10 December 2015, and ordered that the case be remitted back to the High Court (before a different Judge) for a retrial. They were of the view that there was a mistrial in respect of the High Court's finding. There was no order as to costs.

The retrial of the case proceeded on 26 July 2016.

At the conclusion of the proceedings, the Court directed as follows:

- (1) The parties are to file and exchange Written Submissions;
- (2) Thereafter, the parties are to file Written Reply; and
- (3) Counsels for the parties are to appear before the Court to go through their Submissions on 25 August 2016

The Court allowed the Counsel for the Defendants' application for an extension of 2 weeks from 27 October 2016 to file the Written Submission and the same has to be filed on or before 10 November 2016. Thereafter, the parties may file Reply (if any) by 17 November 2016. Hearing of the Submissions is fixed on 28 November 2016.

- (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 a Sales and Purchase Agreement ("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.



B10. Changes in Material Litigation (continued)

- (b) On 8 August 2014, the Honourable Judge of the High Court 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 and SPAD was ordered to pay the Defendant the sum of RM1,200,000 as late payment interest;
 - (ii) On a separate claim, 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.

- (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 of the High Court 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 the other hand, SPAD was ordered to pay the Defendant interest at 8.5% per annum on RM12,100,000 from 1 January 2001 to 29 November 2007 by reason of default in payment of instalments due under the SPA.

- (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 of the High Court 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 the other hand, SPAD was ordered to pay the Defendant interest at 8.5% per annum on RM10,500,000 from 1 January 2001 to 19 November 2007 by reason of default in payment of instalments due under the SPA.

- (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 with 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.



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 27 August 2014, a Notice of Appeal was filed by the Plaintiffs and the Defendants under (b), (c) and (d) above against the judgement dated 8 August 2014. SPAD filed a Notice of Cross Appeal on 28 October 2014 in respect of the interests awarded against SPAD under (b), (c) and (d) above. The appeal and cross appeal were heard on 19 August 2015.

On 31 December 2015, the Court of Appeal upheld all the High Court's decision and dismissed the Defendants' appeal. The Court of Appeal allowed SPAD's cross appeal in part by setting aside the award of RM1,200,000 as late payment interest. SPAD was awarded global costs of RM10,000.

On 28 January 2016, the Defendant filed a motion in the Federal Court for leave to appeal against the decision of the Court of Appeal. The hearing of the motion for leave to appeal was heard on 29 September 2016.

The Federal Court dismissed the Defendant's motion for leave to appeal and awarded costs to SPAD in the sum of RM10,000.00.

- (f) On 25 March 2015, the Company was served with legal proceedings. The Company and SPAD are sued together with four (4) 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 Sibu 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 the Defence and Counterclaim was filed on 8 April 2015. Trial is completed and the Court will deliver its decision on 23 November 2016.

The Directors, in consultation with the Company's and SPAD's advocates are of the opinion that SPB and SPAD have strong merits in the case.

- (g) On 13 July 2016, the Company and SPAD were served with legal proceedings. Amongst other things, the Plaintiffs sought a declaration to the effect that they have acquired native customary rights and/or are the customary owners over land situated at/around all of the Kampung Melugu Sri Aman.

The Company and SPAD had on 20 July 2016 entered appearance. On 17 October 2016, the Court dismissed SPAD's application to strike out the Plaintiff's Statement of Claim. SPAD's filed its appeal against the Court's said decision on 9 November 2016. No hearing date has been set yet.

The Directors, in consultation with the Company's and SPAD's advocates are of the opinion that the Company and SPAD have strong merits in the case.

B11. Dividend Declared

On 18 February 2016, the Board of Directors had declared a first interim, single tier dividend of 4.5 sen per share, totalling approximately RM12.6 million, in respect of the financial year ended 31 December 2015, which was paid to shareholders on 30 March 2016.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B12. Earnings per Share**

	Individual Quarter (Q3)		Cumulative Quarter (9 Months)	
	Current Year Quarter 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year - Period To Date 30/09/2016 RM'000	Preceding Year - Period To Date 30/09/2015 RM'000
Profit attributable to Owners of the Company (RM)	12,258	6,508	15,631	18,423
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	4.38	2.33	5.59	6.59
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 2016.

B13. Retained Earnings

The retained earnings of the Group as at 30 September 2016 contain unrealised profits, as disclosed below:

	As At End Current Financial Period 30/09/2016 RM'000	As At End Of Preceding Financial Year 31/12/2015 RM'000
Total retained earnings of the Group and its subsidiaries		
Realised	318,088	315,407
Unrealised	(52,715)	(54,557)
	265,373	260,850
Consolidation adjustments	26,640	28,112
Total Group retained earnings as per consolidated accounts	292,013	288,962



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

B14. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was unqualified.

B15. Review by External Auditors

The condensed consolidated financial statements of Sarawak Plantation Berhad for the quarter ended 30 September 2016 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 17 November 2016.

By Order of the Board

Company Secretary
Kuching
17 November 2016