



**SARAWAK PLANTATION BERHAD**  
(Incorporated in Malaysia - 451377- P)

# INTERIM REPORT FOR 1ST QUARTER ENDED 31 MARCH 2017



**SARAWAK PLANTATION BERHAD**  
(Incorporated in Malaysia - 451377- P)

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**INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017**  
(The figures have not been audited)

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	<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 – 17</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>18 – 24</i>

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

	Notes	As At End Of Current Financial Period 31/03/2017 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2016 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		382,455	384,585
Plantation development expenditure		360,336	354,743
Investment properties		4,580	4,621
<b>Total non-current assets</b>		<b>747,371</b>	<b>743,949</b>
<b>Current assets</b>			
Other investments	B6	10,370	9,466
Inventories		13,611	18,092
Trade and other receivables		16,207	26,070
Deposits and prepayments		4,525	4,593
Current tax recoverable		158	156
Cash and cash equivalents		105,571	100,397
		150,442	158,774
Assets held for sale		949	949
<b>Total current assets</b>		<b>151,391</b>	<b>159,723</b>
<b>TOTAL ASSETS</b>		<b>898,762</b>	<b>903,672</b>



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

		<b>As At End Of Current Financial Period 31/03/2017 (Unaudited) RM'000</b>	<b>As At End Of Preceding Financial Year 31/12/2016 (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		311,049	297,862
		<u>652,018</u>	<u>638,831</u>
<b>Non-controlling interests</b>		(9,876)	(9,844)
<b>Total equity</b>		<u>642,142</u>	<u>628,987</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		52,840	53,440
Loans and borrowings	B7	107,534	89,943
<b>Total non-current liabilities</b>		<u>160,374</u>	<u>143,383</u>
<b>Current liabilities</b>			
Trade and other payables		49,585	88,361
Loans and borrowings	B7	42,922	42,925
Current tax payable		3,739	16
<b>Total current liabilities</b>		<u>96,246</u>	<u>131,302</u>
<b>Total liabilities</b>		<u>256,620</u>	<u>274,685</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>898,762</u>	<u>903,672</u>
<b>Net assets per share attributable to Owners of the Company (RM)</b>		<u>2.33</u>	<u>2.29</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 2016 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 (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/03/2017 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2016 (Unaudited) RM'000	Current Year - Period To Date 31/03/2017 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2016 (Unaudited) RM'000
Revenue		109,631	62,068	109,631	62,068
Cost of sales		(77,420)	(53,141)	(77,420)	(53,141)
<b>Gross profit</b>		<b>32,211</b>	<b>8,927</b>	<b>32,211</b>	<b>8,927</b>
Other income		322	314	322	314
Distribution costs		(5,533)	(3,502)	(5,533)	(3,502)
Administrative expenses		(4,054)	(3,726)	(4,054)	(3,726)
Replanting expenses		(5,052)	(3,872)	(5,052)	(3,872)
<b>Results from operating activities</b>		<b>17,894</b>	<b>(1,859)</b>	<b>17,894</b>	<b>(1,859)</b>
Finance income		760	927	760	927
Finance costs		(1,438)	(583)	(1,438)	(583)
<b>Net finance (costs)/income</b>		<b>(678)</b>	<b>344</b>	<b>(678)</b>	<b>344</b>
<b>Profit /(Loss) before tax</b>	A14	<b>17,216</b>	<b>(1,515)</b>	<b>17,216</b>	<b>(1,515)</b>
Taxation	B5	(4,061)	702	(4,061)	702
<b>Profit /(Loss) before tax</b>		<b>13,155</b>	<b>(813)</b>	<b>13,155</b>	<b>(813)</b>
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit /(Loss) and total comprehensive income/(loss) for the period</b>		<b>13,155</b>	<b>(813)</b>	<b>13,155</b>	<b>(813)</b>



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

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/03/2017 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2016 (Unaudited) RM'000	Current Year - Period To Date 31/03/2017 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2016 (Unaudited) RM'000
<b>Profit /(Loss) attributable to:</b>					
Owners of the Company		13,187	(756)	13,187	(756)
Non-controlling interests		(32)	(57)	(32)	(57)
<b>Profit /(Loss) for the period</b>		<b>13,155</b>	<b>(813)</b>	<b>13,155</b>	<b>(813)</b>
<b>Profit /(Loss) and total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		13,187	(756)	13,187	(756)
Non-controlling interests		(32)	(57)	(32)	(57)
<b>Profit /(Loss) and total comprehensive (loss)/income for the period</b>		<b>13,155</b>	<b>(813)</b>	<b>13,155</b>	<b>(813)</b>
<b>Basic earnings per ordinary share attributable to Owners of the Company (sen):</b>					
<b>Basic</b>	B12	4.72	(0.27)	4.72	(0.27)
<b>Diluted</b>	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 2016 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Changes in Equity**  
(The figures have not been audited)

Notes	Attributable to Owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000				
<b>At 31 December 2016</b>	280,000	60,969	493	(1,223)	298,592	638,831	(9,844)	628,987	
<b>Profit and total comprehensive income for the period</b>	-	-	-	-	13,187	13,187	(32)	13,155	
<b>At 31 March 2017</b>	280,000	60,969	493	(1,223)	311,779	652,018	(9,876)	642,142	

(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 2016 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement of Changes in Equity**  
(The figures have not been audited)

Notes	Attributable to Owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000				
<b>At 31 December 2015</b>	280,000	60,969	493	(1,223)	288,962	629,201	(6,842)	622,359	
<b>Loss and total comprehensive loss for the period</b>	-	-	-	-	(756)	(756)	(57)	(813)	
Less: First interim, single tier exempt dividend in respect of the financial year ended 31 December 2015	-	-	-	-	(12,580)	(12,580)	-	(12,580)	
Less: Dividends paid to non-controlling interests of the Company by a subsidiary company	-	-	-	-	-	-	(123)	(123)	
<b>At 31 March 2016</b>	280,000	60,969	493	(1,223)	275,626	615,865	(7,022)	608,843	

(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 2016 and the accompanying explanatory notes attached to this report)



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

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2017 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2016 (Unaudited) RM'000
<b>Cash flows from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>17,216</b>	<b>(1,515)</b>
<i>Adjustments for:</i>		
Change in fair value of other investments	(52)	12
Depreciation of property, plant and equipment	6,057	5,566
Depreciation of plantation development expenditure	55	55
Depreciation of investment properties	42	42
Dividend income from other investments	(35)	(6)
Gain on disposal of:		
- other investments	(20)	(9)
Finance income	(760)	(927)
Finance costs	1,438	583
<b>Operating profit before changes in working capital</b>	<b>23,941</b>	<b>3,801</b>
Change in inventories	4,482	(2,900)
Change in trade and other receivables, deposits and prepayments	9,969	1,077
Change in trade and other payables	(19,740)	3,738
<b>Cash generated from operations</b>	<b>18,652</b>	<b>5,716</b>
Income tax refunded / (paid)	(940)	(1,559)
Interest paid	(1,464)	(525)
Finance lease profit paid	(45)	(58)
Interest received	721	799
<b>Net cash from operating activities</b>	<b>16,924</b>	<b>4,373</b>



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

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2017 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2016 (Unaudited) RM'000
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(13,206)	(1,762)
Dividend received	29	-
Net movement of fixed deposits with original maturities exceeding three months	(826)	3,082
Plantation development expenditure (net of depreciation)	(15,847)	(4,888)
<b>Net cash used in investing activities</b>	<b>(29,850)</b>	<b>(3,568)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from borrowings	18,100	770
Repayment of borrowings	-	(687)
Dividends paid to owners of the Company	-	(12,580)
Dividends paid to non-controlling interests of the Company	-	(123)
<b>Net cash from/(used in) financing activities</b>	<b>18,100</b>	<b>(12,620)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,174</b>	<b>(11,815)</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>100,397</b>	<b>103,660</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>105,571</b>	<b>91,845</b>
<b>Represented by:</b>		
Deposits with original maturities not exceeding three months	105,390	91,249
Cash and bank balances	181	596
<b>Cash and cash equivalents</b>	<b>105,571</b>	<b>91,845</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 2016 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 2016.

**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 2016 except for the adoption of the following accounting standards, amendments and interpretations that have been issued by Malaysian Accounting Standards Board (“MASB”):

<b>Standards / Amendments / Interpretations</b>	<b>Effective date</b>
Amendments to FRS 12, <i>Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)</i>	1 January 2017
Amendments to FRS 107, <i>Statement of Cash Flows - Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112, <i>Income Taxes - Recognition of Deferred Tax</i>	1 January 2017

The following are 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 Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

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

**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”.



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

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**A1. Basis of preparation (continued)**

**2. Significant accounting policies (continued)**

**2.2 Malaysian Financial Reporting Standards**

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
MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15, <i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22, <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 2, <i>Share-based Payment – Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4, <i>Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendment to MFRS 128, <i>Investment in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014 – 2016 Cycle)</i>	1 January 2018
Amendments to MFRS 140, <i>Investment Property – Transfers of Investment Property</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) 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 Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.



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

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**A1. Basis of preparation (continued)**

**2. Significant accounting policies (continued)**

**2.2 Malaysian Financial Reporting Standards (continued)**

**(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.

**(iii) 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.

**(iv) MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Lease*, IC Interpretation 4, *Determining Whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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

**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.



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

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**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 (3 Months)</b>	
	<b>Current Year</b>	<b>Preceding Year</b>
	<b>- Period To Date</b>	<b>- Period To Date</b>
	<b>31/03/2017</b>	<b>31/03/2016</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
	<hr/>	<hr/>
	-	12,703
	<hr/>	<hr/>

**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 (Q1) / Cumulative Quarter (3 Months)**

	<b>Investment holding RM'000</b>	<b>Oil palm operations RM'000</b>	<b>Management services and rental RM'000</b>	<b>Consolidated RM'000</b>
<b>31/03/2017</b>				
<b>Revenue</b>				
Segment revenue	-	109,398	985	109,383
Inter-segment revenue	-	-	(752)	(752)
External revenue	-	109,398	233	109,631
<b>Cost of sales</b>				
Segment cost of sales	-	(77,009)	(465)	(77,474)
Inter-segment cost of sales	-	9	45	54
External cost of sales	-	(77,000)	(420)	(77,420)
<b>Gross profit/(loss)</b>	-	32,398	(187)	32,211
Other income including finance income	595	668	182	1,445
Inter-segment	(46)	(313)	(4)	(363)
External other income	549	355	178	1,082
Other expenses including finance costs	(745)	(15,915)	(315)	(16,975)
Inter-segment	96	626	176	898
External other expenses	(649)	(15,289)	(139)	(16,077)
<b>(Loss)/Profit before tax</b>	<b>(100)</b>	<b>17,464</b>	<b>(148)</b>	<b>17,216</b>



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

**A7. Segment Information (continued)**

**Individual Quarter (Q1) / Cumulative Quarter (3 Months)**

	<b>Investment holding RM'000</b>	<b>Oil palm operations RM'000</b>	<b>Management services and rental RM'000</b>	<b>Consolidated RM'000</b>
<b>31/03/2016</b>				
<b>Revenue</b>				
Segment revenue	3,868	61,815	991	66,674
Inter-segment revenue	(3,868)	-	(738)	(4,606)
External revenue	-	61,815	253	62,068
<b>Cost of sales</b>				
Segment cost of sales	-	(52,622)	(570)	(53,192)
Inter-segment cost of sales	-	6	45	51
External cost of sales	-	(52,616)	(525)	(53,141)
<b>Gross profit/(loss)</b>	-	9,199	(272)	8,927
Other income including finance income	807	847	173	1,827
Inter-segment	(377)	(206)	(3)	(586)
External other income	430	641	170	1,241
Other expenses including finance costs	(1,028)	(11,511)	(498)	(13,037)
Inter-segment	300	764	290	1,354
External other expenses	(728)	(10,747)	(208)	(11,683)
<b>Loss before tax</b>	(298)	(907)	(310)	(1,515)



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

**A7. Segment Information (continued)**

**Segment assets and liabilities**

	<b>As At End Of Current Financial Period 31/03/2017</b>
<b>Segment assets:</b>	
Investment holding	401,121
Oil palm operations	769,568
Management services/Rental	38,159
Total	1,208,848
Elimination	(310,086)
<b>Total assets</b>	<b>898,762</b>
<b>Segment liabilities:</b>	
Investment holding	10,663
Oil palm operations	268,705
Management services/Rental	11,540
Total	290,908
Elimination	(34,288)
<b>Total liabilities</b>	<b>256,620</b>

**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 31 March 2017, there were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations.

**A11. Changes in Contingent Liabilities and Contingent Assets**

As at 31 March 2017, 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:

	<b>At 31/03/2017 RM'000</b>
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to a subsidiary	230,000

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

As at 31 March 2017, 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:

	<b>At 31/12/2016</b>
	<b>RM'000</b>
<b>Capital Expenditure</b>	
Authorised and contracted for	36,464
Authorised and not contracted for	88,121
	<u>124,585</u>
<b>Analysed as follows:</b>	
Property, plant and equipment	84,641
Plantation development expenditure	39,944
	<u>124,585</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.

	<b>Cumulative Quarter (3 Months)</b>	
	<b>Current Year - Period To Date 31/03/2017 RM'000</b>	<b>Preceding Year - Period To Date 31/03/2016 RM'000</b>
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	6,187	1,236
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	48	65
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	11	29
d. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(682)	(394)
e. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	(6)	(4)
	<u>(6)</u>	<u>(4)</u>

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 (Q1)		Cumulative Quarter(3 Months)	
	Current Year Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/03/2016 RM'000	Current Year - Period To Date 31/03/2017 RM'000	Preceding Year - Period To Date 31/03/2016 RM'000
<b>Profit/(loss) before tax is arrived at after charging:</b>				
Depreciation of property, plant and equipment	6,057	5,566	6,057	5,566
Depreciation of plantation development expenditure	55	55	55	55
Depreciation of investment properties	42	42	42	42
Change in fair value of other investments	-	12	-	12
Finance costs	1,438	583	1,438	583
<b>Profit /(loss) before tax is arrived at after crediting:</b>				
Dividend income from other investments	35	6	35	6
Change in fair value of other investments	52	-	52	-
Gain on disposal of:				
- Other investments	20	9	20	9
Other operating income				
- Other operating income	322	314	322	314
Finance income	760	927	760	927

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



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

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**B1. Review of Performance**

**Quarter 1, 2017 vs Quarter 1, 2016**

**Three months ended 31 March 2017 vs Three months ended 31 March 2016**

The Group recorded revenue of RM109.6 million in the current financial period ended 31 March 2017 compared with RM62.1 million reported in the corresponding period of the preceding year. The Group recorded a profit before tax of RM17.2 million for the current financial period as compared to a loss before tax of RM1.5 million for 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 financial period.

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

Oil palm operations

For the current financial period, the oil palm operations segment contributed 99.8% of the Group revenue of RM109.6 million.

The revenue of the oil palm operations increased by RM47.6 million to RM109.4 million in the current financial period compared with RM61.8 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.

The average selling prices of CPO and PK had increased approximately by 31.4% and 56% whereas the sales volumes of CPO and PK had increased by approximately 31.5% and 29.6% respectively for the current financial period.

The gross profit and profit before tax for the oil palm operations increased by RM23.2 million and RM18.4 million, respectively for the current financial period as compared to the corresponding period of the preceding year, in line with the increase in revenue.

Other segments

Other segments' results for the current quarter and current financial year 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 RM17.2 million as compared to profit before tax of RM8.5 million in the preceding quarter. 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 quarter. In addition, there was impairment loss of RM7.1 million recognised in the preceding quarter.

The realised average selling prices for CPO and PK had increased approximately 7.9% and 6.4% for the current quarter whereas the sales volumes of CPO and PK had decreased approximately by 4.9% and 7.6% 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 current financial year.



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

**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.

**B5. Taxation**

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2017 RM'000	Preceding Year Corresponding Quarter 31/03/2016 RM'000	Current Year - Period To Date 31/03/2017 RM'000	Preceding Year - Period To Date 31/03/2016 RM'000
Current tax expense	4,661	298	4,661	298
Deferred tax income	(600)	(1,000)	(600)	(1,000)
	<u>4,061</u>	<u>(702)</u>	<u>4,061</u>	<u>(702)</u>

The Group's effective tax rate for the financial period ended 31 March 2017 is consistent with the statutory tax rate.

**B6. Other Investments**

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

The investments as at 31 March 2017 are as follows:

	At 31/03/2017 RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	1,880
Deposits with original maturities exceeding three months	8,490
	<u>10,370</u>

**B7. Loans and Borrowings**

	At 31/03/2017 RM'000
<u>Current</u>	
Revolving credit - secured	39,000
Revolving credit - <i>i</i> - secured	2,000
Finance lease liabilities (Hire purchase - <i>i</i> )	1,922
	<u>42,922</u>
<u>Non-current</u>	
Term Loan (Term Financing - <i>i</i> ) - secured	106,216
Finance lease liabilities (Hire purchase - <i>i</i> )	1,318
	<u>107,534</u>
Total loans and borrowings	<u>150,456</u>



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

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**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.

The effective interest rate of this revolving credit is 4.66% 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.

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.



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

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**B10. Changes in Material Litigation**

As at 12 May 2017 (*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.

The Court delivered its Judgement on 23 February 2017 as follows:

- (i) Dismissed SP Suai's claim;
- (ii) Allowed part of the Defendants' claim, namely SP Suai is prohibited from entering the 2 parcels of NCR Land and SP Suai has to vacate and remove its machineries, equipments and structures existing on the Defendants' 2 parcels of NCR land.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 9 March 2017 and an application for a stay of execution on 11 April 2017. The application for a stay of execution is fixed for hearing on 15 May 2017. No hearing date for the appeal has been fixed.



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

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**B10. Changes in Material Litigation (continued)**

- (b) 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 10 August 2016, an application to strike out the Plaintiffs' Writ and Statement of Claim was filed and served the Plaintiffs. On 17 October 2016, the Court dismissed SPAD's application to strike out the Plaintiff's Statement of Claim. SPAD filed its appeal against the Court's said decision on 9 November 2016.

The hearing date for the appeal is yet to be fixed. The Court has fixed a mention date on 13 March 2017 for the parties to update the Court on the status of the appeal and for the Court to monitor the progress of the appeal, accordingly.

On 13 March 2017, the parties informed the Court that there is no Appeal Case Management (for the Court of Appeal to fix the hearing date of the appeal in the presence of the parties) fixed for this case. The Court then fixed 13 April 2017 as the further monitoring date.

On 13 April 2017, no Appeal Case Management has been fixed. The Court has fixed another monitoring date on 22 May 2017.

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.

- (c) A subsidiary of the Group, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD") sued 16 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass, unlawful occupation and illegal construction of a longhouse within an area covered by the Plaintiff's Provisional Lease of State Land. SPAD also seeks to claim damages from the Defendants.

The Defendants have refused to accept service of the Writ of Summons and Statement of Claim dated 5 January 2017 and the Notice of Application dated 9 January 2017 for interim injunction together with the Affidavit in Support.

SPAD applied and obtained an Order for Substituted Service on 6 February 2017 to serve the Writ, Statement of Claim and injunction application. The Notice of Advertisement was filed on 9 February 2017.

At the hearing of the interim injunction on 28 February 2017 at the Kuching High Court, the Judge directed that the matter be transferred to the Sibü High Court as the land in dispute is in Sibü.

At the hearing of the interim injunction on 28 March 2017 at the Sibü High Court, the learned Judge granted SPAD the interim injunction to prohibit the Defendants from entering into the area covered under SPAD's Provisional Lease of State Land or to construct anything thereon.

SPAD applied for judgement in default of defence on 1 May 2017 and the hearing of the matter is fixed on 12 June 2017.

The Directors, in consultation with SPAD's Solicitors, are of the opinion that SPAD has strong merits in the case.



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

There was no dividend declared during current interim financial period.

**B12. Earnings per Share**

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2017 RM'000	Preceding Year Corresponding Quarter 31/03/2016 RM'000	Current Year - Period To Date 31/03/2017 RM'000	Preceding Year - Period To Date 31/03/2016 RM'000
Profit/(Loss) attributable to Owners of the Company (RM)	13,187	(756)	13,187	(756)
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	4.72	(0.27)	4.72	(0.27)
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/(loss) attributable to owners of the Company and on the weighted average number of ordinary shares 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 31 March 2017.

**B13. Retained Earnings**

The retained earnings of the Group as at 31 March 2017 contain unrealised profits, as disclosed below:

	As At End Current Financial Period 31/03/2017 RM'000	As At End Of Preceding Financial Year 31/12/2016 RM'000
Total retained earnings of the Group and its subsidiaries		
Realised	330,526	317,668
Unrealised	(52,892)	(53,352)
	277,634	264,316
Consolidation adjustments	34,145	34,276
Total Group retained earnings as per consolidated accounts	311,779	298,592



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

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**B14. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2016 was unqualified.

**B15. Review by External Auditors**

The condensed consolidated financial statements of Sarawak Plantation Berhad for the quarter ended 31 March 2017 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 18 May 2017.

*By Order of the Board*

Company Secretary  
Kuching  
18 May 2017