



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

INTERIM REPORT FOR 4TH QUARTER ENDED 31 DECEMBER 2017



SARAWAK PLANTATION BERHAD

(Incorporated in Malaysia - 451377- P)

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

Telephone No: 082-233550

Facsimile No: 082-256650

Email: info@spbgroup.com.my

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
(The figures have not been unaudited)

	Page
Condensed Consolidated Statement of Financial Position	1 – 2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3 – 4
Condensed Consolidated Statement of Changes in Equity	5 – 6
Condensed Consolidated Statement of Cash Flows	7 – 8
 Explanatory Notes	
 <i>Part A – Explanatory Notes Pursuant to FRS 134</i>	 <i>9 – 19</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>20 – 26</i>

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

	Notes	As At End Of Current Financial Year 31/12/2017 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2016 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		368,098	384,586
Plantation development expenditure		330,734	354,742
Investment properties		4,449	4,621
Total non-current assets		703,281	743,949
Current assets			
Inventories		16,975	18,092
Trade and other receivables		22,392	24,699
Prepayments and other assets		4,448	4,593
Current tax recoverable		3,306	156
Other investments	B6	9,678	9,466
Cash and cash equivalents		104,400	100,397
		161,199	157,403
Assets classified as held for sale		949	949
Total current assets		162,148	158,352
TOTAL ASSETS		865,429	902,301

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

(The figures have not been audited)

		As At End Of Current Financial Year 31/12/2017 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2016 (Audited) RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A5	340,969	280,000
Share premium	A5	-	60,969
Reserves		287,610	297,862
Equity attributable to Owners of the Company		628,579	638,831
Non-controlling interests		(10,102)	(9,844)
Total equity		618,477	628,987
Non-current liabilities			
Deferred tax liabilities		51,333	53,440
Loans and borrowings	B7	110,292	89,943
Total non-current liabilities		161,625	143,383
Current liabilities			
Trade and other payables		55,720	86,990
Loans and borrowings	B7	29,577	42,925
Current tax payable		30	16
Total current liabilities		85,327	129,931
Total liabilities		246,952	273,314
TOTAL EQUITY AND LIABILITIES		865,429	902,301
Net assets per share attributable to Owners of the Company (RM)		2.25	2.29

(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 (Q4)		Cumulative Quarter (12 Months)	
		Current Year Quarter 31/12/2017 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/12/2016 (Unaudited) RM'000	Current Year - Period To Date 31/12/2017 (Unaudited) RM'000	Preceding Year - Period To Date 31/12/2016 (Audited) RM'000
Revenue		100,119	110,950	399,177	383,967
Cost of sales		(77,993)	(80,299)	(301,428)	(299,654)
Gross profit		22,126	30,651	97,749	84,313
Other income		(305)	-	1,721	2,521
Distribution expenses		(5,187)	(5,447)	(20,851)	(19,968)
Administrative expenses		(6,433)	(5,237)	(20,676)	(17,910)
Replanting expenses		(3,138)	(4,605)	(13,387)	(19,534)
Results from operating activities		7,063	15,362	44,556	29,422
Other non-operating income		-	-	-	3,700
Other non-operating expenses		(43,408)	(7,070)	(43,408)	(7,070)
		(36,345)	8,292	1,148	26,052
Finance income		760	1,164	3,394	3,309
Finance costs		(1,440)	(927)	(6,088)	(3,632)
Net finance (costs)/income		(680)	237	(2,694)	(323)
(Loss)/Profit before tax	A14	(37,025)	8,529	(1,546)	25,729
Taxation	B5	(1,349)	(4,544)	(8,964)	(6,398)
(Loss)/Profit after tax		(38,374)	3,985	(10,510)	19,331
Other comprehensive income, net of tax		-	-	-	-
(Loss)/Profit and total comprehensive (loss)/income for the period		(38,374)	3,985	(10,510)	19,331

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

	Notes	Individual Quarter (Q4)		Cumulative Quarter (12 Months)	
		Current Year Quarter 31/12/2017 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/12/2016 (Unaudited) RM'000	Current Year - Period To Date 31/12/2017 (Unaudited) RM'000	Preceding Year - Period To Date 31/12/2016 (Audited) RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(38,288)	6,580	(10,252)	22,211
Non-controlling interests		(86)	(2,595)	(258)	(2,880)
(Loss)/Profit for the period		(38,374)	3,985	(10,510)	19,331
(Loss)/Profit and total comprehensive (loss)/income attributable to:					
Owners of the Company		(38,288)	6,580	(10,252)	22,211
Non-controlling interests		(86)	(2,595)	(258)	(2,880)
(Loss)/Profit and total comprehensive (loss)/income for the period		(38,374)	3,985	(10,510)	19,331
Basic (loss)/earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	(13.70)	2.35	(3.66)	7.94
Diluted	B12	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 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			
At 31 December 2016		280,000	60,969	493	(1,223)	298,592	638,831	(9,844)	628,987
Transfer in accordance with Section 618(2) of the Companies Act 2016	A5	60,969	(60,969)	-	-	-	-	-	-
Loss and total comprehensive loss for the year		-	-	-	-	(10,252)	(10,252)	(258)	(10,510)
At 31 December 2017		340,969	-	493	(1,223)	288,340	628,579	(10,102)	618,477

(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 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				
At 31 December 2015	280,000	60,969	493	(1,223)	288,961	629,200	(6,841)	622,359	
Profit and total comprehensive income for the year	-	-	-	-	22,211	22,211	(2,880)	19,331	
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 owner of a subsidiary company	-	-	-	-	-	-	(123)	(123)	
At 31 December 2016	280,000	60,969	493	(1,223)	298,592	638,831	(9,844)	628,987	

(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 (12 Months)	
	Current Year - Period To Date 31/12/2017 (unaudited) RM'000	Preceding Year - Period To Date 31/12/2016 (Audited) RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(1,546)	25,729
<i>Adjustments for:</i>		
Change in fair value of other investments	(26)	88
Depreciation of property, plant and equipment	25,380	23,475
Depreciation of plantation development expenditure	221	221
Plantation development expenditure expensed off	191	-
Depreciation of investment properties	172	166
Dividend income from other investments	(49)	(46)
Gain on disposal of:		
- other investments	(59)	(51)
- property, plant and equipment	(19)	-
Loss on surrender of land and plantation development expenditure	396	-
Impairment losses on:		
- plantation development expenditure	37,390	5,843
- property, plant and equipment	5,622	518
- deposits and prepayments	86	709
- trade and other receivables	81	27
- inventories	366	-
Inventories written off	116	199
Reversal of impairment losses on deposits paid	-	(3,700)
Property, plant and equipment written off	89	24
Finance income	(3,394)	(3,309)
Finance costs	6,088	3,632
Operating profit before changes in working capital	71,105	53,525
Change in inventories	635	424
Change in trade and other receivables, deposits and prepayments	3,960	(3,559)
Change in trade and other payables	(40,720)	(5,176)
Cash generated from operations	34,980	45,214
Tax paid	(14,205)	(3,878)
Interest/Profit paid	(6,636)	(3,864)
Finance lease profit paid	(143)	(226)
Interest received	3,082	2,852
Net cash from operating activities	17,078	40,098



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

	Cumulative Quarter (12 Months)	
	Current Year - Period To Date 31/12/2017 (Unaudited) RM'000	Preceding Year - Period To Date 31/12/2016 (Audited) RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,473)	(43,778)
Dividend received	29	29
Net movement of deposits with original maturities exceeding three months	(100)	4,926
Plantation development expenditure (net of depreciation)	(11,226)	(43,938)
Deposit sum paid for acquisition of equity in a company	-	(14,859)
Deposits for investment refunded	-	3,700
Proceed from disposal of :		
- property, plant and equipment	83	-
- land and plantation development expenditure	884	-
Net cash used in investing activities	(19,803)	(93,920)
Cash flows from financing activities		
Net proceeds from term loans	21,760	68,929
Net repayment of revolving credits	(13,000)	(3,000)
Repayment of finance lease liabilities	(2,032)	(2,667)
Dividends paid to owners of the Company	-	(12,580)
Dividends paid to owner of a subsidiary	-	(123)
Net cash from financing activities	6,728	50,559
Net increase/(decrease) in cash and cash equivalents	4,003	(3,263)
Cash and cash equivalents as at 1 January	100,397	103,660
Cash and cash equivalents as at 31 December	104,400	100,397
Represented by:		
Deposits with original maturities not exceeding three months	103,764	99,580
Cash and bank balances	636	817
Cash and cash equivalents	104,400	100,397

(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”):

Standards / Amendments / Interpretations	Effective date
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 Assets for Unrealised Loss</i>	1 January 2017

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group:

Standards / Amendments / Interpretations	Effective date
FRS 9, <i>Financial Instruments (2014)</i>	1 January 2018
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014 – 2016 Cycle)</i>	1 January 2018
Amendment to FRS 128, <i>Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)</i>	1 January 2018
Amendment to FRS 140, <i>Investment Property - Transfers of Investment Property</i>	1 January 2018
IC Interpretation 23, <i>Uncertainty Over Income Tax Treatments</i>	1 January 2019
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

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”). As a result, the Group will not be adopting the above FRSS, interpretations and amendments.

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

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 initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period or prior year period financial statements of the Group, except as mention below:

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

Standards / Amendments / Interpretations	Effective date
Agriculture: <i>Bearer Plants (Amendments to MFRS 116 and MFRS 141)</i>	1 January 2018
MFRS 9, <i>Financial Instruments (2014)</i>	1 January 2018
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
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
Amendment to MFRS 128, <i>Investment in Associates and Joint Ventures (Annual Improvements to MFRS 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
IC Interpretation 23, <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3, <i>Business Combinations (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)</i>	1 January 2019
Amendments to MFRS 9, <i>Financial Instruments (2014)</i> – <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 112, <i>Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)</i>	1 January 2019
Amendments to MFRS 123, <i>Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)</i>	1 January 2019
Amendments to MFRS 128, <i>Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures</i>	1 January 2019

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



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)

(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 finalising 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 Group is currently finalising the financial impact that may arise from the adoption of application of MFRS 9.

(iii) MFRS 15, *Revenue from Contracts with Customers and Clarifications to 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*.

Currently, the Group recognises revenue from contracts with customers in accordance with the accounting policies as described in Note 2(m) to the financial statements. Upon adoption of MFRS 15, the Group will recognise the revenue from contracts with customers when the Group transfers controls of goods or services to its customers at the amount to which the Group expects to be entitled. Revenue is recognised over time or at a point in time, when control of goods or services is transferred to the customers. The Company will apply MFRS 15 retrospectively with adoption of practical expedients.

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

(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 arise from the adoption of MFRS 16.

**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)****(v) Amendment to MFRS 128, Investment in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)**

The amendments clarify that an entity, which is a venture capital organization, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value.

There will be no significant impact on the Group from the adoption of Amendments to MFRS 128.

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 impairment losses recognised as disclosed in Note A8.

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.

In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit. Included in share capital is share premium amounting to RM60,968,951 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

A6. Dividends Paid

	Cumulative Quarter (12 Months)	
	Current Year - Period To Date 31/12/2017 RM'000	Preceding Year - Period To Date 31/12/2016 RM'000
First interim, single tier exempt dividend in respect of the financial year ended 31 December 2015		
- 4.5 sen per ordinary share	-	12,580
Dividends paid to non-controlling interests of the Company by a subsidiary company	-	123
	-	12,703
	-	12,703



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 (Q4)

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
31/12/2017				
Revenue				
Segment revenue	5,000	99,863	1,055	105,918
Inter-segment revenue	(5,000)	-	(799)	(5,799)
External revenue	-	99,863	256	100,119
Cost of sales				
Segment cost of sales	-	(77,636)	(449)	(78,085)
Inter-segment cost of sales	-	47	45	92
External cost of sales	-	(77,589)	(404)	(77,993)
Gross profit/(loss)	-	22,274	(148)	22,126
Other income including finance income	685	(121)	124	688
Inter-segment	(63)	(167)	(3)	(233)
External other income	622	(288)	121	455
Other expenses including finance costs	(848)	(58,418)	(898)	(60,164)
Inter-segment	101	268	189	558
External other expenses	(747)	(58,150)	(709)	(59,606)
Loss before tax	(125)	(36,164)	(736)	(37,025)

**Part A – Explanatory Notes Pursuant to FRS 134****A7. Segment Information (continued)****Individual Quarter (Q4)**

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
31/12/2016				
Revenue				
Segment revenue	6,500	110,628	1,057	118,185
Inter-segment revenue	(6,500)	-	(735)	(7,235)
External revenue	-	110,628	322	110,950
Cost of sales				
Segment cost of sales	-	(79,925)	(443)	(80,368)
Inter-segment cost of sales	-	24	45	69
External cost of sales	-	(79,901)	(398)	(80,299)
Gross profit/(loss)	-	30,727	(76)	30,651
Other income including finance income	625	707	88	1,420
Inter-segment	(25)	(228)	(3)	(256)
External other income	600	479	85	1,164
Other expenses including finance costs	(2,620)	(26,497)	(332)	(29,449)
Inter-segment	1,096	4,818	249	6,163
External other expenses	(1,524)	(21,679)	(83)	(23,286)
(Loss)/Profit before tax	(924)	9,527	(74)	8,529



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Cumulative Quarter (12 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
31/12/2017				
Revenue				
Segment revenue	5,000	398,196	4,056	407,252
Inter-segment revenue	(5,000)	-	(3,075)	(8,075)
External revenue	-	398,196	981	399,177
Cost of sales				
Segment cost of sales	-	(299,809)	(1,898)	(301,707)
Inter-segment cost of sales	-	99	180	279
External cost of sales	-	(299,710)	(1,718)	(301,428)
Gross profit/(loss)	-	98,486	(737)	97,749
Other income including finance income	2,588	2,893	501	5,982
Inter-segment	(224)	(631)	(12)	(867)
External other income	2,364	2,262	489	5,115
Other expenses including finance costs	(3,084)	(102,477)	(2,130)	(107,691)
Inter-segment	398	2,129	754	3,281
External other expenses	(2,686)	(100,348)	(1,376)	(104,410)
(Loss)/Profit before tax	(322)	400	(1,624)	(1,546)



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Cumulative Quarter (12 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
31/12/2016				
Revenue				
Segment revenue	20,868	382,747	4,277	407,892
Inter-segment revenue	(20,868)	-	(3,057)	(23,925)
External revenue	-	382,747	1,220	383,967
Cost of sales				
Segment cost of sales	-	(297,857)	(2,107)	(299,964)
Inter-segment cost of sales	-	130	180	310
External cost of sales	-	(297,727)	(1,927)	(299,654)
Gross profit/(loss)	-	85,020	(707)	84,313
Other income including finance income	2,687	7,833	480	11,000
Inter-segment	(598)	(862)	(10)	(1,470)
External other income	2,089	6,971	470	9,530
Other expenses including finance costs	(5,571)	(70,113)	(1,967)	(77,651)
Inter-segment	1,785	6,960	792	9,537
External other expenses	(3,786)	(63,153)	(1,175)	(68,114)
(Loss)/Profit before tax	(1,697)	28,838	(1,412)	25,729



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)
Segment assets and liabilities

	As At End Of Current Financial Period 31/12/2017 RM'000
Segment assets:	
Investment holding	405,379
Oil palm operations	735,258
Management services/Rental	37,233
Others	44
	<u>1,177,914</u>
Elimination	<u>(312,485)</u>
Total assets	<u><u>865,429</u></u>
Segment liabilities:	
Investment holding	10,596
Oil palm operations	261,906
Management services/Rental	10,918
	<u>283,420</u>
Elimination	<u>(36,468)</u>
Total liabilities	<u><u>246,952</u></u>

A8. Impairment of Assets

Impairment losses recognised during the current interim financial period amounted to RM43 million comprising impairment losses on plantation development expenditure, property, plant and equipment and other assets.

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 December 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 December 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:

	At 31/12/2017 RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to a subsidiary	<u>230,000</u>

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

As at 31 December 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:

	At 31/12/2017
	RM'000
Contracted but not provided for	
Property, plant and equipment	27,444
Plantation development expenditure	6,566
	<u>34,010</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.

	Cumulative Quarter (12 Months)	
	Current Year - Period To Date 31/12/2017 RM'000	Preceding Year - Period To Date 31/12/2016 RM'000
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	9,229	18,883
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	196	298
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	315	210
- Acquisition of software	-	132
d. Stonehead sdn. Bhd.		
- Purchase of material	654	-
e. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(3,347)	(2,836)
f. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	(6)	(24)
- FFB transport	8	-

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 (Q4)		Cumulative Quarter (12 Months)	
	Current Year Quarter 31/12/2017 RM'000	Preceding Year Correspondin g Quarter 31/12/2016 RM'000	Current Year - Period To Date 31/12/2017 RM'000	Preceding Year - Period To Date 31/12/2016 RM'000
(Loss)/Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	6,792	6,263	25,380	23,475
Plantation development expenditure expensed off	191	-	191	-
Depreciation of plantation development expenditure	55	55	221	221
Depreciation of investment properties	47	41	172	166
Impairment losses:				
- Plantation development expenditure	37,390	5,843	37,390	5,843
- Property, plant and equipment	5,622	518	5,622	518
- Deposits and prepayments	86	709	86	709
- Trade and other receivables	81	27	81	27
- Inventories	366	-	366	-
Property, plant and equipment written off	89	24	89	24
Inventories written off	116	199	116	199
Loss on surrender of land and plantation development expenditure	-	-	396	-
Change in fair value of other investments	12	60	-	88
Finance costs	1,440	972	6,088	3,632
(Loss)/Profit before tax is arrived at after crediting:				
Dividend income from other investments	6	2	49	46
Change in fair value of other investments	-	-	26	-
Gain on disposal of:				
- Other investments	17	8	59	51
- Property, plant and equipment	-	-	19	-
Reversal of impairment losses on deposits paid	-	-	-	3,700
Other income	(305)	-	1,721	2,521
Finance income	760	1,164	3,394	3,309

Other items not applicable to the Group are foreign exchange gain or loss and gain or 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 4, 2017 vs Quarter 4, 2016

The Group recorded revenue of RM100.1 million in the current quarter ended 31 December 2017 compared with RM111 million reported in the corresponding period of the preceding year. The decrease was principally due to the effect of lower realised average selling prices of CPO and PK, lower sales volume of PK, partially offsetted by higher sales volume of CPO during the current quarter.

The Group recorded a loss before tax of RM37.0 million for the current quarter as compared to a profit before tax of RM8.5 million for the corresponding period of the preceding year. The decrease was principally due to the effect of lower revenue and impairment losses of RM43 million (included in other non-operating expenses) recognised during the current quarter.

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

Oil palm operations

For the current quarter, the oil palm operations segment contributed 99.7% of the Group revenue of RM100.1 million.

The revenue of the oil palm operations decreased by RM10.7 million to RM99.9 million in the current quarter compared with RM110.6 million reported in the corresponding period of the preceding year. The decrease was principally due to the effect of lower realised average selling prices of CPO and PK, lower sales volume of PK, partially offsetted by higher sales volume of CPO during the current quarter.

The average selling prices of CPO and PK had decreased approximately by 8.8% and 12% respectively for the current quarter. The sales volume of PK had decreased by approximately 0.7% whereas the CPO sales volume had increased by 2% respectively for the current quarter.

The gross profit for the oil palm operations had decreased by RM8.5 million, with loss before tax of RM36.2 million for the current quarter as compared to profit of RM9.5 million for the corresponding period of the preceding year. The decrease was in line with the decrease in revenue and impairment losses of RM43 million (included in other non-operating expenses) recognised during the current quarter.

Twelve months ended 31 December 2017 vs Twelve months ended 31 December 2016

The Group recorded revenue of RM399.2 million in the current financial year ended 31 December 2017 compared with RM384 million reported in the preceding year. The increase was principally attributed to the effect of higher realised average selling price and sales volume of CPO, partially offsetted by lower realised average selling price and sales volume of PK during the current financial year.

The Group recorded a loss before tax of RM1.5 million for the current financial year as compared to profit before tax of RM25.7 million for the preceding year. The decrease was principally in line with impairment losses of RM43 million (included in other non-operating expenses) recognised during the current financial year, partially offsetted by the increase in revenue.

Included in other non - operating income in the corresponding period of the preceding year was a reversal of prior year's impairment loss on deposits paid for acquisition of equity interest in four plantation companies.



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

B1. Review of Performance

Twelve months ended 31 December 2017 vs Twelve months ended 31 December 2016 (continued)

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

Oil palm operations

For the current financial year, the oil palm operations segment contributed 99.7% of the Group revenue of RM399.2 million.

The revenue of the oil palm operations increased by RM15.5 million to RM398.2 million in the current financial year compared with RM382.7 million reported in the preceding year. The increase was principally attributed to the effect of higher realised average selling price of CPO and sale volume of CPO, partially offsetted by lower realised average selling price of PK and lower sales volume of PK during the current financial year.

The average selling price and sales volume of CPO had increased approximately by 6.2% and 0.4% respectively whereas the selling price and sales volume PK had decreased by approximately 1.5% and 1.9% respectively for the current financial year.

The gross profit for the oil palm operations increased by RM13.4 million, whereas the profit before tax decreased by RM28.4 million respectively for the current financial year as compared to the preceding year. The decrease was mainly due to the impairment losses of RM43 million (included in other non-operating expenses) recognised during the current financial year, partially offsetted by 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 loss before tax of RM37.0 million as compared to profit before tax of RM8.2 million in the preceding quarter. The decrease was principally attributed to the effect of lower realised average selling price of CPO, and lower sales volumes of CPO and PK during the current quarter and impairment loss of RM43 million (included in other non-operating expenses) recognised during the current quarter, offsetted by higher average selling price of PK during the current quarter.

The realised average selling price for CPO had decreased approximately 1% and the sales volumes of CPO and PK had decreased approximately by 7.4% and 6.8% respectively whereas realised average selling price for PK had increased approximately 10.5% for the current quarter.

B3. Prospects for the Next 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 next 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 forecast, projection for the current financial year are not applicable as the Group did not issue any profit forecast or profit guarantee.

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

	Individual Quarter (Q4)		Cumulative Quarter (12 Months)	
	Current Year Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2016 RM'000	Current Year - Period To Date 31/12/2017 RM'000	Preceding Year - Period To Date 31/12/2016 RM'000
Current tax expense	1,048	3,847	11,071	7,601
Deferred tax expense/(income)	301	697	(2,107)	(1,203)
	<u>1,349</u>	<u>4,544</u>	<u>8,964</u>	<u>6,398</u>

The Group's effective tax rate for the financial year ended 31 December 2017 is lower than the statutory tax rate principally due to the reversal of timing difference in deferred tax liabilities and a tax exemption equivalent to a reduction in the prevailing corporate tax rate pursuant to Income Tax (Exemption) (No. 2) Order 2017.

B6. Other Investments

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

The investments as at 31 December 2017 are as follows:

	At 31/12/2017 RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	1,914
Deposits with original maturities exceeding three months	7,764
	<u>9,678</u>

B7. Loans and Borrowings

	At 31/12/2017 RM'000
<u>Non-current</u>	
Term Loan (Term Financing -i) - secured	109,875
Finance lease liabilities (Hire purchase -i)	417
	<u>110,292</u>
<u>Current</u>	
Revolving credit - secured	26,000
Revolving credit - i - secured	2,000
Finance lease liabilities (Hire purchase -i)	1,577
	<u>29,577</u>
Total loans and borrowings	<u>139,869</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.

The effective interest rate of revolving credit ranged from 4.64% to 4.96% 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.

Finance lease liabilities (Islamic) carry profit rates ranged between 4.65% - 5.22% 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 17 February 2018 (*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 Court heard and allowed the application for a stay of execution on 9 June 2017. The Appeal came up for Case Management on 6 September 2017. The Court of Appeal fixed the hearing of the Appeal on 27 June 2018.

- (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.

**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)**

(b) 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.

On 14 July 2017, the Court Appeal dismissed the Company and SPAD's appeal with costs in the cause.

On 18 July 2017, the parties informed the Court of the verdict of the appeal hearing. The Company and SPAD also informed the Court of their intention to amend the 'Defence of the 1st and 2nd Defendants'.

The Court fixed 18 August 2017 as the next mention date to monitor the progress of the application for amendment of the Defence of the 1st and 2nd Defendants.

On 28 August 2017, the Court had allowed the 1st and 2nd Defendants' application for amendment of the Defence. The Court on 20 September 2017 had given directions for the parties to file the bundle of documents and documents pertinent to the trial. At the Pre-Trial Case Management held on 20 November 2017, the Court fixed the case for trial from 5 March 2018 to 9 March 2018.

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

There was no dividend declared during current interim financial period.

B12. Earnings per Share

	Individual Quarter (Q4)		Cumulative Quarter (12 Months)	
	Current Year Quarter 31/12/2017 RM'000	Preceding Year Corresponding Quarter 31/12/2016 RM'000	Current Year - Period To Date 31/12/2017 RM'000	Preceding Year - Period To Date 31/12/2016 RM'000
(Loss)/Profit attributable to Owners of the Company (RM)	(38,288)	6,580	(10,252)	22,211
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic (loss)/earnings per share (sen)	(13.70)	2.35	(3.66)	7.94
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A



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

B12. Earnings per Share (continued)

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 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 December 2017.

B13. Auditors' Report on Preceding Annual Financial Statements

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

B14. Review by External Auditors

The condensed consolidated financial statements of Sarawak Plantation Berhad for the quarter ended 31 December 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*".

B15. 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 23 February 2018.

By Order of the Board

Company Secretary
Kuching
23 February 2018