

CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Rimbunan Sawit Berhad, it is my privilege to put forward to you the Annual Report of our Company and Group for the financial year ended 31 December 2017.

It was a bright start to 2017 with our Crude Palm Oil ("CPO") price continued its uptrend, surpassing the RM3,100 per metric tonne level while Palm Kernel ("PK") and Fresh Fruit Bunches ("FFB") also trending the same wavelength as CPO, edging closer to RM3,100 per metric tonne and RM650 per metric tonne respectively in quarter one 2017. The promising trend was eventually interjected by the buoyant economic growth resulted in the strengthening of our local currency and the unexpected double repercussions from the India's import tax hike on edible oils and EU's resolution to ban palm biodiesel by 2020.

Internally, the Group has chalked up new heights in key areas. Our RM324.4 million Revenue is the highest since 2011 with our CPO Production bettering the mark set in 2006. Our Earnings before Interest, Taxation, Depreciation, and Amortisation ("EBITDA") continued to recover by 66% to RM68.5 million. Despite overshadowed by the impairment conundrum, which triggered our pre-tax loss of RM164.4 million, the Group is striving steely to realign its resources and to consolidate its portfolio of assets so to ensure our target of double digit FFB yield remains intact.

CHAIRMAN'S STATEMENT (CONT'D)

Outlook and Prospect

Our Revenue remains on track to achieve higher growth in 2018 substantiated by CPO production, which is expected to increase by another 80%.

The Group remains prudent on the CPO price in view of the continuing strengthening of Ringgit against USD. Market demand for CPO is expected to remain firm as the impacts from the import tax hike and proposed ban on palm biodiesel are to be buffeted by improved world economic growth.

Acknowledgements

My sincere gratitude and appreciation for the dedicated supports and confidence that the Group has garnered from our shareholders, valued customers and suppliers, business partners, bankers, government agencies and all the other stakeholders.

On behalf of the Board of Directors, we acknowledge and thank all the employees of Rimbunan Sawit Berhad for their efforts and continuous commitment to the Group.

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Chairman

