

KRETAM HOLDINGS BERHAD

Company No.: 198801000928 (168285-H)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

This interim financial report is unaudited and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2020.

A. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 31 December			12 months ended 31 December		
	2021	2020	Changes	2021	2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<u>CONTINUING OPERATIONS:-</u>						
Revenue	283,129	131,725	115%	785,582	470,693	67%
Cost of sales and services	(213,345)	(111,378)		(607,447)	(400,928)	
Gross profit	69,784	20,347	243%	178,135	69,765	155%
Selling and distribution costs	(103)	(30)		(233)	(220)	
	69,681	20,317		177,902	69,545	
Other income	14,450	4,928		31,100	9,544	
Administrative expenses	(7,874)	(5,530)		(18,114)	(16,037)	
Other expenses	(2,503)	(3,639)		(25,576)	(6,128)	
Profit/(loss) before interest and taxation	73,754	16,076	359%	165,312	56,924	190%
Finance income	162	82		514	183	
Finance costs	(399)	(389)		(1,866)	(2,167)	
Profit/(loss) before taxation	73,517	15,769	366%	163,960	54,940	198%
Taxation	10,203	924		(14,162)	(4,455)	
Profit/(loss) after taxation	83,720	16,693	402%	149,798	50,485	197%
Profit/(loss) after taxation attributable to:-						
Shareholders of the Company	83,525	16,695	400%	149,36 ¹	50,366	197%
Non-Controlling Interests	195	(2)		437	119	
	83,720	16,693	402%	149,798	50,485	197%
<u>EARNINGS/(LOSS) PER SHARE (EPS):-</u>						
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic EPS	3.59	0.72		6.42	2.16	
Diluted EPS	3.59	0.72		6.42	2.16	

B. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 31 December			12 months ended 31 December		
	2021	2020	Changes	2021	2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(loss) after taxation	83,720	16,693	402%	149,798	50,485	197%
Other Comprehensive Income (OCI)	0	0		0	0	
Income tax relating to components of OCI	0	0		0	0	
Other Comprehensive Income net of tax	0	0		0	0	
Total Comprehensive Income/(loss)	83,720	16,693	402%	149,798	50,485	197%
Total Comprehensive Income/(loss) attributable to:-						
Shareholders of the Company	83,525	16,695	400%	149,361	50,366	197%
Non-Controlling Interests	195	(2)	9850%	437	119	267%
	83,720	16,693	402%	149,798	50,485	197%

C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	564,582	524,263
Investment property	-	3,391
Biological assets	1,362	2,458
Intangible assets	42,777	42,777
Trade & other receivables	4,532	4,532
CURRENT ASSETS		
Biological assets	10,808	10,362
Inventories	179,976	117,265
Receivables	91,436	51,012
Tax refundable	5,862	11,710
Derivatives	60	197
Cash and bank balances	99,472	50,024
	387,614	240,570
Assets held for sale	1,540	0
	389,154	240,570
CURRENT LIABILITIES		
Payables	68,319	49,162
Loans and borrowings	96,201	34,391
Derivatives	2,414	3,103
Dividend payable	23,263	23,276
Income tax payable	0	0
	190,197	109,932
Liabilities associated with disposal group	119	0
	190,316	109,932
NET CURRENT ASSETS	198,838	130,638
NON-CURRENT LIABILITIES		
Loans and borrowings	19,063	7,125
Deferred taxation	58,408	68,855
	734,620	632,079
EQUITY		
Equity attributable to shareholders of the Company		
Share capital	746,467	746,467
Reserves	(619)	0
Retained profits/(losses)	(10,912)	(113,733)
	734,936	632,734
Equity attributable to non-controlling interests	(316)	(655)
	734,620	632,079
NET ASSETS PER SHARE	<u>Sen</u> 31.6	<u>Sen</u> 27.2

D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY RM'000
	Shareholders of the Company			TOTAL	Non- controlling Interests	
	Share Capital	Treasury Shares	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>CURRENT YEAR TO DATE:</u>						
At 1 January 2021	746,467	0	(113,733)	632,734	(655)	632,079
Share repurchased	0	(619)	0	(619)	0	(619)
Total Comprehensive Income/(loss) for the period	0	0	149,361	149,361	437	149,798
Dividend paid	0	0	(46,540)	(46,540)	0	(46,540)
Dividend paid to non-controlling interests	0	0	0	0	(98)	(98)
At 31 December 2021	746,467	(619)	(10,912)	734,936	(316)	734,620
<u>PREVIOUS YEAR CORRESPONDING PERIOD:</u>						
At 1 January 2020	746,467	0	(140,823)	605,644	(774)	604,870
Total Comprehensive Income/(loss) for the period	0	0	50,366	50,366	119	50,485
Dividend paid	0	0	(23,276)	(23,276)	0	(23,276)
Dividend paid to non-controlling interests	0	0	0	0	0	0
At 31 December 2020	746,467	0	(113,733)	632,734	(655)	632,079

E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31 December	
	2021 RM'000	2020 RM'000
Cash flows from operating activities		
Profit/(loss) before taxation from continuing operations	163,960	54,940
<u>Adjustments for:-</u>		
Depreciation and amortisation	47,565	47,075
Net fair value loss/ (gain) on biological assets	650	833
Interest income	(514)	(183)
Finance costs	1,866	2,167
Net loss / (gain) on disposal of assets / subsidiary	(1,474)	(64)
Unrealised loss/ (gain) on derivatives	98	2,106
Unrealised loss/ (gain) on foreign exchange	(552)	(40)
Fixed assets written off	22	98
Gain on lease modification	(594)	0
Impairment losses on plant and equipment written back	(6,911)	0
Changes in working capital	(84,084)	(25,710)
Income taxes paid, net of refunds	(19,068)	1,425
Interest received	514	183
Interest paid	(1,866)	(2,167)
	99,612	80,663
Cash flows from investing activities		
Purchase of property, plant and equipment	(80,356)	(24,585)
Proceeds from disposal of property plant and equipment	2,084	257
Addition of Biological Assets	0	0
Withdrawal/(placement) of fixed deposits of longer-term tenure	(500)	218
	(78,772)	(24,110)
Cash flows from financing activities		
Net drawdown/(repayment) of lease liabilities	(1,043)	(1,532)
Net drawdown/(repayment) of revolving credit, term loan & foreign bill of exchange	76,408	(25,770)
Repurchase of own share	(619)	0
Payment of dividends to shareholders	(46,540)	0
Payment of dividends to non-controlling interests	(98)	0
	28,108	(27,302)
Increase/(decrease) in cash and cash equivalents	48,948	29,251
Cash and cash equivalents at the beginning of the year	49,099	19,848
Cash and cash equivalents at the end of the period	98,047	49,099
Cash and cash equivalents comprise the following:		
Cash and bank balances	99,472	50,024
less: Fixed deposits with maturity of more than 3 months	(1,425)	(925)
	98,047	49,099

1. ACCOUNTING POLICIES

The interim financial statements are prepared as required by Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements and comply with Malaysian Financial Reporting Standard (MFRS 134) *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (MASB).

(a) Changes to Accounting Policies

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 December 2020.

(b) Malaysian Financial Reporting Standards (“MFRS”) and MFRS Framework

The interim financial statements of the Group for the financial period ended 31 December 2021 was prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) Framework.

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 1: First-time Adoption of MFRS	
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Amendments to MFRS 9: Financial Instruments Arrangements	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141: Agriculture	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 10 and FRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

2. SEASONAL OR CYCLICAL FACTORS

The Group’s production from its plantations generally experiences an “up-down” cycle once a year, with low production usually in the early part of the year, and peak production in the second half of the year but such cyclical crop pattern can be affected by the changes in weather conditions.

The prices for the Group’s products are not within the control of the Group and it is mainly determined by the global supply and demand situation for edible oils, and somewhat related to the price of crude oil.

3. SIGNIFICANT ITEMS/EVENTS

On 30th September 2021, Syarikat Kretam Plantations Sdn Bhd (“SKPSB”), a wholly-owned subsidiary of Kretam Holdings Berhad (“KHB”) has accepted letters of offer to acquire 4 parcels of agricultural land with a total area of 2,108.9 acres more or less and located in the District of Kinabatangan, Sabah, Malaysia from Bonus Indah Sdn Bhd (“BISB”) and Seraya Plantation Sdn Bhd (“SPSB”), both subsidiaries of NPC Resources Berhad (“NPC”), for a total purchase consideration of RM52,722,500.00

On 15th October 2021, SKPSB has entered into the following agreements:

- a. a conditional Sale and Purchase Agreement (“SPA”) with SPSB to acquire 3 parcels of oil palm agricultural land (“Property 1”) held under Country Lease Nos. 095311078, 095311256 and 095310464 measuring in total 1,184 acres more or less at a total purchase consideration of RM29,600,000.00;
- b. a conditional Sale and Purchase Agreement (“SPA”) with BISB to acquire 1 parcels of oil palm agricultural land (“Property 2”) held under Provisional Lease No. 096290363 measuring 924.90 acres more or less at a purchase consideration of RM23,122,500.00; and

- c. a supplemental Deed with SPSB and BISB to tie in the purchases of Property 1 and Property 2 as one transaction to be completed concurrently, collectively referred to as “Proposed Acquisitions” or “Properties”.

The Proposed Acquisitions are deemed duly completed on 28 December 2021 upon full payment of the total purchase price in accordance with the terms of the conditional Sale and Purchase Agreements and Supplemental Deed, all dated 15 October 2021 and entered into between Syarikat Kretam Plantations Sdn Bhd, a wholly-owned subsidiary of the Company, and Seraya Plantation Sdn Bhd and Bonus Indah Sdn Bhd, both subsidiaries of NPC Resources Berhad.

Apart from the proposed acquisitions and the ongoing Movement Control Order (MCO) initiated by the Government to tackle the COVID-19 outbreak, there were no other material events which arose during the period under review which affected assets, liabilities, equity, net income or cash flows.

4. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

During the period under review, there were no:

- (i) material changes in estimates of amounts reported in the previous interim periods of the current financial year; and
- (ii) material changes in estimates of amounts reported in prior financial years.

5. DEBT AND EQUITY SECURITIES

During the current financial year to date, the Company repurchased 1,129,700 ordinary shares from the open market for a total consideration of RM 618,559. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 31 December 2021, the number of treasury shares held was 1,129,700 ordinary shares.

6. PAYMENT OF DIVIDENDS

On 30 December 2020, the Company proposed interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM 23,276,271.35 which was paid on 29 January 2021.

On 7 May 2021, the Company proposed a second interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM 23,276,271.35 which was paid on 25 June 2021.

No dividend has been paid in respect of the period under review.

7. SEGMENT REVENUE AND RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2021

	Plantation & Mill	Refinery	Elimination	TOTAL
	RM'000	RM'000	RM'000	RM'000
<u>REVENUES AND RESULTS:-</u>				
Segment Revenue – external	78,155	707,427	0	785,582
Inter-segment revenue	441,941	0	(441,941)	0
	520,096	707,427	(441,941)	785,582
Segment results	134,534	33,389	(1,760)	166,163
Unallocated Items:-				
Other income				117
Corporate expenses				(2,320)
Finance costs				0
Profit/(loss) before taxation from continuing operations				163,960
Taxation				(14,162)
Profit/(loss) after taxation from continuing operations				149,798
<u>ASSETS:-</u>				
Segment assets	616,620	368,926		985,546
Unallocated assets/(liabilities)				15,321
Assets classified as held for sale				1,540
Total assets				1,002,407

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment for the current quarter.

9. CAPITAL COMMITMENTS

As at 31 December 2021, 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:

	As at 31.12.2021 RM'000
Approved and contracted for	37,019
Approved but not contracted for	36,039
	<u>73,058</u>

10. SUBSEQUENT EVENTS

As of the date of this report, Malaysia was under the National Recovery Plan (NRP) which was announced on 16th June 2021. NRP is divided into 4 phases and Sabah was under Phase 2 of the NRP on 10th July 2021 and move to Phase 3 on 18th October 2021. Subsequently, Sabah has moved to the final phase (Phase 4) from 8th November 2021.

11. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

During the period under review, the group has initiated voluntary winding-up of several dormant subsidiaries on 14 December 2021. The list of subsidiaries involved are:

- a. KHB Development Sdn Bhd
- b. KHB Project Management Sdn Bhd
- c. KHB Properties Sdn Bhd

On 28 October 2021, a wholly-owned subsidiary, Syarikat Capakaya Sdn Bhd has entered into a Sales and Purchase of Shares Agreement (“SPSA”) to dispose its entire shareholdings in its wholly-owned subsidiary Pupuk Borneo Sdn Bhd for a cash consideration of RM2,800,000.00.

There were no discontinued operations during the period under review.

12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS SINCE THE LAST FINANCIAL YEAR

There were no changes in contingent liabilities or contingent assets since 31 December 2020.

**G. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

13. REVIEW OF PERFORMANCE

For the 12 months of 2021, the Group achieved a total revenue of RM 785.6 million (2020: RM 470.7 million) and incurred a pre-tax gain of RM 164.0 million (2020: pre-tax gain of RM 54.9 million).

Commentary on the performance of the operating segments of the Group for Q4 2021 is as follows:

(a) Plantations and Mills

As shown in Note 7, the Group's plantation and mill operations achieved revenue (including inter-segment revenue) of RM 520.1 million (2020: RM 307.3 million), and pre-tax gain of RM 134.5 million (2020: pre-tax gain of RM 41.6 million). These should be seen in the context of information presented in the tables below:

Table A: Crude palm oil (CPO) and palm kernel (PK) prices – Sabah MPOB* average

	CPO		PK	
	2021	2020	2021	2020
January	3,731.00	3,000.00	2,565.00	1,860.50
February	3,876.00	2,689.00	NT*	1,601.00
March	4,025.00	2,348.00	2,607.00	1,430.00
April	4,205.50	2,230.00	2,531.50	1,390.50
May	4,545.50	2,092.00	2,642.50	1,186.00
June	3,706.50	2,400.00	2,469.50	1,365.00
July	4,098.50	2,499.00	NT*	1,362.50
August	4,492.00	2,781.50	2,478.00	1,443.50
September	4,551.50	2,938.50	2,546.50	1,504.00
October	5,028.00	2,952.50	3,326.00	1,563.50
November	5,304.00	3,304.00	3,852.50	1,911.50
December	5,031.00	3,559.50	3,866.50	2,360.00

*NT = Non-trade

Table B: Output indicators, and comparison with industrial average

	4th Quarter			Year to Date		
	2021	2020	% change	2021	2020	% change
FFB Production (mt)	93,250	77,503	20.3%	307,042	307,982	-0.3%
FFB Yield (mt/hectare):						
The Group's estates	5.38	4.44	21.2%	17.71	17.63	0.4%
MPOB* Sabah average	4.40	4.23	4.0%	15.75	16.84	-6.5%
CPO Closing Stock at Palm Oil Mills (mt)	7,284	4,961	46.8%	7,284	4,961	46.8%
Oil Extraction Rate:						
The Group's palm oil mills	19.80%	20.29%	-2.4%	19.82%	20.22%	-2.0%
MPOB* Sabah average	20.80%	20.71%	0.5%	20.55%	20.74%	-0.9%

* - MPOB: Malaysian Palm Oil Board

The plantation division's Q4 2021 results are better than Q4 2020 mainly due to higher average selling price for CPO. The relative higher CPO prices have translated to better profit margin for the Group.

(b) Refinery

Also as shown in Note 7, the Group's refinery operations achieved revenue of RM 707.4 million (2020: RM 342.3 million) and generated a pre-tax gain of RM 33.4 million (2020: pre-tax gain of RM 19.8 million).

14. COMPARISON WITH THE PREVIOUS QUARTER'S RESULTS

The following is a summary based on the two respective quarters' condensed consolidated income statements:

	Current Quarter	Previous Quarter	Changes
	RM'000	RM'000	%
<u>CONTINUING OPERATIONS:-</u>			
Revenue	283,129	184,378	54%
Cost of sales and services, including distribution	(213,448)	(135,153)	
	69,681	49,225	
Other income	14,450	8,822	
Administrative and other expenses	(10,377)	(11,296)	
Profit/(loss) before interest and taxation	73,754	46,751	58%
Interest income	162	152	
Interest costs	(399)	(571)	
Profit/(loss) before taxation	73,517	46,332	59%
Taxation	10,203	(13,796)	
Profit/(loss) after taxation	83,720	32,536	157%
Profit/(loss) after taxation attributable to:			
Shareholders of the Company	83,525	30,900	170%
Non-Controlling Interests	195	1,636	
	83,720	32,536	157%

The higher pre-tax gain as compared to previous quarter was mainly due to higher commodity prices and higher Q4 2021 crop production volume compare to Q3 2021 which has translated to higher revenue for the quarter. While for taxation, there is RM18.5 mil of deferred tax benefit recognized in Q4 2021.

15. CURRENT YEAR PROSPECTS

In 2021, COVID-19 pandemic has played an important part in determining the overall impact on the market sentiments especially in the supply chain of palm oil products. Although the recent spike in COVID-19 cases due to Delta and Omicron variants have temporary derail the global economies recovery, the World economies are gradually recovering from the pandemic.

By end of 2021, the palm oil commodity price has drop from its high of RM 5,304 in November 2021 to around RM 5,031. This is mainly due to weaker crude and rival vegetable oil prices due to concern of the surge in Omicron cases globally with expectation that it will eventually hurt the demand.

Coming into year 2022, the palm oil sectors faces a cocktail of problems, such as lingering issues related to COVID-19 infections, persistent labour market shortage and supply-chain challenges, rising cost of production such as fertilizer costs and the emergence of La Nina weather pattern (drier weather in South America and heavy rainfall in Malaysia and Indonesia).

Apart from the challenges faced by the sector, the geo-political tension such as Ukraine-Russia crisis where both countries are key suppliers of grain and edible oils and Indonesia's palm oil policy on expanding export curbs on all palm oil products have keep the overall palm oil commodity price at an all-time high. By mid Feb 2022, the CPO commodity price is hovering around RM5,800.

Despite all the challenges and risks, the Group expects the group overall performance will improve due to record high in commodity price but will cautiously monitor and mitigate the sector related risk such as labour shortage and rising cost of production in 2022.

16. ACHIEVEMENT OF REVENUE/PROFIT ESTIMATES, FORECASTS AND/OR INTERNAL TARGETS

Not applicable as the Company did not provide any revenue or profit estimate, forecast or projection, and did not publish any internal targets, in any public document.

17. EXPLANATION OF VARIANCES FROM PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Company did not provide any profit forecast or guarantee, in any public document.

18. TAXATION

	Quarter ended <u>31.12.2021</u> RM'000	12 months ended <u>31.12.2021</u> RM'000
Provision in respect of results for the current quarter/period	(4,969)	(25,077)
(Under) / Over provision for taxation in respect of previous years	206	202
Deferred tax (expense) / benefit	14,966	10,713
	<u>10,203</u>	<u>(14,162)</u>

The Group's tax credit on its Profit Before Tax was lower than the statutory tax rate mainly due to recognition of RM18.5 mil of deferred tax benefit relating to unabsorbed capital allowance and unutilized business losses.

19. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

(a) Bulking Joint Venture Agreement ("BJVA")

On 7 July 2014, Usaha Dimega Sdn Bhd ("UDSB"), a wholly-owned subsidiary of the Group, entered into a conditional Bulking Joint Venture Agreement ("BJVA") with Rikaworth Sdn Bhd ("RSB") and Sawit Bulkers Sdn Bhd ("SBSB") to venture into the business of palm oil common bulking installations for palm oil and related products together with a system of pipe racks to facilitate the transfer of liquid products between the bulking facilities and users of such facilities and the conveyance of the same to and from the jetty facilities of the Sabah Ports Authority in Sandakan, subject to the terms and conditions of the BJVA.

The BJVA is subject to the fulfilment (unless waived by mutual written consent of UDSB and RSB) of certain Conditions Precedent, after which UDSB and RSB are to subscribe for shares at par in the JV Company in cash on a date to be decided by the Board of Directors of the JV Company within 10 days after the Conditions Precedent are fulfilled or waived. Following the subscription of shares, the equity interest held by the respective parties shall be as follows:

	<u>No. of Shares</u>	<u>Percentage</u>
UDSB	12,750,000	60%
RSB	8,500,000 (including the existing 100,000 issued shares)	40%

The status of the Conditions Precedent are as follows:

	Conditions Precedent	Status
1	The approvals of RSB and UDSB for the rolling business plan for the JV Company relating to the then current financial year and three succeeding financial years	Obtained
2	RSB and UDSB obtaining the approvals of their respective shareholders to the terms and conditions of the BJVA	Obtained
3	Obtaining the licence/consent from the Malaysian Palm Oil Board to commence construction of the bulking installation	Obtained
4	Increasing the authorised capital of the JV Company to RM50,000,000 consisting of 50,000,000 shares of RM1.00 each	Done
5	RSB and UDSB agreeing to the form and substance of the Land Sale and Purchase Agreement relating to the purchase of the Land and price relating thereto	Not yet agreed
6	RSB and UDSB agreeing to the terms and conditions of the Bulking Facilities User Agreement relating to the use of the JV Company's bulking facilities by Green Edible Oil Sdn Bhd ("GEOSB") (a wholly-owned subsidiary of the Group) operating a refinery in the vicinity of the Sawit POIC Area to produce refined palm oil products	Done
7	The JV Company (as sublessee) and Sandakan Bulkers (as lessor) agreeing to the terms and conditions of the Pipe Rack Land Sublease relating to the sublease of a strip of land on which the JV Company's pipe racks would be erected	Not yet agreed

8	Issuance of the letter of offer in respect of the alienation of the Land by the Lands and Surveys Department	Issued
9	The JV Company obtaining such other authorizations, consents and permits as shall be necessary for commencing its business according to written laws	In progress
10	Sandakan Bulkers (as landowner and licensor) and the Offtaker (as licensee) agreeing to the form of the Land Licence Agreement for Sandakan Bulkers to grant a licence for the Offtaker to use a stretch of land for the purpose of building a pipe rack to carry pipes for liquid goods and water pipe	Not yet agreed
11	RSB issuing a letter to the JV Company promising to insert into all future sale and purchase agreements in respect of the sale of various lots within the Sawit POIC Area, words to restrict the use of the said lots for conducting bulking business	Done
12	The execution and delivery of KHB's Guarantee issued in favour of RSB to guarantee the performance, liabilities and obligations of UDSB under the BJVA	Done
13	RSB and UDSB agreeing to the rate of charges payable to the JV Company for each metric ton of goods loaded onto any barge or vessel at the mini jetty located adjacent to GEOSB's land	In progress

On 5 May 2016, UDSB received from RSB a draft Deed of Variation proposing the following major changes to the BJVA:

- the respective proportions in which UDSB and RSB will hold the issued ordinary share capital of the JV Company from time to time shall be as follows:

<u>Party</u>	<u>Percentage</u>
UDSB	40%
RSB	60%

- the BJVA shall be inserted with a new Condition Precedent as follows:

"The relevant authority shall have issued separate land titles in respect of the lands which are the subject matter of the Pipe Rack Land Sublease."

The draft Deed of Variation is under consideration by the Board of Directors and an announcement will be made once a decision has been made.

(b) Proposed Acquisition of Oil Palm Agricultural Land from NPC Resources Berhad

The Proposed Acquisitions are deemed duly completed on 28 December 2021. For further detail information, please refer to Note 3.

20. GROUP BORROWINGS

	<u>As at</u> <u>31.12.2021</u> RM'000	<u>As at</u> <u>31.12.2020</u> RM'000
Short term secured:		
Bankers' acceptances	75,000	22,555
Revolving credit	18,000	10,000
Term loans	2,627	938
Lease	574	898
	96,201	34,391
Long term secured:		
Term loans	15,210	937
Lease	3,853	6,188
	19,063	7,125
TOTAL BORROWINGS	115,264	41,516

The above borrowings are denominated in Malaysian Ringgit except where otherwise indicated.

21. ADDITIONAL DISCLOSURES

(a) Financial Derivatives

Outstanding financial derivatives held by the Group as at 31 December 2021 are as follows:

	<u>Currency</u>	<u>Contract/ Notional Amount</u>	<u>Fair Value</u>	
		<u>'000</u>	<u>Assets RM'000</u>	<u>Liabilities RM'000</u>
US Dollar forward contracts - less than 1 year	USD	1,000	60	0
Palm oil futures contracts - less than 1 year	MYR	9,690	0	1,380
Olein price swap contracts - less than 1 year	USD	6,118	0	1,034

(b) Gains/(Losses) Arising from Fair Value Changes of Financial Liabilities

For the period ended 31 December 2021, there were no gains or losses arising from changes to fair values of the Group's financial liabilities.

22. CHANGES IN STATUS OF MATERIAL LITIGATION UP TO 18 February 2022

Not applicable as the Group is not involved in any material litigation.

23. DIVIDENDS DECLARED

On 7 May 2021, the Company proposed a second interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM 23,276,271.35.

On 21 December 2021, the Company proposed interim dividend of 1.0 sen per ordinary share in respect of the financial year ending 31 December 2021 amounting to RM23,263,317.35.

24. EARNINGS/(LOSS) PER SHARE ("EPS")

Basic and diluted EPS for the period under review is calculated based on the following:

	<u>Quarter ended 31.12.2021</u>	<u>12 months ended 31.12.2021</u>
Weighted average number of shares in issue	2,327,543,462	2,327,543,462
Number of shares used in calculating diluted EPS	2,327,543,462	2,327,543,462
	<u>RM'000</u>	<u>RM'000</u>
Profit/(loss) after taxation from continuing operations	83,720	149,798
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	(195)	(437)
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	83,525	149,361
	<u>Sen</u>	<u>Sen</u>
EPS:		
- Basic	3.59	6.42
- Diluted	3.59	6.42

Basic EPS is calculated by dividing "Profit/(loss) after taxation attributable to shareholders of the Company" by the "Weighted average number of shares in issue".

Diluted EPS is calculated by dividing “Adjusted profit/(loss) after taxation” by the “Number of shares used in calculating diluted EPS”.

25. AUDITOR’S REPORT ON THE PREVIOUS YEAR’S FINANCIAL STATEMENTS

The auditors’ report on the Group’s consolidated financial statements for the year ended 31 December 2020 was not qualified.

26. 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 25th February 2022.

By Order of the Board,

LIM TSHUNG YU
Chief Operating Officer

25th February 2022