

KRETAM HOLDINGS BERHAD

Company No.: 198801000928 (168285-H)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

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 2021.

A. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | CURRENT QUARTER | | | CUMULATIVE | | |
|---|-----------------------|---------------|-------------|------------------------|---------------|-------------|
| | Quarter ended 30 June | | | 6 months ended 30 June | | |
| | 2022 | 2021 | Changes | 2022 | 2021 | Changes |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| CONTINUING OPERATIONS:- | | | | | | |
| Revenue | 268,317 | 163,094 | 65% | 514,821 | 318,076 | 62% |
| Cost of sales and services | (211,432) | (125,815) | | (398,358) | (258,995) | |
| Gross profit | 56,885 | 37,279 | 53% | 116,463 | 59,081 | 97% |
| Selling and distribution costs | (14) | (42) | | (61) | (84) | |
| | 56,871 | 37,237 | | 116,402 | 58,997 | |
| Other income | 10,126 | 6,442 | | 18,310 | 7,829 | |
| Administrative expenses | (3,911) | (3,569) | | (7,608) | (6,999) | |
| Other expenses | (1,859) | (9,456) | | (4,439) | (15,019) | |
| Profit/(loss) before interest and taxation | 61,227 | 30,654 | 100% | 122,665 | 44,808 | 174% |
| Finance income | 295 | 114 | | 414 | 199 | |
| Finance costs | (938) | (409) | | (1,962) | (896) | |
| Profit/(loss) before taxation | 60,584 | 30,359 | 100% | 121,117 | 44,111 | 175% |
| Taxation | (17,935) | (9,749) | | (32,635) | (10,569) | |
| Profit/(loss) after taxation | 42,649 | 20,610 | 107% | 88,482 | 33,542 | 164% |
| Profit/(loss) after taxation attributable to:- | | | | | | |
| Shareholders of the Company | 42,582 | 20,502 | 108% | 88,280 | 33,436 | 164% |
| Non-Controlling Interests | 67 | 108 | | 202 | 106 | |
| | 42,649 | 20,610 | 107% | 88,482 | 33,542 | 164% |
| <u>EARNINGS/(LOSS) PER SHARE (EPS):-</u> | | | | | | |
| | Sen | Sen | | Sen | Sen | |
| Basic EPS | 1.83 | 0.88 | | 3.80 | 1.44 | |
| Diluted EPS | 1.83 | 0.88 | | 3.80 | 1.44 | |

B. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| | CURRENT QUARTER | | | CUMULATIVE | | |
|--|-----------------------|---------------|-------------|------------------------|---------------|-------------|
| | Quarter ended 30 June | | | 6 months ended 30 June | | |
| | 2022 | 2021 | Changes | 2022 | 2021 | Changes |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Profit/(loss) after taxation | 42,649 | 20,610 | 107% | 88,482 | 33,542 | 164% |
| 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) | 42,649 | 20,610 | 107% | 88,482 | 33,542 | 164% |
| Total Comprehensive Income/(loss) attributable to:- | | | | | | |
| Shareholders of the Company | 42,582 | 20,502 | 108% | 88,280 | 33,436 | 164% |
| Non-Controlling Interests | 67 | 108 | -38% | 202 | 106 | 91% |
| | 42,649 | 20,610 | 107% | 88,482 | 33,542 | 164% |

C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30.06.2022 RM'000 | As at 31.12.2021 RM'000 |
|--|--|--|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 557,043 | 564,492 |
| Investment property | - | - |
| Biological assets | 339 | 1,500 |
| Intangible assets | 42,777 | 42,777 |
| Trade & other receivables | 4,532 | 4,532 |
| Deferred tax assets | 13,574 | 25,881 |
| CURRENT ASSETS | | |
| Biological assets | 9,949 | 10,660 |
| Inventories | 165,928 | 180,030 |
| Receivables | 95,190 | 89,014 |
| Tax refundable | 2,468 | 6,453 |
| Derivatives | 5 | 60 |
| Cash and bank balances | 186,410 | 99,532 |
| | 459,950 | 385,749 |
| Assets of disposal group classified as held for sale | 0 | 1,436 |
| | 459,950 | 387,185 |
| CURRENT LIABILITIES | | |
| Payables | 54,533 | 89,226 |
| Loans and borrowings | 80,404 | 96,201 |
| Derivatives | 405 | 2,414 |
| Dividend payable | 0 | 0 |
| Income tax payable | 4,106 | 2,684 |
| | 139,448 | 190,525 |
| Liabilities directly associated with disposal group classified as held for sale | 0 | 4 |
| | 139,448 | 190,529 |
| NET CURRENT ASSETS | 320,502 | 196,656 |
| NON-CURRENT LIABILITIES | | |
| Loans and borrowings | 40,386 | 19,063 |
| Deferred taxation | 78,315 | 78,239 |
| | 820,066 | 738,536 |
| EQUITY | | |
| Equity attributable to shareholders of the Company | | |
| Share capital | 746,467 | 746,467 |
| Reserves | (7,375) | (619) |
| Retained profits /(losses) | 81,283 | (6,536) |
| Reserve of disposal group classified as held for sale | 0 | (461) |
| | 820,375 | 738,851 |
| Equity attributable to non-controlling interests | (309) | (315) |
| | 820,066 | 738,536 |
| NET ASSETS PER SHARE | Sen 35.3 | Sen 31.7 |

D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | EQUITY ATTRIBUTABLE TO:- | | | | | TOTAL EQUITY RM'000 |
|---|-----------------------------|------------------------------|-------------------------------|--|-----------------|---------------------------|
| | Shareholders of the Company | | | Non- controlling Interests RM'000 | TOTAL RM'000 | |
| | Share Capital RM'000 | Treasury Shares RM'000 | Retained Profits RM'000 | | | |
| <u>CURRENT YEAR TO DATE:</u> | | | | | | |
| At 1 January 2022 | 746,467 | (619) | (6,997) | 738,851 | (315) | 738,536 |
| Purchase of treasury shares | 0 | (6,756) | 0 | (6,756) | 0 | (6,756) |
| Total Comprehensive Income/(loss) for the period | 0 | 0 | 88,280 | 88,280 | 202 | 88,482 |
| Dividend paid | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend paid to non-controlling interests | 0 | 0 | 0 | 0 | (196) | (196) |
| At 30 June 2022 | 746,467 | (7,375) | 81,283 | 820,375 | (309) | 820,066 |
| <u>PREVIOUS YEAR CORRESPONDING PERIOD:</u> | | | | | | |
| At 1 January 2021 | 746,467 | 0 | (113,733) | 632,734 | (655) | 632,079 |
| Total Comprehensive Income/(loss) for the period | 0 | 0 | 33,436 | 33,436 | 106 | 33,542 |
| Dividend paid | 0 | 0 | (23,276) | (23,276) | 0 | (23,276) |
| Dividend paid to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30 June 2021 | 746,467 | 0 | (103,573) | 642,894 | (549) | 642,345 |

E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 6 months ended 30 June | |
|--|-------------------------------|----------------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit/(loss) before taxation from continuing operations | 121,117 | 44,111 |
| <u>Adjustments for:-</u> | | |
| Depreciation and amortisation | 24,177 | 23,730 |
| Net fair value loss/ (gain) on biological assets | 1,872 | 752 |
| Interest income | (414) | (199) |
| Finance costs | 1,962 | 896 |
| Net loss / (gain) on disposal of assets | 0 | (1,358) |
| Unrealised loss/ (gain) on derivatives | (1,955) | (96) |
| Unrealised loss/ (gain) on foreign exchange | (90) | 0 |
| Fixed assets written off | 18 | 13 |
| Impairment losses on plant and equipment written back | 0 | 0 |
| Net loss / (gain) on disposal of subsidiary | (1,307) | 0 |
| Changes in working capital | (3,459) | (40,096) |
| Income taxes paid, net of refunds | (14,858) | (7,372) |
| Interest received | 414 | 198 |
| Interest paid | (1,962) | (674) |
| | 125,515 | 19,905 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (16,885) | (9,353) |
| Proceeds from disposal of property plant and equipment | 139 | 1,965 |
| Addition of Biological Assets | 0 | (472) |
| Withdrawal/(placement) of fixed deposits of longer-term tenure | 367 | (31) |
| Proceed from disposal of subsidiary | 2,799 | 0 |
| | (13,580) | (7,891) |
| Cash flows from financing activities | | |
| Net drawdown/(repayment) of lease liabilities | (348) | (423) |
| Net drawdown/(repayment) of revolving credit, term loan & foreign bill of exchange | 5,872 | 26,010 |
| Purchase of treasury shares | (6,756) | 0 |
| Payment of dividends to shareholders | (23,263) | (23,276) |
| Payment of dividends to non-controlling interests | (196) | 0 |
| | (24,691) | 2,311 |
| Increase/(decrease) in cash and cash equivalents | 87,244 | 14,325 |
| Cash and cash equivalents at the beginning of the year | 98,108 | 49,099 |
| Cash and cash equivalents at the end of the period | 185,352 | 63,424 |
| Cash and cash equivalents comprise the following: | | |
| Cash and bank balances | 186,410 | 64,379 |
| less: Fixed deposits with maturity of more than 3 months | (1,058) | (955) |
| | 185,352 | 63,424 |

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 2021.

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

The interim financial statements of the Group for the financial period ended 30 June 2022 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 |
|--|---|
| MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17: Insurance Contracts | 1 January 2023 |
| Initial application of MFRS 17 and MFRS 9: Amendments to MFRS 17 Insurance Contract | 1 January 2023 |
| Amendments to MFRS 101: Disclosures of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax Related to Assets and Liabilities Arising from a Single Transactions | 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

There were no items or events which arose, which affected assets, liabilities, equity, net income or cash flows, which are unusual by reason of their nature, size or incidence.

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 11,275,600 ordinary shares from the open market for a total consideration of RM 6,756,486. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 30 June 2022, the number of treasury shares held was 12,405,300 ordinary shares.

6. PAYMENT OF DIVIDENDS

On 21 December 2021, the Company proposed an interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2021 amounting to RM 23,263,317.35 which was paid on 21 January 2022.

7. SEGMENT REVENUE AND RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2022

| | Plantation & Mill | Refinery | Elimination | TOTAL |
|--|----------------------------------|-----------------|--------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>REVENUES AND RESULTS:-</u> | | | | |
| Segment Revenue – external | 53,623 | 461,198 | 0 | 514,821 |
| Inter-segment revenue | 266,628 | 0 | (266,628) | 0 |
| | <u>320,251</u> | <u>461,198</u> | <u>(266,628)</u> | <u>514,821</u> |
| Segment results | <u>77,132</u> | <u>45,564</u> | <u>(1,901)</u> | <u>120,795</u> |
| Unallocated Items:- | | | | |
| Other income | | | | 1,320 |
| Corporate expenses | | | | (998) |
| Finance costs | | | | 0 |
| Profit/(loss) before taxation from continuing operations | | | | 121,117 |
| Taxation | | | | (32,635) |
| Profit/(loss) after taxation from continuing operations | | | | <u>88,482</u> |
| <u>ASSETS:-</u> | | | | |
| Segment assets | <u>651,203</u> | <u>414,728</u> | | 1,065,931 |
| Unallocated assets/(liabilities) | | | | 12,284 |
| Assets classified as held for sale | | | | 0 |
| Total assets | | | | <u>1,078,215</u> |

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 30 June 2022, 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 30.06.2022 RM'000 |
|---------------------------------|--|
| Approved and contracted for | 29,310 |
| Approved but not contracted for | <u>47,373</u> |
| | <u>76,683</u> |

10. SUBSEQUENT EVENTS

As at the date of this report, there were no other material events which arose subsequent to the end of the period under review.

11. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

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.

On 1 March 2022, the SPSA is deemed duly completed upon the full receipt of the total sale price in accordance with the terms.

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 2021.

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

13. REVIEW OF PERFORMANCE

For the first 6 months of 2022, the Group achieved a total revenue of RM 514.8 million (2021: RM 318.1 million) and a pre-tax gain of RM 121.1 million (2021: pre-tax gain of RM 44.1 million).

Commentary on the performance of the operating segments of the Group for Q2 2022 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 320.3 million (2021: RM 184.5 million), and pre-tax gain of RM 77.1 million (2021: pre-tax gain of RM 37.2 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 | |
|----------|----------|----------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| January | 5,342.00 | 3,731.00 | 4,384.50 | 2,565.00 |
| February | 5,716.00 | 3,876.00 | 4,487.50 | NT* |
| March | 6,726.00 | 4,025.00 | 4,650.00 | 2,607.00 |
| April | 6,581.00 | 4,205.50 | 3,778.50 | 2,531.50 |
| May | 6,748.00 | 4,545.50 | 3,535.00 | 2,642.50 |
| June | 5,902.50 | 3,706.50 | 2,260.00 | 2,469.50 |

*NT = Non-trade

Table B: Output indicators, and comparison with industrial average

| | 2nd Quarter | | | Year to Date | | |
|---|-------------|--------|----------|--------------|---------|----------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| FFB Production (mt) | 71,211 | 78,004 | -8.7% | 146,642 | 128,536 | 14.1% |
| FFB Yield (mt/hectare): | | | | | | |
| The Group’s estates | 3.94 | 4.50 | -12.4% | 8.12 | 7.41 | 9.5% |
| MPOB* Sabah average | 3.39 | 4.09 | -17.1% | 6.83 | 7.08 | -3.5% |
| CPO Closing Stock at Palm Oil Mills (mt) | 6,340 | 7,154 | -11.4% | 6,340 | 7,154 | -11.4% |
| Oil Extraction Rate: | | | | | | |
| The Group’s palm oil mills | 20.03% | 20.05% | -0.1% | 19.53% | 19.78% | -1.3% |
| MPOB* Sabah average | 20.38% | 20.54% | -0.8% | 20.18% | 20.25% | -0.3% |

* - MPOB: Malaysian Palm Oil Board

The plantation division's Q2 2022 results are better than Q2 2021 mainly due to higher average selling price. 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 461.2 million (2021: RM 291.3 million) and generated a pre-tax gain of RM 45.6 million (2021: pre-tax gain of RM 9.7 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 RM'000 | Previous Quarter RM'000 | Changes % |
|--|---------------------------------------|--|----------------------|
| <u>CONTINUING OPERATIONS:-</u> | | | |
| Revenue | 268,317 | 246,504 | 9% |
| Cost of sales and services, including distribution | (211,446) | (186,974) | |
| | 58,871 | 59,530 | |
| Other income | 10,126 | 8,185 | |
| Administrative and other expenses | (5,770) | (6,277) | |
| Profit/(loss) before interest and taxation | 61,227 | 61,438 | 0% |
| Interest income | 295 | 119 | |
| Interest costs | (938) | (1,024) | |
| Profit/(loss) before taxation | 60,584 | 60,533 | 0% |
| Taxation | (17,935) | (14,700) | |
| Profit/(loss) after taxation | 42,649 | 45,833 | -7% |
| Profit/(loss) after taxation attributable to: | | | |
| Shareholders of the Company | 42,582 | 45,698 | -7% |
| Non-Controlling Interests | 67 | 135 | |
| | 42,649 | 45,833 | -7% |

Although higher revenue was generated in Q2 2022, it did not translate to higher pre-tax gain in the current quarter when compared to Q1 2022. This was mainly due to stock impairment incurred in Q2 2022 as a result of falling CPO commodity prices.

15. CURRENT YEAR PROSPECTS

In Q2 2022, the edible oil market met with a few key events such as ever changing Indonesian export policies in dealing with their high CPO stockpiles, hike in interest rates to counter inflationary pressure globally which triggered the World recessionary fears. Such turn of events has triggered the fall in CPO prices which started in mid-June 2022. As such the market saw the CPO commodity prices fall from its peak of RM8,076.50 on 2 Mar 2022 to RM 3,658.00 on 15 July 2022.

While on the local front, acute shortage of labour and rise in production costs have been the prolonged challenge for Malaysian planters. With the new minimum wage of RM1,500 being implemented in the current quarter, coupled with the soaring diesel and raw material prices, the cost of production is expected to rise for the Group.

Furthermore, the Group acknowledges the operating environment in the following quarters will be a challenge with the falling CPO commodity prices and higher operational costs. Nevertheless, the Group is hopeful that the robust demand in vegetable oils globally will significantly minimize further falls in CPO commodity prices. Whilst expecting the Group's overall performance to improve, the Group will take further steps in mitigating the sector related risks by controlling the costs, boosting the yield and productivity of the Group in the coming quarters.

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>30.06.2022</u> RM'000 | 6 months ended <u>30.06.2022</u> RM'000 |
|--|---|--|
| Provision in respect of results for the current quarter/period | 9,230 | 20,263 |
| (Under) / Over provision for taxation in respect of previous years | 0 | 0 |
| Deferred tax (expense) / benefit | 7,705 | 12,372 |
| | <u>17,935</u> | <u>32,635</u> |

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 sublessor) 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.

20. GROUP BORROWINGS

| | <u>As at</u> <u>30.06.2022</u> RM'000 | <u>As at</u> <u>31.12.2021</u> RM'000 |
|----------------------------|---|---|
| Short term secured: | | |
| Bankers' acceptances | 63,865 | 75,000 |
| Revolving credit | 12,300 | 18,000 |
| Term loans | 3,884 | 2,627 |
| Lease | 355 | 574 |
| | 80,404 | 96,201 |
| Long term secured: | | |
| Term loans | 36,661 | 15,210 |
| Lease | 3,725 | 3,853 |
| | 40,386 | 19,063 |
| TOTAL BORROWINGS | 120,790 | 115,264 |

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 30 June 2022 are as follows:

| | <u>Currency</u> | <u>Contract/ Notional Amount '000</u> | <u>Fair Value</u> <u>Assets</u> <u>RM'000</u> | <u>Liabilities</u> <u>RM'000</u> |
|--|-----------------|---|---|-------------------------------------|
| US Dollar forward contracts - less than 1 year | USD | 500 | 5 | 0 |
| Palm oil futures contracts - less than 1 year | MYR | 723 | 0 | 22 |
| Olein price swap contracts - less than 1 year | USD | 4,812 | 0 | 382 |

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

For the period ended 30 June 2022, 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 August 2022.

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

23. DIVIDENDS DECLARED

No dividend has been declared or recommended in respect of the period under review.

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

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

| | <u>Quarter ended 30.06.2022</u> | <u>6 months ended 30.06.2022</u> |
|---|---|--|
| Weighted average number of shares in issue | 2,322,181,262 | 2,322,181,262 |
| Number of shares used in calculating diluted EPS | 2,322,181,262 | 2,322,181,262 |
| | <u>RM'000</u> | <u>RM'000</u> |
| Profit/(loss) after taxation from continuing operations | 42,649 | 88,482 |
| less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests | (67) | (202) |
| Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company | <u>42,582</u> | <u>88,280</u> |
| EPS: | <u>Sen</u> | <u>Sen</u> |
| - Basic | 1.83 | 3.80 |
| - Diluted | 1.83 | 3.80 |

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 2021 was not qualified.

26. STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following items:

| | Quarter ended <u>30.06.2022</u> RM'000 | 6 months Ended <u>30.06.2022</u> RM'000 |
|---|---|--|
| Interest income | 295 | 414 |
| Other income, including investment income | 7,990 | 14,394 |
| Interest expense | 938 | 1,962 |
| Depreciation and amortization | 12,243 | 24,177 |
| Provision for and write-off of receivables | 0 | 0 |
| Realised foreign exchange gain/(loss) | 2,135 | 2,608 |
| Provision for and write-off of inventories | 0 | 0 |
| Gain/(loss) on disposal of quoted or unquoted investments or properties | 0 | 0 |
| Impairment of assets | 0 | 0 |
| Gain on disposal of subsidiary | 0 | 1,307 |
| Realised gain/(loss) on derivatives | (1,840) | (4,420) |
| Exceptional items | 0 | 0 |

27. 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 25 August 2022.

By Order of the Board,

DATUK LIM NYUK SANG @ FREDDY LIM
Chief Executive Officer

25 August 2022