

# KRETAM HOLDINGS BERHAD

Company No.: 198801000928 (168285-H)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

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 2022.

### A. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 30 June			6 months ended 30 June		
	2023	2022	Changes	2023	2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<b><u>CONTINUING OPERATIONS:-</u></b>						
Revenue	197,509	268,317	-26%	376,478	514,821	-27%
Cost of sales and services	(183,873)	(211,432)		(330,241)	(398,358)	
Gross profit	13,636	56,886	-76%	46,237	116,463	-60%
Selling and distribution costs	(59)	(14)		(166)	(61)	
	13,577	56,872		46,071	116,402	
Other income	4,192	10,125		9,377	18,310	
Administrative expenses	(3,570)	(3,911)		(7,159)	(7,608)	
Other expenses	(8,003)	(1,859)		(9,602)	(4,439)	
<b>Profit/(loss) before interest and Taxation</b>	<b>6,196</b>	<b>61,227</b>	<b>-90%</b>	<b>38,687</b>	<b>122,665</b>	<b>-68%</b>
Finance income	464	295		686	414	
Finance costs	(853)	(938)		(1,574)	(1,962)	
<b>Profit/(loss) before taxation</b>	<b>5,807</b>	<b>60,584</b>	<b>-90%</b>	<b>37,799</b>	<b>121,117</b>	<b>-69%</b>
Taxation	(2,814)	(17,935)		(10,245)	(32,635)	
<b>Profit/(loss) after taxation</b>	<b>2,993</b>	<b>42,649</b>	<b>-93%</b>	<b>27,554</b>	<b>88,482</b>	<b>-69%</b>
<b>Profit/(loss) after taxation attributable to:-</b>						
Shareholders of the Company	2,951	42,582	-93%	27,445	88,280	-69%
Non-Controlling Interests	42	67		109	202	
	<b>2,993</b>	<b>42,649</b>	<b>-93%</b>	<b>27,554</b>	<b>88,482</b>	<b>-69%</b>
<b><u>EARNINGS/(LOSS) PER SHARE (EPS):-</u></b>						
	<b><u>Sen</u></b>	<b><u>Sen</u></b>		<b><u>Sen</u></b>	<b><u>Sen</u></b>	
Basic EPS	0.13	1.83		1.19	3.80	
Diluted EPS	0.13	1.83		1.19	3.80	

**B. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 30 June			6 months ended 30 June		
	2023	2022	Changes	2023	2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Profit/(loss) after taxation</b>	<b>2,993</b>	<b>42,649</b>	<b>-93%</b>	<b>27,554</b>	<b>88,482</b>	<b>-69%</b>
Other Comprehensive Income (OCI)	0	0		0	0	
Income tax relating to components of OCI	0	0		0	0	
<b>Other Comprehensive Income net of tax</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	
<b>Total Comprehensive Income/(loss)</b>	<b>2,993</b>	<b>42,649</b>	<b>-93%</b>	<b>27,554</b>	<b>88,482</b>	<b>-69%</b>
<b>Total Comprehensive Income/(loss) attributable to:-</b>						
Shareholders of the Company	2,951	42,582	-93%	27,445	88,280	-69%
Non-Controlling Interests	42	67	-37%	109	202	-46%
	<b>2,993</b>	<b>42,649</b>	<b>-93%</b>	<b>27,554</b>	<b>88,482</b>	<b>-69%</b>

**C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As at 30.06.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	553,223	553,211
Biological assets	202	273
Intangible assets	42,777	42,777
Trade & other receivables	4,532	4,532
Deferred tax assets	20,173	20,470
Investment - Quoted Securities	19,712	4,622
<b>CURRENT ASSETS</b>		
Biological assets	7,365	7,766
Inventories	159,967	168,512
Receivables	79,989	85,502
Tax refundable	17,434	11,532
Derivatives	1,012	1,371
Cash and bank balances	165,904	124,283
	431,671	398,966
Assets of disposal group classified as held for sale	0	0
	431,671	398,966
<b>CURRENT LIABILITIES</b>		
Payables	50,362	60,275
Loans and borrowings	67,478	38,724
Derivatives	1,579	0
Dividend payable	23,046	0
Income tax payable	126	693
	142,591	99,692
Liabilities directly associated with disposal group classified as held for sale	0	0
	142,591	99,692
<b>NET CURRENT ASSETS</b>	289,080	299,274
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	36,750	38,553
Deferred taxation	77,319	75,254
	815,630	811,352
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	746,467	746,467
Reserves	(13,124)	(12,894)
Retained profits /(losses)	82,402	78,003
Reserve of disposal group classified as held for sale	0	0
	815,745	811,576
<b>Equity attributable to non-controlling interests</b>	(115)	(224)
	815,630	811,352
<b>NET ASSETS PER SHARE</b>	<b>Sen 35.4</b>	<b>Sen 34.9</b>

**D. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	EQUITY ATTRIBUTABLE TO:-					TOTAL EQUITY RM'000
	Shareholders of the Company				Non- controlling Interests RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Retained Profits RM'000	TOTAL RM'000		
<b><u>CURRENT YEAR TO DATE:</u></b>						
At 1 January 2023	746,467	(12,894)	78,003	811,576	(224)	811,352
Purchase of Treasury shares	0	(230)	0	(230)	0	(230)
Total Comprehensive Income/(loss) for the period	0	0	27,445	27,445	109	27,554
Dividend declared/paid	0	0	(23,046)	(23,046)	0	(23,046)
Dividend paid to non-controlling interests	0	0	0	0	0	0
At 30 June 2023	746,467	(13,124)	82,402	815,745	(115)	815,630
<b><u>PREVIOUS YEAR CORRESPONDING PERIOD:</u></b>						
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 declared/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

**E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation from continuing operations	37,799	121,117
<u>Adjustments for:-</u>		
Depreciation and amortisation	22,598	24,177
Net fair value loss/ (gain) on biological assets	473	1,872
Interest income	(686)	(414)
Finance costs	1,574	1,962
Net loss / (gain) on disposal of assets	(65)	0
Unrealised loss/ (gain) on derivatives	1,938	(1,955)
Unrealised loss/ (gain) on foreign exchange	(5)	(90)
Provision for and write-off /(reversal) of inventories	(1,163)	0
Fixed assets written off	279	18
Fair value (gain)/loss on investment securities	4,551	0
Loss/(gain) on disposal of investment securities	1,479	0
Net loss / (gain) on disposal of subsidiary	0	(1,307)
Reversal of allowance for impairment of receivables	(14)	0
Changes in working capital	5,319	(3,459)
Income taxes paid, net of refunds	(14,353)	(14,858)
Interest received	686	414
Interest paid	(1,574)	(1,962)
	<b>58,836</b>	<b>125,515</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(22,887)	(16,885)
Proceeds from disposal of property plant and equipment	65	139
Purchase of Quoted shares	(22,454)	0
Proceeds from disposal of Quoted shares	1,335	0
Withdrawal/(placement) of fixed deposits of longer-term tenure	(3,500)	367
Proceeds from disposal of subsidiary	0	2,799
	<b>(47,441)</b>	<b>(13,580)</b>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of lease liabilities	(128)	(348)
Net drawdown/(repayment) of revolving credit, term loan & foreign bill of exchange	27,078	5,872
Repurchase of own share	(230)	(6,756)
Payment of dividends to shareholders	0	(23,263)
Payment of dividends to non-controlling interests	0	(196)
	<b>26,720</b>	<b>(24,691)</b>
Increase/(decrease) in cash and cash equivalents	38,115	87,244
Cash and cash equivalents at the beginning of the year	122,983	98,108
Cash and cash equivalents at the end of the period	<b>161,098</b>	<b>185,352</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	165,904	186,410
less: Fixed deposits with maturity of more than 3 months	(4,806)	(1,058)
	<b>161,098</b>	<b>185,352</b>

## F. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD MFRS 134

### 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 2022.

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

The interim financial statements of the Group for the financial period ended 30 June 2023 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:

<b>MFRS, IC Interpretation and Amendments to IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-Current Liabilities with Covenant	1 January 2024
Amendments to FRS 10 and FRS 128: Sale or 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 379,400 ordinary shares from the open market for a total consideration of RM 230,367. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 30 June 2023, the number of treasury shares held was 23,071,700 ordinary shares.

### 6. PAYMENT OF DIVIDENDS

On 19 June 2023, the Company proposed an interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM 23,045,554.35 which was paid on 21 July 2023.

## 7. SEGMENT REVENUE AND RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2023

	<b>Plantation &amp; Mill</b>	<b>Refinery</b>	<b>Elimination</b>	<b>TOTAL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>REVENUES AND RESULTS:-</u></b>				
Segment Revenue – external	45,850	330,628	0	376,478
Inter-segment revenue	168,925	0	(168,925)	0
	<u>214,775</u>	<u>330,628</u>	<u>(168,925)</u>	<u>376,478</u>
Segment results	<u>41,928</u>	<u>(919)</u>	<u>3,807</u>	<u>44,816</u>
Unallocated Items:-				
Other income				76
Other expenses				(6,034)
Corporate expenses				(1,059)
Finance costs				0
Profit/(loss) before taxation from continuing operations				37,799
Taxation				(10,245)
Profit/(loss) after taxation from continuing operations				<u>27,554</u>
<b><u>ASSETS:-</u></b>				
Segment assets	<u>667,307</u>	<u>357,099</u>		1,024,406
Unallocated assets/(liabilities)				47,884
Assets classified as held for sale				0
Total assets				<u>1,072,290</u>

The Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- The plantation and mill segment is in the business of cultivation and sales of oil palm products. This reportable segment has been formed by aggregating the fertilizer operating segment, which is regarded by management to be an integral part of the Group's plantation operations by reason of the quantity of the fertilizer segment's operating output that is used in the plantation operations.
- The refinery segment is in the business of refining and sales of crude palm oil and producing palm methyl ester.

## 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 2023, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group, except as disclosed below:

	<b>As at 30.06.2023</b>
	<b>RM'000</b>
Approved and contracted for	45,890
Approved but not contracted for	<u>50,777</u>
	<u><b>96,667</b></u>

## 10. SUBSEQUENT EVENTS

Subsequent to the end of the period under review, the investment in quoted securities have risen in the share market. The total investment in quoted securities are fair valued as RM28,421,668 at 25 August 2023.

## 11. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

During the period under review, the group has on 5 November 2022 initiated the final meeting to dissolve few of its dormant entities. These entities are stated as below:

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

As of 20 February 2023, all these 3 entities have been dissolved.

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 2022.

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

## 13. REVIEW OF PERFORMANCE

For the 6 months of 2023, the Group achieved a total revenue of RM 376.5 million (2022: RM 514.8 million) and a pre-tax gain of RM 37.8 million (2022: pre-tax gain of RM 121.1 million).

Commentary on the performance of the operating segments of the Group for Q2 2023 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 214.8 million (2022: RM 320.3 million), and pre-tax gain of RM 41.9 million (2022: pre-tax gain of RM 77.1 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	
	2023	2022	2023	2022
January	3,883.50	5,342.00	1,890.00	4,384.50
February	3,899.00	5,716.00	NT	4,487.50
March	4,137.50	6,726.00	1,978.00	4,650.00
April	4,227.00	6,581.00	2,043.00	3,778.50
May	3,798.00	6,748.00	2,026.00	3,535.00
June	3,527.00	5,902.50	1,900.50	2,260.00

\*NT = No trade

Table B: Output indicators, and comparison with industrial average

	2nd Quarter			Year to Date		
	2023	2022	% change	2023	2022	% change
<b>FFB Production (mt)</b>	85,306	71,211	19.8%	180,980	146,642	23.4%
<b>FFB Yield (mt/hectare):</b>						
The Group's estates	4.63	3.94	17.5%	9.83	8.12	21.0%
MPOB* Sabah average	3.75	3.40	10.3%	7.61	6.85	10.9%
<b>CPO Closing Stock at Palm Oil Mills (mt)</b>	10,256	6,340	61.8%	10,256	6,340	61.8%
<b>Oil Extraction Rate:</b>						
The Group's palm oil mills	20.33%	20.03%	1.5%	19.84%	19.53%	1.6%
MPOB* Sabah average	20.51%	20.38%	0.6%	20.29%	20.18%	0.6%

\* - MPOB: Malaysian Palm Oil Board

The plantation division's 1<sup>st</sup> half 2023 performance of lower operating revenue and lower pre-tax gain when compared to 1<sup>st</sup> half 2022 are mainly due to lower commodity prices.



**(b) Refinery**

Also as shown in Note 7, the Group's refinery operations achieved revenue of RM 330.6 million (2022: RM 461.2 million) and generated a pre-tax loss of RM 0.9 million (2022: pre-tax gain of RM 45.6 million).

The refinery division's 1<sup>st</sup> half 2023 pre-tax loss when compared with 1<sup>st</sup> half 2022 are mainly due to lower commodity prices, and lower net margin generated from the sales of its products.

Note: 1<sup>st</sup> half 2023 commodity prices have regularized and the margin generated has reduced significantly when compared to 1<sup>st</sup> half 2022, where commodity prices are experiencing exceptionally high prices and managed to generate extra profit margin.

**14. COMPARISON WITH THE PREVIOUS QUARTER'S RESULTS**

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

	<b>Current Quarter RM'000</b>	<b>Previous Quarter RM'000</b>	<b>Changes %</b>
<b><u>CONTINUING OPERATIONS:-</u></b>			
Revenue	197,509	178,969	10%
Cost of sales and services, including distribution	(183,932)	(146,475)	
	13,577	32,494	
Other income	4,192	5,185	
Administrative and other expenses	(11,573)	(5,188)	
<b>Profit/(loss) before interest and taxation</b>	<b>6,196</b>	<b>32,491</b>	<b>-81%</b>
Interest income	464	222	
Interest costs	(853)	(721)	
<b>Profit/(loss) before taxation</b>	<b>5,807</b>	<b>31,992</b>	<b>-82%</b>
Taxation	(2,814)	(7,431)	
Profit from continuing operations, net of tax	2,993	24,561	-88%
Discontinued operation	0	0	
<b>Profit/(loss) after taxation</b>	<b>2,993</b>	<b>24,561</b>	<b>-88%</b>
<b>Profit/(loss) after taxation attributable to:</b>			
Shareholders of the Company	2,951	24,494	-88%
Non-Controlling Interests	42	67	
	<b>2,993</b>	<b>24,561</b>	<b>-88%</b>

In Q2 2023, the lower profit before taxation as compared to previous quarter was mainly due to lower commodity prices, higher inventory impairment, fair value losses in investment in quoted securities and lower margin generated.

## 15. CURRENT YEAR PROSPECTS AND OUTLOOK

As the high commodity prices in 2021 and 2022 comes to an end, the World economy is facing another challenge of inflationary pressure. Monetary tightening by reserves banks around the world to curb inflation has subsequently slowed the global economy. The gloomy outlook of the economy exacerbated further by the recent Banking Crisis which has put further pressures on the commodity prices.

Apart from monetary tightening and Banking Crisis, other factors such as unpredictable policies from importing and exporting countries and increase demand of biodiesel from the energy sector will have an impact on global economies and commodity prices.

At the local front, it is hopeful that with the World market starts to regularize, the cost of the raw material will gradually fall in 2023 and subsequently will see lower production costs for the palm oil sector.

During the Q2 2023, CPO prices are experiencing a decline from the high of RM4,229/MT to as low as RM3,194/MT before it rebounded and settle at RM3,510/MT. The price decline experience in Q2 2023 came mainly due to anticipation of higher palm oil production in both Malaysia and Indonesia as well as lower export demand for palm oil related products.

Going forward into Q3 2023, the CPO prices have recovery to around RM3,800/MT largely supported by higher rival oil prices. The forecast of hot weather in US Midwest and more than 5% lower in soybean planting hectares has resulted a rally in both soy and palm oil prices and hitting a 3 months high of above RM4,000/MT in mid July 2023.

With the recovery of CPO prices in Q3 2023 accompanied with better yields, the Group is hopeful and expect the Group's overall performance in 2023 to remain healthy, the Group will take further steps in mitigating the sector related risks with prudent cost management, boosting 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

	<b>Quarter Ended 30.06.2023 RM'000</b>	<b>6 months ended 30.06.2023 RM'000</b>
Provision in respect of results for the current quarter/period	(3,430)	(7,884)
(Under) / Over provision for taxation in respect of previous years	0	0
Deferred tax (expense) / benefit	616	(2,361)
	<u>(2,814)</u>	<u>(10,245)</u>

The Group's tax expense on its Profit Before Tax was higher than the statutory tax rate mainly due to recognition of RM4.6 mil loss in fair value of investment in quoted shares and RM1.5 in realized loss in investment of quoted shares which is non-allowable for tax deductions.

## 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:

	<b><u>No. of Shares</u></b>	<b><u>Percentage</u></b>
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:

<b>Conditions Precedent</b>		<b>Status</b>
<b>1</b>	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
<b>2</b>	RSB and UDSB obtaining the approvals of their respective shareholders to the terms and conditions of the BJVA	Obtained
<b>3</b>	Obtaining the licence/consent from the Malaysian Palm Oil Board to commence construction of the bulking installation	Obtained
<b>4</b>	Increasing the authorised capital of the JV Company to RM50,000,000 consisting of 50,000,000 shares of RM1.00 each	Done
<b>5</b>	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
<b>6</b>	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
<b>7</b>	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
<b>8</b>	Issuance of the letter of offer in respect of the alienation of the Land by the Lands and Surveys Department	Issued
<b>9</b>	The JV Company obtaining such other authorizations, consents and permits as shall be necessary for commencing its business according to written laws	In progress
<b>10</b>	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
<b>11</b>	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
<b>12</b>	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
<b>13</b>	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:

<b><u>Party</u></b>	<b><u>Percentage</u></b>
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

	As at <u>30.06.2023</u> RM'000	As at <u>31.12.2022</u> RM'000
<b>Short term secured:</b>		
Bankers' acceptances	48,831	20,050
Revolving credit	15,000	15,000
Term loans	3,371	3,416
Lease	276	258
	<u>67,478</u>	<u>38,724</u>
<b>Long term secured:</b>		
Term loans	33,300	34,958
Lease	3,450	3,595
	<u>36,750</u>	<u>38,553</u>
<b>TOTAL BORROWINGS</b>	<b><u>104,228</u></b>	<b><u>77,277</u></b>

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 2023 are as follows:

	<u>Currency</u>	<u>Contract/ Notional Amount</u> '000	<u>Fair Value</u> <u>Assets</u> RM'000	<u>Liabilities</u> RM'000
US Dollar forward contracts - less than 1 year	USD	0	0	0
Palm oil futures contracts - less than 1 year	MYR	15,924	0	1,579
Olein price swap contracts - less than 1 year	USD	7,809	1,012	0

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

For the period ended 30 June 2023, 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 22 AUGUST 2023.

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

## 23. DIVIDENDS DECLARED

On 19 June 2023, the Company proposed an interim dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM 23,045,554.35.

## 24. EARNINGS/(LOSS) PER SHARE (“EPS”)

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

	<b>Quarter ended <u>30.06.2023</u></b>	<b>6 months ended <u>30.06.2023</u></b>
Weighted average number of shares in issue	2,304,756,677	2,304,798,081
Number of shares used in calculating diluted EPS	2,304,756,677	2,304,798,081
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Profit/(loss) after taxation from continuing operations	2,993	27,554
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	(42)	(109)
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	<u>2,951</u>	<u>27,445</u>
<b>EPS:</b>	<b><u>Sen</u></b>	<b><u>Sen</u></b>
- Basic	<u>0.13</u>	<u>1.19</u>
- Diluted	<u>0.13</u>	<u>1.19</u>

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 2022 was not qualified.

## 26. STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income includes the following items:

	<b>Quarter ended <u>30.06.2023</u></b>	<b>6 months Ended <u>30.06.2023</u></b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Interest income	(464)	(686)
Other income, including investment income	(3,393)	(6,302)
Interest expense	853	1,574
Depreciation and amortization	11,176	22,598
Realised foreign exchange loss/(gain)	(346)	247
Net provision/(reversal) of allowance for impairment of receivables	0	(14)
Provision for and write-off/(reversal) of inventories	2,972	(1,163)
Fair value loss/(gain) on investment securities	4,820	4,551
Loss/(gain) on disposal of quoted or unquoted investments or properties	0	0
Impairment of assets	0	0
Loss/ (gain) on disposal of subsidiary	0	0
Loss/(gain) on disposal of investment	1,478	1,479
Realised loss/(gain) on derivatives	959	(715)
Exceptional items	0	0

**27. AUTHORISED FOR ISSUE**

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board on 29 August 2023.

**By Order of the Board,**

**LIM TSHUNG YU**  
**Chief Operating Officer**

**29 August 2023**