

KRETAM HOLDINGS BERHAD

Company No.: 198801000928 (168285-H)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 Sept			9 months ended 30 Sept		
	2023	2022	Changes	2023	2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<u>CONTINUING OPERATIONS:-</u>						
Revenue	170,785	159,596	7%	547,263	674,417	-19%
Cost of sales and services	(144,087)	(174,626)		(474,327)	(572,984)	
Gross profit	26,698	(15,030)	278%	72,936	101,433	-28%
Selling and distribution costs	(70)	(15)		(236)	(77)	
	26,628	(15,045)		72,700	101,356	
Other income	8,484	8,129		17,861	26,441	
Administrative expenses	(3,721)	(3,839)		(10,881)	(11,446)	
Other expenses	(962)	3,477		(10,564)	(962)	
Profit/(loss) before interest and Taxation	30,429	(7,278)	518%	69,116	115,389	-40%
Finance income	682	502		1,368	915	
Finance costs	(943)	(910)		(2,517)	(2,873)	
Profit/(loss) before taxation	30,168	(7,686)	493%	67,967	113,431	-40%
Taxation	(5,325)	1,339		(15,570)	(31,296)	
Profit/(loss) after taxation	24,843	(6,347)	491%	52,397	82,135	-36%
Profit/(loss) after taxation attributable to:-						
Shareholders of the Company	24,813	(6,368)	490%	52,258	81,912	-36%
Non-Controlling Interests	30	21		139	223	
	24,843	(6,347)	491%	52,397	82,135	-36%
<u>EARNINGS/(LOSS) PER SHARE (EPS):-</u>						
	<u>Sen</u>	<u>Sen</u>		<u>Sen</u>	<u>Sen</u>	
Basic EPS	1.08	(0.28)		2.27	3.53	
Diluted EPS	1.08	(0.28)		2.27	3.53	

B. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER			CUMULATIVE		
	Quarter ended 30 Sept			9 months ended 30 Sept		
	2023	2022	Changes	2023	2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(loss) after taxation	24,843	(6,347)	491%	52,397	82,135	-36%
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)	24,843	(6,347)	491%	52,397	82,135	-36%
Total Comprehensive Income/(loss) attributable to:-						
Shareholders of the Company	24,813	(6,368)	490%	52,258	81,912	-36%
Non-Controlling Interests	30	21	43%	139	223	-38%
	24,843	(6,347)	491%	52,397	82,135	-36%

C. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	557,726	553,211
Biological assets	203	273
Intangible assets	42,777	42,777
Trade & other receivables	4,532	4,532
Deferred tax assets	17,945	20,470
Investment - Quoted Securities	42,863	4,622
CURRENT ASSETS		
Biological assets	8,135	7,766
Inventories	179,471	168,512
Receivables	101,453	85,502
Tax refundable	20,553	11,532
Derivatives	729	1,371
Cash and bank balances	87,695	124,283
	398,036	398,966
Assets of disposal group classified as held for sale	0	0
	398,036	398,966
CURRENT LIABILITIES		
Payables	53,969	60,275
Loans and borrowings	56,355	38,724
Derivatives	999	0
Dividend payable	0	0
Income tax payable	63	693
	111,386	99,692
Liabilities directly associated with disposal group classified as held for sale	0	0
	111,386	99,692
NET CURRENT ASSETS	286,650	299,274
NON-CURRENT LIABILITIES		
Loans and borrowings	35,792	38,553
Deferred taxation	76,431	75,254
	840,473	811,352
EQUITY		
Equity attributable to shareholders of the Company		
Share capital	746,467	746,467
Reserves	(13,124)	(12,894)
Retained profits /(losses)	107,215	78,003
Reserve of disposal group classified as held for sale	0	0
	840,558	811,576
Equity attributable to non-controlling interests	(85)	(224)
	840,473	811,352
NET ASSETS PER SHARE	<u>Sen</u> 36.5	<u>Sen</u> 34.9

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		
<u>CURRENT YEAR TO DATE:</u>						
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	52,258	52,258	139	52,397
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 September 2023	746,467	(13,124)	107,215	840,558	(85)	840,473
<u>PREVIOUS YEAR CORRESPONDING PERIOD:</u>						
At 1 January 2022	746,467	(619)	(6,997)	738,851	(315)	738,536
Purchase of treasury shares	0	(10,433)	0	(10,433)	0	(10,433)
Total Comprehensive Income/(loss) for the period	0	0	81,912	81,912	223	82,135
Dividend declared/paid	0	0	0	0	0	0
Dividend paid to non-controlling interests	0	0	0	0	(196)	(196)
At 30 September 2022	746,467	(11,052)	74,915	810,330	(288)	810,042

E. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 Sept	
	2023	2022
	RM'000	RM'000
Cash flows from operating activities		
Profit/(loss) before taxation from continuing operations	67,967	113,431
<u>Adjustments for:-</u>		
Depreciation and amortisation	34,184	36,102
Net fair value loss/ (gain) on biological assets	(299)	3,403
Interest income	(1,368)	(915)
Finance costs	2,517	2,873
Net loss / (gain) on disposal of assets	(106)	(22)
Unrealised loss/ (gain) on derivatives	1,642	(6,301)
Unrealised loss/ (gain) on foreign exchange	(5)	(90)
Provision for and write-off /(reversal) of inventories	(9,776)	0
Fixed assets written off	806	21
Fair value (gain)/loss on investment securities	(3,710)	0
Loss/(gain) on disposal of investment securities	1,479	0
Net loss / (gain) on disposal of subsidiary	0	(1,334)
Net (gain)/loss on impairment of financial instruments	5,047	0
Reversal of allowance for impairment of receivables	(14)	0
Changes in working capital	(28,473)	45,951
Income taxes paid, net of refunds	(21,521)	(22,153)
Interest received	1,368	915
Interest paid	(2,517)	(2,873)
	47,221	169,008
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,696)	(27,874)
Proceeds from disposal of property plant and equipment	297	161
Purchase of Quoted shares	(37,344)	0
Proceeds from disposal of Quoted shares	1,335	0
Withdrawal/(placement) of fixed deposits of longer-term tenure	1,306	75
Proceeds from disposal of subsidiary	0	2,826
	(74,102)	(24,812)
Cash flows from financing activities		
Net drawdown/(repayment) of lease liabilities	(193)	(470)
Net drawdown/(repayment) of revolving credit, term loan & foreign bill of exchange	15,062	(35,340)
Repurchase of own share	(230)	(10,434)
Payment of dividends to shareholders	(23,046)	(23,263)
Payment of dividends to non-controlling interests	0	(196)
	(8,407)	(69,703)
Increase/(decrease) in cash and cash equivalents	(35,288)	74,493
Cash and cash equivalents at the beginning of the year	122,983	98,108
Cash and cash equivalents at the end of the period	87,695	172,601
Cash and cash equivalents comprise the following:		
Cash and bank balances	87,695	173,951
less: Fixed deposits with maturity of more than 3 months	0	(1,350)
	87,695	172,601

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 September 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:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
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 September 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 ending 31 December 2023 amounting to RM 23,045,554.35 which was paid on 21 July 2023.

7. SEGMENT REVENUE AND RESULTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2023

	Plantation & Mill	Refinery	Elimination	TOTAL
	RM'000	RM'000	RM'000	RM'000
<u>REVENUES AND RESULTS:-</u>				
Segment Revenue – external	69,185	478,078	0	547,263
Inter-segment revenue	268,827	0	(268,827)	0
	<u>338,012</u>	<u>478,078</u>	<u>(268,827)</u>	<u>547,263</u>
Segment results	<u>59,457</u>	<u>8,051</u>	<u>547</u>	<u>68,055</u>
Unallocated Items:-				
Other income				3,847
Other expenses				(1,478)
Corporate expenses				(2,457)
Finance costs				0
Profit/(loss) before taxation from continuing operations				<u>67,967</u>
Taxation				<u>(15,570)</u>
Profit/(loss) after taxation from continuing operations				<u>52,397</u>
<u>ASSETS:-</u>				
Segment assets	<u>662,998</u>	<u>341,563</u>		1,004,561
Unallocated assets/(liabilities)				59,521
Assets classified as held for sale				0
Total assets				<u>1,064,082</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 September 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:

	As at 30.09.2023
	RM'000
Approved and contracted for	69,877
Approved but not contracted for	<u>36,414</u>
	<u>106,291</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 RM66,110,181 at 29 November 2023.

11. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

The Final Meeting to dissolve the following dormant companies of the Group was initiated on 5 November 2022:

- 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 9 months of 2023, the Group achieved a total revenue of RM 547.3 million (2022: RM 674.4 million) and a pre-tax gain of RM 68.0 million (2022: pre-tax gain of RM 113.4 million).

Commentary on the performance of the operating segments of the Group for Q3 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 338.0 million (2022: RM 426.1 million), and pre-tax gain of RM 59.5 million (2022: pre-tax gain of RM 87.4 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	4,116.50	6,581.00	1,939.50	3,778.50
May	3,755.00	6,748.00	1,921.00	3,535.00
June	3,510.00	5,902.50	1,823.00	2,260.00
July	3,871.50	3,901.50	1,876.50	2,238.00
August	3,796.00	4,108.00	1,980.00	2,274.50
September	3,706.50	3,676.00	1,866.00	2,365.00
October	3,629.00	3,679.00	1,823.50	2,058.50
November	-	4,049.50	-	1,986.50
December	-	3,928.00	-	1,981.00

*NT = No trade

Table B: Output indicators, and comparison with industrial average

	3rd Quarter			Year to Date		
	2023	2022	% change	2023	2022	% change
FFB Production (mt)	98,557	87,521	12.6%	279,537	234,163	19.4%
FFB Yield (mt/hectare):						
The Group's estates	5.35	4.85	10.4%	15.18	12.97	17.1%
MPOB* Sabah average	4.19	3.95	6.1%	11.80	10.80	9.3%
CPO Closing Stock at Palm Oil Mills (mt)	10,283	6,903	49.0%	10,283	6,903	49.0%
Oil Extraction Rate:						
The Group's palm oil mills	19.82%	20.07%	-1.2%	19.83%	19.70%	0.7%
MPOB* Sabah average	20.44%	20.31%	0.7%	20.34%	20.23%	0.6%

* - MPOB: Malaysian Palm Oil Board

Lower commodity prices are the primary cause of the plantation division's 9-month 2023 performance, which resulted in lower operating revenue and pre-tax gain as compared to the 9-month 2022 performance.

(b) Refinery

Also as shown in Note 7, the Group's refinery operations achieved revenue of RM 478.1 million (2022: RM 603.5 million) and generated a pre-tax gain of RM 8.1 million (2022: pre-tax gain of RM 26.7 million).

The refinery division's pre-tax gain for the first 9 months of 2023 when compared with the same period of 2022 are mainly due to lower commodity prices, and lower net margin generated from the sales of its products.

Note: Compared to the first half of 2022, when commodity prices were unusually high and managed to create additional profit margin, the first half of 2023 has seen a gradual normalization of commodity prices and a significant decrease in the margin earned.

14. COMPARISON WITH THE PREVIOUS QUARTER'S RESULTS

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

	<u>Current Quarter</u> RM'000	<u>Previous Quarter</u> RM'000	<u>Changes</u> %
<u>CONTINUING OPERATIONS:-</u>			
Revenue	170,785	197,509	-14%
Cost of sales and services, including distribution	(144,157)	(183,932)	
	26,628	13,577	
Other income	8,484	4,192	
Administrative and other expenses	(4,683)	(11,573)	
Profit/(loss) before interest and taxation	30,429	6,196	391%
Interest income	682	464	
Interest costs	(943)	(853)	
Profit/(loss) before taxation	30,168	5,807	420%
Taxation	(5,325)	(2,814)	
Profit from continuing operations, net of tax	24,843	2,993	730%
Discontinued operation	0	0	
Profit/(loss) after taxation	24,843	2,993	730%
Profit/(loss) after taxation attributable to:			
Shareholders of the Company	24,813	2,951	741%
Non-Controlling Interests	30	42	
	24,843	2,993	730%

The improvement in Q3 2023 result is due to lower cost of production and reversal of previous quarter's impairment on inventories. Apart from lower cost of production, the quoted investments fair value gain in the current quarter also contributed to the current quarter's improvement.

15. CURRENT YEAR PROSPECTS AND OUTLOOK

The CPO prices fluctuated greatly in Q3 2023, ranging from RM3,630/MT to RM4,062/MT. Even though CPO prices have risen from their June 2023 lows of about RM3,500/MT, they were nevertheless under pressure from seasonal increases in output in both Malaysia and Indonesia as well as growing stockpiles related to CPO. The total palm oil inventories in Malaysia as of September 2023 are 2,313,741 mt, the highest level since more than a year ago. This has further dimmed the outlook for commodity prices, along with the economy's bleak prognosis.

As a results, the CPO MPOB Peninsular Average fell to RM3,630/MT in September 2023 at one point. However, the El Nino phenomenon's potential to negatively impact South East Asia's palm oil production and indications of positive Chinese demand for CPO goods in the upcoming quarters helped to drive prices back up. In addition to the first two variables, the slightly smaller planting hectares of soybeans in the United States also affect the price of CPO.

While the costs of fertilizers, supplies, and spare parts have fallen from their peak, the cost of production in 2023 remains elevated and will take some time to normalize. The Management has worked to increase productivity overall and yield in order to offset increased production costs.

With CPO prices stabilizing in both Q3 and Q4 2023, accompanied by Management efforts to produce higher yields, the Group is optimistic and expects the Group's overall performance in 2023 to remain robust and healthy. The Group will take additional steps in mitigating sector-related risks through prudent cost management, boosting yield and productivity 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>30.09.2023</u> RM'000	9 months ended <u>30.09.2023</u> RM'000
Provision in respect of results for the current quarter/period	(4,260)	(12,143)
(Under) / Over provision for taxation in respect of previous years	274	274
Deferred tax (expense) / benefit	(1,339)	(3,701)
	<u>(5,325)</u>	<u>(15,570)</u>

The Group's Q3 tax expense on its Profit Before Tax is lower than the statutory tax rate due to fair value gain in quoted investments of RM8.3 million which is not taxable. While for the 9 months' tax rate, it is slightly lower due to net gain of RM2.2 million on quoted investments which is non-taxable (RM3.7 million gains and RM1.5 million losses as per page 13 note 26).

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 Bulkurs 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

	As at <u>30.09.2023</u> RM'000	As at <u>31.12.2022</u> RM'000
Short term secured:		
Bankers' acceptances	37,666	20,050
Revolving credit	15,000	15,000
Term loans	3,401	3,416
Lease	288	258
	56,355	38,724
Long term secured:		
Term loans	32,419	34,958
Lease	3,373	3,595
	35,792	38,553
TOTAL BORROWINGS	92,147	77,277

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 September 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	21,898	0	999
Olein price swap contracts - less than 1 year	USD	7,798	729	0

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

For the period ended 30 September 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 21 NOVEMBER 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 ending 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:

	Quarter ended <u>30.09.2023</u>	9 months ended <u>30.09.2023</u>
Weighted average number of shares in issue	2,304,555,435	2,304,716,310
Number of shares used in calculating diluted EPS	2,304,555,435	2,304,716,310
	<u>RM'000</u>	<u>RM'000</u>
Profit/(loss) after taxation from continuing operations	24,843	52,397
less: (profit)/loss after taxation from continuing operations attributable to non-controlling interests	(30)	(139)
Profit/(loss) after taxation from continuing operations attributable to shareholders of the Company	<u>24,813</u>	<u>52,258</u>
	<u>Sen</u>	<u>Sen</u>
EPS:		
- Basic	<u>1.08</u>	<u>2.27</u>
- Diluted	<u>1.08</u>	<u>2.27</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:

	Quarter ended <u>30.09.2023</u>	9 months Ended <u>30.09.2023</u>
	<u>RM'000</u>	<u>RM'000</u>
Interest income	(682)	(1,368)
Other income, including investment income	(3,859)	(10,161)
Interest expense	943	2,517
Depreciation and amortization	11,586	34,184
Realised foreign exchange loss/(gain)	(11)	236
Net provision/(reversal) of allowance for impairment of receivables	5,047	5,033
Provision for and write-off/(reversal) of inventories	(8,613)	(9,776)
Fair value loss/(gain) on investment securities	(8,261)	(3,710)
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	0	1,479
Realised loss/(gain) on derivatives	(874)	(1,589)
Exceptional items	<u>0</u>	<u>0</u>

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 30 November 2023.

By Order of the Board,

LIM TSHUNG YU
Chief Operating Officer

30 November 2023