

**RIMBUNAN SAWIT BERHAD**

[Registration No: 200501014346(691393-U)]

North Wing, Menara Rimbunan Hijau, 101, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak, Malaysia

Telephone No.: 084-218555 Facsimile No.: 084-219555 Email: rsb@rsb.com.my

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**Interim Financial Statements**For the 3<sup>rd</sup> Quarter Ended 30 September 2022

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**For the 3<sup>rd</sup> Quarter Ended 30 September 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
REVENUE	149,430	141,206	521,772	375,372
COST OF SALES	(145,518)	(119,994)	(471,364)	(335,366)
GROSS PROFIT	3,912	21,212	50,408	40,006
OTHER INCOME	747	1,222	6,931	4,202
DISTRIBUTION COSTS	(6,869)	(6,452)	(22,885)	(17,287)
OTHER OPERATING EXPENSES	(1,534)	(1)	(2,371)	(722)
ADMINISTRATIVE EXPENSES	(3,742)	(3,713)	(13,039)	(12,599)
FINANCE COSTS	(3,275)	(2,936)	(9,250)	(9,779)
(LOSS)/PROFIT BEFORE TAXATION	(10,761)	9,332	9,794	3,821
INCOME TAX EXPENSES	(2,325)	(2,671)	(9,120)	(6,413)
(LOSS)/PROFIT AFTER TAXATION	(13,086)	6,661	674	(2,592)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(13,086)	6,661	674	(2,592)

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)**For the 3<sup>rd</sup> Quarter Ended 30 September 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 9-month Period Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(10,661)	6,679	2,861	(3,924)
- Non-controlling interests	(2,425)	(18)	(2,187)	1,332
	<u>(13,086)</u>	<u>6,661</u>	<u>674</u>	<u>(2,592)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(10,661)	6,679	2,861	(3,924)
- Non-controlling interests	(2,425)	(18)	(2,187)	1,332
	<u>(13,086)</u>	<u>6,661</u>	<u>674</u>	<u>(2,592)</u>
(LOSS)/PROFIT PER SHARE (SEN):-				
- Basic	(0.52)	0.33	0.14	(0.19)
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Financial Position**

As at 30 September 2022

*(the figures have not been audited)*

	As at 30.09.2022	As at 31.12.2021
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	774,772	807,387
Biological assets	493	1,154
Intangible assets	25	36
Other investment	5,000	1,643
Goodwill	5,264	5,264
Deposits with licensed banks	120	120
	<hr/>	<hr/>
	785,674	815,604
<b>CURRENT ASSETS</b>		
Inventories	25,914	20,781
Biological assets	3,632	5,110
Trade receivables	12,694	14,164
Other receivables, deposits and prepayments	11,110	9,744
Current tax assets	7,757	3,532
Deposits with licensed banks	15,000	16,491
Cash and bank balances	5,437	1,320
	<hr/>	<hr/>
	81,544	71,142
<b>TOTAL ASSETS</b>	<hr/> <b>867,218</b>	<hr/> <b>886,746</b>

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**Condensed Consolidated Statement of Financial Position (Cont'd)**

As at 30 September 2022

*(the figures have not been audited)*

	As at 30.09.2022	As at 31.12.2021
	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	614,600	614,600
Accumulated losses	(228,676)	(231,537)
Equity attributable to owners of the Company	385,924	383,063
Non-controlling interests	(25,958)	(23,771)
<b>TOTAL EQUITY</b>	<b>359,966</b>	<b>359,292</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	171,019	185,089
Deferred tax liabilities	40,637	44,012
	211,656	229,101
<b>CURRENT LIABILITIES</b>		
Trade payables	58,907	53,309
Other payables, deposits and accruals	38,680	38,024
Borrowings:-		
- bank overdrafts	2,601	2,785
- other borrowings	182,966	200,073
Current tax liabilities	12,442	4,162
	295,596	298,353
<b>TOTAL LIABILITIES</b>	<b>507,252</b>	<b>527,454</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>867,218</b>	<b>886,746</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.18</b>	<b>0.18</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes in Equity**

For the Nine Months Ended 30 September 2022

*(the figures have not been audited)*

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	< ----- Non-distributable ----- > Share Capital					
	Ordinary Shares RM'000	Merger Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2022	614,600	(53,065)	(178,472)	383,063	(23,771)	359,292
Profit/(Loss) after taxation/Total comprehensive income for the period	-	-	2,861	2,861	(2,187)	674
Balance at 30.9.2022	614,600	(53,065)	(175,611)	385,924	(25,958)	359,966

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**Condensed Consolidated Statement of Changes in Equity (Cont'd)**

For the Nine Months Ended 30 September 2022

*(the figures have not been audited)*

	< ----- Non-distributable ----- > Share Capital					
	Ordinary Shares	Merger Reserve	Accumulated Losses	Attributable to Owners of the Company	Non- controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2021	614,600	(53,065)	(171,940)	389,595	(23,145)	366,450
(Loss)/profit after taxation/Total comprehensive income for the period	-	-	(3,924)	(3,924)	1,332	(2,592)
Balance at 30.9.2021	614,600	(53,065)	(175,864)	385,671	(21,813)	363,858

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows**

For the Nine Months Ended 30 September 2022

*(the figures have not been audited)*

	9 Months Ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	9,794	3,821
Adjustments for:-		
Allowance for stock obsolescence no longer required	(10)	(8)
Amortisation of intangible assets	11	174
Bad debts written off	64	23
Biological assets written off	756	253
Change in fair value of biological assets	1,477	(2,788)
Change in fair value of other investment	(3,357)	-
Depreciation of property, plant and equipment	49,650	40,279
Gain on disposal of property, plant and equipment	-	(8)
Gain on derecognition of lease contract	-	(15)
Impairment loss on receivables no longer required	(452)	(70)
Interest expense	9,250	9,779
Interest income	(120)	(9)
Inventories written off	69	36
Property, plant and equipment written off	131	448
Operating profit before working capital changes	67,263	51,915
Change in inventories	(5,192)	(3,435)
Change in trade and other receivables	524	(9,846)
Change in trade and other payables	6,223	8,998
<b>CASH FROM OPERATIONS</b>	68,818	47,632
Income tax paid	(9,849)	(9,300)
Income tax refunded	1,408	1,940
Interest paid	(10,149)	(10,642)
Interest received	120	9
<b>NET CASH FROM OPERATING ACTIVITIES</b>	50,348	29,639
<b>BALANCE CARRIED FORWARD</b>	50,348	29,639



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**Condensed Consolidated Statement of Cash Flows (Cont'd)**

For the Nine Months Ended 30 September 2022

*(the figures have not been audited)*

	9 Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000
BALANCE BROUGHT FORWARD	50,348	29,639
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Costs incurred on biological assets	(92)	(3)
Proceeds from disposal of property, plant and equipment	97	985
Purchase of property, plant and equipment	(16,366)	(12,247)
Purchase of intangible assets	-	(17)
NET CASH FOR INVESTING ACTIVITIES	(16,361)	(11,282)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Change in bankers' acceptance	(3,196)	(1,897)
Change in revolving credit	(15,103)	2,662
Drawdown of term loans	9,003	2,682
Repayment of promissory note	(640)	(550)
Repayment of lease liabilities	(963)	(1,044)
Repayment of term loans	(20,278)	(20,110)
NET CASH FOR FINANCING ACTIVITIES	(31,177)	(18,257)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,810	100
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,026	(722)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,836	(622)

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**Condensed Consolidated Statement of Cash Flows (Cont'd)**

For the Nine Months Ended 30 September 2022

*(the figures have not been audited)*

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Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise:-

	9 Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000
Cash and bank balances	5,437	2,198
Deposits with licensed banks	15,120	209
Bank overdrafts	(2,601)	(2,909)
	<hr/>	<hr/>
	17,956	(502)
Less: Deposits pledged to licensed banks	(120)	(120)
	<hr/>	<hr/>
	17,836	(622)
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.



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### Part A – Explanatory Notes Pursuant to MFRS 134

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#### A1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and Chapter 9 Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the current financial year, the Company has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

#### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendment of MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the company’s financial statements.

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**Part A – Explanatory Notes Pursuant to MFRS 134**

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**A1 Basis of Preparation (Cont'd)**

The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Policies	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

**A2 Comments about Seasonality or Cyclicity of Operations**

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils.

Crop production is affected by weather conditions, age of palms and availability of labour force.

The prices obtainable for the Group's products as well as the volume of production will determine the profits for the Group.

**A3 Unusual Items Due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period under review.

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**Part A – Explanatory Notes Pursuant to MFRS 134 (Cont'd)**

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**A4 Changes in Estimates**

There were no changes in estimates that have had a material effect on the results of the Group for the period under review.

**A5 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review.

**A6 Dividends Paid**

There were no dividends paid during the current quarter.

**A7 Segment Information**

Information about operating segment is not reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the oil palm plantation and operation of palm oil mill.

**A8 Valuations of Property, Plant and Equipment**

There has been no valuation undertaken for the Group's property, plant and equipment since the last annual financial statements.

**A9 Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the period under review that have not been reflected in the financial statements.

**A10 Changes in the Composition of the Group**

There were no significant changes in the composition of the Group for the quarter under review.

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**Part A – Explanatory Notes Pursuant to MFRS 134 (Cont'd)**

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**A11 Changes in Contingent Liabilities or Contingent Assets**

On 23 December 2020, Timrest Sdn. Bhd. (“TSB”), a wholly-owned subsidiary of the Company, received notices of assessment for the years of assessment (“YAs”) 2012, 2014 and 2015, and notices of additional assessment for the YAs 2010, 2011, 2013, 2016 and 2017 (“Assessments”) in an amount totalling RM56.4 million.

The Assessments arose as a result of the Director General of Inland Revenue’s (“DGIR”) contention that the disposal of cultivation rights under Licence for Planted Forest at the Simunjan estate in 2018 rendered TSB engaging in an adventure or concern in the nature of trade; the disposal of which was therefore subject to income tax under the Income Tax Act 1967 (“ITA”) instead of real property gains tax under the Real Property Gains Tax Act 1976 (“RPGTA”). The claim of agriculture allowance under Schedule 3 of the ITA on the expenditure incurred on planting activities arising from the Simunjan estate was consequently disallowed for YAs 2010 to 2017.

TSB challenged the Assessments and on 15 January 2021, filed a judicial review application against the Ministry of Finance (“Respondent”). The Kuala Lumpur High Court had initially fixed the hearing for TSB’s application for leave to commence judicial review on 2 February 2021. However, the DGIR has made an application to intervene in the judicial review proceeding commenced by TSB. The High Court provided directions to the parties in respect to the DGIR’s application to intervene and fixed the hearing for the DGIR’s application on 12 April 2021, with the decision to be fixed on 3 June 2021 after the hearing. Further, the High Court has granted an interim stay upon the enforcement of the Assessments until the hearing on 3 June 2021, whereby the disputed taxes do not have to be paid.

On 3 June 2021, in view of the 2 cases which was previously heard by YA Hakim Datuk Noorin Binti Badaruddin (Puncak Niaga Construction Sdn Bhd v Menteri Kewangan Malaysia) and YA Hakim Dato Sri Mariana Binti Yahya (Desaru Property Development Sdn Bhd v Menteri Kewangan Malaysia), whereby two conflicting decisions were given and appeals were lodged to the Court of Appeal, the Court takes the position that the decision of the Court of Appeal will be binding upon the present application.

In this regard, the Judge reserves his decision pending the outcome of the 2 appeals before the Court of Appeal. The Judge fixed a case management date on 6 September 2021 for parties to update the Court on the outcome of the appeals at the Court of Appeal. Further, the Judge granted an interim stay until the disposal of the Leave hearing, whereby the disputed taxes do not have to be paid until the leave hearing is heard and decided.

On 6 September 2021, it was fixed for case management of Enclosure 11 (intervener application) and case management for Enclosure 1 (leave) to update the court on the outcome of the appeals at the Court of Appeal against the conflicting decisions of YA Hakim Datuk Noorin Binti Badaruddin (Puncak Niaga Construction Sdn Bhd v Menteri Kewangan Malaysia) and YA Hakim Dato Sri Mariana Binti Yahya (Desaru Property Development Sdn Bhd v Menteri Kewangan Malaysia).

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**Part A – Explanatory Notes Pursuant to MFRS 134 (Cont'd)**

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**A11 Changes in Contingent Liabilities or Contingent Assets (Cont'd)**

The Applicant informed the Court that the hearing dates for the appeals at the Court of Appeal are still pending and not fixed yet. The Court fixed a case management on 18.11.2021 at 9am via Zoom (unless instructed otherwise by the Court) to update the court on the status of the appeals at the Court of Appeal. The interim stay granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.

On 18 November 2021, the Applicant informed the Court that both appeals are fixed to be heard together on 14.12.2021. The Court then fixed a case management on 21.12.2021 at 9am via Zoom pending the outcome of the COA appeals. Interim stay granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.

On 21 December 2021, the Applicant informed the Court that the Proposed Intervenor's appeal in Puncak was allowed whilst the Applicant's appeal in Desaru was disallowed. The Applicant subsequently informed the Court that the clients in the appeals endeavour to file an appeal to the Federal Court against the decisions of the Court of Appeal in 30 days. The Court then fixed Simunjan case management on 17.3.2022 at 9 am via Zoom for parties to update the Court regarding the appeals at the Federal Court. Interim stay granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.

On 17 March 2022, the Applicant informed the Court that Puncak and Desaru had been fixed for leave hearing at Federal Court on 24.05.2022. The Court then fixed case management on 01.06.2022 at 9 am via Zoom to update the Court on the outcome of Puncak and Desaru. Interim stay granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.

On 01 June 2022, it was fixed for case management to update the court on the status of the appeal at the Federal Court on intervener cases. The Applicant informed the Court that the leave application at the Federal Court was dismissed on 24.5.2022. However, the dismissal was based on the preliminary objection by the IRB on the appealability of the COA's decision based on Section 3 of the CJA. The Federal Court did not decide based on the question of law on intervener applications. The Applicant's Counsel requested for the case before this court to proceed to hearing of the intervener application as the matter should be heard on the merits. In this regard, the Court instructed parties to file any submission or additional submission, if necessary. The Court fixed the hearing for the intervener application on 5.9.2022. The Applicant request for the Interim stay previously granted to be extended until 5.9.2022. Notwithstanding the Attorney General Chambers (AGC) and IRB's objections, the Court allowed interim stay until 5.9.2022.

On 05 September 2022, due to a conflict of hearings, the Court vacated the hearing and directed the intervener hearing in front of YA Dato' Ahmad Kamal bin Md. Shahid (MTKL BKK1, Aras 4, Sayap Kanan) is fixed for 7.12.2022 at 11.00am to 1.00pm, the Written Submissions be filed and served on/before 9.11.2022; and The Written Submissions in Reply be filed and served on 23.11.2022. Interim stay granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.



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**Part A – Explanatory Notes Pursuant to MFRS 134 (Cont'd)**

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**A11 Changes in Contingent Liabilities or Contingent Assets (Cont'd)**

Management believes, based on legal advice, that TSB has an arguable case to contend that the Respondent has exceeded its jurisdiction and acted illegally and unreasonably in failing to exercise its power under Section 135 of the ITA to provide directions to the DGIR and/or Section 127(3A) of the ITA to set aside or exempt the notices of additional assessment. Further, the DGIR's conduct in subjecting the gains arising from TSB's disposal of cultivation rights at the Simunjan estate to Section 4(a) of the ITA is without legal and factual basis. Therefore, no provision is required to be made in the financial statements.

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**Part A – Explanatory Notes Pursuant to MFRS 134 (Cont’d)**

**A12 Capital Commitments**

The amount of capital commitments not provided for in the financial statements as at 30 September 2022 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	2,626

**A13 Significant Related Party Transactions**

The Group carried out the following significant transactions with the related parties during the period under review:-

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Consultancy fees paid	4	18	4	44
Interest paid	192	201	575	659
Purchase of fertilisers and chemicals	17	1	25	72
Purchase of FFB	8,263	6,723	27,425	12,895
Purchase of Seedlings	-	128	-	225
Purchase of property, plant and equipment	112	618	248	3,488
Purchase of stores and consumables	489	655	1,520	1,920
Rental paid	33	19	68	407
Repairs and maintenance	23	40	57	85
Transportation and accommodation charges	19	2	31	8
Utilities, insurance, and sundry expenses	2	43	6	115
Rental received	11	7	72	29
Sale of crude palm oil	26,816	26,814	93,762	69,731
Sale of Palm Kernel	3,141	2,228	9,678	4,135
Sale of FFB	13,166	4,520	43,338	18,804
Sale of Empty Bunch Ash	-	-	14	-
Sale of fertilizers and chemicals	2	-	141	-
Sale of property, plant and equipment	-	-	-	4
Sale of stores and consumables	55	10	129	73
Transportation and handling income	332	299	850	821
Utilities, insurance, and sundry income	3	(29)	10	59


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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**
**B1 Review of Performance**
*Financial review for current quarter and financial year to date*

	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 9 Months Ended		Changes (%)
	30.09.2022	30.09.2021		30.09.2022	30.09.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	149,430	141,206	5.8%	521,772	375,372	39.0%
Gross profit	3,912	21,212	-81.6%	50,408	40,006	26.0%
(Loss)/Profit before interest and taxation	(7,486)	12,268	-161.0%	19,044	13,600	40.0%
(Loss)/Profit before taxation	(10,761)	9,332	-215.3%	9,794	3,821	156.3%
(Loss)/Profit after taxation	(13,086)	6,661	-296.5%	674	(2,592)	126.0%
(Loss)/Profit attributable to owners of the Company	(10,661)	6,679	-259.6%	2,861	(3,924)	172.9%
EBITDA	9,080	25,574	-64.5%	68,705	54,053	27.1%

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 9 Months Ended		Changes (%)
	30.09.2022	30.09.2021		30.09.2022	30.09.2021	
<b>Production volume (MT)</b>						
FFB	59,359	47,992	23.7%	149,580	140,474	6.5%
CPO	31,063	26,596	16.8%	78,978	74,729	5.7%
PK	6,718	5,578	20.4%	17,056	15,943	7.0%
<b>Sales volume (MT)</b>						
CPO	29,965	26,431	13.4%	77,716	74,647	4.1%
PK	6,764	5,532	22.3%	16,745	15,977	4.8%
<b>Average selling price (RM per MT)</b>						
FFB	717	835	-14.2%	1,034	795	30.0%
CPO	3,948	4,283	-7.8%	5,338	3,989	33.8%
PK	2,272	2,347	-3.2%	3,177	2,369	34.1%



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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

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**B1 Review of Performance (Cont'd)**

**3 Months Ended 30.09.2022 vs 30.09.2021**

The Group achieved higher revenue of RM149.4 million, an increase of 5.8% from RM141.2 million on 30 September 2022. This was principally due to ongoing favourable growth in the production volume for FFB, CPO and PK throughout the quarter by 23.7%, 16.8% and 20.4% to 59,359MT, 31,063MT and 6,718MT respectively as compared to 30 September 2021.

The Group recorded gross profit of RM3.9 million and EBITDA of RM9.1 million in the current quarter as compared to corresponding period with gross profit of RM12.3 million and EBITDA of RM25.6 million. The shrinking of gross profit and EBITDA mainly due to decrease in average selling price on CPO, FFB and PK by 7.8%, 14.2% and 3.2% to RM3,948, RM717 and RM2,272 respectively.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B2 Material Change in the Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter**

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	30.09.2022	30.06.2022	
	RM'000	RM'000	
Revenue	149,430	212,052	-29.5%
Gross profit	3,912	30,130	-87.0%
(Loss)/Profit before interest and taxation	(7,486)	17,565	-142.6%
(Loss)/Profit before taxation	(10,761)	14,521	-174.1%
(Loss)/Profit after taxation	(13,086)	10,030	-230.5%
(Loss)/Profit attributable to owners of the Company	(10,661)	9,647	-210.5%
EBITDA	9,080	34,254	-73.5%

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	30.09.2022	30.06.2022	
<b>Production volume (MT)</b>			
FFB	59,359	50,282	18.1%
CPO	31,063	27,192	14.2%
PK	6,718	5,868	14.5%
<b>Sales volume (MT)</b>			
CPO	29,965	26,498	13.1%
PK	6,764	5,549	21.9%
<b>Average selling price (RM per MT)</b>			
FFB	717	1,255	-42.9%
CPO	3,948	6,524	-39.5%
PK	2,272	3,368	-32.6%

**3 Months Ended 30.09.2022 vs 30.06.2022**

The Group's revenue, gross profit and EBITA have decreased by 29.5%, 87.0% and 73.5% to RM 149.4 million, 3.9 million and 9.1 million respectively as compared to immediate preceding quarter. It was mainly due to decrease in average selling price on CPO, PK and FFB throughout the quarter by 39.5%, 32.6% and 42.9% respectively. Besides that, the sales volume for CPO and PK have increased by 13.1% and 21.9% to 29,965MT and 6,764MT respectively.

Other than that, the production volume for FFB, CPO and PK have increased by 18.1%, 14.2% and 14.5% to 59,359MT, 31,063MT and 6,718MT respectively as compared to 30 June 2022.



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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

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**B3 Commentary on Prospects**

Crude palm oil (CPO) prices are expected to be continuously supported by supply constraints and its price competitiveness against other edible oils in 2023, amid unfavourable geopolitical development in Russia, Indonesia's palm oil export friendly policies, and Covid Zero Policy in Chinese Market.

With the expectation of firm palm oil prices and demand of the market, the Group will continue with aggressive cost control measures and explore more innovative and sustainable approaches in its operation to drive greater cost efficiency and productivity, and the Group remains cautiously optimistic on the outlook of plantation segment.

**B4 Financial Estimate, Forecast, Projection or Internal Targets**

The Group has not issued any financial estimate, forecast, projection or internal targets for the period under review.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

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**B5 Income Tax Expense**

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Tax expense for the year:				
Current tax	2,944	2,915	12,495	7,857
Deferred tax	(619)	(244)	(3,375)	(1,444)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,325	2,671	9,120	6,413
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**B6 Corporate Proposals**

There were no corporate proposals announced but not completed as at 15 November 2022, being the latest practicable date.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B7 Group Borrowings**

	As at 30.09.2022 (RM'000)			As at 31.12.2021 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
<b>Secured:-</b>						
Bank overdrafts	2,601	-	<b>2,601</b>	-	-	-
Bankers' acceptance	15,002	-	<b>15,002</b>	10,127	-	<b>10,127</b>
Lease liabilities	1,213	4,838	<b>6,051</b>	1,290	5,724	<b>7,014</b>
Revolving credit	124,225	-	<b>124,225</b>	132,578	-	<b>132,578</b>
Term loans	28,804	142,182	<b>170,986</b>	26,408	155,225	<b>181,633</b>
Loans	230	20,500	<b>20,730</b>	190	20,680	<b>20,870</b>
	172,075	167,520	<b>339,595</b>	170,593	181,629	<b>352,222</b>
<b>Unsecured:-</b>						
Bank overdrafts	-	-	-	2,785	-	<b>2,785</b>
Bankers' acceptance	5,499	-	<b>5,499</b>	13,570	-	<b>13,570</b>
Loans	1,743	3,499	<b>5,242</b>	2,910	3,460	<b>6,370</b>
Revolving credit	6,250	-	<b>6,250</b>	13,000	-	<b>13,000</b>
	13,492	3,499	<b>16,991</b>	32,265	3,460	<b>35,725</b>
<b>Total Borrowings</b>	<b>185,567</b>	<b>171,019</b>	<b>356,586</b>	<b>202,858</b>	<b>185,089</b>	<b>387,947</b>

- The bankers' acceptance and revolving credit bore interest ranging from 3.4% to 5.8% per annum.
- The term loans bore interest ranging from 2.4% to 4.8% per annum.
- The bank overdraft is bearing interest ranging from 6.6% to 7.7% per annum.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

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**B8 Material Litigation**

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 15 November 2022 being the latest practicable date.

**B9 Dividends**

No interim dividend has been declared for the period ending 30 September 2022.

**B10 (Loss) / Profit Per Share**

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
(Loss)/Profit attributable to the Company (RM'000)	(10,661)	6,679	2,861	(3,924)
Weighted average number of ordinary shares ('000):- Issued ordinary shares at 1 January	2,041,722	2,041,722	2,041,722	2,041,722
Weighted average number of ordinary shares at 30 September	2,041,722	2,041,722	2,041,722	2,041,722
Basic (loss)/profit per share (sen)	(0.52)	0.33	0.14	(0.19)

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

**B11 Audit Report of the Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not subject to any qualification.





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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B12 (Loss) / Profit Before Taxation**

(Loss) / Profit before taxation is arrived at after charging/(crediting):-

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Allowance for stock obsolescence no longer required	(5)	(3)	(10)	(8)
Amortisation of intangible assets	3	27	11	174
Bad debts written off	-	(1)	64	23
Biological assets written off	-	-	756	253
Changes in fair value of other investment	-	-	(3,357)	-
Changes in fair value of biological assets	1,889	(850)	1,477	(2,788)
Depreciation of property, plant and equipment	16,563	13,279	49,650	40,279
Directors' remuneration	110	98	330	372
Finance costs	3,272	2,936	9,250	9,779
Gain on derecognition of lease liabilities	-	-	-	(15)
Gain on disposal of property, plant and equipment	-	-	-	(8)
Interest income	(54)	(5)	(120)	(9)
Inventories written off	69	-	69	-
Property, plant and equipment written off	114	3	131	448
Rental income	(26)	(30)	(110)	(82)
Rental on equipment	13	10	30	23
Rental on premises	395	21	1,162	416
Staff costs:-				
- short-term employee benefits	7,423	6,615	23,055	20,801
- defined contribution plan	754	701	2,450	2,247



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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

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**B13 Derivatives**

(a) Nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

(b) Risks and Policies of Derivatives

The Group did not enter into any derivatives during the 9-month period ended 30 September 2022.

(c) Gains/losses Arising from Fair Value Changes of Financial Liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2022 and 31 December 2021.

**B14 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 November 2022.