

**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

Interim Financial StatementsFor the 4th Quarter Ended 31 December 2022

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 4th Quarter Ended 31 December 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
REVENUE	154,174	166,130	675,946	541,502
COST OF SALES	(145,041)	(151,486)	(616,405)	(486,852)
GROSS PROFIT	9,133	14,644	59,541	54,650
OTHER INCOME	10,909	7,454	17,840	11,656
DISTRIBUTION COSTS	(7,341)	(8,001)	(30,226)	(25,288)
OTHER OPERATING EXPENSES	(8,374)	(5,646)	(10,746)	(6,368)
ADMINISTRATIVE EXPENSES	(4,683)	(5,441)	(17,721)	(18,040)
FINANCE COSTS	(3,699)	(3,545)	(12,949)	(13,324)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	-	(377)	-	(377)
(LOSS)/PROFIT BEFORE TAXATION	(4,055)	(912)	5,739	2,909
INCOME TAX EXPENSES	(2,248)	(3,473)	(11,368)	(9,886)
LOSS AFTER TAXATION	(6,303)	(4,385)	(5,629)	(6,977)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(6,303)	(4,385)	(5,629)	(6,977)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 4th Quarter Ended 31 December 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(3,217)	(2,608)	(356)	(6,532)
- Non-controlling interests	(3,086)	(1,777)	(5,273)	(445)
	<u>(6,303)</u>	<u>(4,385)</u>	<u>(5,629)</u>	<u>(6,977)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(3,217)	(2,608)	(356)	(6,532)
- Non-controlling interests	(3,086)	(1,777)	(5,273)	(445)
	<u>(6,303)</u>	<u>(4,385)</u>	<u>(5,629)</u>	<u>(6,977)</u>
LOSS PER SHARE (SEN):-				
- Basic	(0.16)	(0.13)	(0.02)	(0.32)
- 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 31 December 2022

(the figures have not been audited)

	As at 31.12.2022	As at 31.12.2021
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	769,192	807,387
Biological assets	512	1,154
Intangible assets	22	36
Other investment	5,000	1,643
Goodwill	5,264	5,264
Deposits with licensed banks	120	120
	<hr/>	<hr/>
	780,110	815,604
CURRENT ASSETS		
Inventories	31,734	20,781
Biological assets	3,401	5,110
Trade receivables	11,511	14,164
Other receivables, deposits and prepayments	11,502	9,744
Current tax assets	12,617	3,532
Deposits with licensed banks	5,300	16,491
Cash and bank balances	5,170	1,320
	<hr/>	<hr/>
	81,235	71,142
TOTAL ASSETS	<hr/> 861,345	<hr/> 886,746

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 December 2022

(the figures have not been audited)

	As at 31.12.2022	As at 31.12.2021
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	614,600	614,600
Accumulated losses	(231,893)	(231,537)
Equity attributable to owners of the Company	382,707	383,063
Non-controlling interests	(29,044)	(23,771)
TOTAL EQUITY	353,663	359,292
NON-CURRENT LIABILITIES		
Borrowings	161,773	185,089
Deferred tax liabilities	42,307	44,012
	204,080	229,101
CURRENT LIABILITIES		
Trade payables	70,418	53,309
Other payables, deposits and accruals	32,526	38,024
Borrowings:-		
- bank overdrafts	2,694	2,785
- other borrowings	184,966	200,073
Current tax liabilities	12,998	4,162
	303,602	298,353
TOTAL LIABILITIES	507,682	527,454
TOTAL EQUITY AND LIABILITIES	861,345	886,746
NET ASSETS PER SHARE (RM)	0.17	0.18

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 Twelve Months Ended 31 December 2022

(the figures have not been audited)

	< ----- 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
Loss after taxation/Total comprehensive income for the period	-	-	(356)	(356)	(5,273)	(5,629)
Balance at 31.12.2022	614,600	(53,065)	(178,828)	382,707	(29,044)	353,663

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

For the Twelve Months Ended 31 December 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 after taxation/Total comprehensive income for the period	-	-	(6,532)	(6,532)	(445)	(6,977)
Contributions by and distributions of the company:- -dividends by a subsidiary to non-controlling interests	-	-	-	-	(181)	(181)
Balance at 31.12.2021	614,600	(53,065)	(178,472)	383,063	(23,771)	359,292

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 Twelve Months Ended 31 December 2022

(the figures have not been audited)

	12 Months Ended	
	31.12.2022 RM'000	31.12.2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	5,739	2,909
Adjustments for:-		
Allowance for stock obsolescence no longer required	(11)	(8)
Amortisation of intangible assets	15	178
Bad debts written off	64	22
Biological assets written off	2,826	253
Change in fair value of biological assets	1,709	(2,032)
Change in fair value of other investment	(3,357)	-
Depreciation of property, plant and equipment	66,234	66,483
Gain on disposal of property, plant and equipment	(91)	(241)
Impairment losses on:-		
-property, plant and equipment	5,723	-
-goodwill	-	2,198
-trade and other receivables	53	473
Impairment losses no longer required:-		
-property, plant and equipment	(10,249)	(4,193)
-trade and other receivables	(452)	(96)
Interest expense	12,949	13,324
Interest income	(143)	(35)
Inventories written off	69	81
Payables written off		(35)
Property, plant and equipment written off	444	490
Operating profit before working capital changes	81,522	79,771
Change in inventories	(11,012)	(2,378)
Change in trade and other receivables	1,260	(4,022)
Change in trade and other payables	11,576	5,287
CASH FROM OPERATIONS	83,346	78,658
Income tax paid	(15,712)	(13,078)
Income tax refunded	2,390	1,941
Interest paid	(14,215)	(14,754)
Interest received	143	35
NET CASH FROM OPERATING ACTIVITIES	55,952	52,802
BALANCE CARRIED FORWARD	55,952	52,802

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2022

(the figures have not been audited)

	12 Months Ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
BALANCE BROUGHT FORWARD	55,952	52,802
CASH FLOWS FOR INVESTING ACTIVITIES		
Costs incurred on biological assets	(110)	(393)
Proceeds from disposal of property, plant and equipment	560	2,237
Purchase of property, plant and equipment	(25,231)	(15,732)
Purchase of intangible assets	-	(18)
NET CASH FOR INVESTING ACTIVITIES	(24,781)	(13,906)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid by subsidiaries to non-controlling interests	-	(181)
Change in bankers' acceptance	(2,340)	(2,211)
Change in revolving credit	(15,452)	521
Drawdown of term loans	9,003	6,070
Repayment of promissory note	(790)	(730)
Repayment of lease liabilities	(1,289)	(1,233)
Repayment of term loans	(27,553)	(25,384)
NET CASH FOR FINANCING ACTIVITIES	(38,421)	(23,148)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,250)	15,748
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,026	(722)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,776	15,026

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2022

(the figures have not been audited)

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

	12 Months Ended	
	31.12.2022 RM'000	31.12.2021 RM'000
Cash and bank balances	5,170	1,320
Deposits with licensed banks	5,420	16,611
Bank overdrafts	(2,694)	(2,785)
	<hr/>	<hr/>
	7,896	15,146
Less: Deposits pledged to licensed banks	(120)	(120)
	<hr/>	<hr/>
	7,776	15,026

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

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

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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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)

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)

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)

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 December 2021. The Court then fixed a case management on 21 December 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 March 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 May 2022. The Court then fixed case management on 01 June 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 May 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 September 2022. The Applicant request for the Interim stay previously granted to be extended until 5 September 2022. Notwithstanding the Attorney General Chambers (AGC) and IRB's objections, the Court allowed interim stay until 5 September 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 December 2022 at 11.00am to 1.00pm, the Written Submissions be filed and served on/before 9 November 2022; and The Written Submissions in Reply be filed and served on 23 November 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)

A11 Changes in Contingent Liabilities or Contingent Assets (Cont’d)

On 07 December 2022, it was fixed for hearing of Enclosure 11 (Proposed Intervenor’s application to intervene) and case management for Enclosure 1 (Judicial Review Application). The Applicant submitted that the court has a discretion whether or not to allow the application to intervene and the application to intervene should be made at the substantive stage. The Proposed Intervenor submitted that no ground of decision does not mean principle of stare decisis does not apply. Based on the stare decisis principle, the High Court are bound by the Court of Appeal decision in Puncak Niaga Construction Sdn Bhd and Desaru Property Development Sdn Bhd. The court directed the parties to attend decision fixed on 16 February 2023 at 9am, the Proposed Intervenor to file written submission on/before 7 January 2023, and the Applicant to file written submission in reply on/before 21 January 2023. The interim stay previously granted by Court until the disposal of the leave hearing remains valid.

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 31 December 2022 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	1,738

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 12 Months Ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Consultancy fees paid	3	41	8	84
Interest paid	187	172	762	831
Purchase of fertilisers and chemicals	-	8	25	80
Purchase of FFB	7,979	9,204	35,405	22,100
Purchase of Seedlings	-	136	-	361
Purchase of property, plant and equipment	2	10	250	998
Purchase of stores and consumables	474	777	1,994	2,697
Rental paid	15	19	82	426
Repairs and maintenance	22	68	80	154
Transportation and accommodation charges	34	2	65	10
Utilities, insurance, and sundry expenses	11	54	17	169
Rental received	17	7	89	36
Sale of crude palm oil	34,808	38,003	128,570	107,733
Sale of Palm Kernel	3,379	4,256	13,057	8,391
Sale of FFB	9,925	798	53,263	19,602
Sale of Empty Bunch Ash	-	16	14	16
Sale of fertilizers and chemicals	-	-	141	-
Sale of property, plant and equipment	165	5	165	9
Sale of stores and consumables	1,058	24	1,186	96
Transportation and handling income	464	365	1,314	1,186
Utilities, insurance, and sundry income	3	9	12	68


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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 12 Months Ended		Changes (%)
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	154,174	166,130	-7.2%	675,946	541,502	24.8%
Gross profit	9,133	14,644	-37.6%	59,541	54,650	8.9%
(Loss)/Profit before interest and taxation	(356)	2,633	-113.5%	18,688	16,233	15.1%
(Loss)/Profit before taxation	(4,055)	(912)	-344.6%	5,739	2,909	97.3%
Loss after taxation	(6,303)	(4,385)	-43.7%	(5,629)	(6,977)	19.3%
Loss attributable to owners of the Company	(3,217)	(2,608)	-23.4%	(356)	(6,532)	94.5%
EBITDA	16,232	28,841	-43.7%	84,937	82,894	2.5%

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 12 Months Ended		Changes (%)
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
Production volume (MT)						
FFB	62,101	52,258	18.8%	211,681	192,732	9.8%
CPO	32,778	28,393	15.4%	111,756	103,126	8.4%
PK	7,456	6,165	20.9%	24,512	22,109	10.9%
Sales volume (MT)						
CPO	32,891	28,880	13.9%	110,607	103,527	6.8%
PK	7,067	6,382	10.7%	23,812	22,359	6.5%
Average selling price (RM per MT)						
FFB	670	1,013	-33.9%	927	854	8.5%
CPO	3,815	5,025	-24.1%	4,885	4,278	14.2%
PK	1,958	3,456	-43.4%	2,815	2,679	5.1%

3 Months Ended 31.12.2022 vs 31.12.2021

The Group recorded revenue of RM154.2 million and gross profit of RM9.1 million in the current quarter as compared to corresponding period with revenue of RM166.1 million and gross profit of RM14.6 million. The shrinking of revenue and gross profit mainly due to decrease in average selling price on CPO, FFB and PK by 24.1%, 33.9% and 43.4% to RM3,815, RM670 and RM1,958 respectively.



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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 (Cont'd)

12 Months Ended 31.12.2022 vs 31.12.2021

The Group reported a total revenue of RM675.9 million which contributed 24.8% higher than corresponding period in 2021. Overall FFB, CPO and PK production achieved 9.8%, 8.4% and 10.9% higher to 211,681MT, 111,756MT and 24,512MT respectively. Besides that, the average selling price for FFB, CPO and PK have increased by 8.5%, 14.2% & 5.1% to RM927, RM4,885 and RM2,815 compared to 2021.

The gross profit has reflected the impact on favourable average selling price concluded with RM59.5 million together with plantation costs being monitored and further rationalised for cumulative quarter in 2022.

The profit before tax increased by 97.3% from RM2.9 million to RM5.7 million which in line with the effort on rationalising plantation and administration costs, followed with lower loss after taxation by 19.3% from RM7.0 million to RM5.6 million for cumulative quarter in 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)

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 (%)
	31.12.2022	30.09.2022	
	RM'000	RM'000	
Revenue	154,174	149,430	3.2%
Gross profit	9,133	3,912	133.5%
Loss before interest and taxation	(356)	(7,486)	95.2%
Loss before taxation	(4,055)	(10,761)	62.3%
Loss after taxation	(6,303)	(13,086)	51.8%
Loss attributable to owners of the Company	(3,217)	(10,661)	69.8%
EBITDA	16,232	9,080	78.8%

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	31.12.2022	30.09.2022	
Production volume (MT)			
FFB	62,101	59,359	4.6%
CPO	32,778	31,063	5.5%
PK	7,456	6,718	11.0%
Sales volume (MT)			
CPO	32,891	29,965	9.8%
PK	7,067	6,764	4.5%
Average selling price (RM per MT)			
FFB	670	717	-6.6%
CPO	3,815	3,948	-3.4%
PK	1,958	2,272	-13.8%

3 Months Ended 31.12.2022 vs 30.09.2022

The Group's revenue, gross profit and EBITA have increased by 3.2%, 133.5% and 78.8% to RM154.2 million, RM9.1 million and RM16.2 million respectively as compared to immediate preceding quarter. It was mainly due to production volume for FFB, CPO and PK have increased by 4.6%, 5.5% and 11.0% to 62,101MT, 32,778MT and 7,456MT respectively as compared to 30 September 2022.

Other than that, the average selling price for FFB, CPO and PK have decreased by 6.6%, 3.4% and 13.8% to RM670, RM3,815 and RM1,958 respectively as compared to 30 September 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)

B3 Commentary on Prospects

The spot CPO prices fell 11% from RM4,165 per tonne on 3 January 2023 to RM3,691 per tonne on 2 February 2023 amid concerns over a possible slowdown in imports of edible oils by India in the coming months due to high vegetable oil stocks in the country. We are of the view that the downside to the CPO price may be limited in the near term as Indonesia announced on 6 February 2023 that it may suspend some palm oil export permits to secure domestic supply amid rising cooking oil prices ahead of the Lebaran festival.

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 for the next financial year.

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)

B5 Income Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Tax expense for the year:				
Current tax	578	3,424	13,073	11,281
Deferred tax	1,670	49	(1,705)	(1,395)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,248	3,473	11,368	9,886
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B6 Corporate Proposals

There were no corporate proposals announced but not completed as at 10 February 2023, 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 31.12.2022 (RM'000)			As at 31.12.2021 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured:-						
Bank overdrafts	2,694	-	2,694	-	-	-
Bankers' acceptance	15,927	-	15,927	10,127	-	10,127
Lease liabilities	1,229	4,494	5,723	1,290	5,724	7,014
Revolving credit	126,126	-	126,126	132,578	-	132,578
Term loans	30,204	133,790	163,994	26,408	155,225	181,633
Loans	300	20,380	20,680	190	20,680	20,870
	176,480	158,664	335,144	170,593	181,629	352,222
Unsecured:-						
Bank overdrafts	-	-	-	2,785	-	2,785
Bankers' acceptance	5,430	-	5,430	13,570	-	13,570
Loans	1,750	3,109	4,859	2,910	3,460	6,370
Revolving credit	4,000	-	4,000	13,000	-	13,000
	11,180	3,109	14,289	32,265	3,460	35,725
Total Borrowings	187,660	161,773	349,433	202,858	185,089	387,947

- a) The bankers' acceptance and revolving credit bore interest ranging from 3.4% to 6.3% per annum.
b) The term loans bore interest ranging from 2.9% to 5% per annum.
c) The bank overdraft is bearing interest ranging from 6.8% to 7.9% 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)

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 10 February 2023 being the latest practicable date.

B9 Dividends

No interim dividend has been declared for the period ending 31 December 2022.

B10 Loss Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Loss attributable to the Company (RM'000)	(3,217)	(2,608)	(356)	(6,532)
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 31 December	2,041,722	2,041,722	2,041,722	2,041,722
Basic loss per share (sen)	(0.16)	(0.13)	(0.02)	(0.32)

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 Before Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Allowance for stock obsolescence no longer required	(1)	-	(11)	(8)
Amortisation of intangible assets	4	4	15	178
Audit fee:-				
- current financial year	394	370	394	370
- (over)/under provision in the previous year	(2)	(3)	(2)	(3)
Bad debts written off	-	(1)	64	22
Biological assets written off	2,070	-	2,826	253
Changes in fair value of other investment	-	-	(3,357)	-
Changes in fair value of biological assets	232	(756)	1,709	(2,032)
Depreciation of property, plant and equipment	16,584	26,204	66,234	66,483
Directors' remuneration	120	927	450	1,299
Finance costs	3,699	3,545	12,949	13,324
Gain on disposal of property, plant and equipment	(91)	(233)	(91)	(241)
Impairment losses on:-				
- property, plant and equipment	5,723	-	5,723	-
- goodwill	-	2,198	-	2,198
- trade and other receivables	53	473	53	473
Impairment losses no longer required:-				
- property, plant and equipment	(10,249)	(4,193)	(10,249)	(4,193)
- trade and other receivables	(452)	(96)	(452)	(96)
Interest income	(23)	(25)	(143)	(35)
Inventories written off	-	81	69	81
Property, plant and equipment written off	313	42	444	490
Rental income	(26)	(56)	(136)	(138)
Rental on equipment	14	25	44	48
Rental on premises	376	21	1,538	437
Staff costs:-				
- short-term employee benefits	7,608	5,802	30,663	26,603
- defined contribution plan	758	664	3,208	2,911



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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)

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 12-month period ended 31 December 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 31 December 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 24 February 2023.