

**RIMBUNAN SAWIT BERHAD**

[Registration No: 200501014346(691393-U)]

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

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Interim Financial StatementsFor the 4th Quarter Ended 31 December 2025

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive IncomeFor the 4th Quarter Ended 31 December 2025*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
REVENUE	184,029	185,352	657,647	544,494
COST OF SALES	(153,480)	(168,122)	(571,758)	(498,470)
GROSS PROFIT	30,549	17,230	85,889	46,024
OTHER INCOME	2,173	9,671	7,072	51,915
DISTRIBUTION COSTS	(7,455)	(7,471)	(28,247)	(23,342)
ADMINISTRATIVE AND OTHER EXPENSES	(22,150)	(15,136)	(37,924)	(31,811)
FINANCE COSTS	(3,060)	(2,401)	(10,203)	(11,175)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	-	24	-	24
PROFIT BEFORE TAXATION	57	1,917	16,587	31,635
INCOME TAX EXPENSES	(8,278)	(1,830)	(14,963)	(7,195)
(LOSS)/PROFIT AFTER TAXATION	(8,221)	87	1,624	24,440
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(8,221)	87	1,624	24,440

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 4th Quarter Ended 31 December 2025*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 12-month Period Ended	
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(7,126)	1,972	(444)	28,553
- Non-controlling interests	(1,095)	(1,885)	2,068	(4,113)
	<u>(8,221)</u>	<u>87</u>	<u>1,624</u>	<u>24,440</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(7,126)	1,972	(444)	28,553
- Non-controlling interests	(1,095)	(1,885)	2,068	(4,113)
	<u>(8,221)</u>	<u>87</u>	<u>1,624</u>	<u>24,440</u>
(LOSS)/PROFIT PER SHARE (SEN):-				
- Basic	(0.35)	0.10	(0.02)	1.40
- 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 2024 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 2025

(the figures have not been audited)

	As at 31.12.2025	As at 31.12.2024
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	667,223	661,571
Intangible assets	18	21
Goodwill	5,130	5,130
	<hr/>	<hr/>
	672,371	666,722
CURRENT ASSETS		
Inventories	23,749	19,913
Biological assets	4,808	6,006
Trade receivables	10,948	17,336
Other receivables, deposits and prepayments	9,249	13,897
Current tax assets	1,918	2,446
Deposits with licensed banks	11,000	21,500
Cash and bank balances	33,714	5,925
	<hr/>	<hr/>
	95,386	87,023
TOTAL ASSETS	<hr/> 767,757	<hr/> 753,745

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 December 2025

(the figures have not been audited)

	As at 31.12.2025	As at 31.12.2024
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	391,510	391,510
Retained profit	10,738	44,886
	<hr/>	<hr/>
Equity attributable to owners of the Company	402,248	436,396
Non-controlling interests	(25,102)	(55,324)
	<hr/>	<hr/>
TOTAL EQUITY	377,146	381,072
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Borrowings	147,504	120,543
Deferred tax liabilities	28,221	28,744
	<hr/>	<hr/>
	175,725	149,287
	<hr/>	<hr/>
CURRENT LIABILITIES		
Trade payables	49,874	71,201
Other payables, deposits and accruals	33,185	36,558
Borrowings: -		
- bank overdrafts	723	-
- other borrowings	125,117	111,698
Current tax liabilities	5,987	3,929
	<hr/>	<hr/>
	214,886	223,386
	<hr/>	<hr/>
TOTAL LIABILITIES	390,611	372,673
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	767,757	753,745
	<hr/>	<hr/>
NET ASSETS PER SHARE (RM)	0.18	0.19

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024 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 2025

(the figures have not been audited)

	< ----- Non-distributable ----- >					
	Share Capital					
	Ordinary Shares RM'000	Merger Reserve RM'000	Accumulated Profit/(Loss) RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2025	391,510	(53,065)	97,951	436,396	(55,324)	381,072
Profit after taxation/Total comprehensive (loss)/income for the period	-	-	(444)	(444)	2,068	1,624
Dividend paid	-	-	-	-	(4,350)	(4,350)
Acquired additional shares from NCI	-	-	(33,704)	(33,704)	32,504	(1,200)
Balance at 31.12.2025	391,510	(53,065)	63,803	402,248	(25,102)	377,146

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

For the Twelve Months Ended 31 December 2025

(the figures have not been audited)

	< ----- Non-distributable ----- >					
	Share Capital			Attributable to	Non-	Total
	Ordinary	Merger	Accumulated	Owners of	controlling	Equity
	Shares	Reserve	Profit/(Loss)	the Company	Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2024	391,510	(53,065)	69,398	407,843	(44,911)	362,932
Profit/(Loss) after taxation/Total comprehensive income for the period	-	-	28,553	28,553	(4,113)	24,440
Dividend paid	-	-	-	-	(6,300)	(6,300)
Balance at 31.12.2024	<u>391,510</u>	<u>(53,065)</u>	<u>97,951</u>	<u>436,396</u>	<u>(55,324)</u>	<u>381,072</u>

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 2024 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 2025

(the figures have not been audited)

	12 Months Ended	
	31.12.2025 RM'000	31.12.2024 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	16,587	31,635
Adjustments for: -		
Amortisation of intangible assets	5	4
Bad debts written off	219	245
Biological assets written off	9,304	-
Change in fair value of biological assets	1,198	(2,482)
Depreciation of property, plant and equipment	67,948	64,483
Gain on derecognition of lease contract	(278)	(15)
(Gain)/loss on disposal of :-		
- assets classified as held for sale	-	(41,446)
- intangible assets	-	1
- property, plant and equipment	(295)	(1,598)
- other investment	-	2,590
Impairment losses on receivables	114	-
Impairment losses no longer required:-		
-trade and other receivables	(449)	(25)
Loss on winding up of Subsidiaries	240	-
Interest expense	10,203	11,175
Interest income	(450)	(101)
Inventories written off	2,887	4,827
Inventories adjustment	(2)	-
Property, plant and equipment written off	10,182	2,248
Operating profit before working capital changes	117,413	71,541
Change in inventories	(6,721)	(6,100)
Change in trade and other receivables	10,817	(10,633)
Change in trade and other payables	(24,700)	(5,813)
CASH FROM OPERATIONS	96,809	48,995
Income tax paid	(15,523)	(11,856)
Income tax refunded	2,388	31
Interest paid	(4,109)	(5,848)
Interest received	450	101
NET CASH FROM OPERATING ACTIVITIES	80,015	31,423
BALANCE CARRIED FORWARD	80,015	31,423



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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2025

(the figures have not been audited)

	12 Months Ended	
	31.12.2025 RM'000	31.12.2024 RM'000
BALANCE BROUGHT FORWARD	80,015	31,423
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Costs incurred on biological assets	(4,627)	(18,713)
Disposal of subsidiaries, net of cash and cash equivalents disposal of	(17)	-
Decrease in pledged deposits with licensed banks	-	120
Proceeds from disposal of assets classified as held for sale	-	165,000
Proceeds for disposal :-		
- intangible asset	-	8
- other investment	-	2,410
- property, plant and equipment	5,448	5,422
Acquisition of non-controlling interests	(1,200)	-
Purchase of intangible asset	(1)	(25)
Purchase of property, plant and equipment	(71,718)	(29,674)
NET CASH FROM/(FOR) INVESTING ACTIVITIES	(72,115)	124,548
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividend paid by subsidiaries to non-controlling interests	(4,350)	(6,300)
Change in bankers' acceptance	1,217	(7,969)
Change in revolving credit	2,792	(61,783)
Payment of interest on long-term borrowings	(7,326)	(7,456)
Drawdown of hire purchases	4,216	8,450
Payment of hire purchases	(5,193)	(2,219)
Drawdown of term loans	51,913	36,665
Repayment of lease liabilities	(5,593)	(2,638)
Payment of interest on lease liabilities	(1,126)	(422)
Payment of interest on hire purchases	(635)	(362)
Repayment of secured loans	-	(20,380)
Repayment of unsecured loans	(600)	(1,560)
Repayment of term loans	(26,650)	(65,230)
NET CASH FOR FINANCING ACTIVITIES	8,665	(131,204)
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,565	24,767
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	27,426	2,658
CASH AND CASH EQUIVALENTS AT END OF PERIOD	43,991	27,425

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Twelve Months Ended 31 December 2025

(the figures have not been audited)

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

	12 Months Ended	
	31.12.2025 RM'000	31.12.2024 RM'000
Cash and bank balances	33,714	5,925
Deposits with licensed banks	11,000	21,620
Bank overdrafts	(723)	-
	<hr/>	<hr/>
	43,991	27,545
Less: Deposits pledged to licensed banks	-	(120)
	<hr/>	<hr/>
	43,991	27,425
	<hr/>	<hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024 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 2024. 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 2024.

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)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

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 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
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 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

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

Timrest Sdn. Bhd.

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 (**WA-25-22-01/2021**) 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 (**WA-25-22-01/2021**) 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). 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 (**WA-25-22-01/2021**) on 18 November 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



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

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

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 (**WA-25-22-01/2021**) 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 22 November 2021, it was fixed for case mention (**MOF.PKCP.700-7/1/1486-1593**). The Appellant requested from Court for directions on the filing of cause papers. The Court fixed the next mention date on 7 February 2022 for parties to file the agreed cause papers.

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 (**WA-25-22-01/2021**) 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 7 February 2022, it is fixed for mention (**MOF.PKCP.700-7/1/1486-1593**). The Appellant has sent the draft cause papers to the Respondent. The Respondent requested for time to peruse the draft cause papers. The Court instructed parties to file cause papers and attend the next mention on 5 April 2022.

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 (**WA-25-22-01/2021**) 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 5 April 2022, it is fixed for mention (**MOF.PKCP.700-7/1/1486-1593**). The Appellant informed the court that the draft cause papers are still pending review and return from the Respondent. The Respondent requested for time to peruse the draft cause papers. The Court instructed parties to file cause papers and attend the next mention on 9 May 2022.

On 9 May 2022, it is fixed for mention (**MOF.PKCP.700-7/1/1486-1593**). The Appellant informed the court that the draft cause papers are still pending review and return from the Respondent. The Respondent requested for more time to peruse the draft cause papers. The Court instructed parties to file cause papers and attend the next mention on 12 July 2022.

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

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

On 01 June 2022, it was fixed for case management (**WA-25-22-01/2021**) 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 appeal ability 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 12 July 2022, it is fixed for mention (**MOF.PKCP.700-7/1/1486-1593**). The Appellant informed the court that the draft cause papers are still pending review and return from the Respondent. The Respondent requested for more time to revert on the draft cause papers. The Court instructed parties to file cause papers and attend the next mention on 13 September 2022.

On 05 September 2022, due to a conflict of hearings, the Court vacated the hearing (**WA-25-22-01/2021**) and directed the intervenor 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.

On 13 September 2022, it was fixed for mention (**MOF.PKCP.700-7/1/1486-1593**) to update the Court on the status of filing of cause papers. The Appellant's counsel informed the court that the Respondent's counsel reverted with their comments on the draft cause papers on 12.9.2022 and subsequently requested more time to review. In that regard, the Court directed parties to attend the next mention on 15 November 2022 to file cause papers.

On 15 November 2022, it was fixed for mention (**MOF.PKCP.700-7/1/1486-1593**) to update the Court on the status of filing of cause papers. The Appellant informed the court that the amended cause papers were only received from the Respondent on 14 November 2022. In that regard, the Court directed parties to attend the next mention on 17 January 2023 to file cause papers.

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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 (**WA-25-22-01/2021**) 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 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.

On 17 January 2023, it was fixed for mention (**MOF.PKCP.700-7/1/1486-1593**) to update the court on the status of cause papers and to fix hearing dates. The Appellant informed the court that all cause papers have been filed. The Court fixed the trial date on 1 July 2024 to 2 July 2024 and instructed the parties to file witness statement 2 weeks before the trial.

On 16 February 2023, it was fixed for decision (**WA-25-22-01/2021**) in relation to the IRB’s Application to Intervene. The Court allowed the IRB’s Application to intervene with an order of cost in the cause. The Court directed parties to attend case management via e-review on 28 March 2023 before the Deputy Registrar to fix leave hearing date. Interim stay was granted in the year 2021 until disposal of leave.

On 28 March 2023, it was fixed for case management (**WA-25-22-01/2021**) in Enclosure 1 to fix leave hearing date. The Court directed parties to attend leave hearing physically fixed on 21 September 2023, from 10am to 11.30am; to file written submission simultaneously on/before 24 August 2023; to file written submission in reply simultaneously on/before 7 September 2023; and parties must bring the hardcopy of the written submission(s) on the leave hearing date. Interim stay was granted on 3 June 2021 until disposal of judicial review application.

On 21 September 2023, it was fixed for hearing (**WA-25-22-01/2021**) in Enclosure 1. The Applicant’s counsel informed the Court that the Applicant wishes to rely on the written submissions and the oral submission presented to the Court during the leave hearing for Symphony Hills and Puncak Niaga Management on 18 September 2023 in order to save court’s time. The Attorney General Chambers (AGC) informed the Court that they wish also to rely on their written submissions and emphasised that the AGC’s objection to the Applicant’s leave application remains the same. The Intervener took the same position. The Court took note of the above and instructed parties to attend leave decision in Enclosure 1 on 24 October 2023 via zoom. Interim stay was granted on 3 June 2021 until disposal of judicial review application.

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

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

On 24 October 2023, it was initially fixed for Decision **(WA-25-22-01/2021)** in Enclosure 1. However, in view of 5 other cases which involve similar issues with the present matter, the Court took the view that it is appropriate to adjourn the Decision fixed on this day to the date of decision fixed for the 5 other cases, i.e. 27 November 2023. The Court will be pronouncing decisions for all 6 cases on 27 November 2023 simultaneously. The Court instructed parties to attend decision physically on 27 November 2023 at 9 am. Interim stay was granted on 3 June 2021 until disposal of judicial review application.

On 27 November 2023, it was fixed for the leave decision **(WA-25-22-01/2021)** in Enclosure 1. Upon reading all parties’ written submissions and hearing parties’ oral submissions, the Court found that the Applicant’s leave application does not have merit and dismissed the Applicant’s leave application with costs where the Applicant is required to pay RM2,500.00 to the AGC and DGIR respectively without subjecting to allocator fee. The Applicant’s counsel then requested an interim stay to be granted pending the appeal to the Court of Appeal. The Federal Counsel objected to the interim stay application as no formal application had been filed. The Senior Revenue counsel objected to the interim stay application as no formal application had been filed and there are no special circumstances warranting the granting of interim stay. In this regard, the Court instructed parties to file a formal stay application before the High Court. Further, the Court granted an interim stay pending the filing of notice of appeal to the Court of Appeal and the notice of application for stay within 30 days. In the event the stay application is not filed within 30 days from today, the stay will lapse. RDS Advocates and Solicitors would suggest for the Company to file an appeal in light of the cases where leave has been granted by the High Court (eg: CMMT Investment Limited Sdn Bhd v MOF and Bandar Baru Majidee Development v MOF) and to file a formal stay application before the High Court in order to preserve the status quo.

On 28 November 2023, the Notice of Appeal has been filed and served to the relevant parties on 29 November 2023. The Court of Appeal has fixed the first case management **(W-01(IM)-641-12/2023)** on 26 February 2024.

On 19 December 2023, it was fixed for Case Management **(WA-25-22-01/2021)** for Enclosure 69 (The Applicant’s Application for Stay of Proceedings). Both Attorney General Chambers (AGC) and the Intervenor informed the Court that they object to the Applicant’s Application for Stay of Proceedings. In this regard, the Court has given the following instructions that AGC/Intervenor to file its AIR (Afidavit Jawapan) on/before 5 January 2024; the Applicant to file its AIR (Afidavit Balasan) on/before 19 January 2024; and parties to attend Case Management via e-review to update on the status of the affidavits on 23 January 2024.

On 23 January 2024, it was fixed for Case Management **(WA-25-22-01/2021)** for Enclosure 69 (The Applicant’s Application for Stay of Proceedings). The Applicant’s counsel informed the Court that the parties have exhausted their affidavits. In this regard, the Court has given the following instructions that parties to attend physical hearing for Enclosure 69 before YA Dato’ Ahmad Kamal bin Md. Shahid on 11 June 2024, 10am to 11am; parties to file and serve written submission simultaneously on/before 17 May 2024; and parties to file and serve written submission in reply simultaneously on/before 31 May 2024.

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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 26 February 2024, it was fixed for CM **(W-01(IM)-641-12/2023)** for Enclosure 1 (Appeal to the Court of Appeal). The Appellant's counsel informed the Court that the Record of Appeal, exclusive of the Grounds of Judgment and the Notes of Proceeding have been duly filed. The Court directed the parties to attend case management on 13 May 2024 to update the status of filing of the Supplementary Record of Appeal, which is inclusive of the Grounds of Judgment and the Notes of Proceeding.

On 20 March 2024, it was fixed for the CM **(WA-25-22-01/2021)** for Enclosure 69 (The Applicant's Application for Stay of Proceedings) to reschedule the hearing date previously fixed for 11 June 2024 due to the court's vacation. Upon discussion between parties, the Court has given the following instructions that parties to attend the hearing for Enclosure 69 before YA Dato' Ahmad Kamal bin Md. Shahid via Zoom on 27 June 2024, 10 – 11 am, parties to file and serve written submissions (BM/BI) in the form of PDFs simultaneously on/before 31 May 2024; and parties to file and serve written submissions in reply (BM/BI) in the form of PDFs simultaneously on/before 14 June 2024.

On 13 May 2024, it was fixed for CM **(W-01(IM)-641-12/2023)** for Enclosure 1 (Appeal to the Court of Appeal). The Appellant's Counsel informed the Court that the supplementary Record of Appeal, inclusive of the Grounds of Judgment and Notes of Proceedings, was filed in Enclosure 12 on 8 March 2024. In light of similar appeals filed to the Court of Appeal, wherein YA Dato' Ahmad Kamal dismissed the leave application by the taxpayers to commence judicial review, the Court has directed parties to attend case management on 30 May 2024 to confirm if the appeals are to be fixed for the same hearing date, and also to update the status of the appeals.

On 30 May 2024, it was fixed for CM **(W-01(IM)-641-12/2023)** for Enclosure 1 (Appeal to the Court of Appeal). The Appellant's Counsel informed the Court that the Record of Appeal, inclusive of the Grounds of Judgment and the Notes of Proceedings, has not been filed. The Appellant's Counsel forwarded the draft Notes of Proceedings to the AGC, but there has been no response as of today. The Court took note of the above and directed the parties to attend case management on 12 September 2024 for the purposes of coordinating the related appeals, in view of the date of decision for tax appeals which has been fixed for 6 September 2024.

On 11 June 2024, it was fixed for mention **(MOF.PKCP.700-7/1/1486-1593)**. The SCIT vacated the trial initially fixed for 1 July 2024 and 2 July 2024 without providing any reasons. The SCIT then directed the trial has been rescheduled to 21 August 2024 and 22 August 2024, 9.30am at MOF Putrajaya; and parties to file witness statement 2 weeks before the trial.

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

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

On 27 June 2024, it was fixed for the hearing of the stay application in Enclosure 69 (The Applicant’s Application for Stay of Proceedings) **(WA-25-22-01/2021)**. The Applicant’s counsel informed the Court that the leave to commence judicial review was dismissed, and the decision for the appeal before the Court of Appeal on similar matters was fixed for 6 September 2024. Hence, the Applicant’s counsel requested to have the stay application heard after the Court of Appeal’s decision on similar matters. In response, the Intervener highlighted the “pay first, talk later” regime in Malaysia and requested the Applicant to propose a tax instalment payment plan pending the decision from the Court of Appeal. The Court acknowledged the above and instructed the parties to attend case management on 11 September 2024 and update the Court on the decision of the Court of Appeal and the proposed tax instalment plan.

On 21 August 2024, it was fixed for the trial **(MOF.PKCP.700-7/1/1486-1593)**. The Appellant’s 1st and 2nd witnesses completed examination-in-chief (EIC), cross-examination and re-examination. While the Appellant’s 3rd witness completed his examination-in-chief. The matter is adjourned to the next day at 9 am.

On 22 August 2024, it was fixed for the trial **(MOF.PKCP.700-7/1/1486-1593)**. The Appellant’s 3rd witness completed his cross-examination and re-examination. The Respondent’s witness completed its examination-in-chief, cross-examination, and re-examination. The Court instructed the Appellant to file written submission on 23 September 2024; the Respondent to file written submission on 21 October 2024; the Appellant to file written submission in reply on 28 October 2024; parties to attend clarification on 14 November 2024 (afternoon); and parties to attend decision on 29 November 2024 (morning).

Additionally, the IRB conceded the following issues:

- (i) Issue 1 – Time Bar
- (ii) Issue 3 – Agricultural Allowance
- (iii) Issues 4 & 5 – Deductibility of Charter Fees & Invocation of Section 140 of the ITA
- (iv) Issue 6 – Penalty for the YAs 2010 to 2016

The only issue in dispute is Issue 2, concerning the taxability of gains arising from the disposal of agricultural rights at the Simunjan Estate, and its corresponding penalty for the YA 2017.

On 6 September 2024, it was fixed for case management **(W-01(IM)-641-12/2023)** for Enclosure 1 (Appeal to the Court of Appeal). The Court directed the parties to attend case management on 27 November 2024 while pending the decision of bulk leave appeal before the Court of Appeal.

On 11 September 2024, it was fixed for case management **(WA-25-22-01/2021)** to update the status of the COA Appeal. The Applicant’s counsel informed the Court that the next CM for the appeal before the Court of Appeal was fixed for 12 September 2024 and the parties agreed to have the stay application heard after the decision from the Court of Appeal on similar matters. The Applicant’s counsel also informed the court that the Applicant had requested a meeting to discuss tax instalment plan via a letter dated 11 July 2024 and we are now awaiting a reply. The Intervenor confirmed the same and informed the court that this is pending approval from the superior. The Court took note of the above and instructed the parties to attend case management on 23 September 2024 and update the Court on the decision of the Court of Appeal as well as the tax instalment plan.

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

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

On 23 September 2024, it was fixed for CM **(WA-25-22-01/2021)** to update the Court on the status of the COA Appeal and the instalment proposal. The Applicant’s counsel informed the Court the Applicant submitted a request for a discussion for the instalment plan with the Intervenor on 11 July 2024. However, there has been no response from the Intervenor. The Applicant’s counsel further requested three months from the Court to update the Court on the status of the appeal before the Court of Appeal and the outcome of the discussion between the parties. The Court noted the above and instructed the following:

- (a) The written submissions for the stay application are complete. The parties agree that the stay application will be adjourned until the disposal of the Applicant’s appeal at the Court of Appeal, which was fixed for 25 November 2024;
- (b) Parties are to attend case management via e-review to update the Court on the status of the COA appeal and the discussion on 17 December 2024.

On 28 October 2024, the Respondent has served their written submission on 26 October 2024. As a result of this delay, the SCIT **(MOF.PKCP.700-7/1/1486-1593)** has granted new dates for the following:

- (a) Appellant file written submission: 15 November 2024
- (b) Clarification: 29 November 2024
- (c) Decision: 20 December 2024

On 27 November 2024, it was fixed for CM **(W-01(IM)-641-12/2023)** for Enclosure 1 (Appeal to the Court of Appeal). The Appellant informed the Court that the decision for bulk leave appeal has been rescheduled to 19 December 2024. The Court took note and directed the parties to attend CM on 3 January 2025 to get further instructions.

On 27 November 2024, it was fixed for clarification **(MOF.PKCP.700-7/1/1486-1593)**. The Appellant’s counsel submitted the following:

- (a) The subject matter of the disposal in the present matter was agricultural rights, not the Simunjan Estate. There was no SPA nor MOT indicating any transfer of land. Moreover, the Simunjan Estate is not a titled land, meaning the Appellant could not have owned or disposed of the estate. During cross-examination, RW1 admitted that the Appellant disposed of the Agricultural Rights rather than Simunjan Estate;
- (b) Reference was made to two similar precedents involving transfer of rights:
 - (i) SE Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri: The SCIT ruled that the gains from the transfer of rights were capital in nature and subject to RPGT
 - (ii) Keysight Technologies Malaysia Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri: The Court of Appeal held that gains arising from the disposal of IP rights, which were treated as intangible assets, were capital in nature and not subject to income tax;
- (c) The Court of Appeal decision in Kind Action Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri was cited. The issue of double taxation arose when the Respondent issued Form JA despite the prior issuance of Form K under the Real Property Gains Tax Act 1976 (“RPGTA”). The Appellant’s counsel highlighted that the Federal Court recently dismissed the Inland Revenue Board’s appeal, thereby upholding the Court of Appeal’s decision;

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

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

(d) Form JA should have been raised for the YA 2018, not the YA 2017, as the condition precedent was only completed in 2018; and

(e) There are no badges of trade evident in the present appeal.

In response, the Respondent's counsel argued that:

(a) The Appellant disposed of the Simunjan Estate granted under LPF/0035. Reference was made to the consideration of RM150 million stated in both Form CKHT 1A and the Agreement between RSB and the Appellant;

(b) There was no double taxation since the Respondent had issued Form KR to the Appellant earlier;

(c) The Respondent sought to distinguish the cited precedents:

(i) In SE Sdn Bhd, the income involved rental income from fixed assets, whereas the present case involves business income from the sale of fresh fruit bunches from the Simunjan Estate;

(ii) In Keysight, there was no alteration to the IP, and no time-bar issue was raised, making it materially different from the present appeal.

(d) There were badges of trade in the present matter, including an intention to trade and a short holding period.

(e) There were badges of trade in the present matter, including an intention to trade, alteration and developments on the Simunjan Estate, and a short holding period.

The Appellant's counsel rebutted that the Agricultural Rights were disposed of due to extenuating financial distress. Furthermore, it was clarified that the disposal of the Agricultural Rights to RSB and the subsequent disposal by RSB to Tiasa Mesra was a back-to-back transaction.

The Court instructed the parties to attend the decision on 10 January 2025.

On 17 December 2024, it was fixed for case management (**WA-25-22-01/2021**) to update the status of the COA Appeal. The Applicant's counsel informed the Court that the next Case Management for the appeal before the Court of Appeal was fixed for 19 December 2024. The Court instructed the parties to attend case management via e-review on 9 January 2025 to update the Court on the decision of the Court of Appeal.

On 19 December 2024, it was fixed for Case Management (**W-01(IM)-641-12/2023**) for Enclosure 1 (Appeal to the Court of Appeal). The parties informed the Court that the COA had ruled in favour of the taxpayers for the bulk leave appeal and granted leave for Judicial Review on 19 December 2024. The parties also informed the Court that the AGC may file a motion for leave to appeal against the said decision. The Court took note and directed the parties to attend CM on 6 February 2025 to update status of the AGC's appeal to the Federal Court.

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

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

On 9 January 2025, it was fixed for CM **(WA-25-22-01/2021)** to update the Court on the status of the COA Appeal. The Applicant's counsel informed the Court that the Court of Appeal dismissed the AGC's appeal against the High Court's decision in granting leave to commence judicial review. By consent, it was agreed by the parties that:

- i. the substantive hearing of all the judicial review applications in the High Court be stayed pending the filing of leave application in the Federal Court by the Attorney General Chambers; and
- ii. the disposal of such leave application e-filed, and if such application is not filed within the time period stipulated then the stay herein lapsed and the substantive hearing of judicial review will proceed in the High Court.

The Court noted the above and instructed the parties to proceed with the stay application instead.

In this regard, the Court gave the following instructions:

- i. To attend physical hearing on 9 July 2025, 10am;
- ii. To file written submission in PDF copyable format on or before 6 June 2025 and serve it on the same day;
- iii. To file written submission in reply in PDF copyable format on or before 27 June 2025 and serve it on the same day;
- iv. Parties must bring physical copy of the written submissions for the purpose of the hearing;
- v. Any application to change the submission date must be made in writing and filed to EFS system to obtain the Court's permission. The application letter should copy all other parties, including their email addresses, and indicate whether the parties agree or disagree with the application.

On 10 January 2025, it was fixed for Decision **(MOF.PKCP.700-7/1/1486-1593)**.

The judgment delivered by the Court was as follows:

- (a) Several issues were withdrawn during the trial, i.e., the eligibility for agricultural allowance, the deductibility of the charter fee, and the corresponding penalties for these issues;
- (b) The only issue that proceeded to trial was the taxability of gains arising from the disposal of agricultural rights at the Simunjan Estate for the YA 2017 under the Income Tax Act 1967 ("ITA"), along with the corresponding penalty imposed under Section 113(2) of the ITA;
- (c) Upon examining the written submissions by both parties, witness statements, and documentary evidence, the Court found:
 - (i) This issue pertained to the disposal of agricultural rights rather than property. Hence, the disposal should be considered a capital transaction, not a trading activity;
 - (ii) There was no intention to trade, as the agricultural rights were held as an investment to generate income;
 - (iii) Improvements made to the estate were functional necessities; and
 - (iv) Financial considerations warranted the disposal of agricultural rights.Based on the foregoing, the Appellant has successfully discharged its burden of proof under paragraph 13 of Schedule 5 of the ITA.

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

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

(d) As such, the Court allowed the Appellant’s appeal, and the Form JA for the YA 2017 was set aside.

On 28 January 2025, the Inland Revenue Board filed and served its notice of appeal. At this stage, no action is required from us. We will await their index for the record of appeal and seek further instructions from the Court regarding the filing of written submissions.

On 6 February 2025, it was fixed for CM **(W-01(IM)-641-12/2023)** for Enclosure 1 (Appeal to the Court of Appeal). The Applicant’s counsel informed the Court that the AGC filed a notice of motion to appeal to the Federal Court. The Court took note and directed the parties to attend CM on 15 May 2025 to update the Court on the decision of the AGC’s notice of motion to appeal to the Federal Court.

On 13 February 2025, it was fixed for the first case management **(WA-14-2-01/2025)** for IRB’s appeal. The Appellant informed the Court that the Notice of Appeal was filed on 28 January 2025. The Court took note of the above and instructed parties to attend case management via e-review on 20 March 2025 for the Appellant to update on the filing of the record of appeal.

On 20 March 2025, it was fixed for case management **(WA-14-2-01/2025)** for IRB’s appeal. The Appellant informed the Court that they have not obtained the Grounds of Judgment from the SCIT. The Court took note of the above and instructed parties to attend case management via e-review on 20 May 2025 for the Appellant to update on the filing of the supplementary record of appeal (grounds of judgment).

On 15 May 2025, the Company discontinues the following:

- (a) The judicial review application currently pending before the High Court (including the stay application) (Permohonan Semakan Kehakiman No.: WA-25-22-01/2021); and
- (b) The appeal to the Court of Appeal against the High Court’s decision to grant leave (Rayuan Sivil No.: W-01(IM)-641-12/2023).

On 20 May 2025, it was fixed for case management **(WA-14-2-01/2025)** for the IRB’s appeal. The Appellant informed the Court that they have not obtained the Grounds of Judgment from the SCIT. The Court took note of the above and instructed parties to attend case management via e-review on 21 July 2025 for the Appellant to update on the filing of the supplementary record of appeal (grounds of judgment).

On 26 May 2025, we have filed the Notices of Discontinuance at both the High Court **(WA-25-22-01/2021)** and the Court of Appeal **(W-01(IM)-641-12/2023)**. Accordingly, the judicial review application and the appeal at the Court of Appeal have been withdrawn and discontinued.

On 21 July 2025, it was fixed for case management **(WA-14-2-01/2025)** for the IRB’s appeal. The Respondent informed the Court that they have not obtained the Grounds of Judgment from the SCIT. The Court took note of the above and instructed parties to attend case management via e-review on 29 September 2025 for the Appellant to update on the filing of the supplementary record of appeal (grounds of judgment).

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

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

On 29 September 2025, it was fixed for case management (**WA-14-2-01/2025**) for the IRB's appeal. The Respondent informed the Court that they have not obtained the Grounds of Judgment from the SCIT. The Court took note of the above and instructed parties to attend case management via e-review on 23 December 2025 for the Appellant to update on the filing of the supplementary record of appeal (grounds of judgment).

On 28 October 2025, the Respondent's counsel informed the Court that they have yet to receive the Grounds of Judgment from the SCIT (**WA-14-2-01/2025**). The Appellant's counsel confirmed the Respondent's statement and informed the Court that the Appellant intends to argue one ground of appeal, namely taxability of gains arising from the disposal of Simunjan Estate, and penalty under Section 113(2) of the ITA. The Court took note of the above and directed as follows:

- (a) Parties to attend hearing on 19 August 2026 at 10 to 11am before YA Dato' Hajah Aliza binti Sulaiman (MTKL BKK1), Court M8, Level 5 (Right Wing);
- (b) Parties to file and serve written submissions simultaneously on/by 8 June 2026;
- (c) Parties to file and serve written submissions in reply simultaneously on/by 6 July 2026; and
- (d) Parties to file 1 copy of the Joint Scott Schedule (containing issues, Appellant's contentions and Respondent's contentions) on/by 27 July 2026.

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.

R. H. Plantation Sdn. Bhd.

On 15 April 2024, R. H. Plantation Sdn Bhd, a wholly-owned subsidiary of Rimbunan Sawit Berhad received a demand letter from Louis Achuk & Co. Advocates who is acting on behalf of Mr. Sangau Anak Ebaiak trading under the name and style of Undi Enterprise to demand for outstanding sum of RM3.03 million (accumulating from January 2022 until February 2024) and shortchanged payment for Oil Palm Fresh Fruit Bunches (FFB).

On 23 May 2024, Mr. Sangau Anak Ebaiak trading under the name and style of Undi Enterprise ("Plaintiff") through Louis Achuk & Co. Advocates filed a suit against R. H. Plantation Sdn Bhd ("Defendant") in Miri High Court under Suit No. **MY-22NCC-2-5/2024 (HC)**.

On 31 May 2024, a sealed copy of the Writ of Summons [Encl.1] and Statement of Claim [Encl.2] both dated 23 May 2024 was duly served on the Defendant (Miri office).

On 1 July 2024, the matter **MY-22NCC-2-5/2024 (HC)** came up for mention by way of e-review and it has been set for further mention on 1 August 2024 by way of e-review to monitor the exchange of pleadings.



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

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

On 10 July 2024, the Defendant through Sandhu Lee & Co. Advocates filed Defence [Encl.6] and a copy was served to the Plaintiff’s Advocates on the same day. On 17 July 2024, the Plaintiff through its Advocates filed and served Reply to Defence [Encl.7].

On 1 August 2024, the Court has fixed the matter for pre-trial case management before his Lordship Justice Dean Wayne Daly on 4 September 2024 at 9.00 a.m. so as to give the further directions to parties for preparation of trial.

On 4 September 2024, it was fixed for pre-trial case management and the Court has set the following directions:

- i. Bundle of Pleadings to be filed on or before 4 October 2024;
- ii. Affidavit Verifying List of Documents, Bundle of Documents, Statement of Agreed Facts and Issues to be Tried respectively to be filed on or before 19 October 2024;
- iii. Witness Statements to be filed two weeks before the trial date;
- iv. Trial dates have been fixed on 10 to 14 March 2025 at 9.00 a.m.; and
- v. Final Management fixed on 20 January 2025 to monitor compliance of the directions.

On 23 January 2025, the matter came up for case management on 22 January 2025. During the mention of the case, the Plaintiff’s counsel had requested forensic analysis to be done for the documents listed as per their letter dated 16 January 2025 and for the cost to be incurred jointly. We have objected to the proposal and thereafter the court directed the parties to discuss and decide on whether the forensic analysis can be done jointly within 14 days from the mention date. The Plaintiff was directed to write in a detailed proposal to us for the consideration. Further, the court has rescheduled the trial dates to 18 August 2025 to 22 August 2025 at 9am.

On 28 July 2025, the case scheduled for trial on 18 August 2025 to 22 August 2025 is being rescheduled to a later date.

Management has received legal advice suggesting that there is a reasonable argument to contest the Plaintiff’s claim. Specifically, the Plaintiff had erroneously double-counted the quantity delivered. Hence, the Plaintiff’s claim there is not bona fide and/or the Plaintiff will be unjustly enriched should be claim be allowed. Thus, no provision is required to be made in the financial statements.

A12 Capital Commitments

The amount of capital commitments not provided for in the financial statements as at 31 December 2025 was as follows: -

Property, plant and equipment: -	RM’000
- Contracted but not provided for	3,520

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

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	
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Interest paid	8	12	37	56
Purchase of fertilizers and chemicals	1	(2)	(3)	984
Purchase of FFB	7,104	7,292	25,376	23,266
Purchase of property, plant and equipment	487	1,372	2,264	3,267
Purchase of stores and consumables	1,812	1,169	5,179	5,762
Purchases of Diesel	2,913	3,541	11,340	11,460
Rental paid	1,052	652	3,501	1,503
Repairs and maintenance	197	1,619	394	1,790
Transportation and accommodation charges	14	17	123	97
Utilities, insurance, and sundry expenses	9	106	112	131
Event package fee expense	259	-	260	86
Contract Fee	-	45	-	5,986
Purchases Empty Bunch Ash	34	-	34	6
Rental received	2	11	13	42
Sale of FFB	24,851	20,159	72,837	63,816
Sale of stores and consumables	-	57	-	977
Sale of Seedlings	-	57	-	286
Transportation and handling income	9	9	36	27
Utilities, insurance, and sundry income	36	1	217	6
Sale of property, plant and equipment	-	-	-	16
Event Package Fee income	-	-	-	7

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 (%)
	31.12.2025	31.12.2024		31.12.2025	31.12.2024	
	RM'000	RM'000		RM'000	RM'000	
Revenue	184,029	185,352	-0.7%	657,647	544,494	20.8%
Gross Profit	30,549	17,230	77.3%	85,889	46,024	86.6%
Profit before taxation	57	1,917	-97.0%	16,587	31,635	-47.6%
(Loss)/Profit after taxation	(8,221)	87	-9549.4%	1,624	24,440	-93.4%
(Loss)/Profit attributable to owners of the Company	(7,126)	1,972	-461.4%	(444)	28,553	-101.6%

3 Months Ended 31.12.2025 vs 31.12.2024

For the three months ended 31 December 2025, the Group reported total revenue of RM 184.0 million, representing a 0.7% decrease compared to RM185.3 million in the corresponding period of 2024. The marginal decrease in revenue was largely attributable to a drop in the selling prices of FFB, CPO, and PK, which declined by 12.1%, 11.7%, and 2.1%, respectively. However, the sales volume for FFB increased by 33.1%, with CPO and PK recording increases of 6.7% and 16.2%, respectively, compared with the same period in 2024. In light of these factors, the gross profit improved significantly by 77.3% to RM 30.5 million from RM 17.2 million in the same period last year. Despite the improvement in gross profit, the Group recorded a 97.0% decrease in profit before taxation and an 9,549.4% decline in profit after taxation. As a result, profit attributable to the owners of the Company fell to a loss of RM 7.1 million, compared with a profit of RM2.0 million in the corresponding period of 2024, representing a decrease of 461.4%.

12 Months Ended 31.12.2025 vs 31.12.2024

For the year ended 31 December 2025, revenue increased by 20.8%, from RM544.5 million to RM657.6 million. Gross profit improved by 86.6% to RM85.9 million from RM46.0 million, driven by higher selling prices and increased sales volumes of FFB, CPO, and PK. FFB sales volume rose slightly by 9.0%, with its selling price increasing by 8.5%. CPO sales volume and price increased by 16.0% and 1.8%, respectively, while PK sales volume and price grew by 28.2% and 15.7%, respectively. In contrast, profit before tax declined by 47.6% to RM16.6 million, and the profit after taxation decreased sharply by 93.4% to RM 1.6 million, compared with the corresponding period in 2024. Accordingly, profit attributable to owners of the Company fell by 101.6% to RM 0.4 million.

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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 (%)
	31.12.2025	30.09.2025	
	RM'000	RM'000	
Revenue	184,029	161,861	13.7%
Gross profit	30,549	17,838	71.3%
Profit before taxation	57	5,619	-99.0%
(Loss)/Profit after taxation	(8,221)	5,210	-257.8%
(Loss)/Profit attributable to owners of the Company	(7,126)	3,253	-319.1%

3 Months Ended 31.12.2025 vs 30.09.2025

For the three months ended 31 December 2025, the Group recorded revenue of RM184.0 million, reflecting a 13.7% increase from RM161.9 million in the previous quarter. This was mainly driven by an increase in sales volumes of FFB, CPO, and PK, which rose by 17.6%, 10.4%, and 11.5%, respectively. In contrast, selling prices declined slightly by 0.5%, 1.1%, and 1.0% for FFB, CPO, and PK, respectively. Consequently, the gross profit boosted by 71.3% from RM 17.8 million to RM30.5 million compared to previous quarter. Despite the improvement in gross profit, the profit before taxation fell sharply by 99.0% to RM 0.6 million. The Group reported a significant drop in profit after taxation by 257.8% to loss of RM 8.2 million, compared with the profit of RM 5.2 million in previous quarter. As a result, profit attributable to the company's owners declined by 319.1%, turning into loss of RM 7.1 million loss from a profit of RM3.3 million in the preceding quarter.

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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 outlook for the Malaysian oil palm industry in 2026 remains positive and supportive of sustained profitability. While national CPO production is expected to stabilize after the strong performance in 2025, output levels are anticipated to remain healthy, supported by improved agronomic practices, yield optimization and ongoing replanting programmes. CPO prices are projected to stay firm within a favorable range, underpinned by structural tightness in global edible oil supplies, biodiesel policy support and resilient demand from key importing markets, particularly India and regional buyers. Although regulatory and market diversification challenges persist, the industry is well positioned to benefit from strengthening sustainability credentials, operational efficiencies and continued expansion of downstream and value-added activities, reinforcing medium to long-term earnings visibility.

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.

B5 Income Tax Expense

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Tax expense for the year:				
Current tax	4,439	4,517	15,486	14,109
Deferred tax	3,839	(2,687)	(523)	(6,914)
	<u>8,278</u>	<u>1,830</u>	<u>14,963</u>	<u>7,195</u>

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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)**B6 Corporate Proposals Pending Completion and Status of Utilisation of Proceeds Raised from Corporate Proposals**

Proposal	<p>On 13 January 2026, Rimbunan Sawit Berhad (“RSB”)’s wholly-owned subsidiary, Sastat Holdings Sdn. Bhd. (“SHSB”) had entered into a Sale and Purchase Agreement (“S&P”) with Trinity Capital Resources Sdn. Bhd. (“TRCSB”, “TRCSB” or the “Purchaser”) to dispose of a parcel of land situated at Batang Baram, Baram in the Miri division of Sarawak measuring approximately 1,504 hectares and described as Lot 205 Teraja Land District (“Sastat Estate”) for a cash consideration of RM28.0 million (“Disposal Consideration”).</p>
Status	<p>(i) The sale and purchase of the Sastat Estate shall be conditional upon the following conditions precedent being fulfilled:</p> <ul style="list-style-type: none">(a) the consent in writing of the Director of Lands and Surveys for the transfer of Sastat Estate to TRCSB in compliance with the restriction in interest expressed in the Provisional Lease of Sastat Estate;(b) the consent in writing of the Superintendent of Lands and Surveys for the transfer of Sastat Estate to TRCSB in accordance with section 31 of the Sarawak Land Code;(c) the consent in writing of the Director of Lands and Surveys for the charge of Sastat Estate to the bank or financial institution granting a loan to TRCSB to part finance the purchase of Sastat Estate, in compliance with the restriction in interest expressed in the Provisional Lease of Sastat Estate;(d) all such other approvals, consents or authorizations from the relevant authorities or parties. <p>(ii) The conditions precedent shall be fulfilled within 6 months from the date of the Disposal SPA, or such other extended period as SHSB and TRCSB may mutually agree upon in writing.</p> <p>(iii) SHSB shall at its own costs and expenses, use its best endeavours to do all things including taking all steps necessary to fulfil or procure the fulfilment of the conditions precedent in paragraph 2.1(a) and (b) above.</p> <p>(iv) TRCSB shall at its own costs and expenses, use its best endeavours to do all things including taking all steps necessary to fulfil or procure the fulfilment of the condition precedent in paragraph 2.1(c) above. TRCSB may waive the fulfilment of such condition precedent if it is not required or applicable, including where TRCSB is not obtaining, or does not intend to obtain, a loan to part finance its purchase of Sastat Estate.</p>

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

B6 Corporate Proposals Pending Completion and Status of Utilisation of Proceeds Raised from Corporate Proposals (Cont’d)

Status	<p>(v) The date upon which all of the conditions precedent have been fulfilled shall be the “Unconditional Date” and the Disposal SPA shall become unconditional on the Unconditional Date.</p> <p>(vi) If the conditions precedent is not fulfilled within the Conditional Period or the Extended Conditional Period, as the case may be, the following will take place:</p> <p>(a) SHSB shall refund all monies paid by TRCSB, including the Deposit, free of interest; and</p> <p>(b) the Disposal SPA shall be deemed to be terminated and of no further force or effect and neither SHSB nor TRCSB shall have any further rights under the Disposal SPA except for any obligation which is expressed to apply after the termination of the Disposal SPA and any rights or obligations which were accrued arising from any breach of the Disposal SPA prior to such termination.</p> <p>(vii) If the conditions precedent has been fulfilled or obtained but SHSB decides not to proceed to complete the Disposal SPA, SHSB shall refund the Deposit and pay a like sum to TRCSB as agreed liquidated damages and the Disposal SPA shall be terminated.</p> <p>On 16 January 2026, 10% of disposal consideration has been paid to SHSB by TRCSB upon execution of the CSPA, of which 3% shall be retained by SHSB’s solicitors as the retention sum for payment to the Director General of Inland Revenue as required under the Real Property Gains Tax Act, 1976 (“RPGT Act”).</p> <p>The sale proceeds and the breakdown of utilization are tabulated as below:</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Purposes</th> <th>Proposed Utilization (RM’000)</th> <th>Actual Utilization (RM’000)</th> <th>Intended Time-Frame</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Working capital purposes, including defraying expenses in connection with the Proposed Disposal, and for investment and development of viable potential estate</td> <td>28,000</td> <td>2,800</td> <td>Within 12 months from the date of receiving the Disposal Consideration</td> </tr> <tr> <td></td> <td>Total</td> <td>28,000</td> <td>2,800</td> <td></td> </tr> </tbody> </table>	No.	Purposes	Proposed Utilization (RM’000)	Actual Utilization (RM’000)	Intended Time-Frame	1.	Working capital purposes, including defraying expenses in connection with the Proposed Disposal, and for investment and development of viable potential estate	28,000	2,800	Within 12 months from the date of receiving the Disposal Consideration		Total	28,000	2,800	
No.	Purposes	Proposed Utilization (RM’000)	Actual Utilization (RM’000)	Intended Time-Frame												
1.	Working capital purposes, including defraying expenses in connection with the Proposed Disposal, and for investment and development of viable potential estate	28,000	2,800	Within 12 months from the date of receiving the Disposal Consideration												
	Total	28,000	2,800													



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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 31.12.2025 (RM'000)			As at 31.12.2024 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured: -						
Bank overdrafts	723		723			
Bankers' acceptance	14,757	-	14,757	13,626	-	13,626
Lease liabilities	9,001	14,950	23,951	2,875	8,391	11,266
Revolving credit	63,383	-	63,383	54,091	-	54,091
Term loans	25,770	128,235	154,005	22,571	106,171	128,742
	113,634	143,185	256,819	93,163	114,562	207,725
Unsecured: -						
Bankers' acceptance	3,545	-	3,545	3,459	-	3,459
Hire purchase	4,836	4,319	9,155	4,151	5,981	10,132
Loans	950	-	950	1,550	-	1,550
Revolving credit	2,875	-	2,875	9,375	-	9,375
	12,206	4,319	16,525	18,535	5,981	24,516
Total Borrowings	125,840	147,504	273,344	111,698	120,543	232,241

- a) The bankers' acceptance and revolving credit bore interest ranging from 4.1% to 6.7% per annum.
- b) The term loans bore interest ranging from 2.9% to 5.8% per annum.
- c) The bank overdraft is bearing interest ranging from 7.6% to 8.0% 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 12 February 2026 being the latest practicable date.

B9 Dividends

No interim dividend has been declared for the period ending 31 December 2025.

B10 (Loss)/Profit Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 12 Months Ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
(Loss)/Profit attributable to the Company (RM'000)	(7,126)	1,972	(444)	28,533
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)/profit per share (sen)	(0.35)	0.10	(0.02)	1.40

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 2024 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		Cumulative Quarter	
	3 Months Ended	3 Months Ended	12 Months Ended	12 Months Ended
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	2	1	5	4
Audit fee: -				
- current financial year	89	105	374	389
Bad debts written off	-	117	219	245
Biological asset written off	9,304	-	9,304	-
Changes in fair value of biological assets	2,945	(1,233)	1,198	(2,482)
Depreciation of property, plant and equipment	22,123	18,665	67,948	64,483
Directors' remuneration	542	970	1,635	1,991
Finance costs	3,060	2,401	10,203	11,175
Gain on derecognition of lease liabilities	(14)	(7)	(278)	(15)
(Gain)/loss on disposal of :-				
- assets classified as held for sale	-	-	-	(41,446)
- other investment	-	2,590	-	2,590
- property, plant and equipment	(76)	(468)	(295)	(1,598)
Loss on winding up of subsidiaries	(3)	-	240	-
Impairment losses on receivables	114	-	114	-
Impairment losses no longer required:-				
- trade and other receivables	(449)	-	(449)	-
Interest income	(232)	(71)	(450)	(101)
Inventories written off	7	4,754	2,887	4,828
Inventories adjustment	-	-	(2)	-
Property, plant and equipment written off	8,713	1,208	10,182	2,248
Rental income	(113)	(64)	(201)	(195)
Rental on equipment	(674)	(8)	585	381
Rental on premises	2	-	26	-
Staff costs: -				
- short-term employee benefits	9,186	10,488	32,088	36,883
- defined contribution plan	1,193	974	4,058	3,891



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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 2025.

(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 2025 and 31 December 2024.

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 26 February 2026.