

**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 1st Quarter Ended 31 March 2023

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**Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income**For the 1st Quarter Ended 31 March 2023*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
REVENUE	104,841	160,290	104,841	160,290
COST OF SALES	(110,144)	(143,924)	(110,144)	(143,924)
GROSS (LOSS)/PROFIT	(5,303)	16,366	(5,303)	16,366
OTHER INCOME	781	5,182	781	5,182
DISTRIBUTION COSTS	(4,773)	(6,730)	(4,773)	(6,730)
OTHER OPERATING EXPENSES	(377)	(816)	(377)	(816)
ADMINISTRATIVE EXPENSES	(6,355)	(5,037)	(6,355)	(5,037)
FINANCE COSTS	(3,367)	(2,931)	(3,367)	(2,931)
(LOSS)/PROFIT BEFORE TAXATION	(19,394)	6,034	(19,394)	6,034
INCOME TAX EXPENSES	(1,042)	(2,304)	(1,042)	(2,304)
(LOSS)/PROFIT AFTER TAXATION	(20,436)	3,730	(20,436)	3,730
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(20,436)	3,730	(20,436)	3,730

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)For the 1st Quarter Ended 31 March 2023*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	(17,382)	3,875	(17,382)	3,875
- Non-controlling interests	(3,054)	(145)	(3,054)	(145)
	<u>(20,436)</u>	<u>3,730</u>	<u>(20,436)</u>	<u>3,730</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	(17,382)	3,875	(17,382)	3,875
- Non-controlling interests	(3,054)	(145)	(3,054)	(145)
	<u>(20,436)</u>	<u>3,730</u>	<u>(20,436)</u>	<u>3,730</u>
(LOSS)/PROFIT PER SHARE (SEN):-				
- Basic	(0.85)	0.19	(0.85)	0.19
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Financial Position

As at 31 March 2023

(the figures have not been audited)

	As at 31.03.2023	As at 31.12.2022
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	767,425	769,503
Biological assets	588	565
Intangible assets	18	22
Other investment	5,000	5,000
Goodwill	5,264	5,264
Deposits with licensed banks	120	120
	<hr/>	<hr/>
	778,415	780,474
CURRENT ASSETS		
Inventories	24,467	31,681
Biological assets	3,183	3,401
Trade receivables	9,582	11,422
Other receivables, deposits and prepayments	10,682	11,715
Current tax assets	3,984	2,062
Deposits with licensed banks	-	5,300
Cash and bank balances	1,730	5,170
	<hr/>	<hr/>
	53,628	70,751
TOTAL ASSETS	<hr/> 832,043	<hr/> 851,225

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Condensed Consolidated Statement of Financial Position (Cont'd)

As at 31 March 2023

(the figures have not been audited)

	As at 31.03.2023	As at 31.12.2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	614,600	614,600
Accumulated losses	(249,249)	(231,867)
Equity attributable to owners of the Company	365,351	382,733
Non-controlling interests	(32,313)	(29,259)
TOTAL EQUITY	333,038	353,474
NON-CURRENT LIABILITIES		
Borrowings	164,025	161,060
Deferred tax liabilities	42,867	42,705
	206,892	203,764
CURRENT LIABILITIES		
Trade payables	63,215	70,542
Other payables, deposits and accruals	37,273	32,596
Borrowings:-		
- bank overdrafts	5,255	2,694
- other borrowings	184,545	185,667
Current tax liabilities	1,825	2,487
	292,113	293,986
TOTAL LIABILITIES	499,005	497,751
TOTAL EQUITY AND LIABILITIES	832,043	851,225
NET ASSETS PER SHARE (RM)	0.16	0.17

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Changes in Equity

For the Three Months Ended 31 March 2023

(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 1.1.2023	614,600	(53,065)	(178,802)	382,733	(29,259)	353,474
Loss after taxation/Total comprehensive income for the period	-	-	(17,382)	(17,382)	(3,054)	(20,436)
Balance at 31.3.2023	614,600	(53,065)	(196,184)	365,351	(32,313)	333,038

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

For the Three Months Ended 31 March 2023

(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 1.1.2022	614,600	(53,065)	(178,472)	383,063	(23,771)	359,292
Profit/(loss) after taxation/Total comprehensive income for the period	-	-	3,875	3,875	(145)	3,730
Balance at 31.3.2022	614,600	(53,065)	(174,597)	386,938	(23,916)	363,022

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Cash Flows

For the Three Months Ended 31 March 2023

(the figures have not been audited)

	3 Months Ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(19,394)	6,034
Adjustments for:-		
Allowance for stock obsolescence no longer required	-	(1)
Amortisation of intangible assets	4	4
Bad debts written off	2	60
Biological assets written off	-	756
Change in fair value of biological assets	218	(758)
Change in fair value of other investment	-	(3,357)
Depreciation of property, plant and equipment	12,908	16,553
Gain on derecognition of lease contract	(1)	-
Impairment losses no longer required:-		
-trade and other receivables	(6)	(233)
Interest expense	3,365	2,931
Interest income	(2)	(25)
Inventories written off	2	-
Property, plant and equipment written off	184	-
Operating loss before working capital changes	(2,720)	21,964
Change in inventories	7,212	(2,028)
Change in trade and other receivables	2,752	(8,132)
Change in trade and other payables	(2,522)	2,408
CASH FROM OPERATIONS	4,722	14,212
Income tax paid	(3,791)	(2,571)
Income tax refunded	328	-
Interest paid	(3,829)	(3,196)
Interest received	2	25
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(2,568)	8,470
BALANCE CARRIED FORWARD	(2,568)	8,470

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Three Months Ended 31 March 2023

(the figures have not been audited)

	3 Months Ended	
	31.03.2023 RM'000	31.03.2022 RM'000
BALANCE BROUGHT FORWARD	(2,568)	8,470
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Costs incurred on biological assets	-	(6)
Cost incurred on gaharu	(21)	-
Proceeds from disposal of property, plant and equipment	240	1
Purchase of property, plant and equipment	(10,839)	(3,591)
NET CASH FOR INVESTING ACTIVITIES	(10,620)	(3,596)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Change in bankers' acceptance	398	(2,983)
Change in revolving credit	1,001	(5,167)
Drawdown of hire purchases	142	-
Payment of hire purchases	(4)	-
Drawdown of term loans	8,694	1,764
Repayment of promissory note	(150)	(264)
Repayment of lease liabilities	(328)	(317)
Repayment of term loans	(7,866)	(6,055)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	1,887	(13,022)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,301)	(8,148)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,776	15,026
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(3,525)	6,878

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Condensed Consolidated Statement of Cash Flows (Cont'd)

For the Three Months Ended 31 March 2023

(the figures have not been audited)

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

	3 Months Ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Cash and bank balances	1,730	2,287
Deposits with licensed banks	120	4,711
Bank overdrafts	(5,255)	-
	<hr/>	<hr/>
	(3,405)	6,998
Less: Deposits pledged to licensed banks	(120)	(120)
	<hr/>	<hr/>
	(3,525)	6,878
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2022. 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 2022.

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 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

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with covenants	1 January 2024

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 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 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 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 16 February 2023, it was fixed for decision 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 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.

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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RIMBUNAN SAWIT BERHAD

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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 March 2023 was as follows:-

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	4,531

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 3 Months Ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Consultancy fees paid	3	1	3	1
Interest paid	19	191	19	191
Purchase of fertilisers and chemicals	2	-	2	-
Purchase of FFB	4,020	6,958	4,020	6,958
Purchase of property, plant and equipment	5	21	5	21
Purchase of stores and consumables	491	478	491	478
Rental paid	17	26	17	26
Repairs and maintenance	53	14	53	14
Transportation and accommodation charges	16	5	16	5
Utilities, insurance, and sundry expenses	2	3	2	3
Event package fee expense	23	-	23	-
Rental received	10	8	10	8
Sale of crude palm oil	20,539	29,126	20,539	29,126
Sale of Palm Kernel	2,340	3,113	2,340	3,113
Sale of FFB	8,640	13,139	8,640	13,139
Sale of Empty Bunch Ash	-	16	-	16
Sale of stores and consumables	155	22	155	22
Transportation and handling income	270	241	270	241
Utilities, insurance, and sundry income	2	5	2	5
Computer & Software maintenance income	16	-	16	-

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 3 Months Ended		Changes (%)
	31.03.2023	31.03.2022		31.03.2023	31.03.2022	
	RM'000	RM'000		RM'000	RM'000	
Revenue	104,841	160,290	-34.6%	104,841	160,290	-34.6%
Gross (Loss)/Profit	(5,303)	16,366	-132.4%	(5,303)	16,366	-132.4%
(Loss)/Profit before interest and taxation	(16,027)	8,965	-278.8%	(16,027)	8,965	-278.8%
(Loss)/Profit before taxation	(19,394)	6,034	-421.4%	(19,394)	6,034	-421.4%
(Loss)/Profit after taxation	(20,436)	3,730	-647.9%	(20,436)	3,730	-647.9%
(Loss)/Profit attributable to owners of the Company	(17,382)	3,875	-548.6%	(17,382)	3,875	-548.6%
EBITDA	(3,115)	25,522	-112.2%	(3,115)	25,522	-112.2%

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 3 Months Ended		Changes (%)
	31.03.2023	31.03.2022		31.03.2023	31.03.2022	
Production volume (MT)						
FFB	45,782	39,940	14.7%	45,782	39,940	14.7%
CPO	20,769	20,723	0.3%	20,769	20,723	0.3%
PK	4,783	4,471	7.0%	4,783	4,471	7.0%
Sales volume (MT)						
CPO	20,974	21,253	-1.4%	20,974	21,253	-1.4%
PK	5,222	4,432	17.9%	5,222	4,432	17.9%
Average selling price (RM per MT)						
FFB	693	1,226	-43.5%	693	1,226	-43.5%
CPO	3,869	5,820	-33.6%	3,869	5,820	-33.6%
PK	1,897	4,318	-56.1%	1,897	4,318	-56.1%

3 Months Ended 31.03.2023 vs 31.03.2022

The Group recorded lower revenue of RM104.8 million, gross loss of RM5.3 million and loss after taxation of RM20.4 million in the current quarter as compared to corresponding period with revenue of RM160.3 million, gross profit of RM16.4 million and profit after tax of RM3.7 million. The decrease was mainly due to decrease in average selling price on FFB, CPO and PK by 43.5%, 33.6% and 56.1% to RM693, RM3,869 and RM1,897 respectively. However, overall FFB, CPO and PK production volumes have increased by 14.7%, 0.3% and 7.0% to 45,782MT, 20,769MT and 4,783MT respectively.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
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 (%)
	31.03.2023	31.12.2022	
	RM'000	RM'000	
Revenue	104,841	154,145	-32.0%
Gross (loss)/profit	(5,303)	10,608	-150.0%
Loss before interest and taxation	(16,027)	(197)	8,035.5%
Loss before taxation	(19,394)	(3,803)	410.0%
Loss after taxation	(20,436)	(6,492)	214.8%
Loss attributable to owners of the Company	(17,382)	(10,661)	63.0%
EBITDA	(3,115)	16,068	-119.4%

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	31.03.2023	31.12.2022	
Production volume (MT)			
FFB	45,782	62,101	-26.3%
CPO	20,769	32,778	-36.7%
PK	4,783	7,456	-35.9%
Sales volume (MT)			
CPO	20,974	32,891	-36.3%
PK	5,222	7,067	-26.1%
Average selling price (RM per MT)			
FFB	693	670	3.5%
CPO	3,869	3,815	1.5%
PK	1,897	1,958	-3.2%

3 Months Ended 31.03.2023 vs 31.12.2022

The Group has recorded lower revenue of RM104.8 million, gross loss of RM5.3 million, and loss after taxation of RM20.4 million as compared to immediate preceding quarter. It was mainly due to the production volumes for FFB, CPO and PK have decreased by 26.3%, 36.7% and 35.9% to 45,782MT, 20,769MT and 4,783MT respectively as compared to 31 December 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

In facing the global economic challenges, inflationary pressure and labour shortages in Malaysia, 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 financial year 2023.

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 3 Months Ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Tax expense for the year:				
Current tax	879	3,650	879	3,650
Deferred tax	163	(1,346)	163	(1,346)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,042	2,304	1,042	2,304
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B6 Corporate Proposals

There were no corporate proposals announced but not completed as at 17 May 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 31.03.2023 (RM'000)			As at 31.12.2022 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Secured:-						
Bank overdrafts	2,325	-	2,325	2,694	-	2,694
Bankers' acceptance	13,774	-	13,774	11,518	-	11,518
Lease liabilities	1,212	4,128	5,340	1,316	4,396	5,712
Revolving credit	103,021	-	103,021	98,717	-	98,717
Term loans	28,366	136,700	165,066	30,769	133,225	163,994
Loans	480	20,140	20,620	300	20,380	20,680
	149,178	160,968	310,146	145,314	158,001	303,315
Unsecured:-						
Bank overdrafts	2,930	-	2,930	-	-	-
Bankers' acceptance	7,981	-	7,981	9,839	-	9,839
Hire purchase	45	94	139	-	-	-
Loans	1,561	2,963	4,524	1,800	3,059	4,859
Revolving credit	28,105	-	28,105	31,408	-	31,408
	40,622	3,057	43,679	43,047	3,059	46,106
Total Borrowings	189,800	164,025	353,825	188,361	161,060	349,421

- a) The bankers' acceptance and revolving credit bore interest ranging from 3.7% 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 17 May 2023 being the latest practicable date.

B9 Dividends

No interim dividend has been declared for the period ending 31 March 2023.

B10 (Loss)/Profit Per Share

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
(Loss)/profit attributable to the Company (RM'000)	(17,382)	3,875	(17,382)	3,875
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 March	2,041,722	2,041,722	2,041,722	2,041,722
Basic (loss)/profit per share (sen)	(0.85)	0.19	(0.85)	0.19

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

B11 Audit Report of the Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not subject to any qualification.



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

B12 (Loss)/Profit Before Taxation

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Allowance for stock obsolescence no longer required	-	(1)	-	(1)
Amortisation of intangible assets	4	4	4	4
Audit fee:-				
- current financial year	97	88	97	88
Bad debts written off	2	60	2	60
Biological assets written off	-	756	-	756
Changes in fair value of other investment	-	(3,357)	-	(3,357)
Changes in fair value of biological assets	218	(758)	218	(758)
Depreciation of property, plant and equipment	12,908	16,553	12,908	16,553
Directors' remuneration	157	110	157	110
Finance costs	3,365	2,931	3,365	2,931
Gain on derecognition of lease liabilities	(1)	-	(1)	-
Impairment losses no longer required:-				
- trade and other receivables	(6)	(233)	(6)	(233)
Interest income	(2)	(25)	(2)	(25)
Inventories written off	2	-	2	-
Property, plant and equipment written off	184	-	184	-
Rental income	(12)	(20)	(12)	(20)
Rental on equipment	6	16	6	16
Rental on premises	3	396	3	396
Staff costs:-				
- short-term employee benefits	9,926	8,562	9,926	8,562
- defined contribution plan	1,217	960	1,217	960



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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 3-month period ended 31 March 2023.

(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 March 2023 and 31 December 2022.

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 31 May 2023.