

**RIMBUNAN SAWIT BERHAD**

[Registration No: 200501014346(691393-U)]

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

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

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**Interim Financial Statements**For the 1<sup>st</sup> Quarter Ended 31 March 2022

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**Condensed Consolidated Statement of Profit or Loss and  
Other Comprehensive Income**For the 1<sup>st</sup> Quarter Ended 31 March 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
REVENUE	160,290	100,597	160,290	100,597
COST OF SALES	(143,924)	(97,321)	(143,924)	(97,321)
GROSS PROFIT	16,366	3,276	16,366	3,276
OTHER INCOME	5,182	1,095	5,182	1,095
DISTRIBUTION COSTS	(6,730)	(4,664)	(6,730)	(4,664)
OTHER OPERATING EXPENSES	(816)	(709)	(816)	(709)
ADMINISTRATIVE EXPENSES	(5,037)	(4,716)	(5,037)	(4,716)
FINANCE COSTS	(2,931)	(3,112)	(2,931)	(3,112)
PROFIT/(LOSS) BEFORE TAXATION	6,034	(8,830)	6,034	(8,830)
INCOME TAX EXPENSES	(2,304)	(1,260)	(2,304)	(1,260)
PROFIT/(LOSS) AFTER TAXATION	3,730	(10,090)	3,730	(10,090)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,730	(10,090)	3,730	(10,090)

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)**For the 1<sup>st</sup> Quarter Ended 31 March 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 3-month Period Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
<b>PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-</b>				
- Owners of the Company	3,875	(10,566)	3,875	(10,566)
- Non-controlling interests	(145)	476	(145)	476
	<u>3,730</u>	<u>(10,090)</u>	<u>3,730</u>	<u>(10,090)</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>				
- Owners of the Company	3,875	(10,566)	3,875	(10,566)
- Non-controlling interests	(145)	476	(145)	476
	<u>3,730</u>	<u>(10,090)</u>	<u>3,730</u>	<u>(10,090)</u>
<b>PROFIT/(LOSS) PER SHARE (SEN):-</b>				
- Basic	0.19	(0.52)	0.19	(0.52)
- Diluted	N/A	N/A	N/A	N/A

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

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**Condensed Consolidated Statement of Financial Position**

As at 31 March 2022

*(the figures have not been audited)*

	As at 31.03.2022	As at 31.12.2021
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	794,688	807,387
Biological assets	404	1,154
Intangible assets	32	36
Other investment	5,000	1,643
Goodwill	5,264	5,264
Deposits with licensed banks	120	120
	<hr/>	<hr/>
	805,508	815,604
<b>CURRENT ASSETS</b>		
Inventories	22,810	20,781
Biological assets	5,868	5,110
Trade receivables	22,070	14,164
Other receivables, deposits and prepayments	10,142	9,744
Current tax assets	4,010	3,532
Deposits with licensed banks	4,591	16,491
Cash and bank balances	2,287	1,320
	<hr/>	<hr/>
	71,778	71,142
<b>TOTAL ASSETS</b>	<hr/> <b>877,286</b>	<hr/> <b>886,746</b>

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

As at 31 March 2022

*(the figures have not been audited)*

	As at 31.03.2022	As at 31.12.2021
	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	614,600	614,600
Accumulated losses	(227,662)	(231,537)
Equity attributable to owners of the Company	386,938	383,063
Non-controlling interests	(23,916)	(23,771)
<b>TOTAL EQUITY</b>	<b>363,022</b>	<b>359,292</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	189,697	185,089
Deferred tax liabilities	42,666	44,012
	<b>232,363</b>	<b>229,101</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	56,027	53,309
Other payables, deposits and accruals	37,714	38,024
Borrowings:-		
- bank overdrafts	-	2,785
- other borrowings	182,442	200,073
Current tax liabilities	5,718	4,162
	<b>281,901</b>	<b>298,353</b>
<b>TOTAL LIABILITIES</b>	<b>514,264</b>	<b>527,454</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>877,286</b>	<b>886,746</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.18</b>	<b>0.18</b>

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

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**Condensed Consolidated Statement of Changes in Equity**

For the Three Months Ended 31 March 2022

*(the figures have not been audited)*

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	< ----- Non-distributable ----- >					
	Share Capital					
	Ordinary Shares RM'000	Merger Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2022	614,600	(53,065)	(178,472)	383,063	(23,771)	359,292
Profit/(loss) after taxation/Total comprehensive income for the period	-	-	3,875	3,875	(145)	3,730
Balance at 31.3.2022	614,600	(53,065)	(174,597)	386,938	(23,916)	363,022

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

For the Three Months Ended 31 March 2022

*(the figures have not been audited)*

	< ----- Non-distributable ----- > Share Capital					
	Ordinary Shares	Merger Reserve	Accumulated Losses	Attributable to Owners of the Company	Non- controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2021	614,600	(53,065)	(171,940)	389,595	(23,145)	366,450
(Loss)/profit after taxation/Total comprehensive income for the period	-	-	(10,566)	(10,566)	476	(10,090)
Balance at 31.3.2021	614,600	(53,065)	(182,506)	379,029	(22,669)	356,360

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

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**Condensed Consolidated Statement of Cash Flows**

For the Three Months Ended 31 March 2022

*(the figures have not been audited)*

	3 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	6,034	(8,830)
Adjustments for:-		
Allowance for stock obsolescence no longer required	(1)	(2)
Amortisation of intangible assets	4	73
Bad debts written off	60	23
Biological assets written off	756	253
Change in fair value of biological assets	(758)	(750)
Change in fair value of other investment	(3,357)	-
Depreciation of property, plant and equipment	16,553	13,515
Gain on disposal of property, plant and equipment	-	(8)
Gain on derecognition of lease contract	-	(15)
Impairment loss on receivables no longer required	(233)	(5)
Interest expense	2,931	3,112
Interest income	(25)	(1)
Property, plant and equipment written off	-	433
Operating profit before working capital changes	21,964	7,798
Change in inventories	(2,028)	(2,833)
Change in trade and other receivables	(8,132)	2,362
Change in trade and other payables	2,408	(2,370)
<b>CASH FROM / (FOR) OPERATIONS</b>	14,212	4,957
Income tax paid	(2,571)	(5,463)
Income tax refunded	-	1,885
Interest paid	(3,196)	(3,428)
Interest received	25	1
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	8,470	(2,048)
<b>BALANCE CARRIED FORWARD</b>	8,470	(2,048)



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

For the Twelve Months Ended 31 March 2022

*(the figures have not been audited)*

	3 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000
BALANCE BROUGHT FORWARD	8,470	(2,048)
CASH FLOWS FOR INVESTING ACTIVITIES		
Costs incurred on biological assets	(6)	-
Proceeds from disposal of property, plant and equipment	1	425
Purchase of property, plant and equipment	(3,591)	(1,982)
Purchase of intangible assets	-	(17)
NET CASH FOR INVESTING ACTIVITIES	(3,596)	(1,574)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Change in bankers' acceptance	(2,983)	(899)
Change in revolving credit	(5,167)	13,879
Drawdown of term loans	1,764	2,481
Repayment of promissory note	(264)	(240)
Repayment of lease liabilities	(317)	(440)
Repayment of term loans	(6,055)	(9,124)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(13,022)	5,657
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,148)	2,035
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,026	(722)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,878	1,313

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

For the Twelve Months Ended 31 March 2022

*(the figures have not been audited)*

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

	3 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000
Cash and bank balances	2,287	1,289
Deposits with licensed banks	4,711	209
Bank overdrafts	-	(65)
	<hr/>	<hr/>
	6,998	1,433
Less: Deposits pledged to licensed banks	(120)	(120)
	<hr/>	<hr/>
	6,878	1,313
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

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**A1 Basis of Preparation**

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

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

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

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

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

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

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

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.

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023

## 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:- (Cont'd)

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Policies	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

### A2 Comments about Seasonality or Cyclicity of Operations

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

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

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

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

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



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

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**A4 Changes in Estimates**

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

**A5 Debt and Equity Securities**

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

**A6 Dividends Paid**

There were no dividends paid during the current quarter.

**A7 Segment Information**

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

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

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

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

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

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

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

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

**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)

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

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

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 on 18.11.2021 at 9am via Zoom (unless instructed otherwise by the Court) to update the court on the status of the appeals at the Court of Appeal. The interim stay granted until the disposal of leave hearing as instructed by Court previously remains valid and effective.

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

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

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

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.

**A12 Capital Commitments**

The amount of capital commitments not provided for in the financial statements as at 31 March 2022 was as follows:-

Property, plant and equipment:-	RM’000
- Contracted but not provided for	1,058
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**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 3 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Consultancy fees paid	1	21	1	21
Interest paid	191	254	191	254
Purchase of fertilisers and chemicals	-	64	-	64
Purchase of FFB	6,958	2,169	6,958	2,169
Purchase of property, plant and equipment	21	228	21	228
Purchase of stores and consumables	478	586	478	586
Rental paid	26	370	26	370
Repairs and maintenance	14	22	14	22
Transportation and accommodation charges	5	4	5	4
Utilities, insurance, and sundry expenses	3	55	3	55
Rental received	8	15	8	15
Sale of crude palm oil	29,126	15,827	29,126	15,827
Sale of Palm Kernel	3,113	-	3,113	-
Sale of FFB	13,139	8,273	13,139	8,273
Sale of property, plant and equipment	-	4	-	4
Sale of stores and consumables	22	25	22	25
Transportation and handling income	241	208	241	208
Utilities, insurance, and sundry income	5	46	5	46




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

	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 3 Months Ended		Changes (%)
	31.03.2022	31.03.2021		31.03.2022	31.03.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	160,290	100,597	59.3%	160,290	100,597	59.3%
Gross profit	16,366	3,276	399.6%	16,366	3,276	399.6%
Profit/(loss) before interest and taxation	8,965	(5,718)	256.8%	8,965	(5,718)	256.8%
Profit/(loss) before taxation	6,034	(8,830)	168.3%	6,034	(8,830)	168.3%
Profit/(loss) after taxation	3,730	(10,090)	137.0%	3,730	(10,090)	137.0%
Profit/(loss) attributable to owners of the Company	3,875	(10,566)	136.7%	3,875	(10,566)	136.7%
EBITDA	25,522	7,870	224.3%	25,522	7,870	224.3%

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 3 Months Ended		Changes (%)
	31.03.2022	31.03.2021		31.03.2022	31.03.2021	
<b>Production volume (MT)</b>						
FFB	39,940	43,961	-9.2%	39,940	43,961	-9.2%
CPO	20,723	22,443	-7.7%	20,723	22,443	-7.7%
PK	4,471	4,815	-7.2%	4,471	4,815	-7.2%
<b>Sales volume (MT)</b>						
CPO	21,253	21,695	-2.0%	21,253	21,695	-2.0%
PK	4,432	5,017	-11.7%	4,432	5,017	-11.7%
<b>Average selling price (RM per MT)</b>						
FFB	1,226	740	65.7%	1,226	740	65.7%
CPO	5,820	3,574	62.9%	5,820	3,574	62.9%
PK	4,318	2,299	87.8%	4,318	2,299	87.8%


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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)**
**B1 Review of Performance (Cont'd)**
**3 Months Ended 31.03.2022 vs 31.03.2021**

The Group achieved higher revenue of RM160.3 million, an increase of 59.3% from RM100.6 million on 31 March 2022. This was principally due to ongoing favourable growth in average selling price on FFB, CPO and PK throughout the quarter by 65.7%, 62.9% and 87.8% respectively where the average selling price for FFB, CPO and PK was at RM1,226, RM5,820 and RM4,318 for 3 months ended 31 March 2022 respectively.

The Group recorded gross profit of RM16.4 million and EBITDA of RM25.5 million in the current quarter as compared to corresponding period with gross profit of RM3.3 million and EBITDA of RM7.9 million mainly due to higher CPO, FFB and PK price.

**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 (%)
	31.03.2022	31.12.2021	
	RM'000	RM'000	
Revenue	160,290	166,130	-3.5%
Gross profit	16,366	14,644	11.8%
Profit before interest and taxation	8,965	2,633	240.5%
Profit/(loss) before taxation	6,034	(912)	761.6%
Profit/(loss) after taxation	3,730	(4,386)	185.0%
Profit/(loss) attributable to owners of the Company	3,875	(2,608)	248.6%
EBITDA	25,522	28,841	-11.5%

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	31.03.2022	31.12.2021	
<b>Production volume (MT)</b>			
FFB	39,940	52,258	-23.6%
CPO	20,723	28,393	-23.0%
PK	4,471	6,165	-27.5%
<b>Sales volume (MT)</b>			
CPO	21,253	28,880	-26.4%
PK	4,432	6,382	-30.6%
<b>Average selling price (RM per MT)</b>			
FFB	1,226	1,013	21.1%
CPO	5,820	5,025	15.8%
PK	4,318	3,456	24.9%



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

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**B2 Material Change in the Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter (Cont'd)**

**3 Months Ended 31.03.2022 vs 31.12.2021**

Revenue decreased by 3.5% to RM160.3 million mainly due to the production volume for FFB, CPO and PK have decreased by 23.6%, 23% and 27.5% to 39,940MT, 20,723MT and 4,471MT respectively as compared to immediate preceding quarter.

Concurrently, the Group recorded profit before tax of RM6.0 million and profit after taxation of RM3.7 million, both improved in comparison to immediate preceding quarter due to higher selling price.

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

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**B3 Commentary on Prospects**

Crude palm oil (“CPO”) price is expected to remain firm in 2022 supported by the global edible oil supply tightness due to the Russia-Ukraine War. The CPO production is expected to be lower than pre-pandemic level while the demand for edible oil has seen a strong recovery due to the impact from adverse weather arising from the La Nina phenomenon, unresolved labor shortage situation and recent conflict between Russia and Ukraine. In addition to the severe worker shortage, these factors would increase the risk of supply chain disruptions to the business, causing delays, shortage of raw materials, increased costs, and reduced orders which impacts the business performance.

Looking ahead, as the world reopens, market participants must be prepared to capitalize on heightened price volatility brought about by uncertain economic recovery, potential changes to global trade policy, increasingly unpredictable weather conditions, and the recent conflict between Russia and Ukraine. But, with the expectation of firm palm oil prices and demand of the market, our Group will continue with aggressive cost control measures and explore more innovative and sustainable approaches in its operations to drive greater cost efficiency and productivity, and our Group remains cautiously optimistic on the outlook of plantation segment and a favorable financial performance in the year ahead.

**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 3 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Tax expense for the year:				
Current tax	3,650	2,020	3,650	2,020
Real property gain tax	-	-	-	-
Deferred tax	(1,346)	(760)	(1,346)	(760)
	<u>2,304</u>	<u>1,260</u>	<u>2,304</u>	<u>1,260</u>

The effective tax rate for the Group were higher than the statutory tax rate of 24%. This is mainly due to expenses not deductible for tax purposes and tax losses of certain subsidiaries where deferred tax assets have not been recognised.

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

**B6 Corporate Proposals**

There were no corporate proposals announced but not completed as at 13 May 2022, being the latest practicable date.

**B7 Group Borrowings**

	As at 31.03.2022 (RM'000)			As at 31.12.2021 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
<b>Secured:-</b>						
Bank overdrafts	-	-	-	-	-	-
Bankers' acceptance	13,488	-	<b>13,488</b>	10,127	-	<b>10,127</b>
Lease liabilities	1,200	5,496	<b>6,696</b>	1,290	5,724	<b>7,014</b>
Revolving credit	131,161	-	<b>131,161</b>	132,578	-	<b>132,578</b>
Term loans	15,640	161,701	<b>177,341</b>	26,408	155,225	<b>181,633</b>
Loans	140	20,680	<b>20,820</b>	190	20,680	<b>20,870</b>
	<b>161,629</b>	<b>187,877</b>	<b>349,506</b>	<b>170,593</b>	<b>181,629</b>	<b>352,222</b>
<b>Unsecured:-</b>						
Bank overdrafts	-	-	-	2,785	-	<b>2,785</b>
Bankers' acceptance	7,227	-	<b>7,227</b>	13,570	-	<b>13,570</b>
Loans	4,336	1,820	<b>6,156</b>	2,910	3,460	<b>6,370</b>
Revolving credit	9,250	-	<b>9,250</b>	13,000	-	<b>13,000</b>
	<b>20,813</b>	<b>1,820</b>	<b>22,633</b>	<b>32,265</b>	<b>3,460</b>	<b>35,725</b>
<b>Total Borrowings</b>	<b>182,442</b>	<b>189,697</b>	<b>372,139</b>	<b>202,858</b>	<b>185,089</b>	<b>387,947</b>

- a) The bankers' acceptance and revolving credit bore interest ranging from 2.8% to 5.4% per annum.  
b) The term loans bore interest ranging from 2.40% to 4.30% per annum.

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

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**B8 Material Litigation**

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 13 May 2022 being the latest practicable date.

**B9 Dividends**

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

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Profit/(loss) attributable to the Company (RM'000)	<u>3,875</u>	<u>(10,566)</u>	<u>3,875</u>	<u>(10,566)</u>
Weighted average number of ordinary shares ('000):- Issued ordinary shares at 1 January	<u>2,041,722</u>	<u>2,041,722</u>	<u>2,041,722</u>	<u>2,041,722</u>
Weighted average number of ordinary shares at 31 March	<u>2,041,722</u>	<u>2,041,722</u>	<u>2,041,722</u>	<u>2,041,722</u>
Basic profit/(loss) per share (sen)	<u>0.19</u>	<u>(0.52)</u>	<u>0.19</u>	<u>(0.52)</u>

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

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

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

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)****B12 Profit / (Loss) Before Taxation**

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 3 Months Ended	
	31.03.2022 RM'000	31.03.2021 RM'000	31.12.2021 RM'000	31.03.2021 RM'000
Allowance for stock obsolescence no longer required	(1)	(2)	(1)	(2)
Amortisation of intangible assets	4	73	4	73
Bad debts written off	60	23	60	23
Biological assets written off	756	253	756	253
Changes in fair value of other investment	(3,357)	-	(3,357)	-
Changes in fair value of biological assets	(758)	(750)	(758)	(750)
Depreciation of property, plant and equipment	16,553	13,515	16,553	13,515
Directors' remuneration	110	98	110	98
Finance costs	2,931	3,112	2,931	3,112
Gain on derecognition of lease liabilities	-	(15)	-	(15)
Gain on disposal of property, plant and equipment	-	(8)	-	(8)
Interest income	(25)	(1)	(25)	(1)
Property, plant and equipment written off	-	433	-	433
Rental income	(20)	(28)	(20)	(28)
Rental on equipment	16	5	16	5
Rental on premises	396	374	396	374
Staff costs:-				
- short-term employee benefits	8,562	7,589	8,562	7,589
- defined contribution plan	960	836	960	836



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

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**B13 Derivatives**

(a) Nature of outstanding derivatives

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

(b) Risks and Policies of Derivatives

The Group did not enter into any derivatives during the 3-month period ended 31 March 2022.

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

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

**B14 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 May 2022.