

**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 2<sup>nd</sup> Quarter Ended 30 June 2022

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**Condensed Consolidated Statement of Profit or Loss and  
Other Comprehensive Income**For the 2<sup>nd</sup> Quarter Ended 30 June 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 6-month Period Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
REVENUE	212,052	133,569	372,342	234,166
COST OF SALES	(181,922)	(118,051)	(325,846)	(215,372)
GROSS PROFIT	30,130	15,518	46,496	18,794
OTHER INCOME	1,002	1,885	6,183	2,980
DISTRIBUTION COSTS	(9,286)	(6,171)	(16,016)	(10,835)
OTHER OPERATING EXPENSES	(21)	(12)	(837)	(721)
ADMINISTRATIVE EXPENSES	(4,260)	(4,170)	(9,297)	(8,886)
FINANCE COSTS	(3,044)	(3,731)	(5,975)	(6,843)
PROFIT/(LOSS) BEFORE TAXATION	14,521	3,319	20,554	(5,511)
INCOME TAX EXPENSES	(4,491)	(2,482)	(6,795)	(3,742)
PROFIT/(LOSS) AFTER TAXATION	10,030	837	13,759	(9,253)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,030	837	13,759	(9,253)

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Cont'd)**For the 2<sup>nd</sup> Quarter Ended 30 June 2022*(the figures have not been audited)*

	Individual Quarter 3-month Period Ended		Cumulative Quarter 6-month Period Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-				
- Owners of the Company	9,647	(37)	13,521	(10,603)
- Non-controlling interests	383	874	238	1,350
	<u>10,030</u>	<u>837</u>	<u>13,759</u>	<u>(9,253)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
- Owners of the Company	9,647	(37)	13,521	(10,603)
- Non-controlling interests	383	874	238	1,350
	<u>10,030</u>	<u>837</u>	<u>13,759</u>	<u>(9,253)</u>
PROFIT/(LOSS) PER SHARE (SEN):-				
- Basic	0.47	(0.00)	0.66	(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 30 June 2022

*(the figures have not been audited)*

	As at 30.06.2022	As at 31.12.2021
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	782,709	807,387
Biological assets	487	1,154
Intangible assets	29	36
Other investment	5,000	1,643
Goodwill	5,264	5,264
Deposits with licensed banks	120	120
	<hr/>	<hr/>
	793,609	815,604
<b>CURRENT ASSETS</b>		
Inventories	27,502	20,781
Biological assets	5,521	5,110
Trade receivables	12,371	14,164
Other receivables, deposits and prepayments	10,351	9,744
Current tax assets	4,565	3,532
Deposits with licensed banks	32,991	16,491
Cash and bank balances	4,578	1,320
	<hr/>	<hr/>
	97,879	71,142
<b>TOTAL ASSETS</b>	<hr/> <b>891,488</b>	<hr/> <b>886,746</b>

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

As at 30 June 2022

*(the figures have not been audited)*

	As at 30.06.2022	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	(218,016)	(231,537)
Equity attributable to owners of the Company	396,584	383,063
Non-controlling interests	(23,533)	(23,771)
<b>TOTAL EQUITY</b>	<b>373,051</b>	<b>359,292</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	183,868	185,089
Deferred tax liabilities	41,256	44,012
	225,124	229,101
<b>CURRENT LIABILITIES</b>		
Trade payables	69,996	53,309
Other payables, deposits and accruals	38,553	38,024
Borrowings:-		
- bank overdrafts	2,647	2,785
- other borrowings	171,979	200,073
Current tax liabilities	10,138	4,162
	293,313	298,353
<b>TOTAL LIABILITIES</b>	<b>518,437</b>	<b>527,454</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>891,488</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 Six Months Ended 30 June 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 after taxation/Total comprehensive income for the period	-	-	13,521	13,521	238	13,759
Balance at 30.6.2022	614,600	(53,065)	(164,951)	396,584	(23,533)	373,051

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

For the Six Months Ended 30 June 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	-	-	(10,603)	(10,603)	1,350	(9,253)
Balance at 30.6.2021	614,600	(53,065)	(182,543)	378,992	(21,795)	357,197

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 Six Months Ended 30 June 2022

*(the figures have not been audited)*

	6 Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	20,554	(5,511)
Adjustments for:-		
Allowance for stock obsolescence no longer required	(5)	(5)
Amortisation of intangible assets	8	147
Bad debts written off	64	24
Biological assets written off	756	253
Change in fair value of biological assets	(412)	(1,938)
Change in fair value of other investment	(3,357)	-
Depreciation of property, plant and equipment	33,087	27,000
Gain on disposal of property, plant and equipment	-	(8)
Gain on derecognition of lease contract	-	(15)
Impairment loss on receivables no longer required	(452)	(5)
Interest expense	5,975	6,843
Interest income	(66)	(4)
Property, plant and equipment written off	17	445
Operating profit before working capital changes	56,169	27,226
Change in inventories	(6,716)	434
Change in trade and other receivables	1,605	1,052
Change in trade and other payables	17,185	(1,651)
<b>CASH FROM OPERATIONS</b>	68,243	27,061
Income tax paid	(4,608)	(7,496)
Income tax refunded	-	1,940
Interest paid	(6,548)	(7,409)
Interest received	66	4
<b>NET CASH FROM PERATING ACTIVITIES</b>	57,153	14,100
<b>BALANCE CARRIED FORWARD</b>	57,153	14,100



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

For the Six Months Ended 30 June 2022

*(the figures have not been audited)*

	6 Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000
BALANCE BROUGHT FORWARD	57,153	14,100
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Costs incurred on biological assets	(87)	-
Proceeds from disposal of property, plant and equipment	1	600
Purchase of property, plant and equipment	(7,856)	(7,020)
Purchase of intangible assets	-	(17)
NET CASH FOR INVESTING ACTIVITIES	(7,942)	(6,437)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Change in bankers' acceptance	(5,227)	(834)
Change in revolving credit	(12,537)	4,800
Drawdown of term loans	2,961	2,682
Repayment of promissory note	(445)	(370)
Repayment of lease liabilities	(638)	(739)
Repayment of term loans	(13,429)	(10,235)
NET CASH FOR FINANCING ACTIVITIES	(29,315)	(4,696)
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,896	2,967
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,026	(722)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	34,922	2,245

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

For the Six Months Ended 30 June 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:-

	6 Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000
Cash and bank balances	4,578	2,156
Deposits with licensed banks	33,111	209
Bank overdrafts	(2,647)	-
	<hr/>	<hr/>
	35,042	2,365
Less: Deposits pledged to licensed banks	(120)	(120)
	<hr/>	<hr/>
	34,922	2,245
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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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

**A12 Capital Commitments**

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

	RM'000
Property, plant and equipment:-	
- Contracted but not provided for	2,796

**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 6 Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Consultancy fees paid	-	5	1	26
Interest paid	192	204	383	458
Purchase of fertilisers and chemicals	8	6	8	70
Purchase of FFB	12,204	4,004	19,162	6,172
Purchase of Seedlings	-	97	-	97
Purchase of property, plant and equipment	115	2,642	136	2,870
Purchase of stores and consumables	553	680	1,031	1,265
Rental paid	8	19	34	389
Repairs and maintenance	20	23	34	46
Transportation and accommodation charges	6	1	12	6
Utilities, insurance, and sundry expenses	2	18	4	72
Rental received	53	7	61	22
Sale of crude palm oil	37,821	27,090	66,946	42,916
Sale of Palm Kernel	3,423	1,907	6,536	1,907
Sale of FFB	17,032	6,011	30,172	14,284
Sale of Empty Bunch Ash	14	-	14	-
Sale of fertilizers and chemicals	139	-	139	-
Sale of property, plant and equipment	-	-	-	4
Sale of stores and consumables	51	38	73	63
Transportation and handling income	277	314	518	522
Utilities, insurance, and sundry income	2	43	6	88




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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 6 Months Ended		Changes (%)
	30.06.2022	30.06.2021		30.06.2022	30.06.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	212,052	133,569	58.8%	372,342	234,166	59.0%
Gross profit	30,130	15,518	94.2%	46,496	18,794	147.4%
Profit before interest and taxation	17,565	7,050	149.1%	26,529	1,332	1,891.7%
Profit/(loss) before taxation	14,521	3,319	337.5%	20,554	(5,511)	473.0%
Profit/(loss) after taxation	10,030	837	1,098.3%	13,759	(9,253)	248.7%
Profit/(loss) attributable to owners of the Company	9,647	(37)	26,173.0%	13,521	(10,603)	227.5%
EBITDA	34,254	20,610	66.2%	59,624	28,480	109.4%

Statistic	Individual Quarter 3 Months Ended		Changes (%)	Cumulative Quarter 6 Months Ended		Changes (%)
	30.06.2022	30.06.2021		30.06.2022	30.06.2021	
<b>Production volume (MT)</b>						
FFB	50,282	48,521	3.6%	90,222	92,482	-2.4%
CPO	27,192	25,691	5.8%	47,915	48,133	-0.5%
PK	5,868	5,550	5.7%	10,338	10,365	-0.3%
<b>Sales volume (MT)</b>						
CPO	26,498	26,521	-0.1%	47,751	48,216	-1.0%
PK	5,549	5,428	2.2%	9,981	10,445	-4.4%
<b>Average selling price (RM per MT)</b>						
FFB	1,255	805	55.9%	1,243	775	60.3%
CPO	6,524	4,037	61.6%	6,211	3,828	62.2%
PK	3,368	2,456	37.1%	3,790	2,381	59.2%



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

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

**3 Months Ended 30.06.2022 vs 30.06.2021**

The Group achieved higher revenue of RM212.1 million, an increase of 58.8% from RM133.6 million on 30 June 2021. This was principally due to ongoing favourable growth in average selling price on FFB, CPO and PK throughout the quarter by 55.9%, 61.6% and 37.1% respectively where the average selling price for FFB, CPO and PK was at RM1,255, RM6,524 and RM3,368 for 3 months ended 30 June 2022 respectively.

Besides that, the production volume for FFB, CPO and PK have increased by 3.6%, 5.8% and 5.7% to 50,282MT, 27,192MT and 5,868MT respectively as compared to 30 June 2021.

The Group recorded gross profit of RM30.1 million and EBITDA of RM34.3 million in the current quarter as compared to corresponding period with gross profit of RM15.5 million and EBITDA of RM20.6 million mainly due to higher CPO, FFB and PK 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)**

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

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	30.06.2022	31.03.2022	
	RM'000	RM'000	
Revenue	212,052	160,290	32.3%
Gross profit	30,130	16,366	84.1%
Profit before interest and taxation	17,565	8,965	95.9%
Profit/(loss) before taxation	14,521	6,034	140.7%
Profit/(loss) after taxation	10,030	3,730	168.9%
Profit/(loss) attributable to owners of the Company	9,647	3,875	148.9%
EBITDA	34,254	25,522	34.2%

Statistic	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes (%)
	30.06.2022	31.03.2022	
<b>Production volume (MT)</b>			
FFB	50,282	39,940	25.9%
CPO	27,192	20,723	31.2%
PK	5,868	4,471	31.2%
<b>Sales volume (MT)</b>			
CPO	26,498	21,253	24.7%
PK	5,549	4,432	25.2%
<b>Average selling price (RM per MT)</b>			
FFB	1,255	1,226	2.4%
CPO	6,524	5,820	12.1%
PK	3,368	4,318	-22.0%



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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 30.06.2022 vs 31.03.2022**

The Group recorded revenue of RM212.1 million, profit before tax of RM14.5 million and profit after taxation of RM10.0 million as compared to immediate preceding quarter. It was mainly due to ongoing favourable growth in average selling price on FFB and CPO throughout the quarter by 2.4% and 12.1% respectively where the average selling price for FFB and CPO was at RM1,255 and RM6,524 for 3 months ended 30 June 2022 respectively as compared to immediate preceding quarter. Besides that, the sales volume for CPO and PK have increased by 24.7% and 25.2% to 26,498MT and 5,549MT respectively also resulted increasing in revenue.

In addition, the production volume for FFB, CPO and PK have increased by 25.9%, 31.2% and 31.2% to 50,282MT, 27,192MT and 5,868MT respectively as compared to 31 March 2022.

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

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**B3 Commentary on Prospects**

Crude palm oil (CPO) prices are expected to remain under pressure in the near term and trade in the RM4,000-RM5,000 per tonne range. This comes amid concerns over slower global economic growth and the possibility of Indonesia shipping out higher-than-usual palm oil exports to clear stocks. Separately, weaker 2H22 CPO prices coupled with higher operating costs due to a hike in the minimum wage in Malaysia to RM1,500 per month effective May 1, 2022, higher fertiliser costs, as well as the Prosperity Tax, will lead to lower profit margins in 2H22 unless productivity improves.

**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 6 Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Tax expense for the year:				
Current tax	5,901	2,922	9,551	4,942
Real property gain tax	-	-	-	-
Deferred tax	(1,410)	(440)	(2,756)	(1,200)
	<u>4,491</u>	<u>2,482</u>	<u>6,795</u>	<u>3,742</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 12 August 2022, being the latest practicable date.

**B7 Group Borrowings**

	As at 30.06.2022 (RM'000)			As at 31.12.2021 (RM'000)		
	Short-term	Long-term	Total	Short-term	Long-term	Total
<b>Secured:-</b>						
Bank overdrafts	2,647	-	<b>2,647</b>	-	-	-
Bankers' acceptance	12,400	-	<b>12,400</b>	10,127	-	<b>10,127</b>
Lease liabilities	1,031	5,345	<b>6,376</b>	1,290	5,724	<b>7,014</b>
Revolving credit	126,325	-	<b>126,325</b>	132,578	-	<b>132,578</b>
Term loans	15,418	156,310	<b>171,728</b>	26,408	155,225	<b>181,633</b>
Loans	95	20,680	<b>20,775</b>	190	20,680	<b>20,870</b>
	157,916	182,335	<b>340,251</b>	170,593	181,629	<b>352,222</b>
<b>Unsecured:-</b>						
Bank overdrafts	-	-	-	2,785	-	<b>2,785</b>
Bankers' acceptance	6,070	-	<b>6,070</b>	13,570	-	<b>13,570</b>
Loans	4,140	1,533	<b>5,673</b>	2,910	3,460	<b>6,370</b>
Revolving credit	6,500	-	<b>6,500</b>	13,000	-	<b>13,000</b>
	16,710	1,533	<b>18,243</b>	32,265	3,460	<b>35,725</b>
<b>Total Borrowings</b>	<b>174,626</b>	<b>183,868</b>	<b>358,494</b>	<b>202,858</b>	<b>185,089</b>	<b>387,947</b>

- The bankers' acceptance and revolving credit bore interest ranging from 3.0% to 5.3% per annum.
- The term loans bore interest ranging from 2.4% to 4.3% per annum.
- The bank overdraft is bearing interest ranging from 6.8% to 7.2% 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 12 August 2022 being the latest practicable date.

**B9 Dividends**

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

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 6 Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit/(loss) attributable to the Company (RM'000)	9,647	(37)	13,521	(10,603)
Weighted average number of ordinary shares ('000):- Issued ordinary shares at 1 January	2,041,722	2,041,722	2,041,722	2,041,722
Weighted average number of ordinary shares at 30 June	2,041,722	2,041,722	2,041,722	2,041,722
Basic profit/(loss) per share (sen)	0.47	(0.00)	0.66	(0.52)

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 6 Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Allowance for stock obsolescence no longer required	(4)	(3)	(5)	(5)
Amortisation of intangible assets	4	74	8	147
Bad debts written off	4	1	64	24
Biological assets written off	-	-	756	253
Changes in fair value of other investment	-	-	(3,357)	-
Changes in fair value of biological assets	346	(1,188)	(412)	(1,938)
Depreciation of property, plant and equipment	16,534	13,485	33,087	27,000
Directors' remuneration	110	176	220	274
Finance costs	3,044	3,731	5,975	6,843
Gain on derecognition of lease liabilities	-	-	-	(15)
Gain on disposal of property, plant and equipment	-	-	-	(8)
Interest income	(41)	(3)	(66)	(4)
Property, plant and equipment written off	17	12	17	445
Rental income	(64)	(24)	(84)	(52)
Rental on equipment	1	8	17	13
Rental on premises	371	21	767	395
Staff costs:-				
- short-term employee benefits	7,070	6,597	15,632	14,186
- defined contribution plan	736	710	1,696	1,546
	<u>736</u>	<u>710</u>	<u>1,696</u>	<u>1,546</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)**

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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 6-month period ended 30 June 2022.

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

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

**B14 Authorisation for Issue**

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