

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Accounting policies and method of computation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018. The adoption of the new, revised accounting standards and interpretations (including the consequential amendments, if any) is expected to have no significant impact on the Group’s financial statements.

**2. Auditors’ report on preceding annual financial statements**

The independent auditors reported the following qualified opinion on the audited financial statements for the year ended 31 December 2018:-

The audited financial statements of the Group have been consolidated using the unaudited management accounts of the associates and joint venture for the financial year ended 31 December 2018. The audited financial statements and auditors’ report of the associates and joint venture were not available to the Group’s auditors.

**3. Seasonal and cyclical factors**

Except for the production of fresh fruit bunches (“FFB”) which is cyclical in nature, the Group’s operations were not significantly affected by seasonal or cyclical factors.

**4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

**5. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current quarter.

**6. Dividends paid**

There were no dividends paid during the current quarter.

**7. Carrying amount of revalued assets**

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 December 2018.

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**8. Material subsequent events**

There were no material subsequent events after the end of the current quarter that have not been reflected in the interim financial statements other than the following:-

On 3 May 2019, The Company and TPG Oil & Gas Sdn. Bhd., a 80% owned subsidiary of the Company acquired 63,670,000 ordinary shares and 6,330,000 ordinary shares respectively in Gulf Lubes Malaysia Sdn. Bhd. (“GLSB”), representing an aggregate 70% of the total share capital in GLSB for a total cash consideration of RMM2,112,168. As a result thereof, GLSB shall become a 68.73% owned subsidiary of the Group. For further details, please refer to our announcements to Bursa Securities on 3 May 2019.

**9. Segmental information**

For the period ended 31 March 2019				
Revenue			Profit/(loss) before tax	
External	Inter- segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment, related products and engineering works	83,393	4,640	88,033	23,818
- Palm oil plantations	2,447	-	2,447	(4,510)
- Retrofitting special purpose vehicles	62	-	62	(992)
Elimination	-	(4,640)	(4,640)	-
	85,902	-	85,902	18,316
Share of results of associates				(1,934)
Share of result of joint venture				(1,797)
Total	85,902	-	85,902	14,585

For the period ended 31 March 2018				
Revenue			Profit/(loss) before tax	
External	Inter- segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment, related products and engineering works	78,954	7,166	86,120	19,304
- Palm oil plantations	3,787	-	3,787	(487)
- Retrofitting special purpose vehicles	48,549	-	48,549	5,695
Elimination	-	(7,166)	(7,166)	-
	131,290	-	131,290	24,512
Share of results of associates				412
Share of result of joint venture				20
Total	131,290	-	131,290	24,944

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**10. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter other than the following:-

On 28 May 2018, the shareholders of the Company approved the renewal of authority for the Company's plan to repurchase its own shares. During the current quarter, the Company repurchased 954,200 of its issued ordinary shares from the open market at an average price of RM1.018 per share. The total consideration paid for the repurchase including transaction costs was RM971,159 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

**11. Changes in composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**12. Changes in contingent liabilities or contingent assets**

There were no significant changes in contingent liabilities or assets of the Company since the last audited statement of financial position as at 31 December 2018.

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### PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

#### 13. Review of performance

The Group's revenue and profit before taxation for the financial period ended 31 March 2019 decreased by 35% and 42% respectively as compared to the same financial period last year.

The decrease in the Group's revenue was mainly due to lower project billings by the special purpose vehicles segment during the current financial period. The decrease in the Group's profit before taxation was mainly due to losses incurred by special purpose vehicles segment, palm oil plantations segment and share of losses of associates and joint venture.

The palm oil equipment and engineering segment reported higher revenue and profit before taxation by 6% and 23% respectively as compared to the same financial period last year. The increase in revenue was mainly due to the higher project billings and implementation in the current financial period. The increase in profit was mainly due to higher project margin and lower other operating expenses for the current financial period.

The decrease in revenue and loss incurred by the special purpose vehicles segment were mainly due to lack of replenishment of new project following the completion of projects implementation in last financial year.

The palm oil plantations segment reported higher loss for the current financial period mainly due to higher financial costs and operating expenses. The segment's maiden palm oil mill has been completed and commenced milling operation in the current financial period. A new stream of revenue for sale of crude palm oil will be added to the segment in the coming financial periods.

The share of results of associates and joint venture incurred losses of RM3.7 million as compared to a combined profits of RM0.4 million in the same financial period last year. The losses were mainly due to lower prices and production of palm products during the current financial year.

#### 14. Comparison with preceding quarter's result

	Current quarter 31/03/2019 RM'000	Preceding quarter 31/12/2018 RM'000	Changes %
Revenue	85,902	105,092	-18.3%
Profit from operations	20,677	8,587	140.8%
Profit before taxation	14,585	3,369	332.9%
Profit after taxation	10,271	(2,556)	501.8%
Profit attributable to owners of the parent	11,018	(3,018)	465.1%

The Group's profit before taxation for the current quarter increased despite a decrease in revenue as compared to the immediate preceding quarter.

The decrease in the Group's revenue was mainly due to lower project billings and implementation by the palm oil equipment and engineering segment during the current quarter. The lack of new project replenishment by the special purpose vehicles segment also resulted a drop in revenue by the segment.

The Group's profits before taxation was lower in the immediate preceding quarter mainly due to higher operating expenses resulting from impairment losses on receivable and investment in an associate.

In addition, the combined share of results of the associates and joint venture incurred higher losses of RM3.7 million as compared to losses of RM3.0 million in the immediate preceding quarter. The higher losses were mainly due to lower production of palm products during the current quarter.

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### 15. Commentary on prospects

Considering the progress of the projects secured in hand and the current challenging environment, the Board is optimistic that the Group will be able to achieve satisfactory results mainly driven by the palm oil equipment and engineering segment for the financial year ending 31 December 2019.

### 16. Profit forecast and profit guarantee

No profit forecast and profit guarantee were issued by the Company during the current financial quarter.

### 17. Corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements.

### 18. Taxation

	Individual quarter 31/03/2019 RM'000	Cumulative period 31/03/2019 RM'000
Malaysian taxation	4,032	4,032
Foreign taxation	335	335
Under / (Over) provision in prior year	(53)	(53)
Deferred tax	-	-
Total	4,314	4,314

### 19. Borrowings and debt securities

Group borrowings as at the date of issue of these interim financial statements:-

	Current RM'000	Non-current RM'000	Total RM'000
Ringgit Malaysia	27,341	13,289	40,630
Rupiah	195	29,939	30,134
US Dollar	-	70,979	70,979
Total	27,536	114,207	141,743

### 20. Material litigation

There were no material litigations as at the date of issue of these interim financial statements.

### 21. Derivative financial instruments

There were no outstanding derivative financial instruments as at the date of issue of these interim financial statements.

### 22. Dividend payable

A second interim single tier dividend of 2 sen per ordinary share amounting to RM10,215,339 in respect of the financial year ended 31 December 2018 was paid on 18 April 2019.

No dividend has been proposed or declared for the current financial quarter.

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**23. Comprehensive Income Disclosure**

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

	Individual quarter		Cumulative period	
	31/03/2019 RM'000	31/03/2018 RM'000	31/03/2019 RM'000	31/03/2018 RM'000
Interest income	(283)	(675)	(283)	(675)
Interest expense	2,282	457	2,282	457
Depreciation/Amortization	2,717	1,887	2,717	1,887
Bad debts recovered/ Reversal of allowance for doubtful debts	-	-	-	-
Allowance for impairment of receivables/Bad debts written off	-	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	-	(111)	-	(111)
Reversal of provision of warranty cost	-	-	-	-
Other investment income	(827)	(450)	(827)	(450)
Fair value (gain)/loss on :-				
- Biological assets	(103)	(136)	(103)	(136)
- Short term investments	5	1,491	5	1,491
(Gain)/Loss on foreign exchange	119	(246)	119	(246)

**24. Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to the shareholders by the weighted average number of ordinary shares of RM0.50 each in issue during the period, excluding treasury shares held by the Company.

	Individual quarter		Cumulative period	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Weighted average number of ordinary shares in issue ('000)	510,767	522,781	510,767	522,781
Basic earnings per share (sen)	2.16	3.41	2.16	3.41
Diluted earnings per share (sen)	2.16	3.41	2.16	3.41

The potential conversion of warrants is anti-dilutive as their exercise prices are higher than the average market price of the Company's shares during the current financial period. Accordingly, the exercise of warrants has been ignored in the calculation of diluted earnings per share.

**25. Authorization for issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors dated 31 May 2019.