

**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 2021. 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 2021.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021. 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 2021:-

Audit of joint venture - Gulf Lubes Malaysia Sdn. Bhd. (“GLM”)

The audited financial statements and auditors’ report of GLM are not available and the Group has not performed a Purchase Price Allocation for the acquisition of the joint venture. The audited financial statements of the Group have been consolidated using the unaudited management accounts of the joint venture for the financial year ended 31 December 2021.

Further, the total advances to GLM as at 31 December 2020 amounted to RM51.0 million which has been classified as other receivables. The Group is unable to reliably perform impairment assessment on the said other receivables.

Investment in GLM – Company Level

No impairment assessment has been performed on the carrying amount of the investment in GLM amounting to RM4.0 million and receivables totaling RM8.5 million in respect of advances made to GLM.

**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.

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**6. Dividends paid**

A second interim single tier dividend of 2 sen per ordinary share amounting to RM9,610,279 in respect of the financial year ended 31 December 2021 was paid on 26 January 2022.

**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 2021.

**8. Segmental information**

For the period ended 31 March 2022				
Revenue			Profit/(loss) before tax	
External	Inter-segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment and engineering works	54,628	2,536	57,164	18,994
- Palm oil plantation	53,109	-	53,109	7,024
- Retrofitting special purpose vehicles	17,041	-	17,041	787
- Refinery plant	60,297	-	60,297	(8,874)
Elimination	-	(2,536)	(2,536)	-
	185,075	-	185,075	17,931
Share of results of associates				3,898
Share of result of joint ventures				2,082
Total	185,075	-	185,075	23,911

For the period ended 31 March 2021				
Revenue			Profit/(loss) before tax	
External	Inter-segment	Total		
RM'000	RM'000	RM'000	RM'000	
<u>Business segments</u>				
- Palm oil equipment and engineering works	64,459	2,672	67,131	15,275
- Palm oil plantation	30,079	-	30,079	1,784
- Retrofitting special purpose vehicles	4,453	-	4,453	(174)
- Refinery plant	58,325	-	58,325	851
Elimination	-	(2,672)	(2,672)	-
	157,316	-	157,316	17,736
Share of results of associates				2,030
Share of result of joint ventures				1,617
Total	157,316	-	157,316	21,383

**9. 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

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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 June 2021, 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 3,463,300 of its issued ordinary shares from the open market at an average price of RM1.299 per share. The total consideration paid for the repurchase including transaction costs was RM4,500,270 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 significant 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 2021.

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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 2022 increased by 18% and 12% respectively as compared to the last financial period.

The increase in the Group's revenue was mainly due to higher revenue generated by the special purpose vehicles and palm oil plantation segments. The increase in the Group's profit before taxation was mainly due to higher contribution posted by palm oil plantation and palm oil equipment and engineering segments, as well as the improved share of results of associates and joint ventures.

The palm oil equipment and engineering segment reported higher profit before taxation by 24% despite decrease in revenue by 15% as compared to the last financial period. The increase in profit was mainly due to higher project margin and other income while the decreases in revenue was mainly due to the lower projects billing and implementation during the current financial period.

The special purpose vehicles segment reported higher revenue with a profit of RM 0.8 million as compared to a loss of RM0.2 million in the last financial period. The improved performance was mainly due to increase in project billing and implementation during the current financial period.

The palm oil plantations segment reported higher revenue and profit before taxation for the current financial period. The increases were mainly due to higher revenue generated from its palm oil milling operation along with higher prices of palm products.

The refinery segment reported a loss of RM8.9 million despite an increase in revenue by 3% as compared to the last financial period. The segment's result was undermined by a loss on derivative of RM13 million incurred in the current financial period.

The associates and joint venture reported a combined share of profit of RM6.0 million as compared to a profit of RM3.6 million in the last financial period. The encouraging improvement was mainly due to higher prices of palm products during the current financial period.

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

	Current quarter 31/03/2022 RM'000	Preceding quarter 31/12/2021 RM'000	Changes %
Revenue	185,075	209,388	-11.6%
Profit from operations	20,422	34,549	-40.9%
Profit/(Loss) before taxation	23,911	45,109	-47.0%
Profit/(Loss) after taxation	20,114	39,553	-49.1%
Profit attributable to owners of the parent	18,389	36,430	-49.5%

Both the Group's revenue and profit before taxation for the current quarter decreased 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 as well as lower revenue generated by the refinery segment.

The decrease in the Group's profits before taxation was mainly due to lower contributions by the palm oil equipment and engineering segment following lower revenue generated during the current quarter. Furthermore, the result was undermined by a loss incurred by the refinery segment.

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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 2022.

### 16. Corporate proposals

There were no corporate proposals announced but not completed as at the date of issue of these interim financial statements other than the following:-

On 10 March 2022, the Company entered into an agreement for the sale and purchase of shares ("Agreement") with Satyanarayana Jampa Veera Venkata, Ramalingam Karuppaiah and Mogahid Taha Yassin for the acquisition of 30,000,000 ordinary shares in Gulf Lubes Malaysia Sdn. Bhd. ("GLM"), representing an aggregate 30% of the total issued share capital of GLM for a total cash consideration of RM24,000,000 ("Acquisition of Shares").

The Acquisition of Share is pending the fulfilment of the conditions precedent as stated in the Agreements. For further details, please refer to our announcement to Bursa Securities on 10 March 2022.

### 17. Taxation

	Individual quarter 31/03/2022 RM'000	Cumulative period 31/03/2022 RM'000
Malaysian taxation	3,147	3,147
Foreign taxation	650	650
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	3,797	3,797

### 18. 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	37,992	3,203	41,195
Rupiah	2,808	17,423	20,231
US Dollar	6,323	107,034	113,357
Total	47,123	127,660	174,783

### 19. Derivative financial instruments

There were no outstanding derivative financial instruments as at the date of issue of these interim financial statements other than the following:-

	Contract/Notional value RM'000	Fair value assets/(liabilities) RM'000
Commodity Future contracts - Less than 1 year	14,044	106

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**20. Profit forecast and profit guarantee**

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

**21. Material litigation**

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

**22. Dividend payable**

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

**23. Comprehensive Income Disclosure**

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

	Individual quarter		Cumulative period	
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Interest income	(626)	(354)	(626)	(354)
Interest expense	2,461	2,145	2,461	2,145
Depreciation/Amortization	5,706	5,038	5,706	5,038
Bad debts recovered/ Reversal of impairment loss on receivables	(759)	(242)	(759)	(242)
Allowance for impairment loss on receivables/Bad debts written off	-	-	-	-
Allowance for impairment loss on assets	-	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(86)	(9)	(86)	(9)
Other investment income	(299)	(208)	(299)	(208)
Fair value (gain)/loss on :-				
- Biological assets	(439)	-	(439)	-
(Gain)/Loss on Derivative	13,053	378	13,053	378
(Gain)/Loss on foreign exchange	6	(969)	6	(969)

**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	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Weighted average number of ordinary shares in issue ('000)	477,178	485,798	477,178	485,798
Basic earnings per share (sen)	3.85	3.82	3.85	3.82
Diluted earnings per share (sen)	3.85	3.82	3.85	3.82

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 30 May 2022.