

**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 2022. 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 2022.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022. 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 auditors’ report on the audited financial statements for the year ended 31 December 2022 was not qualified.

**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**

A first interim single tier dividend of 2 sen per ordinary share amounting to RM9,559,095 in respect of the financial year ended 31 December 2022 was paid on 15 February 2023.

**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 2022.

**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

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**9. Segmental information**

For the period ended 31 March 2023				
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	60,746	2,786	63,532	16,371
- Palm oil plantation	35,214	-	35,214	(2,879)
- Retrofitting special purpose vehicles	20,322	-	20,322	1,891
- Refinery	67,054	-	67,054	3,468
Elimination	-	(2,786)	(2,786)	-
	183,336	-	183,336	18,851
Share of results of associates				(881)
Share of result of joint ventures				246
Total	183,336	-	183,336	18,216

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	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

**10. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

**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 2022

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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 year ended 31 March 2023 decreased by 1% and 35% respectively as compared to the same financial period last year.

The decrease in the Group's revenue was mainly due to lower revenue generated by the palm oil plantation segment. The decrease in the Group's profit before taxation was mainly due to losses incurred by the palm oil plantation segment, associates and joint venture. Furthermore the palm oil equipment and engineering segment also posted lower profit as compared to the same financial period last year.

The palm oil equipment and engineering segment reported lower profit before taxation by 13% despite increase in revenue by 11% as compared to the same financial period last year. The increase in revenue was mainly due to the higher projects billing and implementation during the current financial year. The lower profit was mainly due to lower project margin and higher production costs.

The special purpose vehicles segment reported higher revenue and profit before taxation of the special purpose vehicles as compared to the same financial period last year. The increase was mainly due to higher projects implementation in the current financial period.

The palm oil plantations segment reported lower revenue by 33% and a loss as compared to a profit in the same financial period last year. The poor performance was mainly due to with lower prices of palm products during the current financial year.

The refinery segment reported a profit of RM3.5 million with an increase in revenue by 11% as compared to the same financial period last year. The segment incurred a loss in the same financial period last year that was impacted by a loss on derivative.

The associates and joint venture reported a combined share of loss of RM0.6 million as compared to a profit of RM5.9 million in the same financial period last year. The loss was mainly due to lower production and prices of palm products during the current financial year.

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

	Current quarter 31/03/2023 RM'000	Preceding quarter 31/12/2022 RM'000	Changes %
Revenue	183,336	243,049	-24.6%
Profit/(Loss) from operations	22,054	(14,076)	256.7%
Profit/(Loss) before taxation	18,216	(15,537)	217.2%
Profit/(Loss) after taxation	13,006	(26,728)	148.7%
Profit/(Loss) attributable to owners of the parent	12,316	(16,294)	175.6%

The Group's reported higher before taxation for the current quarter despite an 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. In addition, the refinery segment also reported lower revenue resulting from lower trading and production operations in the current quarter.

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The group recovered from a loss of RM15.5 million in the immediate preceding quarter to a profit of RM18.2 million in the current quarter. The poor result in the immediate preceding quarter was undermined by the allowance for impairment losses on its investments and receivables.

### **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 2023.

### **16. Corporate proposals**

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

### **17. Taxation**

	Individual quarter 31/03/2023 RM'000	Cumulative period 31/03/2023 RM'000
Malaysian taxation	4,533	4,533
Foreign taxation	677	677
Under / (Over) provision in prior year	-	-
Deferred tax	-	-
Total	5,210	5,210

### **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	33,249	18,315	51,564
Rupiah	3,787	20,226	24,013
US Dollar	10,123	95,661	105,784
Total	47,159	134,202	181,361

### **19. Derivative financial instruments**

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

### **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.

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**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	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Interest income	(139)	(626)	(139)	(626)
Interest expense	3,183	2,461	3,183	2,461
Depreciation/Amortization	5,157	5,706	5,157	5,706
Bad debts recovered/ Reversal of impairment loss on receivables	(49)	(759)	(49)	(759)
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)	-	(86)
Other investment (income)/loss	(2,490)	(299)	(2,490)	(299)
Fair value (gain)/loss on :-				
- Biological assets	(281)	(439)	(281)	(439)
(Gain)/Loss on Derivative	-	13,053	-	13,053
(Gain)/Loss on foreign exchange	805	6	805	6

**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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
Weighted average number of ordinary shares in issue ('000)	477,955	477,178	477,955	477,178
Basic earnings per share (sen)	2.58	3.85	2.58	3.85
Diluted earnings per share (sen)	2.58	3.85	2.58	3.85

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 2023.