

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

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 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 30 September 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	206,497	9,889	216,386	44,201
- Palm oil plantation	110,114	-	110,114	(7,069)
- Retrofitting special purpose vehicles	62,707	-	62,707	6,849
- Refinery	249,899	-	249,899	5,229
Elimination	-	(9,889)	(9,889)	-
	629,217	-	629,217	49,210
Share of results of associates				1,019
Share of result of joint ventures				443
Total	629,217	-	629,217	50,672

For the period ended 30 September 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	186,268	8,540	194,808	34,477
- Palm oil plantation	117,531	-	117,531	(1,642)
- Retrofitting special purpose vehicles	37,222	-	37,222	4,085
- Refinery	297,272	-	297,272	(31,364)
Elimination	-	(8,540)	(8,540)	-
	638,293	-	638,293	5,556
Share of results of associates				10,945
Share of result of joint ventures				3,694
Total	638,293	-	638,293	20,195

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 30 May 2023, 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 2,451,300 of its issued ordinary shares from the open market at an average price of RM1.145 per share. The total consideration paid for the repurchase including transaction costs was RM2,807,717 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 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 profit before taxation for the financial period ended 30 September 2023 increased by 151% despite a marginal decrease in revenue by 1 % as compared to the last financial period.

The decrease in the Group's revenue was mainly due to lower revenue generated by the palm oil plantation and refinery segments. The increase in the Group's profit before taxation was mainly due to higher contribution posted by special purpose vehicles, palm oil equipment and engineering segments as well as the recovery from loss to profit by the refinery segment.

The palm oil equipment and engineering segment reported higher revenue and profit before taxation by 11% and 28% respectively as compared to the same financial period last year. The increase was mainly due to increase in projects billing and implementation during the current financial year. The result for the same financial period last year was undermined by loss on other investments.

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 6% with a loss of RM7.1 million as compared to a loss of RM1.6 million in the same financial period last year. The performance was impacted by lower production and prices of palm products during the current financial year.

The refinery segment reported a profit of RM5.2 million despite decrease in revenue by 16% as compared the same financial period last year. The segment recovered from a loss of RM31.3 million in the same financial period last year that was impacted by operation and trading losses along with loss on derivative.

The associates and joint venture reported a combined share of profit of RM1.5 million as compared to a profit of RM14.6 million in the same financial period last year. The decrease 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 30/09/2023 RM'000	Preceding quarter 30/06/2023 RM'000	Changes %
Revenue	235,632	210,249	12.1%
Profit/(Loss) from operations	24,728	13,216	87.1%
Profit/(Loss) before taxation	23,216	9,240	151.3%
Profit/(Loss) after taxation	16,670	7,099	134.8%
Profit/(Loss) attributable to owners of the parent	13,990	6,545	113.8%

Both the Group's revenue and profit before taxation for the current quarter increased as compared to the immediate preceding quarter.

The increase in the Group's revenue was mainly due to higher revenue generated by the special purpose vehicles, palm oil equipment and engineering segments resulting from increase in project billings and implementation during the current quarter. The refinery segment also reported increase in revenue by 5% as compared to the preceding quarter.

The increase in the Group's profits before taxation was mainly due to higher contribution by the special purpose vehicles, palm oil equipment and engineering segments. In addition, the refinery segment, associates and joint venture posted profits as compared to losses incurred in the preceding 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 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 30/09/2023 RM'000	Cumulative period 30/09/2023 RM'000
Malaysian taxation	6,228	13,487
Foreign taxation	318	733
Under / (Over) provision in prior year	-	(323)
Deferred tax	-	-
Total	6,546	13,897

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	35,714	18,265	53,979
Rupiah	3,787	10,373	14,160
US Dollar	10,123	99,683	109,806
Total	49,624	128,321	177,945

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	2,399	(76)

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	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Interest income	(8)	(76)	(1,415)	(1,558)
Interest expense	3,877	2,682	10,270	7,269
Depreciation/Amortization	4,755	5,686	17,314	17,091
Bad debts recovered/ Reversal of impairment loss on receivables	-	(1,755)	(49)	(3,263)
Allowance for impairment loss on receivables/Bad debts written off	-	32	-	32
Allowance for impairment loss on assets	-	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	66	(427)	(237)	(673)
Other investment (income)/loss	(599)	4,946	(760)	11,933
Fair value (gain)/loss on :-				
- Biological assets	(422)	-	(844)	(527)
(Gain)/Loss on Derivative	(49)	3,729	(1,054)	16,850
(Gain)/Loss on foreign exchange	(1,554)	(1,163)	(1,723)	(2,613)

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	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Weighted average number of ordinary shares in issue ('000)	475,503	477,955	475,503	477,955
Basic earnings per share (sen)	2.94	(5.06)	6.91	2.13
Diluted earnings per share (sen)	2.94	(5.06)	6.91	2.13

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 28 November 2023.