

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 31 December 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	270,782	15,369	286,151	56,274
- Palm oil plantation	164,808	-	164,808	12,437
- Retrofitting special purpose vehicles	99,398	-	99,398	9,214
- Refinery	312,963	-	312,963	10,822
Elimination	-	(15,369)	(15,369)	-
	847,951	-	847,951	88,747
Share of results of associates				2,008
Share of result of joint ventures				702
Total	847,951	-	847,951	91,457

For the period ended 31 December 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	283,422	12,039	295,461	39,499
- Palm oil plantation	147,028	-	147,028	9,826
- Retrofitting special purpose vehicles	46,099	-	46,099	(15,938)
- Refinery	404,793	-	404,793	(45,925)
Elimination	-	(12,039)	(12,039)	-
	881,342	-	881,342	(12,538)
Share of results of associates				12,182
Share of result of joint ventures				5,014
Total	881,342	-	881,342	4,658

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 3,552,500 of its issued ordinary shares from the open market at an average price of RM1.221 per share. The total consideration paid for the repurchase including transaction costs was RM4,338,530 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 year ended 31 December 2023 increased from RM4.7 million to RM91.5 million despite a decrease in revenue by 4 % as compared to the last financial year.

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

The palm oil equipment and engineering segment reported higher profit before taxation by 42% despite lower in revenue by 4% as compared to the last financial year. The increase in profit was abetted by foreign exchange gain posted during the financial year. The result for the last financial year was undermined by higher impairment losses on receivables, loss on foreign exchange and loss incurred on other investments.

The special purpose vehicles segment reported an increase in revenue by 116% and the recovery from a loss of 16 million to a profit before taxation of RM9.2 million as compared to the last financial year. The increase in revenue was mainly due to higher projects billing and implementation in the current financial year. The loss incurred in the last financial year was mainly due to impairment losses on receivables.

The palm oil plantations segment reported higher revenue and profit before taxation by 12% and 27% respectively as compared to the last financial year. The increases were mainly due to higher production by plantation as well as milling operations during the current financial year.

The refinery segment reported a profit of RM10.8 million despite decrease in revenue by 23% as compared the last financial year. The segment recovered from a loss of RM45.9 million in the last financial 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 RM2.7 million as compared to a profit of RM17.2 million in the last financial 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 31/12/2023 RM'000	Preceding quarter 30/09/2023 RM'000	Changes %
Revenue	218,734	235,632	-7.2%
Profit/(Loss) from operations	41,483	24,728	67.8%
Profit/(Loss) before taxation	40,785	23,216	75.3%
Profit/(Loss) after taxation	35,048	16,670	110.2%
Profit/(Loss) attributable to owners of the parent	32,197	13,990	130.1%

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

The decrease in the Group's revenue was mainly due to lower revenue generated by the refinery segment resulting from decrease in production and trading operations during the current quarter. The palm oil equipment and engineering segment also reported decrease in revenue mainly due to lower projects billing and implementation as compared to the preceding quarter.

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The increase in the Group's profits before taxation was mainly due to higher contribution by the palm oil plantation segment resulting from increase in production by plantation and milling operations. The special purpose vehicle segment, associates and joint venture posted lower profits as compared to the preceding quarter.

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 2024.

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 31/12/2023 RM'000	Cumulative period 31/12/2023 RM'000
Malaysian taxation	1,682	15,169
Foreign taxation	4,055	4,788
Under / (Over) provision in prior year	-	(323)
Deferred tax	-	-
Total	5,737	19,634

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	26,995	18,038	45,033
Rupiah	4,654	11,095	15,749
US Dollar	12,998	98,571	111,569
Total	44,647	127,704	172,351

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

A second interim single tier dividend of 2 sen per ordinary share amounting to RM9,402,491 in respect of the financial year ended 31 December 2023 was paid on 26 February 2024.

23. Comprehensive Income Disclosure

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

	Individual quarter		Cumulative period	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Interest income	(304)	(1,147)	(1,719)	(2,705)
Interest expense	1,900	4,212	12,170	11,481
Depreciation/Amortization	4,435	6,732	21,749	23,823
Bad debts recovered/ Reversal of impairment loss on receivables	(4,100)	(1,164)	(4,149)	(4,427)
Allowance for impairment loss on receivables/Bad debts written off	18,150	52,002	18,150	52,034
Allowance for impairment loss on assets	-	686	-	686
(Gain)/Loss on disposal of property, plant and equipment	(21)	508	(258)	165
Other investment (income)/loss	241	(1,417)	(519)	10,522
Fair value (gain)/loss on :-				
- Biological assets	(173)	(2,243)	(1,017)	(2,770)
(Gain)/Loss on Derivative	103	(35)	(951)	16,815
(Gain)/Loss on foreign exchange	(21,452)	24,756	(23,175)	22,143

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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Weighted average number of ordinary shares in issue ('000)	471,951	477,955	471,951	477,955
Basic earnings per share (sen)	6.82	(3.41)	13.78	(1.28)
Diluted earnings per share (sen)	6.82	(3.41)	13.78	(1.28)

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 February 2024.