

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income
For The Fourth Quarter Ended 31 December 2019

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2019 (Unaudited) RM' 000	31.12.2018 (Unaudited) RM'000	31.12.2019 (Unaudited) RM' 000	31.12.2018 (Audited) RM' 000
Revenue	85,744	80,975	301,368	343,447
Cost of sales	(73,359)	(78,996)	(271,259)	(313,430)
Gross profit	12,385	1,979	30,109	30,017
Other income	3,824	3,168	12,155	11,175
Administrative expenses	(4,043)	(4,344)	(13,307)	(13,756)
Other operating expenses	(7,418)	(3,330)	(12,170)	(7,664)
Operating profit/(loss)	4,748	(2,527)	16,787	19,772
Finance costs	(1,755)	(1,929)	(7,047)	(7,124)
Profit/(Loss) before tax	2,993	(4,456)	9,740	12,648
Income tax expense	(3,541)	(1,956)	(5,797)	(6,180)
Profit/(Loss) after tax	(548)	(6,412)	3,943	6,468
Other comprehensive income				
Available-for-sale financial assets:				
- Transfer to profit or loss upon disposal				
- (Loss)/Gain on fair value changes	7	(17)	7	(17)
Exchange difference on translation of foreign operations	56	(103)	(87)	(410)
Total comprehensive income for the period	(485)	(6,532)	3,863	6,041
Profit/(Loss) attributable to:				
Owners of the parent	55	(2,983)	2,511	4,458
Non-controlling interests	(603)	(3,429)	1,432	2,010
	(548)	(6,412)	3,943	6,468
Total comprehensive income attributable to:				
Owners of the parent	116	(3,063)	2,482	4,189
Non-controlling interests	(601)	(3,469)	1,381	1,852
	(485)	(6,532)	3,863	6,041
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	0.03	(1.52)	1.28	2.27

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
as at 31 December 2019

	As at 31.12.2019 (Unaudited) RM'000	As at 31.12.2018 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	400,882	397,058
Investment properties	49,924	49,250
Land use rights	2,063	1,910
Deferred tax assets	4,623	3,032
Investment in securities	395	388
Trade and other receivables	136,052	140,836
Goodwill on consolidation	43,867	43,867
	<u>637,806</u>	<u>636,341</u>
Current assets		
Inventories	25,358	30,691
Biological assets	2,740	1,386
Trade and other receivables	29,467	24,989
Tax recoverable	1,503	3,391
Short term investments	16,320	14,421
Fixed deposits with licensed banks	5,042	9,193
Cash and bank balances	15,731	14,199
	<u>96,161</u>	<u>98,270</u>
TOTAL ASSETS	<u>733,967</u>	<u>734,611</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	50,853	51,503
	<u>247,397</u>	<u>248,047</u>
Non-controlling interests	<u>264,797</u>	<u>266,956</u>
Total equity	<u>512,194</u>	<u>515,003</u>

**Condensed Consolidated Statement of Financial Position
as at 31 December 2019 (Contd.)**

	As at 31.12.2019 (Unaudited) RM'000	As at 31.12.2018 (Audited) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Lease rental payable	267	267
Hire purchase payables	2,078	2,535
Leasing creditors	1,359	-
Borrowings	55,163	61,513
Deferred tax liabilities	53,000	49,169
	111,867	113,484
Current liabilities		
Payables	31,771	29,446
Hire purchase payables	1,128	1,000
Borrowings	76,100	75,629
Taxation	907	49
	109,906	106,124
Total liabilities	221,773	219,608
TOTAL EQUITY AND LIABILITIES	733,967	734,611
Net Tangible Asset Per Share (RM)	1.04	1.04
Net Asset Per Share (RM)	1.26	1.26

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The Fourth Quarter Ended 31 December 2019

	I-----Equity attributable to owners of the Company-----I									Non-controlling Interests	Total Equity
	Non-distributable					Distributable					
	Share Capital RM' 000	Capital Reserve RM' 000	Other Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000	Total RM' 000		
Opening balance at 1 Jan 2018	196,544	5,737	(32,100)	789	62	(37)	8	76,786	247,789	269,717	517,506
Total comprehensive income for the period	-	-	-	-	(17)	(252)	-	4,458	4,189	1,852	6,041
Dividends	-	-	-	-	-	-	-	(3,931)	(3,931)	-	(3,931)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4,613)	(4,613)
Closing balance at 31 December 2018	196,544	5,737	(32,100)	789	45	(289)	8	77,313	248,047	266,956	515,003
Opening balance at 1 Jan 2019	196,544	5,737	(32,100)	789	45	(289)	8	77,313	248,047	266,956	515,003
Total comprehensive income for the period	-	-	-	-	-	(54)	-	2,511	2,457	1,381	3,838
Dividends	-	-	-	-	-	-	-	(2,948)	(2,948)	-	(2,948)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,452)	(3,452)
Effect of subsidiary's treasury share transaction	-	-	(166)	-	-	-	-	-	(166)	(88)	(254)
Fair Value Adjustment	-	-	-	-	7	-	-	-	7	-	7
Closing balance at 31 December 2019	196,544	5,737	(32,266)	789	52	(343)	8	76,876	247,397	264,797	512,194

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows
For The Fourth Quarter Ended 31 December 2019

	12 months ended	
	31.12.2019	31.12.2018
	RM' 000	RM' 000
	(Unaudited)	(Audited)
Operating activities		
Profit before taxation	9,740	12,648
Adjustments for:		
Depreciation and amortisation	20,804	21,115
Bad debts written off	-	11
Interest expense	7,047	7,124
(Gain)/Loss on disposal of property, plant and equipment	(2)	(5)
(Gain)/Loss on fair value of biological assets	(1,354)	1,728
Property, plant and equipment written off	110	93
Provision for doubtful debts no longer required	(91)	-
Unrealised loss/(gain) on foreign exchange	(36)	34
Reversal of expected credit losses	-	(184)
Interest income	(8,102)	(8,194)
Dividend income	(9)	(26)
Total adjustments	18,366	21,696
Operating cash flows before changes in working capital	28,106	34,344
Changes in working capital:		
Inventories	5,332	695
Receivables	8,843	16,466
Payables	2,893	(6,661)
Total changes in working capital	17,069	10,500
Cash generated from operations	45,175	44,844
Interest received	759	798
Interest paid	(7,069)	(7,124)
Tax paid	(1,202)	(7,251)
Net cash flows from/(used in) operating activities	37,662	31,267
Investing activities		
Dividend received	9	26
Proceeds from disposal of property, plant and equipment	5	361
Additional placement of pledged fixed deposits	(16)	(284)
Purchase of property, plant and equipment	(24,335)	(18,948)
Net redemption/(investment in) of short term investments	(1,899)	3,184
Additions to investment in investment properties	(674)	-
Net cash flows (used in)/from investing activities	(26,911)	(15,661)
Financing activities		
Drawdown of revolving credit	5,750	4,500
Drawdown of term loan	16,400	20,259
Repayment of revolving credit	(5,550)	(11,250)
Repayment of term loan	(22,479)	(23,471)
Repayment of hire purchase obligations	(750)	(1,083)
Dividends paid to shareholders	(2,948)	(3,931)
Dividends paid to non-controlling shareholders	(3,454)	(4,613)
Purchase of treasury shares in a subsidiary company	(270)	-
Net cash flows from/(used in) financing activities	(13,302)	(19,589)
Net increase/(decrease) in cash and cash equivalents	(2,550)	(3,983)
Effect on exchange rate changes on cash and cash equivalents	(84)	(420)
Cash and cash equivalents as at 1 January	20,166	24,568
Cash and cash equivalents as at 30 September	17,533	20,165
Cash and cash equivalents :		
Fixed deposits with licensed banks	5,042	9,193
Cash and bank balances	15,731	14,199
	20,773	23,392
Less : Fixed deposits pledged	(3,240)	(3,227)
	17,533	20,165

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements for the financial year ended 31 December 2019 have been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in the audited financial statements of the Group 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 the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

2. Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2019:

- MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- MFRS 16 Leases
- MFRS 128: Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128)
- Annual Improvement to MFRS Standards 2015-2017 cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

The adoption of the above new/revised MFRSs and Amendments do not have any significant financial impact on the Group.

2. Changes in accounting policies (Contd.)

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 3 Definition of a Business	1 Jan 2020
Amendments to MFRS 101 Definition of Material	1 Jan 2020
Amendments to MFRS 108 Definition of Material	1 Jan 2020
MFRS 17: Insurance Contracts	1 Jan 2021
Amendments to FRS 10 and FRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

3. Auditors' report

The auditor's report on the preceding annual financial statements was not qualified.

4. Seasonal and cyclical factors

The business of the Group is cyclical in nature and the third quarter is normally the peak production season.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year ended 31 December 2019.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial year ended 31 December 2019.

8. Dividend paid

A final single-tier dividend of 1.50 sen per share in respect of the financial year ended 31 December 2018 on 196,543,970 ordinary shares, amounting to a dividend payable of RM2,948,160 was paid on 13 June 2019.

No interim dividend has been paid during the current quarter ended 31 December 2019.

9. Segment information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- a. Plantation - Cultivation of oil palm
- b. Oil Mill - Milling and sales of oil palm products
- c. Power Plant - Power Generation and sales of biomass by-products

Information about reportable segments

	Results for 3 months ended 31 December							
	Plantation		Oil Mill		Power Plant		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	5,531	3,530	69,151	68,539	10,492	8,622	85,174	80,691
Inter-segment revenue	12,401	12,054	-	-	-	-	12,401	12,054
Segment profit/(loss)	2,666	(3,930)	1,494	2,797	272	(2,039)	4,432	(3,172)

	3 months ended 31.12.2019 (Unaudited)	3 months ended 31.12.2018 (Unaudited)
	RM'000	RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit/(loss)	4,432	(3,172)
Other non-reportable segments	(359)	(61)
Amortisation of group land cost	(631)	(631)
Elimination of inter-segment profits	(51)	(81)
Unallocated corporate (expenses)/income	(398)	(511)
Consolidated profit/(loss) before tax	<u>2,993</u>	<u>(4,456)</u>

9. Segment information (Contd.)

	Results for 12 months ended 31 December								
	Plantation		Oil Mill		Power Plant		Total		
	2019	2018	2019	2018	2019	2018	2019	2018	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
External revenue	16,135	15,842	252,948	299,999	30,044	25,986	299,127	341,827	
Inter-segment revenue	43,857	51,615	-	-	-	-	43,857	51,615	
Segment profit/(loss)	2,520	6,005	9,027	11,144	2,726	(28)	14,273	17,121	

	12 months ended 31.12.2019 (Unaudited) RM'000	12 months ended 31.12.2018 (Audited) RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	14,273	17,121
Other non-reportable segments	(112)	(208)
Amortisation of group land cost	(2,523)	(2,523)
Elimination of inter-segment profits	(193)	(200)
Unallocated corporate (expenses)/income	(1,705)	(1,542)
Consolidated profit/(loss) before tax	<u>9,740</u>	<u>12,648</u>

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period except for the wholly owned subsidiary companies, namely Bisikan Gemilang Sdn Bhd (BGSB) and Citarasa Lestari Sdn Bhd, (CLSB), which have been removed from the register and dissolved on 13 February 2019 pursuant to Section 550 of the Companies Act, 2016. As such, BGSB and CLSB have ceased to be the subsidiary company of the Group.

11. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

12. Capital commitments

RM'000

Capital expenditure

Approved and contracted for

4,022

Approved but not contracted for

10,537

14,559

13. Subsequent event

There were no material subsequent events to the end of the current quarter.

Information required by BMSB Listing Requirements

1. Review of performance

Financial review for current quarter and financial year to date

	Individual Period (4th Quarter)			Cumulative Period (12 months ended)		
	Current year Quarter	Preceding Year Corresponding Quarter	Changes (%)	Current Year To- date	Preceding Year Corresponding Period	Changes (%)
	31.12.2019 (Unaudited) RM'000	31.12.2018 (Unaudited) RM'000		31.12.2019 (Unaudited) RM'000	31.12.2018 (Audited) RM'000	
Revenue	85,744	80,975	6%	301,368	343,447	-12%
Operating profit/(loss)	4,748	(2,527)	>100%	16,787	19,772	-15%
Profit/(Loss) before tax	2,993	(4,456)	>100%	9,740	12,648	-23%
Profit/(Loss) after tax	(548)	(6,412)	-91%	3,943	6,468	-39%
Profit/(Loss) attributable to ordinary equity holders of the Parent	55	(2,983)	>100%	2,511	4,458	-44%
Operational Statistics						
Production:						
FFB (mt)	40,832	46,133	-11%	161,181	161,100	0%
CPO (mt)	24,821	30,377	-18%	104,001	111,702	-7%
PK (mt)	6,394	8,156	-22%	26,883	29,720	-10%
Average selling price:						
FFB (RM/mt)	430	329	31%	374	408	-8%
CPO (RM/mt)	2,421	1,914	26%	2,071	2,226	-7%
PK (RM/mt)	1,420	1,420	0%	1,231	1,748	-30%
Quantity sold:						
CPO (mt)	24,778	29,732	-17%	106,116	111,286	-5%
PK (mt)	6,456	8,188	-21%	26,923	29,912	-10%
Oil Extraction Rate (%)	19.61	19.09	3%	19.59	19.45	1%
Electricity Export(MWh)	14,486	14,856	-2%	71,593	69,054	4%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a revenue of RM85.74 million for the current quarter ended 31 December 2019 as compared to a revenue of RM80.98 million in the preceding year corresponding quarter ended 31 December 2018. The increase in revenue was mainly due to increases in selling prices of CPO and FFB by 26% and 31% respectively.

Profit before taxation for the current quarter increased by RM7.45 million from a loss before taxation of RM4.46 million to a profit before taxation of RM2.99 million mainly due to: -

- a) Increases in selling prices of CPO and FFB by 26% and 31% respectively;
- b) A fair value gain on biological assets of RM1.35 million for the current quarter as compared to a fair value loss on biological assets of RM1.17 million in the preceding year corresponding quarter; and
- c) One-off reversal adjustment of RM2.23 million from the Power plant sales due to a change in estimate of Power Plant sale made in preceding year corresponding quarter in accordance with Accounting standard IC Interpretation 12 Service Concession Agreement (“IC12”).

Other operating expenses increased by RM4.09 million mainly due to a change in estimate amounting to RM5.69 million. The change in estimate was due to the reassessment of the Group's ability to meet the Declared Annual Availability which is part of the IC12. This was merely an accounting adjustment in which the power sales and other operating expenses increased by RM5.69 million respectively, with no financial impact on the Group's earnings. The increase was off-set by a decrease in Fair value adjustment on Biological stock of RM1.20 million, made in the previous year corresponding quarter.

Performance of the respective operating business segments for this quarter under review as compared to the previous corresponding quarter was analysed as follows:

- (i) Plantation – The increase in Segment profit by RM6.60 million (>100%) from a Segment loss of RM3.93 million to a Segment profit of RM2.67 million was mainly due to an increase in FFB price by 31% despite a decrease in FFB production by 11% and a fair value gain on biological assets of RM1.35 million for the current quarter as compared to a fair value loss on biological assets of RM1.17 million in the preceding corresponding year quarter.
- (ii) Oil Mill – The decrease in Segment profit by RM1.30 million (47%) from RM2.79 million to RM1.49 million was mainly due to a decrease in FFB processed by 20% and competitions for crops resulting in a squeeze in milling margin.

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter (Cont'd)

- (iii) Power Plant – The increase in Segment profit by RM2.31 million (>100%) from a Segment loss of RM2.04 million to a Segment profit of RM0.27 million was mainly due to one-off reversal adjustment of RM2.23 million from the Power plant sales due to a change in estimate of Power Plant sale made in preceding year corresponding quarter in accordance with IC12 and higher contribution from its Teluk Intan Biogas power plant which was successfully commissioned, exporting electricity up to 1MW to Tenaga Nasional Berhad starting on 8 August 2019 at the FiT rate of RM0.4669/kWh.

Current Year-to-date vs. Previous Year-to-date

For this financial year under review, the Group recorded a revenue of RM301.37 million and profit before tax of RM9.74 million as compared to a revenue of RM343.45 million and profit before tax of RM12.65 million in the preceding year. The decreases in revenue and profit before tax were mainly due to:

- a) Decreases in selling prices of CPO, PK and FFB by 7%, 30% and 8% respectively; and
b) Decreases in sales volume of CPO and PK by 5% and 10% respectively.

Other operating expenses increased by RM4.51 million mainly due to a change in estimate amounting to RM5.69 million. The change in estimate was due to the reassessment of the ability of the Group's ability to meet the Declared Annual Availability which is part of the IC12. This was merely an accounting adjustment in which the power sales and other operating expenses were increased by RM5.69 million respectively with no financial impact on the Group's earnings. The increase was off-set by a decrease in Fair value adjustment on Biological stock of RM1.73 million, made in the previous year.

Performance of the respective operating business segments for this financial year under review as compared to the previous financial year was analysed as follows:

- (i) Plantation – The decrease in Segment profit by RM3.48 million (58%) from RM6.00 million to RM2.52 million was mainly due to a decrease in FFB price by 11%.
- (ii) Oil Mill – The decrease in Segment profit by RM 2.11 million (19%) from RM11.14 million to RM9.03 million was mainly due to a decrease in FFB processed by 8% and competitions for crops resulting in a squeeze in milling margin.
- (iii) Power Plant – The increase in Segment profit by RM2.76 million (>100%) from a Segment loss of RM0.03 million to a Segment profit of RM2.73 million was mainly due to an increase in average selling price of Power export to Sabah Electricity Sdn Bhd (SESB) from RM0.32/ kWh to RM0.37 Per kWh for our Sandakan Biogas Power Plant and a higher contribution from its Teluk Intan Biogas power plant which was successfully commissioned, exporting electricity up to 1MW to Tenaga Nasional Berhad starting on 8 August 2019 at the FiT rate of RM0.4669/kWh.

2. Financial review for current quarter compared with immediate preceding quarter

			Current quarter 31.12.2019 (Unaudited) RM'000	Immediate Preceding Quarter 30.9.2019 (Unaudited) RM'000	Changes (%)
Revenue			85,744	69,781	23%
Operating profit			4,748	3,790	25%
Profit before tax			2,993	1,929	55%
Profit after tax			(548)	1,885	>100%
Profit attributable to ordinary equity holders of the Parent			55	1,366	-96%
<i>Operational Statistics</i>					
Production:					
FFB	(mt)		40,832	40,651	0%
CPO	(mt)		24,821	25,160	-1%
PK	(mt)		6,394	6,505	-2%
Average selling price:					
FFB	(RM/mt)		430	363	18%
CPO	(RM/mt)		2,421	1,997	21%
PK	(RM/mt)		1,420	1,138	25%
Quantity sold:					
CPO	(mt)		24,778	25,851	-4%
PK	(mt)		6,456	6,592	-2%
Oil Extraction Rate (%)			19.61	19.79	-1%
Electricity Export(MWh)			14,486	16,686	-13%

The Group recorded a profit before tax of RM2.99 million in the quarter under review as compared to a profit before tax of RM1.93 million in the immediate preceding quarter. The increase in profit before tax was mainly due to a fair value gain on biological assets of RM1.35 million recorded during the current quarter.

3. Commentary on prospects

The Group expects a brighter outlook for 2020 in view of the significant recovery of CPO price due to higher biofuel mandates in Indonesia (B30) and Malaysia (B20), declining CPO inventories and anticipated lower FFB production.

The Group will continue to face challenges from the increase in production costs and shortage of foreign labour in the palm oil industry. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost. The Group will also continuously focus on the maturity profile of its oil palm trees and for the past few years, we have undertaken accelerated replanting programmes.

The Group also expects a better contribution from its power plant division following the successful commissioning of its Biogas Power Plant in Teluk Intan for the purpose of supplying up to 1MW of electricity to Tenaga Nasional Berhad starting on 8 August 2019 at the FiT rate of RM0.4669/kWh.

On the whole, the Board is optimistic that the Group will perform satisfactorily in the year 2020 subject to uncertainties arising from the global outbreak of COVID-19.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit/(Loss) before taxation

This is arrived at after crediting/ (charging):

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	-	-	(11)
Gain/(Loss) on disposal of plant and equipment	-	101	2	5
Fair value gain/(loss) on biological assets	1,354	(1,169)	1,354	(1,728)
Interest income	2,074	2,016	8,102	8,194
Interest expense	(1,755)	(2,029)	(7,047)	(7,124)
Depreciation and amortisation	(6,361)	(4,545)	(20,804)	(21,115)
Dividend	8	24	9	26
Property, plant and equipment written off	(58)	(207)	(110)	(93)
Reversal of expected credit losses	(24)	185	91	185
Unrealised (loss)/gain on foreign exchange	-	-	36	33

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

6. Income tax expense

Taxation is provided at the prevailing statutory rate based on the operating profit for the quarter as follows.

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	2,164	(272)	3,421	3,361
-Under/(over) provision of tax	(34)	(25)	130	(247)
	2,130	(297)	3,551	3,114
Deferred tax				
- relating to origination and reversal of temporary differences	506	1,505	989	2,285
- under/(over) provision of tax	905	748	1,257	781
	1,411	2,253	2,246	3,066
Total income tax expense	3,541	1,956	5,797	6,180

The Group's effective tax rate for the current and cumulative quarter was higher than the statutory tax rate of 24% principally due to certain deferred tax assets was not recognised on business loss for the current period and certain expenses was disallowed for tax purposes.

7. Corporate proposal

There was no corporate proposal for the current quarter under review.

8. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows:

		Current quarter	
		12 months ended	
		31.12.2019	31.12.2018
		(Unaudited)	(Audited)
		RM'000	RM'000
Short term borrowings			
Secured:			
Term loans		22,750	22,479
Short term revolving credits		52,250	52,050
Unsecured:			
Short term revolving credits		1,100	1,100
		76,100	75,629
Long term borrowings			
Secured:			
Term loans		55,163	61,513
Total borrowings			
Secured:			
Term loans		77,913	83,992
Short term revolving credits		52,250	52,050
Unsecured:			
Short term revolving credits		1,100	1,100
		131,263	137,142

9. Trade and Other Receivables

		As at	
		31.12.2019	31.12.2018
		(Unaudited)	(Audited)
		RM'000	RM'000
Current			
Trade receivables:			
- Non-related parties		16,430	8,977
-Amount due from customer on service concession		8,175	9,783
		24,605	18,760
Less: Allowance for doubtful debts		(290)	(486)
		24,315	18,274
Other receivables, net		5,152	6,715
		29,467	24,989
Non-current			
Trade receivables:			
-Amount due from customer on service concession		136,404	140,836

9. Trade and Other Receivables (Cont'd)

The credit period of trade receivables is generally for a period of one month.

The ageing analysis of trade receivables is as follows:

	As at	
	31.12.2019	31.12.2018
	(Unaudited)	(Audited)
	RM'000	RM'000
Neither past due nor impaired	156,168	158,975
1 - 30 days past due not impaired	3,447	51
31 - 60 days past due not impaired	369	37
61 - 90 days past due not impaired	155	44
More than 90 days past due not impaired	290	3
	4,261	135
Impaired	290	486
	160,719	159,596

10. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 December 2019.

11. Changes in material litigation

Yuh @ Abdul Salleh Bin Pompulu (“AYU”) Vs Suwaya Bte Buang (“SUWAYA”), Suara Baru Sdn Bhd (“SBSB”) and Cepatawawasan Group Berhad (“CGB”)

The Company’s subsidiary, CGB and its wholly owned subsidiary, SBSB have been served with a Writ of Summons issued in the High Court in Sabah and Sarawak at Sandakan vide Suit No. SDK-22NCvC-12/6-2016 (HC) on 14.06.2016. SBSB is the sub-lessee of 33 lots of land (“the land”) totalling approximately 337.949 acres situated in Sungai Sekong in the District of Sandakan, Sabah. The lands had been leased from SUWAYA to SBSB for a term of 99 years. The lease commenced in the year 1997 and expires in the year 2096. The lands had been transferred to SUWAYA by their previous 33 owners, including AYU. AYU, on his behalf and the other 32 previous owners, allege that the transfer of the land to SUWAYA was through forged documents and therefore the said transfer is null and void. AYU further alleges that as the transfer to SUWAYA is null and void, therefore the sublease by the 1st SUWAYA to SBSB is likewise null and void. AYU therefore seeks an order of the High Court to set aside the said transfer to the SUWAYA and also the sub-lease to SBSB.

11. Changes in material litigation (Cont'd)

SBSB and CGB had filed their Defence (“Defence”) in the High Court in Sabah and Sarawak at Sandakan on 11 July 2016 and followed by an application in the High Court in Sabah and Sarawak at Sandakan on 26th August 2016 to strike out the Suit on the ground that the Suit is frivolous or vexatious or is otherwise an abuse of the process of the Court.

The striking out application came up for hearing on 26th September 2016 where the Court directed the parties to file their respective written submissions and the Court will give its decision on the said application on 24th November 2016. On 1 December 2016, the application to strike out was dismissed by the High Court in Sabah and Sarawak at Sandakan (“Sandakan High Court”) with costs, on the ground that it was not a proper case to be disposed of by way of affidavit evidence and the Suit is fixed for trial on 17 April 2017 to 21 April 2017 before the Sandakan High Court.

On 28 December 2016, SB filed an appeal to the Court of Appeal against the decision of the High Court. The said appeal was heard and dismissed by the Court of Appeal with no order as to costs on 17th November 2017.

SB and the Company have on 12 December 2017 filed a motion for leave to appeal to the Federal Court against the decision of the Court of Appeal. The application for leave to appeal to the Federal Court was heard and allowed by the Federal Court on 13th April 2018.

The appeal to Federal Court was heard on 24 June 2019 and dismissed by Federal Courts with costs of RM10,000 awarded to AYU. Following the decision by Federal Court, the High Court at Sandakan, Sabah has fixed the trial date on 29 October 2019. On 10th February 2020, the High Court gave its decision dismissing the said Suit and also awarded RM80,000.00 costs in favour of the 1st Defendant, SBSB and the Company

12. Dividend payable

No interim ordinary dividend has been declared for the current quarter ended 31 December 2019 (31 December 2018: Nil).

13. Earnings per share

a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 196,543,970 (2018 – 196,543,970) in issue during the financial period.

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	55	(2,983)	2,511	4,458
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	0.03	(1.52)	1.28	2.27

b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share have not been presented.

14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2020.