

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The Second Quarter Ended 30 June 2022

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.6.2022 (Unaudited) RM' 000	30.6.2021 (Restated) RM'000	30.6.2022 (Unaudited) RM' 000	30.6.2021 (Restated) RM' 000
Revenue	180,790	139,012	334,143	235,188
Cost of sales	(144,212)	(113,486)	(268,748)	(192,470)
Gross profit	36,578	25,526	65,395	42,718
Other income	2,546	930	4,985	1,900
Administrative expenses	(2,891)	(2,829)	(5,790)	(5,806)
Other operating expenses	(1,537)	(1,295)	(2,951)	(2,294)
Operating profit	34,696	22,332	61,639	36,518
Finance costs	(539)	(983)	(1,076)	(1,940)
Profit/(Loss) before tax	34,157	21,349	60,563	34,578
Income tax expense	(7,222)	(5,424)	(11,891)	(7,748)
Profit/(Loss) after tax	26,935	15,925	48,672	26,830
Other comprehensive income				
Exchange difference on translation of foreign operations	(103)	(116)	2	(43)
Total comprehensive income for the period	26,832	15,809	48,674	26,787
Profit/(Loss) attributable to:				
Owners of the parent	16,308	9,065	27,780	15,943
Non-controlling interests	10,627	6,860	20,892	10,887
	26,935	15,925	48,672	26,830
Total comprehensive income attributable to:				
Owners of the parent	16,244	9,020	27,780	15,916
Non-controlling interests	10,588	6,789	20,894	10,871
	26,832	15,809	48,674	26,787
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	8.30	4.61	14.13	8.11

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

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

Condensed Consolidated Statement of Financial Position
as at 30 June 2022

	As at 30.6.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	476,769	486,201
Investment properties	45,264	45,264
Deferred tax assets	6,535	6,539
Investment in securities	279	279
Goodwill on consolidation	43,867	43,867
	<u>572,714</u>	<u>582,150</u>
Current assets		
Inventories	33,043	21,609
Biological assets	5,822	5,822
Trade and other receivables	24,883	26,972
Tax recoverable	3,448	1,700
Short term investments	29,802	31,966
Fixed deposits with licensed banks	26,295	16,684
Cash and bank balances	45,807	34,370
	<u>169,100</u>	<u>139,123</u>
TOTAL ASSETS	<u>741,814</u>	<u>721,273</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	104,648	88,697
	<u>301,192</u>	<u>285,241</u>
Non-controlling interests	294,175	281,898
Total equity	<u>595,367</u>	<u>567,139</u>

**Condensed Consolidated Statement of Financial Position
as at 30 June 2022 (Contd.)**

	As at 30.6.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Borrowings	28,559	33,126
Deferred tax liabilities	51,197	50,997
Lease liabilities	2,585	2,908
	82,341	87,031
Current liabilities		
Payables	29,165	37,758
Borrowings	23,600	22,587
Lease liabilities	1,110	1,075
Taxation	10,231	5,683
	64,106	67,103
Total liabilities	146,447	154,134
TOTAL EQUITY AND LIABILITIES	741,814	721,273
Net Tangible Asset Per Share (RM)	1.31	1.23
Net Asset Per Share (RM)	1.53	1.45

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The Second Quarter Ended 30 June 2022

	Non-Distributable						Distributable		Total	Non-controlling Interests	Total Equity
	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			
Opening balance at 1 Jan 2021	196,544	5,737	(32,382)	789	(4)	(276)	8	80,450	250,866	253,568	504,434
Total comprehensive income for the period	-	-	-	-	-	(28)	-	15,943	15,915	10,871	26,786
Dividends paid to the equity holders of the Company	-	-	-	-	-	-	-	(7,862)	(7,862)	-	(7,862)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(5,551)	(5,551)
Closing balance at 30 June 2021	196,544	5,737	(32,382)	789	(4)	(304)	8	88,531	258,919	258,888	517,807
Opening balance at 1 Jan 2022	196,544	5,737	(32,523)	789	(63)	(292)	8	115,041	285,241	281,898	567,139
Total comprehensive income for the period	-	-	(36)	-	-	-	-	27,780	27,744	20,894	48,638
Dividends paid to the equity holders of the Company	-	-	-	-	-	-	-	(11,793)	(11,793)	-	(11,793)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(8,601)	(8,601)
Effect of subsidiaries treasury transaction	-	-	-	-	-	-	-	-	-	(16)	(16)
Closing balance at 30 June 2022	196,544	5,737	(32,559)	789	(63)	(292)	8	131,028	301,192	294,175	595,367

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Second Quarter Ended 30 June 2022

	6 months ended	
	30.6.2022	30.6.2021
	(Unaudited)	(Unaudited)
	RM' 000	RM' 000
Operating activities		
Profit before taxation	60,563	34,578
Adjustments for:		
Depreciation and amortisation	14,883	14,683
Reversal of allowance for expected credit losses	(3)	-
Interest expense	1,076	1,940
Property, plant and equipment written off	308	2
Interest income	(478)	(246)
Total adjustments	15,786	16,379
Operating cash flows before changes in working capital	<u>76,349</u>	<u>50,957</u>
Changes in working capital:		
Inventories	(11,434)	(3,798)
Receivables	1,854	643
Payables	(8,353)	878
Total changes in working capital	<u>(17,933)</u>	<u>(2,277)</u>
Cash generated from operations	58,416	48,680
Interest received	478	246
Interest paid	(1,081)	(1,934)
Tax paid	(8,887)	(3,184)
Net cash flows from/(used in) operating activities	<u>48,926</u>	<u>43,808</u>
Investing activities		
Purchase of property, plant and equipment	(5,497)	(4,647)
Net redemption/(investment in) of short term investments	2,164	(430)
Net cash flows (used in)/from investing activities	<u>(3,333)</u>	<u>(5,077)</u>
Financing activities		
Drawdown of revolving credit	20,000	5,000
Drawdown of term loan	100	-
Purchase of treasury shares in Subsidiaries	(52)	-
Repayment of revolving credit	(15,000)	(9,400)
Repayment of term loan	(8,654)	(12,042)
Repayment of lease liabilities	(547)	(647)
Dividends paid to equity holders of the Company	(11,793)	(7,862)
Dividend paid to non-controlling interest	(8,601)	(5,551)
Net cash flows from/(used in) financing activities	<u>(24,547)</u>	<u>(30,502)</u>
Net increase/(decrease) in cash and cash equivalents	21,046	8,229
Effect on exchange rate changes on cash and cash equivalents	1	4
Cash and cash equivalents as at 1 January	<u>46,440</u>	<u>28,050</u>
Cash and cash equivalents as at 30 June	<u>67,487</u>	<u>36,283</u>
Cash and cash equivalents :		
Fixed deposits with licensed banks	26,295	11,323
Cash and bank balances	45,807	29,516
	<u>72,102</u>	<u>40,839</u>
Less : Fixed deposits pledged	(4,615)	(4,556)
	<u>67,487</u>	<u>36,283</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements for the financial period ended 30 June 2022 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 2021.

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 2021. 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 2021.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021 except for the adoption of new MFRS, amendments to published standards and IC Interpretations for the Group for the financial year beginning 1 January 2022:

Amendments to MFRSs	Effective Date
Amendments to MFRS1:First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)	1 Jan 2022
Amendments to MFRS 3: Business Combinations-Reference to Conceptual Framework	1 Jan 2022
Amendments to MFRS 9: Financial Instruments (Annual improvements to MFRS Standard 2018-2020)	1 Jan 2022
Amendments to Illustrative Examples accompanying MFRS 16: Leases (Annual Improvements to MFRS Standards 2018-2020)	1 Jan 2022
Amendments to MFRS116: Property, plant and equipment –Proceeds before intended use	1 Jan 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets-Onerous Contracts- Cost of Fulfilling a Contract	1 Jan 2022
Amendments to MFRS 141 Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1 Jan 2022

The adoption of above amendments to MFRS did not have a material impact on the financial statements of the Group.

2. Significant accounting policies (Cont'd)

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

Amendments to MFRSs	Effective Date
MFRS 17: Insurance Contracts	1 Jan 2023
Amendments to MFRS 17: Insurance Contracts-Initial Application of MFRS17	1 Jan 2023
Amendments to MFRS 9 : Comparative Information	1 Jan 2023
Amendments to MFRS101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies	1 Jan 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates	1 Jan 2023
Amendments to MFRS 112: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023

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 period ended 30 June 2022.

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 period ended 30 June 2022.

8. Dividend paid

On 30 March 2022, the Board approved the following single-tier dividend:

(i) A single-tier interim dividend of 2.0 sen per ordinary share totalling RM3,930,879 in respect for the financial year ending 31 December 2022 and paid on 10 May 2022; and

(ii) A single-tier “bumper profit” special dividend of 2.0 sen per ordinary share totalling RM3,930,880 in respect for the financial year ended 31 December 2021 and paid on 10 May 2022; and

(iii) A single-tier “last and final Covid-19 relief” special dividend of 2.0 sen per ordinary share totalling RM3,930,879 in respect for the financial year ending 31 December 2022 and paid on 10 May 2022.

The rationale behind the payment of this “last and final Covid-19 relief” special dividend was:

1. To reward our loyal shareholders for keeping faith in MHC Plantations Bhd. despite the uncertain economic situation; and
2. To hopefully help in mitigating any difficulties our shareholders might currently be facing as a result of the economic turmoil caused by Covid-19.

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 30 June							
	Plantation		Oil Mill		Power Plant		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	10,247	14,118	156,633	114,498	13,552	10,319	180,432	138,935
Inter-segment revenue	28,803	14,580	-	-	-	-	28,803	14,580
Segment profit/(loss)	21,131	15,057	9,463	5,977	4,449	2,287	35,043	23,321

9. Segment information (Contd.)

Segment profit is reconciled to consolidated profit before tax as follows:	3 months ended 30.6.2022 (Unaudited) RM'000	3 months ended 30.6.2021 (Unaudited) RM'000
Segment profit	35,043	23,321
Other non-reportable segments	23	(846)
Amortisation of group land cost	(631)	(631)
Elimination of inter-segment profits	130	10
Unallocated corporate (expenses)/income	(408)	(505)
Consolidated profit/(loss) before tax	<u>34,157</u>	<u>21,349</u>

	Results for 6 months ended 30 June									
	Plantation		Oil Mill		Power Plant		Total			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	20,721	22,804	285,111	188,159	27,559	23,743	333,391	234,706		
Inter-segment revenue	55,145	27,187	-	-	-	-	55,145	27,187		
Segment profit/(loss)	43,018	23,180	9,266	6,987	10,019	7,570	62,303	37,737		

Segment profit is reconciled to consolidated profit before tax as follows:	6 months ended 30.6.2022 (Unaudited) RM'000	6 months ended 30.6.2021 (Unaudited) RM'000
Segment profit	62,303	37,737
Other non-reportable segments	813	(895)
Amortisation of group land cost	(1,261)	(1,261)
Elimination of inter-segment profits	(524)	12
Unallocated corporate (expenses)/income	(768)	(1,015)
Consolidated profit/(loss) before tax	<u>60,563</u>	<u>34,578</u>

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2022.

11. Contingent Assets and Liabilities

There were no changes in other contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2021.

On 10 May 2021, a group of residents of Kampung Segaliud in Sandakan sued a subsidiary of the Company, Prolific Yield Sdn. Bhd. (“Prolific”) and another third party for negligence and breach of duty for alleged discharge of industrial effluent from their palm oil mill and thereby causing pollution to the nearby Segaliud River. Prolific has strongly denied the said claim as they maintain that at all material times they had set up and operated a safe and adequate industrial effluent treatment system duly approved and licensed by the relevant authorities in compliance with the terms and conditions of the said license and all applicable relevant laws and regulations.

Following the trial from 4 July 2022 to 6 July 2022 by the Sandakan High Court, the Court has given the directions for the Plaintiffs to file and serve written submissions on 26 July 2022, “the Defendants” to file written submissions/reply on 16 August 2022, and followed by the “Plaintiffs” to file its their reply on 30 August 2022. An E- Review is fixed on 1 September 2022 for further direction.

Our legal counsel is of the opinion that Prolific has a meritorious defence to this claim and there is a good prospect of succeeding in dismissing this claim.

The Board of Directors of the Company is of the view that the court case will have no immediate material financial and operational impact on Prolific as, based on the facts of the case, the documents presently available and the advice of its solicitors, Prolific has a good defence against the Plaintiffs’ claim.

12. Capital commitments

	RM’000
Capital expenditure	
Approved and contracted for	10,372
Approved but not contracted for	<u>18,368</u>
	<u>28,740</u>

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 (2nd Quarter)			Cumulative Period (6 months ended)			
	Current year Quarter	Preceding Year Corresponding Quarter	Changes (%)	Current Year To- date	Preceding Year Corresponding Period	Changes (%)	
	30.6.2022	30.6.2021		30.6.2022	30.6.2021		
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	RM'000	RM'000		RM'000	RM'000		
Revenue	180,790	139,012	30%	334,143	235,188	42%	
Operating profit	34,696	22,332	55%	61,639	36,518	69%	
Profit before tax	34,157	21,349	60%	60,563	34,578	75%	
Profit after tax	26,935	15,925	69%	48,672	26,830	81%	
Profit attributable to ordinary equity holders of the Parent	16,308	9,065	80%	27,780	15,943	74%	
Operational Statistics							
Production:							
FFB	(mt)	30,569	35,329	-13%	60,211	63,920	-6%
CPO	(mt)	21,556	23,659	-9%	39,637	39,972	-1%
PK	(mt)	5,639	6,159	-8%	10,710	10,829	-1%
Average selling price:							
FFB	(RM/mt)	1,329	818	62%	1,273	785	62%
CPO	(RM/mt)	6,661	4,189	59%	6,248	4,042	55%
PK	(RM/mt)	3,669	2,636	39%	4,121	2,580	60%
Quantity sold:							
CPO	(mt)	20,659	23,443	-12%	38,874	39,727	-2%
PK	(mt)	5,186	6,185	-16%	10,245	10,695	-4%
Oil Extraction Rate (%)		19.67	19.77	-1%	19.18	19.29	-1%
Electricity Export(MWh)		13,603	10,506	29%	28,087	28,311	-1%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a revenue of RM180.79 million and profit before tax of RM34.16 million for the current quarter ended 30 June 2022 as compared to a revenue of RM139.01 million and profit before tax of RM21.35 million in the preceding year quarter ended 30 June 2021. The significant increases in revenue and profit before tax were mainly due to higher average selling prices of CPO, PK, FFB and EFB Oil by 59%, 39%, 57% and 34% respectively.

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 RM6.07 million (40%) from RM15.06 million to RM21.13 million was mainly due to a substantial increase in average FFB selling price by 57% despite a lower FFB production by 13%.
- (ii) Oil Mill – The increase in Segment profit by RM3.48 million (58%) from RM5.98 million to RM9.46 million was mainly due to higher selling prices of CPO and PK by 59% and 39% respectively and a favourable OER Margin.
- (iii) Power Plant – The increase in Segment profit by RM2.16 million (94%) from RM2.29 million to RM4.45 million was mainly due to increases in the average selling price of EFB Oil (34%), EFB Oil sales volume (3%) and power export (29%).

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

For this financial period under review, the Group recorded a revenue of RM334.14 million and profit before tax of RM60.56 million as compared to a revenue of RM235.19 million and profit before tax of RM34.58 million in the preceding year corresponding period. The remarkable performance for this financial period was mainly due to higher average selling prices of CPO, PK, FFB and EFB Oil by 55%, 60%, 62% and 44% respectively.

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

- (i) Plantation – The substantial increase in Segment profit by RM19.84 million (86%) from RM23.18 million to RM43.02 million was mainly due to an increase in average FFB selling price by 61% despite a decrease in FFB production by 6%.
- (ii) Oil Mill – The increase in Segment profit by RM2.28 million (33%) from RM6.99 million to RM9.27 million was mainly due to higher average selling prices of CPO and PK by 55% and 60% respectively and a favourable OER Margin.
- (iii) Power Plant – The increase in Segment profit by RM2.45 million (32%) from RM7.57 million to RM10.02 million was mainly due to an increase in the average EFB Oil selling price by 44%.

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

		Current quarter 30.6.2022 (Unaudited) RM'000	Immediate Preceding Quarter 31.3.2022 (Unaudited) RM'000	Changes (%)
Revenue		180,790	153,353	18%
Operating profit		34,696	26,943	29%
Profit before tax		34,157	26,406	29%
Profit after tax		26,935	21,737	24%
Profit attributable to ordinary equity holders of the Parent		16,308	11,472	42%
<i>Operational Statistics</i>				
Production:				
FFB	(mt)	30,569	29,642	3%
CPO	(mt)	21,556	18,081	19%
PK	(mt)	5,639	5,071	11%
Average selling price:				
FFB	(RM/mt)	1,329	1,222	9%
CPO	(RM/mt)	6,661	5,780	15%
PK	(RM/mt)	3,669	4,584	-20%
Quantity sold:				
CPO	(mt)	20,659	18,215	13%
PK	(mt)	5,186	5,059	3%
Oil Extraction Rate (%)		19.67	18.63	6%
Electricity Export(MWh)		13,603	14,485	-6%

The Group recorded a profit before tax of RM34.16 million in the quarter under review as compared to a profit before tax of RM26.41 million in the immediate preceding quarter. The increase in profit before tax was mainly due to:

- a) Increase in mill margin from improvement in Mill OER;
- b) Increases in average selling prices and sales volume of CPO by 15% and 13% respectively; and
- c) Increase in FFB processed volume by 13%.

3. Commentary on prospects

CPO prices have fallen by more than 40% owing to the removal of Indonesia's CPO export ban and the anticipation of a potential global recession.

The Group expects CPO prices to remain firm in the second half of 2022 in view of supply tightness amid the prolonged Russia-Ukraine conflict.

The Group will continue to face challenges from the increase in production costs and acute shortage of foreign labour in the palm oil industry. As such, the Group will continue to improve its operating efficiency and productivity particularly through mechanisation.

On the whole, the Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily for the financial year 2022.

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		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Interest income	293	110	478	246
Interest expense	(539)	(983)	(1,076)	(1,940)
Depreciation and amortisation	(7,446)	(7,351)	(14,883)	(14,683)
Reversal of allowance for expected credit loss	-	-	3	-
Property, plant and equipment written off	-	(1)	(308)	(2)

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		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	6,798	4,166	11,573	6,830
-Under/(over) provision of tax	(24)	(19)	200	194
	6,774	4,147	11,773	7,024
Deferred tax				
- relating to origination and reversal of temporary differences	415	1,215	238	940
- under/(over) provision of tax	33	62	(120)	(216)
	448	1,277	118	724
Total income tax expense	7,222	5,424	11,891	7,748

The Group's effective tax rate for the current quarter and cumulative quarter was lower than the statutory tax rate of 24% principally due to the recognition of previously unrecognised deferred tax assets.

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	
		6 months ended	
		30.6.2022	30.6.2021
		(Unaudited)	(Unaudited)
		RM'000	RM'000
Short term borrowings			
Secured:			
Term loans		16,100	18,104
Short term revolving credits		6,400	41,400
Unsecured:			
Short term revolving credits		1,100	1,100
		23,600	60,604
Long term borrowings			
Secured:			
Term loans		28,559	35,059
Total borrowings			
Secured:			
Term loans		44,659	53,163
Short term revolving credits		6,400	41,400
Unsecured:			
Short term revolving credits		1,100	1,100
		52,159	95,663

9. Trade and Other Receivables

		As at	
		30.6.2022	31.12.2021
		(Unaudited)	(Audited)
		RM'000	RM'000
Current			
Trade receivables:			
- Non-related parties		13,577	18,113
Less: Allowance for doubtful debts		(227)	(227)
		13,350	17,886
Other receivables, net		11,533	9,086
		24,883	26,972

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	
		30.6.2022	31.12.2021
		(Unaudited)	(Audited)
		RM'000	RM'000
Neither past due nor impaired		13,350	16,772
1 - 30 days past due not impaired		-	730
31 - 60 days past due not impaired		-	57
61 - 90 days past due not impaired		-	327
More than 90 days past due not impaired		227	227
		227	1,341
Impaired		(227)	(227)
		13,350	17,886

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 30 June 2022.

11. Changes in material litigation

There are no pending material litigations as at the date of this report.

12. Dividend payable

No interim dividend has been declared for the current quarter ended 30 June 2022.

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 (2020 – 196,543,970) in issue during the financial period.

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	16,308	9,065	27,780	15,943
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	8.30	4.61	14.13	8.11

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 26 July 2022.