

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

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30.9.2022 (Unaudited) RM' 000	30.9.2021 (Unaudited) RM'000	30.9.2022 (Unaudited) RM' 000	30.9.2021 (Unaudited) RM' 000
Revenue	139,552	167,999	473,695	403,187
Cost of sales	(122,308)	(138,642)	(391,056)	(331,112)
Gross profit	17,244	29,357	82,639	72,075
Other income	2,632	1,735	7,617	3,635
Administrative expenses	(3,283)	(2,590)	(9,073)	(8,396)
Other operating expenses	(1,439)	(1,570)	(4,390)	(3,864)
Operating profit	15,154	26,932	76,793	63,450
Finance costs	(522)	(839)	(1,598)	(2,779)
Profit/(Loss) before tax	14,632	26,093	75,195	60,671
Income tax expense	(5,927)	(6,398)	(17,818)	(14,147)
Profit/(Loss) after tax	8,705	19,695	57,377	46,524
Other comprehensive income				
Exchange difference on translation of foreign operations	(2)	(73)	-	(288)
Total comprehensive income for the period	8,703	19,622	57,377	46,236
Profit/(Loss) attributable to:				
Owners of the parent	6,624	11,477	34,404	27,419
Non-controlling interests	2,081	8,218	22,973	19,105
	8,705	19,695	57,377	46,524
Total comprehensive income attributable to:				
Owners of the parent	6,622	11,495	34,402	27,238
Non-controlling interests	2,081	8,127	22,975	18,998
	8,703	19,622	57,377	46,236
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	3.37	5.84	17.50	13.95

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 September 2022

	As at 30.9.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	472,431	486,201
Investment properties	45,264	45,264
Deferred tax assets	6,418	6,539
Investment in securities	315	279
Goodwill on consolidation	43,867	43,867
	<u>568,295</u>	<u>582,150</u>
Current assets		
Inventories	22,709	21,609
Biological assets	5,822	5,822
Trade and other receivables	23,027	26,972
Tax recoverable	1,817	1,700
Short term investments	41,278	31,966
Fixed deposits with licensed banks	33,690	16,684
Cash and bank balances	38,529	34,370
	<u>166,872</u>	<u>139,123</u>
TOTAL ASSETS	<u>735,167</u>	<u>721,273</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	111,233	88,697
	<u>307,777</u>	<u>285,241</u>
Non-controlling interests	296,222	281,898
Total equity	<u>603,999</u>	<u>567,139</u>

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

	As at 30.9.2022 (Unaudited) RM'000	As at 31.12.2021 (Audited) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Borrowings	26,684	33,126
Deferred tax liabilities	50,932	50,997
Lease liabilities	2,827	2,908
	<u>80,443</u>	<u>87,031</u>
Current liabilities		
Payables	29,017	37,758
Borrowings	13,200	22,587
Lease liabilities	1,049	1,075
Taxation	7,459	5,683
	<u>50,725</u>	<u>67,103</u>
Total liabilities	<u>131,168</u>	<u>154,134</u>
TOTAL EQUITY AND LIABILITIES	<u>735,167</u>	<u>721,273</u>
Net Tangible Asset Per Share (RM)	<u>1.34</u>	<u>1.23</u>
Net Asset Per Share (RM)	<u>1.57</u>	<u>1.45</u>

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 Third Quarter Ended 30 September 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	-	-	-	-	-	(181)	-	27,419	27,238	18,998	46,236
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 September 2021	196,544	5,737	(32,382)	789	(4)	(457)	8	100,007	270,242	267,015	537,257
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	-	-	(111)	-	36	-	-	34,404	34,329	22,975	57,304
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 a subsidiary treasury share transaction	-	-	-	-	-	-	-	-	-	(50)	(50)
Closing balance at 30 September 2022	196,544	5,737	(32,634)	789	(27)	(292)	8	137,652	307,777	296,222	603,999

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 Third Quarter Ended 30 September 2022

	9 months ended	
	30.9.2022	30.9.2021
	(Unaudited)	(Unaudited)
	RM' 000	RM' 000
Operating activities		
Profit before taxation	75,195	60,671
Adjustments for:		
Depreciation and amortisation	22,427	22,254
Reversal of allowance for expected credit losses	(3)	-
Interest expense	1,598	2,779
Inventory written off	-	1,286
Property, plant and equipment written off	316	-
Interest income	(878)	(383)
Total adjustments	23,459	25,936
Operating cash flows before changes in working capital	98,654	86,607
Changes in working capital:		
Inventories	(1,100)	(3,941)
Receivables	3,940	(15,306)
Payables	(8,717)	8,295
Total changes in working capital	(5,877)	(10,952)
Cash generated from operations	92,777	75,655
Interest received	863	383
Interest paid	(1,603)	(2,771)
Tax paid	(16,104)	(5,614)
Net cash flows from/(used in) operating activities	75,933	67,653
Investing activities		
Purchase of property, plant and equipment	(8,257)	(6,398)
Net redemption/(investment in) of short term investments	(9,312)	(8,193)
Proceeds from disposal of property, plant and equipment	10	-
Net cash flows (used in)/from investing activities	(17,559)	(14,591)
Financing activities		
Drawdown of revolving credit	20,000	5,000
Drawdown of term loan	100	-
Purchase of treasury shares in a subsidiary	(161)	-
Repayment of revolving credit	(27,100)	(21,400)
Repayment of term loan	(8,829)	(18,666)
Repayment of lease liabilities	(827)	(917)
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	(37,211)	(49,396)
Net increase/(decrease) in cash and cash equivalents	21,162	3,666
Effect on exchange rate changes on cash and cash equivalents	2	(82)
Cash and cash equivalents as at 1 January	46,440	28,050
Cash and cash equivalents as at 30 September	67,604	31,634
Cash and cash equivalents :		
Fixed deposits with licensed banks	33,690	9,263
Cash and bank balances	38,529	26,927
	72,219	36,190
Less : Fixed deposits pledged	(4,615)	(4,556)
	67,604	31,634

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 September 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 September 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 September 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.

No interim dividend has been paid during the current quarter ended 30 September 2022.

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 September								
	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	RM'000
External revenue	6,751	16,554	120,053	139,396	12,275	11,835	139,079	167,785	
Inter-segment revenue	11,010	18,696	-	-	-	-	11,010	18,696	
Segment profit/(loss)	7,304	19,069	6,724	6,543	1,799	1,567	15,827	27,179	

9. Segment information (Contd.)

	3 months ended 30.9.2022 (Unaudited)	3 months ended 30.9.2021 (Unaudited)
	RM'000	RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	15,827	27,179
Other non-reportable segments	50	(711)
Amortisation of group land cost	(631)	(631)
Elimination of inter-segment profits	(1)	6
Unallocated corporate (expenses)/income	(613)	250
Consolidated profit/(loss) before tax	<u>14,632</u>	<u>26,093</u>

	Results for 9 months ended 30 September									
	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	27,472	39,357	405,164	327,554	39,834	35,578	472,470	402,489		
Inter-segment revenue	66,155	45,883	-	-	-	-	66,155	45,883		
Segment profit/(loss)	50,323	42,250	15,990	13,530	11,819	9,137	78,132	64,917		

	9 months ended 30.9.2022 (Unaudited)	9 months ended 30.9.2021 (Unaudited)
	RM'000	RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	78,132	64,917
Other non-reportable segments	863	(1,607)
Amortisation of group land cost	(1,892)	(1,892)
Elimination of inter-segment profits	(525)	18
Unallocated corporate (expenses)/income	(1,383)	(765)
Consolidated profit/(loss) before tax	<u>75,195</u>	<u>60,671</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 September 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.

The trial was held in Sandakan High Court from 4 July 2022 to 6 July 2022. Thereafter on 14 September 2022, the Court heard the oral clarifications from both Parties on their written submission filed and served after the trial. The High Court shall deliver its ruling/decision on 1 December 2022.

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	10,594
Approved but not contracted for	<u>19,892</u>
	<u>30,486</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 (3rd Quarter)			Cumulative Period (9 months ended)			
	Current year Quarter	Preceding Year Corresponding Quarter	Changes (%)	Current Year To- date	Preceding Year Corresponding Period	Changes (%)	
	30.9.2022	30.9.2021		30.9.2022	30.9.2021		
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
	RM'000	RM'000		RM'000	RM'000		
Revenue	139,552	167,999	-17%	473,695	403,187	17%	
Operating profit	15,154	26,932	-44%	76,793	63,450	21%	
Profit before tax	14,632	26,093	-44%	75,195	60,671	24%	
Profit after tax	8,705	19,695	-56%	57,377	46,524	23%	
Profit attributable to ordinary equity holders of the Parent	6,624	11,477	-42%	34,404	27,419	25%	
<i>Operational Statistics</i>							
Production:							
FFB	(mt)	32,987	41,030	-20%	93,198	104,951	-11%
CPO	(mt)	23,725	27,863	-15%	63,361	67,835	-7%
PK	(mt)	5,849	7,267	-20%	16,559	18,096	-8%
Average selling price:							
FFB	(RM/mt)	746	859	-13%	1,085	814	33%
CPO	(RM/mt)	4,241	4,345	-2%	5,470	4,167	31%
PK	(RM/mt)	2,430	2,480	-2%	3,469	2,540	37%
Quantity sold:							
CPO	(mt)	24,627	27,979	-12%	63,500	67,706	-6%
PK	(mt)	6,422	7,189	-11%	16,667	17,884	-7%
Oil Extraction Rate (%)		19.62	19.95	-2%	19.34	19.56	-1%
Electricity Export(MWh)		15,364	12,856	20%	43,451	41,167	6%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a revenue of RM139.55 million and profit before tax of RM14.63 million for the current quarter ended 30 September 2022 as compared to a revenue of RM168.00 million and profit before tax of RM26.09 million in the preceding year quarter ended 30 September 2021. The decreases in revenue and profit before tax were mainly due to:

- a) Decreases in FFB production and average FFB selling price by 20% and 13% respectively;
- b) Increase in cost of FFB production such as fertiliser and labour costs; and
- c) Decreases in sales volume of CPO and PK by 12% and 11% 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 decrease in Segment profit by RM11.77 million (62%) from RM19.07 million to RM7.30 million was mainly due to decreases in FFB production and average FFB selling price by 20% and 13% respectively and increase in cost of FFB production such as fertiliser and labour costs.
- (ii) Oil Mill – The Segment profit increased marginally by RM0.18 million (3%) from RM6.54 million to RM6.72.
- (iii) Power Plant – The increase in Segment profit by RM0.23 million (15%) from RM1.57 million to RM1.80 million was mainly due to increase in the power export by 20%.

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

For this financial period under review, the Group recorded a revenue of RM473.70 million and profit before tax of RM75.20 million as compared to a revenue of RM403.19 million and profit before tax of RM60.67 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 and FFB by 31%, 37%, and 33% 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 increase in Segment profit by RM8.07 million (19%) from RM42.25 million to RM50.32 million was mainly due to an increase in average FFB selling price by 33% despite a decrease in FFB production by 11% and increase in cost of FFB production such as fertiliser and labour costs.
- (ii) Oil Mill – The increase in Segment profit by RM2.46 million (18%) from RM13.53 million to RM15.99 million was mainly due to higher average selling prices of CPO and PK by 31% and 37% respectively and a favourable OER Margin.
- (iii) Power Plant – The increase in Segment profit by RM2.68 million (29%) from RM9.14 million to RM11.82 million was mainly due to an increase in the power export by 6% and higher average EFB Oil selling price by 21%.

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

			Current quarter 30.9.2022 (Unaudited) RM'000	Immediate Preceding Quarter 30.6.2022 (Unaudited) RM'000	Changes (%)
Revenue			139,552	180,790	-23%
Operating profit			15,154	34,696	-56%
Profit before tax			14,632	34,157	-57%
Profit after tax			8,705	26,935	-68%
Profit attributable to ordinary equity holders of the Parent			6,624	16,308	-59%
<i>Operational Statistics</i>					
Production:					
FFB	(mt)		32,987	30,569	8%
CPO	(mt)		23,725	21,556	10%
PK	(mt)		5,849	5,639	4%
Average selling price:					
FFB	(RM/mt)		746	1,329	-44%
CPO	(RM/mt)		4,241	6,661	-36%
PK	(RM/mt)		2,430	3,669	-34%
Quantity sold:					
CPO	(mt)		24,627	20,659	19%
PK	(mt)		6,422	5,186	24%
Oil Extraction Rate (%)			19.62	19.67	0%
Electricity Export(MWh)			15,364	13,603	13%

The Group recorded a profit before tax of RM14.63 million in the quarter under review as compared to a profit before tax of RM34.16 million in the immediate preceding quarter. The significant decrease in profit before tax was mainly due to the substantial decreases in the average selling prices of CPO, PK and FFB by 37%, 34%, and 42% respectively.

3. Commentary on prospects

CPO prices have fallen by more than 40% since June 2022 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 remaining of the year 2022 in view of supply tightness amid the prolonged Russia-Ukraine conflict.

The Group faces challenges from the significant increase in production costs such as surge in the cost of fertiliser and higher labour costs as a result of acute shortage of foreign workers and the revised minimum wages effective from May 2022. 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		9 months ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Interest income	400	137	878	383
Interest expense	(522)	(839)	(1,598)	(2,779)
Depreciation and amortisation	(7,543)	(7,571)	(22,426)	(22,254)
Impairment on inventories	-	(600)	-	(1,286)
Reversal of allowance for expected credit loss	-	-	3	-
Property, plant and equipment written off	(8)	-	(316)	-

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		9 months ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	3,856	5,032	15,430	11,843
-Under/(over) provision of tax	2,212	(115)	2,412	98
	6,068	4,917	17,842	11,941
Deferred tax				
- relating to origination and reversal of temporary differences	(330)	1,126	(93)	2,067
- under/(over) provision of tax	189	355	69	139
	(141)	1,481	(24)	2,206
Total income tax expense	5,927	6,398	17,818	14,147

The Group's effective tax rate for the current quarter was slightly higher than the statutory tax rate of 24% principally due to certain expenses was disallowed for tax purposes. The Group's effective tax rate for the 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	
		9 months ended	
		30.9.2022	30.9.2021
		(Unaudited)	(Unaudited)
		RM'000	RM'000
Short term borrowings			
Secured:			
Term loans		7,500	14,854
Short term revolving credits		4,600	27,900
Unsecured:			
Short term revolving credits		1,100	1,100
		13,200	43,854
Long term borrowings			
Secured:			
Term loans		26,684	33,184
Total borrowings			
Secured:			
Term loans		34,184	48,038
Short term revolving credits		4,600	27,900
Unsecured:			
Short term revolving credits		1,100	1,100
		39,884	77,038

9. Trade and Other Receivables

		As at	
		30.9.2022	31.12.2021
		(Unaudited)	(Audited)
		RM'000	RM'000
Current			
Trade receivables:			
- Non-related parties		13,025	18,113
Less: Allowance for doubtful debts		(227)	(227)
		12,798	17,886
Other receivables, net		10,229	9,086
		23,027	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	
		30.9.2022	31.12.2021
		(Unaudited)	(Audited)
		RM'000	RM'000
Neither past due nor impaired		12,798	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)
		12,798	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 September 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 September 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		9 months ended	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	6,624	11,477	34,404	27,419
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	3.37	5.84	17.50	13.95

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 17 November 2022.