

Condensed consolidated statement of comprehensive income
For the nine-months period ended 30 September 2020

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2020 (Unaudited) RM'000	3 months ended 30.09.2019 (Unaudited) RM'000	9 months ended 30.09.2020 (Unaudited) RM'000	9 months ended 30.09.2019 (Unaudited) RM'000
Revenue	63,108	48,328	167,507	157,808
Cost of sales	(51,616)	(44,551)	(142,634)	(140,693)
Gross profit	11,492	3,777	24,873	17,115
Other operating income	455	229	1,147	984
Administrative expenses	(2,183)	(2,028)	(6,284)	(6,141)
Other operating expenses	(1,082)	(1,239)	(3,103)	(3,734)
Operating profit	8,682	739	16,633	8,224
Finance income	164	171	405	529
Finance costs	(1,190)	(1,426)	(3,694)	(4,050)
Net finance income	(1,026)	(1,255)	(3,289)	(3,521)
Profit/(loss) before tax	7,656	(516)	13,344	4,703
Income tax expense	(1,883)	656	(3,561)	(1,353)
Profit net of tax	5,773	140	9,783	3,350
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	39	(110)	116	(143)
Other comprehensive income for the period, net of tax	39	(110)	116	(143)
Total comprehensive income for the period	5,812	30	9,899	3,207
Profit/(loss) attributable to:				
Owners of the parent	5,349	(1,874)	9,406	1,287
Non-controlling interests	424	2,014	377	2,063
	5,773	140	9,783	3,350
Total comprehensive income/(loss) attributable to:				
Owners of the parent	5,373	(2,041)	9,511	1,098
Non-controlling interests	439	2,071	388	2,109
	5,812	30	9,899	3,207
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic	1.73	(0.61)	3.04	0.42

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
Registration No. 200101000743 (536499-K)

Condensed consolidated statement of financial position as at 30 September 2020

	30.09.2020	31.12.2019
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	342,654	350,518
Investment properties	43,340	43,340
Intangible assets	18,214	17,358
Deferred tax assets	7,724	11,903
Trade and other receivables	-	-
Total non-current assets	411,932	423,119
Biological assets	1,927	1,927
Inventories	22,102	23,151
Trade and other receivables	15,647	13,953
Tax recoverable	921	1,503
Short term investments	13,267	13,927
Deposits placed with licensed banks	6,367	4,482
Cash and bank balances	20,644	11,178
Total current assets	80,875	70,121
TOTAL ASSETS	492,807	493,240
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	101,596	96,825
Other reserve	(80,520)	(80,520)
Foreign currency translation reserve	(309)	(414)
Total equity attributable to owners of the parent	328,116	323,240
Non-controlling interests	9,492	9,846
Total equity	337,608	333,086
LIABILITIES		
Lease liabilities	1,177	1,430
Loans and Borrowings	44,041	50,493
Deferred tax liabilities	23,971	27,567
Total non-current liabilities	69,189	79,490
Trade and other payables	22,121	24,687
Loans and Borrowings	61,003	55,148
Lease liabilities	92	84
Income tax payables	2,794	745
Total current liabilities	86,010	80,664
Total liabilities	155,199	160,154
TOTAL EQUITY AND LIABILITIES	492,807	493,240
Net assets per share attributable to owner of the parent (RM)	1.06	1.05

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statement of cash flows for the Period ended 30 September 2020

	9 months ended 30.09.2020 (Unaudited) RM'000	9 months ended 30.09.2019 (Unaudited) RM'000
Operating activities		
Profit before tax	13,344	4,703
Adjustments for:		
Depreciation and amortisation	16,622	14,932
Provision for doubtful debts no longer required	-	(115)
Interest expense	3,694	4,050
Property, plant and equipment written off	26	52
Interest income	(405)	(529)
Net gain on foreign exchange -unrealized	(53)	(36)
Operating profit before working capital changes	33,228	23,056
Decrease in inventories	1,049	1,754
(Increase)/decrease in receivables	(1,604)	1,114
Decrease in payables	(2,577)	(5,001)
Cash generated from operations	30,096	20,923
Interest received	405	530
Interest paid	(3,694)	(4,050)
Income taxes refund	435	934
Income taxes paid	(781)	(2,200)
Net cash flows generated from operating activities	26,461	16,137
Investing activities		
Purchase of property, plant and equipment	(7,955)	(14,924)
Net investment in short term money market funds	659	146
Net cash flows used in investing activities	(7,296)	(14,778)
Financing activities		
Purchase of treasury shares in Subsidiary	-	(229)
Dividend paid	(4,635)	(4,635)
Dividend paid to non-controlling interests	(1,600)	(1,200)
Drawdown of term loans	-	16,400
Repayment of term loans	(8,938)	(13,842)
Drawdown of revolving credits	10,050	5,500
Repayment of revolving credits	(2,500)	(1,000)
Repayment of obligations under finance leases	(279)	(497)
Net cash flows from in financing activities	(7,902)	497
Net increase in cash and cash equivalents	11,263	1,856
Net foreign exchange difference	84	(123)
Cash and cash equivalents at beginning of financial period	12,844	14,771
Cash and cash equivalents at end of financial period	24,191	16,504
Cash and cash equivalents at the end of the financial year comprise the following:		
Deposits placed with licensed banks	6,367	4,460
Cash and bank balances	20,644	14,771
	<u>27,011</u>	<u>19,231</u>
Deposits pledged with licensed banks	(2,820)	(2,727)
Cash and cash equivalents at end of financial period	<u>24,191</u>	<u>16,504</u>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statement of changes in equity for the period ended 30 September 2020

	← Attributable to owners of the parent →							
	← Non-distributable →					→ Distributable		
	Equity attributable to owners of the parent, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Other reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Non- controlling interests RM'000
At 1 January 2019	359,628	347,130	318,446	(11,097)	(80,354)	(359)	120,494	12,498
Effect of changes in accounting policies	(22,786)	(19,452)					(19,452)	(3,334)
As restated	336,842	327,678	318,446	(11,097)	(80,354)	(359)	101,042	9,164
Total comprehensive income	3,207	1,098	-	-	-	(22)	3,139	142
Effect of Subsidiary Treasury share transaction	(228)	(141)	-	-	(141)	-	-	(87)
Dividend paid to non-controlling interests	(1,200)	-	-	-	-	-	-	(1,200)
Dividend	(4,635)	(4,635)	-	-	-	-	(4,635)	-
At 30 September 2019	<u>333,986</u>	<u>324,000</u>	<u>318,446</u>	<u>(11,097)</u>	<u>(80,495)</u>	<u>(381)</u>	<u>99,546</u>	<u>8,019</u>
At 1 January 2020	356,138	342,713	318,446	(11,097)	(80,520)	(414)	116,298	13,425
Effect of change of accounting policy	(23,052)	(19,473)	-	-	-	-	(19,473)	(3,579)
As restated	333,086	323,240	318,446	(11,097)	(80,520)	(414)	96,825	9,846
Total comprehensive income	9,899	9,511	-	-	-	105	9,406	388
Effect of acquisition of minority interest	858	-	-	-	-	-	-	858
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(4,635)	(4,635)	-	-	-	-	(4,635)	-
At 30 September 2020	<u>337,608</u>	<u>328,116</u>	<u>318,446</u>	<u>(11,097)</u>	<u>(80,520)</u>	<u>(309)</u>	<u>101,596</u>	<u>9,492</u>

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
Registration No. 200101000743 (536499-K)

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

These condensed consolidated interim financial statements for the period ended 30 June 2020 have been prepared in accordance with Financial Reporting Standard (“FRS”) 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 year ended 31 December 2019.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019 except for the adoption of new MFRS, amendments to published standards and IC Interpretations for the Group for the financial year beginning 1 January 2020 and the change in accounting policy as disclosed below:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 "Definition of a Business"
- Amendments to MFRS 101 "Presentation of Financial Statements" and MERS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to MFRS 7 "Financial Instruments: Disclosures", MERS 9 "Financial Instruments" and MFRS 139 "Financial Instruments: Recognition and Measurement"

The adoption of these new MFRS, amendments to published standards and IC interpretations did not have any material impact on the interim financial report of the Group.

Change in Accounting Policy

During the current financial year, the Group has undertaken a detailed reassessment of facts and information with regards to the Renewable Energy Power Purchase Agreements (“REPPAs”) entered into by its subsidiaries, Cash Horse Sdn Bhd. (“CHSB”) and Mistral Engineering Sdn Bhd (“MESB”) with Sabah Electricity Sdn Bhd (“SESB”) for their biomass and biogas power plants respectively.

Based on the above reassessment of the terms and conditions of the REPPAs and recoverability of the biomass and biogas power plants at the end of the term of the REPPAs, the Group has determined that residual interest in the infrastructure at the end of the term of the arrangement is significant and which SESB has no control over. Consequently, the Group restated the biomass and biogas power plants initially recognised under IC 12 Service Concession Agreements (“IC 12”) under financial assets to plant and equipment under MFRS 116 Property, plant and equipment as required conditions pursuant to IC 12 is not met.

The above restatement has been affected retrospectively. This involved reclassification of Service concession receivables to Plant and equipment and adjustment for the recomputed depreciation to date, net of the resulting deferred taxation impact.

2. Significant accounting policies (cont'd)

Due to the restatement of the account balances mentioned in the above paragraph, the corresponding comparative figures which conform with the current presentation are as summarised below:

Condensed consolidated statement of comprehensive income	As Previously reported RM'000	Adjustment RM'000	Restated RM'000
9 months ended 30 September 2019			
Revenue	149,203	8,605	157,808
Cost of sales	(137,564)	(3,129)	(140,693)
Finance Income	6,009	(5,480)	529
Profit before tax	4,707	(4)	4,703
Income tax expense	(1,354)	1	(1,353)
Profit/(loss) net of tax	3,353	(3)	3,350
Total comprehensive income for the period	3,210	(3)	3,207
Profit attributable to:			
Owners of the parent	1,182	105	1,287
Non-controlling interests	2,171	(108)	2,063
Total comprehensive income/(loss)			
Owners of the parent	1,094	4	1,098
Non-controlling interests	2,116	(7)	2,109
Basic Earnings per share (sen)	0.38	0.04	0.42
3 months ended 30 September 2019			
Revenue	44,135	4,193	48,328
Cost of sales	(42,438)	(2,113)	(44,551)
Finance Income	2,148	(1,977)	171
Profit before tax	(619)	103	(516)
Income tax expense	680	(24)	656
Profit net of tax	61	79	140
Total comprehensive (loss)/ income for the period	(49)	79	30
Profit attributable to:			
Owners of the parent	(1,957)	83	(1,874)
Non-controlling interests	2,018	(4)	2,014
Total comprehensive income/(loss)			
Owners of the parent	(2,023)	(18)	(2,041)
Non-controlling interests	1,974	97	2,071
Basic Earnings per share (sen)	(0.63)	0.02	(0.61)

2. Significant accounting policies (cont'd)

Condensed consolidated statement of comprehensive income	As Previously reported RM'000	Adjustment RM'000	Restated RM'000
6 months ended 30 June 2020			
Revenue	95,968	8,431	104,399
Cost of sales	(86,764)	(4,254)	(91,018)
Finance Income	3,980	(3,739)	241
Profit before tax	5,250	438	5,688
Income tax expense	(1,573)	(105)	(1,678)
Profit net of tax	3,677	333	4,010
Total comprehensive income for the period	3,754	333	4,087
Profit attributable to:			
Owners of the parent	3,664	393	4,057
Non-controlling interests	13	(60)	(47)
Total comprehensive income			
Owners of the parent	3,745	393	4,138
Non-controlling interests	9	(60)	(51)
Basic Earnings per share (sen)	1.19	0.12	1.31
3 months ended 30 June 2020			
Revenue	51,782	4,306	56,088
Cost of sales	(43,556)	(1,995)	(45,551)
Finance Income	2,059	(1,960)	99
Profit before tax	6,067	351	6,418
Income tax expense	(1,657)	(84)	(1,741)
Profit net of tax	4,410	267	4,677
Total comprehensive income for the period	4,803	267	5,070
Profit /(loss)attributable to:			
Owners of the parent	4,462	297	4,759
Non-controlling interests	(52)	(30)	(82)
Total comprehensive income			
Owners of the parent	4,709	297	5,006
Non-controlling interests	94	(30)	64
Basic Earnings per share (sen)	1.44	(0.01)	1.43

2. Significant accounting policies (cont'd)

	As Previously reported RM'000	Adjustment RM'000	Restated RM'000
Condensed Consolidated Statement of Financial Position			
As at 31 December 2019			
Non-current assets			
Property, plant and equipment	236,617	113,901	350,518
Deferred tax assets	4,623	7,280	11,903
Trade and other receivables	134,849	(134,849)	-
Current assets			
Trade and other receivables	23,337	(9,384)	13,953
Equity			
Retained earnings	116,298	(19,473)	96,825
Total equity attributable to owners of the parent	342,713	(19,473)	323,240
Non-controlling interests	13,425	(3,579)	9,846
Net assets per share attributable to owner of the parent (RM)	1.11	(0.06)	1.05
As at 1st January 2019			
Non-current assets			
Property, plant and equipment	227,145	119,289	346,434
Deferred tax assets	3,033	7,196	10,229
Trade and other receivables	140,836	(140,836)	-
Current assets			
Trade and other receivables	20,567	(8,436)	12,131
Equity			
Retained earnings	120,494	(19,452)	101,042
Total equity attributable to owners of the parent	347,130	(19,452)	327,678
Non-controlling interests	12,498	(3,334)	9,164
Net assets per share attributable to owner of the parent (RM)	1.12	(0.06)	1.06
Condensed consolidated statement of cash flows 9 months ended 30 September 2019			
Profit before tax	4,707	(4)	4,703
Depreciation and amortisation	8,589	6,343	14,932
Finance income	(6,009)	5,480	(529)
Operating profit before working capital changes	11,238	11,818	23,056
Decrease in receivables	9,719	(8,605)	1,114
Cash generated from operations	17,710	3,213	20,923
Net cash flows generated from operating activities	12,924	3,213	16,137
Purchase of property, plant and equipment	(11,711)	(3,213)	(14,924)
Net cash flows used in investing activities	(11,565)	(3,213)	(14,778)

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2019 was not qualified.

4. Segment information

The Group has three reportable segments, as described below, which are the Group's strategies 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 the 3 months ended 30 September							
	Plantation		Oil Mill		Power Plant		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	7,269	2,884	43,611	36,900	7,264	8,025	58,144	47,809
Inter-segment revenue	7,502	6,699	-	-	-	-	7,502	6,699
Segment profit	4,117	(1,425)	1,160	1,418	3,106	(143)	8,383	(150)

	3 months ended 30.09.2020 (Unaudited) RM'000	3 months ended 30.09.2019 (Unaudited) RM'000
Segment profit is reconciled to consolidated loss before tax as follows:		
Segment profit	8,383	(150)
Other non-reportable segments	145	149
Elimination of inter-segment profits	(9)	(18)
Unallocated corporate expenses	(863)	(497)
Consolidated profit /(loss) before tax	7,656	(516)

4. Segment information (cont'd)

	Results for the 9 months ended 30 September							
	Plantation		Oil Mill		Power Plant		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	17,413	6,381	120,003	122,708	24,546	27,540	161,962	156,629
Inter-segment revenue	19,110	23,972	-	-	-	-	19,110	23,972
Segment profit	5,507	(984)	5,044	4,709	4,572	1,961	15,123	5,686
Segment Assets	228,120	222,413	43,205	38,103	149,262	155,465	420,587	415,981
Segment Liabilities	28,058	24,232	30,724	28,203	22,817	38,044	81,599	90,479

	9 months ended 30.09.2020 (Unaudited) RM'000	9 months ended 30.09.2019 (Unaudited) RM'000
Segment loss is reconciled to consolidated loss before tax as follows:		
Segment profit	15,123	5,686
Other non-reportable segments	189	466
Elimination of inter-segment profits	(28)	(142)
Unallocated corporate expenses	(1,940)	(1,307)
Consolidated profit before tax	<u>13,344</u>	<u>4,703</u>

5. Unusual items due to their nature, size or incidence

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6. Changes in estimates

There were no significant changes made in estimates of amounts reported in previous financial year.

7. Comments about seasonal or cyclical factors

The Group considers the seasonal or cyclical factors affecting the results of the operations of the Group comprising the cultivation of oil palm and processing of fresh fruit bunches to include general climatic conditions, age profile of oil palms, the cyclical nature of annual production and the movements in commodity prices.

8. Dividend paid

There were no dividend paid during the current quarter.

9. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter ended 30 September 2020 except for internal restructuring as disclosed in Note 7, Part B of this report. It involved the new issue of ordinary shares in Mistral Engineering Sdn Bhd totalling 9,627,552 to Cash Nexus(M) Sdn Bhd that resulted in the Group's effective interest in Mistral Engineering Sdn Bhd increased from 62.71% to 81.73%.

This internal restructuring does not have any material impact on the consolidated earnings of the Group for the financial year ending 31 December 2020 and have been included in the nine month's Condensed Consolidated Statement of Changes in Equity.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 30 September 2020 is as follows:

	RM'000
Approved and contracted for	10,814
Approved but not contracted for	<u>18,170</u>
	<u>28,984</u>

12. Changes in contingent liabilities and contingent assets

There were no changes in other contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2019.

13. Subsequent events

Save for the Conditional Movement Control Order (CMCO) imposed by the Malaysia Government effective from 13 October 2020 as disclosed in Note 14 Part A of this report, there were no material subsequent events to the end of the current quarter.

14. Significant events

The rapid spread of the ongoing COVID-19 pandemic throughout the country and the world has a significant impact on the overall economy including the palm oil sector. On 16 March 2020, the Malaysian Government issued the Movement Control Order ("MCO"). As the Group's principal activities comprise mainly oil palm milling, operation of plantations, where special permission has been granted and power plants, which is under the essential services category, there was no major disruption to the Group's operations.

However, on 24 March 2020, the Kinabatangan District Council in Sabah issued a notice to cease the operations of mills, plantation estates and collection centres from 27 to 31 March 2020 in selected areas of Lahad Datu, Tawau and Kinabatangan. Hence, certain plantation subsidiaries operating in Kinabatangan were affected as a result of the closure notice. Following the successful appeal made by industry associations and major oil palm players operating in the affected areas, the entities were permitted to resume operations on 12 April 2020. These temporary shutdowns had minimal disruption to the Group and pose no significant impact to the Group's operating results, cash flow and financial condition.

14. Significant events (Cont'd)

The Group principally operates in State of Sabah. The Malaysia Government has resumed Conditional Movement Control Order (CMCO) throughout Sabah effective from 13 Oct 2020 due to the rising number of infections in Sabah. However as at the date of this report, economic activities including Palm Oil are allowed to operate as usual, but with stricter compliance of the SOP issued by the National Security Council (MKN).

Barring any changes in the rules and regulations imposed by Malaysia Government to counter Covid-19 pandemic in Sabah that significantly limit the operating hours or total shutdowns of the estates and mill operation during the remaining quarters of 2020 and a drastic decline in global Palm Oil prices due to the ongoing COVID-19 pandemic, the Group's performance for 2020 is not expected to be significantly affected by COVID-19 pandemic. Nevertheless, the Group will continue to monitor and assess the impact and at the same time adhere to all preventive and control measures to curb the spread of COVID-19.

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Information required by Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Review of performance

The performance of the Group is tabulated below:-

	Current Quarter		% +/-	Preceding Quarter		% +/-	Cumulative Quarter		% +/-
	3 rd Qtr20 RM'000	3 rd Qtr19 RM'000		2 nd Qtr 20 RM'000		3 rd Qtr20 RM'000	3 rd Qtr19 RM'000		
Financial Performances :-									
Revenue	63,108	48,328	31%	56,088	13%	167,507	157,808	6%	
Operating Profit/(loss)	8,863	739	>100%	7,427	19%	16,633	8,224	>100%	
Profit/(loss) before tax	7,656	(516)	>100%	6,418	19%	13,344	4,703	>100%	
Profit/(loss) after tax	5,773	140	>100%	4,677	23%	9,783	3,350	>100%	
Profit/(loss) attributable to Owners of the parent	5,349	(1,874)	>100%	4,759	12%	9,406	1,287	>100%	
Own FFB Production (mt)	30,292	27,691	9%	27,668	9%	80,122	88,530	-9%	
CPO Production (mt)	14,324	15,965	-10%	15,701	-9%	41,699	54,202	-23%	
PK Production (mt)	3,402	3,747	-9%	3,747	-9%	9,999	13,041	-23%	
CPO sales (mt)	14,432	16,405	-12%	15,721	-8%	41,771	55,127	-24%	
PK sales (mt)	3,477	3,927	-11%	3,667	-5%	10,102	13,098	-23%	
CPO Price per mt (RM)	2,680	1,986	35%	2,278	18%	2,522	1,954	29%	
PK Price per mt (RM)	1,418	1,101	29%	1,295	10%	1,452	1,142	27%	
Mill OER	19.78%	20.00%	-0.2%	19.76%	*	19.62%	19.76%	-0.1%	
Electricity Export(MWh)	14,659	15,420	-5%	14,622	*	42,786	55,900	-23%	

* Less than +/- 1%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

For this quarter under review, the Group recorded revenue of RM63.11 million as compared to a revenue of RM48.33 million in the preceding year corresponding quarter, which is an increase of RM14.78 million (31%). Profit before tax increased by RM8.17 million (>100%) from loss before tax of RM0.52 million to profit before tax of RM7.66 million. The increase in revenue and profit before tax are mainly due to increase in average selling prices of CPO, PK and EFB Oil by 35%, 29% and 75% respectively. In addition to that, FFB production for the current quarter also increased by 9%.

Performance of the respective operating business segments for this quarter under review as compared to the preceding year corresponding quarter is analyzed as follows:

- i) Plantation – Segment Profit increased by RM5.54 million (>100%) from Segment loss of RM1.42 million to Segment Profit of RM4.12 million mainly due to an increase in average selling price of FFB by 41% and an increase in FFB production by 9%.
- ii) Oil Mill – Segment Profit decreased by RM0.26 million (18%) from RM1.42 million to RM1.16 million mainly due to a lower OER Margin and lower volume of FFB processed during the current quarter.
- iii) Power Plant – Segment profit increased by RM3.25 million (>100%) despite a decrease in power export by 5% mainly due a higher average selling price of EFB oil by 75%.

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

For this financial period under review, the Group recorded revenue of RM167.51 million as compared to a revenue of RM157.81 million in the preceding year corresponding period, an increase of RM9.71 million (6%). Profit before taxation for this financial period under review increased by RM8.64 million (>100%) from profit before tax of RM4.70 million to Profit before tax of RM13.34 million. The Increase is mainly due to increase in average selling prices of CPO, PK and EFB Oil by 29%, 27% and 58% respectively.

Performance of the respective operating business segments for this financial period under review as compared to the preceding year corresponding period is analyzed as follows:

- i. Plantation – The increase in Segment profit by RM6.49 million (>100%) from Segment loss of RM0.98 million to Segment profit of RM5.51 million was mainly due to higher FFB selling price by 33% despite a decrease in production by 9%.
- ii. Oil Mill – Segment profit increased by RM0.33 million (7%) from RM4.71 million to RM5.04 million mainly due to a lower mill maintenance cost for the period under review.
- iii. Power Plant – The increase in segment profit by RM2.61 million (>100%) from segment profit of RM1.96 million to segment profit of RM4.57 million was mainly due to increase in average selling price of EFB oil by 58%

2. Comment on material change in profit before tax against immediate preceding quarter

The Group recorded a Profit before tax of RM7.65 million in the quarter under review as compared to a profit before tax RM6.42 million in the immediate preceding quarter, an increase in profit of RM1.23 million(19%) mainly due to increase in average selling price of CPO and PK by 18% and 10% respectively as well as the increase in FFB production by 9%.

3. Commentary on prospects

The Group's performance for the remaining quarters of 2020 continues to be driven by global palm oil prices and FFB productions. As disclosed in Note 14, Part A of this report Malaysia Government has resumed Conditional Movement Control Order (CMCO) throughout the state of Sabah effective from 13 Oct 2020. However as at the date of this report, economic activities including Palm Oil are allowed to operate as usual, but with stricter compliance of the SOP issued by the National Security Council (MKN). While global palm oil prices for the rest of the year is expected to remain supportive with the steady demand from China and India, the uncertainty over prevailing COVID-19 pandemic in the state of Sabah will influence the performance of the Group for the remaining period of financial year 2020.

4. Profit forecast or profit guarantee

Not applicable as there was no profit forecast or guarantee published.

5. Profit for the period

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2020 (Unaudited) RM'000	3 months ended 30.09.2019 (Unaudited) RM'000	9 months ended 30.09.2020 (Unaudited) RM'000	9 months ended 30.09.2019 (Unaudited) RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortization	5,855	5,364	16,622	14,932
Plant and equipment written off	(2)	21	26	52
Provision for doubtful debts no long required	-	-	-	(115)
Net loss on foreign exchange - unrealised	(53)	(44)	(53)	(36)

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

6. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2020 (Unaudited) RM'000	3 months ended 30.09.2019 (Unaudited) RM'000	9 months ended 30.09.2020 (Unaudited) RM'000	9 months ended 30.09.2019 (Unaudited) RM'000
Income tax				
- Current provision	1,154	227	2,965	832
- Under-provision of tax	41	93	41	189
	<u>1,195</u>	<u>320</u>	<u>3,006</u>	<u>1,021</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	698	(1,026)	575	(20)
- Under-provision of tax in prior years	(10)	50	(20)	352
	<u>688</u>	<u>(976)</u>	<u>555</u>	<u>332</u>
Total income tax expense	<u>1,883</u>	<u>(656)</u>	<u>3,561</u>	<u>1,353</u>

The Group's effective tax rate for current quarter and cumulative quarter are higher than the statutory tax rate of 24% due to certain expenses not deductible for tax purposes.

7. Corporate proposals

The Company has a wholly-owned subsidiary, Cash Nexus (M) Sdn. Bhd. ("Cash Nexus") which holds 62.71% equity interest in Timah Resources Ltd. ("TML"), a company listed on the Australian Securities Exchange Ltd. ("ASX"). In turn, TML holds 100% equity interest in Mistral Engineering Sdn. Bhd. ("Mistral").

Mistral is principally engaged in power generation to supply electricity under the Feed-in Approval to participate in the Feed-in Tariff scheme granted by the Sustainable Energy Development Authority Malaysia ("SEDA") in February 2015, while it was still a wholly-owned subsidiary of Cash Nexus. In July 2015, Cash Nexus undertook a corporate exercise involving a reverse take-over of TML by way of disposal of the entire equity interest in Mistral to TML, resulting in the above current corporate structure.

On 20 August 2019, Mistral received a written notice from SEDA requesting Mistral to provide written submission as to why Mistral's Feed-in Approval to participate in the Feed-in Tariff scheme should not be revoked. Mistral is alleged to have failed to comply with rule 15 of the Renewable Energy (Feed-in Approval and Feed-in Tariff Rate) Rules 2011 ("2011 Rules") for failure to notify SEDA in writing, as soon as possible, of any change in the particulars of information submitted to SEDA under rule 10 and rule 13(1)(a) for failure to comply with the eligibility criteria under rule 3 (c)(i) of the 2011 Rules. Rule 3 (c)(i), stipulates the following:

"3. An eligible producer shall be as follows:

- (c) a company incorporated in Malaysia other than-
 - (i) a company in which a foreign person holds, directly or indirectly, more than forty-nine per centum of the voting power or issued share capital (excluding preference shares)".

7. Corporate proposals(Cont'd)

Mistral had replied in writing to SEDA's notice on 12 September 2019 explaining that the effective equity interest of Cash Nexus in Mistral is 62.71% held through TML and had on 15 October 2019 also sought indulgence from SEDA to grant Mistral 12 months to complete the restructuring of its shares.

On 8 January 2020, Mistral received an official letter from SEDA dated 24 December 2019 informing Mistral that SEDA had decided at its committee meeting on 14 November 2019 not to revoke Mistral's Feed-in Approval, subject to Mistral complying with rule 3(c)(i) of the 2011 Rules within six months from 24 December 2019.

To fully comply with SEDA's requirement of Mistral being a direct Malaysian majority-owned entity, the Group has proposed to undertake a restructuring of its shares by converting a part of Mistral's existing debt owed to the Company into new ordinary shares to be subscribed by Cash Nexus. Mistral proposes to issue 9,627,552 new ordinary shares at an issue price of RM1.60 by reducing the amount owing to the Company by RM15,421,108 ("Proposed Restructuring"). The Proposed Restructuring will result in Cash Nexus holding directly 51% of the equity interest in Mistral.

The Proposed Restructuring was approved by the shareholders at the Extraordinary General Meeting ("EGM") of TML held on 15 July 2020 and completed on 7 August 2020.

Mistral has also written to SEDA on 26 Aug 2020 on the completion of the restructuring exercise in compliance with Rule 3 (c)(i) of the Renewable Energy (Feed-in Approval and Feed-in Tariff rate) Rules 2011.

8. Borrowings

	As at 30.09.2020 (Unaudited) RM'000	As at 31.12.2019 (Audited) RM'000
Short term borrowings - Secured		
Hire Purchase Creditors	764	648
Revolving credit	43,300	35,750
Term loans	16,939	18,750
	<hr/> 61,003	<hr/> 55,148
Long term borrowings – Secured		
Hire Purchase Creditors	1,856	1,187
Term loans	42,185	49,306
	<hr/> 44,041	<hr/> 50,493
Total borrowings	<hr/> <hr/> 105,044	<hr/> <hr/> 105,641

The Group's total borrowings include a loan amount of RM9.94 million (31.12.2019: RM17.00 million) under the Green Technology Financing Scheme for the renewable power plants.

9. Trade Receivables and other receivables

	As at 30.09.2020 (Unaudited) RM'000	As at 31.12.2019 (Audited) RM'000
Current		
Third parties	10,605	9,475
Less : Allowance for impairment	(325)	(325)
	<u>10,280</u>	<u>9,150</u>
Other receivables, net	5,367	4,803
	<u>15,647</u>	<u>13,953</u>
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired		
1 to 30 days	10,191	9,089
31 to 60 days	120	20
61 to 90 days	17	23
More than 91 days	277	343
	<u>10,605</u>	<u>9,475</u>
Less : Allowance for impairment	(325)	(325)
	<u>10,280</u>	<u>9,150</u>

Trade receivables are non-interest bearing and generally on 7 to 30 days terms.

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 2020.

11. Material litigation

There are no pending material litigations as at 15 November 2020.

12. Dividend payable

No dividend has been proposed or declared for the current quarter ended 30 September 2020.

13. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing the Group's profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period excluding treasury shares held by the Company.

	Current quarter		Cumulative quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	5,349	(1,874)	9,406	1,287
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic earnings per share (sen per share)	1.73	(0.61)	3.04	0.42

(b) Diluted

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

14. Authorisation for issue

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 16 November 2020.