

Condensed consolidated statement of comprehensive income
For the twelve-months period ended 31 December 2020

	Current quarter		Cumulative quarter	
	3 months ended 31.12.2020 (Unaudited) RM'000	3 months ended 31.12.2019 (Restated) RM'000	12 months ended 31.12.2020 (Unaudited) RM'000	12 months ended 31.12.2019 (Restated) RM'000
Revenue	67,487	57,471	234,994	215,279
Cost of sales	(54,595)	(51,258)	(197,229)	(191,951)
Gross profit	12,892	6,213	37,765	23,328
Other operating income	305	898	1,452	1,882
Administrative expenses	(2,681)	(2,497)	(8,965)	(8,638)
Other operating expenses	(1,021)	(1,353)	(4,124)	(5,087)
Operating profit	9,495	3,261	26,128	11,485
Finance income	124	178	513	707
Finance costs	-	(1,424)	(3,678)	(5,474)
Net finance income	124	(1,246)	(3,165)	(4,767)
Profit before tax	9,619	2,015	22,963	6,718
Income tax expense	(3,289)	(2,929)	(6,850)	(4,282)
Profit net of tax	6,330	(914)	16,113	2,436
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	164	56	280	(87)
Other comprehensive income for the period, net of tax	164	56	280	(87)
Total comprehensive income for the period	6,494	(858)	16,393	2,349
Profit/(loss) attributable to:				
Owners of the parent	6,110	(869)	15,516	418
Non-controlling interests	220	(45)	597	2,018
	6,330	(914)	16,113	2,436
Total comprehensive income/(loss) attributable to:				
Owners of the parent	6,181	(735)	15,692	363
Non-controlling interests	313	(123)	701	1,986
	6,494	(858)	16,393	2,349
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic	1.98	(0.28)	5.02	0.14

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 31 December 2020

	31.12.2020	31.12.2019
	(Unaudited)	(Restated)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	342,433	350,518
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Deferred tax assets	6,777	11,903
Total non-current assets	<u>409,908</u>	<u>423,119</u>
Biological assets	2,179	1,927
Inventories	17,665	23,151
Trade and other receivables	12,881	13,953
Tax recoverable	818	1,503
Short term investments	13,883	13,927
Deposits placed with licensed banks	7,272	4,482
Cash and bank balances	18,278	11,178
Total current assets	<u>72,976</u>	<u>70,121</u>
TOTAL ASSETS	<u>482,884</u>	<u>493,240</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	108,592	96,825
Other reserve	(80,636)	(80,520)
Foreign currency translation reserve	(238)	(414)
Total equity attributable to owners of the parent	<u>335,067</u>	<u>323,240</u>
Non-controlling interests	7,383	9,846
Total equity	<u>342,450</u>	<u>333,086</u>
LIABILITIES		
Lease liabilities	1,210	1,430
Loans and Borrowings	45,784	50,493
Deferred tax liabilities	24,889	27,567
Total non-current liabilities	<u>71,883</u>	<u>79,490</u>
Trade and other payables	19,029	24,687
Loans and Borrowings	48,080	55,148
Lease liabilities	93	84
Income tax payables	1,349	745
Total current liabilities	<u>68,551</u>	<u>80,664</u>
Total liabilities	<u>140,434</u>	<u>160,154</u>
TOTAL EQUITY AND LIABILITIES	<u>482,884</u>	<u>493,240</u>
Net assets per share attributable to owner of the parent (RM)	1.08	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 Year ended 31 December 2020

	12 months ended 31.12.2020 (Unaudited) RM'000	12 months ended 31.12.2019 (Restated) RM'000
Operating activities		
Profit before tax	22,963	6,718
Adjustments for:		
Net gain on disposal of Property, plant and equipment	-	(270)
Depreciation and amortisation	21,758	21,588
Finance costs	3,678	5,474
Property, plant and equipment written off	529	64
Bad debts written off	-	119
Finance income	(513)	(707)
Fair value changes of biological assets	(252)	(785)
Reversal of expected credit losses	(46)	(161)
Allowances for expected credit losses	-	72
Inventory written off	2,165	-
Net loss on foreign exchange - unrealised	-	(19)
Operating profit before working capital changes	50,282	32,093
Decrease in inventories	3,321	3,569
(Increase)/decrease in receivables	1,219	(1,841)
Decrease in payables	(5,644)	168
Cash generated from operations	49,178	33,989
Interest received	513	708
Interest paid	(4,743)	(5,655)
Income taxes refund	435	2,499
Income taxes paid	(3,548)	(2,920)
Net cash flows generated from operating activities	41,835	28,621
Investing activities		
Purchase of property, plant and equipment	(11,898)	(21,816)
Proceed from disposal of plant and equipment	-	360
Placement of fixed deposit	-	(90)
Net investment in short term money market funds	43	(67)
Net cash flows used in investing activities	(11,855)	(21,613)
Financing activities		
Acquisition of Subsidiary's interest from Minority	(610)	-
Purchase of treasury shares in Subsidiary	(184)	(270)
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	(10,313)	(13,841)
Drawdown of revolving credits	9,550	10,500
Repayment of revolving credits	(12,000)	(14,938)
Repayment of obligations under finance leases	(494)	(868)
Net cash flows from in financing activities	(20,286)	(8,852)
Net increase in cash and cash equivalents	9,694	(1,844)
Net foreign exchange difference	196	(84)
Cash and cash equivalents at beginning of financial period	12,933	14,771
Cash and cash equivalents at end of financial year	22,823	12,843
Cash and cash equivalents at the end of the financial year comprise the following:		
Deposits placed with licensed banks	7,272	4,482
Cash and bank balances	18,278	11,178
	25,550	15,660
Deposits pledged with licensed banks	(2,727)	(2,817)
Cash and cash equivalents at end of financial period	22,823	12,843

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 year ended 31 December 2020

	← Equity attributable to owners		← Attributable to owners of the parent			→ Distributable		Non-controlling interests
	Equity of the parent, total		Non-distributable			Foreign currency translation reserve	Retained earnings	
	RM'000	RM'000	Share capital	Treasury shares	Other reserve			
			RM'000	RM'000	RM'000	RM'000	RM'000	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	2,349	363	-	-	-	(55)	418	1,986
Effect of Subsidiary Treasury share transaction	(270)	(166)	-	-	(166)	-	-	(104)
Dividend paid to non-controlling interests	(1,200)	-	-	-	-	-	-	(1,200)
Dividend	(4,635)	(4,635)	-	-	-	-	(4,635)	-
At 31 December 2019	333,086	323,240	318,446	(11,097)	(80,520)	(414)	96,825	9,846
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	16,393	15,692	-	-	-	176	15,516	701
Effect of Subsidiary treasury Share Transaction	(183)	(116)	-	-	(116)	-	-	(67)
Effect of acquisition of minority interest	(611)	886	-	-	-	-	886	(1,497)
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(4,635)	(4,635)	-	-	-	-	(4,635)	-
At 31 December 2020	342,450	335,067	318,446	(11,097)	(80,636)	(238)	108,592	7,383

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 31 December 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:

	As Previously reported RM'000	Adjustment RM'000	Restated RM'000
Condensed consolidated income statement			
<u>Quarter ended 31 December 2019</u>			
Revenue	59,441	(1,970)	57,471
Cost of sales	(48,999)	(2,259)	(51,258)
Other operating expenses	(7,100)	5,747	(1,353)
Finance Income	2,042	(1,864)	178
Profit before tax	2,361	(346)	2,015
Income tax expense	(3,012)	83	(2,929)
Profit/(loss) net of tax	(651)	(263)	(914)
Total comprehensive income for the period	(595)	(263)	(858)
Profit attributable to:			
Owners of the parent	(743)	(126)	(869)
Non-controlling interests	92	(137)	(45)
Total comprehensive income/(loss)			
Owners of the parent	(710)	(25)	(735)
Non-controlling interests	115	(238)	(123)
Basic Earnings per share (sen)	(0.24)	(0.04)	(0.28)
Financial year ended 31 December 2019			
Revenue	208,644	6,635	215,279
Cost of sales	(186,563)	(5,388)	(191,951)
Other operating expenses	(10,834)	5,747	(5,087)
Finance Income	8,051	(7,344)	707
Profit before tax	7,068	(350)	6,718
Income tax expense	(4,366)	84	(4,282)
Profit net of tax	2,702	(266)	2,436
Total comprehensive (loss)/ income for the period	2,615	(266)	2,349
Profit attributable to:			
Owners of the parent	439	(21)	418
Non-controlling interests	2,263	(245)	2,018
Total comprehensive income/(loss)			
Owners of the parent	384	(21)	363
Non-controlling interests	2,231	(245)	1,986
Basic Earnings per share (sen)	0.14	-	0.14

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			
Financial Year ended 31 December 2019			
Profit before tax	7,068	(350)	6,718
Depreciation and amortisation	12,987	8,601	21,588
Finance income	(8,051)	7,344	(707)
Operating profit before working capital changes	16,498	15,595	32,093
Decrease in receivables	10,541	(12,382)	(1,841)
Cash generated from operations	30,776	3,213	33,989
Net cash flows generated from operating activities	25,408	3,213	28,621
Purchase of property, plant and equipment	(18,603)	(3,213)	(21,816)
Net cash flows used in investing activities	(18,400)	(3,213)	(21,613)

2. 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.

3. 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 31 December							
	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	8,730	3,140	44,533	46,186	18,070	7,754	71,333	57,080
Inter-segment revenue	9,053	9,847	-	-	-	-	9,053	9,847
Segment profit	7,358	1,580	641	1,748	4,059	(605)	12,058	2,723

	3 months ended 31.12.2020 (Unaudited) RM'000	3 months ended 31.12.2019 (Restated) RM'000
Segment profit is reconciled to consolidated loss before tax as follows:		
Segment profit	12,058	2,723
Other non-reportable segments	(1,743)	(259)
Elimination of inter-segment profits	(6)	(51)
Unallocated corporate expenses	(690)	(398)
Consolidated profit /(loss) before tax	9,619	2,015

4. Segment information (cont'd)

	Results for the 12 months ended 31 December							
	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	26,143	9,521	164,535	168,894	42,616	35,294	233,294	213,709
Inter-segment revenue	28,163	33,819	-	-	-	-	28,163	33,819
Segment profit	12,865	596	5,685	6,457	8,631	1,356	27,181	8,409
Segment Assets	226,074	227,432	38,685	38,710	143,836	152,756	408,595	418,898
Segment Liabilities	27,442	28,261	23,970	33,477	17,914	35,621	69,327	97,359
Segment loss is reconciled to consolidated loss before tax as follows:					12 months ended 31.12.2020 (Unaudited) RM'000	12 months ended 31.12.2019 (Restated) RM'000		
Segment profit					27,181	8,409		
Other non-reportable segments					(1,555)	207		
Elimination of inter-segment profits					(33)	(193)		
Unallocated corporate expenses					(2,630)	(1,705)		
Consolidated profit before tax					<u>22,963</u>	<u>6,718</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 31 December 2020 .

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 31 December 2020 is as follows:

	RM'000
Approved and contracted for	7,199
Approved but not contracted for	<u>15,022</u>
	<u><u>22,221</u></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

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 centers 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. However, it has affected the performance of our power segment during the year:-

- Lower processing activity of our oil mill during the MCO period has reduced the supply of feedstock for our Biogas Power Plant in Sandakan; and
- Late delivery of essential spare parts and provision of engineering support during the MCO period has significantly delayed some of the maintenance and repair of our Biomass and Biogas Plants in Sandakan.

Due to these factors, the Biogas Plant only generated and exported 21,267 MWh of renewable energy during the year. This was 14% lower than the preceding year 2019 (24,670 MWh). The Biomass Plant only generated and exported 41,589 MWh of renewable energy during the year compared to 43,706 MWh in 2019.

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.

CEPATWAWASAN GROUP BERHAD
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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		% +/-
	4th Qtr20 RM'000	4th Qtr19 RM'000		3rd Qtr20 RM'000		4th Qtr20 RM'000	4th Qtr19 RM'000		
Financial Performances :-									
Revenue	67,487	57,471	17%	63,108	7%	234,994	215,279	9%	
Operating Profit	9,495	3,261	>100%	8,862	27%	26,128	11,485	>100%	
Profit before tax	9,619	2,015	>100%	7,656	48%	22,963	6,718	>100%	
Profit/(loss) after tax	6,330	(914)	>100%	5,773	32%	16,113	2,436	>100%	
Profit/(loss) attributable to Owners of the parent	6,110	(869)	>100%	5,349	39%	15,516	418	>100%	
Own FFB Production (mt)	29,828	30,274	-1%	30,292	-2%	109,950	118,804	-7%	
CPO Production (mt)	12,097	16,780	-28%	14,324	-16%	53,796	70,982	-24%	
PK Production (mt)	2,929	4,009	-27%	3,402	-14%	12,928	17,050	-24%	
CPO sales (mt)	12,245	16,891	-28%	14,432	-15%	54,016	72,018	-25%	
PK sales (mt)	2,966	4,027	-26%	3,477	-15%	13,067	17,125	-24%	
CPO Price per mt (RM)	3,178	2,399	32%	2,680	19%	2,671	2,059	30%	
PK Price per mt (RM)	1,893	1,405	35%	1,418	33%	1,551	1,204	29%	
Mill OER	19.99%	20.08%	-0.1%	19.78%	0.2%	19.71%	19.84%	-0.1%	
Electricity Export(MWh)	20,070	12,784	57%	14,659	22%	62,856	68,376	-8%	

* 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 RM67.49 million as compared to a revenue of RM57.47 million in the preceding year corresponding quarter, which is an increase of RM10.02 million (17%). Despite inventory written off of RM2.16 million made in the current quarter, Profit before tax increased by RM7.61 million (>100%) from Profit before tax of RM2.01 million to Profit before tax of RM9.62 million. The increase in revenue and Profit before tax are mainly due to increases in average selling prices of CPO, PK, FFB and EFB Oil by 32%, 35%, 49% and 61% respectively. In addition to that, EFB Oil sales and Power export also increased by 54% and 40% respectively.

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 RM5.78 million (>100%) from Segment profit of RM1.58 million to Segment Profit of RM7.36 million mainly due to an increase in average selling price of FFB by 39%.
- ii) Oil Mill – Segment Profit decreased by RM1.11 million (63%) from RM1.75 million to RM0.64 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 RM4.66 million (>100%) mainly due an increase in power export by 40% and higher average sales and selling price of EFB oil by 54% and 61% respectively

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

For this financial year under review, the Group recorded revenue of RM234.99 million as compared to a revenue of RM215.28 million in the preceding year, an increase of RM19.72 million (9%). Despite inventory written off of RM2.16 million made in the current year, Profit before taxation for this financial year under review increased by RM16.24 million (>100%) from profit before tax of RM6.72 million to Profit before tax of RM22.96 million. The increase is mainly due to increases in average selling prices of CPO, PK, FFB and EFB Oil by 30%, 29%, 38% and 62% respectively. Sales of EFB oil also increased by 11%.

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 RM12.27 million (>100%) from Segment profit of RM0.60 million to Segment profit of RM12.86 million was mainly due to higher average FFB selling price by 20% despite a decrease in production by 7%.
- ii. Oil Mill – Segment profit decreased by RM0.77 million (12%) from RM6.46 million to RM5.68 million mainly due to a lower Mill OER margin and lower FFB processed during the financial year.
- iii. Power Plant – The increase in segment profit by RM7.27 million (>100%) from segment profit of RM1.36 million to segment profit of RM8.63 million was mainly due to increases in sales and average selling price of EFB oil by 11% and 62% respectively.

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

Despite inventory written off of RM2.16 million made in the current quarter, the Group recorded a Profit before tax of RM9.62 million in the quarter under review as compared to a profit before tax RM7.66 million in the immediate preceding quarter, an increase in profit of RM1.96 million (25%) mainly due to increase in average selling prices of CPO, PK, FFB and EFB Oil by 19%, 33%, 22% and 14% respectively. Sales of EFB Oil and Power Plant Export also increased by 18% and 37% respectively.

3. Commentary on prospects

The Group's performance for the coming year continues to be driven by global palm oil prices and FFB productions.

Barring any unforeseen circumstances, the Group expects better performance in the coming year as the prevailing CPO prices are expected to be sustainable and FFB production is expected recover with improved weather conditions in Sabah coupled with easing restrictions on labour recruitment as the Covid 19 Situation improves.

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 31.12.2020 (Unaudited) RM'000	3 months ended 31.12.2019 (Restated) RM'000	12 months ended 31.12.2020 (Unaudited) RM'000	12 months ended 31.12.2019 (Restated) RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortization	5,136	6,657	21,758	21,588
Inventory written off	2,166	-	2,166	-
Plant and equipment written off	503	12	529	64
Gain on disposal property, plant and equipment	-	(270)	-	(270)
Gain in fair value adjustment in Biological assets	(252)	(785)	(252)	(785)
Net gain or loss on unrealized on foreign currency exchange	53	17	-	(19)
Reversal of Expect Credit loss	(46)	(89)	(46)	(89)
Bad Debts written off	-	119	-	119

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 31.12.2020 (Unaudited) RM'000	3 months ended 31.12.2019 (Restated) RM'000	12 months ended 31.12.2020 (Unaudited) RM'000	12 months ended 31.12.2019 (Restated) RM'000
Income tax				
- Current provision	(1,360)	(1,736)	(4,325)	(2,568)
- Under-provision of tax	(41)	(42)	(82)	(231)
	<u>(1,401)</u>	<u>(1,778)</u>	<u>(4,407)</u>	<u>(2,799)</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	(1,577)	(301)	(2,132)	(281)
- Under-provision of tax in prior years	(311)	(850)	(311)	(1,202)
	<u>(1,888)</u>	<u>(1,151)</u>	<u>(2,443)</u>	<u>(1,483)</u>
Total income tax expense	<u>(3,289)</u>	<u>(2,929)</u>	<u>(6,850)</u>	<u>(4,282)</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 and also non recognition of deferred tax asset in certain subsidiaries.

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 31.12.2020 (Unaudited) RM'000	As at 31.12.2019 (Restated) RM'000
Short term borrowings - Secured		
Hire Purchase Creditors	779	648
Revolving credit	33,300	35,750
Term loans	14,001	18,750
	<hr/> 48,080	<hr/> 55,148
Long term borrowings – Secured		
Hire Purchase Creditors	2,037	1,187
Term loans	43,747	49,306
	<hr/> 45,784	<hr/> 50,493
Total borrowings	<hr/> 93,864	<hr/> 105,641

The Group's total borrowings include a loan amount of RM9.44 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 31.12.2020 (Unaudited) RM'000	As at 31.12.2019 (Restated) RM'000
Current		
Third parties	9,725	9,475
Less : Allowance for impairment	(279)	(325)
	<u>9,446</u>	<u>9,150</u>
Other receivables, net	3,435	4,803
	<u>12,881</u>	<u>13,953</u>

Ageing analysis of Current trade receivables :-

Neither past due nor impaired

1 to 30 days	9,047	9,089
31 to 60 days	450	20
61 to 90 days	45	23
More than 91 days	183	343
	<u>9,725</u>	<u>9,475</u>
Less : Allowance for impairment	(279)	(325)
	<u>9,446</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 31 December 2020.

11. Material litigation

There are no pending material litigations as at 21 February 2021.

12. Dividend payable

No dividend has been proposed or declared for the current quarter ended 31 December 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	12 months ended	12 months ended
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	6,110	(869)	15,516	418
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic earnings per share (sen per share)	1.98	(0.28)	5.02	0.14

(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 22 February 2021.