

Condensed consolidated statement of comprehensive income
For the Three-months period ended 31 March 2023

	Current quarter		Cumulative quarter	
	3 months ended 31.03.23 (Unaudited) RM'000	3 months ended 31.03.22 (Unaudited) RM'000	3 months ended 31.03.23 (Unaudited) RM'000	3 months ended 31.03.22 (Unaudited) RM'000
Revenue	69,535	94,630	69,535	94,630
Cost of sales	(62,814)	(73,787)	(62,814)	(73,787)
Gross profit	6,721	20,843	6,721	20,843
Other operating income	378	282	378	282
Administrative expenses	(2,061)	(1,594)	(2,061)	(1,594)
Other operating expenses	-	(398)	-	(398)
Operating profit	5,038	19,133	5,038	19,133
Interest income	427	120	427	120
Finance costs	(438)	(412)	(438)	(412)
Net finance costs	(11)	(292)	(11)	(292)
Profit before tax	5,027	18,841	5,027	18,841
Income tax expense	(2,067)	(2,839)	(2,067)	(2,839)
Profit net of tax	2,960	16,002	2,960	16,002
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(21)	105	(21)	105
Other comprehensive income for the period, net of tax	(21)	105	(21)	105
Total comprehensive income for the period	2,939	16,107	2,939	16,107
Profit attributable to:				
Owners of the parent	2,790	15,227	2,790	15,227
Non-controlling interests	170	775	170	775
	2,960	16,002	2,960	16,002
Total comprehensive income attributable to:				
Owners of the parent	2,775	15,293	2,775	15,293
Non-controlling interests	164	814	164	814
	2,939	16,107	2,939	16,107
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic	0.90	4.93	0.90	4.93

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 March 2023

	31.03.23	31.12.2022
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	309,651	312,999
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Deferred tax assets	4,490	4,648
Total non-current assets	<u>374,839</u>	<u>378,345</u>
Biological assets	2,603	2,603
Inventories	20,341	21,099
Trade and other receivables	14,682	13,135
Tax recoverable	2,601	1,048
Short term investments	21,389	20,932
Deposits placed with licensed banks	53,110	41,406
Cash and bank balances	18,880	19,367
Total current assets	<u>133,606</u>	<u>119,590</u>
TOTAL ASSETS	<u>508,445</u>	<u>497,935</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	172,917	170,127
	(80,919)	(80,919)
Foreign currency translation reserve	(308)	(293)
Total equity attributable to owners of the parent	<u>399,039</u>	<u>396,264</u>
Non-controlling interests	7,794	7,630
Total equity	<u>406,833</u>	<u>403,894</u>
LIABILITIES		
Lease liabilities	2,685	2,642
Loans and Borrowings	22,934	25,561
Deferred tax liabilities	26,790	26,717
Total non-current liabilities	<u>52,409</u>	<u>54,920</u>
Trade and other payables	20,126	25,526
Loans and Borrowings	25,800	10,048
Lease liabilities	948	894
Taxation	2,329	2,653
Total current liabilities	<u>49,203</u>	<u>39,121</u>
Total liabilities	<u>101,612</u>	<u>94,041</u>
TOTAL EQUITY AND LIABILITIES	<u>508,445</u>	<u>497,935</u>
Net assets per share attributable to owner of the parent (RM)	1.29	1.28

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statement of cash flows for the period ended 31 March 2023

	3 months ended 31.03.2023 (Unaudited) RM'000	3 months ended 31.03.2022 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	5,027	18,841
Adjustments for:		
Depreciation and amortisation	5,430	5,340
Finance cost	438	412
Interest income	(427)	(120)
Property, plant and equipment written off	48	308
Reversal of allowance for expected credit loss	(66)	(3)
Operating profit before working capital changes	<u>10,450</u>	<u>24,778</u>
Change in inventories	758	(356)
Change in receivables	(2,024)	(3,282)
Change in payables	(4,847)	(1,738)
Cash from operations	<u>4,337</u>	<u>19,402</u>
Income taxes paid	(3,714)	(4,136)
Income taxes refund	-	598
Interest received	427	120
Interest paid	(438)	(412)
Net cash from operating activities	<u>612</u>	<u>15,572</u>
Cash flows investing activities		
Acquisition of property, plant and equipment	(1,793)	(477)
Change in Short term investment	(457)	(2,847)
Net cash used in investing activities	<u>(2,250)</u>	<u>(3,324)</u>
Cash flows from financing activities		
Drawdown of loans and borrowings	15,000	7,600
Repayment of loans and borrowings	(1,875)	(3,126)
Repayment of leases liabilities	(238)	(182)
Net cash flows used in financing activities	<u>12,887</u>	<u>4,292</u>
Net increase in cash and cash equivalents	11,249	16,540
Net foreign exchange difference	(32)	105
Cash and cash equivalents at beginning of financial period	56,676	40,044
Cash and cash equivalents at end of financial period	<u>67,893</u>	<u>56,689</u>
Cash and cash equivalents at the end of the financial year comprise the following:		
Deposits placed with licensed banks	53,110	41,406
Cash and bank balances	18,880	19,367
	<u>71,990</u>	<u>60,773</u>
Deposits pledged with licensed banks	(4,097)	(4,084)
Cash and cash equivalents at end of financial period	<u>67,893</u>	<u>56,689</u>

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statement of changes in equity for the period ended 31 March 2023

	← Attributable to owners of the parent →					Equity attributable to owners of the parent, total	Non-controlling interests	Equity, total
	← Non-distributable →			Distributable				
	Share capital	Treasury shares	Other reserve	Foreign currency translation reserve	Retained earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	318,446	(11,097)	(80,777)	(279)	150,930	377,223	8,026	385,249
Total comprehensive income	-	-	-	66	15,227	15,293	814	16,107
At 31 March 2022	318,446	(11,097)	(80,777)	(213)	166,157	392,516	8,840	401,356
At 1 January 2023	318,446	(11,097)	(80,919)	(293)	170,127	396,264	7,630	403,894
Total comprehensive income	-	-	-	(15)	2,790	2,775	164	2,939
At 31 March 2023	318,446	(11,097)	(80,919)	(308)	172,917	399,039	7,794	406,833

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 2022 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 March 2023 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 2022.

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 2022.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022.

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

	Effective Date
Amendments to MFRSs	
• Amendments to MFRS 101: Presentation of Financial statements (Classification of Liabilities as Current or Non-current)	1 Jan 2024
• Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)	1 Jan 2024
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2024

3. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements of the Group for the year ended 31 December 2022 was not qualified.

4. 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 |

4. Segment information (Cont'd)

Information about reportable segments

	Results for the 3 months ended 31 March							
	Plantation		Oil Mill		Power Plant		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	5,495	9,119	57,409	72,248	6,628	13,032	69,531	94,399
Inter-segment revenue	12,489	17,682	-	-	-	-	12,489	17,682
Segment profit	5,816	15,471	1,165	(1,471)	(1,663)	5,038	5,319	19,038
Segment Assets	231,957	234,626	37,460	49,766	124,315	139,180	393,731	423,572
Segment Liabilities	30,321	31,246	15,949	20,331	7,119	7,593	53,389	59,170

	3 months ended 31.03.2023 (Unaudited) RM'000	3 months ended 31.03.2022 (Unaudited) RM'000
Segment profit is reconciled to consolidated loss before tax as follows:		
Segment profit	5,319	19,038
Other non-reportable segments	(11)	817
Elimination of inter-segment profits	157	(654)
Unallocated corporate expenses	(437)	(360)
Consolidated profit before tax	<u>5,027</u>	<u>18,841</u>

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

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 was no estimation of amount used in the preceding reporting quarter having a material impact in the current reporting quarter.

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 dividends 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 March 2023.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 31 March 2023 is as follows:

	RM'000
Approved and contracted for	26,497
Approved but not contracted for	<u>35,359</u>
	<u><u>61,856</u></u>

12. Changes in contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2022.

13. Subsequent events

There were no material events subsequent to the end of the three months ended 31 March 2023 that have not been reflected in this interim financial report.

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		% +/-
	1 st Qtr23 RM'000	1 st Qtr22 RM'000		4 th Qtr22 RM'000	1 st Qtr23 RM'000		1 st Qtr22 RM'000		
Financial Performances :-									
Revenue	69,535	94,630	-27%	77,620	-10%	69,535	94,630	-27%	
Operating profit	5,038	19,133	-74%	3,566	41%	5,038	19,133	-74%	
Profit before tax	5,027	18,841	-73%	3,422	47%	5,027	18,841	-73%	
Profit after tax	2,960	16,002	-82%	(2,667)	>100%	2,960	16,002	-82%	
Profit attributable to Owners of the parent	2,790	15,227	-82%	(2,462)	>100%	2,790	15,227	-82%	
Non-Financial Performances: -									
Own FFB Production (mt)	24,783	21,977	13%	29,023	-15%	24,783	21,978	13%	
CPO Production (mt)	12,869	10,347	24%	14,578	-12%	12,869	10,348	24%	
PK Production (mt)	3,090	2,584	20%	3,527	-12%	3,090	2,586	20%	
CPO sales (mt)	12,899	10,505	23%	14,484	-11%	12,899	10,505	23%	
PK sales (mt)	3,077	2,594	19%	3,519	-13%	3,077	2,594	19%	
CPO Price per mt (RM)	3,973	5,759	-31%	3,906	2%	3,973	5,759	-31%	
PK Price per mt (RM)	2,004	4,528	-56%	2,044	-2%	2,004	4,528	-56%	
Mill OER	19.47%	19.17%	0.3%	20.13%	-0.66%	19.47%	19.17%	0.3%	
Electricity Export (MWh)	9,061	12,397	-27%	6,676	36%	9,061	12,397	-27%	

* Less than +/- 1%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

During this quarter, the Group recorded a decrease in revenue of RM25.09 million (27%) and a decrease in profit before tax of RM13.81 million (73%). These decreases were mainly due to the drop in the average selling prices of crude palm oil (CPO), palm kernel (PK), fresh fruit bunches (FFB), and empty fruit bunch (EFB) oil by 31%, 56%, 40%, and 33%, respectively. Sales volume of EFB oil also decreased by 44%. However, production volume of FFB, CPO, and PK increased by 13%, 24%, and 20%, 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 decreased by RM9.65 million (62%) from Segment profit of RM15.47 million to Segment profit of RM5.81 million as the substantial decrease in average FFB selling price by 40% from RM1,237/MT to RM729/MT outweighed a 13% increase in FFB Production.
- ii) Oil Mill – Segment profit increased by RM2.64 million (>100%) from Segment loss of RM1.47 million to Segment profit RM1.16 million mainly due to increase in FFB processed by 12,091 MT or 22% and improvement in mill margin with the increase of Mill OER from 19.17% to 19.47%.
- iii) Power Plant – Segment profit decreased by more than RM6.7 million (>100%), from a segment profit of RM5.04 million to a segment loss of RM1.66 million. This decrease was due to a decrease in revenue from EFB oil sales by RM5.18 million (62%) and power sales to SESB by RM1.22 million (26%). The decrease in EFB oil sales was caused by a decrease in both the average selling price of EFB oil (by 33%) and the volume of EFB oil sold (by 44%). The decrease in power sales was due to a decline in the export of power to SESB, which was caused by the shutdown maintenance and repair of the biomass plant since October 2022. The biomass power plant has since resumed operation as of 15 February 2023.

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

The Group recorded a profit before tax of RM5.03 million in the quarter under review as compared to a profit before tax RM3.44 million in the immediate preceding quarter, an increase in profit of RM1.59 million (46%) mainly due to a loss from fair value adjustments of biological assets of RM1.78 million in the preceding quarter. Furthermore, the effect of the decrease in FFB production in the current quarter is mitigated by a decrease in FFB production cost in comparison to the immediate preceding quarter.

3. Commentary on prospects

Palm oil prices reached a peak in 2022 but have since declined due to tighter monetary policies and a global economic slowdown. However, lower production levels and declining stocks during the first quarter of 2023 have temporarily abated the falling prices. This shortage is expected to reverse from May 23 onwards as production increases and prices may be weakened again. Although there has been some improvement in the acute labour shortages experienced in Malaysia over the last few years, the cost of production is expected to remain high.

The Group is anticipating a challenging financial year in 2023 and is focusing on improving cost efficiencies, increasing yields, and boosting productivity through continued mechanization efforts and replanting of older oil palm stands.

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 31.03.2023 (Unaudited) RM'000	3 months ended 31.03.2022 (Unaudited) RM'000	3 months ended 31.03.2023 (Unaudited) RM'000	3 months ended 31.03.2022 (Unaudited) RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortization Property, plant and equipment written off	5,430	5,340	5,430	5,340
Reversal of allowance for expected credit loss	48	308	48	308
	(66)	(3)	(66)	(3)

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 31.03.2023 (Unaudited) RM'000	3 months ended 31.03.2022 (Unaudited) RM'000	3 months ended 31.03.2023 (Unaudited) RM'000	3 months ended 31.03.2022 (Unaudited) RM'000
Income tax				
- Current provision	(1,897)	(2,794)	(1,897)	(2,794)
- Under-provision of tax in prior years	60	(224)	60	(224)
	(1,837)	(3,018)	(1,837)	(3,018)
Deferred tax				
- Relating to origination and reversal of temporary differences	(186)	26	(186)	26
- Under-provision of deferred tax in prior years	(44)	153	(44)	153
	(230)	179	(230)	179
Total income tax expense	(2,067)	(2,839)	(2,067)	(2,839)

The Group's effective tax rate for current quarter is higher than the statutory tax rate of 24% due to the non-recognition of deferred tax asset arising from losses in certain subsidiaries.

7. Borrowings

	As at 31.03.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
Short term borrowings – Secured		
Revolving credit	18,000	3,300
Term loans	7,800	6,748
	<u>25,800</u>	<u>10,048</u>
Long term borrowings – Secured		
Term loans	22,934	25,561
	<u>22,934</u>	<u>25,561</u>
Total borrowings	<u><u>48,734</u></u>	<u><u>35,609</u></u>

8. Trade Receivables and other receivables

	As at 31.03.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
Current		
Third parties	8,030	8,067
Less : Allowance for impairment	(219)	(224)
	<u>7,811</u>	<u>7,843</u>
Other receivables, net	6,871	5,292
	<u>14,682</u>	<u>13,135</u>
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	7,638	7,843
1 to 30 days	173	-
31 to 60 days	-	-
61 to 90 days	14	-
More than 91 days	205	224
	<u>8,030</u>	<u>8,067</u>
Less : Allowance for impairment	(219)	(224)
	<u>7,811</u>	<u>7,843</u>

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

9. 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 March 2023.

10. Material litigation

There are no pending material litigations as at 22 May 2023.

11. Dividend payable

On 24 February 2023, the Board approved two dividend payments, which were paid on 28 April 2023: -

- a) Special “Bumper profit’ single-tier ordinary dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2022; and
- b) Single-tier dividend of 2.0 sen per ordinary share in respect of the financial year ending 31 December 2023;

11. 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	3 months	3 months	3 months
	ended	ended	ended	ended
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM’000)	2,790	15,227	2,790	15,227
Weighted average number of ordinary shares in issue (’000)	308,967	308,967	308,967	308,967
Basic Profit earnings per share (sen per share)	0.90	4.93	0.90	4.93

(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.

12. Authorization 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 23 May 2023.