

Condensed consolidated statement of comprehensive income
For the Nine-months period ended 30 September 2023

	Current quarter		Cumulative quarter	
	3 months ended 30.09.23 (Unaudited) RM'000	3 months ended 30.09.22 (Unaudited) RM'000	9 months ended 30.09.23 (Unaudited) RM'000	9 months ended 30.09.22 (Unaudited) RM'000
Revenue	77,349	77,546	219,526	279,467
Cost of sales	(66,986)	(67,432)	(194,413)	(226,249)
Gross profit	10,363	10,114	25,113	53,218
Other operating income	231	244	1,182	1,125
Administrative expenses	(2,313)	(2,188)	(6,294)	(5,935)
Other operating expenses	-	-	-	(404)
Operating profit	8,281	8,170	20,001	48,004
Interest income	443	292	1,201	645
Finance costs	(468)	(453)	(1,542)	(1,289)
Net finance costs	(25)	(161)	(341)	(644)
Profit before tax	8,256	8,009	19,660	47,360
Income tax expense	(2,488)	(4,685)	(6,803)	(11,459)
Profit net of tax	5,768	3,324	12,857	35,901
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(44)	(2)	24	-
Other comprehensive income for the period, net of tax	(44)	(2)	24	-
Total comprehensive income for the period	5,724	3,322	12,881	35,901
Profit attributable to:				
Owners of the parent	5,663	2,976	12,543	34,018
Non-controlling interests	105	348	314	1,883
	5,768	3,324	12,857	35,901
Total comprehensive income attributable to:				
Owners of the parent	5,632	2,975	12,560	34,018
Non-controlling interests	92	347	321	1,883
	5,724	3,322	12,881	35,901
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic	1.83	0.96	4.06	11.01

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 30 September 2023

	30.09.23	31.12.22
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	305,386	312,999
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Deferred tax assets	4,633	4,648
Total non-current assets	<u>370,717</u>	<u>378,345</u>
Biological assets	2,603	2,603
Inventories	19,521	21,099
Trade and other receivables	17,094	13,135
Tax recoverable	1,417	1,048
Short term investments	17,569	20,932
Deposits placed with licensed banks	38,575	41,406
Cash and bank balances	20,399	19,367
Total current assets	<u>117,178</u>	<u>119,590</u>
TOTAL ASSETS	<u>487,895</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	170,311	170,127
Other reserve	(80,919)	(80,919)
Foreign currency translation reserve	(276)	(293)
Total equity attributable to owners of the parent	<u>396,465</u>	<u>396,264</u>
Non-controlling interests	5,678	7,630
Total equity	<u>402,143</u>	<u>403,894</u>
LIABILITIES		
Lease liabilities	3,073	2,642
Loans and Borrowings	19,184	25,561
Deferred tax liabilities	26,175	26,717
Total non-current liabilities	<u>48,432</u>	<u>54,920</u>
Trade and other payables	22,530	25,526
Loans and Borrowings	10,800	10,048
Lease liabilities	1,106	894
Taxation	2,884	2,653
Total current liabilities	<u>37,320</u>	<u>39,121</u>
Total liabilities	<u>85,752</u>	<u>94,041</u>
TOTAL EQUITY AND LIABILITIES	<u>487,895</u>	<u>497,935</u>
Net assets per share attributable to owner of the parent (RM)	1.28	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 30 September 2023

	9 months ended 30.09.23 (Unaudited) RM'000	9 months ended 30.09.22 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	19,660	47,360
Adjustments for:		
Depreciation and amortisation	16,313	16,110
Finance cost	1,542	1,289
Interest income	(1,201)	(645)
Gain on disposal of Property, Plant and equipment	(10)	-
Property, plant and equipment written off	184	312
Other reivables written off	35	-
Reversal of allowance for expected credit loss	(125)	(3)
Operating profit before working capital changes	36,398	64,423
Change in inventories	1,578	(1,566)
Change in receivables	(4,421)	2,495
Change in payables	(2,455)	(3,964)
Cash from operations	31,100	61,388
Income taxes paid	(7,468)	(10,941)
Income taxes refund	-	322
Interest received	1,201	630
Interest paid	(1,542)	(1,289)
Net cash from operating activities	23,291	50,110
Cash flows investing activities		
Acquisition of property, plant and equipment	(7,390)	(4,098)
Change in Short term investment	3,363	(1,865)
Proceeds from disposal of property, plant and equipment	306	-
Net cash used in investing activities	(3,721)	(5,963)
Cash flows from financing activities		
Acquisition of subsidiary's treasury shares	-	(161)
Capital Reduction in Subsidiaries	(273)	-
Dividend paid to equity holders of the Company	(12,359)	(12,358)
Dividend paid to non-controlling interests	(2,000)	(2,000)
Drawdown of loans and borrowings	-	20,100
Repayment of loans and borrowings	(5,625)	(26,975)
Repayment of leases liabilities	(1,147)	(561)
Net cash flows used in financing activities	(21,404)	(21,955)
Net increase in cash and cash equivalents	(1,834)	22,192
Net foreign exchange difference	35	2
Cash and cash equivalents at beginning of financial period	56,676	34,635
Cash and cash equivalents at end of financial period	54,877	56,829
Cash and cash equivalents at the end of the financial year comprise the following:		
Deposits placed with licensed banks	38,575	33,160
Cash and bank balances	20,399	27,753
	58,974	60,913
Deposits pledged with licensed banks	(4,097)	(4,084)
Cash and cash equivalents at end of financial period	54,877	56,829

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 30 September 2023

	← Attributable to owners of the parent →				Retained earnings	Equity attributable to owners of the parent, total	Non-controlling interests	Equity, total
	Share capital	Treasury shares	Other reserve	Foreign currency translation reserve				
	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	-	-	-	-	34,018	34,018	1,883	35,901
Effect of Subsidiary treasury share transaction	-	-	(113)	-	-	(113)	(49)	(162)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(2,000)	(2,000)
Dividend paid to equity holders of the Company	-	-	-	-	(12,358)	(12,358)	-	(12,358)
At 30 September 2022	318,446	(11,097)	(80,890)	(279)	172,590	398,770	7,860	406,630
At 1 January 2023	318,446	(11,097)	(80,919)	(293)	170,127	396,264	7,630	403,894
Total comprehensive income	-	-	-	17	12,543	12,560	321	12,881
Capital Reduction in Subsidiaries	-	-	-	-	-	-	(273)	(273)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(2,000)	(2,000)
Dividend paid to equity holders of the Company	-	-	-	-	(12,359)	(12,359)	-	(12,359)
At 30 September 2023	318,446	(11,097)	(80,919)	(276)	170,311	396,465	5,678	402,143

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 30 September 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 30 September							
	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	5,651	6,468	59,677	59,540	12,008	11,319	77,336	77,327
Inter-segment revenue	12,263	11,010	-	-	-	-	12,263	11,010
Segment profit	3,833	3,716	2,218	2,596	3,051	2,268	9,102	8,580
Segment profit is reconciled to consolidated profit before tax as follows:					3 months ended 30.09.2023 (Unaudited) RM'000	3 months ended 30.09.2022 (Unaudited) RM'000		
Segment profit					9,102	8,580		
Other non-reportable segments					(36)	44		
Elimination of inter-segment profits					17	(1)		
Unallocated corporate expenses					(827)	(614)		
Consolidated profit before tax					8,256	8,009		

	Results for the 9 months ended 30 September							
	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	16,446	25,326	172,553	216,607	30,490	36,972	219,489	278,905
Inter-segment revenue	36,268	46,895	-	-	-	-	36,268	46,895
Segment profit	12,668	33,778	5,183	3,416	3,252	11,207	21,103	48,401
Segment Assets	225,307	232,545	35,322	42,803	127,524	133,518	388,153	408,866
Segment Liabilities	31,034	35,230	18,673	16,338	6,866	6,861	56,573	58,429
Segment profit is reconciled to consolidated profit before tax as follows:					9 months ended 30.09.2023 (Unaudited) RM'000	9 months ended 30.09.2022 (Unaudited) RM'000		
Segment profit					21,103	48,401		
Other non-reportable segments					199	866		
Elimination of inter-segment profits					217	(525)		
Unallocated corporate expenses					(1,859)	(1,382)		
Consolidated profit before tax					19,660	47,360		

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

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;

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 2023.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 30 September 2023 is as follows:

	RM’000
Approved and contracted for	23,032
Approved but not contracted for	19,874
	<u>42,906</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 quarter ended 30 September 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		% +/-
	3 rd Qtr23 RM'000	3 rd Qtr22 RM'000		2nd Qtr23 RM'000	3 rd Qtr23 RM'000		3 rd Qtr22 RM'000		
Financial Performances :-									
Revenue	77,349	77,546	*	72,642	6%	219,526	279,467	-21%	
Operating profit	8,281	8,170	1%	6,682	24%	20,001	48,004	-58%	
Profit before tax	8,256	8,009	3%	6,377	29%	19,660	47,360	-58%	
Profit after tax	5,768	3,324	73%	4,129	40%	12,857	35,901	-64%	
Profit attributable to Owners of the parent	5,632	2,975	89%	4,090	38%	12,543	34,018	-63%	
Non-Financial Performances: -									
Own FFB Production (mt)	25,949	23,758	9%	24,247	7%	74,979	67,790	11%	
CPO Production (mt)	14,389	12,793	12%	12,732	13%	39,989	34,625	15%	
PK Production (mt)	3,280	2,761	19%	3,003	9%	9,373	7,921	18%	
CPO sales (mt)	14,002	12,747	10%	12,934	8%	39,835	34,714	15%	
PK sales (mt)	3,218	2,989	8%	3,061	5%	9,356	7,971	17%	
CPO Price per mt (RM)	3,806	4,107	-7%	3,828	-1%	3,867	5,434	-29%	
PK Price per mt (RM)	1,986	2,404	-17%	1,947	2%	1,979	3,509	-44%	
Mill OER	19.83%	20.28%	-0.45%	19.99%	0.16%	19.76%	19.89%	-0.13%	
Electricity Export (MWh)	16,449	13,314	24%	15,336	7%	40,646	37,321	9%	

* Less than +/- 1%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

During this quarter, the Group recorded a slight decrease in revenue of RM0.19 million from RM77.55 million to RM77.35 million and a marginal 3% (RM0.25 million) increase in profit before tax from 8.01 million to 8.26 million. The impact of the decreases in average selling prices of CPO (7%) and PK (17%) was mitigated by the increases in production of FFB, CPO and Power Export by 9%, 12% and 24% 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 slightly by RM 0.12 million (3%) from a segment profit of RM 3.72 million to a segment profit of RM 3.83 million due to a 9% increase in FFB production, while the FFB average selling price per mt and production cost per mt for the current quarter remained more or less in line with the corresponding quarter in the previous year.
- ii) Oil Mill – Segment profit decreased marginally by RM0.38 million (15%) from Segment profit of RM2.60 million to Segment profit RM2.22 million despite an increase in FFB processed by 14% due to lower mill margin as a result of lower Mill OER.
- iii) Power Plant – Segment profit increased by RM0.78 million (34%) from a segment profit of RM2.27 million to a segment profit of RM3.05 million due mainly to an increase in Power export to SESB by 24%.

Current Period-to-date vs. Previous Period-to-date

For this financial period under review, the Group recorded a decrease in revenue of RM59.94 million (21%) and a decrease in profit before tax of RM27.70 million (58%). 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 29%, 44%, 33% and 28% respectively. However, production volumes of FFB, CPO, and PK increased by 11%, 15% and 18% 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 – Segment profit decreased by RM 21.11 million (62%) from a segment profit of RM 33.78 million to RM 12.67 million. This decrease was primarily due to the substantial 34% decrease in the average FFB selling price, which outweighed the 11% increase in FFB production.
- ii) Oil Mill – Segment profit increased by RM1.77 million (52%) from Segment profit of RM3.42 million to Segment profit RM5.18 million mainly due to an increase in FFB processed during the period by 16% despite a slight decrease in Mill OER.
- iv) Power Plant – Segment profit decreased by RM7.96 million (71%) from RM11.21 million to RM3.25 million. This decline was primarily due to a 7% decrease in EFB oil sales volume and a 28% drop in the average selling price, despite a 9% increase in Power Export to SESB. The decrease in EFB oil sales volume resulted from the shutdown maintenance and repair of the biomass plant from October 2022. The biomass power plant resumed operations on 15 February 2023.

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

The Group recorded a profit before tax of RM8.26 million, representing an increase of RM1.88 million (29%) compared to the immediate preceding quarter. This growth was primarily driven by the increase in FFB production by 7% and the reduction in power plant running cost by 10% as a result lower plant maintenance cost for the current quarter.

3. Commentary on prospects

The Group is bracing for a challenging final quarter of the financial year 2023 primarily due to the projected increase in Crude Palm Oil (CPO) production, which may lead to a weakening of palm oil prices. Additionally, ongoing labor shortages in Malaysia, rising fertilizer prices and increasing fuel costs are expected to raise production costs. These factors collectively pose a significant challenge to the Group's profitability in the remaining three months of the year.

The Group is focusing on improving cost efficiencies, increasing yields and enhancing productivity through mechanization efforts and the replanting of older oil palm stands. These strategic measures aim to maintain profitability and navigate through the complexities of the remaining financial year.

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	3 months ended	9 months ended	9 months ended
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortization Property, plant and equipment written off	5,458	5,413	16,313	16,110
Other receivables written off	132	4	184	312
Net (Gain)/Loss on disposal of Property, Plant and equipment	35	-	35	-
Reversal of allowance for expected credit loss	124	-	(10)	-
	(59)	-	(125)	(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 30.09.2023 (Unaudited) RM'000	3 months ended 30.09.2022 (Unaudited) RM'000	9 months ended 30.09.2023 (Unaudited) RM'000	9 months ended 30.09.2022 (Unaudited) RM'000
Income tax				
- Current provision	(2,378)	(2,106)	(6,515)	(8,260)
- Under-provision of tax in prior years	(546)	(2,569)	(814)	(2,769)
	<u>(2,924)</u>	<u>(4,675)</u>	<u>(7,329)</u>	<u>(11,029)</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	556	179	680	(361)
- Under-provision of deferred tax in prior years	(120)	(189)	(154)	(69)
	<u>436</u>	<u>(10)</u>	<u>526</u>	<u>(430)</u>
Total income tax expense	<u>(2,488)</u>	<u>(4,685)</u>	<u>(6,803)</u>	<u>(11,459)</u>

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

7. Borrowings

	As at 30.09.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
Short term borrowings – Secured		
Revolving credit	3,300	3,300
Term loans	7,500	6,748
	<u>10,800</u>	<u>10,048</u>
Long term borrowings – Secured		
Term loans	19,184	25,561
	<u>19,184</u>	<u>25,561</u>
Total borrowings	<u>29,984</u>	<u>35,609</u>

8. Trade Receivables and other receivables

	As at 30.09.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
Current		
Third parties	9,733	8,067
Less : Allowance for impairment	(219)	(224)
	<u>9,514</u>	<u>7,843</u>
Other receivables, net	7,580	5,292
	<u>17,094</u>	<u>13,135</u>
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	9,495	7,843
1 to 30 days	30	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 91 days	208	224
	<u>9,733</u>	<u>8,067</u>
Less: Allowance for impairment	(219)	(224)
	<u>9,514</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 30 September 2023.

10. Material litigation

There are no pending material litigations as at 15 November 2023.

11. Dividend payable

No dividend has been proposed or declared for the current quarter ended 30 September 2023.

12. 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 30.09.2023 (Unaudited)	3 months ended 30.09.2022 (Unaudited)	9 months ended 30.09.2023 (Unaudited)	9 months ended 30.09.2022 (Unaudited)
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	5,663	2,976	12,543	34,018
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)	1.83	0.96	4.06	11.01

(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.

13. 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 16 November 2023.