

Condensed consolidated statement of comprehensive income
For the Six-months period ended 30 June 2023

	Current quarter		Cumulative quarter	
	3 months ended 30.06.23 (Unaudited) RM'000	3 months ended 30.06.22 (Unaudited) RM'000	6 months ended 30.06.23 (Unaudited) RM'000	6 months ended 30.06.22 (Unaudited) RM'000
Revenue	72,642	107,291	142,177	201,921
Cost of sales	(62,496)	(85,030)	(125,310)	(158,817)
Gross profit	10,146	22,261	16,867	43,104
Other operating income	573	599	951	881
Administrative expenses	(1,920)	(2,153)	(3,981)	(3,747)
Other operating expenses	(2,117)	(6)	(2,117)	(404)
Operating profit	6,682	20,701	11,720	39,834
Interest income	331	233	758	353
Finance costs	(636)	(424)	(1,074)	(836)
Net finance costs	(305)	(191)	(316)	(483)
Profit before tax	6,377	20,510	11,404	39,351
Income tax expense	(2,248)	(3,935)	(4,315)	(6,774)
Profit net of tax	4,129	16,575	7,089	32,577
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	89	(103)	68	2
Other comprehensive income for the period, net of tax	89	(103)	68	2
Total comprehensive income for the period	4,218	16,472	7,157	32,579
Profit attributable to:				
Owners of the parent	4,090	15,815	6,880	31,042
Non-controlling interests	39	760	209	1,535
	4,129	16,575	7,089	32,577
Total comprehensive income attributable to:				
Owners of the parent	4,153	15,750	6,928	31,043
Non-controlling interests	65	722	229	1,536
	4,218	16,472	7,157	32,579
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic	1.32	5.12	2.23	10.05

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 June 2023

	30.06.23	31.12.2022
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	308,687	312,999
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Deferred tax assets	4,519	4,648
Total non-current assets	<u>373,904</u>	<u>378,345</u>
Biological assets	2,603	2,603
Inventories	18,671	21,099
Trade and other receivables	14,105	13,135
Tax recoverable	3,087	1,048
Short term investments	16,928	20,932
Deposits placed with licensed banks	43,905	41,406
Cash and bank balances	17,983	19,367
Total current assets	<u>117,282</u>	<u>119,590</u>
TOTAL ASSETS	<u>491,186</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	164,648	170,127
	(80,919)	(80,919)
Foreign currency translation reserve	(245)	(293)
Total equity attributable to owners of the parent	<u>390,833</u>	<u>396,264</u>
Non-controlling interests	5,859	7,630
Total equity	<u>396,692</u>	<u>403,894</u>
LIABILITIES		
Lease liabilities	3,164	2,642
Loans and Borrowings	21,059	25,561
Deferred tax liabilities	26,498	26,717
Total non-current liabilities	<u>50,721</u>	<u>54,920</u>
Trade and other payables	19,160	25,526
Loans and Borrowings	20,800	10,048
Lease liabilities	1,046	894
Taxation	2,767	2,653
Total current liabilities	<u>43,773</u>	<u>39,121</u>
Total liabilities	<u>94,494</u>	<u>94,041</u>
TOTAL EQUITY AND LIABILITIES	<u>491,186</u>	<u>497,935</u>
Net assets per share attributable to owner of the parent (RM)	1.26	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 June 2023

	6 months ended 30.06.23 (Unaudited) RM'000	6 months ended 30.06.22 (Unaudited) RM'000
Cash flows from operating activities		
Profit before tax	11,404	39,351
Adjustments for:		
Gain on termination of lease liabilities	-	-
Depreciation and amortisation	10,855	10,697
Finance cost	1,074	836
Interest income	(758)	(353)
Gain on disposal of Property, Plant and equipment	(134)	-
Property, plant and equipment written off	52	308
Reversal of allowance for expected credit loss	(66)	(3)
Operating profit before working capital changes	22,427	50,836
Change in inventories	2,428	(2,648)
Change in receivables	(1,466)	353
Change in payables	(5,811)	(2,114)
Cash from operations	17,578	46,427
Income taxes paid	(6,331)	(5,894)
Income taxes refund	-	322
Interest received	758	353
Interest paid	(1,074)	(836)
Net cash from operating activities	10,931	40,372
Cash flows investing activities		
Acquisition of property, plant and equipment	(5,342)	(2,075)
Change in Short term investment	4,004	(645)
Proceeds from disposal of property, plant and equipment	420	-
Net cash used in investing activities	(918)	(2,720)
Cash flows from financing activities		
Acquisition of subsidiary's treasury shares	-	(52)
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	10,000	20,100
Repayment of loans and borrowings	(3,750)	(20,100)
Repayment of leases liabilities	(864)	(361)
Net cash flows used in financing activities	(8,973)	(14,771)
Net increase in cash and cash equivalents	1,040	22,881
Net foreign exchange difference	77	1
Cash and cash equivalents at beginning of financial period	56,676	34,635
Cash and cash equivalents at end of financial period	57,793	57,517
Cash and cash equivalents at the end of the financial year comprise the following:		
Deposits placed with licensed banks	43,905	25,765
Cash and bank balances	17,983	35,836
	61,888	61,601
Deposits pledged with licensed banks	(4,097)	(4,084)
Cash and cash equivalents at end of financial period	57,791	57,517

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 June 2023

	Attributable to owners of the parent				Retained earnings	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				
	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
Effect of changes in accounting policies	-	-	-	-	-	-	-	-
As restated	318,446	(11,097)	(80,777)	(279)	150,930	377,223	8,026	385,249
Total comprehensive income	-	-	-	1	31,042	31,043	1,536	32,579
Effect of Subsidiary treasury share transaction	-	-	(36)	-	-	(36)	(16)	(52)
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 June 2022	318,446	(11,097)	(80,813)	(278)	169,614	395,872	7,546	403,418
At 1 January 2023	318,446	(11,097)	(80,919)	(293)	170,127	396,264	7,630	403,894
Effect of changes in accounting policies	-	-	-	-	-	-	-	-
As restated	318,446	(11,097)	(80,919)	(293)	170,127	396,264	7,630	403,894
Total comprehensive income	-	-	-	48	6,880	6,928	229	7,157
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 June 2023	318,446	(11,097)	(80,919)	(245)	164,648	390,833	5,859	396,692

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 June 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 June							
	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	5,300	9,739	55,468	84,819	11,854	12,622	72,622	107,180
Inter-segment revenue	11,515	18,203	-	-	-	-	11,515	18,203
Segment profit	3,019	14,592	1,799	2,291	1,864	3,900	6,682	20,783
Segment profit is reconciled to consolidated loss before tax as follows:					3 months ended 30.06.2023 (Unaudited) RM'000	3 months ended 30.06.2022 (Unaudited) RM'000		
Segment profit					6,682	20,783		
Other non-reportable segments					246	4		
Elimination of inter-segment profits					41	130		
Unallocated corporate expenses					(592)	(407)		
Consolidated profit before tax					6,377	20,510		

	Results for the 6 months ended 30 June							
	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	10,795	18,858	112,876	157,067	18,482	25,654	142,153	201,579
Inter-segment revenue	24,005	35,885	-	-	-	-	24,005	35,885
Segment profit	8,835	30,062	2,965	820	201	8,939	12,001	39,821
Segment Assets	226,521	232,700	30,246	52,762	128,573	133,606	385,340	419,068
Segment Liabilities	32,096	35,899	14,152	18,400	7,066	7,156	53,314	61,455
Segment profit is reconciled to consolidated loss before tax as follows:					6 months ended 30.06.2023 (Unaudited) RM'000	6 months ended 30.06.2022 (Unaudited) RM'000		
Segment profit					12,001	39,822		
Other non-reportable segments					235	821		
Elimination of inter-segment profits					198	(524)		
Unallocated corporate expenses					(1,030)	(768)		
Consolidated profit before tax					11,404	39,351		

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 June 2023.

11. Capital commitments

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

	RM'000
Approved and contracted for	22,464
Approved but not contracted for	20,439
	<u>42,903</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 June 2023 that have not been reflected in this interim financial report.

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

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		% +/-
	2 nd Qtr23 RM'000	2 nd Qtr22 RM'000		1 st Qtr22 RM'000		2 nd Qtr23 RM'000	2 nd Qtr22 RM'000		
Financial Performances :-									
Revenue	72,642	107,291	-32%	69,535	4%	142,177	201,921	-30%	
Operating profit	6,682	20,701	-68%	5,038	33%	11,720	39,834	-71%	
Profit before tax	6,377	20,510	-69%	5,027	27%	11,404	39,351	-71%	
Profit after tax	4,129	16,575	-75%	2,960	39%	7,089	32,577	-78%	
Profit attributable to Owners of the parent	4,090	15,815	-74%	2,790	47%	6,880	31,042	-78%	
Non-Financial Performances: -									
Own FFB Production (mt)	24,247	22,054	10%	24,783	-2%	49,030	44,032	11%	
CPO Production (mt)	12,732	11,484	11%	12,869	-1%	25,601	21,832	17%	
PK Production (mt)	3,003	2,575	17%	3,090	-3%	6,094	5,161	18%	
CPO sales (mt)	12,934	11,462	13%	12,899	*	25,834	21,967	18%	
PK sales (mt)	3,061	2,388	28%	3,077	-1%	6,138	4,981	23%	
CPO Price per mt (RM)	3,828	6,611	-42%	3,973	-4%	3,900	6,204	-37%	
PK Price per mt (RM)	1,947	3,786	-49%	2,004	-3%	1,975	4,172	-53%	
Mill OER	19.99%	20.16%	*	19.47%	*	19.73%	19.68%	*	
Electricity Export (MWh)	15,336	11,610	32%	9,061	69%	24,197	24,007	1%	

* 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 RM34.65 million (32%) and a decrease in profit before tax of RM14.13 million (69%). 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 42%, 49%, 45% and 39% respectively. However, production volume of FFB, CPO and PK increased by 10%, 11% and 17% 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 RM11.57 million (79%) from Segment profit of RM14.59 million to Segment profit of RM3.02 million as the substantial decrease in average FFB selling price by 45% from RM1,267/MT to RM694/MT outweighed an 11% increase in FFB Production.
- ii) Oil Mill – Segment profit decreased marginally by RM0.49 million (21%) from Segment profit of RM2.29 million to Segment profit RM1.80 million despite an increase in FFB processed by 12% due to lower mill margin as a result of lower Mill OER.
- iii) Power Plant – Segment profit decreased by RM2.04 million (52%) from a segment profit of RM3.90 million to a segment profit of RM1.86 million due mainly to a decrease in EFB Oil Selling price by 39%.

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

For this financial period under review, the Group recorded a decrease in revenue of RM59.74 million (30%) and a decrease in profit before tax of RM27.95 million (71%). 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 37%, 53%, 42% and 36% respectively. However, production volume of FFB, CPO, and PK increased by 11%, 17% 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 RM21.23 million (71%) from Segment profit of RM30.06 million to Segment profit of RM8.83 million as the substantial decrease in average FFB selling price by 43% from RM1,243/MT to RM710/MT outweighed an 11% increase in FFB Production. Furthermore, FFB production cost also increased by 14%.
- ii) Oil Mill – Segment Profit increased by RM2.14 million (>100%) from Segment profit of RM0.82 million to Segment profit RM2.96 million mainly due to higher mill margin as a result of improvement in mill OER and also an increase in FFB processed during the period by 17% or 18,800MT.
- iv) Power Plant – Segment profit decreased by RM8.74 million (98%) from Segment profit of RM8.94 million to Segment profit of RM0.20 million due to a decrease in EFB oil Sales volume by 12% and average selling price by 36%. The decrease in EFB sales volume 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 RM6.38 million, representing an increase of RM1.35 million (27%) compared to the immediate preceding quarter. This significant growth was primarily driven by the successful resumption of the Biomass power plant's operations since 15th February 2023 leading to a 69% surge in power exports and a twofold increase in EFB oil sales volume during the quarter.

3. Commentary on prospects

The Group anticipates a challenging financial year in 2023 due to the projected increase in CPO production toward the second half of 2023, which may weaken palm oil prices. However, temporary support is provided by the uncertainty surrounding Ukraine's grain export through the Black Sea, helping to maintain current price levels. Ongoing acute labor shortages in Malaysia and hike in fertilizer prices are expected to impact production costs.

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 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 30.06.2023 (Unaudited) RM'000	3 months ended 30.06.2022 (Unaudited) RM'000	6 months ended 30.06.2023 (Unaudited) RM'000	6 months ended 30.06.2022 (Unaudited) RM'000
Profit for the period is arrived at after charging:				
Depreciation and amortization Property, plant and equipment written off	5,425	5,357	10,855	10,697
Gain on disposal of Property, Plant and equipment	4	-	52	308
Reversal of allowance for expected credit loss	(134)	-	(134)	-
	-	(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 30.06.2023 (Unaudited) RM'000	3 months ended 30.06.2022 (Unaudited) RM'000	6 months ended 30.06.2023 (Unaudited) RM'000	6 months ended 30.06.2022 (Unaudited) RM'000
Income tax				
- Current provision	(2,240)	(3,360)	(4,137)	(6,154)
- Under-provision of tax in prior years	(328)	24	(268)	(200)
	<u>(2,568)</u>	<u>(3,336)</u>	<u>(4,405)</u>	<u>(6,354)</u>
Deferred tax				
- Relating to origination and reversal of temporary differences	310	(566)	124	(540)
- Under-provision of deferred tax in prior years	10	(33)	(34)	120
	<u>320</u>	<u>(599)</u>	<u>90</u>	<u>(420)</u>
Total income tax expense	<u>(2,248)</u>	<u>(3,935)</u>	<u>(4,315)</u>	<u>(6,774)</u>

The Group's effective tax rate for current and cumulative quarters are lower 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 30.06.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
Short term borrowings – Secured		
Revolving credit	13,300	3,300
Term loans	7,500	6,748
	<u>20,800</u>	<u>10,048</u>
Long term borrowings – Secured		
Term loans	21,059	25,561
	<u>21,059</u>	<u>25,561</u>
Total borrowings	<u>41,859</u>	<u>35,609</u>

8. Trade Receivables and other receivables

	As at 30.06.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
Current		
Third parties	6,881	8,067
Less : Allowance for impairment	(219)	(224)
	<u>6,662</u>	<u>7,843</u>
Other receivables, net	7,443	5,292
	<u>14,105</u>	<u>13,135</u>
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	6,465	7,843
1 to 30 days	195	-
31 to 60 days	-	-
61 to 90 days	11	-
More than 91 days	210	224
	<u>6,881</u>	<u>8,067</u>
Less : Allowance for impairment	(219)	(224)
	<u>6,662</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 June 2023.

10. Material litigation

There are no pending material litigations as at 7 August 2023.

11. Dividend payable

No dividend has been proposed or declared for the current quarter ended 30 June 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 30.06.2023 (Unaudited)	3 months ended 30.06.2022 (Unaudited)	6 months ended 30.06.2023 (Unaudited)	6 months ended 30.06.2022 (Unaudited)
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	4,090	15,815	6,880	31,042
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)	1.32	5.12	2.23	10.05

(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 8 August 2023.