

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For The Second Quarter Ended 30 June 2020**

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30.6.2020 RM' 000	30.6.2019 RM'000	30.6.2020 RM' 000	30.6.2019 RM' 000
Revenue	77,805	70,980	146,933	145,843
Cost of sales	(67,655)	(66,638)	(132,912)	(133,789)
Gross profit	10,150	4,342	14,021	12,054
Other income	2,554	2,762	5,555	5,526
Administrative expenses	(2,728)	(2,917)	(5,930)	(6,167)
Other operating expenses	(1,452)	(1,475)	(2,561)	(3,164)
Operating profit	8,524	2,712	11,085	8,249
Finance costs	(1,585)	(1,816)	(3,134)	(3,431)
Profit/(Loss) before tax	6,939	896	7,951	4,818
Income tax expense	(1,915)	(954)	(2,265)	(2,213)
Profit/(Loss) after tax	5,024	(58)	5,686	2,605
Other comprehensive income				
Exchange difference on translation of foreign operations	393	13	77	(33)
Total comprehensive income for the period	5,417	(45)	5,763	2,572
Profit/(Loss) attributable to:				
Owners of the parent	2,562	(167)	3,823	1,089
Non-controlling interests	2,462	109	1,863	1,516
	5,024	(58)	5,686	2,605
Total comprehensive income attributable to:				
Owners of the parent	2,857	(159)	3,941	1,067
Non-controlling interests	2,560	114	1,822	1,505
	5,417	(45)	5,763	2,572
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	1.30	(0.08)	1.95	0.55

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2019.**

**MHC Plantations Bhd (4060-V)**  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position**  
**as at 30 June 2020**

	<b>As at 30.6.2020 (Unaudited) RM'000</b>	<b>As at 31.12.2019 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	401,720	404,149
Investment properties	49,924	49,924
Deferred tax assets	4,771	4,623
Investment in securities	395	394
Trade and other receivables	131,502	134,849
Goodwill on consolidation	43,867	43,867
	<u>632,179</u>	<u>637,806</u>
<b>Current assets</b>		
Inventories	24,496	25,355
Biological assets	2,737	2,738
Trade and other receivables	27,727	29,509
Tax recoverable	1,070	1,503
Short term investments	16,829	16,320
Fixed deposits with licensed banks	7,726	7,624
Cash and bank balances	20,398	13,141
	<u>100,983</u>	<u>96,190</u>
<b>TOTAL ASSETS</b>	<u>733,162</u>	<u>733,996</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	196,544	196,544
Reserves	51,807	50,851
	<u>248,351</u>	<u>247,395</u>
<b>Non-controlling interests</b>	262,970	264,798
<b>Total equity</b>	<u>511,321</u>	<u>512,193</u>

**Condensed Consolidated Statement of Financial Position  
as at 30 June 2020 (Contd.)**

	<b>As at 30.6.2020 (Unaudited) RM'000</b>	<b>As at 31.12.2019 (Audited) RM'000</b>
<b>EQUITY AND LIABILITIES (CONTD.)</b>		
<b>Non-current liabilities</b>		
Borrowings	46,788	55,163
Deferred tax liabilities	52,609	53,000
Lease liabilities	3,484	3,689
	<u>102,881</u>	<u>111,852</u>
<b>Current liabilities</b>		
Payables	24,318	31,799
Borrowings	91,025	76,100
Lease liabilities	1,188	1,143
Taxation	2,429	909
	<u>118,960</u>	<u>109,951</u>
<b>Total liabilities</b>	<u>221,841</u>	<u>221,803</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>733,162</u>	<u>733,996</u>
<b>Net Tangible Asset Per Share (RM)</b>	<u>1.04</u>	<u>1.04</u>
<b>Net Asset Per Share (RM)</b>	<u>1.26</u>	<u>1.26</u>

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2019.**

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statements of Changes in Equity (Unaudited)**  
**For The Second Quarter Ended 30 June 2020**

	Distributable								Total	Non-controlling Interests	Total Equity
	Share Capital RM' 000	Capital Reserve RM' 000	Other Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000			
<b>Opening balance at 1 Jan 2019</b>	196,544	5,737	(32,100)	789	45	(289)	8	77,313	248,047	266,956	515,003
Total comprehensive income for the period	-	-	-	-	-	(22)	-	1,089	1,067	1,505	2,572
Dividends	-	-	-	-	-	-	-	(2,948)	(2,948)	-	(2,948)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,452)	(3,452)
Effect of subsidiary's treasury share transaction	-	-	(68)	-	-	-	-	-	(68)	(43)	(111)
<b>Closing balance at 30 June 2019</b>	<b>196,544</b>	<b>5,737</b>	<b>(32,168)</b>	<b>789</b>	<b>45</b>	<b>(311)</b>	<b>8</b>	<b>75,454</b>	<b>246,098</b>	<b>264,966</b>	<b>511,064</b>
<b>Opening balance at 1 Jan 2020</b>	196,544	5,737	(32,266)	789	52	(343)	8	76,874	247,395	264,798	512,193
Total comprehensive income for the period	-	-	-	-	-	81	-	3,823	3,904	1,822	5,726
Dividends	-	-	-	-	-	-	-	(2,948)	(2,948)	-	(2,948)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,650)	(3,650)
<b>Closing balance at 30 June 2020</b>	<b>196,544</b>	<b>5,737</b>	<b>(32,266)</b>	<b>789</b>	<b>52</b>	<b>(262)</b>	<b>8</b>	<b>77,749</b>	<b>248,351</b>	<b>262,970</b>	<b>511,321</b>

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2019.**

**MHC Plantations Bhd (4060-V)**  
**Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For The Second Quarter Ended 30 June 2020**

	6 months ended	
	30.6.2020 (Unaudited) RM' 000	30.6.2019 (Unaudited) RM' 000
<b>Operating activities</b>		
Profit before taxation	7,951	4,818
Adjustments for:		
Depreciation and amortisation	10,492	9,190
Interest expense	3,134	3,431
(Gain)/Loss on disposal of property, plant and equipment	32	(2)
Property, plant and equipment written off	10	31
Provision for doubtful debts no longer required	-	(115)
Unrealised loss/(gain) on foreign exchange	-	5
Interest income	(4,021)	(3,875)
Dividend income	(22)	(1)
Total adjustments	9,625	8,664
<b>Operating cash flows before changes in working capital</b>	<u>17,576</u>	<u>13,482</u>
Changes in working capital:		
Inventories	859	2,050
Receivables	8,998	5,369
Payables	(7,611)	(3,919)
Total changes in working capital	<u>2,246</u>	<u>3,500</u>
Cash generated from operations	19,822	16,982
Interest received	327	372
Interest paid	(3,130)	(3,431)
Tax paid	(853)	(1,018)
<b>Net cash flows from/(used in) operating activities</b>	<u>16,165</u>	<u>12,905</u>
<b>Investing activities</b>		
Dividend received	22	1
Proceeds from disposal of property, plant and equipment	6	5
Purchase of property, plant and equipment	(7,827)	(10,776)
Acquisition from non-controlling interests	(39)	-
Net redemption/(investment in) of short term investments	(509)	890
<b>Net cash flows (used in)/from investing activities</b>	<u>(8,347)</u>	<u>(9,880)</u>
<b>Financing activities</b>		
Drawdown of revolving credit	16,050	-
Drawdown of term loan	-	14,400
Repayment of revolving credit	-	(1,000)
Repayment of term loan	(9,500)	(11,229)
Repayment of lease liabilities	(468)	(506)
Dividends paid to shareholders	(2,948)	(2,948)
Dividends paid to non-controlling interests	(3,650)	(3,452)
Purchase of treasury shares in a subsidiary company	-	(111)
<b>Net cash flows from/(used in) financing activities</b>	<u>(517)</u>	<u>(4,846)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>7,301</u>	<u>(1,821)</u>
Effect on exchange rate changes on cash and cash equivalents	58	(31)
<b>Cash and cash equivalents as at 1 January</b>	<u>17,432</u>	<u>20,166</u>
<b>Cash and cash equivalents as at 30 June</b>	<u>24,791</u>	<u>18,314</u>
<b>Cash and cash equivalents :</b>		
Fixed deposits with licensed banks	7,726	8,137
Cash and bank balances	20,398	13,398
	28,124	21,535
Less : Fixed deposits pledged	(3,333)	(3,221)
	<u>24,791</u>	<u>18,314</u>

**The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2019.**

## Notes to the condensed consolidated interim financial statements

### 1. Basis of preparation

The condensed consolidated interim financial statements for the financial period ended 30 June 2020 have been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 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 financial year ended 31 December 2019.

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in 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 the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

### 2. Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2020:

- 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 MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to MFRS 7 "Financial Instruments: Disclosures", MFRS 9 "Financial Instruments" and MFRS 139 "Financial Instruments: Recognition and Measurement"

The adoption of the above new/revised MFRSs and Amendments do not have any significant financial impact on the Group.

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
MFRS 17 : Insurance Contracts	1 Jan 2021
Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101 : Presentation of Financial Statements)	1 Jan 2022
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

3. Auditors' report

The auditor's report on the preceding annual financial statements was not qualified.

4. Seasonal and cyclical factors

The business of the Group is cyclical in nature and the third quarter is normally the peak production season.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2020.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial period ended 30 June 2020.

8. Dividend paid

A Single tier dividend of 1.5 sen on 196,543,970 ordinary shares amounting to RM2,948,160 that was approved by the directors on 14 May 2020 was paid on 12 June 2020.

9. 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

9. Segment information (Contd.)

Information about reportable segments

	Results for 3 months ended 30 June								
	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	RM'000
External revenue	7,614	2,355	64,201	58,761	6,166	9,034	77,981	70,150	
Inter-segment revenue	7,781	10,558	-	-	-	-	7,781	10,558	
Segment profit/(loss)	3,109	(801)	3,311	1,999	1,791	693	8,211	1,891	

	<b>3 months ended 30.6.2020 (Unaudited)</b>	<b>3 months ended 30.6.2019 (Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment profit is reconciled to consolidated profit before tax as follows:</b>		
Segment profit	8,211	1,891
Other non-reportable segments	(150)	173
Amortisation of group land cost	(631)	(631)
Elimination of inter-segment profits	(9)	(33)
Unallocated corporate (expenses)/income	(482)	(504)
Consolidated profit/(loss) before tax	<u>6,939</u>	<u>896</u>

	Results for 6 months ended 30 June								
	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	RM'000
External revenue	14,865	4,842	121,309	124,671	10,048	15,102	146,222	144,615	
Inter-segment revenue	16,267	22,828	-	-	-	-	16,267	22,828	
Segment profit/(loss)	4,188	(54)	4,642	4,667	1,673	2,209	10,503	6,822	



9. Segment information (Contd.)

	<b>6 months ended 30.6.2020 (Unaudited) RM'000</b>	<b>6 months ended 30.6.2019 (Unaudited) RM'000</b>
<b>Segment profit is reconciled to consolidated profit before tax as follows:</b>		
Segment profit	10,503	6,822
Other non-reportable segments	(195)	190
Amortisation of group land cost	(1,261)	(1,261)
Elimination of inter-segment profits	(20)	(123)
Unallocated corporate (expenses)/income	(1,076)	(810)
Consolidated profit/(loss) before tax	<u>7,951</u>	<u>4,818</u>

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 June 2020.

11. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

12. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	12,593
Approved but not contracted for	<u>20,449</u>
	<u>33,042</u>

### 13. Significant event

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") from 18 to 31 March 2020 as a preventive measure against the spread of COVID-19 which requires the closure of all government and private premises except for those involved in the provision of essential services and those industries given special permission to operate. As the Group's principal activities comprise mainly oil palm milling, operation of plantations, where special permission has been granted and power plants, which fall under the essential services category, there was no major disruption to the Group's operations. However, on 24 March 2020, the Kinabatangan District Council in Sabah issued a notice to cease the operations of mills, plantation estates and collection centres from 27 to 31 March 2020 in selected areas of Lahad Datu, Tawau and Kinabatangan. Hence, certain plantation subsidiaries operating in Kinabatangan were affected as a result of the closure notice. Following the successful appeal made by industry associations and major oil palm players operating in the affected areas, the entities were permitted to resume operations on 12 April 2020.

These temporary shutdowns had minimal disruption to the Group for approximately half a month and pose no significant impact to the Group's operating results, cash flow and financial condition.

Palm oil is headed towards recovery in the second half of the year in view of improving global demand as the lockdowns from the Global COVID-19 outbreak begin to ease. Thus, CPO price has stabilised between RM2,300 to RM2,400 per MT which is favourable to the Group. However, the Group is facing challenges from the shortage of foreign labour in the Malaysian palm oil industry resulting from the international travel restriction that was implemented to prevent the spread of COVID-19. In addition, the Government recently announced that all industries including plantations are prohibited from hiring new foreign workers until the end of the year. Hence, the Group expects a threat to its FFB production in the second half of 2020.

The Group will continue to monitor and assess the impacts and at the same time adhered to all preventive and control measures to curb the spread of COVID-19.

### 14. Subsequent event

There were no material subsequent events to the end of the current quarter.

## Information required by BMSB Listing Requirements

### 1. Review of performance

#### Financial review for current quarter and financial year to date

		Individual Period			Cumulative Period		
		(2nd Quarter)		Changes (%)	(6 months ended)		Changes (%)
		Current year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
		30.6.2020	30.6.2019		30.6.2020	30.6.2019	
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
		RM'000	RM'000		RM'000	RM'000	
Revenue		77,805	70,980	10%	146,933	145,843	1%
Operating profit		8,524	2,712	214%	11,085	8,249	34%
Profit before tax		6,939	896	674%	7,951	4,818	65%
Profit after tax		5,024	(58)	>100%	5,686	2,605	118%
Profit attributable to ordinary equity holders of the Parent		2,562	(167)	>100%	3,823	1,089	251%
<b>Operational Statistics</b>							
Production:							
FFB	(mt)	37,796	37,720	0%	69,651	79,698	-13%
CPO	(mt)	24,464	24,833	-1%	42,673	54,020	-21%
PK	(mt)	6,311	6,299	0%	11,117	13,984	-21%
Average selling price:							
FFB	(RM/mt)	407	331	23%	444	336	32%
CPO	(RM/mt)	2,278	1,950	17%	2,453	1,950	26%
PK	(RM/mt)	1,310	1,073	22%	1,487	1,187	25%
Quantity sold:							
CPO	(mt)	24,632	26,754	-8%	42,790	55,487	-23%
PK	(mt)	6,175	6,135	1%	11,001	13,874	-21%
FFB	(mt)	18,689	7,781	140%	33,443	15,065	122%
Oil Extraction Rate (%)		19.27	19.53	-1%	19.18	19.50	-2%
Electricity Export(MWh)		15,967	19,648	-19%	30,688	40,479	-24%

1. Review of performance (Cont'd)

**Current Quarter vs. Previous Year Corresponding Quarter**

The Group recorded a revenue of RM77.81 million and profit before tax of RM6.94 million for the current quarter ended 30 June 2020 as compare to a revenue of RM70.98 million and profit before tax of RM0.90 million in the preceding year quarter ended 30 June 2019. The increases in revenue and profit before tax were mainly due to:

- a) Increases in selling prices of CPO, PK and FFB by 17%, 22% and 23% respectively;
- b) Increase in sales volume of FFB to external parties by 140%;
- c) Increase in segment contribution by Oil Mill as a result of a favourable OER Margin and lower mill maintenance cost; and
- d) Increase in segment contribution by Power Plant as a result of a higher average selling price of EFB oil by 38% and a lower plant maintenance cost.

Performance of the respective operating business segments for this quarter under review as compared to the previous corresponding quarter was analysed as follows:

- (i) Plantation – The increase in Segment profit by RM3.91 million (>100%) from a Segment loss of RM0.80 million to a Segment profit of RM3.11 million was mainly due to an increase in average FFB selling price by 23% and a lower production cost for the current quarter under review.
- (ii) Oil Mill – The increase in Segment profit by RM1.31 million (66%) from RM2.00 million to RM3.31 million was mainly due to a favourable OER Margin and a lower mill maintenance cost for the quarter under review.
- (iii) Power Plant – The increase in Segment profit by RM1.10 million (>100%) from RM0.69 million to RM1.79 million due to a higher average selling price of EFB oil by 38% and a lower plant maintenance cost during the quarter under review.

1. Review of performance (Cont'd)

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

For this financial period under review, the Group recorded a revenue of RM146.93 million as compared to a revenue of RM145.84 million in the preceding year corresponding period. The increase in revenue was mainly due to an increase in sales volume of FFB to external parties by 122% and increases in selling price of CPO, PK and FFB by 26%, 25% and 31% respectively that outweigh the effect of decreases in sales volume of CPO and PK by 23% and 22% respectively.

The Group reported a profit before tax of RM7.95 million for this financial period under review, which was an increase of 65% from the previous financial period mainly due to increases in selling prices of CPO, PK and FFB by 26%, 25% and 32% respectively.

Performance of the respective operating business segments for this financial period under review as compared to the previous financial corresponding period was analysed as follows:

- (i) Plantation – The increase in Segment profit by RM4.24 million (>100%) from a Segment loss of RM0.05 million to a Segment profit of RM4.19 million was mainly due to an increase in average FFB selling price by 29% despite a decrease in FFB production by 13%.
- (ii) Oil Mill – The slight decrease in Segment profit by RM0.03 million (1%) from RM4.67 million to RM4.64 million was mainly due to a less favourable OER margin.
- (iii) Power Plant – The decrease in Segment profit by RM0.54 million (24%) from RM2.21 million to RM1.67 million was mainly due to a decrease in sales of electricity by 24%.

2. Financial review for current quarter compared with immediate preceding quarter

			<b>Current quarter 30.6.2020 (Unaudited) RM'000</b>	<b>Immediate Preceding Quarter 31.3.2020 (Unaudited) RM'000</b>	<b>Changes (%)</b>
Revenue			77,805	69,128	12.6%
Operating profit			8,524	2,561	233%
Profit before tax			6,939	1,012	586%
Profit after tax			5,024	662	659%
Profit attributable to ordinary equity holders of the Parent			2,562	1,261	103%
<b><i>Operational Statistics</i></b>					
Production:					
FFB	(mt)		37,796	31,855	19%
CPO	(mt)		24,464	18,209	34%
PK	(mt)		6,311	4,807	31%
Average selling price:					
FFB	(RM/mt)		407	491	-17.1%
CPO	(RM/mt)		2,278	2,690	-15%
PK	(RM/mt)		1,310	1,714	-24%
Quantity sold:					
CPO	(mt)		24,632	18,158	36%
PK	(mt)		6,175	4,826	28%
Oil Extraction Rate (%)			19.27	19.07	1%
Electricity Export(MWh)			15,967	14,721	8%

The Group recorded a profit before tax of RM6.94 million in the quarter under review as compared to a profit before tax of RM1.01 million in the immediate preceding quarter. The increase in profit before tax was mainly due to:

- a) Increase in FFB production by 19%;
- b) Increases in sales volume of CPO and PK by 36% and 28% respectively; and
- c) Lower mill and power plant maintenance cost during the quarter under review.

3. Commentary on prospects

Palm oil is headed towards recovery in the second half of the year in view of improving global demand as the lockdowns from the Global COVID-19 outbreak begin to ease. Thus, CPO price has stabilised between RM2,300 to RM2,400 per MT which is favourable to the Group.

The Group is facing challenges from the shortage of foreign labour in the Malaysian palm oil industry resulting from the international travel restriction that was implemented to prevent the spread of COVID-19. In addition, the Government recently announced that all industries including plantations are prohibited from hiring new foreign workers until the end of the year. Hence, the Group expects a threat to its FFB production in the second half of 2020. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit/(Loss) before taxation

This is arrived at after crediting/ (charging):

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Gain/(Loss) on disposal of plant and equipment	(28)	2	(32)	2
Interest income	2,081	1,928	4,021	3,875
Interest expense	(1,585)	(1,816)	(3,134)	(3,431)
Depreciation and amortisation	(5,247)	(4,042)	(10,492)	(9,190)
Dividend	-	-	22	1
Property, plant and equipment written off	(10)	(31)	(10)	(31)
Provision for doubtful debts no longer required	-	115	-	115
Unrealised (loss)/gain on foreign exchange	-	(5)	-	(5)

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

## 6. Income tax expense

Taxation is provided at the prevailing statutory rate based on the operating profit for the quarter as follows.

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	1,627	245	2,806	873
Deferred tax				
- relating to origination and reversal of temporary differences	288	709	(531)	1,340
- under/(over) provision of tax	-	-	(10)	-
	288	709	(541)	1,340
Total income tax expense	1,915	954	2,265	2,213

The Group's effective tax rate for the current quarter and cumulative quarter was higher than the statutory tax rate of 24% principally due to certain expenses was disallowed for tax purposes.

## 7. Corporate proposal

The Company has an indirect subsidiary, Cash Nexus (M) Sdn. Bhd. ("Cash Nexus") which holds 62.71% equity interest in Timah Resources Ltd. ("TML"), a company listed on the Australia 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 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") in failing 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 proposal (Cont'd)

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 Malaysian majority-owned entity, CGB Group has proposed to undertake a restructuring of its shareholdings by converting a part of Mistral's existing debt owed to CGB into new ordinary shares of Mistral to be subscribed by Cash Nexus where Mistral has proposed to issue 9,627,552 new ordinary shares at an issue price of RM1.60 by reducing the amount owing to CGB 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 of TML at the Extraordinary General Meeting ("EGM") held on 15 July 2020.

Mistral has also written to SEDA on 25 March 2020 seeking an extension of another 6 months to complete the Proposed Restructuring. The Directors of the Company and Directors of Mistral are confident that their application for extension will be approved by SEDA taking into consideration the challenges faced globally following the imposition of lockdowns in numerous countries due to the Covid-19 pandemic and accordingly are of the view that there will be no material direct or indirect consequential financial implications to the Group.

8. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows:

	<b>Current quarter</b>	
	<b>6 months ended</b>	
	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
Secured:		
Term loans	21,625	22,625
Short term revolving credits	68,300	51,050
Unsecured:		
Short term revolving credits	1,100	1,100
	<b>91,025</b>	<b>74,775</b>
<b>Long term borrowings</b>		
Secured:		
Term loans	46,788	64,538
<b>Total borrowings</b>		
Secured:		
Term loans	68,413	87,163
Short term revolving credits	68,300	51,050
Unsecured:		
Short term revolving credits	1,100	1,100
	<b>137,813</b>	<b>139,313</b>

9. Trade and Other Receivables

		As at	
		30.6.2020	31.12.2019
		(Unaudited)	(Audited)
		RM'000	RM'000
<b>Current</b>			
Trade receivables:			
- Non-related parties		13,322	15,286
-Amount due from customer on service concession		8,175	9,384
		21,497	24,670
Less: Allowance for doubtful debts		(325)	(325)
		21,172	24,345
Other receivables, net		6,555	5,164
		27,727	29,509
<b>Non-current</b>			
Trade receivables:			
-Amount due from customer on service concession		131,502	134,849

The credit period of trade receivables is generally for a period of one month.

The ageing analysis of trade receivables is as follows:

		As at	
		30.6.2020	31.12.2019
		(Unaudited)	(Audited)
		RM'000	RM'000
Neither past due nor impaired		136,786	140,660
1 - 30 days past due not impaired		15,846	18,473
31 - 60 days past due not impaired		67	20
61- 90 days past due not impaired		72	23
More than 90 days past due not impaired		228	343
		16,213	18,859
Impaired		(325)	(325)
		152,674	159,194

#### 10. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2020.

#### 11. Changes in material litigation

There are no pending material litigations as at the date of this report.

#### 12. Dividend payable

A Single tier dividend of 1.5 sen on 196,543,970 ordinary shares amounting to RM2,948,160 that was approved by the directors on 14 May 2020 was paid on 12 June 2020.

#### 13. Earnings per share

##### a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 196,543,970 (2019 – 196,543,970) in issue during the financial period.

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	2,562	(167)	3,823	1,089
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	1.30	(0.08)	1.95	0.55

##### b) Diluted

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

#### 14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 23 July 2020.