

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the six-month period ended 30 June 2012

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2012 (Unaudited) RM'000	3 months ended 30.06.2011 (Unaudited) RM'000	6 months ended 30.06.2012 (Unaudited) RM'000	6 months ended 30.06.2011 (Unaudited) RM'000
Revenue	53,703	79,327	114,734	139,833
Cost of sales	(43,378)	(58,724)	(93,246)	(106,690)
Gross profit	10,325	20,603	21,488	33,143
Other operating income	551	1,238	759	1,762
Administrative expenses	(1,652)	(1,531)	(3,248)	(2,849)
Other operating expenses	(1,401)	(1,124)	(2,641)	(1,889)
Operating profits	7,823	19,186	16,358	30,167
Finance income	264	163	511	342
Finance costs	(155)	(112)	(313)	(244)
Net finance costs	109	51	198	98
Profit before tax	7,932	19,237	16,556	30,265
Income tax expense	(2,106)	(4,826)	(4,083)	(7,299)
Profit for the period	5,826	14,411	12,473	22,966
Other comprehensive income				
Exchange differences on translation of foreign operations	64	-	64	-
Other comprehensive income for the period, net of tax	64	-	64	-
Total comprehensive income for the period, net of tax	5,890	14,411	12,537	22,966
Profit for the period attributable to:				
Owners of the parent	5,282	13,555	11,682	21,707
Non-controlling interests	544	856	791	1,259
	5,826	14,411	12,473	22,966
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	5,346	13,555	11,746	21,707
Non-controlling interests	544	856	791	1,259
	5,890	14,411	12,537	22,966
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	1.71	4.32	3.78	6.95

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of financial position as at 30 June 2012

	30.06.2012	31.12.2011
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	197,015	164,896
Biological assets	152,271	151,876
Investment properties	20,279	20,279
Intangible assets	92,088	92,088
Land use rights	2,092	2,106
Deferred tax assets	2,425	2,191
Other receivables	5,014	8,697
Total non-current assets	471,184	442,133
Inventories	12,591	18,606
Trade and other receivables	14,467	16,559
Tax recoverable	2,304	99
Short term investments	10,938	11,168
Deposits placed with licensed banks	43,023	26,008
Cash and bank balances	8,055	7,226
Total current assets	91,378	79,666
TOTAL ASSETS	562,562	521,799
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	215,457
Treasury shares	(11,096)	(11,096)
Retained earnings	90,855	186,796
Foreign currency translation reserve	64	-
Total equity attributable to owners of the parent	398,269	391,157
Non-controlling interests	17,929	18,338
Total equity	416,198	409,495
LIABILITIES		
Lease rental payable	267	267
Borrowings	57,255	38,849
Deferred tax liabilities	45,950	45,880
Total non-current liabilities	103,472	84,996
Borrowings	19,718	3,081
Trade and other payables	23,751	22,199
Income tax payables	423	2,028
Total current liabilities	43,892	27,308
Total liabilities	147,364	112,304
TOTAL EQUITY AND LIABILITIES	563,562	521,799
Net assets per share attributable to owner of the parent (RM)	1.29	1.90

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD

(Company No. 536499-K)

Condensed consolidated statement of cash flows for the six-month period ended 30 June 2012

	6 months ended 30.06.2012 (Unaudited) RM'000	6 months ended 30.06.2011 (Unaudited) -RM'000
Operating activities		
Profit before tax	16,556	30,266
Adjustments for:		
Depreciation and amortisation	2,974	2,997
Finance costs	313	244
Equipment written off	1	-
Gain on disposal of equipment	(223)	(332)
Interest income	(519)	(335)
Operating profit before working capital changes	19,102	32,840
Decrease/(Increase) in inventories	6,092	(1,499)
Decrease/(Increase) in receivables	5,865	(4,674)
Increase/(Decrease) in payables	552	(2,405)
Cash generated from operations	31,611	24,262
Interest paid	(313)	(243)
Income taxes paid	(8,067)	(6,431)
Tax refunded	9	74
Interest received	519	335
Net cash generated from operating activities	23,759	17,997
Investing activities		
Proceeds from disposal of property, plant and equipment	239	1,095
Purchase of property, plant and equipment	(33,843)	(14,727)
Additions to biological assets	(432)	(260)
Net cash used in investing activities	(34,036)	(13,892)
Financing activities		
Dividend paid	(4,634)	(4,150)
Dividend paid to non-controlling interests	(1,200)	(600)
Purchase of treasury shares	-	(4,775)
Drawdown of term loans	19,254	5,202
Drawdown of revolving credits	32,400	-
Repayment of term loans	(1,222)	(1,210)
Payment of revolving credits	(16,200)	-
Repayment of obligations under finance leases	(507)	(485)
Net cash generated from / (used in) financing activities	27,891	(6,018)
Net increase / (decrease) in cash and cash equivalents	17,614	(1,913)
Cash and cash equivalents at beginning of financial period	44,402	43,489
Cash and cash equivalents at end of financial period	62,016	41,576
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 30.06.2012 RM'000	As at 30.06.2011 RM'000
Short term investments	10,938	6,821
Deposits placed with licensed banks	43,023	18,176
Cash and bank balances	8,055	16,579
	62,016	41,576

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statement of changes in equity for the six-month period ended 30 June 2012

	← Attributable to owners of the parent →						
	← Non-distributable →				Distributable		
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Non- controlling interests RM'000
At 1 January 2011	378,923	362,498	215,457	(4,109)	-	151,150	16,425
Total comprehensive income	22,966	21,707	-	-	-	21,707	1,259
Purchase of treasury shares	(4,775)	(4,775)	-	(4,775)	-	-	-
Dividend paid to non-controlling interests	(600)	-	-	-	-	-	(600)
Dividend	(4,149)	(4,149)	-	-	-	(4,149)	-
At 30 June 2011	392,365	375,281	215,457	(8,884)	-	168,708	17,084
At 1 January 2012	409,495	391,157	215,457	(11,096)	-	186,796	18,338
Total comprehensive income	12,537	11,746	-	-	64	11,682	791
Bonus Issue	-	-	102,989	-	-	(102,989)	-
Dividend paid to non-controlling interests	(1,200)	-	-	-	-	-	(1,200)
Dividend	(4,634)	(4,634)	-	-	-	(4,634)	-
At 30 June 2012	416,198	398,269	318,446	(11,096)	64	90,855	17,929

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 2011 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
(Company No. 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 2012, have been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and it should be read in conjunction with the audited financial statements of the Group as at and for the year ended 31 December 2011.

The accounting policies used in the preparation of interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2011. 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 2011.

2. Significant 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 2011, except for the adoption of the following:

Effective for financial periods beginning on or after 1 July 2011:

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Effective for financial periods beginning on or after 1 January 2012:

Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7: Disclosures – Transfers of Financial Assets
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The adoption of the above revised FRSs, IC Interpretation and Amendments do not have any significant financial impact on the Group.

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

2. Changes in accounting policies (Contd.)

On 30 June 2012, MASB has decided to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after an extensive deliberation by the Board and taking into account both local and international developments affecting these standards.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2011 was not qualified.

4. Segment information

The Group has two reportable segments, as described below, which are the Group's strategies business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- a. Plantation - Cultivation of oil palm
- b. Oil Mill - Milling and sales of oil palm products

Information about reportable segments

	Results for the 3 months ended 30 June					
	Plantation		Oil Mill		Total	
	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	4,782	10,320	47,752	68,029	52,534	78,349
Inter-segment revenue	13,688	16,424	-	-	13,688	16,424
Segment profit	7,403	16,875	136	2,640	7,539	19,515

Segment profit is reconciled to consolidated profit before tax as follows:	2012	2011
	RM'000	RM'000
Segment profit	7,539	19,515
Other non-reportable segments	744	79
Elimination of inter-segment profits	(162)	(152)
Unallocated corporate expenses	(189)	(205)
Consolidated profit before tax	<u>7,932</u>	<u>19,237</u>

	Results for the 6 months ended 30 June					
	Plantation		Oil Mill		Total	
	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	9,601	18,695	103,311	119,844	112,912	138,539
Inter-segment revenue	27,451	28,060	-	-	27,451	28,060
Segment profit	15,143	29,431	1,049	1,393	16,192	30,824
Segment assets	283,263	274,945	76,197	52,214	359,460	327,159
Segment liabilities	10,006	6,730	11,953	17,429	21,959	24,159

Segment profit is reconciled to consolidated profit before tax as follows:	2012	2011
	RM'000	RM'000
Segment profit	16,192	30,824
Other non-reportable segments	1,182	168
Elimination of inter-segment profits	(325)	(282)
Unallocated corporate expenses	(493)	(445)
Consolidated profit before tax	<u>16,556</u>	<u>30,265</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

In line with the trend of Fresh Fruit Bunches (FFB) production in the oil palm industry, the Group expects 'low' crop in the beginning of the year and 'high' crop towards the second half of the year.

8. Dividend paid

The final tax exempt (single tier) dividend of 1.5% declared on 30 April 2012, on 318,446,210 ordinary shares (excluding 9,478,400 treasury shares) amounting to RM 4,634,517 in respect of the financial year ended 31 December 2011 was paid on 25 May 2012.

9. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except as disclosed below:

During the financial period ended 30 June 2012, the Company repurchased 100 of its issued ordinary shares from the open market at an average price of RM1.13 per share. The total consideration paid for the purchase including transaction costs was RM 154. The repurchase transaction was financed by internally generated funds. The repurchased share are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965. None of the treasury shares has been resold or distributed as share dividends during the financial period ended 30 June 2012.

10. Changes in composition of the Group

On 30 April 2012, the Company acquired 2 ordinary shares of S\$1.00 each in Richester Pte. Ltd, a company registered in Singapore, representing its entire equity interest for a total consideration of RM 5.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 30 June 2012 is as follows:

	RM'000
Approved and contracted for	50,686
Approved but not contracted for	<u>8,895</u>
	<u>59,581</u>

12. Changes in contingent liabilities and contingent assets

There were no changes in other contingent liabilities or contingent assets since the last annual statement of financial position as at 31 December 2011.

13. Subsequent event

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

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Information required by Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

For this quarter under review, the Group recorded a revenue of RM 53.70 million, which is a decrease of RM 25.62 million as compared to the preceding year corresponding quarter due to lower CPO and PK sales volume by 24% and 36% respectively and a 24% decrease in FFB production.

The Group reported a profit before tax of RM 7.93 million for this quarter under review, which is a decrease of 59% from the preceding year corresponding quarter mainly due to a 24% decrease in FFB production.

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

- 1) Plantation – The decrease in profit before tax by RM 9.47 million (56%) to RM 7.40 million was due to lower FFB price by 12% and a 24% decrease in FFB production due to oil palm trees stress.
- 2) Oil Mill – The decrease in profit before tax by RM 2.50 million (95%) to RM 0.14 million was due to lower CPO and PK sales volume by 24% and 36% respectively and higher operating cost as a result of 30% decrease in CPO production due to the mill upgrading work involving the interphase of the old and new CPO production lines. Our CPO production volume has been affected.

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

For this financial period under review, the Group recorded a revenue of RM 114.73 million, which is a decrease of RM 25.10 million as compared to the previous financial period due to lower CPO and PK prices by 8% and 30% respectively and a 8% decrease in FFB production.

The Group reported a profit before tax of RM 16.56 million for this financial period under review, which is a decrease of 45% from the previous financial period due to lower CPO and PK prices by 8% and 30% respectively and a 8% decrease in FFB production.

Performance of the respective operating business segments for the period ended 30 June 2012 as compared to the previous period is analysed as follows:

- 1) Plantation – The decrease in profit before tax by RM 14.29 million (49%) to RM 15.14 million was due to a 15% decrease in FFB prices and a 8% decrease in FFB production due to oil palm trees stress.
- 2) Oil Mill – The decrease in profit before tax by RM 0.34 million (25%) to RM 1.05 million was due to operating cost as a result of 12% decrease in CPO production due to the mill upgrading work involving the interphase of the old and new CPO production lines. Our CPO production volume has been affected.

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

Profit before tax in this quarter under review is lower at RM 7.93 million as compared to RM 8.62 million in the immediate preceding quarter due to a 3% decrease in FFB production.

3. Commentary on prospects

Barring any unforeseen circumstances, the Board is confident that the Group's prospects are still bright in view that CPO and PK prices has recently stabilised around RM 3,000 and RM 1,700 per metric tonne respectively.

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	6 months ended	6 months ended
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation and amortisation	1,506	1,384	2,975	2,997
Equipment written off	-	-	1	-
Gain on disposal of equipment	(223)	(317)	(223)	(332)
Loss / (Gain) on foreign exchange	56	(70)	64	(348)

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	3 months ended	6 months ended	6 months ended
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
Current tax	1,968	4,425	4,248	7,283
Deferred tax	138	401	(165)	16
Total income tax expense	2,106	4,826	4,083	7,299

The Group's effective tax rate for the current quarter was higher than the statutory rate of 25% principally due to certain expenses were disallowed for tax purposes.

The Group's effective tax rate for the cumulative quarter ended 30 June 2012 was lower than the statutory tax rate of 25% principally due to certain provisions in previous year were allowed to deduct in this cumulative quarter.

7. Corporate proposals

There was no corporate proposal for the current quarter under review.

8. Borrowings

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Short term borrowings - Secured		
Revolving credit	16,200	-
Obligation under finance leases	1,070	674
Term loans	2,448	2,407
	<u>19,718</u>	<u>3,081</u>
Long term borrowings - Secured		
Obligation under finance leases	1,436	1,021
Term loans	55,819	37,828
	<u>57,255</u>	<u>38,849</u>
Total borrowings	<u>76,973</u>	<u>41,930</u>

The Group's total borrowings included an amount of RM 44.2 million (31.12.2011: RM 25.0 million) that was obtained under the Green Technology Financing Scheme for the renewable energy power plants.

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 2012.

10. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 30 June 2012 and 31 December 2011 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30.06.2012 RM'000	As at 31.12.2011 (Audited) RM'000
Realised retained earnings	153,587	248,258
Unrealised retained earnings	(12,117)	(12,121)
	<u>141,470</u>	<u>236,137</u>
Less: consolidation adjustments	(50,615)	(49,341)
Total group retained earnings	<u>90,855</u>	<u>186,796</u>

11. Dividend payable

The final tax exempt (single tier) dividend of 1.5% declared on 30 April 2012, on 318,446,210 ordinary shares (excluding 9,478,400 treasury shares) amounting to RM 4,634,517 in respect of the financial year ended 31 December 2011 was paid on 25 May 2012. (2011: 2%)

The total dividend paid in 2012 is 1.5% (2011: 2%)

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 (2011 – on the enlarged share capital after the bonus issue of 102,989,295 ordinary shares of RM 1 each) in issue during the financial period excluding treasury shares held by the Company.

	Current quarter		Cumulative quarter	
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	5,282	13,555	11,682	21,707
Weighted average number of ordinary shares in issue ('000)	308,968	313,966	308,968	312,231
Basic earnings per share (sen per share)	1.71	4.32	3.78	6.95

(b) Diluted

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

13. Authorisation for issue

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 July 2012.