

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the nine-month period ended 30 September 2013

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2013 (Unaudited) RM'000	3 months ended 30.09.2012 (Unaudited) RM'000	9 months ended 30.09.2013 (Unaudited) RM'000	9 months ended 30.09.2012 (Unaudited) RM'000
Revenue	54,464	57,380	149,270	172,114
Cost of sales	(46,250)	(46,292)	(126,376)	(139,538)
Gross profit	8,214	11,088	22,894	32,576
Other operating income	766	222	1,460	981
Administrative expenses	(1,466)	(1,792)	(5,325)	(5,040)
Other operating expenses	(1,464)	(1,535)	(4,073)	(4,176)
Operating profits	6,050	7,983	14,956	24,341
Finance income	162	233	493	744
Finance costs	(209)	(108)	(393)	(421)
Net finance costs	(47)	125	100	323
Profit before tax	6,003	8,108	15,056	24,664
Income tax expense	(1,743)	(1,486)	(3,999)	(5,569)
Profit for the period	4,260	6,622	11,057	19,095
Other comprehensive income				
Exchange differences on translation of foreign operations	109	(3)	135	61
Other comprehensive income for the period, net of tax	109	(3)	135	61
Total comprehensive income for the period, net of tax	4,369	6,619	11,192	19,156
Profit for the period attributable to:				
Owners of the parent	4,197	5,975	10,865	17,657
Non-controlling interests	63	647	192	1,438
	4,260	6,622	11,057	19,095
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	4,306	5,972	11,000	17,718
Non-controlling interests	63	647	192	1,438
	4,369	6,619	11,192	19,156
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	1.36	1.93	3.52	5.71

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 September 2013

	30.09.2013	31.12.2012
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	257,656	232,223
Biological assets	153,246	152,460
Investment properties	20,279	20,279
Intangible assets	92,088	92,088
Land use rights	2,057	2,078
Deferred tax assets	2,938	2,443
Other receivables	5,407	5,222
Total non-current assets	533,671	506,793
Inventories	15,200	20,467
Trade and other receivables	16,505	14,481
Tax recoverable	3,179	2,855
Short term investments	9,800	12,942
Deposits placed with licensed banks	16,865	15,886
Cash and bank balances	6,839	6,476
Total current assets	68,388	73,107
TOTAL ASSETS	602,059	579,900
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,096)	(11,096)
Retained earnings	103,354	95,579
Foreign currency translation reserve	197	62
Total equity attributable to owners of the parent	410,901	402,991
Non-controlling interests	17,684	18,692
Total equity	428,585	421,683
LIABILITIES		
Lease rental payable	267	267
Borrowings	72,651	75,026
Deferred tax liabilities	45,955	46,139
Total non-current liabilities	118,873	121,432
Borrowings	23,877	13,462
Trade and other payables	29,933	22,832
Income tax payables	791	491
Total current liabilities	54,601	36,785
Total liabilities	173,474	158,217
TOTAL EQUITY AND LIABILITIES	602,059	579,900
Net assets per share attributable to owner of the parent (RM)	1.33	1.30

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 period ended 30 September 2013

	9 months ended 30.09.2013 (Unaudited) RM'000	9 months ended 30.09.2012 (Unaudited) RM'000
Operating activities		
Profit before tax	15,056	24,664
Adjustments for:		
Bad debts written off	257	-
Depreciation and amortisation	4,872	4,506
Equipment written off	-	13
Finance costs	393	422
Gain on disposal of plant and equipment	(11)	(223)
Interest income	(489)	(750)
Operating profit before working capital changes	20,078	28,632
Decrease in inventories	5,388	3,670
(Increase)/Decrease in receivables	(2,467)	3,704
Increase in payables	7,101	2,161
Cash generated from operations	30,100	38,167
Interest paid	(393)	(422)
Income taxes paid	(5,529)	(11,476)
Tax refunded	825	9
Interest received	489	750
Net cash generated from operating activities	25,492	27,028
Investing activities		
Proceeds from disposal of property, plant and equipment	138	239
Purchase of property, plant and equipment	(29,808)	(56,191)
Additions to biological assets	(786)	(502)
Net cash used in investing activities	(30,456)	(56,454)
Financing activities		
Dividend paid	(3,090)	(4,635)
Dividend paid to non-controlling interests	(1,200)	(1,200)
Drawdown of term loans	1,493	30,489
Drawdown of revolving credits	8,700	32,400
Repayment of term loans	(1,918)	(1,835)
Payment of revolving credits	-	(32,400)
Repayment of obligations under finance leases	(956)	(776)
Effect on exchange rate changes on cash and cash equivalent	135	-
Net cash generated from financing activities	3,164	22,043
Net decrease in cash and cash equivalents	(1,800)	(7,383)
Cash and cash equivalents at beginning of financial period	35,304	44,402
Cash and cash equivalents at end of financial period	33,504	37,019
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 30.09.2013 RM'000	As at 30.09.2012 RM'000
Short term investments	9,800	12,566
Deposits placed with licensed banks	16,865	16,110
Cash and bank balances	6,839	8,343
	33,504	37,019

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of changes in equity for the period ended 30 September 2013

	← 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 2012	409,495	391,157	215,457	(11,096)	-	186,796	18,338
Total comprehensive income	19,156	17,718	-	-	61	17,657	1,438
Bonus Issue	-	-	102,989	-	-	(102,989)	-
Dividend paid to non-controlling interests	(1,200)	-	-	-	-	-	(1,200)
Dividend	(4,635)	(4,635)	-	-	-	(4,635)	-
At 30 September 2012	<u>422,816</u>	<u>404,240</u>	<u>318,446</u>	<u>(11,096)</u>	<u>61</u>	<u>96,829</u>	<u>18,576</u>
At 1 January 2013	421,683	402,991	318,446	(11,096)	62	95,579	18,692
Total comprehensive income	11,192	11,000	-	-	135	10,865	192
Dividend paid to non-controlling interests	(1,200)	-	-	-	-	-	(1,200)
Dividend	(3,090)	(3,090)	-	-	-	(3,090)	-
At 30 September 2013	<u>428,585</u>	<u>410,901</u>	<u>318,446</u>	<u>(11,096)</u>	<u>197</u>	<u>103,354</u>	<u>17,684</u>

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 2012 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 September 2013, 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 2012.

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 2012. 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 2012.

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 2012, except for the adoption of the following new/revised FRSs and amendments to FRSs:

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

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013:

FRS 10 : Consolidated Financial Statements

FRS 11 : Joint Arrangements

FRS 12 : Disclosure of Interests in Other Entities

FRS 13 : Fair Value Measurement

FRS 119 : Employee Benefits

FRS 127 : Separate Financial Statements

FRS 128 : Investment in Associates and Joint Ventures

IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine

Amendments to FRS 1: Government Loans

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities - Transition Guidance

Improvements to FRSs (2012)

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2014:

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

Effective for financial periods beginning on or after 1 January 2015:

FRS 9: Financial Instruments

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

2. Changes in accounting policies (Contd.)

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 2015.

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 2015. 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 2015.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2012 was not qualified.

4. Segment information

The Group has three 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
- c. Power Plant - Power generation

Information about reportable segments

	Results for the 3 months ended 30 September							
	Plantation		Oil Mill		Power Plant		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,804	5,428	50,811	51,156	-	-	53,615	56,584
Inter-segment revenue	12,440	13,001	-	-	259	-	12,699	13,001
Segment profit/(loss)	4,849	7,488	1,354	268	(522)	(48)	5,681	7,708

4. Segment information (Contd.)

Segment profit is reconciled to consolidated profit before tax as follows:	2013	2012
	RM'000	RM'000
Segment profit	5,681	7,708
Other non-reportable segments	524	557
Elimination of inter-segment profits	(186)	(176)
Unallocated corporate expenses	(16)	19
Consolidated profit before tax	<u>6,003</u>	<u>8,108</u>

	Results for the 9 months ended 30 September							
	Plantation		Oil Mill		Power Plant		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	10,573	15,029	136,511	154,467	-	-	147,084	169,496
Inter-segment revenue	31,391	40,452	-	-	259	-	31,650	40,452
Segment profit/(loss)	9,988	22,631	4,910	1,317	(717)	(192)	14,181	23,756
Segment assets	343,402	342,406	84,136	86,951	114,815	79,673	542,353	509,030
Segment liabilities	6,424	7,407	39,772	27,449	78,641	72,239	124,837	107,095

Segment profit is reconciled to consolidated profit before tax as follows:	2013	2012
	RM'000	RM'000
Segment profit	14,181	23,756
Other non-reportable segments	1,298	1,739
Elimination of inter-segment profits	(331)	(501)
Unallocated corporate expenses	(92)	(330)
Consolidated profit before tax	<u>15,056</u>	<u>24,664</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% declared on 30 April 2013, on 318,446,210 ordinary shares (excluding 9,478,600 treasury shares) amounting to RM 3,089,676 in respect of the financial year ended 31 December 2012 was paid on 23 May 2013.

No interim dividend has been paid during the current quarter ended 30 September 2013.

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.

During the financial period ended 30 September 2013, the Company repurchased 100 of its issued ordinary shares from the open market at an average price of RM 0.895 per share. The total consideration paid for the purchase including transaction costs was RM 131. 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 September 2013.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 September 2013.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 30 September 2013 is as follows:

	RM'000
Approved and contracted for	17,438
Approved but not contracted for	<u>9,438</u>
	<u><u>26,876</u></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 2012.

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 54.46 million, which is a decrease of RM 2.92 million as compared to the preceding year corresponding quarter due to lower CPO and PK prices by 20% and 17% respectively despite higher CPO and PK sales volume by 25% and 16% respectively.

The Group reported a profit before tax of RM 6.00 million for this quarter under review, which is a decrease of 26% from the preceding year corresponding quarter due to lower CPO and PK prices by 20% and 17% respectively despite higher CPO and PK sales volume by 25% and 16% respectively and a 8% increase 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:

- i) Plantation – The decrease in profit before tax by RM 2.64 million (35%) to RM 4.85 million was due to a 24% decrease in FFB price despite a 8% increase in FFB production.
- ii) Oil Mill – The increase in profit before tax by RM 1.09 million (405%) to RM 1.35 million was due to higher CPO and PK sales volume by 25% and 16% respectively and lower operating cost as a result of 15% increase in CPO production.
- iii) Power Plant – The increase in loss before tax by RM 0.47 million (987%) to RM 0.52 million was due to higher operating cost incurred as a result of the commencement of the operation in this quarter.

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

For this financial period under review, the Group recorded a revenue of RM 149.27 million, which is a decrease of RM 22.85 million as compared to the previous financial period due to lower CPO and PK prices by 28% and 32% respectively despite higher CPO and PK sales volume by 23% and 21% respectively.

The Group reported a profit before tax of RM 15.06 million for this financial period under review, which is a decrease of 39% from the previous financial period due to lower CPO and PK prices by 28% and 32% respectively despite higher CPO and PK sales volume by 23% and 21% respectively and a 10% increase in FFB production.

Performance of the respective operating business segments for the period ended 30 September 2013 as compared to the previous period is analysed as follows:

- i) Plantation – The decrease in profit before tax by RM 12.64 million (56%) to RM 9.99 million was due to a 31% decrease in FFB price despite a 10% increase in FFB production.

1. Review of performance (Contd.)

- ii) Oil Mill – The increase in profit before tax by RM 3.59 million (273%) to RM 4.91 million was due to higher CPO and PK sales volume by 23% and 21% respectively and lower operating cost as a result of 17% increase in CPO production.
- iii) Power Plant – The increase in loss before tax by RM 0.53 million (273%) to RM 0.72 million was due to higher operating cost incurred as a result of the commencement of the operation in third quarter.

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

Profit before tax in this quarter under review is higher at RM 6.00 million as compared to RM 3.91 million in the immediate preceding quarter due to a 17% increase 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 have recently stabilised to around RM 2,350 and RM 1,350 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 30.09.2013 RM'000	3 months ended 30.09.2012 RM'000	9 months ended 30.09.2013 RM'000	9 months ended 30.09.2012 RM'000
Profit for the period is arrived at after crediting/(charging):				
Depreciation and amortisation	2,121	1,532	4,872	4,506
Bad debts written off	2	-	257	-
Equipment written off	-	12	-	13
Gain on disposal of equipment	-	-	(11)	(223)
Net (gain)/loss on foreign exchange	(223)	46	(321)	110

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 30.09.2013 RM'000	3 months ended 30.09.2012 RM'000	9 months ended 30.09.2013 RM'000	9 months ended 30.09.2012 RM'000
Current tax	1,868	1,845	4,679	6,093
Deferred tax	(125)	(359)	(680)	(524)
Total income tax expense	1,743	1,486	3,999	5,569

6. Income tax expense (Contd.)

The Group's effective tax rate for the current quarter and cumulative quarter ended 30 September 2013 was higher than the statutory rate of 25% principally due to certain expenses were disallowed for tax purposes.

7. Corporate proposals

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

8. Borrowings

	As at 30.09.2013 (Unaudited) RM'000	As at 31.12.2012 (Audited) RM'000
Short term borrowings - Secured		
Obligation under finance leases	1,202	1,062
Revolving credit	20,700	10,000
Term loans	1,975	2,400
	<u>23,877</u>	<u>13,462</u>
Long term borrowings - Secured		
Obligation under finance leases	755	1,127
Term loans	71,896	73,899
	<u>72,651</u>	<u>75,026</u>
Total borrowings	<u>96,528</u>	<u>88,488</u>

The Group's total borrowings included an amount of RM 65 million (31.12.2012: RM 63.5 million) that was obtained under the Green Technology Financing Scheme for the renewable power plant.

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 2013.

10. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 30 September 2013 and 31 December 2012 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 30.09.2013 (Unaudited) RM'000	As at 31.12.2012 (Audited) RM'000
Realised retained earnings	166,212	159,756
Unrealised retained earnings	(11,581)	(12,405)
	<u>154,631</u>	<u>147,351</u>
Less: consolidation adjustments	(51,277)	(51,772)
Total group retained earnings	<u>103,354</u>	<u>95,579</u>

11. Dividend payable

No interim dividend has been declared during the current quarter ended 30 September 2013.

The total dividend paid in 2013 is 1% (2012:1.5%).

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 30.09.2013	3 months ended 30.09.2012	9 months ended 30.09.2013	9 months ended 30.09.2012
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	4,197	5,975	10,865	17,657
Weighted average number of ordinary shares in issue ('000)	308,968	308,968	308,968	308,968
Basic earnings per share (sen per share)	1.36	1.93	3.52	5.71

(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 23 October 2013.