

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the three-month period ended 31 March 2015

	Current quarter		Cumulative quarter	
	3 months ended 31.03.2015 (Unaudited) RM'000	3 months ended 31.03.2014 (Restated) RM'000	3 months ended 31.03.2015 (Unaudited) RM'000	3 months ended 31.03.2014 (Restated) RM'000
Revenue	42,433	50,841	42,433	50,841
Cost of sales	(36,051)	(40,784)	(36,051)	(40,784)
Gross profit	6,382	10,057	6,382	10,057
Other operating income	792	203	792	203
Administrative expenses	(1,936)	(1,781)	(1,936)	(1,781)
Other operating expenses	(1,052)	(1,347)	(1,052)	(1,347)
Operating profit	4,186	7,132	4,186	7,132
Finance income	1,389	1,183	1,389	1,183
Finance costs	(1,441)	(229)	(1,441)	(229)
Net finance costs	(52)	954	(52)	954
Profit before tax	4,134	8,086	4,134	8,086
Income tax expense	(714)	(1,908)	(714)	(1,908)
Profit net of tax	3,420	6,178	3,420	6,178
Other comprehensive income				
Exchange differences on translation of foreign operations	4	(1)	4	(1)
Other comprehensive income for the period, net of tax	4	(1)	4	(1)
Total comprehensive income for the period	3,424	6,177	3,424	6,177
Profit attributable to:				
Owners of the parent	3,302	6,071	3,302	6,071
Non-controlling interests	118	107	118	107
	3,420	6,178	3,420	6,178
Total comprehensive income attributable to:				
Owners of the parent	3,306	6,070	3,306	6,070
Non-controlling interests	118	107	118	107
	3,424	6,177	3,424	6,177
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	1.07	1.96	1.07	1.96

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 31 March 2015

	31.03.2015	31.12.2014
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	192,918	191,069
Biological assets	157,631	157,199
Investment properties	42,700	42,700
Intangible assets	92,088	92,088
Land use rights	2,015	2,022
Deferred tax assets	3,871	3,565
Trade and other receivables	108,380	108,184
Total non-current assets	599,603	596,827
Inventories	22,327	20,623
Trade and other receivables	19,858	21,107
Tax recoverable	3,833	3,809
Short term investments	11,274	10,892
Deposits placed with licensed banks	6,893	10,331
Cash and bank balances	8,605	13,102
Total current assets	72,790	79,864
TOTAL ASSETS	672,393	676,691
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	151,364	148,062
Foreign currency translation reserve	8	4
Total equity attributable to owners of the parent	458,721	455,415
Non-controlling interests	20,221	20,103
Total equity	478,942	475,518
LIABILITIES		
Lease rental payable	267	267
Borrowings	57,950	60,228
Deferred tax liabilities	47,321	47,238
Total non-current liabilities	105,538	107,733
Borrowings	65,513	65,433
Trade and other payables	22,296	27,755
Income tax payables	104	252
Total current liabilities	87,913	93,440
Total liabilities	193,451	201,173
TOTAL EQUITY AND LIABILITIES	672,393	676,691
Net assets per share attributable to owner of the parent (RM)	1.48	1.47

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 31 March 2015

	3 months ended 31.03.2015 (Unaudited) RM'000	3 months ended 31.03.2014 (Unaudited) (Restated) RM'000
Operating activities		
Profit before tax	4,134	8,086
Adjustments for:		
Depreciation and amortisation	2,093	1,962
Finance costs	1,441	229
Plant and equipment scrapped	3	16
Gain on disposal of property, plant and equipment	(567)	-
Finance income	(1,389)	(1,183)
Net gain on foreign exchange - unrealised	(59)	(2)
Operating profit before working capital changes	5,656	9,108
Increase in inventories	(1,688)	(4,607)
Decrease in receivables	2,821	309
Decrease in payables	(5,459)	(2,868)
Cash generated from operations	1,330	1,942
Interest paid	(1,441)	(229)
Income taxes paid	(2,810)	(1,622)
Tax refunded	1,700	-
Interest received	169	154
Net cash flows (used in)/generated from operating activities	(1,052)	245
Investing activities		
Proceeds from disposal of property, plant and equipment	643	-
Purchase of property, plant and equipment	(3,563)	(4,463)
Additions to biological assets	(432)	(658)
Net cash flows used in investing activities	(3,352)	(5,121)
Financing activities		
Drawdown of revolving credits	-	1,500
Repayment of term loans	(2,437)	(938)
Repayment of obligations under finance leases	(228)	(336)
Net cash flows (used in)/generated from financing activities	(2,665)	226
Net decrease in cash and cash equivalents	(7,069)	(4,650)
Net foreign exchange difference	1	3
Cash and cash equivalents at beginning of financial period	33,840	34,774
Cash and cash equivalents at end of financial period	26,772	30,127
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 31.03.2015 (Unaudited) RM'000	As at 31.03.2014 (Unaudited) RM'000
Short term investments	11,274	10,711
Deposits placed with licensed banks	6,893	7,583
Cash and bank balances	8,605	11,833
	26,772	30,127

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 31 March 2015

	← Attributable to owners of the parent →						
	← Non-distributable →				→ Distributable		
	Equity attributable to owners of the parent, total	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Non- controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2014 (Restated)	461,098	441,759	318,446	(11,096)	-	134,409	19,339
Total comprehensive income	6,177	6,070	-	-	(1)	6,071	107
At 31 March 2014	<u>467,275</u>	<u>447,829</u>	<u>318,446</u>	<u>(11,096)</u>	<u>(1)</u>	<u>140,480</u>	<u>19,446</u>
At 1 January 2015	475,518	455,415	318,446	(11,097)	4	148,062	20,103
Total comprehensive income	3,424	3,306	-	-	4	3,302	118
At 31 March 2015	<u>478,942</u>	<u>458,721</u>	<u>318,446</u>	<u>(11,097)</u>	<u>8</u>	<u>151,364</u>	<u>20,221</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 2013 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 31 March 2015, 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 2014.

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 2014. 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 2014.

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 2014, except for the adoption of the following new/revised FRSs and amendments to FRSs:

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

Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
Annual Improvements to FRSs 2010 – 2012 Cycle
Annual Improvements to FRSs 2011 – 2013 Cycle

Effective for financial periods beginning on or after 1 January 2016:

Amendments to FRS 11: Accounting for Acquisition of Interest in Joint Operations
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 127: Equity Method in Separate Financial Statements
Amendments to FRS 101: Disclosure Initiative
Amendments to FRS 10, FRS 12 and FRS 18: Investment Entities: Applying the Consolidation Exception
Annual Improvements to FRSs 2012 – 2014 Cycle
FRS 14: Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2018:

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. Significant accounting policies (Contd.)

Malaysian Financial Reporting Standards (MFRS Framework)

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 are allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards framework until the MFRS Framework is mandated by the MASB. According to an announcement made by the MASB on 2 September 2014, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2017.

The Group falls within the definition of Transitioning Entities and 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 2017. 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 earnings.

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 2017.

The new and amended standards (which are applicable upon adoption of MFRS Framework) that are issued but not yet effective are disclosed below.

Effective for financial periods beginning on or after 1 January 2016:

Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants

Effective for financial periods beginning on or after 1 January 2017:

FRS 15: Revenue from Contracts with Customers

3. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements of the Group for the year ended 31 December 2014 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 (Contd.)

Information about reportable segments

	Results for the 3 months ended 31 March							
	Plantation		Oil Mill		Power Plant		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
					(Restated)		(Restated)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,305	3,138	36,441	43,957	3,205	2,629	43,102	49,724
Inter-segment revenue	9,525	14,666	-	-	476	240	9,525	14,906
Segment profit/(loss)	3,424	8,275	1,385	(448)	(694)	73	4,115	7,900
Segment assets	350,653	343,431	83,306	89,984	149,647	129,411	583,606	562,826
Segment liabilities	5,121	6,637	31,577	37,409	77,102	82,877	113,800	126,923

	3 months ended 31.03.2015 (Unaudited)	3 months ended 31.03.2014 (Unaudited) (Restated)
	RM'000	RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	4,115	7,900
Other non-reportable segments	283	518
Elimination of inter-segment profits	(107)	(268)
Unallocated corporate expenses	(157)	(64)
Consolidated profit before tax	<u>4,134</u>	<u>8,086</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 year 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

There was no dividend paid during the financial period-to-date.

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 current quarter ended 31 March 2015.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 31 March 2015 is as follows:

	RM'000
Approved and contracted for	4,656
Approved but not contracted for	<u>27,409</u>
	<u>32,065</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 2014.

13. Subsequent events

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

CEPATWAWASAN GROUP BERHAD
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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 42.43 million, which is a decrease of RM 8.41 million as compared to the preceding year corresponding quarter due to lower CPO and PK prices by 12% and 9% respectively and lower CPO and PK sales volume by 7% and 6% respectively despite increase in supply of electricity totalling RM 2.10 million.

The Group reported a profit before tax of RM 4.13 million for this quarter under review, which is a decrease of 49% from the preceding year corresponding quarter due to lower CPO and PK prices by 12% and 9% respectively and a 20% decrease in FFB production despite higher oil extraction rate.

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

- i) Plantation – The decrease in profit before tax by RM 4.85 million (59%) from RM 8.27 million to RM 3.42 million was due to a 16% decrease in FFB price and a 20% decrease in FFB production.
- ii) Oil Mill – The increase in profit before tax by RM 1.83 million (409%) from a loss before tax of RM 0.45 million to a profit before tax of RM 1.38 million was due to higher oil extraction rate despite lower CPO and PK prices by 12% and 9% respectively and lower CPO and PK sales volume by 7% and 6% respectively.
- iii) Power Plant – The increase in loss before tax by RM 0.77 million (1,050%) from a profit before tax of RM 0.07 million to a loss before tax of RM 0.70 million was due to higher operating cost incurred as a result of the commencement of the supply of electricity. The 12MW Biomass Power Plant generated and exported 9,338,230 kW in this current 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 4.13 million as compared to RM 3.56 million in the immediate preceding quarter due to a provision for doubtful debts of RM 2 million and a gain of RM 1.10 million from fair value adjustment of investment properties in the immediate preceding quarter despite 35% decrease in FFB production because of seasonal factor.

3. Commentary on prospects

Barring any unforeseen circumstances, the Board is confident that the Group will continue to perform satisfactorily in view that CPO and PK prices have recently stabilised to around RM 2,150 and RM 1,600 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 31.03.2015 (Unaudited) RM'000	3 months ended 31.03.2014 (Unaudited) (Restated) RM'000	3 months ended 31.03.2015 (Unaudited) RM'000	3 months ended 31.03.2014 (Unaudited) (Restated) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Depreciation and amortisation	2,093	1,962	2,093	1,962
Plant and equipment scrapped	3	16	3	16
Gain on disposal of plant and equipment	(567)	-	(567)	-
Net loss on foreign exchange - realised	155	13	155	13
Net gain on foreign exchange - unrealised	(59)	(2)	(59)	(2)

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 31.03.2015 (Unaudited) RM'000	3 months ended 31.03.2014 (Unaudited) (Restated) RM'000	3 months ended 31.03.2015 (Unaudited) RM'000	3 months ended 31.03.2014 (Unaudited) (Restated) RM'000
Income tax				
- Current provision	935	1,808	935	1,808
Deferred tax				
- Relating to origination and reversal of temporary differences	(222)	100	(222)	100
- Underprovision of tax in prior years	1	-	1	-
Total income tax expense	714	1,908	714	1,908

The Group's effective tax rate for the current quarter 31 March 2015 was lower than the statutory tax rate of 25% principally due to certain provision in previous year were allowed to deduct in this quarter.

7. Corporate proposals

The Proposed Disposal and the Proposed Subscription of Cash Nexus (M) Sdn. Bhd. have been approved by shareholders at an Extraordinary General Meeting on 18 March 2015.

8. Borrowings

	As at 31.03.2015 (Unaudited) RM'000	As at 31.12.2014 (Audited) RM'000
Short term borrowings - Secured		
Obligation under finance leases	763	683
Revolving credit	55,000	55,000
Term loans	9,750	9,750
	<u>65,513</u>	<u>65,433</u>
Long term borrowings - Secured		
Obligation under finance leases	679	519
Term loans	57,272	59,709
	<u>57,951</u>	<u>60,228</u>
Total borrowings	<u>123,464</u>	<u>125,661</u>

The Group's total borrowings included an amount of RM 59.30 million (31.12.2014: RM 63.12 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 31 March 2015.

10. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 31 March 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 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 31.03.2015 (Unaudited) RM'000	As at 31.12.2014 (Audited) RM'000
Realised retained earnings	196,782	193,103
Unrealised retained earnings	7,805	7,894
	<u>204,587</u>	<u>200,997</u>
Less: consolidation adjustments	(53,223)	(52,935)
Total group retained earnings	<u>151,364</u>	<u>148,062</u>

11. Dividend payable

No interim dividend has been declared during the current quarter ended 31 March 2015. (31 March 2014: Nil).

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	3 months ended	3 months ended	3 months ended
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	3,302	6,071	3,302	6,071
Weighted average number of ordinary shares in issue ('000)	308,967	308,968	308,967	308,968
Basic earnings per share (sen per share)	1.07	1.96	1.07	1.96

(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 29 April 2015.