

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the six-months period ended 30 June 2016

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2016 (Unaudited) RM'000	3 months ended 30.06.2015 (Unaudited) RM'000	6 months ended 30.06.2016 (Unaudited) RM'000	6 months ended 30.06.2015 (Unaudited) RM'000
Revenue	51,277	53,975	90,168	96,408
Cost of sales	(41,728)	(45,343)	(78,256)	(81,394)
Gross profit	9,549	8,632	11,912	15,014
Other operating income	266	649	464	1,441
Administrative expenses	(1,857)	(3,066)	(4,054)	(5,002)
Other operating expenses	(927)	(1,393)	(1,709)	(2,445)
Operating profit	7,031	4,822	6,613	9,008
Finance income	1,794	1,396	3,632	2,785
Finance costs	(1,775)	(1,546)	(3,543)	(2,987)
Net finance income	19	(150)	89	(202)
Profit before tax	7,050	4,672	6,702	8,806
Income tax expense	(1,686)	(1,314)	(1,553)	(2,028)
Profit net of tax	5,364	3,358	5,149	6,778
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(47)	13	(248)	17
Other comprehensive income for the period, net of tax	(47)	13	(248)	17
Total comprehensive income for the period	5,317	3,371	4,901	6,795
Profit attributable to:				
Owners of the parent	5,068	3,266	4,663	6,568
Non-controlling interests	296	92	486	210
	5,364	3,358	5,149	6,778
Total comprehensive Income attributable to:				
Owners of the parent	5,016	3,279	4,523	6,585
Non-controlling interests	301	92	378	210
	5,317	3,371	4,901	6,795
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	1.64	1.06	1.51	2.13

These condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	30.06.2016	31.12.2015
	(Unaudited)	(Audited)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	178,330	174,294
Biological assets	160,266	159,091
Investment properties	42,700	42,700
Intangible assets	92,088	92,088
Land use rights	1,968	1,994
Deferred tax assets	3,451	3,423
Trade and other receivables	140,068	136,077
Total non-current assets	618,871	609,667
Inventories	26,666	29,422
Trade and other receivables	17,282	13,629
Tax recoverable	1,601	883
Short term investments	9,638	11,085
Deposits placed with licensed banks	10,862	9,721
Cash and bank balances	10,873	15,075
Total current assets	76,922	79,815
TOTAL ASSETS	695,793	689,482
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	151,727	151,698
Other reserve	(1,946)	(1,946)
Foreign currency translation reserve	10	150
Total equity attributable to owners of the parent	457,140	457,251
Non-controlling interests	17,400	17,823
Total equity	474,540	475,074
LIABILITIES		
Lease rental payable	267	267
Borrowings	73,816	74,045
Deferred tax liabilities	47,943	48,079
Total non-current liabilities	122,026	122,391
Borrowings	71,493	68,624
Trade and other payables	27,329	23,200
Income tax payables	405	193
Total current liabilities	99,227	92,017
Total liabilities	221,253	214,408
TOTAL EQUITY AND LIABILITIES	695,793	689,482
Net assets per share attributable to owner of the parent (RM)	1.48	1.48

These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statement of cash flows for the period ended 30 June 2016

	6 months ended 30.06.2016 (Unaudited) RM'000	6 months ended 30.06.2015 (Unaudited) RM'000
Operating activities		
Profit before tax	6,702	8,806
Adjustments for:		
Depreciation and amortisation	3,580	4,251
Finance costs	3,543	2,987
Plant and equipment scrapped	39	3
Loss on disposal of equipment	-	4
Gain on disposal of property, plant and equipment	(54)	(567)
Finance income	(3,632)	(2,785)
Net loss/(gain) on foreign exchange - unrealised	60	(200)
Operating profit before working capital changes	10,238	12,499
Decrease/(Increase) in inventories	2,749	(4,032)
Increase in receivables	(4,133)	(4,306)
Increase / (Decrease) in payables	3,899	(1,523)
Cash generated from operations	12,753	2,638
Interest paid	(3,543)	(2,987)
Income taxes paid	(2,229)	(4,923)
Tax refunded	6	1,918
Interest received	323	283
Net cash flows generated from/(used in) operating activities	7,310	(3,071)
Investing activities		
Proceeds from disposal of property, plant and equipment	64	643
Purchase of property, plant and equipment	(7,643)	(7,726)
Additions to biological assets	(1,175)	(851)
Net investment in short term money market funds	1,447	1,305
Acquisition of non-controlling interests	(1)	(1,950)
Net cash flows used in investing activities	(7,308)	(8,579)
Financing activities		
Dividend paid	(4,634)	(6,179)
Dividend paid to non-controlling interests	(800)	(800)
Drawdown of term loans	7,000	21,650
Drawdown of revolving credits	3,000	7,500
Repayment of revolving credits	-	(15,000)
Repayment of term loans	(6,875)	(4,875)
Repayment of obligations under finance leases	(485)	(476)
Net cash flows (used in)/generated from financing activities	(2,794)	1,820
Net decrease in cash and cash equivalents	(2,792)	(9,830)
Net foreign exchange difference	(269)	67
Cash and cash equivalents at beginning of financial period	24,796	23,433
Cash and cash equivalents at end of financial period	21,735	13,670
Cash and cash equivalents at the end of the financial period comprise the following:		
	As at 30.06.2016 (Unaudited) RM'000	As at 30.06.2015 (Unaudited) RM'000
Deposits placed with licensed banks	10,862	3,404
Cash and bank balances	10,873	10,266
	21,735	13,670

These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 June 2016

		Attributable to owners of the parent							
		Non-distributable			Distributable				
		Equity attributable to owners of the parent, total	Share capital	Treasury shares	Other reserve	Foreign currency translation reserve	Retained earnings	Non- controlling interests	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	475,518	455,415	318,446	(11,097)	-	4	148,062	20,103	
Total comprehensive income	6,795	6,585	-	-	-	17	6,568	210	
Acquisition of non-controlling interests	(1,243)	-	-	-	-	-	-	(1,243)	
Dividend paid to non-controlling interests	(800)	-	-	-	-	-	-	(800)	
Dividend	(6,179)	(6,179)	-	-	-	-	(6,179)	-	
At 30 June 2015	474,091	455,821	318,446	(11,097)	-	21	148,451	18,270	
At 1 January 2016	475,074	457,251	318,446	(11,097)	(1,946)	150	151,698	17,823	
Total comprehensive income	4,901	4,523	-	-	-	(140)	4,663	378	
Acquisition of non-controlling interests	(1)	-	-	-	-	-	-	(1)	
Dividend paid to non-controlling interests	(800)	-	-	-	-	-	-	(800)	
Dividend	(4,634)	(4,634)	-	-	-	-	(4,634)	-	
At 30 June 2016	474,540	457,140	318,446	(11,097)	(1,946)	10	151,727	17,400	

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 2015 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 year ended 31 March 2016, 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 2015.

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 2015. 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 2015.

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 2015, except for the adoption of the following new/revised FRSs and amendments to FRSs:

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

Annual Improvements to FRSs 2012 – 2014 Cycle

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 127: Equity Method in Separate Financial Statements

Amendments to FRS 101: Disclosure Initiatives

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

FRS 14: Regulatory Deferral Accounts

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

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’).

2. Significant accounting policies (Contd.)

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 8 September 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

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 2018. 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 2018.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2015 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

Information about reportable segments

	Results for the 3 months ended 30 June							
	Plantation		Oil Mill		Power Plant		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	3,895	2,412	41,316	47,867	5,726	3,526	50,937	53,805
Inter-segment revenue	11,672	13,488	-	-	518	462	12,190	13,950
Segment profit	6,783	5,653	(823)	801	1,215	(1,333)	7,175	5,121

4. Segment information (Contd.)

	3 months ended 30.06.2016 (Unaudited) RM'000	3 months ended 30.06.2015 (Unaudited) RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	7,175	5,121
Other non-reportable segments	25	105
Elimination of inter-segment profits	(53)	(36)
Unallocated corporate expenses	(97)	(518)
Consolidated profit before tax	<u>7,050</u>	<u>4,672</u>

	Results for the 6 months ended 30 June							
	Plantation		Oil Mill		Power Plant		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
External revenue	6,494	4,717	72,751	84,308	10,232	6,731	89,477	95,756
Inter-segment revenue	18,826	23,013	-	-	1,073	938	19,899	23,951
Segment profit	7,111	9,076	(745)	2,186	836	(2,027)	7,202	9,235
Segment assets	356,864	354,749	80,378	87,074	160,241	153,914	597,483	595,737
Segment liabilities	4,888	6,620	27,576	33,812	67,870	75,300	100,334	115,732

	6 months ended 30.06.2016 (Unaudited) RM'000	6 months ended 30.06.2015 (Unaudited) RM'000
Segment profit is reconciled to consolidated profit before tax as follows:		
Segment profit	7,202	9,235
Other non-reportable segments	212	388
Elimination of inter-segment profits	(100)	(143)
Unallocated corporate expenses	(612)	(674)
Consolidated profit before tax	<u>6,702</u>	<u>8,806</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

The Final Single tier dividend of 1.5% declared on 24 February 2016, on 308,967,010 ordinary shares (excluding 9,479,200 treasury shares) amounting to RM4,634,505 in respect of the financial year ended 31 December 2015 was paid on 26 May 2016.

9. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter ended 30 June 2016, except for the deregistration of Carbon Asia Pacific Pty Ltd ("CAP") on 3 May 2016 by The Australian Securities and Investments Commission (hereinafter referred to as the "Deregistration").

CAP is a subsidiary of Hikayat Anggun Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, CAP was incorporated on 20 January 2009 in Victoria, Australia with an authorised and paid up share capital of AUD\$100 divided into 100 shares of AUD\$1 each.

The Deregistration is not expected to result in any significant gain or loss or have any significant effect on the earnings or net assets per share of the Company and the Group for the financial year ending 31 December 2016.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 30 June 2016 is as follows:

	RM'000
Approved and contracted for	14,110
Approved but not contracted for	<u>7,087</u>
	<u><u>21,197</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 2015.

13. Subsequent events

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 revenue of RM 51.28 million, which is a decrease of RM 2.70 million as compared to the preceding year corresponding quarter mainly due to a decrease in CPO and PK sales volume by 30% and 33% respectively despite an increase in CPO and PK price by 19% and 62%.

The Group reported a profit before tax of RM 7.05 million for this quarter under review as compare to profit before tax of RM 4.67 million in the preceding year corresponding quarter mainly due to an increase in power sales by 44% and a lower operating cost.

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 increased in profit before tax by RM 1.13 million (20%) from RM 5.65 million was mainly due to higher FFB price by 34% despite a lower FFB production by 22%.
- ii) Oil Mill – The decrease in profit before tax by RM 1.62 million (>100%) from Profit before tax of RM 0.80 million to a loss before tax of 0.82 million was mainly due to lower oil extraction rate (“OER”) as well as lower milling margin as a result of stiff competition on sourcing for FFB and lower CPO and PK sales volume by 30% and 33% respectively despite higher CPO and PK price by 19% and 62% .
- iii) Power Plant – The increase in profit before tax by RM 2.55 million (>100%) from a loss before taxation of RM 1.33 million to a profit before taxation of RM1.22 million was mainly due to increase in export of electricity by 37% and a lower operating cost. The 12MW Biomass Power Plant generated and exported 14,662,949 kwh for this current quarter as compare to 10,724,435 kwh in the corresponding preceding quarter.

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

For this financial period under review, the Group recorded revenue of RM 90.17 million, which is a decrease of RM 6.24 million as compared to the previous financial period mainly to a decrease in CPO and PK sales volume by 22% and 40% respectively despite an increase in CPO and PK prices by 12% and 35%.

The Group reported a profit before tax of RM 6.70 million for this financial period under review, which is a decrease of 24% from the previous financial period due to lower oil extraction rate (“OER”) as well as a lower milling margin as a result of stiff competition on sourcing for FFB and lower FFB production by 23%.

Performance of the respective operating business segments for the period ended 30 June 2016 as compared to the previous period is analysed as follows:

- i) Plantation – The decrease in profit before tax by RM 1.96 million (22%) from RM 9.08 million to RM 7.11 million was mainly due lower FFB production by 23% despite an increase in FFB price by 23%.

1. Review of performance (Contd.)

- ii) Oil Mill – The decrease in profit before tax by RM 2.93 million (>100%) from Profit before tax of RM 2.19 million to a loss before tax of 0.74 million was mainly due to lower oil extraction rate(“OER”) as well as a lower milling margin as a result of stiff competition on sourcing for FFB and lower CPO and PK sales volume by 22% and 40% respectively despite higher CPO and PK price by 12% and 35% respectively.
- iii) Power Plant – The increase in profit before tax by RM2.87 million (>100%) from a loss before tax of RM2.03 million to a profit before tax of RM 0.84 million was mainly due to an increase in export of electricity by 43% and lower operating cost. The 12MW Biomass Power Plant generated and exported 28,716,639 kWh in this financial period under review as compare to 20,062,665 kwh in the corresponding preceding period.

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

The Group recorded a profit before tax of RM 7.05 million in the quarter under review as compared to loss before tax RM 0.35 million in the immediate preceding quarter mainly due to a increase in FFB production and price by 44% and 18% respectively, a higher CPO and PK sales volume by 14% and 46% respectively.

3. Commentary on prospects

The effect of the El Nino phenomenon has adversely affected the FFB production of the Group in the first quarter. For the current quarter, the Group experiences a steady increase in Crop production suggesting that the worst of the El Nino impact on yield may be over. With that, barring any unforeseen circumstances, the Board is confident that the Group’s prospects remain bright for the current financial year.

4. Profit forecast or profit guarantee

Not applicable as there was no profit forecast or guarantee published.

5. Profit for the period/year

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2016 (Unaudited) RM’000	3 months ended 30.06.2015 (Unaudited) RM’000	6 months ended 30.06.2016 (Unaudited) RM’000	6 months ended 30.06.2015 (Unaudited) RM’000
Profit for the period is arrived at after charging / (crediting):				
Depreciation and amortisation	1,776	2,158	3,580	4,251
Plant and equipment scrapped	39	-	39	3
Loss on disposal of equipment	-	4	-	4
Gain on disposal of plant and equipment	(21)	-	(54)	(567)
Net (gain) / loss on foreign exchange - realised	(102)	(109)	(33)	46
Net gain on foreign exchange - unrealised	(110)	(141)	60	(200)

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

6. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2016 (Unaudited) RM'000	3 months ended 30.06.2015 (Unaudited) RM'000	6 months ended 30.06.2016 (Unaudited) RM'000	6 months ended 30.06.2015 (Unaudited) RM'000
Income tax				
- Current provision	1,286	1,481	1,716	2,417
Deferred tax				
- Relating to origination and reversal of temporary differences	614	(167)	51	(390)
- Under/(over)provision of tax in prior years	(214)	-	(214)	1
Total income tax expense	1,686	1,314	1,553	2,028

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% principally due to certain expenses which are not deductible for tax purpose.

7. Corporate proposals

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

8. Borrowings

	As at 30.06.2016 (Unaudited) RM'000	As at 31.12.2015 (Unaudited) RM'000
Short term borrowings - Secured		
Obligation under finance leases	743	874
Revolving credit	57,000	54,000
Term loans	13,750	13,750
	<u>71,493</u>	<u>68,624</u>
Long term borrowings – Secured		
Obligation under finance leases	582	936
Term loans	73,234	73,109
	<u>73,816</u>	<u>74,045</u>
Total borrowings	<u>145,309</u>	<u>142,669</u>

The Group's total borrowings included an amount of RM 49.74 million (31.12.2015: RM 56.11 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 June 2016.

10. Material litigation

A) Suara Baru Sdn Bhd. (“SBSB”) vs. Borhill Estates Sdn Bhd (“BESB”) (Suit No. SDK-22NCvC-39/11-2014)

SBSB, a wholly-owned subsidiary held through Syarikat Melabau Sdn. Bhd., another wholly-owned subsidiary of Cepatwawasan Group Berhad (“Company”) had commenced legal proceedings against BESB in the Sessions Court at Sandakan vide Suit No. SDK-A 52-63/7-2013 (“Suit”) on 19 July 2013 to claim for the sum of RM 115,169.66, being the amount due and owing by BESB to SBSB in respect of block stones and crusher run A stones (“Stones”) supplied by SBSB to BESB. In defending the Suit, BESB contends, among others, that the Stones supplied by SBSB did not fit the description of stones ordered by BESB, were not of merchantable quality, and were not fit for the purpose they were ordered for. BESB has also filed a counterclaim against SBSB, among others, a sum of RM 5,612,850.00 in respect of BESB’s purported loss of profit allegedly caused by SBSB’s alleged breach. The Suit was subsequently transferred to the High Court of Sabah and Sarawak at Sandakan on 13 October 2014 and registered as Suit No. SDK-22NCvC-39/11-2014. Both parties were unable to resolve the dispute through mediation on 19 October 2015. The Suit is now rescheduled for trial from 1 August 2016 to 5 August 2016.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and Group as the Company expects that pursuant to the facts of the case, the documents presently available and advice of its solicitors, the Company will be able to advance a cogent defence to BESB’s counterclaim.

B) Yuh @ Abdul Salleh Bin Pompulu (“AYU”) Vs Suwaya Bte Buang (“SUWAYA”), Suara Baru Sdn Bhd (“SBSB”) and Cepatwawasan Group Berhad (“the Company”)

The Company and SBSB (a wholly-owned subsidiary held through Syarikat Melabau Sdn. Bhd., another wholly-owned subsidiary of the Company) have been served with a Writ of Summons issued by the High Court in Sabah and Sarawak at Sandakan vide Suit No. SDK-22NCvC-12/6-2016 (HC) on 14.06.2016. SBSB is the sub-lessee of 33 lots of land (“the Lands”) totalling approximately 337.949 acres situated in Sungai Sekong in the District of Sandakan, Sabah. The Lands had been leased from SUWAYA to SBSB for a term of 99 years. The lease commenced in the year 1997 and will expire in the year 2096. The lands had been transferred to SUWAYA by their previous 33 owners, including AYU. AYU, on his behalf and the other 32 previous owners, allege that the transfer of the land to SUWAYA was through forged documents and therefore the said transfer is null and void. AYU further alleges that as the transfer to SUWAYA is null and void, therefore the sublease by the 1st SUWAYA to SBSB is likewise null and void. AYU therefore seeks an order of the High Court to set aside the said transfer to the SUWAYA and also the sub-lease to SBSB.

11. Material litigation (cont'd)

SBSB and the Company had filed their Defence (“Defence”) in the High Court in Sabah and Sarawak at Sandakan on 11 July 2016.

The Suit is fixed for mention on 12 August 2016 before the High Court in Sabah and Sarawak at Sandakan.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and Group as the Company expects that pursuant to the facts of the case, the documents presently available and the advice of its solicitors, the Company has a good defence against the Plaintiff’s claim.

12. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 30 June 2016 and 31 December 2015 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 31.06.2016 (Unaudited) RM’000	As at 31.12.2015 (Unaudited) RM’000
Realised retained earnings	196,937	193,520
Unrealised retained earnings	7,219	7,200
	<hr/>	<hr/>
	204,156	200,720
Less: consolidation adjustments	(52,429)	(49,022)
Total group retained earnings	<hr/> <hr/>	<hr/> <hr/>
	151,727	151,698

13. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2016 (30 June 2015: Nil).

14. 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/year excluding treasury shares held by the Company.

	Current quarter		Cumulative quarter	
	3 months	3 months	6 months	6 months
	ended	ended	ended	ended
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period/year attributable to owners of the parent used in computation of earnings per share (RM'000)	5,068	3,266	4,663	6,568
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic (loss)/earnings per share (sen per share)	1.64	1.06	1.51	2.13

(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.

15. 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 27 July 2016.