

**CEPATWAWASAN GROUP BERHAD**  
(Company No. 536499-K)

**Condensed consolidated statement of comprehensive income**  
**For the twelve-months year ended 31 December 2016**

|                                                                                      | Current quarter                              |                                              | Cumulative quarter                            |                                             |
|--------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|-----------------------------------------------|---------------------------------------------|
|                                                                                      | 3 months ended 31.12.2016 (Unaudited) RM'000 | 3 months ended 31.12.2015 (Unaudited) RM'000 | 12 months ended 31.12.2016 (Unaudited) RM'000 | 12 months ended 31.12.2015 (Audited) RM'000 |
| Revenue                                                                              | 85,428                                       | 58,277                                       | 254,678                                       | 228,221                                     |
| Cost of sales                                                                        | (71,859)                                     | (47,117)                                     | (211,554)                                     | (194,159)                                   |
| <b>Gross profit</b>                                                                  | <b>13,569</b>                                | <b>11,160</b>                                | <b>43,124</b>                                 | <b>34,062</b>                               |
| Other operating income                                                               | 369                                          | 3,235                                        | 900                                           | 5,436                                       |
| Administrative expenses                                                              | (3,077)                                      | (9,527)                                      | (9,120)                                       | (16,700)                                    |
| Other operating expenses                                                             | (1,203)                                      | (1,351)                                      | (4,266)                                       | (5,186)                                     |
| <b>Operating profit</b>                                                              | <b>9,658</b>                                 | <b>3,517</b>                                 | <b>30,638</b>                                 | <b>17,612</b>                               |
| Finance income                                                                       | 1,830                                        | 1,802                                        | 7,266                                         | 6,778                                       |
| Finance costs                                                                        | (1,845)                                      | (1,790)                                      | (7,183)                                       | (6,559)                                     |
| <b>Net finance income</b>                                                            | <b>(15)</b>                                  | <b>12</b>                                    | <b>83</b>                                     | <b>219</b>                                  |
| <b>Profit before tax</b>                                                             | <b>9,643</b>                                 | <b>3,529</b>                                 | <b>30,721</b>                                 | <b>17,831</b>                               |
| Income tax expense                                                                   | (2,996)                                      | (2,429)                                      | (8,233)                                       | (6,078)                                     |
| <b>Profit net of tax</b>                                                             | <b>6,647</b>                                 | <b>1,100</b>                                 | <b>22,488</b>                                 | <b>11,753</b>                               |
| <b>Other comprehensive income</b>                                                    |                                              |                                              |                                               |                                             |
| <b>Item that may be reclassified subsequently to profit or loss:</b>                 |                                              |                                              |                                               |                                             |
| Exchange differences on translation of foreign operations                            | 124                                          | 70                                           | 127                                           | 204                                         |
| <b>Other comprehensive income for the period, net of tax</b>                         | <b>124</b>                                   | <b>70</b>                                    | <b>127</b>                                    | <b>204</b>                                  |
| <b>Total comprehensive income for the period</b>                                     | <b>6,771</b>                                 | <b>1,170</b>                                 | <b>22,615</b>                                 | <b>11,957</b>                               |
| <b>Profit attributable to:</b>                                                       |                                              |                                              |                                               |                                             |
| Owners of the parent                                                                 | 6,083                                        | (374)                                        | 21,144                                        | 9,816                                       |
| Non-controlling interests                                                            | 564                                          | 1,474                                        | 1,344                                         | 1,937                                       |
|                                                                                      | <b>6,647</b>                                 | <b>1,100</b>                                 | <b>22,488</b>                                 | <b>11,753</b>                               |
| <b>Total comprehensive Income attributable to:</b>                                   |                                              |                                              |                                               |                                             |
| Owners of the parent                                                                 | 6,142                                        | (342)                                        | 21,208                                        | 9,962                                       |
| Non-controlling interests                                                            | 629                                          | 1,512                                        | 1,407                                         | 1,995                                       |
|                                                                                      | <b>6,771</b>                                 | <b>1,170</b>                                 | <b>22,615</b>                                 | <b>11,957</b>                               |
| <b>Earnings per share (EPS) attributable to owners of the parent (sen per share)</b> |                                              |                                              |                                               |                                             |
| Basic EPS                                                                            | 1.97                                         | (0.12)                                       | 6.84                                          | 3.18                                        |

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 31 December 2016**

|                                                                      | <b>31.12.2016</b>  | <b>31.12.2015</b> |
|----------------------------------------------------------------------|--------------------|-------------------|
|                                                                      | <b>(Unaudited)</b> | <b>(Audited)</b>  |
|                                                                      | <b>RM'000</b>      | <b>RM'000</b>     |
| <b>ASSETS</b>                                                        |                    |                   |
| Property, plant and equipment                                        | 173,209            | 174,294           |
| Biological assets                                                    | 161,296            | 159,091           |
| Investment properties                                                | 42,700             | 42,700            |
| Intangible assets                                                    | 92,088             | 92,088            |
| Land use rights                                                      | 1,966              | 1,994             |
| Deferred tax assets                                                  | 3,204              | 3,423             |
| Trade and other receivables                                          | 155,938            | 136,077           |
| <b>Total non-current assets</b>                                      | <b>630,401</b>     | <b>609,667</b>    |
| Inventories                                                          | 23,963             | 29,422            |
| Trade and other receivables                                          | 15,779             | 13,629            |
| Tax recoverable                                                      | 1,411              | 883               |
| Short term investments                                               | 13,093             | 11,085            |
| Deposits placed with licensed banks                                  | 10,556             | 9,721             |
| Cash and bank balances                                               | 10,970             | 15,075            |
| <b>Total current assets</b>                                          | <b>75,772</b>      | <b>79,815</b>     |
| <b>TOTAL ASSETS</b>                                                  | <b>706,173</b>     | <b>689,482</b>    |
| <b>EQUITY</b>                                                        |                    |                   |
| <b>Equity attributable to owners of the parent</b>                   |                    |                   |
| Share capital                                                        | 318,446            | 318,446           |
| Treasury shares                                                      | (11,097)           | (11,097)          |
| Retained earnings                                                    | 168,209            | 151,698           |
| Other reserve                                                        | (1,946)            | (1,946)           |
| Foreign currency translation reserve                                 | 214                | 150               |
| <b>Total equity attributable to owners of the parent</b>             | <b>473,826</b>     | <b>457,251</b>    |
| Non-controlling interests                                            | 18,429             | 17,823            |
| <b>Total equity</b>                                                  | <b>492,255</b>     | <b>475,074</b>    |
| <b>LIABILITIES</b>                                                   |                    |                   |
| Lease rental payable                                                 | 267                | 267               |
| Borrowings                                                           | 66,369             | 74,045            |
| Deferred tax liabilities                                             | 50,293             | 48,079            |
| <b>Total non-current liabilities</b>                                 | <b>116,929</b>     | <b>122,391</b>    |
| Borrowings                                                           | 63,250             | 68,624            |
| Trade and other payables                                             | 31,834             | 23,200            |
| Income tax payables                                                  | 1,905              | 193               |
| <b>Total current liabilities</b>                                     | <b>96,989</b>      | <b>92,017</b>     |
| <b>Total liabilities</b>                                             | <b>213,918</b>     | <b>214,408</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                  | <b>706,173</b>     | <b>689,482</b>    |
| <b>Net assets per share attributable to owner of the parent (RM)</b> | <b>1.53</b>        | <b>1.48</b>       |

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 year ended 31 December 2016

|                                                                                             | 12 months<br>ended<br>31.12.2016<br>(Unaudited)<br>RM'000 | 12 months<br>ended<br>31.12.2015<br>(Audited)<br>RM'000 |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------|
| <b>Operating activities</b>                                                                 |                                                           |                                                         |
| Profit before tax                                                                           | 30,722                                                    | 17,830                                                  |
| Adjustments for:                                                                            |                                                           |                                                         |
| Bad debts written off                                                                       | 2                                                         | 4                                                       |
| Depreciation and amortisation                                                               | 7,318                                                     | 7,617                                                   |
| Debts forgiven                                                                              | -                                                         | (1,350)                                                 |
| Impairment of receivables                                                                   | 1,048                                                     | 6,022                                                   |
| Finance costs                                                                               | 7,183                                                     | 6,560                                                   |
| Plant and equipment scrapped                                                                | 38                                                        | 9                                                       |
| Gain on disposal of property, plant and equipment                                           | (20)                                                      | (543)                                                   |
| Finance income                                                                              | (7,266)                                                   | (6,778)                                                 |
| Net loss/(gain) on foreign exchange - unrealised                                            | 82                                                        | (490)                                                   |
| <b>Operating profit before working capital changes</b>                                      | <u>39,107</u>                                             | <u>28,881</u>                                           |
| Decrease/(Increase) in inventories                                                          | 5,459                                                     | (8,799)                                                 |
| (Increase)/Decrease in receivables                                                          | (5,138)                                                   | 11,293                                                  |
| Increase / (Decrease) in payables                                                           | 8,626                                                     | (4,955)                                                 |
| <b>Cash generated from operations</b>                                                       | <u>48,054</u>                                             | <u>26,420</u>                                           |
| Interest paid                                                                               | (7,183)                                                   | (6,560)                                                 |
| Income taxes paid                                                                           | (4,748)                                                   | (7,066)                                                 |
| Tax refunded                                                                                | 130                                                       | 4,838                                                   |
| Interest received                                                                           | 716                                                       | 549                                                     |
| <b>Net cash flows generated from operating activities</b>                                   | <u>36,969</u>                                             | <u>18,181</u>                                           |
| <b>Investing activities</b>                                                                 |                                                           |                                                         |
| Proceeds from disposal of property, plant and equipment                                     | 54                                                        | 618                                                     |
| Purchase of property, plant and equipment                                                   | (17,545)                                                  | (20,111)                                                |
| Additions to biological assets                                                              | (2,205)                                                   | (1,892)                                                 |
| Net cash outflow on acquisition of a subsidiary                                             | -                                                         | (1,841)                                                 |
| Net investment in short term money market funds                                             | (2,009)                                                   | (193)                                                   |
| Acquisition of non-controlling interests                                                    | -                                                         | (1,950)                                                 |
| <b>Net cash flows used in investing activities</b>                                          | <u>(21,705)</u>                                           | <u>(25,369)</u>                                         |
| <b>Financing activities</b>                                                                 |                                                           |                                                         |
| Dividend paid                                                                               | (4,635)                                                   | (6,179)                                                 |
| Dividend paid to non-controlling interests                                                  | (800)                                                     | (800)                                                   |
| Cost of capital raising                                                                     | 4                                                         | -                                                       |
| Placement of Fixed deposits                                                                 | -                                                         | (18)                                                    |
| Drawdown of term loans                                                                      | 7,000                                                     | 29,150                                                  |
| Drawdown of revolving credits                                                               | 3,000                                                     | 20,000                                                  |
| Repayment of revolving credits                                                              | (8,500)                                                   | (21,000)                                                |
| Repayment of term loans                                                                     | (13,770)                                                  | (11,750)                                                |
| Repayment of obligations under finance leases                                               | (888)                                                     | (1,042)                                                 |
| <b>Net cash flows (used in)/generated from financing activities</b>                         | <u>(18,589)</u>                                           | <u>8,361</u>                                            |
| <b>Net decrease in cash and cash equivalents</b>                                            | <u>(3,325)</u>                                            | <u>1,173</u>                                            |
| <b>Net foreign exchange difference</b>                                                      | <u>55</u>                                                 | <u>172</u>                                              |
| <b>Cash and cash equivalents at beginning of financial period</b>                           | <u>24,796</u>                                             | <u>23,282</u>                                           |
| <b>Cash and cash equivalents at end of financial period</b>                                 | <u>21,526</u>                                             | <u>24,627</u>                                           |
| <b>Cash and cash equivalents at the end of the financial period comprise the following:</b> |                                                           |                                                         |
|                                                                                             | <b>As at<br/>31.12.2016<br/>(Unaudited)<br/>RM'000</b>    | <b>As at<br/>31.12.2015<br/>(Audited)<br/>RM'000</b>    |
| Deposits placed with licensed banks                                                         | 10,556                                                    | 9,552                                                   |
| Cash and bank balances                                                                      | 10,970                                                    | 15,075                                                  |
|                                                                                             | <u>21,526</u>                                             | <u>24,627</u>                                           |

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.

**Condensed consolidated statement of changes in equity for the year ended 31 December 2016**

|                                            | <div style="display: flex; justify-content: space-between; align-items: center;"> <span style="font-size: 2em;">←</span> <span>Attributable to owners of the parent</span> <span style="font-size: 2em;">→</span> </div>        |                |                   |                 |                |                                      |                   |                           |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------|-----------------|----------------|--------------------------------------|-------------------|---------------------------|
|                                            | <div style="display: flex; justify-content: center; align-items: center;"> <span style="font-size: 2em;">←</span> <span>Equity attributable to owners of the parent, total</span> <span style="font-size: 2em;">→</span> </div> |                | Non-distributable |                 |                | Distributable                        |                   |                           |
|                                            |                                                                                                                                                                                                                                 |                | 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                 | 11,957                                                                                                                                                                                                                          | 9,962          | -                 | -               | -              | 146                                  | 9,816             | 1,995                     |
| Acquisition of non-controlling interests   | (1,889)                                                                                                                                                                                                                         | (646)          | -                 | -               | (646)          | -                                    | -                 | (1,243)                   |
| Arising from reverse takeover exercise     | (3,532)                                                                                                                                                                                                                         | (1,300)        | -                 | -               | (1,300)        | -                                    | -                 | (2,232)                   |
| Dividend paid to non-controlling interests | (800)                                                                                                                                                                                                                           | -              | -                 | -               | -              | -                                    | -                 | (800)                     |
| Dividend                                   | (6,179)                                                                                                                                                                                                                         | (6,179)        | -                 | -               | -              | -                                    | (6,179)           | -                         |
| <b>At 31 December 2015</b>                 | <b>475,075</b>                                                                                                                                                                                                                  | <b>457,252</b> | <b>318,446</b>    | <b>(11,097)</b> | <b>(1,946)</b> | <b>150</b>                           | <b>151,699</b>    | <b>17,823</b>             |
| At 1 January 2016                          | 475,075                                                                                                                                                                                                                         | 457,252        | 318,446           | (11,097)        | (1,946)        | 150                                  | 151,699           | 17,823                    |
| Total comprehensive income                 | 22,615                                                                                                                                                                                                                          | 21,208         | -                 | -               | -              | 64                                   | 21,144            | 1,407                     |
| Acquisition of non-controlling interests   | (1)                                                                                                                                                                                                                             | -              | -                 | -               | -              | -                                    | -                 | (1)                       |
| Dividend paid to non-controlling interests | (800)                                                                                                                                                                                                                           | -              | -                 | -               | -              | -                                    | -                 | (800)                     |
| Dividend                                   | (4,634)                                                                                                                                                                                                                         | (4,634)        | -                 | -               | -              | -                                    | (4,634)           | -                         |
| <b>At 31 December 2016</b>                 | <b>492,255</b>                                                                                                                                                                                                                  | <b>473,826</b> | <b>318,446</b>    | <b>(11,097)</b> | <b>(1,946)</b> | <b>214</b>                           | <b>168,209</b>    | <b>18,429</b>             |

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 December 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 31 December |        |          |        |             |        |        |        |
|------------------------------|--------------------------------------------|--------|----------|--------|-------------|--------|--------|--------|
|                              | 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 |
| <b>External revenue</b>      | 5,822                                      | 2,648  | 56,322   | 47,705 | 22,971      | 7,712  | 85,115 | 58,065 |
| <b>Inter-segment revenue</b> | 14,599                                     | 12,476 | -        | -      | 250         | 645    | 14,849 | 13,121 |
| <b>Segment profit</b>        | 9,182                                      | 4,541  | (506)    | 2,591  | 1,525       | 1,457  | 10,201 | 8,589  |

4. Segment information (Contd.)

| <b>Segment profit is reconciled to consolidated profit before tax as follows:</b> | <b>3 months ended<br/>31.12.2016<br/>(Unaudited)<br/>RM'000</b> | <b>3 months ended<br/>31.12.2015<br/>(Audited)<br/>RM'000</b> |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------|
| Segment profit                                                                    | 10,201                                                          | 8,589                                                         |
| Other non-reportable segments                                                     | 560                                                             | 212                                                           |
| Elimination of inter-segment profits                                              | (70)                                                            | (49)                                                          |
| Unallocated corporate expenses                                                    | (1,047)                                                         | (5,223)                                                       |
| Consolidated profit before tax                                                    | <u>9,644</u>                                                    | <u>3,529</u>                                                  |

**Results for the 12 months ended 31 December**

|                              | <b>Plantation</b> |               | <b>Oil Mill</b> |               | <b>Power Plant</b> |               | <b>Total</b>  |               |
|------------------------------|-------------------|---------------|-----------------|---------------|--------------------|---------------|---------------|---------------|
|                              | <b>2016</b>       | <b>2015</b>   | <b>2016</b>     | <b>2015</b>   | <b>2016</b>        | <b>2015</b>   | <b>2016</b>   | <b>2015</b>   |
|                              | <b>RM'000</b>     | <b>RM'000</b> | <b>RM'000</b>   | <b>RM'000</b> | <b>RM'000</b>      | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> |
| <b>External revenue</b>      | 18,552            | 9,872         | 195,508         | 169,169       | 39,389             | 48,064        | 253,449       | 227,105       |
| <b>Inter-segment revenue</b> | 48,280            | 48,021        | -               | -             | 1,685              | 2,222         | 49,965        | 50,243        |
| <b>Segment profit</b>        | 27,471            | 18,523        | 489             | 4,723         | 4,505              | (416)         | 32,465        | 22,830        |
| <b>Segment assets</b>        | 361,580           | 357,114       | 86,013          | 85,577        | 177,627            | 160,092       | 625,220       | 602,783       |
| <b>Segment liabilities</b>   | 7,458             | 5,954         | 33,056          | 30,271        | 66,897             | 70,544        | 107,411       | 106,769       |

| <b>Segment profit is reconciled to consolidated profit before tax as follows:</b> | <b>12 months ended<br/>31.12.2016<br/>(Unaudited)<br/>RM'000</b> | <b>12 months ended<br/>31.12.2015<br/>(Audited)<br/>RM'000</b> |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|
| Segment profit                                                                    | 32,465                                                           | 22,830                                                         |
| Other non-reportable segments                                                     | 121                                                              | 788                                                            |
| Elimination of inter-segment profits                                              | (71)                                                             | (220)                                                          |
| Unallocated corporate expenses                                                    | (1,793)                                                          | (5,568)                                                        |
| Consolidated profit before tax                                                    | <u>30,722</u>                                                    | <u>17,830</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 31 December 2016, except for the deregistration of Carbon Asia Pacific Pty Ltd ("CAP") on 3 May 2016 following an application to 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 31 December 2016 is as follows:

|                                 | <b>RM'000</b>        |
|---------------------------------|----------------------|
| Approved and contracted for     | 9,800                |
| Approved but not contracted for | <u>7,090</u>         |
|                                 | <u><u>16,890</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 a revenue of RM85.43 million, which is an increase of RM27.15 million as compared to the preceding year corresponding quarter mainly due to an increase in sales of CPO, PK and FFB as well as an increase in construction income of RM14.97 arising from the recognition of IC Interpretation 12 Service Concession Agreements for the Power Plant segment. Sales of CPO, PK and FFB increased due to an increase in average selling price by 33%, 75% and 88% despite a decrease in sales volume of CPO and PK by 15% and 16% respectively. Sale volume of FFB however increased by 17%.

The Group profit before tax increased by RM6.11 million from a profit before tax of RM3.53 million in the preceding year corresponding quarter to RM9.64 million for this quarter under review mainly due to :-

- i) An impairment of receivables of RM5.89 million made in the preceding year quarter on costs and prepayments incurred for the purpose of acquiring plantation land in Indonesia offset by a forgiven debt owing from the subsidiary, Timah Resources Limited to a minority shareholder amounting to RM1.34 million and the compensation from termination of Emissions Reduction Purchase Agreement amounting to RM2.00 million
- ii) Increase in CPO and PK selling price by 33% and 75% respectively despite a drop in FFB production by 12%

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 increase in profit before tax by RM4.64 million (>100%) from profit before tax of RM 4.54 million to a profit before tax of RM9.18 million was mainly due to higher FFB price by 54% despite a drop in FFB production by 12%.
- ii) Oil Mill – The decrease in profit before tax by RM3.10 million (>100%) from profit before tax of RM2.59 million to a loss before tax of RM0.51 million was mainly due to lower milling margin as a result of stiff competition on sourcing for FFB and lower oil extraction rate (“OER”). Mill OER decreased from 21.18% to 20.22%
- iii) Power Plant – A profit before tax of RM1.52 million is reported for the quarter under review which is comparable to the preceding year corresponding quarter. The 12MW Biomass Power Plant generated and exported 13,844,729 kWh for this current quarter as compared to 14,272,041 kWh in the preceding year corresponding quarter.

1. Review of performance (Contd.)

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

The Group recorded a revenue of RM254.68 million and profit before tax of RM30.72 million for the financial year under review as compare to a revenue of RM228.22 million and profit before tax of RM17.83 million in the previous financial year. The increase in revenue and profit before tax by 12% and 72% respectively was mainly due to higher prices of CPO and PK by 21% and 62% respectively despite a lower sales volume of CPO and PK by 8% and 15% respectively and a 14% decrease in FFB production.

Performance of the respective operating business segments for the year ended 31 December 2016 as compared to the previous year is analysed as follows:

- i) Plantation – The increase in profit before tax by 8.95 million (48%) from RM18.52 million to RM27.47 million was mainly due to higher FFB price by 34% despite a decrease in FFB production by 14%.
  - ii) Oil Mill – The decrease in profit before tax by RM4.23 million (90%) from profit before tax of RM4.72 million to a profit before tax of 0.49 million was mainly due to a lower milling margin as a result of stiff competition on sourcing for FFB and lower oil extraction rate (“OER”). Mill OER decreased from 20.72% to 20.00%.
  - iii) Power Plant – The increase in profit before tax by RM4.92 million (>100%) from a loss before tax of RM0.42 million to a profit before tax of RM 4.51 million was mainly due to an increase in efficiency and export of electricity by 25%. The 12MW Biomass Power Plant generated and exported 58,280,003 kWh in this financial year under review as compared to 46,505,403 kWh in the corresponding preceding year.
2. Comment on material change in profit before tax against immediate preceding quarter

The Group recorded a profit before tax of RM9.64 million in the quarter under review as compared to a profit before tax RM14.38 million in the immediate preceding quarter, a decrease of RM4.74 million mainly due to a decrease in FFB production by 18%, a lower milling margin as a result of stiff competition on sourcing for FFB, a lower Oil extraction rate (“OER”) and also a provision for bonus for financial year 2016 made in the quarter under review. Mill OER decreased from 20.22% to 19.96%.

3. Commentary on prospects

Barring any unforeseen circumstances, the Board is confident that the Group’s prospects remain bright as CPO and PK prices remain strong for the near terms. The Board also expected a recovery of FFB production in mid 2017 and a higher contribution from Power Plant segment with the upgrading of Biogas plant from 3.0MWh to 3.8MWh.

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<br>31.12.2016<br>(Unaudited)<br>RM'000 | 3 months ended<br>30.12.2015<br>(Unaudited)<br>RM'000 | 12 months ended<br>31.12.2016<br>(Unaudited)<br>RM'000 | 12 months ended<br>31.12.2015<br>(Audited)<br>RM'000 |
| Profit for the period is arrived at after charging / (crediting): |                                                       |                                                       |                                                        |                                                      |
| Bad debts written off                                             | 2                                                     | 4                                                     | 2                                                      | 4                                                    |
| Depreciation and amortization                                     | 2,134                                                 | 1,907                                                 | 7,318                                                  | 7,614                                                |
| Impairment of receivables                                         | 1,048                                                 | 6,022                                                 | 1,048                                                  | 6,022                                                |
| Plant and equipment scrapped                                      | -                                                     | 6                                                     | 38                                                     | 9                                                    |
| Loss/(Gain) on disposal of plant and equipment                    | 66                                                    | 20                                                    | (20)                                                   | (543)                                                |
| Net loss /(gain) on foreign exchange - realised                   | (2)                                                   | 60                                                    | (77)                                                   | (67)                                                 |
| Net loss/(gain) on foreign exchange - unrealised                  | 45                                                    | (40)                                                  | 82                                                     | (490)                                                |

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<br>31.12.2016<br>(Unaudited)<br>RM'000 | 3 months ended<br>31.12.2015<br>(Unaudited)<br>RM'000 | 12 months ended<br>31.12.2016<br>(Unaudited)<br>RM'000 | 12 months ended<br>31.12.2015<br>(Audited)<br>RM'000 |
| Income tax                                                      |                                                       |                                                       |                                                        |                                                      |
| - Current provision                                             | 1,757                                                 | 1,410                                                 | 5,823                                                  | 4,922                                                |
| - Under provision for tax in prior year                         | 48                                                    | 50                                                    | 48                                                     | 173                                                  |
|                                                                 | <u>1,805</u>                                          | <u>1,460</u>                                          | <u>5,871</u>                                           | <u>5,095</u>                                         |
| Deferred tax                                                    |                                                       |                                                       |                                                        |                                                      |
| - Relating to origination and reversal of temporary differences | 645                                                   | 962                                                   | 2,030                                                  | 777                                                  |
| - Under provision of tax in prior years                         | 546                                                   | 7                                                     | 332                                                    | 269                                                  |
| - Effect of reduction of tax rate                               | -                                                     | -                                                     | -                                                      | (63)                                                 |
|                                                                 | <u>1,191</u>                                          | <u>969</u>                                            | <u>2,362</u>                                           | <u>983</u>                                           |
| Total income tax expense                                        | <u>2,996</u>                                          | <u>2,429</u>                                          | <u>8,233</u>                                           | <u>6,078</u>                                         |

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

|                                        | <b>As at<br/>30.12.2016<br/>(Unaudited)<br/>RM'000</b> | <b>As at<br/>31.12.2015<br/>(Audited)<br/>RM'000</b> |
|----------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| <b>Short term borrowings - Secured</b> |                                                        |                                                      |
| Obligation under finance leases        | 724                                                    | 874                                                  |
| Revolving credit                       | 48,500                                                 | 54,000                                               |
| Term loans                             | 14,026                                                 | 13,750                                               |
|                                        | <u>63,250</u>                                          | <u>68,624</u>                                        |
| <b>Long term borrowings – Secured</b>  |                                                        |                                                      |
| Obligation under finance leases        | 306                                                    | 936                                                  |
| Term loans                             | 66,063                                                 | 73,109                                               |
|                                        | <u>66,369</u>                                          | <u>74,045</u>                                        |
| <br>                                   |                                                        |                                                      |
| Total borrowings                       | <u>129,619</u>                                         | <u>142,699</u>                                       |

The Group's total borrowings included an amount of RM 45.91 million (31.12.2015: RM56.11million) 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 December 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 trial commenced from 1 August 2016 to 5 August 2016 and was adjourned to 7 November 2016 to 8 November 2016.

The Trial was concluded on 8 December 2016 and closing submission has been made on 3 February 2017 followed by a submission in reply on 20 February 2017. The ruling date has been fixed on 17 March 2017.

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)

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

SBSB and the Company had filed their Defence (“Defence”) in the High Court in Sabah and Sarawak at Sandakan on 11 July 2016 and followed by an application in the High Court in Sabah and Sarawak at Sandakan on 26th August 2016 to strike out the Suit on the ground that the Suit is frivolous or vexatious or is otherwise an abuse of the process of the Court.

The striking out application came up for hearing on 26th September 2016 where the Court directed the parties to file their respective written submissions and the Court will give its decision on the said application on 24th November 2016. On 1 December 2016, the application to strike out was dismissed by the High Court in Sabah and Sarawak at Sandakan (“Sandakan High Court”) with costs, on the ground that it was not a proper case to be disposed of by way of affidavit evidence and the Suit is fixed for trial on 17 April 2017 to 21 April 2017 before the Sandakan High Court.

On 28 December 2016, SBSB and the Company filed an appeal to the Court of Appeal against the decision of the High Court in Sabah and Sarawak to dismiss SBSB’s and the Company’s application to strike out the suit.

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 31 December 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.

|                                 | <b>As at<br/>31.12.2016<br/>(Unaudited)<br/>RM’000</b> | <b>As at<br/>31.12.2015<br/>(Audited)<br/>RM’000</b> |
|---------------------------------|--------------------------------------------------------|------------------------------------------------------|
| Realised retained earnings      | 218,567                                                | 193,520                                              |
| Unrealised retained earnings    | 4,188                                                  | 7,200                                                |
|                                 | <hr/>                                                  | <hr/>                                                |
|                                 | 222,755                                                | 200,720                                              |
| Less: consolidation adjustments | (54,546)                                               | (49,022)                                             |
| Total group retained earnings   | <hr/> <hr/>                                            | <hr/> <hr/>                                          |
|                                 | 168,209                                                | 151,698                                              |

### 13. Dividend payable

The Board of Directors of the Company approved a single tier dividend of 1.5 sen per share payable on 19 May 2017.

### 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.

|                                                                                                                    | <b>Current quarter</b> |                       | <b>Cumulative quarter</b> |                        |
|--------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|---------------------------|------------------------|
|                                                                                                                    | <b>3 months ended</b>  | <b>3 months ended</b> | <b>12 months ended</b>    | <b>12 months ended</b> |
|                                                                                                                    | <b>31.12.2016</b>      | <b>31.12.2015</b>     | <b>31.12.2016</b>         | <b>31.12.2016</b>      |
|                                                                                                                    | <b>(Unaudited)</b>     | <b>(Unaudited)</b>    | <b>(Unaudited)</b>        | <b>(Audited)</b>       |
| Profit for the period/year attributable to owners of the parent used in computation of earnings per share (RM'000) | 6,083                  | (374)                 | 21,144                    | 9,816                  |
| Weighted average number of ordinary shares in issue ('000)                                                         | 308,967                | 308,967               | 308,967                   | 308,967                |
| Basic earnings/(loss) per share (sen per share)                                                                    | 1.97                   | (0.12)                | 6.84                      | 3.18                   |

#### (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 22 February 2017.