CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the six-months period ended 30 June 2017

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2017 (Unaudited) RM'000	**3 months ended 30.06.2016 (Unaudited) RM'000**	**6 months ended 30.06.2017 (Unaudited) RM'000**	**6 months ended 30.06.2016 (Unaudited) RM'000**
Revenue	70,354	51,277	129,410	90,168
Cost of sales	(55,569)	(41,728)	(102,626)	(78,256)
Gross profit	14,785	9,549	26,784	11,912
Other operating income	816	266	991	464
Administrative expenses	(2,000)	(1,857)	(3,776)	(4,054)
Other operating expenses	(1,016)	(927)	(1,821)	(1,709)
Operating profit	12,585	7,031	22,178	6,613
Finance income	2,087	1,794	4,154	3,632
Finance costs	(1,467)	(1,775)	(2,797)	(3,543)
Net finance income	620	19	1,357	89
Profit before tax	13,205	7,050	23,535	6,702
Income tax expense	(2,543)	(1,686)	(5,628)	(1,553)
Profit net of tax	10,662	5,364	17,907	5,149
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(122)	(47)	97	(248)
Other comprehensive income for the period, net of tax	(122)	(47)	97	(248)
Total comprehensive income for the period	10,540	5,317	18,004	4,901
(Loss)/profit attributable to:				
Owners of the parent	9,682	5,068	15,901	4,663
Non-controlling interests	980	296	2,006	486
	10,662	5,364	17,907	5,149
Total comprehensive (loss)/income attributable to:				
Owners of the parent	9,617	5,016	15,956	4,523
Non-controlling interests	923	301	2,048	378
	10,540	5,317	18,004	4,901
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	3.13	1.64	5.15	1.51

These condensed consolidated statement of comprehensive income should be read in conjuction with the audited financial statements for the year ended 31 December 2016 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 2017

	30.06.2017 (Unaudited) RM'000	31.12.2016 (Audited) RM'000
ASSETS		
Property, plant and equipment	175,474	173,209
Biological assets	161,860	161,296
Investment properties	42,700	42,700
Intangible assets	92,088	92,088
Land use rights	1,952	1,966
Deferred tax assets	3,149	3,204
Trade and other receivables	154,406	149,502
Total non-current assets	631,629	623,965
Inventories	24,060	24,403
Trade and other receivables	17,825	22,272
Tax recoverable	1,367	1,411
Short term investments	14,805	13,098
Deposits placed with licensed banks	10,699	10,556
Cash and bank balances	15,558	10,965
Total current assets	84,314	82,705
TOTAL ASSETS	715,943	706,670
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	179,476	168,209
Other reserve	(1,943)	(1,943)
Foreign currency translation reserve	269	214
Total equity attributable to owners of the parent	485,151	473,829
Non-controlling interests	18,877	18,429
Total equity	504,028	492,258
LIABILITIES		
Lease rental payable	267	267
Borrowings	59,869	66,315
Deferred tax liabilities	51,629	50,293
Total non-current liabilities	111,765	116,875
Borrowings	69,444	63,804
Trade and other payables	26,489	31,828
Income tax payables	4,217	1,905
Total current liabilities	100,150	97,537
Total liabilities	211,915	214,412
TOTAL EQUITY AND LIABILITIES	715,943	706,670
Net assets per share attributable to owner of the parent (RM)	1.57	1.53

These condensed consolidated statement of financial position should be read in conjuction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of cash flows for the period ended 30 June 2017

	6 months ended 30.06.2017 (Unaudited) RM'000	6 months ended 30.06.2016 (Unaudited) RM'000
Operating activities		
Profit before tax	23,535	6,702
Adjustments for:		
Depreciation and amortisation	3,689	3,580
Finance costs	2,797	3,543
Plant and equipment scrapped	-	39
Gain on disposal of property, plant and equipment	(669)	(54)
Finance income	(4,154)	(3,632)
Net (gain)/loss on foreign exchange - unrealised	(49)	60
Operating profit before working capital changes	25,149	10,238
Decrease in inventories	344	2,749
Decrease/(Increase) in receivables	3,347	(4,133)
(Increase)/decrease in payables	(5,320)	3,899
Cash generated from operations	23,520	12,753
Interest paid	(2,798)	(3,543)
Income taxes paid	(1,880)	(2,229)
Tax refunded	-	6
Interest received	361	323
Net cash flows generated from operating activities	19,203	7,310
Investing activities		
Proceeds from disposal of property, plant and equipment	682	64
Purchase of property, plant and equipment	(5,803)	(7,643)
Additions to biological assets	(564)	(1,175)
Net investment in short term money market funds	(1,711)	1,447
Acquisition of non-controlling interests	-	(1)
Net cash flows used in investing activities	(7,396)	(7,308)
Financing activities		
Dividend paid	(4,635)	(4,634)
Dividend paid to non-controlling interests	(1,600)	(800)
Drawdown of term loans	-	7,000
Drawdown of revolving credits	7,300	3,000
Repayment of revolving credits	(2,812)	-
Repayment of term loans	(5,063)	(6,875)
Repayment of obligations under finance leases	(382)	(485)
Net cash flows used in financing activities	(7,192)	(2,794)
Net decrease in cash and cash equivalents	4,615	(2,792)
Net foreign exchange difference	116	(269)
Cash and cash equivalents at beginning of financial period	21,526	24,796
Cash and cash equivalents at end of financial period	26,257	21,735

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 30.06.2017 (Unaudited) RM'000	As at 30.06.2016 (Unaudited) RM'000
Deposits placed with licensed banks	10,699	10,862
Cash and bank balances	15,558	10,873
	26,257	21,735

These condensed consolidated statement of cash flows should be read in conjuction with the audited financial statements for the year ended 31 December 2016 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 2017

		Attributable to owners of the parent						
			Non-distributable				Distributable	
	Equity, total	**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 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
At 1 January 2017	492,258	473,829	318,446	(11,097)	(1,943)	214	168,209	18,429
Total comprehensive income	18,004	15,956	-	-	-	55	15,901	2,048
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(4,634)	(4,634)	-	-	-	-	(4,634)	-
At 30 June 2017	504,028	485,151	318,446	(11,097)	(1,943)	269	179,476	18,877

The above condensed consolidated statement of changes in equity should be read in conjuction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

1. Basis of preparation

   These condensed consolidated interim financial statements for the year ended 31 March 2017, 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 2016.

   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 2016. 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 2016.

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 2016, except for the adoption of the following new/revised FRSs and amendments to FRSs:

   Effective for annual periods beginning on or after 1 January 2017:
   Amendments to FRS 107: Disclosure Initiatives
   Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealized Losses
   Amendments to FRS 12: Disclosure of Interests in Other Entities (Annual Improvements to FRSs 2014 – 2016 Cycle)

   Effective for annual periods beginning on or after 1 January 2018:
   FRS9 : Financial Instruments

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

   <u>Malaysian Financial Reporting Standards (MFRS Framework)</u>

   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 2016 was not qualified.

4. Segment information

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

a. Plantation - Cultivation of oil palm
b. Oil Mill - Milling and sales of oil palm products
c. Power Plant - Power generation and sales of biomass by-products

Information about reportable segments

	Results for the 3 months ended 30 June							
	Plantation		**Oil Mill**		**Power Plant**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
External revenue	5,828	3,895	56,882	41,316	7,488	5,726	70,198	50,937
Inter-segment revenue	12,184	11,672	-	-	-	518	12,184	12,190
Segment profit	9,728	6,783	1,254	(823)	2,733	1,215	13,715	7,175

4. Segment information (Contd.)

Segment profit is reconciled to consolidated profit before tax as follows:	**3 months ended 30.06.2017 (Unaudited) RM'000**	**3 months ended 30.06.2016 (Unaudited) RM'000**
Segment profit	13,715	7,175
Other non-reportable segments	(58)	25
Elimination of inter-segment profits	(21)	(53)
Unallocated corporate expenses	(431)	(97)
Consolidated profit before tax	13,205	7,050

Results for the 6 months ended 30 June

	Plantation		**Oil Mill**		**Power Plant**		**Total**	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
External revenue	12,166	6,494	102,989	72,751	13,842	10,232	128,997	89,477
Inter-segment revenue	23,349	18,826	-	-	-	1,073	23,349	19,899
Segment profit	18,067	7,111	1,601	(745)	4,509	836	24,178	7,202
Segment assets	366,281	356,864	81,338	80,378	181,681	160,241	629,300	597,483
Segment liabilities	8,920	4,888	29,950	27,576	58,599	67,870	97,469	100,334

Segment profit is reconciled to consolidated profit before tax as follows:	**6 months ended 30.06.2017 (Unaudited) RM'000**	**6 months ended 30.06.2016 (Unaudited) RM'000**
Segment profit	24,178	7,202
Other non-reportable segments	(41)	212
Elimination of inter-segment profits	(78)	(100)
Unallocated corporate expenses	(524)	(612)
Consolidated profit before tax	23,535	6,702

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

A Single tier dividend of 1.5 sen on 308,967,010 ordinary shares amounting to RM4,634,505 that was approved by the directors on 22 February 2017 was paid on 19 May 2017.

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 2017.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 30 June 2017 is as follows:

	RM’000
Approved and contracted for	11,344
Approved but not contracted for	5,570
	16,914

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 2016.

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 the current quarter, the Group recorded a revenue of RM70.35 million and profit before tax of RM13.21 million as compare to a revenue of RM51.28 and profit before tax of RM7.05 million in the preceding year corresponding quarter. The increase in revenue and profit before tax is mainly due to an increase in:-

i) Sales volume of CPO, PK and FFB by 33%, 32% and 46% respectively.
ii) FFB Production by 15%.
iii) Milling margin; and
iv) Export of electricity by 41% and EFB oil selling price by 32%.

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 RM2.95 million (43%) from profit before tax of RM6.78 million to a profit before tax of RM9.73 million was mainly due to increase in FFB production by 15%.

ii) Oil Mill – The increase in profit before tax by RM2.08 million (>100%) from loss before tax of RM0.82 million to a profit before tax of RM1.25 million was mainly due to higher milling margin for the current quarter under review.

iii) Power Plant – The increase in profit before tax by RM1.52 million (>100%) from profit before tax of RM1.22 million to a profit before taxation of RM2.73 million was mainly due to increase in exporting electricity by 41% and higher EFB oil selling price by 32%. The 12MW Biomass Power Plant generated and exported 16,556,691 kWh (2016: 14,662,949 kWh) whereas the 3.8MW Biogas Power Plant generated and exported 4,094,267 kWh (2016: Nil) for the current quarter to SESB.

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

For this financial period under review, the Group recorded revenue of RM129.41 million and a profit before tax of RM23.53 million as compare to a revenue of RM90.17 million and profit before tax of RM6.70 million in the preceding year corresponding quarter. The increase in revenue and profit before tax is mainly due to an increase in:-

i) Average selling price of CPO, PK and FFB by 18%, 21% and 21% respectively.
ii) Sales volume of CPO, PK and FFB by 16%, 35% and 55% respectively.
iii) FFB Production by 21%.
iv) Milling margin; and
v) Export of electricity by 31% and higher EFB oil selling price by 56%.

1. Review of performance (cont'd)

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

   i) Plantation – The increase in profit before tax by RM10.96 million (>100%) from profit before tax of RM7.11 million to a profit before tax of RM18.07 million was mainly due to higher FFB selling price by 16% and increase in FFB production by 21%.

   ii) Oil Mill – The increase in profit before tax by RM2.35 million (>100%) from loss before tax of RM0.75 million to a profit before tax of RM1.60 million was mainly due to higher milling margin for the current period under review.

   iii) Power Plant – The increase in profit before tax by RM3.67 million (>100%) from profit before taxation of RM0.84 million to a profit before taxation of RM4.51 million was mainly due to increase in of exporting electricity by 31% and higher EFB oil selling price by 56%. The 12MW Biomass Power Plant generated and exported 30,928,183 kWh (2016: 28,719,639 kWh) whereas the 3.8MW Biogas Power Plant generated and exported 6,759,177 kWh (2016: Nil) for this current period to SESB.

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

   The Group recorded a profit before tax of RM13.21 million in the quarter under review as compared to a profit before tax RM10.33 million in the immediate preceding quarter. An increase of RM2.88 million despite a decrease in CPO and PK selling price due mainly to an increase in FFB production and export of electricity by 27% and 21% respectively while the oil mill also contributed by giving a higher milling margin. CPO and PK selling price decreased by 14% and 39% respectively.

3. Commentary on prospects

   For the rest of 2017, palm products prices and crop production yield will significantly influence the performance of the Group. The Board expects a continuous recovery in FFB production and a higher contribution from the Power Plant segment with the increase in efficiency in the Power Plants.

4. Profit forecast or profit guarantee

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

5. Profit for the period

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2017 (Unaudited) RM'000	3 months ended 30.06.2016 (Unaudited) RM'000	6 months ended 30.06.2017 (Unaudited) RM'000	6 months ended 30.06.2016 (Unaudited) RM'000
Profit for the period is arrived at after charging / (crediting):				
Depreciation and amortization	1,854	1,776	3,689	3,580
Plant and equipment scrapped	-	39	-	39
Loss/(Gain) on disposal of plant and equipment	(669)	(21)	(669)	(54)
Net loss on foreign exchange - realised	-	(102)	-	(33)
Net (gain)/loss on foreign exchange - unrealised	16	(110)	(49)	60

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 30.06.2017 (Unaudited) RM'000	3 months ended 30.06.2016 (Unaudited) RM'000	6 months ended 30.06.2017 (Unaudited) RM'000	6 months ended 30.06.2016 (Unaudited) RM'000
Income tax				
- Current provision	1,650	1,286	4,237	1,716
Deferred tax				
- Relating to origination and reversal of temporary differences	955	614	1,453	51
- Under provision of tax in prior years	(62)	(214)	(62)	(214)
Total income tax expense	2,543	1,686	5,628	1,553

The Group's effective tax rate for the current quarter was lower than the statutory tax rate of 24% principally due to over-provision of tax in prior quarter which has been rectified in the current quarter.

7. Corporate proposals

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

8. Borrowings

	As at 30.06.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
Short term borrowings - Secured		
Obligation under finance leases	717	717
Revolving credit	53,800	49,000
Term loans	14,927	14,087
	69,444	63,804
Long term borrowings – Secured		
Obligation under finance leases	82	313
Term loans	59,787	66,002
	59,869	66,315
Total borrowings	129,313	130,119

The Group's total borrowings included an amount of RM 42.09 million (31.12.2016: RM45.91 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 contact and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 June 2017.

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.

10. Material litigation (cont'd)

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

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 Suit is now fixed for ruling on 24 April 2017.

On 2 May 2017, the High Court in Sabah and Sarawak at Sandakan had allowed SBSB's claim against BESE and dismissed BESB's counterclaim against SBSB with costs of RM100,000 to SBSB subject to allocatur fee of 4% of the costs. BESB had on 26 May 2017 filed an appeal to the Court of Appeal against the said decision.

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 expires 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.

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.

10. 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")

On 28 December 2016, SB filed an appeal to the Court of Appeal against the decision of the High Court however as at to-date the appeal has yet to be heard.

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.

11. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 30 June 2017 and 31 December 2016 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 30.06.2017 (Unaudited) RM'000	**As at 31.12.2016 (Audited) RM'000**
Realised retained earnings	231,920	218,567
Unrealised retained earnings	2,750	4,188
	234,670	222,755
Less: consolidation adjustments	(55,194)	(54,546)
Total group retained earnings	179,476	168,209

12. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 30 June 2017 (30 June 2016:Nil).

13. 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 ended 30.06.2017 (Unaudited)	**3 months ended 30.06.2016 (Unaudited)**	**6 months ended 30.06.2017 (Unaudited)**	**6 months ended 31.06.2016 (Unaudited)**
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	9,682	5,068	15,901	4,663
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic earnings per share (sen per share)	3.13	1.64	5.15	1.51

(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.

14. Authorisation for issue

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 9 August 2017.