CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the Nine-months period ended 30 September 2018

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2018 (Unaudited) RM'000	**3 months ended 30.09.2017 (Unaudited) RM'000**	**9 months ended 30.09.2018 (Unaudited) RM'000**	**9 months ended 30.09.2017 (Unaudited) RM'000**
Revenue	44,448	65,794	182,478	195,204
Cost of sales	(43,640)	(54,577)	(162,794)	(158,166)
Gross profit	808	11,217	19,684	37,038
Other operating income	24	441	266	863
Administrative expenses	(1,829)	(1,882)	(6,100)	(5,658)
Other operating expenses	(1,057)	(1,167)	(3,373)	(2,988)
Operating (loss)/ profit	(2,054)	8,609	10,477	29,255
Finance income	1,997	2,104	6,157	6,258
Finance costs	(1,338)	(1,474)	(3,825)	(4,271)
Net finance income	659	630	2,332	1,987
(Loss)/profit before tax	(1,395)	9,239	12,809	31,242
Income tax income /(expense)	314	(2,352)	(3,416)	(7,923)
(Loss)/profit net of tax	(1,081)	6,887	9,393	23,319
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	5	8	(307)	105
Other comprehensive income for the period, net of tax	5	8	(307)	105
Total comprehensive (loss)/ income for the period	(1,076)	6,895	9,086	23,424
(Loss)/profit attributable to:				
Owners of the parent	(1,307)	6,431	8,384	21,284
Non-controlling interests	226	456	1,009	2,035
	(1,081)	6,888	9,393	23,319
Total comprehensive (loss)/ income attributable to:				
Owners of the parent	(1,306)	6,432	8,194	21,340
Non-controlling interests	230	463	892	2,084
	(1,076)	6,896	9,086	23,424
(Loss)/Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic	(0.42)	2	2.71	6.89

These condensed consolidated statement of comprehensive income should be read in conjuction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of financial position as at 30 September 2018

	30.09.2018 (Unaudited) RM'000	31.12.2017 (Audited) RM'000
ASSETS		
Property, plant and equipment	222,289	221,774
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Land use rights	1,917	1,938
Deferred tax assets	5,498	4,922
Trade and other receivables	145,565	142,918
Total non-current assets	435,967	432,250
Biological assets	2,341	2,630
Inventories	25,696	25,283
Trade and other receivables	19,343	26,272
Tax recoverable	2,991	1,187
Short term investments	14,036	17,062
Deposits placed with licensed banks	8,719	9,354
Cash and bank balances	8,984	12,314
Total current assets	82,110	94,102
TOTAL ASSETS	518,077	526,352
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	114,326	112,122
Other reserve	(73,466)	(73,466)
Foreign currency translation reserve	(83)	107
Total equity attributable to owners of the parent	348,126	346,112
Non-controlling interests	13,106	13,814
Total equity	361,232	359,926
LIABILITIES		
Lease rental payable	267	267
Borrowings	47,479	51,827
Deferred tax liabilities	26,431	24,993
Total non-current liabilities	74,177	77,087
Borrowings	57,941	58,538
Trade and other payables	24,549	29,179
Income tax payables	178	1,622
Total current liabilities	82,668	89,339
Total liabilities	156,845	166,426
TOTAL EQUITY AND LIABILITIES	518,077	526,352
Net assets per share attributable to owner of the parent (RM)	1.13	1.12

These condensed consolidated statement of financial position should be read in conjuction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of cash flows for the period ended 30 September 2018

	9 months ended 30.09.2018 (Unaudited) RM'000	9 months ended 30.09.2017 (Unaudited) RM'000
Operating activities		
Profit before tax	12,809	31,242
Adjustments for:		
Depreciation and amortisation	9,510	9,672
Finance costs	3,825	4,271
Property, plant and equipment written off	101	-
Fair value adjustment on Biological assets	289	853
Gain on Disposal of property, plant and equipment	-	(669)
Finance income	(6,157)	(6,258)
Net (gain)/loss on foreign exchange - unrealised	-	(72)
Operating profit before working capital changes	20,377	39,039
Decrease in inventories	(413)	856
Increase in receivables	9,827	7,798
Decrease in payables	(4,622)	(6,213)
Cash generated from operations	25,169	41,480
Interest paid	(3,825)	(4,230)
Income taxes paid	(6,235)	(4,498)
Tax refunded	433	-
Interest received	610	584
Net cash flows generated from operating activities	16,152	33,336
Investing activities		
Proceed from disposal of property, plant and equipment	-	1,083
Purchase of property, plant and equipment	(9,419)	(10,985)
Net withdrawal/(investment) in short term money market funds	3,026	(2,736)
Net cash flows used in investing activities	(6,393)	(12,638)
Financing activities		
Dividend paid	(6,179)	(4,635)
Dividend paid to non-controlling interests	(1,600)	(1,600)
Drawdown of term loans	10,779	1,500
Drawdown of revolving credits	2,500	23,800
Repayment of revolving credits	(6,250)	(25,000)
Repayment of term loans	(12,484)	(10,376)
Repayment of obligations under finance leases	(176)	(616)
Net cash flows used in financing activities	(13,410)	(16,927)
Net (decrease)/ increase in cash and cash equivalents	(3,651)	3,771
Net foreign exchange difference	(314)	137
Cash and cash equivalents at beginning of financial period	21,668	21,526
Cash and cash equivalents at end of financial period	17,703	25,434

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

	As at 30.09.2018 (Unaudited) RM'000	As at 30.09.2017 (Unaudited) RM'000
Deposits placed with licensed banks	8,719	10,728
Cash and bank balances	8,984	14,706
	17,703	25,434

These condensed consolidated statement of cash flows should be read in conjuction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of changes in equity for the period ended 30 September 2018

		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 2017	492,258	473,829	318,446	(11,097)	(1,943)	214	168,209	18,429
Effect of changes in accounting policies	(154,155)	(148,582)	-	-	(71,522)	-	(77,060)	(5,573)
	338,103	325,247	318,446	(11,097)	(73,465)	214	91,149	12,856
Total comprehensive income	23,424	21,340	-	-	-	56	21,284	2,084
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(4,634)	(4,634)	-	-	-	-	(4,634)	-
At 30 September 2017	355,293	341,953	318,446	(11,097)	(73,465)	270	107,799	13,340
At 1 January 2018	517,000	496,770	318,446	(11,097)	(1,943)	107	191,258	20,229
Effect of changes in accounting policies	(157,074)	(150,658)	-	-	(71,523)	-	(79,137)	(6,415)
As restated	359,926	346,112	318,446	(11,097)	(73,466)	107	112,121	13,814
Total comprehensive income	9,086	8,194	-	-	-	(190)	8,384	892
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(6,179)	(6,179)	-	-	-	-	(6,179)	-
At 30 June 2018	361,233	348,127	318,446	(11,097)	(73,466)	(83)	114,326	13,106

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 2017 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 30 September 2018 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 2017.

   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 2017.

2. Significant accounting policies

   The financial statements of the Group for the financial period ended 31 March 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework. The date of transition to the MFRS Framework was on 1 January 2017.

   The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS as disclosed as follows:

   a) Bearer plants
      The amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of MFRS 116. After initial recognition, bearer plants will now be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). Prior to adoption of MFRS 141, the Group adopted Capital Maintenance models on its bearer plants where all new planting expenditure was capitalised and are not amortised and Replanting expenditure are recognised in profit or loss in the year of which the expenditure are incurred.

   b) Biological assets
      Prior to the adoption of the Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants, biological assets which form part of the bearer plants were not recognised. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less costs to sell of the biological assets was recognised in profit or loss.

2. Significant accounting policies (Cont'd)

c) Business combinations

The Group has elected for retrospective application of MFRS 3 Business Combination from the Group's first business combination, which would require restatement of all business combination.

During the financial year 2001, the Group undertook a restructuring exercise involving S & P Food Industries (M) Bhd ("SPF"), Cepatwawasan Group Berhad ("the Company"), Cepatwawasan Sdn. Bhd. ("Cepat") and others. The Group identified the Company as the acquirer and accounted for the restructuring using the acquisition method resulting in the recognition of goodwill of approximately RM92 million and the corresponding deferred tax liabilities.

Under MFRS 3 Business Combination, Cepat was assessed to be the accounting acquirer in the above restructuring instead of the Company as the Company was a non-trading shell company. When Cepat was identified as the acquirer, the consolidated financial statements of the Company will reflect the assets and liabilities of Cepat Group at their respective book values. As a result, there will be no goodwill arising from the 'acquisition' of Cepat Group and neither will there be a corresponding deferred tax arising.

The effects of the changes in accounting policy on the comparatives are as follows:

	As at 31 December 2017			**As at 1 January 2017**		
	Previously reported under FRS	**Effects on adoption of MFRS**	**Reported under MFRS**	**Previously reported under FRS**	**Effects on adoption of MFRS**	**Reported under MFRS**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
<u>Non-current assets</u>						
Property, plant and equipment ("PPE")	172,877	48,897	221,774	173,209	54,403	227,612
Biological assets	162.533	(162,533)	-	161,296	(161,296)	-
Deferred tax Assets	2,887	2,035	4,922	3,204	1,832	5,036
Intangible assets	92,088	(74,730)	17,358	92,088	(74,730)	17,358
<u>Current assets</u>						
Biological assets	-	2,630	2,630	-	4,000	4,000
<u>Equity and Liabilities</u>						
<u>Non-current liabilities</u>						
Deferred tax liabilities	51,620	(26,627)	24,993	50,293	(28,930)	21,363
<u>Equity attributable to owners</u>						
Reserves	(1,836)	(71,523)	(73,359)	(1,729)	(71,522)	(73,251)
Retained earnings	191,258	(79,136)	112,122	168,209	(77,060)	91,149
Non-controlling interests	20,229	(6,415)	13,814	18,429	(5,573)	12,856

2. Significant accounting policies (Cont'd)

Condensed Consolidated Statement of Comprehensive Income

	3 Month Ended 30 September 2017		
	Under FRS 30 September 2017 RM'000	**Adjustments RM'000**	**Under MFRS 30 September 2017 RM'000**
Cost of sales	(54,095)	(482)	(54,577)
Other operating income	725	(284)	441
Profit before tax	10,005	(766)	9,239
Income tax expenses	(2,395)	43	(2,352)
Profit after tax	7,610	(723)	6,887
Profit attributable to :-			
Owners of the Parent	6,940	(509)	6,431
Non-Controlling interest	670	(214)	456
	7,610	(723)	6,887

	9 Month Ended 30 September 2017		
	Under FRS 30 September 2017 RM'000	**Adjustments RM'000**	**Under MFRS 30 September 2017 RM'000**
Cost of sales	(156,721)	(1,445)	(158,166)
Other operating income	1,716	(853)	863
Profit before tax	33,540	(2,298)	31,242
Income tax expenses	(8,023)	100	(7,923)
Profit after tax	25,517	(2,198)	23,319
Profit attributable to :-			
Owners of the Parent	22,841	(1,557)	21,284
Non-Controlling interest	2,676	(641)	2,035
	25,517	(2,198)	23,319

At the date of authorization of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

FRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
MFRS 16 Leases	1 Jan 2019
MFRS 128: Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	1 Jan 2019
MFRS 17: Insurance Contracts	1 Jan 2021
Amendments to FRS 10 and FRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

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

3. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements of the Group for the year ended 31 December 2017 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 September							
	Plantation		Oil Mill		Power Plant		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
External revenue	2,650	7,746	39,390	51,718	2,216	6,124	44,256	65,588
Inter-segment revenue	7,552	10,686	-	-	-	-	7,552	10,686
Segment (loss)/profit	(580)	7,518	310	717	(936)	1,495	(1,206)	9,730

Segment profit is reconciled to consolidated profit before tax as follows:	**3 months ended 30.09.2018 (Unaudited) RM'000**	**3 months ended 30.09.2017 (Unaudited) RM'000**
Segment (loss)/profit	(1,206)	9,730
Other non-reportable segments	64	(141)
Elimination of inter-segment profits	(64)	(5)
Unallocated corporate expenses	(189)	(345)
Consolidated (loss)/profit before tax	(1,395)	9,239

5. Segment information

Information about reportable segments

	Results for the 9 months ended 30 September							
	Plantation		Oil Mill		Power Plant		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
External revenue	11,756	19,912	152,510	154,707	17,364	19,966	181,630	194,584
Inter-segment revenue	26,895	34,034	-	-	-	-	26,895	34,034
Segment profit	7,800	24,054	4,055	2,318	2,011	6,004	13,867	32,376
Segment assets	222,934	216,551	41,193	49,720	174,689	181,450	439,107	447,721
Segment liabilities	24,372	29,994	29,422	24,399	50,542	61,234	104,335	115,627

Segment profit is reconciled to consolidated profit before tax as follows:	**9 months ended 30.09.2018 (Unaudited) RM'000**	**9 months ended 30.09.2017 (Unaudited) RM'000**
Segment profit	13,867	32,376
Other non-reportable segments	92	(182)
Elimination of inter-segment profits	(119)	(83)
Unallocated corporate expenses	(1,031)	(869)
Consolidated profit before tax	12,809	31,242

6. 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.

7. Changes in estimates

There was no estimation of amount used in the preceding reporting quarter having a material impact in the current reporting quarter.

8. 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.

9. Dividend paid

There were no dividend paid during the current quarter.

10. Debt and equity securities

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

11. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter ended 30 September 2018.

12. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 30 September 2018 is as follows:

	RM'000
Approved and contracted for	8,216
Approved but not contracted for	5,175
	13,391

13. 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 2017.

14. 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

   The performance of the Group is tabulated below:-

	Current Quarter		% +/-	Preceding Quarter	% +/-	Cumulative Quarter		% +/-
Financial Performances :-	3rd Qtr18 **RM'000**	3rd Qtr17 **RM'000**		1st Qtr18 **RM'000**		3rd Qtr18 **RM'000**	3rd Qtr17 **RM'000**	
Revenue	44,448	65,794	-32%	64,726	-31%	182,478	195,204	-7%
Operating (Loss)/Profit	(2,054)	8,609	-124%	3,106	-166%	10,477	29,255	-64%
(Loss)/Profit before tax	(1,395)	9,239	-115%	3,928	-136%	12,809	31,242	-59%
(Loss)/Profit after tax	(1,081)	6,887	-116%	2,851	-138%	9,393	23,319	-60%
(Loss)/Profit attributable to Owners of the parent	(1,307)	6,431	-120%	2,467	-153%	8,384	21,284	-61%
Operational Statistics :-								
Own FFB Production (mt)	24,979	34,790	-28%	28,962	-14%	86,633	96,230	-10%
CPO Production (mt)	15,479	16,105	-4%	18,355	-16%	54,558	45,465	+20%
PK Production (mt)	3,738	3,779	-1%	4,596	-19%	13,358	10,881	+23%
CPO sales (mt)	15,135	16,434	-8%	18,692	-19%	54,444	45,678	+19%
PK sales (mt)	3,600	4,035	-11%	4,757	-24%	13,491	10,881	+24%
CPO Price per mt (RM)	2,189	2,622	-17%	2,360	-7%	2,339	2,804	-17%
PK Price per mt (RM)	1,740	2,139	-19%	1,698	+2%	1,864	2,448	-24%
Mill OER (%)	19.74	19.94	-1%	19.89	-1%	19.72	19.60	1%
Electricity Export(MWh)	16,186	16,486	-2%	18,088	-11%	54,197	54,174	*

* Less than +/- 1%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

For this quarter under review, the Group recorded revenue of RM44.45 million as compared to a revenue of RM65.79 million in the preceding year corresponding quarter, which is a decrease of RM21.35 million (32%). Profit before tax decreased by RM10.63 million (>100%) from a profit before tax of RM 9.24 million in the preceding year corresponding quarter due to a loss before tax of RM1.40 million for this quarter under review.

The decrease in revenue and profit before tax for the current quarter are mainly due to:-

i) Decrease in FFB Production by 28%.

ii) Decrease in CPO and PK average selling price by 17% and 19% respectively.

iii) Decrease in Power sales recognition by RM0.94 million as a result of a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements and a decrease in Power export by 2% .

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

i) Plantation – Decreased by RM8.10 million(>100%) from Segment profit of RM7.52 million to Segment loss of RM0.58 million as a result of a decrease in FFB production by 28% and a decrease in average FFB selling price by 23%.

ii) Oil Mill – Segment Profit decreased by RM0.41 million (57%) from RM0.72 million to RM 0.31 million due to a decrease in FFB processed by 3% and a lower OER margin.

iii) Power Plant – The decrease in Segment profit by RM2.43 million (>100%) from Segment profit of RM1.49 million to a Segment loss of RM 0.94 million was mainly due to a decrease in Power sales recognition by RM0.94 million as a result of a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements and also a decrease in Power export by 2%. In addition, the decrease in average EFB Oil selling price by 33% caused a further decrease in the profit for the current quarter. The 12MW Biomass Power Plant generated and exported 12,095 MWh (2017: 12,600 MWh) whereas the 3.8MW Biogas Power Plant generated and exported 4,091MWh (2017: 3,887MWh) for the current quarter to SESB.

1. Review of performance (cont'd)

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

For this financial period under review, the Group recorded revenue of RM182.48 million as compare to revenue of RM195.20 million in the preceding year corresponding period, a decrease of RM12.73 million (7%). Profit before taxation for this financial period under review decreased by RM18.43 million (64%) from RM31.24 million to RM12.81 million mainly due to :-

i) Decrease in FFB Production by 10%.
ii) Decrease in CPO and PK average selling price by 17% and 24% respectively.
iii) Decrease in Power sales recognition by RM2.09 million due to a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements.

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

i) Plantation – The decrease in segment profit by RM16.25 million (68%) from segment profit of RM24.05 million to RM7.80 million was mainly due to lower FFB production by 10% and lower average FFB selling price by 20%.

ii) Oil Mill – The increase in segment profit by RM1.74 million (75%) from segment profit of RM2.32 million to a segment profit of RM4.01 million was mainly due to higher FFB processed during the period by 44,690MT (19%).

iii) Power Plant – The decrease in segment profit by RM4.00 million (67%) from segment profit of RM6.00 million to a segment profit of RM2.01 million was mainly due to a decrease in Power sales recognition by RM2.09 million due to a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements and higher scheduled plant maintenance cost. The 12MW Biomass Power Plant generated and exported 41,098 MWh (2017: 43,528 MWh) whereas the 3.8MW Biogas Power Plant generated and exported 13,100 MWh (2017: 10,646 MWh) for this current period to SESB.

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

The Group recorded a loss before tax of RM1.39 million in the quarter under review as compared to a profit before tax RM3.92 million in the immediate preceding quarter, a decrease of RM5.32 million mainly due to a decrease in FFB Production by 14%, a decrease in average selling price of CPO and PK by 7% and 2% respectively and also a lower power export by 11%.

3. Commentary on prospects

CPO prices have declined to a three year low on October 2018. With the high CPO stockpile and expected increase in production in Malaysia and Indonesia during the 4th quarter, CPO prices are expected to remain subdued for the remaining months of 2018. While the Group's FFB production is expected to recover in the 4th Quarter, the Group expects a lower profit for the current financial year as a result of weak CPO prices.

4. Profit forecast or profit guarantee

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

5. (Loss)/profit for the period

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2018 (Unaudited) RM'000	3 months ended 30.09.2017 (Unaudited) RM'000	9 months ended 30.09.2018 (Unaudited) RM'000	9 months ended 30.09.2017 (Unaudited) RM'000
(Loss)/profit for the period/year is arrived at after charging / (crediting):				
Depreciation and amortization	3,188	3,268	9,510	9,672
Plant and equipment written off	22	-	101	-
Net gain on disposal of plant and equipment	-	(699)	-	(699)
Loss on Fair value adjustment on Biological assets	200	284	289	853
Net gain on foreign exchange - unrealised	-	(23)	-	(72)

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

6. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2018 (Unaudited) RM'000	3 months ended 30.09.2017 (Unaudited) RM'000	9 months ended 30.09.2018 (Unaudited) RM'000	9 months ended 30.09.2017 (Unaudited) RM'000
Income tax				
- Current provision	221	1,799	2,632	6,036
- Under provision of tax in prior years	(78)	243	(78)	243
	143	2,042	2,554	6,279
Deferred tax				
- Relating to origination and reversal of temporary differences	(518)	692	791	2,088
- Under provision of tax in prior years	61	(382)	71	(444)
	(457)	310	862	1,644
Total income tax (income) / expense	(314)	2,352	3,416	7,923

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

7. Corporate proposals

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

8. Borrowings

	As at 30.09.2018 (Unaudited) RM'000	**As at 31.12.2017 (Unaudited) RM'000**
Short term borrowings - Secured		
Obligation under finance leases	411	363
Revolving credit	38,551	42,300
Term loans	18,979	15,875
	57,941	58,538
Long term borrowings – Secured		
Obligation under finance leases	662	202
Term loans	46,817	51,625
	47,479	51,827
Total borrowings	105,420	110,365

The Group's total borrowings include a loan amount of RM30.71 million (31.12.2017: RM37.92 million) under the Green Technology Financing Scheme for the renewable power plants.

9. Trade Receivables and other receivables

	As at 30.09.2018 (Unaudited) RM'000	**As at 31.12.2017 (Unaudited) RM'000**
Current		
Third parties	6,866	13,208
Amount due from customer on service concession	5,667	8,046
Less : Allowance for impairment	(343)	(343)
	12,190	20,911
Other receivables, net	7,153	5,361
	19,343	26,272
Non Current		
Amount due from customer on service concession	145,565	142,918
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	11,930	20,858
31 to 60 days	38	53
61 to 90 days	9	-
More than 91 days	556	343
	12,533	21,254
Less : Allowance for impairment	(343)	(343)
	12,190	20,911

Trade receivables are non-interest bearing and generally on 7 to 30 days terms.

10. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 30 September 2018.

11. 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 RM115,169.66, 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 RM5,612,850.00 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 period 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 Suit was 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 BESB 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 hearing has been postponed from 18 July 2018 to a date to be fixed by the Court.

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, having been successful in the High Court, will be able to advance a cogent rebuttal to BESB's appeal.

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")

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") totaling approximately 337.949 acres situated in Sungai Sekong in the District of Sandakan, Sabah. The Lands are 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, alleges 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 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, 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. 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, the Company and SBSB filed an appeal to the Court of Appeal against the decision of the High Court. The said appeal was heard and dismissed by the Court of Appeal with no order as to costs on 17th November 2017.

SBSB and the Company have on 12 December 2017 filed a motion for leave to appeal to the Federal Court against the decision of the Court of Appeal. The application for leave to appeal to the Federal Court was heard and allowed by the Federal Court on 13th April 2018.

In the light of the leave granted by the Federal Court, SBSB and the Company will now proceed with the substantive appeal on the striking out in the Federal Court to be heard at a date to be fixed.

The Federal Court had also ordered a stay of the trial of the Suit in the High Court pending the hearing and disposal of the appeal to the Federal Court.

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. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 30 September 2018.

13. (Loss)/earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing the Group's profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period excluding treasury shares held by the Company.

	Current quarter		**Cumulative quarter**	
	3 months ended 30.09.2018 (Unaudited)	**3 months ended 30.09.2017 (Unaudited)**	**9 months ended 30.09.2018 (Unaudited)**	**9 months ended 30.09.2017 (Unaudited)**
(Loss)/profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	(1,307)	6,431	8,384	21,284
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic (loss)/ earnings per share (sen per share)	(0.42)	2.08	2.71	6.89

(b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date 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 27 November 2018.