CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the nine-months period ended 30 September 2017

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2017 (Unaudited) RM'000	3 months ended 30.09.2016 (Unaudited) RM'000	9 months ended 30.09.2017 (Unaudited) RM'000	9 months ended 30.09.2016 (Unaudited) RM'000
Revenue	65,794	79,082	195,204	169,250
Cost of sales	(54,095)	(61,439)	(156,721)	(139,695)
Gross profit	11,699	17,643	38,483	29,555
Other operating income	725	67	1,716	531
Administrative expenses	(1,882)	(1,989)	(5,658)	(6,043)
Other operating expenses	(1,167)	(1,354)	(2,988)	(3,063)
Operating profit	9,375	14,367	31,553	20,980
Finance income	2,104	1,804	6,258	5,436
Finance costs	(1,474)	(1,795)	(4,271)	(5,338)
Net finance income	630	9	1,987	98
Profit before tax	10,005	14,376	33,540	21,078
Income tax expense	(2,395)	(3,684)	(8,023)	(5,237)
Profit net of tax	7,610	10,692	25,517	15,841
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	8	251	105	3
Other comprehensive income for the period, net of tax	8	251	105	3
Total comprehensive income for the period	7,618	10,943	25,622	15,844
Profit attributable to:				
Owners of the parent	6,940	10,398	22,841	15,061
Non-controlling interests	670	294	2,676	780
	7,610	10,692	25,517	15,841
Total comprehensive income attributable to:				
Owners of the parent	6,941	10,543	22,897	15,066
Non-controlling interests	677	400	2,725	778
	7,618	10,943	25,622	15,844
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	2.25	3.37	7.39	4.88

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 September 2017

	30.09.2016 (Unaudited) RM'000	31.12.2016 (Audited) RM'000
ASSETS		
Property, plant and equipment	174,720	173,209
Biological assets	162,300	161,296
Investment properties	42,700	42,700
Intangible assets	92,088	92,088
Land use rights	1,945	1,966
Deferred tax assets	2,968	3,204
Trade and other receivables	148,990	149,502
Total non-current assets	625,711	623,965
Inventories	23,547	24,403
Trade and other receivables	20,693	22,272
Tax recoverable	1,187	1,411
Short term investments	15,828	13,098
Deposits placed with licensed banks	10,728	10,556
Cash and bank balances	14,706	10,965
Total current assets	86,689	82,705
TOTAL ASSETS	712,400	706,670
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	186,416	168,209
Other reserve	(1,943)	(1,943)
Foreign currency translation reserve	270	214
Total equity attributable to owners of the parent	492,092	473,829
Non-controlling interests	19,554	18,429
Total equity	511,646	492,258
LIABILITIES		
Lease rental payable	267	267
Borrowings	55,892	66,315
Deferred tax liabilities	51,801	50,293
Total non-current liabilities	107,960	116,875
Borrowings	63,725	63,804
Trade and other payables	25,609	31,828
Income tax payables	3,460	1,905
Total current liabilities	92,794	97,537
Total liabilities	200,754	214,412
TOTAL EQUITY AND LIABILITIES	712,400	706,670
Net assets per share attributable to owner of the parent (RM)	1.59	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 September 2017

	9 months ended 30.09.2017 (Unaudited) RM'000	9 months ended 30.09.2016 (Unaudited) RM'000
Operating activities		
Profit before tax	33,540	21,078
Adjustments for:		
Depreciation and amortisation	5,599	5,184
Finance costs	4,271	5,338
Plant and equipment scrapped	-	39
Gain on disposal of property, plant and equipment	(669)	(86)
Finance income	(6,258)	(5,436)
Net (gain)/loss on foreign exchange - unrealised	(72)	37
Operating profit before working capital changes	36,411	26,154
Decrease in inventories	856	3,168
Decrease/(Increase) in receivables	7,798	(8,517)
(Decrease)/Increase in payables	(6,213)	4,871
Cash generated from operations	38,852	25,676
Interest paid	(4,230)	(5,338)
Income taxes paid	(4,498)	(3,684)
Tax refunded	-	111
Interest received	584	483
Net cash flows generated from operating activities	30,708	17,248
Investing activities		
Proceeds from disposal of property, plant and equipment	1,083	12
Purchase of property, plant and equipment	(7,353)	(13,548)
Additions to biological assets	(1,004)	(1,607)
Net investment in short term money market funds	(2,736)	853
Acquisition of non-controlling interests	-	(1)
Net cash flows used in investing activities	(10,010)	(14,291)
Financing activities		
Dividend paid	(4,635)	(4,635)
Dividend paid to non-controlling interests	(1,600)	(800)
Drawdown of term loans	1,500	7,000
Drawdown of revolving credits	23,800	3,000
Repayment of revolving credits	(25,000)	-
Repayment of term loans	(10,376)	(10,313)
Repayment of obligations under finance leases	(616)	(681)
Net cash flows used in financing activities	(16,927)	(6,429)
Net increase/(decrease) in cash and cash equivalents	3,771	(3,472)
Net foreign exchange difference	137	(31)
Cash and cash equivalents at beginning of financial period	21,526	24,796
Cash and cash equivalents at end of financial period	25,434	21,293

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

	As at 30.09.2016 (Unaudited) RM'000	As at 30.09.2016 (Unaudited) RM'000
Deposits placed with licensed banks	10,728	11,291
Cash and bank balances	14,706	10,002
	25,434	21,293

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 September 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	15,844	15,066	-	-	-	5	15,061	778
Acquisition of non-controlling interests	(1)	-	-	-	-	-	-	(1)
Dividend paid to non-controlling interests	(800)	-	-	-	-	-	-	(800)
Dividend	(4,634)	(4,634)	-	-	-	-	(4,634)	-
At 30 September 2016	485,483	467,683	318,446	(11,097)	(1,946)	155	162,125	17,800
At 1 January 2017	492,258	473,829	318,446	(11,097)	(1,943)	214	168,209	18,429
Total comprehensive income	25,622	22,897	-	-	-	56	22,841	2,725
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(4,634)	(4,634)	-	-	-	-	(4,634)	-
At 30 September 2017	511,646	492,092	318,446	(11,097)	(1,943)	270	186,416	19,554

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 30 September 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 September							
	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	7,746	6,236	51,718	66,435	6,124	6,186	65,588	78,857
Inter-segment revenue	10,685	14,855	-	-	-	361	10,685	15,216
Segment profit	8,285	11,178	717	1,740	1,495	2,144	10,497	15,062

4. Segment information (Contd.)

Segment profit is reconciled to consolidated profit before tax as follows:	3 months ended 30.09.2017 (Unaudited) RM'000	3 months ended 30.09.2016 (Unaudited) RM'000
Segment profit	10,497	15,062
Other non-reportable segments	(141)	(652)
Elimination of inter-segment profits	(6)	100
Unallocated corporate expenses	(345)	(134)
Consolidated profit before tax	10,005	14,376

Results for the 9 months ended 30 September

	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	19,912	12,730	154,707	139,186	19,966	16,418	194,585	168,334
Inter-segment revenue	34,034	33,681	-	-	-	1,435	34,034	35,116
Segment profit	26,352	18,289	2,318	995	6,004	2,980	34,674	22,264
Segment assets	368,352	360,178	81,825	90,660	181,450	170,402	631,627	621,240
Segment liabilities	8,710	6,933	29,983	36,602	57,295	63,249	95,988	106,784

Segment profit is reconciled to consolidated profit before tax as follows:	9 months ended 30.09.2017 (Unaudited) RM'000	9 months ended 30.09.2016 (Unaudited) RM'000
Segment profit	34,674	22,264
Other non-reportable segments	(182)	(440)
Elimination of inter-segment profits	(83)	-
Unallocated corporate expenses	(869)	(746)
Consolidated profit before tax	33,540	21,078

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year under review.

6. Changes in estimates

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

7. Comments about seasonal or cyclical factors

In line with the trend of Fresh Fruit Bunches (FFB) production in the oil palm industry, the Group expects ‘low’ crop in the beginning of the year and ‘high’ crop towards the second half of the year.

8. Dividend paid

There was no dividend paid during the current quarter.

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 September 2017.

11. Capital commitments

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

	RM’000
Approved and contracted for	13,619
Approved but not contracted for	5,849
	19,468

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

The performance of the Group is tabulated below:-

	Current Quarter		% +/-	Preceding Quarter	% +/-	Cumulative Quarter		% +/-
Financial Performances :-								
	2017 **RM'000**	2016 **RM'000**		3Q 2017 **RM'000**		2017 **RM'000**	2016 **RM'000**	
Revenue	65,794	79,082	-17%	70,354	-6%	195,204	169,250	+15%
Operating Profit	9,375	14,367	-35%	12,585	-25%	31,553	20,980	+50%
Profit before tax	10,005	14,376	-30%	13,205	-24%	33,540	21,078	+59%
Profit after tax	7,610	10,692	-29%	10,662	-29%	25,517	15,841	+61%
Profit attributable to Owners of the parent	6,940	10,398	-33%	9,682	-28%	22,841	15,061	+52%
Operational Statistics :-								
Own FFB Production (mt)	34,790	40,439	-14%	34,368	+1%	96,230	91,221	+5%
CPO Production (mt)	16,105	20,490	-21%	17,601	-8%	45,465	43,549	+4%
PK Production (mt)	3,779	5,004	-24%	4,204	-10%	10,881	10,474	+4%
CPO sales (mt)	16,434	20,685	-21%	17,806	-8%	45,678	45,815	*
PK sales (mt)	4,035	5,419	-26%	3,996	+1%	10,881	10,505	+4%
CPO Price per mt (RM)	2,622	2,541	+3%	2,727	-4%	2,804	2,494	+12%
PK Price per mt (RM)	2,139	2,561	-17%	2,084	+3%	2,448	2,375	+3%
Mill OER (%)	19.94	19.96	*	19.48	2%	19.60	19.91	-2%
Electricity Export(MWh)	16,486	15,715	+5%	20,650	-20%	54,174	44,435	+22%

* Less than 1%

<u>Current Quarter vs. Previous Year Corresponding Quarter</u>

For the current quarter, the Group recorded a revenue of RM65.79 million and profit before tax of RM10.00 million as compare to a revenue of RM79.08 and profit before tax of RM14.37 million in the preceding year corresponding quarter. The decrease in revenue and profit before tax is mainly due to:-

i) Decrease in Sales volume of CPO and PK by 21% and 26% respectively.
ii) Decrease in FFB Production by 14%
iii) Decrease in Milling margin; and

1. Review of performance (cont'd)

Current Quarter vs. Previous Year Corresponding Quarter(Cont'd)

iv) Higher plant maintenance cost during the quarter under review as a result of scheduled maintenance that took place in August and September 2017 to ensure the machineries are always in safe and good condition.

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

i) Plantation – The decrease in profit before tax by RM2.89 million (26%) from profit before tax of RM11.18 million to a profit before tax of RM8.28 million was mainly due to decrease in FFB production by 14%.

ii) Oil Mill – The decrease in profit before tax by RM1.02 million (59%) from profit before tax of RM1.74 million to a profit before tax of RM0.72 million was mainly due to lower milling margin for the current quarter under review.

iii) Power Plant – The decrease in profit before tax by RM0.65 million (30%) from profit before tax of RM2.14 million to a profit before tax of RM1.50 million was mainly due to higher plant maintenance cost during the current quarter as a result of scheduled maintenance in August 2017 and September 2017. The 12MW Biomass Power Plant generated and exported 12,600 MWh (2016: 15,715 MWh) whereas the 3.8MW Biogas Power Plant generated and exported 3,886 MWh (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 RM195.20 million and a profit before tax of RM33.54 million as compare to a revenue of RM169.25 million and profit before tax of RM21.08 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 12%, 3% and 14% respectively.
ii) Sales volume of PK and FFB by 4% and 37% respectively.
iii) FFB Production by 5%.
iv) Milling margin; and
v) Export of electricity by 22% and higher EFB oil selling price by 47%.

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 RM8.06 million (44%) from profit before tax of RM18.29 million to a profit before tax of RM26.35 million was mainly due to higher FFB selling price by 10% and increase in FFB production by 5%.

ii) Oil Mill – The increase in profit before tax by RM1.32 million (>100%) from proft before tax of RM0.99 million to a profit before tax of RM2.32 million was mainly due to higher milling margin for the current period under review.

1. Review of performance (cont'd)

<u>Current Year-to-date vs. Previous Year-to-date (Cont'd)</u>

iii) Power Plant – The increase in profit before tax by RM3.02 million (>100%) from profit before tax of RM2.98 million to a profit before tax of RM6.00 million was mainly due to increase in exporting of electricity by 22% and higher EFB oil selling price by 47%. The 12MW Biomass Power Plant generated and exported 43,528 MWh (2016: 44,435 MWh) whereas the 3.8MW Biogas Power Plant generated and exported 10,646 MWh (2016: Nil) for this current period to SESB.

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

The Group recorded a profit before tax of RM10.00 million in the quarter under review as compared to a profit before tax of RM13.20 million in the immediate preceding quarter. A decrease of RM3.20 million due mainly to a lower sales volume and average selling price of CPO by 8% and 4% respectively as well as a decrease in export of electricity by 20% and EFB oil sales volume by 16%.

2. Commentary on prospects

The Group performance for the rest of 2017 will be largely affected by the movements in palm products prices and crop production trends. Barring any weather abnormalities, the Board expects a satisfactory result from Plantation and Oil Mill. As for the Power Plant, with the completion of the scheduled maintenance in the current quarter, the Board expects better performance in the following quarter.

3. Profit forecast or profit guarantee

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

4. Profit for the period

	Current quarter		**Cumulative quarter**	
	3 months ended 30.09.2017 (Unaudited) RM'000	**3 months ended 30.09.2016 (Unaudited) RM'000**	**9 months ended 30.09.2017 (Unaudited) RM'000**	**9 months ended 30.09.2016 (Unaudited) RM'000**
Profit for the period is arrived at after charging / (crediting):				
Depreciation and amortization	1,910	1,604	5,599	5,184
Plant and equipment scrapped	-	-	-	39
(Gain)/Loss on disposal of plant and equipment	-	(32)	(669)	(86)
Net (Gain)/loss on foreign exchange - realised	-	(35)	-	(68)
Net (gain)/loss on foreign exchange - unrealised	(23)	(23)	(72)	37

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.

5. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended 30.09.2017 (Unaudited)	**3 months ended 30.09.2016 (Unaudited)**	**9 months ended 30.09.2017 (Unaudited)**	**9 months ended 30.09.2016 (Unaudited)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax				
- Current provision	1,799	2,350	6,036	4,066
- Under provision of tax in prior years	243	-	243	-
Deferred tax				
- Relating to origination and reversal of temporary differences	735	1,334	2,188	1,385
- Under provision of tax in prior years	(382)	-	(444)	(214)
Total income tax expense	2,395	3,684	8,023	5,237

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.

6. Corporate proposals

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

7. Borrowings

	As at 30.09.2017 (Unaudited) RM'000	**As at 31.12.2016 (Audited) RM'000**
Short term borrowings - Secured		
Obligation under finance leases	550	717
Revolving credit	47,800	49,000
Term loans	15,375	14,087
	63,725	63,804
Long term borrowings – Secured		
Obligation under finance leases	55	313
Term loans	55,837	66,002
	55,892	66,315
Total borrowings	119,617	130,119

The Group's total borrowings included an amount of RM 40.11 million (31.12.2016: RM45.91 million) that was obtained under the Green Technology Financing Scheme for the renewable power plant.

8. Trade Receivables and other receivables

	As at 30.09.2017 (Unaudited) RM'000	As at 31.12.2016 (Audited) RM'000
Current		
Third parties	11,393	11,829
Amount due from customer on service concession	5,509	5,509
Less : Allowance for impairment	(343)	(343)
	16,559	16,995
Other receivables, net	3,648	4,791
Other assets, net	486	486
	20,693	22,272
Non Current		
Amount due from customer on service concession	148,990	149,502
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	16,290	16,975
31 to 60 days	82	20
61 to 90 days	-	-
More than 91 days	530	343
	16,902	17,338
Less : Allowance for impairment	(343)	(343)
	16,559	16,995

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

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 September 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.

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 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.

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")

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.

On 28 December 2016, SB filed an appeal to the Court of Appeal against the decision of the High Court . The Court of Appeal has fixed the appeal to be heard on 17 November 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 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 September 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 30.09.2017 (Unaudited) RM'000	**As at 31.12.2016 (Audited) RM'000**
Realised retained earnings	247,855	218,567
Unrealised retained earnings	2,368	4,188
	250,223	222,755
Less: consolidation adjustments	(63,807)	(54,546)
Total group retained earnings	186,416	168,209

12. Dividend payable

No interim ordinary dividend has been declared for the financial period ended 30 September 2017 (30 September 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 30.09.2017 (Unaudited)	**3 months ended 30.09.2016 (Unaudited)**	**9 months ended 30.09.2017 (Unaudited)**	**9 months ended 31.09.2016 (Unaudited)**
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	6,940	10,398	22,841	15,061
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic earnings per share (sen per share)	2.25	3.37	7.39	4.88

(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 1 November 2017.