CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the three-months period ended 31 March 2018

	Current quarter		Cumulative quarter	
	3 months ended 31.03.2018 (Unaudited) RM'000	3 months ended 31.03.2017 (Unaudited) RM'000	3 months ended 31.03.2018 (Unaudited) RM'000	3 months ended 31.03.2017 (Unaudited) RM'000
Revenue	73,304	59,056	73,304	59,056
Cost of sales	(60,938)	(48,743)	(60,938)	(48,743)
Gross profit	12,366	10,313	12,366	10,313
Other operating income	93	(145)	93	(145)
Administrative expenses	(1,808)	(1,776)	(1,808)	(1,776)
Other operating expenses	(1,226)	(805)	(1,226)	(805)
Operating profit	9,425	7,587	9,425	7,587
Finance income	2,025	2,067	2,025	2,067
Finance costs	(1,174)	(1,330)	(1,174)	(1,330)
Net finance income	851	737	851	737
Profit before tax	10,276	8,324	10,276	8,324
Income tax expense	(2,653)	(2,604)	(2,653)	(2,604)
Profit net of tax	7,623	5,720	7,623	5,720
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(327)	219	(327)	219
Other comprehensive income for the period, net of tax	(327)	219	(327)	219
Total comprehensive income for the period	7,296	5,939	7,296	5,939
Profit attributable to:				
Owners of the parent	7,224	4,810	7,224	4,810
Non-controlling interests	399	910	399	910
	7,623	5,720	7,623	5,720
Total comprehensive income attributable to:				
Owners of the parent	7,023	5,034	7,023	5,034
Non-controlling interests	273	905	273	905
	7,296	5,939	7,296	5,939
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	2.34	1.56	2.34	1.56

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 31 March 2018

	31.03.2018 (Unaudited) RM'000	31.12.2017 (Audited) RM'000
ASSETS		
Property, plant and equipment	223,553	221,774
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Land use rights	1,931	1,938
Deferred tax assets	4,919	2,887
Trade and other receivables	148,022	142,918
Total non-current assets	439,123	430,215
Biological assets	2,630	2,630
Inventories	23,418	25,283
Trade and other receivables	18,925	26,272
Tax recoverable	1,716	1,187
Short term investments	17,107	17,062
Deposits placed with licensed banks	10,529	9,354
Cash and bank balances	15,023	12,314
Total current assets	89,348	94,102
TOTAL ASSETS	528,471	524,317
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	119,346	112,122
Other reserve	(73,466)	(73,466)
Foreign currency translation reserve	(94)	107
Total equity attributable to owners of the parent	353,135	346,112
Non-controlling interests	14,087	13,814
Total equity	367,222	359,926
LIABILITIES		
Lease rental payable	267	267
Borrowings	48,695	51,827
Deferred tax liabilities	26,118	22,958
Total non-current liabilities	75,080	75,052
Borrowings	58,221	58,538
Trade and other payables	26,861	29,179
Income tax payables	1,087	1,622
Total current liabilities	86,169	89,339
Total liabilities	161,249	164,391
TOTAL EQUITY AND LIABILITIES	528,471	524,317
Net assets per share attributable to owner of the parent (RM)	1.14	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 31 March 2018

	3 months ended 31.03.2018 (Unaudited) RM'000	3 months ended 31.03.2017 (Unaudited) RM'000
Operating activities		
Profit before tax	10,276	8,324
Adjustments for:		
Depreciation and amortisation	3,154	4,448
Finance costs	1,174	1,330
Property, plant and equipment written off	11	-
Fair value adjustment on Biological assets	-	320
Finance income	(2,025)	(2,067)
Net (gain)/loss on foreign exchange - unrealised	-	(64)
Operating profit before working capital changes	12,590	12,291
Decrease/(Increase) in inventories	1,339	(101)
Increase in receivables	4,944	3,366
Decrease in payables	(2,199)	(5,218)
Cash generated from operations	16,674	10,338
Interest paid	(1,174)	(1,330)
Income taxes paid	(2,589)	(883)
Interest received	176	176
Net cash flows generated from operating activities	13,087	8,301
Investing activities		
Purchase of property, plant and equipment	(4,421)	(3,791)
Net investment in short term money market funds	(51)	(4,218)
Net cash flows used in investing activities	(4,472)	(8,009)
Financing activities		
Drawdown of revolving credits	2,500	5,000
Repayment of revolving credits	(2,750)	(3,437)
Repayment of term loans	(3,713)	(3,000)
Repayment of obligations under finance leases	(173)	(192)
Net cash flows used in financing activities	(4,136)	(1,629)
Net increase/(decrease) in cash and cash equivalents	4,479	(1,337)
Net foreign exchange difference	(334)	275
Cash and cash equivalents at beginning of financial period	21,407	21,526
Cash and cash equivalents at end of financial period	25,552	20,464

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

	As at 31.03.2018 (Unaudited) RM'000	As at 31.03.2017 (Unaudited) RM'000
Deposits placed with licensed banks	10,529	12,362
Cash and bank balances	15,023	8,102
	25,552	20,464

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 31 March 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	(150,525)	(144,906)	-	-	(71,522)	-	(73,384)	(5,619)
	341,733	328,923	318,446	(11,097)	(73,465)	214	94,825	12,810
Total comprehensive income	5,939	5,034	-	-	-	224	4,810	905
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-
At 31 March 2017	347,672	333,957	318,446	(11,097)	(73,465)	438	99,635	13,715
At 1 January 2018	517,000	496,770	318,446	(11,097)	(1,943)	107	191,258	20,229
Prior year adjustment	(157,074)	(150,658)	-	-	(71,523)	-	(79,136)	(6,415)
As restated	359,926	346,112	318,446	(11,097)	(73,466)	107	112,122	13,814
Total comprehensive income	7,296	7,023	-	-	-	(201)	7,224	273
At 31 March 2018	367,222	353,135	318,446	(11,097)	(73,466)	(94)	119,346	14,087

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 31 March 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**
Non-current assets						
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)	-
Intangible assets	92,088	(74,730)	17,358	92,088	(74,730)	17,358
Current assets						
Biological assets	-	2,630	2,630	-	4,000	4,000
Equity and Liabilities						
Non-current liabilities						
Deferred tax liabilities	51,620	(28,662)	22,958	50,293	(27,098)	23,195
Equity attributable to owners						
Reserves	(1,836)	(71,523)	(73,359)	(1,729)	(71,522)	(73,251)
Retained earnings	191,258	(79,136)	112,122	168,209	(73,384)	94,825
Non-controlling interests	20,229	(6,415)	(13,814)	18,429	(5,619)	12,810

2. Significant accounting policies (Cont'd)

Condensed Consolidated Statement of Comprehensive Income

	Corresponding quarter		
	Under FRS 31 March 2017 RM'000	**Adjustments RM'000**	**Under MFRS 31 March 2017 RM'000**
Cost of sales	(47,057)	(1,686)	(48,743)
Other operating income	175	(320)	(145)
Profit before tax	10,330	(2,006)	8,324
Income tax expenses	(3,085)	481	(2,604)
Profit after tax	7,245	(1,525)	5,720
Profit attributable to :-			
Owners of the Parent	6,219	(1,409)	4,810
Non-Controlling interest	1,026	(116)	910
	7,245	(1,525)	5,720

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 31 March							
	Plantation		**Oil Mill**		**Power Plant**		**Total**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
External revenue	4,992	6,338	60,931	46,107	7,141	6,354	73,064	58,799
Inter-segment revenue	10,412	11,165	-	-	-	-	10,412	11,165
Segment profit	6,340	6,333	2,162	347	2,261	1,777	10,762	8,457
Segment assets	221,346	220,066	47,739	49,943	180,408	179,122	449,493	449,131
Segment liabilities	5,496	9,314	30,333	29,259	53,467	63,746	89,297	102,319

Segment profit is reconciled to consolidated profit before tax as follows:	**3 months ended 31.03.2018 (Unaudited) RM'000**	**3 months ended 31.03.2017 (Unaudited) RM'000**
Segment profit	10,762	8,457
Other non-reportable segments	(25)	17
Elimination of inter-segment profits	(7)	(57)
Unallocated corporate expenses	(454)	(93)
Consolidated profit before tax	10,276	8,324

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 financial period-to-date.

9. Debt and equity securities

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

10. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter ended 31 March 2018.

11. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial statements as at 31 March 2018 is as follows:

	RM'000
Approved and contracted for	2,131
Approved but not contracted for	18,549
	20,680

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 2017.

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 and Cumulative Quarter		% +/-	Preceding Quarter	% +/-
Financial Performances :-					
	1st Qtr18 **RM'000**	1st Qtr 17 **RM'000**		4th Qtr 17 **RM'000**	
Revenue	73,303	59,056	24%	78,935	-7%
Operating Profit	9,425	7,587	24%	4,329	118%
Profit before tax	10,276	8,324	23%	4,893	110%
Profit after tax	7,623	5,720	33%	4,048	88%
Profit attributable to Owners of the parent	7,224	4,810	50%	3,386	113%
Operational Statistics :-					
Own FFB Production (mt)	32,691	27,073	21%	37,105	-12%
CPO Production (mt)	20,724	11,758	76%	20,532	1%
PK Production (mt)	5,024	2,899	73%	4,950	1%
CPO sales (mt)	20,617	11,438	80%	20,381	1%
PK sales (mt)	5,135	2,851	80%	4,829	6%
CPO Price per mt (RM)	2,431	3,184	-24%	2,600	-7%
PK Price per mt (RM)	2,105	3,396	-38%	2,532	-17%
Mill OER (%)	19.56	19.34	1%	20.06	-2%
Electricity Export(MWh)	19,923	17,036	17%	21,448	-7%

* Less than 1%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

For this quarter under review, the Group recorded a revenue of RM73.30 million as compared to a revenue of RM59.05 million in the preceding year corresponding quarter, which is an increase of RM14.25 million (24%). Profit before tax increased by RM1.95 million (23%) from a profit before tax of RM 8.32 million in the preceding year corresponding quarter to RM10.28 million for this quarter under review mainly due to:-

i) Increases in CPO and PK production by 76% and 73% respectively due to higher volume of FFB processed by the Oil Mill.
ii) Increase in power export to SESB by 17%.

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 – Profit before tax improved marginally by RM0.01 million from RM6.33 million to RM6.34 million despite a decrease in FFB selling price by 27%, mainly due to an increase in FFB production by 21%.

ii) Oil Mill – The increase in profit before tax by RM1.81 million (>100%) from profit before tax of RM0.35 million to a profit before tax of RM2.16 million was mainly due to an increase in productivity from higher FFB throughput. FFB processed by the mill increased by 45,118 MT or 74% in the current quarter under review.

iii) Power Plant – The increase in profit before tax by RM0.48 million (27%) from profit before tax of RM1.78 million to a profit before taxation of RM2.26 million was mainly due to increase in electricity export by 17% and increase in EFB Oil sales by 68%, despite a decrease in average EFB Oil selling price by 27%. The 12MW Biomass Power Plant generated and exported 15,394 MWh (2017: 14,371MWh) whereas the 3.8MW Biogas Power Plant generated and exported 4,529MWh (2016: 2,644MWh) for the current quarter to SESB.

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

The Group recorded a profit before tax of RM10.28 million in the quarter under review as compared to a profit before tax RM4.89 million in the immediate preceding quarter, an increase of RM5.39 million. There was a once-off downward adjustment in the preceding quarter of RM2.51 million caused by a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements for the Biomass Plant, which partly contributed to the increase. The increase was also partly due to lower administrative expenses by 88% in the current quarter and lower estate field and maintenance expenses by 39% in the current quarter due to the timing of the estate maintenance program.

3. Commentary on prospects

The Group's prospects for 2018 depend on the direction of palm oil prices and the Group's FFB Production. While Palm Oil Prices are influenced by external factors such as global supply and demand, currency exchange movement, the Group expects an overall increase in Group's FFB production.

Barring any unforeseen circumstances, the Board is confident that the Group's prospects remain positive as improvements in performance from Oil Mill segment and Power Plant segment are expected, as a result of the Group's continuous efforts to increase the Mill and Power Plant efficiencies.

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 31.03.2018 (Unaudited) RM'000	**3 months ended 31.03.2017 (Unaudited) RM'000**	**3 months ended 31.03.2018 (Unaudited) RM'000**	**3 months ended 31.03.2017 (Unaudited) RM'000**
Profit for the period/year is arrived at after charging / (crediting):				
Depreciation and amortization	3,154	4,448	3,154	4,448
Plant and equipment written off	11	-	11	-
Net (gain)/loss on foreign exchange - unrealised	-	(64)	-	(64)
Gain on Fair value adjustment on Biological assets	-	320	-	320

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 31.03.2018 (Unaudited) RM'000	**3 months ended 31.03.2017 (Unaudited) RM'000**	**3 months ended 31.03.2018 (Unaudited) RM'000**	**3 months ended 31.03.2017 (Unaudited) RM'000**
Income tax				
- Current provision	1,525	2,587	1,525	2,587
Deferred tax				
- Relating to origination and reversal of temporary differences	1,118	17	1,118	17
- Under provision of tax in prior years	10	-	10	-
	1,128	17	1,128	17
Total income tax expense	2,653	2,604	2,653	2,604

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

7. Corporate proposals

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

8. Borrowings

	As at 31.03.2018 (Unaudited) RM'000	As at 31.12.2017 (Unaudited) RM'000
Short term borrowings - Secured		
Obligation under finance leases	396	363
Revolving credit	42,050	42,300
Term loans	15,775	15,875
	58,221	58,538
Long term borrowings – Secured		
Obligation under finance leases	681	202
Term loans	48,014	51,625
	48,695	51,827
Total borrowings	106,916	110,365

The Group's total borrowings include a loan amount of RM35.56 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 31.03.2018 (Unaudited) RM'000	As at 31.12.2017 (Unaudited) RM'000
Current		
Third parties	7,161	13,208
Amount due from customer on service concession	5,667	8,046
Less : Allowance for impairment	(343)	(343)
	12,485	20,911
Other receivables, net	6,440	5,361
	18,925	26,272
Non Current		
Amount due from customer on service concession	148,022	142,918
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	12,245	20,858
31 to 60 days	15	53
61 to 90 days	60	-
More than 91 days	508	343
	12,828	21,254
Less : Allowance for impairment	(343)	(343)
	12,485	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 31 March 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 fixed on 18 July 2018.

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 31 March 2018.

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 31.03.2018 (Unaudited)	**3 months ended 31.03.2017 (Unaudited)**	**3 months ended 31.03.2018 (Unaudited)**	**3 months ended 31.03.2017 (Unaudited)**
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	7,224	4,810	7,224	4,810
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic earnings per share (sen per share)	2.34	1.56	2.34	1.56

(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 16 May 2018.