CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the six-months period ended 30 June 2018

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2018 (Unaudited) RM'000	3 months ended 30.06.2017 (Unaudited) RM'000	6 months ended 30.06.2018 (Unaudited) RM'000	6 months ended 30.06.2017 (Unaudited) RM'000
Revenue	64,726	70,354	138,030	129,410
Cost of sales	(58,216)	(54,847)	(119,154)	(103,590)
Gross profit	6,510	15,508	18,876	25,821
Other operating income	149	568	242	423
Administrative expenses	(2,463)	(2,000)	(4,271)	(3,776)
Other operating expenses	(1,090)	(1,016)	(2,316)	(1,821)
Operating profit	3,106	13,059	12,531	20,646
Finance income	2,135	2,087	4,160	4,154
Finance costs	(1,313)	(1,467)	(2,487)	(2,797)
Net finance income	822	620	1,673	1,357
Profit before tax	3,928	13,679	14,204	22,003
Income tax expense	(1,077)	(2,968)	(3,730)	(5,572)
Profit net of tax	2,851	10,711	10,474	16,432
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	15	(122)	(312)	97
Other comprehensive income for the period, net of tax	15	(122)	(312)	97
Total comprehensive income for the period	2,866	10,589	10,162	16,529
Profit attributable to:				
Owners of the parent	2,467	10,043	9,691	14,853
Non-controlling interests	384	669	783	1,579
	2,851	10,711	10,474	16,432
Total comprehensive income attributable to:				
Owners of the parent	2,477	9,874	9,500	14,908
Non-controlling interests	389	716	662	1,621
	2,866	10,589	10,162	16,529
Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic EPS	0.80	3.25	3.14	4.81

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 cash flows for the period ended 30 June 2018

	6 months ended 30.06.2018 (Unaudited) RM'000	6 months ended 30.06.2017 (Unaudited) RM'000
Operating activities		
Profit before tax	14,204	22,003
Adjustments for:		
Depreciation and amortisation	6,322	6,404
Finance costs	2,487	2,797
Property, plant and equipment written off	80	-
Fair value adjustment on Biological assets	89	569
Gain on Disposal of property, plant and equipment	-	(669)
Finance income	(4,160)	(4,154)
Net (gain)/loss on foreign exchange - unrealised	-	(49)
Operating profit before working capital changes	19,022	26,901
Decrease in inventories	1,658	344
Increase in receivables	6,141	3,347
Decrease in payables	(6,456)	(5,320)
Cash generated from operations	20,365	25,272
Interest paid	(2,487)	(2,798)
Income taxes paid	(4,110)	(1,880)
Tax refunded	439	-
Interest received	398	361
Net cash flows generated from operating activities	14,605	20,955
Investing activities		
Proceed from disposal of property, plant and equipment	-	682
Purchase of property, plant and equipment	(5,159)	(8,119)
Net withdrawal/(investment) in short term money market funds	3,504	(1,711)
Net cash flows used in investing activities	(1,655)	(9,148)
Financing activities		
Dividend paid	(6,179)	(4,635)
Dividend paid to non-controlling interests	(1,600)	(1,600)
Drawdown of term loans	3,779	-
Drawdown of revolving credits	2,500	7,300
Repayment of revolving credits	(6,250)	(2,812)
Repayment of term loans	(7,600)	(5,063)
Repayment of obligations under finance leases	(322)	(382)
Net cash flows used in financing activities	(15,672)	(7,192)
Net (decrease)/ increase in cash and cash equivalents	(2,722)	4,615
Net foreign exchange difference	(319)	116
Cash and cash equivalents at beginning of financial period	21,668	21,526
Cash and cash equivalents at end of financial period	18,627	26,257

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

	As at 30.06.2018 (Unaudited) RM'000	As at 30.06.2017 (Unaudited) RM'000
Deposits placed with licensed banks	9,158	10,699
Cash and bank balances	9,469	15,558
	18,627	26,257

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 financial position as at 30 June 2018

	30.06.2018 (Unaudited) RM'000	31.12.2017 (Audited) RM'000
ASSETS		
Property, plant and equipment	221,329	221,774
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Land use rights	1,924	1,938
Deferred tax assets	5,215	4,922
Trade and other receivables	147,688	142,918
Total non-current assets	436,854	432,250
Biological assets	2,541	2,630
Inventories	23,624	25,283
Trade and other receivables	19,120	26,272
Tax recoverable	1,839	1,187
Short term investments	13,556	17,062
Deposits placed with licensed banks	9,158	9,354
Cash and bank balances	9,469	12,314
Total current assets	79,307	94,102
TOTAL ASSETS	516,161	526,352
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	115,634	112,122
Other reserve	(73,466)	(73,466)
Foreign currency translation reserve	(84)	107
Total equity attributable to owners of the parent	349,433	346,112
Non-controlling interests	12,876	13,814
Total equity	362,309	359,926
LIABILITIES		
Lease rental payable	267	267
Borrowings	45,212	51,827
Deferred tax liabilities	26,605	24,993
Total non-current liabilities	72,084	77,087
Borrowings	58,043	58,538
Trade and other payables	22,713	29,179
Income tax payables	1,012	1,622
Total current liabilities	81,768	89,339
Total liabilities	153,852	166,426
TOTAL EQUITY AND LIABILITIES	516,161	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 changes in equity for the period ended 30 June 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	16,529	14,908	-	-	-	55	14,853	1,621
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(4,634)	(4,634)	-	-	-	-	(4,634)	-
At 30 June 2017	348,398	335,521	318,446	(11,097)	(73,465)	269	101,368	12,877
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)	-	(79,136)	(6,415)
As restated	359,926	346,112	318,446	(11,097)	(73,466)	107	112,122	13,814
Total comprehensive income	10,162	9,500	-	-	-	(191)	9,691	662
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(6,179)	(6,179)	-	-	-	-	(6,179)	-
At 30 June 2018	362,309	349,433	318,446	(11,097)	(73,466)	(84)	115,634	12,876

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 June 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 June 2017		
	Under FRS 30 June 2017 RM'000	**Adjustments RM'000**	**Under MFRS 30 June 2017 RM'000**
Cost of sales	(55,569)	722	(54,847)
Other operating income	816	(248)	568
Profit before tax	13,205	474	13,679
Income tax expenses	(2,543)	(425)	(2,968)
Profit after tax	10,662	49	10,711
Profit attributable to :-			
Owners of the Parent	9,682	361	10,043
Non-Controlling interest	980	(312)	668
	10,662	49	10,711

	6 Month Ended 30 June 2017		
	Under FRS 30 June 2017 RM'000	**Adjustments RM'000**	**Under MFRS 31 March 2017 RM'000**
Cost of sales	(102,626)	(964)	(103,590)
Other operating income	991	(568)	423
Profit before tax	23,535	(1,532)	22,003
Income tax expenses	(5,628)	56	(5,572)
Profit after tax	17,907	(1,475)	16,432
Profit attributable to :-			
Owners of the Parent	15,901	(1,048)	14,853
Non-Controlling interest	2,006	(427)	1,579
	17,907	(1,475)	16,432

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	4,114	5,828	52,189	56,882	8,006	7,488	64,309	70,198
Inter-segment revenue	8,931	12,184	-	-	-	-	8,931	12,184
Segment profit	2,040	10,203	1,583	1,254	686	2,733	4,309	14,190

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	4,309	14,190
Other non-reportable segments	55	(59)
Elimination of inter-segment profits	(49)	(21)
Unallocated corporate expenses	(389)	(431)
Consolidated profit before tax	3,928	13,679

5. Segment information

Information about reportable segments

	Results for the 6 months ended 30 June							
	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	9,106	12,166	113,120	102,989	15,147	13,842	137,373	128,997
Inter-segment revenue	19,343	23,349	-	-	-	-	19,343	23,349
Segment profit	8,380	16,536	3,745	1,601	2,947	4,509	15,072	22,646
Segment assets	218,833	214,182	40,179	49,233	178,479	181,681	437,491	445,096
Segment liabilities	23,808	30,204	28,257	24,525	54,222	65,084	106,287	119,813

Segment profit is reconciled to consolidated profit before tax as follows:	**6 months ended 30.06.2018 (Unaudited) RM'000**	**6 months ended 30.06.2017 (Unaudited) RM'000**
Segment profit	15,072	22,646
Other non-reportable segments	29	(41)
Elimination of inter-segment profits	(55)	(78)
Unallocated corporate expenses	(842)	(524)
Consolidated profit before tax	14,204	22,003

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

A Single tier dividend of 1.5 sen on 308,967,010 ordinary shares amounting to RM6,179,340 that was approved by the directors on 28 February 2018 was paid on 22 May 2018.

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 June 2018.

12. 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	10,240
Approved but not contracted for	5,040
	15,280

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 :-	2nd Qtr18 **RM'000**	2nd Qtr17 **RM'000**		1st Qtr18 **RM'000**		2nd Qtr18 **RM'000**	2nd Qtr17 **RM'000**	
Revenue	64,726	70,354	-8%	73,304	-12%	138,030	129,410	7%
Operating Profit	3,106	13,059	-76%	9,425	-67%	12,531	20,646	-39%
Profit before tax	3,928	13,679	-71%	10,276	-62%	14,204	22,003	-35%
Profit after tax	2,851	10,711	-73%	7,623	-63%	10,474	16,432	
Profit attributable to Owners of the parent	2,467	10,043	-75%	7,224	-66%	9,691	14,853	-36%
Operational Statistics :-								
Own FFB Production (mt)	28,962	34,368	-16%	32,691	-11%	61,653	61,440	*
CPO Production (mt)	18,355	17,601	4%	20,724	-11%	39,079	29,360	4%
PK Production (mt)	4,596	4,204	9%	5,024	-9%	9,620	7,102	35%
CPO sales (mt)	18,692	17,806	5%	20,617	-9%	39,309	29,244	34%
PK sales (mt)	4,757	3,996	19%	5,135	-7%	9,891	6,846	44%
CPO Price per mt (RM)	2,360	2,727	-13%	2,431	-3%	2,397	2,906	-18%
PK Price per mt (RM)	1,698	2,084	-18%	2,105	-19%	1,910	2,630	-27%
Mill OER (%)	19.89	19.48	2%	19.56	2%	19.72%	19.42	2%
Electricity Export(MWh)	18,088	20,650	-12%	19,923	-9%	38,011	37,687	1%

* Less than +/- 1%

1. Review of performance (Cont’d)

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

For this quarter under review, the Group recorded a revenue of RM64.73 million as compared to a revenue of RM70.35 million in the preceding year corresponding quarter, which is a decrease of RM5.62 million (8%). Profit before tax decreased by RM9.75 million (71%) from a profit before tax of RM 13.68 million in the preceding year corresponding quarter to RM3.93 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 16%.

ii) Decrease in CPO and PK average selling price by 13% and 18% respectively.

iii) Decrease in Electricity sales 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 electricity export by 12%.

In addition to the above, Profit before tax for the current quarter was lower as a result a gain on disposal of part of the estate land in preceding year and higher administrative expenses in the current quarter.

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 decreased by RM8.16 million from RM10.20 million to RM2.04 million as a result of a decrease in FFB production by 16% and a decrease in average FFB selling price by 14%.

ii) Oil Mill – Profit before tax increased by RM0.33 million (26%) from RM1.25 million to RM 1.58 million due to higher volume of FFB processed (2%).

iii) Power Plant – The decrease in profit before tax by RM2.05 million (75%) from profit before tax of RM2.73 million to a profit before taxation of RM0.69 million was mainly due to decrease in electricity sales 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 electricity export by 12% . In addition, the decrease in average EFB Oil selling price by 32% caused a further decrease in the profit for the current quarter. The 12MW Biomass Power Plant generated and exported 13,608 MWh (2017: 16,556MWh) whereas the 3.8MW Biogas Power Plant generated and exported 4,480MWh (2017: 4,094MWh) for the current quarter to SESB.

1. Review of performance (cont'd)

<u>Current Year-to-date vs. Previous Year-to-date</u>

For this financial period under review, the Group recorded revenue of RM138.03 million as compare to a revenue of RM129.41 million in the preceding year corresponding period, an increase of RM8.62 million due mainly to an increase in CPO sales by 11% and the recognition of Construction Income of RM2.41 million arising from the IC Interpretation 12 Service Concession Agreements for the Power Plant segment in the current period.

However, profit before taxation for this financial period under review decreased by RM7.80 million from RM22.00 million to RM14.20 million mainly due to :-

i) Decrease in CPO and PK average selling price by 18% and 27% respectively.
ii) Decrease in Power sales recognition by RM1.15 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 profit before tax by RM8.16 million (49%) from profit before tax of RM16.54 million to a profit before tax of RM8.38 million was mainly due to lower FFB selling price by 20%.

ii) Oil Mill – The increase in profit before tax by RM2.14 million (>100%) from profit before tax of RM1.60 million to a profit before tax of RM3.74 million was mainly due to higher FFB processed during the period by 31%.

iii) Power Plant – The decrease in profit before tax by RM1.56 million (35%) from profit before taxation of RM4.51 million to a profit before taxation of RM2.95 million was mainly due to a decrease in Power sales recognition by RM1.15 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 29,002 MWh (2017: 30,928 MWh) whereas the 3.8MW Biogas Power Plant generated and exported 9,009 MWh (2017: 6,759 MWh) for this current period to SESB.

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

The Group recorded a profit before tax of RM3.93 million in the quarter under review as compared to a profit before tax RM10.28 million in the immediate preceding quarter, a decrease of RM6.35 million mainly due to a decrease in FFB Production by 11%, a decrease in average selling price of CPO and PK by 3% and 19% respectively and also a lower average selling price and volume of EFB oil by 17% and 15% respectively.

3. Commentary on prospects

The Group's prospects in the remaining months of 2018 will continue to be dependent on the direction of palm oil prices and the Group's FFB Production. With the recent decline of CPO price to RM2,200 and below, the Group is likely to register a weaker result for 2018. While the Group FFB production for the current quarter has registered an unexpected decline, the Group expects an increase in FFB production for the remaining months of 2018.

As a result of the above factors, the Group expects a challenging financial year.

4. Profit forecast or profit guarantee

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

5. Profit for the period

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2018 (Unaudited) RM'000	**3 months ended 30.06.2017 (Unaudited) RM'000**	**6 months ended 30.06.2018 (Unaudited) RM'000**	**6 months ended 30.06.2017 (Unaudited) RM'000**
Profit for the period/year is arrived at after charging / (crediting):				
Depreciation and amortization	3,168	1,956	6,322	6,404
Plant and equipment written off	68	-	79	-
Net gain on disposal of plant and equipment	-	(699)	-	(699)
Loss on Fair value adjustment on Biological assets	89	249	89	569
Net (gain)/loss on foreign exchange - unrealised	-	16	-	(49)

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

6. Income tax expense

	Current quarter		Cumulative quarter	
	3 months ended 30.06.2018 (Unaudited) RM'000	**3 months ended 30.06.2017 (Unaudited) RM'000**	**6 months ended 30.06.2018 (Unaudited) RM'000**	**6 months ended 30.06.2017 (Unaudited) RM'000**
Income tax				
- Current provision	886	1,650	2,411	4,237
Deferred tax				
- Relating to origination and reversal of temporary differences	181	1,318	1,309	1,397
- Under provision of tax in prior years	10	-	10	(62)
	191	1,318	1,319	1,335
Total income tax expense	1,077	2,968	3,730	5,572

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 30.06.2018 (Unaudited) RM'000	As at 31.12.2017 (Unaudited) RM'000
Short term borrowings - Secured		
Obligation under finance leases	367	363
Revolving credit	38,550	42,300
Term loans	19,126	15,875
	58,043	58,538
Long term borrowings – Secured		
Obligation under finance leases	658	202
Term loans	44,554	51,625
	45,212	51,827
Total borrowings	103,255	110,365

The Group's total borrowings include a loan amount of RM33.20 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 30.06.2018 (Unaudited) RM'000	As at 31.12.2017 (Unaudited) RM'000
Current		
Third parties	6,435	13,208
Amount due from customer on service concession	5,667	8,046
Less : Allowance for impairment	(343)	(343)
	11,759	20,911
Other receivables, net	7,361	5,361
	19,120	26,272
Non Current		
Amount due from customer on service concession	147,688	142,918
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	11,495	20,858
31 to 60 days	70	53
61 to 90 days	68	-
More than 91 days	469	343
	12,102	21,254
Less : Allowance for impairment	(343)	(343)
	11,759	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 June 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 June 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 excluding treasury shares held by the Company.

	Current quarter		**Cumulative quarter**	
	3 months ended 30.06.2018 (Unaudited)	**3 months ended 30.06.2017 (Unaudited)**	**6 months ended 30.06.2018 (Unaudited)**	**6 months ended 30.06.2017 (Unaudited)**
Profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	2,467	10,043	9,691	14,853
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic earnings per share (sen per share)	0.80	3.25	3.14	4.81

(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 25 July 2018.