CEPATWAWASAN GROUP BERHAD
(Company No. 536499-K)

Condensed consolidated statement of comprehensive income
For the Twelve-months year ended 31 December 2018

	Current quarter		Cumulative quarter	
	3 months ended 31.12.2018 (Unaudited) RM'000	3 months ended 31.12.2017 (Unaudited) RM'000	12 months ended 31.12.2018 (Unaudited) RM'000	12 months ended 31.12.2017 (Unaudited) RM'000
Revenue	58,232	78,930	240,710	274,134
Cost of sales	(57,152)	(68,352)	(219,946)	(226,518)
Gross profit	1,080	10,578	20,764	47,616
Other operating income	690	(112)	956	751
Administrative expenses	(2,487)	(3,369)	(8,587)	(9,027)
Other operating expenses	(2,972)	(1,496)	(6,345)	(4,484)
Operating (loss)/ profit	(3,689)	5,601	6,788	34,856
Finance income	2,000	2,148	8,157	8,406
Finance costs	(1,535)	(1,538)	(5,360)	(5,809)
Net finance income	465	610	2,797	2,597
(Loss)/profit before tax	(3,224)	6,211	9,585	37,453
Income tax expense	(647)	(1,324)	(4,063)	(9,247)
(Loss)/profit net of tax	(3,871)	4,887	5,522	28,206
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(103)	(266)	(410)	(161)
Other comprehensive income for the period, net of tax	(103)	(266)	(410)	(161)
Total comprehensive (loss)/ income for the period	(3,974)	4,621	5,112	28,045
(Loss)/profit attributable to:				
Owners of the parent	(3,185)	4,323	5,199	25,607
Non-controlling interests	(686)	564	323	2,599
	(3,871)	4,887	5,522	28,206
Total comprehensive (loss)/ income attributable to:				
Owners of the parent	(3,247)	4,160	4,947	25,500
Non-controlling interests	(727)	461	165	2,545
	(3,974)	4,621	5,112	28,045
(Loss)/Earnings per share (EPS) attributable to owners of the parent (sen per share)				
Basic	(1.03)	1.40	1.68	8.29

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 December 2018

	31.12.2018 (Unaudited) RM'000	31.12.2017 (Audited) RM'000
ASSETS		
Property, plant and equipment	224,324	221,774
Investment properties	43,340	43,340
Intangible assets	17,358	17,358
Land use rights	1,910	1,938
Deferred tax assets	5,264	4,922
Trade and other receivables	141,569	142,918
Total non-current assets	433,765	432,250
Biological assets	1,142	2,630
Inventories	26,720	25,283
Trade and other receivables	19,839	26,272
Tax recoverable	2,942	1,187
Short term investments	13,860	17,062
Deposits placed with licensed banks	8,658	9,354
Cash and bank balances	8,840	12,314
Total current assets	82,001	94,102
TOTAL ASSETS	515,766	526,352
EQUITY		
Equity attributable to owners of the parent		
Share capital	318,446	318,446
Treasury shares	(11,097)	(11,097)
Retained earnings	110,893	112,122
Other reserve	(73,466)	(73,466)
Foreign currency translation reserve	(145)	107
Total equity attributable to owners of the parent	344,631	346,112
Non-controlling interests	12,379	13,814
Total equity	357,010	359,926
LIABILITIES		
Lease rental payable	267	267
Borrowings	53,082	51,827
Deferred tax liabilities	26,436	24,993
Total non-current liabilities	79,785	77,087
Borrowings	54,634	58,538
Trade and other payables	24,109	29,179
Income tax payables	228	1,622
Total current liabilities	78,971	89,339
Total liabilities	158,756	166,426
TOTAL EQUITY AND LIABILITIES	515,766	526,352
Net assets per share attributable to owner of the parent (RM)	1.12	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 year ended 31 December 2018

	12 months ended 31.12.2018 (Unaudited) RM'000	12 months ended 31.12.2017 (Unaudited) RM'000
Operating activities		
Profit before tax	9,585	37,453
Adjustments for:		
Depreciation and amortisation	12,817	13,076
Finance costs	5,360	5,809
Fair value adjustment to investment properties	-	(640)
Property, plant and equipment written off	103	564
Fair value adjustment on Biological assets	1,488	1,137
Gain on Disposal of property, plant and equipment	-	(681)
Reversal of provision for doubtful	(184)	-
Finance income	(8,157)	(8,406)
Net (gain)/loss on foreign exchange - unrealised	-	(1)
Operating profit before working capital changes	21,012	48,311
Decrease in inventories	(1,437)	(880)
Increase in receivables	15,028	10,153
Decrease in payables	(5,055)	(2,655)
Cash generated from operations	29,548	54,929
Interest paid	(5,360)	(5,809)
Income taxes paid	(6,470)	(7,830)
Tax refunded	439	35
Interest received	762	841
Net cash flows generated from operating activities	18,919	42,166
Investing activities		
Proceed from disposal of property, plant and equipment	-	2,298
Purchase of property, plant and equipment	(13,807)	(13,902)
Net withdrawal/(investment) in short term money market funds	3,202	(3,964)
Net cash flows used in investing activities	(10,605)	(15,568)
Financing activities		
Dividend paid	(6,179)	(4,634)
Dividend paid to non-controlling interests	(1,600)	(1,600)
Placement of fixed deposit	(274)	(297)
Drawdown of term loans	20,259	1,500
Drawdown of revolving credits	4,500	23,800
Repayment of revolving credits	(11,250)	(30,500)
Repayment of term loans	(17,621)	(14,088)
Repayment of obligations under finance leases	(173)	(771)
Net cash flows used in financing activities	(12,338)	(26,590)
Net (decrease)/ increase in cash and cash equivalents	(4,024)	8
Net foreign exchange difference	(420)	(158)
Cash and cash equivalents at beginning of financial period	19,215	19,365
Cash and cash equivalents at end of financial period	14,771	19,215
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits placed with licensed banks	8,658	9,354
Cash and bank balances	8,840	12,314
	17,498	21,668
Deposits pledged with licensed banks	(2,727)	(2,453)
Cash and cash equivalents at end of financial period	14,771	19,215

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 December 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	(154,143)	(148,583)	-	-	(71,523)	-	(77,060)	(5,560)
	338,115	325,246	318,446	(11,097)	(73,466)	214	91,149	12,869
Total comprehensive income	28,045	25,500	-	-	-	(107)	25,607	2,545
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(4,634)	(4,634)	-	-	-	-	(4,634)	-
At 31 December 2017	359,926	346,112	318,446	(11,097)	(73,466)	107	112,122	13,814
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	(157,322)	(150,906)	-	-	(71,523)	-	(79,385)	(6,415)
As restated	359,678	345,864	318,446	(11,097)	(73,466)	107	111,873	13,814
Total comprehensive income	5,112	4,947	-	-	-	(252)	5,199	165
Dividend paid to non-controlling interests	(1,600)	-	-	-	-	-	-	(1,600)
Dividend	(6,179)	(6,179)	-	-	-	-	(6,179)	-
At 31 December 2018	357,011	344,632	318,446	(11,097)	(73,466)	(145)	110,893	12,379

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 December 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.

d) Expected Credit Loss

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 introduces a forward looking expected credit loss model that replaces the incurred loss impairment model used in MFRS 139. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income, except for investments in equity instruments and to contract assets. The expected credit loss model eliminates the need for a trigger event to have occurred before credit losses are recognised. The changes have been accounted for retrospectively however exemptions are applied and there are no restatements of comparative with the difference being recorded in opening retained earnings.

2. Significant accounting policies (Cont'd)

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

Condensed Consolidated Statement of Comprehensive Income

	3 Month Ended 31 December 2017		
	Under FRS 31 December 2017 RM'000	**Adjustments RM'000**	**Under MFRS 31 December 2017 RM'000**
Cost of sales	(67,870)	(482)	(68,352)
Other operating income	172	(284)	(112)
Profit before tax	6,977	(766)	6,211
Income tax expenses	(1,357)	33	(1,324)
Profit after tax	5,620	(733)	4,887
Profit attributable to :-			
Owners of the Parent	4,842	(519)	4,323
Non-Controlling interest	778	(214)	564
	5,620	(733)	4,887

2. Significant accounting policies (Cont'd)

Condensed Consolidated Statement of Comprehensive Income

	12 Month Ended 31 December 2017		
	Under FRS 31 December 2017	**Adjustments**	**Under MFRS 31 December 2017**
	RM'000	**RM'000**	**RM'000**
Cost of sales	(224,591)	(1,927)	(226,518)
Other operating income	1,888	(1,137)	751
Profit before tax	37,920	(3,064)	34,856
Income tax expenses	(9,380)	133	(9,247)
Profit after tax	31,137	(2,931)	28,206
Profit attributable to :-			
Owners of the Parent	27,683	(2,076)	25,607
Non-Controlling interest	3,454	(855)	2,599
	31,137	(2,931)	28,206

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 December							
	Plantation		**Oil Mill**		**Power Plant**		**Total**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
External revenue	2,876	7,400	46,497	65,230	8,622	6,104	57,995	78,734
Inter-segment revenue	8,562	11,969	-	-	-	-	8,562	11,969
Segment (loss)/profit	(2,065)	5,452	1,484	1,293	(2,039)	(901)	(2,620)	5,844

Segment profit is reconciled to consolidated profit before tax as follows:	**3 months ended 31.12.2018 (Unaudited) RM'000**	**3 months ended 31.12.2017 (Unaudited) RM'000**
Segment (loss)/profit	(2,620)	5,844
Other non-reportable segments	(11)	(320)
Elimination of inter-segment profits	(82)	(7)
Unallocated corporate expenses	(511)	694
Consolidated (loss)/profit before tax	(3,224)	6,211

5. Segment information

Information about reportable segments

	Results for the 12 months ended 31 December							
	Plantation		**Oil Mill**		**Power Plant**		**Total**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
External revenue	14,633	27,312	199,007	219,937	25,986	26,070	239,626	273,319
Inter-segment revenue	35,456	46,003	-	-	-	-	35,456	46,003
Segment profit	5,736	29,508	5,539	3,611	(28)	5,103	11,247	38,222
Segment assets	224,051	217,216	38,108	45,833	174,663	179,880	436,822	442,929
Segment liabilities	25,143	29,407	28,206	25,176	49,293	58,739	102,642	113,322

6. Segment information

Segment profit is reconciled to consolidated profit before tax as follows:	**12 months ended 31.12.2018 (Unaudited) RM'000**	**12 months Ended 31.12.2017 (Unaudited) RM'000**
Segment profit	11,247	38,222
Other non-reportable segments	80	(503)
Elimination of inter-segment profits	(200)	(90)
Unallocated corporate expenses	(1,542)	(176)
Consolidated profit before tax	9,585	37,453

7. 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.

8. Changes in estimates

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

9. 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.

10. Dividend paid

There were no dividend paid during the current quarter.

11. Debt and equity securities

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

12. Changes in composition of the Group

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

13. Capital commitments

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

	RM’000
Approved and contracted for	2,728
Approved but not contracted for	6,587
	9,315

14. 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.

15. 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 :-	4th Qtr18	4th Qtr17		3rd Qtr18		4th Qtr18	4th Qtr17	
	RM'000	**RM'000**		**RM'000**		**RM'000**	**RM'000**	
Revenue	58,232	78,930	-26%	44,448	31%	240,710	274,134	-12%
Operating (Loss)/Profit	(3,689)	5,601	-166%	(2,054)	80%	6,788	34,856	-81%
(Loss)/Profit before tax	(3,224)	6,211	-152%	(1,395)	131%	9,585	37,453	-74%
(Loss)/Profit after tax	(3,871)	4,887	-179%	(1,081)	258%	5,522	28,206	-80%
(Loss)/Profit attributable to Owners of the parent	(3,185)	4,323	-174%	(1,307)	238%	5,199	25,607	-80%
Operational Statistics :-								
Own FFB Production (mt)	34,881	37,105	6%	24,979	40%	121,514	133,336	-9%
CPO Production (mt)	21,289	20,532	4%	15,479	38%	75,847	65,997	+15%
PK Production (mt)	5,397	4,950	9%	3,738	44%	18,754	15,831	+18%
CPO sales (mt)	20,626	20,381	1%	15,135	36%	75,070	66,059	+14%
PK sales (mt)	5,341	4,829	11%	3,600	48%	18,832	15,711	+20%
CPO Price per mt (RM)	1,894	2,600	-27%	2,189	-13%	2,217	2,741	-19%
PK Price per mt (RM)	1,392	2,532	-45%	1,740	-20%	1,730	2,474	-30%
Mill OER (%)	19.00	20.06	-1%	19.74	-1%	19.51	19.74	*
Electricity Export(MWh)	14,856	21,448	-31%	16,186	-8%	69,053	75,622	-9%

* 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 revenue of RM58.23 million as compared to a revenue of RM78.93 million in the preceding year corresponding quarter, which is a decrease of RM20.70 million (26%). Profit before tax decreased by RM9.43 million (>100%) from a profit before tax of RM 6.21 million in the preceding year corresponding quarter to a loss before tax of RM3.22 million for this quarter under review.

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

i) Decreases in CPO and PK average selling prices by 27% and 45% respectively.

ii) Decrease in Power export to SESB by 31% and decrease in average selling price of EFB oil by 40%.

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

i) Plantation – Decreased by RM7.52 million(>100%) from Segment profit of RM5.45 million to Segment loss of RM2.06 million as a result of a decrease in average FFB selling price by 37%.

ii) Oil Mill – Segment Profit increased by RM0.19 million (15%) from RM1.29 million to RM 1.48 million due to an increase in volume of FFB processed by 9%.

iii) Power Plant – The decrease in Segment profit by RM1.14 million (>100%) from Segment loss of RM0.90 million to a Segment loss of RM 2.04 million was mainly due to decreases in Power export to SESB by 31% and average selling price of EFB Oil by 40%. The 12MW Biomass Power Plant generated and exported 10,008 MWh (2017: 16,760 MWh) whereas the 4.0MW Biogas Power Plant generated and exported 4,847MWh (2017: 4,687MWh) for the current quarter to SESB. The decline in profit was partly attributed to higher maintenance and repair charges incurred on the existing biogas engines amounting to RM1.36 million as compared to the lower gas engine maintenance and repair charges of RM0.77 million incurred during the preceding year period. The decrease in power generation during the period was mainly due to the shutdown of the Biomass Plant for 27 days to carry out major overhaul and maintenance. As the plant approaches the end of the operating cycle before the shutdown for overhaul, it begins to decline in efficiency and productivity.

1. Review of performance (cont'd)

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

For this financial year under review, the Group recorded revenue of RM240.71 million as compared to revenue of RM274.13 million in the preceding year corresponding period, a decrease of RM33.42 million (12%). Profit before taxation for this financial year under review decreased by RM27.87 million (74%) from RM37.45 million to RM9.58 million mainly due to:-

i) Decrease in FFB Production by 9%.
ii) Decreases in CPO and PK average selling prices by 19% and 30% respectively.
iii) Decrease in Power sales recognition by RM2.84 million due to a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements and a decrease in Power export to SESB by 9%. In addition, the decrease in average selling price of EFB oil by 32% caused a further decrease in the Group's Profit before taxation estimated at about RM 4.8 million.

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

i) Plantation – The decrease in segment profit by RM23.77 million (81%) from segment profit of RM29.51 million to RM5.74 million was mainly due to lower FFB production by 9% and lower average FFB selling price by 25%.

ii) Oil Mill – The increase in segment profit by RM1.93 million (53%) from segment profit of RM3.61 million to a segment profit of RM5.54 million was mainly due to higher FFB processed during the period by 16% and higher OER margin.

iii) Power Plant – The decrease in segment profit by RM5.13 million (>100%) from segment profit of RM5.10 million to a segment loss of RM0.01 million was mainly due to a decrease in Power sales recognition by RM2.84 million due to a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements and a decrease in Power export to SESB by 9%. In addition, the decrease in the average selling price of EFB oil by 32% caused a further decrease in the segment profit. The decline in profit was also partly attributed to higher maintenance and repair charges incurred on the existing biogas engines amounting to RM1.36 million , as compared to the lower gas engine maintenance and repair charges of RM0.77million incurred during the preceding year period. The 12MW Biomass Power Plant generated and exported 51,106 MWh (2017: 60,288 MWh) whereas the 4.0MW Biogas Power Plant generated and exported 17,947 MWh (2017: 15,333 MWh) for this financial year to SESB. The decrease in power generation during the year was mainly due to the shutdown of the Biomass Plant for 27 days to carry out major overhaul and maintenance. As the plant approaches the end of the operating cycle before the shutdown for overhaul, it begins to decline in efficiency and productivity.

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

The Group recorded a loss before tax of RM3.22 million in the quarter under review as compared to a loss before tax RM1.39 million in the immediate preceding quarter, an increased loss of RM1.83 million mainly due to a decrease in Power sales recognition by RM2.24 million due to a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements, decline in Power export, increase in other operating expenses due to decrease in fair value of biological assets, and higher transport and dispatch expenses.

3. Commentary on prospects

Whilst we expect our FFB production to improve, the current uncertainty in palm product prices will certainly pose a huge challenge to the Group's profit for financial year 2019. On the replacement of the existing, underperforming Biogas engines, 2 new engines have already arrived and were successfully tested in November 2018. The 3rd engine is scheduled to arrive before March 2019, after which the 3 new engines will be ready for commissioning, under the supervision of SEDA, hopefully by May 2019. Upon successful commissioning, the Group will receive additional FiT bonuses totalling RM0.0699/KWh, and with this 17.6% increase in the selling price, the Group is expected to generate higher electricity sales revenue.

4. Profit forecast or profit guarantee

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

5. (Loss)/profit for the period

	Current quarter		**Cumulative quarter**	
	3 months ended 31.12.2018 (Unaudited) RM'000	**3 months ended 31.12.2017 (Unaudited) RM'000**	**12 months ended 31.12.2018 (Unaudited) RM'000**	**12 months ended 31.12.2017 (Unaudited) RM'000**
(Loss)/profit for the period/year is arrived at after charging / (crediting):				
Depreciation and amortization	3,307	3,404	12,817	13,076
Plant and equipment written off	2	564	103	564
Net gain on disposal of plant and equipment	-	(12)	-	(681)
Loss on Fair value adjustment on Biological assets	1,159	284	1,448	1,137
Net gain on foreign exchange - unrealised	-	-	-	(72)
Fair value adjustment to investment properties	-	(640)	-	(640)
Reversal on expected credit loss	(184)	-	(184)	-

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 31.12.2018 (Unaudited)	**3 months ended 31.12.2017 (Unaudited)**	**12 months ended 31.12.2018 (Unaudited)**	**12 months ended 31.12.2017 (Unaudited)**
	RM'000	**RM'000**	**RM'000**	**RM'00**
Income tax				
- Current provision	(190)	1,496	2,442	7,532
- Under provision of tax in prior years	(25)	(39)	(103)	204
	(215)	1,457	2,339	7,736
Deferred tax				
- Relating to origination and reversal of temporary differences	508	311	1,299	2,399
- Under provision of tax in prior years	354	(444)	425	(888)
	862	(133)	1,724	1,511
Total income tax (income) / expense	647	1,324	4,063	9,247

The Group's effective tax rate for the current quarter and cumulative quarter was much higher than the statutory tax rate of 24% principally due to certain expenses which are not deductible for tax purpose and also de-recognition of deferred tax assets arising for unabsorbed business losses.

7. Corporate proposals

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

8. Borrowings

	As at 31.12.2018 (Unaudited) RM'000	**As at 31.12.2017 (Unaudited) RM'000**
Short term borrowings – Secured		
Obligation under finance leases	605	363
Revolving credit	31,050	42,300
Term loans	22,979	15,875
	54,634	58,538
Long term borrowings – Secured		
Obligation under finance leases	1,422	202
Term loans	51,660	51,625
	53,082	51,827
Total borrowings	107,716	110,365

The Group's total borrowings include a loan amount of RM25.27 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 31.12.2018 (Unaudited) RM'000	As at 31.12.2017 (Unaudited) RM'000
Current		
Third parties	8,908	13,208
Amount due from customer on service concession	5,667	8,046
Less : Allowance for impairment	(484)	(343)
	14,091	20,911
Other receivables, net	5,748	5,361
	19,839	26,272
Non Current		
Amount due from customer on service concession	141,569	142,918
Ageing analysis of Current trade receivables :-		
Neither past due nor impaired	13,885	20,858
31 to 60 days	122	53
61 to 90 days	37	-
More than 91 days	531	343
	14,575	21,254
Less : Allowance for impairment	(484)	(343)
	14,091	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 December 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 19 March 2019.

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

The Board of Directors of the Company approved a single tier dividend of 1.5 sen per share payable on 22 May 2019.

13. (Loss)/earnings per share

(a) Basic

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

	Current quarter		**Cumulative quarter**	
	3 months ended 31.12.2018 (Unaudited)	**3 months ended 31.12.2017 (Unaudited)**	**12 months ended 31.12.2018 (Unaudited)**	**12 months ended 31.12.2017 (Unaudited)**
(Loss)/profit for the period attributable to owners of the parent used in computation of earnings per share (RM'000)	(3,185)	4,323	5,199	25,607
Weighted average number of ordinary shares in issue ('000)	308,967	308,967	308,967	308,967
Basic (loss)/ earnings per share (sen per share)	(1.03)	1.40	1.68	8.29

(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 February 2019.