MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income
For The Fourth Quarter Ended 31 December 2016

	Current quarter 3 months ended		Cumalative quarter 12 months ended	
	31.12.2016 (Unaudited) RM' 000	31.12.2015 (Unaudited) RM'000	31.12.2016 (Unaudited) RM' 000	31.12.2015 (Audited) RM' 000
Revenue	107,206	74,626	341,107	301,089
Cost of sales	(92,273)	(64,266)	(291,284)	(261,704)
Gross profit	14,933	10,360	49,823	39,385
Other income	2,379	5,748	9,456	13,840
Administrative expenses	(4,920)	(11,057)	(13,923)	(21,275)
Other operating expenses	(1,388)	(1,539)	(5,070)	(6,075)
Operating profit	11,004	3,512	40,286	25,875
Finance costs	(2,169)	(2,293)	(9,190)	(8,815)
Profit before tax	8,835	1,219	31,096	17,060
Income tax expense	(3,019)	(2,818)	(8,711)	(6,725)
Profit/(Loss) after tax	5,816	(1,599)	22,385	10,335
Other comprehensive income				
Available-for-sale financial assets:				
- (Loss)/Gain on fair value changes	-	-	58	15
Exchange difference on translation of foreign operations	130	70	127	204
Total comprehensive income for the period	5,946	(1,529)	22,570	10,554
Profit/(Loss) attributable to:				
Owners of the parent	1,607	(2,461)	9,115	3,958
Non-controlling interests	4,209	862	13,270	6,377
	5,816	(1,599)	22,385	10,335
Total comprehensive income attributable to:				
Owners of the parent	1,737	(2,391)	9,235	4,119
Non-controlling interests	4,209	862	13,335	6,435
	5,946	(1,529)	22,570	10,554
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	0.82	(1.25)	4.64	2.01
- Diluted	0.64	(0.97)	3.61	1.57

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position as at 31 December 2016

	As at 31.12.2016 (Unaudited) RM'000	As at 31.12.2015 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	441,655	447,591
Investment properties	48,062	48,062
Biological assets	464,222	462,017
Land use rights	13,184	13,363
Deferred tax assets	3,204	3,422
Investment in securities	528	506
Trade and other receivables	155,937	134,538
Goodwill on consolidation	109,017	109,017
	1,235,809	1,218,516
Current assets		
Inventories	27,578	31,501
Trade and other receivables	19,950	19,005
Tax recoverable	1,457	1,147
Short term investments	13,620	11,596
Fixed deposits with licensed banks	11,070	10,225
Cash and bank balances	17,835	20,795
	91,510	94,269
TOTAL ASSETS	1,327,319	1,312,785
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	219,461	214,399
	416,005	410,943
Non-controlling interests	525,542	515,567
Total equity	941,547	926,510

MHC Plantations Bhd (4060-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position as at 31 December 2016 (Contd.)

	As at 31.12.2016 (Unaudited) RM'000	As at 31.12.2015 (Audited) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Lease rental payable	267	267
Hire purchase payables	765	1,094
Borrowings	86,810	97,126
Deferred tax liabilities	167,970	166,115
	255,812	264,602
Current liabilities		
Payables	40,716	30,692
Hire purchase payables	889	1,054
Borrowings	86,325	89,650
Taxation	2,030	277
	129,960	121,673
Total liabilities	385,772	386,275
TOTAL EQUITY AND LIABILITIES	1,327,319	1,312,785
Net Tangible Asset Per Share (RM)	1.56	1.54
Net Asset Per Share (RM)	2.12	2.09

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

MHC Plantations Bhd (4060-V)

Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The Fourth Quarter Ended 31 December 2016

	I-----------------Equity attributable to owners of the Company							---------------------I		Non-controlling Interests	Total Equity
		Non-distrbutable					Distributable				
	Share Capital RM' 000	Capital Reserve RM' 000	Other Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000	Total RM' 000	RM' 000	RM' 000
Opening balance at 1 Jan 2015	196,544	5,737	-	789	64	(58)	8	209,617	412,701	515,686	928,387
Total comprehensive income for the period	-	-	-	-	15	146	-	3,958	4,119	6,435	10,554
Dividends	-	-	-	-	-	-	-	(3,931)	(3,931)	-	(3,931)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4,213)	(4,213)
Arising from reverse takeover exercise	-	-	(1,300)	-	-	-	-	-	(1,300)	(2,231)	(3,531)
Acquisition of non-controlling interest	-	-	(646)	-	-	-	-	-	(646)	(109)	(755)
Closing balance at 31 December 2015	196,544	5,737	(1,946)	789	79	88	8	209,644	410,943	515,568	926,511
Opening balance at 1 Jan 2016	196,544	5,737	(1,946)	789	79	88	8	209,644	410,943	515,567	926,510
Total comprehensive income for the period	-	-	-	-	-	64	-	9,115	9,179	13,335	22,514
Dividends	-	-	-	-	-	-	-	(2,948)	(2,948)	-	(2,948)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,262)	(3,262)
Fair Value Adjustment	-	-	-	-	58	-	-	-	58	-	58
Acquisition of non-controlling interest							-	(1,227)	(1,227)	(98)	(1,325)
Closing balance at 31 December 2016	196,544	5,737	(1,946)	789	137	152	8	214,584	416,005	525,542	941,547

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The Fourth Quarter Ended 31 December 2016

	12 months ended 31.12.2016 (Unaudited) RM' 000	31.12.2015 (Audited) RM' 000
Operating activities		
Profit before taxation	31,096	17,060
Adjustments for:		
Depreciation and amortisation	15,180	16,002
Allowance for doubtful debts	1,035	6,022
Bad debts written off	-	5
Debts forgiven	-	(1,349)
Interest expense	9,190	8,815
(Gain)/Loss on disposal of property, plant and equipment	45	(487)
Property, plant and equipment written off	39	25
Unrealised loss/(gain) on foreign exchange	82	(490)
Loss on disposa of investment in securities	58	-
Interest income	(7,307)	(6,832)
Dividend income	(399)	(462)
Total adjustments	17,922	21,249
Operating cash flows before changes in working capital	49,018	38,309
Changes in working capital:		
Inventories	3,924	(8,975)
Receivables	(5,425)	10,897
Payables	9,987	(4,504)
Total changes in working capital	8,486	(2,582)
Cash generated from operations	57,504	35,727
Interest received	757	603
Interest paid	(9,190)	(8,815)
Tax paid	(5,198)	(2,992)
Net cash flows from/(used in) operating activities	43,874	24,523
Investing activities		
Dividend received	399	462
Proceeds from disposal of property, plant and equipment	52	744
Additional placement of pledged fixed deposits	-	(28)
Additions to biological assets	(2,205)	(1,892)
Net redemption/(investment in) of short term investments	(2,024)	428
Net cash flow on acquisition of a subsidiary company	-	(4,627)
Acquisition of non-controlling interest	(1,325)	(1,950)
Purchase of property, plant and equipment	(19,885)	(22,003)
Net cash flows (used in)/from investing activities	(24,989)	(28,866)
Financing activities		
Drawdown of revolving credit	6,600	26,500
Drawdown of term loan	7,004	29,150
Repayment of revolving credit	(8,500)	(21,000)
Repayment of term loan	(18,742)	(17,950)
Repayment of hire purchase obligations	(1,218)	(1,289)
Dividends paid to shareholders	(2,948)	(3,931)
Dividends paid to non-controlling shareholders	(3,252)	(4,213)
Net cash flows (used in)/from financing activities	(21,057)	7,267
Net (decrease)/increase in cash and cash equivalents	(2,172)	2,924
Effect on exchange rate changes on cash and cash equivalents	55	172
Cash and cash equivalents as at 1 January	30,383	27,287
Cash and cash equivalents as at 31 December	28,267	30,383

Cash and cash equivalents :

Fixed deposits with licensed banks	11,070	10,225
Cash and bank balances	17,835	20,795
Less : Fixed deposits with maturity periods of more than three months	-	(168)
	28,905	30,852
Less : Fixed deposits pledged	(638)	(469)
	28,267	30,383

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

   The condensed consolidated interim financial statements for the financial year ended 31 December 2016 have been prepared in compliance with Financial Reporting Standards ("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 financial year ended 31 December 2015.

   The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

2. Changes in accounting policies

   The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2015, except for the adoption of the following new/revised FRSs and amendments to FRSs:

   Effective for financial periods beginning on or after 1 January 2016:
   - Annual Improvements to FRSs 2012 – 2014 Cycle
   - Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
   - Amendments to FRS 11: Accounting for Acquisition of Interest in Joint Operations
   - Amendments to FRS 127: Equity Method in Separate Financial Statements
   - Amendments to FRS 101: Disclosure Initiative
   - Amendments to FRS 10, FRS 12 and FRS 18: Investment Entitles: Applying the Consolidation Exception
   - FRS 14: Regulatory Deferral Accounts

   Effective for financial periods beginning on or after 1 January 2018:
   - FRS 9: Financial Instruments

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

2. Changes in accounting policies (Contd.)

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities') which will be allowed to defer adoption of the new MFRS Framework for one year. On 30 June 2012, MASB has given an option to Transitioning Entities to defer the adoption of the MFRS Framework for another year. Therefore, the MFRS Framework will be applicable to Transitioning Entities with effect from the annual period beginning on 1 January 2014.

In light of the development and the revisions of the project timelines by the IASB, the Board has decided to extend the transitions period for another year, ie. the adoption of the MFRS Framework by all Transitioning Entities with effect from annual periods beginning on or after 1 January 2015.

On 8 September 2015, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

3. Auditors' report

The auditor's report on the preceding annual financial statements was not qualified.

4. Seasonal and cyclical factors

The business of the Group is cyclical in nature and the third quarter is normally the peak production season.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year ended 31 December 2016.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial year ended 31 December 2016.

8. Dividend paid

A final single-tier dividend of 1.50% in respect of the financial year ended 31 December 2015 on 196,543,970 ordinary shares, amounting to a dividend payable of RM2,948,160 (1.50 sen per share) was paid on 2 June 2016.

No interim dividend has been paid during the current quarter ended 31 December 2016.

9. 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 3 months ended 31 December							
	Plantation		Oil Mill		Power Plant		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	5,822	3,636	77,991	62,924	22,971	7,712	106,784	74,272
Inter-segment revenue	21,698	16,166	-	-	250	645	21,948	16,811
Segment profit	10,034	3,964	(941)	2,017	1,525	1,457	10,618	7,438

9. Segment information (Contd.)

Segment profit is reconciled to consolidated profit before tax as follows:	3 months ended 31.12.2016 (Unaudited) RM'000	3 months ended 31.12.2015 (Unaudited) RM'000
Segment profit	10,618	7,438
Other non-reportable segments	354	(246)
Amortisation of group land cost	(1,019)	(1,102)
Elimination of inter-segment profits	(71)	(49)
Unallocated corporate (expenses)/income	(1,047)	(4,822)
Consolidated profit before tax	8,835	1,219

	Results for 12 months ended 31 December							
	Plantation		Oil Mill		Power Plant		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	20,103	12,129	279,936	239,854	39,389	48,064	339,428	300,047
Inter-segment revenue	68,473	64,898	-	-	1,685	2,222	70,158	67,120
Segment profit/(loss)	31,759	21,128	1,045	5,867	4,505	(416)	37,309	26,579

Segment profit is reconciled to consolidated profit before tax as follows:	12 months ended 31.12.2016 (Unaudited) RM'000	12 months ended 31.12.2016 (Audited) RM'000
Segment profit	37,309	26,579
Other non-reportable segments	(163)	(150)
Amortisation of group land cost	(4,186)	(4,371)
Elimination of inter-segment profits	(71)	(220)
Unallocated corporate expenses	(1,793)	(4,778)
Consolidated profit before tax	31,096	17,060

10. Changes in the composition of the Group

a) On 21 June 2016, the Company acquired 44,001 ordinary shares of RM 1.00 each in Mah Hock Company Sendirian Berhad., representing its remaining 31.88% of the equity interest for a total consideration of RM 1,320,338, resulting in the latter becoming a wholly-owned subsidiary of the Company.

b) On 3 May 2016, Carbon Asia Pacific Pty Ltd ("CAP"), a wholly-owned dormant subsidiary of Cepatwawasan Group Berhad in Australia was successfully deregistered, following an application to the Australian Securities and Investments Commission (ASIC).

11. Contingent Assets and Liabilities

There were no contingent assets and contingent liabilities at the end of this quarter and as at the date of this report.

12. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	10,802
Approved but not contracted for	7,090
	17,892

13. Subsequent event

There were no material subsequent events to the end of the current quarter.

Information required by BMSB Listing Requirements

1. Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

For this quarter under review, the Group recorded a revenue of RM107.21 million, which is an increase of RM32.58 million as compared to the preceding year corresponding quarter mainly due to an increase in CPO and PK prices by 34% and 79% respectively as well as an increase in construction income of RM14.97 arising from the recognition of IC Interpretation 12 Service Concession Agreements for the Power Plant segment as compared to the preceding year corresponding quarter despite a decrease in CPO and PK sales volume by 14% and 5% respectively.

The Group reported a higher profit before tax by RM7.62 million from RM1.22 million in the preceding year corresponding quarter to RM8.84 million in the current quarter mainly due:

a) an increase in CPO and PK price by 34% and 79% respectively despite a drop in FFB production by 6%; and

b) an impairment of receivables of RM5.89 million on costs and prepayments incurred for the purpose of acquiring plantation land in Indonesia offset by a forgiven debt owing from the subsidiary, namely Timah Resources Limited to a minority shareholder amounting to RM 1.34 million and the compensation from termination of Emissions Reduction Purchase Agreement amounting to RM 2.00 million in preceding year corresponding quarter.

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

(i) Plantation – The increase in profit before tax by RM6.07 million (> 100%) from RM3.97 million to RM10.03 million was mainly due to higher FFB price by 48% despite a drop in FFB production by 6%.

(ii) Oil Mill – The decrease in profit before tax by RM 2.96 million (> 100%) from a profit before taxation of RM2.02 million to a loss before taxation of RM0.94 million was mainly due to lower oil extraction rate ("OER") as well as a lower milling margin as a result of stiff competition in sourcing for FFB.

(iii) Power Plant – The profit before tax was slightly increased from RM1.46 million to RM1.53 million. The 12MW Biomass Power Plant generated and exported 13,844,729 kwh for this current quarter as compare to 14,272,041 kwh in the corresponding preceding quarter.

1. Review of performance (Cont'd)

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

The Group recorded a revenue of RM341.11 million and profit before tax of RM31.10 million for the financial year under review as compare to a revenue of RM301.09 million and profit before tax of RM17.06 million in the previous financial year. The increase in revenue and profit before tax by 13% and 82% respectively was mainly due to higher prices of CPO and PK by 21% and 61% respectively despite a lower sales volume of CPO and PK by 8% and 13% respectively and a 13% decrease in FFB production.

Performance of the respective operating business segments for the financial year ended 31 December 2016 as compared to the previous financial year is analysed as follows:

(i) Plantation – The increase in profit before tax by RM10.63 million (50%) from RM21.13 million to RM31.76 million was mainly due to higher FFB price by 33% despite a lower FFB production by 13%.

(ii) Oil Mill – The decrease in profit before tax by RM4.92 million (82%) from RM5.87 million to RM1.05 million was mainly due to lower oil extraction rate ("OER") as well as lower milling margin as a result of stiff competition in sourcing for FFB and lower CPO and PK sales volume by 8% and 13% respectively despite a higher CPO and PK price by 21% and 61% respectively.

(iii) Power Plant – The increase in profit before tax by RM4.93 million (> 100%) from a loss before tax of RM0.42 million to a profit before tax of RM4.51 million was mainly due to an increase in efficiency and export of electricity by 25%. The 12MW Biomass Power Plant generated and exported 58,280,003kWh in this financial year under review as compare to 46,505,403 kWh in the previous financial year.

2. Variation of results against preceding quarter

The Group recorded a profit before tax of RM8.84 million in the quarter under review as compared to a profit before tax of RM16.51 million in the immediate preceding quarter mainly due to a decrease in FFB production by 14% and a lower milling margin as a result of stiff competition on sourcing for FFB.

3. Commentary on prospects

The Group expects a recovery of FFB production in the second half of 2017 as the Ei-Nino effect that reduced production from 2015 onwards is expected to fade in 2017. Palm oil prices are also expected to remain firm in 2017 due to low CPO stockpile and weak Ringgit.

The Group also expects a better contribution from its power plant division in line with the completion of the upgrading of the Biogas plant from 3.0MWh to 3.8MWh in February 2017.

The Group will continue to face challenges from the increase in production costs in the palm oil industry. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost.

On the whole, the Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily in 2017.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit/(Loss) before taxation

This is arrived at after crediting/ (charging):

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2016 (Unaudited) RM'000	31.12.2015 (Unaudited) RM'000	31.12.2016 (Unaudited) RM'000	31.12.2015 (Audited) RM'000
Bad debts written off	-	(4)	-	(4)
Allowance for doubtful debts	(1,035)	(6,022)	(1,035)	(6,022)
Gain/(Loss) on disposal of plant and equipment	(131)	-	(45)	469
Interest income	1,852	1,772	7,307	6,832
Interest expense	(2,169)	(2,293)	(9,190)	(8,815)
Depreciation and amortisation	(7,674)	(3,961)	(15,180)	(15,787)
Debts forgiven	-	1,349	-	1,349
Dividend	399	462	399	462
Realised gain/(loss) on foreign exchange	(68)	(127)	-	67
Unrealised (loss)/gain on foreign exchange	(45)	(40)	(82)	490
Property, plant and equipment written off	-	-	(39)	(25)

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

6. Income tax expense

Taxation is provided at the prevailing statutory rate based on the operating profit for the quarter as follows.

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2016 (Unaudited) RM'000	31.12.2015 (Unaudited) RM'000	31.12.2016 (Unaudited) RM'000	31.12.2015 (Audited) RM'000
Current tax:				
-Malaysian income tax	2,105	1,482	7,936	5,832
-Under/(over) provision of tax	48	50	45	157
	2,153	1,532	7,981	5,989
Deferred tax				
- relating to origination and reversal of temporary differences	321	1,157	399	395
- effect of change in tax rate	-	-	-	(63)
- under/(over) provision of tax	545	129	331	404
	866	1,286	730	736
Total income tax expense	3,019	2,818	8,711	6,725

The Group's effective tax rate for the current quarter and cumulative quarter 31 December 2016 was higher than the statutory tax rate of 24% principally due to certain expenses was disallowed for tax purposes.

7. Corporate proposal

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

8. Borrowings

The total borrowings incurred by the Group and outstanding as at end of the current quarter are as follows

Current - Secured	RM'000
Revolving credit	66,100
Term loan	20,225

	86,325
Non-current - Secured	RM'000
Term loan	86,810
Total borrowings	173,135

9. Disclosure of derivatives

The Group did not enter into any derivative contact and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 December 2016.

10. Changes in material litigation

a) Suara Baru Sdn Bhd. ("SESB") vs. Borhill Estates Sdn Bhd ("BESB") (Suit No. SDK-22NCvC-39/11-2014)

The Company's subsidiary, SESB 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 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 Sui No. SDK-22NCvC-39/11-2014. Both parties were unable to resolve the dispute through mediation on 19 October 2015. The trial commenced from 1 August 2016 to 5 August 2016 and was adjourned to 7 November 2016 to 8 November 2016.

The Trial was concluded on 8 December 2016 and closing submission has been made on 3 February 2017 followed by a submission in reply on 20 February 2017. The ruling date has been fixed on 17 March 2017.

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and Group as the Company expects that pursuant to the facts of the case, the documents presently available and advice of its solicitors, the Company will be able to advance a cogent defence to BESB's counterclaim.

10. Changes in 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 ("CGB")

The Company's subsidiary, CGB and its wholly owned subsidiary, SBSB have been served with a Writ of Summons issued in 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 land") totalling approximately 337.949 acres situated in Sungai Sekong in the District of Sandakan, Sabah. The lands had been leased from SUWAYA to SBSB for a term of 99 years. The lease commenced in the year 1997 and expires in the year 2096.The lands had been transferred to SUWAYA by their previous 33 owners, including AYU. AYU, on his behalf and the other 32 previous owners, allege that the transfer of the land to SUWAYA was through forged documents and therefore the said transfer is null and void. AYU further alleges that as the transfer to SUWAYA is null and void, therefore the sublease by the 1st SUWAYA to SBSB is likewise null and void. AYU therefore seeks an order of the High Court to set aside the said transfer to the SUWAYA and also the sub-lease to SBSB.

SBSB and CGB had filed their Defence ("Defence") in the High Court in Sabah and Sarawak at Sandakan on 11 July 2016 and followed by an application in the High Court in Sabah and Sarawak at Sandakan on 26th August 2016 to strike out the Suit on the ground that the Suit is frivolous or vexatious or is otherwise an abuse of the process of the Court.

The striking out application came up for hearing on 26th September 2016 where the Court directed the parties to file their respective written submissions and the Court will give its decision on the said application on 24th November 2016. On 1 December 2016, the application to strike out was dismissed by the High Court in Sabah and Sarawak at Sandakan ("Sandakan High Court") with costs, on the ground that it was not a proper case to be disposed of by way of affidavit evidence and the Suit is fixed for trial on 17 April 2017 to 21 April 2017 before the Sandakan High Court.

On 28 December 2016, SBSB and the Company filed an appeal to the Court of Appeal against the decision of the High Court in Sabah and Sarawak to dismiss SBSB's and the Company's application to strike out the suit.

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 Group as the Group expects that pursuant to the facts of the case, the documents presently available and the advice of its solicitors, the Group has a good defence against the Plaintiff's claim.

11. Dividend payable

No interim ordinary dividend has been declared for the financial year ended 31 December 2016 (31 December 2015: Nil).

12. Basic earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 196,543,970 (2013 – 196,543,970) in issue during the financial period.

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) attributable to the owners of the Company	1,607	(2,461)	9,115	3,958
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	0.82	(1.25)	4.64	2.01

(b) Diluted

Diluted earnings per share is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/Profit attributable to the owners of the Company	1,607	(2,461)	9,115	3,958
Number of ordinary shares for basic earnings per share computation	196,544	196,544	196,544	196,544
Effect of dilution				
- on assumption that all warrants are exercised	56,155	56,155	56,155	56,155
Number of ordinary shares for diluted earnings per share computation	252,699	252,699	252,699	252,699
Diluted earnings per share	0.64	(0.97)	3.61	1.57

13. Breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31.12. 2016 RM' 000	**As at 31.12.2015 RM' 000**
Total retained profits of the Company and its subsidiaries		
- Realised	156,270	156,429
- Unrealised	26,936	23,749
	183,206	180,178
Consolidation adjustments	31,375	29,466
Total group retained profits as per consolidation accounts	214,584	209,644

14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2017.