



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014**

	Quarter ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	138,426	101,357	138,426	101,357
Operating expenses	(82,715)	(75,236)	(82,715)	(75,236)
Other operating income	1,666	1,238	1,666	1,238
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Profit before tax	57,377	27,359	57,377	27,359
Tax expense	(15,152)	(7,390)	(15,152)	(7,390)
	-----	-----	-----	-----
Profit for the period representing comprehensive income for the period	42,225	19,969	42,225	19,969
	=====	=====	=====	=====
Earnings per share (sen)				
Basic	5.28	2.50	5.28	2.50
	=====	=====	=====	=====
Diluted	N/A	N/A	N/A	N/A
	=====	=====	=====	=====

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2014**

	As at 31.3.2014	As at 31.12.2013
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	576,215	577,487
Biological assets	1,355,441	1,354,167
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	1,931,656	1,931,654
	-----	-----
Current assets		
Inventories	38,720	38,847
Receivables	26,167	7,619
Tax recoverable	41	49
Cash and cash equivalents	172,004	189,073
	-----	-----
	236,932	235,588
	-----	-----
TOTAL ASSETS	2,168,588	2,167,242
	=====	=====
Equity attributable to owners of the Company		
Share capital	800,000	800,000
Reserves	1,110,239	1,123,994
	-----	-----
	1,910,239	1,923,994
Less: Treasury shares	(781)	(71)
	-----	-----
TOTAL EQUITY	1,909,458	1,923,923
	-----	-----
Non-current liabilities		
Deferred tax liabilities	194,964	195,680
	-----	-----
Current liabilities		
Payables	40,222	38,072
Tax payable	23,944	9,567
	-----	-----
	64,166	47,639
	-----	-----
TOTAL LIABILITIES	259,130	243,319
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TOTAL EQUITY AND LIABILITIES	2,168,588	2,167,242
	=====	=====
Net assets per share (RM)	2.39	2.40
	=====	=====
Based on number of shares net of treasury shares ('000)	799,710	799,973

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR YEAR-TO-DATE ENDED 31 MARCH 2014**

	← Attributable to Owners of the Company →				Total Equity RM'000
	Share Capital RM'000	Non- distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Treasury Shares RM'000	
At 1 January 2014	800,000	675,578	448,416	(71)	1,923,923
Comprehensive income for the period	-	-	42,225	-	42,225
Purchase of treasury shares	-	-	-	(710)	(710)
Dividend	-	-	(55,980)	-	(55,980)
At 31 March 2014	800,000	675,578	434,661	(781)	1,909,458
At 1 January 2013	800,000	675,578	414,900	(60)	1,890,418
Comprehensive income for the period	-	-	19,969	-	19,969
Dividend	-	-	(39,999)	-	(39,999)
At 31 March 2013	800,000	675,578	394,870	(60)	1,870,388

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR YEAR-TO-DATE ENDED 31 MARCH 2014**

	Year-to-date ended	
	31.3.2014	31.3.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	57,377	27,359
Adjustments for:		
Non-cash items	7,265	6,898
Non-operating items	(2)	108
Net interest income	(1,415)	(932)
	-----	-----
Operating profit before working capital changes	63,225	33,433
Net changes in working capital	(16,271)	16,126
Net tax paid	(1,483)	(7,571)
Net interest received	1,415	932
	-----	-----
Net cash generated from operating activities	46,886	42,920
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	2	867
Purchase of property, plant and equipment	(5,993)	(9,503)
Additions to biological assets	(1,274)	(1,742)
	-----	-----
Net cash used in investing activities	(7,265)	(10,378)
	-----	-----
Cash flows from financing activities		
Shares repurchased at cost	(710)	-
Dividend paid to shareholders	(55,980)	(39,999)
	-----	-----
Net cash used in financing activities	(56,690)	(39,999)
	-----	-----
Net decrease in cash and cash equivalents	(17,069)	(7,457)
	-----	-----
Cash and cash equivalents at beginning of period	189,073	131,372
	-----	-----
Cash and cash equivalents at end of period	172,004	123,915
	=====	=====

For purposes of Statement of Cash Flows, cash and cash equivalents are presented net of bank overdrafts and comprise the following:

Deposits with licensed banks	170,011	114,135
Cash in hand and at bank	1,993	9,780
	-----	-----
	172,004	123,915
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the Interim Financial Statements

PART A

Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134, Interim Financial Reporting

1. Basis of preparation

These interim financial statements have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad [“Bursa Securities”], and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2013.

2. Significant accounting policies

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2013, except for changes arising from the adoption of IC Interpretations and Amendments that are effective for financial period beginning on or after 1 January 2014 as follows:

- IC Interpretation 21, Levies
- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

The adoption of the above IC Interpretation and Amendments do not have any significant financial impact on the Group.

Malaysian Financial Reporting Standards [“MFRS”]

On 19 November 2011, the Malaysian Accounting Standards Board [“MASB”] issued a new MASB approved accounting framework, the 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 and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called [“Transitioning Entities”]). Adoption of the MFRS framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS. Accordingly, the Group will adopt the MFRS and presents its first MFRS financial statements when the adoption of the MFRS is mandated by the MASB. 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.

3. Comments on the seasonality or cyclicity of operations

The Group considers the seasonal or cyclical factors affecting the results of the operations of the Group comprising the cultivation of oil palm and processing of fresh fruit bunches to include general climatic conditions, age profile of oil palms, the cyclical nature of annual production and the movements in commodity prices.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the interim period.

5. **Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years**

There were no changes in estimates of amounts reported in prior financial years.

6. **Issues, cancellations, repurchases, resale and repayments of debt and equity securities**

(a) Share buyback by the Company

During the current quarter, 262,800 shares were bought back and there was no resale or cancellation of treasury shares. All shares bought back are retained as treasury shares. The monthly breakdown of shares bought back during the current quarter was as follows:

Month	No of shares Purchased	Purchase price per share		Average cost Per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
January 2014	262,800	2.6400	2.7200	2.7017	709,994.96
February 2014	-	-	-	-	-
March 2014	-	-	-	-	-
Total	262,800	2.6400	2.7200	2.7017	709,994.96

(b) As at 31 March 2014, the Company held a total of 289,800 ordinary shares as treasury shares and the issued and paid up share capital of the Company remained unchanged at 800,000,000 ordinary shares of RM1.00 each.

7. **Dividend**

The dividend paid out of shareholders' equity for the ordinary shares during the interim period and preceding year corresponding period were as follows:

Year-to-date ended	
31.3.2014	31.3.2013
RM'000	RM'000

Dividend in respect of financial year ended 31 December 2012:

- Second interim (5.0 sen) under the single tier system approved by the Directors on 28 February 2013 and paid on 28 March 2013	-	39,999
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Dividend in respect of financial year ended 31 December 2013:

- Second interim (5.0 sen) and special interim (2.0 sen) under the single tier system approved by the Directors on 26 February 2014 and paid on 28 March 2014	55,980	-
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	55,980	39,999
	=====	=====

8. **Segment information**

No segment information has been prepared as the Group is primarily engaged in the cultivation of oil palm and processing of fresh fruit bunches in Malaysia.

9. Effect of changes in the composition of the Group during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructuring and discontinued operations

There were no changes in composition of the Group during the interim period.

10. Significant events and transactions

There were no events or transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

11. Events after the end of the interim period

Save for the subsequent events as disclosed in Note 9 of Part B below, there were no events after the interim period and up to 23 May 2014 that have not been reflected in these interim financial statements.

12. Changes in contingent liabilities or contingent assets since the end of the last annual reporting period

Since the end of the last annual reporting period, the Group has no contingent liabilities or contingent assets as at the end of the financial year which is expected to have an operational or financial impact on the Group.

13. Capital commitments

The Group has the following capital commitments:

	As at	As at
	31.3.2014	31.12.2013
	RM'000	RM'000
Contracted but not provided for in this report	39,342	26,954
Authorised but not contracted for	56,417	78,343
	-----	-----
	95,759	105,297
	=====	=====

14. Significant related party transactions

During the interim period, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included in or exceeded by 10% the estimated value which had been mandated by the shareholders at the extraordinary general meeting held on 28 May 2013.

PART B

Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

1. Review of performance

Revenue for the current quarter at RM138.4 million was 37% higher than the preceding year corresponding quarter. Group profit before tax and profit after tax for the current quarter at RM57.4 million and RM42.2 million were significantly higher than the preceding year corresponding quarter by 110% and 111% respectively.

The Group's significantly improved performance was mainly attributable to higher average selling prices and higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"].

Fresh Fruit Bunches ["FFB"] and CPO production were at similar levels as the preceding year corresponding quarter with marginally lower FFB yield and oil extraction rates due to more young palms coming into maturity in the current quarter.

Average selling price realization of CPO and PK for the current quarter were RM2,669 and RM1,959 per tonne respectively as compared to the preceding year corresponding quarter of RM2,238 per tonne for CPO and RM1,107 per tonne for PK. CPO sales volume was 10% higher at 42,122 tonnes whilst PK sales volume was 7% higher at 10,050 tonnes. The higher sales volume was mainly attributable to the favourable inventories movements arising from the fulfilment of backlog deliveries from the fourth quarter 2013 that were affected by congestion at the refineries and PK crushing plants.

Overall, basic earnings per share increased to 5.28 sen in the current quarter from 2.50 sen in the preceding year corresponding quarter.

2. Comments on material changes in the profit before tax for the quarter reported as compared with the preceding quarter

Group profit before tax for the current quarter at RM57.4 million was 2% lower than the preceding quarter of RM58.4 million mainly due to lower sales volume of CPO and PK mitigated by higher average selling price realization of CPO and PK.

CPO and PK sales volume for the current quarter were 13% and 5% lower than the preceding quarter of 48,578 tonnes and 10,625 tonnes respectively due to seasonally lower yield trend affecting FFB production.

Average selling price per tonne of CPO and PK for the current quarter were higher than the preceding quarter of RM2,469 and RM1,542 per tonne by 8% and 27% respectively.

3. Current year prospects

Palm oil supplies from Indonesia and Malaysia, the world's two largest producers are expected to decline in the second half of the year, as the drought in the first quarter of 2014, the most severe in the last 17 years threatened palm oil supplies with lower crop production. El Nino is also forecast to develop in the second or third quarter of the year and the extent of its impact on crop production will depend on the severity of the weather pattern.

The impending reduced output and rising global demand had push palm oil futures in Kuala Lumpur to an 18-month high in March 2014. Since then, rising inventories had caused a retreat in palm oil futures. At end of April 2014, Malaysian palm oil stocks were up 4.6 percent from March 2014 to 1.77 million tonnes but still lower than that a year earlier by 18%.

3. Current year prospects (continued)

Nevertheless, higher global demand for palm oil is anticipated with the start of the Ramadan month at the end of June. Exports from Malaysia were reported to have increased by 13% for the 25 days of May over the same period last month, according to the cargo surveyor, Societe Generale de Surveillance.

With the rising demand and the anticipated lower crop production, palm oil prices are expected to remain firm.

The lower than expected soybean production as reported by the United States Department of Agriculture which has driven soybean prices higher and widened the discount of palm oil to soybean also bodes well for palm oil.

Based on the foregoing and the current trend of palm oil prices, the Group's results for the current financial year ending 31 December 2014 are expected to be better than the previous financial year, provided that production will not be severely affected by the anticipated El-Nino weather phenomenon.

4. Variances between actual profit and forecast profit

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

5. Profit for the period

	Quarter ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	1,415	932	1,415	932
Depreciation and amortisation	(7,265)	(6,823)	(7,265)	(6,823)
Property, plant and equipment written off	-	(75)	-	(75)
Loss on disposal of property, plant and equipment	(2)	(108)	(2)	(108)

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

6. Tax expense

	Quarter ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	15,868	8,622	15,868	8,622
- deferred tax	(716)	(1,232)	(716)	(1,232)
	-----	-----	-----	-----
	15,152	7,390	15,152	7,390
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and preceding year corresponding quarter were above the statutory tax rate due to certain expenses being disallowed for tax purposes.

7. Status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report

There was no corporate proposal announced but not completed as at 23 May 2014.

8. Borrowings and debt securities

The Group does not have any borrowings nor debt securities.

9. Changes in material litigation (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report

Except for the following, there was no other material litigation since the date of the last annual statement of financial position:

- (a) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of the Company, is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn Bhd ["EISB"] as the purported purchaser ["Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ["Alleged PA"]. On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

On 23 May 2012, RESB filed a writ of summon and an application for interlocutory injunction ["said Interlocutory Injunction Application"] through its solicitors in Kuala Lumpur, Messrs Wong Kian Kheong, against EISB ["1st Defendant"] at the Kuala Lumpur High Court ["KLHC"] vide Civil Suit No. 22NCVC-631-05/2012 ["RESB Suit"]. On 14 June 2012, the KLHC granted an ad interim injunction in favour of RESB ["said Ad Interim Injunction"] pending disposal of the hearing of the said Interlocutory Injunction Application subject to RESB's undertaking to pay damages to the 1st Defendant for losses suffered by the 1st Defendant resulting from the said Ad Interim Injunction in the event that the said Ad Interim Injunction is subsequently discharged or set aside. Upon RESB's application, HCH was added as the second defendant ["2nd Defendant"] to the RESB Suit on 16 June 2012.

RESB is claiming for the following in the RESB Suit:

- (i) That RESB be declared as the registered and beneficial owner of the said Land;
- (ii) That the Purported SPA be declared null and void;
- (iii) That the Alleged PA be declared null and void;
- (iv) An injunction restraining the 1st Defendant from:-
 - (a) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
 - (b) taking any actions to fulfill the terms and conditions in the Purported SPA; and
 - (c) taking any further action to complete the Purported SPA.
- (v) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
- (vi) Costs of the RESB Suit; and
- (vii) Such further or other relief as the Court deems fit and just.

Upon the 1st Defendant's application, the RESB Suit was transferred to the High Court of Sabah & Sarawak at Kota Kinabalu on 10 August 2012, subject to the said Ad Interim Injunction continuing to be in effect. With the transfer, RESB is currently represented by the law firm of Messrs Jayasuriya Kah & Co. in Kota Kinabalu. The RESB Suit is presently stayed pending referral and determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

The Company has been advised by both Messrs Wong Kian Kheong and Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the RESB Suit.

9. Changes in material litigation (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report (continued)

- (b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) [“SYC” or the “Plaintiff”] has filed a separate legal suit against RESB in respect of the said Land in the High Court of Sabah & Sarawak at Kota Kinabalu vide Originating Summon No. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the “KK Suit”].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 [“Alleged Deed of Substitute”] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:

- (i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
- (ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
- (iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
- (iv) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC’s rights thereon;
- (v) costs of the KK Suit; and
- (vi) such further or other relief as the Court deems fit and just.

The application by RESB filed to convert the KK Suit into a writ action [“Conversion Application”] was heard on both 23 October 2012 and 26 November 2012 and is currently pending decision. Consistent with the RESB Suit stated in item 9(a) above, the KK Suit is stayed pending referral and determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that the KK Suit is unlikely to succeed.

10. Derivatives

The Group did not enter into any derivative contract and accordingly there was no outstanding derivative as at the end of the interim period.

11. Gains/Losses arising from fair value changes of financial liabilities

There was no gain/loss arising from fair value changes of financial liabilities for the current quarter under review as all the Group’s financial liabilities are measured at amortised cost.

12. Disclosure of realised and unrealised profits (unaudited)

	As at 31.3.2014	As at 31.12.2013
	RM'000	RM'000 <i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	830,978	844,719
- Unrealised	(136,309)	(136,842)
	-----	-----
	694,669	707,877
Less: Consolidation adjustments	(260,008)	(259,461)
	-----	-----
Total Group retained profits as per consolidated financial statements	434,661	448,416
	=====	=====

13. Earnings per share ["EPS"]

- (a) The basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company as follows:

	Quarter Ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Profit attributable to owners of the Company (RM'000)	42,225	19,969	42,225	19,969
	=====	=====	=====	=====
Weighted average number of ordinary shares in issue	799,793	799,977	799,793	799,977
	=====	=====	=====	=====
Basic EPS (sen)	5.28	2.50	5.28	2.50
	=====	=====	=====	=====

- (b) The Company does not have any diluted EPS.

14. Dividend

The Directors do not recommend any interim dividend for the period under review.

15. Auditors' report on preceding annual financial statements

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2013 was not subject to any qualification.

16. Others

In its approval letter dated 23 July 2007 approving the initial public offering of the Company, the Securities Commission ["SC"] requires, inter alia, the Company to resolve the issue on the requirement to transfer 30% of Litang Estate/equity in Hap Seng Plantations (Wecan) Sdn Bhd to natives within the time period stipulated therein ["SC Condition"].

As announced on 31 July 2012, the Land and Survey Department in Kota Kinabalu had granted a further extension of time to July 2017 ["said Extension"] for the transfer of 30% of the undivided share of the Litang Estate or 30% equity in Hap Seng Plantations (Wecan) Sdn Bhd, the wholly-owned subsidiary of the Company to natives.

SC had via its letter dated 3 September 2012 resolved not to impose time stipulation on the Company to resolve the issue on SC Condition. However, the Company is to continue to pursue the matter with the relevant authority subject to the following:

- (i) the Company is to disclose the efforts taken and the status of the compliance with the Litang Estate Condition in the annual report until such time the condition is fulfilled;
- (ii) the Company and/or CIMB Investment Bank Berhad ["CIMB"] is/are to make quarterly announcements to Bursa Malaysia Securities Berhad until such time the condition is fulfilled; and
- (iii) the Company and/or CIMB is/are to update the SC when such disclosure is made in the annual report.

It is a condition of the Litang Estate that "Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein except as provided above".

To the best of the Company's knowledge, the said Extension was granted on the basis that frequent floods had hindered the full development or planting up of the Litang Estate in accordance with the title conditions.

As part of its effort to comply with the SC condition, the Company has taken the following steps to fully develop the Litang Estate:

- (i) constructing of a drain for every 4 rows of palms;
- (ii) regular de-silting of drains in and around the affected region;
- (iii) protect and maintain riparian reserves to prevent and reduce the rate of siltation of drains and rivers through soil erosion;
- (iv) re-supply palms killed after every flood event until such time the palms are able to survive through the floods;
- (v) specially formulated fertilizer recommendations provided to affected areas; and
- (vi) palms planted on platforms for lower lying areas.

BY ORDER OF THE BOARD

CHEAH YEE LENG
Secretary

Kuala Lumpur
27 May 2014