

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2014**

	Quarter ended		Year ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000 <i>(Audited)</i>
Revenue	126,727	142,755	495,566	443,321
Operating expenses	(78,903)	(85,701)	(326,936)	(310,646)
Other operating income	2,063	1,308	7,438	4,999
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Profit before tax	49,887	58,362	176,068	137,674
Tax expense	(13,964)	(18,765)	(47,756)	(40,160)
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Profit for the period representing comprehensive income for the period	35,923	39,597	128,312	97,514
	=====	=====	=====	=====
Earnings per share (sen)				
Basic	4.49	4.95	16.04	12.19
	=====	=====	=====	=====
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



HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

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

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	589,515	577,487
Biological assets	1,359,628	1,354,167
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	1,949,143	1,931,654
	-----	-----
Current assets		
Inventories	46,255	38,847
Receivables	5,003	7,619
Tax recoverable	-	49
Cash and cash equivalents	204,655	189,073
	-----	-----
	255,913	235,588
	-----	-----
TOTAL ASSETS	2,205,056	2,167,242
	=====	=====
Equity attributable to owners of the Company		
Share capital	800,000	800,000
Reserves	1,148,344	1,123,994
	-----	-----
	1,948,344	1,923,994
Less: Treasury shares	(799)	(71)
	-----	-----
TOTAL EQUITY	1,947,545	1,923,923
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Non-current liabilities		
Deferred tax liabilities	196,282	195,680
	-----	-----
Current liabilities		
Payables	45,694	38,072
Tax payable	15,535	9,567
	-----	-----
	61,229	47,639
	-----	-----
TOTAL LIABILITIES	257,511	243,319
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TOTAL EQUITY AND LIABILITIES	2,205,056	2,167,242
	=====	=====
Net assets per share (RM)	2.44	2.40
	=====	=====
Based on number of shares net of treasury shares ('000)	799,703	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 THE YEAR ENDED 31 DECEMBER 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	-	-	128,312	-	128,312
Purchase of treasury shares	-	-	-	(728)	(728)
Dividend	-	-	(103,962)	-	(103,962)
At 31 December 2014	800,000	675,578	472,766	(799)	1,947,545
At 1 January 2013	800,000	675,578	414,900	(60)	1,890,418
Comprehensive income for the period	-	-	97,514	-	97,514
Purchase of treasury shares	-	-	-	(11)	(11)
Dividend	-	-	(63,998)	-	(63,998)
At 31 December 2013 (Audited)	800,000	675,578	448,416	(71)	1,923,923

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 THE YEAR ENDED 31 DECEMBER 2014**

	Year ended	
	31.12.2014	31.12.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	176,068	137,674
Adjustments for:		
Non-cash items	29,516	28,246
Non-operating items	73	64
Net interest income	(5,935)	(3,761)
	-----	-----
Operating profit before working capital changes	199,722	162,223
Net changes in working capital	2,830	16,775
Net tax paid	(41,137)	(23,986)
Net interest received	5,935	3,761
	-----	-----
Net cash generated from operating activities	167,350	158,773
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,613	2,313
Purchase of property, plant and equipment	(43,230)	(31,901)
Additions to biological assets	(5,461)	(7,475)
	-----	-----
Net cash used in investing activities	(47,078)	(37,063)
	-----	-----
Cash flows from financing activities		
Shares repurchased at cost	(728)	(11)
Dividend paid to shareholders	(103,962)	(63,998)
	-----	-----
Net cash used in financing activities	(104,690)	(64,009)
	-----	-----
Net increase in cash and cash equivalents	15,582	57,701
Cash and cash equivalents at beginning of period	189,073	131,372
	-----	-----
Cash and cash equivalents at end of period	204,655	189,073
	=====	=====

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	202,851	185,152
Cash in hand and at bank	1,804	3,921
	-----	-----
	204,655	189,073
	=====	=====

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 2017.

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 financial year.

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 interim period of the current financial year or 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, 5,000 shares were bought back and there was no resale or cancellation of treasury shares. Accordingly, a total of 269,800 shares were bought back and retained as treasury shares during the financial year. 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
October 2014	-	-	-	-	-
November 2014	5,000	2.59	2.59	2.6089	13,044.59
December 2014	-	-	-	-	-
Total	5,000	2.59	2.59	2.6089	13,044.59

(b) As at 31 December 2014, the Company held a total of 296,800 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

Dividends paid out of shareholders' equity for the ordinary shares during the financial year and preceding year were as follows:

	Year ended	
	31.12.2014	31.12.2013
	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
Dividend in respect of financial year ended 31 December 2013:		
- First interim (3.0 sen) under the single tier system approved by the Directors on 19 August 2013 and paid on 18 September 2013	-	23,999
- 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	-
Dividend in respect of financial year ended 31 December 2014:		
- First interim (6.0 sen) under the single tier system approved by the Directors on 26 August 2014 and paid on 26 September 2014	47,982	-
	-----	-----
	103,962	63,998
	=====	=====

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 financial year.

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 financial year

Save for the subsequent events as disclosed in Note 9 of Part B below, there were no events after the end of the financial year and up to 17 February 2015 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
	31.12.2014	31.12.2013
	RM'000	RM'000
Contracted but not provided for in this report	50,215	26,954
Authorised but not contracted for	204,168	78,343
	-----	-----
	254,383	105,297
	=====	=====

14. Significant related party transactions

During the financial year, 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 meetings held on 28 May 2013 and 27 May 2014.

PART B

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

1. Review of performance

Revenue for the current quarter at RM126.7 million was 11% lower than the preceding year corresponding quarter whilst Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM49.9 million and RM35.9 million were lower than the preceding year corresponding quarter by 15% and 9% respectively.

In the current quarter, the Group's performance was mainly affected by lower average selling price of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"], mitigated by higher PK sales volume and lower production costs.

Average selling price realization of CPO and PK for the current quarter were RM2,159 and RM1,381 per tonne respectively as compared to the preceding year corresponding quarter of RM2,469 per tonne for CPO and RM1,542 per tonne for PK. CPO sales volume at 47,938 tonnes was marginally below the preceding year corresponding quarter of 48,578 tonnes whilst PK sales volume was 19% higher at 12,602 tonnes.

Production costs mainly benefitted from lower purchased cost of Fresh Fruit Bunches ["FFB"] and lower manuring costs due to timing of application and lower fertiliser cost per tonne.

Overall, Group PBT and PAT for the year at RM176.1 million and RM128.3 million were higher than the preceding year by 28% and 32% respectively primarily due to higher sales volume and higher average selling price of CPO and PK in the first half of the financial year. Consequently, basic earnings per share for the year increased to 16.04 sen from 12.19 sen in the preceding year.

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 RM49.9 million was 55% above the preceding quarter of RM32.1 million mainly attributable to higher sales volume of PK and lower production costs.

PK sales volume at 12,602 tonnes was 41% higher than the preceding quarter of 8,935 tonnes, contributed by higher volume of FFB processed, higher kernel extraction rate and favourable inventories movement.

Production costs were lower, benefitted from lower estate overheads and lower manuring costs due to timing of application and lower fertiliser cost per tonne.

3. Current year prospects

World palm oil production is expected to be lower than expected in the first quarter of 2015 due to the drought in Indonesia and floods in Malaysia. Whilst the lower production may support palm oil prices in the short term; concerns of global economic uncertainties, foreign currency fluctuations and weak crude oil and commodities prices are likely to weigh down on the movements in palm oil prices which are expected to be volatile in 2015.

Against this backdrop, the Group's prospects for the current financial year ending 31 December 2015 will be influenced by the price movements in the palm oil market. Nevertheless, the concerted efforts placed by the Group in improving FFB yield, CPO and PK extraction rates as well as keeping costs low may mitigate some of the downside risks arising from the palm oil price volatility.

Based on the foregoing, the Group is cautiously optimistic of achieving satisfactory results for the current financial year ending 31 December 2015.

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 ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	1,579	1,104	5,935	3,761
Depreciation and amortisation	(7,313)	(7,205)	(29,308)	(28,167)
Property, plant and equipment written off	(208)	(1)	(208)	(79)
Gain/(Loss) on disposal of property, plant and equipment	(21)	(153)	(73)	(64)
Write down of inventories	-	(6)	-	(6)

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 ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	13,012	13,964	47,332	36,659
- deferred tax	951	1,551	601	169
	-----	-----	-----	-----
	13,963	15,515	47,933	36,828
	-----	-----	-----	-----
In respect of prior periods				
- income tax	-	(3)	(178)	(34)
- deferred tax	1	3,253	1	3,366
	-----	-----	-----	-----
	-	3,250	(177)	3,332
	-----	-----	-----	-----
	13,964	18,765	47,756	40,160
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and year as well as the preceding year corresponding quarter and year (excluding the under/(over) provision of tax in respect of prior periods) 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 17 February 2015.

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.

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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)

- (c) Pelipikan Plantation Sdn Bhd ["PPSB"], the wholly-owned subsidiary of the Company is the registered sub-lessee of all those 251 pieces of land measuring approximately 1,364.91 hectares situated in Kg. Natu in the district of Kota Marudu, Sabah ["Pelipikan Sub-Leased Lands"]. A writ of summon ["said Writ"] was filed on 7 August 2014 by 94 natives of Sabah ["Plaintiffs"] represented by Messrs. Sugumar & Co claiming interest and ownership, legal and beneficial in respect of 113 parcels of land which form part of the Pelipikan Sub-Leased Lands ["said 113 Titles"] in the High Court of Sabah and Sarawak at Kota Kinabalu vide suit no. BKI-22NCvC66/8-2014 (HC2), naming one Hatija Binti Hassan as first defendant, one Juniah @ Rubiah Bt. Okk Zainal as second defendant and PPSB as the third defendant ["said Suit"]. The said 113 Titles represent approximately 1.31% of the Group's total land holdings.

In the said Writ, the Plaintiffs alleged, inter alia the following:

- (i) acting on a purported power of attorney P/A No. 5391/03, one Sikit @ Lanjim bin Sarapong ["Sikit"] transferred the Pelipikan Sub-Leased Lands on behalf of the Plaintiffs to the first and second defendants and created a sublease in favour of PPSB;
- (ii) the transfer of the said 113 Titles from the Plaintiffs to Sikit, the subsequent transfer from Sikit to the first and second defendants and the sublease created in favour of PPSB were effected via forged documents and/or illegal means;
- (iii) that the first and second defendants are not bona-fide third party purchasers of the said 113 Titles for value without notice; and
- (iv) that PPSB is not a bona-fide third party sub-lessee of the said 113 Titles for value without notice.

The Plaintiffs are claiming for the following in the said Suit:

- (i) a declaration that the Plaintiffs are entitled to possession of the said 113 Titles;
- (ii) a declaration that the first, second, and third defendants are not entitled to possession of the said 113 Titles;
- (iii) a declaration that the Plaintiffs are entitled to legal and beneficial ownership of the said 113 Titles;
- (iv) that the registration of transfer of the said 113 Titles in favour of Sikit be declared null and void and of no effect;
- (v) that the registration of transfer of the said 113 Titles in favour of first and second defendants be declared null and void and of no effect;
- (vi) that the registration of sub-lease of the said 113 Titles in favour of the third defendant be declared null and void and of no effect;
- (vii) an order directing the first, second and third defendants to give vacant possession of the said 113 Titles to the Plaintiffs;
- (viii) an order directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the registration of the transfer of the 113 Titles effected in favour of Sikit and the first and second defendants;
- (ix) an order directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the registration of the sublease of the said 113 Titles in favour of the third defendant.

PPSB has been advised by its solicitors, Messrs Jayasuriya Kah & Co that pursuant to the Sabah Land Ordinance, it is lawful for a native landowner to grant a sub-lease to a non-native for a period not exceeding 30 years and the said Suit against PPSB 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 31.12.2014	As at 31.12.2013
	RM'000	RM'000 <i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	872,593	844,719
- Unrealised	(138,179)	(136,842)
	-----	-----
	734,414	707,877
Less: Consolidation adjustments	(261,648)	(259,461)
	-----	-----
Total Group retained earnings as per consolidated financial statements	472,766	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 ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Profit attributable to owners of the Company (RM'000)	35,923	39,597	128,312	97,514
	=====	=====	=====	=====
Weighted average number of ordinary shares in issue	799,706	799,974	799,729	799,976
	=====	=====	=====	=====
Basic EPS (sen)	4.49	4.95	16.04	12.19
	=====	=====	=====	=====

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

14. Dividend

Dividends for the current financial year ended 31 December 2014 are as follows:

- (a) First interim dividend of 6 sen (2013: 3 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. The said first interim dividend was approved by the Board of Directors on 26 August 2014 and paid on 26 September 2014;
- (b) The Board of Directors has on even date approved the following second interim dividend for the year ended 31 December 2014:
- | | |
|--|--|
| (i) Amount per ordinary share of RM1.00 each | |
| - Second Interim Dividend | 5 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
| (ii) Previous year corresponding period: | |
| Amount per ordinary share of RM1.00 each | |
| - Second Interim Dividend | 5 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
| - Special Interim Dividend | 2 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
| (iii) Total dividend for the current financial year: | |
| Amount per ordinary share of RM1.00 each | 11 sen (2013: 10 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders |
- (c) This dividend will be payable on 25 March 2015; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 10 March 2015.

NOTICE OF SECOND INTERIM DIVIDEND AND SPECIAL INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that the second interim dividend of 5 sen per ordinary share of RM1.00 each under the single-tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ended 31 December 2014 will be payable in cash on 25 March 2015 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 10 March 2015.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) shares transferred into the depositor's securities account before 4.00 p.m. on 10 March 2015 in respect of transfers; and
- (b) shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on a cum entitlement basis according to the Rules of the Bursa Securities.

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
LIM GUAN NEE
Secretaries

Kuala Lumpur
23 February 2015