

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2017**

	Quarter ended		Year-to-date ended	
	31.3.2017 RM'000	31.3.2016 RM'000	31.3.2017 RM'000	31.3.2016 RM'000
Revenue	144,102	104,162	144,102	104,162
Operating expenses	(101,423)	(83,643)	(101,423)	(83,643)
Other operating income	2,762	2,406	2,762	2,406
Profit before tax	45,441	22,925	45,441	22,925
Tax expense	(11,332)	(6,276)	(11,332)	(6,276)
Profit for the period representing total comprehensive income for the period	34,109	16,649	34,109	16,649
Earnings per share (sen)				
Basic	4.27	2.08	4.27	2.08
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 2016 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2017**

	As at 31.3.2017 RM'000	As at 31.12.2016 RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	678,419	673,959
Biological assets	1,377,505	1,377,427
	<u>2,055,924</u>	<u>2,051,386</u>
Current assets		
Inventories	62,393	72,087
Receivables	7,758	6,339
Tax recoverable	263	626
Money market deposits	97,090	122,136
Cash and cash equivalents	31,659	39,459
	<u>199,163</u>	<u>240,647</u>
TOTAL ASSETS	<u>2,255,087</u>	<u>2,292,033</u>
Equity attributable to owners of the Company		
Share capital	800,000	800,000
Reserves	1,211,091	1,240,958
	<u>2,011,091</u>	<u>2,040,958</u>
Less: Treasury shares	(819)	(819)
TOTAL EQUITY	<u>2,010,272</u>	<u>2,040,139</u>
Non-current liabilities		
Deferred tax liabilities	191,247	191,949
Current liabilities		
Payables	41,242	49,821
Tax payable	12,326	10,124
	<u>53,568</u>	<u>59,945</u>
TOTAL LIABILITIES	<u>244,815</u>	<u>251,894</u>
TOTAL EQUITY AND LIABILITIES	<u>2,255,087</u>	<u>2,292,033</u>
Net assets per share (RM)	<u>2.51</u>	<u>2.55</u>
Based on number of shares net of treasury shares ('000)	799,695	799,695

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2017**

	← 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 2017	800,000	675,578	565,380	(819)	2,040,139
Comprehensive income for the period	-	-	34,109	-	34,109
Dividend	-	-	(63,976)	-	(63,976)
At 31 March 2017	800,000	675,578	535,513	(819)	2,010,272
At 1 January 2016	800,000	675,578	505,238	(809)	1,980,007
Comprehensive income for the period	-	-	16,649	-	16,649
Dividend	-	-	(39,985)	-	(39,985)
At 31 March 2016	800,000	675,578	481,902	(809)	1,956,671

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 2016 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 2017**

	Year-to-date ended	
	31.3.2017 RM'000	31.3.2016 RM'000
Cash flows from operating activities		
Profit before tax	45,441	22,925
Adjustments for:		
Non-cash items	9,121	7,861
Non-operating items	(676)	(8)
Dividend income	(833)	(825)
Interest income	(283)	(372)
Operating profit before working capital changes	52,770	29,581
Net changes in working capital	(304)	(19,550)
Net tax paid	(9,469)	(4,029)
Interest received	283	372
Net cash generated from operating activities	43,280	6,374
Cash flows from investing activities		
Dividend received from money market deposits	833	791
Decrease in money market deposits	25,046	39,811
Proceeds from disposal of property, plant and equipment	1,990	368
Purchase of property, plant and equipment	(14,895)	(50,434)
Additions to biological assets	(78)	(20)
Net cash generated from/(used in) investing activities	12,896	(9,484)
Cash flows from financing activities		
Dividend paid to shareholders	(63,976)	(39,985)
Net cash used in financing activities	(63,976)	(39,985)
Net change in cash and cash equivalents	(7,800)	(43,095)
Cash and cash equivalents at beginning of period	39,459	79,051
Cash and cash equivalents at end of period	31,659	35,956
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	21,195	30,927
Cash in hand and at bank	10,464	5,029
	31,659	35,956

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 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 2016.

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 2016, except for changes arising from the adoption of FRS, IC Interpretations and Amendments that are effective for financial period beginning on or after 1 January 2017 which do not have material impact on the financial statements of the Group on the initial adoption.

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, to be adopted by non-private entities for annual periods beginning on or after 1 January 2012. However, adoption of the MFRS framework by 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 [“Transitioning Entities”] will only be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS framework. Accordingly, the Group’s financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the MFRS and International Financial Reporting Standards. 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. Accordingly, the consolidated financial statements could be different if prepared under the MFRS framework.

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

Share buyback by the Company

During the current quarter, there was no buyback of shares, resale nor cancellation of treasury shares.

As at 31 March 2017, the Company held a total of 304,800 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 800,000,000 ordinary shares.

7. Dividend

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	
	31.3.2017	31.3.2016
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2015:		
- Second interim (5 sen) under the single tier system approved by the Directors on 23 February 2016 and paid on 24 March 2016	-	39,985
Dividend in respect of financial year ended 31 December 2016:		
- Second interim (8 sen) under the single tier system approved by the Directors on 22 February 2017 and paid on 23 March 2017	63,976	-
	<u>63,976</u>	<u>39,985</u>

8. Segment information

The Group has only one reportable segment. All information on segment assets and operating results can be directly obtained from the statement of financial position and statement of profit or loss and other comprehensive income. The total revenue is derived primarily from external customers.

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, there were no events after the interim period and up to 19 May 2017 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 does not have any contingent liability or contingent asset 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
	31.3.2017	31.12.2016
	RM'000	RM'000
		<i>(Audited)</i>
Contracted but not provided for	47,440	37,984
Authorised but not contracted for	77,206	99,424
	<u>124,646</u>	<u>137,408</u>

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 or exceeded by 10% of the estimated value which had been mandated by the shareholders at the extraordinary general meeting held on 18 May 2016.

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PART B

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

1. Review of performance

The Group's revenue for the current quarter at RM144.1 million was 38% above the preceding year corresponding quarter, benefitting mainly from the higher average selling price realization of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"].

Average selling price per tonne of CPO and PK for the current quarter were RM3,268 and RM3,282 respectively as compared to the preceding year corresponding quarter of RM2,375 for CPO and RM2,029 for PK. CPO sales volume for the current quarter at 36,275 tonnes was 2% lower than the preceding year corresponding quarter whilst PK sales volume was 3% higher at 7,183 tonnes.

Fresh fruit bunches ["FFB"] production for the current quarter was higher than the preceding year corresponding quarter due to higher FFB yield. However, both CPO and PK production for the current quarter were marginally lower than the preceding year corresponding quarter as extraction rates of CPO and PK were lower due to the exceptional wet weather conditions in the first quarter of the year.

Production cost per tonne of CPO was higher in the current quarter with higher purchase cost of FFB, higher repair and maintenance on roads and bridges caused by the exceptional wet weather and higher wages due to the revision of the minimum wages per month from RM800 to RM920 for Sabah under the Minimum Wages Order 2016 with effect from 1 July 2016.

Profit before tax ["PBT"] and profit after tax at RM45.4 million and RM34.1 million were significantly higher than the preceding year corresponding quarter by 98% and 105% respectively. Consequently, basic earnings per share for current quarter at 4.27 sen was 105% higher than previous year corresponding quarter of 2.08 sen.

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

Average selling price realization of CPO and PK were 12% and 11% higher than the preceding quarter average selling price per tonne of RM2,924 and RM2,956 respectively. CPO sales volume for the current quarter was 11% above the preceding quarter of 32,799 tonnes mainly attributable to the fulfilment of backlog deliveries from the preceding quarter whilst PK sales volume was 29% below the preceding quarter of 10,077 tonnes due to lower FFB yield.

In spite of the higher average selling prices for both CPO and PK and higher CPO sales volume, Group PBT for the current quarter of RM45.4 million was 23% below the preceding quarter of RM59.4 million. The lower PBT was mainly affected by lower PK sales volume and higher production cost per tonne of CPO due to higher manuring costs as well as lower CPO production arising from lower FFB yield. There was also a reversal of overprovision of labour mobilization costs of RM5 million in the preceding quarter.

3. Current year prospects

Malaysian palm oil prices have declined in April and recovered slightly in early May. However, sentiments in the palm oil market remained subdued as weak soyoil prices and anticipated recovery in FFB production are expected to weigh on the palm oil prices. Nevertheless, global demand for palm oil is expected to remain strong in the immediate term, supported by demand during the fasting month of Ramadan which will begin towards the end of May and this may lend support to palm oil prices.

Notwithstanding the foregoing, the Group is optimistic of achieving satisfactory results for the current financial year ending 31 December 2017.

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 before tax**

	Quarter ended		Year-to-date ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	283	372	283	372
Dividend income from money market deposits	833	825	833	825
Foreign exchange loss	(19)	(68)	(19)	(68)
Depreciation and amortisation	(9,004)	(7,861)	(9,004)	(7,861)
Property, plant and equipment written off	(117)	-	(117)	-
Gain on disposal of property, plant and equipment	676	8	676	8

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	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	12,034	7,425	12,034	7,425
- deferred tax	(702)	(1,149)	(702)	(1,149)
	11,332	6,276	11,332	6,276

The Group's effective tax rates 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 19 May 2017.

8. **Borrowings and debt securities**

The Group does not have any borrowing nor debt security.

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 commenced a legal suit vide a writ of summon at Kuala Lumpur High Court [“KLHC”] against EISB [“1st Defendant”] and on 16 June 2012, HCH was added as the second defendant [“2nd Defendant”] to the said legal suit [“KL RESB Suit”].

On 10 August 2012, upon the 1st Defendant’s application, the KL RESB Suit was transferred to the High Court of Sabah and Sarawak at Kota Kinabalu [“KKHC”]. On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1st and 2nd Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 [“KK RESB Suit”].

RESB is claiming for the following in the KK 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 KK RESB Suit; and
- (vii) Such further or other relief as the Court deems fit and just.

Pending the disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above [“KK Interlocutory Injunction”].

On 13 December 2016, the KKHC allowed both the KK RESB Suit and KK Suit to be consolidated upon RESB’s application. The KKHC has fixed 7 and 8 August 2017 for trial of both the KK RESB Suit and KK Suit.

The Company has been advised by Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the KK 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 KKHC 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.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC allowed both the KK RESB Suit and KK Suit to be consolidated upon RESB’s application. The KKHC has fixed 7 and 8 August 2017 for trial of both the KK RESB Suit and KK Suit.

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 was filed on 7 August 2014 in the High Court in Sabah & Sarawak at Kota Kinabalu ["KKHC"] vide suit no. BKI-22NCvC66/8-2014 ["First Suit"] by 94 natives of Sabah ["First Suit Plaintiffs"] claiming interest and ownership, legal and beneficial, in respect of 113 titles which form part of the Pelipikan Sub-Leased Lands ["First Suit Disputed Titles"] against one Hatija Binti Hassan as the first defendant, one Juniah @ Rubiah Bt. Okk Zainal as second defendant and PPSB as the third defendant. Pursuant to a consent order ["said Consent Order"] recorded before the KKHC on 15 May 2015, the First Suit was struck off with no order as to costs.

PPSB was informed by its solicitors, Messrs Shim Pang & Co. on 20 April 2017 that it has been served with a writ of summon filed in KKHC vide suit no. BKI-22NCvC51/4-2017 ["Second Suit"] by 70 natives of Sabah, who form part of the First Suit Plaintiffs ["said Plaintiffs"] claiming legal and beneficial ownership in respect of 86 titles, which form part of the First Suit Disputed Titles ["said 86 Titles"]. The said Plaintiffs named one Sugumar Balakrishnan as the first defendant, Sugumar & Co (Firm) as the second defendant, Hatija Binti Hassan as the third defendant, Juniah @ Rubiah Bt. Okk Zainal as the fourth defendant and PPSB as the fifth defendant. The first and second defendants were the solicitors acting for the First Suit Plaintiffs in the First Suit.

In the Second Suit, the said Plaintiffs alleged, inter alia that the said Consent Order was fraudulently obtained by their previous solicitors, i.e. the first and second defendants without the informed consent and/or instruction of the First Suit Plaintiffs.

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

- (i) a declaration that the said Consent Order was null and void and of no effect;
- (ii) a declaration that all acts, actions, proceedings including land enquiry proceedings, decisions, dealings and/or transactions with the said 86 Titles and any consequential matters relying on or consequential to the said Consent Order are invalid, null and void;
- (iii) an order that the said Consent Order be set aside;
- (iv) an order that the First Suit shall continue and proceed to trial;
- (v) in the alternative, damages against the first and second defendant in the Second Suit jointly and severally to be assessed;
- (vi) costs to the said Plaintiffs; and
- (vii) such further or other relief as the KKHC deems fit and just.

The Company has been advised by its solicitors that the Second 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 financial year.

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 or losses (unaudited)**

	As at 31.3.2017	As at 31.12.2016
	RM'000	RM'000 <i>(Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	926,313	956,152
- Unrealised	(137,052)	(137,579)
	<u>789,261</u>	<u>818,573</u>
Less: Consolidation adjustments	(253,748)	(253,193)
Total Group retained earnings as per consolidated financial statements	<u><u>535,513</u></u>	<u><u>565,380</u></u>

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	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Profit attributable to owners of the Company (RM'000)	<u>34,109</u>	<u>16,649</u>	<u>34,109</u>	<u>16,649</u>
Weighted average number of ordinary shares in issue	<u>799,695</u>	<u>799,699</u>	<u>799,695</u>	<u>799,699</u>
Basic EPS (sen)	<u>4.27</u>	<u>2.08</u>	<u>4.27</u>	<u>2.08</u>

(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 2016 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

24 May 2017