

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2019**

	Quarter ended			Year-to-date ended		
	31.3.2019	31.3.2018	Increase/ (Decrease)	31.3.2019	31.3.2018	Increase/ (Decrease)
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>	126,270	121,200	4%	126,270	121,200	4%
Operating expenses	(121,772)	(101,340)		(121,772)	(101,340)	
Other operating income	3,174	2,533		3,174	2,533	
<b>Operating profit</b>	7,672	22,393	(66%)	7,672	22,393	(66%)
Finance costs	(567)	-		(567)	-	
<b>Profit before tax</b>	7,105	22,393	(68%)	7,105	22,393	(68%)
Tax expense	(2,637)	(6,912)		(2,637)	(6,912)	
<b>Profit for the period representing total comprehensive income for the period</b>	4,468	15,481	(71%)	4,468	15,481	(71%)
<b>Earnings per share (sen)</b>						
Basic	0.56	1.94	(71%)	0.56	1.94	(71%)
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 2018 and the accompanying explanatory notes attached to the Interim Financial Statements*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 31 MARCH 2019**

	<b>As at 31.3.2019</b>	<b>As at 31.12.2018</b>
	RM'000	RM'000 (Audited)
<b>Non-current assets</b>		
Property, plant and equipment	1,836,422	1,837,769
Right-of-use assets	48,461	-
	<u>1,884,883</u>	<u>1,837,769</u>
<b>Current assets</b>		
Inventories	65,512	82,878
Biological assets	12,298	15,772
Receivables	37,567	15,304
Current tax assets	8,965	11,503
Money market deposits	61,926	66,518
Cash and cash equivalents	37,918	40,311
	<u>224,186</u>	<u>232,286</u>
<b>TOTAL ASSETS</b>	<u>2,109,069</u>	<u>2,070,055</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	1,475,578	1,475,578
Merger reserves	(1,347,761)	(1,347,761)
Retained earnings	1,503,212	1,511,455
	<u>1,631,029</u>	<u>1,639,272</u>
Less: Treasury shares	(838)	(838)
<b>TOTAL EQUITY</b>	<u>1,630,191</u>	<u>1,638,434</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	386,653	389,251
Lease liabilities	43,942	-
	<u>430,595</u>	<u>389,251</u>
<b>Current liabilities</b>		
Payables	38,527	42,025
Lease liabilities	9,383	-
Current tax liabilities	373	345
	<u>48,283</u>	<u>42,370</u>
<b>TOTAL LIABILITIES</b>	<u>478,878</u>	<u>431,621</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,109,069</u>	<u>2,070,055</u>
<b>Net assets per share (RM)</b>	<u>2.04</u>	<u>2.05</u>
Number of shares net of treasury shares ('000)	799,687	799,687

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 2019**

	← Attributable to Owners of the Company →				Total equity RM'000
	Share capital RM'000	Non- distributable Merger reserves RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	
<b>At 1 January 2019</b>					
- As previously stated	1,475,578	(1,347,761)	1,511,455	(838)	1,638,434
- Effect of adoption of MFRS 16	-	-	(4,714)	-	(4,714)
- As restated	1,475,578	(1,347,761)	1,506,741	(838)	1,633,720
Total comprehensive income for the period	-	-	4,468	-	4,468
Dividends	-	-	(7,997)	-	(7,997)
<b>At 31 MARCH 2019</b>	<b>1,475,578</b>	<b>(1,347,761)</b>	<b>1,503,212</b>	<b>(838)</b>	<b>1,630,191</b>
<b>At 1 January 2018</b>	1,475,578	(1,347,761)	1,542,323	(829)	1,669,311
Total comprehensive income for the period	-	-	15,481	-	15,481
Dividends	-	-	(47,981)	-	(47,981)
<b>At 31 MARCH 2018</b>	<b>1,475,578</b>	<b>(1,347,761)</b>	<b>1,509,823</b>	<b>(829)</b>	<b>1,636,811</b>

*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 2018 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 2019**

	Year-to-date ended	
	31.3.2019 RM'000	31.3.2018 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	7,105	22,393
Adjustments for:		
Non-cash items	25,747	22,849
Non-operating items	(1,068)	(186)
Dividend income	(449)	(481)
Net interest expense/(income)	384	(273)
Operating profit before working capital changes	31,719	44,302
Net changes in working capital	(8,805)	(41,119)
Net tax paid	(2,669)	(11,823)
Interest (paid)/received	(114)	273
<b>Net cash generated from/(used in) operating activities</b>	<b>20,131</b>	<b>(8,367)</b>
<b>Cash flows from investing activities</b>		
Dividend received from money market deposits	409	566
Decrease in money market deposits	4,592	63,682
Proceeds from disposal of property, plant and equipment	1,648	476
Purchase of property, plant and equipment	(19,166)	(14,915)
<b>Net cash (used in)/generated from investing activities</b>	<b>(12,517)</b>	<b>49,809</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(7,997)	(47,981)
Payment of lease liabilities	(2,010)	-
<b>Net cash used in financing activities</b>	<b>(10,007)</b>	<b>(47,981)</b>
<b>Net change in cash and cash equivalents</b>	<b>(2,393)</b>	<b>(6,539)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>40,311</b>	<b>44,774</b>
<b>Cash and cash equivalents at end of period</b>	<b>37,918</b>	<b>38,235</b>
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	30,911	27,713
Cash in hand and at bank	7,007	10,522
	<b>37,918</b>	<b>38,235</b>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Statements*

## Basis of Preparation

These interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard [“MFRS”] 134, *Interim Financial Reporting* and paragraph 9.22 of 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 2018.

### Part A: Explanatory Notes Pursuant to MFRS 134

#### 1. 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 2018 except for changes arising from the adoption of MFRS 16, *Leases* as disclosed below.

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The right-of-use asset is depreciated in accordance with the principle in MFRS 116, *Property, Plant and Equipment* and the lease liability is accreted over time with interest expense recognised in profit or loss. A lessor continues to classify all leases as either operating leases or finance leases using similar principles as in MFRS 117.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option [“short-term leases”], and lease contracts for which the underlying asset is low value [“low-value assets”].

The effects of adoption of MFRS 16 as at 1 January 2019 are as follows:

	Increase/ (Decrease) RM’000
Right-of-use assets	49,006
Lease liabilities	53,720
Retained earnings	(4,714)

## 2. 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.

## 3. 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.

## 4. 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.

## 5. 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 2019, the Company held a total of 312,800 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 800,000,000 ordinary shares.

## 6. Dividends

Dividends 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	
	31.3.2019	31.3.2018
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2017:		
- Second interim (6 sen) under the single tier system approved by the Directors on 27 February 2018 and paid on 28 March 2018	-	47,981
Dividend in respect of financial year ended 31 December 2018:		
- Second interim (1 sen) under the single tier system approved by the Directors on 26 February 2019 and paid on 27 March 2019	7,997	-
	<u>7,997</u>	<u>47,981</u>

## 7. Segment information

The Group has only one reportable segment. All information on segment assets, segment liabilities 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.

## 8. 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 end of the interim period and up to 24 May 2019 that have not been reflected in these interim financial statements.

## 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 and up to 24 May 2019.

## 11. 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.

## 12. Capital commitments

The Group has the following capital commitments:

	<b>As at 31.3.2019</b>	<b>As at 31.12.2018</b>
	RM'000	RM'000
Contracted but not provided for		<i>(Audited)</i>
- Property, plant and equipment	<u>90,765</u>	<u>34,221</u>

## 13. 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 annual general meetings held on 28 May 2018.

**Part B: Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities**
**1. Review of performance**

The Group's revenue for the current quarter at RM126.3 million was 4% above the preceding year corresponding quarter, benefitted from higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] despite lower average selling price realization of both products.

CPO sales volume for the current quarter at 52,409 tonnes was 37% above preceding year corresponding quarter whilst PK sales volume was 22% higher at 10,805 tonnes. The higher sales volume of CPO and PK were attributable to higher CPO and PK production and more favourable inventory movements in the current quarter. Average selling price for CPO and PK at RM2,099 per tonne and RM1,370 per tonne respectively were lower as compared to the preceding year corresponding quarter of RM2,590 per tonne for CPO and RM2,262 per tonne for PK.

CPO and PK production were both 17% higher than the preceding year corresponding quarter attributable to higher fresh fruit bunches yield as well as better extraction rates of CPO and PK. Consequently, unit production cost of CPO for the current quarter was lower than the preceding year corresponding quarter.

Overall, profit before tax ["PBT"] and profit after tax for the current quarter at RM7.1 million and RM4.5 million were lower than the preceding year corresponding quarter by 68% and 71% respectively. Consequently, basic earnings per share for the current quarter at 0.56 sen was 71% lower than preceding year corresponding quarter of 1.94 sen.

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

	<b>Current Quarter ended 31.3.2019 RM'000</b>	<b>Immediate Preceding Quarter ended 31.12.2018 RM'000</b>	<b><i>Increase/ (Decrease)</i></b>
Revenue	<u>126,270</u>	<u>96,094</u>	31%
Profit before tax	<u>7,105</u>	<u>9,989</u>	(29%)
Profit after tax	<u>4,468</u>	<u>6,079</u>	(27%)

The Group PBT for the current quarter of RM7.1 million was 29% lower than the immediate preceding quarter of RM10 million mainly affected by higher operating expenses inspite of higher revenue.

Revenue was higher by 31%, benefitted from higher average selling price by 9% over the immediate preceding quarter of RM1,922 per tonne and higher sales volume by 30% over the immediate preceding quarter of 40,230 tonnes attributable mainly to favourable inventory movements.

Operating expenses were mainly affected by higher unit production cost of CPO in the current quarter due to lower CPO production by 12% and timing variance of certain production costs in the immediate preceding quarter.



### 3. Current year prospects

CPO prices have somewhat recovered in the first quarter of 2019 with monthly average CPO price of between RM1,903 per tonne to RM2,100 per tonne as compared to RM1,794 per tonne in December 2018. In April 2019, average CPO price was RM2,018 per tonne whilst the daily average prices for the first half of May ranges between RM1,910 to RM1,974 per tonne.

Generally, CPO prices continued to be depressed, affected by high global palm oil inventories and low prices of competing edible oils, particularly soybean oil.

Malaysia's palm oil inventories at end April 2019 was 2.73 million tonnes, 7% lower month-on-month and 15% lower than December 2018 of 3.2 million tonnes but remained high as compared to the same period last year of 2.17 million tonnes.

The deferment of export duties on crude palm oil by the Malaysia government for the balance of the year may help to boost palm oil exports and reduce inventories. During the first half of May 2019, Malaysian palm oil exports rose between 4% and 15% over the corresponding period last month, according to data from three cargo surveyors namely Amspec Agri Malaysia, Intertek Testing Services and Societe Generale de Surveillance. Stronger demand from China and India as well as higher consumption during the Ramadan month are expected to reduce the current high palm oil inventories and provide some support to the near term CPO prices.

Price of soybeans has plunged to a ten-year low amidst rising concerns of oversupply of global soybeans and lower demand in China due to the outbreak of African swine flu in the country. The situation is further aggravated by the escalating trade war between US and China with the recent tariffs hike by both countries. China has increased tariff on soybeans to 25% recently and this will further exert pressure on global soybean prices as US farmers are under pressure to sell at lower prices which will result in lower soybean oil prices.

The increase in minimum wage of employees from RM920 per month since 1 July 2016 to RM1,100 per month with effect from 1 January 2019, will further exert pressure on the cost of production of CPO.

Based on the foregoing, the Group results for the current financial year ending 31 December 2019 are expected to be impacted by the uncertainty of CPO prices and the global economic environment influencing the prices of edible oils.

### 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	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):				
Interest income	183	273	183	273
Dividend income from money market deposits	449	481	449	481
Interest expense	(567)	-	(567)	-
Depreciation and amortisation	(22,074)	(19,855)	(22,074)	(19,855)
Property, plant and equipment written off	(199)	(72)	(199)	(72)
Gain on disposal of property, plant and equipment	1,068	186	1,068	186
Loss on fair value of biological assets	(3,474)	(2,922)	(3,474)	(2,922)

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	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	5,235	8,494	5,235	8,494
- deferred tax	(2,598)	(1,582)	(2,598)	(1,582)
	2,637	6,912	2,637	6,912

The Group's effective tax rate for the current quarter and preceding year corresponding quarter were higher than the statutory tax rate mainly 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 24 May 2019.

**8. Borrowings and debt securities**

The Group does not have any borrowing nor debt security.

9. **Changes in material litigations (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 were no other changes in 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 ["KL RESB Suit"] vide a writ of summon at Kuala Lumpur High Court ["KLHC"] against EISB ["1<sup>st</sup> Defendant"] and HCH was added as the second defendant ["2<sup>nd</sup> Defendant"] to the KL RESB Suit on 16 June 2012.

On 10 August 2012, upon the 1<sup>st</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 1<sup>st</sup> 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 2<sup>nd</sup> 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 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 1<sup>st</sup> and 2<sup>nd</sup> 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 consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019 and 8 March 2019.

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 litigations (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 consolidated the KK RESB Suit and KK Suit upon RESB’s application [“Consolidated RESB Suit”].

The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019 and 8 March 2019.

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 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. 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	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Profit attributable to owners of the Company (RM'000)	4,468	15,481	4,468	15,481
Weighted average number of ordinary shares in issue ('000)	799,687	799,691	799,687	799,691
Basic EPS (sen)	0.56	1.94	0.56	1.94

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

**13. Dividends**

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

**14. 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 2018 was not subject to any qualification.

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## 15. 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”].

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”.

As announced on 31 July 2017, the Land and Survey Department in Kota Kinabalu had granted a further extension of time to July 2022 [“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.

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  
29 May 2019