

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For The First Quarter Ended 31 March 2019

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2019 RM' 000	31.3.2018 RM'000	31.3.2019 RM' 000	31.3.2018 RM' 000
Revenue	74,863	99,740	74,863	99,740
Cost of sales	(67,151)	(85,880)	(67,151)	(85,880)
Gross profit	7,712	13,860	7,712	13,860
Other income	2,763	2,675	2,763	2,675
Administrative expenses	(3,250)	(2,814)	(3,250)	(2,814)
Other operating expenses	(1,689)	(1,524)	(1,689)	(1,524)
Operating profit	5,536	12,197	5,536	12,197
Finance costs	(1,615)	(1,645)	(1,615)	(1,645)
Profit/(Loss) before tax	3,921	10,552	3,921	10,552
Income tax expense	(1,259)	(2,896)	(1,259)	(2,896)
Profit/(Loss) after tax	2,662	7,656	2,662	7,656
Other comprehensive income				
Exchange difference on translation of foreign operations	(46)	(327)	(46)	(327)
Total comprehensive income for the period	2,616	7,329	2,616	7,329
Profit/(Loss) attributable to:				
Owners of the parent	1,255	3,003	1,255	3,003
Non-controlling interests	1,407	4,653	1,407	4,653
	2,662	7,656	2,662	7,656
Total comprehensive income attributable to:				
Owners of the parent	1,227	2,926	1,227	2,926
Non-controlling interests	1,389	4,403	1,389	4,403
	2,616	7,329	2,616	7,329
Weighted average number of shares in issue	196,544	196,544	196,544	196,544
Earnings per share in sen				
- Basic	0.64	1.53	0.64	1.53

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

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

Condensed Consolidated Statement of Financial Position
as at 31 March 2019

	As at 31.3.2019 (Unaudited) RM'000	As at 31.12.2018 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	396,979	397,058
Investment properties	49,250	49,250
Land use rights	1,904	1,910
Deferred tax assets	3,854	3,032
Investment in securities	388	388
Trade and other receivables	138,658	140,836
Goodwill on consolidation	43,867	43,867
	<u>634,900</u>	<u>636,341</u>
Current assets		
Inventories	30,752	30,691
Biological assets	1,369	1,386
Trade and other receivables	28,367	24,989
Tax recoverable	2,464	3,391
Short term investments	16,374	14,421
Fixed deposits with licensed banks	9,197	9,193
Cash and bank balances	11,972	14,199
	<u>100,495</u>	<u>98,270</u>
TOTAL ASSETS	<u>735,395</u>	<u>734,611</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	196,544	196,544
Reserves	52,730	51,503
	<u>249,274</u>	<u>248,047</u>
Non-controlling interests	<u>268,345</u>	<u>266,956</u>
Total equity	<u>517,619</u>	<u>515,003</u>

**Condensed Consolidated Statement of Financial Position
as at 31 March 2019 (Contd.)**

	As at 31.3.2019 (Unaudited) RM'000	As at 31.12.2018 (Audited) RM'000
EQUITY AND LIABILITIES (CONTD.)		
Non-current liabilities		
Lease rental payable	267	267
Hire purchase payables	2,301	2,535
Borrowings	60,326	61,513
Deferred tax liabilities	49,739	49,169
	112,633	113,484
Current liabilities		
Payables	24,397	29,446
Hire purchase payables	1,247	1,000
Borrowings	79,200	75,629
Taxation	299	49
	105,143	106,124
Total liabilities	217,776	219,608
TOTAL EQUITY AND LIABILITIES	735,395	734,611
Net Tangible Asset Per Share (RM)	1.05	1.04
Net Asset Per Share (RM)	1.27	1.26

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statements of Changes in Equity (Unaudited)
For The First Quarter Ended 31 March 2019

	I-----Equity attributable to owners of the Company-----I									Non-controlling Interests	Total Equity
	Non-distributable					Distributable					
	Share Capital RM' 000	Capital Reserve RM' 000	Other Reserve RM' 000	Revaluation Reserve RM' 000	Fair value adjustment reserve RM'000	Foreign currency translation reserve RM'000	Capital Reserve RM' 000	Retained Profits RM' 000	Total RM' 000		
Opening balance at 1 Jan 2018	196,544	5,737	(29,451)	789	173	45	8	73,359	247,204	267,724	514,928
Total comprehensive income for the period	-	-	-	-	-	(77)	-	3,003	2,926	4,403	7,329
Closing balance at 31 March 2018	<u>196,544</u>	<u>5,737</u>	<u>(29,451)</u>	<u>789</u>	<u>173</u>	<u>(32)</u>	<u>8</u>	<u>76,362</u>	<u>250,130</u>	<u>272,127</u>	<u>522,257</u>
Opening balance at 1 Jan 2019	196,544	5,737	(32,100)	789	45	(289)	8	77,313	248,047	266,956	515,003
Total comprehensive income for the period	-	-	-	-	-	(28)	-	1,255	1,227	1,389	2,616
Closing balance at 31 March 2019	<u>196,544</u>	<u>5,737</u>	<u>(32,100)</u>	<u>789</u>	<u>45</u>	<u>(317)</u>	<u>8</u>	<u>78,568</u>	<u>249,274</u>	<u>268,345</u>	<u>517,619</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

MHC Plantations Bhd (4060-V)
Condensed Consolidated Statement of Cash Flows (Unaudited)
For The First Quarter Ended 31 March 2019

	3 months ended	
	31.3.2019 (Unaudited) RM' 000	31.3.2018 (Unaudited) RM' 000
Operating activities		
Profit before taxation	3,921	10,552
Adjustments for:		
Depreciation and amortisation	5,148	5,068
Interest expense	1,615	1,645
Property, plant and equipment written off	-	11
Interest income	(1,947)	(2,030)
Dividend income	(1)	(1)
Total adjustments	4,815	4,693
Operating cash flows before changes in working capital	<u>8,736</u>	<u>15,245</u>
Changes in working capital:		
Inventories	(44)	3,184
Receivables	508	4,845
Payables	(4,711)	(3,910)
Total changes in working capital	<u>(4,247)</u>	<u>4,120</u>
Cash generated from operations	4,489	19,365
Interest received	195	181
Interest paid	(1,615)	(1,645)
Tax paid	(336)	(2,896)
Net cash flows from/(used in) operating activities	<u>2,733</u>	<u>15,005</u>
Investing activities		
Dividend received	1	1
Purchase of property, plant and equipment	(5,064)	(7,073)
Net redemption/(investment in) of short term investments	(1,953)	(55)
Net cash flows (used in)/from investing activities	<u>(7,016)</u>	<u>(7,127)</u>
Financing activities		
Drawdown of revolving credit	-	2,500
Drawdown of term loan	8,000	684
Repayment of revolving credit	-	(2,750)
Repayment of term loan	(5,617)	(5,259)
Repayment of hire purchase obligations	(282)	(317)
Net cash flows from/(used in) financing activities	<u>2,101</u>	<u>(5,142)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(2,182)</u>	<u>2,737</u>
Effect on exchange rate changes on cash and cash equivalents	(44)	(334)
Cash and cash equivalents as at 1 January	<u>20,166</u>	<u>24,568</u>
Cash and cash equivalents as at 31 March	<u>17,940</u>	<u>26,971</u>
Cash and cash equivalents :		
Fixed deposits with licensed banks	9,197	11,054
Cash and bank balances	11,972	18,599
	<u>21,169</u>	<u>29,653</u>
Less : Fixed deposits pledged	(3,229)	(2,682)
	<u>17,940</u>	<u>26,971</u>

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The condensed consolidated interim financial statements for the financial period ended 31 March 2019 have been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

2. Changes in accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2019:

- MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- MFRS 16 Leases
- MFRS 128: Long term Interest in Associates and Joint Ventures (Amendments to MFRS 128)
- Annual Improvement to MFRS Standards 2015-2017 cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

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

2. Changes in accounting policies (Contd.)

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRS, IC Interpretation and Amendments to IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 3 Definition of a Business	1 Jan 2020
Amendments to MFRS 101 Definition of Material	1 Jan 2020
Amendments to MFRS 108 Definition of Material	1 Jan 2020
MFRS 17: Insurance Contracts	1 Jan 2021
Amendments to FRS 10 and FRS 128 Sale and Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

3. Auditors' report

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

4. Seasonal and cyclical factors

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

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2019.

6. Changes in estimates

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

7. Equity and debt securities

There were no issuance, cancellation, resale, repurchase and repayment of equity or debt securities during the financial period ended 31 March 2019.

8. Dividend paid

No dividend has been paid during the current quarter ended 31 March 2019.

9. Segment information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- a. Plantation - Cultivation of oil palm
- b. Oil Mill - Milling and sales of oil palm products
- c. Power Plant - Power Generation and sales of biomass by-products

Information about reportable segments

	Results for 3 months ended 31 March							
	Plantation		Oil Mill		Power Plant		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	3,021	5,111	65,910	87,184	6,068	7,141	74,999	99,436
Inter-segment revenue	25,617	14,332	-	-	-	-	25,617	14,332
Segment profit	747	7,308	2,668	2,181	1,516	2,261	4,931	11,750

Segment profit is reconciled to consolidated profit before tax as follows:	3 months ended 31.3.2019 (Unaudited)	3 months ended 3.3.2018 (Unaudited)
	RM'000	RM'000
Segment profit	4,931	11,750
Other non-reportable segments	18	(123)
Amortisation of group land cost	(631)	(613)
Elimination of inter-segment profits	(90)	(7)
Unallocated corporate (expenses)/income	(307)	(455)
Consolidated profit/(loss) before tax	<u>3,921</u>	<u>10,552</u>

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 March 2019.

11. Contingent Assets and Liabilities

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

12. Capital commitments

	RM'000
Capital expenditure	
Approved and contracted for	4,494
Approved but not contracted for	<u>5,978</u>
	<u>10,472</u>

13. Subsequent event

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

Information required by BMSB Listing Requirements

1. Review of performance

Financial review for current quarter and financial year to date

		Individual Period		
		(First Quarter)		
		Current year	Preceding Year	Changes
		Quarter	Corresponding	(%)
		31.3.2019	31.3.2018	
		(Unaudited)	(Unaudited)	
		RM'000	RM'000	
Revenue		74,863	99,740	-25%
Operating profit		5,536	12,197	-55%
Profit before tax		3,921	10,552	-63%
Profit after tax		2,662	7,656	-65%
Profit attributable to ordinary equity holders of the Parent		1,255	3,003	-58%
Operational Statistics				
Production:				
FFB	(mt)	41,978	40,632	3%
CPO	(mt)	29,187	28,500	2%
PK	(mt)	7,685	7,437	3%
Average selling price:				
FFB	(RM/mt)	342	446	-23%
CPO	(RM/mt)	1,950	2,437	-20%
PK	(RM/mt)	1,277	2,126	-40%
Quantity sold:				
CPO	(mt)	28,733	29,149	-1%
PK	(mt)	7,739	7,602	2%
Oil Extraction Rate (%)		19.47	19.35	1%
Electricity Export(MWh)		20,831	19,924	5%

1. Review of performance (Cont'd)

Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a revenue of RM74.86 million and profit before tax of RM3.92 million for the current quarter ended 31 December 2019 as compare to a revenue of RM99.74 million and profit before tax of RM10.55 million in the preceding year quarter ended 31 March 2018. The decreases in revenue and profit before tax were mainly due to decreases in selling prices of CPO, PK and FFB by 20%, 40% and 23% respectively.

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

- (i) Plantation – The decrease in Segment profit by RM6.56 million (90%) from RM7.31 million to RM0.75 million was mainly due to lower FFB price by 23% despite a higher FFB production by 3%.
- (ii) Oil Mill – The increase in Segment profit by RM 0.49 million (22%) from RM2.18 million to RM2.67 million was mainly due to increase in milling productivity by 2% and higher milling margin in the current quarter under review.
- (iii) Power Plant – The decrease in Segment profit by RM0.74 million (33%) from RM2.26 million to RM 1.52 million despite an increase in export of electricity by 5% was mainly due to decreases in sales volume and average selling price of EFB Oil by 7% and 24% respectively, and a decrease in Power sales recognition by RM0.49 million due to a change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements in the current quarter under review. The 12MW Biomass Power Plant generated and exported 14,156 MWh (2018: 15,394MWh) whereas the 4.0MW Biogas Power Plant generated and exported 6,675MWh (2018: 4,529MWh) for the current quarter to Sabah Electricity Sdn Bhd (“SESB”).

2. Financial review for current quarter compared with immediate preceding quarter

			Current quarter 31.3.2019 (Unaudited) RM'000	Immediate Preceding Quarter 31.12.2018 (Unaudited) RM'000	Changes (%)
Revenue			74,863	81,067	-7.7%
Operating profit			5,536	(1,922)	-388%
Profit before tax			3,921	(3,951)	-199%
Profit after tax			2,662	(5,907)	-145%
Profit attributable to ordinary equity holders of the Parent			1,255	(2,854)	-144%
<i>Operational Statistics</i>					
Production:					
FFB	(mt)		41,978	46,133	-9%
CPO	(mt)		29,187	30,377	-4%
PK	(mt)		7,685	8,156	-6%
Average selling price:					
FFB	(RM/mt)		342	329	4.0%
CPO	(RM/mt)		1,950	1,914	2%
PK	(RM/mt)		1,277	1,420	-10%
Quantity sold:					
CPO	(mt)		28,733	29,732	-3%
PK	(mt)		7,739	8,188	-5%
Oil Extraction Rate (%)			19.47	19.09	2%
Electricity Export(MWh)			20,831	14,856	40%

The Group recorded a profit before tax of RM3.92 million in the quarter under review as compared to a loss before tax of RM3.95 million in the immediate preceding quarter. The increase in profit before tax was mainly due to:

- a) a lower estate maintenance and other related costs in the current quarter as a result of seasonal program variance;
- b) a decrease in fair value loss on biological assets in the current quarter; and
- c) an increase in Power Export by 5,975Mwh (40%) in the current quarter and a decrease in Power sales recognition by RM2.84 million due to an one-off adjustment for change in the estimate used for Power sales recognition under IC Interpretation 12 Service Concession Agreements in the immediate preceding quarter for Biogas Plant.

3. Commentary on prospects

The Group expects CPO prices to remain volatile in 2019 in view of the uncertainty in the global economy and overhang in stocks.

The Group also expects a better contribution from its Sandakan Biogas plant following the completion of the replacement of the 3 Biogas engines in March 2019. Besides, the Group is also upgrading its Biogas Power Plant in Teluk Intan for the purpose of supplying up to 1MW of electricity to Tenaga Nasional Berhad starting on 3 July 2019 at the FiT rate of RM0.4669/kWh.

4. Profit forecast

Not applicable as there was no profit forecast published.

5. Profit/(Loss) before taxation

This is arrived at after crediting/ (charging):

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Interest income	1,947	2,030	1,947	2,030
Interest expense	(1,615)	(1,645)	(1,615)	(1,645)
Depreciation and amortisation	(5,148)	(5,068)	(5,148)	(5,068)
Dividend	1	1	1	1
Property, plant and equipment written off	-	11	-	11

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

6. Income tax expense

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

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Current tax:				
-Malaysian income tax	628	2,065	628	2,065
Deferred tax				
- relating to origination and reversal of temporary differences	631	821	631	821
- under/(over) provision of tax	-	10	-	10
	631	831	631	831
Total income tax expense	1,259	2,896	1,259	2,896

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

7. Corporate proposal

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

8. Borrowings

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

	Current quarter	
	3 months ended	
	31.3.2019	31.3.2018
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Short term borrowings		
Secured:		
Term loans	26,050	21,075
Short term revolving credits	52,050	58,550
Unsecured:		
Short term revolving credits	1,100	1,100
	79,200	80,725
Long term borrowings		
Secured:		
Term loans	60,326	60,871
Total borrowings		
Secured:		
Term loans	86,376	81,946
Short term revolving credits	52,050	58,550
Unsecured:		
Short term revolving credits	1,100	1,100
	139,526	141,596

9. Trade and Other Receivables

		As at	
		31.3.2019	31.12.2018
		(Unaudited)	(Audited)
		RM'000	RM'000
Current			
Trade receivables:			
- Non-related parties		12,505	8,977
-Amount due from customer			
on service concession		8,175	9,783
		20,680	18,760
Less: Allowance for doubtful debts		(485)	(486)
		20,195	18,274
Other receivables, net		8,172	6,715
		28,367	24,989
Non-current			
Trade receivables:			
-Amount due from customer			
on service concession		138,658	140,836

The credit period of trade receivables is generally for a period of one month.

The ageing analysis of trade receivables is as follows:

		As at	
		31.3.2019	31.12.2018
		(Unaudited)	(Audited)
		RM'000	RM'000
Neither past due nor impaired		158,746	158,975
1 - 30 days past due not impaired		42	51
31 - 60 days past due not impaired		20	37
61- 90 days past due not impaired		42	44
More than 90 days past due not impaired		3	3
		107	135
Impaired		485	486
		159,338	159,596

10. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 March 2019.

11. Changes in material litigation

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

The Company’s subsidiary, SESB had commenced legal proceedings against BESB in the Sessions Court at Sandakan vide Suit No. SDK-A 52-63/7-2013 (“Suit”) on 19 July 2013 to claim for the sum of RM115,169.66, being the amount due and owing by BESB to SBSB in respect of block stones and crusher run A stones (“Stones”) supplied by SBSB to BESB. In defending the Suit, BESB contends, among others, that the Stones supplied by SBSB did not fit the description of stones ordered by BESB, were not of merchantable quality, and were not fit for the purpose they were ordered for. BESB has also filed a counterclaim against SBSB, among others, a sum of RM5,612,850 in respect of BESB’s purported loss of profit allegedly caused by SBSB’s alleged breach. The Suit was subsequently transferred to the High Court of Sabah and Sarawak at Sandakan on 13 October 2014 and registered as Sui No. SDK-22NCvC-39/11-2014. Both parties were unable to resolve the dispute through mediation on 19 October 2015. The trial commenced from 1 August 2016 to 5 August 2016 and was adjourned to 7 November 2016 to 8 November 2016.

The Trial was concluded on 8 December 2016 and closing submission has been made on 3 February 2017 followed by a submission in reply on 20 February 2017. The Suit was fixed for ruling on 24 April 2017.

On 2 May 2017, the High Court in Sabah and Sarawak at Sandakan had allowed SBSB’s claim against BESB and dismissed BESB’s counterclaim against SBSB with costs of RM100,000.00 to SBSB subject to allocatur fee of 4% of the costs. BESB had on 26 May 2017 filed an appeal to the Court of Appeal against the said decision however the said appeal was heard and dismissed by the Court of Appeal on 19 March 2019 with costs of RM10,000.00 to SBSB subject to allocatur fee of 4% of the costs.

11. Changes in material litigation (Cont'd)

- b) Yuh @ Abdul Salleh Bin Pompulu (“AYU”) Vs Suwaya Bte Buang (“SUWAYA”), Suara Baru Sdn Bhd (“SBSB”) and Cepatwawasan Group Berhad (“CGB”)

The Company’s subsidiary, CGB and its wholly owned subsidiary, SBSB have been served with a Writ of Summons issued in the High Court in Sabah and Sarawak at Sandakan vide Suit No. SDK-22NCvC-12/6-2016 (HC) on 14.06.2016. SBSB is the sub-lessee of 33 lots of land (“the land”) totalling approximately 337.949 acres situated in Sungai Sekong in the District of Sandakan, Sabah. The lands had been leased from SUWAYA to SBSB for a term of 99 years. The lease commenced in the year 1997 and expires in the year 2096. The lands had been transferred to SUWAYA by their previous 33 owners, including AYU. AYU, on his behalf and the other 32 previous owners, allege that the transfer of the land to SUWAYA was through forged documents and therefore the said transfer is null and void. AYU further alleges that as the transfer to SUWAYA is null and void, therefore the sublease by the 1st SUWAYA to SBSB is likewise null and void. AYU therefore seeks an order of the High Court to set aside the said transfer to the SUWAYA and also the sub-lease to SBSB.

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

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

On 28 December 2016, SB filed an appeal to the Court of Appeal against the decision of the High Court. The said appeal was heard and dismissed by the Court of Appeal with no order as to costs on 17th November 2017.

SB and the Company have on 12 December 2017 filed a motion for leave to appeal to the Federal Court against the decision of the Court of Appeal. The application for leave to appeal to the Federal Court was heard and allowed by the Federal Court on 13th April 2018.

In the light of the leave granted by the Federal Court, SBSB and the Company will now proceed with the substantive appeal on the striking out in the Federal Court to be heard at a date to be fixed.

The Federal Court had also ordered a stay of the trial of the Suit in the High Court pending the hearing and disposal of the appeal to the Federal Court.

11. Changes in material litigation (Cont'd)

- b) Yuh @ Abdul Salleh Bin Pompulu (“AYU”) Vs Suwaya Bte Buang (“SUWAYA”), Suara Baru Sdn Bhd (“SBSB”) and Cepatwawasan Group Berhad (“CGB”)

The Board of Directors of the Company is of the view that the Suit will have no immediate material financial and operational impact on the Company and Group as the Company expects that pursuant to the facts of the case, the documents presently available and the advice of its solicitors, the Company has a good defence against the Plaintiff’s claim.

12. Dividend payable

No interim ordinary dividend has been declared for the current quarter ended 31 March 2019 (31 March 2018: Nil).

13. Earnings per share

- a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of 196,543,970 (2018 – 196,543,970) in issue during the financial period.

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to the owners of the Company	1,255	3,003	1,255	3,003
Weighted average number of ordinary shares in issue	196,544	196,544	196,544	196,544
Basic earnings per share (sen)	0.64	1.53	0.64	1.53

- b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share have not been presented.

14. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 10 May 2019.