



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2011

	Quarter ended		Year-to-date ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	943,875	726,832	2,653,743	1,978,529
Operating expenses	(802,708)	(635,635)	(2,222,912)	(1,731,152)
Other operating income	31,955	7,763	92,560	23,627
	-----	-----	-----	-----
Operating profit	173,122	98,960	523,391	271,004
Financing costs	(28,123)	(16,139)	(70,216)	(48,017)
Other non-operating item	-	-	-	92,685
Share of results of associates	8,937	6,678	16,878	17,270
	-----	-----	-----	-----
Profit before tax	153,936	89,499	470,053	332,942
Tax expense	(32,347)	(20,346)	(113,421)	(54,783)
	-----	-----	-----	-----
Profit for the period	121,589	69,153	356,632	278,159
	=====	=====	=====	=====
Profit attributable to:				
Owners of the Company	91,149	47,877	263,856	220,033
Minority interests	30,440	21,276	92,776	58,126
	-----	-----	-----	-----
	121,589	69,153	356,632	278,159
	=====	=====	=====	=====
Earnings per share (sen)				
Basic	4.37	2.64	13.68	12.13
	=====	=====	=====	=====
Diluted	4.37	N/A	13.68	N/A
	=====	=====	=====	=====

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THIRD QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2011

	Quarter ended		Year-to-date ended	
	30.9.2011 RM'000	30.9.2010 RM'000	30.9.2011 RM'000	30.9.2010 RM'000
Profit for the period	121,589	69,153	356,632	278,159
Other comprehensive income:				
Exchange difference on translation of foreign operations, net of tax	2,786	(336)	407	(2,332)
Total comprehensive income for the period, net of tax	124,375 =====	68,817 =====	357,039 =====	275,827 =====
Total comprehensive income attributable to:				
Owners of the Company	93,460	47,847	264,553	218,007
Minority interests	30,915	20,970	92,486	57,820
	124,375 =====	68,817 =====	357,039 =====	275,827 =====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD ^(26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 SEPTEMBER 2011

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,143,989	1,074,960
Biological assets	418,802	414,548
Investment properties	491,440	502,768
Associates	386,986	380,648
Other investment	30,000	-
Land held for property development	367,882	378,191
Goodwill	36,736	36,736
Long term receivables	909,884	631,482
Deferred tax assets	69,150	66,932
	-----	-----
	3,854,869	3,486,265
	-----	-----
Current assets		
Inventories	1,080,108	475,218
Property development costs	272,015	293,184
Receivables	1,093,266	907,947
Tax recoverable	40,930	34,085
Cash and bank balances	725,042	194,068
	-----	-----
	3,211,361	1,904,502
	-----	-----
TOTAL ASSETS	7,066,230	5,390,767
	=====	=====
Equity attributable to owners of the Company		
Share capital	2,186,357	622,660
Reserves	1,028,638	2,118,021
	-----	-----
	3,214,995	2,740,681
Less: Treasury shares	-	(154,467)
	-----	-----
	3,214,995	2,586,214
Minority interests	351,252	330,588
	-----	-----
TOTAL EQUITY	3,566,247	2,916,802
	-----	-----
Non-current liabilities		
Borrowings	1,235,528	796,862
Deferred tax liabilities	164,509	166,595
Other payables	1,199	1,289
	-----	-----
	1,401,236	964,746
	-----	-----
Current liabilities		
Payables and provisions, including derivatives	470,922	390,347
Tax payable	45,486	7,096
Borrowings	1,582,339	1,111,776
	-----	-----
	2,098,747	1,509,219
	-----	-----
TOTAL LIABILITIES	3,499,983	2,473,965
	-----	-----
TOTAL EQUITY AND LIABILITIES	7,066,230	5,390,767
	=====	=====
Net assets per share (RM)	1.47	4.59
	-----	-----
Based on number of shares net of treasury shares	2,186,357,400	563,523,500

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2011

	← Attributable to Owners of the Company →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
At 1 January 2011	622,660	51,059	2,066,962	(154,467)	2,586,214	330,588	2,916,802
Profit for the period	-	-	263,856	-	263,856	92,776	356,632
Other comprehensive income	-	697	-	-	697	(290)	407
Total comprehensive income	-	697	263,856	-	264,553	92,486	357,039
Issuance of shares pursuant to the Private Placement	43,800	186,150	-	-	229,950	-	229,950
Issuance of shares pursuant to the Bonus Issue	1,214,643	(177,489)	(1,037,154)	-	-	-	-
Issuance of shares pursuant to the Rights Issue	364,393	18,220	-	-	382,613	-	382,613
Shares issuance expenses	-	(8,661)	-	-	(8,661)	-	(8,661)
Change of ownership interests in a subsidiary	-	-	(30,501)	-	(30,501)	(10,821)	(41,322)
Purchase of treasury shares	-	-	-	(11)	(11)	-	(11)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(5)	(5)
Cancellation of treasury shares	(59,139)	59,139	(154,478)	154,478	-	-	-
Dividends to owners of the Company	-	-	(209,162)	-	(209,162)	-	(209,162)
Dividends paid by subsidiary	-	-	-	-	-	(60,996)	(60,996)
At 30 September 2011	<u>2,186,357</u>	<u>129,115</u>	<u>899,523</u>	<u>-</u>	<u>3,214,995</u>	<u>351,252</u>	<u>3,566,247</u>
At 1 January 2010							
- As previously stated	622,660	52,295	1,814,633	(154,459)	2,335,129	289,336	2,624,465
- Effects of adopting FRS 139	-	-	2,455	-	2,455	-	2,455
- As restated	<u>622,660</u>	<u>52,295</u>	<u>1,817,088</u>	<u>(154,459)</u>	<u>2,337,584</u>	<u>289,336</u>	<u>2,626,920</u>
Profit for the period	-	-	220,033	-	220,033	58,126	278,159
Other comprehensive income	-	(2,026)	-	-	(2,026)	(306)	(2,332)
Total comprehensive income	-	(2,026)	220,033	-	218,007	57,820	275,827
Change of ownership interests in subsidiaries	-	-	-	-	-	11,123	11,123
Purchase of treasury shares	-	-	-	(3)	(3)	-	(3)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(5)	(5)
Dividends to owners of the Company	-	-	(73,258)	-	(73,258)	-	(73,258)
Dividends paid by subsidiary	-	-	-	-	-	(42,634)	(42,634)
At 30 September 2010	<u>622,660</u>	<u>50,269</u>	<u>1,963,863</u>	<u>(154,462)</u>	<u>2,482,330</u>	<u>315,640</u>	<u>2,797,970</u>

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 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2011

	Year-to-date ended	
	30.9.2011	30.9.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	470,053	332,942
Adjustments for:		
Non-cash items	51,815	43,594
Non-operating items	(70,138)	(109,825)
Net interest expense	62,574	44,105
	-----	-----
Operating profit before working capital changes	514,304	310,816
Net changes in working capital	(608,669)	(19,506)
Net changes in loan receivables	(330,917)	(116,631)
Net tax paid	(81,269)	(46,693)
Net interest paid	(62,574)	(44,105)
Additions to land held for property development	(9,882)	(42,328)
	-----	-----
Net cash (used in)/generated from operating activities	(579,007)	41,553
	-----	-----
Cash flows from investing activities		
Dividends received from associates	10,540	18,326
Proceeds from disposal of 35% equity interest in a subsidiary	-	103,811
Acquisition of minority interests	(41,322)	(30)
Acquisition of subsidiary net of cash acquired	-	5,190
Additional cost on investment in an associate	-	(1,537)
Acquisition of other investment	(30,000)	-
Proceeds from disposal of property, plant and equipment	63,571	5,001
Proceeds from disposal of investment properties	48,370	-
Proceeds from disposal of land held for property development	2,972	1,947
Purchase of property, plant and equipment	(152,029)	(110,198)
Additions to biological assets	(4,254)	(4,059)
Additions to investment properties	(16,483)	(148,958)
	-----	-----
Net cash used in investing activities	(118,635)	(130,507)
	-----	-----
Cash flows from financing activities		
Dividends paid to owners of the Company and minority interests	(270,158)	(115,892)
Shares repurchase at cost	(16)	(8)
Net proceed from/(repayment of) borrowings	891,903	(113,992)
Proceed from issuance of shares pursuant to the Private Placement	229,950	-
Proceed from issuance of shares pursuant to the Rights Issue	382,613	-
Share issuance expenses	(8,661)	-
	-----	-----
Net cash generated from/(used in) financing activities	1,225,631	(229,892)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	527,989	(318,846)
Effects on exchange rate changes	82	(1,996)
Cash and cash equivalents at beginning of the period	185,429	415,886
	-----	-----
Cash and cash equivalents at end of the period	713,500	95,044
	=====	=====

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	537,916	15,958
Cash in hand and at bank	187,126	108,828
Bank overdrafts	(11,542)	(29,742)
	-----	-----
	713,500	95,044
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 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 2010.

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 2010, except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011 as follows:

Amendments effective for financial periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues

FRSs, IC Interpretations and Amendments effective for financial periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- IC Interpretation 12, Service Concession Agreements*
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, Distributions of Non-cash Assets to Owners*
- Amendments to FRS 2, Share-based Payment*
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, IC Interpretations and Amendments effective for financial periods beginning on or after 1 January 2011

- IC Interpretation 4, Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, Transfers of Assets from Customers*
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards*
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- Improvements to FRSs (2010)

* These FRSs, IC Interpretations and Amendments are not applicable to the Group

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

3. Comments on the Seasonality or Cyclicity of Operations

The seasonal or cyclical factors affecting the results of the operations of the Group are as follows:

- (a) The performance of the Group's Property Development Division and Quarry and Building Materials Division were influenced by a slowdown in construction activity in the first quarter attributable to the timing of seasonal festive period.
- (b) The Group's Plantation Division performance was influenced by general climatic conditions, age profile of oil palms and the cyclical nature of annual production.

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 interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

6. Other non-operating item

The other non-operating item in the previous year was in respect of a gain arising from the disposal of 35% equity interest in Hap Seng Star Sdn Bhd by Hap Seng Auto Sdn Bhd, a wholly-owned subsidiary of the Company.

7. Issues, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

(a) Issuance of additional ordinary shares and warrants by the Company

(i) Private Placement [as defined in Note 11 below]

In the previous quarter, the Company issued 43,800,000 new ordinary shares of RM1.00 each pursuant to the Private Placement which were listed on the Main Market of Bursa Securities on 23 May 2011, with which the then issued and paid-up share capital of the Company increased to RM666,460,000 comprising 666,460,000 ordinary shares of RM1.00 each with 59,138,500 ordinary shares thereof being held as treasury shares.

(ii) Bonus Issue and Rights Issue with Warrants

During the current quarter, the Company had issued the following additional ordinary shares and warrants which were listed on the Main Market of Bursa Securities on 15 August 2011:

- (a) 1,214,643,000 new ordinary shares of RM1.00 each credited as fully paid-up on the basis of two (2) bonus shares for every one (1) existing ordinary share held ["Bonus Issue"];
- (b) 364,392,900 new ordinary shares of RM1.00 each ["Rights Shares"] pursuant to the Rights Issue with Warrants on the basis of one (1) Rights Share together with one (1) free detachable warrant for every five (5) existing ordinary shares held after the Bonus Issue, at the issue price of RM1.05 per Rights Share ["Rights Issue"]; and
- (c) 364,392,900 warrants ["Warrants"] issued free pursuant to the Rights Issue on the basis of one (1) Warrant for every Rights Share subscribed. Each Warrant entitles the holder to subscribe for one (1) ordinary share in the Company at the exercise price of RM1.65 during the 5-year period expiring on 9 August, 2016 ["Exercise Period"], subject to adjustments in accordance with the deed poll constituting the Warrants. Warrants not exercised during the Exercise Period shall lapse.

Accordingly, the issued and paid-up share capital of the Company increased to RM2,245,495,900 comprising 2,245,495,900 ordinary shares of RM1.00 each with 59,138,500 ordinary shares thereof being held as treasury shares.

(b) Share buyback and Cancellation of Treasury Shares

During the current quarter, there was no buyback of shares nor resale of treasury shares. Accordingly, only 2,000 shares were bought back and retained as treasury shares during the interim period.

On 24 August 2011, the Company cancelled all the 59,138,500 treasury shares. Consequently, the Company's issued and paid-up share capital decreased from RM2,245,495,900 to RM2,186,357,400 comprising 2,186,357,400 ordinary shares of RM1.00 each.

(c) Exercise of Warrants

During the current quarter, there was no exercise of Warrants.



HAP SENG CONSOLIDATED BERHAD (26877-W)
THIRD QUARTER ENDED 30 SEPTEMBER 2011

8. Dividends Paid

The total dividend paid out of shareholders' equity for the ordinary shares during the period is as follows:

	Cumulative	Quarter Ended
	30.9.2011	30.9.2010
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2009:		
- final (7.0 sen under the single tier system) approved by shareholders on 27 May 2010 and paid on 11 June 2010	-	39,447
Dividend in respect of financial year ended 31 December 2010:		
- interim (6.0 sen under single tier system) approved by the Board of Directors on 25 August 2010 and paid on 21 September 2010		33,811
- final (20.4 sen under the single tier system) approved by shareholders on 7 June 2011 and paid on 24 June 2011	123,894	-
Dividend in respect of financial year ended 31 December 2011:		
- interim (3.9 sen under the single tier system) approved by the Board of Directors on 24 August 2011 and paid on 28 September 2011	85,268	
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	209,162	73,258
	=====	=====

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 **HAP SENG CONSOLIDATED BERHAD** (26877-W)
THIRD QUARTER ENDED 30 SEPTEMBER 2011

9. **Segment Information**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Automotive RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<u>Year-to-date ended 30 September 2011</u>									
Revenue									
External revenue	493,850	234,732	70,212	829,189	383,050	572,436	70,274	-	2,653,743
Inter-segment revenue	-	7,388	-	36,518	19,217	11,056	191	(74,370)	-
Total revenue	493,850	242,120	70,212	865,707	402,267	583,492	70,465	(74,370)	2,653,743
Operating profit	270,679	123,841	57,317	51,910	14,289	16,722	(2,804)	(8,563)	523,391
Financing costs									(70,216)
Share of results of associates									16,878
Profit before tax									470,053
Segment assets	941,742	1,667,373	1,400,374	1,162,094	603,562	377,382	416,637	-	6,569,164
<u>Year-to-date ended 30 September 2010</u>									
Revenue									
External revenue	316,320	175,606	54,628	651,585	335,784	399,643	44,963	-	1,978,529
Inter-segment revenue	-	7,328	-	28,566	16,273	1,637	158	(53,962)	-
Total revenue	316,320	182,934	54,628	680,151	352,057	401,280	45,121	(53,962)	1,978,529
Operating profit	154,953	41,704	45,607	16,017	15,337	9,513	(8,329)	(3,798)	271,004
Financing costs									(48,017)
Other non-operating item									92,685
Share of results of associates									17,270
Profit before tax									332,942
Segment assets	806,818	1,601,492	990,940	418,870	464,817	263,758	56,947	-	4,603,642



10. 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, except for the following:

- (a) On 4 January 2011, Hap Seng Land Development Sdn Bhd, a wholly-owned subsidiary of Hap Seng Land Sdn Bhd which in turn is a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Estet Perkasa Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of Ringgit Malaysia Two (RM2.00) only.
- (b) On 22 June 2011, Hap Seng Star Sdn Bhd, the 65% owned subsidiary of Hap Seng Auto Sdn Bhd, which in turn is the wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Hap Seng Star (Vietnam) Sdn Bhd (*formerly known as Makna Rezeki Sdn Bhd*) comprising 2 ordinary shares of RM1.00 each at a cash consideration of Ringgit Malaysia Two (RM2.00) only.
- (c) During the current quarter, the Company acquired an additional 20,000 ordinary shares of RM1.00 each representing approximately 0.003% equity in Hap Seng Plantations Holdings Berhad ["HSP"] from the Main Market of Bursa Securities. Accordingly, the total additional acquisition during the interim period was 12,640,000 representing 1.58% equity in HSP, thereby increasing its shareholding in HSP to 55.15%.

The above changes in composition of the Group do not have any significant financial effect on the Group.

11. Significant Events and Transactions

As disclosed in the audited financial statements of previous year, on behalf of Hap Seng Consolidated Berhad ["HSCB"/ the "Company"], CIMB Investment Bank Berhad ["CIMB"] had on 7 January 2011, announced that the Company proposed to undertake the following:

- (i) private placement of up to 124,532,000 new ordinary shares of RM1.00 each in HSCB ["HSCB Shares"] representing up to 20% of the issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ["Private Placement"];
- (ii) bonus issue of up to 1,494,384,000 new HSCB Shares ["Bonus Shares"] to be credited as fully paid-up, on the basis of two (2) Bonus Shares for every one (1) existing HSCB Share held by the entitled shareholders of the Company on the entitlement date to be determined and announced later ["Entitlement Date"] ["Bonus Issue"];
- (iii) renounceable rights issue of up to 448,315,200 new HSCB Shares ["Rights Shares"] together with up to 448,315,200 new free detachable warrants ["Warrants"] on the basis of one (1) Rights Share together with one (1) Warrant for every five (5) HSCB Shares held by the entitled shareholders of the Company after the Proposed Bonus Issue on the Entitlement Date ["Rights Issue with Warrants"];
- (iv) increase in the authorised share capital of HSCB from RM1,000,000,000 comprising 1,000,000,000 HSCB Shares to RM5,000,000,000 comprising 5,000,000,000 HSCB Shares; and
- (v) amendments to the Memorandum and Articles of Association of HSCB to facilitate the implementation of the Bonus Issue and Rights Issue with Warrants].

The Private Placement was completed on 23 May 2011 with the listing of and quotation for 43,800,000 new HSCB Shares on the Main Market of Bursa Securities.

The Bonus Issue and Right Issue with Warrants were completed on 15 August 2011 with the listing of and quotation for the following on the Main Market of Bursa Securities.

- (i) 1,214,643,000 new HSCB Shares arising from the Bonus Issue;
- (ii) 364,392,900 new HSCB Shares arising from the Rights Issue; and
- (iii) 364,392,900 Warrants pursuant to the Rights Issue with Warrants.

As stated in Note 7(a)(i) and (a)(ii) above, the issued and paid-up share capital of the Company increased to RM666,460,000 comprising 666,460,000 ordinary shares of RM1.00 each with the completion of the Private Placement and thereafter increased to RM2,245,495,900 comprising 2,245,495,900 ordinary shares of RM1.00 each with the completion of the Bonus Issue and Rights Issue with Warrants (including 59,138,500 ordinary shares thereof being held as treasury shares).

The treasury shares of 59,138,500 ordinary shares were subsequently cancelled on 24 August 2011 bringing the issued and paid-up share capital of the Company down to RM2,186,357,400 comprising 2,186,357,400 ordinary shares of RM1.00 each as disclosed in Note 7(b) above.



12. Events After the Interim Period

Save as disclosed below, there were no events after the interim period and up to 21 November 2011 that have not been reflected in the financial statements for the interim period.

- (a) On 5 October 2011, Hap Seng Realty Sdn Bhd, a wholly-owned subsidiary of Hap Seng Land Sdn Bhd which in turn is a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Lakaran Warisan Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of Ringgit Malaysia Two (RM2.00) only.
- (b) The Company acquired an additional 92,400 ordinary shares of RM1.00 each representing approximately 0.012% equity in HSP from the Main Market of Bursa Securities after the interim period, thereby increasing its shareholding in HSP from 55.15% to 55.16%.

13. 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 material contingent liabilities or contingent assets at the end of the interim period which are expected to have an operational or financial impact on the Group.

The contingent liabilities of the Company as at the end of the interim period are as follows:

	As at	As at
	30.9.2011	31.12.2010
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	2,661,414	1,717,185
	=====	=====

14. Capital Commitments

The Group has the following capital commitments:

	As at	As at
	30.9.2011	31.12.2010
	RM'000	RM'000
Approved and contracted for	69,334	89,398
Approved but not contracted for	106,391	103,694
	-----	-----
	175,725	193,092
	=====	=====

15. 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 during the extraordinary general meeting held on 27 May 2010 and 7 June 2011 respectively.

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PART B

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

1. Review of Performance

The Group revenue for the current quarter under review at RM943.9 million was 30% higher than the preceding year corresponding quarter attributable to higher revenue from all the Divisions. Consequently, Group operating profit for the current quarter at RM173.1 million was 75% higher than the preceding year corresponding quarter.

Plantation Division benefited from higher commodities prices and CPO sales volume in the current quarter and consequently operating profit improved by 64% over the preceding year corresponding quarter. Average selling price of Crude Palm Oil (CPO) and Palm Kernel (PK) realised for the current quarter was RM3,117 and RM1,828 per tonne respectively which were both higher than the preceding year corresponding quarter of RM2,487 and RM1,575 per tonne respectively.

Property Division recorded an improvement of 184% in operating profit attributable to ongoing sales and higher progress work completion from its projects in both East and Peninsula Malaysia as well as gain from disposal of an investment property in Tawau, Sabah.

Credit Financing Division's operating profit was 9% higher than the preceding year corresponding quarter which included RM3.5million in respect of bad debts recovered. Excluding the bad debts recovered in the preceding year corresponding quarter, operating profit for the current quarter was 33% higher than the preceding year corresponding quarter mainly attributable to significant improvement in non performing loans and higher loan portfolio of approximately RM1.4 billion as compared to RM1.1 billion as at the end of the preceding year corresponding quarter.

The Fertilizer Trading Division recorded significant improvement of 209% in operating profit over the preceding year corresponding quarter mainly attributable to higher sales volume and better margins achieved in both the Malaysian and Indonesian markets.

Quarry and Building Materials Division's operating profit was 50% below the preceding year corresponding quarter inspite of achieving higher revenue which was 17% above the preceding year corresponding quarter. The Division was mainly affected by lower margins as the Division's new quarries and brick factories have not reach optimum production yet.

The Automotive Division recorded an improvement of 30% in operating profit for the current quarter as compared to the preceding year corresponding quarter contributed mainly from the higher spare parts and services sales which mitigated the lower sales of Mercedes Benz cars.

Overall, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current financial year to date at RM470.1 million and RM356.6 million were 41% and 28% higher than the preceding year corresponding period. Profit attributable to owners of the Company for the current financial year to date at RM263.9 million was 20% higher than the preceding year corresponding period. Excluding other non-operating item of RM92.7 million, profit attributable to owners of the Company for the year to date was 107% higher than the preceding year corresponding period.

Basic earnings per share for the current financial year to date at 13.68 sen was 13% higher than the preceding year corresponding period of 12.13 sen.

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 RM153.9 million was 10% lower than the preceding quarter of RM171.1 million mainly due to lower contribution from the Plantation Division which was affected by the lower average selling prices of CPO and PK resulting from the decline in commodities prices.

3. Current Year Prospects

The overall results of the Group for the current financial year are expected to be better than the previous year benefitting from a strong year to date performance.

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. Tax Expense

	Quarter Ended		Year-to-date ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	32,199	20,237	112,142	55,816
- deferred tax	(2,985)	402	(3,085)	989
	-----	-----	-----	-----
	29,214	20,639	109,057	56,805
	-----	-----	-----	-----
In respect of prior year				
- income tax	3,133	(293)	3,680	(2,022)
- deferred tax	-	-	684	-
	-----	-----	-----	-----
	3,133	(293)	4,364	(2,022)
	-----	-----	-----	-----
	32,347	20,346	113,421	54,783
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and year to date excluding under provision of tax in respect of prior year were below the statutory tax rate mainly due to capital gain taxed at Real Property Gain Tax Rate of 5%. The effective tax rate for the preceding year corresponding quarter was lower than the statutory tax rate due to utilisation of unrecognised deferred tax assets on reinvestment allowance whilst the effective tax rate for the preceding year corresponding period were lower than the statutory tax rate mainly due to the other non-operating item which was not subjected to tax.

6. Profits/(Losses) on sale of unquoted investments and/or properties respectively for the current quarter and financial year to date

There was no disposal of unquoted investment for the current quarter and year to date. Sale of properties was in respect of those that were sold in the ordinary course of business and were included in the revenue of the Group.

7. Purchase or disposal of quoted securities other than securities in existing subsidiaries and associated companies for the current quarter and financial year-to-date

The Group does not have any investments in quoted securities (other than securities in existing subsidiaries and associated companies) and neither did it purchase nor dispose of any quoted securities during the current quarter and financial year to date except for shares bought back by the Company as disclosed in Note 7(b) of Part A.

8. **Status of Corporate Proposals**

- (a) There was no corporate proposal announced but not completed as at 21 November 2011.
- (b) The status of the utilisation of proceeds from the Private Placement and Rights Issue with Warrants are as follows:
- (i) Private Placement

<u>Purpose</u>	Proposed	* Adjusted	As at 30 September 2011		Intended Timeframe for <u>Utilisation</u>	Deviation		<u>Explanation</u>
	<u>Utilisation</u> RM'mil	<u>Utilisation</u> RM'mil	<u>Utilisation</u> RM'mil	<u>Unutilised</u> RM'mil		<u>under/(over) spent</u> RM'mil	%	
Capital expenditure for expansion of the existing business operations of our Group	240.00	72.18	13.88	58.30	Within 3 years from completion	-	-	Not fully utilised. As such, deviation is not computed.
Repayment of borrowings	300.00	90.22	90.22	-	-	-	-	-
General working capital	204.63	61.54	61.94	-	-	(0.40)	(1)	} Under spent in expenses have been utilised for general working capital
Estimated expenses	20.00	6.01	5.61	-	-	0.40	7	
	----- 764.63 =====	----- 229.95 =====	----- 171.65 =====	----- 58.30 =====		----- - =====	----- - =====	

* The Proposed Utilisation was adjusted using the same fraction of the Proposed Utilisation as per the Circular to Shareholders dated 21 February 2011 to reflect the actual proceeds from the Private Placement.

- (ii) Rights Issue with Warrants

<u>Purpose</u>	Proposed	As at 30 September 2011		Intended Timeframe for <u>Utilisation</u>	Deviation		<u>Explanation</u>
	<u>Utilisation</u> RM'mil	<u>Utilisation</u> RM'mil	<u>Unutilised</u> RM'mil		<u>under/(over) spent</u> RM'mil	%	
Capital expenditure for expansion of the existing business operations of our Group and acquisition of potential land for development	220.00	-	220.00	Within 3 years from completion	-	-	No utilisation yet.
General working capital	159.00	159.56	-	-	(0.56)	-	} Under spent in expenses have been utilised for general working capital
Estimated expenses	3.61	3.05	-	-	0.56	16	
	----- 382.61 =====	----- 162.61 =====	----- 220.00 =====		----- - =====	----- - =====	

9. Borrowings and Debt Securities

The Group does not have any debt securities. The Group borrowings are as follows:

	← As at 30.9.2011 →					← As at 31.12.2010 →				
	← Denominated in →				Total RM'000	← Denominated in →				Total RM'000
	RM RM'000	USD RM'000	SGD RM'000	VND RM'000		RM RM'000	USD RM'000	SGD RM'000	VND RM'000	
<u>Current</u>										
Unsecured										
- Bankers acceptances	286,382	-	-	-	286,382	35,477	-	-	-	35,477
- Bank overdrafts	11,542	-	-	-	11,542	8,639	-	-	-	8,639
- Revolving credits	384,000	152,840	-	10,718	547,558	563,400	63,792	-	8,852	636,044
- Term loans	287,592	-	-	-	287,592	368,057	-	-	-	368,057
- Foreign currency loan	-	292,812	156,453	-	449,265	-	63,559	-	-	63,559
	969,516	445,652	156,453	10,718	1,582,339	975,573	127,351	-	8,852	1,111,776
<u>Non-current</u>										
Unsecured										
- Term loans	728,090	-	-	-	728,090	640,409	-	-	-	640,409
- Foreign currency loan	-	12,793	494,645	-	507,438	-	-	156,453	-	156,453
	728,090	12,793	494,645	-	1,235,528	640,409	-	156,453	-	796,862
	1,697,606	458,445	651,098	10,718	2,817,867	1,615,982	127,351	156,453	8,852	1,908,638



10. Derivatives

The Group entered into forward foreign exchange contracts where appropriate to minimise its exposure on recognised asset or liability or an unrecognised firm commitment denominated in foreign currencies. Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 30 September 2011 are as follows:

	Contract/ Notional Value	Fair Value: Assets/ (Liabilities)
	RM'000	RM'000
Forward foreign currency contracts of less than 1 year (US Dollar)		
- Designated as hedging instruments	-	-
- Not designated as hedging instruments	98,675	-
	-----	-----
	98,675	-
	=====	=====

The Group has no significant concentration of credit and market risks in relation to the above derivative financial instruments as the forward foreign currency exchange contracts are entered into with reputable financial institutions and are not used for speculative purposes. The cash requirement for settling these forward foreign exchange contracts is solely from the Group's working capital.

11. Gains/Losses arising from Fair Value Changes of Financial Liabilities

The gain/(loss) arising from fair value changes of financial liabilities which are categorised as fair value through profit or loss are as follows:

	← Gain/(loss) →	
	Quarter ended	Year-to-date ended
	30.9.2011	30.9.2011
	RM'000	RM'000
Forward foreign currency contracts		
- Not designated as hedging instruments	134	17
	=====	=====

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12. **Disclosure of Realised and Unrealised Profits (Unaudited)**

	As at 30.9.2011	As at 31.12.2010
	RM'000	RM'000
		<i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	2,408,255	3,497,097
- Unrealised	8,305	5,738
	-----	-----
	2,416,560	3,502,835
Total share of retained profits from associates		
- Realised	25,235	17,355
- Unrealised	772	1,156
- Breakdown unavailable*	11,083	12,241
	-----	-----
	2,453,650	3,533,587
Less: Consolidation adjustments	(1,554,127)	(1,466,625)
	-----	-----
Total group retained profits as per consolidated financial statements	899,523	2,066,962
	=====	=====

* This represents the share of retained profits of Lam Soon (Thailand) Public Company Limited ["LST"], an associate which is listed in the Stock Exchange of Thailand. The information required by Bursa Securities was not made available by LST due to the requirement to comply with the Guideline on Disclosure of Information of Listed Companies issued by the Stock Exchange of Thailand.

13. **Provision of Financial Assistance**

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's wholly owned subsidiaries, Hap Seng Credit Sdn Bhd and Hap Seng Automotive Acceptance Sdn Bhd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 30 September 2011 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	1,240,494	5,012	1,245,506
(b) To individuals	177,703	-	177,703
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	-	-	-
	-----	-----	-----
	1,418,197	5,012	1,423,209
	=====	=====	=====

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13. **Provision of Financial Assistance (Cont'd)**

Moneylending operations (Cont'd)

(ii) The total borrowings of the moneylending subsidiaries are as follows:

	As at 30.9.2011
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	353,500
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	482,658
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	247,323

	1,083,481
	=====

(iii) The aggregate amount of loans in default for 3 months or more are as follows:-

	RM'000
(a) Balance as at 1.1.2011	33,629
(b) Loans classified as in default during the financial year	17,939
(c) Loans reclassified as performing during the financial year	(21,540)
(d) Amount recovered	(11,393)
(e) Amount written off	(2,989)
(f) Loans converted to securities	-

(g) Balance as at 30.9.2011	15,646
	=====
(h) Ratio of net loans in default to net loans	1.10%
	=====

(iv) The top 5 loans are as follows:-

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 st	Term Loan	52,500	54,387	Yes	52,272	No	60
2 nd	Term Loan	48,400	48,380	Yes	48,400	No	60
3 rd	Term Loan	21,000	21,716	Yes	19,500	No	60
4 th	Term Loan	23,200	18,330	Yes	37,930	No	26 – 180
5 th	Term Loan	17,000	9,294	Yes	20,000	No	24
	Term Loan	5,000	5,012	No	-	No	24
		-----	-----		-----		
		22,000	14,306		20,000		
		-----	-----		-----		

14. Material Litigation

Except for the following, there were no changes in material litigation since the last annual balance sheet date:-

On 24 October 2002, the Company was served with a Writ of Summons ["said Writ"] in the High Court in Sabah and Sarawak at Kota Kinabalu ["Tongod Suit"] wherein the Company was named as the first defendant, Genting Plantations Berhad (*formerly known as Asiatic Development Berhad*) ["GPB"] as the second defendant, Tanjung Bahagia Sdn Bhd as the third defendant, Director of Department of Lands and Surveys, Sabah as the fourth defendant and the Government of the State of Sabah as the fifth defendant. The Tongod Suit was instituted by certain natives of Sabah claiming Native Customary Rights over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan [the "Tongod Land"] or part thereof. The Company had on 9 May 2002 completed its disposal of the Tongod Land to Tanjung Bahagia Sdn Bhd, the wholly-owned subsidiary of GPB.

The Company has filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 ["Striking Out Application"].

As announced on 13 June 2003, the learned Deputy Registrar dismissed the Company's Striking Out Application with costs. The Company is appealing against the said decision ["said Striking Out Appeal"] and the Court had adjourned its original hearing date of 10 August 2004 on the same to another date to be fixed.

The Plaintiffs had earlier filed an application for injunction restraining the second defendant and the third defendant from carrying out, inter alia, planting activities on the Tongod Land or part thereof. During the hearing held on 5 July 2004 on the said injunction application, the defendants had raised a preliminary objection to the Court's jurisdiction to determine Native Customary Rights. Such preliminary objection was upheld by the Court on 20 June 2008 and accordingly, the Tongod Suit was dismissed with costs awarded to the defendants [the "PO Decision"].

The Plaintiffs filed their Notice of Appeal to the Court of Appeal on 7 July 2008 to appeal against the PO Decision, which appeal was dismissed by the Court of Appeal on 9 June 2011 pursuant to which various consequential orders were granted [the "said Dismissal Decision"]. The Plaintiffs have thereafter filed an application by way of Notice of Motion to the Federal Court seeking leave to appeal against the said Dismissal Decision ["said Leave Application"].

The Federal Court has on 25 July 2011 allowed the said Leave Application pursuant to which leave to the Plaintiffs and a stay of the said Dismissal Decision were granted pending hearing of the appeal ["said Appeal"] fixed on 24 November 2011.

The Federal Court has on 24 November 2011 allowed the said Appeal and set aside both the PO Decision and said Dismissal Decision. The Federal Court has further ordered that the matter be remitted to the High Court for disposal of the said Striking Out Appeal.

15. Earnings Per Share ["EPS"]

	Quarter Ended		Year-to-date ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
Profit attributable to owners of the Company (RM'000)	91,149	47,877	263,856	220,033
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,088,058	1,813,524	1,928,240	1,813,526
Dilutive potential ordinary shares				
- Assumed exercise of Warrants	-	N/A	-	N/A
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,088,058	N/A	1,928,240	N/A
Basic EPS (sen)	4.37	2.64	13.68	12.13
Diluted EPS (sen)	4.37	N/A	13.68	N/A



15. Earnings Per Share ["EPS"] (Cont'd.)

(a) Basic EPS

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.

The weighted average number of ordinary shares in issue for the current quarter and year to date take into account the weighted average effect of shares issued during the period pursuant to the Private Placement, Bonus Issue and Rights Issue.

The weighted average number of ordinary shares in issue for the preceding year corresponding quarter and period have been restated to reflect the retrospective adjustments arising from the Bonus Issue and Rights Issue which was completed on 15 August 2011 as required by "FRS133, Earnings per Share".

(b) Diluted EPS

The diluted 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 after adjustment for the effects of dilutive potential ordinary shares comprising Warrants as mentioned in Note 7(a)(ii)(c) of Part A.

The Warrants are anti-dilutive for the current quarter and year to date as the Warrants exercise price is higher than the average market price of the Company shares during the period. Accordingly, the exercise of Warrants has been ignored in the calculation of dilutive EPS.

In the preceding year corresponding quarter and period, the Company did not have any diluted earnings per share.

16. Dividends

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

17. 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 2010 was not subject to any qualification.

BY ORDER OF THE BOARD

CHEAH YEE LENG
QUAN SHEET MEI
Secretaries

Kuala Lumpur
25 November 2011