HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

	Quarter ended		Year-to-date ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
	RM'000	RM'000	RM'000	RM'000
Revenue	850,552	751,347	850,552	751,347
Operating expenses	(711,117)	(637,131)	(711,117)	(637,131)
Other operating income	18,997	46,351	18,997	46,351
Operating profit	158,432	160,567	158,432	160,567
Financing costs	(26,299)	(19,446)	(26,299)	(19,446)
Share of results of associates	6,027	3,864	6,027	3,864
Profit before tax	138,160	144,985	138,160	144,985
Tax expense	(32,358)	(35,747)	(32,358)	(35,747)
Profit for the period	105,802	109,238	105,802	109,238
Profit attributable to:				
Owners of the Company	86,161	82,174	86,161	82,174
Non-controlling interests	19,641	27,064	19,641	27,064
	105,802	109,238	105,802	109,238
Earnings per share (sen)				
Basic	3.95	4.53	3.95	4.53
Diluted	3.95	N/A	3.95	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 FIRST QUARTER AND YEAR TO DATE ENDED 31 MARCH 2012

	Quarter ended		Year-to-date ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	105,802	109,238	105,802	109,238
Other comprehensive income:				
Exchange difference on translation of foreign operations, net of tax	(533)	(1,104)	(533)	(1,104)
Total comprehensive income for the period, net of tax	105,269	108,134	105,269	108,134
Total comprehensive income attributable to:				
Owners of the Company	85,628	81,304	85,628	81,304
Non-controlling interests	19,641	26,830	19,641	26,830
	105,269	108,134	105,269	108,134

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 31 MARCH 2012

	As at 31.3.2012 RM'000	As at 31.12.2011 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	1,169,243	1,156,171
Biological assets	421,918	420,539
Investment properties	485,529	475,153
Associates	393,330	387,303
Other investment	30,000	30,000
Land held for property development	370,630	371,366
Goodwill	36,736	36,736
Long term receivables	947,076	828,747
Deferred tax assets	69,525	71,746
	3,923,987	3,777,761
Current assets		
Inventories	970,636	941,461
Property development costs	248,802	249,725
Receivables	1,133,900	1,147,407
Tax recoverable	46,534	43,855
Cash and bank balances	478,778	666,901
	2,878,650	3,049,349
TOTAL ASSETS	6,802,637	6,827,110
Equity attributable to owners of the Company		
Share capital	2,186,361	2,186,357
Reserves	1,098,483	1,115,343
	3,284,844	3,301,700
Less: Treasury shares	(15,902)	(8,283)
	3,268,942	3,293,417
Non-controlling interests	342,404	358,631
TOTAL EQUITY	3,611,346	3,652,048
Non-current liabilities		
Borrowings	1,352,167	1,370,710
Deferred tax liabilities	167,603	168,051
Other payables	2,015	1,648
	1,521,785	1,540,409
Current liabilities		
Payables and provisions, including derivatives	387,909	439,779
Tax payable	13,099	20,401
Borrowings	1,268,498	1,174,473
	1,669,506	1,634,653
TOTAL LIABILITIES	3,191,291	3,175,062
TOTAL EQUITY AND LIABILITIES	6,802,637	6,827,110
Net assets per share (RM)	1.50	1.51
Based on number of shares net of treasury shares	2,176,333,300	2,180,927,400

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 31 MARCH 2012

	Attributable to Owners of the Company						
	Share Capital RM'000	Non-distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 January 2012	2,186,357	128,498	986,845	(8,283)	3,293,417	358,631	3,652,048
Profit for the period	-	-	86,161	-	86,161	19,641	105,802
Other comprehensive income	-	(533)	-	-	(533)	-	(533)
Total comprehensive income	-	(533)	86,161	-	85,628	19,641	105,269
Reserves realised upon disposal of assets	-	(1,093)	1,093	-	-	-	-
Issuance of shares pursuant to the exercise of warrants	4	2	-	-	6	-	6
Purchase of treasury shares	-	-	-	(7,619)	(7,619)	-	(7,619)
Dividends to owners of the Company	-	-	(102,490)	-	(102,490)	-	(102,490)
Dividends paid by subsidiary	-	-	-	-	-	(35,868)	(35,868)
At 31 March 2012	2,186,361	126,874	971,609	(15,902)	3,268,942	342,404	3,611,346
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	-	-	82,174	-	82,174	27,064	109,238
Other comprehensive income	-	(870)	-	-	(870)	(234)	(1,104)
Total comprehensive income	-	(870)	82,174	-	81,304	26,830	108,134
Changes in ownership interests in a subsidiary	-	-	(30,452)	-	(30,452)	(10,821)	(41,273)
At 31 March 2011	622,660	50,189	2,118,684	(154,467)	2,637,066	346,597	2,983,663

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 2011 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 31 MARCH 2012

	Year-to-date ended	
	31.3.2012	**31.3.2011**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	138,160	144,985
Adjustments for:		
Non-cash items	18,994	16,987
Non-operating items	(6,480)	(35,967)
Net interest expense	21,872	18,856
Operating profit before working capital changes	172,546	144,861
Net changes in working capital	(52,903)	(136,480)
Net changes in loan receivables	(132,959)	(105,166)
Net tax paid	(43,700)	(27,402)
Net interest paid	(21,872)	(18,856)
Additions to land held for property development	(1,155)	(2,839)
Net cash used in operating activities	(80,043)	(145,882)
Cash flows from investing activities		
Acquisition of non-controlling interests	-	(41,273)
Proceeds from disposal of property, plant and equipment	2,588	53,750
Proceeds from disposal of land held for property development	-	705
Purchase of property, plant and equipment	(34,837)	(55,372)
Additions to biological assets	(1,379)	(1,114)
Additions to investment properties	(10,376)	(2,984)
Net cash used in investing activities	(44,004)	(46,288)
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(138,358)	-
Net proceed from borrowings	85,654	250,053
Proceed from issuance of shares pursuant to the exercise of warrants	6	-
Shares repurchase at cost	(7,619)	-
Net cash (used in)/generated from financing activities	(60,317)	250,053
Net (decrease)/increase in cash and cash equivalents	(184,364)	57,883
Effects on exchange rate changes	(284)	(437)
Cash and cash equivalents at beginning of the period	654,928	185,429
Cash and cash equivalents at end of the period	470,280	242,875

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	389,602	142,448
Cash in hand and at bank	89,176	111,620
Bank overdrafts	(8,498)	(11,193)
	470,280	242,875

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 2011.

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 2011, 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 July 2011 and 1 January 2012 as follows:

IC Interpretations and Amendments effective for financial periods beginning on or after 1 July 2011

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

FRSs and Amendments effective for financial periods beginning on or after 1 January 2012

- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Transfer of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124 Related Party Disclosures

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

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these interim financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the period ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

3. **Comments on the seasonality or cyclicality 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, the cyclical nature of annual production and movements in commodity prices.

4. **Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence**

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the interim period.

5. **Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years**

There were no changes in estimates of amounts reported in prior financial years.

6. **Issues, cancellations, repurchases, resale and repayments of debt and equity securities**

(a) Issuance of shares pursuant to the exercise of warrants

During the current quarter, 3,600 warrants were exercised which resulted in 3,600 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Consequently, the issued and paid-up share capital of the Company increased to RM2,186,361,000 comprising 2,186,361,000 ordinary shares of RM1.00 each. As at 31 March 2012, 364,389,300 warrants remained unexercised.

Subsequent to the end of the interim period and up to 25 May 2012, another 600 warrants were exercised which resulted in 600 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Accordingly, the issued and paid-up share capital of the Company increased to RM2,186,361,600 comprising 2,186,361,600 ordinary shares of RM1.00 each and 364,388,700 warrants remained unexercised.

(b) Share buyback by the Company

During the current quarter, 4,597,700 shares were bought back and there was no resale or cancellation of treasury shares. All the shares bought back were retained as treasury shares. The monthly breakdown of shares bought back during the quarter under review are as follows:

Month	No of shares Repurchased	Purchase price per share		Average cost Per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
January 2012	300,000	1.5900	1.6000	1.5938	478,130.76
February 2012	-	-	-	-	-
March 2012	4,297,700	1.5900	1.7000	1.6615	7,140,565.72
Total	4,597,700	1.5900	1.7000	1.6571	7,618,696.48

As at 31 March 2012, the Company has 10,027,700 ordinary shares held as treasury shares and the issued and paid up share capital of the Company remained at 2,186,361,000 ordinary shares of RM1.00 each.

Subsequent to end of the interim period and up to 25 May 2012, the Company bought back another 9,050,000 shares which were also retained as treasury shares.

7. **Dividends paid**

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

	Year-to-date	
	31.3.2012	**31.3.2011**
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2011:		
- second interim (4.7 sen) under the single tier system) approved by the Board of Directors on 14 February 2012 and paid on 13 March 2012	102,490	-
	=========	=========

8. **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
Year-to-date ended 31 March 2012									
Revenue									
External revenue	123,998	92,969	26,972	306,920	136,368	145,050	18,275	-	850,552
Inter-segment revenue	-	2,190	-	13,341	6,848	4,021	-	(26,400)	-
Total revenue	123,998	95,159	26,972	320,261	143,216	149,071	18,275	(26,400)	850,552
Operating profit	58,760	56,411	20,900	14,905	3,840	5,749	(424)	(1,709)	158,432
Financing costs									(26,299)
Share of results of associates									6,027
Profit before tax									138,160
Segment assets	933,516	1,566,292	1,461,320	1,047,054	644,883	305,260	334,923	-	6,293,248
Year-to-date ended 31 March 2011									
Revenue									
External revenue	144,051	50,400	21,433	228,807	115,496	170,072	21,088	-	751,347
Inter-segment revenue	-	2,576	-	12,653	5,902	4,177	-	(25,308)	-
Total revenue	144,051	52,976	21,433	241,460	121,398	174,249	21,088	(25,308)	751,347
Operating profit	78,035	45,905	17,476	15,294	4,876	5,856	(1,658)	(5,217)	160,567
Financing costs									(19,446)
Share of results of associates									3,864
Profit before tax									144,985
Segment assets	942,902	1,663,272	1,137,686	588,599	549,800	267,045	82,174	-	5,231,478

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, except for the following:

On 19 March 2012, Hap Seng Land Sdn Bhd ["HSL"], a wholly-owned subsidiary of the Company, entered into two separate sale and purchase agreements with Eighty Illusion Sdn Bhd pursuant to which HSL had agreed to dispose of that parcel of freehold plantation land held under EMR 2989, Lot No.121, measuring approximately 1.125 acres and the half undivided share of that parcel of freehold plantation land held under H.S.(D) 2785, Lot No. 3871, measuring approximately 233.875 acres, both forming part of the Teluk Merbau Estate in the District of Kuala Langat, Mukim of Sepang, Selangor Darul Ehsan at the total cash consideration of Ringgit Malaysia Forty Six Million Sixty Four Thousand and Seven Hundred (RM46,064,700) ["Land Disposal"]. The Land Disposal was completed on 29 March 2012.

11. **Events after the interim period**

Save for the subsequent events disclosed in Note 6 above and Note 9 of Part B below, events after the interim period and up to 25 May 2012 that have not been reflected in these interim financial statements are as follows:

(a) On 27 April 2012, Estet Perkasa Sdn Bhd ["Estet"] issued and allotted 249,998 ordinary shares of RM1.00 each fully paid at par to the following:

	Number of shares allotted and fully paid	**Cash consideration** RM
Hap Seng Land Development Sdn Bhd ["HSLD"]	199,997	199,997
Hap Seng Land Sdn Bhd	1	1
Jinee Sdn Bhd	50,000	50,000
	249,998	249,998

Accordingly, the issued and paid-up share capital of Estet after the completion of the aforesaid allotment comprise 250,000 ordinary shares of RM1.00 each.

Prior to this, 100% of the issued and paid-up share capital of Estet comprising 2 ordinary shares of RM1.00 each were held by HSLD, the wholly-owned subsidiary of the Company. With the completion of the aforesaid allotment, Estet has became a 80% owned subsidiary of the Company.

(b) As part of the Group's re-organisation, the Company has on 17 May 2012 transferred the 2 ordinary shares representing the entire issued and paid-up capital of Hap Seng Fertilizers Holdings Pte Ltd ["HSFHPL"] held by the Company to Hap Seng Building Materials Holdings Sdn Bhd, the wholly-owned subsidiary of the Company for a cash consideration of Singapore Dollar Two (SGD2.00) only. HSFHPL is the Company's dormant wholly-owned subsidiary in Singapore.

(c) As announced on 23 May 2012, the Company has been advised on even date that the transfer of the charter share capital of USD 11,000,000 representing the entire equity interest in Vietnam Star Automobile Limited from Hap Seng Star Vietnam Limited ["HSSVL"] to Hap Seng Star (Vietnam) Sdn Bhd ["HSSVSB"] has been approved by the relevant authority in Vietnam. Both HSSVL and HSSVSB are wholly-owned subsidiaries of the Company.

12. **Changes in contingent liabilities or contingent assets since the end of the last annual reporting period**

Since the end of the last annual reporting period, the Group has no material contingent liabilities or contingent assets as at the end of the interim period which are expected to have an operational or financial impact on the Group.

13. **Capital commitments**

The Group has the following capital commitments:

	As at 31.3.2012	As at 31.12.2011
	RM'000	RM'000
Approved and contracted for	230,748	60,023
Approved but not contracted for	94,240	103,999
	324,988	164,022

14. **Significant related party transactions**

During the interim period, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders during the extraordinary general meeting held on 7 June 2011.

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

1. **Review of performance**

Group revenue for the current quarter at RM850.6 million was 13% higher than the preceding year corresponding quarter attributable to higher revenue from all Divisions except for Plantation and Automotive Divisions. Property and Credit Financing Divisions recorded improved operating profits which were tempered by the lower performance from Plantation and Quarry and Building Materials Divisions. Consequently, Group operating profit for the current quarter at RM158.4 million was marginally lower than the preceding year corresponding quarter.

Plantation Division revenue and operating profit were lower than the preceding year corresponding quarter by RM20.1 million (14%) and RM19.3 million (25%) respectively mainly impacted by lower production of fresh fruit bunches and lower average selling prices of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"], as well as higher replanting expenditure and production cost per metric ton of CPO. CPO and PK average selling price realisations for the current quarter were RM3,133 per tonne and RM1,908 per tonne as compared to the preceding year corresponding quarter of RM3,542 per tonne and RM2,907 per tonne respectively. CPO sales volume at 32,704 tonnes was 3% higher than the preceding year corresponding quarter whilst PK sales volume at 7,877 tonne was 2% lower than the preceding year corresponding quarter. Production costs were mainly affected by higher manuring costs due to higher fertilizer prices and higher harvesting costs due to increase in labour rates. Higher replanting expenditure was in tandem with the increase in replanting area.

Property Division recorded significant improvement in revenue and operating profit which was higher than the preceding year corresponding quarter by RM42.2 million (80%) and RM10.5 million (23%) respectively. Included in this is the sale of 235 acres of land held for property development at Teluk Merbau realising a gain of RM44.2 million.

Credit Financing Division recorded an improvement in revenue by RM5.5 million (26%) and operating profit by RM3.4 million (20%) over the preceding year corresponding quarter. The improvement was mainly contributed by lower non-performing loans at 0.75% as compared to 1.85% year-on year while loan portfolio increased to approximately RM1.5 billion from RM1.2 billion.

The Fertilizer Trading Division benefited from higher average selling prices and higher volume of fertilisers sold in both the Malaysian and Indonesian markets and recorded higher revenue by RM78.8 million (33%) over the preceding corresponding quarter. However, operating profit was RM0.4 million (3%) below the preceding year corresponding quarter mainly impacted by lower margins due to the competitive environment in Indonesia.

Quarry and Building Materials Division achieved higher revenue of RM21.8 million (18%) above the preceding year corresponding quarter. However, the Division's overall operating profit was RM1 million (21%) below the preceding year corresponding quarter mainly affected by lower margins from building materials trading and also higher production costs of new plants during the gestation period.

The Automotive Division's Malaysian operations recorded improved performance with higher Mercedes Benz vehicles sales as well as services and spare parts sales from its Service Centre in Kinrara, Puchong which has reached its optimum throughput and had recently completed the expansion of another 26 work bays. However the improved performance in Malaysia was impacted by the soft market in Vietnam. Consequently, revenue and operating profit for the current quarter were both lower than the preceding year corresponding quarter by RM25.2 million (14%) and RM0.1 million (2%) respectively.

Overall, Group profit before tax and profit after tax for the current quarter at RM138.2 million and RM105.8 million were 5% and 3% lower than the preceding year corresponding quarter. Nevertheless, Profit attributable to owners of the Company for the current quarter at RM86.2 million was 5% higher than the preceding year corresponding quarter.

Basic earnings per share for the current quarter was 3.95 sen which was based on a higher weighted average number of shares of 2,180,213,000 shares and was lower than the preceding year of 4.53 sen which was based on 1,813,521,000 shares.

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 RM138.2 million was 16% lower than the preceding quarter of RM164.9 million mainly attributable to lower contribution from Plantation and Property Divisions.

Plantation Division's results in the current quarter were impacted by lower sales volume of both CPO and PK due to lower seasonal yield trend and cropping pattern whilst Property Division's performance in the preceding quarter benefited from a gain of disposal of an investment property of RM48.8 million.

3. **Current year prospects**

The Group's business segments are expected to operate in a challenging environment in 2012. Inspite of this, the Group's prospects for the financial year ending 31 December 2012 are expected to be positive as the markets in which the Group's business segments operate are expected to remain resilient.

4. **Variances between actual profit and forecast profit**

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

5. **Profit for the period**

	Quarter ended		**Year-to-date ended**	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	4,427	590	4,427	590
Interest expense	(26,299)	(19,446)	(26,299)	(19,446)
Depreciation and amortisation	(18,948)	(16,985)	(18,948)	(16,985)
Net (allowance)/reversal of impairment losses				
- trade receivables	(899)	1,016	(899)	1,016
Net reversal of write down on inventories	44	1,123	44	1,123
Gain/(loss) on disposal of:				
- property, plant and equipment	453	32,140	453	32,140
- land held for property development	-	(37)	-	(37)
Property, plant and equipment written off	(46)	(2)	(46)	(2)
Bad debts written off	(4)	-	(4)	-
Foreign exchange gain (net)	764	1,627	764	1,627
Gain/(loss) on derivative	7	(218)	7	(218)
Recovery of bad debts	85	119	85	119

Save as disclosed above and Note 6 of Part A, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

6. **Tax expense**

	Quarter Ended		Year-to-date ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	32,639	34,924	32,639	34,924
- deferred tax	(281)	386	(281)	386
	32,358	35,310	32,358	35,310
In respect of prior year				
- income tax	-	446	-	446
- deferred tax	-	(9)	-	(9)
	-	437	-	437
	32,358	35,747	32,358	35,747

The Group's effective tax rate for the current quarter was below the statutory tax rate mainly due to certain income not subjected to tax. The effective tax rate for the preceding year corresponding quarter was close to the statutory tax rate.

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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**

(a) There was no corporate proposal announced but not completed as at 25 May 2012.

(b) The status of the utilisation of proceeds from the Private Placement and Rights Issue with Warrants are as follows:

(i) Private Placement

Purpose	Proposed Utilisation RM'mil	* Adjusted Proposed Utilisation RM'mil	As at 31 March 2012 Utilisation RM'mil	As at 31 March 2012 Balance Unutilised RM'mil	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'mil	Deviation under/(over) spent %	Explanation
Capital expenditure for expansion of the existing business operations of our Group	240.00	72.18	43.42	28.76	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	201.19	28.76		-	-	

** 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

Purpose	Proposed Utilisation RM'mil	As at 31 March 2012 Utilisation RM'mil	As at 31 March 2012 Balance Unutilised RM'mil	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'mil	Deviation under/(over) spent %	Explanation
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		-	-	

8. **Borrowings and debt securities**

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

	As at 31.3.2012					As at 31.12.2011				
	Denominated in					Denominated in				
	RM	USD	SGD	VND	Total	RM	USD	SGD	VND	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current										
Unsecured										
- Bankers acceptances	200,426	2,894	-	-	203,320	123,914	-	-	-	123,914
- Bank overdrafts	6,491	2,007	-	-	8,498	11,973	-	-	-	11,973
- Revolving credits	300,200	172,631	-	37,529	510,360	287,600	174,540	-	22,486	484,626
- Term loans	122,765	-	-	-	122,765	139,852	-	-	-	139,852
- Foreign currency loan	-	267,102	156,453	-	423,555	-	257,655	156,453	-	414,108
	629,882	444,634	156,453	37,529	1,268,498	563,339	432,195	156,453	22,486	1,174,473
Non-current										
Unsecured										
- Term loans	845,221	-	-	-	845,221	863,448	-	-	-	863,448
- Foreign currency loan	-	12,301	494,645	-	506,946	-	12,617	494,645	-	507,262
	845,221	12,301	494,645	-	1,352,167	863,448	12,617	494,645	-	1,370,710
	1,475,103	456,935	651,098	37,529	2,620,665	1,426,787	444,812	651,098	22,486	2,545,183

9. **Changes in material litigation (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 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) 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 filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 [“Striking-out Application”]. The Deputy Registrar dismissed the Striking-out Application on 13 June 2003, which decision was appealed against by the Company [“said Striking-out Appeal”].

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 [“Injunction Application”]. During the 5 July 2004 High Court hearing on the Injunction Application, the Defendants raised a preliminary objection to the High Court’s jurisdiction to determine Native Customary Rights. The preliminary objection was upheld by the High Court on 20 June 2008 and the Tongod Suit was thereupon dismissed with costs awarded to the Defendants [the "PO Decision”]. The Plaintiffs’s appeal against the PO Decision was dismissed by the Court of Appeal on 9 June 2011 [the "said Dismissal Decision"]. Thereafter, the Plaintiffs 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"].

On 25 July 2011, the Federal Court allowed the said Leave Application with which the Plaintiffs were granted leave and stay of the said Dismissal Decision pending hearing of the Plaintiffs’ appeal [“said Appeal”]. On 24 November 2011, the Federal Court allowed the said Appeal and set aside both the PO Decision and said Dismissal Decision. The Federal Court further ordered that the said Striking-out Appeal be remitted to the High Court.

On 21 March 2012, the High Court dismissed the said Striking-out Appeal with costs awarded to the Plaintiffs [“Striking-out Appeal Dismissal”]. Upon the Plaintiffs’ application, the High Court further on 12 April 2012 ordered that the Assistant Collector of Land Revenue and Registrar of Titles of the Department of Lands and Survey be added as the Sixth Defendant and Seventh Defendant respectively in the Tongod Suit. On 13 April 2012, the Company filed a Notice of Appeal to the Court of Appeal appealing against the Striking-out Appeal Dismissal.

The parties to the Tongod Suit have agreed to refer the matter to mediation. The Court has fixed 25 June 2012 for mention.

The Company’s Solicitors are of the opinion that the Plaintiffs’ claim to the Native Customary Rights against the alienated land after the issuance of the titles is unlikely to succeed.

(b) On 23 May 2012, Hap Seng Plantations (River Estates) Sdn Bhd [“RESB” or the “Plaintiff”], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad [“HSP”], the 55.16%-owned listed subsidiary of the Company, has filed a writ of summon [“said Civil Suit”] and application for interlocutory injunction [“said Interlocutory Injunction Application”] through its solicitors against Excess Interpoint Sdn Bhd [“said Defendant”] at the Kuala Lumpur High Court vide Civil Suit No. 22NCVC-631-05/2012.

RESB 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”). The said Defendant had on 3 April 2012 entered a private caveat on the said Land on the basis of a purported sale and purchase agreement dated 16 January 2012 in respect of the said Land [“said SPA”] which RESB had no knowledge of.

The Plaintiff is claiming for the following:
(a) That RESB be declared as the registered and beneficial owner of the said Land;
(b) That the said SPA be declared null and void;
(c) An injunction restraining the said Defendant from:-
    (i) Effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
    (ii) Taking any actions to fulfil the terms and conditions in the said SPA; and
    (iii) Taking any further action to complete the said SPA.
(d) Costs of the said Civil Suit; and
(e) Such further or other relief as the Court deems fit and just.

The said Interlocutory Injunction Application has been fixed for hearing on 14 June 2012. HSP has been advised by its solicitors that it has good grounds to succeed in the Civil Suit.

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.

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.

As at 31 March 2012, the Group does not have any outstanding derivative financial instruments (including financial instruments designated as hedging instruments).

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 31.3.2012	**Year-to-date ended 31.3.2012**
	RM'000	RM'000
Forward foreign currency contracts		
- Not designated as hedging instruments	7	7
	=========	=========

12. **Disclosure of realised and unrealised profits (unaudited)**

	As at 31.3.2012	**As at 31.12.2011**
	RM'000	RM'000
		(Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	2,504,902	2,540,575
- Unrealised	(15,011)	5,947
	----------------	----------------
	2,489,891	2,546,522
Total share of retained profits from associates		
- Realised	34,423	30,466
- Unrealised	(70)	47
- Breakdown unavailable*	11,256	9,069
	----------------	----------------
	2,535,500	2,586,104
Less: Consolidation adjustments	(1,563,891)	(1,599,259)
	----------------	----------------
Total group retained profits as per consolidated financial statements	971,609	986,845
	===========	===========

* 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 31 March 2012 given by the Company's moneylending subsidiaries are as follows:

		Secured	Unsecured	Total
		RM'000	RM'000	RM'000
(a)	To companies	1,344,028	3,834	1,347,862
(b)	To individuals	137,090	-	137,090
(c)	To companies within the listed issuer group	-	-	-
(d)	To related parties	-	-	-
		1,481,118	3,834	1,484,952

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

		As at 31.3.2012
		RM'000
(a)	Loans given by companies within the Group to the moneylending subsidiaries	511,000
(b)	Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c)	Unsecured bank borrowings guaranteed by the Company	417,841
(d)	Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	231,047
		1,159,888

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

		RM'000
(a)	Balance as at 1.1.2012	14,427
(b)	Loans classified as in default during the financial year	20,385
(c)	Loans reclassified as performing during the financial year	(19,607)
(d)	Amount recovered	(3,804)
(e)	Amount written off	(228)
(f)	Loans converted to securities	-
(g)	Balance as at 31.3.2012	11,173
(h)	Ratio of net loans in default to net loans	0.75%

13. **Provision of financial assistance (continued)**

Moneylending operations (continued)

(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)
1st	Term Loan	90,000	90,917	Yes	118,000	No	24
2nd	Term Loan	46,065	46,344	Yes	46,065	No	60
3rd	Term Loan	35,500	32,391	Yes	28,500	No	12 – 36
	Term Loan	5,000	3,834	No	-	No	24
		40,500	36,225		28,500		
4th	Term Loan	21,000	21,774	Yes	19,500	No	60
5th	Term Loan	23,200	18,807	Yes	37,930	No	12 – 180

14. **Earnings per share ["EPS"]**

	Quarter Ended		Year-to-date ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
Profit attributable to owners of the Company (RM'000)	86,161	82,174	86,161	82,174
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,180,213	1,813,521	2,180,213	1,813,521
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)	2,180,213	N/A	2,180,213	N/A
Basic EPS (sen)	3.95	4.53	3.95	4.53
Diluted EPS (sen)	3.95	N/A	3.95	N/A

(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 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.

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.

15. **Dividends**

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

16. **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 2011 was not subject to any qualification.

BY ORDER OF THE BOARD

CHEAH YEE LENG
QUAN SHEET MEI
Secretaries

Kuala Lumpur
29 May 2012