



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 2012

	Quarter ended		Year-to-date ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	1,014,364	943,875	2,827,391	2,653,743
Operating expenses	(865,761)	(802,708)	(2,382,113)	(2,222,912)
Other operating income	37,773	31,955	73,186	92,560
Operating profit	186,376	173,122	518,464	523,391
Financing costs	(22,094)	(28,123)	(72,157)	(70,216)
Share of results of associates	3,900	8,937	19,573	16,878
Profit before tax	168,182	153,936	465,880	470,053
Tax expense	(41,008)	(32,347)	(115,681)	(113,421)
Profit for the period	127,174	121,589	350,199	356,632
	=====	=====	=====	=====
Profit attributable to:				
Owners of the Company	110,983	91,149	300,021	263,856
Non-controlling interests	16,191	30,440	50,178	92,776
	-----	-----	-----	-----
	127,174	121,589	350,199	356,632
	=====	=====	=====	=====
Earnings per share (sen)				
Basic	5.15	4.37	13.84	13.68
	=====	=====	=====	=====
Diluted	5.13	4.37	13.81	13.68
	=====	=====	=====	=====

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 THIRD QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2012

	Quarter ended		Year-to-date ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	127,174	121,589	350,199	356,632
Other comprehensive income:				
Exchange difference on translation of foreign operations, net of tax	(3,111)	2,786	(2,157)	407
Total comprehensive income for the period, net of tax	124,063	124,375	348,042	357,039
	=====	=====	=====	=====
Total comprehensive income attributable to:				
Owners of the Company	107,872	93,460	297,864	264,553
Non-controlling interests	16,191	30,915	50,178	92,486
	124,063	124,375	348,042	357,039
	=====	=====	=====	=====

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 30 SEPTEMBER 2012

	As at 30.9.2012	As at 31.12.2011
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,206,954	1,156,171
Biological assets	426,339	420,539
Investment properties	430,085	475,153
Associates	397,328	387,303
Other investment	30,000	30,000
Land held for property development	339,666	371,366
Goodwill	36,736	36,736
Long term receivables	893,542	828,747
Deferred tax assets	73,212	71,746
	-----	-----
	3,833,862	3,777,761
	-----	-----
Current assets		
Inventories	712,297	941,461
Property development costs	364,090	249,725
Receivables	1,204,653	1,147,407
Tax recoverable	44,217	43,855
Cash and bank balances	440,272	666,901
	-----	-----
	2,765,529	3,049,349
	-----	-----
TOTAL ASSETS	6,599,391	6,827,110
	=====	=====
Equity attributable to owners of the Company		
Share capital	2,186,364	2,186,357
Reserves	1,213,637	1,115,343
	-----	-----
	3,400,001	3,301,700
Less: Treasury shares	(63,149)	(8,283)
	-----	-----
	3,336,852	3,293,417
Non-controlling interests	351,464	358,631
	-----	-----
TOTAL EQUITY	3,688,316	3,652,048
	-----	-----
Non-current liabilities		
Borrowings	1,254,046	1,370,710
Deferred tax liabilities	171,370	168,051
Other payables	5,555	1,648
	-----	-----
	1,430,971	1,540,409
	-----	-----
Current liabilities		
Payables and provisions, including derivatives	441,541	439,779
Tax payable	47,918	20,401
Borrowings	990,645	1,174,473
	-----	-----
	1,480,104	1,634,653
	-----	-----
TOTAL LIABILITIES	2,911,075	3,175,062
	-----	-----
TOTAL EQUITY AND LIABILITIES	6,599,391	6,827,110
	=====	=====
Net assets per share (RM)	1.55	1.51
	-----	-----
Based on number of shares net of treasury shares ('000)	2,148,643	2,180,927

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


**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2012**

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling 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 2012	2,186,357	128,498	986,845	(8,283)	3,293,417	358,631	3,652,048
Profit for the period	-	-	300,021	-	300,021	50,178	350,199
Other comprehensive income	-	(2,157)	-	-	(2,157)	-	(2,157)
Total comprehensive income	-	(2,157)	300,021	-	297,864	50,178	348,042
Reserves realised upon disposal of assets	-	(1,093)	1,093	-	-	-	-
Issuance of shares pursuant to the exercise of warrants	7	4	-	-	11	-	11
Changes in ownership interests in a subsidiary	-	-	-	-	-	50	50
Purchase of treasury shares	-	-	-	(54,866)	(54,866)	-	(54,866)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(6)	(6)
Dividends to owners of the Company	-	-	(199,574)	-	(199,574)	-	(199,574)
Dividends paid by subsidiary	-	-	-	-	-	(57,389)	(57,389)
At 30 September 2012	<u>2,186,364</u>	<u>125,252</u>	<u>1,088,385</u>	<u>(63,149)</u>	<u>3,336,852</u>	<u>351,464</u>	<u>3,688,316</u>
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)
Changes in 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>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR YEAR-TO-DATE ENDED 30 SEPTEMBER 2012**

	Year-to-date ended	
	30.9.2012	30.9.2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	465,880	470,053
Adjustments for:		
Non-cash items	31,975	51,815
Non-operating items	(22,226)	(70,138)
Net interest expense	63,738	62,574
	-----	-----
Operating profit before working capital changes	539,367	514,304
Net changes in working capital	215,593	(608,669)
Net changes in loan receivables	(93,410)	(330,917)
Net tax paid	(91,067)	(81,269)
Net interest paid	(63,738)	(62,574)
Additions to land held for property development	(2,657)	(9,882)
	-----	-----
Net cash generated from/(used in) operating activities	504,088	(579,007)
	-----	-----
Cash flows from investing activities		
Dividends received from associates	9,548	10,540
Acquisition of non-controlling interests	-	(41,322)
Acquisition of other investment	-	(30,000)
Acquisition of subsidiary net of cash acquired	(17,581)	-
Proceeds from issuance of shares to non-controlling interests	50	-
Proceeds from disposal of property, plant and equipment	6,052	63,571
Proceeds from disposal of investment properties	7,000	48,370
Proceeds from disposal of land held for property development	-	2,972
Purchase of property, plant and equipment	(98,955)	(152,029)
Additions to biological assets	(5,800)	(4,254)
Additions to investment properties	(23,585)	(16,483)
	-----	-----
Net cash used in investing activities	(123,271)	(118,635)
	-----	-----
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(256,963)	(270,158)
Net (repayment)/drawdown of borrowings	(292,424)	891,903
Proceed from issuance of shares pursuant to the exercise of warrants	11	-
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)
Shares repurchase at cost	(54,872)	(16)
	-----	-----
Net cash (used in)/generated from financing activities	(604,248)	1,225,631
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(223,431)	527,989
Effects on exchange rate changes	(689)	82
Cash and cash equivalents at beginning of the period	654,928	185,429
	-----	-----
Cash and cash equivalents at end of the period	430,808	713,500
	=====	=====

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	307,622	537,916
Cash in hand and at bank	132,650	187,126
Bank overdrafts	(9,464)	(11,542)
	-----	-----
	430,808	713,500
	=====	=====

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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2014. 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.

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 performances of the Group's Property Development Division and Quarry and Building Materials Division were influenced by the slowdown in construction activities in the first quarter attributed 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 interim periods of the current financial year or 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, 2,400 warrants were exercised which resulted in 2,400 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Accordingly, a total of 6,600 warrants were exercised during the current financial period and the issued and paid-up share capital of the Company increased to RM2,186,364,000 comprising 2,186,364,000 ordinary shares of RM1.00 each. As at 30 September 2012, 364,386,300 warrants remained unexercised.

(b) Share buyback by the Company

During the current quarter, 10,143,300 shares were bought back and there was no resale or cancellation of treasury shares. Accordingly, a total of 32,291,000 shares were bought back and retained as treasury shares during the current financial period. The monthly breakdown of shares bought back during the current quarter was as follows:

Month	No of shares Repurchased	Purchase price per share		Average cost Per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
July 2012	7,169,500	1.7100	1.8000	1.7354	12,441,946.84
August 2012	-	-	-	-	-
September 2012	2,973,800	1.6300	1.6700	1.6493	4,904,584.89
Total	10,143,300	1.6300	1.8000	1.7101	17,346,531.73

As at 30 September 2012, the Company has 37,721,000 ordinary shares held as treasury shares and the issued and paid up share capital of the Company remained at 2,186,364,000 ordinary shares of RM1.00 each.

Subsequent to the end of the interim period and up to 23 November 2012, the Company bought back another 19,135,400 shares which were also retained as treasury shares, thereby increasing the total treasury shares held to 56,856,400 shares.

7. Dividends paid

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

	Year-to-date	
	30.9.2012	30.9.2011
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2010:		
- 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
- 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	-
Dividend in respect of financial year ending 31 December 2012:		
- first interim (4.5 sen) under the single tier system approved by the Board of Directors on 10 July 2012 and paid on 8 August 2012	97,084	-
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	199,574	209,162
	=====	=====



HAP SENG CONSOLIDATED BERHAD (26877-W)
THIRD QUARTER ENDED 30 SEPTEMBER 2012

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
<u>Year-to-date ended 30 September 2012</u>									
Revenue									
External revenue	390,772	385,543	84,097	997,703	448,042	464,844	56,390	-	2,827,391
Inter-segment revenue	-	7,175	-	38,476	17,770	16,980	-	(80,401)	-
Total revenue	390,772	392,718	84,097	1,036,179	465,812	481,824	56,390	(80,401)	2,827,391
Operating profit	150,578	257,017	67,451	36,848	12,073	6,329	(4,853)	(6,979)	518,464
Financing costs									(72,157)
Share of results of associates									19,573
Profit before tax									465,880
Segment assets	945,229	1,626,723	1,424,340	799,234	701,161	318,537	269,410	-	6,084,634
<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

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, except for the following:

- (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 comprises 250,000 ordinary shares of RM1.00 each.

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

- (b) As part of the Group's re-organisation, the Company had on 17 May 2012 transferred the 2 ordinary shares representing the entire issued and paid-up share capital of Hap Seng Fertilizers Holdings Pte Ltd ["HSFHPL"] held by the Company to Hap Seng Building Materials Holdings Sdn Bhd, a wholly-owned subsidiary of the Company for a cash consideration of Singapore Dollar Two (SGD2.00) only. HSFHPL is the Company's 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.
- (d) On 6 July 2012, Hap Seng Clay Products Sdn Bhd, a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Kao Fu Bricks Sdn Bhd ["KFBSB"] comprising 13,300,000 ordinary shares of RM1.00 each at the cash consideration of Ringgit Malaysia Seventeen Million and Five Hundred Thousand Only (RM17,500,000). KFBSB is a private limited company incorporated in Malaysia which is principally involved in the manufacturing and sales of bricks for the domestic market in Sabah.

10. Significant events and transactions

There were no events or transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

11. Events after the interim period

Save for the subsequent events as disclosed in Note 6 above and Note 9 of Part B below, event after the interim period and up to 23 November 2012 that has not been reflected in these interim financial statements is as follows:

On 8 November 2012, Hap Seng Realty Sdn Bhd, a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Tabir Amanbina Sdn Bhd ["TASB"] comprising 2 ordinary shares of RM1.00 each at the cash consideration of Ringgit Malaysia Two only (RM2.00). TASB is a private limited company incorporated in Malaysia which is currently dormant.

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	As at
	30.9.2012	31.12.2011
	RM'000	RM'000
Approved and contracted for	210,803	60,023
Approved but not contracted for	60,628	103,999
	-----	-----
	271,431	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 in or exceeded by 10% the estimated value which had been mandated by the shareholders at the extraordinary general meetings held on 7 June 2011 and 29 May 2012.

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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 registered an operating profit of RM186.4 million in the current quarter, representing a growth of 8% over preceding year corresponding quarter. This was achieved on the back of a turnover growth of 7% to RM1.0 billion in the current quarter as against preceding year corresponding quarter of RM943.9 million.

Plantation Division's revenue and operating profit were lower than the preceding year corresponding quarter by RM18.1 million (11%) and RM41.5 million (46%) respectively. The Division's performance was mainly impacted by lower production of Fresh Fruit Bunches ["FFB"], lower sales volume and lower average selling prices of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] as well as higher replanting expenditure and higher production cost per metric ton of CPO. FFB yield for the current quarter was affected by adverse seasonal yield trend and cropping pattern due to tree stress. Consequently, FFB and CPO production were both approximately 12% lower than the preceding year corresponding quarter whilst CPO sales volume was 24% lower at 35,251 tonnes and PK sales volume was 10% lower at 8,087 tonnes. Average selling price realisation of CPO and PK for the current quarter were RM2,923 and RM1,470 per tonne respectively as compared to the preceding year corresponding quarter of RM3,117 per tonne for CPO and RM1,828 per tonne for PK. Production costs were mainly affected by higher labour costs and higher fertilizer prices. Replanting expenditure was higher in tandem with the increase in area which have been replanted. As at the end of the current quarter, 3,518 hectares were under replanting as compared to the preceding year corresponding quarter of 2,594 hectares.

Property Division registered a growth in revenue and operating profit over the preceding year corresponding quarter by RM85.8 million (114%) and RM70.5 million (161%) respectively. Two parcels of land held for development in Kota Kinabalu were disposed off during the current quarter realising a total gain of RM67.7 million. The Division also benefited from higher project sales and higher progress work completion during the current quarter from its ongoing projects in both East and Peninsula Malaysia whilst its investment properties recorded improvement in occupancy and rental rates.

Credit Financing Division recorded an improvement in revenue by RM2.6 million (10%) and operating profit by RM1.8 million (9%) over the preceding year corresponding quarter benefiting from higher average loan base during the current quarter and better non-performing loans ratio. As at end of the current quarter, the Division's loan portfolio at RM1.44 billion was marginally higher than the preceding year corresponding quarter of RM1.42 billion. Non-performing loans ratio was at 0.72% as compared to 1.10% in the same period last year.

The Fertilizers Trading Division's revenue improved by RM24.5 million (8%) over the preceding year corresponding quarter. The Division's Malaysian operations continued to record improvement in operating profit in spite of lower sales volume. However, Indonesian operations were adversely impacted by the severe competitive environment in Indonesia and foreign exchange translation losses due to the weakening of Indonesian Rupiah against the US Dollar. As a result, the Division's operating profit declined by 71% over the preceding year corresponding quarter.

Quarry and Building Materials Division's revenue and operating profit were higher than the preceding year corresponding quarter by RM19.7 million (14%) and RM1.0 million (48%) respectively. The Division's quarries operations continued to benefit from higher production and improved production efficiencies. However, the competitive environment affecting the Division's bricks and trading operations have dampened the Division's overall profitability.

The Automotive Division's operations in Malaysia were affected by severe competitive environment in the premium passenger vehicles segment and recorded lower sales of passenger vehicles during the current quarter. Performance of the Division's Vietnam operations continued to be impacted by the soft market conditions with significantly lower vehicle sales. Consequently, the Division's revenue for the current quarter was lower than the preceding year corresponding quarter by RM36.0 million (17%), recording an operating loss of RM0.8 million as against preceding year corresponding quarter's operating profit of RM4.4 million.

Overall, the Group profit before tax for the year to date at RM465.9 million and profit after tax at RM350.2 million were both marginally lower than the preceding year corresponding period. However, profit attributable to owners of the Company for the year to date at RM300.0 million was 14% higher than the preceding year corresponding period. Correspondingly, its basic earnings per share for the year to date at 13.84 sen was marginally higher than the preceding year of 13.68 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 RM168.2 million was 5% higher than the preceding quarter of RM159.5 million mainly attributable to the higher contribution from the Plantation and Property Divisions.

During the current quarter, the Property Division benefited from the disposal of two parcels of land held for development in Kota Kinabalu. The Plantation Division benefited from higher FFB production but dampened by lower average selling prices.

3. Current year prospects

The Plantation Division will continue to be influenced by movements in commodity prices, fertilizer prices and weather conditions. FFB production has improved in the third quarter and is expected to continue till the end of the year. Palm oil prices which retreated to a three-year low of RM2,230 per tonne in early October is expected to recover as exports increased after the announcement by the Government on 12 October 2012 with respect to the changes in export tax structure and the removal of tax free export quota with effect from 1 January 2013.

The Property Division anticipates improvement in project sales with the encouraging response to the Horizon Residences project comprising two blocks of 27-storeys luxurious condominium along Jalan Tun Razak which was opened for bookings in August 2012.

Credit Financing Division loan base is expected to grow mainly in the pre-selected loan sectors which have shown resilience and continue to be robust.

Fertilizers Trading Division's performance in its Malaysian operations is expected to be influenced by the weather conditions affecting application of fertilizers whilst the Indonesian operations continued to face intense competition amidst movements in global fertilizer prices and volatile foreign exchange fluctuation of the Indonesian Rupiah vis-à-vis the US Dollar.

The Quarry and Building Materials Divisions will continue to benefit from the improved efficiencies of its quarry operations. However, the bricks and trading segments are expected to continue operating in the current competitive environment.

The Automotive Division expects the competitive environment in the premium passenger vehicles segment of its Malaysian operations to continue whilst market conditions in Vietnam continued to be soft.

Based on the foregoing, the Group expects to perform satisfactorily for the balance of the financial year ending 31 December 2012.

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.

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5. **Profit for the period**

	Quarter ended		Year-to-date ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	2,182	4,649	8,419	7,642
Interest expense	(22,094)	(28,123)	(72,157)	(70,216)
Depreciation and amortisation	(20,546)	(16,314)	(58,866)	(51,766)
Net (allowance)/reversal of impairment losses				
- trade receivables	(132)	151	(1,034)	897
Net (write down)/reversal of write down on inventories	35	(367)	(126)	456
Gain/(loss) on disposal of:				
- property, plant and equipment	181	(58)	833	32,522
- investment properties	-	20,559	1,820	20,559
- land held for property development	-	-	-	179
Property, plant and equipment written off	(616)	-	(666)	(49)
Bad debts written off	-	-	(4)	(9)
Net foreign exchange (loss)/gain	(1,091)	(1,889)	(3,492)	491
Gain/(loss) on hedging activities	20	-	17	-
Gain/(loss) on non-hedging derivative instruments	-	134	7	17
Gain from fair value adjustments of investment properties	22,484	-	27,557	-
Recovery of bad debts	168	227	498	466

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

6. **Tax expense**

	Quarter Ended		Year-to-date ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	42,214	32,199	116,451	112,142
- deferred tax	940	(2,985)	496	(3,085)
	-----	-----	-----	-----
	43,154	29,214	116,947	109,057
	-----	-----	-----	-----
In respect of prior periods				
- income tax	772	3,133	774	3,680
- deferred tax	(2,918)	-	(2,040)	684
	-----	-----	-----	-----
	(2,146)	3,133	(1,266)	4,364
	-----	-----	-----	-----
	41,008	32,347	115,681	113,421
	=====	=====	=====	=====

The Group's effective tax rates for the current quarter and year to date (excluding the over provision of tax in prior periods) were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. The effective tax rates for the preceding year corresponding quarter and period were lower than the statutory tax rate due to real property gains taxed at 5%.



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 23 November 2012.
- (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>	<u>Proposed Utilisation</u> RM'mil	* Adjusted Proposed Utilisation RM'mil	As at 30 September 2012 <u>Utilisation</u> RM'mil	Balance <u>Unutilised</u> RM'mil	Intended Timeframe for <u>Utilisation</u>	Deviation <u>under/(over) spent</u> RM'mil %		<u>Explanation</u>
Capital expenditure for expansion of the existing business operations of the Group	240.00	72.18	72.18	-	-	-	-	-
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 had been utilised for general working capital
Estimated expenses	20.00	6.01	5.61	-	-	0.40	7	
	----- 764.63 =====	----- 229.95 =====	----- 229.95 =====	----- - =====		----- - =====	----- - =====	

* 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>	<u>Proposed Utilisation</u> RM'mil	As at 30 September 2012 <u>Utilisation</u> RM'mil	Balance <u>Unutilised</u> RM'mil	Intended Timeframe for <u>Utilisation</u>	Deviation <u>under/(over) spent</u> RM'mil %		<u>Explanation</u>
Capital expenditure for expansion of the existing business operations of the Group and acquisition of potential land for development	220.00	12.00	208.00	Within 3 years from completion	-	-	Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed.
General working capital	159.00	159.56	-	-	(0.56)	-	} Under spent in expenses had been utilised for general working capital
Estimated expenses	3.61	3.05	-	-	0.56	16	
	----- 382.61 =====	----- 174.61 =====	----- 208.00 =====		----- - =====	----- - =====	



8. Borrowings and debt securities

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

	← As at 30.9.2012 →					← As at 31.12.2011 →				
	Denominated in				Total	Denominated in				Total
	RM RM'000	USD RM'000	SGD RM'000	VND RM'000		RM RM'000	USD RM'000	SGD RM'000	VND RM'000	
Current										
Unsecured										
- Bankers acceptances	144,490	2,902	-	-	147,392	123,914	-	-	-	123,914
- Bank overdrafts	9,358	106	-	-	9,464	11,973	-	-	-	11,973
- Revolving credits	467,268	123,758	-	-	591,026	287,600	174,540	-	22,486	484,626
- Term loans	205,571	-	-	-	205,571	139,852	-	-	-	139,852
- Foreign currency loan	-	37,192	-	-	37,192	-	257,655	156,453	-	414,108
	826,687	163,958	-	-	990,645	563,339	432,195	156,453	22,486	1,174,473
Non-current										
Unsecured										
- Term loans	747,179	-	-	-	747,179	863,448	-	-	-	863,448
- Foreign currency loan	-	12,222	494,645	-	506,867	-	12,617	494,645	-	507,262
	747,179	12,222	494,645	-	1,254,046	863,448	12,617	494,645	-	1,370,710
	1,573,866	176,180	494,645	-	2,244,691	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 than 7 days from the date of issue of the quarterly report**

Except for the following, there were no other changes in material litigation since the date of the last annual statement of financial position:

- (a) 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 ["NCR"] 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 Revenues, Tongod and Registrar of Titles 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 Plaintiffs were granted leave by the High Court on 7 November 2012 to add the Assistant Collector of Land Revenues, Kota Kinabatangan as the Eighth Defendant in the Tongod Suit.

The High Court has part-heard the Tongod Suit from 26 to 29 November 2012.

The Company's Solicitors are of the opinion that the Plaintiffs' NCR claim is unlikely to succeed.

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9. **Changes in material litigation (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report (continued)**

- (b) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"], the 55.16%-owned listed subsidiary of the Company, is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn Bhd ["EISB"] as the purported purchaser [the "Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8.2.1977 allegedly created in respect of the said Land [the "Alleged PA"]. On the basis of the Purported SPA, a private caveat was entered on the said Land on 3 April 2012 by EISB.

On 23 May 2012, RESB filed a writ of summon and an application for interlocutory injunction ["said Interlocutory Injunction Application"] through its solicitors in Kuala Lumpur, Messrs Wong Kian Kheong, against EISB ["1st Defendant"] at the Kuala Lumpur High Court ["KLHC"] vide Civil Suit No. 22NCVC-631-05/2012 ["RESB Suit"]. On 14 June 2012, the KLHC granted an ad interim injunction in favour of RESB ["said Ad Interim Injunction"] pending disposal of the hearing of the said Interlocutory Injunction Application subject to RESB's undertaking to pay damages to the 1st Defendant for losses suffered by the 1st Defendant resulting from the said Ad Interim Injunction in the event that the said Ad Interim Injunction is subsequently discharged or set aside. On 16 June 2012, HCH was added as a co-defendant ["2nd Defendant"] to the RESB Suit upon RESB's application.

RESB is claiming for the following in the RESB Suit:

- (a) That RESB be declared as the registered and beneficial owner of the said Land;
- (b) That the Purported SPA be declared null and void;
- (c) That the Alleged PA be declared null and void;
- (d) An injunction restraining the 1st 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 fulfill the terms and conditions in the Purported SPA; and
 - (iii) taking any further action to complete the Purported SPA.
- (e) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
- (f) Costs of the RESB Suit; and
- (g) Such further or other relief as the Court deems fit and just.

Upon application by the 1st Defendant, the KLHC had on 10 August 2012 transferred the RESB Suit to the High Court of Sabah & Sarawak at Kota Kinabalu ["KKHC"]. KKHC has registered the transferred RESB Suit as Civil Suit No. BKI-22-209/9-2012 with the said Ad Interim Injunction continuing to be in effect. With the transfer of the RESB Suit to KKHC, RESB will be represented by its appointed solicitors in Sabah, Messrs Jayasuria Kah & Co.

HSP has been advised by its solicitors that RESB has good grounds to succeed in the RESB Suit.

- (c) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in KKHC vide Originating Summon No. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "KK Suit"].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 ["Alleged Deed of Substitute"] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:

- (a) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
- (b) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
- (c) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
- (d) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC's rights thereon;
- (e) costs of the KK Suit; and
- (f) such further or other relief as the Court deems fit and just.

RESB has through its solicitors in Sabah, Messrs Jayasuria Kah & Co., filed an application to convert the KK Suit from being an originating summon action into a writ action ["Conversion Application"]. The KKHC has on 21 November 2012 granted a stay of the KK Suit and fixed the next mention on 25 February 2013.

HSP has been advised by its solicitors that the KK Suit is unlikely to succeed.

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 2012 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	89,196	(1,527)
- Not designated as hedging instruments	261,655	-
	-----	-----
	350,851	(1,527)
	=====	=====

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
	30.9.2012	30.9.2012
	RM'000	RM'000
Forward foreign currency contracts		
- Not designated as hedging instruments	-	7
	=====	=====

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

	As at 30.9.2012	As at 31.12.2011
	RM'000	RM'000
		<i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	2,592,517	2,540,575
- Unrealised	9,497	5,947
	-----	-----
	2,602,014	2,546,522
Total share of retained profits from associates		
- Realised	35,786	30,466
- Unrealised	(321)	47
- Breakdown unavailable*	14,142	9,069
	-----	-----
	2,651,621	2,586,104
Less: Consolidation adjustments	(1,563,236)	(1,599,259)
	-----	-----
Total Group retained profits as per consolidated financial statements	1,088,385	986,845
	=====	=====

* This represents the share of retained profits of Lam Soon (Thailand) Public Company Limited ["LST"], an associate which is listed on the Stock Exchange of Thailand. The information required by Bursa Securities was not made available by LST due to their 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 2012 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	1,302,497	2,608	1,305,105
(b) To individuals	136,664	189	136,853
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	-	-	-
	-----	-----	-----
	1,439,161	2,797	1,441,958
	=====	=====	=====

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

Moneylending operations (continued)

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

	As at 30.9.2012
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	343,150
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	542,668
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	214,408

	1,100,226
	=====

(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	46,311
(c) Loans reclassified as performing during the financial year	(41,280)
(d) Amount recovered	(8,886)
(e) Amount written off	(228)
(f) Loans converted to securities	-

(g) Balance as at 30.9.2012	10,344
	=====
(h) Ratio of net loans in default to net loans	0.72%
	=====

(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	85,900	86,408	Yes	85,900	No	60
2 nd	Term Loan	35,500	19,835	Yes	28,500	No	12 – 36
	Term Loan	5,000	2,608	No	-	No	24
		-----	-----		-----		
		40,500	22,443		28,500		
		-----	-----		-----		
3 rd	Term Loan	21,000	21,779	Yes	19,500	No	60
4 th	Term Loan	23,200	15,830	Yes	27,340	No	12 – 180
5 th	Hire Purchase	14,756	11,564	Yes	9,232	No	36 – 60

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

	Quarter Ended		Year-to-date ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
Profit attributable to owners of the Company (RM'000)	110,983	91,149	300,021	263,856
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,153,037	2,088,058	2,167,447	1,928,240
Dilutive potential ordinary shares				
- Assumed exercise of Warrants	9,640	-	4,717	-
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,162,677	2,088,058	2,172,164	1,928,240
Basic EPS (sen)	5.15	4.37	13.84	13.68
Diluted EPS (sen)	5.13	4.37	13.81	13.68

(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.

(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 were anti-dilutive for the preceding year corresponding quarter and period as the Warrants exercise price was higher than the average market price of the Company shares during that period. Accordingly, the exercise of Warrants had been ignored in the calculation of dilutive EPS.

15. **Dividends**

The Directors do not recommend any interim dividend for the quarter 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.

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17. Others

In the approval letter from Securities Commission ["SC"] dated 23 July 2007 approving the initial public offering of Hap Seng Plantations Holdings Berhad ["HSP"], the 55.16%-owned listed subsidiary of the Company, SC requires, inter alia, HSP to resolve the issue on the requirement to transfer 30% of Litang Estate/equity in Hap Seng Plantations (Wecan) Sdn Bhd ["Wecan"], the wholly-owned subsidiary of HSP, to natives within the time period stipulated therein ["SC Condition"].

As announced by HSP on 31 July 2012, the Land and Survey Department in Kota Kinabalu had granted to HSP a further extension of time to July 2017 for the transfer of 30% of the undivided share of the Litang Estate or 30% equity in Wecan to natives.

SC had via its letter dated 3 September 2012 resolved not to impose time stipulation on HSP to resolve the issue on SC Condition. However, HSP is to continue to pursue the matter with the relevant authority subject to the following:

- (a) HSP is to disclose the efforts taken and the status of the compliance with the Litang Estate Condition in the annual report until such time the condition is fulfilled;
- (b) HSP and/or CIMB Investment Bank Berhad ["CIMB"] is/are to make quarterly announcements to Bursa Malaysia Securities Berhad until such time the condition is fulfilled; and
- (c) HSP and/or CIMB is/are to update the SC when such disclosure is made in the annual report.

BY ORDER OF THE BOARD

CHEAH YEE LENG
QUAN SHEET MEI
Secretaries

Kuala Lumpur
29 November 2012