



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2013

	Quarter ended		Year-to-date ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	829,474	1,014,364	2,453,430	2,827,391
Operating expenses	(774,539)	(865,761)	(2,308,102)	(2,382,113)
Other operating income	10,518	37,773	55,347	73,186
	-----	-----	-----	-----
Operating profit	65,453	186,376	200,675	518,464
Financing costs	(21,681)	(22,094)	(60,704)	(72,157)
Other non-operating items	132,677	-	416,234	-
Share of results of associates	4,021	3,900	18,222	19,573
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Profit before tax	180,470	168,182	574,427	465,880
Tax expense	(24,218)	(41,008)	(100,873)	(115,681)
	-----	-----	-----	-----
Profit for the period	156,252	127,174	473,554	350,199
	=====	=====	=====	=====
Profit attributable to:				
Owners of the Company	141,238	110,983	445,571	300,021
Non-controlling interests	15,014	16,191	27,983	50,178
	-----	-----	-----	-----
	156,252	127,174	473,554	350,199
	=====	=====	=====	=====
Earnings per share (sen)				
Basic	7.02	5.15	21.54	13.84
	=====	=====	=====	=====
Diluted	6.77	5.13	21.15	13.81
	=====	=====	=====	=====

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2013**

	Quarter ended		Year-to-date ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period	156,252	127,174	473,554	350,199
Other comprehensive income, net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	596	(3,111)	(1,579)	(2,157)
Share of foreign currency translation differences of associates	716	-	1,419	-
Foreign currency translation differences for foreign operations reclassified to profit or loss	1,088	-	4,101	-
Share of foreign currency translation differences of associate reclassified to profit or loss	-	-	(1,248)	-
	-----	-----	-----	-----
	2,400	(3,111)	2,693	(2,157)
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment upon transfer of properties to investment properties	-	-	1,176	-
Total other comprehensive income for the period	2,400	(3,111)	3,869	(2,157)
	-----	-----	-----	-----
Comprehensive income for the period	158,652	124,063	477,423	348,042
	=====	=====	=====	=====
Comprehensive income attributable to:				
Owners of the Company	143,638	107,872	449,440	297,864
Non-controlling interests	15,014	16,191	27,983	50,178
	-----	-----	-----	-----
	158,652	124,063	477,423	348,042
	=====	=====	=====	=====

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 2013

	As at 30.9.2013	As at 31.12.2012
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,179,768	1,220,417
Biological assets	434,341	428,798
Investment properties	476,207	445,325
Associates	383,448	429,775
Other investment	30,000	30,000
Land held for property development	358,068	375,164
Goodwill	36,736	36,736
Long term receivables	875,223	949,841
Deferred tax assets	18,040	51,378
	-----	-----
	3,791,831	3,967,434
	-----	-----
Current assets		
Inventories	621,010	550,219
Property development costs	583,585	359,939
Receivables, including derivatives	1,282,089	1,236,375
Tax recoverable	34,809	26,236
Cash and bank balances	442,954	519,259
	-----	-----
	2,964,447	2,692,028
	-----	-----
TOTAL ASSETS	6,756,278	6,659,462
	=====	=====
Equity attributable to owners of the Company		
Share capital	2,186,577	2,186,364
Reserves	1,550,373	1,334,338
	-----	-----
	3,736,950	3,520,702
Less: Treasury shares	(354,053)	(122,061)
	-----	-----
	3,382,897	3,398,641
Non-controlling interests	400,269	365,102
	-----	-----
TOTAL EQUITY	3,783,166	3,763,743
	-----	-----
Non-current liabilities		
Borrowings	931,930	991,108
Deferred tax liabilities	172,378	169,781
Other payables	6,053	5,864
	-----	-----
	1,110,361	1,166,753
	-----	-----
Current liabilities		
Payables and provisions, including derivatives	360,011	417,093
Tax payable	17,577	51,253
Borrowings	1,485,163	1,260,620
	-----	-----
	1,862,751	1,728,966
	-----	-----
TOTAL LIABILITIES	2,973,112	2,895,719
	-----	-----
TOTAL EQUITY AND LIABILITIES	6,756,278	6,659,462
	=====	=====
Net assets per share (RM)	1.70	1.61
	-----	-----
Based on number of shares net of treasury shares ('000)	1,992,150	2,113,108

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 2013**

	← 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 2013	2,186,364	122,268	1,212,070	(122,061)	3,398,641	365,102	3,763,743
Profit for the period	-	-	445,571	-	445,571	27,983	473,554
Total other comprehensive income for the period	-	3,869	-	-	3,869	-	3,869
Comprehensive income for the period	-	3,869	445,571	-	449,440	27,983	477,423
Exercise of warrants	213	138	-	-	351	-	351
Changes in ownership interests in a subsidiary	-	-	54,887	-	54,887	36,844	91,731
Purchase of treasury shares	-	-	-	(231,992)	(231,992)	-	(231,992)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(5)	(5)
Dividends to owners of the Company	-	-	(288,430)	-	(288,430)	-	(288,430)
Dividends paid by subsidiary	-	-	-	-	-	(29,655)	(29,655)
At 30 September 2013	2,186,577 =====	126,275 =====	1,424,098 =====	(354,053) =====	3,382,897 =====	400,269 =====	3,783,166 =====
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
Total other comprehensive income for the period	-	(2,157)	-	-	(2,157)	-	(2,157)
Comprehensive income for the period	-	(2,157)	300,021	-	297,864	50,178	348,042
Reserves realised upon disposal of assets	-	(1,093)	1,093	-	-	-	-
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	2,186,364 =====	125,252 =====	1,088,385 =====	(63,149) =====	3,336,852 =====	351,464 =====	3,688,316 =====

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 2012 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 2013**

	Year-to-date ended	
	30.9.2013	30.9.2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	574,427	465,880
Adjustments for:		
Non-cash items	55,356	31,975
Non-operating items	(440,994)	(22,226)
Dividend income	(838)	-
Net interest expense	53,765	63,738
	-----	-----
Operating profit before working capital changes	241,716	539,367
Net changes in working capital	(288,236)	215,593
Net changes in loan receivables	18,048	(93,410)
Net tax paid	(104,254)	(91,067)
Net interest paid	(53,765)	(63,738)
Additions to land held for property development	(9,366)	(2,657)
	-----	-----
Net cash flows (used in)/generated from operating activities	(195,857)	504,088
	-----	-----
Cash flows from investing activities		
Dividends received from associates	20,359	9,548
Dividends received from other investments	1,200	-
Disposal/(Acquisition) of subsidiaries, net of cash disposed/acquired	402,995	(17,581)
Proceeds from disposal of associate	118,000	-
Proceeds from disposal of equity interest in a subsidiary to non-controlling interests	86,831	-
Proceeds from disposal of investment securities	41,813	-
Proceeds from issuance of shares to non-controlling interests	4,900	50
Proceeds from disposal of property, plant and equipment	8,637	6,052
Proceeds from disposal of investment properties	-	7,000
Purchase of property, plant and equipment	(85,270)	(98,955)
Purchase of investment securities	(40,989)	-
Additions to biological assets	(5,543)	(5,800)
Additions to investment properties	(55,040)	(23,585)
	-----	-----
Net cash flows generated from/(used in) investing activities	497,893	(123,271)
	-----	-----
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(318,085)	(256,963)
Net drawdown/(repayment) of borrowings	161,233	(292,424)
Proceeds from issuance of shares pursuant to the exercise of warrants	351	11
Shares repurchase at cost	(231,997)	(54,872)
	-----	-----
Net cash flows used in financing activities	(388,498)	(604,248)
	-----	-----
Net decrease in cash and cash equivalents	(86,462)	(223,431)
Effects on exchange rate changes	386	(689)
Cash and cash equivalents at beginning of the period	516,790	654,928
	-----	-----
Cash and cash equivalents at end of the period	430,714	430,808
	=====	=====

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	279,322	307,622
Cash in hand and at bank	163,632	132,650
Bank overdrafts	(12,240)	(9,464)
	-----	-----
	430,714	430,808
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 2012.

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 2012, except for the following:

- (a) Segment information has been changed to include Trading segment which comprises the trading of general building materials, petroleum as well as the oils and fats businesses. In the previous financial year, trading of building materials and petroleum businesses were reported under the Quarry and Building Materials segment whilst oils and fats business was reported under non-reportable segment.

This is to reflect the changes in the basis of internal reports that are regularly reviewed by the management of the Group in order to allocate resources to the segments and assess their performance. Accordingly, the comparatives for segmental information have been restated to conform with the current year presentation.

- (b) 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 2012 and 1 January 2013 as follows:

Amendments effective for financial periods beginning on or after 1 July 2012

- Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

FRSs, IC Interpretation and Amendments effective for financial periods beginning on or after 1 January 2013

- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of Interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 Employee Benefits (revised)
- FRS 127 Separate Financial Statements (revised)
- FRS 128 Investment in Associate and Joint Ventures (revised)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendment to FRS 1: Government Loans
- Amendments to FRS 7: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance
- Amendments to FRSs contained in the document entitled “Improvements to FRSs (2012)”

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 to annual periods beginning on or after 1 January 2015.

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 2015. 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 cyclical nature 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, 124,315 warrants were exercised which resulted in 124,315 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Accordingly, a total of 213,049 warrants have been exercised during the interim period and the issued and paid-up share capital of the Company increased to RM2,186,577,049 comprising 2,186,577,049 ordinary shares of RM1.00 each. As at 30 September 2013, 364,173,251 warrants remained unexercised.

Subsequent to the end of the interim period and up to 22 November 2013, a total of 1,507,784 warrants were exercised which resulted in 1,507,784 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. The issued and the paid-up share capital of the Company increased to RM2,188,084,833 comprising 2,188,084,833 ordinary shares of RM1.00 each. As at the date hereof, 362,665,467 warrants remained unexercised.

- (b) Share buyback by the Company

During the current quarter, 49,497,800 shares were bought back and there was no resale or cancellation of treasury shares. Accordingly, a total of 121,170,700 shares were bought back and retained as treasury shares during the interim 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 2013	26,970,500	1.9400	2.1200	2.0012	53,974,623.01
August 2013	12,031,900	1.9700	2.1200	2.0660	24,857,404.99
September 2013	10,495,400	2.0900	2.3300	2.1477	22,540,562.98
Total	49,497,800	1.9400	2.3300	2.0480	101,372,590.98

As at 30 September 2013, the Company held 194,427,100 ordinary shares as treasury shares and the issued and paid up share capital of the Company remained unchanged at 2,186,577,049 ordinary shares of RM1.00 each.

Subsequent to the end of the interim period and up to 22 November 2013, the Company bought back another 4,717,200 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 interim period was as follows:

	Year-to-date	
	30.9.2013	30.9.2012
	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
Dividend in respect of financial year ended 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
- second interim (6.0 sen) under the single tier system approved by the Board of Directors on 28 February 2013 and paid on 29 March 2013	126,787	-
Dividend in respect of financial year ending 31 December 2013:		
- first interim (8.0 sen) under the single tier system approved by the Board of Directors on 6 June 2013 and paid on 6 August 2013	161,643	-
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	288,430	199,574
	=====	=====

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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	Trading RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<u>Current year quarter ended 30 September 2013</u>										
Revenue										
External revenue	115,197	99,316	28,603	255,785	96,506	126,199	107,868	-	-	829,474
Inter-segment revenue	-	2,696	1,113	12,870	991	3,189	15,673	-	(36,532)	-
Total revenue	115,197	102,012	29,716	268,655	97,497	129,388	123,541	-	(36,532)	829,474
Operating profit	41,914	26,721	23,945	(9,767)	5,949	1,381	2,832	(5,132)	(22,390)	65,453
Financing costs										(21,681)
Other non-operating items										132,677
Share of results of associates										4,021
Profit before tax										180,470
<u>Preceding year quarter ended 30 September 2012</u>										
Revenue										
External revenue	149,304	158,610	27,925	337,000	81,072	166,870	93,583	-	-	1,014,364
Inter-segment revenue	-	2,396	-	11,939	125	9,355	11,851	-	(35,666)	-
Total revenue	149,304	161,006	27,925	348,939	81,197	176,225	105,434	-	(35,666)	1,014,364
Operating profit	47,869	114,398	22,979	3,936	7,875	(759)	(4,450)	(2,247)	(3,225)	186,376
Financing costs										(22,094)
Share of results of associates										3,900
Profit before tax										168,182



8. **Segment information (continued)**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Automotive RM'000	Trading RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<u>Year-to-date ended 30 September 2013</u>										
Revenue										
External revenue	300,566	235,123	82,562	864,643	261,804	440,200	268,532	-	-	2,453,430
Inter-segment revenue	-	7,358	2,229	31,515	2,174	9,186	40,337	-	(92,799)	-
Total revenue	300,566	242,481	84,791	896,158	263,978	449,386	308,869	-	(92,799)	2,453,430
Operating profit	81,477	79,691	67,590	9,748	14,099	(17,342)	4,156	(10,233)	(28,511)	200,675
Financing costs										(60,704)
Other non-operating items										416,234
Share of results of associates										18,222
Profit before tax										574,427
Segment assets	991,926	2,027,129	1,520,930	599,246	602,345	283,324	120,341	174,740	-	6,319,981
<u>Year-to-date ended 30 September 2012</u>										
Revenue										
External revenue	390,772	385,543	84,097	997,703	209,419	464,844	295,013	-	-	2,827,391
Inter-segment revenue	-	7,175	-	38,476	2,547	16,980	37,123	-	(102,301)	-
Total revenue	390,772	392,718	84,097	1,036,179	211,966	481,824	332,136	-	(102,301)	2,827,391
Operating profit	150,578	257,017	67,451	36,848	20,929	6,329	(9,073)	(4,636)	(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	583,765	318,537	151,129	235,677	-	6,084,634

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 the composition of the Group during the interim period, except for the following:

- (a) On 9 January 2013, *Hap Seng Realty Sdn Bhd ["HSR"] transferred its 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Hap Seng Land Development (JTR 2) Sdn Bhd (*formerly known as Tabir Amanbina Sdn Bhd*) to *Hap Seng Land Development Sdn Bhd ["HSLD"] at a cash consideration of RM2.
- (b) On 21 January 2013, Hap Seng Land Development (JTR 2) Sdn Bhd issued and allotted 99,998 ordinary shares of RM1.00 each fully paid at par in the manner set out below which resulted in an enlarged issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each:

	Number of shares allotted and fully paid	Cash consideration RM
Hap Seng Land Development Sdn Bhd	79,997	79,997
Hap Seng Land Sdn Bhd	1	1
Jinee Sdn Bhd	20,000	20,000
	-----	-----
	99,998	99,998
	=====	=====

- (c) On 4 February 2013, *Hap Seng Building Materials Holdings Sdn Bhd acquired the entire issued and paid-up share capital of Hap Seng Seri Alam Sdn Bhd (*formerly known as Blue Ocean Pearl Sdn Bhd*) comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.
- (d) On 19 February 2013, Hap Seng Building Materials Holdings Sdn Bhd transferred to the Company its 100,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Hap Seng Trading Holdings Sdn Bhd (*formerly known as Konsep Sistemik (M) Sdn Bhd*) ["HSTH"] at a cash consideration of RM60,346.
- (e) On 19 February 2013, Hap Seng Building Materials Holdings Sdn Bhd transferred to Hap Seng Trading Holdings Sdn Bhd the entire issued and paid-up share capital of *Hap Seng (Oil & Transport) Sdn Bhd comprising 2,000,000 ordinary shares of RM1.00 each and *Hap Seng Trading (BM) Sdn Bhd comprising 9,000,000 ordinary shares of RM1.00 each and 21,000 redeemable preference shares of RM1.00 each (issued at a premium of RM999.00) at cash consideration of RM21,649,774 and RM2 respectively.
- (f) On 8 March 2013, Hap Seng Building Materials Holdings Sdn Bhd completed the disposal of its entire 1,750,000 ordinary shares representing 25% of the issued and paid-up share capital in Lei Shing Hong (Singapore) Pte Ltd to Lei Shing Hong Limited ["LSH"], at a cash consideration of SGD47,313,553 (approximately RM118,000,000). The disposal was deemed a related party transaction as Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, is a 37.68% major shareholder of LSH and a 56.00% major shareholder of Gek Poh (Holdings) Sdn Bhd, the Company's holding company. The aforesaid disposal resulted in a gain of approximately RM78.9 million to the Group as disclosed in Part B Note 5.
- (g) On 13 March 2013, Hap Seng Building Materials Holdings Sdn Bhd transferred to the Company its 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Hap Seng Equity Sdn Bhd (*formerly known as Western Works Industries Sdn Bhd*) at a cash consideration of RM2.
- (h) On 4 June 2013, *Hap Seng Star Sdn Bhd completed the disposal of its 51% equity interest in Hap Seng Star (Vietnam) Sdn Bhd ["HSSV"] to Prestige Sports Cars (HK) Limited ["PSC"], a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"], at a cash consideration of RM153 million and thereafter on 30 July 2013, completed the disposal of the balance 49% equity interest therein to PSC at a cash consideration of RM147 million. The disposals were deemed to be related party transactions as Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, is a 37.68% major shareholder of LSH and a 56.00% major shareholder of Gek Poh (Holdings) Sdn Bhd. The aforesaid disposals resulted in a total gain of approximately RM209.9 million to the Group as disclosed in Part B Note 5.
- (i) On 22 April 2013, *Hap Seng Land Sdn Bhd and Jinee Sdn Bhd transferred to Hap Seng Land Development Sdn Bhd ["HSLD"] their respective 1 ordinary share of RM1.00 each and 20,000 ordinary shares of RM1.00 each representing 20.001% of the issued and paid-up share capital in Hap Seng Land Development (JTR2) Sdn Bhd ["HSLDJTR2"] at cash consideration of RM1 and RM20,000 respectively, which resulted in HSLDJTR2 becoming the wholly-owned subsidiary of HSLD. Thereafter on 2 May 2013, HSLD transferred to the Company its 100,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HSLDJTR2.

* *These are the Company's wholly-owned subsidiaries.*

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 (continued)

- (j) On 17 May 2013, the Company incorporated a wholly-owned subsidiary in Singapore, Hap Seng Capital Pte Ltd ["HSC"] with an issued and paid-up share capital of SGD1.00 comprising 1 ordinary share. Thereafter on 5 June 2013, HSC incorporated its wholly-owned subsidiary in Singapore, Hap Seng Credit Pte Ltd with an issued and paid-up share capital of SGD1.00 comprising 1 ordinary share.
- (k) On 1 July 2013, a shareholders' agreement was entered into between Hap Seng Building Materials Holdings Sdn Bhd ["HSBMH"] and UM Land Builders Sdn Bhd ["UMLB"] governing their 70:30 quarry joint-venture in Hap Seng Seri Alam Sdn Bhd (*formerly known as Blue Ocean Pearl Sdn Bhd*) ["HSSA"]. Pursuant to the same, HSBMH and UMLB subscribed to 69,998 and 30,000 ordinary shares respectively in the share capital of HSSA on even date, with which the issued and paid-up share capital of HSSA increased to RM100,000 comprising 100,000 ordinary shares of RM1.00 each. HSBMH is the wholly-owned subsidiary of the Company whereas UMLB is the wholly-owned subsidiary of United Malaysian Land Berhad.
- (l) On 16 August 2013, Hap Seng Realty Sdn Bhd acquired the entire issued and paid-up share capital of Desa Alam Mewah Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.
- (m) On 21 August 2013, the Company completed the disposal of its 10,369,211 ordinary shares representing 100% of the issued and paid-up share capital in Aceford Food Industry Pte Ltd to Lei Shing Hong (Singapore) Pte Ltd, a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"] at a cash consideration of RM160 million. The disposal was deemed a related party transaction as Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is a 37.68% major shareholder of LSH and a 56.00% major shareholder of Gek Poh (Holdings) Sdn Bhd. The aforesaid disposal resulted in a gain of approximately RM132.7 million to the Group.
- (n) On 30 September 2013, Hap Seng Land Development (JTR 2) Sdn Bhd ["HSLDJTR2"] issued and allotted 150,000 ordinary shares of RM1.00 each fully paid at par in the manner set out below which resulted in an enlarged issued and paid-up share capital of RM250,000 comprising 250,000 ordinary shares of RM1.00 each and upon the completion of the aforesaid allotment, HSLDJTR2 has become 80%-owned subsidiary of the Company:

	Number of shares allotted and fully paid	Cash consideration RM
Hap Seng Land Development Sdn Bhd	100,000	100,000
Jinee Sdn Bhd	50,000	50,000
	-----	-----
	150,000	150,000
	=====	=====

- (o) On 30 September 2013, Hap Seng Land Development (Balakong) Sdn Bhd (*formerly known as Hap Seng Land Development (OKR) Sdn Bhd*) ["HSLD (Balakong)"] issued and allotted 250,000 ordinary shares of RM1.00 each fully paid at par to Jinee Sdn Bhd which resulted in an enlarged issued and paid-up share capital of RM1,250,000 comprising 1,250,000 ordinary shares of RM1.00 each. HSLD (Balakong) has accordingly become 80%-owned subsidiary of the Company.
- (p) During the current quarter, the Company disposed of an aggregate of 0.8% equity interest comprising 6,421,300 ordinary shares of RM1.00 each in its listed subsidiary, Hap Seng Plantations Holdings Berhad ["HSP"] via the Main Market of Bursa Malaysia Securities Berhad. Accordingly, a total of 32,039,500 ordinary shares of RM1.00 each were disposed during the interim period representing 4.0% equity interest of HSP, thereby decreasing its shareholding in HSP from 55.16% to 51.16%.

Except for Note 9(f), 9(h) and 9(m) above, the other changes in composition of the Group do not have any significant financial effect on the Group.

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 Part B Note 10, events after the interim period and up to 22 November 2013 that have not been reflected in these interim financial statements are as follows:

- (a) On 24 October 2013, *Hap Seng Realty Sdn Bhd acquired the entire issued and paid-up share capital of HUB Coaching & Consulting Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.
- (b) On 21 November 2013, the Company transferred to *Hap Seng Land Development Sdn Bhd its 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Euro-Asia Brand Holding Company Sdn Bhd at a cash consideration of RM2.
- (c) Subsequent to the end of the interim period and up to 22 November 2013, the Company disposed additional 2,000 ordinary shares of RM1.00 each representing approximately 0.00025% equity interest in Hap Seng Plantations Holdings Berhad ["HSP"] via the Main Market of Bursa Malaysia Securities Berhad. As such, no significant change to its shareholding in HSP of 51.16%.

* *These are the Company's wholly-owned subsidiaries.*

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 year 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
	30.9.2013	31.12.2012
	RM'000	RM'000
Approved and contracted for	205,377	226,683
Approved but not contracted for	83,898	132,740
	-----	-----
	289,275	359,423
	=====	=====

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 29 May 2012 and 29 May 2013, except for the disposals as disclosed in Note 9(f), 9(h) and 9(m) above.

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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's performance for the current quarter was mainly affected by lower contribution from the Plantation, Property and Fertilizer Trading Divisions. Group revenue for the current quarter was RM829.5 million, 18% lower than the preceding year corresponding quarter whilst Group operating profit of RM65.5 million was 65% lower than the preceding year corresponding quarter of RM186.4 million.

The Plantation Division recorded higher Crude Palm Oil ["CPO"] sales of 42,083 tonnes and Palm Kernel ["PK"] sales of 9,562 tonnes which were higher by 19% and 18% respectively over the preceding year corresponding quarter attributable to better Fresh Fruit Bunches ["FFB"] yield and consequently higher CPO production. Both FFB and CPO production for the current quarter was 16% higher than the preceding year corresponding quarter. In spite of the higher sales volume, the Division's performance was dampened mainly by lower average selling price of CPO and PK realised for the current quarter of RM2,340 and RM1,271 per tonne respectively as compared to the preceding year corresponding quarter of RM2,923 per tonne for CPO and RM1,470 per tonne for PK. Nevertheless, the adverse impact from the lower selling prices was partially off-set by lower production cost per tonne of CPO which benefitted from higher production of FFB and CPO. Overall, the Plantation Division's revenue and operating profit were lower than the preceding year corresponding quarter by RM34.1 million (23%) and RM6.0 million (12%) respectively.

Property Division continues to enjoy good take up rate of its ongoing projects in Peninsular Malaysia and Sabah. The response to its luxurious condominium projects in the Klang Valley, namely "The Horizon Residences" and "Nadi Bangsar Service Residences" have been encouraging with a total take up rate as at end of the current quarter of 81% and 40% of the total units opened for sales respectively. Major projects in Sabah, namely Bandar Sri Indah in Tawau and Palm Heights in Lahad Datu and D'alpinia, Puchong in Klang Valley were also major contributors to the Division's projects' revenue and operating profit for the current quarter. The Division's investment properties in the Klang Valley, Menara Hap Seng and Menara Citibank (which is 50% held by the Group) continue to record good occupancy rate and rental yield. In spite of this, the Division's revenue and operating profit declined by RM59.0 million (37%) and RM87.7 million (77%) respectively over the preceding year corresponding quarter. In the preceding year corresponding quarter, the Division benefitted from fair value adjustments of some of its investment properties and gains from the disposal of certain non-strategic properties which in total contributed RM85.9 million to revenue and RM90.2 million to the operating profit.

Credit Financing Division continues to improve its performance and recorded revenue and operating profit of RM29.7 million and RM23.9 million respectively for the current quarter which were higher than the preceding year corresponding quarter by 6% and 4% respectively. The Division's loan portfolio at the end of the current quarter was RM1.55 billion, 7% above the preceding year corresponding quarter of RM1.44 billion. Non-performing loans ratio as at the end of the current quarter was maintained below 1% at 0.88%, marginally higher than the preceding year corresponding quarter of 0.72%.

The Fertilizer Trading Division continues to operate under very competitive trading conditions in both the Malaysian and the Indonesian markets amidst the volatile movements in global fertilizer prices and foreign currency exchange. The Division's Malaysian operations recorded marginally higher sales volume but lower selling prices and margins whilst its Indonesian operations recorded lower margins coupled with lower sales volume at lower selling prices. Overall, the Division's revenue was lower than the preceding year corresponding quarter by RM80.3 million (23%). The Malaysian operations remained profitable but at lower operating profit than the preceding year corresponding quarter whilst the Indonesian operations suffered losses from the adverse trading conditions as well as the continuous weakening of the Indonesian Rupiah vis-à-vis the US Dollar. Overall, the Division recorded an operating loss of RM9.8 million as compared to an operating profit RM3.9 million in the preceding year corresponding quarter.

Quarry and Building Materials Division's revenue for the current quarter was higher than the preceding year corresponding quarter by RM16.3 million (20%) mainly attributable to higher sales volume and average selling prices of its quarry products. However, operating profit declined by RM1.9 million (24%) over the preceding year corresponding quarter mainly due to lower margins from its quarry operations affected by lower production output in one of its major quarry in Sabah but mitigated somewhat by improved performance from its bricks and asphalt segments.

Automotive Division's revenue for the current quarter was lower than the preceding year corresponding quarter by RM46.8 million (27%) mainly due to the disposal of its loss making Vietnamese operations held via HSSV as disclosed in Part A Note 9(h). Nevertheless, in the current quarter, the performance of the Malaysian operations has improved with higher sales of passenger vehicles. Accordingly, operating profit of RM1.4 million was recorded in the current quarter as compared to the preceding year corresponding quarter's operating loss of RM0.8 million.

Trading Division's revenue at RM123.5 million for the current quarter was RM18.1 million (17%) higher than the preceding year corresponding quarter of RM105.4 million mainly attributable to higher sales of building materials products as the Division embark on widening its market network to increase market share. Consequently, the Division registered an operating profit of RM2.8 million in the current quarter as compared to a loss of RM4.5 million in the preceding year corresponding quarter with improvement in building material products' margins and also lower operating expenses.

In the current quarter, the Group disposed of a foreign subsidiary, Aceford Food Industry Pte Ltd which contributed a gain of RM132.7 million as disclosed in Part A Note 9(m) and Part B Note 5.

1. Review of performance (continued)

Overall, Group profit before tax ["PBT"] for the current quarter at RM180.5 million was 7% above the preceding year corresponding quarter whilst profit after tax ["PAT"] at RM156.3 million was 23% above the preceding year corresponding quarter.

For the year to date, the Group PBT and PAT at RM574.4 million and RM473.6 million were higher than the preceding year corresponding period by 23% and 35% respectively. Profit attributable to owners of the Company for the year to date was RM445.6 million, 49% higher than the preceding year corresponding period. Consequently, basic earnings per share for the year to date at 21.54 sen was 56% higher than the preceding year corresponding period of 13.84 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 RM180.5 million was 30% lower than the preceding quarter of RM259.3 million mainly due to higher non-operating gains arising from the disposal of the Group's automotive operations in Vietnam in the previous quarter but mitigated by higher contributions from the Plantation and Property Divisions.

Plantation Division's results mainly benefitted from higher sales volume and average selling prices of both CPO and PK. Sales volume of CPO and PK for the current quarter increased by 31% and 57% over the preceding quarter of 32,109 tonnes and 6,109 tonnes respectively, due to higher FFB production. Average selling price per tonne of CPO and PK realised for the current quarter were higher by 2% and 10% over the preceding quarter of RM2,284 and RM1,154 per tonne respectively.

Improved contribution from the Property Division was mainly attributable to better performance from its property development projects in Sabah and Klang Valley.

3. Current year prospects

The Plantation Division will be mainly influenced by the global macroeconomic factors affecting the palm oil market and weather conditions affecting FFB yield trend. Global supply of palm oil is anticipated to be lower as both Malaysia and Indonesia which account for about 90% of the world supply of palm oil are entering their monsoon weather season which is expected to result in lower than initially expected output with falling yield data already been seen in both the Malaysian and Indonesian oil palm plantations. Demand for palm oil on the other hand is expected to increase in view of the upcoming Chinese New Year. China, the world's second-biggest palm oil buyer, likely to begin re-stocking its palm oil stocks ahead of this festive period. Fears that the super typhoon Haiyan which hit central Philippines in early November may severely reduce coconut oil supply in the region and channel demand to palm kernel oil had caused prices of palm kernel oil to go up sharply which positively impacted palm kernel prices as well. The increase in biodiesel mandates in both Malaysia and Indonesia is also a positive measure for the palm oil industry in sustaining the current level of palm oil prices.

The Property Division's current property development projects in Sabah and Klang Valley continued to receive encouraging responses which will contribute favourably to the division's current year performance. Contribution from investment properties is expected to be maintained with close to optimum occupancy rates and consistent average rental rates.

Credit Financing Division will continue to grow its loan base with focus in the pre-selected loan sectors which have shown resilience and continue to be robust whilst managing credit risks. Plans are underway to expand the Division's operations to Singapore via the incorporation of two wholly-owned subsidiaries in Singapore as disclosed in Part A Note 9(j) which are expected to contribute positively to the Division's future earnings.

Fertilizer Trading Division is expected to continue operating in challenging business environment in both the Malaysian and Indonesian markets as potash prices continue to deteriorate amidst global price instability and weak demand with some plantations deferring their potash purchases in anticipation of further price reduction. Situation in Indonesia will continue to be affected by the weakening Indonesian Rupiah vis-à-vis the US Dollar.

The Quarry and Building Materials Division will continue to focus on improving operational efficiencies. Its quarries and brick operations located in the southern region of Peninsular Malaysia are expected to benefit from the development activities there but may be somewhat dampened by the current wet weather conditions.

The Trading Division continues to place concerted efforts to expand market share and identifying new products to grow sales and profitability which are expected to contribute favourably to the Division's current year's performance.

The Automotive Division expects the competitive environment of the Malaysian premium passenger vehicles segment to continue. Nevertheless, encouraging responses from the introduction of new Mercedes Benz passenger car models in the third quarter are expected to contribute positively to the Division's performance in the fourth quarter.

Based on the foregoing, the Group is optimistic of achieving satisfactory results for the balance of the current financial year ending 31 December 2013.

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	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	2,458	2,182	6,939	8,419
Dividend income from other investment	300	-	838	-
Unrealised revaluation gain arising from held-for-trading investment securities	-	-	372	-
Reversal of unrealised revaluation gain upon disposal of held-for-trading investment securities	-	-	(372)	-
Gain on disposal of held-for-trading investment securities	-	-	824	-
Interest expense	(21,681)	(22,094)	(60,704)	(72,157)
Depreciation and amortisation	(20,146)	(20,546)	(61,818)	(58,866)
Net allowance for impairment losses				
- trade receivables	(1,306)	(132)	(2,388)	(1,034)
Net reversal/(write down) on inventories	(659)	35	473	(126)
Gain on disposal of:				
- property, plant and equipment	79	181	469	833
- investment properties	-	-	-	1,820
Property, plant and equipment written off	(7,427)	(616)	(7,618)	(666)
Investment properties written off	(598)	-	(598)	-
Bad debts written off	(13)	-	(90)	(4)
Net foreign exchange loss	(13,121)	(1,091)	(13,545)	(3,492)
(Loss)/Gain on hedging activities	(41)	20	(25)	17
Gain on non-hedging derivative instruments	21	-	21	7
Gain from fair value adjustments of investment properties	-	22,484	19,923	27,557
Recovery of bad debts	93	168	935	498
Other non-operating items				
- Gains on disposal of subsidiaries	132,677	-	342,595	-
- Gain on disposal of an associate	-	-	78,884	-
- Impairment loss on investment in an associate	-	-	(5,245)	-
	132,677	-	416,234	-

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

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6. **Tax expense**

	Quarter Ended		Year-to-date ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	25,742	42,214	62,566	116,451
- deferred tax	(1,951)	940	202	496
	-----	-----	-----	-----
	23,791	43,154	62,768	116,947
	-----	-----	-----	-----
In respect of prior year				
- income tax	316	772	297	774
- deferred tax	111	(2,918)	37,808	(2,040)
	-----	-----	-----	-----
	427	(2,146)	38,105	(1,266)
	-----	-----	-----	-----
	24,218	41,008	100,873	115,681
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and year to date excluding under provision of tax in respect of prior year was lower than the statutory tax rate mainly due to gains on disposal of subsidiaries and associates not subjected to tax. The effective tax rates for the preceding year corresponding quarter and year to date were higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

7. **Status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report**

There was no corporate proposal announced as at 22 November 2013.

8. **Status of utilisation of proceeds from completed corporate proposals**

The status of the utilisation of proceeds from completed corporate proposals is as follows:

(a) Private Placement and Rights Issue with Warrants (completed in financial year ended 31 December 2011)

The proceeds from the Private Placement have been fully utilised in the previous financial year and the utilisation of proceeds from Rights Issue with Warrants is as follows:

Purpose	Proposed Utilisation RM'mil	As at 30 September 2013		Intended Timeframe for Utilisation	Deviation under/(over) spent		Explanation
		Utilisation RM'mil	Balance Unutilised RM'mil		RM'mil	%	
Capital expenditure for expansion of the existing business operations of the Group and acquisition of potential land for development	220.00	220.00	-	-	-	-	-
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	382.61	-		-	-	
	=====	=====	=====		=====	=====	

The proceeds from the Rights Issue with Warrants have been fully utilised during the current quarter.

8. **Status of utilisation of proceeds from completed corporate proposals (continued)**

(b) Disposal of Hap Seng Star (Vietnam) Sdn Bhd

<u>Purpose</u>	<u>Proposed Utilisation</u> RM'mil	As at 30 September 2013		<u>Intended Timeframe for Utilisation</u>	Deviation under/(over) spent		<u>Explanation</u>
		<u>Utilisation</u> RM'mil	<u>Balance Unutilised</u> RM'mil		RM'mil	%	
Purchase of inventories, e.g. fertilizers, automobiles and building materials	89.91	89.91	-	-	-	-	-
Loan disbursements of credit financing division	89.91	65.02	24.89	} Within 2 years from completion	-	-	#
Properties development cost such as construction costs, consultancy fees and etc	59.94	59.94	-		-	-	-
Payment of trade and other payables (including operating expenses)	59.94	59.94	-	-	-	-	-
Estimated expenses	0.30	0.30	-	-	-	-	-
	----- 300.00 =====	----- 275.11 =====	----- 24.89 =====		----- - =====	----- - =====	

Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed.

9. **Borrowings and debt securities**

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

	← As at 30.9.2013 →				← As at 31.12.2012 →			
	← Denominated in →			Total	← Denominated in →			Total
	RM	USD	SGD		RM	USD	SGD	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current</u>								
Unsecured								
- Bankers acceptances	144,103	-	-	144,103	204,765	3,761	-	208,526
- Bank overdrafts	12,240	-	-	12,240	2,469	-	-	2,469
- Revolving credits	574,070	98,266	-	672,336	485,368	133,755	-	619,123
- Term loans	591,975	-	-	591,975	422,611	-	-	422,611
- Foreign currency loan	-	64,509	-	64,509	-	7,891	-	7,891
	----- 1,322,388	----- 162,775	----- -	----- 1,485,163	----- 1,115,213	----- 145,407	----- -	----- 1,260,620
<u>Non-current</u>								
Unsecured								
- Term loans	437,285	-	-	437,285	484,233	-	-	484,233
- Foreign currency loan	-	-	494,645	494,645	-	12,230	494,645	506,875
	----- 437,285	----- -	----- 494,645	----- 931,930	----- 484,233	----- 12,230	----- 494,645	----- 991,108
	----- 1,759,673	----- 162,775	----- 494,645	----- 2,417,093	----- 1,599,446	----- 157,637	----- 494,645	----- 2,251,728
	=====	=====	=====	=====	=====	=====	=====	=====

10. **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) A writ of summon ["said Writ"] was filed by certain natives of Sabah ["Plaintiffs"] claiming native customary rights ["NCR"] over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan ["Tongod Land"] or part thereof in the High Court in Sabah and Sarawak at Kota Kinabalu ["Tongod Suit and KKHC"] naming the Company as the first defendant, Genting Plantations Berhad ["GPB"] and its subsidiary Genting Tanjung Bahagia Sdn Bhd ["GTB"] as the second and third defendants, Director of Department of Lands and Surveys, Sabah as the fourth defendant, the Government of the State of Sabah as the fifth defendant, Assistant Collector of Land Revenues, Tongod as the sixth defendant, the Registrar of Titles as the seventh defendant and the Assistant Collector of Land Revenues, Kota Kinabatangan as the eighth defendant. The Company had on 9 May 2002 completed its disposal of the Tongod Land to GTB.

On 13 June 2003, the deputy registrar of the KKHC dismissed the Company's application to strike out the said Writ ["Striking-out Application"] and the Company appealed against the said dismissal ["said Striking-out Appeal"].

The Plaintiffs had earlier filed an application for injunction restraining the second and the third Defendants from carrying out, inter alia, planting activities on the Tongod Land or part thereof ["Injunction Application"]. On 20 June 2008 during the hearing of the Injunction Application, the KKHC upheld the defendants' preliminary objection to the KKHC's jurisdiction to determine NCR and the Tongod Suit was dismissed with costs awarded to the defendants ["PO Decision"]. Although the Plaintiffs' initial appeal against the PO Decision was also dismissed by the Court of Appeal on 9 June 2011 ["said Dismissal Decision"], the Federal Court allowed the Plaintiffs' further appeal on 24 November 2011 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 KKHC.

On 21 March 2012, the KKHC dismissed the said Striking-out Appeal with costs awarded to the Plaintiffs and on 9 May 2013, the said decision was upheld by the Court of Appeal upon the defendants' appeal. On 7 June 2013, the defendants filed a motion for leave to appeal to the Federal Court against the said decision of the Court of Appeal.

The Tongod Suit was part-heard from 26 to 29 November 2012, 14 to 18 January 2013, 18 to 22 February 2013, 11 to 15 March 2013, 8 to 11 July 2013 and 23 to 24 September 2013. The Company had during the Tongod trial on 8 July 2013 raised a preliminary objection on the KKHC's jurisdiction to hear the Tongod Suit, which objection was dismissed with cost by the KKHC on 23 September 2013. The Company has on 16 October 2013 filed notice of appeal to the Court of Appeal appealing against the said decision.

The Tongod trial has been fixed for continued hearing on 2 to 6 December 2013 and 9 to 13 December 2013.

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

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10. **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"], is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn Bhd ["EISB"] as the purported purchaser ["Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ["Alleged PA"]. On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

On 23 May 2012, RESB 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. Upon RESB's application, HCH was added as the second defendant ["2nd Defendant"] to the RESB Suit on 16 June 2012.

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 the 1st Defendant's application, the RESB was transferred to the High Court of Sabah & Sarawak at Kota Kinabalu on 10 August 2012, subject to the said Ad Interim Injunction continuing to be in effect. With the transfer, RESB is currently represented by Messrs Jayasuria Kah & Co. in Kota Kinabalu. The RESB Suit is presently stayed pending referral and determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

HSP has been advised by both Messrs Wong Kian Kheong and Messrs Jayasuria Kah & Co., 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 the High Court of Sabah & Sarawak at Kota Kinabalu vide originating summons No. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 ["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 filed an application to convert the KK Suit from being an originating summons action into a writ action. Consistent with the RESB Suit stated in item 9(b) above, the KK Suit is stayed pending referral and determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

HSP has been advised by its solicitors, Messrs Jayasuria Kah & Co., that the KK Suit is unlikely to succeed.

11. 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 2013 are as follows:

	Contract/ Notional Value	Fair Value: Assets/ (Liabilities)	Gain/(loss) On Derivative Instruments	Gain/(loss) On Hedged Items	Net Gain/(loss)
	RM'000	RM'000	RM'000	RM'000	RM'000
Forward foreign currency contracts of less than 1 year (US Dollar)					
- Designated as hedging instruments	24,790	1,755	1,771	(1,796)	(25)
- Not designated as hedging instruments	158,550	21	21	-	21
	-----	-----	-----	-----	-----
	183,340	1,776	1,792	(1,796)	(4)
	=====	=====	=====	=====	=====

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.

12. Gains/Losses arising from fair value changes of financial liabilities

As at the end of the interim period, the Group does not have any financial liabilities that are measured at fair value through profit or loss other than derivative financial instruments as disclosed in Note 11 above.

13. Disclosure of realised and unrealised profits (unaudited)

	As at 30.9.2013	As at 31.12.2012
	RM'000	RM'000
		<i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	2,996,649	2,681,804
- Unrealised	(5,581)	(1,518)
	-----	-----
	2,991,068	2,680,286
Total share of retained profits from associates		
- Realised	14,165	40,905
- Unrealised	28,342	28,255
- Breakdown unavailable*	19,738	14,866
	-----	-----
	3,053,313	2,764,312
Less: Consolidation adjustments	(1,629,215)	(1,552,242)
	-----	-----
Total Group retained profits as per consolidated financial statements	1,424,098	1,212,070
	=====	=====

* 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.

14. **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 2013 given by the Company's moneylending subsidiaries are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) To companies	1,339,747	2,656	1,342,403
(b) To individuals	155,583	148	155,731
(c) To companies within the listed issuer group	-	50,239	50,239
(d) To related parties	-	-	-
	-----	-----	-----
	1,495,330	53,043	1,548,373
	=====	=====	=====

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

	As at 30.9.2013 RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	245,400
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	599,411
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	341,670

	1,186,481
	=====

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

	RM'000
(a) Balance as at 1.1.2013	13,139
(b) Loans classified as in default during the financial year	35,173
(c) Loans reclassified as performing during the financial year	(26,946)
(d) Amount recovered	(7,752)
(e) Amount written off	-
(f) Loans converted to securities	-

(g) Balance as at 30.9.2013	13,614
	=====
(h) Ratio of net loans in default to net loans	0.88%
	=====

14. **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)
1 st	Term Loan	118,900	50,239	No	-	Yes	24
2 nd	Term Loan	21,000	21,753	Yes	19,500	No	60
	Term Loan	200	148	No	-	No	60
		----- 21,200 -----	----- 21,901 -----		----- 19,500 -----		
3 rd	Term Loan	35,500	19,945	Yes	33,500	No	25 – 48
4 th	Term Loan	16,194	16,814	Yes	36,550	No	48 – 142
5 th	Hire Purchase	26,810	14,383	Yes	20,924	No	36 – 48

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

	Quarter Ended		Year-to-date ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
Profit attributable to owners of the Company (RM'000)	141,238	110,983	445,571	300,021
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,010,787	2,153,037	2,068,249	2,167,447
Dilutive potential ordinary shares - Assumed exercise of Warrants	75,660	9,640	38,581	4,717
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,086,447	2,162,677	2,106,830	2,172,164
Basic EPS (sen)	7.02	5.15	21.54	13.84
Diluted EPS (sen)	6.77	5.13	21.15	13.81

(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.

16. Dividends

Dividends for the current financial year ending 31 December 2013 are as follows:

- (a) an interim dividend of 8.0 sen (2012: 4.5 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. The said interim dividend was approved by the Board of Directors on 6 June 2013 and paid on 6 August 2013;
- (b) it is the intention of the Company to create a regular dividend flow on an interval of approximately six months. Accordingly, the Board of Directors has on even date approved the following second interim dividend for the financial year ending 31 December 2013:
- | | |
|---|---|
| (i) Amount per ordinary share of RM1.00 each
- Second Interim Dividend | 8.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. |
| (ii) Previous year corresponding period: | Nil * |
| (iii) Total dividend approved to date for the current financial year:
Amount per ordinary share of RM1.00 each | 16.0 sen (2012: 4.5 sen*) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. |
- (c) The dividend will be payable in cash on 14 February 2014; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 28 January 2014.

* *The second interim dividend of 6.0 sen for the previous financial year ended 31 December 2012 was approved by the Board of Directors on 28 February 2013 and paid on 29 March 2013. Including the second interim dividend, the total dividend for the previous financial year was 10.5 sen per ordinary share.*

NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that the second interim dividend of 8.0 sen per ordinary share of RM1.00 each under the single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ending 31 December 2013, will be payable in cash on 14 February 2014 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 28 January 2014. A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares deposited into the depositor's securities account before 12.30 pm on 24 January 2014 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred into the depositor's securities account before 4pm on 28 January 2014 in respect of transfers; and
- (c) shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on a cum entitlement basis according to the rules of the Bursa Securities.

17. Auditors' report on preceding annual financial statements

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2012 was not subject to any qualification.

BY ORDER OF THE BOARD

CHEAH YEE LENG
QUAN SHEET MEI
 Secretaries

Kuala Lumpur
 27 November 2013