



HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) SECOND QUARTER ENDED 30 JUNE 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended * 30.6.2008 RM'000	Preceding Year Corresponding Quarter Ended ** 31.7.2007 RM'000	Current Year To date Ended * 30.6.2008 RM'000	Preceding Year Corresponding Period ** 31.7.2007 RM'000
Revenue	123,433	-	169,227	-
Operating expenses	(67,369)	-	(95,175)	-
Other operating income	443	-	567	-
Operating profit	56,507	-	74,619	-
Financing costs	(774)	-	(1,237)	-
Profit before tax	55,733	-	73,382	-
Tax expense	(14,400)	-	(18,877)	-
Profit for the period	41,333	-	54,505	-
Earnings per share (sen)				
Basic	5.17	-	6.81	-
Fully diluted	N/A	-	N/A	-

* The cumulative quarter ended 30 June 2008 is for a period of 5 months from 1 February 2008 to 30 June 2008, arising from the change in financial year end from 31 January 2009 to 31 December 2008 as explained in Part A Note 2. Current quarter is for the period from 1 April 2008 to 30 June 2008.

** There are no comparative figures as the first interim financial report prepared by the Company subsequent to its incorporation on 18 April 2007 and listing on Bursa Malaysia Securities Berhad on 16 November 2007, was for the quarter ended 31 October 2007.

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 January 2008 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) SECOND QUARTER ENDED 30 JUNE 2008

	As at End of Current Quarter 30.6.2008 RM'000	As at Preceding Financial Year End 31.1.2008 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	210,302	213,241
Biological assets	1,280,187	1,279,727
Prepaid lease payments	321,748	323,377
	-----	-----
	1,812,237	1,816,345
	-----	-----
Current assets		
Inventories	22,216	21,331
Receivables	53,780	22,566
Tax recoverable	16,278	10,370
Cash and cash equivalents	41,560	69,323
	-----	-----
	133,834	123,590
	-----	-----
TOTAL ASSETS	1,946,071	1,939,935
	=====	=====
Equity attributable to equity holders of the Company		
Share capital	800,000	800,000
Reserves	815,643	801,138
	-----	-----
	1,615,643	1,601,138
Less : Treasury shares	(6)	-
	-----	-----
TOTAL EQUITY	1,615,637	1,601,138
	-----	-----
Non-current liabilities		
Bank borrowings	50,000	56,667
Deferred tax liabilities	194,818	195,878
	-----	-----
	244,818	252,545
	-----	-----
Current liabilities		
Payables	30,132	66,920
Tax payable	2,151	5,999
Bank borrowings	13,333	13,333
Dividend payable	40,000	-
	-----	-----
	85,616	86,252
	-----	-----
TOTAL LIABILITIES	330,434	338,797
	-----	-----
TOTAL EQUITY AND LIABILITIES	1,946,071	1,939,935
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.02	2.00
	=====	=====
Based on number of shares net of treasury shares	799,998,000	800,000,000

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 January 2008 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) SECOND QUARTER ENDED 30 JUNE 2008

	← Attributable to Equity Holders of the Company →				Total Equity RM'000
	Share Capital RM'000	Non- distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Treasury Shares RM'000	
At 1 February 2008	800,000	675,578	125,560	-	1,601,138
Purchase of treasury shares	-	-	-	(6)	(6)
Profit for the period	-	-	54,505	-	54,505
Dividend	-	-	(40,000)	-	(40,000)
At 30 June 2008	800,000	675,578	140,065	(6)	1,615,637

There are no comparative figures as the first interim financial report prepared by the Company subsequent to its incorporation on 18 April 2007 and listing on Bursa Malaysia Securities Berhad on 16 November 2007, was for the quarter ended 31 October 2007.

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 January 2008 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED) FOR PERIOD ENDED 30 JUNE 2008

	For Current Year Period Ended 30.6.2008 RM'000	For Preceding Year Period Ended ** 31.7.2007 RM'000
Cash flows from operating activities		
Profit before tax	73,382	-
Adjustments for:		
Non-cash items	9,592	-
Net interest expense	928	-
	-----	-----
Operating profit before working capital changes	83,902	-
Net changes in working capital	(68,887)	-
Net tax paid	(29,693)	-
Net interest paid	(928)	-
	-----	-----
Net cash used in operating activities	(15,606)	-
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,024)	-
Additions to biological assets	(460)	-
	-----	-----
Net cash used in investing activities	(5,484)	-
	-----	-----
Cash flows from financing activities		
Net repayment of bank borrowings	(6,667)	-
Shares repurchased at cost	(6)	-
	-----	-----
Net cash used in financing activities	(6,673)	-
	-----	-----
Net decrease in cash and cash equivalents	(27,763)	-
	-----	-----
Cash and cash equivalents at beginning of period	69,323	-
	-----	-----
Cash and cash equivalents at end of period	41,560	-
	=====	=====

For purposes of Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts and comprise the following:

Deposits with licensed banks	39,576	-
Cash in hand and at bank	1,984	-
	-----	-----
	41,560	-
	=====	=====

** There are no comparative figures as the first interim financial report prepared by the Company subsequent to its incorporation on 18 April 2007 and listing on Bursa Malaysia Securities Berhad on 16 November 2007, was for the quarter ended 31 October 2007.

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 January 2008 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

This interim financial report has been prepared in accordance with the requirements of FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the 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 period ended 31 January 2008.

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the period from 18 April 2007 (date of incorporation) to 31 January 2008 except for the adoption of the following revised FRSs which are effective for financial period beginning on or after 1 July 2007:

FRS 107 Cash Flows Statements
FRS 112 Income Taxes
FRS 118 Revenue
FRS 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRSs do not have any significant financial impact on the Group.

2. Change in Financial Year End

On 8 January 2008, the Company announced the change of its financial year end from 31 January 2009 to 31 December 2008 to be coterminous with the financial year end of its holding company. Consequently, the financial statements of the current financial period will be for a period of 11 months from 1 February 2008 to 31 December 2008. The first interim financial report for current financial period ending 31 December 2008 was for the two months ended 31 March 2008, the second interim financial report is for the quarter ended 30 June 2008 and thereafter the subsequent interim financial reports will be for the quarter ending 30 September 2008 and 31 December 2008 respectively. Resulting from this change, the cumulative quarter ended 30 June 2008 is for a period of five months.

3. Comparatives Figures

There are no comparative figures presented in this report for income statements, statement of changes in equity and cash flow statements.

The Company was incorporated on 18 April 2007 and was listed on the Main Board of Bursa Securities on 16 November 2007. The Group’s first interim financial report that was prepared in compliance with the Listing Requirements of Bursa Securities was for the quarter ended 31 October 2007.

4. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report in respect of the financial statements of the Company for the preceding financial period from 18 April 2007 (date of incorporation) to 31 January 2008 was not subject to any qualification.

5. Comments on the Seasonality or Cyclicity of Operations

The seasonal or cyclical factors affecting the results of the operations of the Group which comprise the cultivation of oil palm and processing of fresh fruit bunches are general climatic conditions, age profile of oil palms and the cyclical nature of annual production.

6. 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 current quarter under review.

7. 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.

8. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity

(a) Share buy back by the Company

The monthly breakdown of shares bought back and treasury shares cancelled during the quarter under review are as follows:-

Month	No of shares Purchased	Purchase price per share		Average cost Per share	Total cost	No of shares Cancelled
		Lowest	Highest			
		RM	RM	RM	RM	
April 2008	-	-	-	-	-	-
May 2008	-	-	-	-	-	-
June 2008	2,000	3.100	3.100	3.1244	6,248.86	-
Total	2,000	3.100	3.100	3.1244	6,248.86	-

During the current quarter under review, 2,000 shares were bought back and there was no resale or cancellation of treasury shares. All the shares bought back were retained as treasury shares.

- (b) As at 30 June 2008, the Company has 2,000 ordinary shares held as treasury shares and the issued and paid up share capital of the Company remained unchanged at 800,000,000 ordinary shares of RM1.00 each.

9. Dividends Paid

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

	Cumulative Quarter Ended	
	30.6.2008	31.7.2007
	RM'000	RM'000

Dividend in respect of financial period ended 31 January 2008:

- final (5.0 sen) under the single tier system approved by shareholders on 24 June 2008 and paid on 11 July 2008

40,000	-
-----	-----
40,000	-
=====	=====

10. Segment Revenue and Segment Result

No segmental financial information has been prepared as the Group is primarily engaged in the cultivation of oil palm and processing of fresh fruit bunches carried out in Malaysia.

11. Valuation of Property, Plant and Equipment

The Property Plant and Equipment of the Group are carried at cost less accumulated depreciation and there was no revaluation of property, plant and equipment at the end of the reporting period.

12. Effect of Changes in the Composition of the Group during the Interim Period, including Business Combinations, Acquisition or Disposal of Subsidiaries and Long-term Investments, Restructuring and Discontinuing Operations

On 12 June 2008, the Company entered into a conditional sale of shares agreement ["SSA"] to acquire the entire issued and paid-up share capital of Bumilaju Construction Sdn Bhd ["Bumilaju"] comprising 1,000,000 ordinary shares of RM1.00 each at a purchase consideration of RM27 million on the terms and conditions contained in the SSA. Upon completion of the SSA, Bumilaju will become a wholly-owned subsidiary of the Company and the Company will assume a RM15 million liability owing by Bumilaju. The proposed acquisition of Bumilaju is in the ordinary course of business of the Company with the objective of expanding its plantation activities. The aforementioned acquisition was announced by the Company on even date and has not been completed as at the date of this report.

Except as disclosed above, the above change in the composition of the Group will not have any significant financial effect on the Group.

13. Material Events Subsequent to the End of the Interim Period

There are no material events subsequent to the end of the current quarter under review and up to 22 August 2008, being the last practicable date from the date of the issue of this report which is expected to have an operational or financial impact on the Group.

14. Changes in Contingent Liabilities or Contingent Assets since the Last Annual Balance Sheet Date

The Group has no contingent liabilities or contingent assets as at 22 August 2008, being the last practicable date from the date of the issue of this report which are expected to have an operational or financial impact on the Group.

15. Capital Commitments

The Group has the following capital commitments:

	As at 30.6.2008	As at 31.1.2008
	RM'000	RM'000
Contracted but not provided for in this report	19,419	9,294
Authorised but not contracted for	16,676	29,942
	-----	-----
	36,095	39,236
	=====	=====

16. Significant Related Party Transactions

- (i) The Company had in the Annual General Meeting ["AGM"] held on 24 June 2008 obtained a general mandate from its shareholders for the Company and its subsidiaries to enter into Recurrent Related Party Transactions during the mandate period which is from 24 June 2008 until the conclusion of the next AGM.

During the period from 24 June 2008 up to 22 August 2008, the Company and its subsidiaries did not enter into any Significant Related Party Transactions nor Recurrent Related Party Transactions that were not included in the Shareholders' Mandate obtained on 24 June 2008.

- (ii) During the current quarter under review and up to 23 June 2008 (the date prior to Shareholders' Mandate obtained at the AGM on 24 June 2008), the Company and its subsidiaries had entered into the followings Recurrent Related Party Transactions:

Nature of Transactions	Transacting Parties	From 1/4/2008 to 23/6/2008 Amount RM'000
<u>Revenue</u>		
Plantation management fee income	Hap Seng Consolidated Berhad and its other subsidiaries ["HSCB Group"]	21
<u>Expenditure</u>		
Purchase of diesel, petrol and lubricants	HSCB Group	5,058
Purchase of fertilisers and chemicals	HSCB Group	6,765
Purchase and servicing of vehicles and purchase of spare parts	HSCB Group	2,437
Contract expenses on earth work and road maintenance	HSCB Group	679
Purchase of building materials	HSCB Group	198
Rental expenses	HSCB Group	68
Management fees	HSCB Group	630

The Directors are of the opinion that the above transactions have been entered on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties.

The Company had on 20 May 2008 made an announcement of the above transactions entered from 1 February 2008 to 20 May 2008.

PART B

Explanatory Notes Pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Review of Performance

The Group recorded revenue of RM123.4 million on Crude Palm Oil (CPO) sales volume of 40,762 tonnes and Palm Kernel (PK) sales volume of 5,857 tonnes. Average selling price of CPO and PK achieved were RM2,573 and RM1,931 per tonne respectively. Group profit before tax and profit after tax for the current quarter was RM55.7 million and RM41.3 million respectively.

Generally, during the current quarter, the Group has cleared its backlog deliveries from the previous quarter which were affected by wet weather conditions.

Overall, the Group profit before tax and profit after tax for the financial period todate which was for a period of 5 months resulting from the change in financial year end as mentioned in Part A Note 2 was RM73.4 million and RM54.5 million respectively.

Earnings per share (EPS) for the financial period todate attributable to the shareholders of the Company was 6.81 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 RM55.7 million was 216% higher than the preceding quarter of RM17.6 million mainly attributable to higher CPO sales volume and higher CPO price realisation. The lower results in the first quarter was mainly attributable to only two months reporting arising from the change in financial year end, lower Fresh Fruit Bunches production attributable to the seasonal yield trend and changes in cropping pattern, and lower CPO sales volume due to delay in deliveries resulting from the adverse weather conditions.

3. Current Year Prospects

The Group's prospects for the current financial period are expected to be influenced by the movements in CPO and PK prices and the Windfall Profit Levy (Crude Palm Oil and Crude Palm Kernel Oil) Order 2008 imposed by the Government with effect from 1 July 2008 which was subsequently superceded by the Windfall Profit Levy (Oil Palm Fruit) Order 2008 with effect from 15 July 2008.

4. Variances Between Actual Profit and Forecast Profit

Any variances between actual profit and forecast profit is not applicable as the Company has not provided any profit forecast in any public document.

5. Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	31.7.2007	30.6.2008	31.7.2007
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- Income tax	15,036	-	19,937	-
- deferred tax	(636)	-	(1,060)	-
	-----	-----	-----	-----
	14,400	-	18,877	-
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and period ended 30 June 2008 was close to the statutory tax rate.

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

There was no disposal of unquoted investment during the current quarter under review.

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

The Group does not have any investments in quoted securities and nor did it purchase or dispose of any quoted securities during the current quarter and financial year to date except for shares bought back by the Company as disclosed in Note 8(a) of Part A.

8. Status of Corporate Proposals Announced But Not Completed Not Earlier than Seven (7) Days from the Date of this Report

There was no corporate proposal announced but not completed as at 22 August 2008.

9. Borrowings and Debt Securities

The Group does not have any debt securities. The Group borrowings are all unsecured and denominated in Ringgit as follows:

	As at 30.6.2008	As at 31.1.2008
	RM'000	RM'000
Term loans - Short term	13,333	13,333
- Long term	50,000	56,667
	-----	-----
	63,333	70,000
	=====	=====

10. Financial Instruments with Off Balance Sheet Risk

The Group has no off balance sheet financial instruments as at 22 August 2008 being a date not earlier than 7 days from the date of this report.

11. Material Litigation

The Group has no material litigation as at 22 August 2008, being the last practicable date from the date of the issue of this report which are expected to have an operational or financial impact on the Group.

12. Earnings Per Share

(a) The basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period (excluding treasury shares) held by the Company of 799,998,727.

(b) The Company does not have any diluted earnings per share.

13. Dividends

(a) The Board of Directors approved the following interim dividend for the financial period ending 31 December 2008:

(i) Amount per ordinary share of RM1.00 each
- Interim Dividend

5.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholder

(ii) Total dividend approved to date for the current financial period:
Amount per ordinary share of RM1.00 each

5.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholder

(b) The entitlement and payment date will be determined at a later date.

BY ORDER OF THE BOARD

CHEAH YEE LENG

Secretary

Kuala Lumpur
26 August 2008