



HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) THIRD QUARTER ENDED 30 SEPTEMBER 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended * 30.9.2008 RM'000	Preceding Year Corresponding Quarter Ended ** 31.10.2007 RM'000	Current Year To date Ended * 30.9.2008 RM'000	Preceding Year Corresponding Period ** 31.10.2007 RM'000
Revenue	125,509	80,941	294,736	80,941
Operating expenses	(62,895)	(33,143)	(158,070)	(33,143)
Other operating income	156	499	723	499
	-----	-----	-----	-----
Operating profit	62,770	48,297	137,389	48,297
Financing costs	(747)	(1,802)	(1,984)	(1,802)
Other non-operating item – Negative goodwill	-	77,318	-	77,318
	-----	-----	-----	-----
Profit before tax	62,023	123,813	135,405	123,813
Tax expense	(15,041)	(12,253)	(33,918)	(12,253)
	-----	-----	-----	-----
Profit for the period	46,982	111,560	101,487	111,560
	=====	=====	=====	=====
Earnings per share (sen)				
Basic	5.87 =====	29.24 # =====	12.69 =====	29.24 # =====
Fully diluted	N/A =====	N/A =====	N/A =====	N/A =====

* The cumulative quarter ended 30 September 2008 is for a period of 8 months from 1 February 2008 to 30 September 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 July 2008 to 30 September 2008.

** The comparative figures are in respect of the post acquisition results of the Group from the completion date of the acquisitions of its plantation subsidiaries on 7 September 2007 to 31 October 2007.

Based on the issued share capital of 750,000,000 ordinary shares from 7 September 2007 to 31 October 2007, the basic earnings per share for the previous financial period (from 7 September 2007 to 31 October 2007) excluding other non-operating item was 4.57 sen. Please refer to Part B Note 12.

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) THIRD QUARTER ENDED 30 SEPTEMBER 2008

	As at End of Current Quarter 30.9.2008	As at Preceding Financial Year End 31.1.2008
	RM'000	RM'000
		<i>(Audited)</i>
Non-current assets		
Property, plant and equipment	211,864	213,241
Biological assets	1,310,217	1,279,727
Prepaid lease payments	334,317	323,377
	-----	-----
	1,856,398	1,816,345
	-----	-----
Current assets		
Inventories	40,697	21,331
Receivables	24,756	22,566
Tax recoverable	20,613	10,370
Cash and cash equivalents	31,216	69,323
	-----	-----
	117,282	123,590
	-----	-----
TOTAL ASSETS	1,973,680	1,939,935
	=====	=====
Equity attributable to equity holders of the Company		
Share capital	800,000	800,000
Reserves	822,625	801,138
	-----	-----
	1,622,625	1,601,138
Less : Treasury shares	(6)	-
	-----	-----
TOTAL EQUITY	1,622,619	1,601,138
	-----	-----
Non-current liabilities		
Bank borrowings	55,334	56,667
Deferred tax liabilities	194,887	195,878
	-----	-----
	250,221	252,545
	-----	-----
Current liabilities		
Payables	45,897	66,920
Tax payable	1,511	5,999
Bank borrowings	13,432	13,333
Dividend payable	40,000	-
	-----	-----
	100,840	86,252
	-----	-----
TOTAL LIABILITIES	351,061	338,797
	-----	-----
TOTAL EQUITY AND LIABILITIES	1,973,680	1,939,935
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.03	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) THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	101,487	-	101,487
Dividend	-	-	(80,000)	-	(80,000)
At 30 September 2008	800,000 =====	675,578 =====	147,047 =====	(6) =====	1,622,619 =====
At 18 April 2007 (date of incorporation)	#	-	-	-	#
Issue of shares upon acquisition of subsidiaries	750,000	600,000	-	-	1,350,000
Profit for the period	-	-	111,560	-	111,560
At 31 October 2007	750,000 =====	600,000 =====	111,560 =====	- =====	1,461,560 =====

Denote 2 ordinary shares of RM1.00 each

The comparative figures are in respect of the post acquisition results of the Group from the completion date of the acquisitions of its plantation subsidiaries on 7 September 2007 to 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 SEPTEMBER 2008

	For Current Year Period Ended 30.9.2008 RM'000	For Preceding Year Period Ended ** 31.10.2007 RM'000
Cash flows from operating activities		
Profit before tax	135,405	123,813
Adjustments for:		
Non-cash items	15,453	3,557
Non-operating items	-	(77,318)
Net interest expense	1,613	1,528
	-----	-----
Operating profit before working capital changes	152,471	51,580
Net changes in working capital	(49,447)	6,145
Net tax paid	(50,375)	(15,201)
Net interest paid	(1,613)	(1,528)
	-----	-----
Net cash generated from operating activities	51,036	40,996
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,472)	(7,941)
Additions to biological assets	(936)	(45)
Additions to prepaid lease payments	(13)	-
Acquisition of business by a subsidiary	(3,500)	-
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	(19,982)	(73,737)
	-----	-----
Net cash used in investing activities	(35,903)	(81,723)
	-----	-----
Cash flows from financing activities		
Net (repayment of)/proceeds from bank borrowings	(13,333)	150,000
Shares repurchased at cost	(6)	-
Dividends paid to shareholders	(40,000)	-
	-----	-----
Net cash (used in)/generated from financing activities	(53,339)	150,000
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(38,206)	109,273
	-----	-----
Cash and cash equivalents at beginning of period	69,323	-
	-----	-----
Cash and cash equivalents at end of period	31,117	109,273
	=====	=====

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

Deposits with licensed banks	31,105	81,816
Cash in hand and at bank	111	27,457
Bank overdrafts	(99)	-
	-----	-----
	31,117	109,273
	=====	=====

The comparative figures are in respect of the post acquisition results of the Group from the completion date of the acquisitions of its plantation subsidiaries on 7 September 2007 to 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. Resulting from this change, the first interim financial report for current financial period ending 31 December 2008 was for the two months ended 31 March 2008 whilst the current quarter is for the 3 months period ended 30 September 2008 and the cumulative quarter is for a period of 8 months ended 30 September 2008.

3. Comparatives Figures

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.

The comparative figures are in respect of the post acquisition results of the Group from the completion date of the acquisitions of its plantation subsidiaries on 7 September 2007 to 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. Other non-operating item

The other non-operating item in the corresponding period was in respect of the negative goodwill of RM77.3 million which represented the excess of the fair values of the net identifiable assets acquired over the cost of acquisitions as at the completion date of the acquisitions of the entire equity interests in Jeroco Plantations Sdn Bhd ["Jeroco"] and Hap Seng Plantations (River Estates) Sdn Bhd ["River Estates"]. In accordance with FRS 3 "Business Combination", the negative goodwill was recognised immediately in the income statement.

8. 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.

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

(a) Share buy back by the Company

During the current quarter under review, there was no buyback of shares nor resale or cancellation of treasury shares.

(b) As at 30 September 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.

10. Dividends Paid

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

	Cumulative Quarter Ended	
	30.9.2008	31.10.2007
	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	-
Dividend in respect of financial period ending 31 December 2008:		
- interim (5.0 sen) under the single tier system approved by the Board of Directors on 26 August 2008 and paid on 23 October 2008	40,000	-
	-----	-----
	80,000	-
	=====	=====

11. 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.

12. 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.

13. 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

During the quarter under review, the changes in composition of the Group are as follows:

- (a) On 4 July 2008, the Company acquired the entire issued and paid-up share capital of Oriental Continent Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a purchase consideration of RM2. The aforementioned acquisition was announced by the Company on even date. Oriental Continent Sdn Bhd subsequently changed its name to Hap Seng Plantations Livestocks (Kota Marudu) Sdn Bhd on 16 September 2008.
- (b) As announced by the Company on 29 August 2008, the Company has completed the acquisition of Bumilaju Construction Sdn Bhd ["Bumilaju"] which is principally involved in the cultivation of oil palm. Bumilaju became a wholly-owned subsidiary of the Company on even date and subsequently changed its name to Hap Seng Plantations (Kota Marudu) Sdn Bhd on 9 September 2008.

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

14. 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 20 November 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.

15. 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 20 November 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.

16. Capital Commitments

The Group has the following capital commitments:

	As at 30.9.2008	As at 31.1.2008
	RM'000	RM'000
Contracted but not provided for in this report	20,151	9,294
Authorised but not contracted for	7,571	29,942
	-----	-----
	27,722	39,236
	=====	=====

17. Significant Related Party Transactions

During the current quarter under review and up to 20 November 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.

PART B

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

1. Review of Performance

Resulting from the change in financial year end as mentioned in Part A Note 2, the current quarter and cumulative quarter results were for the three months and eight months period ended 30 September 2008. The corresponding quarter and period ended 31 October 2007 was from the completion date of acquisitions of Jeroco and River Estates on 7 September 2007 to 31 October 2007.

The Group recorded revenue of RM125.5 million on Crude Palm Oil (CPO) sales volume of 44,365 tonnes and Palm Kernel (PK) sales volume of 10,957 tonnes for the current quarter. In the corresponding quarter of the previous financial period, revenue was RM 80.9 million on sales of 30,356 tonnes of CPO and 7,086 tonnes of PK. Average selling price of CPO and PK achieved for the current quarter were RM2,296 and RM1,581 per tonne compared to the corresponding quarter of RM2,167 and RM1,562 per tonne respectively. Consequently, the Group's current quarter profit before tax and profit after tax before non-operating item of RM62.0 million and RM47.0 million were higher than the corresponding quarter by 33% and 37% respectively.

Overall, the Group profit before tax and profit after tax before non-operating item for the financial period ended 30 September 2008 at RM135.4 million and RM101.5 million were higher than the previous financial period ended 31 October 2007 by 191% and 196% respectively. Including the other non-operating item of RM77.3 million in the previous financial period, Group profit after tax was 9% below the corresponding period.

Earnings per share (EPS) for the financial period to date attributable to the shareholders of the Company excluding the other non-operating item was 12.69 sen which was 41% higher than the previous financial period of 8.98 sen. Including the other non-operating item, EPS for the financial period to date was 57% lower than the previous financial period EPS of 29.24 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 RM62.0 million was 11% higher than the preceding quarter of RM55.7 million mainly attributable to higher CPO and PK sales volume.

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 high production costs due mainly to higher fertilizer costs.

Nevertheless, in view that the Group has forward contracts on 33,380 tonnes of the balance of production for the remaining period, the results for the current financial period ending 31 December 2008 are expected to be satisfactory.

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	
	30.9.2008	31.10.2007	30.9.2008	31.10.2007
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- Income tax	15,697	12,735	35,634	12,735
- deferred tax	(666)	(186)	(1,726)	(186)
	-----	-----	-----	-----
	15,031	12,549	33,908	12,549
In respect of prior year				
- Income tax	10	(296)	10	(296)
	-----	-----	-----	-----
	15,041	12,253	33,918	12,253
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and period ended 30 September 2008 excluding under provision of tax in respect of prior year were close to the statutory tax rate. The effective tax rate for preceding year corresponding quarter and period ended 31 October 2007 were lower than the statutory tax rate due to non-taxable negative goodwill arising from the acquisition of subsidiaries.

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 and financial year to date.

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 neither did it purchase nor dispose of any quoted securities during the current quarter and financial year to date except for shares bought back by the Company as disclosed in Note 9(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 20 November 2008.

9. Borrowings and Debt Securities

The Group does not have any debt securities. All borrowings are denominated in Ringgit Malaysia as follows:

	← As at 30.9.2008 →			← As at 31.1.2008 →		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Short term - Bank overdrafts	99	-	99	-	-	-
- Term loans	-	13,333	13,333	-	13,333	13,333
	-----	-----	-----	-----	-----	-----
Long term - Term loans	99	13,333	13,432	-	13,333	13,333
	12,000	43,334	55,334	-	56,667	56,667
	-----	-----	-----	-----	-----	-----
	12,099	56,667	68,766	-	70,000	70,000
	=====	=====	=====	=====	=====	=====

10. Financial Instruments with Off Balance Sheet Risk

The Group has no off balance sheet financial instruments as at 20 November 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 20 November 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 799,999,000.

The basic earnings per share for the previous financial period was calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of 381,488,000 ordinary shares in issue during the period commencing from date of incorporation which is on 18 April 2007.

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2008	31.10.2007	30.9.2008	31.10.2007
Weighted average number of shares ('000)	799,999	381,488	799,999	381,488
Basic earnings per share (sen)	5.87	29.24	12.69	29.24
Basic earnings per share (sen) (excluding other non-operating item)	5.87	8.98 #	12.69	8.98 #

Based on the issued share capital of 750,000,000 ordinary shares from 7 September 2007 to 31 October 2007, the basic earnings per share for the previous financial period (from 7 September 2007 to 31 October 2007) excluding other non-operating item was 4.57 sen.

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

13. Dividends

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

14. Others

The Securities Commission ("SC") had in its approval letter dated 23 July 2007 approving the initial public offering of the Company, required the Company:

- to resolve the issue on the requirement to transfer 30% of Litang Estate (which has a total area of 1,078 hectares)/equity in Hap Seng Plantations (Wecan) Sdn Bhd to natives ["Native Condition"]; and
- to obtain approval for the change of land use for the 13 titles held by Hap Seng Plantations [Ladang Kawa] Sdn. Bhd. in Tawau, Sabah (known as Apas Claremont Estate and Muul Hill Estate) to the use suitable for oil palm plantation ["Land Use Condition"].

On 6 November 2008, the Company fulfilled the Land Use Condition with the receipt of the 13 original land titles for the Apas Claremont Estate and Muul Hill Estate, amended to the use suitable for oil palm plantation.

The Company has up to 23 January 2009 to comply with the Native Condition and is in the process of doing the necessary to satisfy the same.

BY ORDER OF THE BOARD

CHEAH YEE LENG

Secretary

Kuala Lumpur
24 November 2008