



# HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

*(Incorporated in Malaysia)*

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2010

|   | Quarter ended |            | Year-to-date ended |            |
|---|---------------|------------|--------------------|------------|
|   | 31.12.2010    | 31.12.2009 | 31.12.2010         | 31.12.2009 |
|   | RM'000        | RM'000     | RM'000             | RM'000     |
| <b>Revenue</b>  | 157,434       | 116,839    | 473,754            | 373,134    |
| Operating expenses  | (82,781)      | (62,647)   | (248,239)          | (237,095)  |
| Other operating income  | 644           | 466        | 2,570              | 1,753      |
|   | -----         | -----      | -----              | -----      |
| <b>Operating profit</b>   | 75,297        | 54,658     | 228,085            | 137,792    |
| Financing costs   | (306)         | (289)      | (1,709)            | (2,656)    |
|   | -----         | -----      | -----              | -----      |
| <b>Profit before tax</b>  | 74,991        | 54,369     | 226,376            | 135,136    |
| Tax expense   | (19,375)      | (14,186)   | (56,289)           | (35,039)   |
|   | -----         | -----      | -----              | -----      |
| <b>Profit for the period representing total comprehensive income for the period</b> | 55,616        | 40,183     | 170,087            | 100,097    |
|   | =====         | =====      | =====              | =====      |
| <b>Earnings per share (sen)</b>   |               |            |                    |            |
| Basic   | 6.95          | 5.02       | 21.26              | 12.51      |
|   | =====         | =====      | =====              | =====      |
| Fully diluted   | N/A           | N/A        | N/A                | N/A        |
|   | =====         | =====      | =====              | =====      |

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 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 FINANCIAL POSITION (UNAUDITED) AS AT 31 DECEMBER 2010

|   | <b>As at<br/>31.12.2010</b><br>RM'000 | <b>As at<br/>31.12.2009</b><br>RM'000<br><i>(Restated)</i> |
|---|---------------------------------------|--|
| <b>Non-current assets</b>                           |                                       |  |
| Property, plant and equipment                       | 576,940                               | 574,494  |
| Biological assets                                   | 1,331,982                             | 1,326,461  |
|   | -----                                 | -----  |
|   | 1,908,922                             | 1,900,955  |
|   | -----                                 | -----  |
| <b>Current assets</b>                               |                                       |  |
| Inventories   | 17,523                                | 23,670   |
| Receivables   | 26,686                                | 19,546   |
| Tax recoverable                                     | 8,659                                 | 9,505  |
| Cash and cash equivalents                           | 58,699                                | 34,565   |
|   | -----                                 | -----  |
|   | 111,567                               | 87,286   |
|   | -----                                 | -----  |
| <b>TOTAL ASSETS</b>                                 | 2,020,489                             | 1,988,241  |
|   | =====                                 | =====  |
| <b>Equity attributable to owners of the Company</b> |                                       |  |
| Share capital                                       | 800,000                               | 800,000  |
| Reserves  | 962,146                               | 880,058  |
|   | -----                                 | -----  |
|   | 1,762,146                             | 1,680,058  |
| Less: Treasury shares                               | (29)                                  | (18)   |
|   | -----                                 | -----  |
| <b>TOTAL EQUITY</b>                                 | 1,762,117                             | 1,680,040  |
|   | -----                                 | -----  |
| <b>Non-current liabilities</b>                      |                                       |  |
| Bank borrowings                                     | 17,500                                | 55,000   |
| Deferred tax liabilities                            | 189,726                               | 186,418  |
|   | -----                                 | -----  |
|   | 207,226                               | 241,418  |
|   | -----                                 | -----  |
| <b>Current liabilities</b>                          |                                       |  |
| Payables  | 29,417                                | 24,915   |
| Tax payable   | 4,229                                 | 10,034   |
| Bank borrowings                                     | 17,500                                | 31,834   |
|   | -----                                 | -----  |
|   | 51,146                                | 66,783   |
|   | -----                                 | -----  |
| <b>TOTAL LIABILITIES</b>                            | 258,372                               | 308,201  |
|   | -----                                 | -----  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | 2,020,489                             | 1,988,241  |
|   | =====                                 | =====  |
| <b>Net assets per share (RM)</b>                    | 2.20                                  | 2.10   |
|   | =====                                 | =====  |
| Based on number of shares net of treasury shares    | 799,988,000                           | 799,992,000  |

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 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) FOR YEAR-TO-DATE ENDED 31 DECEMBER 2010

|   | ← Attributable to Owners of the Company → |   |   |                              | Total<br>Equity<br>RM'000 |
|---|---|---|---|------------------------------|---------------------------|
|   | Share<br>Capital<br>RM'000                | Non-<br>distributable<br>Share<br>Premium<br>RM'000 | Distributable<br>Retained<br>Earnings<br>RM'000 | Treasury<br>Shares<br>RM'000 |                           |
| <b>At 1 January 2010</b>                  | 800,000                                   | 675,578   | 204,480   | (18)                         | 1,680,040                 |
| Total comprehensive income for the period | -   | -   | 170,087   | -                            | 170,087                   |
| Purchase of treasury shares               | -   | -   | -   | (11)                         | (11)                      |
| Dividends to owners of the Company        | -   | -   | (87,999)  | -                            | (87,999)                  |
| <b>At 31 December 2010</b>                | 800,000                                   | 675,578   | 286,568   | (29)                         | 1,762,117                 |
| <b>At 1 January 2009</b>                  | 800,000                                   | 675,578   | 176,382   | (9)                          | 1,651,951                 |
| Total comprehensive income for the period | -   | -   | 100,097   | -                            | 100,097                   |
| Purchase of treasury shares               | -   | -   | -   | (9)                          | (9)                       |
| Dividends to owners of the Company        | -   | -   | (71,999)  | -                            | (71,999)                  |
| <b>At 31 December 2009</b>                | 800,000                                   | 675,578   | 204,480   | (18)                         | 1,680,040                 |

*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 2009 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 CASH FLOWS (UNAUDITED) FOR YEAR-TO-DATE ENDED 31 DECEMBER 2010

|   | Year-to-date ended   |                      |
|---|----------------------|----------------------|
|   | 31.12.2010<br>RM'000 | 31.12.2009<br>RM'000 |
| <b>Cash flows from operating activities</b>                 |                      |                      |
| Profit before tax   | 226,376              | 135,136              |
| Adjustments for:  |                      |                      |
| Non-cash items  | 25,489               | 23,575               |
| Non-operating items   | (40)                 | 49                   |
| Net interest expense  | 949                  | 2,136                |
|   | -----                | -----                |
| Operating profit before working capital changes             | 252,774              | 160,896              |
| Net changes in working capital                              | 3,509                | (9,098)              |
| Net tax paid  | (57,940)             | (16,910)             |
| Net interest paid   | (949)                | (2,136)              |
|   | -----                | -----                |
| <b>Net cash generated from operating activities</b>         | 197,394              | 132,752              |
|   | -----                | -----                |
| <b>Cash flows from investing activities</b>                 |                      |                      |
| Proceeds from disposal of property, plant and equipment     | 353                  | 655                  |
| Purchase of property, plant and equipment                   | (27,917)             | (30,802)             |
| Additions to biological assets                              | (5,852)              | (2,977)              |
| Acquisition of subsidiary net of cash acquired              | -                    | (31,861)             |
|   | -----                | -----                |
| <b>Net cash used in investing activities</b>                | (33,416)             | (64,985)             |
|   | -----                | -----                |
| <b>Cash flows from financing activities</b>                 |                      |                      |
| Net repayment of bank borrowings                            | (51,834)             | (6,833)              |
| Shares repurchased at cost                                  | (11)                 | (9)                  |
| Dividends paid  | (87,999)             | (71,999)             |
|   | -----                | -----                |
| <b>Net cash used in financing activities</b>                | (139,844)            | (78,841)             |
|   | -----                | -----                |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | 24,134               | (11,074)             |
|   | -----                | -----                |
| <b>Cash and cash equivalents at beginning of period</b>     | 34,565               | 45,639               |
|   | -----                | -----                |
| <b>Cash and cash equivalents at end of period</b>           | 58,699               | 34,565               |
|   | =====                | =====                |

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 | 51,490 | 30,900 |
| Cash in hand and at bank     | 7,209  | 3,665  |
|                              | -----  | -----  |
|                              | 58,699 | 34,565 |
|                              | =====  | =====  |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 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 2009.

#### 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 2009, except for the changes arising from the adoption of new/revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations that are effective for financial period beginning on or after 1 July 2009 and 1 January 2010 as follows:

##### FRS effective for financial periods beginning on or after 1 July 2009

- FRS 8, Operating Segment \*

##### FRSs, Amendments to FRSs and IC Interpretations effective for financial periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts \*
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations \*
- Amendments to FRS 132, Financial Instruments: Presentation
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- FRSs contained in the document entitled "Improvements to FRS (2009)"
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes \*
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction \*

\* These FRSs, IC Interpretations and amendments are not applicable to the Group

The principal effects of changes in accounting policies, presentation resulting from the adoption of the new/revised FRSs, Amendment to FRSs and IC Interpretations are as follows:

##### (a) **FRS 101, Presentation of Financial Statements (revised)**

The revised FRS 101 requires all owner changes in equity to be presented in the statement of changes in equity, separately from non-owner changes in equity. All non-owner changes in equity (i.e comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (i.e a separate income statement and a statement of comprehensive income) and presented as a single line labelled as total comprehensive income in the statement of changes in equity.

The Group has adopted the one statement of comprehensive income. Comparative information has been presented to be in conformity with this revised FRS.

The adoption of this FRS has no impact on the financial position and results of the Group as it affects presentation of the financial statements only.

2. **Significant Accounting Policies (Cont'd)**

(b) **Amendment to FRS 117, Leases**

Prior to 1 January 2010, leasehold land that normally had an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term, was treated as operating lease. The minimum lease payment or the up-front payment made on entering into or acquiring a leasehold land was accounted as prepaid lease payments and was amortised on a straight-line basis over the lease term.

The Group has adopted the amendment to FRS 117, Leases in relation to the classification of lease of land in the same way as leases of other assets. Leasehold land which in substance is a finance lease has to be reclassified and measured as such retrospectively. Accordingly, the Group has reclassified all its leasehold land to property, plant and equipment based on its reassessment and has applied this change in accounting policy retrospectively and comparatives have been restated. The following are effects to the consolidated statement of financial positions as at 31 December 2009 arising from the above change in accounting policy. The change in accounting policy does not have an impact to the income statement.

|                               | <b>As previously<br/>reported</b><br>RM'000<br><i>(Audited)</i> | <b>Adoption of<br/>Amendment<br/>to FRS 117</b><br>RM'000 | <b>As<br/>restated</b><br>RM'000 |
|-------------------------------|---|---|----------------------------------|
| Property, plant and equipment | 225,257   | 349,237   | 574,494                          |
| Prepaid lease payments        | 349,237   | (349,237)   | -                                |

(c) **FRS 139, Financial Instruments: Recognition and Measurement and Amendments to FRS 139, Financial Instruments: Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of financial instruments. Financial instruments are recognised initially at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. The Group determines the classification of its financial instruments at initial recognition.

(i) **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include trade and other receivables and cash and cash equivalents which are categorise as loans and receivables.

All the Group's financial assets are measured at amortised cost using the effective interest method.

(ii) **Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and bank borrowings.

All the Group's financial liabilities are measured at amortised cost using the effective interest method.

The initial application of the new/revised FRSs, Amendment to FRSs and IC Interpretations has no material impact to the financial statements of the Group.

3. **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.

**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 current quarter under review.

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

Share buy back by the Company

(a) 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              |                        |
| October 2010  | -                      | -                        | -            | -                      | -               | -                      |
| November 2010 | 2,000                  | 2.990                    | 2.990        | 3.0139                 | 6,027.80        | -                      |
| December 2010 | -                      | -                        | -            | -                      | -               | -                      |
| <b>Total</b>  | <b>2,000</b>           | <b>2.990</b>             | <b>2.990</b> | <b>3.0139</b>          | <b>6,027.80</b> | <b>-</b>               |

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 31 December 2010, the Company has 12,000 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.

**7. Dividends Paid**

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

|   | <b>Cumulative Quarter Ended</b> |                   |
|---|---------------------------------|-------------------|
|   | <b>31.12.2010</b>               | <b>31.12.2009</b> |
|   | RM'000                          | RM'000            |
| Dividend in respect of financial period ended 31 December 2008:   |                                 |                   |
| - final (5.0 sen) under the single tier system approved by shareholders on 26 May 2009 and paid on 15 June 2009                     | -                               | 40,000            |
| Dividend in respect of financial year ended 31 December 2009:   |                                 |                   |
| - interim (4.0 sen) under the single tier system approved by the Board of Directors on 26 August 2009 and paid on 27 October 2009   | -                               | 31,999            |
| - final (5.0 sen) under the single tier system approved by shareholders on 26 May 2010 and paid on 8 June 2010                      | 40,000                          | -                 |
| Dividend in respect of financial year ending 31 December 2010:  |                                 |                   |
| - interim (6.0 sen) under the single tier system approved by the Board of Directors on 25 August 2010 and paid on 20 September 2010 | 47,999                          | -                 |
|   | -----                           | -----             |
|   | 87,999                          | 71,999            |
|   | =====                           | =====             |

**8. Segment Information**

No segment 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.

**9. 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.

**10. Material Events Subsequent to the End of the Interim Period**

There was no material event subsequent to the end of the current quarter under review and up to 14 February 2011, 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.

**11. 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**

There were no changes in composition of the Group during the quarter under review.

**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 contingent liabilities or contingent assets as at 14 February 2011, 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.

**13. Capital Commitments**

The Group has the following capital commitments:

|  | <b>As at</b>      | <b>As at</b>      |
|--|-------------------|-------------------|
|  | <b>31.12.2010</b> | <b>31.12.2009</b> |
|  | RM'000            | RM'000            |
| Contracted but not provided for in this report | 10,985            | 12,774            |
| Authorised but not contracted for              | 70,604            | 41,966            |
|  | -----             | -----             |
|  | 81,589            | 54,740            |
|  | =====             | =====             |

**14. Significant Related Party Transactions**

During the current quarter under review and up to 14 February 2011, the Company and its subsidiaries did not enter into any Related Party Transactions ["RPT"] or Recurrent Related Party Transactions of a revenue or trading nature ["RRPT"] that had not been included or exceeded by 10% the estimated value which had been mandated by the shareholders during the extraordinary general meeting held on 26 May 2010.



**PART B**

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

**1. Review of Performance**

Revenue for the current quarter under review at RM157.4 million was 35% higher than the preceding year corresponding quarter. In tandem with the higher revenue, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM75.0 million and RM55.6 million were both higher than the preceding year corresponding quarter by 38%.

The significantly better performance in the current quarter was mainly attributable to higher average selling prices. Average selling price of Crude Palm Oil (CPO) and Palm Kernel (PK) realised for the current quarter were RM2,843 and RM2,029 per tonne which were higher than the preceding year corresponding quarter of RM2,252 and RM1,081 per tonne. CPO sales volume at 45,803 tonnes were higher than the preceding year corresponding quarter by 2% whilst PK sales volume at 9,635 tonnes were marginally lower than the preceding year corresponding quarter.

Overall, the Group PBT and PAT for the current financial year-to-date at RM226.4 million and RM170.1 million were higher than the preceding year corresponding period by 68% and 70% respectively.

Basic earnings per share for the current financial year-to-date at 21.26 sen was 70% above the preceding year corresponding period of 12.51 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 RM75.0 million was 40% higher than the preceding quarter of RM53.4 million mainly attributable to higher sales volume and higher average selling price of CPO and PK.

**3. Current Year Prospects**

The Group's prospects for the current financial year are expected to be mainly influenced by the movements in the commodity prices, fertilizer costs, seasonal yield trend and changes in cropping pattern.

**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. Tax Expense**

|                              | Quarter ended |            | Year-to-date ended |            |
|------------------------------|---------------|------------|--------------------|------------|
|                              | 31.12.2010    | 31.12.2009 | 31.12.2010         | 31.12.2009 |
|                              | RM'000        | RM'000     | RM'000             | RM'000     |
| In respect of current period |               |            |                    |            |
| - Income tax                 | 18,321        | 17,467     | 54,719             | 35,818     |
| - deferred tax               | 1,008         | (3,565)    | 3,259              | (1,063)    |
|                              | -----         | -----      | -----              | -----      |
|                              | 19,329        | 13,902     | 57,978             | 34,755     |
|                              | -----         | -----      | -----              | -----      |
| In respect of prior year     |               |            |                    |            |
| - Income tax                 | (3)           | 284        | (1,738)            | 284        |
| - deferred tax               | 49            | -          | 49                 | -          |
|                              | -----         | -----      | -----              | -----      |
|                              | 46            | 284        | (1,689)            | 284        |
|                              | -----         | -----      | -----              | -----      |
|                              | 19,375        | 14,186     | 56,289             | 35,039     |
|                              | =====         | =====      | =====              | =====      |

The Group's effective tax rates for the current quarter and year to date excluding overprovision of tax in respect of prior year were marginally above the statutory tax rate due to certain expenses being disallowed for tax purposes. The effective tax rates for the preceding year corresponding quarter and period were marginally higher than the statutory tax rate for the same reason.

**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 6 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 14 February 2011.

**9. Borrowings and Debt Securities**

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

|                                | <b>As at<br/>31.12.2010</b> | <b>As at<br/>31.12.2009</b> |
|--------------------------------|-----------------------------|-----------------------------|
|                                | RM'000                      | RM'000                      |
| Short term - Revolving credits | -                           | 18,500                      |
| - Term loans                   | 17,500                      | 13,334                      |
|                                | -----                       | -----                       |
|                                | 17,500                      | 31,834                      |
| Long term - Term loans         | 17,500                      | 55,000                      |
|                                | -----                       | -----                       |
|                                | 35,000                      | 86,834                      |
|                                | =====                       | =====                       |

**10. Derivatives**

The Group did not enter into any derivative contract and accordingly there was no outstanding derivative as at the end of the current quarter under review.

**11. Gains/Losses arising from Fair Value Changes of Financial Liabilities**

There was no gain/loss arising from fair value changes of financial liabilities for the current quarter under review as all the Group's financial liabilities are measured at amortised cost.

**12. Disclosure of Realised and Unrealised Profits (Unaudited)**

|   | <b>As at<br/>31.12.2010</b> | <b>As at<br/>30.9.2010</b> |
|---|-----------------------------|----------------------------|
|   | RM'000                      | RM'000                     |
| Total retained profits of the Company and its subsidiaries: |                             |                            |
| - Realised  | 683,657                     | 626,254                    |
| - Unrealised  | (128,677)                   | (127,437)                  |
|   | -----                       | -----                      |
|   | 554,980                     | 498,817                    |
| Less: Consolidation adjustments                             | (268,412)                   | (267,865)                  |
|   | -----                       | -----                      |
| Total group retained profits as per consolidated accounts   | 286,568                     | 230,952                    |
|   | =====                       | =====                      |

**13. Material Litigation**

The Group has no material litigation as at 14 February 2011, 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.

**14. Earnings Per Share**

- (a) The basic earnings per share 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, of 799,990,000 (2009: 799,994,000)
- (b) The Company does not have any diluted earnings per share.

**15. Dividends**

Dividends for the current financial year ended 31 December 2010 are as follows:

- (a) an interim dividend of 6.0 sen (2009: 4.0 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 25 August 2010 and paid on 20 September 2010;
- (b) The Board of Directors have on even date proposed a final dividend for year ended 31 December 2010 which is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company as follows:
  - (i) Amount per ordinary share of RM1.00 each  
- Final Dividend 7.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
  - (ii) Previous year corresponding period:  
Amount per ordinary share of RM1.00 each  
- Final Dividend 5.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
  - (iii) Total dividend for the current financial year: 13.0 sen (2009: 9.0 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
- [c] The entitlement and payment date will be announced at a later date.

**16. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2009 was not subject to any qualification.

17. **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:

- (a) 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
- (b) 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 July 2012 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

18 February 2011