HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2012

	Quarter ended		Year-to-date ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
	RM'000	RM'000	RM'000	RM'000
Revenue	123,998	144,051	123,998	144,051
Operating expenses	(67,413)	(67,929)	(67,413)	(67,929)
Other operating income	1,452	1,190	1,452	1,190
Operating profit	58,037	77,312	58,037	77,312
Financing costs	-	(259)	-	(259)
Profit before tax	58,037	77,053	58,037	77,053
Tax expense	(14,782)	(19,296)	(14,782)	(19,296)
Profit for the period representing total comprehensive income for the period	43,255	57,757	43,255	57,757
Earnings per share (sen)				
Basic	5.41	7.22	5.41	7.22
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 2011 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 MARCH 2012

	As at 31.3.2012 RM'000	As at 31.12.2011 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	569,277	571,468
Biological assets	1,339,812	1,338,433
	1,909,089	1,909,901
Current assets		
Inventories	32,950	28,150
Receivables	25,996	30,244
Tax recoverable	1,390	267
Cash and cash equivalents	95,647	146,175
	155,983	204,836
TOTAL ASSETS	2,065,072	2,114,737
Equity attributable to owners of the Company		
Share capital	800,000	800,000
Reserves	1,041,397	1,078,140
	1,841,397	1,878,140
Less: Treasury shares	(48)	(48)
TOTAL EQUITY	1,841,349	1,878,092
Non-current liabilities		
Deferred tax liabilities	189,364	190,115
Current liabilities		
Payables	31,983	35,733
Tax payable	2,376	10,797
	34,359	46,530
TOTAL LIABILITIES	223,723	236,645
TOTAL EQUITY AND LIABILITIES	2,065,072	2,114,737
Net assets per share (RM)	2.30	2.35
Based on number of shares net of treasury shares	799,981,000	799,981,000

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 MARCH 2012

	Attributable to Owners of the Company				
	Share Capital	**Non-distributable Share Premium**	**Distributable Retained Earnings**	**Treasury Shares**	**Total Equity**
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	800,000	675,578	402,562	(48)	1,878,092
Total comprehensive income for the period	-	-	43,255	-	43,255
Dividends	-	-	(79,998)	-	(79,998)
At 31 March 2012	800,000	675,578	365,819	(48)	1,841,349
At 1 January 2011	800,000	675,578	285,592	(29)	1,761,141
Total comprehensive income for the period	-	-	57,757	-	57,757
At 31 March 2011	800,000	675,578	343,349	(29)	1,818,898

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR YEAR-TO-DATE ENDED 31 MARCH 2012

	Year-to-date ended	
	31.3.2012	**31.3.2011**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	58,037	77,053
Adjustments for:		
Non-cash items	6,496	6,424
Non-operating items	18	-
Net interest income	(815)	(60)
Operating profit before working capital changes	63,736	83,417
Net changes in working capital	(4,302)	(2,060)
Net tax paid	(25,077)	(15,778)
Net interest received	815	60
Net cash generated from operating activities	35,172	65,639
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	565	-
Purchase of property, plant and equipment	(4,888)	(2,800)
Additions to biological assets	(1,379)	(1,114)
Net cash used in investing activities	(5,702)	(3,914)
Cash flows from financing activities		
Dividends paid to shareholders	(79,998)	-
Net cash used in financing activities	(79,998)	-
Net (decrease)/increase in cash and cash equivalents	(50,528)	61,725
Cash and cash equivalents at beginning of period	146,175	58,699
Cash and cash equivalents at end of period	95,647	120,424

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	84,621	95,192
Cash in hand and at bank	11,026	25,232
	95,647	120,424

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements

PART A

Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134, Interim Financial Reporting

1. **Basis of preparation**

These interim financial statements have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad [“Bursa Securities”], and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2011.

2. **Significant accounting policies**

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2011, except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 July 2011 and 1 January 2012 as follows:

IC Interpretations and Amendments effective for financial periods beginning on or after 1 July 2011

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

FRSs and Amendments effective for financial periods beginning on or after 1 January 2012

- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Transfer of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124 Related Party Disclosures

The adoption of the above revised FRSs, IC Interpretation and Amendments do not have any significant financial impact on the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

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 2013. 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 earnings.

At the date of these interim financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the period ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

3. **Comments on the seasonality or cyclicality of operations**

The Group considers the seasonal or cyclical factors affecting the results of the operations of the Group comprising the cultivation of oil palm and processing of fresh fruit bunches to include general climatic conditions, age profile of oil palms, the cyclical nature of annual production and the 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 financial years.

6. **Issues, cancellations, repurchases, resale and repayments of debt and equity securities**

(a) Share buyback by the Company:

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

(b) As at 31 March 2012, the Company has 19,000 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 interim period is as follows:

	Year-to-date ended	
	31.3.2012	**31.3.2011**
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2011:		
- second interim (10.0 sen) under the single tier system approved by the Board of Directors on 14 February 2012 and paid on 12 March 2012	79,998	-
	79,998	-

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. **Effect of changes in the composition of the Group during the interim period, including business combinations, obtaining or losing control of subsidiaries and long–term investments, restructuring and discontinued operations**

There were no changes in composition of the Group during the interim period.

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 material litigation as disclosed in Note 9 of Part B below, there were no other events after the interim period and up to 25 May 2012 that have not been reflected in the financial statements for the interim period.

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 the end of the interim period which are expected to have an operational or financial impact on the Group.

13. **Capital commitments**

The Group has the following capital commitments:

	As at 31.3.2012	**As at 31.12.2011**
	RM'000	RM'000
Contracted but not provided for in this report	38,506	19,366
Authorised but not contracted for	41,180	68,818
	79,686	88,184

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 or exceeded by 10% the estimated value which had been mandated by the shareholders during the extraordinary general meeting held on 6 June 2011.

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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 at RM124.0 million was 14% lower than the preceding year corresponding quarter. Consequently, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM58.0 million and RM43.3 million were both lower than the preceding year corresponding quarter by 25%.

Generally, the Group's results were mainly impacted by lower production of Fresh Fruit Bunches ["FFB"] by 9.6% and lower average selling prices of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"], as well as higher replanting expenditure and production cost per metric ton of CPO. CPO and PK average selling price realisation for the current quarter were RM3,133 per tonne and RM1,908 per tonne as compared to the preceding year corresponding quarter of RM3,542 per tonne and RM2,907 per tonne respectively. CPO sales volume at 32,704 tonnes was 3% higher than the preceding year corresponding quarter whilst PK sales volume at 7,877 tonne was 2% lower than the preceding year corresponding quarter.

Production costs were mainly affected by higher manuring costs due to higher fertilizer prices and higher harvesting costs due to increase in labour rates. Higher replanting expenditure were in tandem with the increase in area which have been replanted. As at the end of the current quarter 3,518 hectares have been replanted as compared to the preceding year corresponding quarter of 2,594 hectares.

Basic earnings per share for the current quarter at 5.41 sen was 25% below the preceding year corresponding quarter of 7.22 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 RM58.0 million was 19% lower than the preceding quarter of RM71.5 million mainly due to lower sales volume of both CPO and PK impacted by lower seasonal yield trend and cropping pattern.

3. **Current year prospects**

Prices of vegetable oils may be dampened by the prolonged Eurozone debt crisis. In addition, CPO prices are further impacted by the changes in the Indonesian export tax structure introduced in September 2011 which had affected the competitiveness of the Malaysian palm oil refineries, putting pressure on the prices of CPO in Malaysia.

The global oilseeds and vegetable oils supplies are impacted by the unfavourable weather conditions in the major oil producing countries in particular South America which is expected to reduce the estimates of global soybean production in 2012. In Malaysia, the palm oil industry was further affected by the low cropping season due to the wet weather conditions which will affect FFB production in the first half of 2012.

Nevertheless, FFB production is expected to improve in the second half of 2012 with forecast improvement in weather conditions.

In the near term, the tight supply of global oilseeds and vegetable oils is expected to support the prices of vegetable oils.

Overall, the above global factors and changes in weather conditions are expected to influence the FFB production and CPO prices in 2012 and consequently on the Group's prospects for the current financial year.

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	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	815	319	815	319
Interest expense	-	(259)	-	(259)
Depreciation and amortisation	(6,496)	(6,424)	(6,496)	(6,424)
Gain/(loss) on disposal of property, plant and equipment	(18)	-	(18)	-

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

6. **Tax expense**

	Quarter ended		Year-to-date ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	15,533	18,028	15,533	18,028
- deferred tax	(751)	1,268	(751)	1,268
	14,782	19,296	14,782	19,296

The Group's effective tax rate for the current quarter was marginally above the statutory tax rate due to certain expenses being disallowed for tax purposes. The effective tax rate for the preceding year corresponding quarter was also marginally higher than the statutory tax rate due to the same reason.

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 but not completed as at 25 May 2012.

8. **Borrowings and debt securities**

The Group does not have any borrowings nor debt securities

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

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

On 23 May 2012, Hap Seng Plantations (River Estates) Sdn Bhd ["RESB" or the "Plaintiff"], the wholly-owned subsidiary of the Company has filed a writ of summon ["said Civil Suit"] and application for interlocutory injunction ["said Interlocutory Injunction Application"] through its solicitors, Messrs Wong Kian Kheong, against Excess Interpoint Sdn Bhd ["said Defendant"] at the Kuala Lumpur High Court vide Civil Suit No. 22NCVC-631-05/2012.

RESB 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"). The said Defendant had on 3 April 2012 entered a private caveat on the said Land on the basis of a purported sale and purchase agreement dated 16 January 2012 in respect of the said Land ["said SPA"] which RESB had no knowledge of. RESB does not have a copy of the said SPA.

The Plaintiff is claiming for the following:
(a) That RESB be declared as the registered and beneficial owner of the said Land;
(b) That the said SPA be declared null and void;
(c) An injunction restraining the said 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 fulfil the terms and conditions in the said SPA; and
    (iii) Taking any further action to complete the said SPA.
(d) Costs of the said Civil Suit; and
(e) Such further or other relief as the Court deems fit and just.

The said Interlocutory Injunction Application has been fixed for hearing on 14 June 2012. The Company has been advised by its solicitors that the Company has good grounds to succeed in the Civil Suit.

10. **Derivatives**

The Group did not enter into any derivative contract and accordingly there was no outstanding derivative as at the end of the interim period.

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)**

	As at 31.3.2012 RM'000	**As at 31.12.2011** RM'000 *(Audited)*
Total retained profits of the Company and its subsidiaries:		
- Realised	763,659	800,423
- Unrealised	(129,235)	(128,804)
	634,424	670,619
Less: Consolidation adjustments	(268,605)	(268,057)
Total group retained profits as per consolidated financial statements	365,819	402,562

13. **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 as follows:

	Quarter Ended		Year-to-date ended	
	31.3.2012	**31.3.2011**	**31.3.2012**	**31.3.2011**
Profit attributable to owners of the Company (RM'000)	43,255	57,757	43,255	57,757
Weighted average number of ordinary shares in issue ('000)	799,981	799,988	799,981	799,988
Basic EPS (sen)	5.41	7.22	5.41	7.22

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

14. **Dividends**

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

15. **Auditors' report on preceding annual financial statements**

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2011 was not subject to any qualification.

BY ORDER OF THE BOARD

CHEAH YEE LENG
Secretary

Kuala Lumpur
28 May 2012