HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

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

	Quarter ended		Year-to-date ended	
	30.6.2013	**30.6.2012**	**30.6.2013**	**30.6.2012**
	RM'000	RM'000	RM'000	RM'000
Revenue	84,012	117,470	185,369	241,468
Operating expenses	(74,575)	(75,303)	(149,811)	(142,716)
Other operating income	1,324	1,062	2,562	2,514
Operating profit	10,761	43,229	38,120	101,266
Financing costs	-	(32)	-	(32)
Profit before tax	10,761	43,197	38,120	101,234
Tax expense	(3,156)	(11,726)	(10,546)	(26,508)
Profit for the period representing comprehensive income for the period	7,605	31,471	27,574	74,726
Earnings per share (sen)				
Basic	0.95	3.93	3.45	9.34
Diluted	N/A	N/A	N/A	N/A

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

HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2013

	As at 30.6.2013 RM'000	As at 31.12.2012 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	578,206	576,209
Biological assets	1,350,427	1,346,692
	1,928,633	1,922,901
Current assets		
Inventories	33,337	37,189
Receivables	12,422	23,414
Tax recoverable	8,227	3,608
Cash and cash equivalents	122,241	131,372
	176,227	195,583
TOTAL ASSETS	2,104,860	2,118,484
Equity attributable to owners of the Company		
Share capital	800,000	800,000
Reserves	1,078,053	1,090,478
	1,878,053	1,890,478
Less: Treasury shares	(65)	(60)
TOTAL EQUITY	1,877,988	1,890,418
Non-current liabilities		
Deferred tax liabilities	190,194	192,145
Current liabilities		
Payables	36,678	35,434
Tax payable	-	487
	36,678	35,921
TOTAL LIABILITIES	226,872	228,066
TOTAL EQUITY AND LIABILITIES	2,104,860	2,118,484
Net assets per share (RM)	2.35	2.36
Based on number of shares net of treasury shares ('000)	799,975	799,977

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR YEAR-TO-DATE ENDED 30 JUNE 2013

	← 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 2013	800,000	675,578	414,900	(60)	1,890,418
Comprehensive income for the period	-	-	27,574	-	27,574
Purchase of treasury shares	-	-	-	(5)	(5)
Dividends	-	-	(39,999)	-	(39,999)
At 30 June 2013	800,000	675,578	402,475	(65)	1,877,988
At 1 January 2012	800,000	675,578	402,562	(48)	1,878,092
Comprehensive income for the period	-	-	74,726	-	74,726
Purchase of treasury shares	-	-	-	(6)	(6)
Dividends	-	-	(79,998)	-	(79,998)
At 30 June 2012	800,000	675,578	397,290	(54)	1,872,814

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

HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR YEAR-TO-DATE ENDED 30 JUNE 2013

	Year-to-date ended	
	30.6.2013	**30.6.2012**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	38,120	101,234
Adjustments for:		
Non-cash items	13,934	13,051
Non-operating items	(56)	(45)
Net interest income	(1,784)	(1,556)
Operating profit before working capital changes	50,214	112,684
Net changes in working capital	16,088	(1,366)
Net tax paid	(17,603)	(40,650)
Net interest received	1,784	1,556
Net cash generated from operating activities	50,483	72,224
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,031	628
Purchase of property, plant and equipment	(16,906)	(12,546)
Additions to biological assets	(3,735)	(3,043)
Net cash used in investing activities	(19,610)	(14,961)
Cash flows from financing activities		
Shares repurchased at cost	(5)	(6)
Dividends paid to shareholders	(39,999)	(79,998)
Net cash used in financing activities	(40,004)	(80,004)
Net decrease in cash and cash equivalents	(9,131)	(22,741)
Cash and cash equivalents at beginning of period	131,372	146,175
Cash and cash equivalents at end of period	122,241	123,434

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	120,791	112,174
Cash in hand and at bank	1,450	11,260
	122,241	123,434

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

PART A

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

1. **Basis of preparation**

These interim financial statements have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ["Bursa Securities"], and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012.

2. **Significant accounting policies**

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2012, except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 July 2012 and 1 January 2013 as follows:

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

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

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

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

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework to annual periods beginning on or after 1 January 2015.

The Group falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

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 interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

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

(a) Share buyback by the Company

The monthly breakdown of shares bought back during the current quarter is as follows:

Month	No of shares Purchased	Purchase price per share		Average cost Per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
April 2013	-	-	-	-	-
May 2013	-	-	-	-	-
June 2013	2,000	2.7100	2.7100	2.7338	5,467.63
Total	2,000	2.7100	2.7100	2.7338	5,467.63

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

(b) As at 30 June 2013, the Company has 25,000 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 was as follows:

	Year-to-date ended	
	30.6.2013	**30.6.2012**
	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
Dividend in respect of financial year ended 31 December 2012: - second interim (5.0 sen) under the single tier system approved by the Board of Directors on 28 February 2013 and paid on 28 March 2013	39,999	-
	39,999	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 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 end of the interim period**

Save for the material litigation as disclosed in Note 9 of Part B below, there were no events after the interim period and up to 13 August 2013 that have not been reflected in these financial statements.

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 is expected to have an operational or financial impact on the Group.

13. **Capital commitments**

The Group has the following capital commitments:

	As at 30.6.2013	**As at 31.12.2012**
	RM'000	RM'000
Contracted but not provided for in this report	43,572	34,346
Authorised but not contracted for	46,256	74,130
	89,828	108,476

14. **Significant related party transactions**

During the interim period, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included in or exceeded by 10% the estimated value which had been mandated by the shareholders at the extraordinary general meetings held on 28 May 2012 and 28 May 2013.

(The remainder of this page has been intentionally left blank)

PART B

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

1. **Review of performance**

Revenue for the current quarter at RM84.0 million was 28% lower than the preceding year corresponding quarter. Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM10.8 million and RM7.6 million were lower than the preceding year corresponding quarter by 75% and 76% respectively.

The Group's results were impacted by lower average selling prices of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] as well as lower production of Fresh Fruit Bunches ["FFB"].

FFB production for the current quarter was lower than the preceding year corresponding quarter by 8% affected by adverse seasonal yield trend and cropping pattern due to tree stress after the strong production in the 4th quarter of 2012 and 1st quarter this year. Consequently, CPO production was 5% lower than the preceding year corresponding quarter, mitigated by higher volume of FFB purchases and better oil extraction rate. Production cost per tonne of CPO was marginally higher than the preceding year corresponding quarter due to higher upkeep costs and generally higher wages but mitigated by lower cost of FFB purchased.

Despite lower production, CPO sales volume was 4% higher at 32,109 tonnes due to favourable changes in inventory levels whilst PK sales volume was 10% lower at 6,109 tonnes due to lower PK production and extraction rate. Average selling price realisation of CPO and PK for the current quarter were RM2,284 and RM1,154 per tonne respectively as compared to the preceding year corresponding quarter of RM3,208 per tonne for CPO and RM1,852 per tonne for PK.

Overall, Group PBT and PAT for the year to date at RM38.1 million and RM27.6 million were lower than the preceding year corresponding period by 62% and 63% respectively. Basic earnings per share decreased from 9.34 sen in the preceding year corresponding period to 3.45 sen for the year to date.

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 RM10.8 million was 61% lower than the preceding quarter of RM27.4 million affected by lower sales volume of both CPO and PK which declined by 16% and 35% respectively, mitigated by marginally higher average selling prices.

Sales volume was mainly affected by the decline in FFB production by 28% over the preceding quarter due to seasonal yield trend and cropping pattern but mitigated by sales of CPO stocks carried over from the preceding quarter. Average selling price per tonne of CPO and PK for the current quarter were higher by 2% and 4% over the preceding quarter of RM2,238 and RM1,107 respectively.

3. **Current year prospects**

Global supplies of vegetable oils in particular soybean oil are expected to rise to record level from favourable harvest in the US Midwest beginning September 2013. In addition, South America has also been enjoying bumper harvest of soybeans.

Demand for vegetable oils has been sluggish with slower global growth. By end July 2013, palm oil prices sank to their lowest level since 2009 breaking the psychological support level of RM2,200 per tonne due to concerns of rising global vegetable oils supplies outstripping demand. Soybean oil prices also dropped to their lowest level since 2010.

The national palm oil stock level in Malaysia has dropped to 1.65 million tonnes at the end of June 2013 from its high of 2.63 million tonnes at the end of 2012. However, the current bearish sentiment is expected to be prolonged due to the dampened world demand for palm oil particularly from China and India as a result of the high stocks and credit tightening in China coupled with the weaker Indian rupee.

Nonetheless, the Group expects a better performance in the second half of the year as compared with the first half in view of the expected increase in our CPO production.

4. **Variances between actual profit and forecast profit**

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

5. **Profit for the period**

	Quarter ended		Year-to-date ended	
	30.6.2013	**30.6.2012**	**30.6.2013**	**30.6.2012**
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	852	773	1,784	1,588
Interest expense	-	(32)	-	(32)
Depreciation and amortisation	(7,036)	(6,555)	(13,859)	(13,051)
Property, plant and equipment written off	-	-	(75)	-
Gain on disposal of property, plant and equipment	164	63	56	45

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

6. **Tax expense**

	Quarter ended		Year-to-date ended	
	30.6.2013	**30.6.2012**	**30.6.2013**	**30.6.2012**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	3,875	11,995	12,497	27,528
- deferred tax	(719)	(269)	(1,951)	(1,020)
	3,156	11,726	10,546	26,508

The Group's effective tax rate for the current quarter and year to date as well as the preceding year corresponding periods were above the statutory tax rate due to certain expenses being disallowed for tax purposes.

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

There was no corporate proposal announced but not completed as at 13 August 2013.

8. **Borrowings and debt securities**

The Group does not have any borrowings nor debt securities.

(The remainder of this page has been intentionally left blank)

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:

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

On 23 May 2012, RESB filed a writ of summon and an application for interlocutory injunction ["said Interlocutory Injunction Application"] through its solicitors in Kuala Lumpur, Messrs Wong Kian Kheong, against EISB ["1st Defendant"] at the Kuala Lumpur High Court ["KLHC"] vide Civil Suit No. 22NCVC-631-05/2012 ["RESB Suit"]. On 14 June 2012, the KLHC granted an ad interim injunction in favour of RESB ["said Ad Interim Injunction"] pending disposal of the hearing of the said Interlocutory Injunction Application subject to RESB's undertaking to pay damages to the 1st Defendant for losses suffered by the 1st Defendant resulting from the said Ad Interim Injunction in the event that the said Ad Interim Injunction is subsequently discharged or set aside. Upon RESB's application, HCH was added as the second defendant ["2nd Defendant"] to the RESB Suit on 16 June 2012.

RESB is claiming for the following in the RESB Suit:
(a) That RESB be declared as the registered and beneficial owner of the said Land;
(b) That the Purported SPA be declared null and void;
(c) That the Alleged PA be declared null and void;
(d) An injunction restraining the 1st Defendant from:-
   (i) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
   (ii) taking any actions to fulfill the terms and conditions in the Purported SPA; and
   (iii) taking any further action to complete the Purported SPA.
(e) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
(f) Costs of the RESB Suit; and
(g) Such further or other relief as the Court deems fit and just.

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

The Company has been advised by both Messrs Wong Kian Kheong and Messrs Jayasuria Kah & Co., that RESB has good grounds to succeed in the RESB Suit.

(The remainder of this page has been intentionally left blank)

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 (continued)**

(b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in the High Court of Sabah & Sarawak at Kota Kinabalu vide Originating Summon No. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "KK Suit"].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 ["Alleged Deed of Substitute"] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:
(a) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
(b) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
(c) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
(d) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC's rights thereon;
(e) costs of the KK Suit; and
(f) such further or other relief as the Court deems fit and just.

RESB filed an application to convert the KK Suit from being an originating summon action into a writ action. Consistent with the RESB Suit stated in item 9(a) above, the KK Suit is stayed pending referral and determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

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

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 30.6.2013	**As at 31.12.2012**
	RM'000	RM'000
		(Audited)
Total retained profits of the Company and its subsidiaries:		
- Realised	799,492	812,400
- Unrealised	(130,987)	(132,564)
	668,505	679,836
Less: Consolidation adjustments	(266,030)	(264,936)
Total Group retained profits as per consolidated financial statements	402,475	414,900

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**	
	30.6.2013	**30.6.2012**	**30.6.2013**	**30.6.2012**
Profit attributable to owners of the Company (RM'000)	7,605	31,471	27,574	74,726
	=========	=========	=========	=========
Weighted average number of ordinary shares in issue ('000)	799,976	799,980	799,977	799,981
	=========	=========	=========	=========
Basic EPS (sen)	0.95	3.93	3.45	9.34
	=========	=========	=========	=========

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

14. **Dividends**

(a) The Board of Directors has on even date approved the following interim dividend for the financial year ending 31 December 2013:

(i)	Amount per ordinary share of RM1.00 each - First Interim Dividend	3.0 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 - First Interim Dividend	6.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
(iii)	Total dividend approved to date for the current financial year Amount per ordinary share of RM1.00 each	3.0 sen (2012: 6.0 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders

(b) The dividend will be payable on 18 September 2013; and

(c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 3 September 2013.

NOTICE OF INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that the first interim dividend of 3.0 sen per ordinary share of RM1.00 each under the single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ending 31 December 2013, will be payable in cash on 18 September 2013 to the shareholders whose names appear on the Company's Record of Depositors at the close of business on 3 September 2013.

A depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the depositor's securities account before 4.00 p.m. on 3 September 2013 in respect of transfers; and
(b) shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on a cum entitlement basis according to the Rules of the Bursa Securities.

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 2012 was not subject to any qualification.

16. **Others**

In its approval letter dated 23 July 2007 approving the initial public offering of the Company, the Securities Commission ["SC"] requires, inter alia, the Company to resolve the issue on the requirement to transfer 30% of Litang Estate/equity in Hap Seng Plantations (Wecan) Sdn Bhd to natives within the time period stipulated therein ["SC Condition"].

As announced on 31 July 2012, the Land and Survey Department in Kota Kinabalu had granted a further extension of time to July 2017 ["said Extention"] for the transfer of 30% of the undivided share of the Litang Estate or 30% equity in Hap Seng Plantations (Wecan) Sdn Bhd, the wholly-owned subsidiary of the Company to natives.

SC had via its letter dated 3 September 2012 resolved not to impose time stipulation on the Company to resolve the issue on SC Condition. However, the Company is to continue to pursue the matter with the relevant authority subject to the following:

(a) the Company is to disclose the efforts taken and the status of the compliance with the Litang Estate Condition in the annual report until such time the condition is fulfilled;

(b) the Company and/or CIMB Investment Bank Berhad ["CIMB"] is/are to make quarterly announcements to Bursa Malaysia Securities Berhad until such time the condition is fulfilled; and

(c) the Company and/or CIMB is/are to update the SC when such disclosure is made in the annual report.

It is a condition of the Litang Estate that "Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein except as provided above".

To the best of the Company's knowledge, the said Extension was granted on the basis that frequent floods had hindered the full development or planting up of the Litang Estate in accordance with the title conditions.

Accordingly, the Company has taken the following steps to continue developing the Litang Estate:
(a) constructing of a drain for every 4 rows of palms;
(b) regular de-silting of drains in and around the affected region;
(c) protect and maintain riparian reserves to prevent and reduce the rate of siltation of drains and rivers through soil erosion;
(d) re-supply palms killed after every flood event until such time the palms are able to survive through the floods;
(e) specially formulated fertilizer recommendations provided to affected areas; and
(f) palms planted on platforms for lower lying areas.

BY ORDER OF THE BOARD

CHEAH YEE LENG
Secretary

Kuala Lumpur
19 August 2013