

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

|   | Quarter ended       |                     | Year-to-date ended  |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 30.9.2013<br>RM'000 | 30.9.2012<br>RM'000 | 30.9.2013<br>RM'000 | 30.9.2012<br>RM'000 |
| <b>Revenue</b>  | 115,197             | 149,304             | 300,566             | 390,772             |
| Operating expenses  | (75,314)            | (102,965)           | (224,945)           | (245,681)           |
| Other operating income  | 1,129               | 809                 | 3,691               | 3,323               |
|   | -----               | -----               | -----               | -----               |
| <b>Operating profit</b>   | 41,192              | 47,148              | 79,312              | 148,414             |
| Financing costs   | -                   | -                   | -                   | (32)                |
|   | -----               | -----               | -----               | -----               |
| <b>Profit before tax</b>  | 41,192              | 47,148              | 79,312              | 148,382             |
| Tax expense   | (10,849)            | (11,448)            | (21,395)            | (37,956)            |
|   | -----               | -----               | -----               | -----               |
| <b>Profit for the period representing<br/>comprehensive income for the period</b> | 30,343<br>=====     | 35,700<br>=====     | 57,917<br>=====     | 110,426<br>=====    |
| <b>Earnings per share (sen)</b>   |                     |                     |                     |                     |
| Basic   | 3.79<br>=====       | 4.46<br>=====       | 7.24<br>=====       | 13.80<br>=====      |
| Diluted   | N/A<br>=====        | N/A<br>=====        | N/A<br>=====        | N/A<br>=====        |

*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*

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

|   | <b>As at<br/>30.9.2013</b> | <b>As at<br/>31.12.2012</b> |
|---|----------------------------|-----------------------------|
|   | RM'000                     | RM'000<br><i>(Audited)</i>  |
| <b>Non-current assets</b>                               |                            |                             |
| Property, plant and equipment                           | 578,052                    | 576,209                     |
| Biological assets                                       | 1,352,235                  | 1,346,692                   |
|   | -----                      | -----                       |
|   | 1,930,287                  | 1,922,901                   |
|   | -----                      | -----                       |
| <b>Current assets</b>                                   |                            |                             |
| Inventories   | 41,494                     | 37,189                      |
| Receivables   | 21,297                     | 23,414                      |
| Tax recoverable   | 3,650                      | 3,608                       |
| Cash and cash equivalents                               | 124,535                    | 131,372                     |
|   | -----                      | -----                       |
|   | 190,976                    | 195,583                     |
|   | -----                      | -----                       |
| <b>TOTAL ASSETS</b>                                     | <b>2,121,263</b>           | <b>2,118,484</b>            |
|   | =====                      | =====                       |
| <b>Equity attributable to owners of the Company</b>     |                            |                             |
| Share capital   | 800,000                    | 800,000                     |
| Reserves  | 1,084,397                  | 1,090,478                   |
|   | -----                      | -----                       |
|   | 1,884,397                  | 1,890,478                   |
| Less: Treasury shares                                   | (65)                       | (60)                        |
|   | -----                      | -----                       |
| <b>TOTAL EQUITY</b>                                     | <b>1,884,332</b>           | <b>1,890,418</b>            |
|   | -----                      | -----                       |
| <b>Non-current liabilities</b>                          |                            |                             |
| Deferred tax liabilities                                | 190,876                    | 192,145                     |
|   | -----                      | -----                       |
| <b>Current liabilities</b>                              |                            |                             |
| Payables  | 45,785                     | 35,434                      |
| Tax payable   | 270                        | 487                         |
|   | -----                      | -----                       |
|   | 46,055                     | 35,921                      |
|   | -----                      | -----                       |
| <b>TOTAL LIABILITIES</b>                                | <b>236,931</b>             | <b>228,066</b>              |
|   | -----                      | -----                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                     | <b>2,121,263</b>           | <b>2,118,484</b>            |
|   | =====                      | =====                       |
| <b>Net assets per share (RM)</b>                        | <b>2.36</b>                | <b>2.36</b>                 |
|   | =====                      | =====                       |
| 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*



# HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

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

|                                     | ← 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 2013</b>            | 800,000                                   | 675,578   | 414,900   | (60)                         | 1,890,418                 |
| Comprehensive income for the period | -   | -   | 57,917  | -                            | 57,917                    |
| Purchase of treasury shares         | -   | -   | -   | (5)                          | (5)                       |
| Dividends                           | -   | -   | (63,998)  | -                            | (63,998)                  |
| <b>At 30 September 2013</b>         | 800,000<br>=====                          | 675,578<br>=====                                    | 408,819<br>=====                                | (65)<br>=====                | 1,884,332<br>=====        |
| <b>At 1 January 2012</b>            | 800,000                                   | 675,578   | 402,562   | (48)                         | 1,878,092                 |
| Comprehensive income for the period | -   | -   | 110,426   | -                            | 110,426                   |
| Purchase of treasury shares         | -   | -   | -   | (6)                          | (6)                       |
| Dividends                           | -   | -   | (127,997)                                       | -                            | (127,997)                 |
| <b>At 30 September 2012</b>         | 800,000<br>=====                          | 675,578<br>=====                                    | 384,991<br>=====                                | (54)<br>=====                | 1,860,515<br>=====        |

*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*

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

|   | <b>Year-to-date ended</b> |                  |
|---|---------------------------|------------------|
|   | <b>30.9.2013</b>          | <b>30.9.2012</b> |
|   | RM'000                    | RM'000           |
| <b>Cash flows from operating activities</b>             |                           |                  |
| Profit before tax                                       | 79,312                    | 148,382          |
| Adjustments for:  |                           |                  |
| Non-cash items  | 21,040                    | 20,246           |
| Non-operating items                                     | (89)                      | 22               |
| Net interest income                                     | (2,657)                   | (2,256)          |
|   | -----                     | -----            |
| Operating profit before working capital changes         | 97,606                    | 166,394          |
| Net changes in working capital                          | 8,163                     | (21,677)         |
| Net tax paid  | (22,923)                  | (62,815)         |
| Net interest received                                   | 2,657                     | 2,256            |
|   | -----                     | -----            |
| <b>Net cash generated from operating activities</b>     | 85,503                    | 84,158           |
|   | -----                     | -----            |
| <b>Cash flows from investing activities</b>             |                           |                  |
| Proceeds from disposal of property, plant and equipment | 1,066                     | 1,286            |
| Purchase of property, plant and equipment               | (23,860)                  | (24,115)         |
| Additions to biological assets                          | (5,543)                   | (5,800)          |
|   | -----                     | -----            |
| <b>Net cash used in investing activities</b>            | (28,337)                  | (28,629)         |
|   | -----                     | -----            |
| <b>Cash flows from financing activities</b>             |                           |                  |
| Shares repurchased at cost                              | (5)                       | (6)              |
| Dividends paid to shareholders                          | (63,998)                  | (127,997)        |
|   | -----                     | -----            |
| <b>Net cash used in financing activities</b>            | (64,003)                  | (128,003)        |
|   | -----                     | -----            |
| <b>Net decrease in cash and cash equivalents</b>        | (6,837)                   | (72,474)         |
| <b>Cash and cash equivalents at beginning of period</b> | 131,372                   | 146,175          |
|   | -----                     | -----            |
| <b>Cash and cash equivalents at end of period</b>       | 124,535                   | 73,701           |
|   | =====                     | =====            |

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 | 122,894 | 65,272 |
| Cash in hand and at bank     | 1,641   | 8,429  |
|                              | -----   | -----  |
|                              | 124,535 | 73,701 |
|                              | =====   | =====  |

*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 cyclicity 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

During the current quarter, there was no buyback of shares nor resale or cancellation of treasury shares. Accordingly, the total number of shares bought back and retained as treasury shares during the interim period remained unchanged at 2,000.

(b) As at 30 September 2013, the Company held 25,000 ordinary shares 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:

|   | <b>Year-to-date ended</b> |                  |
|---|---------------------------|------------------|
|   | <b>30.9.2013</b>          | <b>30.9.2012</b> |
|   | 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:   |                           |                  |
| - first interim (6.0 sen) under the single tier system approved by the Board of Directors on 29 August 2012 and paid on 28 September 2012 | -                         | 47,999           |
| - 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                    | -                |
| Dividend in respect of financial year ending 31 December 2013:  |                           |                  |
| - first interim (3.0 sen) under the single tier system approved by the Board of Directors on 19 August 2013 and paid on 18 September 2013 | 23,999                    | -                |
|   | =====                     | -----            |
|   | 63,998                    | 127,997          |
|   | =====                     | =====            |

**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 22 November 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:

|  | <b>As at</b>     | <b>As at</b>      |
|--|------------------|-------------------|
|  | <b>30.9.2013</b> | <b>31.12.2012</b> |
|  | RM'000           | RM'000            |
| Contracted but not provided for in this report | 32,550           | 34,346            |
| Authorised but not contracted for              | 33,738           | 74,130            |
|  | -----            | -----             |
|  | 66,288           | 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.

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## **PART B**

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

#### **1. Review of performance**

The Group recorded higher Crude Palm Oil ["CPO"] sales of 42,083 tonnes and Palm Kernel ["PK"] sales of 9,562 tonnes by 19% and 18% respectively over the preceding year corresponding quarter attributable to better Fresh Fruit Bunches ["FFB"] yield and consequently higher CPO production. Both FFB and CPO production for the current quarter was 16% higher than the preceding year corresponding quarter.

In spite of the higher sales volume, revenue was dampened by lower average selling price of CPO and PK realised for the current quarter of RM2,340 and RM1,271 per tonne respectively as compared to the preceding year corresponding quarter of RM2,923 per tonne for CPO and RM1,470 per tonne for PK. Nevertheless, the adverse impact from the lower selling prices was partially off-set by lower production cost per tonne of CPO which benefitted mainly from higher production of FFB and CPO.

Overall, Group revenue for the current quarter was RM115.2 million, 23% lower than the preceding year corresponding quarter. Consequently, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM41.2 million and RM30.3 million were lower than the preceding year corresponding quarter by 13% and 15% respectively.

For the year to date, Group PBT and PAT for the year to date at RM79.3 million and RM57.9 million were lower than the preceding year corresponding period by 47% and 48% respectively. Basic earnings per share for the year to date decreased to 7.24 sen from 13.80 sen in the preceding year corresponding period.

#### **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 RM41.2 million was 283% higher than the preceding quarter of RM10.8 million. The better quarter-on-quarter performance was attributable to higher CPO and PK sales volume and higher average selling prices.

CPO and PK sales volume for the current quarter increased by 31% and 57% over the preceding quarter of 32,109 tonnes and 6,109 tonnes respectively, benefitting from higher FFB production which increased by 55% due to the higher cropping season and yield trend.

Average selling price per tonne of CPO and PK for the current quarter were higher by 2% and 10% over the preceding quarter of RM2,284 and RM1,154 per tonne respectively.

#### **3. Current year prospects**

The performance of the Malaysian Palm Oil industry in the forthcoming months is expected to be influenced by the demands from the major Asian economies and weather conditions affecting the global supplies of vegetable oils.

Global supply of palm oil is anticipated to be lower as both Malaysia and Indonesia which account for about 90% of the world supply of palm oil are entering their monsoon weather season which is expected to result in lower than initially expected output. In addition, a lower production cycle has also been seen in falling yield data in both the Malaysian and Indonesian oil palm plantations.

Although the Malaysian Palm Oil Board reported that the end October Malaysian palm oil stocks rose by 3.5% to 1.85 million tonnes from September with production gaining 3.1% to 1.97 million tonnes, while exports rose 3.3% to 1.66 million tonnes, planters are expecting production from November onwards to plateau if not weaken which may support palm oil prices.

Demand for palm oil on the other hand is expected to increase in view of the upcoming Chinese New Year with China, the world's second-biggest palm oil buyer, likely to begin re-stocking its palm oil stocks ahead of this festive period. Fears that the super typhoon Haiyan which hit central Philippines in early November may severely reduce coconut oil supply in the region and channel demand to palm kernel oil had caused prices of palm kernel oil to go up sharply which positively impacted palm kernel prices as well.

The increase in biodiesel mandates in both Malaysia and Indonesia is also a positive measure for the palm oil industry in sustaining the current level of palm oil prices.

In view of the above, the Group's prospects for the balance of the financial year ending 31 December 2013 are expected to be satisfactory.



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

Variations 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 |           |
|---|---------------|-----------|--------------------|-----------|
|   | 30.9.2013     | 30.9.2012 | 30.9.2013          | 30.9.2012 |
|   | RM'000        | RM'000    | RM'000             | RM'000    |
| Profit for the period is arrived at after crediting/(charging): |               |           |                    |           |
| Interest income   | 873           | 700       | 2,657              | 2,288     |
| Interest expense  | -             | -         | -                  | (32)      |
| Depreciation and amortisation                                   | (7,103)       | (7,195)   | (20,962)           | (20,246)  |
| Property, plant and equipment written off                       | (3)           | -         | (78)               | -         |
| Gain/(loss) on disposal of property, plant and equipment        | 33            | (67)      | 89                 | (22)      |

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 |           |
|------------------------------|---------------|-----------|--------------------|-----------|
|                              | 30.9.2013     | 30.9.2012 | 30.9.2013          | 30.9.2012 |
|                              | RM'000        | RM'000    | RM'000             | RM'000    |
| In respect of current period |               |           |                    |           |
| - income tax                 | 10,198        | 10,935    | 22,695             | 38,463    |
| - deferred tax               | 569           | 1,687     | (1,382)            | 667       |
|                              | -----         | -----     | -----              | -----     |
|                              | 10,767        | 12,622    | 21,313             | 39,130    |
|                              | -----         | -----     | -----              | -----     |
| In respect of prior periods  |               |           |                    |           |
| - income tax                 | (31)          | (1,174)   | (31)               | (1,174)   |
| - deferred tax               | 113           | -         | 113                | -         |
|                              | -----         | -----     | -----              | -----     |
|                              | 82            | (1,174)   | 82                 | (1,174)   |
|                              | -----         | -----     | -----              | -----     |
|                              | 10,849        | 11,448    | 21,395             | 37,956    |
|                              | =====         | =====     | =====              | =====     |

The Group's effective tax rate for the current quarter and year to date (excluding the under/(over) provision of tax in prior periods) 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 22 November 2013.

8. **Borrowings and debt securities**

The Group does not have any borrowings nor debt securities.

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 than 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 ["1<sup>st</sup> 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 1<sup>st</sup> Defendant for losses suffered by the 1<sup>st</sup> 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 ["2<sup>nd</sup> 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 1<sup>st</sup> 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 2<sup>nd</sup> 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 1<sup>st</sup> 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.

- (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)**

|   | <b>As at<br/>30.9.2013</b> | <b>As at<br/>31.12.2012</b> |
|---|----------------------------|-----------------------------|
|   | RM'000                     | RM'000                      |
|   |                            | <i>(Audited)</i>            |
| Total retained profits of the Company and its subsidiaries:           |                            |                             |
| - Realised  | 807,355                    | 812,400                     |
| - Unrealised  | (131,851)                  | (132,564)                   |
|   | -----                      | -----                       |
|   | 675,504                    | 679,836                     |
| Less: Consolidation adjustments                                       | (266,685)                  | (264,936)                   |
|   | -----                      | -----                       |
| Total Group retained profits as per consolidated financial statements | 408,819                    | 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:

|  | <b>Quarter Ended</b> |                  | <b>Year-to-date ended</b> |                  |
|--|----------------------|------------------|---------------------------|------------------|
|  | <b>30.9.2013</b>     | <b>30.9.2012</b> | <b>30.9.2013</b>          | <b>30.9.2012</b> |
| Profit attributable to owners of the Company (RM'000)      | 30,343               | 35,700           | 57,917                    | 110,426          |
|  | =====                | =====            | =====                     | =====            |
| Weighted average number of ordinary shares in issue ('000) | 799,975              | 799,979          | 799,976                   | 799,980          |
|  | =====                | =====            | =====                     | =====            |
| Basic EPS (sen)  | 3.79                 | 4.46             | 7.24                      | 13.80            |
|  | =====                | =====            | =====                     | =====            |

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

**14. Dividends**

The Directors do not recommend any interim dividend for the quarter 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 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.

As part of its effort to comply with the SC condition, 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  
26 November 2013