



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOURTH QUARTER ENDED 31 JANUARY 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31.1.2008 RM'000	Preceding Year Corresponding Quarter Ended 31.1.2007 RM'000	Current Year To date Ended 31.1.2008 RM'000	Preceding Year Corresponding Period 31.1.2007 RM'000
<b>Revenue</b>	634,664	424,644	2,244,456	1,730,835
Operating expenses	(498,005)	(375,315)	(1,871,824)	(1,555,249)
Other operating income	8,374	15,690	23,098	27,440
<b>Operating profit</b>	145,033	65,019	395,730	203,026
Financing costs	(24,023)	(14,926)	(77,766)	(52,214)
Other non-operating items	601,568	-	613,849	-
Share of profit/(loss) of associates	918	297	1,648	928
<b>Profit before tax</b>	723,496	50,390	933,461	151,740
Tax expense	(33,327)	(3,605)	(86,603)	(31,162)
<b>Profit for the period</b>	690,169	46,785	846,858	120,578
<b>Attributable to:</b>				
Equity holders of the Company	666,546	40,968	809,981	106,156
Minority interests	23,623	5,817	36,877	14,422
<b>Profit for the period</b>	690,169	46,785	846,858	120,578
<b>Earnings per share (sen)</b>				
Basic	115.12	6.96	139.89	18.03
Fully diluted	N/A	6.96 *	N/A	18.03 *

\* As the diluted earnings per share exceed the basic earnings per share, the anti-dilutive effect is ignored.



# HAP SENG CONSOLIDATED BERHAD (26877-W)

*(Incorporated in Malaysia)*

## CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) FOURTH QUARTER ENDED 31 JANUARY 2008

	<b>As at End of Current Year 31.1.2008</b> RM'000	<b>As at Preceding Financial Year End 31.1.2007</b> RM'000 <i>(Restated)</i>
<b>Non-current assets</b>		
Property, plant and equipment	641,785	386,580
Biological assets	363,048	362,586
Prepaid lease payments	142,368	144,516
Investment properties	181,005	301,136
Associated companies	101,241	73,725
Other investments	1,976	23,089
Land held for property development	322,355	305,364
Long term receivables	683,737	496,408
Goodwill on consolidation	-	31
Deferred tax assets	8,117	6,637
	-----	-----
	2,445,632	2,100,072
	-----	-----
<b>Current assets</b>		
Inventories	589,686	470,633
Property development costs	215,086	154,397
Receivables	793,635	544,679
Tax recoverable	32,300	23,327
Cash and cash equivalents	248,220	56,817
	-----	-----
	1,878,927	1,249,853
	-----	-----
<b>TOTAL ASSETS</b>	4,324,559	3,349,925
	=====	=====
<b>Equity attributable to equity holders of the Company</b>		
Share capital	622,660	622,660
Reserves	1,551,822	979,207
	-----	-----
	2,174,482	1,601,867
Less : Treasury shares	(154,449)	(73,804)
	-----	-----
	2,020,033	1,528,063
<b>Minority interests</b>	252,016	163,887
	-----	-----
<b>TOTAL EQUITY</b>	2,272,049	1,691,950
	-----	-----
<b>Non-current liabilities</b>		
Borrowings	407,777	337,950
Deferred tax liabilities	164,374	161,573
Deferred liabilities	2,838	4,080
	-----	-----
	574,989	503,603
	-----	-----
<b>Current liabilities</b>		
Payables and provisions	221,301	190,658
Tax payable	13,272	8,263
Borrowings	1,242,948	955,451
	-----	-----
	1,477,521	1,154,372
	-----	-----
<b>TOTAL LIABILITIES</b>	2,052,510	1,657,975
	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>	4,324,559	3,349,925
	=====	=====
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	3.58	2.59
	=====	=====
Based on number of shares net of treasury shares	563,529,500	588,955,400

*The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the Interim Financial Statements*



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOURTH QUARTER ENDED 31 JANUARY 2008

	← Attributable to Equity Holders of the Parent →				Total	Minority Interests	Total Equity
	Share Capital	Non-distributable Reserves	Distributable Reserves	Treasury Shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 February 2007</b>	622,660	39,814	939,393	(73,804)	1,528,063	163,887	1,691,950
Exercise of ESOS	4,179	5,303	-	-	9,482	-	9,482
Cancellation of treasury shares	(4,179)	(1,124)	(3,932)	9,235	-	-	-
Purchase of treasury shares	-	-	-	(89,880)	(89,880)	-	(89,880)
Reserves realised upon liquidation of a subsidiary	-	1,349	(1,349)	-	-	-	-
Acquisition of associate	-	-	1,976	-	1,976	-	1,976
Acquisition of preference shares from minority interests	-	-	-	-	-	(1,500)	(1,500)
Redemption of redeemable preference shares by subsidiaries	-	-	-	-	-	(18,322)	(18,322)
Changes of interests in subsidiaries	-	-	-	-	-	170,158	170,158
Translation differences	-	(7,697)	-	-	(7,697)	-	(7,697)
Profit for the period	-	-	809,981	-	809,981	36,877	846,858
Dividends	-	-	(231,892)	-	(231,892)	(99,084)	(330,976)
<b>At 31 January 2008</b>	622,660	37,645	1,514,177	(154,449)	2,020,033	252,016	2,272,049
<b>At 1 February 2006</b>	622,660	48,963	856,881	(74,023)	1,454,481	153,351	1,607,832
Exercise of ESOS	100	104	-	-	204	-	204
Cancellation of treasury shares	(100)	(4)	(115)	219	-	-	-
Translation differences	-	(2,891)	-	-	(2,891)	-	(2,891)
Reserves realised upon disposal	-	(6,358)	6,358	-	-	-	-
Profit for the period	-	-	106,156	-	106,156	14,422	120,578
Dividends	-	-	(29,887)	-	(29,887)	(3,886)	(33,773)
<b>At 31 January 2007</b>	622,660	39,814	939,393	(73,804)	1,528,063	163,887	1,691,950

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the Interim Financial Statements



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED) FOR YEAR ENDED 31 JANUARY 2008

	<b>For Current Year Ended 31.1.2008</b>	<b>For Preceding Year Ended 31.1.2007</b>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	933,461	151,740
Adjustments for:		
Non-cash items	41,072	32,514
Non-operating items	(616,732)	(4,662)
Dividend income	(2,840)	(398)
Net interest expense	70,413	50,309
	-----	-----
Operating profit before working capital changes	425,374	229,503
Net changes in working capital	(233,339)	(125,485)
Net changes in loan receivables	(318,962)	(224,567)
Net tax paid	(83,452)	(46,624)
Net interest paid	(70,413)	(50,309)
Land held for property development	(57,351)	(43,315)
	-----	-----
<b>Net cash used in operating activities</b>	<b>(338,143)</b>	<b>(260,797)</b>
	-----	-----
<b>Cash flows from investing activities</b>		
Dividends received from associate/other investment	3,594	775
Proceeds from disposal of other investment	-	10
Proceeds from disposal of property, plant and equipment	3,799	8,497
Proceeds from disposal of investment properties	1,600	-
Proceeds from disposal of properties under prepaid lease payments	682	-
Acquisition of quoted investments	(1,555)	-
Acquisition of preference shares in subsidiary from minority interests	(1,500)	-
Payments to minority interests on internal restructuring of plantation subsidiaries	(18,669)	-
Purchase of property, plant and equipment	(74,834)	(89,548)
Additions to biological assets	(462)	(83)
Additions to prepaid lease payments	(751)	-
Redevelopment/refurbishment/purchase of investment properties	(102,522)	(7,050)
	-----	-----
<b>Net cash used in investing activities</b>	<b>(190,618)</b>	<b>(87,399)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company and minority interests	(330,976)	(33,773)
Redemption of redeemable preference shares from minority interests by subsidiaries	(18,322)	-
Proceeds from initial public offering of a subsidiary net of listing expenses	800,668	-
Proceeds from bank borrowings	346,459	363,702
Issue of shares pursuant to ESOS exercised	9,482	204
Issue of shares to minority interests	30	-
Shares repurchased at cost	(89,880)	-
	-----	-----
<b>Net cash generated from financing activities</b>	<b>717,461</b>	<b>330,133</b>
	-----	-----
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>188,700</b>	<b>(18,063)</b>
Effects on exchange rate changes	(8,162)	(458)
<b>Cash and cash equivalents at beginning of period</b>	<b>18,217</b>	<b>36,738</b>
	-----	-----
<b>Cash and cash equivalents at end of period</b>	<b>198,755</b>	<b>18,217</b>
	=====	=====
For purposes of Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts and comprise the following:		
Deposits with licensed banks	191,916	8,799
Cash in hand and at bank	56,304	48,018
Bank overdrafts	(49,465)	(38,600)
	-----	-----
	<b>198,755</b>	<b>18,217</b>
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2007 and the accompanying explanatory notes attached to the Interim Financial Statements

**PART A**

**Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134<sub>2004</sub> “Interim Financial Reporting”**

**1. Basis of Preparation**

This interim financial report has been prepared in accordance with the requirements of FRS 134<sub>2004</sub> “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad [“Bursa Securities”], and should be read in conjunction with the Group’s audited financial statements for the year ended 31 January 2007.

**2. Changes in Accounting Policies**

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the year ended 31 January 2007 except for the following:

- (a) Change in Segment Revenue and Segment Result, whereby Quarry and Building Materials Operations have been segregated from the Trading Segment.
- (b) Changes in accounting policies which are expected to be reflected in the financial statements for year ended 31 January 2008 upon adoption of the following revised FRSs which are applicable to the Group:
  - (i) FRS 117, Leases
  - (ii) FRS 124, Related Party Disclosure

Apart from the effect of change in accounting policies resulting from the adoption of FRS 117 below, the adoption of FRS 124 does not have significant financial impact on the Group.

**FRS 117: Leases**

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 February 2007, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 February 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparative amounts as at 31 January 2007 have been restated as follows:

**Condensed Consolidated Balance Sheet**

	← As at 31.1.2007	→	
	<b>As previously reported</b>	<b>Adoption of FRS 117</b>	<b>As restated</b>
	RM'000	RM'000	RM'000
	<i>(Audited)</i>		
Property, plant and equipment	531,096	(144,516)	386,580
Prepaid lease payments	-	144,516	144,516

**3. 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 January 2007 was not subject to any qualification.

**4. Comments on the Seasonality or Cyclicity of Operations**

The seasonal or cyclical factors affecting the results of the operations of the Group are as follows:

- (a) The performance of the Group's Property Development Division and Quarry and Building Materials Division were influenced by a slow down in construction activity in the first and final quarter attributable to the timing of seasonal festive periods.
- (b) The Group's Plantation Division performance was influenced by general climatic conditions, age profile of oil palms and the cyclical nature of annual production.

**5. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.**

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter.

**6. Other Non-Operating Items**

The other non-operating items in the current quarter and year were in respect of the following:

	<b>Individual Quarter Ender 31.1.2008 RM'000</b>	<b>Cumulative Quarter Ended 31.1.2008 RM'000</b>
Net reversal of impairment losses in associated companies	-	1,978
Gain arising from internal restructuring of plantation subsidiaries to Hap Seng Plantations Holdings Berhad ["HSP"]	-	10,303
Gain arising from the initial public offering of 300 million ordinary shares in HSP in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad on 16 November 2007	601,568	601,568
	-----	-----
	601,568	613,849
	=====	=====

**7. 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.

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

(a) Share buy back by the Company

The monthly breakdown of shares bought back and treasury shares cancelled during the quarter under review are as follows:-

Month	No of shares Purchased	Purchase price per share		Average cost Per share	Total cost	No of shares Cancelled
		Lowest	Highest			
		RM	RM	RM	RM	
November 2007	-	-	-	-	-	-
December 2007	8,350,700	2.4700	2.5500	2.5232	21,070,444.35	-
January 2008	-	-	-	-	-	-
<b>Total</b>	<b>8,350,700</b>	<b>2.4700</b>	<b>2.5500</b>	<b>2.5232</b>	<b>21,070,444.35</b>	<b>-</b>

During the current quarter under review, 8,350,700 shares were bought back and there was no resale or cancellation of treasury shares. All the shares bought back were retained as treasury shares.

(b) Employees' Share Option Scheme ["ESOS"]

The Company's ESOS had expired on 12 September 2007.

(c) As at 31 January 2008, the Company has 59,130,500 ordinary shares held as treasury shares after a cumulative cancellation of 7,128,000 shares. The cancellation of treasury shares were carried out simultaneous with the allotment and issuance of a cumulative total of 7,128,000 new ordinary shares of RM1.00 each pursuant to the ESOS which has since expired on 12 September 2007. Consequently, the issued and paid up share capital of the Company remained unchanged at 622,660,000 ordinary shares of RM1.00 each.

**9. Dividends Paid**

The total dividends paid out of the shareholders' equity for the ordinary shares are as follows:

	<b>Cumulative Quarter Ended</b>	
	<b>31.1.2008</b>	<b>31.1.2007</b>
	RM'000	RM'000
Dividend paid in respect of financial year ended 31 January 2006:		
- final (3.5 sen less tax) paid on 15 August 2006	-	14,839
Dividend paid in respect of financial year ended 31 January 2007:		
- interim (3.5 sen less tax) paid on 31 October 2006	-	15,048
- final (3.5 sen less tax) paid on 15 August 2007	14,978	-
Dividend paid in respect of financial year ending 31 January 2008:		
- interim (3.5 sen less tax) paid on 26 October 2007	14,812	-
- special interim (41.0 sen less tax and 5.0 sen tax exempt) paid on 14 December 2007	202,102	-
	-----	-----
	231,892	29,887
	=====	=====

## 10. Segment Revenue and Segment Result

	Trading RM'000	Quarry & Building Materials RM'000	Financing RM'000	Agricultural Produce RM'000	Property RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
<b>Year Ended</b>								
<b>31 January 2008</b>								
<b>Revenue</b>								
External revenue	1,313,422	245,131	76,771	425,066	181,226	2,840	-	2,244,456
Inter-segment revenue	40,272	34,807	-	-	9,814	-	(84,893)	-
<b>Total revenue</b>	<b>1,353,694</b>	<b>279,938</b>	<b>76,771</b>	<b>425,066</b>	<b>191,040</b>	<b>2,840</b>	<b>(84,893)</b>	<b>2,244,456</b>

### Result

Operating profit	83,327	12,335	49,759	230,721	39,603	(4,521)	(15,494)	395,730
------------------	--------	--------	--------	---------	--------	---------	----------	---------

### Year Ended

#### 31 January 2007

### Revenue

External revenue	1,094,497	149,408	50,963	278,885	156,684	398	-	1,730,835
Inter-segment revenue	35,660	30,120	-	-	8,662	-	(74,442)	-
<b>Total revenue</b>	<b>1,130,157</b>	<b>179,528</b>	<b>50,963</b>	<b>278,885</b>	<b>165,346</b>	<b>398</b>	<b>(74,442)</b>	<b>1,730,835</b>

### Result

Operating profit	21,170	4,313	34,159	124,880	37,961	(5,644)	(13,813)	203,026
------------------	--------	-------	--------	---------	--------	---------	----------	---------

## 11. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

## 12. Effect of Changes in the Composition of the Group during the Interim Period, including Business Combinations, Acquisition or Disposal of Subsidiaries and Long-term Investments, Restructuring and Discontinuing Operations

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

On 12 November 2007, the Company's shareholding in Hap Seng Plantations Holdings Berhad ["HSP"] was diluted from 87.55% to 50.84% with the completion of the initial public offering comprising a public issue of 50 million ordinary shares of RM1.00 each by HSP and offer for sale of 250 million ordinary shares of RM1.00 each in HSP by the Company on even date.

The entire issued and paid-up share capital of HSP comprising 800 million ordinary shares of RM1.00 each was admitted to the Official List of Bursa Malaysia Securities Berhad ["Bursa Securities"] and was listed on the Main Board of Bursa Securities on 16 November 2007.

On 8 January 2008, the Company acquired an additional 5,660,090 ordinary shares of RM1.00 each in HSP through Direct Business Transaction, thereby increasing its shareholding in HSP from 50.84% to 51.55%.

As disclosed in Note 6 of Part A above, the initial public offering resulted in a gain of approximately RM601.6 million to the Group.





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

There was no material event subsequent to the end of the current quarter and up to 26 March 2008, being the last practicable date from the date of the issue of this report which is expected to have an operational or financial impact on the Group.

**14. Changes in Contingent Liabilities or Contingent Assets since the Last Annual Balance Sheet Date**

Since the last annual balance sheet date, the Group has no material contingent liabilities as at 26 March 2008, being the last practicable date from the date of the issue of this report which are expected to have an operational or financial impact on the Group.

The contingent liabilities of the Company as at the end of the current quarter are as follows:

	<b>As at</b> <b>31.1.2008</b>	<b>As at</b> <b>31.1.2007</b>
	RM'000	RM'000
Guarantees to and contingencies relating to borrowings of subsidiaries in respect of balances outstanding	1,430,615 =====	1,143,256 =====

**15. Capital Commitments**

The Group has the following capital commitments:

	<b>As at</b> <b>31.1.2008</b>	<b>As at</b> <b>31.1.2007</b>
	RM'000	RM'000
Contracted but not provided for in this report	30,105	73,632
Authorised but not contracted for	89,201	34,503
	----- 119,306 =====	----- 108,135 =====

**16. Significant Related Party Transactions**

During the current quarter under review and up to 26 March 2008, the Company and its subsidiaries did not enter into any Significant Related Party Transactions nor Recurrent Related Party Transactions that were not included in the Shareholders' mandate obtained on 31 July 2007.

## **PART B**

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

#### **1. Review of Performance**

Revenue for the current quarter under review at RM634.7 million was 49% higher than the preceding year corresponding quarter with higher revenue recorded at Plantation, Credit Financing, Quarry and Building Materials and Fertilizer Trading Divisions. Consequently, Group Operating Profit for the current quarter at RM145.0 million was 123% higher than the preceding year corresponding quarter.

Plantation Division's recorded a significant improvement in performance attributable to higher Crude Palm Oil (CPO) and Palm Kernel (PK) sales volume as well as improved CPO average price of RM2,289/MT (2006/2007: RM1,549/MT) and PK average price of RM1,739/MT (2006/2007: RM917/MT).

Credit Financing Division's performance improved in tandem with the expansion in its loan portfolio. Quarry and Building Materials Division continued to benefit from the expansion of its quarry and building materials trading operations and its ongoing efforts to improve its quarries' production efficiencies. The Fertilizer Trading Division recorded a sterling performance with higher sales volume and improved margins due to higher average selling prices achieved from both the Malaysian and Indonesian markets.

Financing costs were higher mainly due to increase in borrowings to finance the growth in assets employed in the Property, Credit Financing and Fertilizer Trading Divisions.

The current quarter results included other non-operating items of RM601.6 million which were in respect of the gain arising from the initial public offering of 300 million shares in Hap Seng Plantations Holdings Berhad (HSP) in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad on 16 November 2007.

Overall, profit before tax (PBT) and profit after tax (PAT) for the current quarter at RM723.5 million and RM690.2 million were 1,336% and 1,375% higher than the preceding year corresponding quarter whilst PBT and PAT for the current year at RM933.5 million and RM846.9 million were higher than the preceding year by 515% and 602% respectively. Excluding the other non-operating items, PAT for the current quarter and year were higher than the preceding corresponding periods by 89% and 93% respectively.

Basic earnings per share for the current year attributable to shareholders at 139.89 sen was 676% higher than the preceding year of 18.03 sen. Excluding the other non-operating items, basic earnings per share for the current year attributable to shareholders was 33.87 sen and 88% (15.84 sen) higher than the preceding year.

#### **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 RM723.5 million was 598% higher than the preceding quarter of RM103.7 million mainly attributable to the other non-operating items of RM601.6 million in respect of the gain arising from the initial public offering of 300 million HSP shares in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad on 16 November 2007. Excluding the other non-operating items, the Group profit before tax was 31% higher than the preceding quarter due to better performance of Property and Fertilizer Trading Divisions.

#### **3. Current Year Prospects**

The Group anticipates competitive trading conditions to continue in the various market sectors in which it presently operates whilst the Plantation Division is likely to be influenced by Crude Palm Oil price realisations.

#### **4. Variances Between Actual Profit and Forecast Profit**

Any variances between actual profit and forecast profit is not applicable as the Company has not provided any profit forecast in any public document.

5. **Tax Expense**

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>31.1.2008</b>	<b>31.1.2007</b>	<b>31.1.2008</b>	<b>31.1.2007</b>
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	28,479	15,781	84,348	45,920
- deferred tax	4,293	(16,546)	1,769	(16,912)
	-----	-----	-----	-----
	32,772	(765)	86,117	29,008
	-----	-----	-----	-----
In respect of prior year				
- income tax	993	3,002	924	744
- deferred tax	(438)	1,368	(438)	1,368
	-----	-----	-----	-----
	555	4,370	486	2,112
	-----	-----	-----	-----
Real property gains tax				
- current period	-	-	-	6
- prior period	-	-	-	36
	-----	-----	-----	-----
	-	-	-	42
	-----	-----	-----	-----
	33,327	3,605	86,603	31,162
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and year excluding over provision of tax in respect of prior year were lower than the statutory tax rate due to other non-operating items which are non-taxable. Excluding other non-operating items, the Group's effective tax rate for the current quarter and year were both marginally higher than the statutory tax rate due to certain expenses being disallowed for tax purposes. The effective tax rate for preceding year corresponding quarter and year were lower than the statutory tax rate due to adjustment on deferred tax resulting from the reduction in statutory tax rates announced in the Malaysian Budget 2007.

6. **Profits/(Losses) on sale of unquoted investments and/or properties respectively for the current quarter and financial year to date**

There was no disposal of unquoted investment for the current quarter and financial year to date. Sale of properties were in respect of those that were sold in the ordinary course of business and were included in the revenue of the Group.

7. **Purchase or disposal of quoted securities other than securities in existing subsidiaries and associated companies for the current quarter and financial year-to-date**

(a) The Company and the Group did not purchase or dispose of any quoted securities for the current quarter and financial year except for:

(i) the shares bought back by the Company as disclosed in Note 8(a) of Part A; and

(ii) the purchase of 6,517,500 shares in Lam Soon (Thailand) Public Company Limited ["LST"] from the open market at a total cost of RM1.55 million in the previous quarter. Consequently, the Company and the Group's equity interest in LST was increased from 19.21% to 20% thus making it an associated company.

(b) The Group's total investments in quoted shares (excluding existing subsidiaries and associated companies) are as follows:-

	<b>As at</b>	<b>As at</b>
	<b>31.1.2008</b>	<b>31.1.2007</b>
	RM'000	RM'000
(i) At cost	9,907	37,998
(ii) At book value	1,976	23,089
(iii) At market value	4,758	30,501
	=====	=====



**8. Status of Corporate Proposals Announced But Not Completed Not Earlier than Seven (7) Days from the Date of this Report**

There was no corporate proposal announced but not completed as at 26 March 2008.

**9. Borrowings and Debt Securities**

The Group does not have any debt securities. The Group borrowings are all unsecured and denominated in Ringgit (except as otherwise indicated) as follows:

	<b>As at 31.1.2008</b>	<b>As at 31.1.2007</b>
	RM'000	RM'000
Short term - Bankers acceptances	204,782	347,301
- Bank overdrafts	49,465	38,600
- Revolving credits	728,110	487,550
- Term loans	54,073	82,000
- Foreign currency loan (USD63,789,000)	206,518	-
	-----	-----
Long term - Term loans	1,242,948	955,451
	407,777	337,950
	-----	-----
	<u>1,650,725</u>	<u>1,293,401</u>
	=====	=====

**10. Financial Instruments with Off Balance Sheet Risk**

The Group has no off balance sheet financial instruments not recognised in the balance sheet as at 26 March 2008 being a date not earlier than 7 days from the date of this report.

**11. Provision of Financial Assistance**

Money lending operations

(i) The Group's moneylending operations are undertaken by the Company's wholly owned subsidiaries, Hap Seng Credit Sdn Bhd and Hap Seng Automotive Acceptance Sdn Bhd (*formerly known as Capital Chip (M) Sdn Bhd*) in the ordinary course of their business as licensed moneylenders. The aggregate amount of outstanding loans as at 31 January 2008 given by the Company's moneylending subsidiaries are as follows:

	<b>Secured</b> RM'000	<b>Unsecured</b> RM'000	<b>Total</b> RM'000
(a) To companies	1,082,045	-	1,082,045
(b) To individuals	17,057	3,011	20,068
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	6,966	-	6,966
	-----	-----	-----
	1,106,068	3,011	1,109,079
	=====	=====	=====

(ii) The total borrowings of the moneylending subsidiaries are as follows:

	<b>As at</b> <b>31.1.2008</b> RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	1,990
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Bank borrowings *	580,391
(d) Borrowing with other institution (unsecured)	150,000
	-----
	732,381
	=====

\* These are unsecured bank borrowings which are guaranteed by the Company.

(iii) The aggregate amount of loans in default for 3 months or more are as follows:-

	RM'000
(a) Balance as at 1.2.2007	57,556
(b) Loans classified as in default during the financial year	76,782
(c) Loans reclassified as performing during the financial year	(52,520)
(d) Amount recovered	(24,953)
(e) Amount written off	-
(f) Loans converted to securities	-
	-----
(g) Balance as at 31.1.2008	56,865
	=====
(h) Ratio of net loans in default to net loans	5.13%
	=====

## 11. Provision of Financial Assistance (Cont'd)

Money lending operations (Cont'd)

(iv) The top 5 loans are as follows:-

Ranking	Type of Facility	Limit RM'000	Outstanding Principal Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 <sup>st</sup>	Term Loan	25,640	24,849	Yes	29,199	No	120 – 180
	Hire Purchase	3,821	2,757	Yes	2,862	No	36 – 84
		<u>29,461</u>	<u>27,606</u>		<u>32,061</u>		
2 <sup>nd</sup>	Term Loan	22,352	18,083	Yes	29,136	No	60 – 180
3 <sup>rd</sup>	Term Loan	16,811	12,034	Yes	10,212	No	36 – 60
	Hire Purchase	4,755	3,925	Yes	4,482	No	48 – 72
		<u>21,566</u>	<u>15,959</u>		<u>14,694</u>		
4 <sup>th</sup>	Term Loan	17,197	15,025	Yes	25,165	No	60 – 120
	Hire Purchase	412	199	Yes	279	No	36 – 60
		<u>17,609</u>	<u>15,224</u>		<u>25,444</u>		
5 <sup>th</sup>	Term Loan	14,966	14,075	Yes	21,850	No	72 – 84

## 12. Material Litigation

Except for the following, there were no changes in material litigation since the last annual balance sheet date:-

On 24 October 2002, the Company was served with a Writ of Summons ["said Writ"] in the High Court in Sabah and Sarawak at Kota Kinabalu ["Tongod Suit"] wherein the Company was named as the first defendant, Asiatic Development Berhad as the second defendant, Tanjung Bahagia Sdn Bhd as the third defendant, Director of Department of Lands and Surveys, Sabah as the fourth defendant and the Government of the State of Sabah as the fifth defendant. The Tongod Suit was instituted by certain natives of Sabah claiming Native Customary Rights over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan ["the Tongod Land"] or part thereof. The Company had on 9 May 2002 completed its disposal of the Tongod Land to Tanjung Bahagia Sdn Bhd, the wholly-owned subsidiary of Asiatic Development Berhad.

The Company has filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 ["Striking Out Application"].

As announced on 13 June 2003, the learned Deputy Registrar dismissed the Company's Striking Out Application with costs. The Company is appealing against the said decision and the Court had adjourned its original hearing date of 15 April 2005 on the same to another date to be fixed.

The Plaintiffs had earlier filed an application for injunction restraining the second and third defendants from carrying out, inter alia, planting activities on the Tongod Land or part thereof. During the hearing held on 5 July 2004 on the said injunction application, the defendants had raised a preliminary objection to the Court's jurisdiction to determine Native Customary Rights. The Court has yet to fix a new date for decision on the said preliminary objection.

The Company's Solicitors are of the opinion that the Plaintiffs' claim to Native Customary Rights against the alienated land after the issuance of the title is unlikely to succeed.

### 13. Earnings Per Share

- (a) The basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.
- (b) The diluted earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the by weighted average number of ordinary shares in issue during the period, adjusted for the dilutive effects of potential ordinary shares, i.e. share options granted pursuant to the Employees' Share Option Scheme ["ESOS"].

Since the expiry of the ESOS on 12 September 2007, the Company does not have any diluted earnings per share for the current quarter and year.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.1.2008	31.1.2007	31.1.2008	31.1.2007
<b>Profit for the period attributable to equity holders of the Company (RM'000)</b>	666,546	40,968	809,981	106,156
Basic earnings per share (sen)	115.12	6.96	139.89	18.03
Diluted earnings per share (sen)	N/A	6.96 *	N/A	18.03 *
<b>Based on weighted average number of ordinary shares ('000):</b>				
- for Basic earnings per share	579,025	588,906	579,025	588,906
Adjustment for share options	N/A	(509)	N/A	(509)
- for Diluted earnings per share	N/A	588,397	N/A	588,397

*Notes:*

N/A *The Company does not have any diluted earnings per share*

\* *As the diluted earnings per share exceed the basic earnings per share, the anti-dilutive effect is ignored.*

14. **Dividends**

(a) Dividend paid for year ended 31 January 2008

- (i) an interim dividend of 3.5 sen (2007: 3.5 sen) per ordinary share less income tax at 26% (2007: 27%) which was approved by the Board of Directors on 27 September 2007 had been paid on 26 October 2007;
- (ii) a special interim dividend of 41.0 sen per ordinary share less income tax at 26% and a special interim tax exempt dividend of 5.0 sen per ordinary share which were approved by the Board of Directors on 20 November 2007 had been paid on 14 December 2007.

(b) The Board of Directors have on even date proposed a final dividend for year ended 31 January 2008 which is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company as follows:

- (i) Amount per ordinary share of RM1.00 each  
- Final Dividend 7.0 sen less income tax at 25%
- (ii) Previous year corresponding period:  
Amount per ordinary share of RM1.00 each  
- Final Dividend 3.5 sen less income tax at 26%
- (iii) Total dividend for the current financial year: 56.5 sen (2007: 7.0 sen comprising an interim dividend of 3.5 sen per ordinary share less income tax at 27% and final dividend of 3.5 sen per ordinary share less income tax at 26%)

(b) The entitlement and payment date will be determined at a later date.

**BY ORDER OF THE BOARD**

**LEE WEE YONG**  
**CHEAH YEE LENG**  
Secretaries

Kuala Lumpur  
31 March 2008