



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FIRST QUARTER ENDED 31 MARCH 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended * 31.3.2008 RM'000	Preceding Year Corresponding Quarter Ended 30.4.2007 RM'000	Current Year To date Ended * 31.3.2008 RM'000	Preceding Year Corresponding Period 30.4.2007 RM'000
<b>Revenue</b>	418,378	471,060	418,378	471,060
Operating expenses	(318,093)	(415,795)	(318,093)	(415,795)
Other operating income	5,859	3,804	5,859	3,804
<b>Operating profit</b>	106,144	59,069	106,144	59,069
Financing costs	(13,488)	(15,234)	(13,488)	(15,234)
Share of profit of associates	653	398	653	398
<b>Profit before tax</b>	93,309	44,233	93,309	44,233
Tax expense	(24,547)	(11,489)	(24,547)	(11,489)
<b>Profit for the period</b>	68,762	32,744	68,762	32,744
<b>Attributable to:</b>				
Equity holders of the Company	62,085	29,624	62,085	29,624
Minority interests	6,677	3,120	6,677	3,120
<b>Profit for the period</b>	68,762	32,744	68,762	32,744
<b>Earnings per share (sen)</b>				
Basic	11.02	5.02	11.02	5.02
Fully diluted	N/A	5.02	N/A	5.02

\* The current quarter is for a period of 2 months from 1 February 2008 to 31 March 2008, arising from the change in financial year end from 31 January 2009 to 31 December 2008.

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the Interim Financial Statements



# HAP SENG CONSOLIDATED BERHAD (26877-W)

*(Incorporated in Malaysia)*

## CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) FIRST QUARTER ENDED 31 MARCH 2008

	<b>As at End of Current Quarter 31.3.2008</b>	<b>As at Preceding Financial Year End 31.1.2008</b>
	RM'000	RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	649,161	641,785
Biological assets	363,203	363,048
Prepaid lease payments	141,947	142,368
Investment properties	181,495	181,005
Associated companies	101,894	101,241
Other investments	1,976	1,976
Land held for property development	323,678	322,355
Long term receivables	700,688	683,737
Deferred tax assets	10,638	8,117
	-----	-----
	2,474,680	2,445,632
	-----	-----
<b>Current assets</b>		
Inventories	832,647	589,686
Property development costs	218,880	215,086
Receivables	828,420	793,635
Tax recoverable	36,006	32,300
Cash and cash equivalents	197,056	248,220
	-----	-----
	2,113,009	1,878,927
	-----	-----
<b>TOTAL ASSETS</b>	4,587,689	4,324,559
	=====	=====
<b>Equity attributable to equity holders of the Company</b>		
Share capital	622,660	622,660
Reserves	1,614,257	1,551,822
	-----	-----
	2,236,917	2,174,482
Less : Treasury shares	(154,449)	(154,449)
	-----	-----
	2,082,468	2,020,033
<b>Minority interests</b>	258,693	252,016
	-----	-----
<b>TOTAL EQUITY</b>	2,341,161	2,272,049
	-----	-----
<b>Non-current liabilities</b>		
Borrowings	400,240	407,777
Deferred tax liabilities	163,653	164,374
Deferred liabilities	3,040	2,838
	-----	-----
	566,933	574,989
	-----	-----
<b>Current liabilities</b>		
Payables and provisions	217,861	221,301
Tax payable	18,696	13,272
Borrowings	1,443,038	1,242,948
	-----	-----
	1,679,595	1,477,521
	-----	-----
<b>TOTAL LIABILITIES</b>	2,246,528	2,052,510
	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>	4,587,689	4,324,559
	=====	=====
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	3.70	3.58
	=====	=====
Based on number of shares net of treasury shares	563,529,500	563,529,500

*The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008 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) FIRST QUARTER ENDED 31 MARCH 2008

	← Attributable to Equity Holders of the Parent →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
<b>At 1 February 2008</b>	622,660	37,645	1,514,177	(154,449)	2,020,033	252,016	2,272,049
Translation differences	-	350	-	-	350	-	350
Profit for the period	-	-	62,085	-	62,085	6,677	68,762
<b>At 31 March 2008</b>	622,660	37,995	1,576,262	(154,449)	2,082,468	258,693	2,341,161
<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	736	937	-	-	1,673	-	1,673
Cancellation of treasury shares	(736)	(201)	(674)	1,611	-	-	-
Translation differences	-	(1,890)	-	-	(1,890)	-	(1,890)
Profit for the period	-	-	29,624	-	29,624	3,120	32,744
<b>At 30 April 2007</b>	622,660	38,660	968,343	(72,193)	1,557,470	167,007	1,724,477

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 January 2008 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 PERIOD ENDED 31 MARCH 2008

	<b>For Current Year Period Ended 31.3.2008 RM'000</b>	<b>For Preceding Year Period Ended 30.4.2007 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	93,309	44,233
Adjustments for:		
Non-cash items	7,268	9,785
Non-operating items	(655)	(672)
Net interest expense	12,791	14,911
	-----	-----
Operating profit before working capital changes	112,713	68,257
Net changes in working capital	(269,882)	(14,370)
Net changes in loan receivables	(36,906)	(64,138)
Net tax paid	(20,267)	(9,166)
Net interest paid	(12,791)	(14,911)
Land held for property development	(1,323)	(5,097)
	-----	-----
<b>Net cash used in operating activities</b>	(228,456)	(39,425)
	-----	-----
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	157	680
Purchase of property, plant and equipment	(14,409)	(13,773)
Additions to biological assets	(155)	(87)
Additions to prepaid lease payments	-	(502)
Redevelopment/refurbishment of investment properties	(490)	(2,101)
	-----	-----
<b>Net cash used in investing activities</b>	(14,897)	(15,783)
	-----	-----
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	194,638	57,463
Issue of shares pursuant to ESOS exercised	-	1,673
	-----	-----
<b>Net cash generated from financing activities</b>	194,638	59,136
	-----	-----
<b>Net (decrease)/increase in cash and cash equivalents</b>	(48,715)	3,928
Effects on exchange rate changes	(364)	(2,057)
<b>Cash and cash equivalents at beginning of period</b>	198,755	18,217
	-----	-----
<b>Cash and cash equivalents at end of period</b>	149,676	20,088
	=====	=====

For purposes of Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts and comprise the following:

Deposits with licensed banks	128,468	10,257
Cash in hand and at bank	68,588	28,175
Bank overdrafts	(47,380)	(18,344)
	-----	-----
	149,676	20,088
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the Interim Financial Statements

## **PART A**

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

#### **1. Basis of Preparation**

This interim financial report has been prepared in accordance with the requirements of FRS 134 “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 2008.

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for year ended 31 January 2008 except for the adoption of the following revised FRSs which are effective for financial period beginning on or after 1 July 2007:

FRS 107 Cash Flows Statements  
FRS 112 Income Taxes  
FRS 118 Revenue  
FRS 134 Interim Financial Reporting  
FRS 137 Provisions, Contingent Liabilities and Contingent Assets  
Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates

The adoption of the above revised FRSs and amendment to FRS do not have any significant financial impact on the Group.

#### **2. Change in Financial Year End**

On 8 January 2008, the Company announced the change of its financial year end from 31 January 2009 to 31 December 2008 to be coterminous with the financial year end of its holding company. Consequently, the financial statements of the current financial period will be for a period of 11 months from 1 February 2008 to 31 December 2008. The first interim financial report for current financial period ended 31 December 2008 will be for the two months ended 31 March 2008 and thereafter the subsequent interim financial reports will be for the quarter ending 30 June 2008, 30 September 2008 and 31 December 2008 respectively.

#### **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 2008 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 quarter attributable to the timing of seasonal festive period and wet weather conditions.
- (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. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years**

There were no changes in estimates of amounts reported in prior financial year.

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

(a) Share buy back by the Company

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

(b) As at 31 March 2008, the Company has 59,130,500 ordinary shares held as treasury shares and the issued and paid up share capital of the Company remained unchanged at 622,660,000 ordinary shares of RM1.00 each.

**8. Dividends Paid**

There was no dividend paid out of shareholders' equity for the ordinary shares during the current quarter under review.

**9. Segment Revenue and Segment Result**

	<b>Trading</b> RM'000	<b>Quarry &amp; Building Materials</b> RM'000	<b>Financing</b> RM'000	<b>Agricultural Produce</b> RM'000	<b>Property</b> RM'000	<b>Investment Holding</b> RM'000	<b>Eliminations</b> RM'000	<b>Consolidated</b> RM'000
<b><u>2-month</u></b>								
<b><u>Period Ended</u></b>								
<b><u>31 March 2008</u></b>								
<b>Revenue</b>								
External revenue	275,237	47,670	14,046	45,794	35,631	-	-	418,378
Inter-segment revenue	6,538	3,600	-	-	2,130	-	(12,268)	-
<b>Total revenue</b>	<b>281,775</b>	<b>51,270</b>	<b>14,046</b>	<b>45,794</b>	<b>37,761</b>	<b>-</b>	<b>(12,268)</b>	<b>418,378</b>
<b>Result</b>								
Operating profit	71,431	2,045	9,594	18,593	8,409	(1,750)	(2,178)	106,144
<b><u>3-month</u></b>								
<b><u>Period Ended</u></b>								
<b><u>30 April 2007</u></b>								
<b>Revenue</b>								
External revenue	295,382	44,745	18,809	74,555	37,569	-	-	471,060
Inter-segment revenue	7,593	8,108	-	-	2,288	-	(17,989)	-
<b>Total revenue</b>	<b>302,975</b>	<b>52,853</b>	<b>18,809</b>	<b>74,555</b>	<b>39,857</b>	<b>-</b>	<b>(17,989)</b>	<b>471,060</b>
<b>Result</b>								
Operating profit	2,962	2,613	13,269	37,160	8,091	(1,799)	(3,227)	59,069

**10. 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.



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

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

- (a) On 4 March 2008, the Company received a written notification on the incorporation of the Company's wholly-owned subsidiary, Hap Seng Consolidated Financial Lease & Rental (China) Co Ltd ["HSCFR"] in the People's Republic of China. HSCFR was incorporated on 29 February 2008 with an authorized capital of United States Dollar Twenty Million (USD 20 million). The aforementioned incorporation was announced by the Company on even date.
- (b) On 18 March 2008, Hap Seng Building Materials Holdings Sdn Bhd (formerly known as Hap Seng Trading Sdn Bhd), a wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of Hap Seng Clay Products Sdn Bhd (*formerly known as My Progress Sdn Bhd*) comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. The aforementioned acquisition was announced by the Company on even date.
- (c) On 18 March 2008, Hap Seng Building Materials Holdings Sdn Bhd (formerly known as Hap Seng Trading Sdn Bhd), a wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of Western Works Industries Sdn Bhd comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. The aforementioned acquisition was announced by the Company on even date.

The above changes in the composition of the Group do not have any significant financial effect on the Group.

**12. 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 16 May 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.

**13. 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 16 May 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 31.3.2008</b>	<b>As at 31.1.2008</b>
	RM'000	RM'000
Guarantees to and contingencies relating to borrowings of subsidiaries in respect of balances outstanding	1,629,945 =====	1,430,615 =====

**14. Capital Commitments**

The Group has the following capital commitments:

	<b>As at 31.3.2008</b>	<b>As at 31.1.2008</b>
	RM'000	RM'000
Contracted but not provided for in this report	43,932	30,105
Authorised but not contracted for	81,142	89,201
	-----	-----
	125,074 =====	119,306 =====

**15. Significant Related Party Transactions**

During the current quarter under review and up to 16 May 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**

Resulting from the change in financial year end as mentioned in Part A Note 2, the current quarter results was for the two months period ended 31 March 2008.

Revenue for the current period under review at RM418.4 million was 11% lower than the preceding year corresponding quarter ended 30 April 2007 mainly due to the shorter reporting period of two months for the current quarter. Nevertheless, Group Operating Profit for the current period at RM106.1 million was 80% higher than the preceding year corresponding quarter mainly attributable to the significant contribution from Fertilizer Trading Division.

Generally, Operating Profit of all Divisions except for Fertilizer trading and Property Divisions were affected by the shorter period of reporting for the current quarter.

The Fertilizer Trading Division recorded another sterling performance in the current period with improved margins due to higher average selling prices achieved from both the Malaysian and Indonesian markets and inventory management. Property Division benefited from improved rental yields at Menara Hap Seng with its refurbishment being close to completion.

Apart from the shorter period of reporting, Plantation Division's performance was also affected by lower Crude Palm Oil (CPO) sales volume due to lower production of Fresh Fruit Bunches (FFB) attributable to the seasonal yield trend and changes in cropping pattern as well as delay in deliveries of CPO resulting from the wet weather conditions. Consequent to the delay in deliveries of CPO, closing stock of CPO as at 31 March 2008 has increased by approximately 8,000 tonnes as compared to 31 January 2008. Nevertheless, the lower sales volume was mitigated somewhat by the improvement in Crude Palm Oil (CPO) and Palm Kernel (PK) average selling price at RM2,431 per tonne and RM1,995 per tonne as compared to the preceding year corresponding quarter ended 30 April 2007 of RM1,730 per tonne and RM1,066 per tonne respectively.

Credit Financing Division continued to expand its loan portfolio in the current period whilst controlling its non-performing loans position. 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.

Overall, Group profit before tax (PBT) and profit after tax (PAT) for the current period at RM93.3 million and RM68.8 million were 111% and 110% higher than the preceding year corresponding quarter. Basic earnings per share for the current period attributable to shareholders, at 11.02 sen was 120% higher than the preceding year corresponding quarter of 5.02 sen.

#### **2. Comments on Material Changes in the Profit Before Tax for the Quarter Reported as Compared with the Preceding Quarter**

Group profit before tax for the current quarter at RM93.3 million was lower than the preceding quarter of RM723.5 million. The preceding quarter's results included 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.

Excluding the other non-operating items in the preceding quarter, Group profit before tax for the current quarter was 23% lower than the preceding quarter. This was mainly attributable to the shorter reporting period of two months for the current quarter and the lower CPO sales volume at the Plantation Division due to lower FFB production attributable to the seasonal yield trend and changes in cropping pattern, and delay in deliveries of CPO resulting from the adverse weather conditions which was offset by the improved performance at the Fertilizer Trading Division.





**3. Current Year Prospects**

The Group anticipates competitive trading conditions to continue in the various market sectors in which it operates. Nevertheless, Group performance for the current financial period is expected to show significant improvement in particular the Fertilizer Trading and Plantation Divisions.

**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>31.3.2008</b>	<b>30.4.2007</b>	<b>31.3.2008</b>	<b>30.4.2007</b>
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
-income tax	27,816	10,522	27,816	10,522
- deferred tax	(3,269)	967	(3,269)	967
	-----	-----	-----	-----
	24,547	11,489	24,547	11,489
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and preceding year corresponding quarter were close to the statutory tax rate.

**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 under review.

(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>31.3.2008</b>	<b>31.1.2008</b>
	RM'000	RM'000
(i) At cost	9,907	9,907
(ii) At book value	1,976	1,976
(iii) At market value	6,166	4,758
	=====	=====

**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 16 May 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:

	← As at 31.3.2008 →			← As at 31.1.2008 →		
	Denominated in RM RM'000	USD RM'000	Total RM'000	Denominated in RM RM'000	USD RM'000	Total RM'000
Short term - Bankers acceptances	190,544	-	190,544	204,782	-	204,782
- Bank overdrafts	47,380	-	47,380	49,465	-	49,465
- Revolving credits	762,700	6,332	769,032	721,700	6,410	728,110
- Term loans	54,943	-	54,943	54,073	-	54,073
- Foreign currency loan	-	381,139	381,139	-	206,518	206,518
	-----	-----	-----	-----	-----	-----
Long term - Term loans	1,055,567	387,471	1,443,038	1,030,020	212,928	1,242,948
	400,240	-	400,240	407,777	-	407,777
	-----	-----	-----	-----	-----	-----
	1,455,807	387,471	1,843,278	1,437,797	212,928	1,650,725
	=====	=====	=====	=====	=====	=====

## 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 16 May 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 March 2008 given by the Company's moneylending subsidiaries are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) To companies	1,119,646	-	1,119,646
(b) To individuals	17,605	2,859	20,464
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	7,037	-	7,037
	-----	-----	-----
	1,144,288	2,859	1,147,147
	=====	=====	=====

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

	As at 31.3.2008 RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	2,290
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Bank borrowings *	612,548
(d) Borrowing with other institution (unsecured)	150,000
	-----
	764,838
	=====

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

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

Money lending operations (Cont'd)

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

	RM'000
(a) Balance as at 1.2.2008	53,482
(b) Loans classified as in default during the financial year	14,760
(c) Loans reclassified as performing during the financial year	(14,562)
(d) Amount recovered	(2,526)
(e) Amount written off	-
(f) Loans converted to securities	-
	-----
(g) Balance as at 31.3.2008	51,154
	=====
 (h) Ratio of net loans in default to net loans	 4.46%
	=====

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

Ranking	Type of Facility	Limit RM'000	Outstanding 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	25,332	Yes	29,199	No	120 – 180
	Hire Purchase	3,821	2,545	Yes	3,123	No	36 – 84
		29,461	27,877		32,322		
2 <sup>nd</sup>	Term Loan	22,352	19,326	Yes	29,136	No	60 – 180
3 <sup>rd</sup>	Term Loan	27,000	15,465	Yes	18,400	No	60
	Term Loan	3,000	2,780	No	-	No	36
	Hire Purchase	478	177	Yes	503	No	36
		30,478	18,422		18,903		
4 <sup>th</sup>	Term Loan	16,396	11,387	Yes	9,449	No	36 – 60
	Hire Purchase	4,676	3,710	Yes	3,981	No	48 – 72
		21,072	15,097		13,430		
5 <sup>th</sup>	Term Loan	17,197	14,862	Yes	25,165	No	60 – 120
	Hire Purchase	450	217	Yes	305	No	36 – 60
		17,647	15,079		25,470		

## 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 fixed 20 June 2008 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 financial period.

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.3.2008	30.4.2007	31.3.2008	30.4.2007
<b>Profit for the period attributable to equity holders of the Company (RM'000)</b>	62,085	29,624	62,085	29,624
Basic earnings per share (sen)	11.02	5.02	11.02	5.02
Diluted earnings per share (sen)	N/A	5.02	N/A	5.02
<b>Based on weighted average number of ordinary shares ('000):</b>				
- for Basic earnings per share	563,530	589,569	563,530	589,569
Adjustment for share options	N/A	554	N/A	554
- for Diluted earnings per share	N/A	590,123	N/A	590,123

Notes:

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



**14. Dividends**

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

**BY ORDER OF THE BOARD**

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

Kuala Lumpur  
22 May 2008