



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) SECOND QUARTER ENDED 30 JUNE 2008

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30.6.2008 RM'000	Preceding Year Corresponding Quarter Ended 31.7.2007 RM'000	Current Year To date Ended * 30.6.2008 RM'000	Preceding Year Corresponding Period 31.7.2007 RM'000
Revenue	921,505	571,711	1,339,883	1,042,771
Operating expenses	(691,707)	(499,759)	(1,009,800)	(915,554)
Other operating income	7,605	3,938	13,464	7,742
Operating profit	237,403	75,890	343,547	134,959
Financing costs	(21,563)	(16,333)	(35,051)	(31,567)
Other non-operating items	-	1,978	-	1,978
Share of profit of associates	3,759	494	4,412	892
Profit before tax	219,599	62,029	312,908	106,262
Tax expense	(53,516)	(16,728)	(78,063)	(28,217)
Profit for the period	166,083	45,301	234,845	78,045
Attributable to:				
Equity holders of the Company	145,729	41,670	207,814	71,294
Minority interests	20,354	3,631	27,031	6,751
Profit for the period	166,083	45,301	234,845	78,045
Earnings per share (sen)				
Basic	25.86	7.14	36.88	12.22
Fully diluted	N/A	7.14	N/A	12.22

* The cumulative quarter ended 30 June 2008 is for a period of 5 months from 1 February 2008 to 30 June 2008, arising from the change in financial year end from 31 January 2009 to 31 December 2008 whilst the preceding year corresponding period was for a period of 6 months from 1 February 2007 to 31 July 2007.

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) SECOND QUARTER ENDED 30 JUNE 2008

	As at End of Current Quarter 30.6.2008	As at Preceding Financial Year End 31.1.2008
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	655,150	641,785
Biological assets	363,508	363,048
Prepaid lease payments	152,821	142,368
Investment properties	193,935	181,005
Associates	104,175	101,241
Other investments	1,976	1,976
Land held for property development	326,341	322,355
Long term receivables	715,946	683,737
Deferred tax assets	14,763	8,117
	-----	-----
	2,528,615	2,445,632
	-----	-----
Current assets		
Inventories	1,032,882	589,686
Property development costs	244,784	215,086
Receivables	1,031,550	793,635
Tax recoverable	25,653	32,300
Cash and cash equivalents	214,045	248,220
	-----	-----
	2,548,914	1,878,927
	-----	-----
TOTAL ASSETS	5,077,529	4,324,559
	=====	=====
Equity attributable to equity holders of the Company		
Share capital	622,660	622,660
Reserves	1,737,439	1,551,822
	-----	-----
	2,360,099	2,174,482
Less : Treasury shares	(154,452)	(154,449)
	-----	-----
	2,205,647	2,020,033
	-----	-----
Minority interests	258,296	252,016
	-----	-----
TOTAL EQUITY	2,463,943	2,272,049
	-----	-----
Non-current liabilities		
Borrowings	461,119	407,777
Deferred tax liabilities	162,590	164,374
Deferred liabilities	707	2,838
	-----	-----
	624,416	574,989
	-----	-----
Current liabilities		
Payables and provisions	247,244	221,301
Tax payable	49,965	13,272
Borrowings	1,662,376	1,242,948
Dividends payable	29,585	-
	-----	-----
	1,989,170	1,477,521
	-----	-----
TOTAL LIABILITIES	2,613,586	2,052,510
	-----	-----
TOTAL EQUITY AND LIABILITIES	5,077,529	4,324,559
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)		
	3.91	3.58
	=====	=====
Based on number of shares net of treasury shares	563,528,500	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) SECOND QUARTER ENDED 30 JUNE 2008

	← Attributable to Equity Holders of the Company →				Total	Minority Interests	Total Equity
	Share Capital RM'000	Non-distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
At 1 February 2008	622,660	37,645	1,514,177	(154,449)	2,020,033	252,016	2,272,049
Purchase of treasury shares	-	-	-	(3)	(3)	(6)	(9)
Change of interests in a subsidiary	-	-	-	-	-	(1,366)	(1,366)
Translation differences	-	7,388	-	-	7,388	-	7,388
Profit for the period	-	-	207,814	-	207,814	27,031	234,845
Dividend	-	-	(29,585)	-	(29,585)	(19,379)	(48,964)
At 30 June 2008	622,660	45,033	1,692,406	(154,452)	2,205,647	258,296	2,463,943
At 1 February 2007	622,660	39,814	939,393	(73,804)	1,528,063	163,887	1,691,950
Exercise of ESOS	3,968	5,038	-	-	9,006	-	9,006
Cancellation of treasury shares	(3,968)	(1,070)	(3,650)	8,688	-	-	-
Purchase of treasury shares	-	-	-	(49,240)	(49,240)	-	(49,240)
Reserves realised upon liquidation of a subsidiary	-	1,349	(1,349)	-	-	-	-
Acquisition of associate	-	-	1,976	-	1,976	-	1,976
Translation differences	-	(2,625)	-	-	(2,625)	-	(2,625)
Profit for the period	-	-	71,294	-	71,294	6,751	78,045
Dividend	-	-	(14,978)	-	(14,978)	(1,829)	(16,807)
At 31 July 2007	622,660	42,506	992,686	(114,356)	1,543,496	168,809	1,712,305

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 30 JUNE 2008

	For Current Year Period Ended 30.6.2008	For Preceding Year Period Ended 31.7.2007
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	312,908	106,262
Adjustments for:		
Non-cash items	18,745	19,210
Non-operating items	(4,770)	(3,619)
Dividend income	-	(2,840)
Net interest expense	33,300	30,497
	-----	-----
Operating profit before working capital changes	360,183	149,510
Net changes in working capital	(662,698)	(77,398)
Net changes in loan receivables	(77,441)	(158,969)
Net tax paid	(37,249)	(15,169)
Net interest paid	(33,300)	(30,497)
Land held for property development	(2,544)	(16,131)
	-----	-----
Net cash used in operating activities	(453,049)	(148,654)
	-----	-----
Cash flows from investing activities		
Dividends received from associate	1,478	3,217
Proceeds from disposal of property, plant and equipment	1,207	2,531
Acquisition of quoted investments	-	(1,555)
Acquisition of shares in a subsidiary from minority interests	(1,366)	-
Purchase of property, plant and equipment	(34,040)	(30,087)
Additions to biological assets	(460)	(150)
Additions to prepaid lease payments	(11,408)	(502)
Redevelopment/refurbishment of investment properties	(12,246)	(9,775)
	-----	-----
Net cash used in investing activities	(56,835)	(36,321)
	-----	-----
Cash flows from financing activities		
Dividends paid to minority interests	-	(1,829)
Proceeds from borrowings	471,003	265,603
Issue of shares pursuant to ESOS exercised	-	9,006
Shares repurchased at cost	(9)	(49,240)
	-----	-----
Net cash generated from financing activities	470,994	223,540
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(38,890)	38,565
Effects on exchange rate changes	2,948	(2,680)
Cash and cash equivalents at beginning of period	198,755	18,217
	-----	-----
Cash and cash equivalents at end of period	162,813	54,102
	=====	=====

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

Deposits with licensed banks	167,845	38,871
Cash in hand and at bank	46,200	40,313
Bank overdrafts	(51,232)	(25,082)
	-----	-----
	162,813	54,102
	=====	=====

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 "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 ending 31 December 2008 was for the two months ended 31 March 2008, the second interim financial report is for the quarter ended 30 June 2008 and thereafter the subsequent interim financial reports will be for the quarter ending 30 September 2008 and 31 December 2008 respectively. Resulting from this change, the cumulative quarter ended 30 June 2008 is for a period of five months.

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. Other non-operating items

The other non-operating items of RM1.98 million in the previous year corresponding period were in respect of net reversal of impairment losses in associated companies.

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	
April 2008	-	-	-	-	-	-
May 2008	-	-	-	-	-	-
June 2008	1,000	2.7400	2.7400	2.7838	2,783.83	-
Total	1,000	2.7400	2.7400	2.7838	2,783.83	-

During the current quarter under review, 1,000 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) As at 30 June 2008, the Company has 59,131,500 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.

9. Dividends Paid

The total dividend payable out of shareholders' equity for the ordinary shares during the period is as follows:

	Cumulative Quarter Ended	
	30.6.2008	31.7.2007
	RM'000	RM'000
Dividend in respect of financial year ended 31 January 2007:		
- final (3.5 sen less tax) paid on 15 August 2007	-	14,978
Dividend in respect of financial year ended 31 January 2008:		
- final (7.0 sen less tax) approved by shareholders on 24 June 2008 and paid on 15 July 2008	29,585	-
	-----	-----
	29,585	14,978
	=====	=====

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
5-month								
Period Ended								
30 June 2008								
Revenue								
External revenue	908,108	143,563	36,174	169,227	82,811	-	-	1,339,883
Inter-segment revenue	18,771	11,112	-	-	5,329	-	(35,212)	-
Total revenue	926,879	154,675	36,174	169,227	88,140	-	(35,212)	1,339,883
Result								
Operating profit	225,455	6,730	24,807	75,822	21,443	(5,719)	(4,991)	343,547

10. **Segment Revenue and Segment Result (Cont'd)**

	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
6-month								
Period Ended								
31 July 2007								
Revenue								
External revenue	650,758	103,406	35,863	163,477	86,427	2,840	-	1,042,771
Inter-segment revenue	17,613	14,624	-	-	4,649	-	(36,886)	-
Total revenue	668,371	118,030	35,863	163,477	91,076	2,840	(36,886)	1,042,771
Result								
Operating profit	16,425	5,028	24,058	78,148	18,759	(1,058)	(6,401)	134,959

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**

On 12 June 2008, Hap Seng Plantations Holdings Berhad ["HSP"], the 51.55% listed subsidiary of the Company entered into a conditional sale of shares agreement ["SSA"] to acquire the entire issued and paid-up share capital of Bumilaju Construction Sdn Bhd ["Bumilaju"] comprising 1,000,000 ordinary shares of RM1.00 each at a purchase consideration of RM27 million on the terms and conditions contained in the SSA. Upon completion of the SSA, Bumilaju will become a wholly-owned subsidiary of the HSP and HSP will assume a RM15 million liability owing by Bumilaju. The proposed acquisition of Bumilaju is in the ordinary course of business of HSP with the objective of expanding its plantation activities. The aforementioned acquisition was announced by HSP on even date and has not been completed as at the date of this report.

Except as disclosed above, the above change in the composition of the Group will not have any significant financial effect on 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 22 August 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 22 August 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:

	As at 30.6.2008	As at 31.1.2008
	RM'000	RM'000
Guarantees to and contingencies relating to borrowings of subsidiaries in respect of balances outstanding	1,910,162 =====	1,430,615 =====



15. Capital Commitments

The Group has the following capital commitments:

	As at 30.6.2008	As at 31.1.2008
	RM'000	RM'000
Contracted but not provided for in this report	40,369	30,105
Authorised but not contracted for	79,561	89,201
	-----	-----
	119,930	119,306
	=====	=====

16. Significant Related Party Transactions

During the current quarter under review and up to 22 August 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 and 24 June 2008.

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 RM921.5 million was 61% higher than the preceding year corresponding quarter ended 31 July 2007. Except for Automotive Division, all Divisions contributed to the increase in revenue with the most significant increase from Fertilizer Trading Division. Consequently, Group Operating Profit for the current quarter at RM237.4 million was RM161.5 million (213%) higher than the preceding year corresponding quarter.

The Fertilizer Trading Division continued to record a sterling performance in the current quarter with improved margins, benefiting from good inventory planning and management as well as higher average selling prices achieved from both the Malaysian and Indonesian markets.

Plantation Division's recorded an improvement in performance attributable to higher Crude Palm Oil (CPO) sales volume and higher CPO and Palm Kernel (PK) average selling price at RM2,573 per tonne and RM1,931 per tonne as compared to the preceding year corresponding quarter ended 31 July 2007 of RM2,009 per tonne and RM1,375 per tonne respectively. Sales volume of CPO for the current quarter was higher, generally due to clearance of backlog deliveries from the previous quarter which were affected by wet weather conditions.

Property Division's performance also showed improvement over the preceding year corresponding quarter mainly attributable to the near to full occupancy of Menara Hap Seng which is located in the Golden Triangle of Kuala Lumpur.

Automotive Division's performance was impacted by lower sales of logging trucks due to the soft timber market resulting in a lower operating profit.

Credit Financing Division's performance showed marginal improvement as it slows down on its loan growth.

Quarry and Building Materials Division recorded a marked improvement in performance in the current quarter as it 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 5-month period ended 30 June 2008 at RM312.9 million and RM234.8 million were 194% and 201% higher than the preceding year 6-month period ended 31 July 2007 in spite of a shorter reporting period resulting from the change in financial year end as explained in Part A Note 2. Consequently, basic earnings per share for the current period to date attributable to shareholders, at 36.88 sen was 205% higher than the preceding year 6-month period ended 31 July 2007 of 12.22 sen.

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

Group profit before tax for the current quarter at RM219.6 million was 135% higher than the preceding quarter of RM93.3 million which was for a two month period. Apart from the shorter period of reporting in the preceding quarter, the better performance in the current quarter was generally due to the improved performance by all Divisions with significant contribution from Fertilizer Trading and Plantation Divisions.

3. Current Year Prospects

The Group anticipates slow economic growth and 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**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2008	31.7.2007	30.6.2008	31.7.2007
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	58,655	15,767	86,471	26,289
- deferred tax	(3,215)	961	(6,484)	1,928
	-----	-----	-----	-----
	55,440	16,728	79,987	28,217
In respect of prior year				
- deferred tax	(1,924)	-	(1,924)	-
	-----	-----	-----	-----
	53,516	16,728	78,063	28,217
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and period ended 30 June 2008 excluding under provision of tax in respect of prior year were close to the statutory tax rate. The effective tax rate for preceding year corresponding quarter and period ended 31 July 2007 were higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

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 to date except for shares bought back by the Company as disclosed in Note 8(a) of Part A.

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

	As at 30.6.2008	As at 31.1.2008
	RM'000	RM'000
(i) At cost	9,907	9,907
(ii) At book value	1,976	1,976
(iii) At market value	5,227	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 22 August 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 30.6.2008 →			← As at 31.1.2008 →		
	Denominated in		Total	Denominated in		Total
	RM	USD		RM	USD	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Short term - Bankers acceptances	204,703	5,003	209,706	204,782	-	204,782
- Bank overdrafts	51,232	-	51,232	49,465	-	49,465
- Revolving credits	690,200	54,944	745,144	721,700	6,410	728,110
- Term loans	141,813	-	141,813	54,073	-	54,073
- Foreign currency loan	-	514,481	514,481	-	206,518	206,518
	-----	-----	-----	-----	-----	-----
Long term - Term loans	1,087,948	574,428	1,662,376	1,030,020	212,928	1,242,948
	461,119	-	461,119	407,777	-	407,777
	-----	-----	-----	-----	-----	-----
	1,549,067	574,428	2,123,495	1,437,797	212,928	1,650,725
	=====	=====	=====	=====	=====	=====

10. Financial Instruments with Off Balance Sheet Risk

The Group entered into forward foreign exchange contracts where appropriate to limit its exposure on receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. The fair value of forward foreign currency contracts is the estimated amount in which the Group would expect to pay on the termination of the outstanding position arising from such contracts. The fair value of such contracts is determined by reference to the difference between contracted forward exchange rate and the spot rate on that date. The settlement date of these contracts range between 1 and 6 months.

The nominal amount and net fair value of financial instruments not recognised in the balance sheet as at 22 August 2008 being a date not earlier than 7 days from the date of this report are:

	Nominal amount	Amount at spot rate	Net fair value
	RM'000	RM'000	RM'000
Forward foreign exchange contracts			
Liabilities	12,321	12,458	137
	=====	=====	=====

The Group has no significant concentrations of credit and market risks in relation to the above off balance sheet financial instruments as the forward foreign exchange contracts are entered into with reputable financial institutions and are not used for speculative purposes.

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 in the ordinary course of their business as licensed moneylenders. The aggregate amount of outstanding loans as at 30 June 2008 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	1,163,443	-	1,163,443
(b) To individuals	25,157	2,628	27,785
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	6,576	-	6,576
	-----	-----	-----
	1,195,176	2,628	1,197,804
	=====	=====	=====

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

	As at
	30.6.2008
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	2,990
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	577,928
(d) Borrowings with other non-bank financial intermediaries	
(i) unsecured	150,000
(ii) unsecured - guaranteed by the Company	99,999

	830,917
	=====

- (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	55,918
(c) Loans reclassified as performing during the financial year	(23,233)
(d) Amount recovered	(7,040)
(e) Amount written off	-
(f) Loans converted to securities	-

(g) Balance as at 30.6.2008	79,127
	=====
(h) Ratio of net loans in default to net loans	6.61%
	=====

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 Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 st	Term Loan	26,000	25,674	Yes	29,199	No	120 – 180
	Hire Purchase	3,821	2,569	Yes	3,123	No	36 – 84
		-----	-----		-----		
		29,821	28,243		32,322		
		-----	-----		-----		
2 nd	Term Loan	22,352	19,726	Yes	29,136	No	60 – 180
3 rd	Term Loan	27,000	13,996	Yes	22,400	No	60
	Term Loan	3,000	2,552	No	-	No	36
	Hire Purchase	478	135	Yes	482	No	36
		-----	-----		-----		
		30,478	16,683		22,882		
		-----	-----		-----		
4 th	Term Loan	17,197	14,556	Yes	20,018	No	60 – 120
	Hire Purchase	400	187	Yes	391	No	36 – 60
		-----	-----		-----		
		17,597	14,743		20,409		
		-----	-----		-----		
5 th	Term Loan	16,147	10,513	Yes	8,529	No	36 – 60
	Hire Purchase	5,271	3,922	Yes	4,391	No	48 – 72
		-----	-----		-----		
		21,418	14,435		12,920		
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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. Pursuant to the hearing of the Defendant’s preliminary objection on 5 July 2004, the Court has on 20 June 2008 upheld the said preliminary objection and dismissed the Tongod Suit with costs awarded to the Defendants [“the said Decision”]. The Plaintiffs had on 7 July 2008 filed their Notice of Appeal to the Court of Appeal appealing against the said Decision.

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 the 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 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	
	30.6.2008	31.7.2007	30.6.2008	31.7.2007
Profit for the period attributable to equity holders of the Company (RM'000)	145,729	41,670	207,814	71,294
Basic earnings per share (sen)	25.86	7.14	36.88	12.22
Diluted earnings per share (sen)	N/A	7.14	N/A	12.22
Based on weighted average number of ordinary shares ('000):				
- for Basic earnings per share	563,529	583,351	563,529	583,351
Adjustment for share options	N/A	160	N/A	160
- for Diluted earnings per share	N/A	583,511	N/A	583,511

Notes:

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

14. Dividends

- (a) The Board of Directors approved the following interim dividend for the financial period ending 31 December 2008:
- (i) Amount per ordinary share of RM1.00 each
- Interim Dividend 5.0 sen less income tax at 25%
 - (ii) Previous year corresponding quarter:
Amount per ordinary share of RM1.00 each
- Interim Dividend 3.5 sen less income tax at 26%
 - (iii) Total dividend approved to date for the current financial period:
Amount per ordinary share of RM1.00 each 5.0 sen less income tax at 25%
(31.1.2008: 3.5 sen 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
26 August 2008