



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31.12.2008 RM'000	Preceding Year Corresponding Quarter Ended 31.1.2008 RM'000	Current Year To date Ended * 31.12.2008 RM'000	Preceding Year Corresponding Period 31.1.2008 RM'000
Revenue	742,599	634,664	3,146,209	2,244,456
Operating expenses	(741,483)	(498,005)	(2,601,469)	(1,871,824)
Other operating income	15,807	8,374	34,556	23,098
Operating profit	16,923	145,033	579,296	395,730
Financing costs	(23,978)	(24,023)	(86,451)	(77,766)
Other non-operating items	-	601,568	2,252	613,849
Share of profit of associates	493	918	8,285	1,648
Profit/(Loss) before tax	(6,562)	723,496	503,382	933,461
Tax expense	8,276	(33,327)	(126,163)	(86,603)
Profit for the period	1,714	690,169	377,219	846,858
Attributable to:				
Equity holders of the Company	(11,275)	666,546	313,975	809,981
Minority interests	12,989	23,623	63,244	36,877
Profit for the period	1,714	690,169	377,219	846,858
Earnings per share (sen)				
Basic	(2.00)	115.12	55.72	139.89
Fully diluted	N/A	N/A	N/A	N/A

* The cumulative quarter ended 31 December 2008 was for a period of 11 months from 1 February 2008 to 31 December 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 12 months from 1 February 2007 to 31 January 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) FOURTH QUARTER ENDED 31 DECEMBER 2008

	As at End of Current Quarter 31.12.2008	As at Preceding Financial Year End 31.1.2008
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	683,451	641,785
Biological assets	393,690	363,048
Prepaid lease payments	190,780	142,368
Investment properties	191,410	181,005
Associates	96,618	101,241
Other investments	-	1,976
Land held for property development	290,562	322,355
Long term receivables	702,462	683,737
Deferred tax assets	22,195	8,117
	-----	-----
	2,571,168	2,445,632
	-----	-----
Current assets		
Inventories	1,290,147	589,686
Property development costs	283,144	215,086
Receivables	1,024,782	793,635
Tax recoverable	30,502	32,300
Cash and cash equivalents	345,436	248,220
	-----	-----
	2,974,011	1,878,927
	-----	-----
TOTAL ASSETS	5,545,179	4,324,559
	=====	=====
Equity attributable to equity holders of the Company		
Share capital	622,660	622,660
Reserves	1,834,244	1,551,822
	-----	-----
	2,456,904	2,174,482
Less : Treasury shares	(154,454)	(154,449)
	-----	-----
	2,302,450	2,020,033
Minority interests	275,126	252,016
	-----	-----
TOTAL EQUITY	2,577,576	2,272,049
	-----	-----
Non-current liabilities		
Borrowings	574,998	407,777
Deferred tax liabilities	155,643	164,374
Deferred liabilities	871	2,838
	-----	-----
	731,512	574,989
	-----	-----
Current liabilities		
Payables and provisions	333,603	221,301
Tax payable	41,716	13,272
Borrowings	1,860,772	1,242,948
	-----	-----
	2,236,091	1,477,521
	-----	-----
TOTAL LIABILITIES	2,967,603	2,052,510
	-----	-----
TOTAL EQUITY AND LIABILITIES	5,545,179	4,324,559
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)	4.09	3.58
	=====	=====
Based on number of shares net of treasury shares	563,527,500	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) FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	(5)	(5)	(9)	(14)
Change of interests in a subsidiary	-	-	-	-	-	(1,366)	(1,366)
Translation differences	-	19,165	-	-	19,165	-	19,165
Profit for the period	-	-	313,975	-	313,975	63,244	377,219
Dividend	-	-	(50,718)	-	(50,718)	(38,759)	(89,477)
At 31 December 2008	622,660	56,810	1,777,434	(154,454)	2,302,450	275,126	2,577,576
At 1 February 2007	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 a subsidiary	-	-	-	-	-	(18,322)	(18,322)
Changes of equity 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
Dividend	-	-	(231,892)	-	(231,892)	(99,084)	(330,976)
At 31 January 2008	622,660	37,645	1,514,177	(154,449)	2,020,033	252,016	2,272,049

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 DECEMBER 2008

	For Current Year Period Ended 31.12.2008	For Preceding Year Period Ended 31.1.2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	503,382	933,461
Adjustments for:		
Non-cash items	42,985	41,072
Non-operating items	(14,467)	(616,732)
Dividend income	-	(2,840)
Net interest expense	80,835	70,413
Operating profit before working capital changes	612,735	425,374
Net changes in working capital	(778,856)	(240,063)
Net changes in loan receivables	(81,626)	(318,962)
Net tax paid	(114,021)	(83,452)
Net interest paid	(80,835)	(70,413)
Land held for property development	(20,152)	(57,351)
Net cash used in operating activities	(462,755)	(344,867)
Cash flows from investing activities		
Dividends received from associate	1,855	3,594
Interim return on liquidation by an associate	11,053	-
Proceeds from disposal of property, plant and equipment	11,645	3,799
Proceeds from disposal of investment properties	-	1,600
Proceeds from disposal properties under prepaid lease payment	2,980	682
Proceeds from disposal land held for property development	373	-
Proceeds from disposal of other investment	4,228	-
Acquisition of shares in a subsidiary from minority interests	(1,366)	-
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	(30,350)	-
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	(83,927)	(74,834)
Additions to biological assets	(1,843)	(462)
Additions to prepaid lease payments	(26,817)	(751)
Redevelopment/refurbishment/purchase of investment properties	(13,033)	(102,522)
Net cash used in investing activities	(125,202)	(190,618)
Cash flows from financing activities		
Dividends paid to shareholders of the Company and minority interests	(89,477)	(330,976)
Redemption of redeemable preference shares from minority interests by a subsidiary	-	(18,322)
Proceeds from initial public offering of a subsidiary net of listing expenses	-	800,668
Proceeds from borrowings	782,386	346,459
Issue of shares pursuant to ESOS exercised	-	9,482
Issue of shares to minority interests	-	30
Shares repurchased at cost	(14)	(89,880)
Net cash generated from financing activities	692,895	717,461
Net increase in cash and cash equivalents	104,938	181,976
Effects on exchange rate changes	6,836	(1,438)
Cash and cash equivalents at beginning of period	198,755	18,217
Cash and cash equivalents at end of period	310,529	198,755

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

Deposits with licensed banks	256,210	191,916
Cash in hand and at bank	89,226	56,304
Bank overdrafts	(34,907)	(49,465)
	310,529	198,755

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 was for a period of 11 months from 1 February 2008 to 31 December 2008. Resulting from this change, the first interim financial report for current financial period ended 31 December 2008 was for the two months ended 31 March 2008 whilst the subsequent quarters were for 3-month period ended 30 June 2008 and 30 September 2008 and the current quarter is for the 3-month period ended 31 December 2008.

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 and final 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 were in respect of the followings:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2008	31.1.2008	31.12.2008	31.1.2008
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of quoted investment	-	-	2,252	-
Net reversal of impairment losses in associates	-	-	-	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 HSP shares in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad	-	601,568	-	601,568
	-	601,568	2,252	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	
October 2008	-	-	-	-	-	-
November 2008	-	-	-	-	-	-
December 2008	1,000	1.9100	1.9100	1.9526	1,952.58	-
Total	1,000	1.9100	1.9100	1.9526	1,952.58	-

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 31 December 2008, the Company has 59,132,500 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.



HAP SENG CONSOLIDATED BERHAD (26877-W)
FOURTH QUARTER ENDED 31 DECEMBER 2008

9. Dividends Paid

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

	Cumulative Quarter Ended	
	31.12.2008	31.1.2008
	RM'000	RM'000
Dividend in respect of financial year ended 31 January 2007:		
- final (3.5 sen less tax) approved by shareholders on 31 July 2007 and paid on 15 August 2007	-	14,978
Dividend in respect of financial year ended 31 January 2008:		
- interim (3.5 sen less tax) approved by the Board of Directors on 27 September 2007 and paid on 26 October 2007	-	14,812
- special interim (41.0 sen less tax and 5.0 sen tax exempt) approved by the Board of Directors on 20 November 2007 and paid on 14 December 2007	-	202,102
- final (7.0 sen less tax) approved by shareholders on 24 June 2008 and paid on 15 July 2008	29,585	-
Dividend in respect of financial period ended 31 December 2008:		
- interim (5.0 sen less tax) approved by the Board of Directors on 26 August 2008 and paid on 28 October 2008	21,133	-
	-----	-----
	50,718	231,892
	=====	=====

10. Segment Revenue and Segment Result

	Trading	Quarry & Building Materials	Financing	Agricultural Produce	Property	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
11-month								
Period Ended								
31 December 2008								
Revenue								
External revenue	2,156,200	298,376	80,842	393,605	217,186	-	-	3,146,209
Inter-segment revenue	71,408	26,597	-	-	22,003	-	(120,008)	-
Total revenue	2,227,608	324,973	80,842	393,605	239,189	-	(120,008)	3,146,209
Result								
Operating profit	313,486	12,274	56,167	171,663	47,890	(12,828)	(9,356)	579,296
12-month								
Year Ended								
31 January 2008								
Revenue								
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)	-
Total revenue	1,353,694	279,938	76,771	425,066	191,040	2,840	(84,893)	2,244,456
Result								
Operating profit	83,327	12,335	49,759	230,721	39,603	(4,521)	(15,494)	395,730



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. 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 20 February 2009, 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. 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

There were no changes in composition of the Group during the quarter under review.

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 20 February 2009, 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 31.12.2008	As at 31.1.2008
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	2,192,003 =====	1,430,615 =====

15. Capital Commitments

The Group has the following capital commitments:

	As at 31.12.2008	As at 31.1.2008
	RM'000	RM'000
Contracted but not provided for in this report	32,419	30,105
Authorised but not contracted for	112,851	89,201
	----- 145,270 =====	----- 119,306 =====

16. Significant Related Party Transactions

During the current quarter under review and up to 20 February 2009, 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 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 RM742.6 million was 17% higher than the preceding year corresponding quarter mainly attributable to higher revenue recorded by the Fertilizer Trading and Property Divisions. Group Operating Profit for the current quarter at RM16.9 million was however RM128.1 million (88%) lower than the preceding year corresponding quarter mainly due to write down of stocks at the Fertilizer Trading Division of RM97.7 million and generally lower margins recorded by all Divisions in the current quarter. Consequently, after financing costs which was in line with the preceding year corresponding quarter, the Group recorded a loss before tax of RM6.6 million and profit after tax of RM1.7 million.

The Fertilizer Trading Division recorded a lower margin in the current quarter compared to the preceding year corresponding quarter, impacted by write down of stocks of RM97.7 million.

Plantation Division's performance was affected by the seasonal yield pattern of the crops, lower commodity prices, and increase in fertilizers cost. Crude Palm Oil and Palm Kernel average selling price achieved for the current quarter were RM2,048 and RM760 per tonne as compared to the preceding year corresponding quarter of RM2,289 and RM1,739 per tonne respectively.

Property Division and Quarry and Building Materials Division's performance in the current quarter were generally affected by the slow down in construction activity attributable to the seasonal festive period and wet weather conditions.

The Automotive Division's heavy vehicle segment continues to be affected by the soft timber market whilst the passenger vehicle segment was affected by cautious consumer spending in the current economic environment.

Credit Financing Division continues to consolidate its position with lower loans growth. Nevertheless, the Division's performance was still better than the preceding year corresponding quarter attributable to a higher loan portfolio.

Overall, Group profit before tax (PBT) and profit after tax (PAT) for the 11-month financial period ended 31 December 2008 at RM503.4 million and RM377.2 million were 46% and 55% lower than the preceding year 12-month period ended 31 January 2008 mainly attributable to higher other non-operating items in the preceding year as disclosed in Part A Note 6. Excluding other non-operating items, the Group PBT and PAT were higher than the preceding year by 57% and 61% respectively. Earnings per share (EPS) for the current financial period attributable to the shareholders of the Company including other non-operating item at 55.72 sen was 60% lower than the previous financial year of 139.89 sen. Excluding the other non-operating item, EPS for the current financial period at 55.32 sen was 63% higher than the previous financial year EPS of 33.87 sen.

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

The Group recorded a loss before tax for the current quarter at RM6.6 million as compared to profit before tax of RM197.0 million in the preceding quarter attributable to lower contribution from all Divisions in particular the Fertilizer Trading Division mainly due to write down of stocks.

3. Current Year Prospects

The Group anticipates slower economic growth and competitive trading conditions to continue in the various market sectors in which it operates.



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	
	31.12.2008	31.1.2008	31.12.2008	31.1.2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	3,988	28,479	151,479	84,348
- deferred tax	(9,737)	4,293	(21,132)	1,769
	-----	-----	-----	-----
	(5,749)	32,772	130,347	86,117
	-----	-----	-----	-----
In respect of prior period/year				
- income tax	(2,042)	993	(1,775)	924
- deferred tax	(485)	(438)	(2,409)	(438)
	-----	-----	-----	-----
	(2,527)	555	(4,184)	486
	-----	-----	-----	-----
	(8,276)	33,327	126,163	86,603
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and period ended 31 December 2008 excluding over provision of tax in respect of prior period/year were higher than the statutory tax rate mainly due to higher statutory tax rate payable by a foreign subsidiary mitigated by reversal of deferred tax resulting from the reduction in statutory tax rates announced in the Malaysian Budget 2008. The effective tax rate for preceding year corresponding quarter and period 31 January 2008 were lower than the statutory tax rate due to other non-operating items which are non-taxable.

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.

- (i) the shares bought back by the Company as disclosed in Note 8(a) of Part A; and
- (ii) the disposal of the Company's quoted investment for approximately HKD9.9 million (RM4.2 million) after deducting the relevant costs incidental to the disposal which resulted in a gain of RM2.25 million.

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

	As at 31.12.2008	As at 31.1.2008
	RM'000	RM'000
(i) At cost	-	9,907
(ii) At book value	-	1,976
(iii) At market value	-	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 20 February 2009.



9. Borrowings and Debt Securities

The Group does not have any debt securities. The Group borrowings are as follows:

	← As at 31.12.2008 →			← 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
<u>Short term</u>						
Unsecured						
- Bankers acceptances	304,325	6,015	310,340	204,782	-	204,782
- Bank overdrafts	34,807	-	34,807	49,465	-	49,465
- Revolving credits	721,700	58,531	780,231	721,700	6,410	728,110
- Term loans	157,902	-	157,902	54,073	-	54,073
- Foreign currency loan	-	577,392	577,392	-	206,518	206,518
	-----	-----	-----	-----	-----	-----
	1,218,734	641,938	1,860,672	1,030,020	212,928	1,242,948
Secured						
- Bank overdrafts	100	-	100	-	-	-
	-----	-----	-----	-----	-----	-----
	1,218,834	641,938	1,860,772	1,030,020	212,928	1,242,948
	-----	-----	-----	-----	-----	-----
<u>Long term</u>						
Term loan - Unsecured	562,998	-	562,998	407,777	-	407,777
- Secured	12,000	-	12,000	-	-	-
	-----	-----	-----	-----	-----	-----
	574,998	-	574,998	407,777	-	407,777
	-----	-----	-----	-----	-----	-----
	1,793,832	641,938	2,435,770	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 20 February 2009 being a date not earlier than 7 days from the date of this report are:

	Nominal amount RM'000	Amount at spot rate RM'000	Net fair value RM'000
Forward foreign exchange contracts			
Assets	108,569	108,960	(391)
Liabilities	3,606	3,697	91
	=====	=====	=====

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, Hap Seng Automotive Acceptance Sdn Bhd and Hap Seng Consolidated Financial Lease & Rental (China) Co Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 December 2008 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	1,122,903	1,615	1,124,518
(b) To individuals	74,935	70	75,005
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	6,723	-	6,723
	-----	-----	-----
	1,204,561	1,685	1,206,246
	=====	=====	=====

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

	As at
	31.12.2008
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	-
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	489,058
(d) Borrowings with other non-bank financial intermediaries	
(i) unsecured	150,000
(ii) unsecured - guaranteed by the Company	199,999

	839,057
	=====

- (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	99,980
(c) Loans reclassified as performing during the financial year	(70,287)
(d) Amount recovered	(22,247)
(e) Amount written off	(3,866)
(f) Loans converted to securities	-

(g) Balance as at 31.12.2008	57,062
	=====
(h) Ratio of net loans in default to net loans	4.73%
	=====

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	27,240	26,109	Yes	30,199	No	120 – 180
	Hire Purchase	3,821	1,400	Yes	3,105	No	36 – 84
		----- 31,061	----- 27,509		----- 33,304		
2 nd	Term Loan	22,152	20,352	Yes	28,966	No	60 – 180
3 rd	Term Loan	20,000	11,717	Yes	22,400	No	60
	Term Loan	3,000	1,615	No	-	No	36
	Hire Purchase	478	51	Yes	662	No	36
		----- 23,478	----- 13,383		----- 23,062		
4 th	Term Loan	14,966	13,380	Yes	21,850	No	84
5 th	Term Loan	15,437	12,758	Yes	23,476	No	72 – 156
	Hire Purchase	400	131	Yes	391	No	36 – 60
		----- 15,837	----- 12,889		----- 23,867		

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, of 563,529,000 (31.1.2008: 579,025,000)
- (b) The Company does not have any diluted earnings per share.

14. Dividends

- (a) Dividend paid for year ended 31 December 2008

an interim dividend of 5.0 sen (31.1.2008: 3.5 sen) per ordinary share less income tax at 25% (31.1.2008: 26%) which was approved by the Board of Directors on 26 August 2008 and was paid on 28 October 2008;

- (b) The Board of Directors have on even date proposed a final dividend for year ended 31 December 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 per ordinary share comprising of 3.25 sen less income tax at 25% and 3.75 sen under the single tier system which is tax exempt in the hands of the shareholders |
| (ii) Previous year corresponding period:
Amount per ordinary share of RM1.00 each
- Final Dividend | 7.0 sen per ordinary share less income tax at 25% |
| (ii) Total dividend for the current financial year: | 12.0 sen (31.1.2008: 56.50 sen comprising an interim dividend of 3.5 sen less income tax at 26%, a special interim dividend of 41.0 sen less income tax at 26%, a special interim tax exempt dividend of 5.0 sen and final dividend of 7.0 sen less income tax of 25%) |

- [c] The entitlement and payment date will be announced at a later date.

BY ORDER OF THE BOARD

LEE WEE YONG
CHEAH YEE LENG
Secretaries

Kuala Lumpur
25 February 2009