



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FIRST QUARTER ENDED 31 MARCH 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31.3.2009 RM'000	Preceding Year Corresponding Quarter Ended * 31.3.2008 RM'000	Current Year To date Ended 31.3.2009 RM'000	Preceding Year Corresponding Period Ended * 31.3.2008 RM'000
<b>Revenue</b>	509,448	418,378	509,448	418,378
Operating expenses	(461,766)	(318,093)	(461,766)	(318,093)
Other operating income	9,799	5,859	9,799	5,859
	-----	-----	-----	-----
<b>Operating profit</b>	57,481	106,144	57,481	106,144
Financing costs	(23,791)	(13,488)	(23,791)	(13,488)
Share of profit/(loss) of associates	(1,850)	653	(1,850)	653
	-----	-----	-----	-----
<b>Profit before tax</b>	31,840	93,309	31,840	93,309
Tax expense	(7,542)	(24,547)	(7,542)	(24,547)
	-----	-----	-----	-----
<b>Profit for the period</b>	24,298	68,762	24,298	68,762
	=====	=====	=====	=====
<b>Attributable to:</b>				
Equity holders of the Company	17,398	62,085	17,398	62,085
Minority interests	6,900	6,677	6,900	6,677
	-----	-----	-----	-----
<b>Profit for the period</b>	24,298	68,762	24,298	68,762
	=====	=====	=====	=====
<b>Earnings per share (sen)</b>				
Basic	3.09	11.02	3.09	11.02
	=====	=====	=====	=====
Fully diluted	N/A	N/A	N/A	N/A
	=====	=====	=====	=====

\* The preceding year corresponding quarter was 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 as explained in Part A Note 2.

*The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 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 2009

	<b>As at End of Current Quarter 31.3.2009</b> RM'000	<b>As at Preceding Financial Year End 31.12.2008</b> RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	691,865	691,564
Biological assets	394,067	393,690
Prepaid lease payments	183,136	182,667
Investment properties	193,228	191,410
Associates	94,768	96,618
Land held for property development	310,398	290,562
Long term receivables	649,068	702,462
Deferred tax assets	27,164	22,195
	-----	-----
	2,543,694	2,571,168
	-----	-----
<b>Current assets</b>		
Inventories	1,156,909	1,290,147
Property development costs	276,700	283,144
Receivables	913,775	1,024,782
Tax recoverable	31,977	30,502
Cash and cash equivalents	314,818	345,436
	-----	-----
	2,694,179	2,974,011
	-----	-----
<b>TOTAL ASSETS</b>	5,237,873	5,545,179
	=====	=====
<b>Equity attributable to equity holders of the Company</b>		
Share capital	622,660	622,660
Reserves	1,861,340	1,834,244
	-----	-----
	2,484,000	2,456,904
Less : Treasury shares	(154,454)	(154,454)
	-----	-----
	2,329,546	2,302,450
<b>Minority interests</b>	282,026	275,126
	-----	-----
<b>TOTAL EQUITY</b>	2,611,572	2,577,576
	-----	-----
<b>Non-current liabilities</b>		
Borrowings	556,847	574,998
Deferred tax liabilities	156,312	155,643
Deferred liabilities	959	871
	-----	-----
	714,118	731,512
	-----	-----
<b>Current liabilities</b>		
Payables and provisions	227,233	333,603
Tax payable	32,823	41,716
Borrowings	1,652,127	1,860,772
	-----	-----
	1,912,183	2,236,091
	-----	-----
<b>TOTAL LIABILITIES</b>	2,626,301	2,967,603
	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>	5,237,873	5,545,179
	=====	=====
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	4.13	4.09
	=====	=====
Based on number of shares net of treasury shares	563,527,500	563,527,500

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 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 2009

	← 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			
<b>At 1 January 2009</b>	622,660	56,810	1,777,434	(154,454)	2,302,450	275,126	2,577,576
Translation differences	-	9,698	-	-	9,698	-	9,698
Profit for the period	-	-	17,398	-	17,398	6,900	24,298
<b>At 31 March 2009</b>	622,660	66,508	1,794,832	(154,454)	2,329,546	282,026	2,611,572
<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

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 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 2009

	<b>For Current Year Period Ended 31.3.2009 RM'000</b>	<b>For Preceding Year Period Ended * 31.3.2008 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	31,840	93,309
Adjustments for:		
Non-cash items	12,680	7,268
Non-operating items	1,784	(655)
Net interest expense	22,272	12,791
	-----	-----
Operating profit before working capital changes	68,576	112,713
Net changes in working capital	149,877	(269,882)
Net changes in loan receivables	57,795	(36,906)
Net tax paid	(22,496)	(20,267)
Net interest paid	(22,272)	(12,791)
Land held for property development	(19,836)	(1,323)
	-----	-----
<b>Net cash generated from/(used in) operating activities</b>	211,644	(228,456)
	-----	-----
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	407	157
Purchase of property, plant and equipment	(12,276)	(14,409)
Additions to biological assets	(377)	(155)
Additions to prepaid lease payments	(1,079)	-
Redevelopment/refurbishment of investment properties	(1,818)	(490)
	-----	-----
<b>Net cash used in investing activities</b>	(15,143)	(14,897)
	-----	-----
<b>Cash flows from financing activities</b>		
(Repayment of)/Proceeds from borrowings	(221,219)	194,638
	-----	-----
<b>Net cash (used in)/generated from financing activities</b>	(221,219)	194,638
	-----	-----
<b>Net decrease in cash and cash equivalents</b>	(24,718)	(48,715)
Effects on exchange rate changes	3,000	(364)
<b>Cash and cash equivalents at beginning of period</b>	310,529	198,755
	-----	-----
<b>Cash and cash equivalents at end of period</b>	288,811	149,676
	=====	=====

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

Deposits with licensed banks	230,016	128,468
Cash in hand and at bank	84,802	68,588
Bank overdrafts	(26,007)	(47,380)
	-----	-----
	288,811	149,676
	=====	=====

\* The preceding year corresponding period was 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 as explained in Part A Note 2.

*The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 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 financial period ended 31 December 2008.

The significant accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the financial period ended 31 December 2008.

**2. Comparative Figures**

In the previous financial period, the Company changed its financial year end from 31 January to 31 December to be coterminous with the financial year end of its holding company. Consequently, the financial statements of the previous financial period was for a period of 11 months from 1 February 2008 to 31 December 2008. Resulting from the change, the comparative figures for the first quarter of the previous financial period ended 31 December 2008 was for the 2-month period ended 31 March 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 period ended 31 December 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 under review.

**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 periods.

**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 2009, 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.

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>3-month</u></b>								
<b><u>Period Ended</u></b>								
<b><u>31 March 2009</u></b>								
<b>Revenue</b>								
External revenue	307,314	63,247	21,163	73,252	44,472	-	-	509,448
Inter-segment revenue	19,814	4,641	-	-	2,547	-	(27,002)	-
Total revenue	327,128	67,888	21,163	73,252	47,019	-	(27,002)	509,448
<b>Results</b>								
Operating profit	16,660	3,430	15,963	20,348	8,935	(5,818)	(2,037)	57,481
<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)	-
Total revenue	281,775	51,270	14,046	45,794	37,761	-	(12,268)	418,378
<b>Results</b>								
Operating profit	71,431	2,045	9,594	18,593	8,409	(1,750)	(2,178)	106,144

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. **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 25 May 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.

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**

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



**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 25 May 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:

	<b>As at</b>	<b>As at</b>
	<b>31.3.2009</b>	<b>31.12.2008</b>
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	1,971,974	2,192,003
	=====	=====

**14. Capital Commitments**

The Group has the following capital commitments:

	<b>As at</b>	<b>As at</b>
	<b>31.3.2009</b>	<b>31.12.2008</b>
	RM'000	RM'000
Contracted but not provided for in this report	42,436	32,419
Authorised but not contracted for	78,719	112,851
	-----	-----
	121,155	145,270
	=====	=====

**15. Significant Related Party Transactions**

During the current quarter under review and up to 25 May 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 RM509.4 million was 22% higher than the preceding year corresponding quarter mainly attributable to a shorter reporting period of two months for the preceding year corresponding quarter as mentioned in Part A Note 2. Group Operating Profit for the current quarter at RM57.5 million was 46% lower than the preceding year corresponding quarter mainly due to lower contribution from the Fertilizer Trading Division.

The Fertilizer Trading Division's performance was affected by lower margins due to lower average selling prices and lower sales volume of fertilizers mainly attributable to lower demand in both the Malaysian and Indonesian markets as plantations slow down their fertilizers application influenced by significant decline in commodity prices.

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 light of the current economic environment.

Quarry and Building Materials Division recorded an improvement in performance over the preceding year corresponding quarter. The Division continues to benefit from its expanded quarry and building materials trading operations and its ongoing efforts of improving the quarries' production efficiencies.

Credit Financing Division continues to consolidate its position and remains cautious in view of the current economic environment. Lower loans growth was recorded during the current quarter.

Plantation Division's performance was affected by the seasonal yield pattern of the crops, lower commodity prices and higher cost of production attributable mainly to higher fertilizer costs as well as the adverse weather conditions which have affected deliveries during the current quarter. Average selling price of Crude Palm Oil and Palm Kernel achieved for the current quarter were RM2,143 and RM812 per tonne compared to the preceding year corresponding quarter of RM2,431 and RM1,995 per tonne respectively.

Property Division's performance in the current quarter was affected by the lower contribution from projects due to slow down in construction activities attributable to seasonal festive period and wet weather conditions, mitigated by improved rental yield at Menara Hap Seng which is close to full occupancy.

Overall, Group profit before tax and profit after tax for the current period at RM31.8 million and RM24.3 million were 66% and 65% lower than the preceding year corresponding quarter. Basic earnings per share for the current period attributable to shareholders, at 3.09 sen was 72% lower than the preceding year corresponding quarter of 11.02 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 profit before tax of RM31.8 million for the current quarter as compared to a loss before tax of RM6.6 million in the preceding quarter mainly attributable to write down of stocks at the Fertilizer Trading Division in the preceding quarter.

#### **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	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	10,411	27,816	10,411	27,816
- deferred tax	(2,869)	(3,269)	(2,869)	(3,269)
	-----	-----	-----	-----
	7,542	24,547	7,542	24,547
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter was lower than the statutory tax rate mainly due to provision of deferred tax assets by a foreign subsidiary at higher statutory tax rate. The effective tax rate for the preceding year corresponding quarter was 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 under review. 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**

The Group does not have any investments in quoted securities (other than securities in existing subsidiaries and associated companies) and neither did it purchase nor dispose of any quoted securities during the current quarter under review.

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 25 May 2009.

9. **Borrowings and Debt Securities**

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

	← As at 31.3.2009 →			← As at 31.12.2008 →		
	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>						
<u>Unsecured</u>						
- Bankers acceptances	239,223	-	239,223	304,325	6,015	310,340
- Bank overdrafts	24,502	1,505	26,007	34,807	-	34,807
- Revolving credits	811,000	93,214	904,214	721,700	58,531	780,231
- Term loans	159,557	-	159,557	157,902	-	157,902
- Foreign currency loan	-	317,126	317,126	-	577,392	577,392
	-----	-----	-----	-----	-----	-----
	1,234,282	411,845	1,646,127	1,218,734	641,938	1,860,672
<u>Secured</u>						
- Bank overdrafts	-	-	-	100	-	100
- Term loans	6,000	-	6,000	-	-	-
	-----	-----	-----	-----	-----	-----
	1,240,282	411,845	1,652,127	1,218,834	641,938	1,860,772
	-----	-----	-----	-----	-----	-----
<u>Long term</u>						
Term loan - Unsecured	550,847	-	550,847	562,998	-	562,998
- Secured	6,000	-	6,000	12,000	-	12,000
	-----	-----	-----	-----	-----	-----
	556,847	-	556,847	574,998	-	574,998
	-----	-----	-----	-----	-----	-----
	1,797,129	411,845	2,208,974	1,793,832	641,938	2,435,770
	=====	=====	=====	=====	=====	=====



**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 25 May 2009 being a date not earlier than 7 days from the date of this report are:

	<b>Nominal amount</b> RM'000	<b>Amount at spot rate</b> RM'000	<b>Net fair value</b> RM'000
Forward foreign exchange contracts			
Assets	28,564	27,632	932
	=====	=====	=====

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 March 2009 given by the Company's moneylending subsidiaries are as follows:

	<b>Secured</b> RM'000	<b>Unsecured</b> RM'000	<b>Total</b> RM'000
(a) To companies	1,067,391	1,010	1,068,401
(b) To individuals	73,050	68	73,118
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	6,495	-	6,495
	-----	-----	-----
	1,146,936	1,078	1,148,014
	=====	=====	=====

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

	<b>As at 31.3.2009</b> 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	440,342
(d) Borrowings with other non-bank financial intermediaries	
(i) unsecured	150,000
(ii) unsecured - guaranteed by the Company	200,000
	-----
	790,342
	=====

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 1.1.2009	57,062
(b) Loans classified as in default during the financial year	35,047
(c) Loans reclassified as performing during the financial year	(7,203)
(d) Amount recovered	(5,778)
(e) Amount written off	-
(f) Loans converted to securities	-
	-----
(g) Balance as at 31.3.2009	79,128
	=====
(h) Ratio of net loans in default to net loans	6.89%
	=====

(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	29,540	28,756	Yes	32,295	No	84 – 180
	Hire Purchase	3,821	1,386	Yes	5,921	No	36 – 84
		----- 33,361	----- 30,142		----- 38,216		
2 <sup>nd</sup>	Term Loan	22,152	20,734	Yes	28,966	No	60 – 180
3 <sup>rd</sup>	Term Loan	14,966	13,483	Yes	21,850	No	84
4 <sup>th</sup>	Term Loan	15,437	12,618	Yes	23,476	No	72 – 156
	Hire Purchase	400	102	Yes	391	No	36 – 60
		----- 15,837	----- 12,720		----- 23,867		
5 <sup>th</sup>	Term Loan	20,000	10,523	Yes	22,400	No	60
	Term Loan	3,000	1,010	No	-	No	36
	Hire Purchase	300	18	Yes	206	No	36
		----- 23,300	----- 11,551		----- 22,606		

## 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 563,528,000 (31.3.2008: 563,530,000)
- (b) 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  
29 May 2009