



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) SECOND QUARTER ENDED 30 JUNE 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30.6.2009 RM'000	Preceding Year Corresponding Quarter Ended 30.6.2008 RM'000	Current Year To date Ended 30.6.2009 RM'000	Preceding Year Corresponding Period Ended * 30.6.2008 RM'000
Revenue	629,161	921,505	1,138,609	1,339,883
Operating expenses	(588,865)	(691,707)	(1,050,631)	(1,009,800)
Other operating income	28,676	7,605	38,475	13,464
Operating profit	68,972	237,403	126,453	343,547
Financing costs	(19,142)	(21,563)	(42,933)	(35,051)
Share of profit of associates	4,508	3,759	2,658	4,412
Profit before tax	54,338	219,599	86,178	312,908
Tax expense	(6,490)	(53,516)	(14,032)	(78,063)
Profit for the period	47,848	166,083	72,146	234,845
Attributable to:				
Equity holders of the Company	36,582	145,729	53,980	207,814
Minority interests	11,266	20,354	18,166	27,031
Profit for the period	47,848	166,083	72,146	234,845
Earnings per share (sen)				
Basic	6.49	25.86	9.58	36.88
Fully diluted	N/A	N/A	N/A	N/A

* The preceding year corresponding period was 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 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) SECOND QUARTER ENDED 30 JUNE 2009

	As at End of Current Quarter 30.6.2009 RM'000	As at Preceding Financial Year End 31.12.2008 RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	700,612	691,564
Biological assets	394,743	393,690
Prepaid lease payments	182,187	182,667
Investment properties	235,143	191,410
Associates	95,903	96,618
Land held for property development	316,783	290,562
Long term receivables	579,475	702,462
Deferred tax assets	56,777	22,195
	-----	-----
	2,561,623	2,571,168
	-----	-----
Current assets		
Inventories	886,989	1,290,147
Property development costs	274,698	283,144
Receivables	898,615	1,024,782
Tax recoverable	35,818	30,502
Cash and cash equivalents	419,366	345,436
	-----	-----
	2,515,486	2,974,011
	-----	-----
TOTAL ASSETS	5,077,109	5,545,179
	=====	=====
Equity attributable to equity holders of the Company		
Share capital	622,660	622,660
Reserves	1,857,414	1,834,244
	-----	-----
	2,480,074	2,456,904
Less : Treasury shares	(154,456)	(154,454)
	-----	-----
	2,325,618	2,302,450
Minority interests	273,908	275,126
	-----	-----
TOTAL EQUITY	2,599,526	2,577,576
	-----	-----
Non-current liabilities		
Borrowings	738,529	574,998
Deferred tax liabilities	156,994	155,643
Deferred liabilities	1,152	871
	-----	-----
	896,675	731,512
	-----	-----
Current liabilities		
Payables and provisions	255,270	333,603
Tax payable	5,680	41,716
Borrowings	1,319,958	1,860,772
	-----	-----
	1,580,908	2,236,091
	-----	-----
TOTAL LIABILITIES	2,477,583	2,967,603
	-----	-----
TOTAL EQUITY AND LIABILITIES	5,077,109	5,545,179
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)	4.13	4.09
	=====	=====
Based on number of shares net of treasury shares	563,526,500	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) SECOND QUARTER ENDED 30 JUNE 2009

	← Attributable to Equity Holders of the Company →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
At 1 January 2009	622,660	56,810	1,777,434	(154,454)	2,302,450	275,126	2,577,576
Purchase of treasury shares	-	-	-	(2)	(2)	(5)	(7)
Translation differences	-	4,058	-	-	4,058	-	4,058
Profit for the period	-	-	53,980	-	53,980	18,166	72,146
Dividend	-	-	(34,868)	-	(34,868)	(19,379)	(54,247)
At 30 June 2009	622,660	60,868	1,796,546	(154,456)	2,325,618	273,908	2,599,526
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

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 30 JUNE 2009

	For Current Year Period Ended 30.6.2009 RM'000	For Preceding Year Period Ended * 30.6.2008 RM'000
Cash flows from operating activities		
Profit before tax	86,178	312,908
Adjustments for:		
Non-cash items	2,044	18,745
Non-operating items	(2,858)	(4,770)
Net interest expense	39,659	33,300
Operating profit before working capital changes	125,023	360,183
Net changes in working capital	446,460	(662,698)
Net changes in loan receivables	140,053	(77,441)
Net tax paid	(89,689)	(37,249)
Net interest paid	(39,659)	(33,300)
Land held for property development	(28,798)	(2,544)
Net cash generated from/(used in) operating activities	553,390	(453,049)
Cash flows from investing activities		
Dividends received from associates	3,373	1,478
Proceeds from disposal of property, plant and equipment	1,726	1,207
Proceeds from disposal of land held for development	2,575	-
Acquisition of shares in a subsidiary from minority interests	-	(1,366)
Purchase of property, plant and equipment	(34,906)	(34,040)
Additions to biological assets	(1,053)	(460)
Additions to prepaid lease payments	(1,097)	(11,408)
Redevelopment/refurbishment of investment properties	(19,733)	(12,246)
Net cash used in investing activities	(49,115)	(56,835)
Cash flows from financing activities		
Dividends paid to shareholders of the Company and minority interests	(54,247)	-
(Repayment of)/Proceeds from borrowings	(365,911)	471,003
Shares repurchase at cost	(7)	(9)
Net cash (used in)/generated from financing activities	(420,165)	470,994
Net increase/(decrease) in cash and cash equivalents	84,110	(38,890)
Effects on exchange rate changes	918	2,948
Cash and cash equivalents at beginning of period	310,529	198,755
Cash and cash equivalents at end of period	395,557	162,813

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

Deposits with licensed banks	316,936	167,845
Cash in hand and at bank	102,430	46,200
Bank overdrafts	(23,809)	(51,232)
	395,557	162,813

* The preceding year corresponding period was 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 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 Main Market 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 were for a period of 11 months from 1 February 2008 to 31 December 2008. Resulting from the change, the comparative figures for the second quarter of the previous financial period ended 31 December 2008 were for a period of 5 months ended 30 June 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

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 interim period of the current financial year or changes in estimates of amounts reported in prior financial years.

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

Share buy back by the Company

- (a) 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 2009	-	-	-	-	-	-
May 2009	-	-	-	-	-	-
June 2009	1,000	2.600	2.600	2.6438	2,643.78	-
Total	1,000	2.600	2.600	2.6438	2,643.78	-

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 2009, the Company has 59,133,500 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

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

Cumulative Quarter Ended
30.6.2009 30.6.2008
RM'000 RM'000

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

Dividend in respect of financial period ended 31 December 2008:

- final (3.25 sen less tax and 3.75 sen under single tier system) approved by shareholders on 29 May 2009 and paid on 19 June 2009

34,868 -

34,868 29,585
=====

9. 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
6-month								
Period Ended								
30 June 2009								
Revenue								
External revenue	697,110	135,967	40,146	165,927	99,459	-	-	1,138,609
Inter-segment revenue	42,360	11,261	-	-	5,007	-	(58,628)	-
Total revenue	739,470	147,228	40,146	165,927	104,466	-	(58,628)	1,138,609
Results								
Operating profit	4,301	8,862	27,810	52,960	43,721	(6,474)	(4,727)	126,453

9. **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
<u>5-month</u>								
<u>Period Ended</u>								
<u>30 June 2008</u>								
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
Results								
Operating profit	225,455	6,730	24,807	75,822	21,443	(5,719)	(4,991)	343,547

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 21 August 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, except for the following:

On 24 July 2009, Rebuild Truck Sdn Bhd ["Rebuild Truck"] became a wholly-owned subsidiary of Hap Seng Realty Sdn Bhd, a wholly-owned subsidiary of Hap Seng Land Sdn Bhd which in turn is a wholly-owned subsidiary of the Company. Prior to this, Rebuild Truck was a directly held wholly-owned subsidiary of the Company. The aforementioned re-organisation was announced by the Company on even date. Rebuild Truck subsequently changed its name to Hap Seng Realty (KL City) Sdn Bhd on 3 August 2009.

On 7 August 2009, Hap Seng Realty (KL City) Sdn Bhd (*formerly known as Rebuild Truck Sdn Bhd*) entered into a sale and purchase of shares agreement ["Inverfin SPA"] with CapitaLand Limited and Amsteel Corporation Berhad [collectively referred to as the "Vendors"] to acquire the Vendors' entire shareholding of 5,000,001 ordinary shares of RM1.00 each ["Sale Shares"] in Inverfin Sdn Bhd ["Inverfin"], free from all encumbrances, on the terms and conditions contained in the Inverfin SPA["Proposed Acquisition"].

Inverfin is a special purpose entity and investment company for the sole purpose of owning and operating Menara Citibank, a 50-storey office building located at 165, Jalan Ampang, Kuala Lumpur with net lettable area of approximately 733,634 sq.ft.

The purchase price for the Sale Shares is based on 50% of the net asset value of Inverfin as at 30 June 2009, after taking into account the agreed property value of Menara Citibank which is fixed at RM607,448,952 and subject to post-closing adjustments.

The aforementioned Proposed Acquisition was announced by the Company on even date.

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 21 August 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 30.6.2009	As at 31.12.2008
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	1,671,034	2,192,003
	=====	=====

14. Capital Commitments

The Group has the following capital commitments:

	As at 30.6.2009	As at 31.12.2008
	RM'000	RM'000
Contracted but not provided for in this report	34,616	32,419
Authorised but not contracted for	67,270	112,851
	-----	-----
	101,886	145,270
	=====	=====

15. Related Party Transactions

During the current quarter under review and up to 21 August 2009, the Company and its subsidiaries did not enter into any Related Party Transactions ["RPT"] or Recurrent Related Party Transactions of a revenue or trading nature ["RRPT"] that were not included in the shareholders' mandate obtained on 24 June 2008 and which has expired on 29 May 2009.

At the extraordinary general meeting on 29 May 2009, the Company obtained a renewed shareholders' mandate for RRPT and from the date thereof up to 21 August 2009, the Company and its subsidiaries did not enter into any RPT or RRPT that were not included or exceeded by 10% the estimated value in the shareholders' mandate obtained on 29 May 2009 except as follows:

(a) On 30 June 2009, Hap Seng Trading (BM) Sdn Bhd ["HST"], a wholly-owned subsidiary of Hap Seng Building Materials Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of the Company entered into the following agreements with Malaysian Mosaics Berhad ["MMB"], a related company:

(i) a distribution agreement pursuant to which MMB has appointed HST as its sole and exclusive distributor for the sale and distribution of its tiles ["Distribution Products"] in the domestic market in Malaysia [the "HST Distribution Agreement"]; and

(ii) as an integral part of the HST Distribution Agreement, a trademark licensing agreement pursuant to which MMB has granted to HST a licensing right to use the various trademarks in relation to the Distribution Products [the "HST Licensing Agreement"].

Pursuant to the HST Licensing Agreement, HST has paid to MMB a one-off license fee of RM2.7 million in consideration of MMB granting the exclusive license to HST to use the various trademarks and trade names in relation to the Distribution Products.

Both MMB and the Company are listed subsidiaries of Gek Poh (Holdings) Sdn Bhd. The abovementioned RPT were announced by MMB on even date.



15. **Related Party Transactions** (Cont'd)

- (b) Consequent to the abovementioned appointment in 15(a)(i) above, on 21 July 2009, the Company announced that the estimated value of RRPT to be entered into between the Group and MMB Group in respect of "Purchase of Tiles" ("Recurrent Transactions") for the Mandate Period (i.e. the period from 29 May 2009 until conclusion of the next annual general meeting of the Company or the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965) is estimated to be RM270 million instead of RM18.061 million as stated in the circular to shareholders dated 30 April 2009.

The sum of RM18.061 million for the Recurrent Transactions as stated in the circular pursuant to which a renewed general mandate was obtained from the shareholders at the extraordinary general meeting held on 29 May 2009, was estimated before taking into consideration the abovementioned appointment.



PART B

Explanatory Notes Pursuant to paragraph 9.22 of Main Market Listing Requirements of Bursa Securities

1. Review of Performance

Revenue for the current quarter under review at RM629.2 million was 32% lower than the preceding year corresponding quarter whilst Group Operating Profit for the current quarter at RM69.0 million was 71% lower than the preceding year corresponding quarter. Generally, the Group's performance for the current quarter was mainly affected by the lower contribution from the Fertilizer Trading and Plantation Divisions.

The Fertilizer Trading Division's performance was affected by lower sales volume attributable to lower demand in both the Malaysian and Indonesian markets as plantations slow down their fertilizers application influenced by higher cost of fertilizers and the significant decline in commodity prices from its peak in the previous year. Margins were also significantly eroded due to the continuous decline in average selling prices.

The Automotive Division's heavy vehicle segment continues to be affected by the soft timber market whilst the passenger vehicle segment operates in a very competitive environment which was further impacted by cautious consumer spending in the light of the current economic environment.

Quarry and Building Materials Division's performance was better than the preceding year corresponding quarter as it continues to benefit from its expanded quarry and building materials trading operations and improved quarries' production efficiencies.

Credit Financing Division remains cautious in view of the current economic environment and recorded lower loans growth.

Plantation Division's performance was affected by lower production output due to changes in seasonal yield trend and weather conditions, lower average selling price of Crude Palm Oil (CPO) and Palm Kernel (PK) and higher cost of production mainly attributable to higher fertilizer costs affecting the plantation industry. Average selling price of CPO and PK achieved for the current quarter were RM2,468 and RM1,089 per tonne compared to the preceding year corresponding quarter of RM2,573 and RM1,931 per tonne respectively.

Property Division recorded improved profit as compared to the preceding year corresponding quarter mainly due to higher rental yield at Menara Hap Seng which is close to full occupancy and fair value adjustment of a freehold investment property.

Overall, Group profit before tax and profit after tax for the year to date at RM86.2 million and RM72.1 million were lower than the preceding year 5-month period by 72% and 69% respectively. Basic earnings per share for the year to date attributable to shareholders, at 9.58 sen was 74% lower than the preceding year 5-month period of 36.88 sen.

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

The Group profit before tax for the current quarter of RM54.3 million was 71% higher than the preceding quarter of RM31.8 million mainly due to better performance from Plantation and Property Divisions and lower finance costs.

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. **Variations 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	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	8,525	58,655	18,936	86,471
- deferred tax	(3,073)	(3,215)	(5,942)	(6,484)
	-----	-----	-----	-----
	5,452	55,440	12,994	79,987
	-----	-----	-----	-----
In respect of prior year				
- income tax	28,064	-	28,064	-
- deferred tax	(27,026)	(1,924)	(27,026)	(1,924)
	-----	-----	-----	-----
	1,038	(1,924)	1,038	(1,924)
	-----	-----	-----	-----
	6,490	53,516	14,032	78,063
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and period excluding under provision of tax in respect of prior year were lower than the statutory tax rate mainly due to the fair value adjustment of a freehold investment property which is not subjected to tax and provision of deferred tax assets by a foreign subsidiary at higher statutory tax rate. The effective tax rate for the preceding year corresponding quarter and period were close to the statutory tax rate.

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

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

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

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 and financial year to date except for shares bought back by the Company as disclosed in Note 7 of Part A.

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 21 August 2009.

9. **Borrowings and Debt Securities**

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

	← As at 30.6.2009 →				← As at 31.12.2008 →		
	← Denominated in →			Total RM'000	← Denominated in →		Total RM'000
	RM RM'000	USD RM'000	SGD RM'000		RM RM'000	USD RM'000	
<u>Short term</u>							
Unsecured							
- Bankers acceptances	277,691	-	-	277,691	304,325	6,015	310,340
- Bank overdrafts	23,809	-	-	23,809	34,807	-	34,807
- Revolving credits	664,400	117,566	-	781,966	721,700	58,531	780,231
- Term loans	184,243	-	-	184,243	157,902	-	157,902
- Foreign currency loan	-	46,249	-	46,249	-	577,392	577,392
	-----	-----	-----	-----	-----	-----	-----
	1,150,143	163,815	-	1,313,958	1,218,734	641,938	1,860,672
Secured							
- Bank overdrafts	-	-	-	-	100	-	100
- Term loans	6,000	-	-	6,000	-	-	-
	-----	-----	-----	-----	-----	-----	-----
	1,156,143	163,815	-	1,319,958	1,218,834	641,938	1,860,772
	-----	-----	-----	-----	-----	-----	-----
<u>Long term</u>							
Unsecured							
- Term loans	582,076	-	-	582,076	562,998	-	562,998
- Foreign currency loan	-	-	156,453	156,453	-	-	-
	-----	-----	-----	-----	-----	-----	-----
	582,076	-	156,453	738,529	562,998	-	562,998
Secured							
- Term loans	-	-	-	-	12,000	-	12,000
	-----	-----	-----	-----	-----	-----	-----
	582,076	-	156,453	738,529	574,998	-	574,998
	-----	-----	-----	-----	-----	-----	-----
	1,738,219	163,815	156,453	2,058,487	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 21 August 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	281,976	279,316	2,660
Liabilities	7,872	7,917	45
	=====	=====	=====

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

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	993,165	394	993,559
(b) To individuals	68,231	65	68,296
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	6,522	-	6,522
	-----	-----	-----
	1,067,918	459	1,068,377
	=====	=====	=====

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

	As at
	30.6.2009
	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	350,320
(d) Borrowings with other non-bank financial intermediaries	
(i) unsecured	150,000
(ii) unsecured - guaranteed by the Company	200,000

	700,320
	=====

- (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	58,361
(c) Loans reclassified as performing during the financial year	(20,228)
(d) Amount recovered	(10,382)
(e) Amount written off	-
(f) Loans converted to securities	-

(g) Balance as at 30.6.2009	84,813
	=====
(h) Ratio of net loans in default to net loans	7.94%
	=====

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	29,540	29,041	Yes	32,295	No	84 – 180
	Hire Purchase	3,821	1,377	Yes	1,731	No	36 – 84
		----- 33,361	----- 30,418		----- 34,026		
2 nd	Term Loan	22,152	21,101	Yes	28,966	No	60 – 180
3 rd	Term Loan	14,966	13,035	Yes	21,850	No	84
4 th	Term Loan	15,437	12,327	Yes	23,476	No	72 – 156
	Hire Purchase	310	75	Yes	140	No	36 – 60
		----- 15,747	----- 12,402		----- 23,616		
5 th	Term Loan	20,000	9,307	Yes	23,360	No	60
	Term Loan	3,000	394	No	-	No	36
		----- 23,000	----- 9,701		----- 23,360		

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, Genting Plantations Berhad (*formerly known as Asiatic Development Berhad*) [“GPH”] 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 GPH.

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 563,527,000 (30.6.2008: 563,529,000)
- (b) 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 year ending 31 December 2009:
- | | |
|--|---|
| (i) Amount per ordinary share of RM1.00 each
- Interim Dividend | 5.0 sen per ordinary share 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
- Interim Dividend | 5.0 sen less income tax of 25% |
| (iii) Total dividend approved to date for the current financial year
Amount per ordinary share of RM1.00 each | 5.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders (2008: 5.0 sen less income tax of 25%) |
- (b) 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
26 August 2009