



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) THIRD QUARTER ENDED 30 SEPTEMBER 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30.9.2009 RM'000	Preceding Year Corresponding Quarter Ended 30.9.2008 RM'000	Current Year To date Ended 30.9.2009 RM'000	Preceding Year Corresponding Period Ended * 30.9.2008 RM'000
Revenue	646,030	1,063,727	1,784,639	2,403,610
Operating expenses	(626,104)	(850,186)	(1,676,735)	(1,859,986)
Other operating income	9,208	5,285	47,683	18,749
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Operating profit	29,134	218,826	155,587	562,373
Financing costs	(17,187)	(27,422)	(60,120)	(62,473)
Other non-operating item	37,617	2,252	37,617	2,252
Share of profit of associates	5,582	3,380	8,240	7,792
	-----	-----	-----	-----
Profit before tax	55,146	197,036	141,324	509,944
Tax expense	(4,940)	(56,376)	(18,972)	(134,439)
	-----	-----	-----	-----
Profit for the period	50,206	140,660	122,352	375,505
	=====	=====	=====	=====
Attributable to:				
Equity holders of the Company	38,570	117,436	92,550	325,250
Minority interests	11,636	23,224	29,802	50,255
	-----	-----	-----	-----
Profit for the period	50,206	140,660	122,352	375,505
	=====	=====	=====	=====
Earnings per share (sen)				
Basic	6.84	20.84	16.42	57.72
	=====	=====	=====	=====
Fully diluted	N/A	N/A	N/A	N/A
	=====	=====	=====	=====

* The preceding year corresponding period was for a period of 8 months from 1 February 2008 to 30 September 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) THIRD QUARTER ENDED 30 SEPTEMBER 2009

	As at End of Current Quarter 30.9.2009	As at Preceding Financial Year End 31.12.2008
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	713,242	691,564
Biological assets	395,736	393,690
Prepaid lease payments	181,219	182,667
Investment properties	231,030	191,410
Associates	101,485	96,618
Land held for property development	391,412	290,562
Long term receivables	516,533	702,462
Deferred tax assets	64,528	22,195
	-----	-----
	2,595,185	2,571,168
	-----	-----
Current assets		
Inventories	642,301	1,290,147
Property development costs	272,686	283,144
Receivables	883,084	1,024,782
Tax recoverable	49,862	30,502
Cash and cash equivalents	493,285	345,436
	-----	-----
	2,341,218	2,974,011
	-----	-----
TOTAL ASSETS	4,936,403	5,545,179
	=====	=====
Equity attributable to equity holders of the Company		
Share capital	622,660	622,660
Reserves	1,860,800	1,834,244
	-----	-----
	2,483,460	2,456,904
Less : Treasury shares	(154,456)	(154,454)
	-----	-----
	2,329,004	2,302,450
Minority interests	270,041	275,126
	-----	-----
TOTAL EQUITY	2,599,045	2,577,576
	-----	-----
Non-current liabilities		
Borrowings	730,040	574,998
Deferred tax liabilities	158,713	155,643
Deferred liabilities	1,243	871
	-----	-----
	889,996	731,512
	-----	-----
Current liabilities		
Payables and provisions	315,060	333,603
Tax payable	9,088	41,716
Borrowings	1,095,038	1,860,772
Dividends payable	28,176	-
	-----	-----
	1,447,362	2,236,091
	-----	-----
TOTAL LIABILITIES	2,337,358	2,967,603
	-----	-----
TOTAL EQUITY AND LIABILITIES	4,936,403	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) THIRD QUARTER ENDED 30 SEPTEMBER 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			
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	-	3,905	-	-	3,905	-	3,905
Realisation upon disposal	-	(6,855)	-	-	(6,855)	-	(6,855)
Profit for the period	-	-	92,550	-	92,550	29,802	122,352
Dividend	-	-	(63,044)	-	(63,044)	(34,882)	(97,926)
At 30 September 2009	622,660	53,860	1,806,940	(154,456)	2,329,004	270,041	2,599,045
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	-	18,301	-	-	18,301	-	18,301
Profit for the period	-	-	325,231	-	325,250	50,255	375,505
Dividend	-	-	(50,718)	-	(50,718)	(38,759)	(89,477)
At 30 September 2008	622,660	55,946	1,788,690	(154,452)	2,312,863	262,140	2,575,003

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 SEPTEMBER 2009

	For Current Year Period Ended 30.9.2009	For Preceding Year Period Ended * 30.9.2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	141,324	509,944
Adjustments for:		
Non-cash items	19,887	30,221
Non-operating items	(46,368)	(12,432)
Net interest expense	55,107	59,302
Operating profit before working capital changes	169,950	587,035
Net changes in working capital	738,802	(1,000,854)
Net changes in loan receivables	215,242	(107,198)
Net tax paid	(111,115)	(87,199)
Net interest paid	(55,107)	(59,302)
Land held for property development	(110,536)	(4,992)
Net cash generated from/(used in) operating activities	847,236	(672,510)
Cash flows from investing activities		
Dividends received from associates	3,373	1,478
Interim return on liquidation by an associate	-	11,053
Proceeds from disposal of property, plant and equipment	2,264	3,312
Proceeds from disposal of properties under prepaid lease payment	132	2,990
Proceeds from disposal of land held for property development	3,010	323
Proceeds from disposal of other investment	-	4,228
Acquisition of shares in a subsidiary from minority interests	-	(1,366)
Disposal/(Acquisition) of subsidiaries net of cash disposed/acquired	40,093	(30,350)
Purchase of property, plant and equipment	(61,141)	(54,726)
Additions to biological assets	(2,046)	(936)
Additions to prepaid lease payments	(1,097)	(23,424)
Redevelopment/refurbishment of investment properties	(19,885)	(12,941)
Net cash used in investing activities	(35,297)	(100,359)
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(585,948)	885,015
Shares repurchase at cost	(7)	(9)
Dividends paid to shareholders of the Company and minority interests	(54,248)	(48,965)
Net cash (used in)/generated from financing activities	(640,203)	836,041
Net increase in cash and cash equivalents	171,736	63,172
Effects on exchange rate changes	936	5,517
Cash and cash equivalents at beginning of period	310,529	198,755
Cash and cash equivalents at end of period	483,201	267,444

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

Deposits with licensed banks	375,961	227,103
Cash in hand and at bank	117,324	80,465
Bank overdrafts	(10,084)	(40,124)
	483,201	267,444

* The preceding year corresponding period was for a period of 8 months from 1 February 2008 to 30 September 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 third quarter of the previous financial period ended 31 December 2008 were for a period of 8 months ended 30 September 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 and third quarter attributable to the timing of seasonal festive period as well as wet weather conditions in the first quarter of the financial year.
- (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. Other non-operating item

The other non-operating item was in respect of the following:

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM’000	RM’000	RM’000	RM’000
Gain on disposal of a subsidiary	37,617	-	37,617	-
Gain on disposal of shares in other investment	-	2,252	-	2,252
	-----	-----	-----	-----
	37,617	2,252	37,617	2,252
	=====	=====	=====	=====

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 period 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

Share buy back by the Company

- (a) During the current quarter under review, there was no buyback of shares nor resale or cancellation of treasury shares.
- (b) As at 30 September 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.

9. Dividends Paid and Payable

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

	Cumulative Quarter Ended	
	30.9.2009	30.9.2008
	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:		
- interim (5.0 sen less tax) approved by the Board of Directors on 26 August 2008 and paid on 28 October 2008	-	21,133
- 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	-
Dividend in respect of financial year ending 31 December 2009:		
- interim (5.0 sen) under the single tier system approved by the Board of Directors on 26 August 2009 and paid on 30 October 2009	28,176	-
	-----	-----
	63,044	50,718
	=====	=====

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
<u>9-month</u>								
<u>Period Ended</u>								
<u>30 September 2009</u>								
Revenue								
External revenue	1,104,550	216,946	60,345	256,295	146,503	-	-	1,784,639
Inter-segment revenue	71,724	19,611	-	-	7,579	-	(98,914)	-
Total revenue	1,176,274	236,557	60,345	256,295	154,082	-	(98,914)	1,784,639
Results								
Operating profit	(19,302)	12,324	42,767	85,299	49,371	(7,329)	(7,543)	155,587



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

	Trading RM'000	Quarry & Building Materials RM'000	Financing RM'000	Agricultural Produce RM'000	Property RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
8-month								
Period Ended								
30 September 2008								
Revenue								
External revenue	1,682,191	230,994	57,077	294,736	138,612	-	-	2,403,610
Inter-segment revenue	54,287	20,779	-	-	19,125	-	(94,191)	-
Total revenue	1,736,478	251,773	57,077	294,736	157,737	-	(94,191)	2,403,610
Results								
Operating profit	352,706	13,025	39,676	139,313	36,152	(11,254)	(7,245)	562,373

11. **Valuation of Property, Plant and Equipment**

The valuation of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

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

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

- 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 and does not have any significant financial effect to the Group. Rebuild Truck subsequently changed its name to Hap Seng Realty (KL City) Sdn Bhd on 3 August 2009.
- On 29 July 2009, Hap Seng Land Development Sdn Bhd, a wholly-owned subsidiary of Hap Seng Land Sdn Bhd which in turn is a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of My Matrix Sdn Bhd ["My Matrix"] comprising 2 ordinary shares of RM1.00 each at a purchase consideration of RM2. The aforementioned acquisition was announced by the Company on even date and does not have any significant financial effect to the Group. My Matrix subsequently changed its name to Hap Seng Land Development (Jesselton Hill) Sdn Bhd on 31 July 2009.
- On 23 September 2009, the Company entered into an equity transfer agreement with Lei Shing Hong Venture Capital Limited ["LSHVC"], a company incorporated in Hong Kong, to dispose of its entire equity interests in Hap Seng Consolidated Financial Lease & Rental (China) Co Ltd ["HSCFLR"] at a cash consideration of USD30.294 million ["Disposal"].

LSHVC is wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"], a company incorporated in Hong Kong. Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a director and major shareholder of Gek Poh (Holdings) Sdn Bhd, the holding company of the Company, is a major shareholder of LSH and is deemed interested in the Disposal.

The Disposal was completed on 24 September 2009 and resulted in a gain of approximately RM37.6 million to the Group. These transactions were announced by the Company on even date.

13. Material Events Subsequent to the End of the Interim Period

There was no material event subsequent to the end of the current quarter and up to 20 November 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:

- (a) As announced by the Company, on 7 August 2009, Hap Seng Realty (KL City) Sdn Bhd (*formerly known as Rebuild Truck Sdn Bhd*), a wholly-owned subsidiary of Hap Seng Land Sdn Bhd which in turn is a wholly-owned subsidiary of the Company 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 Proposed Acquisition was completed on 15 October 2009 and was announced by the Company on even date with payment of the balance purchase price (after deducting the deposit of RM30,372,447.60) amounting to RM213,145,208.90.

The purchase price for the Sale Shares is based on 50% of the net asset value of Inverfin calculated based on the Proforma Balance Sheet of Inverfin as at 31 August 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.

- (b) On 20 November 2009, Hap Seng Plantations Holdings Berhad ["HSP"], the 51.55% listed subsidiary of the Company announced that it has entered into a conditional sale of shares agreement ["SSA"] to acquire the entire issued and paid-up share capital of Pelipikan Plantation Sdn Bhd ["Pelipikan"] comprising 10 ordinary shares of RM1.00 each at a purchase consideration of RM31,685,000.00 on the terms and conditions contained in the SSA.

Presently, Pelipikan is the registered sub-lessee of all those 251 parcels of land measuring approximately 3,371 acres (1,364.91 hectares) situated in Kg. Natu, District of Kota Marudu, Sabah ["the said Land"]. Pursuant to the said sub-lease, in consideration of an annual rental of RM1.8 million, Pelipikan is entitled to use the said Land for cultivation of oil palm for a period of 30 years ending 28 February 2039 with an option to renew for another term of 30 years.

The said Land is contiguous with the Group's existing plantation estate situated at Kampung Datu, Kota Marudu, measuring approximately 2,000 acres. Of the total area of 3,371 acres, approximately 1,030 acres of the said Land are planted with oil palm of about 3 years of age and the balance 2,341 acres is unplanted.

The Proposed Acquisition is part of the HSP Group's strategy to acquire more plantation land around the existing plantation area, which would strengthen its position in the Kota Marudu area, and thereby giving rise to economies of scale.

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 November 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 30.9.2009	As at 31.12.2008
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	1,465,291 =====	2,192,003 =====

**15. Capital Commitments**

The Group has the following capital commitments:

	As at	As at
	30.9.2009	31.12.2008
	RM'000	RM'000
Contracted but not provided for in this report	21,803	32,419
Authorised but not contracted for	60,803	112,851
	-----	-----
	82,606	145,270
	=====	=====

16. Related Party Transactions

During the current quarter under review and up to 20 November 2009, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature ["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 21 July 2009, the Company announced that the estimated value of RRPT to be entered into between the Group and Malaysian Mosaics Berhad 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 ["AGM"] 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 appointment of Hap Seng Trading (BM) Sdn Bhd, a wholly-owned subsidiary of Hap Seng Building Materials Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, as the sole and exclusive distributor of Malaysian Mosaics Berhad for the sale and distribution of its tiles in the domestic market in Malaysia pursuant to a Distribution Agreement entered on 30 June 2009 which was announced by the Company on even date.

- (b) The disposal of HSCFLR as disclosed in Note 13(c) above.

**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 RM646.0 million was 39% lower than the preceding year corresponding quarter whilst Group Operating Profit for the current quarter at RM29.1 million was 87% 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 largely owing to lower fertilizers and Palm Kernel (PK) prices.

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

The Automotive Division's passenger vehicle segment recorded improvement in performance benefiting from its continuous efforts to increase market share and improve service level albeit operating in a very competitive environment with cautious consumers' spending whilst the heavy vehicle segment continued to be affected by the soft timber market.

Quarry and Building Materials Division's performance continued to benefit from its expanded quarry operation and improved quarries' production efficiencies with higher contribution from the sales of aggregates but dampened somewhat by lower building materials sales which were affected by the seasonal slow down due to the festive holidays.

Credit Financing Division remains cautious in view of the current economic environment and recorded lower loans growth. Nevertheless, the Division's operating profit was marginally higher than the preceding year corresponding quarter due to better margins.

Plantation Division's performance was affected by lower production output due to changes in seasonal yield trend, lower average selling price of PK and higher cost of production mainly attributable to higher average fertilizer costs affecting the plantation industry. Average selling price of Crude Palm Oil and PK achieved for the current quarter were RM2,358 and RM1,018 per tonne as compared to the preceding year corresponding quarter of RM2,296 and RM1,581 per tonne respectively.

Property Division recorded lower profit as compared to the preceding year corresponding quarter mainly attributable to lower contribution from its project sales due to timing of progress work done mitigated somewhat by higher rental yield at Menara Hap Seng which is close to full occupancy.

Overall, Group profit before tax and profit after tax for the year to date at RM141.3 million and RM122.4 million were lower than the preceding year 8-month period by 72% and 67% respectively mainly impacted by the declining fertilizers prices which adversely affected the Fertilizer Trading Division. Basic earnings per share for the year to date attributable to shareholders, at 16.42 sen was 72% lower than the preceding year 8-month period of 57.72 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 RM55.1 million was marginally higher than the preceding quarter of RM54.3 million. The Group benefited from the gain on disposal of a subsidiary as disclosed in Note 6 of Part A and lower financing costs in the current quarter which were mainly offset by lower results from the Fertilizer Trading and Property Divisions. Fertilizer Trading Division were impacted by the continuous decline in average selling prices whilst Property Division results for the preceding quarter included a fair value adjustment of a freehold investment property.

3. Current Year Prospects

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



4. Variances Between Actual Profit and Forecast Profit

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

5. Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	10,771	61,020	29,707	147,491
- deferred tax	(6,311)	(4,911)	(12,253)	(11,395)
	-----	-----	-----	-----
	4,460	56,109	17,454	136,096
	-----	-----	-----	-----
In respect of prior year				
- income tax	377	267	28,441	267
- deferred tax	103	-	(26,923)	(1,924)
	-----	-----	-----	-----
	480	267	1,518	(1,657)
	-----	-----	-----	-----
	4,940	56,376	18,972	134,439
	=====	=====	=====	=====

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 other non-operating item 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 higher than the statutory tax rate mainly due to higher statutory tax rate payable by a foreign subsidiary.

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 8 of Part A.

8. Status of Corporate Proposals Announced But Not Completed Not Earlier than Seven (7) Days from the Date of this Report

Save as disclosed in Note 13(b) of Part A above, there was no corporate proposal announced but not completed as at 20 November 2009.



9. Borrowings and Debt Securities

The Group does not have any debt securities. Borrowings of the Group are as follows:

	← As at 30.9.2009 →				← 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	279,792	-	-	279,792	304,325	6,015	310,340
- Bank overdrafts	10,084	-	-	10,084	34,807	-	34,807
- Revolving credits	510,400	109,445	-	619,845	721,700	58,531	780,231
- Term loans	182,729	-	-	182,729	157,902	-	157,902
- Foreign currency loan	-	2,588	-	2,588	-	577,392	577,392
	-----	-----	-----	-----	-----	-----	-----
	983,005	112,033	-	1,095,038	1,218,734	641,938	1,860,672
Secured							
- Bank overdrafts	-	-	-	-	100	-	100
	-----	-----	-----	-----	-----	-----	-----
	983,005	112,033	-	1,095,038	1,218,834	641,938	1,860,772
	-----	-----	-----	-----	-----	-----	-----
<u>Long term</u>							
Unsecured							
- Term loans	573,587	-	-	573,587	562,998	-	562,998
- Foreign currency loan	-	-	156,453	156,453	-	-	-
	-----	-----	-----	-----	-----	-----	-----
	573,587	-	156,453	730,040	562,998	-	562,998
Secured							
- Term loans	-	-	-	-	12,000	-	12,000
	-----	-----	-----	-----	-----	-----	-----
	573,587	-	156,453	730,040	574,998	-	574,998
	-----	-----	-----	-----	-----	-----	-----
	1,556,592	112,033	156,453	1,825,078	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 20 November 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	202,323	197,584	4,739
Liabilities	48,679	48,114	(565)
	=====	=====	=====

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) As disclosed in Note 13(c) of Part A, the Company had on 24 September 2009 completed the disposal of its entire equity interest in Hap Seng Consolidated Financial Lease & Rental (China) Co Ltd ["HSCFLR"]. Accordingly, the Group moneylending operations as at 30 September 2009 included only operations of Hap Seng Credit Sdn Bhd and Hap Seng Automotive Acceptance Sdn Bhd, wholly-owned subsidiaries of the Company. Prior to 24 September 2009, the Group moneylending operations included moneylending operations of HSCFLR.

The aggregate amount of outstanding loans as at 30 September 2009 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	919,214	-	919,214
(b) To individuals	61,742	61	61,803
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	-	-	-
	-----	-----	-----
	980,956	61	981,017
	=====	=====	=====

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

	As at
	30.9.2009
	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	270,000
(d) Borrowings with other non-bank financial intermediaries	
(i) unsecured	150,000
(ii) unsecured - guaranteed by the Company	200,003

	620,003
	=====

(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	96,988
(c) Loans reclassified as performing during the financial year	(56,705)
(d) Amount recovered	(25,158)
(e) Amount written off	-
(f) Loans converted to securities	-

(g) Balance as at 30.9.2009	72,187
	=====
(h) Ratio of net loans in default to net loans	7.36%
	=====

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	29,169	Yes	32,465	No	84 – 180
	Hire Purchase	3,821	1,362	Yes	1,439	No	36 – 84
		-----	-----		-----		
		33,361	30,531		33,904		
		-----	-----		-----		
2 nd	Term Loan	21,736	19,528	Yes	28,526	No	60 – 204
3 rd	Term Loan	14,966	12,632	Yes	21,850	No	84
4 th	Term Loan	15,437	11,836	Yes	23,476	No	72 – 156
	Hire Purchase	310	52	Yes	156	No	36 – 60
		-----	-----		-----		
		15,747	11,888		23,632		
		-----	-----		-----		
5 th	Hire Purchase	11,389	8,566	Yes	10,647	No	48 – 67

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 (30.9.2008: 563,529,000)

- (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
23 November 2009