



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOURTH QUARTER ENDED 31 DECEMBER 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31.12.2009 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2008 RM'000	Current Year To date Ended 31.12.2009 RM'000	Preceding Year Corresponding Period Ended * 31.12.2008 RM'000
Revenue	679,603	761,640	2,464,242	3,165,250
Operating expenses	(678,115)	(760,524)	(2,354,850)	(2,620,510)
Other operating income	36,731	15,807	84,414	34,556
Operating profit	38,219	16,923	193,806	579,296
Financing costs	(16,166)	(23,978)	(76,286)	(86,451)
Other non-operating item	7,164	-	44,781	2,252
Share of profit of associates	2,219	493	10,459	8,285
Profit before tax	31,436	(6,562)	172,760	503,382
Tax expense	(4,444)	8,276	(23,416)	(126,163)
Profit for the period	26,992	1,714	149,344	377,219
Attributable to:				
Equity holders of the Company	7,693	(11,275)	100,243	313,975
Minority interests	19,299	12,989	49,101	63,244
Profit for the period	26,992	1,714	149,344	377,219
Earnings per share (sen)				
Basic	1.37	(2.00)	17.79	55.72
Fully diluted	N/A	N/A	N/A	N/A

* The preceding year corresponding period was for a period of 11 months from 1 February 2008 to 31 December 2008, arising from the change in financial year end from 31 January 2009 to 31 December 2008 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) FOURTH QUARTER ENDED 31 DECEMBER 2009

	As at End of Current Quarter 31.12.2009	As at Preceding Financial Year End 31.12.2008
	RM'000	RM'000 (Audited)
Non-current assets		
Property, plant and equipment	757,630	691,564
Biological assets	409,027	393,690
Prepaid lease payments	198,687	182,667
Investment properties	397,510	191,410
Associates	354,964	96,618
Land held for property development	387,538	290,562
Long term receivables	500,863	702,462
Deferred tax assets	86,063	22,195
	-----	-----
	3,092,282	2,571,168
	-----	-----
Current assets		
Inventories	373,017	1,290,147
Property development costs	258,543	283,144
Receivables	835,339	1,024,782
Tax recoverable	58,622	30,502
Cash and cash equivalents	428,467	345,436
	-----	-----
	1,953,988	2,974,011
	-----	-----
TOTAL ASSETS	5,046,270	5,545,179
	=====	=====
Equity attributable to equity holders of the Company		
Share capital	622,660	622,660
Reserves	1,866,928	1,834,244
	-----	-----
	2,489,588	2,456,904
Less : Treasury shares	(154,459)	(154,454)
	-----	-----
	2,335,129	2,302,450
Minority interests	289,336	275,126
	-----	-----
TOTAL EQUITY	2,624,465	2,577,576
	-----	-----
Non-current liabilities		
Borrowings	702,688	574,998
Deferred tax liabilities	160,995	155,643
Deferred liabilities	1,306	871
	-----	-----
	864,989	731,512
	-----	-----
Current liabilities		
Payables and provisions	431,508	333,603
Tax payable	16,418	41,716
Borrowings	1,108,890	1,860,772
	-----	-----
	1,556,816	2,236,091
	-----	-----
TOTAL LIABILITIES	2,421,805	2,967,603
	-----	-----
TOTAL EQUITY AND LIABILITIES	5,046,270	5,545,179
	=====	=====
Net assets per share attributable to ordinary equity holders of the Company (RM)	4.14	4.09
	=====	=====
Based on number of shares net of treasury shares	563,525,500	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) FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	(5)	(5)	(9)	(14)
Translation differences	-	2,340	-	-	2,340	-	2,340
Realisation upon disposal	-	(6,855)	-	-	(6,855)	-	(6,855)
Profit for the period	-	-	100,243	-	100,243	49,101	149,344
Dividend	-	-	(63,044)	-	(63,044)	(34,882)	(97,926)
At 31 December 2009	622,660	52,295	1,814,633	(154,459)	2,335,129	289,336	2,624,465
At 1 February 2008	622,660	37,645	1,514,177	(154,449)	2,020,033	252,016	2,272,049
Purchase of treasury shares	-	-	-	(5)	(5)	(9)	(14)
Change of interests in a Subsidiary	-	-	-	-	-	(1,366)	(1,366)
Translation differences	-	19,165	-	-	19,165	-	19,165
Profit for the period	-	-	313,975	-	313,975	63,244	377,219
Dividend	-	-	(50,718)	-	(50,718)	(38,759)	(89,477)
At 31 December 2008	622,660	56,810	1,777,434	(154,454)	2,302,450	275,126	2,577,576

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 YEAR ENDED 31 DECEMBER 2009

	For Current Year Ended 31.12.2009	For Preceding Year Period Ended * 31.12.2008
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	172,760	503,382
Adjustments for:		
Non-cash items	11,794	42,230
Non-operating items	(58,647)	(14,467)
Net interest expense	69,193	80,835
	-----	-----
Operating profit before working capital changes	195,100	611,980
Net changes in working capital	1,177,250	(778,101)
Net changes in loan receivables	244,524	(81,626)
Net tax paid	(136,476)	(114,021)
Net interest paid	(69,193)	(80,835)
Land held for property development	(118,554)	(20,152)
	-----	-----
Net cash generated from/(used in) operating activities	1,292,651	(462,755)
	-----	-----
Cash flows from investing activities		
Dividends received from associates	3,750	1,855
Interim return on liquidation by an associate	-	11,053
Proceeds from disposal of property, plant and equipment	5,961	11,645
Proceeds from disposal of properties under prepaid lease payment	1,990	2,980
Proceeds from disposal of land held for property development	5,179	373
Proceeds from disposal of other investment	-	4,228
Acquisition of shares in a subsidiary from minority interests	-	(1,366)
Acquisition of associate	(244,473)	-
Disposal/(Acquisition) of subsidiaries net of cash disposed/acquired	8,232	(30,350)
Purchase of property, plant and equipment	(110,757)	(92,040)
Additions to biological assets	(2,977)	(1,843)
Additions to prepaid lease payments	(1,111)	(18,704)
Redevelopment/refurbishment of investment properties	(154,506)	(13,033)
	-----	-----
Net cash used in investing activities	(488,712)	(125,202)
	-----	-----
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(601,284)	782,386
Shares repurchase at cost	(14)	(14)
Dividends paid to shareholders of the Company and minority interests	(97,926)	(89,477)
	-----	-----
Net cash (used in)/generated from financing activities	(699,224)	692,895
	-----	-----
Net increase in cash and cash equivalents	104,715	104,938
Effects on exchange rate changes	642	6,836
Cash and cash equivalents at beginning of period	310,529	198,755
	-----	-----
Cash and cash equivalents at end of period	415,886	310,529
	=====	=====

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

Deposits with licensed banks	355,468	256,210
Cash in hand and at bank	72,999	89,226
Bank overdrafts	(12,581)	(34,907)
	-----	-----
	415,886	310,529
	=====	=====

* The preceding year corresponding period was for a period of 11 months from 1 February 2008 to 31 December 2008, arising from the change in financial year end from 31 January 2009 to 31 December 2008 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.

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	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM’000	RM’000	RM’000	RM’000
Reversal of impairment loss in an associate	4,120	-	4,120	-
Gain from liquidation of an associate	3,044	-	3,044	-
Gain on disposal of a subsidiary	-	-	37,617	-
Gain on disposal of shares in other investment	-	-	-	2,252
	7,164	-	44,781	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) The monthly breakdown of shares bought back and treasury shares cancelled during the quarter under review are as follows:-

Month	No of shares Purchased	Purchase price per share		Average cost Per share	Total cost	No of shares Cancelled
		Lowest	Highest			
		RM	RM	RM	RM	
October 2009	-	-	-	-	-	-
November 2009	1,000	2.420	2.420	2.4637	2,463.73	-
December 2009	-	-	-	-	-	-
Total	1,000	2.420	2.420	2.4637	2,463.73	-

During the current quarter under review, 1,000 shares were bought back and there was no resale or cancellation of treasury shares. All the shares bought back were retained as treasury shares.

(b) As at 31 December 2009, the Company has 59,134,500 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	
	31.12.2009	31.12.2008
	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 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>12-month</u>								
<u>Year Ended</u>								
<u>31 December 2009</u>								
Revenue								
External revenue	1,436,985	320,320	79,604	373,134	254,199	-	-	2,464,242
Inter-segment revenue	84,369	26,898	-	-	10,173	-	(121,440)	-
Total revenue	1,521,354	347,218	79,604	373,134	264,372	-	(121,440)	2,464,242
Results								
Operating profit	(113,145)	19,267	52,789	140,678	111,733	(8,002)	(9,514)	193,806
<u>11-month</u>								
<u>Period Ended</u>								
<u>31 December 2008</u>								
Revenue								
External revenue	2,156,200	317,417	80,842	393,605	217,186	-	-	3,165,250
Inter-segment revenue	71,408	25,059	-	-	22,003	-	(118,470)	-
Total revenue	2,227,608	342,476	80,842	393,605	239,189	-	(118,470)	3,165,250
Results								
Operating profit	313,486	12,274	56,167	171,663	47,890	(12,828)	(9,356)	579,296

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:

- (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 ["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 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 ["Proposed Acquisition"]. The Proposed Acquisition was completed on 10 December 2009 with Pelipikan becoming a wholly-owned subsidiary of HSP.

Presently, Pelipikan is the registered sub-lessee of 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 Natu, 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 of 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.

The above change in the composition of the Group does not have any significant financial effect to the Group in the current financial year.

- (c) On 30 November 2009, 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 acquired from Gek Poh (Holdings) Sdn Bhd ["GPHSB"], the entire issued and paid-up share capital of Crest Contracts Sdn Bhd ["CCSB"] comprising 2 ordinary shares of RM1.00 each at a purchase consideration of RM3,000 ["CCSB Acquisition"]. GPHSB is the immediate holding company of the Company. Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak who is a director and major shareholder of GPHSB whose aggregate shareholdings as at the date hereof is 61.48% comprising direct and indirect shareholdings of 57.31% and 4.17%, respectively, is deemed interested in the acquisition. The aforementioned acquisition was announced by the Company on even date and does not have any significant financial effect to the Group. CCSB subsequently changed its name to Hap Seng Realty (KK I) Sdn Bhd on 15 December 2009.
- (d) On 10 December 2009, 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 acquired the entire issued and paid-up share capital of Prosperity Projections Sdn Bhd ["PPSB"], 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.



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 (Cont'd)

- (e) On 21 December 2009, Menara Hap Seng Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a sale and purchase agreement ["E&O SPA"] with Radiant Kiara Sdn. Bhd., ["Vendor"], the wholly-owned subsidiary of Eastern & Oriental Berhad ["E&O"], to acquire all that piece of freehold land measuring approximately 4,651.203 square metres held under GRN 36342, Lot No. 595, Seksyen 0057, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (formerly CT No. 12571 Lot No. 595, Section 57, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Jalan Tengah, Negeri Wilayah Persekutuan Kuala Lumpur), together with the preliminary works carried out thereon ["said Land"], free from encumbrances and on the terms and conditions contained in the E&O SPA ["Proposed E&O Land Acquisition"].

The purchase consideration for the Proposed E&O Land Acquisition is Ringgit Malaysia One Hundred and Three Million only (RM103,000,000.00) [the "Purchase Price"] to be paid in the following manner:-

- (i) the sum of Ringgit Malaysia Ten Million and Three Hundred Thousand (RM10,300,000.00) representing ten percentum (10%) of the Purchase Price was paid on even date to the Vendor upon execution of the E&O SPA; and
- (ii) the balance sum of Ringgit Malaysia Ninety Two Million and Seven Hundred Thousand (RM92,700,000.00) representing ninety percentum (90%) of the Purchase Price shall be paid within three (3) months of the date of the E&O SPA.

The Proposed E&O Land Acquisition is consistent with the business direction of HSCB group to expand its property division both for development and investment holding. The said Land is strategically located adjacent to Menara Hap Seng at the North-East intersection of Jalan P. Ramlee and Jalan Tengah ["Jalan P. Ramlee/Jalan Tengah Intersection"]. Hence, the Proposed E&O Land Acquisition when completed, would enable the HSCB Group to own all three (3) parcels of prestigious commercial properties fronting Jalan P. Ramlee from Jalan P. Ramlee/Jalan Tengah Intersection to the intersection of Jalan Sultan Ismail and Jalan P. Ramlee.

- (f) On 22 December 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 VIP Builders Sdn Bhd ["VBSB"] 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.

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 9 February 2010, 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:

As announced on 9 February 2010, Hap Seng Auto Sdn. Bhd. ["HSA" or the "Vendor"], a wholly-owned subsidiary of the Company, has on even date entered into a conditional shares sale agreement ["Shares Sale Agreement"] with Pacific Star Automobile Limited ["PSA" or the "Purchaser"], the wholly-owned subsidiary of Lei Shing Hong Automobile Limited, which in turn is a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"], to dispose of its 11,725,000 ordinary shares of RM1.00 each representing 35% of the issued and paid-up share capital of Hap Seng Star Sdn. Bhd. ["HSS"] ["Sale Shares"] to PSA pursuant to the terms and subject to the conditions contained in the Shares Sale Agreement ["Proposed HSS Disposal"]. The disposal consideration for the Proposed HSS Disposal is Ringgit Malaysia One Hundred Three Million Eight Hundred Eleven Thousand and Four Hundred (RM103,811,400.00) [the "Disposal Consideration"] to be paid in the following manner:-

- (i) within seven (7) days from the date of the Shares Sale Agreement, the Purchaser shall pay to the Vendor thirty percent (30%) of the Disposal Consideration in the sum of Ringgit Malaysia Thirty One Million One Hundred Forty Three Thousand and Four Hundred Twenty (RM31,143,420.00) as part payment towards the Disposal Consideration; and
- (ii) the balance seventy percent (70%) of the Disposal Consideration in the sum of Ringgit Malaysia Seventy Two Million Six Hundred Sixty Seven Thousand Nine Hundred and Eighty (RM72,667,980.00) shall be paid by the Purchaser on Completion Date (defined below).



13. Material Events Subsequent to the End of the Interim Period (Cont'd)

The Proposed HSS Disposal is conditional upon the following approvals being obtained within two (2) months from the date of the Shares Sale Agreement or such extended period as may be mutually agreed between HSA and PSA:-

- (a) the approval of the directors and shareholders of HSA for the disposal of the Sale Shares;
- (b) the approval of the directors and shareholders of the Company for the disposal of the Sale Shares by HSA;
- (c) the approval of the directors and shareholders of PSA for the acquisition of the Sale Shares; and
- (d) such other approval as may be required by governmental authorities and/or relevant regulatory authorities, if applicable.

The date on which the last of the approvals shall be fulfilled or obtained is referred to as the "Unconditional Date".

Completion of the Proposed HSS Disposal shall take place within seven (7) days of the Unconditional Date ["Completion Date"].

Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is a 36% major shareholder of LSH. He is also a director and major shareholder of GPHSB. GPHSB is the major shareholder of the Company whose aggregate shareholdings as at the date hereof is 61.48% comprising direct and indirect shareholdings of 57.31% and 4.17%, respectively. Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is deemed a major shareholder of HSCB by virtue of his substantial shareholdings in GPHSB. Hence, Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is deemed interested in the Proposed HSS Disposal.

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 9 February 2010, 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	As at
	31.12.2009	31.12.2008
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	1,418,291	2,192,003
	=====	=====

15. Capital Commitments

The Group has the following capital commitments:

	As at	As at
	31.12.2009	31.12.2008
	RM'000	RM'000
Contracted but not provided for in this report	34,164	32,419
Authorised but not contracted for	75,420	112,851
	-----	-----
	109,584	145,270
	=====	=====

16. Related Party Transactions

During the current quarter under review and up to 9 February 2010, 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:

- (i) The CCSB Acquisition as disclosed in Note 12(c) above; and
- (ii) The Proposed HSS Disposal as disclosed in Note 13 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 RM679.6 million was 11% lower than the preceding year corresponding quarter mainly due to the declining fertilizer prices affecting the Fertilizer Trading Division. Group Operating Profit for the current quarter at RM38.2 million was RM21.3 million (126%) higher than the preceding year corresponding quarter with higher contribution from the Plantation and Property Divisions.

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 continued to be cautious in their fertilizers purchases in anticipation of lower fertilizer prices. Operating profit was affected by significant decline in average selling prices and a stock write down at the end of the current quarter of RM65.6 million (2008: RM97.7 million).

The Automotive Division's passenger vehicle segment continued to record improved performance from its ongoing efforts to increase market share and improve service level albeit operating in a very competitive environment 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.

Credit Financing Division which underwent a consolidation phase during the year due to cautious lending attributable to the global financial crisis in the first half of the year, recorded lower loans growth. Consequently, the Division's operating profit was 39% lower than the preceding year corresponding quarter.

Plantation Division's recorded an improvement in performance attributable to higher volume of Crude Palm Oil (CPO) sales and higher average selling price of CPO and Palm Kernel (PK). Average selling price of CPO and PK achieved for the current quarter were RM2,252 and RM1,081 per tonne as compared to the preceding year corresponding quarter of RM2,048 and RM760 per tonne respectively.

Property Division recorded significant improvement as compared to the preceding year corresponding quarter mainly attributable to contribution from sales of its newly launched project in Puchong and fair value adjustments on some of its investment properties.

Overall, Group profit before tax and profit after tax for the year to date at RM172.8 million and RM149.3 million were lower than the preceding year 11-month period by 66% and 60% respectively mainly impacted by the adverse performance of the Fertilizer Trading Division. Basic earnings per share for the year attributable to shareholders, at 17.79 sen was 68% lower than the preceding year 11-month period of 55.72 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 RM31.4 million was 43% lower than the preceding quarter of RM55.1 million which included the gain on disposal of a subsidiary of RM37.6 million. Excluding other non-operating items, the Group profit before tax for the current quarter was 38% higher than the preceding quarter.

3. Current Year Prospects

The Group's prospects for the current financial year are expected to be influenced by the movements in commodity prices, seasonal yield trend, changes in cropping pattern and the fertilizer prices as well as the competitive trading conditions which are anticipated to continue in the various market sectors in which the Group 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	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	25,457	3,988	55,164	151,479
- deferred tax	(19,724)	(8,458)	(31,977)	(19,853)
	-----	-----	-----	-----
	5,733	(4,470)	23,187	131,626
	-----	-----	-----	-----
In respect of prior year				
- income tax	(966)	(2,042)	27,475	(1,775)
- deferred tax	(323)	(1,764)	(27,246)	(3,688)
	-----	-----	-----	-----
	(1,289)	(3,806)	229	(5,463)
	-----	-----	-----	-----
	4,444	(8,276)	23,416	126,163
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and year excluding under/(over) provision of tax in respect of prior year were lower than the statutory tax rate mainly due to other non-operating items which are not subjected to tax and tax provision on the fair value adjustment of a piece of landed freehold investment property at Real Property Gain Tax rate of 5%. 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 mitigated by reversal of deferred tax resulting from the reduction in statutory tax rate announced in the Malaysian Budget 2008.

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**

There was no corporate proposal announced but not completed as at 9 February 2010, except for the following:

- (a) The Proposed E&O Land Acquisition as disclosed in Note 12(e) of Part A; and
- (b) The Proposed HSS Disposal as disclosed in Note 13 of Part A.



9. Borrowings and Debt Securities

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

	As at 31.12.2009				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	121,959	-	-	121,959	304,325	6,015	310,340
- Bank overdrafts	12,581	-	-	12,581	34,807	-	34,807
- Revolving credits	468,400	90,893	-	559,293	721,700	58,531	780,231
- Term loans	406,596	-	-	406,596	157,902	-	157,902
- Foreign currency loan	-	8,461	-	8,461	-	577,392	577,392
	-----	-----	-----	-----	-----	-----	-----
	1,009,536	99,354	-	1,108,890	1,218,734	641,938	1,860,672
Secured							
- Bank overdrafts	-	-	-	-	100	-	100
	-----	-----	-----	-----	-----	-----	-----
	1,009,536	99,354	-	1,108,890	1,218,834	641,938	1,860,772
	-----	-----	-----	-----	-----	-----	-----
<u>Long term</u>							
Unsecured							
- Term loans	546,235	-	-	546,235	562,998	-	562,998
- Foreign currency loan	-	-	156,453	156,453	-	-	-
	-----	-----	-----	-----	-----	-----	-----
	546,235	-	156,453	702,688	562,998	-	562,998
Secured							
- Term loans	-	-	-	-	12,000	-	12,000
	-----	-----	-----	-----	-----	-----	-----
	546,235	-	156,453	702,688	574,998	-	574,998
	-----	-----	-----	-----	-----	-----	-----
	1,555,771	99,354	156,453	1,811,578	1,793,832	641,938	2,435,770
	=====	=====	=====	=====	=====	=====	=====

10. Financial Instruments with Off Balance Sheet Risk

The Group has no off balance sheet financial instruments as at 9 February 2010, being a date not earlier than 7 days from the date of this report.

11. Provision of Financial Assistance

Money lending operations

- (i) On 24 September 2009, the Company 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 31 December 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 31 December 2009 given by the Company's moneylending subsidiaries are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) To companies	863,803	2,862	866,665
(b) To individuals	80,528	60	80,588
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	-	-	-
	-----	-----	-----
	944,331	2,922	947,253
	=====	=====	=====



11. Provision of Financial Assistance (Cont'd)

Money lending operations (Cont'd)

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

	As at 31.12.2009
	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	241,947
(d) Borrowings with other non-bank financial intermediaries	
(i) unsecured	150,000
(ii) unsecured - guaranteed by the Company	200,008

	591,955
	=====

(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	124,233
(c) Loans reclassified as performing during the financial year	(80,756)
(d) Amount recovered	(38,098)
(e) Amount written off	(7,614)
(f) Loans converted to securities	-

(g) Balance as at 31.12.2009	54,827
	=====
(h) Ratio of net loans in default to net loans	5.79%
	=====

(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	32,140	30,653	Yes	45,150	No	71 – 180
	Hire Purchase	421	139	Yes	75	No	36 – 84
		-----	-----		-----		
		32,561	30,792		45,225		
		-----	-----		-----		
2 nd	Term Loan	21,000	21,373	Yes	19,500	No	60
3 rd	Term Loan	21,333	17,427	Yes	28,086	No	68 – 191
4 th	Term Loan	14,966	12,108	Yes	21,850	No	70 – 83
5 th	Term Loan	20,000	6,809	Yes	23,658	No	58 – 61
	Term Loan	3,000	2,862	No	-	No	36
		-----	-----		-----		
		23,000	9,671		23,658		
		-----	-----		-----		



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 (31.12.2008: 563,529,000)
- (b) The Company does not have any diluted earnings per share.



14. Dividends

Dividends for the current financial year ended 31 December 2009 are as follows:

- (a) an interim dividend of 5.0 sen (31.12.2008: 5.0 sen) per ordinary share less income tax at 25% (31.12.2008: 25%) which was approved by the Board of Directors on 26 August 2009 and was paid on 30 October 2009;
- (b) The Board of Directors have on even date proposed a final dividend for year ended 31 December 2009 which is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company as follows:
 - (i) Amount per ordinary share of RM1.00 each
- Final Dividend 7.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders
 - (ii) Previous year corresponding period:
Amount per ordinary share of RM1.00 each
- Final Dividend 7.0 sen per ordinary share comprising of 3.25 sen less income tax at 25% and 3.75 sen under the single tier system which is tax exempt in the hands of the shareholders
 - (iii) Total dividend for the current financial year: 12.0 sen (31.12.2008: 12.0 sen) per ordinary share
- [c] The entitlement and payment date will be announced at a later date.

BY ORDER OF THE BOARD

LEE WEE YONG
CHEAH YEE LENG
Secretaries

Kuala Lumpur
12 February 2010