



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2010

	Quarter ended		Year-to-date ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	810,881	679,603	2,789,410	2,464,242
Operating expenses	(680,597)	(678,115)	(2,411,749)	(2,354,850)
Other operating income	53,934	36,731	77,561	84,414
	-----	-----	-----	-----
<b>Operating profit</b>	184,218	38,219	455,222	193,806
Financing costs	(18,171)	(16,166)	(66,188)	(76,286)
Other non-operating items	-	7,164	92,685	44,781
Share of results of associates	5,467	2,219	22,737	10,459
	-----	-----	-----	-----
<b>Profit before tax</b>	171,514	31,436	504,456	172,760
Tax expense	(40,136)	(4,444)	(94,919)	(23,416)
	-----	-----	-----	-----
<b>Profit for the period</b>	131,378	26,992	409,537	149,344
	=====	=====	=====	=====
<b>Profit attributable to:</b>				
Owners of the Company	103,130	7,693	323,163	100,243
Minority interests	28,248	19,299	86,374	49,101
	-----	-----	-----	-----
	131,378	26,992	409,537	149,344
	=====	=====	=====	=====
<b>Earnings per share (sen)</b>				
Basic	18.30	1.37	57.35	17.79
	=====	=====	=====	=====
Fully diluted	N/A	N/A	N/A	N/A
	=====	=====	=====	=====

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements



# HAP SENG CONSOLIDATED BERHAD (26877-W)

*(Incorporated in Malaysia)*

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FOURTH QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2010

	Quarter ended		Year-to-date ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	131,378	26,992	409,537	149,344
<b>Other comprehensive income:</b>				
Exchange difference on translation of foreign operations	1,071	(1,565)	(1,261)	2,340
Exchange difference transferred to income statement upon disposal of subsidiary	-	-	-	(6,855)
<b>Other comprehensive income for the period, net of tax</b>	1,071	(1,565)	(1,261)	(4,515)
<b>Total comprehensive income for the period, net of tax</b>	132,449	25,427	408,276	144,829
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	103,920	6,128	321,927	95,728
Minority interests	28,529	19,299	86,349	49,101
	132,449	25,427	408,276	144,829

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements*



# HAP SENG CONSOLIDATED BERHAD (26877-W)

*(Incorporated in Malaysia)*

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 DECEMBER 2010

	<b>As at 31.12.2010</b> RM'000	<b>As at 31.12.2009</b> RM'000 <i>(Restated)</i>
<b>Non-current assets</b>		
Property, plant and equipment	1,074,960	956,317
Biological assets	414,548	409,027
Investment properties	504,450	266,010
Associates	380,648	354,964
Land held for property development	378,191	387,538
Long term receivables	633,889	500,863
Deferred tax assets	66,440	86,063
Goodwill	36,736	-
	----- 3,489,862	----- 2,960,782
<b>Current assets</b>		
Inventories	475,218	373,017
Property development costs	293,184	258,543
Receivables	905,540	848,489
Tax recoverable	34,787	58,622
Cash and bank balances	194,068	428,467
	----- 1,902,797	----- 1,967,138
<b>TOTAL ASSETS</b>	----- 5,392,659 =====	----- 4,927,920 =====
<b>Equity attributable to owners of the Company</b>		
Share capital	622,660	622,660
Reserves	2,118,052	1,866,928
	----- 2,740,712	----- 2,489,588
Less : Treasury shares	(154,467)	(154,459)
	----- 2,586,245	----- 2,335,129
<b>Minority interests</b>	331,041	289,336
<b>TOTAL EQUITY</b>	----- 2,917,286 -----	----- 2,624,465 -----
<b>Non-current liabilities</b>		
Borrowings	796,862	702,688
Deferred tax liabilities	166,321	160,995
Deferred liabilities	1,289	1,306
	----- 964,472	----- 864,989
<b>Current liabilities</b>		
Payables and provisions	392,029	313,158
Tax payable	7,096	16,418
Borrowings	1,111,776	1,108,890
	----- 1,510,901	----- 1,438,466
<b>TOTAL LIABILITIES</b>	----- 2,475,373 -----	----- 2,303,455 -----
<b>TOTAL EQUITY AND LIABILITIES</b>	----- 5,392,659 =====	----- 4,927,920 =====
<b>Net assets per share (RM)</b>	4.59	4.14
Based on number of shares net of treasury shares	----- 563,523,500	----- 563,525,500

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 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) FOR YEAR-TO-DATE ENDED 31 DECEMBER 2010

	← Attributable to Owners 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			
<b>At 1 January 2010</b>							
- As previously stated	622,660	52,295	1,814,633	(154,459)	2,335,129	289,336	2,624,465
- Effects of adopting FRS 139	-	-	2,455	-	2,455	-	2,455
- As restated	622,660	52,295	1,817,088	(154,459)	2,337,584	289,336	2,626,920
Profit for the period	-	-	323,163	-	323,163	86,374	409,537
Other comprehensive income	-	(1,236)	-	-	(1,236)	(25)	(1,261)
Total comprehensive income	-	(1,236)	323,163	-	321,927	86,349	408,276
Purchase of treasury shares	-	-	-	(8)	(8)	(11)	(19)
Change of equity interest in subsidiaries	-	-	-	-	-	(1,999)	(1,999)
Dividends to owners of the Company	-	-	(73,258)	-	(73,258)	-	(73,258)
Dividends paid by subsidiary	-	-	-	-	-	(42,634)	(42,634)
<b>At 31 December 2010</b>	622,660	51,059	2,066,993	(154,467)	2,586,245	331,041	2,917,286
<b>At 1 January 2009</b>	622,660	56,810	1,777,434	(154,454)	2,302,450	275,126	2,577,576
Profit for the period	-	-	100,243	-	100,243	49,101	149,344
Other comprehensive income	-	(4,515)	-	-	(4,515)	-	(4,515)
Total comprehensive income	-	(4,515)	100,243	-	95,728	49,101	144,829
Purchase of treasury shares	-	-	-	(5)	(5)	(9)	(14)
Dividends to owners of the Company	-	-	(63,044)	-	(63,044)	-	(63,044)
Dividends paid by subsidiary	-	-	-	-	-	(34,882)	(34,882)
<b>At 31 December 2009</b>	622,660	52,295	1,814,633	(154,459)	2,335,129	289,336	2,624,465

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR YEAR-TO-DATE ENDED 31 DECEMBER 2010

	Year-to-date ended	
	31.12.2010	31.12.2009
	RM'000	RM'000
		(Restated)
<b>Cash flows from operating activities</b>		
Profit before tax	504,456	172,760
Adjustments for:		
Non-cash items	21,042	11,794
Non-operating items	(115,874)	(58,647)
Net interest expense	61,202	69,193
Operating profit before working capital changes	470,826	195,100
Net changes in working capital	(47,377)	1,045,750
Net changes in loan receivables	(157,839)	244,524
Net tax paid	(64,280)	(136,476)
Net interest paid	(61,202)	(69,193)
Land held for property development	(29,516)	(118,554)
<b>Net cash generated from operating activities</b>	<b>110,612</b>	<b>1,161,151</b>
<b>Cash flows from investing activities</b>		
Dividends received from associates	18,703	3,750
Acquisition of associates	(21,650)	(244,473)
Acquisition of shares in subsidiaries from minority interests	(49,888)	-
Acquisition/Disposal of subsidiaries net of cash acquired/disposed	5,190	8,232
Proceeds from disposal of 35% equity interest in a subsidiary	103,811	-
Proceeds from disposal of property, plant and equipment	6,587	7,951
Proceeds from disposal of land held for property development	1,947	5,179
Proceeds from disposal of investment properties	412	-
Purchase of property, plant and equipment	(175,121)	(111,868)
Additions to biological assets	(5,852)	(2,977)
Acquisition/redevelopment/refurbishment of investment properties	(200,351)	(23,006)
<b>Net cash used in investing activities</b>	<b>(316,212)</b>	<b>(357,212)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company and minority interests	(115,892)	(97,926)
Net proceed from/(repayment of) borrowings	93,941	(601,284)
Shares repurchase at cost	(19)	(14)
<b>Net cash used in financing activities</b>	<b>(21,970)</b>	<b>(699,224)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(227,570)</b>	<b>104,715</b>
Effects on exchange rate changes	(2,887)	642
<b>Cash and cash equivalents at beginning of the period</b>	<b>415,886</b>	<b>310,529</b>
<b>Cash and cash equivalents at end of the period</b>	<b>185,429</b>	<b>415,886</b>

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

Deposits with licensed banks	111,845	355,468
Cash in hand and at bank	82,223	72,999
Bank overdrafts	(8,639)	(12,581)
	185,429	415,886

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 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**

These interim financial statements have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and 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 year ended 31 December 2009.

**2. Significant Accounting Policies**

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2009, except for the changes arising from the adoption of new/ revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations that are effective for financial period beginning on or after 1 July 2009 and 1 January 2010 as follows:

FRS effective for financial periods beginning on or after 1 July 2009

- FRS 8, Operating Segment

FRSs, Amendments to FRSs and IC Interpretations effective for financial periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts \*
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations \*
- Amendments to FRS 132, Financial Instruments: Presentation
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
- FRSs contained in the document entitled "Improvements to FRSs (2009)"
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes \*
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction \*

\* These FRSs, IC Interpretations and amendments are not applicable to the Group

The principal effects of changes in accounting policies, presentation resulting from the adoption of the new/revised FRSs, Amendment to FRSs and IC Interpretations are as follows:

**(a) FRS 101, Presentation of Financial Statements (revised)**

The revised FRS 101 requires all owner changes in equity to be presented in the statement of changes in equity, separately from non-owner changes in equity. All non-owner changes in equity (i.e comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (i.e a separate income statement and a statement of comprehensive income) and presented as a single line labelled as total comprehensive income in the statement of changes in equity.

The Group has adopted the two statements format for presentation of comprehensive income. Comparative information has been re-presented to be in conformity with this revised FRS.

The adoption of this FRS has no impact on the financial position and results of the Group as it affects presentation of the financial statements only.



2. **Significant Accounting Policies (Cont'd)**

(b) **Amendment to FRS 117, Leases**

Prior to 1 January 2010, leasehold land that normally had an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term, was treated as operating lease. The minimum lease payment or the up-front payment made on entering into or acquiring a leasehold land was accounted as prepaid lease payments, except for leasehold land classified as investment property and land held for property development, and was amortised on a straight-line basis over the lease term.

The Group has adopted the amendment to FRS 117, Leases in relation to the classification of lease of land in the same way as leases of other assets. Leasehold land which in substance is a finance lease has to be reclassified and measured as such retrospectively. Accordingly, the Group has reclassified all its leasehold land to property, plant and equipment based on its reassessment and has applied this change in accounting policy retrospectively and comparatives have been restated. The following are effects to the consolidated statement of financial positions as at 31 December 2009 arising from the above change in accounting policy. The change in accounting policy does not have an impact to the income statement.

	<b>As previously reported</b> RM'000 <i>(Audited)</i>	<b>Adoption of Amendment to FRS 117</b> RM'000	<b>As restated</b> RM'000
Property, plant and equipment	757,630	198,687	956,317
Prepaid lease payments	198,687	(198,687)	-

(c) **FRS 139, Financial Instruments: Recognition and Measurement and Amendments to FRS 139, Financial Instruments: Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of financial instruments. Financial instruments are recognised initially at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. The Group determines the classification of its financial instruments at initial recognition.

(i) **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's categorise its financial assets as follows:

Fair value through profit or loss

Fair value through profit or loss comprises derivatives that are classified as assets which are subsequently measured at their fair values.

Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents which are subsequently measured at amortised cost using the effective interest method.

(ii) **Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, borrowings and derivatives that are classified as liabilities.

All the Group's financial liabilities are measured at amortised cost using the effective interest method, except liabilities comprising derivatives which are classified as financial liabilities at fair value through profit or loss.



2. **Significant Accounting Policies (Cont'd)**

(c) **FRS 139, Financial Instruments: Recognition and Measurement and Amendments to FRS 139, Financial Instruments: Recognition and Measurement (Cont'd)**

(iii) **Hedge accounting**

The Group uses derivatives to manage its exposure to foreign exchange risk and applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The Group's hedging relationships are mainly classified as fair value hedge.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit and loss.

In a fair value hedge, the gain or loss from re-measuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit and loss. The gain or loss on the hedge item, except for hedge item categorised as available-for-sale, attributable to the hedge risk is adjusted to the carrying amount of the hedged item and recognised in profit and loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit and loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

(iv) In accordance with the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial period are recognised as adjustments of the opening balance of retained profits or another appropriate reserve and comparatives are not adjusted.

Accordingly, the effects of the initial adoption of FRS 139 on opening retained profits of the Group are as follows:

	<b>Retained profits</b>
	RM'000
Adjustments arising from adoption of FRS 139:	
- Gain arising from recognition of derivatives value changes, net of tax	52
- Reversal of impairment of trade and other receivables, net of tax	2,403
	2,455

Derivative

Prior to adoption FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit and loss other than derivatives designated as hedging instrument which are accounted for in accordance with the hedge accounting requirements as described in the hedge accounting policy as detailed above.

Impairment of trade and other receivables

Prior to adoption of FRS 139, an allowance for doubtful debts will be made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The initial application of the other new/revised FRSs, Amendment to FRSs and IC Interpretations has no material impact to the financial statements of the Group.

3. **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.
- (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.





**4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence**

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter under review.

**5. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years**

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

**6. Other non-operating items**

The other non-operating items were in respect of the following:

	Quarter Ended		Year-to-date	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of 35% equity interest in a subsidiary	-	-	92,685	-
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
	-----	-----	-----	-----
	-	7,164	92,685	44,781
	=====	=====	=====	=====

**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	
October 2010	-	-	-	-	-	-
November 2010	1,000	5.00	5.00	5.0465	5,046.50	-
December 2010	-	-	-	-	-	-
Total	1,000	5.00	5.00	5.0465	5,046.50	-

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 2010, the Company has 59,136,500 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:

	<b>Cumulative Quarter Ended</b>	
	<b>31.12.2010</b>	<b>31.12.2009</b>
	RM'000	RM'000
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
Dividend in respect of financial year ended 31 December 2009:		
- interim (5.0 sen under single tier system) approved by the Board of Directors on 26 August 2009 and paid on 30 October 2009	-	28,176
- final (7.00 sen under single tier system) approved by shareholders on 27 May 2010 and paid on 11 June 2010	39,447	-
Dividend in respect of financial year ending 31 December 2010:		
- interim (6.0 sen under single tier system) approved by the Board of Directors on 25 August 2010 and paid on 21 September 2010	33,811	-
	-----	-----
	73,258	63,044
	=====	=====

**9. Segment Information**

	<b>Trading</b>	<b>Quarry and Building Materials</b>	<b>Financing</b>	<b>Agricultural Produce</b>	<b>Property</b>	<b>Investment Holding</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Year-to-date ended</u></b>							
<b><u>31 December 2010</u></b>							
<b>Revenue</b>							
External revenue	1,497,839	459,008	74,626	473,754	284,183	-	2,789,410
Inter-segment revenue	49,934	22,294	-	-	9,742	-	81,970
Total revenue	1,547,773	481,302	74,626	473,754	293,925	-	2,871,380
<b>Segment profit/(loss)</b>							
Segment profit/(loss)	44,207	22,065	58,625	230,971	117,897	(11,932)	461,833
Elimination of inter-segment profits							(6,611)
<b>Operating profit</b>							455,222
Financing costs							(66,188)
Other non-operating item							92,685
Share of results of associates							22,737
<b>Profit before tax</b>							504,456
<b>Segment assets</b>							
Segment assets	733,994	496,493	1,042,772	877,439	1,685,482	74,604	4,910,784



9. **Segment Information (Cont'd)**

	<b>Trading</b> RM'000	<b>Quarry and Building Materials</b> RM'000	<b>Financing</b> RM'000	<b>Agricultural Produce</b> RM'000	<b>Property</b> RM'000	<b>Investment Holding</b> RM'000	<b>Total</b> RM'000
<b><u>Year-to-date ended</u></b>							
<b><u>31 December 2009</u></b>							
<b>Revenue</b>							
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
<b>Total revenue</b>	<b>1,521,354</b>	<b>347,218</b>	<b>79,604</b>	<b>373,134</b>	<b>264,372</b>	<b>-</b>	<b>2,585,682</b>
<b>Segment profit/(loss)</b>							
	(113,145)	19,267	52,789	140,678	111,733	(8,002)	203,320
Elimination of inter-segment profits							(9,514)
<b>Operating profit</b>							<b>193,806</b>
Financing costs							(76,286)
Other non-operating item							44,781
Share of results of associates							10,459
<b>Profit before tax</b>							<b>172,760</b>
<b>Segment assets</b>							
	671,017	333,593	883,995	804,918	1,450,140	284,608	4,428,271

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. **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, except for the following:

- (a) On 19 October 2010, Hap Seng Building Materials Holdings Sdn Bhd ["HSBMH"], a wholly-owned subsidiary of the Company entered into a shares sale agreement with Lei Shing Hong Limited ["LSH"] to acquire from LSH 1,750,000 ordinary shares representing 25% of the issued and paid-up share capital of Lei Shing Hong (Singapore) Pte. Ltd. ["LSHS"] ["LSHS Acquisition"]. The purchase consideration for the LSHS Acquisition was Singapore Dollars Eight Million Three Hundred and Eighty Nine Thousand (SGD8,389,000).

The LSHS Acquisition was deemed a related party transaction as it involved the interests of Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, the 36.6% major shareholder of LSH, who is a director and major shareholder of Gek Poh (Holdings) Sdn. Bhd., the holding company of the Company.

The LSHS Acquisition was completed on 28 October 2010 and LSHS became an associate of HSBMH.

- (b) During the quarter under review, the Company acquired an additional 16,153,000 ordinary shares of RM1.00 each representing approximately 2.02% equity in Hap Seng Plantations Holdings Berhad ["HSP"] from the market of Bursa Malaysia Securities Berhad, thereby increasing its shareholding in HSP to 53.57%.



**12. Material Events Subsequent to the End of the Interim Period**

Save as disclosed below, there was no other material event subsequent to the end of the current quarter and up to 17 February 2011, 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:-

On behalf of Hap Seng Consolidated Berhad ["HSCB"/ the "Company"], CIMB Investment Bank Berhad ["CIMB"] had on 7 January 2011, announced that the Company proposed to undertake the following:-

- (i) proposed private placement of up to 124,532,000 new ordinary shares of RM1.00 each in ["HSCB Shares"] ["Placement Shares"] representing up to 20% of the issued and paid-up share capital of the company, to investor(s) to be identified at an issued price to be determined and announced later ["Proposed Placement"];
- (ii) proposed bonus issue of up to 1,494,384,000 new HSCB Shares ["Bonus Shares"] to be credited as fully paid-up, on the basis of two (2) Bonus Shares for every one (1) existing HSCB Share held by the entitled shareholders of the Company on the entitlement date to be determined and announced later ["Entitlement Date"] ["Proposed Bonus Issue"];
- (iii) proposed renounceable rights issue of up to 448,315,200 new HSCB Shares ["Rights Shares"] together with up to 448,315,200 new free detachable warrants ["Warrants"] on the basis of one (1) Rights Share together with one (1) Warrant for every five (5) HSCB Shares held by the entitled shareholders of the Company after the Proposed Bonus Issue on the Entitlement Date ["Proposed Rights Issue with Warrants"];
- (iv) proposed increase in the authorised share capital of HSCB from RM1,000,000,000 comprising 1,000,000,000 HSCB Shares to RM5,000,000,000 comprising 5,000,000,000 HSCB Shares ["Proposed Increase in Authorised Share Capital"]; and
- (v) proposed amendments to the Memorandum and Articles of Association ["M&A"] of HSCB to facilitate the implementation of the Proposed Bonus Issue, Proposed Rights Issue with Warrants ["Proposed M&A Amendments"].

(collectively, (i) to (v) above are referred to as the "Proposals")

The Proposals are subject to and conditional upon approvals being obtained from the following:-

- (a) Bursa Malaysia Securities Berhad ["Bursa Securities"] for the following:-
  - (i) listing of and quotation for the new HSCB Shares to be issued pursuant to the Proposed Placement;
  - (ii) listing of and quotation for the new HSCB Shares to be issued pursuant to the Proposed Bonus Issue and Proposed Rights Issue with Warrants and the new HSCB Shares to be issued and arising from the exercise of Warrants, on the Main Market of Bursa Securities; and
  - (iii) admission, listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants on the Official List of the Main Market of Bursa Securities;
- (b) the approval of Bank Negara Malaysia for the issuance of the Warrants to non-residents pursuant to the Proposed Rights Issue with Warrants;
- (c) Ministry of International Trade and Industry, for the new HSCB Shares to be issued pursuant to the Proposed Placement (if required);
- (d) the shareholders of the Company at the forthcoming Extraordinary General Meeting to be convened, for the following:-
  - (i) Additional Shareholders' Mandate (as defined below);
  - (ii) Proposed Bonus Issue, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and Proposed M&A Amendments; and
- (e) any other relevant authorities and/or parties, if required.



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

During the Annual General Meeting ["AGM"] of the Company held on 27 May 2010, the Board of Directors had been authorised by the shareholders of the Company pursuant to Section 132D of the Companies Act, 1965 ["Act"] to issue up to 10% of the issued and paid-up share capital of the Company (excluding treasury shares) ["Existing S132D Mandate"]. The Existing S132D Mandate shall continue to be in force until the conclusion of the next AGM of the Company, which is expected to be after the completion of the Proposed Placement.

In compliance with Paragraph 6.03(1) of the Listing Requirements of the Main Market of Bursa Securities ["Listing Requirements"] and based on the issued and paid-up share capital of HSCB (excluding treasury shares) as the date hereof, HSCB could issue up to 56,352,350 Placement Shares pursuant to the Existing S132D Mandate, being 10% of the nominal value of the issued and paid-up share capital of HSCB of RM563,523,500 comprising 563,523,500 HSCB Shares (excluding treasury shares).

Accordingly, the Company shall be seeking its shareholders' approval to allot and issue up to 68,179,650 HSCB Shares representing approximately 10.95% of the issued and paid-up share capital of HSCB as part of the Proposed Placement ["Additional Shareholders' Mandate"].

On 28 January 2011, CIMB had announced on behalf of the Company that it had, on even date submitted the listing application to Bursa Securities for the following:-

- (a) admission to the Official List of Bursa Securities and for the initial listing of and quotation for up to 448,315,200 Warrants on the Main Market of Bursa Securities; and
- (b) additional listing of and quotation for:-
  - (i) a total of up to 2,067,231,200 new HSCB Shares in relation to the Proposed Placement, Proposed Bonus Issue and Proposed Rights Issue with Warrants; and
  - (ii) up to 448,315,200 new HSCB Shares to be issued pursuant to the exercise of the Warrants; on the Main Market of Bursa Securities.

On 10 February 2011, CIMB announced on behalf of the Company that it had on even date submitted the following applications:-

- (a) the application to the Ministry of International Trade and Industry for the Proposed Placement; and
- (b) the application to the Controller of Foreign Exchange (Bank Negara Malaysia) for the issuance of the Warrants to foreign shareholders of HSCB and/or their renounee(s) pursuant to the implementation of the Proposed Rights Issue with Warrants.

On 17 February 2011, CIMB announced on behalf of the Company that Bursa Securities has on even date approved the following:-

- (a) Admission to the Official List and listing and quotation of up to 448,315,200 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- (b) Listing and quotation of up to:
  - (i) 124,532,000 new HSCB Shares to be issued pursuant to the Proposed Placement;
  - (ii) 1,494,384,000 new HSCB shares to be issued pursuant to the Proposed Bonus Issue; and
  - (iii) 448,315,200 new HSCB Shares to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (c) Listing and quotation of up to 448,315,200 new HSCB Shares to be issued pursuant to the exercise of the Warrants.



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

The approval granted by Bursa Securities for the listing and quotation of up to 1,494,384,000 new HSCB Shares to be issued pursuant to the Proposed Bonus Issue is subject to the following conditions:

- (a) HSCB and CIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;
- (b) HSCB and CIMB to inform Bursa Securities upon the completion of the Proposed Bonus Issue;
- (c) HSCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed;
- (d) HSCB and CIMB are required to make the relevant announcements pursuant to Paragraph 6.35(2)(a) & (b), 6.35(3) and 6.35(5) of the Listing Requirements; and
- (e) inform Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") on the actual number of Bonus Shares to be issued and the latest issued and paid-up share capital of HSCB (after the Bonus Shares) when submitting the allotment information to Bursa Depository for the crediting of the Bonus Shares.

The approval granted by Bursa Securities for the Proposed Placement and Proposed Rights Issue with Warrants is subject to the following conditions:

- (a) HSCB and CIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Placement and Proposed Rights Issue with Warrants;
- (b) HSCB and CIMB to inform Bursa Securities upon the completion of the Proposed Placement and Proposed Rights Issue with Warrants;
- (c) HSCB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement and Proposed Rights Issue with Warrants are completed;
- (d) HSCB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants, as at the end of each quarter together with a detailed computation of listing fees payable; and
- (e) Certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed Placement.

HSCB is required to ensure full compliance of all the requirements as provided under the Listing Requirements at all times.

**13. Changes in Contingent Liabilities or Contingent Assets since the End of the Last Annual Reporting Period**

Since the end of the last annual reporting period, the Group has no material contingent liabilities as at 17 February 2011, being the last practicable date from the date of the issue of this report which are expected to have an operational or financial impact on the Group.

The contingent liabilities of the Company as at the end of the current quarter are as follows:

	<b>As at</b>	<b>As at</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	1,717,185	1,418,291
	=====	=====



**14. Capital Commitments**

The Group has the following capital commitments:

	<b>As at</b>	<b>As at</b>
	<b>31.12.2010</b>	<b>31.12.2009</b>
	RM'000	RM'000
Contracted but not provided for in this report	59,149	152,514
Authorised but not contracted for	103,694	75,420
	-----	-----
	162,843	227,934
	=====	=====

**15. Significant Related Party Transactions**

During the current quarter under review and up to 17 February 2011, 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 had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders during the extraordinary general meeting held on 27 May 2010, except for the LSHS Acquisition as disclosed in Note 11(a) above.



## **PART B**

### **Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

#### **1. Review of Performance**

Revenue for the current quarter under review at RM810.9 million was RM131.3 million (19%) higher than the preceding year corresponding quarter with improvement in revenue in all divisions except for Fertilizers Trading which was affected by lower average selling prices. The Group recorded a significant increase in operating profit for the current quarter at RM184.2 million which was RM146.0 million (382%) higher than the preceding year corresponding quarter.

Plantation Division recorded a significant improvement of 37% in operating profit mainly attributable to higher average selling prices of Crude Palm Oil (CPO) and Palm Kernel (PK) as well as higher sales volume of CPO. Average selling price of CPO and PK realised for the current quarter were RM2,843 and RM2,029 per tonne which were higher than the preceding year corresponding quarter of RM2,252 and RM1,081 per tonne respectively.

Property Division's operating profit was 22% higher than the preceding year corresponding quarter partly contributed by higher project sales and rental income from its investment properties.

The Fertilizer Trading Division's revenue was affected by lower average selling prices inspite of higher sales volume. Nevertheless, the Division's operating profit returned to positive and improved significantly over the preceding year corresponding quarter's loss which also included a stock write down of RM65.6 million.

The Automotive Division recorded significantly improved performance in revenue over the preceding year corresponding quarter mainly arising from the expansion of its Mercedes Benz business to Vietnam in August 2010 via the acquisition of Hap Seng Star Vietnam Limited (formerly known as LSH Vietnam Limited) which owns Vietnam Star Automobile Limited. However, operating profit was substantially lower than the preceding year corresponding quarter mainly due to the reversal of certain provisions no longer required and timing of recognition of certain income in the preceding year corresponding quarter.

Quarry and Building Materials Division continues to expand its quarry, bricks manufacturing and building materials trading operations. During the current quarter, the Division commenced operations of its second brick factory, a new quarry and a new asphalt plant. In spite of the higher revenue, the Division's profit was close to the preceding year corresponding quarter due to lower margins from building materials trading segment mainly affected by the competitive steel and cement prices.

Credit Financing Division operating profit was 30% higher than the preceding year corresponding quarter attributable to higher loan disbursements in the current quarter after a period of consolidation in the previous year due to cautious lending and a general economic slow down following the global financial crisis.

Overall, Group profit before tax and profit after tax for the current financial year at RM504.5 million and RM409.5 million were 192% and 174% higher than the preceding year. Basic earnings per share for the current financial year at 57.35 sen was 222% higher than the preceding year of 17.79 sen.

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

Group profit before tax for the current quarter at RM171.5 million was 92% higher than the preceding quarter of RM89.5 million mainly due to higher contribution from Plantation and Property Divisions. The higher results from Plantation were mainly attributable to higher sales volume and higher average selling price of CPO and PK whilst the higher results from Property Division were mainly attributable to higher project sales and fair value adjustments on some of its investment properties in accordance with the accounting policy on Investment Properties adopted by the Group.

#### **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**

	Quarter Ended		Year-to-date ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	29,284	25,457	85,100	55,164
- deferred tax	10,901	(19,724)	11,890	(31,977)
	-----	-----	-----	-----
	40,185	5,733	96,990	23,187
	-----	-----	-----	-----
In respect of prior quarter/year				
- income tax	(5,486)	(966)	(7,508)	27,475
- deferred tax	5,437	(323)	5,437	(27,246)
	-----	-----	-----	-----
	(49)	(1,289)	(2,071)	229
	-----	-----	-----	-----
	40,136	4,444	94,919	23,416
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter excluding overprovision of tax in respect of prior quarter/year was in line with the statutory tax rate whilst the effective tax rate for the year to date was lower than the statutory tax rate mainly due to other non-operating item which was not subjected to tax. The effective tax rate for the preceding year corresponding quarter and period were lower than the statutory tax rate mainly due to other non-operating item which was not subjected to tax and tax provision on fair value adjustment of a piece of landed freehold investment property at Real Property Gain Tax rate of 5%.

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

There was no disposal of unquoted investment for the current quarter under review. Sale of properties was 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**

Save for the Proposals as disclosed in Note 12 of Part A, there was no other corporate proposal announced but not completed as at 17 February 2011.



**9. Borrowings and Debt Securities**

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

	← As at 31.12.2010 →					← As at 31.12.2009 →			
	← Denominated in →				Total	← Denominated in →			Total
	RM RM'000	USD RM'000	SGD RM'000	VND RM'000		RM RM'000	USD RM'000	SGD RM'000	
<u>Short term</u>									
Unsecured									
- Bankers acceptances	35,477	-	-	-	35,477	121,959	-	-	121,959
- Bank overdrafts	8,639	-	-	-	8,639	12,581	-	-	12,581
- Revolving credits	563,400	63,792	-	8,852	636,044	468,400	90,893	-	559,293
- Term loans	368,057	-	-	-	368,057	406,596	-	-	406,596
- Foreign currency loan	-	63,559	-	-	63,559	-	8,461	-	8,461
	975,573	127,351	-	8,852	1,111,776	1,009,536	99,354	-	1,108,890
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<u>Long term</u>									
Unsecured									
- Term loans	640,409	-	-	-	640,409	546,235	-	-	546,235
- Foreign currency loan	-	-	156,453	-	156,453	-	-	156,453	156,453
	640,409	-	156,453	-	796,862	546,235	-	156,453	702,688
	1,615,982	127,351	156,453	8,852	1,908,638	1,555,771	99,354	156,453	1,811,578
	=====	=====	=====	=====	=====	=====	=====	=====	=====

**10. Derivatives**

The Group entered into forward foreign exchange contracts where appropriate to minimise its exposure on recognised asset or liability or an unrecognised firm commitment denominated in foreign currencies. Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 31 December 2010 are as follows:

	<b>Contract/ Notional Value</b>	<b>Fair Value: Assets/ (Liabilities)</b>
	RM'000	RM'000
Forward foreign currency contracts of less than 1 year (US Dollar)		
- Designated as hedging instruments	111,585	(379)
- Not designated as hedging instruments	60,056	(17)
	-----	-----
	171,641	(396)
	=====	=====

The Group has no significant concentration of credit and market risks in relation to the above derivative financial instruments as the forward foreign currency exchange contracts are entered into with reputable financial institutions and are not used for speculative purposes. The cash requirement for settling these forward foreign exchange contracts is solely from the Group's working capital. The related accounting policies for derivative financial instruments and hedge accounting are disclosed in Note 2 of Part A above.



**11. Gains/Losses arising from Fair Value Changes of Financial Liabilities**

The gain/(loss) arising from fair value changes of financial liabilities which are categorised as fair value through profit or loss are as follows:

← Gain/(loss) →	
Quarter ended <b>31.12.2010</b>	Year-to-date ended <b>31.12.2010</b>
RM'000	RM'000

Forward foreign currency contracts		
- Not designated as hedging instruments	-	(17)
	=====	=====

**12. Disclosure of Realised and Unrealised Profits (Unaudited)**

	<b>As at</b>	<b>As at</b>
<b>31.12.2010</b>	<b>30.9.2010</b>	<b>30.9.2010</b>
RM'000	RM'000	RM'000

Total retained profits of the Company and its subsidiaries:		
- Realised	3,497,799	3,384,669
- Unrealised	5,520	(11,851)
	-----	-----
	3,503,319	3,372,818
Total share of retained profits from associates		
- Realised	17,355	12,557
- Unrealised	1,156	866
- Breakdown unavailable*	12,241	12,239
	-----	-----
	3,534,071	3,398,480
Less: Consolidation adjustments	(1,467,078)	(1,434,617)
	-----	-----
Total group retained profits as per consolidated accounts	2,066,993	1,963,863
	=====	=====

\* This represents the share of retained profits of Lam Soon (Thailand) Public Company Limited ["LST"], an associate which is listed in the Stock Exchange of Thailand. The information required by Bursa Securities was not made available by LST due to the requirement to comply with the Guideline on Disclosure of Information of Listed Companies issued by the Stock Exchange of Thailand.



13. **Provision of Financial Assistance**

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's wholly owned subsidiaries, Hap Seng Credit Sdn Bhd and Hap Seng Automotive Acceptance Sdn Bhd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 December 2010 given by the Company's moneylending subsidiaries are as follows:

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	RM'000	RM'000	RM'000
(a) To companies	984,663	1,927	986,590
(b) To individuals	107,256	60	107,316
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	-	-	-
	-----	-----	-----
	1,091,919	1,987	1,093,906
	=====	=====	=====

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

	<b>As at</b>
	<b>31.12.2010</b>
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	-
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	503,004
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	250,007
	-----
	753,011
	=====

(iii) The aggregate amount of loans in default for 3 months or more are as follows:-

	RM'000
(a) Balance as at 1.1.2010	54,827
(b) Loans classified as in default during the financial year	103,715
(c) Loans reclassified as performing during the financial year	(70,794)
(d) Amount recovered	(44,002)
(e) Amount written off	(10,117)
(f) Loans converted to securities	-
	-----
(g) Balance as at 31.12.2010	33,629
	=====
(h) Ratio of net loans in default to net loans	3.07%
	=====



**13. Provision of Financial Assistance (Cont'd)**

Moneylending 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 <sup>st</sup>	Term Loan	21,000	21,287	Yes	19,500	No	60
2 <sup>nd</sup>	Term Loan	23,200	17,686	Yes	30,030	No	12 – 180
3 <sup>rd</sup>	Term Loan	14,966	10,937	Yes	22,079	No	70 – 83
4 <sup>th</sup>	Term Loan	12,362	10,391	Yes	15,777	No	115 – 120
5 <sup>th</sup>	Hire Purchase	8,965	6,630	Yes	7,131	No	36 – 60

**14. 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 10 August 2004 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 appeal was heard on 9 and 10 December 2010 and the ruling thereof has been reserved to a date to be fixed by the Court of Appeal.

The Company’s Solicitors are of the opinion that both the above mentioned appeal and the Plaintiffs’ claim to the Native Customary Rights against the alienated land after the issuance of the title are unlikely to succeed.

**15. Earnings Per Share**

(a) The basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company, of 563,525,000 (2009: 563,527,000)

(b) The Company does not have any diluted earnings per share.



**16. Dividends**

Dividends for the current financial year ended 31 December 2010 are as follows:

- (a) an interim dividend of 6.0 sen (2009: 5.0 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. The said interim dividend was approved by the Board of Directors on 25 August 2010 and paid on 21 September 2010;
- (b) In line with the Company's Dividend Policy announced on 5 January 2011, the Board of Directors has on even date recommended to pay out approximately 50% of the Group's Profit after tax and minority interests (referred to as Profit attributable to owners of the Company in page 1 of this report) for the financial year ended 31 December 2010 in the sum of approximately RM123.98 million as final dividend, which is represented by 22.0 sen per share based on 563,523,500 shares comprised in the issued and paid-up share capital of the Company as at the date hereof (after deducting 59,136,500 treasury shares).

Subject to the shareholders' approval being obtained during the forthcoming annual general meeting of the Company which is expected to be convened after completion of the Proposals detailed in Note 12 of Part A, the amount of final dividend per share will be adjusted downwards based on the final enlarged number of shares in issue after completion of the Proposals, which will be announced accordingly.

- (i) Amount per ordinary share of RM1.00 each  
- Final Dividend

A total of approximately RM123.98 million representing approximately 50% of the Group's Profit attributable to owners of the Company for the financial year ended 31 December 2010, will be paid out as final dividend 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 under the single tier system which is tax exempt in the hands of the shareholders.

- (iii) Total dividend for the current financial year:

The total dividend per share for the current financial year will depend on the final enlarged number of shares in issue after completion of the Proposals.

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

**17. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2009 was not subject to any qualification.

**BY ORDER OF THE BOARD**

**CHEAH YEE LENG**  
**QUAN SHEET MEI**  
Secretaries

Kuala Lumpur  
18 February 2011