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 2012

	Quarter ended		Year-to-date ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM'000	RM'000	RM'000	RM'000
Revenue	1,131,508	974,637	3,958,899	3,628,380
Operating expenses	(958,998)	(851,532)	(3,341,111)	(3,074,444)
Other operating income	25,741	68,147	98,927	160,707
Operating profit	198,251	191,252	716,715	714,643
Financing costs	(21,820)	(27,000)	(93,977)	(97,216)
Other non-operating item	-	(2,175)	-	(2,175)
Share of results of associates	34,796	2,869	54,369	19,747
Profit before tax	211,227	164,946	677,107	634,999
Tax expense	(74,972)	(28,451)	(190,653)	(141,872)
Profit for the period	136,255	136,495	486,454	493,127
Profit attributable to:				
Owners of the Company	122,611	111,746	422,632	375,602
Non-controlling interests	13,644	24,749	63,822	117,525
	136,255	136,495	486,454	493,127
Earnings per share (sen)				
Basic	5.75	5.11	19.58	18.85
Diluted	5.75	5.11	19.55	18.85

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 2012

	Quarter ended		Year-to-date ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	136,255	136,495	486,454	493,127
Other comprehensive income, net of tax:				
Share of property revaluation reserves of an associate	2,332	-	2,332	-
Foreign currency translation differences for foreign operations	62	(786)	(2,095)	(379)
Share of foreign currency translation differences of associates	(1,956)	-	(1,956)	-
Other comprehensive income for the period, net of tax	438	(786)	(1,719)	(379
Total comprehensive income for the period, net of tax	136,693	135,709	484,735	492,748
Total comprehensive income attributable to:				
Owners of the Company	123,049	111,129	420,913	375,682
Non-controlling interests	13,644	24,580	63,822	117,066
	136,693	135,709	484,735	492,748

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 2012

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000 *(Audited)*
Non-current assets		
Property, plant and equipment	1,220,417	1,156,171
Biological assets	428,798	420,539
Investment properties	445,325	475,153
Associates	432,123	387,303
Other investment	30,000	30,000
Land held for property development	375,164	371,366
Goodwill	36,736	36,736
Long term receivables	949,841	828,747
Deferred tax assets	51,378	71,746
	3,969,782	3,777,761
Current assets		
Inventories	550,219	941,461
Property development costs	359,939	249,725
Receivables	1,236,375	1,147,407
Tax recoverable	26,236	43,855
Cash and bank balances	519,259	666,901
	2,692,028	3,049,349
TOTAL ASSETS	6,661,810	6,827,110
Equity attributable to owners of the Company		
Share capital	2,186,364	2,186,357
Reserves	1,336,686	1,115,343
	3,523,050	3,301,700
Less: Treasury shares	(122,061)	(8,283)
	3,400,989	3,293,417
Non-controlling interests	365,102	358,631
TOTAL EQUITY	3,766,091	3,652,048
Non-current liabilities		
Borrowings	991,108	1,370,710
Deferred tax liabilities	169,781	168,051
Other payables	5,864	1,648
	1,166,753	1,540,409
Current liabilities		
Payables and provisions, including derivatives	417,093	439,779
Tax payable	51,253	20,401
Borrowings	1,260,620	1,174,473
	1,728,966	1,634,653
TOTAL LIABILITIES	2,895,719	3,175,062
TOTAL EQUITY AND LIABILITIES	6,661,810	6,827,110
Net assets per share (RM)	1.61	1.51
Based on number of shares net of treasury shares ('000)	2,113,108	2,180,927

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 2012

	← Attributable to Owners of the Company				→		
	Share Capital	**Non-distributable Reserves**	**Distributable Reserves**	**Treasury Shares**	**Total**	**Non-controlling interests**	**Total Equity**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	2,186,357	128,498	986,845	(8,283)	3,293,417	358,631	3,652,048
Profit for the period	-	-	422,632	-	422,632	63,822	486,454
Other comprehensive income	-	(1,719)	-	-	(1,719)	-	(1,719)
Total comprehensive income	-	(1,719)	422,632	-	420,913	63,822	484,735
Reserves realised upon disposal of assets	-	(36,564)	36,564	-	-	-	-
Exercise of warrants	7	4	-	-	11	-	11
Changes in ownership interests in a subsidiary	-	-	-	-	-	50	50
Purchase of treasury shares	-	-	-	(113,778)	(113,778)	-	(113,778)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(12)	(12)
Dividends to owners of the Company	-	-	(199,574)	-	(199,574)	-	(199,574)
Dividends paid by subsidiary	-	-	-	-	-	(57,389)	(57,389)
At 31 December 2012	2,186,364	90,219	1,246,467	(122,061)	3,400,989	365,102	3,776,091
At 1 January 2011	622,660	51,059	2,066,962	(154,467)	2,586,214	330,588	2,916,802
Profit for the period	-	-	375,602	-	375,602	117,525	493,127
Other comprehensive income	-	80	-	-	80	(459)	(379)
Total comprehensive income	-	80	375,602	-	375,682	117,066	492,748
Issuance of shares pursuant to the Private Placement	43,800	186,150	-	-	229,950	-	229,950
Issuance of shares pursuant to the Bonus Issue	1,214,643	(177,489)	(1,037,154)	-	-	-	-
Issuance of shares pursuant to the Rights Issue	364,393	18,220	-	-	382,613	-	382,613
Shares issuance expenses	-	(8,661)	-	-	(8,661)	-	(8,661)
Changes in ownership interests in a subsidiary	-	-	(54,925)	-	(54,925)	(28,008)	(82,933)
Purchase of treasury shares	-	-	-	(8,294)	(8,294)	-	(8,294)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(19)	(19)
Cancellation of treasury shares	(59,139)	59,139	(154,478)	154,478	-	-	-
Dividends to owners of the Company	-	-	(209,162)	-	(209,162)	-	(209,162)
Dividends paid by subsidiary	-	-	-	-	-	(60,996)	(60,996)
At 31 December 2011	2,186,357	128,498	986,845	(8,283)	3,293,417	358,631	3,652,048

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 2011 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 2012

	Year-to-date ended	
	31.12.2012	**31.12.2011**
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	677,107	634,999
Adjustments for:		
Non-cash items	48,724	70,577
Non-operating items	(57,041)	(119,806)
Net interest expense	83,351	85,174
Operating profit before working capital changes	752,141	670,944
Net changes in working capital	365,544	(530,992)
Net changes in loan receivables	(165,202)	(262,061)
Net tax paid	(124,601)	(139,721)
Net interest paid	(83,351)	(85,174)
Additions to land held for property development	(62,091)	(18,128)
Net cash flows generated from/(used in) operating activities	682,440	(365,132)
Cash flows from investing activities		
Dividends received from associates	9,925	10,917
Acquisition of non-controlling interests	-	(82,933)
Acquisition of other investment	-	(30,000)
Acquisition of subsidiary net of cash acquired	(17,581)	-
Proceeds from issuance of shares to non-controlling interests	50	-
Proceeds from disposal of property, plant and equipment	9,676	65,556
Proceeds from disposal of investment properties	7,000	133,370
Proceeds from disposal of land held for property development	-	2,972
Purchase of property, plant and equipment	(136,055)	(184,510)
Additions to biological assets	(8,259)	(6,451)
Additions to investment properties	(35,675)	(36,369)
Net cash flows used in investing activities	(170,919)	(127,448)
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(256,963)	(270,158)
Net (repayment)/drawdown of borrowings	(278,429)	635,132
Proceed from issuance of shares pursuant to the exercise of warrants	11	-
Proceed from issuance of shares pursuant to the Private Placement	-	229,950
Proceed from issuance of shares pursuant to the Rights Issue	-	382,613
Share issuance expenses	-	(8,661)
Shares repurchase at cost	(113,790)	(8,313)
Net cash flows (used in)/generated from financing activities	(649,171)	960,563
Net (decrease)/increase in cash and cash equivalents	(137,650)	467,983
Effects on exchange rate changes	(488)	1,516
Cash and cash equivalents at beginning of the period	654,928	185,429
Cash and cash equivalents at end of the period	516,790	654,928

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	401,417	586,730
Cash in hand and at bank	117,842	80,171
Bank overdrafts	(2,469)	(11,973)
	516,790	654,928

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 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 2011.

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 2011, except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 July 2011 and 1 January 2012 as follows:

<u>IC Interpretations and Amendments effective for financial periods beginning on or after 1 July 2011</u>

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

<u>FRSs and Amendments effective for financial periods beginning on or after 1 January 2012</u>

- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Transfer of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124 Related Party Disclosures

The adoption of the above revised FRSs, IC Interpretation and Amendments do not have any significant financial impact on the Group.

<u>Malaysian Financial Reporting Standards (MFRS Framework)</u>

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

3. **Comments on the seasonality or cyclicality of operations**

The seasonal or cyclical factors affecting the results of the operations of the Group are as follows:

(a) The performances of the Group's Property Development Division and Quarry and Building Materials Division were influenced by the slowdown in construction activities in the first quarter attributed 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, the cyclical nature of annual production and movements in commodity prices.

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 interim period.

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. **Issues, cancellations, repurchases, resale and repayments of debt and equity securities**

(a) Issuance of shares pursuant to the exercise of warrants

No warrants were exercised during the current quarter. A total of 6,600 warrants were exercised during the current financial year which resulted in 6,600 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities and the issued and paid-up share capital of the Company increased to RM2,186,364,000 comprising 2,186,364,000 ordinary shares of RM1.00 each. As at 31 December 2012, 364,386,300 warrants remained unexercised.

Subsequent to the end of the current financial year, 2,400 warrants were exercised which resulted in 2,400 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities and the issued and paid-up share capital of the Company increased to RM2,186,366,400 comprising 2,186,366,400 ordinary shares of RM1.00 each. As at the date hereof, 364,383,900 warrants remained unexercised.

(b) Share buyback by the Company

During the current quarter, 35,535,400 shares were bought back and there was no resale or cancellation of treasury shares. Accordingly, a total of 67,826,400 shares were bought back and retained as treasury shares during the current financial year. The monthly breakdown of shares bought back during the current quarter was as follows:

Month	No of shares Repurchased	Purchase price per share		Average cost Per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
October 2012	8,506,000	1.6100	1.6600	1.6410	13,958,376.72
November 2012	14,279,400	1.6200	1.6800	1.6499	23,559,340.07
December 2012	12,750,000	1.6500	1.7500	1.6780	21,394,334.35
Total	35,535,400	1.6100	1.7500	1.6578	58,912,051.14

As at 31 December 2012, the Company has 73,256,400 ordinary shares held as treasury shares and the issued and paid up share capital of the Company remained at 2,186,364,000 ordinary shares of RM1.00 each.

There was no share buyback subsequent to the end of the current financial year till 22 February 2013.

7. **Dividends paid**

The total dividend paid out of shareholders' equity for the ordinary shares during the financial year was as follows:

	Year-to-date 31.12.2012	Year-to-date 31.12.2011
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2010:		
- final (20.4 sen) under the single tier system approved by shareholders on 7 June 2011 and paid on 24 June 2011	-	123,894
Dividend in respect of financial year ended 31 December 2011:		
- interim (3.9 sen) under the single tier system approved by the Board of Directors on 24 August 2011 and paid on 28 September 2011	-	85,268
- second interim (4.7 sen) under the single tier system approved by the Board of Directors on 14 February 2012 and paid on 13 March 2012	102,490	-
Dividend in respect of financial year ended 31 December 2012:		
- first interim (4.5 sen) under the single tier system approved by the Board of Directors on 10 July 2012 and paid on 8 August 2012	97,084	-
	199,574	209,162

8. **Segment information**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Automotive RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year-to-date ended 31 December 2012									
Revenue									
External revenue	526,499	635,472	111,270	1,271,196	595,140	740,213	79,109	-	3,958,899
Inter-segment revenue	-	9,577	-	50,149	23,327	22,542	-	(105,595)	-
Total revenue	526,499	645,049	111,270	1,321,345	618,467	762,755	79,109	(105,595)	3,958,899
Operating profit	193,606	438,933	90,577	22,778	(3,723)	(7,284)	(8,134)	(10,038)	716,715
Financing costs									(93,977)
Share of results of associates									54,369
Profit before tax									677,107
Segment assets	987,024	1,668,213	1,493,818	607,866	666,564	453,366	275,222	-	6,152,073
Year-to-date ended 31 December 2011									
Revenue									
External revenue	654,866	331,751	96,947	1,135,228	519,285	797,970	92,333	-	3,628,380
Inter-segment revenue	-	9,746	-	42,850	29,841	13,381	191	(96,009)	-
Total revenue	654,866	341,497	96,947	1,178,078	549,126	811,351	92,524	(96,009)	3,628,380
Operating profit	342,914	204,555	79,039	62,444	16,975	20,711	(4,443)	(7,552)	714,643
Financing costs									(97,216)
Other non-operating item									(2,175)
Share of results of associates									19,747
Profit before tax									634,999
Segment assets	983,581	1,606,415	1,338,390	979,734	617,554	311,678	486,854	-	6,324,206

9. **Effect of changes in the composition of the Group during the interim period, including business combinations, obtaining or losing control of subsidiaries and long–term investments, restructuring and discontinued operations**

There were no changes in the composition of the Group during the current financial year, except for the following:

(a) On 27 April 2012, Estet Perkasa Sdn Bhd ["Estet"] issued and allotted 249,998 ordinary shares of RM1.00 each fully paid at par to the following:

	Number of shares allotted and fully paid	**Cash consideration**
		RM
Hap Seng Land Development Sdn Bhd ["HSLD"]	199,997	199,997
Hap Seng Land Sdn Bhd	1	1
Jinee Sdn Bhd	50,000	50,000
	249,998	249,998

Prior to this, the entire issued and paid-up share capital of Estet comprising 2 ordinary shares of RM1.00 each was held by HSLD, a wholly-owned subsidiary of the Company. With the completion of the aforesaid allotment and issuance, Estet, with an enlarged issued and paid-up share capital of RM250,000 comprising 250,000 ordinary shares of RM1.00 each, became a 80% owned subsidiary of the Company.

(b) As part of the Group's re-organisation, the Company had on 17 May 2012 transferred the 2 ordinary shares representing the entire issued and paid-up share capital of Hap Seng Fertilizers Holdings Pte Ltd ["HSFHPL"] held by the Company to Hap Seng Building Materials Holdings Sdn Bhd, a wholly-owned subsidiary of the Company for a cash consideration of Singapore Dollar Two (SGD2.00) only. HSFHPL is the Company's wholly-owned subsidiary in Singapore.

(c) As announced on 23 May 2012, the Company has been advised on even date that the transfer of the charter share capital of USD 11,000,000 representing the entire equity interest in Vietnam Star Automobile Limited from Hap Seng Star Vietnam Limited ["HSSVL"] to Hap Seng Star (Vietnam) Sdn Bhd ["HSSVSB"] has been approved by the relevant authority in Vietnam. Both HSSVL and HSSVSB are wholly-owned subsidiaries of the Company.

(d) On 6 July 2012, Hap Seng Clay Products Sdn Bhd, a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Kao Fu Bricks Sdn Bhd ["KFBSB"] comprising 13,300,000 ordinary shares of RM1.00 each at the cash consideration of Ringgit Malaysia Seventeen Million and Five Hundred Thousand Only (RM17,500,000). KFBSB is a private limited company incorporated in Malaysia which is principally involved in the manufacturing and sales of bricks for the domestic market in Sabah.

(e) On 8 November 2012, Hap Seng Realty Sdn Bhd, a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Hap Seng Land Development (JTR 2) Sdn Bhd *(formerly known as Tabir Amanbina Sdn Bhd)* ["HSLD(JTR 2)"] comprising 2 ordinary shares of RM1.00 each at the cash consideration of Ringgit Malaysia Two only (RM2.00). HSLD(JTR 2) is a private limited company incorporated in Malaysia which is currently dormant.

(f) On 28 December 2012, the Company acquired the entire issued and paid-up share capital of Macro Arch (M) Sdn Bhd ["MASB"] and Palms Edge (M) Sdn Bhd ["PESB"] from its wholly-owned subsidiaries, Hap Seng Fertilizers Sdn Bhd and Hap Seng (Oil & Transport) Sdn Bhd for cash consideration of Ringgit Malaysia Fifty Five Million and Two only (RM55,000,002) and Ringgit Malaysia Six Million One Hundred Fifty Thousand and Two only (RM6,150,002) respectively. Both MASB and PESB are investment holding companies. The issued and paid-up share capital of MASB comprise of 2 ordinary shares of RM1.00 each and 55,000 Redeemable Preference Shares ["RPS"] of RM1.00 each whilst PESB's issued and paid-up share capital comprise of 2 ordinary shares of RM1.00 each and 6,150 RPS of RM1.00. All RPS had been issued at a premium of RM999. The aforementioned representing the entire issued and paid-up share capital of MASB and PESB.

10. **Significant events and transactions**

There were no events or transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period.

11. **Events after the interim period**

Save for the subsequent events as disclosed in Note 6 above and Note 9 of Part B below, events after the interim period and up to 22 February 2013 that have not been reflected in these interim financial statements are as follows:

(a) On 9 January 2013, Hap Seng Land Development Sdn Bhd ["HSLD"] acquired from Hap Seng Realty Sdn Bhd, the entire issued and paid-up share capital of Hap Seng Land Development (JTR 2) Sdn Bhd *(formerly known as Tabir Amanbina Sdn Bhd)* ["HSLD(JTR 2)"] comprising 2 ordinary shares of RM1.00 each at the cash consideration of Ringgit Malaysia Two only (RM2.00).

(b) On 21 January 2013, HSLD (JTR 2) issued and allotted 99,998 ordinary shares of RM1.00 each fully paid at par to the following:

	Number of shares allotted and fully paid	**Cash consideration**
		RM
HSLD	79,997	79,997
Hap Seng Land Sdn Bhd	1	1
Jinee Sdn Bhd	20,000	20,000
	---------------	--------------
	99,998	99,998
	=========	========

Prior to this, the entire issued and paid-up share capital of HSLD (JTR 2) comprising 2 ordinary shares of RM1.00 was held by HSLD, the wholly-owned subsidiary of the Company. With the completion of the aforesaid allotment and issuance, HSLD (JTR 2), with an enlarged issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, became a 80% owned subsidiary of the Company.

(c) On 4 February 2013, Hap Seng Building Materials Holdings Sdn Bhd, a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Blue Ocean Pearl Sdn Bhd ["BOP"] comprising 2 ordinary shares of RM1.00 each at a cash consideration of Ringgit Malaysia Two only (RM2.00). BOP is a private limited company incorporated in Malaysia which is currently dormant.

(d) On 19 February 2013, the Company acquired the entire issued and paid-up share capital of Hap Seng Trading Holdings Sdn Bhd (formerly known as Konsep Sistematik (M) Sdn Bhd) ["HSTH"] from its wholly-owned subsidiary, Hap Seng Building Materials Holdings Sdn Bhd ["HSBMH"] at the cash consideration of Ringgit Malaysia Sixty Thousand Three Hundred and Forty Six only (RM60,346). The issued and paid-up share capital of HSTH comprise of 100,000 ordinary shares of RM1.00 each. HSTH is a private limited company incorporated in Malaysia which is principally involved in investment holding.

(e) On 19 February 2013, HSTH, the wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Hap Seng (Oil & Transport) Sdn Bhd ["HSOT"] and Hap Seng Trading (BM) Sdn Bhd ["HSTBM"] from HSBMH for cash consideration of Ringgit Malaysia Twenty One Million Six Hundred Forty Nine Thousand Seven Hundred and Seventy Four only (RM21,649,774) and Ringgit Malaysia Two only (RM2) respectively. The issued and paid-up share capital of HSOT comprise of 2,000,000 ordinary shares of RM1.00 each whilst the issued and paid-up share capital of HSTBM comprise of 9,000,000 ordinary shares of RM1.00 each and 21,000 RPS (issued at a premium of RM999). The aforementioned representing the entire issued and paid-up share capital of HSOT and HSTBM. The principal activities of HSOT and HSTBM are trading of petroleum products and trading of building materials respectively.

12. **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 or contingent assets as at the end of the year which are expected to have an operational or financial impact on the Group.

13. **Capital commitments**

The Group has the following capital commitments:

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Approved and contracted for	226,683	60,023
Approved but not contracted for	132,740	103,999
	-------------	--------------
	359,423	164,022
	=========	========

14. **Significant related party transactions**

During the interim period, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included in or exceeded by 10% the estimated value which had been mandated by the shareholders at the extraordinary general meetings held on 7 June 2011 and 29 May 2012.

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PART B
Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. **Review of performance**

The Group achieved revenue of RM1.1 billion in the current quarter under review, representing a growth of 16% over the preceding year corresponding quarter. It registered a Group operating profit of RM198.3 million which was 4% higher than the preceding year corresponding quarter of RM191.3 million.

Plantation Division's revenue and operating profit were lower than the preceding year corresponding quarter by RM25.3 million (16%) and RM29.2 million (40%) respectively. The Division's performance was mainly impacted by lower average selling prices of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] as well as higher replanting expenditure mitigated by higher Fresh Fruit Bunches ["FFB"] production. In tandem with the higher FFB production, CPO sales volume was 16% higher at 53,428 tonnes whilst PK sales volume was 22% higher at 11,808 tonnes. Average selling price realisation of CPO and PK for the current quarter were RM2,204 and RM1,029 per tonne respectively as compared to the preceding year corresponding quarter of RM2,977 per tonne for CPO and RM1,634 per tonne for PK. Replanting expenditure was higher attributable to the increase in area under replanting. At the end of the current quarter and financial year, 3,518 hectares were under replanting as compared to 2,594 hectares at the end of the preceding year.

Property Division's revenue and operating profit improved by RM153.0 million (154%) and RM101.2 million (125%) respectively over the preceding year corresponding quarter. During the quarter, the Division benefited from the sale of several parcels of land which were not within its development strategy which contributed approximately RM153 million to its operating profit.

Credit Financing Division continued to grow its loan portfolio with focus on loan quality and recorded an improvement in revenue by RM0.4 million (2%) and operating profit by RM1.4 million (6%) over the preceding year corresponding quarter. As at end of the current quarter, the Division's loan portfolio at RM1.51 billion was 12% higher than the preceding year of RM1.35 billion. Non-performing loans ratio as at the end of the current quarter was 0.87% as compared to 1.07% at the end of prior year.

The Fertilizers Trading Division's revenue was lower than the preceding year corresponding quarter by RM27.2 million (9%) attributable to lower selling prices and sales volume of fertilizers in both the Malaysian and Indonesian markets. Competition continued to be stiff especially in the Indonesian market. Consequently, the Division's operating profit for the current quarter decreased by RM24.6 million (234%) over the preceding year corresponding quarter mainly due to the adverse contribution from its Indonesian operations which was impacted by the severe competitive environment, declining fertilizers prices and foreign exchange translation losses due to the weakening of Indonesian Rupiah against the US Dollar as well as stock write down at the end of the year. The Malaysian operations recorded lower operating profit for the current quarter but an overall improvement in operating profits for the year by 16%.

Quarry and Building Materials Division's quarry operations continued to register improvement in production output and production efficiencies whilst the bricks and trading operations were adversely affected by the competitive environment. Overall, the Division's revenue was higher than the preceding year corresponding quarter by RM5.8 million (4%). However, operating profit declined by RM18.5 million over the preceding year corresponding quarter mainly due to losses in its trading operations arising from adverse trading margins and stock write down.

The Automotive Division's revenue for the current quarter was higher than the preceding year corresponding quarter by RM53.1 million (23%) but recorded an operating loss of RM13.6 million as compared to the preceding year corresponding quarter's operating profit of RM4.0 million. The Division registered higher sales of passenger vehicles in Malaysia but margins were adversely affected by the severe competition in the premium passenger vehicles market. In Vietnam, the Division's operations were affected by the prolonged soft market conditions and registered significantly lower vehicle sales.

Overall, the Group ended the financial year with a profit before tax of RM677.1 million, 7% higher than the preceding year whilst profit after tax for the year was RM486.5 million, marginally below the preceding year due to reversal of some deferred tax assets by a foreign subsidiary. Profit attributable to owners of the Company for the year at RM422.6 million was 13% higher than the preceding year due to lower profit attributable to non-controlling interests. Consequently, basic earnings per share for the year at 19.58 sen was 4% higher than the preceding year of 18.85 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 RM211.2 million was 26% higher than the preceding quarter of RM168.2 million mainly attributable to the higher contribution from the Property Division which benefited from the disposal of several parcels of land.

3. **Current year prospects**

The Malaysian economy registered an encouraging growth of 5.6% in 2012 against 5.1% in 2011. The growth was buoyed by the robust manufacturing and construction sectors and strong domestic demand. There were encouraging signs of improvements in the global economy where the latest economic indicators also suggested further stabilisation of growth in Asia (source: Bank Negara Report).

The Plantation Division is anticipated to benefit from the generally expected recovery of CPO prices in the first half of 2013, aided by seasonal lower CPO production and the current wide price discounts of CPO to soyoil and rapeseed oil due to supply shortages from the major oil seeds producing countries. The Government's effort to boost CPO exports by reducing the CPO export tax in January and February 2013 to zero percent is also expected to make Malaysian palm oil more competitive. Movements in commodity and fertilizer prices, weather conditions and the global macroeconomic factors affecting the palm oil market will continue to influence the performance of the Plantation Division.

The Property Division will focus on improving contribution from its property development segment primarily from "The Horizon Residences" project and other new planned project launches. Existing projects and investment properties are also expected to contribute satisfactorily to the performance of the Division in the current year.

Credit Financing Division loan base is expected to continue to grow mainly in pre-selected loan sectors which have shown resilience and continue to be robust.

Fertilizers Trading Division's performance in Malaysia and Indonesia markets are expected to improve in tandem with the improvement in the global fertilizers market. Nevertheless, weather conditions affecting application of fertilizers, and the volatile foreign exchange fluctuation of the Indonesian Rupiah vis-à-vis the US Dollar will continue to have a bearing on the Division's performance.

With the expected continuing robust construction sector in 2013, the Quarry and Building Materials Division's performance is expected to improve with improved efficiencies and from the geographical spread of its quarry and bricks operations although the current competitive market environment is expected to continue.

The Automotive Division expects the competitive environment in the premium passenger vehicles segment of its Malaysian operations to prevail whilst soft market conditions in Vietnam is expected to persist.

Based on the foregoing, the Group is confident of registering satisfactory results in the current financial year ending 31 December 2013.

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.

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5. **Profit for the period**

	Quarter ended		Year-to-date ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	2,207	4,400	10,626	12,042
Investment income	1,200	562	1,200	562
Interest expense	(21,820)	(27,000)	(93,977)	(97,216)
Depreciation and amortisation	(19,777)	(16,831)	(78,643)	(68,597)
Net (allowance)/reversal of impairment losses				
- trade receivables	615	1,687	(419)	2,584
Net (write down)/reversal of write down on inventories	(25,010)	724	(25,136)	1,180
Gain/(loss) on disposal of:				
- property, plant and equipment	19	147	852	32,669
- investment properties	-	48,827	1,820	69,386
- land held for property development	-	-	-	179
Property, plant and equipment written off	(122)	(1,471)	(788)	(1,520)
Biological assets written off	-	(460)	-	(460)
Bad debts written off	(207)	(3)	(211)	(12)
Net foreign exchange (loss)/gain	654	(1,961)	(2,838)	(1,470)
Gain/(loss) on hedging activities	(14)	-	3	-
Gain/(loss) on non-hedging derivative instruments	-	(7)	7	10
Gain from fair value adjustments of investment properties	4,249	-	31,806	-
Recovery of bad debts	236	150	734	616
Impairment loss on investment in an associate	-	(2,175)	-	(2,175)

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Main Market Listing Requirements are not applicable.

6. **Tax expense**

	Quarter Ended		Year-to-date ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	54,127	29,353	170,578	141,495
- deferred tax	(2,066)	1,761	(1,570)	(1,324)
	52,061	31,114	169,008	140,171
In respect of prior periods				
- income tax	698	(1,548)	1,472	2,132
- deferred tax	22,213	(1,115)	20,173	(431)
	22,911	(2,663)	21,645	1,701
	74,972	28,451	190,653	141,872

The Group's effective tax rates for the current quarter and year (excluding the under provision of tax in prior periods) were in line with the statutory tax rate. The effective tax rates for the preceding year corresponding quarter and year were lower than the statutory tax rate mainly due to real property gains taxed at 5%.

7. **Status of corporate proposals announced but not completed at the latest practicable date which must not be earlier than 7 days from the date of issue of the quarterly report**

(a) There was no corporate proposal announced but not completed as at 22 February 2013.

(b) The status of the utilisation of proceeds from the Private Placement and Rights Issue with Warrants are as follows:

(i) Private Placement

Purpose	Proposed Utilisation RM'mil	* Adjusted Proposed Utilisation RM'mil	As at 31 December 2012 Utilisation RM'mil	As at 31 December 2012 Balance Unutilised RM'mil	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'mil	Deviation under/(over) spent %	Explanation
Capital expenditure for expansion of the existing business operations of the Group	240.00	72.18	72.18	-	-	-	-	-
Repayment of borrowings	300.00	90.22	90.22	-	-	-	-	-
General working capital	204.63	61.54	61.94	-	-	(0.40)	(1)	Under spent in expenses had been utilised for general working capital
Estimated expenses	20.00	6.01	5.61	-	-	0.40	7	
	764.63	229.95	229.95	-		-	-	

** The Proposed Utilisation was adjusted using the same fraction of the Proposed Utilisation as per the Circular to Shareholders dated 21 February 2011 to reflect the actual proceeds from the Private Placement.*

(ii) Rights Issue with Warrants

Purpose	Proposed Utilisation RM'mil	As at 31 December 2012 Utilisation RM'mil	As at 31 December 2012 Balance Unutilised RM'mil	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'mil	Deviation under/(over) spent %	Explanation
Capital expenditure for expansion of the existing business operations of the Group and acquisition of potential land for development	220.00	59.32	160.68	Within 3 years from completion	-	-	Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed.
General working capital	159.00	159.56	-	-	(0.56)	-	Under spent in expenses had been utilised for general working capital
Estimated expenses	3.61	3.05	-	-	0.56	16	
	382.61	221.93	160.68		-	-	

8. **Borrowings and debt securities**

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

	As at 31.12.2012					As at 31.12.2011				
	Denominated in					Denominated in				
	RM	USD	SGD	VND	Total	RM	USD	SGD	VND	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current										
Unsecured										
- Bankers acceptances	204,765	3,761	-	-	208,526	123,914	-	-	-	123,914
- Bank overdrafts	2,469	-	-	-	2,469	11,973	-	-	-	11,973
- Revolving credits	485,368	133,755	-	-	619,123	287,600	174,540	-	22,486	484,626
- Term loans	422,611	-	-	-	422,611	139,852	-	-	-	139,852
- Foreign currency loan	-	7,891	-	-	7,891	-	257,655	156,453	-	414,108
	1,115,213	145,407	-	-	1,260,620	563,339	432,195	156,453	22,486	1,174,473
Non-current										
Unsecured										
- Term loans	484,233	-	-	-	484,233	863,448	-	-	-	863,448
- Foreign currency loan	-	12,230	494,645	-	506,875	-	12,617	494,645	-	507,262
	484,233	12,230	494,645	-	991,108	863,448	12,617	494,645	-	1,370,710
	1,599,446	157,637	494,645	-	2,251,728	1,426,787	444,812	651,098	22,486	2,545,183

9. **Changes in material litigation (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 7 days from the date of issue of the quarterly report**

Except for the following, there were no other changes in material litigation since the date of the last annual statement of financial position:

(a) 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)* [“GPB”] 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 [“NCR”] 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 GPB.

The Company filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 [“Striking-out Application”]. The Deputy Registrar dismissed the Striking-out Application on 13 June 2003, which decision was appealed against by the Company [“said Striking-out Appeal”].

The Plaintiffs had earlier filed an application for injunction restraining the Second Defendant and the Third Defendant from carrying out, inter alia, planting activities on the Tongod Land or part thereof [“Injunction Application”]. During the 5 July 2004 High Court hearing on the Injunction Application, the Defendants raised a preliminary objection to the High Court’s jurisdiction to determine Native Customary Rights. The preliminary objection was upheld by the High Court on 20 June 2008 and the Tongod Suit was thereupon dismissed with costs awarded to the Defendants [the "PO Decision”]. The Plaintiffs’s appeal against the PO Decision was dismissed by the Court of Appeal on 9 June 2011 [the "said Dismissal Decision"]. Thereafter, the Plaintiffs filed an application by way of Notice of Motion to the Federal Court seeking leave to appeal against the said Dismissal Decision ["said Leave Application"].

On 25 July 2011, the Federal Court allowed the said Leave Application with which the Plaintiffs were granted leave and stay of the said Dismissal Decision pending hearing of the Plaintiffs’ appeal [“said Appeal”]. On 24 November 2011, the Federal Court allowed the said Appeal and set aside both the PO Decision and said Dismissal Decision. The Federal Court further ordered that the said Striking-out Appeal be remitted to the High Court.

On 21 March 2012, the High Court dismissed the said Striking-out Appeal with costs awarded to the Plaintiffs [“Striking-out Appeal Dismissal”]. Upon the Plaintiffs’ application, the High Court further on 12 April 2012 ordered that the Assistant Collector of Land Revenues, Tongod and Registrar of Titles be added as the Sixth Defendant and Seventh Defendant respectively in the Tongod Suit. On 13 April 2012, the Company filed a Notice of Appeal to the Court of Appeal appealing against the Striking-out Appeal Dismissal which is now fixed for hearing on 13 May 2013.

The Plaintiffs were granted leave by the High Court on 7 November 2012 to add the Assistant Collector of Land Revenues, Kota Kinabatangan as the Eighth Defendant in the Tongod Suit.

The Tongod Suit was part-heard from 26 to 28 November 2012 and 14 to 18 January 2013 and hearing would continue from 18 to 22 February 2013 and 11 to 15 March 2013 respectively.

The Company’s Solicitors are of the opinion that the Plaintiffs’ NCR claim is unlikely to succeed.

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9. **Changes in material litigation (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 7 days from the date of issue of the quarterly report (continued)**

(b) Hap Seng Plantations (River Estates) Sdn Bhd ["RESB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"], the 55.16%-owned listed subsidiary of the Company, is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ["said Land"]. On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ["HCH"] as the purported vendor and Excess Interpoint Sdn Bhd ["EISB"] as the purported purchaser [the "Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8.2.1977 allegedly created in respect of the said Land [the "Alleged PA"]. On the basis of the Purported SPA, a private caveat was entered on the said Land on 3 April 2012 by EISB.

On 23 May 2012, RESB filed a writ of summon and an application for interlocutory injunction ["said Interlocutory Injunction Application"] through its solicitors in Kuala Lumpur, Messrs Wong Kian Kheong, against EISB ["1st Defendant"] at the Kuala Lumpur High Court ["KLHC"] vide Civil Suit No. 22NCVC-631-05/2012 ["RESB Suit"]. On 14 June 2012, the KLHC granted an ad interim injunction in favour of RESB ["said Ad Interim Injunction"] pending disposal of the hearing of the said Interlocutory Injunction Application subject to RESB's undertaking to pay damages to the 1st Defendant for losses suffered by the 1st Defendant resulting from the said Ad Interim Injunction in the event that the said Ad Interim Injunction is subsequently discharged or set aside. On 16 June 2012, HCH was added as a co-defendant ["2nd Defendant"] to the RESB Suit upon RESB's application.

RESB is claiming for the following in the RESB Suit:

(a) That RESB be declared as the registered and beneficial owner of the said Land;
(b) That the Purported SPA be declared null and void;
(c) That the Alleged PA be declared null and void;
(d) An injunction restraining the 1st Defendant from:-
    (i) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
    (ii) taking any actions to fulfill the terms and conditions in the Purported SPA; and
    (iii) taking any further action to complete the Purported SPA.
(e) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
(f) Costs of the RESB Suit; and
(g) Such further or other relief as the Court deems fit and just.

Upon application by the 1st Defendant, the KLHC had on 10 August 2012 transferred the RESB Suit to the High Court of Sabah & Sarawak at Kota Kinabalu ["KKHC"]. KKHC has registered the transferred RESB Suit as Civil Suit No. BKI-22-209/9-2012 with the said Ad Interim Injunction continuing to be in effect. With the transfer of the RESB Suit to KKHC, RESB is currently represented by Messrs Jayasuria Kah & Co.

The RESB Suit has been stayed pending a Court of Appeal decision in another case on the constitutionality of the transfer of civil suits from West Malaysia to Sabah and vice versa. The KKHC has fixed the next mention of the RESB Suit on 25 March 2013.

HSP has been advised by both Messrs Wong Kian Kheong and Messrs Jayasuria Kah & Co. that RESB has good grounds to succeed in the RESB Suit.

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9. **Changes in material litigation (including status of any pending material litigation) since the date of the last annual statement of financial position which must be made up to a date not earlier then 7 days from the date of issue of the quarterly report (continued)**

(c) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) ["SYC" or the "Plaintiff"] has filed a separate legal suit against RESB in respect of the said Land in KKHC vide Originating Summon No. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "KK Suit"].

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 ["Alleged Deed of Substitute"] allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:
(a) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
(b) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
(c) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
(d) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC's rights thereon;
(e) costs of the KK Suit; and
(f) such further or other relief as the Court deems fit and just.

RESB has through its solicitors in Sabah, Messrs Jayasuria Kah & Co., filed an application to convert the KK Suit from being an originating summon action into a writ action ["Conversion Application"]. The KKHC has on 21 November 2012 granted a stay of the KK Suit. The next mention of the KK Suit has been fixed on 25 March 2013.

HSP has been advised by its solicitors that the KK Suit is unlikely to succeed.

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 2012 are as follows:

	Contract/ Notional Value	**Fair Value: Assets/ (Liabilities)**
	RM'000	RM'000
Forward foreign currency contracts of less than 1 year (US Dollar)		
- Designated as hedging instruments	7,651	(16)
- Not designated as hedging instruments	188,933	-
	196,584	(16)

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.

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 31.12.2012 RM'000	Gain/(loss) Year-to-date ended 31.12.2012 RM'000
Forward foreign currency contracts		
- Not designated as hedging instruments	-	7
	=========	=========

12. **Disclosure of realised and unrealised profits (unaudited)**

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000 *(Audited)*
Total retained profits of the Company and its subsidiaries:		
- Realised	2,681,804	2,540,575
- Unrealised	(1,518)	5,947
	----------------	----------------
	2,680,286	2,546,522
Total share of retained profits from associates		
- Realised	43,225	30,466
- Unrealised	28,267	47
- Breakdown unavailable*	14,866	9,069
	----------------	----------------
	2,766,644	2,586,104
Less: Consolidation adjustments	(1,520,177)	(1,599,259)
	----------------	----------------
Total Group retained profits as per consolidated financial statements	1,246,467	986,845
	===========	===========

* This represents the share of retained profits of Lam Soon (Thailand) Public Company Limited ["LST"], an associate which is listed on the Stock Exchange of Thailand. The information required by Bursa Securities was not made available by LST due to their 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 2012 given by the Company's moneylending subsidiaries are as follows:

		Secured RM'000	Unsecured RM'000	Total RM'000
(a)	To companies	1,371,347	1,976	1,373,323
(b)	To individuals	138,616	176	138,792
(c)	To companies within the listed issuer group	-	-	-
(d)	To related parties	-	-	-
		--------------	--------------	--------------
		1,509,963	2,152	1,512,115
		=========	=========	=========

13. **Provision of financial assistance (continued)**

Moneylending operations (continued)

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

		As at 31.12.2012 RM'000
(a)	Loans given by companies within the Group to the moneylending subsidiaries	399,700
(b)	Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c)	Unsecured bank borrowings guaranteed by the Company	588,715
(d)	Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	205,972
		1,194,387

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

		RM'000
(a)	Balance as at 1.1.2012	14,427
(b)	Loans classified as in default during the financial year	55,065
(c)	Loans reclassified as performing during the financial year	(44,279)
(d)	Amount recovered	(10,007)
(e)	Amount written off	(2,067)
(f)	Loans converted to securities	-
(g)	Balance as at 31.12.2012	13,139
(h)	Ratio of net loans in default to net loans	0.87%

(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)
1st	Term Loan	133,760	132,223	Yes	131,300	No	24 – 60
2nd	Term Loan	21,000	21,311	Yes	19,500	No	60
	Term Loan	200	176	No	-	No	60
		21,200	21,487		19,500		
3rd	Term Loan	35,500	17,087	Yes	28,500	No	12 – 36
4th	Term Loan	23,200	16,022	Yes	27,340	No	12 – 180
5th	Hire Purchase	23,494	15,499	Yes	21,303	No	36 – 48

14. **Earnings per share ["EPS"]**

	Quarter Ended		Year-to-date ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
Profit attributable to owners of the Company (RM'000)	122,611	111,746	422,632	375,602
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,132,185	2,185,506	2,158,584	1,993,085
Dilutive potential ordinary shares				
- Assumed exercise of Warrants	-	-	3,402	-
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,132,185	2,185,506	2,161,986	1,993,085
Basic EPS (sen)	5.75	5.11	19.58	18.85
Diluted EPS (sen)	5.75	5.11	19.55	18.85

(a) Basic EPS

The basic EPS 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.

(b) Diluted EPS

The diluted EPS 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 after adjustment for the effects of dilutive potential ordinary shares comprising Warrants.

The Warrants are anti-dilutive for the current quarter as the Warrants exercise price is higher than the average market price of the Company shares during the period. Accordingly, the exercise of Warrants has been ignored in the calculation of dilutive EPS.

The Warrants were anti-dilutive for the preceding year corresponding quarter and year as the Warrants exercise price was higher than the average market price of the Company shares during that period. Accordingly, the exercise of Warrants had been ignored in the calculation of dilutive EPS.

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15. **Dividends**

Dividends for the current financial year ended 31 December 2012 are as follows:

(a) a first interim dividend of 4.5 sen (2011: 3.9 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 10 July 2012 and paid on 8 August 2012;

(b) The Board of Directors has on even date approved the following second interim dividend for the year ended 31 December 2012:

(i)	Amount per ordinary share of RM1.00 each - Second Interim Dividend	6.0 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 - Second Interim Dividend	4.7 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: Amount per ordinary share of RM1.00 each	10.5 sen (2011: 8.6 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders

(c) This dividend will be payable on 29 March 2013; and

(d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 15 March 2013.

NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a second interim dividend of 6.0 sen per ordinary share of RM1.00 each under the single-tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ended 31 December 2012 will be payable in cash on 29 March 2013 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 15 March 2013.

A depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares deposited into the depositor's securities account before 12.30 p.m. on 13 March 2013 in respect of shares which are exempted from mandatory deposit;
(b) shares transferred into the depositor's securities account before 4.00 p.m. on 15 March 2013 in respect of transfers; and
(c) shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on cum entitlement basis according to the Rules of the Bursa Securities..

16. **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 2011 was not subject to any qualification.

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17. **Others**

In the approval letter from Securities Commission [“SC”] dated 23 July 2007 approving the initial public offering of Hap Seng Plantations Holdings Berhad [“HSP”], the 55.16%-owned listed subsidiary of the Company, SC requires, inter alia, HSP to resolve the issue on the requirement to transfer 30% of Litang Estate/equity in Hap Seng Plantations (Wecan) Sdn Bhd [“Wecan”], the wholly-owned subsidiary of HSP, to natives within the time period stipulated therein [“SC Condition”].

As announced by HSP on 31 July 2012, the Land and Survey Department in Kota Kinabalu had granted to HSP a further extension of time to July 2017 for the transfer of 30% of the undivided share of the Litang Estate or 30% equity in Wecan to natives.

SC had via its letter dated 3 September 2012 resolved not to impose time stipulation on HSP to resolve the issue on SC Condition. However, HSP is to continue to pursue the matter with the relevant authority subject to the following:

(a) HSP is to disclose the efforts taken and the status of the compliance with the Litang Estate Condition in the annual report until such time the condition is fulfilled;

(b) HSP and/or CIMB Investment Bank Berhad [“CIMB”] is/are to make quarterly announcements to Bursa Malaysia Securities Berhad until such time the condition is fulfilled; and

(c) HSP and/or CIMB is/are to update the SC when such disclosure is made in the annual report.

BY ORDER OF THE BOARD

CHEAH YEE LENG
QUAN SHEET MEI
Secretaries

Kuala Lumpur
28 February 2013