HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013

	Quarter ended		Year-to-date ended	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
	RM'000	RM'000	RM'000	RM'000
		(Restated)		*(Restated)*
Revenue	1,033,317	1,131,508	3,486,747	3,958,899
Operating expenses	(809,860)	(958,524)	(3,117,962)	(3,339,216)
Other operating income	22,691	28,318	78,038	101,504
Operating profit	246,148	201,302	446,823	721,187
Financing costs	(13,860)	(21,820)	(74,564)	(93,977)
Other non-operating items	(726)	-	415,508	-
Share of results of associates	(4,408)	34,796	13,814	54,369
Profit before tax	227,154	214,278	801,581	681,579
Tax expense	(64,866)	(74,972)	(165,739)	(190,653)
Profit for the period	162,288	139,306	635,842	490,926
Profit attributable to:				
Owners of the Company	142,686	125,662	588,257	427,104
Non-controlling interests	19,602	13,644	47,585	63,822
	162,288	139,306	635,842	490,926
Earnings per share (sen)				
Basic	7.16	5.89	28.70	19.79
Diluted	6.75	5.89	27.84	19.76

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements

HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2013

	Quarter ended		Year-to-date ended	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
	RM'000	RM'000	RM'000	RM'000
		(Restated)		*(Restated)*
Profit for the period	162,288	139,306	635,842	490,926
Other comprehensive income/(expense), net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(996)	62	(2,575)	(2,095)
Share of foreign currency translation differences of associates	(1,685)	(1,972)	(266)	(1,972)
Loss on fair value change in cash flow hedge	(13,221)	-	(13,221)	-
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	4,101	-
Share of foreign currency translation differences of associate reclassified to profit or loss	-	-	(1,248)	-
	(15,902)	(1,910)	(13,209)	(4,067)
Items that will not be reclassified subsequently to profit or loss				
Transfer of properties from property, plant and equipment to investment properties, at valuation arising from change in use	-	-	1,176	-
Total other comprehensive expense for the period	(15,902)	(1,910)	(12,033)	(4,067)
Comprehensive income for the period	146,386	137,396	623,809	486,859
Comprehensive income attributable to:				
Owners of the Company	126,784	123,752	576,224	423,037
Non-controlling interests	19,602	13,644	47,585	63,822
	146,386	137,396	623,809	486,859

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 2013

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000 *(Restated)*	As at 1.1.2012 RM'000 *(Restated)*
Non-current assets			
Property, plant and equipment	1,047,228	1,036,189	970,168
Biological assets	436,030	428,798	420,539
Investment properties	712,076	640,949	668,080
Associates	376,252	429,775	387,303
Other investment	30,000	30,000	30,000
Land held for property development	358,301	375,164	371,366
Goodwill	36,736	36,736	36,736
Receivables, including derivatives	1,032,902	949,841	828,747
Deferred tax assets	13,010	51,378	71,746
	4,042,535	3,978,830	3,784,685
Current assets			
Inventories	487,223	550,219	941,461
Property development costs	614,148	359,939	249,725
Receivables, including derivatives	1,309,064	1,236,375	1,147,407
Tax recoverable	24,142	26,236	43,855
Cash and bank balances	632,660	519,259	666,901
	3,067,237	2,692,028	3,049,349
TOTAL ASSETS	7,109,772	6,670,858	6,834,034
Equity attributable to owners of the Company			
Share capital	2,205,709	2,186,364	2,186,357
Reserves	1,526,900	1,345,734	1,122,267
	3,732,609	3,532,098	3,308,624
Less: Treasury shares	(378,735)	(122,061)	(8,283)
	3,353,874	3,410,037	3,300,341
Non-controlling interests	414,913	365,102	358,631
TOTAL EQUITY	3,768,787	3,775,139	3,658,972
Non-current liabilities			
Borrowings	942,177	991,108	1,370,710
Deferred tax liabilities	176,391	169,781	168,051
Other payables	6,014	5,864	1,648
	1,124,582	1,166,753	1,540,409
Current liabilities			
Payables and provisions, including derivatives	448,127	417,093	439,779
Tax payable	51,446	51,253	20,401
Borrowings	1,556,396	1,260,620	1,174,473
Dividend payable	160,434	-	-
	2,216,403	1,728,966	1,634,653
TOTAL LIABILITIES	3,340,985	2,895,719	3,175,062
TOTAL EQUITY AND LIABILITIES	7,109,772	6,670,858	6,834,034
Net assets per share (RM)	1.68	1.61	1.51
Based on number of shares net of treasury shares ('000)	2,001,678	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 2012 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 2013

	Attributable to Owners of the Company					Non-controlling interests	Total Equity
	Share Capital	**Non-distributable Reserves**	**Distributable Reserves**	**Treasury Shares**	**Total**		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013							
- As previously reported	2,186,364	122,268	1,212,070	(122,061)	3,398,641	365,102	3,763,743
- Prior year adjustments	-	-	11,396	-	11,396	-	11,396
- As restated	2,186,364	122,268	1,223,466	(122,061)	3,410,037	365,102	3,775,139
Profit for the period	-	-	588,257	-	588,257	47,585	635,842
Total other comprehensive expense for the period	-	(12,033)	-	-	(12,033)	-	(12,033)
Comprehensive income for the period	-	(12,033)	588,257	-	576,224	47,585	623,809
Exercise of warrants	19,345	12,574	-	-	31,919	-	31,919
Changes in ownership interests in subsidiaries	-	-	41,232	-	41,232	31,892	73,124
Purchase of treasury shares	-	-	-	(256,674)	(256,674)	-	(256,674)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(11)	(11)
Dividends to owners of the Company	-	-	(448,864)	-	(448,864)	-	(448,864)
Dividends paid by subsidiary	-	-	-	-	-	(29,655)	(29,655)
At 31 December 2013	2,205,709	122,809	1,404,091	(378,735)	3,353,874	414,913	3,768,787
At 1 January 2012							
- As previously reported	2,186,357	128,498	986,845	(8,283)	3,293,417	358,631	3,652,048
- Prior year adjustments	-	-	6,924	-	6,924	-	6,924
- As restated	2,186,357	128,498	993,769	(8,283)	3,300,341	358,631	3,658,972
Profit for the period							
- As previously reported	-	-	422,632	-	422,632	63,822	486,454
- Prior year adjustments	-	-	4,472	-	4,472	-	4,472
- As restated	-	-	427,104	-	427,104	63,822	490,926
Total other comprehensive expense for the period	-	(4,067)	-	-	(4,067)	-	(4,067)
Comprehensive income for the period	-	(4,067)	427,104	-	423,037	63,822	486,859
Reserves realised upon disposal of assets	-	(2,167)	2,167	-	-	-	-
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 *(Restated)*	2,186,364	122,268	1,223,466	(122,061)	3,410,037	365,102	3,775,139

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 2012 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 2013

	Year-to-date ended	
	31.12.2013	**31.12.2012**
	RM'000	RM'000
		(Restated)
Cash flows from operating activities		
Profit before tax	801,581	681,579
Adjustments for:		
Non-cash items	66,009	44,252
Non-operating items	(436,884)	(57,041)
Dividend income	(1,138)	(1,200)
Net interest expense	65,008	83,351
Operating profit before working capital changes	494,576	750,941
Net changes in working capital	(51,939)	365,931
Net changes in loan receivables	(155,637)	(165,202)
Net tax paid	(115,108)	(124,601)
Net interest paid	(65,008)	(83,351)
Additions to land held for property development	(35,165)	(62,091)
Net cash flows generated from operating activities	71,719	681,627
Cash flows from investing activities		
Dividends received from associates	20,736	9,925
Dividends received from other investments	1,200	-
Disposal/(Acquisition) of subsidiaries, net of cash disposed/acquired	402,995	(17,581)
Proceeds from disposal of associate	118,000	-
Proceeds from disposal of equity interest in a subsidiary to non-controlling interests	63,094	-
Proceeds from disposal of investment securities	41,813	-
Proceeds from issuance of shares to non-controlling interests	10,030	50
Proceeds from disposal of property, plant and equipment	10,653	9,676
Proceeds from disposal of investment properties	-	7,000
Purchase of property, plant and equipment	(176,323)	(136,055)
Purchase of investment securities	(40,989)	-
Additions to biological assets	(7,475)	(8,259)
Additions to investment properties	(86,689)	(35,675)
Net cash flows generated from/(used in) investing activities	357,045	(170,919)
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(318,085)	(256,963)
Net drawdown/(repayment) of borrowings	220,390	(277,512)
Proceeds from issuance of shares pursuant to the exercise of warrants	31,919	11
Shares repurchase at cost	(256,685)	(113,790)
Net cash flows used in financing activities	(322,461)	(648,254)
Net increase/(decrease) in cash and cash equivalents	106,303	(137,546)
Effects on exchange rate changes	651	(592)
Cash and cash equivalents at beginning of the period	516,790	654,928
Cash and cash equivalents at end of the period	623,744	516,790

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	535,552	401,417
Cash in hand and at bank	97,108	117,842
Bank overdrafts	(8,916)	(2,469)
	623,744	516,790

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

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 2012, except for the following:

(a) Prior year adjustments

The Group has reclassified certain portion of its freehold land and buildings to investment properties in accordance to paragraph 10 of FRS 140 Investment Properties on the basis that these are not owner occupied and could be sold or leased out separately under a finance lease. These were previously classified as property, plant and equipment and depreciated in accordance to FRS 116 Property, Plant and Equipment. The reclassification has been accounted for retrospectively and certain comparatives have been restated as disclosed in Note 3 below.

(b) Segment information has been changed to include Trading segment which comprises the trading of general building materials, petroleum as well as the oils and fats businesses. In the previous financial year, trading of building materials and petroleum businesses were reported under the Quarry and Building Materials segment whilst oils and fats business was reported under non-reportable segment.

This is to reflect the changes in the basis of internal reports that are regularly reviewed by the management of the Group in order to allocate resources to the segments and assess their performance. Accordingly, the comparatives for segmental information have been restated to conform with the current year presentation.

(c) 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 2012 and 1 January 2013 as follows:

Amendments effective for financial periods beginning on or after 1 July 2012

- Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

FRSs, IC Interpretation and Amendments effective for financial periods beginning on or after 1 January 2013

- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosure of Interests in Other Entities
- FRS 13 Fair Value Measurement
- FRS 119 Employee Benefits (revised)
- FRS 127 Separate Financial Statements (revised)
- FRS 128 Investment in Associate and Joint Ventures (revised)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendment to FRS 1: Government Loans
- Amendments to FRS 7: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance
- Amendments to FRSs contained in the document entitled "Improvements to FRSs (2012)"

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

2. **Significant accounting policies (continued)**

Malaysian Financial Reporting Standards (MFRS Framework)

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 to annual periods beginning on or after 1 January 2015.

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 2015. 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. **Comparatives**

The following comparatives have been restated due to the prior year adjustments as disclosed in 2(a) above which have retrospective impact on the preceding periods financial statements:

(a) **Condensed Consolidated Statement of Profit or Loss**

	Quarter ended 31.12.2012			Year-to-date ended 31.12.2012		
	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
Operating expenses	(958,998)	474	(958,524)	(3,341,111)	1,895	(3,339,216)
Other operating income	25,741	2,577	28,318	98,927	2,577	101,504
Operating profit	198,251	3,051	201,302	716,715	4,472	721,187
Profit before tax	211,227	3,051	214,278	677,107	4,472	681,579
Profit for the period	136,255	3,051	139,306	486,454	4,472	490,926
Profit attributable to:						
Owners of the Company	122,611	3,051	125,662	422,632	4,472	427,104
Earnings per share (sen)						
Basic	5.75	0.14	5.89	19.58	0.21	19.79
Diluted	5.75	0.14	5.89	19.55	0.21	19.76

(b) **Condensed Consolidated Statement of Financial Position**

	As at 1.1.2012			As at 31.12.2012		
	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
Property, plant and equipment	1,156,171	(186,003)	970,168	1,220,417	(184,228)	1,036,189
Investment properties	475,153	192,927	668,080	445,325	195,624	640,949
Reserves	1,115,343	6,924	1,122,267	1,334,338	11,396	1,345,734
Net assets per share (RM)	1.51	-	1.51	1.61	-	1.61

(c) **Condensed Consolidated Statement of Cash Flows**

	Year-to-date ended 31.12.2012		
	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
Profit before tax	677,107	4,472	681,579
Non-cash items	48,724	(4,472)	44,252

4. **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.

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

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.

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

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

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

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

During the current quarter, 19,131,871 warrants were exercised which resulted in 19,131,871 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. Accordingly, a total of 19,344,920 warrants have been exercised during the financial year and the issued and paid-up share capital of the Company increased to RM2,205,708,920 comprising 2,205,708,920 ordinary shares of RM1.00 each. As at 31 December 2013, 345,041,380 warrants remained unexercised.

Subsequent to the end of the interim period and up to 21 February 2014, a total of 9,477,379 warrants were exercised which resulted in 9,477,379 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. The issued and the paid-up share capital of the Company increased to RM2,215,186,299 comprising 2,215,186,299 ordinary shares of RM1.00 each. As at the date hereof, 335,564,001 warrants remained unexercised.

(b) Share buyback by the Company

During the current quarter, 9,604,000 shares were bought back and there was no resale or cancellation of treasury shares. Accordingly, a total of 130,774,700 shares were bought back and retained as treasury shares during the 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 2013	1,865,800	2.3100	2.4500	2.3573	4,398,250.92
November 2013	3,473,000	2.4200	2.6600	2.5429	8,831,638.19
December 2013	4,265,200	2.6300	2.7800	2.6852	11,453,029.76
Total	9,604,000	2.3100	2.7800	2.5701	24,682,918.87

As at 31 December 2013, the Company held 204,031,100 ordinary shares as treasury shares and the issued and paid up share capital of the Company remained unchanged at 2,205,708,920 ordinary shares of RM1.00 each.

Subsequent to the end of the financial year and up to 21 February 2014, the Company bought back another 5,150,500 shares which were also retained as treasury shares, thereby increasing the total treasury shares held by the Company to 209,181,600 shares.

8. **Dividends paid**

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

	Year-to-date	
	31.12.2013	**31.12.2012**
	RM'000	RM'000
Dividends in respect of financial year ended 31 December 2011:		
- 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
Dividends 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
- second interim (6.0 sen) under the single tier system approved by the Board of Directors on 28 February 2013 and paid on 29 March 2013	126,787	-
Dividends in respect of financial year ended 31 December 2013:		
- first interim (8.0 sen) under the single tier system approved by the Board of Directors on 6 June 2013 and paid on 6 August 2013	161,643	-
- second interim (8.0 sen) under the single tier system approved by the Board of Directors on 27 November 2013 and paid on 14 February 2014	160,434	
	448,864	199,574

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9. **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	Trading RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Current year quarter ended 31 December 2013										
Revenue										
External revenue	142,755	282,558	29,863	203,888	99,205	145,752	129,296	-	-	1,033,317
Inter-segment revenue	-	2,420	493	8,302	1,579	7,940	11,329	-	(32,063)	-
Total revenue	142,755	284,978	30,356	212,190	100,784	153,692	140,625	-	(32,063)	1,033,317
Operating profit	59,083	176,063	23,948	(17,975)	3,777	(754)	2,473	(9,423)	8,956	246,148
Financing costs										(13,860)
Other non-operating items										(726)
Share of results of associates										(4,408)
Profit before tax										227,154
Preceding year quarter ended 31 December 2012 *(Restated)*										
Revenue										
External revenue	135,727	249,929	27,173	273,493	93,986	275,369	75,831	-	-	1,131,508
Inter-segment revenue	-	2,402	-	11,673	448	5,562	12,903	-	(32,988)	-
Total revenue	135,727	252,331	27,173	285,166	94,434	280,931	88,734	-	(32,988)	1,131,508
Operating profit	43,028	184,493	23,126	(14,070)	6,701	(13,613)	(21,637)	(4,141)	(2,585)	201,302
Financing costs										(21,820)
Share of results of associates										34,796
Profit before tax										214,278

9. **Segment information (continued)**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Automotive RM'000	Trading RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year ended 31 December 2013										
Revenue										
External revenue	443,321	517,681	112,425	1,068,531	361,009	585,952	397,828	-	-	3,486,747
Inter-segment revenue	-	9,778	2,722	39,817	3,753	17,126	51,666	-	(124,862)	-
Total revenue	443,321	527,459	115,147	1,108,348	364,762	603,078	449,494	-	(124,862)	3,486,747
Operating profit	140,560	255,754	91,538	(8,227)	17,876	(18,096)	6,629	(19,656)	(19,555)	446,823
Financing costs										(74,564)
Other non-operating items										415,508
Share of results of associates										13,814
Profit before tax										801,581
Segment assets	1,042,292	2,097,823	1,699,603	406,395	623,005	339,453	153,916	333,881	-	6,696,368
Year ended 31 December 2012 *(Restated)*										
Revenue										
External revenue	526,499	635,472	111,270	1,271,196	303,405	740,213	370,844	-	-	3,958,899
Inter-segment revenue	-	9,577	-	50,149	2,995	22,542	50,026	-	(135,289)	-
Total revenue	526,499	645,049	111,270	1,321,345	306,400	762,755	420,870	-	(135,289)	3,958,899
Operating profit	193,606	441,510	90,577	22,778	27,630	(7,284)	(30,710)	(8,777)	(8,143)	721,187
Financing costs										(93,977)
Share of results of associates										54,369
Profit before tax										681,579
Segment assets	987,024	1,679,609	1,493,818	607,866	603,518	453,366	97,238	241,030	-	6,163,469

10. **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 interim period, except for the following:

(a) On 9 January 2013, *Hap Seng Realty Sdn Bhd ["HSR"] transferred its 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Hap Seng Land Development (JTR 2) Sdn Bhd *(formerly known as Tabir Amanbina Sdn Bhd)* to *Hap Seng Land Development Sdn Bhd ["HSLD"] at a cash consideration of RM2.

(b) On 21 January 2013, Hap Seng Land Development (JTR 2) Sdn Bhd issued and allotted 99,998 ordinary shares of RM1.00 each fully paid at par in the manner set out below which resulted in an enlarged issued and paid-up share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each:

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

(c) On 4 February 2013, *Hap Seng Building Materials Holdings Sdn Bhd acquired the entire issued and paid-up share capital of Hap Seng Seri Alam Sdn Bhd *(formerly known as Blue Ocean Pearl Sdn Bhd)* comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.

(d) On 19 February 2013, Hap Seng Building Materials Holdings Sdn Bhd transferred to the Company its 100,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Hap Seng Trading Holdings Sdn Bhd *(formerly known as Konsep Sistematik (M) Sdn Bhd)* ["HSTH"] at a cash consideration of RM60,346.

(e) On 19 February 2013, Hap Seng Building Materials Holdings Sdn Bhd transferred to Hap Seng Trading Holdings Sdn Bhd the entire issued and paid-up share capital of *Hap Seng (Oil & Transport) Sdn Bhd comprising 2,000,000 ordinary shares of RM1.00 each and *Hap Seng Trading (BM) Sdn Bhd comprising 9,000,000 ordinary shares of RM1.00 each and 21,000 redeemable preference shares of RM1.00 each (issued at a premium of RM999.00) at cash consideration of RM21,649,774 and RM2 respectively.

(f) On 8 March 2013, Hap Seng Building Materials Holdings Sdn Bhd completed the disposal of its entire 1,750,000 ordinary shares representing 25% of the issued and paid-up share capital in Lei Shing Hong (Singapore) Pte Ltd to Lei Shing Hong Limited ["LSH"], at a cash consideration of SGD47,313,553 (approximately RM118,000,000). The disposal was deemed a related party transaction as Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, is a 37.68% major shareholder of LSH and a 56.00% major shareholder of Gek Poh (Holdings) Sdn Bhd, the Company's holding company. The aforesaid disposal resulted in a gain of approximately RM78.9 million to the Group as disclosed in Part B Note 5.

(g) On 13 March 2013, Hap Seng Building Materials Holdings Sdn Bhd transferred to the Company its 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Hap Seng Equity Sdn Bhd *(formerly known as Western Works Industries Sdn Bhd)* at a cash consideration of RM2.

(h) On 4 June 2013, *Hap Seng Star Sdn Bhd completed the disposal of its 51% equity interest in Hap Seng Star (Vietnam) Sdn Bhd ["HSSV"] to Vietnam Star Holdings Limited *(formerly known as Prestige Sports Cars (HK) Limited)* ["VSHL"], a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"], at a cash consideration of RM153 million and thereafter on 30 July 2013, completed the disposal of the balance 49% equity interest therein to VSHL at a cash consideration of RM147 million. The disposals were deemed to be related party transactions as Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, is a 37.68% major shareholder of LSH and a 56.00% major shareholder of Gek Poh (Holdings) Sdn Bhd. The aforesaid disposals resulted in a total gain of approximately RM209.9 million to the Group as disclosed in Part B Note 5.

(i) On 22 April 2013, *Hap Seng Land Sdn Bhd and Jinee Sdn Bhd transferred to *Hap Seng Land Development Sdn Bhd ["HSLD"] their respective 1 ordinary share of RM1.00 each and 20,000 ordinary shares of RM1.00 each representing 20.001% of the issued and paid-up share capital in Hap Seng Land Development (JTR2) Sdn Bhd ["HSLDJTR2"] at cash consideration of RM1 and RM20,000 respectively, which resulted in HSLDJTR2 becoming the wholly-owned subsidiary of HSLD. Thereafter on 2 May 2013, HSLD transferred to the Company its 100,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of HSLDJTR2.

* *These are the Company's wholly-owned subsidiaries.*

10. **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 (continued)**

(j) On 17 May 2013, the Company incorporated a wholly-owned subsidiary in Singapore, Hap Seng Capital Pte Ltd ["HSC"] with an issued and paid-up share capital of SGD1.00 comprising 1 ordinary share. Thereafter on 5 June 2013, HSC incorporated its wholly-owned subsidiary in Singapore, Hap Seng Credit Pte Ltd with an issued and paid-up share capital of SGD1.00 comprising 1 ordinary share.

(k) On 1 July 2013, a shareholders' agreement was entered into between Hap Seng Building Materials Holdings Sdn Bhd ["HSBMH"] and UM Land Builders Sdn Bhd ["UMLB"] governing their 70:30 quarry joint-venture in Hap Seng Seri Alam Sdn Bhd *(formerly known as Blue Ocean Pearl Sdn Bhd)* ["HSSA']. Pursuant to the same, HSBMH and UMLB subscribed to 69,998 and 30,000 ordinary shares respectively in the share capital of HSSA on even date, with which the issued and paid-up share capital of HSSA increased to RM100,000 comprising 100,000 ordinary shares of RM1.00 each. HSBMH is the wholly-owned subsidiary of the Company whereas UMLB is the wholly-owned subsidiary of United Malayan Land Berhad.

(l) On 16 August 2013, Hap Seng Realty Sdn Bhd acquired the entire issued and paid-up share capital of Desa Alam Mewah Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.

(m) On 21 August 2013, the Company completed the disposal of its 10,369,211 ordinary shares representing 100% of the issued and paid-up share capital in Aceford Food Industry Pte Ltd to Lei Shing Hong (Singapore) Pte Ltd, a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"] at a cash consideration of RM160 million. The disposal was deemed a related party transaction as Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is a 37.68% major shareholder of LSH and a 56.00% major shareholder of Gek Poh (Holdings) Sdn Bhd. The aforesaid disposal resulted in a gain of approximately RM132.7 million to the Group.

(n) On 30 September 2013, Hap Seng Land Development (JTR 2) Sdn Bhd ["HSLDJTR2"] issued and allotted 150,000 ordinary shares of RM1.00 each fully paid at par in the manner set out below which resulted in an enlarged issued and paid-up share capital of RM250,000 comprising 250,000 ordinary shares of RM1.00 each and upon the completion of the aforesaid allotment, HSLDJTR2 has become 80%-owned subsidiary of the Company:

	Number of shares allotted and fully paid	**Cash consideration**
		RM
Hap Seng Land Development Sdn Bhd	100,000	100,000
Jinee Sdn Bhd	50,000	50,000
	150,000	150,000

(o) On 30 September 2013, Hap Seng Land Development (Balakong) Sdn Bhd *(formerly known as Hap Seng Land Development (OKR) Sdn Bhd)* ["HSLD (Balakong)"] issued and allotted 250,000 ordinary shares of RM1.00 each fully paid at par to Jinee Sdn Bhd which resulted in an enlarged issued and paid-up share capital of RM1,250,000 comprising 1,250,000 ordinary shares of RM1.00 each. Accordingly, HSLD (Balakong) has become 80%-owned subsidiary of the Company.

(p) On 24 October 2013, Hap Seng Realty Sdn Bhd acquired the entire issued and paid-up share capital of HUB Coaching & Consulting Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.

(q) On 21 November 2013, the Company transferred to Hap Seng Land Development Sdn Bhd its 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of *Euro-Asia Brand Holding Company Sdn Bhd at a cash consideration of RM2.

(r) On 13 December 2013, Desa Alam Mewah Sdn Bhd ["DAM"] issued and allotted 99,998 ordinary shares of RM1.00 each and 550 redeemable preference shares ["RPS"] of RM1.00 each, in the manner set out below which resulted in an enlarged issued and paid-up share capital of RM100,550 comprising 100,000 ordinary shares of RM1.00 and 550 RPS of RM1.00 each. Accordingly, DAM has become a 80%-owned subsidiary of the Company.

	Number of ordinary shares of RM1.00 each	**Number of RPS of RM1.00 each (with premium of RM999 per RPS**
Hap Seng Realty Sdn Bhd	79,998	440
Jinee Sdn Bhd	20,000	110
	99,998	550

* *These are the Company's wholly-owned subsidiaries.*

10. **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 (continued)**

(s) During the current quarter, the Company disposed 1,222,500 ordinary shares of RM1.00 each representing approximately 0.15% of equity interest in Hap Seng Plantations Holdings Berhad ["HSP Shares" and "HSP"], through open market of Bursa Malaysia Securities Berhad at an average price of RM2.71 per HSP Share. On 9 December 2013, the Company acquired additional 10,813,000 HSP Shares representing 1.35% equity interest of HSP at RM2.50 per HSP Share from Kowa Company Limited through direct business transaction.

After taking into account the aggregate of 33,262,000 HSP Shares disposed and the 10,813,000 HSP Shares acquired during the financial year, the Company's shareholding in HSP decreased from 55.16% to 52.36%.

Except for Note 10(f), 10(h) and 10(m) above, the other changes in composition of the Group do not have any significant financial effect on the Group.

11. **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.

12. **Events after the interim period**

Save for the subsequent events as disclosed in Note 7 above and Part B Note 10, there was no event after the interim period and up to 21 February 2014 that have not been reflected in these interim financial statements.

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

14. **Capital commitments**

The Group has the following capital commitments:

	As at 31.12.2013	**As at 31.12.2012**
	RM'000	RM'000
Approved and contracted for	160,456	226,683
Approved but not contracted for	106,625	132,740
	267,081	359,423

15. **Significant related party transactions**

During the financial year, 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 29 May 2012 and 29 May 2013, except for the disposals as disclosed in Note 10(f), 10(h) and 10(m) above.

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

1. **Review of performance**

Group revenue for the current quarter was RM1.03 billion, 9% lower than the preceding year corresponding quarter affected by lower contribution from the Fertilizer Trading and Automotive Divisions. Nevertheless, Group operating profit of RM246.1 million was 22% higher than the preceding year corresponding quarter of RM201.3 million.

The Plantation Division performed better than the preceding year corresponding quarter with a 5% improvement in revenue at RM142.8 million and higher operating profit at RM59.1 million which was 37% higher than the preceding year corresponding quarter. Generally, the Division benefitted from higher average selling prices for Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] and lower production costs inspite of lower sales volume of CPO and PK. Average selling price realization of CPO and PK for the current quarter were RM2,469 and RM1,542 per tonne respectively as compared to the preceding year corresponding quarter of RM2,204 per tonne for CPO and RM1,029 per tonne for PK. Production of Fresh Fruit Bunches ["FFB"] and CPO remained at about similar levels as the preceding year corresponding quarter but at a lower production cost per tonne of CPO, benefitted from lower estate overheads incurred. However, CPO sales volume was 9% lower at 48,578 tonnes whilst PK sales volume was 10% lower at 10,625 tonnes with higher closing inventory due to congestion at the refineries and PK crushing plants.

Property Division continues to enjoy good take up rate of its ongoing projects in Peninsular Malaysia and Sabah. The response to its luxurious condominium projects in the Klang Valley, namely "The Horizon Residences" and "Nadi Bangsar Service Residences" continue to be very encouraging with a total take up rate at end of the current quarter of 88% and 68% of the total units opened for sales respectively. Major projects in Sabah, namely Bandar Sri Indah in Tawau and Bandar Sri Perdana in Lahad Datu were also major contributors to the Division's projects' revenue and operating profit for the current quarter. Contribution from the Division's investment properties is mainly from its 2 flagship properties, Menara Hap Seng and Menara Citibank (50% held by the Group) which continue to record good occupancy and rental rates. Overall, the Division's revenue increased by 13% over the preceding year corresponding quarter to RM285 million. Inspite of the higher revenue, operating profit at RM176.1 million was 5% lower than the preceding year corresponding quarter mainly attributable to higher profit from the sale of some development land included in the preceding year corresponding quarter.

Credit Financing Division continues to grow its loan base and recorded revenue and operating profit of RM30.4 million and RM23.9 million respectively for the current quarter which were higher than the preceding year corresponding quarter by 12% and 4% respectively. The Division's loan portfolio at the end of the current quarter was RM1.74 billion, 15% above the preceding year of RM1.51 billion. Non-performing loans ratio at the end of the current quarter was 1.44% which was better than the industry average of 1.85%.

The Fertilizer Trading Division continues to operate under very competitive trading conditions in both the Malaysian and the Indonesian markets amidst the volatile movements in the global fertilizer prices and foreign currencies. Both the Malaysian and Indonesian operations recorded lower selling prices and margins. Total sales volume was lower by 11% impacted by lower sales volume in Indonesia. Accordingly, the Division's revenue was lower than the preceding year corresponding quarter by RM73 million (26%). The Malaysian operations remained profitable but registered a 39% decline in operating profit as compared to the preceding year corresponding quarter. Operations in Indonesia continued to suffer losses from the adverse trading conditions as well as the continuous weakening of the Indonesian Rupiah vis-à-vis the US Dollar. Overall, the Division incurred an operating loss of RM18 million as compared to an operating loss of RM14.1 million in the preceding year corresponding quarter.

Quarry and Building Materials Division's revenue for the current quarter at RM100.8 million was higher than the preceding year corresponding quarter by 7% mainly attributable to higher sales volume and average selling prices of its brick products . However, operating profit declined by RM2.9 million (44%) over the preceding year corresponding quarter mainly due to lower margins of its quarry products as a consequence of the lower production output of its quarries in both Sabah and Peninsular Malaysia which were affected by the soft market conditions.

The Automotive Division's premium passenger vehicles segment continued to be very competitive. The Division's revenue for the current quarter was lower than the preceding year corresponding quarter by RM127.2 million (45%) mainly due to the disposal of its Vietnamese operations held via HSSV as disclosed in Part A Note 10(h) and lower sales of vehicles in Malaysia in the current quarter. However, total sales volume of passenger vehicles for the year improved by 9% with higher sales recorded in the earlier quarters of the year. The Division's service centre at Kinrara, Puchong continue to perform well and since January 2013, it has been granted the status of a full 3S autohaus by its principal. Overall, the Division registered an operating loss of RM0.8 million in the current quarter as compared to the preceding year corresponding quarter's loss of RM13.6 million.

Trading Division's revenue at RM140.6 million for the current quarter was RM51.9 million (58%) higher than the preceding year corresponding quarter of RM88.7 million mainly attributable to higher sales of building materials products as the Division continues to expand its market network and increasing market share. Consequently, the Division registered an operating profit of RM2.5 million in the current quarter as compared to a loss of RM21.6 million in the preceding year corresponding quarter. In the preceding year corresponding quarter, the Division was affected by adverse trading margins and stocks write down.

1. **Review of performance (continued)**

Overall, Group profit before tax [“PBT”] for the current quarter at RM227.2 million was 6% above the preceding year corresponding quarter whilst profit after tax [“PAT”] at RM162.3 million was 16% above the preceding year corresponding quarter.

The Group PBT and PAT for the year at RM801.6 million and RM635.8 million were higher than the preceding year by 18% and 30% respectively. Profit attributable to owners of the Company for the year was RM588.3 million, 38% higher than the preceding year. Consequently, basic earnings per share for the year at 28.70 sen was 45% higher than the preceding year of 19.79 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 RM227.2 million was 26% higher than the preceding quarter of RM180.5 million mainly due to higher contribution from the Plantation and Property Divisions.

The Plantation Division benefitted from higher sales volume and average selling prices of both CPO and PK. Sales volume of CPO and PK for the current quarter increased by 15% and 11% over the preceding quarter of 42,083 tonnes and 9,562 tonnes respectively, due to higher FFB production. Average selling price per tonne of CPO and PK realised for the current quarter were higher by 6% and 21% over the preceding quarter of RM2,340 and RM1,271 per tonne respectively.

Improved contribution from the Property Division was mainly attributable to better performance from its property development projects in Sabah and Klang Valley.

3. **Current year prospects**

The Plantation Division performance will be mainly influenced by the global macroeconomic factors affecting the palm oil market and weather conditions affecting FFB yield trend. The rise in the palm oil prices in recent weeks was supported by stronger demand and seasonally lower production output. Indonesia and Malaysia, which account for approximately 90% of the world's palm oil supply, are geared towards their biodiesel programmes which will increase their domestic demand for palm oil. Malaysia’s CPO production in January 2014 fell 9.57% to 1.51 million tonnes from a month ago. Palm oil stocks at the end of January 2014 was lower at 1.93 million tonnes as compared to a year ago of 2.56 million tonnes. In Indonesia, production of palm oil is also expected to be lower as palms in some areas are suffering from biological "tree stress" after robust yields in the past few years. The global supply of soybeans will continue to have a bearing on the palm oil market. Although according to the United States Department of Agriculture that global soybean production is up with larger crops in Brazil and Paraguay more than offsetting a reduction in Argentina, the market is expecting tighter supplies of soybeans due to dry weather in Brazil and floodings in Argentina due to the unusually high rainfall which could lift soyoil prices and channel demand to palm oil instead.

The Property Division’s current property development projects in Sabah and Klang Valley continued to receive encouraging response which will contribute favourably to the Division’s current year performance. Contribution from existing investment properties is expected to be maintained with close to optimum occupancy rates and consistent average rental rates. Menara Hap Seng 2 is targeted for completion in the second quarter of 2014 and is expected to contribute positively to the Division’s current year performance.

Credit Financing Division will continue to grow its loan base focusing on its pre-selected loan sectors which have shown resilience and continue to be robust whilst managing credit risks.

Fertilizer Trading Division continues to operate in a very competitive business environment in both the Malaysian and Indonesian markets. However, it anticipates a better year ahead with the expected stabilizing of global potash prices. The Indonesian market will continue to be sensitive to the volatility of the Indonesian Rupiah vis-à-vis the US Dollar.

The Quarry and Building Materials Division expects to benefit from improved operational efficiencies of its quarries and brick operations. Two new quarries located in the southern region of Peninsular Malaysia are expected to commence operations in the first half of the current year and contribute positively to the Division’s performance for the year.

The Trading Division plans to further expand its market share and identifying new products to grow sales and profitability.

The Automotive Division will continue to focus on service excellence and growing its customers’ base in the competitive Malaysian premium passenger vehicles segment. Plans are underway to officially launch its new 3S autohaus in Balakong by beginning of the second quarter 2014 which will improve the Divison’s geographical coverage in the Klang Valley and is expected to contribute positively to the Division’s future performance.

Based on the foregoing, the Group is optimistic of achieving satisfactory results for the financial year ending 31 December 2014.

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. **Profit for the period**

	Quarter ended		Year-to-date ended	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
	RM'000	RM'000	RM'000	RM'000
		(Restated)		*(Restated)*
Profit for the period is arrived at after crediting/(charging):				
Interest income	2,617	2,207	9,556	10,626
Dividend income from other investment	300	1,200	1,138	1,200
Gain on disposal of held-for-trading investment securities	-	-	824	-
Interest expense	(13,860)	(21,820)	(74,564)	(93,977)
Depreciation and amortisation	(18,167)	(19,303)	(79,985)	(76,748)
Net (allowance)/ reversal of impairment losses				
- trade receivables	(4,418)	615	(6,806)	(419)
Write down of inventories	(22,442)	(25,941)	(21,969)	(26,067)
Gain on disposal of:				
- property, plant and equipment	298	19	767	852
- investment properties	-	-	-	1,820
Property, plant and equipment written off	(433)	(122)	(8,051)	(788)
Biological assets written off	(243)	-	(243)	-
Investment properties written off	-	-	(530)	-
Bad debts written off	(200)	(207)	(290)	(211)
Net foreign exchange (loss)/gain	(2,549)	654	(16,094)	(2,838)
Gain/(Loss) on hedging activities	25	(14)	-	3
(Loss)/Gain on non-hedging derivative instruments	(21)	-	-	7
Gain from fair value adjustments of investment properties	8,848	6,826	28,771	34,383
Recovery of bad debts	86	129	1,021	627
Other non-operating items				
- Gains on disposal of subsidiaries	-	-	342,595	-
- Gain on disposal of an associate	-	-	78,884	-
- Impairment loss on investment in an associate	(726)	-	(5,971)	-
	(726)	-	415,508	-

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

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6. **Tax expense**

	Quarter Ended		Year-to-date ended	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2012**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	55,555	54,127	118,121	170,578
- deferred tax	1,296	(2,066)	1,498	(1,570)
	56,851	52,061	119,619	169,008
In respect of prior year				
- income tax	(49)	698	248	1,472
- deferred tax	8,064	22,213	45,872	20,173
	8,015	22,911	46,120	21,645
	64,866	74,972	165,739	190,653

The Group's effective tax rate for the current quarter and excluding under/(over) provision of tax in respect of prior year was in line with the statutory tax rate while the effective tax rate for the year was lower than the statutory tax rate mainly due to other non-operating items not subjected to tax. The effective tax rate for the preceding year corresponding quarter was marginally lower than the statutory tax rate whilst the effective tax rate for the previous year was in line with the statutory tax rate.

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**

There was no corporate proposal announced as at 21 February 2014.

8. **Status of utilisation of proceeds from completed corporate proposals**

The status of the utilisation of proceeds from completed corporate proposals is as follows:

(a) Private Placement and Rights Issue with Warrants (completed in financial year ended 31 December 2011)

The proceeds from the Private Placement have been fully utilised in the previous financial year and the utilisation of proceeds from the Rights Issue have been fully utilised in the previous quarter.

(b) Disposal of Hap Seng Star (Vietnam) Sdn Bhd ["HSSV"]

		As at 31 December 2013					
Purpose	Proposed Utilisation	Utilisation	Balance Unutilised	Intended Timeframe for Utilisation	Deviation under/(over) spent		Explanation
	RM'mil	RM'mil	RM'mil		RM'mil	%	
Purchase of inventories, e.g. fertilizers, automobiles and building materials	89.91	89.91	-	-	-	-	-
Loan disbursements of credit financing division	89.91	89.91	-	-	-	-	-
Properties development cost such as construction costs, consultancy fees and etc	59.94	59.94	-	-	-	-	-
Payment of trade and other payables (including operating expenses)	59.94	59.94	-	-	-	-	-
Estimated expenses	0.30	0.30	-	-	-	-	-
	300.00	300.00	-		-	-	

The proceeds from disposal of HSSV have been fully utilised during the current quarter.

9. **Borrowings and debt securities**

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

	As at 31.12.2013				As at 31.12.2012			
	Denominated in				Denominated in			
	RM	USD	SGD	Total	RM	USD	SGD	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current								
Unsecured								
- Bankers acceptances	101,813	-	-	101,813	204,765	3,761	-	208,526
- Bank overdrafts	8,916	-	-	8,916	2,469	-	-	2,469
- Revolving credits	989,958	94,008	-	1,083,966	485,368	133,755	-	619,123
- Term loans	338,642	-	-	338,642	422,611	-	-	422,611
- Foreign currency loan	-	23,059	-	23,059	-	7,891	-	7,891
	1,439,329	117,067	-	1,556,396	1,115,213	145,407	-	1,260,620
Non-current								
Unsecured								
- Term loans	422,877	-	-	422,877	484,233	-	-	484,233
- Foreign currency loan	-	-	519,300	519,300	-	12,230	494,645	506,875
	422,877	-	519,300	942,177	484,233	12,230	494,645	991,108
	1,862,206	117,067	519,300	2,498,573	1,599,446	157,637	494,645	2,251,728

10. **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) A writ of summon ["said Writ"] was filed by certain natives of Sabah ["Plaintiffs"] claiming native customary rights ["NCR"] over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan ["Tongod Land"] or part thereof in the High Court in Sabah and Sarawak at Kota Kinabalu ["Tongod Suit and KKHC"] naming the Company as the first defendant, Genting Plantations Berhad ["GPB"] and its subsidiary Genting Tanjung Bahagia Sdn Bhd ["GTB"] as the second and third defendants, Director of Department of Lands and Surveys, Sabah as the fourth defendant, the Government of the State of Sabah as the fifth defendant, Assistant Collector of Land Revenues, Tongod as the sixth defendant, the Registrar of Titles as the seventh defendant and the Assistant Collector of Land Revenues, Kota Kinabatangan as the eighth defendant. The Company had on 9 May 2002 completed its disposal of the Tongod Land to GTB.

On 13 June 2003, the deputy registrar of the KKHC dismissed the Company's application to strike out the said Writ ["Striking-out Application"] and the Company appealed against the said dismisssal ["said Striking-out Appeal"].

The Plaintiffs had earlier filed an application for injunction restraining the second and the third Defendants from carrying out, inter alia, planting activities on the Tongod Land or part thereof ["Injunction Application"]. On 20 June 2008 during the hearing of the Injunction Application, the KKHC upheld the defendants' preliminary objection to the KKHC's jurisdiction to determine NCR and the Tongod Suit was dismissed with costs awarded to the defendants ["PO Decision"]. Although the Plaintiffs' initial appeal against the PO Decision was also dismissed by the Court of Appeal on 9 June 2011 ["said Dismissal Decision"], the Federal Court allowed the Plaintiffs' further appeal on 24 November 2011 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 KKHC.

On 21 March 2012, the KKHC dismissed the said Striking-out Appeal with costs awarded to the Plaintiffs and on 9 May 2013, the said decision was upheld by the Court of Appeal upon the defendants' appeal. On 7 June 2013, the defendants filed a motion for leave to appeal to the Federal Court against the said decision of the Court of Appeal ["said Leave Application"] which is fixed for hearing on 25 February 2014.

The Tongod Suit was part-heard from 26 to 29 November 2012, 14 to 18 January 2013, 18 to 22 February 2013, 11 to 15 March 2013, 8 to 11 July 2013, 23 to 24 September 2013, 2 to 13 December 2013 and 27 to 28 January 2014. The Tongod Suit has been fixed for continued hearing on 24 to 27 March 2014 and 26 to 29 May 2014.

The Company had during the Tongod trial on 8 July 2013 raised a preliminary objection to KKHC's jurisdiction in hearing and deciding matters relating to NCR claim, which objection was dismissed with cost by the KKHC in its ruling on 23 September 2013 ["PO Dismissal Decision"]. The Company had on 16 October 2013 appealed to the Court of Appeal appealing against the PO Dismissal Decision.

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

10. **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"], 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 ["Purported SPA"]. HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ["Alleged PA"]. On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

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. Upon RESB's application, HCH was added as the second defendant ["2nd Defendant"] to the RESB Suit on 16 June 2012.

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 the 1st Defendant's application, the RESB Suit was transferred to the High Court of Sabah & Sarawak at Kota Kinabalu on 10 August 2012, subject to the said Ad Interim Injunction continuing to be in effect. With the transfer, RESB is currently represented by the law firm of Messrs Jayasuria Kah & Co. in Kota Kinabalu. The RESB Suit is presently stayed pending referral and determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

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.

(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 the High Court of Sabah & Sarawak at Kota Kinabalu vide originating summon No. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 ["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.

The application by RESB to convert the KK Suit into a writ action ["Conversion Application"] was heard on both 23 October 2012 and 26 November 2012 and is currently pending decision. Consistent with the RESB Suit stated in item 10(b) above, the KK Suit is stayed pending referral and determination by the Federal Court on the constitutionality of the transfer of civil suits from West Malaysia to the High Court of Sabah and Sarawak and vice versa.

HSP has been advised by its solicitors, Messrs Jayasuria Kah & Co., that the KK Suit is unlikely to succeed.

11. **Derivatives**

The Group entered into forward foreign exchange contracts and foreign currency and interest rate swaps 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 2013 are as follows:

	Contract/ Notional Value	Fair Value: Assets/ (Liabilities)	Gain/(loss) On Derivative Instruments	Gain/(loss) On Hedged Items	Net Gain/(loss)
	RM'000	RM'000	RM'000	RM'000	RM'000
Forward foreign currency contracts of less than 1 year (US Dollar)					
- Designated as hedging instruments*	5,948	(7)	9	(9)	-
- Not designated as hedging instruments	161,437	-	-	-	-
	167,385	(7)	9	(9)	-
Foreign currency and interest rate swaps on a foreign currency loan of 1 year to 3 years (SGD/USD)					
- Designated as hedging instruments**	494,645	11,434	11,434	(24,655)	(13,221)

* *The hedging relationship is classified as fair value hedge where the gain/(loss) is recognised in profit or loss.*

** *The hedging relationship is classified as cash flow hedge where the gain/(loss) is recognised in other comprehensive income into cash flow hedge reserve.*

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 and foreign currency and interest rate swaps are entered into with reputable financial institutions and are not used for speculative purposes. The cash requirement for settling these forward foreign exchange contracts and foreign currency and interest rate swaps is solely from the Group's working capital.

12. **Gains/Losses arising from fair value changes of financial liabilities**

As at the end of the interim period, the Group does not have any financial liabilities that are measured at fair value through profit or loss other than the derivative financial instruments as disclosed in Note 11 above.

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

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000 *(Restated)*
Total retained profits of the Company and its subsidiaries:		
- Realised	2,964,954	2,681,804
- Unrealised	(42,563)	(1,518)
	2,922,391	2,680,286
Total share of retained profits from associates		
- Realised	17,543	40,905
- Unrealised	18,205	28,255
- Breakdown unavailable*	21,712	14,866
	2,979,851	2,764,312
Less: Consolidation adjustments	(1,575,760)	(1,540,846)
Total Group retained profits as per consolidated financial statements	1,404,091	1,223,466

* 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.

14. **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 2013 given by the Company's moneylending subsidiaries are as follows:

		Secured RM'000	Unsecured RM'000	Total RM'000
(a)	To companies	1,352,447	169,946	1,522,393
(b)	To individuals	164,931	388	165,319
(c)	To companies within the listed issuer group	-	48,759	48,759
(d)	To related parties	-	-	-
		1,517,378	219,093	1,736,471

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

		As at 31.12.2013 RM'000
(a)	Loans given by companies within the Group to the moneylending subsidiaries	354,900
(b)	Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c)	Unsecured bank borrowings guaranteed by the Company	872,813
(d)	Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	177,029
		1,404,742

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

Moneylending operations (continued)

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

		RM'000
(a)	Balance as at 1.1.2013	13,139
(b)	Loans classified as in default during the financial year	52,808
(c)	Loans reclassified as performing during the financial year	(30,533)
(d)	Amount recovered	(9,716)
(e)	Amount written off	(777)
(f)	Loans converted to securities	-
(g)	Balance as at 31.12.2013	24,921
(h)	Ratio of net loans in default to net loans	1.44%

(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	166,200	167,442	No	-	No	72
2nd	Term Loan	118,900	48,759	No	-	Yes	24
3rd	Term Loan	21,000	21,300	Yes	19,500	No	60
	Term Loan	450	388	No	-	No	60
		21,450	21,688		19,500		
4th	Term Loan	35,500	18,488	Yes	33,500	No	12 – 36
5th	Term Loan	16,194	16,896	Yes	36,550	No	12 – 142

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

	Quarter Ended		**Year-to-date ended**	
	31.12.2013	**31.12.2012** *(Restated)*	**31.12.2013**	**31.12.2012** *(Restated)*
Profit attributable to owners of the Company (RM'000)	142,686	125,662	588,257	427,104
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	1,993,381	2,132,185	2,049,324	2,158,584
Dilutive potential ordinary shares				
- Assumed exercise of Warrants	121,745	-	63,911	3,402
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,115,126	2,132,185	2,113,235	2,161,986
Basic EPS (sen)	7.16	5.89	28.70	19.79
Diluted EPS (sen)	6.75	5.89	27.84	19.76

15. **Earnings per share ["EPS"] (continued)**

(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 were anti-dilutive for the preceding year corresponding quarter 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.

16. **Dividends**

Dividends for the current financial year ended 31 December 2013 are as follows:

(a) a first interim dividend of 8.0 sen (2012: 4.5 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 6 June 2013 and paid on 6 August 2013;

(b) a second interim dividend of 8.0 sen (2012: 6.0 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 27 November 2013 and paid on 14 February 2014; and

(c) total dividend approved to date for the current financial year was 16.0 sen (2012: 10.5 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders.

The Directors do not recommend any final dividend for the financial year ended 31 December 2013.

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 2012 was not subject to any qualification.

BY ORDER OF THE BOARD

CHEAH YEE LENG
QUAN SHEET MEI
Secretaries

Kuala Lumpur
27 February 2014