



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014

	Quarter ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	858,472	792,469	858,472	792,469
Operating expenses	(689,591)	(751,755)	(689,591)	(751,755)
Other operating income	54,509	34,446	54,509	34,446
<b>Operating profit</b>	223,390	75,160	223,390	75,160
Financing costs	(23,067)	(20,295)	(23,067)	(20,295)
Other non-operating items	-	73,639	-	73,639
Share of results of associates	(371)	6,180	(371)	6,180
<b>Profit before tax</b>	199,952	134,684	199,952	134,684
Tax expense	(54,080)	(22,717)	(54,080)	(22,717)
<b>Profit for the period</b>	145,872	111,967	145,872	111,967
<b>Profit attributable to:</b>				
Owners of the Company	125,413	102,785	125,413	102,785
Non-controlling interests	20,459	9,182	20,459	9,182
	145,872	111,967	145,872	111,967
<b>Earnings per share (sen)</b>				
Basic	6.26	4.86	6.26	4.86
Diluted	5.85	4.86	5.85	4.86

*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 2013 and the accompanying explanatory notes attached to the Interim Financial Statements*

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2014**

	Quarter ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	145,872	111,967	145,872	111,967
<b>Other comprehensive income/(expense), net of tax:</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	1,065	(90)	1,065	(90)
Share of foreign currency translation differences of associates	115	2,309	115	2,309
Change in fair value of cash flow hedge	983	-	983	-
Share of foreign currency translation differences of associate reclassified to profit or loss	-	(1,248)	-	(1,248)
<b>Total other comprehensive income for the period</b>	<b>2,163</b>	<b>971</b>	<b>2,163</b>	<b>971</b>
<b>Total comprehensive income for the period</b>	<b>148,035</b>	<b>112,938</b>	<b>148,035</b>	<b>112,938</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	127,576	103,756	127,576	103,756
Non-controlling interests	20,459	9,182	20,459	9,182
	<b>148,035</b>	<b>112,938</b>	<b>148,035</b>	<b>112,938</b>

*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 2013 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 MARCH 2014

	As at 31.3.2014 RM'000	As at 31.12.2013 RM'000 <i>(Audited)</i>
<b>Non-current assets</b>		
Property, plant and equipment	1,074,870	1,047,228
Biological assets	437,194	436,030
Investment properties	710,647	712,076
Investment in associates	375,996	376,252
Other investment	30,000	30,000
Land held for property development	354,880	358,301
Goodwill	36,736	36,736
Receivables, including derivatives	1,063,696	1,032,902
Deferred tax assets	12,777	13,010
	----- 4,096,796	----- 4,042,535
<b>Current assets</b>		
Inventories	475,206	487,223
Property development costs	629,590	614,148
Receivables, including derivatives	1,261,465	1,307,401
Tax recoverable	20,944	24,142
Cash and bank balances	572,374	632,660
	----- 2,959,579	----- 3,065,574
<b>TOTAL ASSETS</b>	----- 7,056,375 =====	----- 7,108,109 =====
<b>Equity attributable to owners of the Company</b>		
Share capital	2,171,190	2,205,709
Reserves	1,615,570	1,526,900
	----- 3,786,760	----- 3,732,609
Less: Treasury shares	(322,070)	(378,735)
	----- 3,464,690	----- 3,353,874
<b>Non-controlling interests</b>	414,235	414,913
<b>TOTAL EQUITY</b>	----- 3,878,925	----- 3,768,787
<b>Non-current liabilities</b>		
Borrowings	1,013,150	942,177
Deferred tax liabilities	176,029	176,391
Other payables	5,791	6,014
	----- 1,194,970	----- 1,124,582
<b>Current liabilities</b>		
Payables and provisions, including derivatives	456,641	446,464
Tax payable	53,472	51,446
Borrowings	1,472,367	1,556,396
Dividend payable	-	160,434
	----- 1,982,480	----- 2,214,740
<b>TOTAL LIABILITIES</b>	----- 3,177,450	----- 3,339,322
<b>TOTAL EQUITY AND LIABILITIES</b>	----- 7,056,375 =====	----- 7,108,109 =====
<b>Net assets per share (RM)</b>	1.73	1.68
Based on number of shares net of treasury shares ('000)	----- 2,007,523	----- 2,001,678

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 MARCH 2014

	← Attributable to Owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
<b>At 1 January 2014</b>	2,205,709	122,809	1,404,091	(378,735)	3,353,874	414,913	3,768,787
Profit for the period	-	-	125,413	-	125,413	20,459	145,872
Total other comprehensive income for the period	-	2,163	-	-	2,163	-	2,163
Total comprehensive income for the period	-	2,163	125,413	-	127,576	20,459	148,035
Exercise of warrants	25,481	16,563	-	-	42,044	-	42,044
Changes in ownership interest in subsidiaries	-	-	(233)	-	(233)	6,233	6,000
Purchase of treasury shares	-	-	-	(58,571)	(58,571)	-	(58,571)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(710)	(710)
Cancellation of treasury shares	(60,000)	34,958	(90,194)	115,236	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	(26,660)	(26,660)
<b>At 31 March 2014</b>	<u>2,171,190</u>	<u>176,493</u>	<u>1,439,077</u>	<u>(322,070)</u>	<u>3,464,690</u>	<u>414,235</u>	<u>3,878,925</u>
<b>At 1 January 2013</b>	2,186,364	122,268	1,223,466	(122,061)	3,410,037	365,102	3,775,139
Profit for the period	-	-	102,785	-	102,785	9,182	111,967
Total other comprehensive income for the period	-	971	-	-	971	-	971
Total comprehensive income for the period	-	971	102,785	-	103,756	9,182	112,938
Exercise of warrants	3	2	-	-	5	-	5
Changes in ownership interest in a subsidiary	-	-	-	-	-	20	20
Purchase of treasury shares	-	-	-	(5,453)	(5,453)	-	(5,453)
Dividend	-	-	(126,787)	-	(126,787)	-	(126,787)
Dividend paid to non-controlling interests	-	-	-	-	-	(17,934)	(17,934)
<b>At 31 March 2013</b>	<u>2,186,367</u>	<u>123,241</u>	<u>1,199,464</u>	<u>(127,514)</u>	<u>3,381,558</u>	<u>356,370</u>	<u>3,737,928</u>

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 2013 and the accompanying explanatory notes attached to the Interim Financial Statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR YEAR-TO-DATE ENDED 31 MARCH 2014**

	<b>Year-to-date ended</b>	
	<b>31.3.2014</b>	<b>31.3.2013</b>
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	199,952	134,684
Adjustments for:		
Non-cash items	21,827	6,239
Non-operating items	(39,511)	(85,070)
Dividend income	(300)	(300)
Net interest expense	19,953	17,906
	-----	-----
Operating profit before working capital changes	201,921	73,459
Net changes in working capital	77,320	114,816
Net changes in loan receivables	(44,810)	103,288
Net tax paid	(49,064)	(61,413)
Net interest paid	(19,953)	(17,906)
Additions to land held for property development	(5,822)	(13,054)
	-----	-----
<b>Net cash flows generated from operating activities</b>	159,592	199,190
	-----	-----
<b>Cash flows from investing activities</b>		
Proceeds from disposal of associate	-	118,000
Proceeds from issuance of shares to non-controlling interests	6,000	20
Proceeds from disposal of property, plant and equipment	52,488	4,293
Proceeds from disposal of investment properties	636	-
Purchase of property, plant and equipment	(24,216)	(26,246)
Purchase of investment securities	-	(16,458)
Additions to biological assets	(1,274)	(1,742)
Additions to investment properties	(36,957)	(11,229)
	-----	-----
<b>Net cash flows (used in)/generated from investing activities</b>	(3,323)	66,638
	-----	-----
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company and non-controlling interests	(187,094)	(144,721)
Net repayment of borrowings	(26,062)	(232,741)
Proceeds from issuance of shares pursuant to the exercise of warrants	42,044	5
Shares repurchase at cost	(59,281)	(5,453)
	-----	-----
<b>Net cash flows used in financing activities</b>	(230,393)	(382,910)
	-----	-----
<b>Net decrease in cash and cash equivalents</b>	(74,124)	(117,082)
Effects on exchange rate changes	(173)	216
<b>Cash and cash equivalents at beginning of the period</b>	623,744	516,790
	-----	-----
<b>Cash and cash equivalents at end of the period</b>	549,447	399,924
	=====	=====
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	473,090	319,242
Cash in hand and at bank	99,284	87,127
Bank overdrafts	(22,927)	(6,445)
	-----	-----
	549,447	399,924
	=====	=====

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 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 2013.

#### 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 2013, except for changes arising from the adoption of IC Interpretations and Amendments that are effective for financial period beginning on or after 1 January 2014 as follows:

- IC Interpretation 21, Levies
- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

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

#### Malaysian Financial Reporting Standards [“MFRS”]

On 19 November 2011, the Malaysian Accounting Standards Board [“MASB”] issued a new MASB approved accounting framework, the 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 and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called [“Transitioning Entities”]). Adoption of the MFRS framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS. Accordingly, the Group will adopt the MFRS and presents its first MFRS financial statements when the adoption of the MFRS is mandated by the MASB. 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 cyclicity 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 financial years.

**6. 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, 25,481,419 warrants were exercised which resulted in 25,481,419 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities. The issued and paid-up share capital of the Company increased to RM2,171,190,339 comprising 2,171,190,339 ordinary shares of RM1.00 each. As at 31 March 2014, 319,559,961 warrants remained unexercised.

Subsequent to the end of the interim period and up to 23 May 2014, a total of 4,853,210 warrants were exercised which resulted in 4,853,210 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 RM2,176,043,549 comprising 2,176,043,549 ordinary shares of RM1.00 each. As at the date hereof, 314,706,751 warrants remained unexercised.

(b) Share buyback by the Company

During the current quarter, 19,636,100 shares were bought back and 60,000,000 shares were cancelled. There was no resale of treasury shares but 60,000,000 treasury shares were cancelled on 7 March 2014. The monthly breakdown of shares bought back and cancelled during the current quarter were as follows:

Month	No of shares repurchased	Purchase price per share		Average cost per share	Total cost	No. of shares cancelled
		Lowest	Highest			
		RM	RM	RM	RM	
January 2014	4,867,900	2.6800	3.0000	2.9019	14,126,157.31	-
February 2014	4,636,300	2.7100	3.0200	2.9915	13,869,450.71	-
March 2014	10,131,900	2.9600	3.0400	3.0178	30,575,543.74	60,000,000
<b>Total</b>	<b>19,636,100</b>	<b>2.6800</b>	<b>3.0400</b>	<b>2.9828</b>	<b>58,571,151.76</b>	<b>60,000,000</b>

As at 31 March 2014, the Company held 163,667,200 ordinary shares as treasury shares and the issued and paid up share capital of the Company at 2,171,190,339 ordinary shares of RM1.00 each.

Subsequent to the end of the interim period and up to 23 May 2014, the Company bought back another 16,159,500 shares which were also retained as treasury shares, thereby increasing the total treasury shares held by the Company to 179,826,700 shares.

7. **Dividend**

There was no dividend paid out of shareholders' equity for ordinary shares during the interim period whilst dividend paid out of shareholders' equity for ordinary shares in the preceding year corresponding period was as follows:

	<b>Year-to-date</b>
	<b>31.3.2013</b>
	RM'000
Dividends in respect of financial year ended 31 December 2012:	
- second interim (6 sen) under the single tier system approved by the Board of Directors on 28 February 2013 and paid on 29 March 2013	126,787
	=====

The second interim dividend of 8 sen under the single tier system in respect of financial year ended 31 December 2013 which was approved by the Board of Directors on 27 November 2013 had been accounted for in equity as an appropriation of retained profits in the financial year ended 31 December 2013. The aforesaid dividend was paid on 14 February 2014.

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**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	Trading RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>Year-to-date ended 31 March 2014</u></b>										
<b>Revenue</b>										
External revenue	138,426	173,020	29,220	197,830	93,949	127,049	98,978	-	-	858,472
Inter-segment revenue	-	2,372	1,019	7,384	1,423	552	13,493	-	(26,243)	-
<b>Total revenue</b>	<b>138,426</b>	<b>175,392</b>	<b>30,239</b>	<b>205,214</b>	<b>95,372</b>	<b>127,601</b>	<b>112,471</b>	<b>-</b>	<b>(26,243)</b>	<b>858,472</b>
<b>Operating profit</b>	<b>58,099</b>	<b>137,241</b>	<b>23,907</b>	<b>9,892</b>	<b>4,072</b>	<b>1,267</b>	<b>3,507</b>	<b>(2,099)</b>	<b>(12,496)</b>	<b>223,390</b>
Financing costs										(23,067)
Share of results of associates										(371)
<b>Profit before tax</b>										<b>199,952</b>
<b>Segment assets</b>	<b>1,044,448</b>	<b>2,106,432</b>	<b>1,741,008</b>	<b>399,426</b>	<b>641,997</b>	<b>321,360</b>	<b>124,061</b>	<b>267,926</b>	<b>-</b>	<b>6,646,658</b>
<b><u>Year-to-date ended 31 March 2013</u></b>										
<b>Revenue</b>										
External revenue	101,357	54,429	26,785	274,491	79,609	193,613	62,185	-	-	792,469
Inter-segment revenue	-	2,425	-	8,212	748	6,346	10,927	-	(28,658)	-
<b>Total revenue</b>	<b>101,357</b>	<b>56,854</b>	<b>26,785</b>	<b>282,703</b>	<b>80,357</b>	<b>199,959</b>	<b>73,112</b>	<b>-</b>	<b>(28,658)</b>	<b>792,469</b>
<b>Operating profit</b>	<b>28,081</b>	<b>35,090</b>	<b>20,809</b>	<b>5,492</b>	<b>4,159</b>	<b>(15,299)</b>	<b>671</b>	<b>(2,205)</b>	<b>(1,638)</b>	<b>75,160</b>
Financing costs										(20,295)
Other non-operating items										73,639
Share of results of associates										6,180
<b>Profit before tax</b>										<b>134,684</b>
<b>Segment assets</b>	<b>969,795</b>	<b>1,696,649</b>	<b>1,388,395</b>	<b>624,589</b>	<b>577,873</b>	<b>351,782</b>	<b>92,769</b>	<b>200,631</b>	<b>-</b>	<b>5,902,483</b>

**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 interim period.

**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 disclosed in Note 6 above and Note 9 of Part B, events after the interim period and up to 23 May 2014 which have not been reflected in the financial statements for the interim period are as follows:

On 18 April 2014, Hap Seng Building Materials Holdings Sdn Bhd ["HSBMH"], the wholly-owned subsidiary of the Company, became the 49% shareholder of HS Mining Services Holding (Thailand) Co., Ltd ["HS Mining Holding"] which was incorporated in Thailand on even date. HS Mining Holding is principally involved in investment holding with a registered capital of Baht 100,000 comprising 100 ordinary shares of Baht 1,000 each, of which Baht 25,000 comprising 25 ordinary shares of Baht 1,000 each have been issued and fully paid-up.

Thereafter on 22 April 2014, HS Mining Holding incorporated a wholly-owned subsidiary in Thailand, HS Mining Services (Thailand) Co., Ltd ["HS Mining Services"]. HS Mining Services is principally involved in quarry mining services and related activities with a registered capital of Baht 100,000 comprising 100 ordinary shares of Baht 1,000 each, of which Baht 25,000 comprising 25 ordinary shares of Baht 1,000 each have been issued and fully paid-up.

**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:

	<b>As at</b>	<b>As at</b>
	<b>31.3.2014</b>	<b>31.12.2013</b>
	RM'000	RM'000
Approved and contracted for	132,216	160,456
Approved but not contracted for	82,646	106,625
	-----	-----
	<b>214,862</b>	<b>267,081</b>
	=====	=====

**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 meeting held on 29 May 2013.

## 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 RM858.5 million, 8% higher than the preceding year corresponding quarter mainly attributable to higher revenue from Plantation, Property and Trading Divisions. Group operating profit of RM223.4 million was 197% above the preceding year corresponding quarter of RM75.2 million with improved contribution from all divisions except Quarry and Building Materials Division which maintained its operating profit at about the same level.

Plantation Division's revenue at RM138.4 million and operating profit at RM58.1 million were higher than the preceding year corresponding quarter by RM37.1 million (37%) and RM30 million (107%) respectively. The division's significantly improved performance was mainly attributable to higher average selling prices and higher sales volume of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"]. Fresh Fruit Bunches ["FFB"] and CPO production were at similar levels as the preceding year corresponding quarter with marginally lower FFB yield and oil extraction rates due to more young palms coming into maturity in the current quarter. Average selling price realization of CPO and PK for the current quarter were RM2,669 and RM1,959 per tonne respectively as compared to the preceding year corresponding quarter of RM2,238 per tonne for CPO and RM1,107 per tonne for PK. CPO sales volume was 10% higher at 42,122 tonnes whilst PK sales volume was 7% higher at 10,050 tonnes. The higher sales volume was mainly attributable to the favourable inventories movements arising from the fulfilment of backlog deliveries from the fourth quarter 2013 that were affected by congestion at the refineries and PK crushing plants.

Property Division's revenue improved by 208% (RM118.5 million) to RM 175.4 million whilst operating profit at RM137.2 million was 291% above the preceding year corresponding quarter. The division benefitted from its project developments in both Peninsular and East Malaysia as well as from the sale of certain non strategic properties. Its luxurious condominium projects in the Klang Valley, namely "The Horizon Residences" and "Nadi Bangsar Service Residences" continue to enjoy good take up rate of 96% and 76% of the total units opened for sales respectively at end of the quarter whilst major projects in Sabah, namely Bandar Sri Indah in Tawau and Palm Heights in Lahad Datu also contributed significantly to the division's projects' revenue and operating profit for the current quarter. The division's 2 major investment properties, Menara Hap Seng and Menara Citibank (50% held by the Group) continue to enjoy good occupancy and rental rates.

Credit Financing Division recorded revenue and operating profit of RM30.2 million and RM23.9 million respectively for the current quarter which were higher than the preceding year corresponding quarter by 13% and 15% respectively. The division's loan portfolio at the end of the current quarter was RM1.77 billion, 22% above the preceding year of RM1.46 billion. Non-performing loans ratio at the end of the current quarter was 2.01% as compared to the industry average of 1.83%.

The Fertilizer Trading Division's revenue declined by RM77.5 million (27%) to RM205.2 million in the current quarter in tandem with the lower global fertilizer prices. In spite of the lower revenue, better margins were achieved in both the Malaysian and Indonesian markets and consequently, the division's operating profits for the current quarter at RM9.9 million was RM4.4 million (80%) above the preceding year corresponding quarter. The Malaysian operations registered 27% increase in operating profit whilst the Indonesian operations returned to profitability from a loss in the preceding year corresponding quarter which was mainly affected by the volatility of the Indonesian Rupiah.

Quarry and Building Materials Division's revenue for the current quarter at RM95.4 million was 19% higher than the preceding year corresponding quarter mainly attributable to higher average selling prices of its aggregates and brick products. In spite of the higher revenue, operating profit at RM4.1 million was at about the same level as the preceding year corresponding quarter. This was mainly attributable to higher production costs at some of its quarries. Similarly higher production costs at its relatively new factory in Kuantan that have not reached its optimum production capacity has affected its profitability.

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

The Automotive Division's revenue for the current quarter was lower than the preceding year corresponding quarter by RM72.4 million (36%) mainly due to the disposal of its Vietnamese operations that was completed in August 2013 and lower sales of vehicles in Malaysia in the current quarter. Although, the new A-class continued to have good demand, sales for the current quarter were affected by the non-availability of stocks to fulfill orders on hand. In addition, the ongoing competition in the premium passenger vehicles market and competitive pricing amongst competitors further affected the division's performance in the current quarter. Overall, the division registered an operating profit of RM1.3 million in the current quarter as compared to the preceding year corresponding quarter's loss of RM15.3 million which was due to its aggressive sales campaign then.

Trading Division's efforts to expand its market network and increase market share had resulted in the growth of its revenue by RM39.4 million (54%) in the current quarter over the preceding year corresponding quarter of RM73.1 million. The revenue growth for the building material products segment was 170% whilst the petroleum products segment grew by 8% over the preceding year corresponding quarter. In tandem with the higher revenue, the division's registered an operating profit of RM3.5 million in the current quarter which was RM2.8 million (423%) above the preceding year corresponding quarter.

Overall, Group profit before tax and profit after tax for the current quarter at RM200 million and RM145.9 million were higher than the preceding year corresponding quarter by 48% and 30% respectively. Profit attributable to owners of the Company for the current quarter was RM125.4 million, 22% higher than the preceding year corresponding quarter. Accordingly, the basic earnings per share for current quarter was 6.26 sen, 29% higher than the preceding year corresponding quarter of 4.86 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 RM200 million was RM27.2 million (12%) below the preceding quarter of RM227.2 million mainly due to lower operating profit from its Property Division and higher financing costs mitigated somewhat by improved contribution from its Fertilizer Trading Division.

The lower contribution from Property Division was mainly due to higher profit from the sale of some development land included in the preceding quarter whilst financing costs were higher due to higher interest capitalization into projects under development in the preceding quarter.

Fertilizer Trading Division benefitted from better margins in both the Malaysian and Indonesian markets and the stronger Indonesian Rupiah which contributed to the significantly improved performance of its Indonesian operations in the current quarter.

**3. Current year prospects**

Palm oil supplies from Indonesia and Malaysia, the world's two largest producers are expected to decline in the second half of the year, as the drought in the first quarter of 2014, the most severe in the last 17 years threatened palm oil supplies with lower crop production. El Nino is also forecast to develop in the second or third quarter of the year and the extent of its impact on crop production will depend on the severity of the weather pattern. The impending reduced output and rising global demand had push palm oil futures in Kuala Lumpur to an 18-month high in March 2014. Since then, rising inventories had caused a retreat in palm oil futures. At end of April 2014, Malaysian palm oil stocks were up 4.6 percent from March 2014 to 1.77 million tonnes but still lower than that a year earlier by 18%. Nevertheless, higher global demand for palm oil is anticipated with the start of the Ramadan month at the end of June. Exports from Malaysia were reported to have increased by 13% for the 25 days of May over the same period last month, according to the cargo surveyor, Societe Generale de Surveillance. With the rising demand and the anticipated lower crop production, palm oil prices are expected to remain firm. The lower than expected soybean production as reported by the United States Department of Agriculture which has driven soybean prices higher and widened the discount of palm oil to soybean also bodes well for palm oil.



**3. Current year prospects (continued)**

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 beginning of third quarter of 2014 and is expected to contribute positively to the division's future performance.

Credit Financing Division expects the SME sector to continue to be robust and the division will continue to grow its loan base in the core business segments of its lending activities focusing on businesses with quality collaterals whilst managing its cost of funds and funding requirements.

Fertilizer Trading Division 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 its quarries and brick factories in Sabah and Peninsular Malaysia to improve in performance as it continues to focus on improving operational efficiencies and expanding its market share. The division has plans to commence commercial operations of two additional quarries in the southern region of Peninsular Malaysia in the second and third quarter of the year which will further broaden the division's geographical coverage and boost its revenue.

The Trading Division will continue to expand its market share for both the building materials and petroleum products, identifying new products to grow sales and profitability.

The Automotive Division expects the competitive environment in the Malaysian premium passenger vehicles segment to continue. Nevertheless, it anticipates sales to improve from new models launched by Mercedes Benz Malaysia namely the new A-class which was launched in June 2013 and the new S-class and CLA-class which were launched in April 2014. The division's new 3S autohaus in Balakong, the largest in Malaysia which was officially opened in April 2014 will improve its 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.

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5. Profit for the period

	Quarter ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	3,114	2,389	3,114	2,389
Dividend income from other investment	300	300	300	300
Unrealised revaluation gain arising from held-for-trading investment securities	-	372	-	372
Interest expense	(23,067)	(20,295)	(23,067)	(20,295)
Depreciation and amortisation	(21,594)	(21,212)	(21,594)	(21,212)
Net allowance of impairment losses				
- trade receivables	(955)	(299)	(955)	(299)
Net reversal of write down on inventories	6,736	2,073	6,736	2,073
Gain/(loss) on disposal of:				
- property, plant and equipment	40,253	6	40,253	6
- investment properties	(371)	-	(371)	-
Property, plant and equipment written off	(5)	(77)	(5)	(77)
Biological assets written off	(110)	-	(110)	-
Investment properties written off	(118)	-	(118)	-
Bad debts written off	-	(31)	-	(31)
Net foreign exchange gain	2,292	209	2,292	209
(Loss)/Gain on hedging activities	(10)	26	(10)	26
(Loss)/Gain on non-hedging derivative	(8)	14	(8)	14
Gain from fair value adjustments				
of investment properties	-	19,923	-	19,923
Recovery of bad debts	166	385	166	385
Other non-operating items				
- Gain on disposal of an associate	-	78,884	-	78,884
- Impairment loss on investment in an associate	-	(5,245)	-	(5,245)
	-	73,639	-	73,639

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	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	54,208	24,348	54,208	24,348
- deferred tax	(128)	(1,631)	(128)	(1,631)
	54,080	22,717	54,080	22,717

The Group's effective tax rate for the current quarter was higher than the statutory tax rate due to certain expenses being disallowed for tax purposes. The effective tax rate for the preceding year corresponding quarter was lower than the statutory tax rate due to gain on disposal of investment in an associate not subjected to tax.

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 but not completed as at 23 May 2014.

8. **Borrowings and debt securities**

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

	← As at 31.3.2014 →				← As at 31.12.2013 →			
	← Denominated in →			Total	← Denominated in →			Total
	RM RM'000	USD RM'00	SGD RM'000		RM RM'000	USD RM'000	SGD RM'000	
<b>Current</b>								
<b>Unsecured</b>								
- Bankers acceptances	124,083	-	-	124,083	101,813	-	-	101,813
- Bank overdrafts	22,927	-	-	22,927	8,916	-	-	8,916
- Revolving credits	1,121,201	15,254	-	1,136,455	989,958	94,008	-	1,083,966
- Term loans	174,645	-	-	174,645	338,642	-	-	338,642
- Foreign currency loan	-	14,257	-	14,257	-	23,059	-	23,059
	<u>1,442,856</u>	<u>29,511</u>	<u>-</u>	<u>1,472,367</u>	<u>1,439,329</u>	<u>117,06</u>	<u>-</u>	<u>1,556,396</u>
<b>Non-current</b>								
<b>Unsecured</b>								
- Term loans	494,350	-	-	494,350	422,877	-	-	422,877
- Foreign currency loan	-	-	518,800	518,800	-	-	519,300	519,300
	<u>494,350</u>	<u>-</u>	<u>518,800</u>	<u>1,013,150</u>	<u>422,877</u>	<u>-</u>	<u>519,300</u>	<u>942,177</u>
	<u>1,937,206</u>	<u>29,511</u>	<u>518,800</u>	<u>2,485,517</u>	<u>1,862,206</u>	<u>117,06</u>	<u>519,300</u>	<u>2,498,573</u>

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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 than 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 dismissal ["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"]. The Federal Court had on 25 February 2014 dismissed the said Leave Application with cost awarded to the Plaintiffs.

On 23 September 2013, the KKHC dismissed the preliminary objection raised by the Company during the trial of the Tongod Suit on KKHC's jurisdiction in hearing and deciding matters relating to NCR ["PO Dismissal Decision"]. On 16 October 2013, the Company filed a notice of appeal to the Court of Appeal appealing against the PO Dismissal Decision ["PO Dismissal Appeal"]. On 31 March 2014, the Company filed the notice of discontinuance to withdraw the PO Dismissal Appeal.

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, 27 to 28 January 2014 and 27 to 28 March 2014. The Tongod Suit has been fixed for continued hearing from 2 to 6 June 2014.

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





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 than 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 ["1<sup>st</sup> 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 1<sup>st</sup> Defendant for losses suffered by the 1<sup>st</sup> 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 ["2<sup>nd</sup> Defendant"] to the RESB Suit on 16 June 2012.

RESB is claiming for the following in the RESB Suit:

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

Upon the 1<sup>st</sup> 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 Jayasuriya 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 Jayasuriya Kah & Co., that RESB has good grounds to succeed in the RESB Suit.



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 than 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 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:

- (i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
- (ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
- (iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
- (iv) 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;
- (v) costs of the KK Suit; and
- (vi) 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 9(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 Jayasuriya Kah & Co., that the KK Suit is unlikely to succeed.

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## 10. Derivatives

The Group entered into forward currency contracts and cross currency interest rate swaps where appropriate to minimise its exposure on receivables, payables, borrowings and firm commitments 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 March 2014 are as follows:

	Contract/ Notional Value RM'000	Fair Value: Assets/ (Liabilities) RM'000	Gain/(loss) On Derivative Instruments RM'000	Gain/(loss) On Hedged Items RM'000	Net Gain/(loss) RM'000
Forward currency contracts					
of less than 1 year (US Dollar)					
- Designated as hedging instruments*	205,160	(4,758)	(4,751)	4,741	(10)
- Not designated as hedging instruments	162,247	(8)	(8)	-	(8)
	367,407	(4,766)	(4,759)	4,741	(18)
	=====	=====	=====	=====	=====
Cross currency interest rate swaps					
on a foreign currency borrowings					
of 1 year to 3 years (SGD/USD)					
- Designated as hedging instruments**	494,645	11,917	483	500	983
	=====	=====	=====	=====	=====

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

## 11. 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 10 above.

12. Disclosure of realised and unrealised profits (unaudited)

	As at 31.3.2014 RM'000	As at 31.12.2013 RM'000 <i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	3,019,160	2,964,954
- Unrealised	(41,460)	(42,563)
	-----	-----
	2,977,700	2,922,391
Total share of retained profits from associates		
- Realised	20,178	17,543
- Unrealised	18,152	18,205
- Breakdown unavailable*	18,759	21,712
	-----	-----
	3,034,789	2,979,851
Less: Consolidation adjustments	(1,595,712)	(1,575,760)
	-----	-----
Total Group retained profits as per consolidated financial statements	1,439,077	1,404,091
	=====	=====

\* 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 March 2014 given by the Company's moneylending subsidiaries are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
(a) To companies	1,573,857	2,136	1,575,993
(b) To individuals	148,161	367	148,528
(c) To companies within the listed issuer group	16,871	30,043	46,914
(d) To related parties	-	-	-
	-----	-----	-----
	1,738,889	32,546	1,771,435
	=====	=====	=====



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

Moneylending operations (continued)

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

	<b>As at 31.3.2014</b>
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	225,840
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	912,989
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	282,244
	-----
	<b>1,421,073</b>
	=====

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

	RM'000
(a) Balance as at 1.1.2014	24,921
(b) Loans classified as in default during the financial year	17,951
(c) Loans reclassified as performing during the financial year	(5,054)
(d) Amount recovered	(2,252)
(e) Amount written off	-
(f) Loans converted to securities	-
(g) Balance as at 31.3.2014	35,566
	-----
(h) Ratio of net loans in default to net loans	2.01%
	=====

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

Moneylending operations (continued)

(iv) The top 5 loans are as follows:-

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 <sup>st</sup>	Term Loan	95,000	91,239	Yes	95,000	No	72
2 <sup>nd</sup>	Term Loan	54,000	52,065	Yes	54,000	No	72
3 <sup>rd</sup>	Term Loan	118,900	30,043	No	-	Yes	24
4 <sup>th</sup>	Term Loan	21,000	21,743	Yes	19,500	No	60
	Term Loan	450	367	No	-	No	60
		<u>21,450</u>	<u>22,110</u>		<u>19,500</u>		
5 <sup>th</sup>	Term Loan	20,147	12,697	Yes	20,147	Yes	84
	Hire Purchase	4,359	4,174	Yes	3,875	Yes	60
		<u>24,506</u>	<u>16,871</u>		<u>24,022</u>		

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

	Quarter Ended		Year-to-date ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Profit attributable to owners of the Company (RM'000)	125,413	102,785	125,413	102,785
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,004,532	2,112,865	2,004,532	2,112,865
Dilutive potential ordinary shares - Assumed exercise of warrants	139,118	-	139,118	-
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,143,650	2,112,865	2,143,650	2,112,865
Basic EPS (sen)	6.26	4.86	6.26	4.86
Diluted EPS (sen)	5.85	4.86	5.85	4.86

**(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.

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

(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.

15. **Dividend**

(a) The Board of Directors has on even date approved the following first interim dividend for the financial year ending 31 December 2014:

(i) Amount per ordinary share of RM1.00 each - First Interim Dividend	10 sen per ordinary share under the single-tier system which is tax exempt in the hands of the shareholders.
(ii) Previous year corresponding period	Nil*
(iii) Total dividend approved to date for the current financial year Amount per ordinary share of RM1.00 each	10 sen (2013: Nil*) per ordinary share under the single-tier system which is tax exempt in the hands of the shareholders.

(b) The dividend will be payable in cash on 22 July 2014; and

(c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 7 July 2014.

\* *The first interim dividend of 8 sen for the previous financial year ended 31 December 2013 was approved by the Board of Directors on 6 June 2013 and paid on 6 August 2013.*

**NOTICE OF FIRST INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE**

**NOTICE IS HEREBY GIVEN** that the first interim dividend of 10 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 ending 31 December 2014, will be payable in cash on 22 July 2014 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 7 July 2014.

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 pm on 3 July 2014 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred into the depositor's securities account before 4.00 pm on 7 July 2014 in respect of transfers; and
- (c) shares bought on the Bursa Malaysia Securities Berhad (Bursa Securities) on a 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 2013 was not subject to any qualification.

**BY ORDER OF THE BOARD**

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

Kuala Lumpur  
28 May 2014