



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 2015

	Quarter ended		Year-to-date ended	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	1,080,539	858,472	1,080,539	858,472
Operating expenses	(896,356)	(685,769)	(896,356)	(685,769)
Other operating income	7,041	50,687	7,041	50,687
Operating profit	191,224	223,390	191,224	223,390
Financing costs	(24,059)	(23,067)	(24,059)	(23,067)
Share of results of associates	2,195	(371)	2,195	(371)
Profit before tax	169,360	199,952	169,360	199,952
Tax expense	(46,022)	(54,080)	(46,022)	(54,080)
Profit for the period	123,338	145,872	123,338	145,872
Profit attributable to:				
Owners of the Company	110,889	125,413	110,889	125,413
Non-controlling interests	12,449	20,459	12,449	20,459
	123,338	145,872	123,338	145,872
Earnings per share (sen)				
Basic	5.18	6.26	5.18	6.26
Diluted	4.83	5.85	4.83	5.85

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 2014 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 FIRST QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2015

	Quarter ended		Year-to-date ended	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period	123,338	145,872	123,338	145,872
Other comprehensive income/(expense), net of tax:				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	5,522	1,065	5,522	1,065
Share of foreign currency translation differences of associates	3,888	115	3,888	115
Change in fair value of cash flow hedge	(2,170)	983	(2,170)	983
	<u>7,240</u>	<u>2,163</u>	<u>7,240</u>	<u>2,163</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation of property, plant and equipment upon transfer of properties to investment properties	3,581	-	3,581	-
Total other comprehensive income for the period	<u>10,821</u>	<u>2,163</u>	<u>10,821</u>	<u>2,163</u>
Total comprehensive income for the period	<u>134,159</u>	<u>148,035</u>	<u>134,159</u>	<u>148,035</u>
Total comprehensive income attributable to:				
Owners of the Company	119,835	127,576	119,835	127,576
Non-controlling interests	14,324	20,459	14,324	20,459
	<u>134,159</u>	<u>148,035</u>	<u>134,159</u>	<u>148,035</u>

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 2014 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 2015

	As at 31.3.2015 RM'000	As at 31.12.2014 RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,366,006	1,071,865
Prepaid lease payments	13,931	-
Biological assets	441,230	441,031
Investment properties	1,017,486	1,011,578
Investment in associates	399,759	381,597
Investment in joint venture	502	-
Land held for property development	451,555	368,200
Goodwill	74,970	36,736
Receivables	1,221,969	1,111,992
Other non-current financial assets	72,371	46,802
Deferred tax assets	11,035	12,594
	<u>5,070,814</u>	<u>4,482,395</u>
Current assets		
Inventories	636,012	533,890
Property development costs	640,196	658,616
Receivables	1,830,991	1,527,807
Tax recoverable	20,018	17,224
Other current financial assets	85,834	64,878
Money market deposits	111,469	183,690
Cash and bank balances	280,297	317,068
	<u>3,604,817</u>	<u>3,303,173</u>
TOTAL ASSETS	<u>8,675,631</u>	<u>7,785,568</u>



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (Continued) AS AT 31 MARCH 2015

	As at 31.3.2015 RM'000	As at 31.12.2014 RM'000 <i>(Audited)</i>
Equity attributable to owners of the Company		
Share capital	2,233,432	2,226,779
Reserves	2,092,305	1,972,802
	4,325,737	4,199,581
Less: Treasury shares	(247,806)	(247,806)
	4,077,931	3,951,775
Non-controlling interests	533,610	433,867
TOTAL EQUITY	4,611,541	4,385,642
Non-current liabilities		
Borrowings	904,541	753,070
Deferred tax liabilities	202,509	183,235
Other payables	5,053	5,249
	1,112,103	923,554
Current liabilities		
Payables and provisions	595,078	529,579
Tax payable	75,984	62,991
Borrowings	2,275,675	1,883,802
Other current financial liabilities	5,250	-
	2,951,987	2,476,372
TOTAL LIABILITIES	4,064,090	3,399,926
TOTAL EQUITY AND LIABILITIES	8,675,631	7,785,568
Net assets per share (RM)	1.90	1.85
Based on number of shares net of treasury shares ('000)	2,144,250	2,137,597

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 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 2015

	← 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			
At 1 January 2015	2,226,779	429,255	1,543,547	(247,806)	3,951,775	433,867	4,385,642
Profit for the period	-	-	110,889	-	110,889	12,449	123,338
Total other comprehensive income for the period	-	8,946	-	-	8,946	1,875	10,821
Total comprehensive income for the period	-	8,946	110,889	-	119,835	14,324	134,159
Exercise of warrants	6,653	4,324	-	-	10,977	-	10,977
Changes in ownership interest in subsidiary	-	-	(4,656)	-	(4,656)	(3,149)	(7,805)
Acquisition of subsidiary	-	-	-	-	-	107,535	107,535
Dividends paid to non-controlling interests	-	-	-	-	-	(18,967)	(18,967)
At 31 March 2015	<u>2,233,432</u>	<u>442,525</u>	<u>1,649,780</u>	<u>(247,806)</u>	<u>4,077,931</u>	<u>533,610</u>	<u>4,611,541</u>
At 1 January 2014	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	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(26,660)	(26,660)
At 31 March 2014	<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>

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 2014 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 2015**

	Year-to-date ended	
	31.3.2015	31.3.2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	169,360	199,952
Adjustments for:		
Non-cash items	23,431	16,046
Non-operating items	(2,025)	(39,511)
Dividend income	(854)	(472)
Net interest expense	22,414	20,125
	-----	-----
Operating profit before working capital changes	212,326	196,140
Net changes in working capital	(96,760)	83,101
Net changes in loan receivables	(159,352)	(44,810)
Net tax paid	(50,450)	(49,064)
Net interest paid	(22,414)	(20,125)
Additions to land held for property development	(91,729)	(5,822)
	-----	-----
Net cash flows (used in)/generated from operating activities	(208,379)	159,420
	-----	-----
Cash flows from investing activities		
Dividends from money market deposits	554	172
Decrease/(Increase) in money market deposits	72,221	(172)
Acquisition of shares from non-controlling interests	(7,805)	-
Acquisition of subsidiary net of cash acquired	(127,860)	-
Proceeds from issuance of shares to non-controlling interests	-	6,000
Proceeds from disposal of property, plant and equipment	1,844	52,488
Proceeds from disposal of investment properties	-	636
Purchase of property, plant and equipment	(21,739)	(24,216)
Additions to biological assets	(294)	(1,274)
Additions to investment properties	(1,143)	(36,957)
	-----	-----
Net cash flows used in investing activities	(84,222)	(3,323)
	-----	-----
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(18,967)	(187,094)
Net drawdown/(repayment) of borrowings	251,074	(26,062)
Proceeds from issuance of shares pursuant to the exercise of warrants	10,977	42,044
Shares repurchase at cost	-	(59,281)
	-----	-----
Net cash flows generated from/(used in) financing activities	243,084	(230,393)
	-----	-----
Net decrease in cash and cash equivalents	(49,517)	(74,296)
Effects on exchange rate changes	(56)	(173)
Cash and cash equivalents at beginning of the period	313,792	573,548
	-----	-----
Cash and cash equivalents at end of the period	264,219	499,079
	=====	=====

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	53,134	422,722
Cash in hand and at bank	227,163	99,284
Bank overdrafts	(16,078)	(22,927)
	-----	-----
	264,219	499,079
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 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 2014.

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 2014, except for changes arising from the adoption of IC Interpretations and Amendments that are effective for financial period beginning on or after 1 July 2014 which do not have material impact on the financial statements of the Group on the initial adoption.

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, to be adopted by non-private entities for annual periods beginning on or after 1 January 2012. However, adoption of the MFRS framework by 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 [“Transitioning Entities”] will only be mandatory for annual periods beginning on or after 1 January 2017.

The Group falls within the definition of Transitioning Entities and is currently exempted from adopting the MFRS framework. Accordingly, the Group’s financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the MFRS and International Financial Reporting Standards. 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 prior financial years.

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

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

During the current quarter, 6,652,500 warrants were exercised which resulted in 6,652,500 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 RM2,233,431,981 comprising 2,233,431,981 ordinary shares of RM1.00 each. As at 31 March 2015, 257,318,319 warrants remained unexercised.

Subsequent to the end of the interim period and up to 20 May 2015, a total of 5,140,675 warrants were exercised which resulted in 5,140,675 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 RM2,238,572,656 comprising 2,238,572,656 ordinary shares of RM1.00 each. As at the date hereof, 252,177,644 warrants remained unexercised.

(b) Share buyback by the Company

During the current quarter, there was no buyback of shares, resale or cancellation of treasury shares.

As at 31 March 2015, the Company held 89,182,400 ordinary shares as treasury shares and the issued and paid up share capital of the Company was RM2,233,431,981 comprising 2,233,431,981 ordinary shares of RM1.00 each.

7. Dividend

There was no dividend paid out of shareholders' equity for ordinary shares during the interim period and preceding year corresponding period.

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8. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Trading RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<u>Year-to-date ended 31 March 2015</u>										
Revenue										
External revenue	113,812	286,051	36,995	209,643	221,868	84,414	127,756	-	-	1,080,539
Inter-segment revenue	-	2,635	1,703	1,424	7,771	1,412	13,892	-	(28,837)	-
Total revenue	113,812	288,686	38,698	211,067	229,639	85,826	141,648	-	(28,837)	1,080,539
Operating profit	29,801	122,733	29,702	3,172	6,128	4,064	6,677	(3,615)	(7,438)	191,224
Financing costs										(24,059)
Share of results of associates										2,195
Profit before tax										169,360
Segment assets	1,057,034	2,780,412	2,070,625	365,125	484,556	641,408	712,219	133,440	-	8,244,819
<u>Year-to-date ended 31 March 2014</u>										
Revenue										
External revenue	138,426	173,020	29,220	127,049	197,830	93,949	98,978	-	-	858,472
Inter-segment revenue	-	2,372	1,019	552	7,384	1,423	13,493	-	(26,243)	-
Total revenue	138,426	175,392	30,239	127,601	205,214	95,372	112,471	-	(26,243)	858,472
Operating profit	58,099	137,241	23,907	1,267	9,892	4,072	3,507	(2,099)	(12,496)	223,390
Financing costs										(23,067)
Share of results of associates										(371)
Profit before tax										199,952
Segment assets	1,044,448	2,106,432	1,741,008	321,360	399,426	641,997	124,061	267,926	-	6,646,658

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, except for the following:

- (a) On 30 January 2015, Hap Seng Star Vietnam Limited ["HSSVL"], an indirect wholly-owned subsidiary of the Company, had been successfully de-registered from the Companies Registry of Hong Kong. HSSVL was incorporated in Hong Kong as a private limited company on 22 December 2008 and had ceased business since 31 December 2012. Prior to the de-registration, HSSVL had an issued and paid-up capital of HKD16,000,000 comprising 16,000,000 ordinary shares of HKD1.00 each.
- (b) On 16 January 2015, Maybank Kim Eng Securities Pte Ltd, for and on behalf of *Hap Seng Investment Holdings Pte Ltd ["HSIH"], made a voluntary conditional cash partial offer to acquire 51% of the ordinary shares [the "Offer Shares"] in the issued share capital of Hafary Holdings Limited ["Hafary"], a company incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited, at 5.00 p.m. (Singapore time) on 30 January 2015, other than those already owned, controlled or agreed to be acquired by HSIH and parties acting in concert with it as at such date, at a cash consideration of SGD 0.24 per Offer Share [the "Partial Offer"].

The Partial Offer closed at 5.30 p.m. (Singapore time) on 13 February 2015 and was duly completed on 23 February 2015 upon settlement of the consideration for the Offer Shares acquired by HSIH on even date. Accordingly, Hafary became a 51% owned subsidiary of HSIH.

- (c) With the acquisition of an additional 2,972,000 ordinary shares of RM1.00 each representing approximately 0.37% equity interest in Hap Seng Plantations Holdings Berhad ["HSP"] via the open market during the current quarter, the Company increased its shareholding in HSP from 52.38% to 52.75%. HSP is the Company's subsidiary listed on Bursa Malaysia Securities Berhad.

* *This is the Company's wholly-owned subsidiary.*

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 20 May 2015 which have not been reflected in the financial statements for the interim period are as follows:

Subsequent to the interim period and up to 20 May 2015, the Company acquired an additional 1,358,500 ordinary shares of RM1.00 each representing approximately 0.17% equity interest in Hap Seng Plantations Holdings Berhad ["HSP"] via the Main Market of Bursa Malaysia Securities Berhad, thereby increasing its shareholding in HSP from 52.75% to 52.92%.

12. Changes in contingent liabilities or contingent assets since the end of the last annual reporting period

Since the end of the last annual reporting period, the Group has no material contingent liabilities or contingent assets as at the end of the year which are expected to have an operational or financial impact on the Group.



13. Capital commitments

The Group has the following capital commitments:

	As at	As at
	31.3.2015	31.12.2014
	RM'000	RM'000
Approved and contracted for	289,615	182,992
Approved but not contracted for	187,693	215,934
	<u>477,308</u>	<u>398,926</u>

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% of the estimated value which had been mandated by the shareholders at the extraordinary general meeting held on 28 May 2014, except for the Proposals as disclosed in Note 7 of Part B.

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PART B

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

1. Review of performance

The Group recorded a growth of 26% in revenue for the current quarter at RM1.1 billion as compared to the preceding year corresponding quarter which was mainly contributed by the Property, Credit Financing, Automotive, Fertilizer Trading and Trading Divisions. However, Group operating profit at RM191.2 million was 14% below the preceding year corresponding quarter, mainly attributable to lower profits from the Plantation, Property and Fertilizer Trading Divisions.

Plantation Division's revenue at RM113.8 million and operating profit at RM29.8 million were lower than the preceding year corresponding quarter by RM24.6 million (18%) and RM28.3 million (49%) respectively. The division's performance was mainly affected by lower average price realization of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] and lower sales volume of PK as well as higher production costs. Average selling price realization of CPO and PK for the current quarter were RM2,216 and RM1,801 per tonne respectively as compared to the preceding year corresponding quarter of RM2,669 per tonne for CPO and RM1,959 per tonne for PK. CPO sales volume at 42,087 tonnes was at the same level as the preceding year corresponding quarter whilst PK sales volume was 14% lower at 8,653 tonnes. CPO production was lower than the preceding year corresponding quarter by 5% due to lower Fresh Fruit Bunches ["FFB"] yield but somewhat mitigated by better oil extraction rate. Production costs were mainly affected by higher estates overheads, field upkeep and manuring costs.

Property Division's revenue improved by 65% (RM113.3 million) to RM288.7 million with significant contributions from its project developments in both Peninsular Malaysia and East Malaysia. Its luxurious condominium projects in the Klang Valley, namely "The Horizon Residences" and "Nadi Bangsar Service Residences" continue to be major contributors to its project developments in Peninsular Malaysia. Its "build-then-sell" project, Andana Condominium-Garden Villa @ D'Alpinia which was launched towards the end of third quarter 2014 also contributed positively to the division's results with encouraging take up rate of 79% as at end of the current quarter. Major project contributors in Sabah are Bandar Sri Indah in Tawau and Palm Heights in Lahad Datu. The division's two major investment properties, Menara Hap Seng and Menara Citibank (50% held by the Group) continued to enjoy good occupancy and rental rates whilst efforts to improve the occupancy rate of its new investment property, Menara Hap Seng 2 is progressing well. Nevertheless, operating profit of the division was lower in the current quarter mainly due to the sale of certain non-strategic properties in the preceding year corresponding quarter.

Credit Financing Division continues to record growth in its performance over the preceding year corresponding quarter and contributed revenue of RM38.7 million and operating profit of RM29.7 million which were higher than the preceding year corresponding quarter by 28% and 24% respectively. The growth in its contribution was in tandem with the growth in the division's loan portfolio which was 24% higher at the end of the current quarter at RM2.19 billion. Non-performing loans ratio at the end of the current quarter was 0.96% as compared to 2.01% at the corresponding period last year.

The Automotive Division's revenue for the current quarter was RM211.1 million, 65% (RM83.5 million) higher than the preceding year corresponding quarter with better performance from both its vehicles and after sales and services segments. The new models launched in the second half of 2014 contributed to the growth in vehicle sales in the current quarter as compared to the preceding year corresponding quarter. The after sales and services benefitted from the 3S autohaus in Balakong that was launched in the second quarter of 2014 and the re-launched of the upgraded Kinrara Autohaus in the third quarter of 2014. Consequently, the division registered an operating profit of RM3.2 million which was RM1.9 million (150%) higher than the preceding year corresponding quarter of RM1.3 million.

The Fertilizer Trading Division's revenue improved by RM24.4 million (12%) to RM229.6 million in the current quarter mainly attributable to higher sales in the Malaysian operations due to customers stocking up prior to the GST implementation on 1 April 2015. However, the division's operating profits for the current quarter at RM6.1 million was RM3.8 million (38%) lower than the preceding year corresponding quarter due to lower margins attributable to sales mix variance and higher cost of stocks in addition to the competitive market conditions. Indonesian operations recorded 10% improvement in operating profits over the preceding year corresponding quarter with better margins achieved and reduced trading exposure to the volatility of the Indonesian Rupiah vis-à-vis the US Dollar.

1. Review of performance (continued)

Quarry and Building Materials Division's revenue for the current quarter at RM85.8 million was 10% lower than the preceding year corresponding quarter. The competitive market and slow down in projects affected the sales of aggregates in both the Malaysian and Singaporean markets but mitigated by higher sales of asphalt arising from the road repair works in the East Coast of Peninsular Malaysia after the severe monsoon floods. Nevertheless, the division's operating profit at RM4.1 million was maintained at about the same level as the preceding year corresponding quarter.

Trading Division's results for the current quarter included the results of the Company's newly acquired subsidiary in Singapore, Hafary Holdings Limited ["Hafary"] as disclosed in Note 9(b) of Part A and accordingly, the division's results included one month contribution from Hafary of RM25.4 million to revenue and RM3.6 million to operating profit. Consequently, the division's revenue and operating profit for the current quarter at RM141.6 million and RM6.7 million were higher than the preceding year corresponding quarter by RM29.2 million (26%) and RM3.2 million (90%) respectively. In Malaysia, revenue for the current quarter was RM116.3 million, 3% (RM3.8 million) higher than the preceding year corresponding quarter whilst operating profit at RM3.1 million was RM0.4 million (12%) lower mainly affected by the petroleum products segment. The Malaysian building material products segment recorded 5% growth in revenue but maintained its operating profits at about the same level as preceding year corresponding quarter due to sales mix variance. Its petroleum products segment continues to be affected by competitive pricing and recorded lower revenue and operating profits.

Overall, Group profit before tax and profit after tax for the current quarter at RM169.4 million and RM123.3 million were both lower than the preceding year corresponding quarter by 15%. Profit attributable to owners of the Company for the current quarter of RM110.9 million was 12% lower than the preceding year corresponding quarter. Accordingly, the basic earnings per share for the current quarter was 5.18 sen, 17% below the preceding year corresponding quarter of 6.26 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 RM169.4 million was 29% lower than the preceding quarter of RM237.1 million mainly due to lower operating profit from Plantation, Fertilizer Trading and Trading Divisions, and also impacted by higher financing costs due to higher level of borrowings and higher cost of funds.

Plantation Division was affected by lower sales volume and higher production costs. The lower sales volume was due to lower FFB production affected by seasonally lower yield trend and changes in cropping pattern whilst production costs were higher resulted from higher manuring costs due to timing of application.

Fertilizer Trading and Trading Divisions had better results in the preceding quarter attributable to gains arising from the sale of some fixed assets.

3. Current year prospects

The palm oil market is expected to continue to be volatile. Palm oil price movements are likely to be influenced by soybean oil prices, the strength of the Ringgit, palm oil stocks in Indonesia and Malaysia as well as the rate of implementation of the bio-diesel mandates in these two countries. Whilst demand appeared to have surged in the first 10 days of May 2015 with the weaker Ringgit, making the ringgit-denominated palm feedstock cheaper for overseas buyers, the upside movements in palm oil prices were capped by the rise in palm oil stocks in Malaysia. Malaysia's palm oil stocks rose 17.6% to 2.19 million tonnes at end of April 2015, the highest level since November 2014, from 1.87 million tonnes in March 2015. The reduction in the Malaysian export tax to zero for May 2015 and the new Indonesian palm oil export levy of USD50 per tonne on CPO exports and USD30 per tonne on processed palm oil exports to be imposed by the third week of May 2015 are expected to boost Malaysian CPO exports in the short term.



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

The Property Division expects its projects in Klang Valley and East Malaysia to continue to contribute satisfactorily to the division's performance. Contribution from existing investment properties, Menara Hap Seng and Menara Citibank (in which the Group owns 50% via its associate Inverfin Sdn Bhd) are expected to be maintained with close to optimum occupancy rates and consistent average rental rates whilst the occupancy rate of Menara Hap Seng 2 is increasing progressively and is expected to contribute positively to the division's future performance.

Credit Financing Division will continue to grow its loan base in Malaysia with continuous emphasis on improving yield, exercising caution in its selection of new loans focusing on businesses with quality collaterals whilst managing its cost of funds and funding requirements.

The Automotive Division expects the competitive environment in the Malaysian premium passenger vehicles segment to prevail. Nevertheless, new models launched in the second half of 2014 are expected to continue to be the impetus of the division's vehicle sales growth. The division's after sales and services segment will also continue to contribute to the division's performance through its Balakong Autohaus and Kinrara Autohaus.

Fertilizer Trading Division is susceptible to the movements in global potash prices and foreign currency fluctuations vis-à-vis the US Dollar. Nevertheless, with the potash market expected to remain relatively stable as compared to the volatility experienced in 2014, the division's performance is expected to remain favourable.

Quarry and Building Materials Division is expected to experience mixed operational conditions across the division's three operating regions in East Malaysia, East Coast and the Southern region of Peninsular Malaysia and Singapore. Nevertheless, it anticipates satisfactory performance as it continues to improve its operational efficiencies.

The Trading Division which remains optimistic on the opportunities in the building materials market in Malaysia and Singapore, will continue to identify new products to grow sales and profitability whilst closely monitoring its stocks and debtors turnover. Hafary is expected to contribute positively to the future performance of the Division.

Based on the foregoing, the Group is cautiously optimistic of achieving satisfactory results for the current financial year ending 31 December 2015.

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	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	1,645	2,942	1,645	2,942
Dividend income from available-for-sale equity instrument	300	300	300	300
Dividend income from money market deposits	554	172	554	172
Gain on held for trading equity instruments at fair value	576	-	576	
Interest expense	(24,059)	(23,067)	(24,059)	(23,067)
Depreciation and amortisation	(22,402)	(21,594)	(22,402)	(21,594)
Net allowance of impairment losses				
- trade receivables	(2,152)	(955)	(2,152)	(955)
Net reversal of inventories written down	578	6,736	578	6,736
(Loss)/Gain on disposal of:				
- property, plant and equipment	(170)	40,253	(170)	40,253
- investment properties	-	(371)	-	(371)
Property, plant and equipment written off	(46)	(5)	(46)	(5)
Biological assets written off	(95)	(110)	(95)	(110)
Investment properties written off	(335)	(118)	(335)	(118)
Net foreign exchange gain	62	2,292	62	2,292
Loss on hedging activities	(223)	(10)	(223)	(10)
Gain/(Loss) on non-hedging derivative instruments	69	(8)	69	(8)
Recovery of bad debts	36	166	36	166

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	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	45,920	54,208	45,920	54,208
- deferred tax	102	(128)	102	(128)
	46,022	54,080	46,022	54,080

The Group's effective tax rate for the current quarter and preceding year corresponding quarter were higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.



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 20 May 2015, except for the following,:

On 11 March 2015, the Company entered into a conditional shares sale agreement to dispose of 49,600,000 ordinary shares representing the entire issued and paid-up capital of *Hap Seng Capital Pte Ltd to Lei Shing Hong Limited ["LSH"] at a cash consideration of SGD240.00 million which is equivalent to RM640.80 million (based on the agreed currency exchange rate of SGD1.00 to RM2.67) [the "Proposed Disposal"].

On even date, *Hap Seng Realty (KK I) Sdn Bhd ["HSRSB"] entered into a conditional sale and purchase agreement to acquire a purpose-built fourteen (14)-storey retail and office tower block to be known as Menara Hap Seng KK in the district of Kota Kinabalu, Sabah from Akal Megah Sdn Bhd, a wholly-owned subsidiary of LSH, at a cash consideration of RM395 million [the "Proposed Acquisition"].

The Proposed Disposal and Proposed Acquisition are collectively referred to as the "Proposals".

As at the date hereof, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] is a 37.68% major shareholder of LSH and also a 56% major shareholder and director of Gek Poh (Holdings) Sdn Bhd ["Gek Poh"]. Gek Poh is the holding company of the Company and a 12.42% major shareholders of LSH. Lei Shing Hong Investment Ltd ["LSHI"], a wholly-owned subsidiary of LSH, is also a 16.96% major shareholder of the Company. Hence, both Tan Sri Lau and LSHI are deemed interested in the Proposals.

The completion of the Proposals is inter-conditional upon each other, subject however to the approval to be obtained from the shareholders of the Company at the extraordinary general meeting to be convened on 4 June 2015.

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

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8. Borrowings and debt securities

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

	As at 31.3.2015					As at 31.12.2014			
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	Total RM'000	RM RM'000	USD RM'000	SGD RM'000	Total RM'000
<u>Current</u>									
<u>Secured</u>									
- Bankers acceptances/Trust receipts	-	-	11,646	-	11,646	-	-	-	-
- Finance leases	-	-	505	-	505	-	-	-	-
- Revolving credits	-	-	41,831	-	41,831	-	-	-	-
- Term loans	-	-	62,988	-	62,988	-	-	-	-
- Foreign currency loans	-	44,934	-	12,658	57,592	-	-	-	-
	-	44,934	116,970	12,658	174,562	-	-	-	-
<u>Unsecured</u>									
- Bankers acceptances	209,269	-	-	-	209,269	158,596	-	-	158,596
- Bank overdrafts	16,078	-	-	-	16,078	3,276	-	-	3,276
- Revolving credits	1,063,500	-	134,940	-	1,198,440	1,059,500	-	14,546	1,074,046
- Term loans	210,234	-	-	-	210,234	207,487	-	-	207,487
- Foreign currency loans	-	197,002	270,090	-	467,092	-	175,807	264,590	440,397
	1,499,081	197,002	405,030	-	2,101,113	1,428,859	175,807	279,136	1,883,802
Total current borrowings	1,499,081	241,936	522,000	12,658	2,275,675	1,428,859	175,807	279,136	1,883,802
<u>Non-current</u>									
<u>Secured</u>									
- Term loans	-	-	94,561	-	94,561	-	-	-	-
- Finance leases	-	-	985	-	985	-	-	-	-
	-	-	95,546	-	95,546	-	-	-	-
<u>Unsecured</u>									
- Term loans	219,295	-	113,903	-	333,198	277,052	-	-	277,052
- Foreign currency loans	-	205,707	270,090	-	475,797	-	193,428	264,590	458,018
	219,295	205,707	383,993	-	808,995	277,052	193,428	264,590	735,070
Total non-current borrowings	219,295	205,707	479,539	-	904,541	277,052	193,428	264,590	735,070
Total borrowings	1,718,376	447,643	1,001,539	12,658	3,180,216	1,705,911	369,235	543,726	2,618,872

Note: - All secured borrowings are in respect of a foreign subsidiary's borrowings.

- Foreign currency loans are in respect of borrowings denominated in currencies other than the functional currencies of the Group entities.



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"]. On 25 February 2014, the Federal Court dismissed the said Leave Application with costs 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 which was subsequently withdrawn by the Company on 31 March 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, 27 to 28 January 2014, 27 to 28 March 2014, 2 to 6 June 2014, 11 to 14 August 2014, 29 September to 3 October 2014, 7 to 10 October 2014, 18 to 21 November 2014, 15 to 19 December 2014, 10 to 13 February 2015 and 23 March to 2 April 2015. The Tongod Suit has been fixed for continued hearing from 18 to 29 May 2015.

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 ["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:

- (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 1st 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 2nd 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 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 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 Note 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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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)**

- (d) Pelipikan Plantation Sdn Bhd ["PPSB"], the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ["HSP"] is the registered sub-lessee of all those 251 pieces of land measuring approximately 1,364.91 hectares situated in Kg. Natu in the district of Kota Marudu, Sabah ["Pelipikan Sub-Leased Lands"]. A writ of summon ["said Writ"] was filed on 7 August 2014 by 94 natives of Sabah ["Plaintiffs"] represented by Messrs Sugumar & Co claiming interest and ownership, legal and beneficial in respect of 113 parcels of land which form part of the Pelipikan Sub-Leased Lands ["said 113 Titles"] in the High Court of Sabah and Sarawak at Kota Kinabalu vide suit no. BKI-22NCvC66/8-2014 (HC2) ["KKHC"], naming one Hatija Binti Hassan as first defendant, one Juniah @ Rubiah Bt. Okk Zainal as second defendant and PPSB as the third defendant ["said Suit"]. The said 113 Titles represent approximately 1.31% of the HSP Group's total land holdings.

In the said Writ, the Plaintiffs alleged, inter-alia the following:

- (i) acting on a purported power of attorney P/A No. 5391/03, one Sikit @ Lanjim bin Sarapong ["Sikit"] transferred the Pelipikan Sub-Leased Lands on behalf of the Plaintiffs to the first and second defendants and created a sublease in favour of PPSB;
- (ii) the transfer of the said 113 Titles from the Plaintiffs to Sikit, the subsequent transfer from Sikit to the first and second defendants and the sublease created in favour of PPSB were effected via forged documents and/or illegal means;
- (iii) that the first and second defendants are not bona-fide third party purchasers of the said 113 Titles for value without notice; and
- (iv) that PPSB is not a bona-fide third party sub-lessee of the said 113 Titles for value without notice.

On 15 May 2015, the parties in the said Suit recorded the following terms by way of a consent order before the KKHC:

- (i) that the claims filed under the said Suit by the Plaintiffs be and are struck off;
- (ii) that the Plaintiffs are not entitled to possession of the said 113 Titles;
- (iii) that the first, second and third defendants are absolutely entitled to quiet enjoyment and possession of the said 113 Titles;
- (iv) that the Plaintiffs are not entitled to legal and beneficial ownership of the said 113 Titles;
- (v) that the registration of transfer of the said 113 Titles in favour of Sikit is valid and of full legal effect;
- (vi) that the registration of transfer of the said 113 Titles by Sikit in favour of the first and second defendants is valid and of full legal effect;
- (vii) that the registration of the sublease of the said 113 Titles by Sikit in favour of the third defendant is valid and of full legal effect;
- (viii) that the claim for an order directing the first, second and third defendants to give vacant possession of the said 113 Titles to the Plaintiffs is dismissed;
- (ix) that the claim for an order directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the registration of the transfer of the said 113 Titles effected in favour of Sikit and the first and second defendants is dismissed;
- (x) that the claim for an order directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the registration of the sublease of the said 113 Titles effected by Sikit in favour of the third defendant be and is dismissed;
- (xi) an injunction be and is hereby granted restraining the Plaintiffs, their agents, servants, representatives or anyone claiming under them from interfering in any way whatsoever with the quiet enjoyment and possession by the first, second and third defendants of the said 113 Titles;
- (xii) that there shall be no order as to costs;
- (xiii) an order be and is hereby granted directing the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the Collector's Caveats affecting the said 113 Titles;
- (xiv) that the Plaintiffs shall assist and support any applications by the first, second and third defendants to the Assistant Collector of Land Revenue, Kota Marudu, Sabah to remove and delete forthwith the Collector's Caveats affecting the said Lands; and
- (xv) the Plaintiffs shall assist, support and protect the interests of the first, second and third defendants in respect of the said Lands.

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 2015 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 currency contracts					
of less than 1 year (USD/Euro)					
- Designated as hedging instruments*	197,194	3,880	3,875	(4,098)	(223)
- Not designated as hedging instruments	55,507	(691)	(691)	760	69
	<u>252,701</u>	<u>3,189</u>	<u>3,184</u>	<u>(3,338)</u>	<u>(154)</u>
Cross currency interest rate swaps					
on foreign currency borrowings					
of 1 year to 3 years (SGD/USD)					
- Designated as hedging instruments**	840,698	80,903	32,252	(34,422)	(2,170)

* *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 or losses (unaudited)

	As at 31.3.2015	As at 31.12.2014
	RM'000	RM'000 <i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	2,786,562	2,640,815
- Unrealised	194,312	196,646
	<u>2,980,874</u>	<u>2,837,461</u>
Total share of retained profits from associates		
- Realised	16,260	17,708
- Unrealised	22,878	18,318
- Breakdown unavailable*	22,785	23,702
	<u>3,042,797</u>	<u>2,897,189</u>
Less: Consolidation adjustments	(1,393,017)	(1,353,642)
Total Group retained profits as per consolidated financial statements	<u>1,649,780</u>	<u>1,543,547</u>

* 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, Hap Seng Automotive Acceptance Sdn Bhd and Hap Seng Capital Pte Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 March 2015 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	1,863,818	11,563	1,875,381
(b) To individuals	197,996	291	198,287
(c) To companies within the listed issuer group	24,846	85,509	110,355
(d) To related parties	-	5,446	5,446
	<u>2,086,660</u>	<u>102,809</u>	<u>2,189,469</u>

13. Provision of financial assistance (continued)

Moneylending operations (continued)

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

	As at 31.3.2015 RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	227,349
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	1,147,410
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	185,868
	<u>1,560,627</u>

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

	RM'000
(a) Balance as at 1.1.2015	17,834
(b) Loans classified as in default during the financial year	19,010
(c) Loans reclassified as performing during the financial year	(12,242)
(d) Amount recovered	(3,645)
(e) Amount written off	-
(f) Loans converted to securities	-
(g) Balance as at 31.3.2015	<u>20,957</u>
(h) Ratio of net loans in default to net loans	<u>0.96%</u>

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

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 st	Term Loan	90,000	88,482	Yes	90,000	No	72
2 nd	Term Loan	54,786	54,971	Yes	74,973	No	12
3 rd	Term Loan	118,900	42,941	No	-	Yes	48
4 th	Term Loan	36,974	37,075	Yes	48,578	No	36
5 th	Term Loan	29,147	29,455	No	-	Yes	60

14. **Earnings per share [“EPS”]**

	Quarter Ended		Year-to-date ended	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Profit attributable to owners of the Company (RM'000)	110,889	125,413	110,889	125,413
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,142,632	2,004,532	2,142,632	2,004,532
Dilutive potential ordinary shares - Assumed exercise of warrants	153,506	139,118	153,506	139,118
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,296,138	2,143,650	2,296,138	2,143,650
Basic EPS (sen)	5.18	6.26	5.18	6.26
Diluted EPS (sen)	4.83	5.85	4.83	5.85

(a) **Basic EPS**

The basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

(b) **Diluted EPS**

The diluted EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of dilutive potential ordinary shares comprising warrants.

15. **Dividend**

(a) The Board of Directors has on even date approved the following first interim dividend for the financial year ending 31 December 2015:

- | | |
|--|---|
| (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
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. |
| (iii) Total dividend approved to date for the current financial year
Amount per ordinary share of RM1.00 each | 10 sen (2014: 10 sen) 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 23 June 2015; and

(c) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 10 June 2015.

15. **Dividend (continued)**

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 2015, will be payable in cash on 23 June 2015 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 10 June 2015.

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 8 June 2015 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred into the depositor's securities account before 4.00 pm on 10 June 2015 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 2014 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
QUAN SHEET MEI
Secretaries

Kuala Lumpur
26 May 2015