CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2018

	Quarter ended			Year ended		
	31.12.2018 RM'000	**31.12.2017** RM'000 *(Restated)*	***Increase/ (Decrease)***	**31.12.2018** RM'000	**31.12.2017** RM'000 *(Restated)*	***Increase/ (Decrease)***
Revenue	1,425,945	1,409,419	*1%*	6,246,519	5,293,993	*18%*
Operating expenses	(1,417,919)	(1,292,776)		(5,521,718)	(4,538,379)	
Other operating income	38,762	58,136		104,315	201,058	
Operating profit	46,788	174,779	*(73%)*	829,116	956,672	*(13%)*
Finance costs	(63,160)	(34,516)		(186,226)	(146,339)	
Other gain items	210,267	35,714		726,286	532,552	
Share of results of associates and joint ventures	3,443	9,508		25,002	33,994	
Profit before tax	197,338	185,485	*6%*	1,394,178	1,376,879	*1%*
Tax expense	(33,341)	(35,085)		(207,316)	(209,055)	
Profit for the period	163,997	150,400	*9%*	1,186,862	1,167,824	*2%*
Profit attributable to:						
Owners of the Company	156,246	135,137	*16%*	1,145,608	1,099,391	*4%*
Non-controlling interests	7,751	15,263		41,254	68,433	
	163,997	150,400		1,186,862	1,167,824	
Earnings per share (sen)						
Basic	6.28	5.43	*16%*	46.01	44.16	*4%*
Diluted	N/A	N/A		N/A	N/A	

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2018

	Quarter ended		Year ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
		(Restated)		*(Restated)*
Profit for the period	163,997	150,400	1,186,862	1,167,824
Other comprehensive income /(expense) net of tax:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(1,733)	(16,938)	(3,555)	(21,425)
Share of foreign currency translation differences of associates and joint ventures	(59)	(661)	1,936	(239)
Foreign currency translation differences for foreign operations reclassified to profit or loss	-	-	17,796	-
Change in fair value of cash flow hedge	(1,767)	(1,179)	1,404	2,231
	(3,559)	(18,778)	17,581	(19,433)
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment upon transfer of property to investment property	-	6,776	-	57,013
Remeasurement loss on defined benefit liabilities	(13)	(113)	(13)	(113)
	(13)	6,663	(13)	56,900
Total other comprehensive (expense)/income for the period	(3,572)	(12,115)	17,568	37,467
Total comprehensive income for the period	160,425	138,285	1,204,430	1,205,291
Total comprehensive income attributable to:				
Owners of the Company	152,545	126,593	1,164,380	1,140,936
Non-controlling interests	7,880	11,692	40,050	64,355
	160,425	138,285	1,204,430	1,205,291

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 DECEMBER 2018

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000 *(Restated)*	As at 1.1.2017 RM'000 *(Restated)*
Non-current assets			
Property, plant and equipment	3,121,554	3,164,190	3,201,797
Prepaid lease payments	180,323	189,638	201,367
Investment properties	1,642,577	1,538,870	1,675,054
Investment in associates	440,587	447,950	496,675
Investment in joint ventures	7,522	9,433	844
Land held for property development	1,114,254	779,460	712,642
Intangible assets	51,174	36,736	85,149
Trade and other receivables	1,907,341	1,566,357	1,041,254
Other non-current financial assets	30,282	29,563	115,844
Deferred tax assets	35,446	15,247	21,809
	8,531,060	7,777,444	7,552,435
Current assets			
Inventories	1,736,861	1,348,599	1,163,461
Property development costs	1,178,791	830,490	689,778
Biological assets	16,437	19,550	37,667
Trade and other receivables	2,422,425	2,405,659	2,022,829
Tax recoverable	51,354	22,966	19,471
Other current financial assets	4,459	30,907	171,243
Money market deposits	1,026,716	90,990	354,736
Cash and bank balances	612,577	648,257	684,284
	7,049,620	5,397,418	5,143,469
TOTAL ASSETS	15,580,680	13,174,862	12,695,904

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED) (Continued)
AS AT 31 DECEMBER 2018

	As at 31.12.2018 RM'000	**As at 31.12.2017** RM'000 *(Restated)*	**As at 1.1.2017** RM'000 *(Restated)*
Equity attributable to owners of the Company			
Share capital	3,519,554	3,519,554	2,489,682
Reserves	3,508,250	2,620,684	3,381,389
	7,027,804	6,140,238	5,871,071
Less: Treasury shares	(93)	(54)	(16)
	7,027,711	6,140,184	5,871,055
Non-controlling interests	1,273,410	971,395	961,148
TOTAL EQUITY	8,301,121	7,111,579	6,832,203
Non-current liabilities			
Payables and provisions	147,746	7,682	18,433
Borrowings	2,810,553	1,595,237	1,920,316
Other non-current financial liabilities	3,026	7,170	-
Deferred tax liabilities	484,559	476,428	489,441
	3,445,884	2,086,517	2,428,190
Current liabilities			
Payables and provisions	1,146,572	994,029	880,160
Tax payable	65,117	61,380	49,219
Borrowings	2,618,046	2,883,638	2,504,931
Other current financial liabilities	3,940	37,719	1,201
	3,833,675	3,976,766	3,435,511
TOTAL LIABILITIES	7,279,559	6,063,283	5,863,701
TOTAL EQUITY AND LIABILITIES	15,580,680	13,174,862	12,695,904
Net assets per share (RM)	2.82	2.47	2.36
Number of shares net of treasury shares ('000)	2,489,672	2,489,676	2,489,680

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to Owners of the Company						
	Share Capital RM'000	**Non-distributable Reserves** RM'000	**Distributable Reserves** RM'000	**Treasury Shares** RM'000	**Total** RM'000	**Non-controlling interests** RM'000	**Total Equity** RM'000
At 1 January 2018							
- As previously reported	3,519,554	69,814	2,175,002	(54)	5,764,316	652,138	6,416,454
- Effect of adoption of MFRS	-	-	375,868	-	375,868	319,257	695,125
- As restated	3,519,554	69,814	2,550,870	(54)	6,140,184	971,395	7,111,579
Profit for the period	-	-	1,145,608	-	1,145,608	41,254	1,186,862
Total other comprehensive income for the period	-	18,785	(13)	-	18,772	(1,204)	17,568
Total comprehensive income for the period	-	18,785	1,145,595	-	1,164,380	40,050	1,204,430
Changes in ownership interest in a subsidiary	-	57	594,514	-	594,571	310,846	905,417
Purchase of treasury shares	-	-	-	(39)	(39)	-	(39)
Purchase of treasury shares by a subsidiary	-	-	-	-	-	(9)	(9)
Dividend	-	-	(871,385)	-	(871,385)	-	(871,385)
Dividends paid to non-controlling interests	-	-	-	-	-	(48,872)	(48,872)
At 31 December 2018	3,519,554	88,656	3,419,594	(93)	7,027,711	1,273,410	8,301,121

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

	← *Attributable to Owners of the Company*				→		
	Share Capital RM'000	**Non-distributable Reserves** RM'000	**Distributable Reserves** RM'000	**Treasury Shares** RM'000	**Total** RM'000	**Non-controlling interests** RM'000	**Total Equity** RM'000
At 1 January 2017							
- As previously reported	2,489,682	1,058,398	1,942,612	(16)	5,490,676	631,779	6,122,455
- Effect of adoption of MFRS	-	-	380,379	-	380,379	329,369	709,748
- As restated	2,489,682	1,058,398	2,322,991	(16)	5,871,055	961,148	6,832,203
Transition to no-par value regime under the Companies Act 2016*	1,029,872	(1,029,872)	-	-	-	-	-
Profit for the period							
- As previously reported	-	-	1,103,902	-	1,103,902	78,545	1,182,447
- Effect of adoption of MFRS	-	-	(4,511)	-	(4,511)	(10,112)	(14,623)
- As restated	-	-	1,099,391	-	1,099,391	68,433	1,167,824
Total other comprehensive income for the period	-	41,658	(113)	-	41,545	(4,078)	37,467
Total comprehensive income for the period	-	41,658	1,099,278	-	1,140,936	64,355	1,205,291
Share-based payments by a subsidiary	-	98	-	-	98	95	193
Changes in ownership interest in subsidiaries	-	(468)	(12)	-	(480)	5,680	5,200
Purchase of treasury shares	-	-	-	(38)	(38)	-	(38)
Purchase of treasury shares by a subsidiary	-	-	-	-	-	(10)	(10)
Dividend	-	-	(871,387)	-	(871,387)	-	(871,387)
Dividends paid to non-controlling interests	-	-	-	-	-	(59,873)	(59,873)
At 31 December 2017 *(Restated)*	3,519,554	69,814	2,550,870	(54)	6,140,184	971,395	7,111,579

** The new Companies Act 2016 ("Act"), which was effective from 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, amounts standing to the credit of the share premium and capital redemption reserve accounts of RM903,605,000 and RM126,267,000 respectively became part of the share capital pursuant to the transitional provisions as set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amounts standing to the credit of its share premium and capital redemption reserve accounts for purposes as set out in Section 618(3) and 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended	
	31.12.2018	**31.12.2017**
	RM'000	RM'000
		(Restated)
Cash flows from operating activities		
Profit before tax	1,394,178	1,376,879
Adjustments for:		
Non-cash items	58,490	201,123
Non-operating items	(542,860)	(626,795)
Dividend income	(8,705)	(15,748)
Net interest expense	164,100	132,980
Operating profit before working capital changes	1,065,203	1,068,439
Net changes in working capital	(141,933)	(764,414)
Net changes in loan receivables	(432,264)	(655,459)
Net tax paid	(241,084)	(206,566)
Net interest paid	(192,974)	(158,860)
Net changes in land held for property development	(505,526)	(112,457)
Net cash flows used in operating activities	(448,578)	(829,317)
Cash flows from investing activities		
Dividends received from associates and a joint venture	12,093	76,226
Dividends received from financial assets at fair value through profit or loss	720	-
Dividends received from money market deposits	7,944	14,925
Profit guarantee shortfall received from holding company	35,578	-
(Increase)/decrease in money market deposits	(932,134)	265,149
Acquisition of joint ventures	(15)	(9,370)
Acquisition of business	(83,928)	-
Redemption of preference shares held by non-controlling interests	-	(7,000)
Disposal of subsidiaries net of cash disposed	737,509	744,646
Proceeds from disposal of 20% equity interest in a subsidiary	905,417	-
Proceeds from disposal of remaining 49% equity interest in a former subsidiary	-	367,500
Proceeds from issuance of shares to non-controlling interests	-	12,200
Proceeds from disposal of property, plant and equipment	9,329	202,091
Proceeds from disposal of held for trading equity instruments	14,633	104,479
Purchase of held for trading equity instruments	(14,217)	-
Purchase of property, plant and equipment	(165,348)	(180,086)
Additions to prepaid lease payments	-	(1,412)
Additions to investment properties	(134,960)	(82,794)
Net cash flows generated from investing activities	392,621	1,506,554
Cash flows from financing activities		
Dividends paid to owners of the Company and non-controlling interests	(920,257)	(931,260)
Net drawdown of borrowings	935,282	229,611
Shares repurchased at cost	(48)	(48)
Net cash flows generated from/(used in) financing activities	14,977	(701,697)
Net decrease in cash and cash equivalents	(40,980)	(24,460)
Effects on exchange rate changes	(4)	(11,322)
Cash and cash equivalents at beginning of the period	648,257	684,039
Cash and cash equivalents at end of the period	607,273	648,257
Cash and cash equivalents comprise the following amounts:		
Deposits with licensed banks	250,716	293,844
Cash in hand and at bank	361,861	354,413
Bank overdrafts	(5,304)	-
	607,273	648,257

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements

Basis of Preparation

These interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard [“MFRS”] 134, Interim Financial Reporting and paragraph 9.22 of 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 2017.

Part A: Explanatory Notes Pursuant to MFRS 134

1. **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 2017 except for:

(i) segment information which has been changed by combining the general trading business (previously included in the Building Materials segment) with the Fertilizers Trading segment and is now reported as Trading segment. This is to reflect the changes in the basis of internal reports which are regularly reviewed by the management of the Group in order to allocate resources to the segment and assess its performance. Accordingly, the comparatives for segment information have been restated to conform with the current year presentation; and

(ii) changes arising from the adoption of MFRS as disclosed below.

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 2018. The Group was within the definition of Transitioning Entities and was exempted from adopting the MFRS framework prior to 1 January 2018.

In the current financial year ending 31 December 2018, the Group is adopting the MFRS framework for the first time. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

(a) MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards

Optional exemption to use fair value or revaluation as deemed cost

As provided in MFRS 1, first-time adopter can elect optional exemptions from full retrospective application of MFRS. The ‘fair value or revaluation as deemed cost’ optional exemption permits the carrying amount of an item of property, plant and equipment to be measured at the date of transition based on a deemed cost. Any surplus arising from revaluation at the date of transition is transferred to retained profits.

A first-time adopter does not have to apply the deemed cost exemption to all classes of property, plant and equipment or to all items within a class of property, plant and equipment; instead, the exemption may be applied to individual items. In addition, the election of the deemed cost exemption is independent of the first-time adopter’s accounting policy choice for the subsequent measurement of property, plant and equipment.

The Group has elected to use the ‘fair value or revaluation as deemed cost’ optional exemption to measure certain leasehold land, buildings, roads and infrastructures at the date of transition. Accordingly, the surplus arising from the fair value or revaluation net of deferred tax and non-controlling interest was recognised in retained profits as at 1 January 2017. The election of the optional exemption using the fair value or revaluation of property, plant and equipment as deemed cost has resulted in additional annual depreciation on property, plant and equipment which is charged to profit or loss.

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

(b) Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture: Bearer Plants

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141, all new planting expenditure incurred from land clearing, planting, field upkeep and maintenance to the point of maturity was capitalised under plantation development expenditure and was not amortised. Replanting expenditure which represents cost incurred in replanting old planted areas, was charged to profit or loss as and when incurred. Biological assets-agricultural produce which form part of the bearer plants were not recognised separately.

With the adoption of the Amendments to MFRS 116 and MFRS 141, new planting expenditure and replanting expenditure are accounted for as property, plant and equipment in accordance with MFRS 116 and measured at cost less accumulated depreciation, whereas biological assets-agricultural produce within the scope of MFRS 141 are measured at fair value less costs to sell.

The adoption of the Amendments will result in additional depreciation on property, plant and equipment and replanting expenditure that were charged to profit or loss prior to the adoption of the Amendments will be reversed and capitalised under property, plant and equipment. Changes in fair value less costs to sell of the biological assets-agricultural produce are recognised in profit or loss.

(c) MFRS 9, Financial Instruments

MFRS 9 (effective from 1 January 2018), in conjunction with the adoption of the MFRS framework, replaces MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset.

MFRS 9 retains most of the MFRS 139 requirements for liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than in profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The adoption of MFRS 9 has impact on Group recognition of impairment of its receivables where the impairment is accounted for using the expected credit loss model.

(d) MFRS 15, Revenue from Contracts with Customers

MFRS 15 (effective from 1 January 2018), in conjunction with the adoption of the MFRS framework, replaces MFRS 111, Construction Contracts, MFRS 118, Revenue and related interpretations.

Prior to the adoption of MFRS 15, revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer. Upon adoption of MFRS 15, revenue is recognised when a performance obligation is satisfied, such as "control" of goods or services underlying the particular performance obligation is transferred to the customer.

The adoption of MFRS 15 has impact on the timing of recognition of revenue and cost for the Group's property development business.

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

The impact of the adjustments to the financial statements of the Group on initial application of MFRS 1, Amendments to MFRS 116 and MFRS 141, MFRS 9 and MFRS 15 are tabulated below. Where applicable, comparative figures in these interim financial statements have been restated to give effect to these changes to reflect the financial position as at 1 January 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect.

Effects on Condensed Consolidated Statements of Profit or Loss

	Quarter ended 31 December 2017					
	As previously reported	**MFRS 1: Optional exemption**	**Amendments to MFRS 116 and MFRS 141**	**MFRS 9**	**MFRS 15**	**As restated**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,408,293	-	-	-	1,126	1,409,419
Operating expenses	(1,267,257)	(3,959)	(26,427)	292	4,575	(1,292,776)
Other operating income	58,136	-	-	-	-	58,136
Operating profit	199,172	(3,959)	(26,427)	292	5,701	174,779
Finance costs	(34,516)	-	-	-	-	(34,516)
Other gain items	35,714	-	-	-	-	35,714
Share of results of associates and a joint venture	9,530	-	(22)	-	-	9,508
Profit before tax	209,900	(3,959)	(26,449)	292	5,701	185,485
Tax expense	(40,513)	941	5,571	-	(1,084)	(35,085)
Profit for the period	169,387	(3,018)	(20,878)	292	4,617	150,400
Profit attributable to:						
Owners of the Company	144,200	(1,600)	(11,406)	292	3,651	135,137
Non-controlling interests	25,187	(1,418)	(9,472)	-	966	15,263
Earnings per share (sen)						
Basic	5.79	(0.06)	(0.46)	0.01	0.15	5.43

	Year ended 31 December 2017					
	As previously reported	**MFRS 1: Optional exemption**	**Amendments to MFRS 116 and MFRS 141**	**MFRS 9**	**MFRS 15**	**As restated**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,288,733	-	-	-	5,260	5,293,993
Operating expenses	(4,514,632)	(21,710)	(12,608)	570	10,001	(4,538,379)
Other operating income	201,058	-	-	-	-	201,058
Operating profit	975,159	(21,710)	(12,608)	570	15,261	956,672
Finance costs	(146,339)	-	-	-	-	(146,339)
Other gain items	532,552	-	-	-	-	532,552
Share of results of associates and a joint venture	34,016	-	(22)	-	-	33,994
Profit before tax	1,395,388	(21,710)	(12,630)	570	15,261	1,376,879
Tax expense	(212,941)	5,174	1,539	-	(2,827)	(209,055)
Profit for the period	1,182,447	(16,536)	(11,091)	570	12,434	1,167,824
Profit attributable to:						
Owners of the Company	1,103,902	(8,770)	(6,216)	570	9,905	1,099,391
Non-controlling interests	78,545	(7,766)	(4,875)	-	2,529	68,433
Earnings per share (sen)						
Basic	44.34	(0.35)	(0.25)	0.02	0.40	44.16

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

Effects on Condensed Consolidated Statements of Financial Position

	As at 1.1.2017					
	As previously reported RM'000	**MFRS 1: optional exemption** RM'000	**Amendments to MFRS 116 and MFRS 141** RM'000	**MFRS 9** RM'000	**MFRS 15** RM'000	**As restated** RM'000
Non-current assets						
Property, plant and equipment	1,798,774	1,161,883	241,140	-	-	3,201,797
Biological assets	458,585	-	(458,585)	-	-	-
Investment in associates	500,934	-	(4,259)	-	-	496,675
Land held for property development	720,173	-	(7,531)	-	-	712,642
Current assets						
Property development costs	682,386	-	-	-	7,392	689,778
Biological assets	-	-	37,667	-	-	37,667
Trade and other receivables	2,030,093	-	-	(9,750)	2,486	2,022,829
Non-current liabilities						
Deferred tax liabilities	230,590	277,580	(18,694)	-	(35)	489,441
Current liabilities						
Tax payable	47,375	-	-	-	1,844	49,219
Equity attributable to owners of the Company						
Share capital	2,489,682	-	-	-	-	2,489,682
Reserves	3,001,010	469,034	(85,394)	(9,750)	6,489	3,381,389
	5,490,692	469,034	(85,394)	(9,750)	6,489	5,871,071
Less: Treasury shares	(16)	-	-	-	-	(16)
	5,490,676	469,034	(85,394)	(9,750)	6,489	5,871,055
Non-controlling interests	631,779	415,269	(87,480)	-	1,580	961,148
TOTAL EQUITY	6,122,455	884,303	(172,874)	(9,750)	8,069	6,832,203
Net assets per share (RM)	2.21	0.19	(0.04)	(0.01)	0.01	2.36

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

Effects on Condensed Consolidated Statements of Financial Position (continued)

	As at 31.12.2017					
	As previously reported RM'000	**MFRS 1: optional exemption** RM'000	**Amendments to MFRS 116 and MFRS 141** RM'000	**MFRS 9** RM'000	**MFRS 15** RM'000	**As restated** RM'000
Non-current assets						
Property, plant and equipment	1,777,067	1,140,173	246,950	-	-	3,164,190
Biological assets	458,886	-	(458,886)	-	-	-
Investment in associates	452,231	-	(4,281)	-	-	447,950
Land held for property development	786,991	-	(7,531)	-	-	779,460
Current assets						
Property development costs	814,695	-	-	-	15,795	830,490
Biological assets	-	-	19,550	-	-	19,550
Trade and other receivables	2,405,495	-	-	(9,180)	9,344	2,405,659
Non-current liabilities						
Deferred tax liabilities	222,906	272,406	(20,233)	-	1,349	476,428
Current liabilities						
Tax payable	58,093	-	-	-	3,287	61,380
Equity attributable to owners of the Company						
Share capital	3,519,554	-	-	-	-	3,519,554
Reserves	2,244,816	460,264	(91,610)	(9,180)	16,394	2,620,684
	5,764,370	460,264	(91,610)	(9,180)	16,394	6,140,238
Less: Treasury shares	(54)	-	-	-	-	(54)
	5,764,316	460,264	(91,610)	(9,180)	16,394	6,140,184
Non-controlling interests	652,138	407,503	(92,355)	-	4,109	971,395
TOTAL EQUITY	6,416,454	867,767	(183,965)	(9,180)	20,503	7,111,579
Net assets per share (RM)	2.32	0.18	(0.03)	(0.01)	0.01	2.47

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

Effects on Condensed Consolidated Statement of Cash Flows

	Year ended 31 December 2017					
	As previously reported RM'000	**MFRS 1: Optional exemption** RM'000	**Amendments to MFRS 116 and MFRS 141** RM'000	**MFRS 9** RM'000	**MFRS 15** RM'000	**As restated** RM'000
Cash flows from operating activities						
Profit before tax	1,395,388	(21,710)	(12,630)	570	15,261	1,376,879
Adjustments for:						
Non-cash items	140,681	21,710	39,302	(570)	-	201,123
Non-operating items	(626,817)	-	22	-	-	(626,795)
Net changes in working capital	(749,153)	-	-	-	(15,261)	(764,414)
Cash flows from investing activities						
Purchase of property, plant and equipment	(152,849)	-	(27,237)	-	-	(180,086)
Additions to biological assets	(543)	-	543	-	-	-

Standard issued but not yet effective

MFRS 16, Leases

With effect from 1 January 2019, MFRS 16 replaces MFRS 117, Leases and related interpretations.

Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet) and requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116, Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.

MFRS 16 retains most of the requirements in MFRS 117 for lessor. Lessor continues to classify all leases as either operating leases or finance leases and account for them differently.

The Group is currently in the midst of completing its assessment on the financial effects from the adoption of MFRS 16.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS 16 for the financial year ending 31 December 2019.

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

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

(a) The performances of the Group's Property Division and Building Materials Division were influenced by the slowdown in construction activities in the first quarter of the financial year attributable to the timing of seasonal festive period.

(b) The Group's Plantation Division performance was influenced by general climatic conditions, age profile of oil palms, the cyclical nature of annual production and movements in commodity prices.

3. **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 financial year.

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

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

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

During the current quarter, 2000 shares were bought back and there was no resale or cancellation of treasury shares. All shares bought back were retained as treasury shares. The monthly breakdown of shares bought back during the current quarter was as follows:

Shares buyback

Month	No of shares repurchased	Purchase price per share		Average cost per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
October 2018	-	-	-	-	-
November 2018	2,000	9.93	9.93	10.0026	20,005.12
December 2018	-	-	-	-	-
Total	2,000	9.93	9.93	10.0026	20,005.12

Accordingly, a total of 4,000 shares were bought back during the financial year ended 31 December 2018.

As at 31 December 2018, the Company held 10,000 ordinary shares as treasury shares and the issued share capital of the Company remained unchanged at 2,489,681,583 ordinary shares.

6. **Dividends**

The dividend paid out of shareholders' equity for ordinary shares during the financial year and preceding year were as follows:

	Year ended	
	31.12.2018	**31.12.2017**
	RM'000	RM'000
Dividend in respect of financial year ending 31 December 2017:		
- first interim (15 sen) under the single tier system approved by the Directors on 31 May 2017 and paid on 28 June 2017	-	373,452
- second interim (20 sen) under the single tier system approved by the Directors on 23 November 2017 and paid on 20 December 2017	-	497,935
Dividend in respect of financial year ending 31 December 2018:		
- first interim (15 sen) under the single tier system approved by the Directors on 31 May 2018 and paid on 28 June 2018	373,451	-
- second interim (20 sen) under the single tier system approved by the Directors on 22 November 2018 and paid on 19 December 2018	497,934	-
	871,385	871,387

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7. Segment information

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Current quarter ended 31 December 2018									
Revenue									
External revenue	96,094	190,817	63,736	324,432	517,442	233,424	-	-	1,425,945
Inter-segment revenue	-	4,372	16,886	1,999	23,611	16,379	-	(63,247)	-
Total revenue	96,094	195,189	80,622	326,431	541,053	249,803	-	(63,247)	1,425,945
Operating profit	9,989	82,479	69,714	6	4,950	(134,258)	2,664	11,244	46,788
Finance costs									(63,160)
Other gain items									210,267
Share of results of associates and joint ventures									3,443
Profit before tax									197,338
Preceding year quarter ended 31 December 2017 (restated)									
Revenue									
External revenue	163,882	206,278	46,397	331,516	424,741	236,605	-	-	1,409,419
Inter-segment revenue	-	4,645	12,904	310	24,739	20,306	-	(62,904)	-
Total revenue	163,882	210,923	59,301	331,826	449,480	256,911	-	(62,904)	1,409,419
Operating profit	30,148	98,236	47,603	8,268	9,345	66,737	(10,202)	(75,356)	174,779
Finance costs									(34,516)
Other gain items									35,714
Share of results of associates and joint ventures									9,508
Profit before tax									185,485

7. Segment information (continued)

	Plantation RM'000	Property RM'000	Credit financing RM'000	Automotive RM'000	Trading RM'000	Building materials RM'000	Other non-reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
Year ended 31 December 2018									
Revenue									
External revenue	390,756	1,155,565	231,400	1,420,230	2,132,959	915,609	-	-	6,246,519
Inter-segment revenue	-	15,512	60,412	5,101	95,684	63,424	-	(240,133)	-
Total revenue	390,756	1,171,077	291,812	1,425,331	2,228,643	979,033	-	(240,133)	6,246,519
Operating profit	37,151	648,934	246,936	18,980	53,585	(135,480)	(2,980)	(38,010)	829,116
Finance costs									(186,226)
Other gain items									726,286
Share of results of associates and joint ventures									25,002
Profit before tax									1,394,178
Segment assets	2,090,129	5,225,151	2,795,266	883,533	1,028,198	1,802,345	1,221,149	-	15,045,771
Segment liabilities	15,305	1,384,551	1,829,101	222,583	834,974	742,799	1,700,570	-	6,729,883
Year ended 31 December 2017 (restated)									
Revenue									
External revenue	555,072	928,200	158,052	1,149,666	1,547,970	955,033	-	-	5,293,993
Inter-segment revenue	-	15,461	40,673	3,746	87,674	68,991	12,742	(229,287)	-
Total revenue	555,072	943,661	198,725	1,153,412	1,635,644	1,024,024	12,742	(229,287)	5,293,993
Operating profit	147,913	534,794	166,128	27,310	43,692	157,387	(4,298)	(116,254)	956,672
Finance costs									(146,339)
Other gain items									532,552
Share of results of associates and joint ventures									33,994
Profit before tax									1,376,879
Segment assets	2,147,130	4,520,408	2,543,295	736,167	716,191	1,926,704	85,090	-	12,674,985
Segment liabilities	25,653	1,305,807	1,462,970	125,858	613,772	853,336	1,138,079	-	5,525,475

8. **Events after the end of interim period**

Save for the subsequent events as disclosed in Note 10 of Part B, events after the end of the financial year and up to 22 February 2019 that have not been reflected in these financial statements are as follows:-

(a) On 20 January 2016, *Hap Seng Land Development Sdn Bhd [“HSLD”] acquired the entire issued and paid-up share capital of Golden Suncity Sdn Bhd [“GSSB”] comprising 2 ordinary shares of RM1.00 each at a cash consideration of RM2.00. On 29 January 2016, HSLD entered into a shareholders’ agreement [“SHA”] with TTDI KL Metropolis Sdn Bhd [“TTDI KL”], a wholly-owned subsidiary of Naza TTDI Sdn Bhd, and GSSB to regulate their relationship inter-se as shareholders of GSSB based on a shareholding proportion of 70:30.

Simultaneous with the execution of the SHA, GSSB had entered into a development rights agreement [“DRA”] with TTDI KL, pursuant to which TTDI KL as the registered and beneficial proprietor of all that parcel of a leasehold land held under PN52352, Lot 80928, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL measuring 8.95 acres (approximately 389,862 square feet) [“Land”] has agreed to grant to GSSB, the exclusive rights to develop the Land at the consideration of RM467,834,400.00. GSSB had paid TTDI KL the sum equivalent to ten percent (10%) of the consideration sum amounting to RM46,783,440.00 as deposit payment upon signing of the DRA.

The conditions precedent as stated in the DRA had been fulfilled on 4 January 2019, with which the DRA had become unconditional.

(b) On 30 January 2019, *Malaysian Mosaics Sdn Bhd acquired the entire issued share capital of MMSB2 Factory Sdn Bhd *(formerly known as Empire Addition Sdn Bhd)* [“MMSB2”] comprising 1 ordinary share at a cash consideration of RM1.00. MMSB2 is a private limited company incorporated in Malaysia and is principally involved in the manufacturing and sale of porcelain and ceramic tiles.

(c) On 7 February 2019, *HSC Melbourne Pty Ltd [‘HMPL”], a wholly-owned subsidiary of HSC Manchester Holding Limited had been successfully deregistered from Australian Securities & Investments Commission (ASIC). HMPL was incorporated in Australia on 28 August 2017 as a private limited company. Prior to the deregistration, HMPL had an issued and paid-up share capital of AUD100.00 comprising 100 ordinary shares and was dormant.

(d) On 7 February 2019, *HSC Brisbane Pty Ltd [‘HBPL”], a wholly-owned subsidiary of HSC Birmingham Holding Limited had been successfully deregistered from Australian Securities & Investments Commission (ASIC). HBPL was incorporated in Australia on 28 August 2017 as a private limited company. Prior to the deregistration, HBPL had an issued and paid-up share capital of AUD100.00 comprising 100 ordinary shares and was dormant.

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

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 financial year, except for the following:

(a) On 28 February 2018, *Hap Seng Land Development Sdn Bhd acquired the entire issued share capital of Positive Tropical Sdn Bhd [“Positive Tropical”] comprising 1 ordinary share at a cash consideration of RM1.00. Positive Tropical is a private limited company incorporated in Malaysia and is principally involved in construction activities.

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 (continued)**

(b) On 2 March 2018 ["said date"], *HSC International Limited ["HSCI"] entered into a conditional shares sale agreement with Lei Shing Hong Capital Limited ["LSHCL"], a wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"], pursuant to which HSCI had agreed to dispose 60,495,001 ordinary shares representing 100% of the issued share capital of HSC Sydney Holding Limited ["HSH"] ["HSH SSA"] for a cash consideration of USD196.50 million (translated to RM771.16 million based on the Bank Negara Malaysia's middle exchange rate as at 5.00 p.m. on 1 March 2018 rate of USD1.00:RM3.9245) ["HSH Sale Consideration" and "Proposed HSH Disposal"].
On the said date, the Company also entered into a conditional shares sale agreement with LSHCL, pursuant to which the Company had agreed to dispose 266,000,000 ordinary shares representing 20% of the issued share capital of *Hap Seng Credit Sdn Bhd ["HSCSB"] ["HSCSB SSA"] for a cash consideration of RM906 million["HSCSB Sale Consideration" and "Proposed HSCSB Disposal"].

[The Proposed HSH Disposal and the Proposed HSCSB Disposal are collectively referred to as the "said Proposed Disposals"]

The said Proposed Disposals were deemed related party transactions as at the said date, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] was deemed to have a 50.10% shareholding in LSH comprising 37.68% shareholding held via Lead Star Business Limited and 12.42% shareholding held via Gek Poh (Holdings) Sdn Bhd ["Gek Poh"] and was a 56.00% major shareholder and director of Gek Poh.

As at the said date, Gek Poh's aggregate shareholding in the Company was 60.83%, comprising 54.63% direct shareholding and 6.20% indirect shareholding through Hap Seng Insurance Services Sdn Bhd ["HSIS"], a wholly-owned subsidiary of Gek Poh. In addition, Lei Shing Hong Investment Limited ["LSHI"], a company incorporated in Hong Kong and a wholly-owned subsidiary of LSHCL which in turn is the wholly-owned subsidiary of LSH, was a 13.08% major shareholder of the Company. Hence, Tan Sri Lau, Gek Poh, HSIS, LSH, LSHCL and LSHI were deemed interested in the said Proposed Disposals.

As at the said date, Datuk Edward Lee Ming Foo was the managing director of both the Company and Gek Poh. Mr Lee Wee Yong was an executive director of the Company and a director of Gek Poh, which held 12.42% equity interest in LSH and therefore a major shareholder of LSH. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the said Proposed Disposals.

As at the said date, Datuk Simon Shim Kong Yip was a non-independent non-executive director of the Company and a non-executive director of LSH. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company and LSH, he was deemed interested in the said Proposed Disposals.

As at the said date, Mr. Ch'ng Kok Phan, an executive director of LSH, was also the non-independent non-executive director of the Company and as such, Mr Ch'ng Kok Phan had abstained from all deliberations and voting at the relevant Board meetings in respect of the said Proposed Disposals prior to his resignation as a director of the Company on 31 March 2018.

The interested or deemed interested directors and shareholders had abstained from voting and that they had ensured that persons connected to them have abstained from voting in respect of their direct and/or indirect shareholdings on the resolutions in relation to the said Proposed Disposals during the extraordinary general meeting of the Company held on 30 May 2018 ["EGM"], during which shareholders' approval of the Company was obtained in respect of the said Proposed Disposals.

On 21 May 2018, HSCI received the balance sum of USD176.85 million representing 90% of the HSH Sale Consideration from LSHCL for the Proposed HSH Disposal in accordance with the HSH SSA. Accordingly, the HSH Sale Consideration for the Proposed HSH Disposal has been paid in full.

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 (continued)**

(b) (continued)

On 25 May 2018, the Company received the balance sum of RM815.40 million representing 90% of the HSCSB Sale Consideration from LSHCL for the Proposed HSCSB Disposal in accordance with the HSCSB SSA. Accordingly, the HSCSB Sale Consideration for the Proposed HSCSB Disposal has been paid in full.

With the payment of HSH Sale Consideration and HSCSB Sale Consideration in full, the said Proposed Disposals were completed on 8 June 2018. The Proposed HSH Disposal resulted in a gain of approximately RM516.02 million to the Group whilst the Proposed HSCSB Disposal gave rise to an increase in the retained profits of the Group by approximately RM594.51 million.

(c) On 5 March 2018, *HSC Manchester Holding Limited (formerly known as HSC Melbourne Holding Limited) incorporated a wholly-owned subsidiary in United Kingdom namely, HS Credit (Manchester) Ltd [“HCML”]. HCML has an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share and is currently dormant.

(d) On 5 March 2018, *HSC Birmingham Holding Limited (formerly known as HSC Brisbane Holding Limited) incorporated a wholly-owned subsidiary in United Kingdom namely, HS Credit (Birmingham) Ltd [“HCBL”]. HCBL has an issued and paid-up share capital of GBP1.00 comprising 1 ordinary share and is currently dormant.

(e) On 25 April 2018, *Hap Seng Land Development Sdn Bhd acquired the entire issued share capital of Positive Harmony Sdn Bhd [“Positive Harmony”] comprising 1 ordinary share at a cash consideration of RM1.00. Positive Harmony is a private limited company incorporated in Malaysia and is currently dormant.

(f) On 25 April 2018 *Hap Seng Trucks Distribution Sdn Bhd *(formerly known as Sungreen Synergy Sdn Bhd)* [“HSTD”] entered into a business transfer agreement [“BTA”] with Mercedes-Benz Malaysia Sdn Bhd [“MBM”] pursuant to which MBM had agreed to sell to HSTD, the commercial vehicle wholesale distribution business comprising the import of complete build-up ["CBU"] units and complete knocked-down ["CKD"] components, assembly management, wholesale distribution and the supply of after-sales service for "Mercedes-Benz" and "Fuso" or "Mitsubishi Fuso" branded trucks, vans and related OEM spare parts in Malaysia, the supply of after-sales service for Mercedes-Benz branded buses and the operations and activities of Mercedes-Benz Malaysia Commercial Vehicle Training Centre [“Business”], on the terms and subject to the conditions as set out in the BTA.

The BTA is conditional upon fulfilment of the following conditions precedent [“Conditions”] within nine (9) months (or such other extended period as mutually agreed) from the date of the BTA [“Conditional Period”]:

(i) HSTD having obtained the import licence to import CKD components issued by the Ministry of International Trade and Industry required for carrying on the Business;

(ii) novation or execution of fresh contracts by HSTD in respect of the following purchased contracts:

(a) contract between MBM and Nusa Automobil Corporation Sdn Bhd or any another importer for CBUs (including V-Class), as mutually agreed between the parties; and

(b) manufacturing contract between MBM and Hicom Automotive Manufacturers (Malaysia) Sdn Bhd., failing which, between MBM with another contract manufacturer, as mutually agreed between the parties.

The BTA was completed on 31 October 2018 in accordance with the terms contained therein.

(g) As part of the Group’s re-organisation, *Hap Seng Land Development Sdn Bhd had on 17 August 2018 transferred 1 ordinary share representing the entire issued share capital of *Sunhill Ventures Sdn Bhd [“Sunhill Ventures”] to *Hap Seng Realty Sdn Bhd for a cash consideration of RM1.00. Sunhill Ventures is a private limited company incorporated in Malaysia and to undertake investment in hotel development and operation.

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 (continued)**

(h) On 8 October 2018, Hafary Pte Ltd ("HPL"), a wholly-owned subsidiary of Hafary Holdings Limited ("Hafary"), which is a 50.82% owned subsidiary of *Hap Seng Investment Holdings Pte Ltd, incorporated a wholly-owned subsidiary, Hafary W+S Pte Ltd ("Hafary W+S") in Singapore with an issued and paid-up share capital of SGD100.00 comprising 100 ordinary shares. Hafary W+S is principally involved in general warehousing – storage and warehousing of furniture and related products.

(i) On 10 October 2018, HPL became a 33.33% shareholder of Hafary Myanmar Investment Pte Ltd ("Hafary Myanmar"), a joint venture company incorporated in Singapore with an issued and paid-up capital of USD10,000.00 comprising 10,000 ordinary shares. Hafary Myanmar is an investment holding company to facilitate the proposed expansion by the Hafary Group into the Myanmar market.

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

10. **Significant events and transactions**

There were no events or transactions which 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 and up to 22 February 2019, except for the following:

On 21 February 2018, Hap Seng Plantations Holdings Berhad ["HSP"], a 53.04% owned subsidiary of the Company entered into the following agreements in connection with the proposed acquisition of 1,280,194,500 ordinary shares in Kretam Holdings Berhad ["KHB"] ["KHB Shares"], representing approximately 55% equity interest in KHB for a cash consideration of RM1,177,778,940 or RM0.92 per KHB Share ["Proposed Acquisition"]:

(i) conditional share sale agreement with Datuk Lim Nyuk Sang @ Freddy Lim ["Datuk Freddy"] for the purchase of 779,336,900 KHB Shares, representing approximately 33.5% equity interest in KHB, for a cash consideration of RM716,989,948 or RM0.92 per KHB Share ["SSA 1"]; and

(ii) conditional share sale agreement with Santraprise Sdn Bhd ["Santraprise "] for the purchase of 500,857,600 KHB Shares, representing approximately 21.5% equity interest in KHB, for a cash consideration of RM460,788,992 or RM0.92 per KHB Share ["SSA 2"].

(SSA 1 and SSA 2 are collectively referred to as "SSAs").

Upon completion of the Proposed Acquisition, HSP's shareholding in KHB would increase from nil to approximately 55%. Accordingly, pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 and Paragraph 4.01(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ["Rules"], HSP would be obliged to extend the proposed mandatory general offer ["MGO"] for all the remaining KHB Shares not already owned by HSP and persons acting in concert with it, if any, after the Proposed Acquisition ["Remaining Shares"] for a cash consideration of RM0.92 per KHB Share ["Proposed MGO"]. Upon the SSAs becoming unconditional, HSP will serve the notice of MGO on the Board of Directors of KHB, in accordance with Paragraph 9.10 of the Rules.

The Proposed Acquisition was subject to amongst others, the following conditions:

(i) approval of the shareholders of HSP at an extraordinary general meeting to be convened; and

(ii) the due diligence findings of KHB and its subsidiaries being satisfactory and acceptable to HSP.

On 14 June 2018, HSP notified Datuk Freddy and Santraprise in writing pursuant to Clause 8.2 of the SSAs that HSP had found the results of the due diligence of KHB and its subsidiaries to be unsatisfactory and unacceptable.

Accordingly, HSP had exercised its rights pursuant to Clause 8.4 to terminate the SSAs with immediate effect, with which HSP would not extend the Proposed MGO for all the Remaining Shares.

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

Except for the contingent consideration receivable as disclosed in Note 4(c) of Part B, the Group does not have any contingent liability or contingent asset as at the end of the year which is expected to have an operational or financial impact on the Group.

12. **Capital commitments**

The Group has the following capital commitments:

	As at 31.12.2018 RM'000	**As at 31.12.2017** RM'000 *(Audited)*
Contracted but not provided for	322,787	50,533
Approved but not contracted for	129,189	108,210
	451,976	158,743

13. **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 or exceeded by 10% of the estimated value which had been mandated by the shareholders at the annual general meetings held on 31 May 2017 and 30 May 2018, except for the followings:

(a) On 20 June 2018 ["said date"], *Hap Seng Properties Development Sdn Bhd ["HSPD"], was the registered owner of all that parcel of vacant leasehold land held under CL 105420666 measuring approximately 214.0 acres situated at Mile 10, Apas Road, District of Tawau, State of Sabah ["Master Title CL 105420666"] entered into a sale and purchase agreement to dispose Parcel 1 and Parcel 2 both forming part of Lot 5 held under the Master Title CL 105420666 measuring approximately 20.04 acres and 39.20 acres respectively to Goldcoin Ventures Sdn Bhd, the wholly-owned subsidiary of Akal Megah Sdn Bhd ["Akal Megah"] which in turn was wholly-owned by Lei Shing Hong Limited ["LSH"], for a total cash consideration of RM90,128,000 ["Proposed HSPD Disposal 1"].

The Proposed HSPD Disposal 1 was deemed a related party transaction. As at the said date, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] was deemed to have a 50.10% shareholding in LSH comprising 37.68% shareholding held via Lead Star Business Limited and 12.42% shareholding held via Gek Poh (Holdings) Sdn Bhd ["Gek Poh"] and was a 56.00% major shareholder and director of Gek Poh.

As at said date, Gek Poh's aggregate shareholding in the Company was 60.83%, comprising 54.63% direct shareholding and 6.20% indirect shareholding through Hap Seng Insurance Services Sdn Bhd ["HSIS"], a wholly-owned subsidiary of Gek Poh. In addition, Lei Shing Hong Investment Limited ["LSHI"], a company incorporated in Hong Kong and a wholly-owned subsidiary of Lei Shing Hong Capital Limited ["LSHCL"] which in turn is the wholly-owned subsidiary of LSH, was a 13.08% major shareholder of the Company. Hence, Tan Sri Lau, Gek Poh, HSIS, LSH, LSHCL and LSHI were deemed interested in the Proposed HSPD Disposal 1.

As at said date, Datuk Edward Lee Ming Foo was the managing director of both the Company and Gek Poh. Mr Lee Wee Yong was an executive director of the Company and a director of Gek Poh, which held 12.42% equity interest in LSH and therefore a major shareholder of LSH. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the Proposed HSPD Disposal 1.

As at said date, Datuk Simon Shim Kong Yip was a non-independent non-executive director of the Company and a non-executive director of LSH and a director of Akal Megah. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company, LSH and Akal Megah, he was interested in the Proposed HSPD Disposal 1.

13. **Significant related party transactions (continued)**

(a) (continued)

As at said date, Mr. Ch'ng Kok Phan was an executive director of LSH. Notwithstanding Mr Ch'ng Kok Phan having resigned as a non-independent non-executive director of the Company on 31 March 2018, he was deemed interested in the Proposed HSPD Disposal 1 as the resignation took place within the six-month period preceding the said date.

The Proposed HSPD Disposal 1 was completed on 26 June 2018 with the full purchase consideration paid by the purchaser and resulted in a net gain of approximately RM60.84 million to the Group.

(b) On 3 December 2018 ["said date"], *Hap Seng Properties Development Sdn Bhd ["HSPD"] was the registered owner of all those two (2) contiguous parcels of vacant leasehold land held under CL 105173475 and CL 105245887 measuring approximately 6.21 acres and 9.68 acres respectively both situated at Mile 10, Apas Road, District of Tawau, State of Sabah ["CL 105173475 and CL 105245887"] entered into sale and purchase agreements to dispose CL 105173475 and CL 105245887 to Goldcoin Ventures Sdn Bhd, the wholly-owned subsidiary of Akal Megah Sdn Bhd ["Akal Megah"] which in turn was wholly-owned by Lei Shing Hong Limited ["LSH"], for a total cash consideration of RM90,128,000 ["Proposed HSPD Disposal 2"].

The Proposed HSPD Disposal 2 was deemed a related party transaction. As at the said date, Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ["Tan Sri Lau"] was deemed to have a 50.10% shareholding in LSH comprising 37.68% shareholding held via Lead Star Business Limited and 12.42% shareholding held via Gek Poh (Holdings) Sdn Bhd ["Gek Poh"] and was a 56.00% major shareholder and director of Gek Poh.

As at said date, Gek Poh's aggregate shareholding in the Company was 60.83%, comprising 54.63% direct shareholding and 6.20% indirect shareholding through Hap Seng Insurance Services Sdn Bhd ["HSIS"], a wholly-owned subsidiary of Gek Poh. In addition, Lei Shing Hong Investment Limited ["LSHI"], a company incorporated in Hong Kong and a wholly-owned subsidiary of Lei Shing Hong Capital Limited ["LSHCL"] which in turn is the wholly-owned subsidiary of LSH, was a 13.08% major shareholder of the Company. Hence, Tan Sri Lau, Gek Poh, HSIS, LSH, LSHCL and LSHI were deemed interested in the Proposed HSPD Disposal 2.

As at said date, Datuk Edward Lee Ming Foo was the managing director of both the Company and Gek Poh. Mr Lee Wee Yong was an executive director of the Company and a director of Gek Poh, which held 12.42% equity interest in LSH and therefore a major shareholder of LSH. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr Lee Wee Yong were deemed interested in the Proposed HSPD Disposal 2.

As at said date, Datuk Simon Shim Kong Yip was a non-independent non-executive director of the Company and a non-executive director of LSH and a director of Akal Megah. Premised on Datuk Simon Shim Kong Yip's common directorship in the Company, LSH and Akal Megah, he was interested in the Proposed HSPD Disposal 2.

The Proposed HSPD Disposal 2 was completed on 26 December 2018 with the full purchase consideration paid by the purchaser and resulted in a net gain of approximately RM18.14 million to the Group.

(c) The said Proposed Disposals as disclosed in Note 9(b) above.

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

Part B: Explanatory Notes Pursuant to paragraph 9.22 of the Main Market Listing Requirements of Bursa Securities

1. **Review of performance**

The Group's revenue for the current quarter at RM1.43 billion was marginally higher than the preceding year corresponding quarter of RM1.41 million, contributed by Credit Financing and Trading Divisions which offset the lower revenue from all the other divisions of the Group. Operating profit at RM46.8 million was 73% lower than the preceding year corresponding quarter attributable to all divisions except Credit Financing Division. Nervertheless, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current quarter at RM197.3 million and RM164 million were higher than the preceding year corresponding quarter by 6% and 9% respectively inspite of the lower operating profit. The higher PBT and PAT included a profit guarantee shortfall recognised in relation to the acquisition of Malaysian Mosaics Sdn Bhd ["MMSB"] as disclosed in Note 4(b) below.

Plantation Division's revenue and operating profit for the current quarter at RM96.1 million and RM10 million were lower than the preceding year corresponding quarter by 41% and 67% respectively, affected by lower average selling price realization of Crude Palm Oil ["CPO"] and Palm Kernel ["PK"] as well as lower sales volume of CPO but mitigated somewhat by higher sales volume of PK. Average selling price of CPO and PK for the current quarter were RM1,922 per tonne and RM1,485 per tonne respectively as compared to the preceding year corresponding quarter of RM2,676 per tonne for CPO and RM2,595 per tonne for PK. CPO sales volume for the current quarter at 40,230 tonnes was 19% lower than the preceding year corresponding quarter mainly attributable to timing of deliveries. PK sales volume was 7% higher at 11,445 tonnes. Production of CPO and PK for the current quarter were higher by 7% and 8% respectively as compared to the preceding year corresponding quarter mainly due to higher fresh fruit bunches ["FFB"] production. FFB production for the current quarter was 12% above the preceding year corresponding quarter, benefitted from higher FFB yield attributable to seasonal yield trend.

The Property Division's revenue and operating profit for the current quarter at RM195.2 million and RM82.5 million were lower than preceding year corresponding quarter by 7% and 16% respectively. The division's performance was mainly affected by lower contribution from its property development projects and lower sales of non-strategic properties but mitigated somewhat by contribution from its construction activities. Project sales were mainly affected by the soft consumer sentiments and more stringent requirements imposed by financial institutions on housing loans.

Credit Financing Division achieved revenue and operating profit for the current quarter of RM80.6 million and RM69.7 million, representing a growth of 36% and 46% respectively over the preceding year corresponding quarter on the back of higher loan disbursements and higher loan base. The division's loan base at end of the year was RM3.6 billion, 18% above the preceding year of RM3.1 billion. Non-performing loans ratio at the end of the year was 1.67% as compared to 1.38% at the end of the preceding year.

Automotive Division's revenue for the current quarter at RM326.4 million was 2% lower than the preceding year corresponding quarter mainly affected by lower passenger vehicle sales but mitigated somewhat by better performance of its after sales and services segment with higher throughput. Total number of passenger vehicles sold for the current quarter was 14% lower than the preceding year corresponding quarter due to higher number of vehicles sold and delivered in the third quarter of 2018 as customers took advantage of the "tax holiday period" (as a consequence of the government zero rating the Goods and Services Tax from 1 June to 31 August 2018, before the implementation of the new Sales and Service Tax on 1 September 2018). The after sales and services segment recorded 23% increase in revenue with 17% increase in throughput benefitting from its service excellence and wider market coverage of its expanded network of autohauses. In the current quarter, the division completed the Business Transfer Agreement with Mercedes-Benz Malaysia Sdn Bhd for the commercial vehicle wholesale distribution business under Hap Seng Trucks Distribution Sdn Bhd ["HSTD"] as disclosed in Note 9(f) of Part A and commenced operations on 1 November 2018. As a consequence, the division's operating profit for the current quarter was affected by the initial start-up costs of HSTD and registered lower operating profit of RM6,000 as compared to the preceding year corresponding quarter of RM8.3 million.

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

Trading Division which comprises the fertilizers trading and general trading businesses registered total revenue of RM541.1 million for the current quarter, 20% higher than the preceding year corresponding quarter. Fertilizers trading business' revenue for the current quarter was 39% above the preceding year corresponding quarter attributable to higher sales volume and higher average selling prices albeit at lower margins whilst general trading revenue was marginally lower. Overall, the division registered lower operating profit of RM5 million, 47% below the preceding year corresponding quarter of RM9.3 million, mainly affected by lower margins from fertilizers trading business in Malaysia due to the competitive market conditions but mitigated by improved margins from general trading business.

Building Materials Division comprises the quarry, asphalt and bricks businesses as well as the trading and manufacturing of building materials by MMSB and trading of building materials by Hafary Holdings Limited ["Hafary"]. The division's revenue for the current quarter at RM249.8 million was 3% below the preceding year corresponding quarter of RM256.9 million. In the current quarter, the division's revenue from quarry, asphalt and bricks businesses and MMSB were lower than the preceding year corresponding quarter by 4% and 11% respectively whilst revenue from Hafary was 6% above the preceding year corresponding quarter. Hafary benefitted from higher general sector sales which contributed better margins. The quarry, asphalt and bricks businesses and MMSB continue to be affected by margins compression resulting from the soft and competitive market environment in which they operate. In the current quarter, MMSB shutdown the operations of one of its three factories namely, MMSB 2 plant and incurred impairment loss and shutdown costs of approximately RM80.3 million. The quarry and bricks business also incurred impairment losses on certain of its plant and equipment as a result of the rationalisation of its operations. Consequently, the division incurred an operating loss of RM134.3 million as compared to an operating profit of RM66.7 million (including gain of RM63.5 million from disposal of land and buildings) in the preceding year corresponding quarter.

Overall, Group PBT and PAT for the year at RM1.4 billion and RM1.2 billion were higher than the preceding year by 1% and 2% respectively. Profit attributable to owners of the Company for the year at RM1.1 billion was 4% higher than the preceding year. Similarly, basic earnings per share for the year at 46.01 sen was 4% higher than last year's 44.16 sen.

2. **Comments on material changes in the profit before tax for the quarter reported as compared with the immediate preceding quarter**

	Current Quarter ended 31.12.2018 RM'000	**Immediate Preceding Quarter ended 30.9.2018** RM'000	***Increase/ (Decrease)***
Revenue	1,425,945	1,762,910	*(19%)*
Operating profit	46,788	284,807	*(84%)*
Profit before tax	197,338	252,889	*(22%)*

Group PBT for the current quarter at RM197.3 million was 22% lower than the immediate preceding quarter. In the current quarter, Plantation and Credit Financing Divisions' performance were better than the immediate preceding quarter whilst Property, Automotive, Trading and Building Materials Divisions registered lower/adverse results.

2. **Comments on material changes in the profit before tax for the quarter reported as compared with the immediate preceding quarter (continued)**

Plantation Division's operating profit for the current quarter was RM10 million as compared to an operating loss of RM2.4 million in the immediate preceding quarter, benefitted from higher sales volume of CPO and PK as well as lower unit production cost of CPO per tonne but offset somewhat by lower average selling price of CPO and PK. Production cost per tonne of CPO was lower in the current quarter mainly attributable to higher CPO production and lower total production costs due to timing variance of certain costs. Sales volume of CPO and PK for the current quarter were 73% and 70% above the immediate preceding quarter of 23,279 tonnes and 6,742 tonnes respectively mainly attributable to higher FFB production which was 48% above the immediate preceding quarter. Average selling price per tonne of CPO and PK were 13% and 19% lower than the immediate preceding quarter of RM2,217 and RM1,827 respectively.

Credit Financing Division's operating profit for the current quarter at RM69.7 million was 8% higher than the immediate preceding quarter of RM64.7 million, benefitted mainly from higher average loan base in the current quarter.

Property Division's operating profit for the current quarter at RM82.5 million was 57% lower than the immediate preceding quarter of RM191.8 million mainly due to lower sales of non-strategic properties in the current quarter.

Automotive Division's operating profit for the current quarter of RM6,000 as compared to RM5.3 million in the immediate preceding quarter was affected by the higher operating expenses mainly attributable to the initial start-up cost of the commercial vehicle wholesale distribution business under HSTD.

Trading Division's operating profit for the current quarter of RM5 million was 70% lower than the immediate preceding quarter of RM16.6 million mainly due to lower contribution from fertilizer trading business which was affected by lower sales volume as planters deferred fertilizing activities due to the depressed palm oil prices but mitigated somewhat by the better performance from general trading business.

Building Materials Division incurred an operating loss for the current quarter of RM134.3 million as compared to an operating profit of RM4.1 million in the immediate preceding quarter. The division was mainly impacted by impairment loss and shutdown costs for MMSB 2 plant as well as impairment losses on certain plant and equipment of the quarry and brick businesses.

3. **Current year prospects**

The high Malaysian palm oil inventories, negative sentiments from the European Union on the use of palm oil and declining prices of rival edible oils, especially soybean oil are factors negatively affecting the palm oil market. The recent strengthening of Ringgit against the United States dollar has made palm oil more expensive for importers as compared to other edible oils. Malaysia's palm oil inventories are projected to decline in line with the current historically low seasonal production period and increase in exports particularly to India, due to its declining domestic oil seed production, which may help to support higher palm oil prices in the near future. As at end January 2019, Malaysia's palm oil inventories eased 6.7% to 3.0 million tonnes from 3.2 million tonnes in December 2018, with 3.9% decline in palm oil production and 21.2% increase in exports month-on-month. Average CPO prices recovered by 13.5% to RM2,037 per tonne in January 2019 after a record low in December 2018 of RM1,794 per tonne. In addition, higher biodiesel blend mandates in both Malaysia and Indonesia are positive developments to boost domestic consumption and are expected to help support the palm oil market in the longer term. Malaysia is targeting to increase the blending percentage from B10 to B20 for the transportation sector, and from B7 to B10 for industrial diesel use, which could take up about 1.3 million tonnes of CPO per annum. The Indonesian government has expanded the mandatory use of B20 biodiesel for all vehicles and heavy machineries with effect from September 2018 and has plans to further boost domestic biodiesel consumption in Indonesia to B30 to absorb more CPO.

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

Property Division expects the Malaysian property market to remain challenging in 2019 amidst an overhang of large quantity of unsold properties and slow take up rates particularly in the luxury high-rise residential segment. Nevertheless, initiatives by the Government to assist first-time house owners with the waiver of stamp duty on the instrument of transfer and loan agreement for residential properties valued up to RM300,000 for a two-year period and residential properties valued from RM300,001 to RM500,000 for a period of eighteen months ending 31 December 2020 as well as waiver of stamp duty on the instrument of transfer for properties priced from RM300,001 to RM1 million for six months with effect from 1 January 2019, may provide some catalyst for the property market in 2019. The division continues to put concerted efforts to drive sales and progress completion of its current development projects in Sabah and Klang Valley whilst actively engaging with potential tenants to optimise the occupancy rates and rental yield of its strategically located investment properties in Kuala Lumpur City Centre and Kota Kinabalu.

Credit Financing Division expects to further grow its loan base albeit at a slower pace. Continuous emphasis is placed in managing its cost of funds and funding requirements to improve interest yield as well as ensuring timely collections and loans recovery to manage its non-performing loans at an acceptable level.

Automotive Division expects the premium passenger vehicles segment to remain competitive. Nevertheless, the division's expanded market coverage via its new autohaus in Puchong South (launched in April 2018), Setia Alam (launched in November 2018) and the largest Mercedes-Benz pre-owned car centre located in Kinrara (launched in October 2018) will enable it to service a wider network of customer base and grow its market share in the premium passenger vehicles segment. The new A-Class and C-Class facelift models launched in fourth quarter of 2018 will continue to contribute positively to the division's future performance. Concerted efforts will be placed to gain market share in the commercial vehicle segment via HSTD which commenced the commercial vehicle wholesale distribution business in November 2018.

The Trading Division expects its fertilizers trading business in all its geographical markets to continue operating in a very competitive environment. With CPO prices expected to recover some ground in 2019, the division expects planters who have deferred or reduced fertilizing activities in 2018 to resume in 2019. The general trading business will continue to drive its sales and market share through aggressive expansion of its customer base and market coverage, leveraging on Group synergy and network whilst managing credit risk and collections and maintaining optimum inventory levels to protect its profitability.

Building Materials Division expects its performance to improve in 2019 albeit operating in a competitive and challenging market conditions. It quarry business is expected to turn in better performance upon completion of the rationalisation of its operations by mid 2019. MMSB will continue to grow its OEM products through strategic alliances with reputable tiles manufacturers in the region. In Singapore, the division's operations via Hafary are expected to remain positive, benefitting from the active private property resale market and higher public housing projects.

Notwithstanding the foregoing, the Group is optimistic of achieving satisfactory results for the financial year ending 31 December 2019.

4. **Variances between actual profit and forecast profit**

(a) Profit Forecast

The Company has not provided any profit forecast in any public document.

(b) Profit Guarantee

In the acquisition of Malaysian Mosaics Sdn Bhd ["MMSB"] in the financial year 2016, the Company entered into a shares sale agreement with Gek Poh (Holdings) Sdn Bhd ["Gek Poh"], whereby Gek Poh has provided a guarantee that the consolidated profit after tax ["PAT"] of MMSB shall not be less than the amount as set out below for the 5 financial years commencing from financial year ended 31 December 2016 ["Guaranteed PAT"].

The Guaranteed PAT and the audited/unaudited PAT up to the year ended 31 December 2018 are as follows:

	Guaranteed PAT RM'000	PAT RM'000	Surplus/ (shortfall) RM'000
31 December 2016	30,710	*30,826	116
31 December 2017	40,927	**5,233	(35,694)
31 December 2018	53,897	***(121,410)	(175,307)
31 December 2019	67,523	-	-
31 December 2020	81,973	-	-
Total	275,030	(85,351)	(210,885)

* *audited PAT*
** *audited PAT, excluding the net gain from disposal of land and buildings of approximately RM60.33 million*
*** *unaudited PAT, including impairment loss and shutdown costs of MMSB 2 plant*

Based on the unaudited results of MMSB for the financial year ended 31 December 2018, the Guaranteed PAT for the financial year ended 31 December 2018 has not been fulfilled, therefore, Gek Poh has an obligation to pay the shortfall of RM175.307 million to the Company. Accordingly, the Company has recognised the aforesaid profit guarantee shortfall in the profit or loss as disclosed in Note 5 below.

(c) Contingent Consideration

The Company has reassessed the projected profits for each of the remaining profit guarantee years to determine the fair value of contingent asset, if any, to be recognised for the potential right to the return of previously transferred consideration. A contingent consideration of RM48.690 million has been recognised in the profit or loss as disclosed in Note 5 below.

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5. **Profit before tax**

	Quarter ended		Year ended	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	RM'000	RM'000	RM'000
		(Restated)		*(Restated)*
Profit before tax is arrived at after crediting/(charging):				
Interest income	9,026	3,163	22,126	13,359
Dividend income from financial assets at fair value through profit or loss	180	180	720	720
Dividend income from money market deposits	4,692	971	7,985	15,028
(Loss)/gain on held for trading equity instruments at fair value	(494)	298	(78)	9,216
Gain on money market deposits at fair value	3,132	837	3,592	1,403
Interest expense	(63,160)	(34,516)	(186,226)	(146,339)
Depreciation and amortisation	(46,575)	(44,799)	(187,400)	(186,716)
Net allowance of impairment losses				
- trade receivables	(1,028)	(4,897)	(12,444)	(5,673)
Net inventories written down	(12,433)	(3,615)	(22,085)	(12,094)
Gain on disposal of property, plant and equipment	337	34,895	1,839	95,963
Impairment loss on property, plant and equipment	(42,681)	(34,870)	(42,681)	(34,870)
Property, plant and equipment written off	(16,850)	(1,448)	(18,642)	(3,174)
Bad debts written off	(575)	(10)	(628)	(175)
Net foreign exchange (loss)/gain	(2,141)	(8,864)	7,968	(12,810)
Gain on hedging activities	448	95	-	680
Gain/(loss) on non-hedging derivative instruments	3,503	(4)	2,220	440
Gain from fair value adjustments of investment properties	1,797	3,860	1,797	3,860
Loss on fair value of biological assets	(9,423)	(27,339)	(3,113)	(18,117)
Recovery of bad debts	82	202	898	840
Other gain/(loss) items				
- Gain on disposal of a subsidiary	-	-	516,019	496,838
- Impairment loss on investment in associates	(24,134)	(7,035)	(24,134)	(7,035)
- Reversal of impairment loss/(Impairment loss) on intangible assets				
- goodwill	-	(48,413)	-	(48,413)
- customer relationship	10,404	-	10,404	-
- Profit guarantee shortfall from holding company	175,307	35,578	175,307	35,578
- Contingent consideration	48,690	55,584	48,690	55,584
	210,267	35,714	726,286	532,552

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 ended	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM'000	RM'000 *(Restated)*	RM'000	RM'000 *(Restated)*
In respect of current period				
- income tax	34,042	44,543	231,516	211,733
- deferred tax	(15,247)	(6,770)	(29,826)	(4,152)
	18,795	37,773	201,690	207,581
In respect of prior period				
- income tax	(3,090)	(752)	(12,126)	3,235
- deferred tax	2,007	(1,936)	2,123	(1,761)
	(1,083)	(2,688)	(10,003)	1,474
In respect of change in Real Property Gains Tax rates				
- deferred tax	15,629	-	15,629	-
	33,341	35,085	207,316	209,055

The Group's effective tax rate for the current quarter and the year excluding under/(over) provision of tax in respect of prior period were lower than the statutory tax rate mainly due to certain gains not subjected to tax.

The effective tax rate for the preceding year corresponding quarter excluding over provision of tax in respect of prior period was lower than the statutory tax rate mainly due to capital gains on disposal of land and buildings which were taxed at the lower real property gains tax of 5% whilst the effective tax rate for the preceding year was lower than the statutory tax rate mainly due to certain gains 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 were no other corporate proposals announced but not completed as at 22 February 2019.

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

(a) The status of the utilisation of proceeds from disposal of HSH as disclosed in Note 9(b) of Part A is as follows:

Purpose	Proposed Utilisation Per *Circular RM'000	Proposed Utilisation **Adjusted RM'000	As at 31 December 2018 Utilisation RM'000	As at 31 December 2018 Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	Deviation under/(over) spent %	Explanation
Repayment of borrowings	250,000	250,000	-	250,000	Within 24 months from completion	-	-	Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed
Working capital requirements:								
(i) Part finance the cost of property developments in Klang Valley								
(a) Jalan Kia Peng Service Apartment	100,000	100,000	14,822	85,178		-	-	
(b) Menara Hap Seng 3	200,000	200,000	61,960	138,040		-	-	
	300,000	300,000	76,782	223,218		-	-	
(ii) Purchase of inventories								
(a) automobile	20,664	30,293	31,884	-		# (1,591)	(5)	
(b) fertilisers	30,000	30,000	30,000	-		-	-	
(c) building materials such as steel bars, wire mesh and cement	30,000	30,000	30,000	-		-	-	
	80,664	90,293	91,884	-		(1,591)	(5)	
	380,664	390,293	168,666	223,218		(1,591)	(5)	
Investments purposes	140,000	140,000	138,326	-		1,674	1	The net under spent has been utilised for working capital requirement of item (ii)(a) #
Estimated expenses	500	500	583	-		(83)	(17)	
	771,164	780,793	307,575	473,218		-		

* *Circular to Shareholders dated 16 May 2018.*

** *The proposed utilisation was adjusted to reflect the actual proceeds in RM based on the actual foreign exchange rate at completion date. This resulted in additional proceeds of RM9.629 million which was allocated to the proposed utilisation for working capital requirement under item (ii)(a).*

8. **Status of the utilisation of proceeds from corporate proposals (continued)**

(b) The status of the utilisation of proceeds from disposal of 20% equity interest in HSCSB as disclosed in Note 9(b) of Part A is as follows:

Purpose	Proposed Utilisation RM'000	As at 31 December 2018 Utilisation RM'000	As at 31 December 2018 Balance Unutilised RM'000	Intended Timeframe for Utilisation	Deviation under/(over) spent RM'000	Deviation under/(over) spent %	Explanation
Working capital requirements:							
Loan disbursements of HSCSB's credit financing division							
(a) Real estate	350,000	-	350,000	Within 24 months from completion	-	-	Not fully utilised yet and within intended timeframe for utilisation. As such, deviation was not computed
(b) Manufacturing	170,000	-	170,000		-	-	
(c) Transportation	170,000	-	170,000		-	-	
(d) Construction	120,000	-	120,000		-	-	
(e) General commerce	95,500	-	# 95,417		-	-	
	905,500	-	905,417		-	-	
Estimated expenses	500	583	-		(83)	(17)	over spent was set-off against the balance unutilised for working capital requirement under item (e) #
	906,000	583	905,417		(83)		

9. Borrowings and debt securities

The Group's borrowings are as follows:

	As at 31.12.2018						
	Denominated in						
	RM RM'000	USD RM'000	SGD RM'000	Euro RM'000	IDR RM'000	RMB RM'000	Total RM'000
<u>Current</u>							
Secured							
- Trust receipts	-	-	48,291	28,835	-	-	77,126
- Finance leases	-	-	1,227	-	-	-	1,227
- Revolving credits	-	-	90,915	-	-	-	90,915
- Term loans	-	-	13,446	-	-	-	13,446
	-	-	153,879	28,835	-	-	182,714
Unsecured							
- Bankers' acceptances	222,994	-	-	-	-	-	222,994
- Revolving credits	1,429,500	41,242	-	-	155,884	1,940	1,628,566
- Commercial papers	10,000	-	-	-	-	-	10,000
- Term loans	352,628	203,718	12,122	-	-	-	568,468
- Bank overdrafts	5,304	-	-	-	-	-	5,304
	2,020,426	244,960	12,122	-	155,884	1,940	2,435,332
Total current borrowings	2,020,426	244,960	166,001	28,835	155,884	1,940	2,618,046
<u>Non-current</u>							
Secured							
- Term loans	-	-	250,804	-	-	-	250,804
- Finance leases	-	-	991	-	-	-	991
	-	-	251,795	-	-	-	251,795
Unsecured							
- Term loans	625,734	720,534	122,490	-	-	-	1,468,758
- Medium term notes	1,090,000	-	-	-	-	-	1,090,000
	1,715,734	720,534	122,490	-	-	-	2,558,758
Total non-current borrowings	1,715,734	720,534	374,285	-	-	-	2,810,553
Total borrowings	3,736,160	965,494	540,286	28,835	155,884	1,940	5,428,599

Note: All secured borrowings are in respect of foreign subsidiaries' borrowings.

9. **Borrowings and debt securities (continued)**

On 30 July 2018, Hap Seng Management Sdn Bhd ["HSM"], a wholly-owned subsidiary of the Company lodged with the Securities Commission Malaysia to establish an unrated medium term notes ["MTN"] programme of up to RM5.0 billion in nominal value ["MTN Programme"] and an unrated commercial papers ["CP"] programme of up to RM1.0 billion in nominal value ["CP Programme"], which have a combined limit of RM5.0 billion in nominal value. The tenures of the MTN and CP Programmes are twenty (20) years and seven (7) years respectively from the date of first issuance on 29 August 2018. The MTN Programme and the CP Programme are collectively referred to as the Programmes.

The proceeds from the Programmes will be utilised by HSM for advancing to the Group for general corporate purposes and working capital.

	As at 31.12.2017					
	Denominated in					
	RM	USD	SGD	Euro	IDR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current						
Secured						
- Trust receipts	-	36,563	9,973	26,402	-	72,938
- Finance leases	-	-	1,253	-	-	1,253
- Revolving credits	-	-	89,282	-	-	89,282
- Term loans	-	-	12,843	-	-	12,843
	-	36,563	113,351	26,402	-	176,316
Unsecured						
- Bankers' acceptances	225,413	-	-	-	-	225,413
- Revolving credits	1,440,900	163,847	-	-	37,303	1,642,050
- Term loans	80,065	465,132	294,662	-	-	839,859
	1,746,378	628,979	294,662	-	37,303	2,707,322
Total current borrowings	1,746,378	665,542	408,013	26,402	37,303	2,883,638
Non-current						
Secured						
- Term loans	-	-	262,671	-	-	262,671
- Finance leases	-	-	1,259	-	-	1,259
	-	-	263,930	-	-	263,930
Unsecured						
- Term loans	546,175	650,240	134,892	-	-	1,331,307
Total non-current borrowings	546,175	650,240	398,822	-	-	1,595,237
Total borrowings	2,292,553	1,315,782	806,835	26,402	37,303	4,478,875

Note: All secured borrowings are in respect of foreign subsidiaries' borrowings.

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

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

(a) 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 commenced a legal suit ["KL RESB Suit"] vide a writ of summon at Kuala Lumpur High Court ["KLHC"] against EISB ["1st Defendant"] and HCH was added as the second defendant ["2nd Defendant"] to the KL RESB Suit on 16 June 2012.

On 10 August 2012, upon the 1st Defendant's application, the KL RESB Suit was transferred to the High Court of Sabah and Sarawak at Kota Kinabalu ["KKHC"]. On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1st and 2nd Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ["KK RESB Suit"].

RESB is claiming for the following in the KK 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 KK RESB Suit; and
(vii) Such further or other relief as the Court deems fit and just.

Pending disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above ["KK Interlocutory Injunction"].

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018 and 7 to 11 January 2019. The Consolidated RESB Suit has been fixed for continued hearing on 28 February 2019.

HSP has been advised by Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the KK RESB Suit.

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

(b) 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 KKHC vide originating summon no. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 [the "KK Suit"].

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

SYC is claiming for the following in the KK Suit:

(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.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"].

The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018 and 7 to 11 January 2019. The Consolidated RESB Suit has been fixed for continued hearing on 28 February 2019.

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

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

(c) 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 was filed on 7 August 2014 in the High Court of Sabah & Sarawak at Kota Kinabalu [“KKHC”] vide suit no. BKI-22NCvC66/8-2014 [“First Suit”] by 94 natives of Sabah [“First Suit Plaintiffs”] claiming interest and ownership, legal and beneficial, in respect of 113 titles which form part of the Pelipikan Sub-Leased Lands ["First Suit Disputed Titles"] against one Hatija Binti Hassan as the first defendant, one Juniah @ Rubiah Bt. Okk Zainal as second defendant and PPSB as the third defendant. Pursuant to a consent order [“said Consent Order”] recorded before the KKHC on 15 May 2015, the First Suit was struck off with no order as to costs.

PPSB was informed by its solicitors, Messrs Shim Pang & Co. on 20 April 2017 that it has been served with a writ of summon filed in KKHC vide suit no. BKI-22NCvC51/4-2017 [“Second Suit”] by 70 natives of Sabah, who form part of the First Suit Plaintiffs [“said Plaintiffs”] claiming legal and beneficial ownership in respect of 86 titles, which form part of the First Suit Disputed Titles [“said 86 Titles”]. The said Plaintiffs named one Sugumar Balakrishnan as the first defendant, Sugumar & Co (Firm) as the second defendant, Hatija Binti Hassan as the third defendant, Juniah @ Rubiah Bt. Okk Zainal as the fourth defendant and PPSB as the fifth defendant. The first and second defendants were the solicitors acting for the First Suit Plaintiffs in the First Suit.

In the Second Suit, the said Plaintiffs alleged, inter alia that the said Consent Order was fraudulently obtained by their previous solicitors, i.e. the first and second defendants without the informed consent and/or instruction of the First Suit Plaintiffs.

The said Plaintiffs are claiming for the following reliefs in the Second Suit:

(i) a declaration that the said Consent Order was null and void and of no effect;
(ii) a declaration that all acts, actions, proceedings including land enquiry proceedings, decisions, dealings and/or transactions with the said 86 Titles and any consequential matters relying on or consequential to the said Consent Order are invalid, null and void;
(iii) an order that the said Consent Order be set aside;
(iv) an order that the First Suit shall continue and proceed to trial;
(v) in the alternative, damages against the first and second defendant in the Second Suit jointly and severally to be assessed;
(vi) costs to the said Plaintiffs; and
(vii) such further or other relief as the KKHC deems fit and just.

The said Plaintiffs failed to proceed with the Second Suit during the court trial held on 3 December 2018. Accordingly, the KKHC dismissed the Second Suit with no liberty to file afresh and with no order as to costs. The said Plaintiffs did not appeal against the said KKHC decision.

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11. **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 December 2018 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 (USD/Euro)					
- Designated as hedging instruments*	42,160	(110)	4,555	(4,831)	(276)
- Not designated as hedging instruments	288,515	(2,839)	4,387	(2,167)	2,220
	330,675	(2,949)	8,942	(6,998)	1,944
Cross currency interest rate swaps on foreign currency borrowings of 1 year to 3 years (SGD/USD)					
- Designated as hedging instruments*	901,870	11,430	9,975	(8,295)	1,680

* *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.

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

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

13. **Provision of financial assistance**

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's subsidiaries, Hap Seng Credit Sdn Bhd and HS Credit (Melbourne) Pty Ltd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 December 2018 given by the Company's moneylending subsidiaries are as follows:

		Secured	**Unsecured**	**Total**
		RM'000	RM'000	RM'000
(a)	To companies	2,453,758	158	2,453,916
(b)	To individuals	311,398	1,214	312,612
(c)	To companies within the listed issuer group	404,615	468,313	872,928
(d)	To related parties	-	-	-
		3,169,771	469,685	3,639,456

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

		As at 31.12.2018
		RM'000
(a)	Loans given by corporations within the Group to the moneylending subsidiaries	-
(b)	Borrowings which are secured by corporations within the Group in favour of the moneylending subsidiaries	-
(c)	Other borrowings	1,765,779
		1,765,779

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

		RM'000
(a)	Balance as at 1.1.2018	42,764
(b)	Loans classified as in default during the financial year	57,236
(c)	Loans reclassified as performing during the financial year	(15,875)
(d)	Amount recovered	(22,258)
(e)	Amount written off	(956)
(f)	Loans converted to securities	-
(g)	Balance as at 31.12.2018	60,911
(h)	Ratio of net loans in default to net loans	1.67%

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)
1st	Term Loan	420,000	390,991	Yes	467,834	Yes*	3 - 72
2nd	Term Loan	247,000	243,243	No	-	Yes*	36
3rd	Term Loan	262,000	132,168	No	-	Yes*	3 - 30
4th	Term Loan	94,700	85,829	No	-	Yes*	3 - 84
5th	Term Loan	85,000	75,485	Yes	240,000	No	60

* *Companies within the listed issuer group.*

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

(a) 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.

	Quarter ended		**Year ended**	
	31.12.2018	**31.12.2017** *(Restated)*	**31.12.2018**	**31.12.2017** *(Restated)*
Profit attributable to owners of the Company (RM'000)	156,246	135,137	1,145,608	1,099,391
Weighted average number of ordinary shares in issue	2,489,673	2,489,677	2,489,674	2,489,679
Basic EPS (sen)	6.28	5.43	46.01	44.16

(b) The Company does not have any diluted EPS.

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15. **Dividend**

Dividends for the current financial year ended 31 December 2018 were as follows:

(a) first interim dividend of 15 sen (2017: 15 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said interim dividend was approved by the Directors on 31 May 2018 and paid on 28 June 2018;

(b) second interim dividend of 20 sen (2017: 20 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders. The said second interim dividend was approved by the Directors on 22 November 2018 and paid on 19 December 2018.

(c) Total dividend for the current financial year ended 31 December 2018 was 35 sen comprising first interim dividend of 15 sen and second interim dividend of 20 sen (2017: 35 sen comprising first interim dividend of 15 sen and second interim dividend of 20 sen) per ordinary share under the single tier system which was tax exempt in the hands of the shareholders.

The Directors do not recommend any final dividend for the current financial year ended 31 December 2018.

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 2017 was not subject to any qualification.

BY ORDER OF THE BOARD

LIM GUAN NEE
QUAN SHEET MEI
Secretaries

Kuala Lumpur
27 February 2019