



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011

	Quarter ended		Year-to-date ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	974,637	810,881	3,628,380	2,789,410
Operating expenses	(851,532)	(680,597)	(3,074,444)	(2,411,749)
Other operating income	68,147	53,934	160,707	77,561
Operating profit	191,252	184,218	714,643	455,222
Financing costs	(27,000)	(18,171)	(97,216)	(66,188)
Other non-operating items	(2,175)	-	(2,175)	92,685
Share of results of associates	2,869	5,467	19,747	22,737
Profit before tax	164,946	171,514	634,999	504,456
Tax expense	(28,451)	(40,620)	(141,872)	(95,403)
Profit for the period	136,495	130,894	493,127	409,053
Profit attributable to:				
Owners of the Company	111,746	103,099	375,602	323,132
Minority interests	24,749	27,795	117,525	85,921
	136,495	130,894	493,127	409,053
Earnings per share (sen)				
Basic	5.11	5.69	18.85	17.82
Diluted	5.11	N/A	18.85	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FOURTH QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2011

	Quarter ended		Year-to-date ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	136,495	130,894	493,127	409,053
Other comprehensive income:				
Exchange difference on translation of foreign operations, net of tax	(786)	1,071	(379)	(1,261)
Total comprehensive income for the period, net of tax	135,709	131,965	492,748	407,792
Total comprehensive income attributable to:				
Owners of the Company	111,129	103,889	375,682	321,896
Minority interests	24,580	28,076	117,066	85,896
	135,709	131,965	492,748	407,792

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 DECEMBER 2011

	As at 31.12.2011	As at 31.12.2010
	RM'000	RM'000 <i>(Audited)</i>
Non-current assets		
Property, plant and equipment	1,155,842	1,074,960
Biological assets	420,539	414,548
Investment properties	475,153	502,768
Associates	387,303	380,648
Other investment	30,000	-
Land held for property development	371,366	378,191
Goodwill	36,736	36,736
Long term receivables	828,747	631,482
Deferred tax assets	71,968	66,932
	-----	-----
	3,777,654	3,486,265
	-----	-----
Current assets		
Inventories	942,006	475,218
Property development costs	249,725	293,184
Receivables	1,140,695	907,947
Tax recoverable	43,633	34,085
Cash and bank balances	666,640	194,068
	-----	-----
	3,042,699	1,904,502
	-----	-----
TOTAL ASSETS	6,820,353	5,390,767
	=====	=====
Equity attributable to owners of the Company		
Share capital	2,186,357	622,660
Reserves	1,115,343	2,118,021
	-----	-----
	3,301,700	2,740,681
Less: Treasury shares	(8,283)	(154,467)
	-----	-----
	3,293,417	2,586,214
Minority interests	358,631	330,588
	-----	-----
TOTAL EQUITY	3,652,048	2,916,802
	-----	-----
Non-current liabilities		
Borrowings	1,370,710	796,862
Deferred tax liabilities	168,051	166,595
Other payables	1,648	1,289
	-----	-----
	1,540,409	964,746
	-----	-----
Current liabilities		
Payables and provisions, including derivatives	433,588	390,347
Tax payable	20,401	7,096
Borrowings	1,173,907	1,111,776
	-----	-----
	1,627,896	1,509,219
	-----	-----
TOTAL LIABILITIES	3,168,305	2,473,965
	-----	-----
TOTAL EQUITY AND LIABILITIES	6,820,353	5,390,767
	=====	=====
Net assets per share (RM)	1.51	4.59
	-----	-----
Based on number of shares net of treasury shares	2,180,927,400	563,523,500

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR YEAR-TO-DATE ENDED 31 DECEMBER 2011

	← Attributable to Owners of the Company →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Reserves RM'000	Treasury Shares RM'000			
At 1 January 2011	622,660	51,059	2,066,962	(154,467)	2,586,214	330,588	2,916,802
Profit for the period	-	-	375,602	-	375,602	117,525	493,127
Other comprehensive income	-	80	-	-	80	(459)	(379)
Total comprehensive income	-	80	375,602	-	375,682	117,066	492,748
Issuance of shares pursuant to the Private Placement	43,800	186,150	-	-	229,950	-	229,950
Issuance of shares pursuant to the Bonus Issue	1,214,643	(177,489)	(1,037,154)	-	-	-	-
Issuance of shares pursuant to the Rights Issue	364,393	18,220	-	-	382,613	-	382,613
Shares issuance expenses	-	(8,661)	-	-	(8,661)	-	(8,661)
Change of ownership interests in a subsidiary	-	-	(54,925)	-	(54,925)	(28,008)	(82,933)
Purchase of treasury shares	-	-	-	(8,294)	(8,294)	-	(8,294)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(19)	(19)
Cancellation of treasury shares	(59,139)	59,139	(154,478)	154,478	-	-	-
Dividends to owners of the Company	-	-	(209,162)	-	(209,162)	-	(209,162)
Dividends paid by subsidiary	-	-	-	-	-	(60,996)	(60,996)
At 31 December 2011	<u>2,186,357</u>	<u>128,498</u>	<u>986,845</u>	<u>(8,283)</u>	<u>3,293,417</u>	<u>358,631</u>	<u>3,652,048</u>
At 1 January 2010							
- As previously stated	622,660	52,295	1,814,633	(154,459)	2,335,129	289,336	2,624,465
- Effects of adopting FRS 139	-	-	2,455	-	2,455	-	2,455
- As restated	<u>622,660</u>	<u>52,295</u>	<u>1,817,088</u>	<u>(154,459)</u>	<u>2,337,584</u>	<u>289,336</u>	<u>2,626,920</u>
Profit for the period	-	-	323,132	-	323,132	85,921	409,053
Other comprehensive income	-	(1,236)	-	-	(1,236)	(25)	(1,261)
Total comprehensive income	-	(1,236)	323,132	-	321,896	85,896	407,792
Change of ownership interests in subsidiaries	-	-	-	-	-	(1,999)	(1,999)
Purchase of treasury shares	-	-	-	(8)	(8)	-	(8)
Purchase of treasury shares by subsidiary	-	-	-	-	-	(11)	(11)
Dividends to owners of the Company	-	-	(73,258)	-	(73,258)	-	(73,258)
Dividends paid by subsidiary	-	-	-	-	-	(42,634)	(42,634)
At 31 December 2010	<u>622,660</u>	<u>51,059</u>	<u>2,066,962</u>	<u>(154,467)</u>	<u>2,586,214</u>	<u>330,588</u>	<u>2,916,802</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR YEAR-TO-DATE ENDED 31 DECEMBER 2011

	Year-to-date ended	
	31.12.2011	31.12.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	634,999	504,456
Adjustments for:		
Non-cash items	72,342	21,042
Non-operating items	(119,806)	(115,874)
Net interest expense	85,174	61,202
	-----	-----
Operating profit before working capital changes	672,709	470,826
Net changes in working capital	(536,444)	(49,059)
Net changes in loan receivables	(262,061)	(157,839)
Net tax paid	(139,721)	(64,280)
Net interest paid	(85,174)	(61,202)
Additions to land held for property development	(12,700)	(29,516)
	-----	-----
Net cash (used in)/generated from operating activities	(363,391)	108,930
	-----	-----
Cash flows from investing activities		
Dividends received from associates	10,917	18,703
Proceeds from disposal of 35% equity interest in a subsidiary	-	103,811
Acquisition of minority interests	(82,933)	(49,888)
Acquisition of subsidiary net of cash acquired	-	5,190
Acquisition of associate	-	(21,650)
Acquisition of other investment	(30,000)	-
Proceeds from disposal of property, plant and equipment	65,558	6,587
Proceeds from disposal of investment properties	133,370	412
Proceeds from disposal of land held for property development	2,972	1,947
Purchase of property, plant and equipment	(185,948)	(175,121)
Additions to biological assets	(6,451)	(5,852)
Additions to investment properties	(36,369)	(198,669)
	-----	-----
Net cash used in investing activities	(128,884)	(314,530)
	-----	-----
Cash flows from financing activities		
Dividends paid to owners of the Company and minority interests	(270,158)	(115,892)
Shares repurchase at cost	(8,313)	(19)
Net proceed from borrowings	635,132	93,941
Proceed from issuance of shares pursuant to the Private Placement	229,950	-
Proceed from issuance of shares pursuant to the Rights Issue	382,613	-
Share issuance expenses	(8,661)	-
	-----	-----
Net cash generated from/(used in) financing activities	960,563	(21,970)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	468,288	(227,570)
Effects on exchange rate changes	1,516	(2,887)
Cash and cash equivalents at beginning of the period	185,429	415,886
	-----	-----
Cash and cash equivalents at end of the period	655,233	185,429
	=====	=====

For purposes of Statement of Cash Flows, cash and cash equivalents are presented net of bank overdrafts and comprise the following:

Deposits with licensed banks	584,522	111,845
Cash in hand and at bank	82,118	82,223
Bank overdrafts	(11,407)	(8,639)
	-----	-----
	655,233	185,429
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements

PART A

Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134, Interim Financial Reporting

1. Basis of preparation

These interim financial statements have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ["Bursa Securities"], and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2010.

2. Significant accounting policies

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2010, except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are effective for financial period beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011 as follows:

Amendments effective for financial periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues

FRSs, IC Interpretations and Amendments effective for financial periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- IC Interpretation 12, Service Concession Agreements*
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, Distributions of Non-cash Assets to Owners*
- Amendments to FRS 2, Share-based Payment*
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

FRSs, IC Interpretations and Amendments effective for financial periods beginning on or after 1 January 2011

- IC Interpretation 4, Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, Transfers of Assets from Customers*
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards*
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- Improvements to FRSs (2010)

* These FRSs, IC Interpretations and Amendments are not applicable to the Group

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

3. Comments on the seasonality or cyclicity of operations

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

- (a) The performance of the Group's Property Development Division and Quarry and Building Materials Division were influenced by a slowdown in construction activity in the first quarter 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 and the cyclical nature of annual production.

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

Save for the information disclosed in this interim financial report, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the interim period.

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

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

6. Other non-operating items

The other non-operating items were in respect of the followings:

	Quarter Ended		Year-to-date	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Impairment loss on investment in associate	(2,175)	-	(2,175)	-
Gain on disposal of 35% equity interest in a subsidiary	-	-	-	92,685
	-----	-----	-----	-----
	(2,175)	-	(2,175)	92,685
	=====	=====	=====	=====

7. Issues, cancellations, repurchases, resale and repayments of debt and equity securities**(a) Issuance of additional ordinary shares and warrants by the Company****(i) Private Placement [as defined in Note 11 below]**

In the current financial year, the Company issued 43,800,000 new ordinary shares of RM1.00 each pursuant to the Private Placement which were listed on the Main Market of Bursa Securities on 23 May 2011, with which the then issued and paid-up share capital of the Company increased to RM666,460,000 comprising 666,460,000 ordinary shares of RM1.00 each with 59,138,500 ordinary shares thereof being held as treasury shares.

(ii) Bonus Issue and Rights Issue with Warrants

During the current financial year, the Company had issued the following additional ordinary shares and warrants which were listed on the Main Market of Bursa Securities on 15 August 2011:

- (a) 1,214,643,000 new ordinary shares of RM1.00 each credited as fully paid-up on the basis of two (2) bonus shares for every one (1) existing ordinary share held ["Bonus Issue"];
- (b) 364,392,900 new ordinary shares of RM1.00 each ["Rights Shares"] pursuant to the Rights Issue with Warrants on the basis of one (1) Rights Share together with one (1) free detachable warrant for every five (5) existing ordinary shares held after the Bonus Issue, at the issue price of RM1.05 per Rights Share ["Rights Issue"]; and
- (c) 364,392,900 warrants ["Warrants"] issued free pursuant to the Rights Issue on the basis of one (1) Warrant for every Rights Share subscribed. Each Warrant entitles the holder to subscribe for one (1) ordinary share in the Company at the exercise price of RM1.65 during the 5-year period expiring on 9 August, 2016 ["Exercise Period"], subject to adjustments in accordance with the deed poll constituting the Warrants. Warrants not exercised during the Exercise Period shall lapse.

Accordingly, the issued and paid-up share capital of the Company increased to RM2,245,495,900 comprising 2,245,495,900 ordinary shares of RM1.00 each with 59,138,500 ordinary shares thereof being held as treasury shares.

7. Issues, cancellations, repurchases, resale and repayments of debt and equity securities (continued)

(b) Share buyback and cancellation of treasury shares

On 24 August 2011, the Company cancelled all the 59,138,500 treasury shares held. Consequently, the Company's issued and paid-up share capital decreased from RM2,245,495,900 to RM2,186,357,400 comprising 2,186,357,400 ordinary shares of RM1.00 each.

During the current quarter under review, 5,430,000 shares were bought back and there was no resale or cancellation of treasury shares. All the shares bought back were retained as treasury shares. The monthly breakdown of shares bought back during the quarter under review are as follows:

Month	No of shares Repurchased	Purchase price per share		Average cost Per share	Total cost
		Lowest	Highest		
		RM	RM	RM	RM
October 2011	-	-	-	-	-
November 2011	10,000	1.4200	1.4200	1.4304	14,304.46
December 2011	5,420,000	1.4500	1.6000	1.5257	8,269,141.12
Total	5,430,000	1.4200	1.6000	1.5255	8,283,445.58

As at 31 December 2011, the Company has 5,430,000 ordinary shares held as treasury shares and the issued and paid up share capital of the Company remained at 2,186,357,400 ordinary shares of RM1.00 each.

Subsequent to end of the current financial year, the Company bought back another 300,000 shares which were also retained as treasury shares.

(c) Exercise of warrants

During the current quarter and financial year, there was no exercise of Warrants.

Subsequent to the end of the current financial year, 3,600 warrants were exercised which resulted in 3,600 ordinary shares of RM1.00 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities on 3 February 2012. Consequently, the issued and paid-up share capital of the Company increased to RM2,186,361,000 comprising 2,186,361,000 ordinary shares of RM1.00 each. As at the date hereof, 364,389,300 warrants were unexercised.

8. Dividends paid

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

	Cumulative Quarter Ended	
	31.12.2011	31.12.2010
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2009:		
- final (7.0 sen under the single tier system) approved by shareholders on 27 May 2010 and paid on 11 June 2010	-	39,447
Dividend in respect of financial year ended 31 December 2010:		
- interim (6.0 sen under single tier system) approved by the Board of Directors on 25 August 2010 and paid on 21 September 2010		33,811
- final (20.4 sen under the single tier system) approved by shareholders on 7 June 2011 and paid on 24 June 2011	123,894	-
Dividend in respect of financial year ended 31 December 2011:		
- interim (3.9 sen under the single tier system) approved by the Board of Directors on 24 August 2011 and paid on 28 September 2011	85,268	
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	209,162	73,258
	=====	=====

9. **Segment information**

	Plantation RM'000	Property RM'000	Credit financing RM'000	Fertilizer trading RM'000	Quarry and building materials RM'000	Automotive RM'000	Other non- reportable segments RM'000	Eliminations RM'000	Consolidated RM'000
<u>Year-to-date ended 31 December 2011</u>									
Revenue									
External revenue	654,866	331,751	96,947	1,135,228	519,285	797,970	92,333	-	3,628,380
Inter-segment revenue	-	9,746	-	42,850	29,841	13,381	191	(96,009)	-
Total revenue	654,866	341,497	96,947	1,178,078	549,126	811,351	92,524	(96,009)	3,628,380
Operating profit	342,914	204,555	79,039	62,444	16,975	20,711	(4,443)	(7,552)	714,643
Financing costs									(97,216)
Other non-operating item									(2,175)
Share of results of associates									19,747
Profit before tax									634,999
Segment assets	983,581	1,605,849	1,338,390	979,224	617,225	306,326	486,854	-	6,317,449
<u>Year-to-date ended 31 December 2010</u>									
Revenue									
External revenue	473,754	284,183	74,626	859,446	459,008	577,066	61,327	-	2,789,410
Inter-segment revenue	-	9,742	-	34,817	22,294	15,223	233	(82,309)	-
Total revenue	473,754	293,925	74,626	894,263	481,302	592,289	61,560	(82,309)	2,789,410
Operating profit	230,971	117,897	58,625	28,671	22,065	13,447	(9,843)	(6,611)	455,222
Financing costs									(66,188)
Other non-operating item									92,685
Share of results of associates									22,737
Profit before tax									504,456
Segment assets	877,439	1,683,800	1,042,772	438,448	496,493	262,551	107,599	-	4,909,102



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

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

- (a) On 4 January 2011, Hap Seng Land Development Sdn Bhd, a wholly-owned subsidiary of Hap Seng Land Sdn Bhd which in turn is a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Estet Perkasa Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of Ringgit Malaysia Two (RM2.00) only.
- (b) On 22 June 2011, Hap Seng Star Sdn Bhd, the 65% owned subsidiary of Hap Seng Auto Sdn Bhd, which in turn is the wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Hap Seng Star (Vietnam) Sdn Bhd (*formerly known as Makna Rezeki Sdn Bhd*) comprising 2 ordinary shares of RM1.00 each at a cash consideration of Ringgit Malaysia Two (RM2.00) only.
- (c) On 5 October 2011, Hap Seng Realty Sdn Bhd, a wholly-owned subsidiary of Hap Seng Land Sdn Bhd which in turn is a wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital of Lakaran Warisan Sdn Bhd comprising 2 ordinary shares of RM1.00 each at a cash consideration of Ringgit Malaysia Two (RM2.00) only.
- (d) On 5 December 2011, Hap Seng Auto Sdn Bhd ["HSA"], a wholly-owned subsidiary of the Company, entered into a shares purchase agreement with Great Horizon Limited ["GHL"], the wholly-owned subsidiary of Lei Shing Hong Limited ["LSH"] to acquire from GHL its entire shareholding of 11,725,000 ordinary shares of RM1.00 each representing 35% of the issued and paid-up share capital in Hap Seng Star Sdn Bhd ["HSS"], the 65%-owned subsidiary of HSA at the cash consideration of Ringgit Malaysia Forty One Million Three Hundred and Eighty Four Thousand (RM41,384,000) ["Shares Purchase Agreement"].

The Shares Purchase Agreement was deemed a related party transaction as it involved the interests of Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, the 36.6% major shareholder of LSH, who is a director and major shareholder of Gek Poh (Holdings) Sdn Bhd, the holding company of the Company. The Shares Purchase Agreement was completed on 7 December 2011 with HSS becoming the wholly-owned subsidiary of HSA.

- (e) During the current quarter, the Company acquired from the open market an additional 92,400 ordinary shares of RM1.00 each representing approximately 0.01% equity in Hap Seng Plantations Holdings Berhad ["HSP"]. Accordingly, the total additional acquisition during the current financial year was 12,732,800 representing 1.59% equity in HSP, thereby increasing its shareholding in HSP to 55.16%. HSP is the Company's subsidiary which is listed on Bursa Malaysia Securities Berhad.

The above changes in composition of the Group do not have any significant financial effect on the Group.

11. Significant events and transactions

As disclosed in the audited financial statements of previous year, on behalf of Hap Seng Consolidated Berhad ["HSCB"/ the "Company"], CIMB Investment Bank Berhad ["CIMB"] had on 7 January 2011, announced that the Company proposed to undertake the following:

- (i) private placement of up to 124,532,000 new ordinary shares of RM1.00 each in HSCB ["HSCB Shares"] representing up to 20% of the issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ["Private Placement"];
- (ii) bonus issue of up to 1,494,384,000 new HSCB Shares ["Bonus Shares"] to be credited as fully paid-up, on the basis of two (2) Bonus Shares for every one (1) existing HSCB Share held by the entitled shareholders of the Company on the entitlement date to be determined and announced later ["Entitlement Date"] ["Bonus Issue"];
- (iii) renounceable rights issue of up to 448,315,200 new HSCB Shares ["Rights Shares"] together with up to 448,315,200 new free detachable warrants ["Warrants"] on the basis of one (1) Rights Share together with one (1) Warrant for every five (5) HSCB Shares held by the entitled shareholders of the Company after the Proposed Bonus Issue on the Entitlement Date ["Rights Issue with Warrants"];
- (iv) increase in the authorised share capital of HSCB from RM1,000,000,000 comprising 1,000,000,000 HSCB Shares to RM5,000,000,000 comprising 5,000,000,000 HSCB Shares; and
- (v) amendments to the Memorandum and Articles of Association of HSCB to facilitate the implementation of the Bonus Issue and Rights Issue with Warrants].



11. Significant events and transactions (continued)

The Private Placement was completed on 23 May 2011 with the listing of and quotation for 43,800,000 new HSCB Shares on the Main Market of Bursa Securities.

The Bonus Issue and Right Issue with Warrants were completed on 15 August 2011 with the listing of and quotation for the following on the Main Market of Bursa Securities.

- (i) 1,214,643,000 new HSCB Shares arising from the Bonus Issue;
- (ii) 364,392,900 new HSCB Shares arising from the Rights Issue; and
- (iii) 364,392,900 Warrants pursuant to the Rights Issue with Warrants.

As stated in Note 7(a)(i) and 7(a)(ii) above, the issued and paid-up share capital of the Company increased to RM666,460,000 comprising 666,460,000 ordinary shares of RM1.00 each with the completion of the Private Placement and thereafter increased to RM2,245,495,900 comprising 2,245,495,900 ordinary shares of RM1.00 each with the completion of the Bonus Issue and Rights Issue with Warrants (including 59,138,500 ordinary shares thereof being held as treasury shares).

The treasury shares of 59,138,500 ordinary shares were subsequently cancelled on 24 August 2011 bringing the issued and paid-up share capital of the Company down to RM2,186,357,400 comprising 2,186,357,400 ordinary shares of RM1.00 each as disclosed in Note 7(b) above.

12. Events after the end of the financial year

There were no events after the current financial year and up to 10 February 2012 that have not been reflected in the financial statements for the current financial year except for the additional shares bought back and exercise of Warrants as disclosed in Note 7(b) and 7(c) above respectively.

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

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

The contingent liabilities of the Company as at the end of the year are as follows:

	As at	As at
	31.12.2011	31.12.2010
	RM'000	RM'000
Corporate guarantees to banks of subsidiaries in respect of balances outstanding	2,388,164	1,717,185
	=====	=====

14. Capital commitments

The Group has the following capital commitments:

	As at	As at
	31.12.2011	31.12.2010
	RM'000	RM'000
Approved and contracted for	60,023	89,398
Approved but not contracted for	103,999	103,694
	-----	-----
	164,022	193,092
	=====	=====



15. Significant related party transactions

During the current financial year, the Company and its subsidiaries did not enter into any Related Party Transactions or Recurrent Related Party Transactions of a revenue or trading nature that had not been included or exceeded by 10% of the estimated value which had been mandated by the shareholders during the extraordinary general meeting held on 27 May 2010 and 7 June 2011 respectively, except for the following:

- (a) As announced on 29 November 2011, Hap Seng Realty (KK I) Sdn Bhd ["HSR(KKI)"], a wholly-owned subsidiary of the Company, had on even date entered into a sale and purchase agreement with Akal Megah Sdn Bhd ["Akal Megah"] pursuant to which HSR (KKI) had agreed to dispose of to Akal Megah all that piece of leasehold land measuring approximately 2.16 acres held under title number TL017529341 in the District of Kota Kinabalu, Sabah together with the cinema complex building erected thereon at the cash consideration of Ringgit Malaysia Eighty Five Million (RM85,000,000) ["Property Disposal"].

Akal Megah is a wholly-owned subsidiary of World Prosperity Developments Limited, a wholly-owned subsidiary of Lei Shing Hong Properties Limited which in turn is wholly-owned by Lei Shing Hong Limited ["LSH"]. The Property Disposal was deemed a related party transaction as it involved the interests of Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, the 36.6% major shareholder of LSH, who is a director and major shareholder of Gek Poh (Holdings) Sdn Bhd, the holding company of the Company. The Property Disposal was completed on 8 December 2011.

- (b) The Shares Purchase Agreement as disclosed in Note 10(d) above.

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PART B

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

1. Review of performance

The Group revenue for the current quarter under review at RM974.6 million was 20% higher than the preceding year corresponding quarter attributable to higher revenue from all the Divisions except for Property Division. Group operating profit for the current quarter at RM191.3 million was 4% higher than the preceding year corresponding quarter with improved contributions from Property, Credit Financing and Automotive Divisions.

Plantation Division revenue was 2% higher than the preceding year corresponding quarter. The Division recorded higher crude palm oil (CPO) sales which were reduced by lower palm kernel (PK) sales due to lower average selling price of PK. Average selling price of CPO at RM2,977 per tonne was higher than the preceding year corresponding quarter of RM2,843 per tonne whilst average selling price of PK at RM1,634 per tonne was lower than the preceding year corresponding quarter of RM2,029 per tonne. Sales volume of CPO and PK at 46,238 tonnes and 9,645 tonnes respectively were both marginally higher than the preceding year corresponding quarter. Overall, the Division's operating profit was 5% lower than the preceding year corresponding quarter mainly impacted by higher production costs due to higher harvesting costs and estate overheads mainly attributable to increase in labour rates and related staff welfare expenses.

Property Division's revenue was lower than the preceding year corresponding quarter by 10% attributable to lower project sales mainly due to the timing of completion of its existing projects in East Malaysia. Nevertheless, the Division recorded an improvement of 6% in operating profit attributable to gain from disposal of an investment property in Kota Kinabalu, Sabah of RM48.8 million which mitigated the lower contribution from its ongoing projects.

Credit Financing Division's recorded an improvement in revenue by 34% and operating profit by 67% over the preceding year corresponding quarter. The significant improvement was mainly contributed by lower non-performing loans at 1.07% and higher loan portfolio of approximately RM1.4 billion as compared to 3.07% and RM1.1 billion as at the end of the preceding year.

The Fertilizer Trading Division's benefited from higher average selling prices and higher volume of fertilisers sold in both the Malaysian and Indonesian market and recorded higher revenue by 46% over the preceding corresponding quarter. However, operating profit was 17% below the preceding year corresponding quarter mainly impacted by higher operating expenses.

Quarry and Building Materials Division achieved higher revenue which was 14% above the preceding year corresponding quarter but operating profit was RM4 million (60%) below the preceding year corresponding quarter mainly affected by higher production costs as the Division's new quarries and brick factories have not reach optimum production yet.

The Automotive Division recorded 19% improvement in revenue over the preceding year corresponding with higher sales of Mercedes Benz cars in Malaysia and Vietnam. Operating profit was marginally above the preceding year corresponding quarter due to lower margins from services sales in East Malaysia and Vietnam and higher direct expenses.

Overall, Group profit before tax ["PBT"] and profit after tax ["PAT"] for the current financial year at RM635.0 million and RM493.1 million were 26% and 21% higher than the preceding year. Profit attributable to owners of the Company for the current financial year at RM375.6 million was 16% higher than the preceding year. Excluding other non-operating item, profit attributable to owners of the Company for the year was 64% higher than the preceding year.

Basic earnings per share for the current financial year at 18.85 sen was 6% higher than the preceding year of 17.82 sen.

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

Group profit before tax for the current quarter at RM164.9 million was 7% higher than the preceding quarter of RM153.9 million mainly attributable to higher contribution from the Property Division mitigated somewhat by lower contribution from the Plantation Division which was affected by the lower average selling prices of CPO and PK resulting from the decline in commodities prices.

3. Current year prospects

The Group's business segments are expected to operate in a challenging environment in 2012. In spite of this, the Group's prospects for the financial year ending 31 December 2012 are expected to be positive as the markets in which the Group's business segments operate are expected to remain resilient.

4. Variances between actual profit and forecast profit

Variances between actual profit and forecast profit are not applicable as the Company has not provided any profit forecast in any public document.

5. Profit for the period

	Quarter ended		Year-to-date ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	4,400	1,074	12,042	4,986
Interest expense	(27,000)	(18,171)	(97,216)	(66,188)
Depreciation and amortisation	(18,596)	(15,168)	(70,362)	(58,381)
Net reversal/(allowance) of impairment losses				
- trade receivables	2,287	351	3,184	313
Net reversal/(write down) of inventories	724	-	1,180	-
Gain on disposal of:				
- property, plant and equipment	147	520	32,669	390
- investment properties	48,827	62	69,386	62
- land held for property development	-	-	179	-
Property, plant and equipment written off	(1,471)	(769)	(1,520)	(769)
Biological assets written off	(460)	-	(460)	(331)
Bad debts written off	(6)	(397)	(12)	(397)
Foreign exchange gain/(loss)	(1,928)	(244)	(1,437)	915
Gain/(loss) on derivative	(7)	-	10	(17)
Gain from fair value adjustments of investment properties	-	38,439	-	38,439
Recovery of bad debts	153	121	616	4,062

Save as disclosed above and Note 6 of Part A, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

6. Tax expense

	Quarter Ended		Year-to-date ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
In respect of current period				
- income tax	29,504	29,986	141,646	85,802
- deferred tax	342	10,227	(2,743)	11,216
	-----	-----	-----	-----
	29,846	40,213	138,903	97,018
	-----	-----	-----	-----
In respect of prior year				
- income tax	(1,477)	(5,486)	2,203	(7,508)
- deferred tax	82	5,893	766	5,893
	-----	-----	-----	-----
	(1,395)	407	2,969	(1,615)
	-----	-----	-----	-----
	28,451	40,620	141,872	95,403
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and year excluding under provision of tax in respect of prior year were below the statutory tax rate mainly due to capital gains taxed at Real Property Gain Tax Rate of 5%. The effective tax rate for the preceding year corresponding quarter was lower than the statutory tax rate due to utilisation of unrecognised deferred tax assets on reinvestment allowance whilst the effective tax rate for the preceding year were lower than the statutory tax rate mainly due to the other non-operating item which was not subjected to tax.

7. **Status of corporate proposals**

- (a) There was no corporate proposal announced but not completed as at 10 February 2012.
- (b) The status of the utilisation of proceeds from the Private Placement and Rights Issue with Warrants are as follows:
- (i) Private Placement

<u>Purpose</u>	Proposed	* Adjusted	As at 31 December 2011		Intended Timeframe for <u>Utilisation</u>	Deviation		<u>Explanation</u>
	<u>Utilisation</u>	<u>Utilisation</u>	<u>Utilisation</u>	<u>Unutilised</u>		<u>under/(over) spent</u>		
	RM'mil	RM'mil	RM'mil	RM'mil		RM'mil	%	
Capital expenditure for expansion of the existing business operations of our Group	240.00	72.18	33.48	38.70	Within 3 years from completion	-	-	Not fully utilised. As such, deviation is not computed.
Repayment of borrowings	300.00	90.22	90.22	-	-	-	-	-
General working capital	204.63	61.54	61.94	-	-	(0.40)	(1)	} Under spent in expenses have been utilised for general working capital
Estimated expenses	20.00	6.01	5.61	-	-	0.40	7	
	-----	-----	-----	-----		-----	-----	
	764.63	229.95	191.25	38.70		-	-	
	=====	=====	=====	=====		=====	=====	

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

- (ii) Rights Issue with Warrants

<u>Purpose</u>	Proposed	As at 31 December 2011		Intended Timeframe for <u>Utilisation</u>	Deviation		<u>Explanation</u>
	<u>Utilisation</u>	<u>Utilisation</u>	<u>Unutilised</u>		<u>under/(over) spent</u>		
	RM'mil	RM'mil	RM'mil		RM'mil	%	
Capital expenditure for expansion of the existing business operations of our Group and acquisition of potential land for development	220.00	-	220.00	Within 3 years from completion	-	-	No utilisation yet.
General working capital	159.00	159.56	-	-	(0.56)	-	} Under spent in expenses have been utilised for general working capital
Estimated expenses	3.61	3.05	-	-	0.56	16	
	-----	-----	-----		-----	-----	
	382.61	162.61	220.00		-	-	
	=====	=====	=====		=====	=====	

8. **Borrowings and debt securities**

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

	← As at 31.12.2011 →					← As at 31.12.2010 →				
	Denominated in				Total	Denominated in				Total
	RM	USD	SGD	VND		RM	USD	SGD	VND	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current										
Unsecured										
- Bankers acceptances	123,914	-	-	-	123,914	35,477	-	-	-	35,477
- Bank overdrafts	11,407	-	-	-	11,407	8,639	-	-	-	8,639
- Revolving credits	287,600	174,540	-	22,486	484,626	563,400	63,792	-	8,852	636,044
- Term loans	139,852	-	-	-	139,852	368,057	-	-	-	368,057
- Foreign currency loan	-	257,655	156,453	-	414,108	-	63,559	-	-	63,559
	562,773	432,195	156,453	22,486	1,173,907	975,573	127,351	-	8,852	1,111,776
Non-current										
Unsecured										
- Term loans	863,448	-	-	-	863,448	640,409	-	-	-	640,409
- Foreign currency loan	-	12,617	494,645	-	507,262	-	-	156,453	-	156,453
	863,448	12,617	494,645	-	1,370,710	640,409	-	156,453	-	796,862
	1,426,221	444,812	651,098	22,486	2,544,617	1,615,982	127,351	156,453	8,852	1,908,638

**9. Material litigation**

Except for the following, there were no changes in material litigation since the last annual balance sheet date:-

On 24 October 2002, the Company was served with a Writ of Summons [“said Writ”] in the High Court in Sabah and Sarawak at Kota Kinabalu [“Tongod Suit”] wherein the Company was named as the first defendant, Genting Plantations Berhad (*formerly known as Asiatic Development Berhad*) [“GPB”] as the second defendant, Tanjung Bahagia Sdn Bhd as the third defendant, Director of Department of Lands and Surveys, Sabah as the fourth defendant and the Government of the State of Sabah as the fifth defendant. The Tongod Suit was instituted by certain natives of Sabah claiming Native Customary Rights over all that parcel of land held under Title No. CL095330724 situated in Sungai Tongod, District of Kinabatangan, Sandakan [the “Tongod Land”] or part thereof. The Company had on 9 May 2002 completed its disposal of the Tongod Land to Tanjung Bahagia Sdn Bhd, the wholly-owned subsidiary of GPB.

The Company has filed its Statement of Defence and an application to strike out the said Writ on 11 February 2003 [“Striking Out Application”].

As announced on 13 June 2003, the learned Deputy Registrar dismissed the Company’s Striking Out Application with costs. The Company is appealing against the said decision [“said Striking Out Appeal”] and the Court had adjourned its original hearing date of 10 August 2004 on the same to another date to be fixed.

The Plaintiffs had earlier filed an application for injunction restraining the second defendant and the third defendant from carrying out, inter alia, planting activities on the Tongod Land or part thereof. During the hearing held on 5 July 2004 on the said injunction application, the defendants had raised a preliminary objection to the Court’s jurisdiction to determine Native Customary Rights. Such preliminary objection was upheld by the Court on 20 June 2008 and accordingly, the Tongod Suit was dismissed with costs awarded to the defendants [the “PO Decision”].

The Plaintiffs filed their Notice of Appeal to the Court of Appeal on 7 July 2008 to appeal against the PO Decision, which appeal was dismissed by the Court of Appeal on 9 June 2011 pursuant to which various consequential orders were granted [the “said Dismissal Decision”]. The Plaintiffs have thereafter filed an application by way of Notice of Motion to the Federal Court seeking leave to appeal against the said Dismissal Decision [“said Leave Application”].

The Federal Court has on 25 July 2011 allowed the said Leave Application pursuant to which leave to the Plaintiffs and a stay of the said Dismissal Decision were granted pending hearing of the appeal [“said Appeal”].

The Federal Court has on 24 November 2011 allowed the said Appeal and set aside both the PO Decision and said Dismissal Decision. The Federal Court has further ordered that the matter be remitted to the High Court for disposal of the said Striking Out Appeal. The said Striking Out Appeal was heard on 30 January 2012 with the decision thereof reserved to 13 March 2012.

10. Derivatives

The Group entered into forward foreign exchange contracts where appropriate to minimise its exposure on recognised asset or liability or an unrecognised firm commitment denominated in foreign currencies. Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

Details of derivative financial instruments outstanding (including financial instruments designated as hedging instruments) as at 31 December 2011 are as follows:

	Contract/ Notional Value	Fair Value: Assets/ (Liabilities)
	RM’000	RM’000
Forward foreign currency contracts of less than 1 year (US Dollar)		
- Designated as hedging instruments	-	-
- Not designated as hedging instruments	111,397	(7)
	-----	-----
	111,397	(7)
	=====	=====

The Group has no significant concentration of credit and market risks in relation to the above derivative financial instruments as the forward foreign currency exchange contracts are entered into with reputable financial institutions and are not used for speculative purposes. The cash requirement for settling these forward foreign exchange contracts is solely from the Group’s working capital.

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

The gain/(loss) arising from fair value changes of financial liabilities which are categorised as fair value through profit or loss are as follows:

	← Gain/(loss) →	
	Quarter ended	Year-to-date ended
	31.12.2011	31.12.2011
	RM'000	RM'000
Forward foreign currency contracts		
- Not designated as hedging instruments	(7)	10
	=====	=====

12. Disclosure of realised and unrealised profits (unaudited)

	As at	As at
	31.12.2011	31.12.2010
	RM'000	RM'000
		<i>(Audited)</i>
Total retained profits of the Company and its subsidiaries:		
- Realised	2,540,353	3,497,097
- Unrealised	6,169	5,738
	-----	-----
	2,546,522	3,502,835
Total share of retained profits from associates		
- Realised	30,466	17,355
- Unrealised	47	1,156
- Breakdown unavailable*	9,069	12,241
	-----	-----
	2,586,104	3,533,587
Less: Consolidation adjustments	(1,599,259)	(1,466,625)
	-----	-----
Total group retained profits as per consolidated financial statements	986,845	2,066,962
	=====	=====

* This represents the share of retained profits of Lam Soon (Thailand) Public Company Limited ["LST"], an associate which is listed in the Stock Exchange of Thailand. The information required by Bursa Securities was not made available by LST due to the requirement to comply with the Guideline on Disclosure of Information of Listed Companies issued by the Stock Exchange of Thailand.

13. Provision of financial assistance

Moneylending operations

(i) The Group moneylending operations are undertaken by the Company's wholly owned subsidiaries, Hap Seng Credit Sdn Bhd and Hap Seng Automotive Acceptance Sdn Bhd in the ordinary course of their moneylending businesses. The aggregate amount of outstanding loans as at 31 December 2011 given by the Company's moneylending subsidiaries are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
(a) To companies	1,210,235	4,430	1,214,665
(b) To individuals	136,593	-	136,593
(c) To companies within the listed issuer group	-	-	-
(d) To related parties	-	-	-
	-----	-----	-----
	1,346,828	4,430	1,351,258
	=====	=====	=====

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

Moneylending operations (continued)

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

	As at 31.12.2011
	RM'000
(a) Loans given by companies within the Group to the moneylending subsidiaries	397,000
(b) Borrowings which are secured by companies within the Group in favour of the moneylending operations	-
(c) Unsecured bank borrowings guaranteed by the Company	409,033
(d) Unsecured borrowings with other non-bank financial intermediaries guaranteed by the Company	239,231

	1,045,264
	=====

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

	RM'000
(a) Balance as at 1.1.2011	33,629
(b) Loans classified as in default during the financial year	20,591
(c) Loans reclassified as performing during the financial year	(23,898)
(d) Amount recovered	(12,906)
(e) Amount written off	(2,989)
(f) Loans converted to securities	-

(g) Balance as at 31.12.2011	14,427
	=====
(h) Ratio of net loans in default to net loans	1.07%
	=====

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

Ranking	Type of Facility	Limit RM'000	Outstanding Amount RM'000	Security Provided (Yes/No)	Value of Security RM'000	Related Party (Yes/No)	Term of Repayment (month)
1 st	Term Loan	25,500	24,696	Yes	28,500	No	24 - 36
	Term Loan	5,000	4,430	No	-	No	24
		-----	-----		-----		
		30,500	29,126		28,500		
		-----	-----		-----		
2 nd	Term Loan	21,000	21,311	Yes	19,500	No	60
3 rd	Term Loan	23,200	18,506	Yes	37,930	No	26 - 180
4 th	Term Loan	90,000	9,506	Yes	118,000	No	24
5 th	Hire Purchase	15,312	8,753	Yes	9,110	No	36 - 60

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

	Quarter Ended		Year-to-date ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Profit attributable to owners of the Company (RM'000)	111,746	103,099	375,602	323,132
Weighted average number of ordinary shares in issue for basic EPS computation ('000)	2,185,506	1,813,523	1,993,085	1,813,525
Dilutive potential ordinary shares				
- Assumed exercise of Warrants	-	N/A	-	N/A
Weighted average number of ordinary shares in issue for diluted EPS computation ('000)	2,185,506	N/A	1,993,085	N/A
Basic EPS (sen)	5.11	5.69	18.85	17.82
Diluted EPS (sen)	5.11	N/A	18.85	N/A

(a) Basic EPS

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

The weighted average number of ordinary shares in issue for the current quarter and year to date take into account the weighted average effect of shares issued during the year pursuant to the Private Placement, Bonus Issue and Rights Issue.

The weighted average number of ordinary shares in issue for the preceding year corresponding quarter and period have been restated to reflect the retrospective adjustments arising from the Bonus Issue and Rights Issue which was completed on 15 August 2011 as required by "FRS133, Earnings per Share".

(b) Diluted EPS

The diluted EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of dilutive potential ordinary shares comprising Warrants as mentioned in Note 7(a)(ii)(c) of Part A.

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

In the preceding year corresponding quarter and period, the Company did not have any diluted earnings per share.

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15. Dividends

Dividends for the current financial year ended 31 December 2011 are as follows:

- (a) an interim dividend of 3.9 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders based on the share capital of 2,186,357,400 of RM1.00 each after cancellation of the 59,138,500 treasury shares. The said interim dividend was approved by the Board of Directors on 24 August 2011 and paid on 28 September 2011. (2010: 6.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders based on the share capital of 563,524,500 after deducting 59,135,500 treasury shares.
- (b) The Board of Directors have on even date approved the following second interim dividend for year ended 31 December 2011:
- (i) Amount per ordinary share of RM1.00 each
- Second Interim Dividend *
- 4.7 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders based on the share capital of 2,180,631,000 of RM1.00 each after deducting 5,730,000 treasury shares
- (ii) Previous year corresponding period:
Amount per ordinary share of RM1.00 each
- Final Dividend
- 20.4 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders based on the share capital of 607,321,500 of RM1.00 each after deducting 59,138,500 treasury shares
- (iii) Total dividend for the current financial year:
Amount per ordinary share of RM1.00 each
- 8.6 sen (2010: 26.4 sen) per ordinary share under the single tier system which is tax exempt in the hands of the shareholders based on the share capital as mentioned above

* This second interim dividend is approved in lieu of final dividend for the financial year ended 31 December 2011.

- (c) This dividend will be payable on 13 March 2012; and
- (d) In respect of deposited securities, entitlement to the dividend will be determined on the basis of the record of depositors as at 29 February 2012.

NOTICE OF SECOND INTERIM DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN that a second interim dividend of 4.7 sen per ordinary share of RM1.00 each under the single-tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ended 31 December 2011 will be payable in cash on 13 March 2012 to the shareholders whose names appear on the Company's Register of Members and/or Record of Depositors at the close of business on 29 February 2012. A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) shares deposited into the depositor's securities account before 12.30 p.m. on 27 February 2012 in respect of shares which are exempted from mandatory deposit;
- (b) shares transferred into the depositor's securities account before 4.00 p.m. on 29 February 2012 in respect of transfers; and
- (c) shares bought on the Bursa Malaysia Securities Berhad ["Bursa Securities"] on cum entitlement basis according to the Rules of the Bursa Securities.

16. Auditors' report on preceding annual financial statements

The auditors' report in respect of the financial statements of the Company for the preceding financial year ended 31 December 2010 was not subject to any qualification.

BY ORDER OF THE BOARD

CHEAH YEE LENG
QUAN SHEET MEI
Secretaries

Kuala Lumpur
14 February 2012