

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 December 2011
Quarter : 4
Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Year	
	Current Quarter Ended 31 December 2011 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 December 2010 Unaudited RM'000	Financial Year To-date Ended 31 December 2011 Unaudited RM'000	Preceding Corresponding Financial Year Ended 31 December 2010 Audited RM'000
Gross revenue	514,212	397,228	1,889,111	1,523,356
Cost of sales	(418,567)	(325,480)	(1,509,277)	(1,246,925)
Gross profit	95,645	71,748	379,834	276,431
Other operating income	15,944	25,110	40,503	46,556
Selling and distribution expenses	(6,052)	(7,810)	(32,697)	(39,006)
Administration and general expenses	(63,614)	(48,533)	(178,127)	(170,194)
Other gains/(losses) - net	1,875	2,016	(9,687)	2,164
Finance costs	(4,809)	(5,473)	(21,952)	(24,091)
Share of results of associates and jointly controlled entities	(5,485)	(1,798)	(4,606)	(5,704)
Profit before tax	33,504	35,260	173,268	86,156
Tax expense	(12,942)	(7,538)	(42,029)	(21,204)
Net profit for the financial period/year	20,562	27,722	131,239	64,952
Net profit attributable to				
- Owners of the Company	19,520	24,768	110,374	55,981
- Non-controlling interests	1,042	2,954	20,865	8,971
	20,562	27,722	131,239	64,952

Earnings per share				
- Basic earnings per share (sen)	2.52	3.20	14.48	7.35
- Diluted earnings per share (sen)	2.52	3.20	14.48	7.35

Net profit for the financial period/year	20,562	27,722	131,239	64,952
Other comprehensive income/(expense), net of tax:				
Available-for-sale financial assets				
– Fair value loss/(gains)	36	2	36	(21)
Cash flow hedge				
– Fair value gains	-	237	407	1,172
– Tax charge on fair value gain	-	(40)	(69)	(199)
– Realisation upon settlement	-	-	101	(25)
Foreign currency translation differences for foreign operations	(2,176)	661	6,565	(7,799)
	(2,140)	860	7,040	(6,872)
Total comprehensive income for the financial period/year	18,422	28,582	138,279	58,080
Total comprehensive income attributable to:				
- Owners of the Company	17,667	24,766	117,321	51,318
- Non-controlling interests	755	3,816	20,958	6,762
	18,422	28,582	138,279	58,080

(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)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2011 Unaudited RM'000	As at 31 December 2010 Audited RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	511,628	541,463
Prepaid lease payments	78,546	79,719
Investment properties	4,930	6,172
Investment in associates	17,941	17,091
Investment in jointly controlled entities	22,107	27,625
Available-for-sale financial assets	1,173	1,137
Derivative financial assets	1,580	10
Goodwill	112,552	110,469
Intangible assets	544	549
Deferred tax assets	8,693	9,581
	759,694	793,816
Current Assets		
Inventories	284,159	243,115
Amounts due from customers on contracts	69,702	46,000
Trade and other receivables	570,347	481,078
Amount owing by associates	3,815	4,079
Amount owing by jointly controlled entities	463	7,044
Tax recoverable	14,478	12,217
Derivative financial assets	-	2,187
Time deposits	399,493	175,531
Cash and bank balances	184,896	189,891
	1,527,353	1,161,142
Assets of disposal groups held for sale	8,576	54,753
TOTAL ASSETS	2,295,623	2,009,711
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	376,787	361,971
Equity component of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	4,895	11,701
Share premium	162,385	165,348
Warrants reserve	25,786	25,786
Exchange translation reserves	(3,458)	(9,930)
Capital reserves	85	85
Treasury shares	(222)	(138)
Hedging reserve	-	(439)
Available-for-sale reserve	77	41
Retained profits	437,699	370,761
Equity attributable to owners of the Company	1,004,034	925,186
Non-controlling interests	93,658	115,052
TOTAL EQUITY	1,097,692	1,040,238

(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)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	As at 31 December 2011 Unaudited RM'000	As at 31 December 2010 Audited RM'000
Non-current and Deferred Liabilities		
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	8,678
Hire purchase liabilities	27	31
Term loans	373,318	428,365
Deferred tax liabilities	13,712	18,831
Other liabilities	2,201	2,415
	389,258	458,320
Current Liabilities		
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	3,630	-
Amounts due to customers on contracts	35,831	32,992
Trade and other payables	302,442	246,238
Amount owing to jointly controlled entities	1,331	279
Amount owing to associates	-	68
Derivative financial liability	3,808	414
Provision for warranties	12,231	18,604
Hire purchase liabilities	8	24
Term loans	38,262	75,635
Bank borrowings	398,169	116,042
Dividend payable	-	1,343
Current tax liabilities	12,961	9,183
	808,673	500,822
Liabilities of disposal groups held for sale	-	10,331
	1,197,931	969,473
TOTAL LIABILITIES	1,197,931	969,473
TOTAL EQUITY AND LIABILITIES	2,295,623	2,009,711

(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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have been audited

	----- Attributable to owners of the Company -----												
	Share capital RM'000	Equity component of ICULS RM'000	Share premium RM'000	Warrants reserve RM'000	Exchange translation reserves RM'000	Capital reserves RM'000	Treasury shares RM'000	Hedging reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2010	343,370	20,245	169,068	25,786	(4,340)	85	(11,624)	(1,387)	62	362,821	904,086	148,956	1,053,042
Net profit for the financial year	-	-	-	-	-	-	-	-	-	55,981	55,981	8,971	64,952
Other comprehensive Income for the financial year	-	-	-	-	(5,590)	-	-	948	(21)	-	(4,663)	(2,209)	(6,872)
Total comprehensive income for the financial year	-	-	-	-	(5,590)	-	-	948	(21)	55,981	51,318	6,762	58,080
Transactions with owners:													
Share buy-back (including transaction costs)	-	-	-	-	-	-	(977)	-	-	-	(977)	-	(977)
Issuance of shares:													
- conversion of ICULS	14,881	(8,544)	-	-	-	-	-	-	-	-	6,337	-	6,337
- bonus shares arising from conversion of ICULS	3,720	-	(3,720)	-	-	-	-	-	-	-	-	-	-
Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(35,578)	(35,578)	-	(35,578)
Share dividends distributed to owners of the Company	-	-	-	-	-	-	12,463	-	-	(12,463)	-	-	-
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12,318)	(12,318)
Total contributions by and distributions to owners	18,601	(8,544)	(3,720)	-	-	-	11,486	-	-	(48,041)	(30,218)	(12,318)	(42,536)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

These figures have been audited

	----- Attributable to owners of the Company -----												
	Share capital RM'000	Equity component of ICULS RM'000	Share premium RM'000	Warrants reserve RM'000	Exchange translation reserves RM'000	Capital reserves RM'000	Treasury shares RM'000	Hedging reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	4,944	4,944
Acquisition of shares in existing subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,292)	(33,292)
Total changes in ownership interest in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	-	-	-	-	(28,348)	(28,348)
Total transactions with owners	18,601	(8,544)	(3,720)	-	-	-	11,486	-	-	(48,041)	(30,218)	(40,666)	(70,884)
At 31 December 2010	361,971	11,701	165,348	25,786	(9,930)	85	(138)	(439)	41	370,761	925,186	115,052	1,040,238

(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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

These figures have not been audited

	----- Attributable to owners of the Company -----												
	Share capital RM'000	Equity component of ICULS RM'000	Share premium RM'000	Warrants reserve RM'000	Exchange translation reserves RM'000	Capital reserves RM'000	Treasury shares RM'000	Hedging reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2011	361,971	11,701	165,348	25,786	(9,930)	85	(138)	(439)	41	370,761	925,186	115,052	1,040,238
Net profit for the financial year	-	-	-	-	-	-	-	-	-	110,374	110,374	20,865	131,239
Other comprehensive income for the financial year	-	-	-	-	6,472	-	-	439	36	-	6,947	93	7,040
Total comprehensive income for the financial year	-	-	-	-	6,472	-	-	439	36	110,374	117,321	20,958	138,279
Transactions with owners:													
Share buy-back (including transaction costs)	-	-	-	-	-	-	(84)	-	-	-	(84)	-	(84)
Issuance of shares:													
- conversion of ICULS	11,853	(6,806)	-	-	-	-	-	-	-	-	5,047	-	5,047
- bonus shares arising from conversion of ICULS	2,963	-	(2,963)	-	-	-	-	-	-	-	-	-	-
Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(41,027)	(41,027)	-	(41,027)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(45,290)	(45,290)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(11,334)	(11,334)
Total contributions by and distributions to owners	14,816	(6,806)	(2,963)	-	-	-	(84)	-	-	(41,027)	(36,064)	(56,624)	(92,688)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

These figures have not been audited

	----- Attributable to owners of the Company -----												
	Share capital RM'000	Equity component of ICULS RM'000	Share premium RM'000	Warrants reserve RM'000	Exchange translation reserves RM'000	Capital reserves RM'000	Treasury shares RM'000	Hedging reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Issue of shares to non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	431	431
Disposal of shares to non- controlling interests	-	-	-	-	-	-	-	-	-	(2,409)	(2,409)	13,841	11,432
Total changes in ownership interest in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	-	-	(2,409)	(2,409)	14,272	11,863
Total transactions with owners	14,816	(6,806)	(2,963)	-	-	-	(84)	-	-	(43,436)	(38,473)	(42,352)	(80,825)
At 31 December 2011	376,787	4,895	162,385	25,786	(3,458)	85	(222)	-	77	437,699	1,004,034	93,658	1,097,692

(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)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended 31 December 2011 Unaudited RM'000	Preceding Financial Year Ended 31 December 2010 Audited RM'000
Cash flows from operating activities		
Profit before tax	173,268	86,156
Adjustments for non-operating items:		
Depreciation and amortisation	53,709	57,632
Negative goodwill on acquisition of additional interest in existing subsidiaries	-	(22,526)
Impairment loss on property, plant and equipment	19,513	3,537
Other non-cash items	13,610	9,602
Interest expense	21,952	24,091
Interest income	(11,138)	(6,236)
Operating Profit Before Changes in Working Capital	270,914	152,256
Changes in working capital:		
Net changes in current assets	(136,302)	(9,084)
Net changes in current liabilities	56,985	(60,711)
Cash generated from operations	191,597	82,461
Interest received	11,138	6,236
Interest paid	(21,952)	(24,091)
Tax paid	(46,203)	(25,543)
Net cash generated from operating activities	134,580	39,063
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,181)	(25,687)
Proceeds from disposal of property, plant and equipment	6,902	836
Purchase of intangible assets	(112)	-
Payment for subscription of interest in a jointly controlled entity	-	(2,801)
Dividend received from an associated company	346	339
Dividend received from a jointly controlled entity	-	948
Acquisition of additional in subsidiaries	-	(10,767)
Proceeds from disposal of shares in subsidiaries	34,453	-
Net cash generated from/(used in) investing activities	2,408	(37,132)
Cash flows from financing activities		
Purchase of treasury shares	(84)	(977)
Drawdown from other bank borrowings	623,310	278,072
Repayments of other bank borrowings	(354,729)	(254,078)
Drawdown from term loans	753	115,239
Repayment of term loans	(103,432)	(179,706)
Payment of hire purchase instalments	(20)	(48)
Purchase of interest rate caps	(5,250)	-
Changes in restricted cash	1,295	(1,295)
Dividends paid to owners of the Company	(41,027)	(35,578)
Dividends paid to non-controlling interests	(46,633)	(14,394)
Proceeds from issue of shares to non-controlling interests	431	200
Net cash generated from/(used in) financing activities	74,614	(92,565)
Net changes in cash and cash equivalents	211,602	(90,634)
Currency translation differences	8,660	(12,907)
Cash and cash equivalents within assets of disposal groups held for sale	-	(4,226)
Cash and cash equivalents at beginning of the financial year	364,127	471,894
Cash and cash equivalents at end of the financial year	584,389	364,127

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Financial Year Ended 31 December 2011 Unaudited RM'000	Preceding Financial Year Ended 31 December 2010 Audited RM'000
Cash and cash equivalents at the end of the financial year comprise of the following:		
Cash and bank balances	184,896	189,891
Time deposits	399,493	175,531
Less: Restricted cash	-	(1,295)
	584,389	364,127

(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)

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These figures have not been audited

NOTES TO INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

Significant accounting policies

The significant accounting policies adopted are consistent with those previously adopted in the audited financial statements of the Group for the financial year ended 31 December 2010, except for the adoption of the following revised Financial Reporting Standards ('FRSs'), Amendments to FRSs and Improvements to FRSs which are applicable for the Group's financial year beginning 1 January 2011:

- Revised FRS 3 "Business Combinations"
- Revised FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 7 "Financial Instruments: Disclosures – improving disclosures about financial statements"
- Improvements to FRSs (2010)

The adoption of the above standards and amendments to published standards and interpretations resulted in the following:

- Revised FRS 3 "Business Combinations" continues to apply the acquisition method to business combinations, with some changes. In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured to its fair value at the acquisition date it becomes a subsidiary and the resulting gain or loss is recognised in profit or loss. Previously, such adjustments to the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities were accounted for as a revaluation and recognised in other comprehensive income.

Acquisition-related costs are now expensed to the profit or loss as incurred. Previously, such costs are included as part of the cost of business combination. These changes in accounting policies have been applied prospectively in accordance with the transitional provisions provided by Revised FRS 3.

- Revised FRS 127 "Consolidated and Separate Financial Statements" requires the effects of transactions with non-controlling interests to be recognised directly in equity to the extent that there is no change in control. Accordingly, such transactions will no longer result in goodwill or gains and losses. Previously, the Group applied a policy treating transaction with non-controlling interests as transactions with parties external to the Group. Purchases from non-controlling interests resulted in the recognition of goodwill and disposals resulted in the recognition of gains and losses.

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1. Basis of preparation (continued)

Significant accounting policies (continued)

This standard also requires all earnings and losses of subsidiaries to be attributed to the parent and the non-controlling interests, even if the attribution of losses to the non-controlling interests resulted in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated. Previously, the Group stopped attributing losses to the non-controlling interests when the losses exceeded the carrying amount of the non-controlling interests. The Group has applied this policy prospectively to transactions occurring on or after 1 January 2011.

- Amendments to FRS 7 "Financial Instruments: Disclosures – improving disclosures about financial statements" requires enhanced disclosures about fair value measurements and liquidity risk. Fair value measurements are now required to be disclosed using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. This amendment also requires a maturity analysis disclosure for derivative financial liabilities for an understanding of the timing of the cash flows. Amendment to FRS 7 does not have any impact on the classification and valuation of the Group's and Company's financial instruments and does not require comparative disclosures when the standard is first applied.

The application of Revised FRS 3 and FRS 127 did not have any significant effect on the financial position, results and presentation of financial information of the Group. The enhanced disclosures about fair value measurements and liquidity risk required by Amendments to FRS 7 will be presented in the audited financial statements of the Group for the financial year ended 31 December 2011.

Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting standard framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework").

The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012. It also comprises new/revised Standards recently issued by the IASB that will be effective after 1 January 2012 such as Standards on financial instruments, consolidation, joint arrangements and fair value measurement.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ('Transitioning Entities'). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group is in the process of assessing the financial effects arising from the adoption of the MFRS Framework. Accordingly, the financial position as disclosed in these financial statements for the financial year ended 31 December 2011 could be different if prepared under the MFRS Framework.

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2. Qualification of Financial Statements

The audited financial statements of the preceding financial year were not subject to any qualification.

3. Seasonal or cyclical factors

The Group's operation was not affected by seasonal or cyclical factors.

4. Unusual items

Save for the information disclosed in this financial report, there were no other material items affecting assets, liabilities, equity, net income, or cash flows for the financial year that were unusual due to their nature, size, or incidence.

5. Changes in estimates

There were no significant changes in estimates of amounts reported in prior interim periods that had a material effect in the current interim period.

6. Debt and equity securities

	Current Quarter Ended 31 December 2011 No. of Shares	Financial Year Ended 31 December 2011 No. of Shares
Issuance of ordinary shares:		
- Conversion of ICULS	-	23,705,978
- Bonus shares arising from conversion of ICULS	-	5,926,494
	<hr/>	<hr/>
	-	29,632,472

During the fourth quarter of 2011, the Company repurchased 30,000 of its issued ordinary shares from the open market (cumulative year-to-date: 40,000). The Company held 105,549 treasury shares as at 31 December 2011.

Apart from the above, there were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to-date.

7. Dividends

Proposed dividend

The Directors approved the declaration of the second interim cash dividend of 3.0 sen per share Malaysian tax exempt in respect of the financial year ended 31 December 2011. The entitlement date is fixed on 9 March 2012 and be payable on 2 April 2012.

The Directors do not propose any final dividend for the financial year ended 31 December 2011.

Dividends paid

(a) In respect of financial year ended 31 December 2010:

On 17 February 2011, the Directors declared a second interim Malaysian tax exempt dividend of 2.5 sen per share amounting to RM18,421,927 paid on 1 April 2011.

(b) In respect of financial year ended 31 December 2011:

On 25 August 2011, the Directors declared a first interim Malaysian tax exempt dividend of 3.0 sen per share amounting to RM22,604,962 paid on 17 October 2011.

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8. Segment information

	Revenue		Profit before tax	
	Financial Year Ended 31 December		Financial Year Ended 31 December	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Oil & Gas	926,042	576,231	152,498	52,181
Renewable Energy	224,951	184,569	29,661	31,561
Industrial Trading & Services	667,385	642,937	15,896	15,182
Others	83,329	128,379	(24,787)	(12,768)
	<u>1,901,707</u>	<u>1,532,116</u>	<u>173,268</u>	<u>86,156</u>
Inter-segment elimination	(12,596)	(8,760)	-	-
	<u>1,889,111</u>	<u>1,523,356</u>	<u>173,268</u>	<u>86,156</u>

Note: The Group's segmental report has been realigned to reflect the new organisational structure adopted on 21 September 2011 and the segment information for the comparative period has been restated to reflect this change.

9. Events subsequent to the balance sheet date

There were no reportable subsequent events since the end of the current quarter until a date not earlier than 7 days from the date of issuance of this quarterly report that have not been reflected in the financial statement for the financial year ended 31 December 2011.

10. Effects of changes in the composition of the Group during the current quarter

- (a) On 26 April 2011 and 28 April 2011, the Company announced that its indirect wholly-owned subsidiaries, Wasco Coatings UK Ltd and Wasco Coatings Singapore Pte. Ltd has entered into two (2) Operating Agreements to set up two (2) Joint Venture Companies ("JVC") with their shareholdings of 49% and 51% respectively in the JVC.
 - (i) The 49%-owned JVC namely, Bayou Wasco Insulation Technologies, LLC (now known as Bayou Wasco Insulation, LLC) was incorporated on 25 April 2011 in Delaware, United States of America.
 - (ii) The 51%-owned subsidiary, namely WCU Corrosion Technologies Pte. Ltd. was incorporated on 15 December 2011 in the Republic of Singapore. The incorporation of the JVC/subsidiary did not have any significant effect on the year-to-date results of the Group.
- (b) On 8 November 2011, the Company announced the incorporation of a wholly-owned subsidiary, namely WS Agro Industries Pte. Ltd. in the Republic of Singapore. The incorporation of the company did not have any significant effect on the year-to-date results of the Group.
- (c) On 7 December 2011, the Company announced the dissolution/deregistration of a dormant indirect wholly-owned subsidiary, namely Wasco Coatings Denmark APS on 1 December 2011. The dissolution/deregistration of the company did not have any significant effect on the year-to-date results of the Group.

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10. Effects of changes in the composition of the Group during the current quarter (continued)

- (d) On 12 December 2011, the Company announced the acquisition of 79% equity interest in the issued and paid-up share capital of Triple Cash Sdn. Bhd. This acquisition did not have any significant effect on the year-to-date results of the Group.

11. Status of corporate proposals

Except as disclosed below, there were no corporate proposals announced but not completed as at 16 February 2012, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

(i) Arabian-Yadong Coating Co. Ltd.

The Company had announced on 26 January 2011 and 31 January 2011, the proposed disposal of its indirect equity interest in Arabian-Yadong Coating Co. Ltd. The completion of the proposed disposal is awaiting full satisfaction of the conditions precedent in the proposal.

(ii) Atama Resources Inc.

On 3 February 2011 and 10 February 2011, the Company announced the proposed subscription of up to 51% equity interest in Atama Resources Inc. by its wholly-owned subsidiary, WS Agro Industries Pte. Ltd. in two (2) stages, for the aggregate subscription amount of up to USD25.0 million. There has been no change to the status of this proposal since the date of the announcements.

12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 31 December 2011 RM'000
Approved and contracted for	24,591
Approved but not contracted for	11,908

13. Operating lease commitments

Total future minimum lease payments under operating leases are as follows:

	As at 31 December 2011 RM'000
Payable not later than one year	3,043
Payable later than one year and not later than five years	3,612

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Other information required by Bursa Malaysia Securities Berhad Main Market Listing Requirements

14. Review of performance of operating segments for the current quarter and financial year ended 31 December 2011

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the fourth quarter and financial year ended 31 December 2011 were RM267.5 million and RM925.6 million respectively compared with RM169.3 million and RM575.9 million in the corresponding periods in 2010, representing an increase of 58.0% and 60.7% respectively.

The profit before taxation for the fourth quarter and financial year ended 31 December 2011 were RM23.6 million and RM152.5 million respectively compared with RM24.7 million and RM52.2 million in the corresponding periods in 2010, representing a decrease of 4.5% and an increase of 192.1% respectively.

The improvement in the segment results for the year essentially reflects the recovery in business activities especially in the pipe coating.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the fourth quarter and financial year ended 31 December 2011 were RM68.5 million and RM223.9 million respectively compared with RM58.0 million and RM183.7 million in the corresponding periods in 2010, representing an increase of 18.1% and 21.9% respectively.

The profit before taxation for the fourth quarter and financial year ended 31 December 2011 were RM12.1 million and RM29.7 million respectively compared with RM9.7 million and RM31.6 million in the corresponding periods in 2010, representing an increase of 24.7% and a decrease of 6.0% respectively.

Although revenue continues to grow, the profit was affected by generally lower margin due to strengthening of foreign currency exchange rates, especially Japanese Yen which is the currency in which a major component of the segments cost is denominated. In line with our prudent financial policy, management continues to manage this foreign currency exposure proactively.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the fourth quarter and financial year ended 31 December 2011 were RM161.6 million and RM662.5 million respectively compared with RM141.4 million and RM637.7 million in the corresponding periods in 2010, representing an increase of 14.3% and 3.9% respectively.

The profit before taxation for the fourth quarter and financial year ended 31 December 2011 were RM2.2 million and RM15.9 million respectively compared with RM2.3 million and RM15.2 million in the corresponding periods in 2010, representing a decrease of 4.3% and an increase of 4.6% respectively.

The continued growth of the construction and infrastructure sector has contributed to the revenue growth and profitability of this segment.

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15. Material changes in the profit before taxation for the current quarter as compared with the immediate preceding quarter

The profit before taxation decreased to RM33.5 million from RM36.7 million in the previous quarter. Although the Group generated higher revenue, the corresponding profit generated had been reduced by the recognition of assets impairment of RM16.3 million as the recoverable value of certain plant and machinery were lower than the carrying value.

16. Current period prospects

The Group has a healthy order book of RM1.2 billion comprising RM783 million for Oil & Gas Segment, RM198 million for Renewable Energy Segment and RM187 million for Industrial Trading & Services Segment. This order book together with a healthy tender book is expected to allow the Group to maintain satisfactory performance in the financial year ending 31 December 2012.

17. Profit before tax

	Current Quarter Ended 31 December 2011 RM'000	Financial Year Ended 31 December 2011 RM'000
Profit before tax is stated after charging/(crediting) the following item:		
Interest income	(3,182)	(11,138)
Depreciation and amortisation	13,007	53,709
Allowance/(reversal of allowance) for impairment on receivables	1,384	(7,624)
Bad debts written off	526	809
Provision for and write-off of inventories	3,827	7,042
Impairment loss on property, plant and equipment	16,274	19,513
Net foreign exchange loss	1,738	1,404

Save as disclosed above and in the Condensed Consolidated Statement of Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Group.

18. Taxation

Taxation comprises the following:

	Current Quarter Ended 31 December 2011 RM'000	Financial Year Ended 31 December 2011 RM'000
Tax		
- Malaysia tax expense	11,664	38,481
- Foreign tax expense	1,278	3,548
	<u>12,942</u>	<u>42,029</u>

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18. Taxation (continued)

The effective tax rate of the Group varies from the statutory tax rate mainly due to the following:

	Current Quarter Ended 31 December 2011 RM'000	Financial Year Ended 31 December 2011 RM'000
Profit before tax	33,504	173,268
Tax expense at the statutory tax rate – 25%	8,376	43,317
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemptions/ incentives	(5,404)	(14,765)
Other tax adjustments	9,970	13,477
	4,566	(1,288)
Tax expense	12,942	42,029

19. Profit forecast

The Group did not issue any profit forecast for the current quarter.

20. Group borrowings and debt securities

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptance	-	102,140	102,140
Revolving credit	1,805	294,224	296,029
Term loans	-	38,262	38,262
Hire purchase liabilities	8	-	8
Sub-total	1,813	434,626	436,439
Long term borrowings			
Term loans	2,903	370,415	373,318
Hire purchase liabilities	27	-	27
Sub-total	2,930	370,415	373,345
Total borrowings	4,743	805,041	809,784

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	53,220
US Dollar	748,351
Euro Dollar	8,213
	809,784

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21. Financial instruments

Loss arising from fair value changes in financial liabilities

The fair value loss arising from fair value changes in financial liabilities during the current quarter and cumulative year-to-date ended 31 December 2011 are as follows:

	Current quarter		Cumulative year-to-date	
	Interest rate swap RM'000	Forward foreign currency contracts RM'000	Interest rate swap RM'000	Forward foreign currency contracts RM'000
Balance as at				
- 1 January 2011	-	-	(414)	2,187
- 1 October 2011	-	(5,800)	-	-
Fair value gain/(loss) recognised in:				
- profit or loss	-	1,970	-	(5,914)
- other comprehensive income	-	22	414	(81)
Balance as at 31 December 2011	-	(3,808)	-	(3,808)

The above fair values represent an estimated valuation derived from market quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions.

22. Material litigation

Save as disclosed below, there were no material litigations pending or changes to the status of material litigations since the last annual balance sheet date up to 16 February 2012:

(i) ARBITRATION - INTERNATIONAL CHAMBER OF COMMERCE CASE NO. 15978/JEM

On 17 December 2008, Socotherm S.p.A. ("Claimant" or "Socotherm") commenced a Request for Arbitration against the Company and its indirect wholly-owned subsidiary, Wasco Coatings Limited ("WCL").

The Claimant and WCL were shareholders of PPSC Industrial Holdings Sdn Bhd ("PPSCIH"), an investment holding company where the Claimant held 32.52% and WCL held 67.48% in the total paid-up capital of PPSCIH. At the relevant time, PPSCIH in turn held 78.00% of the paid-up capital of Wasco Coatings Malaysia Sdn Bhd (formerly known as PPSC Industries Sdn Bhd ("PPSC")), a company principally involved in the coating of pipes for the oil and gas industry. However, in October 2009, WCL acquired the Claimant's 32.52% interest in PPSCIH and currently, PPSCIH holds 70% of the paid-up capital of PPSC.

The Claimant alleges that the transfer of 25,508,858 shares in PPSCIH ("PPSCIH Shares") from the Company to WCL, as part of an internal restructuring, is in breach of the joint venture agreement dated 16 December 1991 and supplemental agreement dated 14 July 1997 ("said Agreements") and that the Company and WCL have breached certain territorial limit provisions under the said Agreements.

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22. Material litigation (continued)

The Claimant is seeking for an order for damages to be assessed by the Arbitral Tribunal for the breach of the territorial limits provisions and the transfer of shares.

Hearing of the matter was conducted in early July 2010 and on 29 June 2011, a partial award was received from the Arbitral Tribunal. Details of the partial award is set out in Note 22(ii) below.

(ii) ARBITRATION - INTERNATIONAL CHAMBER OF COMMERCE CASE NO.16139/CYK

On 24 February 2009, the Company's indirect subsidiary, Wasco Coatings Malaysia Sdn Bhd (formerly known as PPSC Industries Sdn Bhd) commenced a Request for Arbitration against Socotherm S.p.A. ("Respondent").

At the relevant time, the Claimant was a 78.00% owned subsidiary of PPSC Industrial Holdings Sdn Bhd ("PPSCIH"), which in turn is a subsidiary of Wasco Coatings Limited ("WCL"). WCL is an indirect wholly owned subsidiary of the Company held via Wasco Energy Ltd. Both WCL and the Respondent were the shareholders of PPSCIH, an investment holding company where at the relevant time the Respondent held 32.52% and WCL held 67.48% of the total paid-up capital of PPSCIH. However, in October 2009, WCL acquired the Respondent's 32.52% interest in PPSCIH and currently PPSCIH holds 70% of the total paid-up capital of the Claimant.

PPSC alleged that the Respondent has breached certain territorial limit provisions under the Joint Venture Agreement ("JVA") dated 16 December 1991 and Supplemental Agreement ("SA") dated 14 July 1997 arising from its activities in the Extended Territories (defined in the SA) which directly competes with the PPSC's activities in the Extended Territories in particular Vietnam, India, Australia, Indonesia and China.

This arbitration has been consolidated with the arbitration referred to in Note 22(i) above. Hearing of the matter was conducted in early July 2010 and on 29 June 2011, a partial award was received from the Arbitral Tribunal.

The Partial Award is an award that concerns only the issue of liability of the parties to the two arbitral proceedings to each other under the various claims and counterclaims and not matters concerning relief or quantum of damages or other compensation that is payable.

As regards liability of the parties to each other under their respective claims and counterclaims the Arbitral Tribunal *inter alios* held that:

- 1) The Company and WCL were in breach of certain provisions on transfer of PPSCIH shares. However, Socotherm's claim for a re-transfer of the PPSCIH Shares for breach is dismissed.
- 2) The Company and WCL are liable to Socotherm for breach of certain provisions in the JVA and the SA respectively that placed certain territorial limits under the JVA and the SA on the pipe coating services that could be provided and on the sale of pipe-coating plants.
- 3) PPSC is liable to pay Socotherm a fee of 5% on the net profit on projects procured within the countries defined in Clause 8 of the SA.
- 4) Socotherm is liable to PPSC for breach of the territorial restrictions in the SA in respect of certain projects undertaken by Socotherm in Vietnam and China.

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22. Material litigation (continued)

- 5) PPSC's claims against Socotherm for breach of the territorial restrictions in the SA in respect of certain projects undertaken by Socotherm in India, Indonesia and Australia are dismissed.
- 6) Costs of the proceedings are reserved.

The consolidated arbitral proceedings will proceed to the next phase for the determination of the compensation payable by the parties to each other in respect of the findings on liability as described above.

The Parties are currently in the midst of preparing documents for the purposes of exchanging documents for disclosure. No hearing date has yet been fixed for the next phase.

The Company is unable to assess the impact of the award, pending the next phase of the arbitral proceedings for determination of the compensation payable by each party.

23. Earnings per share (EPS)

(i) Basic earnings per share

The basic earnings per share for the current quarter and current year to-date have been computed based on profit attributable to the owners of the Company of RM19.5 million and RM110.4 million respectively divided by the weighted average number of ordinary shares of RM0.50 each in issue after adjusting for movements in treasury shares during the financial year, and the potential ordinary shares that would be issued upon conversion of all outstanding Irredeemable Convertible Unsecured Loan Stocks ("ICULS"), from the date the contract was entered into:

	Current Quarter Ended 31 December 2011 No. of Shares	Financial Year Ended 31 December 2011 No. of Shares
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares and the potential ordinary shares that would be issued upon conversion of all outstanding ICULS ('000)	774,884	762,340
	Current Quarter Ended 31 December 2011	Financial Year Ended 31 December 2011
EPS – Basic (Sen)	2.52	14.48

(ii) Diluted earnings per share

The Warrants 2008/2013 are anti-dilutive and hence the calculation of diluted earnings per share for the financial year does not assume the exercise of the Warrants 2008/2013.

24. Contingent liabilities

There were no contingent liabilities arising since the last annual audited balance sheet date.

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25. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	461,972	366,896
- Unrealised losses	(22,916)	(23,847)
Total share of retained profits from associates		
- Realised gains	4,958	2,875
Total share of retained profits from jointly controlled entities		
- Realised gains	2,783	18,155
- Unrealised losses	(7)	(61)
	446,790	364,018
Consolidation adjustments	(9,091)	6,743
Total group retained profits as per consolidated financial statements	437,699	370,761

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur