

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (The figures have not been audited)

	As At 31.12.11 RM'000	(Audited) As At 31.12.10 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,383	8,801
Investment properties	188	189
Other Investments	4,313	3,713
	<u>12,884</u>	<u>12,703</u>
Current assets		
Inventories	3,454	4,384
Trade receivables	4,460	7,458
Other receivables	739	5,552
Tax recoverable	20	18
Fixed deposits with a licensed bank	-	-
Cash and bank balances	2,159	97
	<u>10,832</u>	<u>17,509</u>
Non-current assets held for sale	<u>715</u>	<u>1,723</u>
TOTAL ASSETS	<u>24,431</u>	<u>31,935</u>
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the Company		
Share capital	45,502	45,502
Reserves	1,217	1,062
Accumulated losses	(33,303)	(31,747)
Total equity	<u>13,416</u>	<u>14,817</u>
Non-current liabilities		
Deferred tax liabilities	<u>-</u>	<u>254</u>
Current liabilities		
Trade payables	2,213	4,564
Other payables	1,662	1,997
Provision for liabilities	1,750	1,750
Amount owing to a director	69	3,933
Borrowings	5,321	4,620
	<u>11,015</u>	<u>16,864</u>
Total liabilities	<u>11,015</u>	<u>17,118</u>
TOTAL EQUITY AND LIABILITIES	<u>24,431</u>	<u>31,935</u>
Net assets per share (RM)	0.147	0.163

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.

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011 (The figures have not been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.11 RM'000	31.12.10 RM'000	31.12.11 RM'000	31.12.10 RM'000
Revenue	1,446	6,821	10,614	21,295
Operating expenses	(3,024)	(6,774)	(13,425)	(22,540)
Other operating income	562	191	1,190	556
Loss from operations	<u>(1,016)</u>	<u>238</u>	<u>(1,621)</u>	<u>(689)</u>
Finance cost	(16)	(62)	(186)	(234)
Loss before taxation	<u>(1,032)</u>	<u>176</u>	<u>(1,807)</u>	<u>(923)</u>
Taxation	251	-	251	-
Loss for the period	<u><u>(781)</u></u>	<u><u>176</u></u>	<u><u>(1,556)</u></u>	<u><u>(923)</u></u>
Attributable to:				
Equity holders of the Company	(781)	176	(1,556)	(923)
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>(781)</u></u>	<u><u>176</u></u>	<u><u>(1,556)</u></u>	<u><u>(923)</u></u>
Basic earnings/ (loss) per share attributable to equity holders of the Company based on weighted average weighted average number of shares in issue (sen)	<u><u>(0.86)</u></u>	<u><u>0.19</u></u>	<u><u>(1.71)</u></u>	<u><u>(1.01)</u></u>
Diluted earnings per share (sen)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010.

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011 (The figures have not been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31.12.11 RM'000	31.12.10 RM'000	31.12.11 RM'000	31.12.10 RM'000
(Loss)/ Profit for the period	(781)	176	(1,556)	(923)
Other investments' fair value movement	532	524	155	1,062
Total comprehensive (loss)/ profit/	<u>(249)</u>	<u>700</u>	<u>(1,401)</u>	<u>139</u>
Total comprehensive income attributable to: Equity holders of the Company	(249)	700	(1,401)	139
Minority interest	-	-	-	-
	<u>(249)</u>	<u>700</u>	<u>(1,401)</u>	<u>139</u>

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.

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011 (The figures have not been audited)

	-- Attributable to the equity holders of the Company --			
	Share Capital RM'000	Non- Distributable Fair Value Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
<u>12 months ended 31.12.11</u>				
Balance as at 1 January 2011	45,502	1,062	(31,747)	14,817
Profit/ (Loss) for the period	-	155	(1,556)	(1,401)
Balance as at 31 December 2011	<u>45,502</u>	<u>1,217</u>	<u>(33,303)</u>	<u>13,416</u>
<u>12 months ended 31.12.10</u>				
Balance as at 1 January 2010	45,502	-	(30,807)	14,695
Effect of adopting FRS 139		(195)		(195)
Profit/ (Loss) for the period	-	1,257	(940)	317
Balance as at 31 December 2010	<u>45,502</u>	<u>1,062</u>	<u>(31,747)</u>	<u>14,817</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.

HOCK LOK SIEW CORPORATION BHD

(Company No: 463440-X)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2011 (The figures have not been audited)

	12 months ended	
	31.12.11 RM'000	31.12.10 RM'000
Cash flows from operating activities		
Loss before taxation	(1,807)	(923)
Adjustments for :		
- Non-cash items	103	867
- Non-operating items	(260)	190
Operating (loss)/ profit before working capital changes	(1,964)	134
Inventories	930	(249)
Receivables	7,942	(3,131)
Payables	(2,257)	1,691
Cash generated/ (used in) from operations	4,651	(1,555)
Interest paid	(186)	(234)
Income tax paid	(2)	7
Net cash from/ (used in) operating activities	4,463	(1,782)
Cash flows from investing activities		
Proceeds from disposal of assets held for sale	1,226	-
Dividend received	167	208
Purchase of investment	(445)	(32)
Purchase of property, plant and equipment	(187)	(1,341)
Net cash from/ (used in) investing activities	761	(1,165)
Cash flows from financing activities		
Payment of listing expenses	-	-
Director's account	(3,863)	3,447
Borrowings	444	(341)
Net cash (used in)/ from financing activities	(3,419)	3,106
Net increase in cash and cash equivalents	1,805	159
Effect of foreign exchange rates changes	(1)	
Cash and cash equivalents at beginning	(182)	(341)
Cash and cash equivalents at end	1,622	(182)
Represented by:		
Cash and bank balances	2,159	97
Fixed deposits with a licensed bank	-	-
Bank overdrafts	(537)	(279)
	1,622	(182)
Note		
Fixed deposits with a licensed bank		
- Not pledged to bank	-	-
- Pledged to bank	-	-
Balance as per balance sheet	-	-

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010.

HOCK LOK SIEW CORPORATION BHD
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PART A – Explanatory Notes pursuant to Financial Reporting Standard 134 on “Interim Financial Reporting”

A1. Accounting Policies and Method of Computation

Basis of preparation

The interim financial statements have been prepared under the historical cost convention.

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

The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the 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 Hock Lok Siew Corporation Bhd (“HLS Corp”) and its subsidiaries namely, Foremost Audio Sdn. Bhd. (“FASB”), HLS Manufacturing & Trading Sdn. Bhd. (“HLSM”), and HLS Properties Sdn. Bhd. (“HLSP”), HLS Land Sdn Bhd (formerly known as Alpine Transform Sdn Bhd) (“HLSL”) (hereinafter referred to as the “Group”) since the financial year ended 31 December 2010.

A2. Significant Accounting Policies

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 December 2010 except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC interpretations with effect from 1 January 2011.

FRSs, Amendments to FRSs and Interpretations	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combination (revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132 FRS 134, FRS 139 and Amendments	Improvements to FRSs (2010)

to IC interpretation 13	
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC interpretation 9	Reassessment of Embedded Derivatives

The initial application of the aforesaid applicable standards, amendments or interpretations did not have any financial impact to the financial statements upon their first adoption.

A3. Audit Report of the Preceding Annual Financial Statements

The audit report of the Group's preceding year's annual financial statements for the year ended 31 December 2010 was not qualified.

A4. Seasonality or Cyclicity of Operations

The business operations of the Group are affected by the cyclical factors in the speakers manufacturing industry whereby major part of the invoicing and deliveries typically takes place towards later part of the financial year.

A5. Exceptional or Unusual Items

There were no exceptional items reported in the financial statements during the quarter ended 31 December 2011.

A6. Changes in Estimation

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

A7. Changes in Debt and Equity Securities

There was no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter ended 31 December 2011.

A8. Dividends

There was no dividend paid or declared during the current financial quarter ended 31 December 2011.

A9. Segmental Reporting

3 months ended 31/12/ 2011

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	1,318	12	116	1,446
Inter-segment revenue	-	-	-	-
Revenue from external customers	1,318	12	116	1,446

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Operating profit/ (loss)	781	17	(2,830)	(2,032)
Finance cost	(16)	-	-	(16)
Income tax expense	-	-	251	251
Inter-segment profit	(750)	-	750	-
Consolidation adjustment			1,016	1,016
Profit/ (Loss) from external customers	15	17	(813)	(781)

12 months ended 31/12/2011

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	10,419	79	170	10,668
Inter-segment revenue	(54)	-		(54)
Revenue from external customers	10,365	79	170	10,614

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Operating profit	(1,443)	50	(1,244)	(2,637)
Finance cost	(186)	-	-	(186)
Income tax expense	-	-	251	251
Inter-segment profit	594	-	(594)	-
Consolidation adjustment			1,016	1,016
Profit/ (Loss) from external customers	(1,035)	50	(571)	(1,556)

3 months ended 31/12/ 2010

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	6,804	17	-	6,821
Inter-segment revenue	-	-	-	-
Revenue from external customers	6,804	17	-	6,821

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Operating profit/ (loss)	201	8	29	238
Finance cost	(62)	-	-	(62)
Income tax expense	-	-	-	-
Profit/ (Loss) for the period	139	8	29	176

12 months ended 31/12/2010

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	20,570	725	-	21,295
Inter-segment revenue	-	-	-	-
Revenue from external customers	20,570	725	-	21,295

	Manufacturing	Trading	Other	Total
	RM'000	RM'000	RM'000	RM'000
Operating profit/ (loss)	(803)	64	50	(689)
Finance cost	(234)	-	-	(234)
Income tax expense	-	-	-	-
Profit/ (Loss) for the period	(1,037)	64	50	(923)

A10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward, without amendment from the most recent annual financial statements.

A11. Material Events Subsequent to the End of the Current Interim Period

There was no material events subsequent to the end of the period reported at the date of issuance of this report.

A12. Effect of Changes in Composition of the Group

On 14 September 2011, HLS Corp acquired the entire issued and paid up share capital of HLSL comprising two (2) ordinary shares of RM1/- each from for a total consideration of RM2/-, resulting in HLSL becoming a wholly-owned subsidiary of the Company. Except for the above, there were no changes in the composition of the Group for the current financial quarter and financial year to-date including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuing operations.

A13. Changes in Contingent Liabilities and Contingent Assets Since the Last Balance Sheet Date

The Company has issued corporate guarantee amounting to RM5.50 million (as at 31.12.2010: RM5.50 million) to a financial institution for banking facilities granted to FASB of which approximately RM5.321 million (as at 31.12.2010: RM4.620 million) has been utilised as at 31 December 2011.

There were no further material contingent liabilities since the date of the last balance sheet date.

A14. Capital commitment

On 18 August 2011 December 2011, HLSM entered into a Sale and Purchase Agreements with Lim Boon Chai, Lim Chai Heng, Lim Chai Seng and Lim Seng Huat (collectively known as "the Vendors") to acquire 19 parcels of bungalow lot situated at Mukim 6, Daerah Seberang Prai Selatan, Penang for a total consideration of RM2,620,480.00. As at the date of this report, HLSM had paid deposit amounting to RM262,048.00 to the Vendors.

Part B – Additional Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of the Performance of the Company and its Principal Subsidiaries

Revenue	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Manufacturing	1,318	6,804	10,365	20,570
Trading	12	17	79	725
Other	116	-	170	-
Total	1,446	6,821	10,614	21,295

Profit / (Loss) before tax	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Manufacturing	15	139	(1,035)	(1,037)
Trading	17	8	50	64
Other	(1,064)	29	(822)	50
Total	(1,032)	176	(1807)	923

Current Quarter against Previous Year Corresponding Quarter

The Group recorded revenue of RM1.318 million for the current quarter. This represents a decrease of 80.6% as compared to that of the previous year's corresponding quarter. The decrease in revenues was mainly due to the effect brought forward from last quarter where a major customer of FASB had prematurely terminated the contract/ business and with FASB. The Group recorded losses of RM1.032 million as compared to a profit recorded in the previous year's corresponding quarter due to decrease in revenue for the quarter and the de-recognition of interest income amounting to RM907,000 which was recognized as income in prior year.

Manufacturing

Lower revenue recorded in the current quarter for the manufacturing segment as compared to that of the previous year's corresponding quarter due to the effect brought forward from last quarter where a major customer of FASB had prematurely terminated the contract/ business with FASB. Since then, FASB had scaled down its operation. Accordingly, the manufacturing segment recorded lower profit due to decrease in revenue.

Trading

The revenue of the trading segment did not fluctuate much due to consistent orders from the local customers. The increase in profit for the trading segment was mainly due to other income.

Other

The revenue recorded for the segment was dividend income received from quoted investment. Losses of RM1.064 million recorded in the segment was mainly due to the de-recognition of interest income amounting to RM907,000 which was recognized as income in prior year.

Current Year-to-date against Previous Year-to-date

The Group recorded revenue of RM10.614 million for the financial year ended 31 December 2011. This represents a decrease of 50.2% as compared to that of the previous year's corresponding period. The decrease in revenues was mainly due to a major customer of FASB had prematurely terminated the contract/ business and also withholds all outstanding payments with FASB in third quarter of 2011.

As a result of the said predetermination of business by the FASB's customer, the Group encountered working capital constraint which caused the Group not being able to generate enough sales to cover its fixed costs in the third quarter of year 2011. Apart from this, the Group had also de-recognized interest income amounting to RM907,000 which was recognized as income in prior year. The Group recorded losses of RM1.807 million as compared to a profit recorded in the previous year's corresponding period.

Manufacturing

Lower revenue recorded in the current financial year ended 31 December 2011 for the manufacturing segment as compared to that of the previous year's corresponding period due to a major customer of FASB had prematurely terminated the contract/ business with FASB in the third quarter of year 2011.

As a result of the said predetermination of business by the FASB's customer, the Group encountered working capital constraint which caused the Group not being able to generate enough sales to cover its fixed costs in the third quarter of year 2011. However, the manufacturing segment able to sustain its position by scaling down its operation. The manufacturing segment was recorded losses of RM1.035 million for the year ended 31 December 2011.

Trading

The trading segment recorded a revenue of RM79,000 for the year ended 31 December 2011. This represents a decrease of 89.1% as compared to that of the previous year's corresponding period. The decrease was mainly due to the Group ceased its aluminium ingot trading activity during the end of financial year ended 31 December 2009 due to high business risk and low profit margin. As a result, the trading segment recorded profit of RM50,000 as compared to profit of RM64,000 in the previous year's corresponding period

Other

The revenue recorded for the segment was dividend income received from quoted investment. Losses of RM822,000 recorded in the segment was mainly due the de-recognition of interest income amounting to RM907,000 which was recognized as income in prior year.

B2. Material Changes in Quarterly Results of the Current Quarter as compared to the Results of the Immediate Preceding Quarter

	Revenue		Profit / (Loss) before tax	
	31/12/2011	30/9/2011	31/12/2011	30/9/2011
	RM'000	RM'000	RM'000	RM'000
Manufacturing	1,318	1,346	15	(495)
Trading	12	18	17	6
Other	116	-	(1,064)	(63)
Total	1,446	1,364	(1,032)	(552)

There is a slight increase in the Group's revenue for the current quarter as compared to the immediate preceding quarter. The increase was mainly due to dividend income received during the quarter.

The Group recorded losses of RM1.032 million for the current quarter as compared to losses of RM552,000 in the immediate preceding quarter. The additional losses for the current quarter was due the de-recognition of interest income amounting to RM907,000 which was recognized as income in prior year.

Manufacturing

The revenue of the manufacturing segment did not fluctuate much as compared with the immediate preceding quarter as the market condition of the segment did not have any significant changes. The segment recorded a profit of RM15,000 as compared to losses of RM495,000 in the immediate preceding quarter. In the third quarter of year 2011, the manufacturing segment encountered working capital constraint which caused the Group not being able to generate enough sales to cover its fixed costs. In current quarter, the management had scaled down the manufacturing segment in order to bring down its overhead to a manageable level.

Trading

The revenue of the trading segment did not fluctuate much due to consistent orders from the local customers. The increase in profit for the trading segment was mainly due to other income.

Other

The revenue recorded for the segment was dividend income received from quoted investment. Losses of RM1.064 million recorded in the segment was mainly due the de-recognition of interest income amounting to RM907,000 which was recognized as income in prior year.

B3. Prospects

In third quarter of year 2011, a major customer of FASB had prematurely terminated the business and also withheld FASB's outstanding payments. The operation and cash flow position of FASB had been adversely affected by the said unexpected termination. Therefore, the revenue of FASB is expected to reduce significantly and FASB is expected to incur losses in the coming quarter. The management had scaled down the operation of FASB to counter the effect of reduction in revenue and is currently negotiating with its suppliers and customers to revise the payment terms and the collaboration method in order to ease the cash flow constraints currently facing by FASB.

FASB had filed an application for leave to serve writ of summons and statement of claim out of jurisdiction against its defaulted customer for an outstanding amount of USD1,109,209.91 still due and owing for goods sold and delivered plus others. We believe that the Company has good merits on its claim against the said customer.

The Board of Directors also wishes to draw attention to the recent legal suit with Maybank. In the event that the judgment is not in favour of the Company, the Company is exposed to the losses resulted from the above claim, interest and legal cost in respect from the Writ of Summons. The amount involved is expected to have a major impact on HLS Corp Group's cash flow position. However, based on the legal opinions, the Board of Directors is confident that the Company has good defence on merit to resist Maybank's action.

Notwithstanding the above, the management is exploring new business venture to improve the Group's performance.

B4. Variance of Actual Profit from Forecast Profit and Profit Guarantee

Not applicable.

B5. Taxation

Taxation comprises:

	3 months ended		12 months ended	
	31/12/2011	31/12/2011	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Based on result for the period:				
- Reversal of deferred taxation	254	-	254	-
- Current tax expense	(3)	-	(3)	-
	<u>251</u>	<u>-</u>	<u>251</u>	<u>-</u>

The effective rate of taxation for the year was lower than the statutory taxation rate mainly due to the availability of unabsorbed losses brought forward to set off against taxable income.

B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the quarter ended 30 December 2011.

B7. Purchase or Disposal of Quoted Securities

The purchase of quoted securities during the financial period is as follows:

Total purchases in quoted securities for the period:

	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Purchases	<u>445</u>	<u>-</u>	<u>445</u>	<u>-</u>

Total investments in quoted securities are as follows:

	RM'000
At cost	<u>3,111</u>
At carrying value	<u>4,278</u>
At market value as at 31 December 2011	<u>4,278</u>

B8. Status of Corporate Proposals

There is no outstanding corporate exercise which have been announced but not yet completed as at 31 December 2011.

B9. Borrowings and Debt Securities

Total Group borrowings as at 31 December 2011 were as follows:

	RM'000
Short Term –	
Trade facilities	5,321
	<u>5,321</u>

The borrowings are secured against a freehold land and building of FASB together with a corporate guarantee by the Company. There were no borrowings or debt securities denominated in foreign currencies.

B10. Off Balance Sheet Financial Instruments

As at 31 December 2011, no forward exchange contracts were entered into by the Group.

B11. Material Litigation

As at 31 December 2011 not earlier than 7 days from the date of issue of this quarterly report, the Group is engaged in the following material litigations:-

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 December 2011
1	Gan Seng Biang ("GSB")	HLS Corp, KKAA, Dato' Mohammed Radzi @ Mohd Radzi bin Manan, Siow You & IPO Corporation Sdn Bhd	Kuala Lumpur High Court Suit No. D1-22-1947-2002	<p>GSB has filed a claim for a liquidated sum of RM665,142 plus interest 10% per annum in respect of a corporate guarantee issued by the Company over specific performance of the tenancy agreement previously signed by Kenn Kenn Auto Accessories & Services Sdn. Bhn. ("KKAA").</p> <p>On 25 Nov 2009, the Court has allowed the Plaintiff's claims against HLS Corp as follows:-</p> <p>a. Arrears of rental until 25 July 2003;</p> <p>b. 8% of interest from the date of the Writ of Summons till the date of realisation;</p> <p>c. Costs of RM50,000-00 to the Plaintiff; and</p> <p>d. Costs of RM10,000-00 to the 3rd Defendant.</p> <p>Nonetheless, the claims for</p>

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 December 2011
				<p>damages were not allowed by the Court.</p> <p>The Company had appealed against the said decision and on 23 Jul 2010, the Company's appeal was rejected with cost by the Court of Appeal.</p> <p>GSB further filed an application to amend the judgment and statement of claim. However, the application was dismissed on 19 Jan 2011. Subsequently, the Plaintiff has filed a notice of appeal in the Court of Appeal on 26 Jan 2011 and filed the record of appeal on 28 Feb 2011. The appeal was dismissed with cost on 7 July 2011. Plaintiff filed a notice of motion to appeal in Federal Court on 3 Aug 2011. The motion was allowed on 2 Nov 2011. The Plaintiff filed their notice of appeal on 15 Nov 2011 and record of appeal on 27 Dec 2011. The matter is fixed for case management on 21 Mar 2012.</p> <p>Pending the Plaintiff's application to amend the judgment, the Company had also filed to the High Court for stay of execution of Judgment.</p>
4	Malayan Banking Berhad ("Maybank")	HLS Corp	Penang High Court, Civil Suit No.: 22-752-2009	<p>On 6 Jan 2010, the Company had been served with a Writ of Summons dated 30 Nov 2009 in respect of a suit filed by Maybank through a firm of lawyers acting on behalf of Maybank for failure to repay Maybank the total sum of RM31,114,10184 with interest as agreed on 1 Mar 2009 until full payment is made, of which was the amount provided by corporate guarantees of the Company which the Company has no knowledge or records thereof.</p> <p>The Company had filed in its defence together with an application to strike out the Writ of Summons and Statement of Claim from Maybank. However, the</p>

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 December 2011
				<p>application to strike out the Writ of Summons and Statement of Claim was dismissed by Court on 12 Oct 2010.</p> <p>The Company has instructed its lawyer to make several applications and proceed to prepare for full trial. The Board of Directors of the Company is confident that the Company has good merit to defend the case.</p> <p>The matter is fixed for trial on 5 & 6 Mar 2012.</p>
5	HK Ang & Partners ("HK Ang")	HLS Properties Sdn Bhd ("HLSP")	Kuala Lumpur High Court Suit No.:S-22-774-2010	<p>On 14 Sep 2010, HLSP, a wholly owned subsidiary of the Company had been served with a Writ of Summons dated 18 Aug 2010 in respect of a suit filed by HK Ang & Partners for failure to pay for the balance of the professional fee and out of pocket expenses at a total sum of RM998,490.00 for being the defence and litigation lawyer for the following suit cases:</p> <p>a) Kuala Lumpur High Court Suit No. D3-22-774-2006 - Vintage Consortium Sdn. Bhd. v Fabina Properties Sdn. Bhd. ("Fabina"); and</p> <p>b) Kuala Lumpur High Court Suit No. D10(D3)-22-1846-2006 - Fabina Properties Sdn. Bhd. v Vintage Consortium Sdn. Bhd. & Dato' Abu Hanifah</p> <p>HLSP was named the Defendant and HK Ang & Partners as Plaintiff, claiming the following:</p> <p>a) Repayment sums of RM998,490.00;</p> <p>b) Interest claimed at the rate of 8% per annum on the repayment sums of RM998,490.00 and will be calculated from 6 Jan 2010 until full payment is made; and</p> <p>c) Other reliefs and damages deem fit by the court.</p> <p>On 3 Dec 2009, HLSP entered into a Settlement Agreement with</p>

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 December 2011
				<p>Fabina to settle out of court for the recovery of the RM4million and all disputes and differences arisen therefrom. Therefore, the Management of the Company is of the opinion that the balance professional fees and out of pocket expenses of RM998,490 charged by HK Ang & Partners is too excessive.</p> <p>On 11 Feb 2011, The Plaintiff's application for Summary Judgment was dismissed with costs. HLSP's application for extension of time and stay pending taxation was also allowed on the same day.</p> <p>Plaintiff filed "Notis Penetapan Kos" and "bil Kos" which came up for hearing on 1 Dec 2011. The Plaintiff requested that the earlier suit Vintage Consortium Sdn Bhd v Fabina Sdn Bhd to be merged with this suit. Our lawyer is still in the process of making the Bill of Costs. This matter is now fixed for case management on 28 Mar 2012.</p>
6	Foremost Audio Sdn Bhd ("FASB")	Monitor Audio Limited ("MA")	Kuala Lumpur High Court Suit No: 22NCVC-848-2011	<p>On 19 Jul 2011, MA had prematurely terminating the contract between parties with immediate effect without any basis whatsoever and claiming FASB for a sum of USD1,231,469.00 to be set off against the outstanding invoices from FASB amounting to USD1,108,700 and to pay them the balance due of USD122,769.</p> <p>On 26 Aug 2011, FASB had filed an application for leave to serve writ of summons and statement of claim out of jurisdiction against its major customer for an outstanding sum of USD1,109,209.91 still due and owing for goods sold and delivered, inventory of finished goods & material of USD520,725.90, labour retrenchment cost of USD475,927.01, machineries bought for production of</p>

	Plaintiff(s)	Defendant(s)	Court Reference	Status as at 31 December 2011
				<p>USD229,866.99 and legal fees of USD250,000.00.</p> <p>FASB has on 30 Sep 2011 obtained an Order in Terms to serve the Writ of Summon and Statement of Claim out of Jurisdiction. Defendant's filed their defence and counterclaim on 25 Jan 2012. Plaintiff thereafter filed their reply to defence and defence to counterclaim on 10 Feb 2012. Matter came up for case management on 16 Feb 2012. The Court has directed the parties to file Common Bundle of documents, list of witness, agreed facts and issued to be tried. This matter is now fixed for Case Management on 7 Mar 2012 and fixed for trial on 7 May 2012.</p>

B12. Dividend

There was no dividend paid or declared during the current financial year ended 31 December 2011.

B13. Earnings/ (Loss) Per Share

Basic earnings/ (loss) per share is calculated by dividing profit/ (loss) for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue as at 31 December 2011.

	3 months ended		12 months ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
(Loss)/ Profit for the period attributable to the equity holders of the Company (RM'000)	(781)	176	(1,556)	(923)
Weighted average number of shares in issue during the quarter / year to date ('000)	91,005	91,005	91,005	91,005
Basic (loss)/ earnings per share attributable to the equity holders of the Company (sen)	(0.86)	0.19	(1.71)	(1.01)

Diluted earning per share has not been computed as the effect of the assumed conversion of warrants over shares is anti-dilutive in nature.

B14. Realised and Unrealised Profit

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Total accumulated losses of Hock Lok Siew Corporation Bhd and its subsidiaries		
Realised	(18,093)	(16,537)
Unrealised	(426)	(426)
	<u>(18,519)</u>	<u>(16,963)</u>
Less: Consolidated Adjustments	<u>(14,784)</u>	<u>(14,784)</u>
Total accumulated losses as per statements of financial position	<u>(33,303)</u>	<u>(31,747)</u>

B15. Profit before taxation

	3 months ended 31/12/2011 RM'000	12 months ended 31/12/2011 RM'000
Profit before taxation is arrived at after charging/ (crediting)		
Bad debts	-	2
Deposit forfeited	72	72
Depreciation of property, plant and equipment	126	515
Dividend income	(116)	(170)
Gain on disposal of non-current asset held for sale	-	(226)
Interest expense	16	186
Rental income	(68)	(274)
Realised loss/(gain) on foreign exchange	(85)	116
Unrealised loss/(gain) on foreign exchange	<u>(121)</u>	<u>(121)</u>

Other than the above items, there were no impairment of assets, provision for and write off of receivables and inventories, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and financial period ended 31 December 2011.

By Order of the Board

NG KIM WENG
MANAGING DIRECTOR