HAP SENG CONSOLIDATED BERHAD

ANNUAL REPORT 2011

Vision

Creating Value Together. To A Better Future.

Mission Statement

To provide quality products and excellent services that differentiates us from others.

To be the preferred partner and promote win-win business relationships.

To achieve sustainable growth and returns for our shareholders over the long term.

To be the Employer of Choice.

To be a good corporate citizen in harmony with the environment and the communities we serve.

Our Business Divisions

- Plantations
- Property Holding & Development
- Credit Financing
- Automotive
- Fertilizer Business
- Quarry & Building Materials

RM3.6bil
Revenue
(2010:RM2.8bil)

RM635mil
Profit Before Taxation
(2010:RM504mil)

RM376mil
Profit Attributable to Owners of the Company
(2010:RM323mil)

RM6.8bil
Total Tangible Assets
(2010:RM5.4bil)

RM3.3bil
Shareholders' Funds
(2010:RM2.6bil)

18.85sen
Basic Earnings Per Share
(2010:17.82sen)

36th
Annual General Meeting

Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

Tuesday, 29 May 2012
at 2:00pm

Please refer to pages 164 to 165 for Annual General Meeting Information.

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Artist's impression of Urbana @ D'Alpinia

Quarry and asphalt plant in Ulu Choh, Johor

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Dato' Jorgen Bornhoft
INDEPENDENT NON-EXECUTIVE CHAIRMAN

Datuk Henry Chin Poy-Wu
INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

Datuk Edward Lee Ming Foo, JP
MANAGING DIRECTOR

Lee Wee Yong
EXECUTIVE DIRECTOR

Datuk Simon Shim Kong Yip, JP
NON-EXECUTIVE DIRECTOR

Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan
NON-EXECUTIVE DIRECTOR

Lau Teong Jin
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Mohammed Bin Haji Che Hussein
INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Ghee Kiat
INDEPENDENT NON-EXECUTIVE DIRECTOR

Fresh fruit bunches

Corporate head office in Kuala Lumpur

Company Secretaries
Cheah Yee Leng (LS 0009398)
Quan Sheet Mei (MIA 6742)

Registered Office
21st Floor, Menara Hap Seng
Jalan P. Ramlee, 50250 Kuala Lumpur
T 03 – 2172 5228 **F** 03 – 2172 5258
E inquiry@hapseng.com.my
www.hapseng.com.my

Place of Incorporation
Malaysia

Share Registrar
Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya
T 03 – 7841 8000 **F** 03 – 7841 8151/8152

Auditors
ERNST & YOUNG (AF: 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

Principal Bankers
AmBank (M) Berhad
DBS Bank Ltd
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

Dato' Jorgen Bornhoft

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Dato' Jorgen Bornhoft, a Dane, aged 70, is the Independent Non-Executive Chairman of Hap Seng Consolidated Berhad. He was first appointed to the Board as an Independent Non-Executive Director on 24 January 2005 and became the Chairman since 1 February 2007. He is also the Chairman of the Audit Committee, Remuneration Committee and Nominating Committee.

Dato' Bornhoft is an Independent Non-Executive Director of Hap Seng Plantations Holdings Berhad and Mega First Corporation Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of The Royal Bank of Scotland Berhad and the Vice Chairman of International Beverage Holdings Limited.

Dato' Bornhoft holds a degree in Accountancy and Finance (Bachelor of Commerce) from the Copenhagen Business School and attended executive management courses at INSEAD.

Dato' Bornhoft joined Carlsberg Brewery Malaysia Berhad in 1991 as its Chief Executive Officer, and assumed the position of Managing Director from 1995 to 2002, after which he was the Chairman from 2002 to 2005. He re-joined the Board as a Non-Executive Director from 2006 to 2007. He also assumed the position as the Chief Executive Officer of Carlsberg Asia Pte. Ltd. in Singapore from January 2003 to June 2004. Prior to him joining Carlsberg Brewery Malaysia Berhad, he was the Vice-President of Carlsberg International A/S, Denmark responsible for foreign subsidiaries and new projects.

Dato' Bornhoft does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended all the five (5) Board Meetings held during the financial year ended 31 December 2011.

Datuk Henry Chin Poy-Wu

INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

Datuk Henry Chin Poy-Wu, a Malaysian, aged 75, is the Independent Non-Executive Deputy Chairman of the Board. He was first appointed as an Independent Non-Executive Director of Hap Seng Consolidated Berhad on 5 February 2002 and was the Chairman from 12 March 2002 until 31 March 2005. He is also a member of the Audit Committee, Remuneration Committee and Nominating Committee.

Datuk Henry Chin is a Director of Glenealy Plantations (Malaya) Berhad and Eastern & Oriental Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of JT International Berhad and Karambunai Golf Management Berhad.

Datuk Henry Chin also sits on the Board of University Malaysia Sabah and is the Vice-Chairman of the National Crime Prevention Foundation.

During his long-standing career of more than thirty eight (38) years in the Royal Malaysian Police Force, Datuk Henry Chin was holding various key positions and his last post was the Commissioner of Police in the Federal Territory of Kuala Lumpur until his retirement in August 1993.

Datuk Henry Chin does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended all the five (5) Board Meetings held during the financial year ended 31 December 2011.

Datuk Edward Lee Ming Foo, JP

MANAGING DIRECTOR

Datuk Edward Lee Ming Foo, JP, a Malaysian, aged 57, is the Managing Director of Hap Seng Consolidated Berhad since 31 March 2005. He was first appointed as a Non-Independent Non-Executive Director on 1 November 2000 and became an Executive Director on 25 March 2002. He is also a member of the Remuneration Committee.

Datuk Edward Lee is the Managing Director of both Gek Poh (Holdings) Sdn. Bhd., the Company's holding company and Hap Seng Plantations Holdings Berhad, the Company's listed subsidiary on the Main Market of Bursa Malaysia Securities Berhad.

Datuk Edward Lee graduated with a Bachelor of Arts degree from the McMaster University in Canada in 1977. He joined the Malaysian Mosaics Berhad ("MMB") Group in 1980 and became its Group Chief Operating Officer in 1995. He then assumed the position as the Managing Director of MMB from 31 March 2005 to 31 January 2007. He was subsequently appointed as an Alternate Director of MMB on 1 February 2007.

Datuk Edward Lee does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company save for the related party transactions disclosed in Note 38 to the Financial Statements. He has not been convicted of any offence in the past ten (10) years.

He attended all the five (5) Board Meetings held during the financial year ended 31 December 2011.

Lee Wee Yong
EXECUTIVE DIRECTOR

Lee Wee Yong, a Malaysian, aged 64, was appointed as an Executive Director of Hap Seng Consolidated Berhad on 2 February 2011. He was first appointed as a Non-Independent Non-Executive Director on 12 March 2002, became an Executive Director on 25 March 2002 and thereafter, assumed the position as the Deputy Managing Director from 31 March 2005 to 22 October 2010. Currently Mr. Lee assumed the position of Group Finance Director of Hap Seng Group of Companies.

Mr. Lee is an Executive Director of Hap Seng Plantations Holdings Berhad and an Alternate Director of Paos Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Lee holds a Bachelor of Commerce and Administration degree from Victoria University in New Zealand and is a member of the Malaysian Institute of Accountants and New Zealand Institute of Chartered Accountants.

Mr. Lee joined the Malaysian Mosaics Berhad ("MMB") Group in 1992 and was its Group Chief Financial Officer from 1 March 2003 to 15 December 2005. He became the Executive Director of MMB on 1 March 1999 and thereafter assumed the position of Deputy Managing Director from 31 March 2005 to 6 March 2007. He was redesignated as the Non-Independent Non-Executive Director of MMB on 1 April 2009.

Mr. Lee does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended three (3) out of the four (4) Board Meetings held subsequent to his appointment to the Board on 2 February 2011 during the financial year ended 31 December 2011.

Datuk Simon Shim Kong Yip, JP

NON-EXECUTIVE DIRECTOR

Datuk Simon Shim Kong Yip, JP, a Malaysian, aged 55, was appointed as a Non-Independent Non-Executive Director of Hap Seng Consolidated Berhad on 16 February 1996. He is also a member of the Audit Committee, Remuneration Committee and Nominating Committee.

Datuk Simon Shim is a Non-Independent Non-Executive Director of Hap Seng Plantations Holdings Berhad, and Paos Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Independent Non-Executive Director of Lam Soon (Thailand) Public Company Limited, a company listed on the Stock Exchange of Thailand and a Non-Executive Director of Malaysian Mosaics Berhad.

In addition, Datuk Simon Shim is a Director of both Lei Shing Hong Limited and Lei Shing Hong Securities Limited. Lei Shing Hong Securities Limited, a company registered with the Securities and Futures Commission Hong Kong, is the wholly owned subsidiary of Lei Shing Hong Limited, a company in Hong Kong.

Datuk Simon Shim is the Managing Partner of Messrs. Shim, Pang & Co. He holds a Master Degree in law from University College London, London University and is a Barrister-at-law of the Lincoln's Inn, London, an Advocate and Solicitor of the High Court in Sabah and Sarawak, a Notary Public and a Justice of the Peace in Sabah. He is a Chartered Arbitrator and a Fellow of both the Chartered Institute of Arbitrators, United Kingdom and the Malaysian Institute of Arbitrators. He is a member of the Malaysian Institute of Corporate Governance, a member of the Malaysian Corporate Law Reform Committee and its Working Group on Corporate Governance and Shareholders' Rights.

Datuk Simon Shim does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company save for the related party transactions disclosed in Note 38 to the Financial Statements. He has not been convicted of any offence in the past ten (10) years.

He attended all the five (5) Board Meetings held during the financial year ended 31 December 2011.

Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan

NON-EXECUTIVE DIRECTOR

Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan, a Malaysian, aged 66, was appointed as a Non-Independent Non-Executive Director of Hap Seng Consolidated Berhad on 24 September 2003.

Datuk Abdul Aziz is a Non-Executive Director of Nam Fatt Corporation Berhad. He also sits on the Board of Hospital Pusrawi Sdn. Bhd.

He holds a Bachelor of Social Science degree with Honours from USM (1981), a Masters in Business Administration from UKM (1986) and a Diploma in Islamic Studies from UKM (1987). He also completed the Wolfson Programme in Wolfson College University of Cambridge in 1992.

He started his career in the Malaysian Army since 1964 and retired in 2001 as the Deputy Chief of Army.

Datuk Abdul Aziz does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended three (3) out of the five (5) Board Meetings held during the financial year ended 31 December 2011.

Lau Teong Jin

INDEPENDENT NON-EXECUTIVE DIRECTOR

Lau Teong Jin, a Malaysian, aged 70, was appointed as an Independent Non-Executive Director of Hap Seng Consolidated Berhad on 9 December 2003. He is also a member of the Audit Committee.

After completing his law studies in Singapore with a LLB (Hons) in 1967, Mr. Lau was called to the Malaysian Bar in 1968 and started practising law in Kuala Lumpur. In 1972, Mr. Lau joined the Singapore Legal Service as the Registrar of Companies until 1979.

Mr. Lau was the legal advisor of Gek Poh (Holdings) Sdn. Bhd., the Company's holding company, from 1980 to 1991. Thereafter, he resumed legal practice in Kuala Lumpur in 1991 until his retirement in 1996.

Mr. Lau does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company save for the related party transactions disclosed in Note 38 to the Financial Statements. He has not been convicted of any offence in the past ten (10) years.

He attended all the five (5) Board Meetings held during the financial year ended 31 December 2011.

Dato' Mohammed Hussein

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Mohammed Hussein, a Malaysian, aged 61, was appointed as an Independent Non-Executive Director of Hap Seng Consolidated Berhad on 15 July 2008.

Dato' Mohammed is the Non-Executive Chairman of Bank Pembangunan Malaysia Berhad. He is also the Non-Executive Chairman of Quill Capita Management Sdn. Bhd., which manages Quill Capita Trust, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a director of Danajamin Nasional Berhad, PNB Commercial Sdn. Bhd., University Malaysia Kelantan and a member of the Corporate Debt Resolution Committee sponsored by Bank Negara Malaysia to facilitate resolution and restructuring of major corporate debts.

He is also an Independent Non-Executive Director of CapitaCommercial Trust Management Pte. Ltd., which manages CapitaCommercial Trust, a real estate investment trust listed on the Singapore Stock Exchange and Chairman of Malaysia Commercial Development Fund Pte. Ltd.

Dato' Mohammed graduated with Bachelor of Commerce (Accounting) from the University of Newcastle, Australia in 1971 and completed the Harvard Business School Advanced Management Program in Boston, USA in 2003.

During his 31-year career with the Malayan Banking Berhad ("Maybank") Group, Dato' Mohammed was a member of the senior management committee for 20 years to catalyze the progression of Maybank into Malaysia's leading financial services group. The various senior management positions he held include Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Head of Investment Banking Group, Executive Director (Business Group). Prior to his retirement in January 2008, he was the Deputy President/Executive Director/Chief Financial Officer.

Dato' Mohammed does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended all the five (5) Board Meetings held during the financial year ended 31 December 2011.

Tan Ghee Kiat

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Ghee Kiat, a Malaysian, aged 63, was appointed as an Independent Non-Executive Director of Hap Seng Consolidated Berhad ("HSCB") on 1 January 2011. He first served on the Board of HSCB as Non-Independent Non-Executive Director on 31 December 2002 and became an Independent Non-Executive Director on 31 March 2005 until his resignation from the Board on 31 January 2007.

Mr. Tan is a Fellow member of the Institute of Chartered Accountants in England & Wales, a member of both the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He is a partner in Sekhar & Tan, a firm of chartered accountants which he founded in 1993 after he left Deloitte, Touche & Tohmatsu, Malaysia. He is a Director of Prestige Jaya Labuan Limited and also a trustee of Yaw Teck Sang Foundation and Dijaya Tropicana Foundation.

Mr. Tan has more than thirty (30) years of experience in audit and corporate advisory services.

Mr. Tan does not have any family relationship with any Director and/or major shareholder nor does he have any conflict of interest with the Company. He has not been convicted of any offence in the past ten (10) years.

He attended all the five (5) Board Meetings held during the financial year ended 31 December 2011.


MENARA HAP SENG

Consolidated Income Statement Summary

	FYE 31.12.2009 RM'000	FYE 31.12.2010 RM'000	FYE 31.12.2011 RM'000	year-on-year change (%)
Revenue	2,464,242	2,789,410	3,628,380	30%
Gross profit	341,390	629,322	866,125	38%
Operating profit	193,806	455,222	714,643	57%
Finance costs	(76,286)	(66,188)	(97,216)	47%
Profit before tax	172,760	504,456	634,999	26%
Tax expense	(23,416)	(95,403)	(141,872)	49%
Profit for the year	149,344	409,053	493,127	21%
Profit attributable to:				
- Owners of the Company	100,243	323,132	375,602	16%
- Non-controlling interests	49,101	85,921	117,525	37%
	149,344	409,053	493,127	21%
Basic earnings per share (sen)[1]	5.53	17.82	18.85	6%
Diluted earnings per share (sen)	-[2]	-[2]	18.85	-

Notes:

1 *Basic earnings per share for financial years ended 31.12.2009 and 31.12.2010 have been restated to reflect the retrospective adjustments arising from Bonus Issue and Rights Issue completed in financial year ended 31.12.2011 in accordance to "FRS133, Earnings per Share".*

2 *There are no diluted earnings per share in these financial years.*

	FINANCIAL YEAR ENDED 31.1.2008	11 MONTHS PERIOD ENDED 31.12.2008	FINANCIAL YEAR ENDED 31 DECEMBER 2009	2010	2011
INCOME (RM'000)					
(i) Revenue	2,244,456	3,165,250	2,464,242	2,789,410	3,628,380
(ii) Operating profit	395,730	579,296	193,806	455,222	714,643
(iii) Profit before tax *	933,461	503,382	172,760	504,456	634,999
(iv) Profit attributable to Owners of the Company *	809,981	313,975	100,243	323,132	375,602
* *Includes Other Non Operating Items*	*613,849*	*2,252*	*44,781*	*92,685*	*(2,175)*
FINANCIAL POSITION (RM'000) - Key data					
Assets					
(i) Total tangible assets	4,324,559	5,545,179	4,927,920	5,354,031	6,790,374
(ii) Net assets	2,020,033	2,302,450	2,335,129	2,586,214	3,293,417
(iii) Current assets	1,878,927	2,974,011	1,967,138	1,904,502	3,049,349
Liabilities and Shareholders' Funds					
(i) Current liabilities	1,477,521	2,236,091	1,438,466	1,509,219	1,634,653
(ii) Paid-up share capital	622,660	622,660	622,660	622,660	2,186,357
(iii) Shareholders' funds	2,020,033	2,302,450	2,335,129	2,586,214	3,293,417
PER SHARE					
(i) Basic earnings (sen) **	43.54 [a]	17.31 [a]	5.53 [a]	17.82 [ab]	18.85 [b]
(ii) Net assets (RM) ***	3.58	4.09	4.14	4.59	1.51
(iii) Gross dividend (sen)	18.83 [cd]	4.00 [c]	4.00 [c]	8.80 [c]	8.60
(iv) Net dividend (sen)	14.39 [cd]	3.31 [c]	4.00 [c]	8.80 [c]	8.60
** *Based on weighted average number of shares in issue net of treasury shares*	*1,860,386,000* [a]	*1,813,538,000* [a]	*1,813,532,000* [a]	*1,813,525,000* [ab]	*1,993,085,000* [b]
*** *Based on number of shares in issue net of treasury shares*	*563,529,500*	*563,527,500*	*563,525,500*	*563,523,500*	*2,180,927,400* [e]
FINANCIAL RATIOS					
(i) Return on total tangible assets (%)	18.73	5.66	2.03	6.04	5.53
(ii) Return on shareholders' funds (%)	40.10	13.64	4.29	12.49	11.40
(iii) Current ratio (times)	1.27	1.33	1.37	1.26	1.87
(iv) Gearing ratio (times)	0.82	1.06	0.78	0.74	0.77
(iv) Gearing ratio net of cash (times)	0.69	0.91	0.59	0.66	0.57

Notes:

[a] *Restated to reflect the retrospective adjustments arising from Bonus Issue and Rights Issue completed in the financial year ended 31.12.2011 in accordance to "FRS133, Earnings per Share".*

[b] *As disclosed in Note 29 to the Financial Statements.*

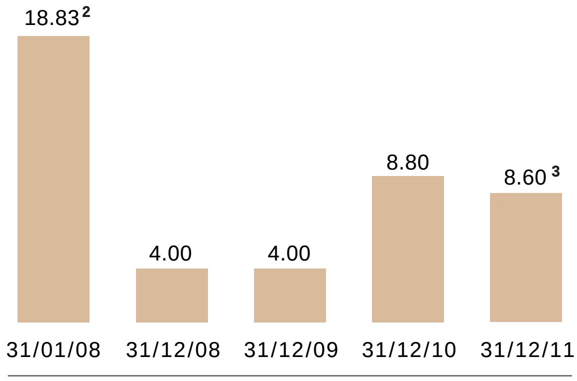
[c] *Restated to reflect the retrospective adjustment arising from Bonus Issue completed during the financial year ended 31.12.2011.*

[d] *Includes special dividend of gross 15.34 sen and net of 11.78 sen (after the retrospective adjustment arising from Bonus Issue).*

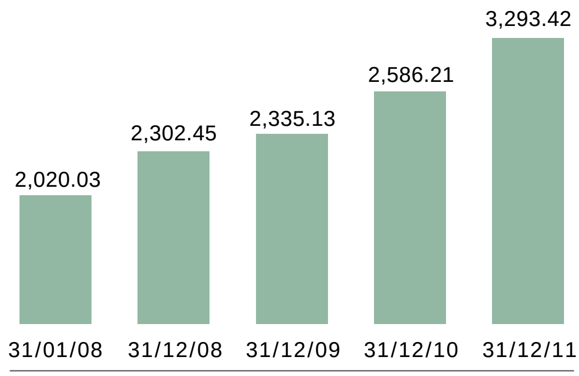
[e] *Includes Private Placement of 43,800,000 shares, Bonus Issue of 1,214,643,000 shares and Rights Issue of 364,392,900 shares.*

Group Financial Highlights

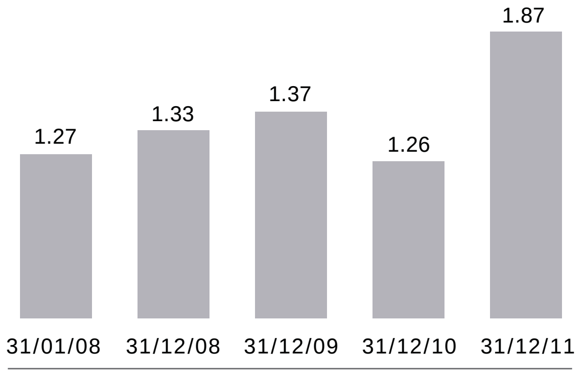
Dividend Per Share (gross)[1]
(sen)



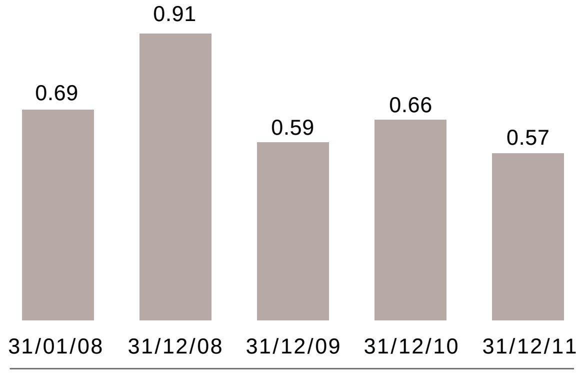
Shareholders' Equity
(RM'Million)



Current Ratio
(times)



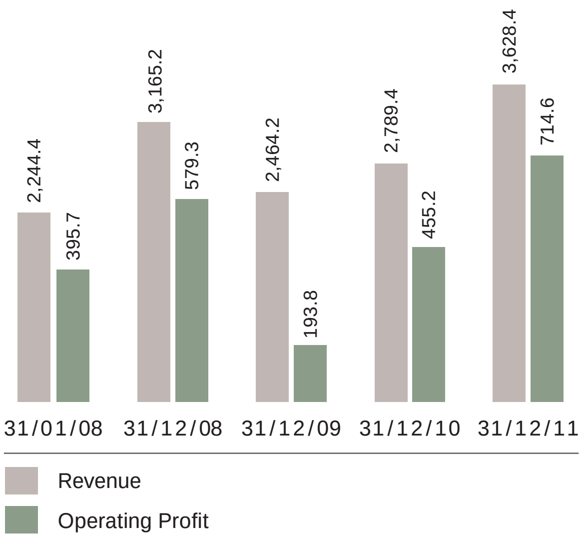
Gearing Ratio Net of Cash
(times)



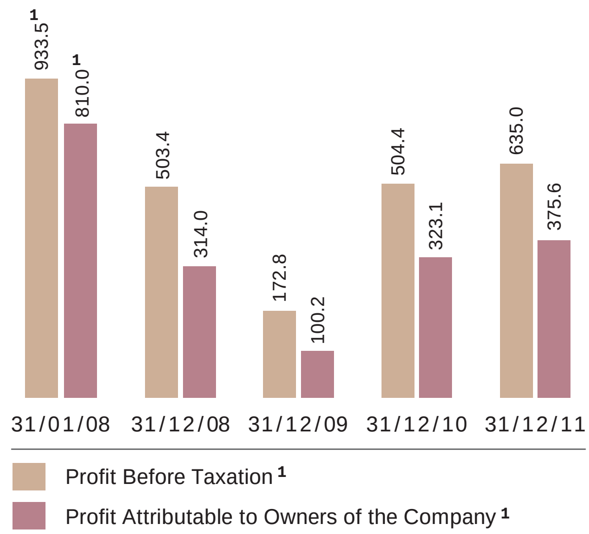
Notes:

1. *Dividend per share (gross) for the prior years have been restated to reflect the retrospective adjustment arising from Bonus Issue completed in the financial year ended 31.12.2011.*
2. *Dividend per share (gross) for the financial year ended 31.1.2008 includes special dividend of 15.34 sen (after the retrospective adjustment arising from Bonus Issue).*
3. *Dividend per share (gross) for the financial year ended 31.12.2011 is on the enlarged share capital after the Private Placement, Bonus Issue and Rights Issue.*

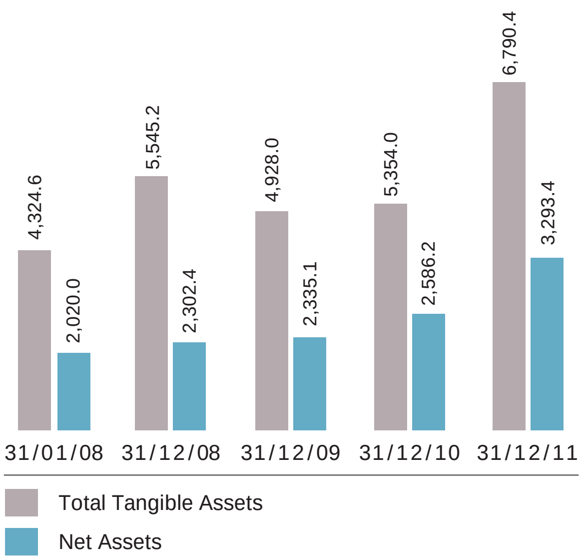
Revenue/ Operating Profit
(RM'Million)



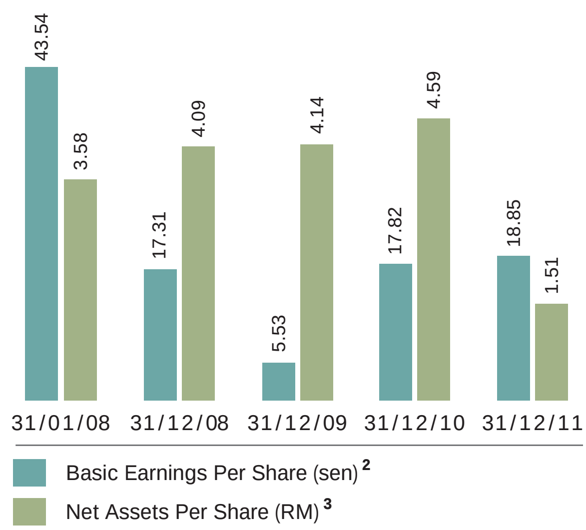
Profit Before Taxation/ Profit Attributable to Owners of the Company
(RM'Million)



Total Tangible Assets/ Net Assets
(RM'Million)



Basic Earnings Per Share[2]/ Net Assets Per Share[3]



Notes:

1 *Profit before taxation and profit attributable to Owners of the Company for the financial year ended 31.1.2008 includes Other Non Operating Items of RM613.8 million.*

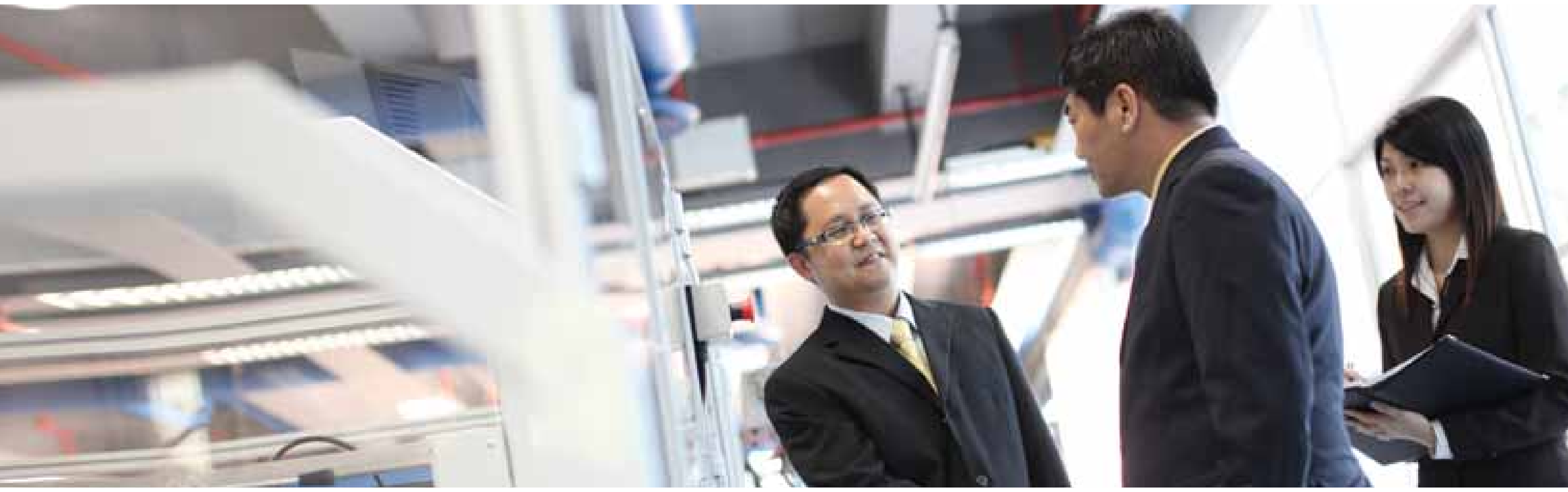
2 *Basic earnings per share for the prior years have been restated to reflect the retrospective adjustments arising from Bonus Issue and Rights Issue completed in the financial year ended 31.12.2011 in accordance with "FRS133, Earnings per Share".*

3 *Net assets per share were computed based on the number of shares in issue net of treasury shares as follows:-*
Financial year ended 31.1.2008: 563,529,500 shares
Financial period ended 31.12.2008: 563,527,500 shares
Financial year ended 31.12.2009: 563,525,500 shares
Financial year ended 31.12.2010: 563,523,500 shares
Financial year ended 31.12.2011: 2,180,927,400 shares

Dato' Jorgen Bornhoft

INDEPENDENT NON-EXECUTIVE CHAIRMAN

On behalf of the Board, I have great pleasure in presenting to you the Thirty-Sixth Annual Report and Financial Statements of the Company and the Group for the financial year ended 31 December 2011.



Another successful deal completed

The Group achieved a 26% increase in Profit Before Tax of RM635 million on the back drop of a recovering economy.

REVIEW OF RESULTS

Despite the challenging global economic environment, the Malaysian economy registered a healthy growth in 2011 underpinned by sustained domestic demand as well as strong exports of commodities and resource-based products. In tandem with this, our Group achieved commendable performance with 30.1% increase in revenue at RM3.6 billion (2010: RM2.8 billion), 57% increase in operating profit at RM714.6 million (2010: RM455.2 million), 25.9% increase in profit before tax at RM635 million (2010: RM504 million) and 20.6% increase in profit after tax at RM493.1 million (2010: RM409.1 million). The stronger financial performance translated to higher earnings per share attributable to shareholders at 18.85 sen.

MAJOR CORPORATE DEVELOPMENTS

The Company completed the private placement of 43,800,000 new ordinary shares of RM1.00 each at the issue price of RM5.25 per share on 23 May 2011, and thereafter completed the Bonus Issue (on the basis of two (2) bonus shares for every one (1) existing ordinary share held) and Rights Issue with Warrants (on the basis of one (1) Rights Share 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) on 15 August 2011, which saw an increase in its issued and paid-up share capital to RM2,245,495,900 comprising 2,245,495,900 ordinary shares of RM1.00 each.

The Group completed the acquisition of the balance 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. ("Hap Seng Star"), the Company's 65% owned subsidiary principally involved in trading and servicing of Mercedes-Benz passenger vehicles in Klang Valley on 7 December 2011 for a cash consideration of RM41,384,000, with which Hap Seng Star became a wholly-owned subsidiary of the Group.

In addition, the Company increased the shareholding in its listed subsidiary, Hap Seng Plantations Holdings Berhad ("Hap Seng Plantations"), with the acquisition of an additional 12,732,800 ordinary shares from the open market at the total cash consideration of RM41,549,000 pursuant to which the equity interest held by the Company increased from 53.57% to 55.16% during the year.

Spreading fertilizers

Tomanggong Palm Oil Mill

DIVISIONAL PERFORMANCE

Plantation Division

The Malaysian palm oil industry recorded robust performance in 2011 on the back of the historical high average Crude Palm Oil ("CPO") price of RM3,219 per tonne.

Our Plantation Division, held via Hap Seng Plantations, observed the similar trend with 38.2% increase in revenue at RM654.9 million (2010: RM473.8 million) and 49.1% increase in operating profit at RM340.0 million (2010: RM228.1 million), attributable to higher CPO average price realisation at RM3,226 per tonne (2010: RM2,594 per tonne) and higher Palm Kernel ("PK") average price realisation at RM2,200 per tonne (2010: RM1,629 per tonne), both price realisations being above the average price realisations of CPO and PK for Sabah (recorded by the Malaysian Palm Oil Board) at RM3,212 per tonne and RM2,114 per tonne respectively.

Hap Seng Plantations also saw a 9.1% increase in its Fresh Fruit Bunches ("FFB") yield at 23.79 tonnes per hectare (equivalent to total FFB production of 738,969 tonnes) compared with the FFB yield at 21.10 tonnes per hectare (equivalent to total FFB production of 677,071 tonnes) in the previous financial year. In addition, Hap Seng Plantations increased its purchase of external FFB to 107,623 (2010: 63,001) tonnes to maximise its milling capacity. As a result of higher FFB production and increased purchase of external FFB, production of CPO and PK for the financial year increased by 12% and 11% respectively notwithstanding the lower extraction rates occasioned by wet weather conditions. Total CPO and PK production were 168,025 (2010: 149,941) tonnes and 37,050 (2010: 33,409) tonnes respectively at an oil extraction rate ("OER") of 20.96% (2010: 21.45%) and kernel extraction rates ("KER") of 4.62% (2010: 4.78%). CPO production cost excluding replanting cost (after taking into account income from the sale of palm kernels) was 8% higher at RM938 per tonne (2010: RM866 per tonne) mainly due to the higher costs of external FFB purchased.

As at the end of the financial year, the planted area of Hap Seng Plantations was 35,617 hectares, of which mature palms made up a total area of 31,068 hectares.

In line with the robust performance of the palm oil industry, the Plantation Division recorded a 49% increase in operating profit.

D'Alpinia, Kuala Lumpur

Property Holding and Development Division

Our Property Holding and Development Division recorded another year of growth with 16.2% increase in revenue at RM341.5 million (2010: RM293.9 million). The increased revenue combined with RM102.9 million gains from the disposal of several investment properties in Sabah, saw a 73.5% increase in its operating profit at RM204.6 million (2010: RM117.9 million).

Project developments in both Sabah and Klang Valley continued to contribute significantly to this Division with the completion of Taman Kingfisher Sulaman Phase 5a and 5b in Kota Kinabalu, new launches in Bandar Sri Indah in Tawau and D'Alpinia in Puchong. As at the end of the financial year, the total undeveloped land of the Division stood at 2,561 acres.

As for the Property Holding sub-segment, the investment properties strategically located in the central business district of Kuala Lumpur continued to maintain good occupancy and rental rates. Menara Hap Seng, the Group's 100% owned flagship property, recorded occupancy rate of 94% for the tower block and 93% for the podium, whereas Menara Citibank, the Group's 50% owned investment property, recorded higher occupancy rate at 90%.

Credit Financing Division

Our Credit Financing Division remained as one of the top three non-bank credit financing companies in Malaysia amidst the competitive environment of the industry. Gross loans portfolio expanded 24% to RM1.35 billion (2010: RM1.09 billion), with revenue increased 30% to RM96.9 million (2010: RM74.6 million) and operating profit increased 34.8% to RM79.0 million (2010: RM58.6 million).

The Division's continuous commitment to exercise stringent risk assessment procedures was evidenced by the lower non performing loans ("NPL") ratio of 1.07% (2010: 3.07%) for the financial year under review.

Hap Seng Credit JB branch

Fertilizer Trading Division

Our Fertilizer Trading Division continued its prominent presence both in Malaysia and Indonesia during the financial year through Hap Seng Fertilizers Sdn. Bhd. and P.T. Sasco respectively. Despite the difficult trading environment, the Division managed to maintain its dominance in East Malaysia and defended its market share in West Malaysia. It remained as one of the three largest distributors of the Muriate of Potash fertilizer in Indonesia.

The Division distributed a total of 1.0 million metric tonnes of various fertilizers during the financial year, an increase of 19% over the previous financial year, with the Malaysian market accounting for 70% and the Indonesian market accounting for the balance 30%. With the recovering fertilizer prices and better margins during the financial year, the Division recorded a 32% increase in revenue at RM1.18 billion (2010: RM894.3 million) and a 117% increase in operating profit at RM62.4 million (2010: RM28.7 million).

Quarry and Building Materials Division

Our Quarry and Building Materials Division was still undergoing its expansionary phase during the financial year. The three (3) new quarries which commenced operations in the first quarter and the one (1) new brick factory which commenced commercial production in the second quarter had not reached their respective optimum production level. At the same time, the Division had commenced construction of its fourth brick factory in Kuantan, development of an additional green-field quarry in Batu Pahat and a ball clay extraction in Batang Berjuntai.

Notwithstanding the 14% increase in revenue at RM549.1 million (2010: RM481.3 million), operating profit was 23% lower at RM17.0 million (2010: RM22.1 million), mainly due to the initial start-up costs of new quarries and brick factory as well as lower trading margins of building materials.

Muriate of Potash

Sedenak brick factory

Automotive Division

Our Automotive Division recorded another year of healthy growth with a 37% increase in revenue at RM811.3 million (2010: RM592.3 million) and a 54% increase in operating profit at RM20.7 million (2010: RM13.4 million).

Our Automotive Division in Malaysia via Hap Seng Star continued to be a major dealer of the Mercedes-Benz marque in the Klang Valley. Notwithstanding the marginal decline in the industry's total units of new motor vehicles registered in 2011 reported by the Malaysian Automotive Association, Hap Seng Star recorded a 10% increase in the sales of new and used cars during the year.

Our 2S service centre in Kinrara, Kuala Lumpur also recorded higher revenue on the back of our continuous focus on service excellence. During the year, our service centres in Kota Kinabalu and Kinrara clinched the titles as the overall champion and first runner-up respectively of the "Service Excellence Award (SEA)" for 2011 conferred by Mercedes-Benz Malaysia.

Our Automotive Division in Vietnam via Vietnam Star Automobile Limited ("Vietnam Star") also grew by 36% in volume despite the marginal decline in the overall Vietnamese automotive market in 2011 according to the report by the Vietnam Automobile Manufacturers' Association ("VAMA"). Currently, Vietnam Star operates through two 3S Autohaus and two city showrooms in Hanoi and Ho Chi Minh City. The third 3S Autohaus located in Ho Chi Minh City is expected to commence operations in the second quarter of 2012.

Hap Seng Star Kota Kinabalu and Hap Seng Star Kinrara were awarded the Mercedes-Benz Service Excellence Award for 2011.

Mercedes-Benz CLS model

Our operations in Sedenak, Johor

Associates

Our share of results from Associates for the financial year was 13% lower at RM19.7 million (2010: RM22.7 million), mainly due to the lower share of results from Lam Soon (Thailand) Public Company and Vintage Heights Sdn. Bhd. although somewhat mitigated by the share of results from Lei Shing Hong (Singapore) Pte. Ltd., our Associate since 28 October 2010.

SHARE BUY-BACKS

On 24 August 2011, the Company cancelled all the 59,138,500 treasury shares with which the Company's issued and paid up share capital decreased from 2,245,495,900 to 2,186,357,400 ordinary shares of RM1.00 each. Subsequent to the said cancellation, the Company bought back a total of 5,430,000 shares at an average cost of RM1.52 per share in the last quarter of the financial year, all of which were retained as treasury shares. The Company will be seeking a renewal of the share buy-back mandate from its shareholders during the forthcoming Extraordinary General Meeting to be convened on 29 May 2012.

DIVIDENDS

The Company announced on 5 January 2011 its dividend policy of paying up to 50% of the Group's profit attributable to shareholders. It is also the intention of the Company to institute a regular dividend payout to our shareholders on a 6-monthly period.

Accordingly, our Company has declared and paid two interim dividends for the financial year ended 31 December 2011. The first interim dividend of 3.9 sen per ordinary share was declared by the Board on 24 August 2011 and paid to shareholders on 28 September 2011 whereas the second interim dividend of 4.7 sen per ordinary share which was in lieu of the final dividend was declared on 14 February 2012 and paid on 13 March 2012, both dividends under the single-tier system which are tax exempt in the hands of shareholders. The total dividend of 8.6 sen per share constituted approximately 50% of the Group's profit attributable to shareholders for the financial year.

OUTLOOK AND CURRENT YEAR'S PROSPECTS

Notwithstanding the challenges in our various business segments, we remain cautiously optimistic on the growth prospects of our Group in the current year. Management will continue its efforts to expand the Group's business activities whilst remaining vigilant in view of the global economic uncertainty.

APPRECIATION

On behalf of the Board, we would like to express our thanks and appreciation to the management and staff for their hard work and efforts which contributed to the Group's strong results. We would also like to record our gratitude towards the shareholders and business associates for their continued and loyal support.

Dato' Jorgen Bornhoft
Independent Non-Executive Chairman
12 April 2012

Statement of Corporate Governance

The Board of Directors of Hap Seng Consolidated Berhad is pleased to report on the manner in which the Principles and Best Practices of Corporate Governance are applied and the extent of compliance thereon as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance (Revised 2007) (the "CG Code") pursuant to paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR").

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance.

The Board of Directors is committed to ensuring the appropriate standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group and Company.

The provisions of the CG Code applicable to the Group are divided into four parts.

Part A : **Directors**
Part B : **Directors' Remuneration**
Part C : **Shareholders**
Part D : **Accountability and Audit**

Set out below is a description of how the Group has applied the principles set out in the CG Code.

DIRECTORS

The Board

The Company is headed by a Board of Directors which leads and controls the Company. The Board meets regularly and is responsible for the proper management of the Company. All Board members bring sound judgment to bear on issues of strategy, performance, resources and standards of conduct. The Board of Directors meet at least four (4) times a year and additional Board meetings are convened as necessary with due notice of issues to be discussed. During the financial year ended 31 December 2011, five (5) meetings were held. Minutes of meetings (including deliberations by the Board of issues discussed and their conclusions thereof) are recorded by the Company Secretary.

All the Directors have attended more than 50% of the total Board meetings held during the financial year ended 31 December 2011.

The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2011 are as follows:

Directors	No. of Meetings Attended
Dato' Jorgen Bornhoft	5/5
Datuk Henry Chin Poy-Wu	5/5
Datuk Edward Lee Ming Foo, JP	5/5
Mr. Lee Wee Yong *(appointed as an Executive Director on 2 February 2011)*	3/4 *
Datuk Simon Shim Kong Yip, JP	5/5
Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan	3/5
Mr. Lau Teong Jin	5/5
Dato' Mohammed Hussein	5/5
Mr. Tan Ghee Kiat	5/5
Mr. Soon Seong Keat *(resigned as an Executive Director on 2 February 2011)*	0/1 **

* *There were four (4) Board Meetings held subsequent to his appointment to the Board on 2 February 2011*

** *There was one (1) Board Meeting held prior to his resignation on 2 February 2011 for the financial year ended 31 December 2011*

The Board explicitly assumes the following six (6) specific responsibilities, which facilitate the discharge of the Board's stewardship responsibilities:

- Reviewing and adopting strategic plans for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an appropriate investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Balance

As at the date of this annual report, the Board has nine (9) members comprising two (2) Executive Directors and seven (7) Non-Executive Directors of which five (5) or more than one-third are independent of management and have no relationships which could interfere with the exercise of their independent judgment. Together, the Directors have wide ranging business and financial experience. A brief description of the background of each Director is presented on pages 4 to 12.

The responsibilities of the Chairman and the Managing Director are divided to ensure a balance of power and authority.

The Board annually examines its size with a view to determine the impact of the number on its effectiveness, provided always that the number of Directors shall not exceed twelve (12) as provided under Article 82 of the Company's Articles of Association. Datuk Henry Chin Poy-Wu being an Independent Non-Executive Director assumes the role as Senior Independent Non-Executive Director. The Board is satisfied that the current Board composition fairly represents the interest of shareholders other than the significant shareholder.

Supply of Information

Board members are given appropriate information in advance of each Board and Committee meeting. For Board meetings these information include:

- A financial report
- Report on current trading and business issues from the Managing Director
- Proposals for capital expenditures (if any)
- Proposals for acquisitions and disposals (if any)
- Annual budget or business plan
- Reports of the sub-committees of the Board (if any)

In addition, the Board also has a formal schedule of matters reserved for its decision including approval of annual and quarterly results. Specific responsibilities are delegated to Board Committees which comprise the Audit Committee, Nominating Committee and Remuneration Committee which shall report to the Board regularly. The terms of reference and authorities of these Board Committees which are determined and approved by the full Board are detailed on pages 38 to 44.

The Company Secretaries together with the Managing Director normally assist the Chairman to organise the information necessary for the Board to deal with the agenda and providing the relevant information to the Directors on a timely basis.

The Board also approves Directors to seek independent professional advice if necessary at the Company's expense in furtherance of their duties. Prior to incurring the professional fees, the Directors shall refer to the Managing Director on the nature and the fees of the professional advice sought.

All information within the Group are accessible to the Directors in the furtherance of their duties and all Directors have access to the services of the Company Secretaries.

Appointments to the Board

The CG Code endorses as good practice, a formal procedure for appointments to the Board, with a Nominating Committee making recommendations to the full Board. The Nominating Committee, which comprises three (3) Non-Executive Directors of which two (2) are Independent Non-Executive Directors, is responsible for proposing new nominees to the Board on an on-going basis and annually, assessing the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Managing Director and also the effective discharge by the members of the Board sub-committees.

The Nominating Committee has reviewed and is satisfied that the size of the Board is optimum for the effective discharge of the Board's function and that there is appropriate mix of skills and core competencies in the composition of the Board. The Nominating Committee is of the view that all the Members of the Board are suitably qualified to hold their positions as Directors of Hap Seng Consolidated Berhad in view of their respective academic and professional qualifications and experiences. The Nominating Committee has also reviewed and is satisfied that all the Directors at the date of this annual report have received appropriate training during the financial year ended 31 December 2011.

Terms of reference of the Nominating Committee are detailed on pages 43 to 44.

The Board is entitled to the services of the Company Secretaries who ensures that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from Main LR or other regulatory requirements.

The Company Secretaries are appointed by the Board and are persons who are capable of carrying out the duties which the post entails, providing effective support to the Chairman to ensure the effective functioning of the Board. Their removal is a matter for the Board as a whole.

Re-appointment and Re-election of Directors

Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General Meeting ("AGM") and may offer themselves for re-appointment to hold office until the next AGM.

In accordance with the Company's Articles of Association, Directors who are appointed by the Board during the year, shall hold office only until the next Annual General Meeting and shall be eligible for re-election by the shareholders. In addition, at the AGM in every calendar year, one-third of the Directors including the Managing Director shall retire from office at least once in each three (3) years and shall be eligible for re-election by shareholders.

Directors' Training and Education

On joining, all new Directors are given background information describing the Company and its activities. Site visits are arranged whenever necessary. All the Directors holding office as at the date of this annual report have completed the Mandatory Accreditation Programme as specified by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors are also encouraged to attend various external professional programmes on a continuous basis to enable them to effectively discharge their duties and to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates.

The Directors have during the financial year ended 31 December 2011, evaluated their own training needs on a continuous basis and attended the following programmes :

Directors	Training Programme	Duration
Dato' Jorgen Bornhoft	Sustainability Programme for Corporate Malaysia (Trading/Services & Industrial Products)	½ day
	Invest Malaysia 2011	2 days
	Prospects of the Palm Oil Industry and the Impact on Plantation Companies; and Global & Regional Economic Outlook	1 hour
	Forbes Global CEO Conference in Kuala Lumpur	2 days
Datuk Henry Chin Poy-Wu	Strategy, Investor Relations, Risk Management and Crisis Management of Corporations based on Toyota experience	½ day
	Sustainability Programme for Corporate Malaysia (Plantation, Construction, Property & Hotel)	½ day
	Sustainability Programme for Corporate Malaysia (Trading/Services & Industrial Products)	½ day
	Assessing the Risk and Control Environment	½ day
	Corporate Integrity and Anti-Corruption Principles for Corporations in Malaysia	2 ½ hours
	Plantation Management Conference	4 days
	Board Intelligence & Agility : Strategic Foresight & Governance	½ day
Datuk Edward Lee Ming Foo, JP	Corporate Integrity and Anti-Corruption Principles for Corporations in Malaysia	2 ½ hours
	Economic Transformation Programme Update	6 hours
	Directors & Officers Liability – A Changing Landscape	3 hours
	Prospects of the Palm Oil Industry and the Impact on Plantation Companies; and Global & Regional Economic Outlook	1 hour

Directors' Training and Education (continued)

Directors	Training Programme	Duration
Mr. Lee Wee Yong	Prospects of the Palm Oil Industry and the Impact on Plantation Companies; and Global & Regional Economic Outlook	1 hour
	Malaysia FRS Update and IFRS Convergence Seminar	1 day
Datuk Simon Shim Kong Yip, JP	Prospects of the Palm Oil Industry and the Impact on Plantation Companies; and Global & Regional Economic Outlook	1 hour
Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan	MEF Industrial Relations Conference on "Managing Industrial Relations in Changing Environment"	2 days
	Governance Programme - Assessing the Risk and Control Environment	½ day
Mr. Lau Teong Jin	Sustainability Programme for Corporate Malaysia (Trading/Services & Industrial Products)	½ day
	Governance Programme - Assessing the Risk and Control Environment	½ day
Dato' Mohammed Hussein	FIDE IT Governance and Risk Management	2 days
	Strategic Thinking and Management	6 days
Mr. Tan Ghee Kiat	Clarified International Standards on Auditing	2 days
	National Tax Conference 2011 on "Economic Transformation: Role of Taxation"	2 days
	National Tax Seminar 2011	1 day

DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

The Board has adopted the policy as recommended by the CG Code. The Board ensures that the level of remuneration is appropriate to attract and retain Directors needed to manage the Company successfully. The component part of remuneration have been structured to link rewards to corporate and individual performance for Executive Directors whilst Non-Executive Directors' remuneration reflect the experience and level of responsibilities undertaken by individual Non-Executive Directors.

Procedure

The Remuneration Committee which is a sub-committee of the Board presently comprises four (4) members of which two (2) are Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Director. Remuneration packages of newly appointed and existing Executive Directors are reviewed by the Remuneration Committee and recommended to the Board for approval. Directors do not participate in decisions on their own remuneration.

Terms of reference and responsibilities of the Remuneration Committee are detailed on page 42.

Disclosure

Directors' Remuneration and Remuneration Policy are as follows:

Details of Directors' Remuneration

(i) The aggregate remuneration paid or payable by the Company to the Directors of the Company for services in all capacities during the financial year ended 31 December 2011 is as follows:

Category	Fees RM'000	Salaries and Other Emoluments RM'000	Benefits in Kind RM'000	Total Remuneration RM'000
Executive	-	2,341	101	2,442
Non-Executive	615*	-	-	615*

* *Subject to shareholders' approval of Resolution 6 at the forthcoming AGM. (Amount disclosed in Note 25 to the Financial Statements of RM440,000 was before the proposed increase of the directors' fees)*

(ii) The number of Directors who received remuneration from the Company for the financial year ended 31 December 2011, and their remuneration including benefits in kind which falls within the following bands are as follows:

Remuneration Range	No. of Directors
Executive Directors	
RM50,000 to RM100,000	1
RM100,001 to RM850,000	-
RM850,001 to RM900,000	1
RM900,001 to RM1,500,000	-
RM1,500,001 to RM1,550,000	1
Non-Executive Directors	
RM50,000 to RM100,000	6
RM100,001 to RM150,000	1

Details of the Directors' remuneration are set out in applicable bands of RM50,000 which comply with Main LR. Whilst the CG Code has prescribed for individual disclosure of directors' remuneration packages, the Board is of the view that transparency and accountability aspects of the Corporate Governance in respect of the Directors' remuneration are appropriately and adequately addressed by the band disclosure method adopted by the Board.

Remuneration Policy

The policy of the Remuneration Committee is to ensure that the remuneration practices of the Company are competitive, thereby enabling the Company to attract and retain high calibre Executive Directors and reflecting their respective responsibilities and commitments.

(i) Remuneration for Executive Directors

The remuneration package for the Executive Directors comprises some or all of the following elements.

- **Basic Salary**
  Salaries are reviewed annually. In setting the basic salary of each Director, the Remuneration Committee takes into account market competitiveness and the performance of each individual Director.

- **Annual Bonus**
  The annual bonus plan focuses on annual objectives and is designed to reward appropriately the achievement of results against these objectives.

- **Contribution to EPF**
  Contribution to EPF is based on the statutory rate.

- **Benefits in Kind**
  Benefits in kind include inter alia car, driver, fuel and mobile phone.

(ii) Remuneration for Non-Executive Directors

Remuneration of the Non-Executive Directors are determined by the Board as a whole. The Non-Executive Directors do not take part in the discussion on their own remuneration.

SHAREHOLDERS

Dialogue Between Company and Investors

The Company recognises the importance of communications with shareholders. The Board views the AGM as an ideal opportunity to communicate with both institutional and private investors. In addition, the Company has a website www.hapseng.com.my which provides shareholders and investors at large with up todate information including announcements that have been made by the Company to Bursa Securities. While the Company endeavours to provide as much information as possible to its shareholders, it must also be wary of the legal and regulatory framework governing the release of material and price-sensitive information.

In addition, the Company's announcements, including full version of its quarterly results announcements and Annual Report can be assessed through Bursa Securities' website at www.bursamalaysia.com

The Annual General Meeting ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting.

There will be commentary by the Chairman and Managing Director at the AGM regarding the Company's performance for each financial year and a brief review on current trading conditions.

At each AGM, a platform is available to shareholders to participate in the question and answer session. Where appropriate, the Chairman and Managing Director will provide written answers to any significant question that cannot be readily answered.

Each item of special business included in the Notice of AGM will be accompanied by a full explanation of the proposed resolution.

Whenever appropriate, press conference is held at the end of each AGM where the Chairman and Managing Director advise the press on the resolutions passed and answer questions in respect of the Group as well as to clarify and explain any issues.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company operates, and attaches importance to, clear principles and procedures designed to achieve accountability and control appropriate to the businesses of the Group. In presenting the annual financial statements and quarterly reports, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

Statement of Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are responsible for the preparation and fair presentation of the Financial Statements for each financial year that is in accordance with Financial Reporting Standards and the Companies Act, 1965, so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

The Directors consider that in preparing the financial statements, the Group and the Company have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable Financial Reporting Standards have been followed. Their responsibilities includes ensuring that the Group and Company maintain internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Internal Control

The Group's Statement on Internal Control is set out on pages 35 to 37.

Relationship with Auditors

The Audit Committee and the Board have established formal and transparent arrangements to maintain an appropriate relationship with the Company's auditors as stated on pages 38 to 41.

This Statement of Corporate Governance is made in accordance with a resolution from the Board.

Dato' Jorgen Bornhoft
Independent Non-Executive Chairman

Datuk Edward Lee Ming Foo, JP
Managing Director

The Board of Directors is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following Statement on Internal Control which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2011 pursuant to paragraph 15.26(b) of the Main LR.

(i) Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system, by its nature, can only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives. For the purposes of this framework, associates are not dealt with as part of the Group, and therefore not covered by this statement.

The key elements of the Group's internal control system are described below:

- Clearly defined delegation of responsibilities to committees of the full Board and to operating units, including authorisation levels for all aspects of the business.
- Documented internal procedures set out in Operating Manuals, whenever applicable.
- Regular internal audit visits which monitor compliance with procedures and assess the integrity of financial information.
- Regular and comprehensive information provided to management, covering financial performance and key business indicators.
- A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the full Board.
- A monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to operating units by members of the Board and senior management whenever appropriate.
- Regular review of business processes to assess the effectiveness of internal controls by the Internal Audit Department and the highlighting of significant risks impacting the Group to the Audit Committee. Annual internal audit plan is reviewed by the Audit Committee.
- Review and holding of discussions by the Audit Committee on significant internal control issues identified in reports prepared by the Internal Audit Department.

(i) Internal Control (continued)

Following the issuance of “Statement on Internal Control : Guidance for Directors of Public Listed Companies” by Bursa Securities, the Group had, since June 2001, implemented a formal approach towards identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives. This is an ongoing process and is regularly reviewed by the Board and accords with the “Statement on Internal Control : Guidance for Directors of Public Listed Companies”.

In line with this:

- A Group Risk Management Committee has been formed to take formal executive responsibility for risk management, building upon already established structures and mechanism. The Committee had been established with the responsibility to identify and communicate to the Board of Directors the critical strategic business risks (both present and potential) the Group faces, their changes and the management action plans to manage the risks. Presently, the Group Managing Director heads the Group Risk Management Committee.

- A Group’s Risk Methodology had been issued to the heads of the Group’s business units.

- Risk Assessment workshops and interviews have been conducted by the Head of Internal Audit Department with the head and operational managers from the major business units in the Group on the use of risk assessment methodology.

- A database of strategic risks identified and appropriate controls has been created and the information filtered to produce a detailed risk register/scorecard and individual risk profiles for the major business units, which is continuously updated. Key risks to each business unit’s objectives aligned with the Group’s strategic objectives are identified and scored for likelihood of the risks occurring and the magnitude of the impact.

- The risks profile of the relevant business units were tabled to the Group Risk Management Committee with highlights on the key business risk, their causes and management action plans thereon.

(ii) Internal Audit Function

The Group has an in-house Internal Audit Department which is independent of the activities or operations of other operating units in the Group, which provides the Audit Committee and the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

Its principal responsibility is to undertake regular and systematic reviews of the system of internal controls, risk management and governance processes so as to provide reasonable assurance that such system operates satisfactorily and effectively within the Company and the Group and reports to the Audit Committee on a quarterly basis. Internal audit strategy and a detailed annual internal audit plan are presented to the Audit Committee for approval. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group.

(ii) Internal Audit Function (continued)

The activities that were carried out are as follows:

- Undertook internal audit based on the audit plan that had been reviewed and approved by the Audit Committee which includes the review of operational compliance with established internal control procedures, management efficiency, risk assessment and reliability of financial records.

- Attended business review meetings held regularly by the Group's senior management to keep abreast with the strategic and operational planning and development issues. Discussions relating to strategic business risks in particular are recorded and forwarded to the members of the Group Risk Management Committee.

- Conducted investigations with regard to various specific areas of concern as directed by the Audit Committee and the management.

- Formalised approach towards risk assessment in compliance with the guidance on the "Statement on Internal Control : Guidance for Directors of Public Listed Companies" issued by Bursa Securities.

- Assessment of key business risks at each major business units which were identified by risk analysis and continuous monitoring of control compliance through data extraction and analysis techniques.

- Facilitated strategic business risks assessment covering the Group's Plantation, Property Holding & Development, Credit Financing, Automotive, Fertilizers Trading and Quarry and Building Materials Divisions.

- Issued a total of twenty-one (21) internal audit reports to the Audit Committee on the major business units which encompassed identification and assessment of business risks.

(iii) Other Risks and Control Processes

Apart from risk assessment and internal audit, the Group also has in place an organisational structure with defined lines of responsibility, delegation of authority and a process of hierarchical reporting. The existence of formalised Limits of Authority which provides the authority limits of the employees in the approval of various transactions and an Employees Handbook which highlights policies on Group's objectives, terms and conditions of employment, remuneration, training and development, performance review, safety and misconduct are relevant across Group's operations.

The Managing Director also reports to the Board on significant changes in the business and external environment which can affect significant risks. The Board is provided with financial information on a quarterly basis which includes key performance and risk indicators and amongst others, the monitoring of results against budget.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main LR, the external auditors have reviewed this Statement on Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

Board Committees

AUDIT COMMITTEE

Members of the Audit Committee

Dato' Jorgen Bornhoft	*(Independent Non-Executive Director) – Chairman*
Datuk Henry Chin Poy-Wu	*(Independent Non-Executive Director)*
Mr. Lau Teong Jin	*(Independent Non-Executive Director)*
Datuk Simon Shim Kong Yip, JP	*(Non-Independent Non-Executive Director)*

Role of the Audit Committee

Assisting the Board in the discharge of its statutory duties and responsibilities in the following areas:

- Reviewing of Financial Statements that give a true and fair view of the Group's affairs and results and recommending the same for approval by the Board.
- Managing of Group's affairs in compliance with laws and regulations and proper standards of conduct.
- Establishing and maintaining of internal controls for areas of risks to provide reasonable assurance for safeguarding of assets and reliable financial information.
- Minimising the number of Directors who need to become involved in detailed reviews of Financial Statements and the results of internal and external audits.
- Providing a forum for Independent Non-Executive Directors to keep abreast of the Group's operations and thus enabling them to perform a more active role.
- Giving additional emphasis to the audit functions performed by the internal and external auditors.
- Providing a formal contact between the Independent Non-Executive Directors who are members of the Audit Committee and the external auditors.

Membership

- The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members. All the Audit Committee members must be Non-Executive Directors with a majority of them being Independent Directors. A member shall not have any family relationship with any Executive Director or any related company or relationship which would interfere with independent judgment.
- Independent Director shall be one who fulfills the requirement as provided in Main LR.
- At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or a person approved under Section 15.09(1)(c)(ii) and (iii) of the Main LR.
- No Alternate Director shall be appointed as a member of the Audit Committee.
- The Chairman of the Committee who shall be an Independent Director shall be elected by the members of the Committee.
- In the event the number of Audit Committee members are less than the required number of three (3) due to resignation or for any reason ceases to be a member, the Board shall within three (3) months appoint new member(s) to fill up the vacancy. All members of Audit Committee shall hold office until otherwise determined by the Board or until they cease to be a Director of the Company.

Attendance at Meetings

- A quorum shall be two (2) members, a majority of which shall be Independent Directors.
- The Committee may invite other directors, any employee and a representative of the external auditors to attend any particular Audit Committee meeting, specific to the relevant meeting(s). The Group Finance Director and the Head of Internal Audit Department, upon the invitation by the Committee, normally attend the meeting(s).
- The Committee may convene meetings with the external auditors, the Head of Internal Audit Department or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary. At least twice a year, the Committee shall meet with the external auditors without the presence of executive members of the Board.
- The Company Secretary shall act as the Secretary of the Committee.

Frequency of Meetings

Meetings shall be held not less than four (4) times a year.

During the financial year ended 31 December 2011, four (4) meetings were held. The details of Directors' attendance at these meetings are as follows:

Directors	No. of Meetings
Dato' Jorgen Bornhoft	4/4
Datuk Henry Chin Poy-Wu	4/4
Mr. Lau Teong Jin	4/4
Datuk Simon Shim Kong Yip, JP	4/4

The details of training by the above Directors are tabulated on pages 30 to 31.

Proceedings of Meetings

- In the absence of the Chairman, the Committee shall appoint one of the Independent members present to chair the meeting.
- Questions arising at any meeting shall be decided by a majority of votes of the members present, each member having one (1) vote.

Review of the Audit Committee

The term of office and performance of the Committee and each of the member shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Scope of Authority

- The Chairman of the Audit Committee may engage on a continuous basis with senior management such as the Chairman of the Board, the Managing Director, the Group Finance Director, Head of Internal Audit Department and the external auditors in order to be kept informed of matters affecting the Company.
- The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are required to comply with any request made by the Committee.

Scope of Authority (continued)

- The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

- The Terms of Reference of the Audit Committee shall not limit in any way the responsibilities and authorities of the Managing Director to institute or instruct internal audits and reviews to be undertaken from time to time.

- The Chairman of Audit Committee, upon the request of the external auditor, shall convene a meeting of the committee to consider any matter which the external auditors believe should be brought to the attention of the directors or shareholders.

Duties

- To recommend to the Board the appointment of the external auditors, the audit fees, other terms of engagement and to consider any letter of resignation from the external auditor (if any).

- To consider whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.

- To review the annual audit plan with the external auditors and subsequent changes (if any).

- To consider and discuss with the external auditors before the audit commences, the nature, scope of audit and any difficulties and/or restriction encountered in the course of their audit work.

- To ensure employees of the Company extend their assistance to the external auditors.

- To review the quarterly and year end financial statements before submission to the Board focusing particularly on:

  i. any changes in accounting policies and practices,
  ii. significant adjustments arising from the audit and other unusual events (if any),
  iii. compliance with Accounting Standards, relevant legislative framework and other legal requirements,
  iv. compliance with the Main LR and all other applicable rules and regulations.

- To review the internal audit programme, receive all internal audit reports, consider the major findings of internal audit investigations and management's response thereof.

- To review results of the internal audit process and, where necessary ensure appropriate actions are taken on the recommendations of the internal audit function.

- To review the adequacy of the scope, functions, competency and resources of internal audit and that it has the necessary authority to carry out its work.

- To approve any appointment or termination of senior executives of the Internal Audit Department.

- To review any appraisal or assessment of senior executives of the Internal Audit Department.

- To be informed of any resignation of senior executive of the Internal Audit Department and provide the resigning personnel an opportunity to submit his/her reasons for resigning.

- To keep under review the effectiveness of internal control systems, and in particular review the external auditor's management letter and management's response.

Duties (continued)

- To scrutinise all related party transactions and to ensure no potential conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

- The Audit Committee is to report promptly to Bursa Securities on any matter reported to the Board which has not been satisfactorily resolved resulting in a breach of the Main LR.

- To consider other related matters from time to time as defined by the Board.

Reporting Procedures

The Chairman of the Committee shall report on each meeting to the Board and the Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Summary of Audit Committee Activities during the Financial Year Ended 31 December 2011

The activities of the Audit Committee during the financial year ended 31 December 2011, are summarised as:

- Reviewed internal audit plan for the financial year which includes review of operational compliance with established control procedures, management efficiency, risk assessment and reliability of financial records.

- Authorised Internal Audit Department to undertake specific investigation on specific areas of concern, reviewed outcome of investigation and deliberated on appropriate actions and/or recommendations arising therefrom.

- Received and reviewed a total of twenty-one (21) internal audit reports covering the business processes of the Group's Plantation, Property Holding & Development, Credit Financing, Automotive, Fertilizers Trading and Quarry and Building Materials Divisions.

- Reviewed annual audit plans of the Group and Company with the external auditors and recommendation of their audit fees to the Board.

- Reviewed and discussed annual audited Financial Statements with the external auditors prior to recommending the same to the Board for approval; after noting specific points or pertinent issues raised by the external auditors.

- The Audit Committee held two (2) separate and independent meetings with the external auditors in the absence of the executive board members and management representatives during which the external auditors informed that they had received full co-operation from the management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted to the Audit Committee.

- Reviewed the Group's quarterly report prepared in compliance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and Chapter 9 of the Main LR and press announcements (if any) prior to submission to the Board for consideration and approval where the Chairman of the Audit Committee will brief the Board on the pertinent points and the recommendations of the Audit Committee.

- Reviewed and considered the disclosure of Related Party Transactions in the Financial Statements and the Recurrent Related Party Transactions Circular to shareholders.

- Reviewed the Statement of Corporate Governance and Statement on Internal Controls prepared in accordance with the provisions set out under the Malaysian Code on Corporate Governance (Revised 2007), the extent of compliance with the said CG Code and recommended to the Board action plans to address identified gaps (if any) between the Group's existing Corporate Governance practices and the prescribed Corporate Governance principles and best practices under the CG Code.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 27 March 2001 and presently its members are as follows:

Dato' Jorgen Bornhoft	*(Independent Non-Executive Director) – Chairman*
Datuk Henry Chin Poy-Wu	*(Independent Non-Executive Director)*
Datuk Simon Shim Kong Yip, JP	*(Non-Independent Non-Executive Director)*
Datuk Edward Lee Ming Foo, JP	*(Executive Director)*

Terms of Reference of Remuneration Committee

Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and in accordance with the Malaysian Code on Corporate Governance (Revised 2007) which required the Remuneration Committee to consist wholly or mainly of Non-Executive Directors.

Frequency of Meetings

Meetings are held at least once (1) a year and at such other time as and when necessary.

Attendance at Meetings

The quorum of the meeting shall be two (2) members.

Proceeding of Meetings

- In the absence of the Chairman, the Remuneration Committee shall appoint one of the Non-Executive members present to chair the meeting.
- Questions arising at any meeting shall be decided by a majority of votes of the members present, each member having one (1) vote. In the case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a member.

Duties

- To review the annual remuneration packages of each individual Executive Director such that the levels of remuneration are sufficient to attract and retain the Executive Directors needed to manage the Company successfully; and
- To recommend to the Board the remuneration packages of the Executive Directors of the Company.

Scope of Authority

The Remuneration Committee does not have the delegated authority from the Board to implement its recommendations but is obliged to report its recommendations to the full Board for its consideration and implementation.

Interest of Remuneration Committee Members

Members of the Remuneration Committee shall not participate or be involved in the deliberations or discussions of their own remuneration.

Reporting Procedure

The Secretary shall circulate the minutes of meetings of the Remuneration Committee to all members of the Board.

Summary of Activities

The Remuneration Committee met on 25 November 2011 to review and to recommend to the Board, the proposed bonus of the Executive Directors for the financial year ended 31 December 2011 and their respective proposed increments for the financial year commencing from 1 January 2012.

NOMINATING COMMITTEE

The Nominating Committee was set up on 27 March 2001 and presently its members are as follows:

Dato' Jorgen Bornhoft	*(Independent Non-Executive Director) – Chairman*
Datuk Henry Chin Poy-Wu	*(Independent Non-Executive Director)*
Datuk Simon Shim Kong Yip, JP	*(Non-Independent Non-Executive Director)*

Terms of Reference of Nominating Committee

Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and in accordance with the Malaysian Code on Corporate Governance (Revised 2007) which requires the Nominating Committee to consist exclusively of Non-Executive Directors, a majority of whom are independent.

Frequency of Meetings

Meetings are held at least once (1) a year and at such other time as and when necessary.

Attendance at Meetings

The quorum of the meeting shall be two (2) members.

Proceeding of Meetings

- In the absence of the Chairman, the Nominating Committee shall appoint one of the Independent Non-Executive members present to chair the meeting.
- Questions arising at any meeting shall be decided by a majority of votes of the members present, each member having one (1) vote. In the case of an equality of votes, the Chairman shall be entitled to a casting vote in addition to the vote which he is entitled as a member.

Duties

- To nominate and recommend suitable candidates for all directorships to be filled by the Board after considering the required mix, skills, knowledge, experience and other qualities including core competencies, expertise, professionalism and integrity which the Directors should bring to the Board.

- To evaluate the ability of candidates for the position of Independent Non-Executive Directors to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.

- To nominate and recommend qualified Directors to be Audit Committee members and to sit on other Board Committees from time to time.

- To consider candidates for directorships proposed by the Managing Director's office and, within bounds of practicability, by any other senior executive or any Director or shareholder.

- To annually assess the effectiveness of the Board, and contribution of individual Director.

- To determine the appropriate board size and number of Non-Executive participation in order to comply with Main LR.

- To ensure all the new Directors participate in the Directors' training programme.

Scope of Authority

The Nominating Committee does not have the delegated authority from the Board to implement its recommendations but is obliged to report its recommendations to the full Board for its consideration and implementation. The actual decision as to who shall be appointed is the responsibility of the full Board after considering the recommendations of the Committee.

Reporting Procedure

The Secretary shall circulate the minutes of meetings of the Nominating Committee to all members of the Board.

Summary of Activities

- Reviewed the current Audit Committee size and composition and was of the view that the members were aptly qualified to discharge their respective duties and responsibilities after taking into account their professional qualifications and experiences.

- Reviewed the current Remuneration Committee size and composition and was satisfied that the Remuneration Committee was effective in the discharge of its function.

Students from Humana School

Blood donation drive

Hap Seng Consolidated Berhad continues to hold firm to the belief that being a socially responsible corporate citizen makes good business sense. We understand that social responsibility means more than just contributing positively to the community we operate in. It also involves the way we run our business and how we treat all our stakeholders, from our customers to our employees.

By being committed towards operating in a socially responsible manner, the Hap Seng Group is able to continue to add value to our stakeholders and our society at large. This in turn, will enable us to grow as a business, taking our diversified and well-established public listed company to greater heights of success.

The following is a report of Corporate Social Responsibility ("CSR") initiatives undertaken at the Group level as well as within our divisions throughout our 2011 financial year. These are segmented according to the four CSR pillars of Community, Environment, Workplace and Marketplace.

COMMUNITY

When it comes to our community, the Hap Seng Group's CSR initiatives can be divided into two core areas, namely education and community enrichment.

Education

As a corporate entity, the Hap Seng Group is well aware of the role education plays in our nation's continued economic success. Education is also a gateway for disadvantaged Malaysians to improve their quality of life. Hence, our focus in this area is to enhance opportunities for those who are not able to access quality education due to poverty, distance or lack of infrastructure.

On this score, the Hap Seng Group is pleased to continue our co-sponsorship of the Project to Improve English in Rural Schools ("PIERS") programme together with HSBC Bank Malaysia Berhad. This unique "teaching the teacher" initiative is aimed at significantly improving the quality of teaching amongst primary school English teachers throughout Sabah. These schools are predominantly located in rural communities. As such, through more effective and interactive teaching methods, PIERS will indirectly help rural students improve their command of the English language.

After delivering positive results in Tawau and Lahad Datu, PIERS expanded its reach to Papar in 2011, where a total of 35 teachers from a cluster of 16 schools throughout this district successfully completed this programme.

In addition to PIERS, the Hap Seng Group has also contributed generously to The Community Chest. This charitable organisation is a private sector led initiative to promote and support education for the sole benefit of the Malaysian community.

Other divisions within the Group have also spearheaded efforts to help disadvantaged children access quality education. In 2011, our Quarry and Building Materials Division funded qualified teachers to provide English, Mathematics and Science tuition classes for students residing in rural communities throughout Tawau. Our Plantations Division continued to fund Humana Learning Centres, which are operated by the Humana Child Aid Society to educate underprivileged children.
The Division also provide buildings and accommodation for the teachers of these Learning Centres free of charge.

During the year, our Property Holding and Development Division provided space within a commercial building to house a new State Library at its township in Bandar Sri Indah, which is located in Tawau, Sabah. It charges the State a token RM1 monthly rental for the use of the premises. This State Library will enable residents of the surrounding area easier access to books, computers and free internet services.

Community Enrichment

The Hap Seng Group supports causes that help ease human suffering and improve the quality of life of the underprivileged in our society.

In 2011, the Quarry & Building Materials Division continued to organise our annual Hap Seng Charity Golf and Dinner. It has been a remarkable platform to build closer relationship with our business partners, associates and suppliers. At the same time, it has also been a winning formula to garner support for noble causes. The 2011 edition successfully raised a total of RM610,000 for charitable causes.
This was significantly more than the RM350,000 raised a year ago. The funds were then channeled to twelve charity organisations throughout Malaysia, doubling the number of recipients compared with a year ago.

On a need to need basis, our Group and its divisions have also contributed generously to a wide array of community initiatives during the year. These include community festivals, social events and sporting activities as well as assistance in cash or in kind to communities impacted by natural disasters.

ENVIRONMENT

Being a diversified entity with businesses in key areas of the Malaysian economy, the Hap Seng Group is ever mindful of how our operations impact the environment. Group-wide, we have continued to strive towards cultivating “green” in our corporate DNA. We intend to achieve this by making continuous improvements. All our employees are encouraged to find new ways and means to reduce the consumption of resources, from office supplies to electricity.

Recipients of funds raised from the Hap Seng Charity Golf 2011

Ladang Kawa Annual Family & Sports Day

PIERS Papar 2011 launch

Our Group's Plantation Division is currently undertaking a massive initiative to certify our estates according to the Roundtable on Sustainable Palm Oil. Once completed, we are able to ascertain to our stakeholders that the palm oil from our plantations is produced without undue harm to the environment or society. The Division also has a strict 'no burn' policy for all replanting as well as new plantings in 2011 and has embarked on a mission to reduce green house emission by 2015.

MARKETPLACE

Our marketplace is dynamic, constantly changing and highly competitive. As such, the Hap Seng Group is reliant on our stakeholders in this area, from our customers to our suppliers and trade partners, to help us grow and thrive. To achieve this, it is important that we engage these stakeholders consistently with a view to build long-lasting and mutually beneficial relationships.

When it comes to knowledge sharing, our Credit Financing Division has stepped forward in helping owners and managers of small-medium-enterprises better understand credit financing. In 2011, Hap Seng Credit participated in numerous events and activities arranged by Asset Finance Leasing Association of Malaysia to promote the credit financing industry in Malaysia.

Our Property Holding and Development Division had also supported industry building initiatives. During the year, the division participated in SHAREDA Propex 2011, a large scale home and property exhibition organised by the Sabah Housing and Real Estate Developers Association. With a highly visible showcase, our Group was able to play a role in generating interest and support for the State's property industry.

On the same note, customer relations management is also an integral part of our Automotive Division's business. In Vietnam, a Smiles Driven event was organised in 2011 by our subsidiary, Vietnam Star Automobile, the authorized dealer of Mercedes-Benz in the country. The family-oriented event not only provided fun and games to car enthusiasts but was also able to raise funds to support facial surgeries for children born with congenital conditions. Back home, Hap Seng Star continued to treat its customers to customer appreciation activities including exclusive driving events organised by Mercedes-Benz Malaysia.

Corporate Social Responsibility

WORKPLACE

Our human capital is the cornerstone of our success. As such, we have continued to invest significantly to develop our employees' skills-set and mindset in a way that will enable them to perform their jobs better and avail them to opportunities for personal growth and success.

For example, our Automotive Division had sponsored new recruits to the Mercedes-Benz Malaysia Automotive Mechatronic Course, which is a 3-year apprenticeship aimed at developing well-trained technically-skilled mechanics for the renowned marque's network. The Division also sent its after-sales employees for training to help them keep up to speed on the latest technology while enhancing their "peoples-skill". Key management personnel were given the opportunity to attend courses in leadership, finance and customer service. Apart from training and development, the division also motivates its employees with an annual after-sales incentive programme. In 2011, a total of 61 after-sales employees were rewarded with a trip to Beijing as a result of their outstanding performance.

In terms of promoting greater team work, our Credit Financing Division continued to organise its annual Managers' Conference on Business Review and 2012 Business Plan. This has been a successful platform for the Division to look back at the year's performance and set a business strategy moving forward. It also allows for the employees to learn from each other and exchange ideas.

Throughout 2011, the Hap Seng Group and its division have also supported various employee relations initiatives including family days, sports days and annual dinners. In addition, we have also encouraged a healthy lifestyle amongst our employees with initiatives such as free health checks and talks.

Awards

Our Automotive Division continued to solidify its position as a top-notched after-sales service provider. In 2011, it bagged a one two finish at the prestigious and highly competitive Mercedes-Benz Service Excellence Award.

In addition Hap Seng Star Kinrara Autohaus Service Centre received the Subang Jaya Municipal Council Award for the cleanest and most environmentally friendly private sector premise for 2011.

Hap Seng Star wins Mercedes-Benz Service Excellence Award 2011

Financial Statements

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiaries and associates are disclosed in Notes 7 and 8 to the financial statements, respectively. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

The results of the Group and of the Company for the financial year ended 31 December 2011 are as follows:

	Group RM'000	Company RM'000
Profit before tax	634,999	226,218
Tax expense	(141,872)	(20,342)
Profit for the year	493,127	205,876
Attributable to:		
Owners of the Company	375,602	205,876
Non-controlling interests	117,525	-
Profit for the year	493,127	205,876

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES

During the financial year, the authorised share capital of the Company was increased from RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each to RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each on 15 March 2011 and its issued and paid-up share capital was increased and/or decreased in the following manner:

(a) On 23 May 2011, the private placement exercise undertaken by the Company was completed with the listing of and quotation for 43,800,000 new ordinary shares of RM1.00 each on the Main Market of Bursa Malaysia Securities Berhad ["Bursa Securities"] at the issue price of RM5.25 per share. Consequently, the issued and paid-up share capital of the Company increased from RM622,660,000 comprising 622,660,000 ordinary shares of RM1.00 each 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.

(b) On 15 August 2011, both the Bonus Issue Exercise (defined below) and Rights Issue with Warrants Exercise (defined below) were completed with the listing of and quotation for the following new ordinary shares on the Main Market of Bursa Securities:

   (i) 1,214,643,000 new ordinary shares of RM1.00 each credited as fully paid-up on the basis of two (2) bonus shares ["Bonus Shares"] for every one (1) existing ordinary share held ["Bonus Issue Exercise"]; and

   (ii) 364,392,900 new ordinary shares of RM1.00 each ["Rights Shares"] on the basis of one (1) Rights Share together with one (1) free detachable warrant ["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 with Warrants Exercise"].

   Consequently, the issued and paid-up share capital of the Company increased from RM666,460,000 comprising 666,460,000 ordinary shares of RM1.00 each 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.

(c) With the cancellation of the entire 59,138,500 treasury shares on 24 August 2011, the Company's issued and paid-up share capital decreased from RM2,245,495,900 comprising 2,245,495,900 ordinary shares of RM1.00 each to RM2,186,357,400 comprising 2,186,357,400 ordinary shares of RM1.00 each.

WARRANTS

The Warrants are constituted by the deed poll dated 6 July 2011 ["Deed Poll"].

On 15 August 2011, the 364,392,900 Warrants issued free by the Company pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every one (1) Rights Share subscribed were listed and quoted on the Main Market of Bursa Securities.

Salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder thereof ["Warrantholder(s)"] to subscribe for one (1) new ordinary share of RM1.00 in the Company at the exercise price of RM1.65 during the 5-year period expiring on 9 August 2016 ["Exercise Period"], subject to the adjustments as set out in the Deed Poll;

(b) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose;

(c) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof;

(d) For purpose of trading on Bursa Securities, a board lot for the Warrants shall be one hundred (100) or such other number of units as may be prescribed by Bursa Securities from time to time and the trading thereof shall be governed by the provisions of the Securities Industry (Central Depositories) Act, 1991 (including any amendment or re-enactment thereof) and the rules of the Bursa Malaysia Depository Sdn Bhd; and

(e) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 15 August 2011	364,392,900
Exercised during the year	-
As of 31 December 2011	364,392,900
Exercised subsequent to 31 December 2011	(3,600)
As of 10 April 2012	364,389,300

No Warrant was exercised during the financial year.

Subsequent to the end of the 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 2 February 2012. Consequently, the issued and paid-up share capital of the Company increased by RM3,600 to RM2,186,361,000 comprising 2,186,361,000 ordinary shares of RM1.00 each. As of 10 April 2012, 364,389,300 Warrants remained unexercised.

TREASURY SHARES

During the extraordinary general meeting of the Company held on 7 June 2011, shareholders of the Company renewed the then existing authorisation to the Company to repurchase its own shares. During the financial year, the Company repurchased 2,000 shares at the cost of RM11,484 in May 2011 which were held as treasury shares and thereby yielding a total cumulative of 59,138,500 treasury shares. The said 59,138,500 treasury shares were cancelled in its entirety on 24 August 2011. Subsequent to the said cancellation, the Company repurchased a total of 5,430,000 shares at the total cost of RM8,283,445, which shares were retained as treasury shares. All the repurchases of shares were financed by the Company's internal funds.

Movement in the treasury shares is as follows:

	Number of shares	RM	Average cost per share RM
As of 1 January 2010	59,134,500	154,458,703	2.61
Repurchased during the year	2,000	7,861	3.93
As of 31 December 2010/1 January 2011	59,136,500	154,466,564	2.61
Repurchased shares cancelled during the year	(59,138,500)	(154,478,048)	2.61
Repurchased during the year	5,432,000	8,294,929	1.53
As of 31 December 2011	5,430,000	8,283,445	1.53
Repurchased subsequent to 31 December 2011	6,707,700	11,185,005	1.67
As of 10 April 2012	12,137,700	19,468,450	1.60

The directors of the Company are committed to enhancing the value of the Company and shall undertake the shares repurchase in the best interests of the Company.

As of 10 April 2012, the issued and paid-up share capital was RM2,186,361,000 comprising 2,186,361,000 ordinary shares of RM1.00 each, with 12,137,700 ordinary shares thereof being held as treasury shares.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events are disclosed in Note 40 to the financial statements.

SUBSEQUENT EVENT

Subsequent event other than those detailed in the directors' report is disclosed in Note 41 to the financial statements.

DIVIDENDS

During the financial year, the following dividends were paid by the Company:

		RM'000
(i)	In respect of the financial year ended 31 December 2010:	
	- Final dividend of *20.4 sen per share under the single tier system approved by shareholders on 7 June 2011 and paid on 24 June 2011	123,894
(ii)	In respect of the financial year ended 31 December 2011:	
	- Interim dividend of **3.9 sen per share under the single tier system approved by the Board of Directors on 24 August 2011 and paid on 28 September 2011	85,268
		209,162

On 14 February 2012, the Board of Directors approved a second interim dividend of ***4.7 sen per share under the single tier system in respect of the financial year ended 31 December 2011, amounting to RM102,489,657 and was paid on 13 March 2012. The financial statements for the current financial year do not reflect this dividend and will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2012.

As the aforesaid second interim dividend was approved in lieu of final dividend, the Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2011.

No dividend is payable for treasury shares held or cancelled.

Notes:

* *The 20.4 sen dividend per ordinary share was based on the issued and paid-up share capital of RM607,321,500 comprising 607,321,500 ordinary shares of RM1.00 each after excluding the 59,138,500 treasury shares.*

** *The 3.9 sen dividend per ordinary share was based on the issued and paid-up share capital of RM2,186,357,400 comprising 2,186,357,400 ordinary shares of RM1.00 each after the cancellation of the entire 59,138,500 treasury shares.*

*** *The 4.7 sen dividend per ordinary share was based on the issued and paid-up share capital of RM2,180,631,000 comprising 2,180,631,000 ordinary shares of RM1.00 each after excluding the 5,730,000 treasury shares.*

LITIGATION MATTER

Details of a litigation matter are disclosed in Note 34 to the financial statements.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Jorgen Bornhoft
Datuk Henry Chin Poy-Wu
Datuk Edward Lee Ming Foo, JP
Lee Wee Yong
Datuk Simon Shim Kong Yip, JP
Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan
Lau Teong Jin
Dato' Mohammed Bin Haji Che Hussein
Tan Ghee Kiat

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and Warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
Name of director	**As at 1.1.2011**	**Acquired**	**Sold**	**As at 31.12.2011**
Hap Seng Consolidated Berhad				
Dato' Jorgen Bornhoft	50,000	^100,000 #30,000	- -	180,000
Dato' Mohammed Bin Haji Che Hussein	-	80,000 ^160,000 #48,000	- - -	288,000
Hap Seng Plantations Holdings Berhad ["HSP"], a listed subsidiary				
Dato' Jorgen Bornhoft	10,000	-	-	10,000
Datuk Edward Lee Ming Foo, JP	110,000	-	(110,000)	-
Lee Wee Yong	70,000	-	-	70,000
Datuk Simon Shim Kong Yip, JP	180,000	-	-	180,000
Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan	10,000	-	-	10,000

^ Allotment of Bonus Shares pursuant to the Bonus Issue Exercise.
# Allotment of Rights Shares pursuant to the Rights Issue with Warrants Exercise.

	Number of Warrants			
Name of director	**As at 1.1.2011**	**Acquired**	**Sold**	**As at 31.12.2011**
Hap Seng Consolidated Berhad				
Dato' Jorgen Bornhoft	-	+30,000	-	30,000
Dato' Mohammed Bin Haji Che Hussein	-	+48,000	-	48,000

\+ Warrants issued and allotted pursuant to the Rights Issue with Warrants Exercise.

None of the other directors in office at the end of the financial year had any interest in shares and Warrants of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than as disclosed in Note 38 to the financial statements.

HOLDING COMPANY

The holding company is Gek Poh (Holdings) Sdn Bhd, a company incorporated in Malaysia.

OTHER STATUTORY INFORMATION

(a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of trade and other receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance for impairment had been made for trade and other receivables; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the allowance for impairment of trade and other receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (continued)

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 April 2012.

Dato' Jorgen Bornhoft

Datuk Edward Lee Ming Foo, JP

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **DATO' JORGEN BORNHOFT** and **DATUK EDWARD LEE MING FOO, JP**, being two of the directors of **HAP SENG CONSOLIDATED BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 62 to 149 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 to the financial statements on page 150 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 10 April 2012.

Dato' Jorgen Bornhoft

Datuk Edward Lee Ming Foo, JP

Statutory Declaration

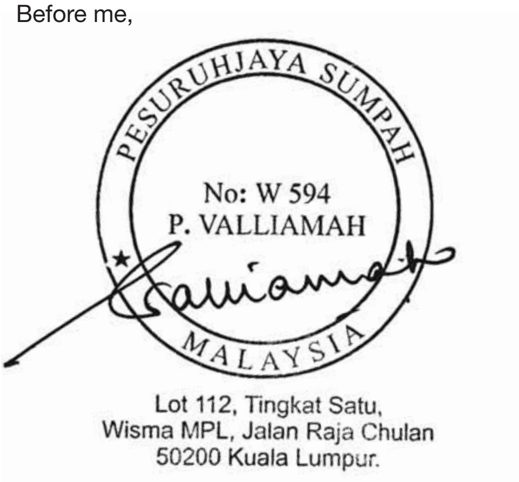
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **LEE WEE YONG**, being the director primarily responsible for the financial management of **HAP SENG CONSOLIDATED BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 62 to 150 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovementioned **LEE WEE YONG**
at Kuala Lumpur in the Federal Territory
on 10 April 2012.

Lee Wee Yong

Before me,



Independent Auditors' Report

TO THE MEMBERS OF HAP SENG CONSOLIDATED BERHAD

Report on the financial statements

We have audited the financial statements of Hap Seng Consolidated Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 62 to 149.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ["Act"] in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 42 to the financial statements on page 150 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
10 April 2012

Statements of Financial Position

AS AT 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current assets					
Property, plant and equipment	4	1,156,171	1,074,960	1,394	1,487
Biological assets	5	420,539	414,548	-	-
Investment properties	6	475,153	502,768	-	-
Subsidiaries	7	-	-	2,332,209	1,938,160
Associates	8	387,303	380,648	81,167	81,167
Other investment	9	30,000	-	-	-
Land held for property development	10	371,366	378,191	-	-
Goodwill	11	36,736	36,736	-	-
Long term receivables	14	828,747	631,482	-	-
Deferred tax assets	19	71,746	66,932	-	-
		3,777,761	3,486,265	2,414,770	2,020,814
Current assets					
Inventories	12	941,461	475,218	-	-
Property development costs	13	249,725	293,184	-	-
Trade and other receivables	14	1,147,407	907,947	645,170	804,888
Tax recoverable		43,855	34,085	58	29
Cash and bank balances	15	666,901	194,068	410,443	52,160
		3,049,349	1,904,502	1,055,671	857,077
Total assets		6,827,110	5,390,767	3,470,441	2,877,891
Equity attributable to owners of the Company					
Share capital	20	2,186,357	622,660	2,186,357	622,660
Reserves	21	1,115,343	2,118,021	1,131,582	2,249,141
		3,301,700	2,740,681	3,317,939	2,871,801
Less: Treasury shares	20	(8,283)	(154,467)	(8,283)	(154,467)
		3,293,417	2,586,214	3,309,656	2,717,334
Non-controlling interests		358,631	330,588	-	-
Total equity		3,652,048	2,916,802	3,309,656	2,717,334

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current liabilities					
Borrowings	18	1,370,710	796,862	-	156,453
Deferred tax liabilities	19	168,051	166,595	36	34
Other payables	16	1,648	1,289	-	-
		1,540,409	964,746	36	156,487
Current liabilities					
Trade and other payables, including derivatives	16	436,173	387,318	4,296	4,070
Provisions	17	3,606	3,029	-	-
Tax payable		20,401	7,096	-	-
Borrowings	18	1,174,473	1,111,776	156,453	-
		1,634,653	1,509,219	160,749	4,070
Total liabilities		3,175,062	2,473,965	160,785	160,557
Total equity and liabilities		6,827,110	5,390,767	3,470,441	2,877,891

The accompanying notes form an integral part of these financial statements.

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	22	3,628,380	2,789,410	217,375	210,417
Cost of sales	22	(2,762,255)	(2,160,088)	-	-
Gross profit		866,125	629,322	217,375	210,417
Other operating income		160,707	77,561	30,832	28,962
Distribution costs		(133,389)	(100,681)	-	-
Administrative expenses		(153,400)	(130,527)	(13,858)	(14,446)
Other operating expenses		(25,400)	(20,453)	(594)	(2,937)
Operating profit	23	714,643	455,222	233,755	221,996
Finance costs	26	(97,216)	(66,188)	(7,537)	(6,653)
Other non-operating items	27	(2,175)	92,685	-	-
Share of results of associates		19,747	22,737	-	-
Profit before tax		634,999	504,456	226,218	215,343
Tax expense	28	(141,872)	(95,403)	(20,342)	(36,896)
Profit for the year		493,127	409,053	205,876	178,447
Profit attributable to:					
Owners of the Company		375,602	323,132	205,876	178,447
Non-controlling interests		117,525	85,921	-	-
		493,127	409,053	205,876	178,447
Basic earnings per share (sen)	29	18.85	17.82		
Diluted earnings per share (sen)	29	18.85	-		

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the year	493,127	409,053	205,876	178,447
Other comprehensive income:				
Exchange difference on translation of foreign operations, net of tax	(379)	(1,261)	-	-
Total comprehensive income for the year, net of tax	492,748	407,792	205,876	178,447
Total comprehensive income attributable to:				
Owners of the Company	375,682	321,896	205,876	178,447
Non-controlling interests	117,066	85,896	-	-
	492,748	407,792	205,876	178,447

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2011

GROUP	Share capital RM'000	Share premium RM'000	Capital reserve in respect of associate RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Capital redemption reserve RM'000	Warrant reserve RM'000	Other reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Attributable to Owners of the Company												
At 1 January 2010	622,660	-	641	7,962	36,564	7,128	-	-	1,817,088	(154,459)	2,337,584	289,336	2,626,920
Profit for the year	-	-	-	-	-	-	-	-	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
Disposal of shares in subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	11,126	11,126
Acquisition of shares in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(13,125)	(13,125)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Purchase of treasury shares by subsidiary	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)
Dividends (Note 30)	-	-	-	-	-	-	-	-	(73,258)	-	(73,258)	-	(73,258)
Dividends paid by subsidiary	-	-	-	-	-	-	-	-	-	-	-	(42,634)	(42,634)
At 31 December 2010/ 1 January 2011	622,660	-	641	6,726	36,564	7,128	-	-	2,066,962	(154,467)	2,586,214	330,588	2,916,802
Profit for the year	-	-	-	-	-	-	-	-	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
Private Placement	43,800	186,150	-	-	-	-	-	-	-	-	229,950	-	229,950
Bonus Issue	1,214,643	(177,489)	-	-	-	-	-	-	(1,037,154)	-	-	-	-
Rights Issue	364,393	-	-	-	-	-	49,193	(30,973)	-	-	382,613	-	382,613
Share Issuance expenses	-	(8,661)	-	-	-	-	-	-	-	-	(8,661)	-	(8,661)
Acquisition of shares in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	(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 (Note 30)	-	-	-	-	-	-	-	-	(209,162)	-	(209,162)	-	(209,162)
Dividends paid by subsidiary	-	-	-	-	-	-	-	-	-	-	-	(60,996)	(60,996)
At 31 December 2011	2,186,357	-	641	6,806	36,564	66,267	49,193	(30,973)	986,845	(8,283)	3,293,417	358,631	3,652,048

COMPANY	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Warrant reserve RM'000	Other reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total equity RM'000
At 1 January 2010	622,660	-	7,128	-	-	2,136,824	(154,459)	2,612,153
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	178,447	-	178,447
Purchase of treasury shares	-	-	-	-	-	-	(8)	(8)
Dividends (Note 30)	-	-	-	-	-	(73,258)	-	(73,258)
At 31 December 2010/ 1 January 2011	622,660	-	7,128	-	-	2,242,013	(154,467)	2,717,334
Profit for the year, representing total comprehensive income for the year	-	-	-	-	-	205,876	-	205,876
Private Placement	43,800	186,150	-	-	-	-	-	229,950
Bonus Issue	1,214,643	(177,489)	-	-	-	(1,037,154)	-	-
Rights Issue	364,393	-	-	49,193	(30,973)	-	-	382,613
Share issuance expenses	-	(8,661)	-	-	-	-	-	(8,661)
Purchase of treasury shares	-	-	-	-	-	-	(8,294)	(8,294)
Cancellation of treasury shares	(59,139)	-	59,139	-	-	(154,478)	154,478	-
Dividends (Note 30)	-	-	-	-	-	(209,162)	-	(209,162)
At 31 December 2011	2,186,357	-	66,267	49,193	(30,973)	1,047,095	(8,283)	3,309,656

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit before tax	634,999	504,456	226,218	215,343
Adjustments for:				
Depreciation of property, plant and equipment	68,597	58,381	594	890
Property, plant and equipment written off	1,520	769	-	-
Biological assets written off	460	331	-	-
Gains from fair value adjustments of investment properties	-	(38,439)	-	-
Impairment loss on investment in an associate	2,175	-	-	-
Gain on disposal of 35% equity interest in a subsidiary	-	(92,685)	-	-
Gain on disposal of property, plant and equipment	(32,669)	(390)	-	(243)
Gain on disposal of investment properties	(69,386)	(62)	-	-
Gain on disposal of land held for property development	(179)	-	-	-
Interest expense	97,216	66,188	7,537	6,653
Interest income	(12,042)	(4,986)	(30,009)	(28,506)
Dividend income	-	-	(217,375)	(210,417)
Share of results of associates	(19,747)	(22,737)	-	-
Operating profit/(loss) before working capital changes	670,944	470,826	(13,035)	(16,280)
Working capital changes:				
Inventories	(477,661)	(77,062)	-	-
Property development costs	65,619	2,275	-	-
Loan receivables	(262,061)	(157,839)	-	-
Receivables	(174,628)	(17,833)	159,717	(284,832)
Payables	55,678	43,561	227	(208)
Cash (used in)/generated from operations	(122,109)	263,928	146,909	(301,320)
Income tax paid	(156,202)	(98,182)	(5,317)	(2,909)
Income tax refunded	16,481	33,902	-	7,903
Interest paid	(97,216)	(66,188)	(7,537)	(6,653)
Interest received	12,042	4,986	30,009	28,506
Additions to land held for property development	(18,128)	(29,516)	-	-
Net cash (used in)/generated from operating activities	(365,132)	108,930	164,064	(274,473)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	65,556	6,587	-	278
Proceeds from disposal of investment properties	133,370	412	-	-
Proceeds from disposal of land held for property development	2,972	1,947	-	-
Redemption of preference shares by a subsidiary	-	-	500,000	-
Dividends received from subsidiaries	-	-	199,359	172,314
Dividends received from associates	10,917	18,703	2,964	4,453
Purchase of property, plant and equipment	(184,510)	(175,121)	(501)	(453)
Additions to biological assets	(6,451)	(5,852)	-	-
Additions to investment properties	(36,369)	(198,669)	-	-
Acquisition of other investment	(30,000)	-	-	-
Acquisition of non-controlling interests (Note 7(a))	(82,933)	(49,888)	(41,549)	(49,858)
Disposal of 35% equity interest in a subsidiary (Note 7(b))	-	103,811	-	-
Acquisition of subsidiaries (Note 7(c))	-	5,190	-	-
Acquisition of additional shares in subsidiaries	-	-	(852,500)	-
Acquisition of an associate	-	(20,113)	-	-
Additional cost on investment in an associate	-	(1,537)	-	-
Net cash (used in)/generated from investing activities	(127,448)	(314,530)	(192,227)	126,734
Cash flows from financing activities				
Dividends paid	(209,162)	(73,258)	(209,162)	(73,258)
Dividends paid to minority shareholders	(60,996)	(42,634)	-	-
Proceeds from issuance of shares pursuant to the Private Placement	229,950	-	229,950	-
Proceeds from issuance of shares pursuant to the Rights Issue	382,613	-	382,613	-
Share Issuance expenses	(8,661)	-	(8,661)	-
Shares repurchased at cost	(8,313)	(19)	(8,294)	(8)
Net drawdown of borrowings	635,132	93,941	-	-
Net cash generated from/(used in) financing activities	960,563	(21,970)	386,446	(73,266)
Net increase/(decrease) in cash and cash equivalents	467,983	(227,570)	358,283	(221,005)
Effects on exchange rate changes on cash and cash equivalents	1,516	(2,887)	-	-
Cash and cash equivalents as at 1 January	185,429	415,886	52,160	273,165
Cash and cash equivalents as at 31 December (Note 15)	654,928	185,429	410,443	52,160

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

The Company is an investment holding company.

The principal activities of the subsidiaries and associates are disclosed in Notes 7 and 8, respectively. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at 21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The holding company of the Company is Gek Poh (Holdings) Sdn Bhd which is incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 10 April 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ["FRSs"] and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ["RM"] and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Effects of adopting new and amended Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the changes arising from the adoption of the following new and amended FRSs and IC Interpretations that are mandatory for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011 as follows.

Effective for annual periods beginning on or after 1 March 2010
- Amendments to FRS 132: Classification of Rights Issues

Effective for annual periods beginning on or after 1 July 2010
- FRS 1 First-time Adoption of Financial Reporting Standards *
- FRS 3 Business Combinations
- FRS 127 Consolidated and Separate Financial Statements
- 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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Effects of adopting new and amended Financial Reporting Standards (continued)

Effective for annual 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 *
- Amendment 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: Group Cash-settled Share-based Payment Transactions *
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Improvements to FRSs issued in 2010

* These FRSs, IC Interpretations and amendments are not applicable to the Group and the Company.

The adoption of the above new and amended FRSs and IC Interpretations do not have any significant financial impact on the Group, except as discussed below:

<u>Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary, whereby losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity and when control over a subsidiary is lost, any interest retained is measured at its fair value with the corresponding gain or loss recognised in profit or loss. The Group acquired an additional 35% equity interest in a subsidiary from its non-controlling interests and the acquisition was accounted for as an equity transaction as disclosed in Note 7(a).

<u>Amendments to FRS 7: Improving Disclosures about Financial Instruments</u>

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 35. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 36(c).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations of the FRS framework which have been issued but are only effective for future financial periods:

	Effective for annual periods beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	*
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associates and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

* Effective immediately as of 1 March 2012

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. These pronouncements are expected to have no impact on the financial statements of the Group and of the Company upon their initial application, except as discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset. The Group is in the process of making an assessment of the impact of adoption of Amendments to FRS 112.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no financial impact on the Group’s financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group’s financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no financial impact on the Group’s financial position or performance.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no financial impact on the Group's financial position or performance.

Malaysian Financial Reporting Standards (MFRS Framework)

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

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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called '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 falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare its financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.13. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in consolidated income statement and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ["the functional currency"]. The consolidated financial statements are presented in RM, which is also the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency (continued)

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

(a) Assets

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of property, plant and equipment comprises their purchase price and any directly attributable costs including interest costs capitalised in bringing the property, plant and equipment to working condition. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

(a) Assets (continued)

Depreciation

Freehold land and assets under construction are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives. The estimated useful lives are:

Leasehold land	56 to 999 years
Buildings	10 to 60 years
Road and infrastructure	25 to 83 years
Plant and equipment	
- Plant and machinery	4 to 20 years
- Office equipment, furniture, fixtures and fittings	3 to 10 years
- Motor vehicles	4 to 7 years

The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(b) Disposal of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2.8 Biological assets

Biological assets comprise new planting expenditure incurred from land clearing to the point of harvesting. Expenditures incurred after maturity of crops are charged to the profit or loss. Estate overheads are apportioned to revenue and plantation development expenditure on the basis of proportion of mature and immature areas.

No amortisation is considered necessary for plantation development expenditure as the estate is maintained through replanting programmes and replanting expenditure is charged to the profit or loss during the year when it is incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. In the absence of current prices in an active market, alternative methods such as recent prices on a less active market or discounted cash flow projections are used.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

Investment property under construction ["IPUC"]

IPUC is measured at fair value (when the fair value is reliably determinable). The fair values of IPUC were determined at the end of the reporting period based on the opinion of a qualified independent valuer. Fair value is arrived at by reference to market evidence of transaction prices for similar properties. Each IPUC is individually assessed.

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is measured in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss on the Group's net investment in the associate. The Group determine at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Land held for property development comprise cost associated with the acquisition of land and all cost incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201_{2004}.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment at each reporting date and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ["CGU"]).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Financial assets (continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2.16 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Impairment of financial assets (continued)

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally as follows:

Properties held for sale	- specific identification method
Quarry reserves	- specific identification method
Raw materials	- weighted average cost method
Produce inventories	- weighted average cost method
Work-in-progress	- weighted average cost method
Livestocks	- weighted average cost method
Finished goods	
- vehicle and equipment	- specific identification method
- others	- weighted average cost method

Properties held for sale include costs of land, construction and appropriate development overheads.

Quarry reserves arising from the acquisition of subsidiaries are amortised over the lease extraction of 20 years.

Cost of produce inventories includes estate production costs, processing and transport charges.

Costs of work-in-progress and finished goods produced by the Group include costs of direct materials, labour and a proportion of production overheads.

Livestocks are measured at the lower of cost and net realisable value using the weighted average method as the main basis for cost. Cost of livestocks includes direct production costs and attributable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sales.

2.18 Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Property development costs (continued)

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits with licensed financial institutions. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Sale of goods

Revenue on sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

(d) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(e) Hire purchase, finance lease and loan receivables

Income on hire purchase and finance leases is recognised using the "sum-of-digit" method. Interest income on term loan is accounted for on an accrual basis by reference to rest periods as stipulated in the loan agreements, which are either daily or monthly. Where the repayment of an account is in arrears for three months or more, the uncollected interest from that account is suspended until it is realised on a cash basis.

(f) Sale of properties

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.18.

Revenue from sale of completed properties held for resale is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

2.22 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of the Group. Short term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.23 Income tax

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Income tax (continued)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.25 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs shall cease when substantially all the activities to prepare the asset for its intended use or sale are completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Hedge accounting

The Group uses derivatives to manage its exposure to foreign exchange risk and applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The Group's hedging relationships are mainly classified as fair value hedge.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit and loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

(a) Fair value hedges

The change in the fair value of a foreign exchange derivative is recognised in the profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Fair value hedge accounting is discontinued if the hedging instrument expires or sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

(b) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Treasury shares

When issued shares of the Company are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares that have not been cancelled are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.31 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement as to whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As of 31 December 2011, the Group has deferred tax assets of RM71,746,000 (2010: RM66,932,000).

(b) Write-down of inventories

A review is made periodically on inventory for excess inventory obsolescence and declines in net realisable value below cost and a reversal or an allowance is recorded against the inventory balance for any such excess or declines. Possible changes in these estimates would result in revisions to the valuation of inventory.

(c) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 13.

(d) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 14. As at 31 December 2011, the allowance for impairment of the Group is RM15,093,000 (2010: RM21,273,000).

(e) Material litigation

The Group determines whether a present obligation in relation to a material litigation exists at the reporting date by taking into account all available evidence, including the opinion of its solicitors and subsequent events after the reporting date. On the basis of such evidence, the Group evaluates if a provision needs to be recognised in the financial statements. Further details of the material litigation involving the Group are disclosed in Note 34.

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land RM'000	Leasehold land Long term RM'000	Leasehold land Short term RM'000	Buildings RM'000	Road and infrastructure RM'000	Plant and equipment RM'000	Assets under construction RM'000	Total RM'000
At cost or valuation:								
At 1 January 2010	131,979	202,254	22,801	428,425	109,507	375,670	36,746	1,307,382
Additions	7,520	8,360	-	21,516	17,209	58,318	62,198	175,121
Reclassification	2,066	(12,295)	12,295	4,676	8,446	29,304	(44,492)	-
Acquisition of subsidiaries	-	-	1,376	3,654	-	8,945	353	14,328
Disposals	-	-	-	(97)	-	(11,273)	-	(11,370)
Written off	-	-	-	(800)	-	(4,665)	-	(5,465)
Exchange differences	-	-	(383)	(471)	-	(1,135)	(16)	(2,005)
At 31 December 2010/ 1 January 2011	141,565	198,319	36,089	456,903	135,162	455,164	54,789	1,477,991
Additions	38,738	-	76	8,267	13,838	59,538	64,053	184,510
Reclassification	79	(228)	2,648	8,248	8,231	45,509	(64,487)	-
Disposals	-	(19,126)	-	(6,290)	-	(21,772)	-	(47,188)
Written off	-	-	-	(211)	-	(4,662)	-	(4,873)
Exchange differences	-	-	14	(123)	-	(270)	(2)	(381)
At 31 December 2011	180,382	178,965	38,827	466,794	157,231	533,507	54,353	1,610,059
Analysis of cost or valuation:								
Cost	180,382	178,965	38,827	464,319	157,231	533,507	54,353	1,607,584
Valuation 1984	-	-	-	2,475	-	-	-	2,475
	180,382	178,965	38,827	466,794	157,231	533,507	54,353	1,610,059
Accumulated depreciation:								
At 1 January 2010	-	25,776	592	91,609	22,349	210,739	-	351,065
Depreciation charge for the year (Note 23)	-	3,849	420	11,737	7,641	34,734	-	58,381
Reclassification	-	(929)	929	-	-	-	-	-
Acquisition of subsidiaries	-	-	204	1,070	-	2,976	-	4,250
Disposals	-	-	-	(97)	-	(5,076)	-	(5,173)
Written off	-	-	-	(77)	-	(4,619)	-	(4,696)
Exchange differences	-	-	(70)	(107)	-	(619)	-	(796)
At 31 December 2010/ 1 January 2011	-	28,696	2,075	104,135	29,990	238,135	-	403,031
Depreciation charge for the year (Note 23)	-	2,927	1,376	12,618	9,474	42,202	-	68,597
Reclassification	-	(781)	781	-	-	-	-	-
Disposals	-	(2,734)	-	(2,287)	-	(9,280)	-	(14,301)
Written off	-	-	-	(4)	-	(3,349)	-	(3,353)
Exchange differences	-	-	2	(45)	-	(43)	-	(86)
At 31 December 2011	-	28,108	4,234	114,417	39,464	267,665	-	453,888

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Freehold land RM'000	Leasehold land Long term RM'000	Leasehold land Short term RM'000	Buildings RM'000	Road and infrastructure RM'000	Plant and equipment RM'000	Assets under construction RM'000	Total RM'000
Net carrying amount:								
At 31 December 2010	141,565	169,623	34,014	352,768	105,172	217,029	54,789	1,074,960
At 31 December 2011	180,382	150,857	34,593	352,377	117,767	265,842	54,353	1,156,171

The revalued buildings of RM2,475,000 (2010: RM2,475,000) had been undertaken by the directors on the basis of an independent valuation by a professional firm of valuers on an existing use basis conducted in 1984. The property, plant and equipment have continued to be stated on the basis of their 1984 valuations as allowed by the transitional provisions issued by the Malaysian Accounting Standards Board ["MASB"] upon adoption of International Accounting Standard No.16 (Revised), Property, Plant and Equipment.

Had the revalued buildings of the Group been measured using the cost model, the revalued buildings would have been fully depreciated.

Company

	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At cost:			
At 1 January 2010	187	5,109	5,296
Additions	-	453	453
Disposals	-	(1,144)	(1,144)
At 31 December 2010/1 January 2011	187	4,418	4,605
Additions	-	501	501
At 31 December 2011	187	4,919	5,106
Accumulated depreciation:			
At 1 January 2010	145	3,192	3,337
Charge for the year (Note 23)	4	886	890
Disposals	-	(1,109)	(1,109)
At 31 December 2010/1 January 2011	149	2,969	3,118
Charge for the year (Note 23)	4	590	594
At 31 December 2011	153	3,559	3,712
Net carrying amount:			
At 31 December 2010	38	1,449	1,487
At 31 December 2011	34	1,360	1,394

5. BIOLOGICAL ASSETS

	Group	
	2011 RM'000	**2010 RM'000**
At cost or valuation:		
At 1 January	414,548	409,027
Additions	6,451	5,852
Written off (Note 23)	(460)	(331)
At 31 December	420,539	414,548
Analysis of cost or valuation:		
Cost	347,624	341,633
Valuation 1984	72,915	72,915
	420,539	414,548

The 1984 valuation of certain plantation land had been undertaken by the directors on the basis of an independent valuation by a professional firm of valuers on an existing use basis. The biological assets have continued to be stated on the basis of their 1984 valuations as allowed by the transitional provisions issued by the MASB upon adoption of International Accounting Standard No.16 (Revised), Property, Plant and Equipment.

The net carrying amount of biological assets stated at valuation had they been stated at cost would have been RM27,586,000 (2010: RM27,586,000) in respect of the Group.

6. INVESTMENT PROPERTIES

Investment properties owned by the Group comprise completed investment properties and IPUC. Completed investment properties include land that are held for a currently undetermined future use or held for long term capital appreciation.

	Completed investment properties RM'000	IPUC, at fair value RM'000	Total RM'000
At 1 January 2010	266,010	-	266,010
Additions from acquisition	82,197	106,654	188,851
Additions from subsequent expenditure	-	9,818	9,818
Disposals	(350)	-	(350)
Gains from fair value adjustments recognised in profit or loss (Note 23)	25,257	13,182	38,439
At 31 December 2010	373,114	129,654	502,768

6. INVESTMENT PROPERTIES (continued)

	Completed investment properties RM'000	IPUC, at fair value RM'000	Total RM'000
At 31 December 2010/ 1 January 2011	373,114	129,654	502,768
Additions from acquisition	14,623	-	14,623
Additions from subsequent expenditure	266	21,480	21,746
Disposals	(63,984)	-	(63,984)
At 31 December 2011	324,019	151,134	475,153

	2011 RM'000	2010 RM'000
Represented by:		
Freehold land and buildings	299,429	263,233
Long term leasehold land and buildings	175,724	239,535
	475,153	502,768

Included in additions from subsequent expenditure for IPUC is interest expense capitalised amounting to RM3,075,000 (2010: RM214,000).

Valuation of investment properties

Investment properties are stated at fair value. The management have assessed that there are no material changes to the fair value of investment properties as at 31 December 2011. The management have performed the assessment by reference to market evidence of transasction prices for similiar properties and in the absence of current prices in an active market, depreciated replacement cost method has been used. In the previous financial year, valuations were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

7. SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Quoted shares in Malaysia, at cost	843,389	801,840
Unquoted shares, at cost	1,488,820	1,136,320
	2,332,209	1,938,160
Market value of quoted shares	1,217,985	1,435,696

7. SUBSIDIARIES (continued)

The subsidiaries as of 31 December 2011 are:

	Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%) 2011	2010
	Held by the Company:				
*	Hap Seng Plantations Holdings Berhad	Investment holding and carrying out marketing and trading activities for its subsidiaries	Malaysia	55.16	53.57
	Hap Seng Land Sdn Bhd	Property development, investment holding and provision of management services	Malaysia	100	100
*	Hap Seng Auto Sdn Bhd	Trading in motor vehicles and spare parts, servicing of motor vehicles and investment holding	Malaysia	100	100
	Hap Seng Fertilizers Sdn Bhd	Trading and distribution of fertilisers and agro-chemicals	Malaysia	100	100
#	Hap Seng Fertilizers Holdings Pte Ltd	Dormant	Singapore	100	100
	Hap Seng Building Materials Holdings Sdn Bhd	Investment holding	Malaysia	100	100
*	Hap Seng Credit Sdn Bhd	Provision of financial services	Malaysia	100	100
*	Hap Seng Automotive Acceptance Sdn Bhd	Provision of financial services	Malaysia	100	100
#	Aceford Food Industry Pte Ltd	Packing, marketing and wholesale trading of edible oils and food products	Singapore	100	100
	Hap Seng Management Services Sdn Bhd	Provision of management services	Malaysia	100	100
	Hap Seng Management Sdn Bhd	Investment holding	Malaysia	100	100
	Hap Seng Agrotech Sdn Bhd	Dormant	Malaysia	100	100
	Euro-Asia Brand Holding Company Sdn Bhd	Dormant	Malaysia	100	100

7. SUBSIDIARIES (continued)

	Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%) 2011	Equity interest held (%) 2010
	Held by Hap Seng Plantations Holdings Berhad:				
*	Jeroco Plantations Sdn Bhd	Cultivation of oil palm and processing of fresh fruit bunches	Malaysia	100	100
*	Hap Seng Plantations (River Estates) Sdn Bhd	Cultivation of oil palm, processing of fresh fruit bunches and investment holding	Malaysia	100	100
*	Hap Seng Plantations (Kota Marudu) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
*	Hap Seng Plantations Livestocks (Kota Marudu) Sdn Bhd	Livestock farming	Malaysia	100	100
*	Pelipikan Plantation Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
	Held by Hap Seng Plantations (River Estates) Sdn Bhd:				
*	Hap Seng Plantations (Wecan) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
*	Hap Seng Plantations (Tampilit) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
*	Hap Seng Plantations (Ladang Kawa) Sdn Bhd	Cultivation of oil palm	Malaysia	100	100
	Held by Hap Seng Land Sdn Bhd:				
*	Hap Seng Land Development Sdn Bhd	Investment holding	Malaysia	100	100
	Hap Seng Realty Sdn Bhd	Property investment and investment holding	Malaysia	100	100

7. SUBSIDIARIES (continued)

	Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%) 2011	2010
	Held by Hap Seng Land Development Sdn Bhd:				
*	Hap Seng Properties Development Sdn Bhd	Property development and investment holding	Malaysia	100	100
*	Hap Seng Land Development (Kluang) Sdn Bhd	Property development	Malaysia	100	100
	Hap Seng Land Development (Puchong) Sdn Bhd	Property development	Malaysia	100	100
	Hap Seng Land Development (OKR) Sdn Bhd	Property development	Malaysia	100	100
	Hap Seng Properties Services (Sabah) Sdn Bhd	Property development and property maintenance	Malaysia	100	100
	Hap Seng Land Development (JTR) Sdn Bhd	Property investment	Malaysia	100	100
*	Hap Seng Land Development (Jesselton Hill) Sdn Bhd	Property development	Malaysia	100	100
*	Hap Seng Commercial Development (Jesselton Hill) Sdn Bhd *(formerly known as VIP Builders Sdn Bhd)*	Property development	Malaysia	100	100
	Estet Perkasa Sdn Bhd	Dormant	Malaysia	100	-
	Held by Hap Seng Properties Development Sdn Bhd:				
*	Hap Seng Commercial Development Sdn Bhd	Property development	Malaysia	100	100
*	Hap Seng Land Development (KK) Sdn Bhd *(formerly known as Hap Seng Land Development (Sandakan) Sdn Bhd)*	Property development	Malaysia	100	100

7. SUBSIDIARIES (continued)

	Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%) 2011	2010
	Held by Hap Seng Realty Sdn Bhd:				
	Menara Hap Seng Sdn Bhd	Property investment	Malaysia	100	100
	Hap Seng Realty (Autohaus) Sdn Bhd	Property investment	Malaysia	100	100
	Hap Seng Property Investment Sdn Bhd	Property investment	Malaysia	100	100
	Hap Seng Realty (Auto) Sdn Bhd	Property investment	Malaysia	100	100
	Hap Seng Leisure Sdn Bhd	Providing recreational facilities and services	Malaysia	100	100
	Hap Seng Realty (KL City) Sdn Bhd	Investment holding	Malaysia	100	100
	Hap Seng Realty (KK I) Sdn Bhd	Property investment	Malaysia	100	100
	Prosperity Projections Sdn Bhd	Property investment	Malaysia	100	100
	Lakaran Warisan Sdn Bhd	Property investment	Malaysia	100	-
	Held by Hap Seng Auto Sdn Bhd:				
*	Hap Seng Star Sdn Bhd	Trading in motor vehicles, spare parts and servicing of motor vehicles	Malaysia	100	65
*	SKI Segar Sdn Bhd	Trading in motor vehicles	Malaysia	100	100
*	Hap Seng Industrial Sdn Bhd	Fabrication and sales of commercial trailers	Malaysia	100	100
	Held by Hap Seng Star Sdn Bhd:				
#	Hap Seng Star Vietnam Limited	Investment holding	Hong Kong	100	100
	Hap Seng Star (Vietnam) Sdn Bhd *(formerly known as Makna Rezeki Sdn Bhd)*	Investment holding	Malaysia	100	-

7. SUBSIDIARIES (continued)

	Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%) 2011	2010
	Held by Hap Seng Star Vietnam Limited:				
#	Vietnam Star Automobile Limited	Distribution, sale and service of domestically made and imported vehicles and parts	Vietnam	100	100
	Held by Hap Seng Fertilizers Sdn Bhd:				
	Hap Seng Chemicals Sdn Bhd	Manufacture and sale of agro-chemicals	Malaysia	70	70
	Macro Arch (M) Sdn Bhd	Investment holding	Malaysia	100	100
	Held by Macro Arch (M) Sdn Bhd:				
*	PT. Sasco Indonesia *(90% nominal equity interest is held through Macro Arch (M) Sdn Bhd whilst the remaining 10% is held through Palms Edge (M) Sdn Bhd)*	Trading in fertilisers	Indonesia	100	100
	Held by Hap Seng Building Materials Holdings Sdn Bhd:				
	Hap Seng Building Materials Sdn Bhd	Manufacture and trading of bricks, operating of stone quarries and asphalt plants	Malaysia	100	100
	Hap Seng Trading (BM) Sdn Bhd	Trading in building materials	Malaysia	100	100
	Konsep Sistematik (M) Sdn Bhd	Dormant	Malaysia	100	100
	Hap Seng (Oil & Transport) Sdn Bhd	Trading in petroleum products	Malaysia	100	100
	Hap Seng Clay Products Sdn Bhd	Manufacture and trading of clay products	Malaysia	100	100
	Western Works Industries Sdn Bhd	Dormant	Malaysia	100	100
	Held by Hap Seng (Oil & Transport) Sdn Bhd:				
	Palms Edge (M) Sdn Bhd	Investment holding	Malaysia	100	100

7. SUBSIDIARIES (continued)

	Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held (%) 2011	2010
	Held by Aceford Food Industry Pte Ltd:				
#	Wintercorn Edible Products Pte Ltd	Packing and marketing of edible oils and food products	Singapore	100	100
*	Wintercorn Edible Products Pty Ltd	Wholesale trading of edible oil products	Australia	100	100

* Audited by a firm other than Ernst & Young

\# Audited by member firms of Ernst & Young Global in the respective countries

(a) Acquisition of non-controlling interests

During the financial year, the Group acquired an additional 35% equity interest in Hap Seng Star Sdn Bhd from its non-controlling interests for a total cash consideration of RM41,384,000 as disclosed in Note 40(f). As a result of this acquisition, Hap Seng Star Sdn Bhd became a wholly-owned subsidiary of Hap Seng Auto Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company. On the date of this acquisition, the carrying value of the additional interest acquired was RM17,112,000. The difference between the consideration and the carrying value of the interest acquired of RM24,272,000 is reflected in the statement of changes in equity.

During the financial year, the Company also acquired an additional 12,732,800 (2010: 16,153,000) ordinary shares of RM1.00 each, representing approximately 1.59% (2010: 2.02%) equity in Hap Seng Plantations Holdings Berhad ["HSP"] from the market of Bursa Malaysia Securities Berhad, for total cash consideration of RM41,549,000 (2010: RM49,858,000), thereby increasing its shareholding in HSP to 55.16% (2010: 53.57%). On the date of acquisition, the carrying value of the additional interest acquired was RM10,896,000 (2010: RM13,122,000). The difference between the consideration and the carrying value of the interest acquired of RM30,653,000 is reflected in the statement of changes in equity whilst the difference in the previous financial year of RM36,736,000 was reflected as goodwill as disclosed in Note 11.

The acquisition of non-controlling interests in the previous financial year which does not have any material effect on the financial position and results of the Group is not shown above.

7. SUBSIDIARIES (continued)

(b) Disposal of 35% equity interest in a subsidiary

In the previous financial year, the Group disposed of 35% equity interest in Hap Seng Star Sdn Bhd for a total cash consideration of RM103,811,400.

The abovementioned disposal had the following effect on the financial results of the Group:

	2010 RM'000
Proceeds from disposal	103,811
Less: Net assets disposed	(11,126)
Gain on disposal to the Group	92,685

(c) Acquisition of subsidiaries

In the previous financial year, the Group acquired 100% equity interest in Hap Seng Star Vietnam Limited for a cash consideration of HKD456,494 (approximately RM184,000).

The fair values/carrying amounts of the assets acquired and liabilities assumed from the acquisition of the abovementioned subsidiaries was as follows:

	2010 RM'000
Property, plant and equipment	10,078
Deferred tax assets	210
Inventories	34,095
Trade and other receivables	19,836
Cash and cash equivalents	5,374
Trade and other payables	(52,632)
Tax payable	(1,094)
Borrowings	(15,683)
Cash consideration paid/fair value of net assets	184
Less: Cash and cash equivalents of subsidiaries acquired	(5,374)
Net cash inflow on acquisitions	(5,190)

The acquisition of subsidiaries during the financial year as disclosed in Note 40(b), (c) and (d) does not have any material effect on the financial position and results of the Group is not shown above.

8. ASSOCIATES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Quoted shares, at cost				
- In Malaysia	49,711	49,711	49,711	49,711
- Outside Malaysia	31,622	31,622	26,030	26,030
	81,333	81,333	75,741	75,741
Unquoted shares, at cost	294,123	294,123	28,000	28,000
	375,456	375,456	103,741	103,741
Share of post-acquisition reserves	39,582	30,752	-	-
	415,038	406,208	103,741	103,741
Less: Accumulated impairment losses				
- quoted shares	(27,735)	(25,560)	(22,574)	(22,574)
	387,303	380,648	81,167	81,167
Market value of quoted shares	65,810	107,619	65,810	107,619

The Group's interests in the associates are analysed as follows:

	Group	
	2011 RM'000	2010 RM'000
Quoted shares:		
Share of net assets	67,947	70,472
Goodwill on acquisition	25,598	25,598
Less: Accumulated impairment losses	(27,735)	(25,560)
	65,810	70,510
Unquoted shares:		
Share of net assets	321,493	310,138
	387,303	380,648

8. ASSOCIATES (continued)

The associates as of 31 December 2011 are:

	Name of Associates	Principal Activities	Country of Incorporation	Financial Year End	Equity interest held (%) 2011	2010
*	Paos Holdings Berhad	Investment holding	Malaysia	31 May	24.96	24.96
#	Lam Soon (Thailand) Public Company Limited	Manufacture and distribution of palm oil	Thailand	31 December	20.00	20.00
	Vintage Heights Sdn Bhd	Property development and operation of oil palm estate	Malaysia	30 June	20.00	20.00
*	EAC Holdings (Malaysia) Sdn Bhd	In liquidation	Malaysia	31 December	20.00	20.00
*	Inverfin Sdn Bhd	Property investment, office and food court management	Malaysia	31 December	49.99	49.99
*	Lei Shing Hong (Singapore) Pte Ltd	Trading in automobiles parts, ship building materials and timber products	Singapore	31 December	25.00	25.00

* Audited by a firm other than Ernst & Young

\# Audited by member firm of Ernst & Young Global in the respective country

The financial statements of the above associates are coterminous with those of the Group, except for Paos Holdings Berhad and Vintage Heights Sdn Bhd which have financial year end of 31 May and 30 June respectively to conform with their holding companies' financial year end. For the purpose of applying the equity method of accounting, the financial statements of Paos Holdings Berhad for the year ended 31 May 2011 and the financial statements of Vintage Heights Sdn Bhd for the year ended 30 June 2011 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2011 and those dates.

EAC Holdings (Malaysia) Sdn Bhd is currently in the process of liquidation.

8. ASSOCIATES (continued)

The summarised financial information of the associates, not adjusted for the equity interest held by the Group (%), is as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities:		
Current assets	812,112	1,002,364
Non-current assets	1,177,320	1,162,999
Total assets	1,989,432	2,165,363
Current liabilities	599,087	780,565
Non-current liabilities	238,220	258,896
Total liabilities	837,307	1,039,461
Results:		
Revenue	1,557,491	965,999
Profit for the year	55,364	68,906

9. OTHER INVESTMENT

	Group	
	2011 RM'000	2010 RM'000
At cost		
Unquoted shares in Malaysia, representing total available-for-sale financial assets	30,000	-

10. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2011 RM'000	2010 RM'000
Cost:		
At 1 January	379,489	388,836
Additions	18,128	29,516
Transfer to property development costs (Note 13)	(23,458)	(36,916)
Disposal	(2,793)	(1,947)
At 31 December	371,366	379,489
Accumulated impairment losses:		
At 1 January	(1,298)	(1,298)
Transfer to property development costs (Note 13)	1,298	-
At 31 December	-	(1,298)
Carrying amount at 31 December	371,366	378,191
Represented by:		
At cost		
Freehold land	21,066	22,741
Leasehold land	289,309	295,141
Land development expenditure	60,991	49,507
	371,366	367,389
At net realisable value		
Land development expenditure	-	10,802
	371,366	378,191

11. GOODWILL

	Group	
	2011 RM'000	2010 RM'000
At 1 January	36,736	-
Additions arising from acquisition of additional shares in a subsidiary	-	36,736
At 31 December	36,736	36,736

Goodwill arising from acquisition of additional shares in HSP, a subsidiary listed in the Bursa Malaysia Securities Berhad has been tested for impairment at end of the reporting period. The recoverable amount of the CGU has been determined based on the fair value less costs to sell.

During the year, no impairment loss was recognised as the recoverable amount is more than the carrying amount.

12. INVENTORIES

	Group 2011 RM'000	Group 2010 RM'000
Properties held for sale	24,357	30,360
Quarry reserves	8,458	9,158
Raw materials	63,819	45,214
Produce inventories	4,843	2,912
Work-in-progress	1,739	6,465
Finished goods	837,563	380,282
Livestock	682	827
	941,461	475,218

Quarry reserves relate to the estimated reserves with remaining 12 years (2010: 13 years) lease of extraction.

13. PROPERTY DEVELOPMENT COSTS

Group	Leasehold land RM'000	Development costs RM'000	Accumulated costs charged to profit or loss RM'000	Total RM'000
At 1 January 2011	80,872	548,006	(335,694)	293,184
Transfer from land held for property development (Note 10)	16,732	5,428	-	22,160
Unsold units transferred to inventories	-	(5,762)	-	(5,762)
Cost incurred during the year	-	136,139	-	136,139
Costs charged to profit or loss	-	-	(195,996)	(195,996)
Reversal of completed projects	(8,921)	(108,092)	117,013	-
At 31 December 2011	88,683	575,719	(414,677)	249,725
At 1 January 2010	76,633	484,997	(303,087)	258,543
Transfer from land held for property development (Note 10)	23,338	13,578	-	36,916
Cost incurred during the year	-	182,525	-	182,525
Costs charged to profit or loss	-	-	(184,800)	(184,800)
Reversal of completed projects	(19,099)	(133,094)	152,193	-
At 31 December 2010	80,872	548,006	(335,694)	293,184

Included in the property development costs incurred during the financial year are interest expense capitalised of RM22,000 (2010: RM271,000).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade receivables				
Third parties	566,428	421,246	-	-
Lease receivables	3,786	3,017	-	-
Hire purchase receivables	421,760	377,151	-	-
Loan receivables	70,086	54,422	-	-
Accrued billings	36,180	23,337	-	-
Amounts due from related companies	1,724	1,010	-	-
Amounts due from associates	394	383	17	17
	1,100,358	880,566	17	17
Less: Allowance for impairment	(9,550)	(12,571)	-	-
Interest in suspense	(7,248)	(8,129)	-	-
Advances received	(21,918)	(22,290)	-	-
	1,061,642	837,576	17	17
Other receivables				
Sundry receivables	65,971	51,387	1,800	684
Prepayment	19,743	18,955	8,614	10,756
Amounts due from subsidiaries	-	-	634,688	793,402
Amounts due from associates	51	29	51	29
	85,765	70,371	645,153	804,871
	1,147,407	907,947	645,170	804,888
Non-current				
Trade receivables				
Lease receivables	4,685	4,435	-	-
Hire purchase receivables	558,621	449,973	-	-
Loan receivables	301,393	213,254	-	-
	864,699	667,662	-	-
Less: Allowance for impairment	(5,543)	(8,702)	-	-
Advances received	(30,409)	(27,478)	-	-
	828,747	631,482	-	-
Total trade and other receivables *(current and non-current)*	1,976,154	1,539,429	645,170	804,888
Less: Accrued billings	(36,180)	(23,337)	-	-
Prepayment	(19,743)	(18,955)	(8,614)	(10,756)
Add: Cash and bank balances (Note 15)	666,901	194,068	410,443	52,160
Total loans and receivables	2,587,132	1,691,205	1,046,999	846,292

14. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables

(i) Third parties

These amounts are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (2010: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

(ii) Lease receivables and hire purchase payables

Lease receivables and hire purchase payables consist of the following:

	2011			2010		
	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000
Group						
Less than 1 year	478,892	(53,346)	425,546	423,593	(43,425)	380,168
Between 1 and 5 years	606,224	(42,966)	563,258	485,681	(33,168)	452,513
More than 5 years	49	(1)	48	1,910	(15)	1,895
	1,085,165	(96,313)	988,852	911,184	(76,608)	834,576

(iii) Amounts due from related companies

Amounts due from related companies are non-interest bearing and repayable in accordance with the normal trade credit terms disclosed in Note 14(a)(i).

(iv) Amounts due from associates

Amounts due from associates are non-interest bearing and repayable in accordance with the normal trade credit terms disclosed in Note 14(a)(i).

14. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	711,099	537,539
Past due but not impaired:		
- Past due 1 – 30 days	116,747	78,214
- Past due 31 – 90 days	83,374	55,797
- Past due more than 90 days	31,438	10,246
	231,559	144,257
Assessed for individual impairment	21,447	43,370
Assessed for collective impairment	964,772	799,725
Total trade receivables (excluding accrued billings)	1,928,877	1,524,891

Impairment losses in respect of trade receivables are recorded as allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The movement in the allowance for impairment account is as follows:

	Group	
	2011 RM'000	2010 RM'000
At 1 January	21,273	34,635
Effects of adopting FRS 139	-	(2,913)
Allowance for impairment (Note 23)	1,215	1,282
Reversal of impairment losses (Note 23)	(3,799)	(1,595)
Written off	(3,606)	(10,069)
Exchange differences	10	(67)
At 31 December	15,093	21,273

14. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM231,559,000 (2010: RM144,257,000) that are past due at the reporting date but not impaired.

Receivables that are assessed for individual impairment

The Group's trade receivables that are assessed for individual impairment at the reporting date are as follows:

	Group	
	2011 RM'000	2010 RM'000
Trade receivables - nominal amounts	21,447	43,370
Less: Allowance for impairment	(10,195)	(16,196)
	11,252	27,174

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payments. More than 74% (2010: 82%) of these receivables are secured by collateral. The main types of collateral held by the Group to mitigate credit risk are commercial and residential properties, machineries and motor vehicles.

Receivables that are assessed for collective impairment

This is in respect of hire purchase receivables which have been assessed for collective impairment as follows:

	Group	
	2011 RM'000	2010 RM'000
Not past due	825,491	674,266
Past due 1 - 30 days	95,136	86,557
Past due 31 - 90 days	44,145	38,902
Total assessed for collective impairment - nominal amounts	964,772	799,725
Less: Allowance for impairment	(4,898)	(5,077)
	959,874	794,648

All the above receivables are secured by collateral and the main types of collateral held by the Group to mitigate credit risk are machineries and motor vehicles.

14. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables

(i) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, interest bearing and repayable on demand. During the current financial year, interest is charged at 1.50% to 4.93% (2010: 3.50% to 4.56%) per annum.

(ii) Amounts due from associates

Amounts due from associates are unsecured, non-interest bearing and repayable on demand.

Included in trade and other receivables of the Group and of the Company are amounts denominated in foreign currencies (currencies which are other than the respective functional currencies of the Group entities) as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
United States Dollar ["USD"]	771	9,185	16,188	18,316
Australian Dollar ["AUD"]	-	-	2,387	2,330
Singapore Dollar ["SGD"]	-	-	1,876	1,801
Indonesian Rupiah ["IDR"]	55,516	31,454	-	-
	56,287	40,639	20,451	22,447

15. CASH AND BANK BALANCES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash at banks and on hand	80,171	82,223	1,535	2,065
Deposits with licensed banks	586,730	111,845	408,908	50,095
Cash and bank balances	666,901	194,068	410,443	52,160
Less: Bank overdrafts (Note 18)	(11,973)	(8,639)	-	-
Cash and cash equivalents	654,928	185,429	410,443	52,160

Included in cash at banks of the Group are amounts of RM13,162,000 (2010: RM5,920,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002 and the Housing Developers (Project Account) Rules 1995.

15. CASH AND BANK BALANCES (continued)

Included in cash and bank balances of the Group are amounts denominated in foreign currencies (currencies which are other than the respective functional currencies of the Group entities) as follows:

	Group	
	2011 RM'000	2010 RM'000
USD	344	2,199
SGD	204	265
IDR	4,295	4,463
AUD	7	873
	4,850	7,800

Other information on financial risks of cash and cash equivalents are disclosed in Note 36.

16. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade payables				
Third parties	193,109	168,172	-	-
Progress billings	11,854	-	-	-
Amounts due to subsidiaries	-	-	324	39
Amounts due to related companies	20,745	19,840	22	-
	225,708	188,012	346	39
Other payables				
Accruals	80,303	78,703	3,676	3,669
Sundry payables	130,155	120,207	274	362
	210,458	198,910	3,950	4,031
	436,166	386,922	4,296	4,070
Derivatives - forward currency contracts:				
Not designated as hedging instrument	7	17	-	-
Designated as hedging instrument				
- Fair value hedges	-	379	-	-
Total financial liabilities carried at fair value through profit or loss	7	396	-	-
Total trade and other payables, including derivatives *(Current)*	436,173	387,318	4,296	4,070

16. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES (continued)

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Total trade and other payables, including derivatives *(Current)*	436,173	387,318	4,296	4,070
Non-current				
Other payables				
Deposits from lessees	1,648	1,289	-	-
Total trade and other payables, including derivatives	437,821	388,607	4,296	4,070
Total trade and other payables, (excluding derivatives)	437,814	388,211	4,296	4,070
Less : Progress billings	(11,854)	-	-	-
Add : Borrowings (Note 18)	2,545,183	1,908,638	156,453	156,453
Total financial liabilities carried at amortised cost	2,971,143	2,296,849	160,749	160,523

(a) Trade payables

(i) Third parties

These amounts are non-interest bearing. The normal trade credit terms granted to the Group range from 30 to 90 days (2010: 30 to 90 days).

(ii) Amounts due to subsidiaries

Amounts due to subsidiaries are non-interest bearing and are payable in accordance with the normal trade credit terms disclosed in Note 16(a)(i).

(iii) Amounts due to related companies

Amounts due to related companies are non-interest bearing and are payable in accordance with the normal trade credit terms disclosed in Note 16(a)(i).

(b) Other payables

These amounts are non-interest bearing and payable in accordance with the normal trade terms.

(c) Derivatives

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD for which firm commitments existed at the reporting date, extending to January 2012 (2010: March 2011). Hedges of foreign currency risk of firm commitments which meet the strict criteria for hedge accounting have been accounted for as a fair value hedge. Other hedges of foreign currency risk that have not been accounted for as a fair value hedge or those that do not qualify for hedge accounting, have been designated at fair value through profit or loss.

16. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES (continued)

Included in trade and other payables of the Group are amounts denominated in foreign currencies (currencies which are other than the respective functional currencies of the Group entities) as follows:

	Group	
	2011 RM'000	2010 RM'000
USD	2,182	126
IDR	5,570	1,750
	7,752	1,876

17. PROVISIONS

Group	Property development obligations RM'000	Provision for warranties and free maintenance service RM'000	Total RM'000
At 1 January 2011	3,019	10	3,029
Provision made during the year	587	-	587
Provision reversed during the year	-	(10)	(10)
At 31 December 2011	3,606	-	3,606
At 1 January 2010	1,411	723	2,134
Provision made during the year	1,608	9	1,617
Provision utilised during the year	-	(568)	(568)
Provision reversed during the year	-	(154)	(154)
At 31 December 2010	3,019	10	3,029

(a) Property development obligations

The provision for property development obligations relates to infrastructure works of completed projects undertaken by certain subsidiaries. The provision is estimated based on historical data associated with similar property development projects.

(b) Provision for warranties and free maintenance service

Provision for warranties and free maintenance service is recognised when the underlying products are sold. The provision is estimated based on historical data.

18. BORROWINGS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Unsecured:				
Term loans	139,852	368,057	-	-
Revolving credits	484,626	636,044	-	-
Bankers' acceptances	123,914	35,477	-	-
Foreign currency loans	414,108	63,559	156,453	-
Bank overdrafts	11,973	8,639	-	-
	1,174,473	1,111,776	156,453	-
Non-current				
Unsecured:				
Term loans	863,448	640,409	-	-
Foreign currency loans	507,262	156,453	-	156,453
	1,370,710	796,862	-	156,453
Total borrowings	2,545,183	1,908,638	156,453	156,453
The remaining maturities of the borrowings are as follows:				
Within one year	1,174,473	1,111,776	156,453	-
More than 1 year and less than 2 years	422,558	259,333	-	156,453
More than 2 years and less than 5 years	895,535	398,744	-	-
More than 5 years	52,617	138,785	-	-
	2,545,183	1,908,638	156,453	156,453

Included in borrowings are amounts denominated in foreign currencies (currencies which are other than the respective functional currencies of the Group entities) as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
SGD	651,098	156,453	156,453	156,453
USD	270,272	63,559	-	-
	921,370	220,012	156,453	156,453

Other information on financial risks of borrowings are disclosed in Note 36.

19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	99,663	76,428	34	33
Recognised in profit or loss (Note 28)	(1,755)	17,109	2	1
Acquisition of subsidiaries	-	(210)	-	-
Exchange differences	(1,603)	6,336	-	-
At 31 December	96,305	99,663	36	34
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	168,051	166,595	36	34
Deferred tax assets	(71,746)	(66,932)	-	-
	96,305	99,663	36	34

The components and movement of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital and agriculture allowances RM'000	Revaluation of assets RM'000	Others RM'000	Total RM'000
At 1 January 2011	130,686	58,758	171	189,615
Recognised in profit or loss	15,004	(4,163)	3,200	14,041
Exchange differences	(1)	-	-	(1)
At 31 December 2011	145,689	54,595	3,371	203,655
Less: Deferred tax assets offset				(35,604)
Deferred tax liabilities recognised				168,051
At 1 January 2010	109,061	55,073	-	164,134
Recognised in profit or loss	21,625	3,685	171	25,481
At 31 December 2010	130,686	58,758	171	189,615
Less: Deferred tax assets offset				(23,020)
Deferred tax liabilities recognised				166,595

19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (continued)

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2011	(11,310)	(66,644)	(11,998)	(89,952)
Recognised in profit or loss	(12,611)	(4,574)	1,389	(15,796)
Exchange differences	-	(1,574)	(28)	(1,602)
At 31 December 2011	(23,921)	(72,792)	(10,637)	(107,350)
Offset against deferred tax liabilities				35,604
Deferred tax assets recognised				(71,746)
At 1 January 2010	(573)	(6,214)	(80,919)	(87,706)
Recognised in profit or loss	(10,737)	(65,487)	67,852	(8,372)
Acquisition of subsidiaries	-	(160)	(50)	(210)
Exchange differences	-	5,217	1,119	6,336
At 31 December 2010	(11,310)	(66,644)	(11,998)	(89,952)
Offset against deferred tax liabilities				23,020
Deferred tax assets recognised				(66,932)

Deferred tax liabilities of the Company:

	2011 RM'000	2010 RM'000
Accelerated capital allowances		
At 1 January	34	33
Recognised in profit or loss	2	1
At 31 December	36	34

19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2011 RM'000	**2010 RM'000**
Unutilised tax losses	7,093	5,863
Unabsorbed reinvestment allowances	-	1,492
Unabsorbed capital and agricultural allowances	480	185
Other deductible temporary differences	200	728
	7,773	8,268

The above unutilised tax losses, unabsorbed reinvestment allowances, unabsorbed capital and agricultural allowances are subject to agreement with the Inland Revenue Board. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in these subsidiaries against which the Group can utilise the benefits.

20. SHARE CAPITAL, WARRANTS AND TREASURY SHARES

(a) Share capital

	Number of ordinary shares of RM1.00 each		Amount	
	2011 '000	**2010 '000**	**2011 RM'000**	**2010 RM'000**
Authorised:				
At 1 January	1,000,000	1,000,000	1,000,000	1,000,000
Creation	4,000,000	-	4,000,000	-
At 31 December	5,000,000	1,000,000	5,000,000	1,000,000
Issued and fully paid:				
At 1 January	622,660	622,660	622,660	622,660
Private Placement	43,800	-	43,800	-
Bonus Issue	1,214,643	-	1,214,643	-
Rights Issue	364,393	-	364,393	-
Cancellation of treasury shares	(59,139)	-	(59,139)	-
At 31 December	2,186,357	622,660	2,186,357	622,660

20. SHARE CAPITAL, WARRANTS AND TREASURY SHARES (continued)

(a) Share capital (continued)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

During the financial year, the authorised share capital of the Company was increased from RM1,000,000,000 comprising 1,000,000,000 ordinary shares of RM1.00 each to RM5,000,000,000 comprising 5,000,000,000 ordinary shares of RM1.00 each on 15 March 2011 and its issued and paid-up share capital was increased and/or decreased in the following manner:

(i) On 23 May 2011, the private placement exercise undertaken by the Company was completed with the listing of and quotation for 43,800,000 new ordinary shares of RM1.00 each on the Main Market of Bursa Malaysia Securities Berhad ["Bursa Securities"] at the issue price of RM5.25 per share. Consequently, the issued and paid-up share capital of the Company increased from RM622,660,000 comprising 622,660,000 ordinary shares of RM1.00 each 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) On 15 August 2011, both the Bonus Issue Exercise (defined below) and Rights Issue with Warrants Exercise (defined below) were completed with the listing of and quotation for the following new ordinary shares on the Main Market of Bursa Securities:

(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 ["Bonus Shares"] for every one (1) existing ordinary share held ["Bonus Issue Exercise"]; and

(b) 364,392,900 new ordinary shares of RM1.00 each ["Rights Shares"] on the basis of one (1) Rights Share together with one (1) free detachable warrant ["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 with Warrants Exercise"];

Consequently, the issued and paid-up share capital of the Company increased from RM666,460,000 comprising 666,460,000 ordinary shares of RM1.00 each 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.

(iii) With the cancellation of the entire 59,138,500 treasury shares on 24 August 2011, the Company's issued and paid-up share capital decreased from RM2,245,495,900 comprising 2,245,495,900 ordinary shares of RM1.00 each to RM2,186,357,400 comprising 2,186,357,400 ordinary shares of RM1.00 each.

20. SHARE CAPITAL, WARRANTS AND TREASURY SHARES (continued)

(b) Warrants

The Warrants are constituted by the deed poll dated 6 July 2011 ["Deed Poll"].

On 15 August 2011, the 364,392,900 Warrants issued free by the Company pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) Warrant for every one (1) Rights Share subscribed were listed and quoted on the Main Market of Bursa Securities.

Salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder thereof ["Warrantholder(s)"] to subscribe for one (1) new ordinary share of RM1.00 in the Company at the exercise price of RM1.65 during the 5-year period expiring on 9 August 2016 ["Exercise Period"], subject to the adjustments as set out in the Deed Poll;

(ii) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose;

(iii) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof;

(iv) For purpose of trading on Bursa Securities, a board lot for the Warrants shall be one hundred (100) or such other number of units as may be prescribed by Bursa Securities from time to time and the trading thereof shall be governed by the provisions of the Securities Industry (Central Depositories) Act, 1991 (including any amendment or re-enactment thereof) and the rules of the Bursa Malaysia Depository Sdn Bhd; and

(v) The Deed Poll and accordingly the Warrants, are governed by and shall be construed in accordance with the laws of Malaysia.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 15 August 2011	364,392,900
Exercised during the year	-
As of 31 December 2011	364,392,900
Exercised subsequent to 31 December 2011	(3,600)
As of 10 April 2012	364,389,300

No Warrant was exercised during the financial year.

Subsequent to the end of the 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 2 February 2012. Consequently, the issued and paid-up share capital of the Company increased by RM3,600 to RM2,186,361,000 comprising 2,186,361,000 ordinary shares of RM1.00 each. As of 10 April 2012, 364,389,300 Warrants remained unexercised.

20. SHARE CAPITAL, WARRANTS AND TREASURY SHARES (continued)

(c) Treasury shares

During the extraordinary general meeting of the Company held on 7 June 2011, shareholders of the Company renewed the then existing authorisation to the Company to repurchase its own shares. During the financial year, the Company repurchased 2,000 shares at the cost of RM11,484 in May 2011 which were held as treasury shares and thereby yielding a total cumulative of 59,138,500 treasury shares. The said 59,138,500 treasury shares were cancelled in its entirety on 24 August 2011. Subsequent to the said cancellation, the Company repurchased a total of 5,430,000 shares at the total cost of RM8,283,445, which shares were retained as treasury shares. All the repurchases of shares were financed by the Company's internal funds.

Movement in the treasury shares is as follows:

	Number of shares	RM	Average cost per share RM
As of 1 January 2010	59,134,500	154,458,703	2.61
Repurchased during the year	2,000	7,861	3.93
As of 31 December 2010/1 January 2011	59,136,500	154,466,564	2.61
Repurchased shares cancelled during the year	(59,138,500)	(154,478,048)	2.61
Repurchased during the year	5,432,000	8,294,929	1.53
As of 31 December 2011	5,430,000	8,283,445	1.53
Repurchased subsequent to 31 December 2011	6,707,700	11,185,005	1.67
As of 10 April 2012	12,137,700	19,468,450	1.60

The directors of the Company are committed to enhancing the value of the Company and shall undertake the shares repurchase in the best interests of the Company.

As of 10 April 2012, the issued and paid-up share capital was RM2,186,361,000 comprising 2,186,361,000 ordinary shares of RM1.00 each, with 12,137,700 ordinary shares thereof being held as treasury shares.

21. RESERVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Reserves comprise:				
Capital reserve in respect of an associate	641	641	-	-
Foreign exchange reserve in respect of subsidiaries	6,806	6,726	-	-
Revaluation reserve in respect of subsidiaries	36,564	36,564	-	-
Capital redemption reserve in respect of the Company	66,267	7,128	66,267	7,128
Warrant reserve	49,193	-	49,193	-
Other reserve	(30,973)	-	(30,973)	-
Retained profits	986,845	2,066,962	1,047,095	2,242,013
Total reserves	1,115,343	2,118,021	1,131,582	2,249,141
Analysed as:				
Distributable reserves	978,562	1,912,495	1,038,812	2,087,546
Non-distributable reserves	136,781	205,526	92,770	161,595
	1,115,343	2,118,021	1,131,582	2,249,141

The movements on reserves are set out in the respective statements of changes in equity.

At the end of the financial year, the amount of retained profits of RM8,283,000 (2010: RM154,467,000) equivalent to the cost of treasury shares held is classified as non-distributable reserves.

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve in respect of an associate

This reserve comprises primarily revaluation reserve of an associate.

(b) Foreign exchange reserve in respect of subsidiaries

The foreign exchange reserve is arising from translation of financial statements of foreign subsidiaries.

(c) Revaluation reserve in respect of subsidiaries

The revaluation reserve of the Group comprises primarily revaluation reserve on long-term leasehold plantation lands and biological assets held by subsidiaries.

(d) Capital redemption reserve in respect of the Company

This reserve is created to account for the nominal amounts of cancelled treasury shares repurchased.

(e) Warrant reserve

This reserve is arising from the Rights Issue with Warrants Exercise undertaken by the Company.

21. RESERVES (continued)

(f) Other reserve

This reserve is arising from the Rights Issue with Warrants Exercise undertaken by the Company.

(g) Retained profits

In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ["single tier system"]. However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 December 2011, the section 108 balance of the Company is nil (2010: nil). Accordingly, the Company may distribute dividends out of its entire retained profits as at 31 December 2011 under the single tier system.

22. REVENUE AND COST OF SALES

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Dividend income				
- From subsidiaries	-	-	214,411	205,964
- From associates	-	-	2,964	4,453
Sale of plantation produce	654,866	473,754	-	-
Sale of goods and services	2,544,845	1,956,878	-	-
Interest income - provision of financial services	96,947	74,626	-	-
Property development	297,670	255,010	-	-
Sale of completed properties	5,840	1,300	-	-
Property rental	28,212	27,842	-	-
	3,628,380	2,789,410	217,375	210,417

Cost of sales represents cost directly attributable to the generation of the above revenues except for dividend income.

Segment information on revenue, operating profit, assets and liabilities of the Group is analysed in Note 39.

23. OPERATING PROFIT

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating profit is arrived at after charging/(crediting):				
Auditors' remuneration:				
- current year				
- auditors of the Company	246	228	75	60
- other auditors	506	436	-	-
- under provision in prior years				
- auditors of the Company	15	-	15	-
- other auditors	70	-	-	-
Non audit fees for services rendered by				
- auditors of the Company	95	10	95	10
- firm affiliated to the auditors of the Company	56	61	13	16
Operating lease – minimum lease payments on:				
- land and buildings	11,048	5,887	-	-
- plant and machinery	23,569	13,670	-	-
- motor vehicles	85	683	396	748
Depreciation of property, plant and equipment (Note 4)	68,597	58,381	594	890
Property, plant and equipment written off	1,520	769	-	-
Replanting expenditure	10,497	5,984	-	-
Biological assets written off (Note 5)	460	331	-	-
Bad debts written off	12	397	-	-
Allowance for impairment losses				
- trade receivables (Note 14)	1,215	1,282	-	-
Write down of inventories	753	-	-	-
Employee benefits expenses (Note 24)	186,500	142,861	2,807	4,147
Direct operating expenses arising from investment properties – rental generating properties	10,083	9,630	-	-
Net foreign exchange losses/(gains)	1,470	(915)	(613)	2,047
Gain on disposal of property, plant and equipment	(32,669)	(390)	-	(243)
Gain on disposal of investment properties	(69,386)	(62)	-	-
Gains from fair value adjustments of investment properties (Note 6)	-	(38,439)	-	-
Gain on disposal of land held for property development	(179)	-	-	-
Reversal of write down on inventories	(1,933)	-	-	-
Reversal of impairment losses				
- trade receivables (Note 14)	(3,799)	(1,595)	-	-
Recovery of bad debts	(616)	(4,062)	-	-
Rental income from properties	(359)	(374)	(10)	(10)
Interest income from:				
- third parties	(12,042)	(4,986)	(5,500)	(2,317)
- subsidiaries	-	-	(24,509)	(26,189)

24. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Salaries and other staff related expenses	173,118	132,715	2,507	3,726
Pension costs – defined contribution plans	13,382	10,146	300	421
	186,500	142,861	2,807	4,147

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM13,512,000 (2010: RM12,795,000) and RM2,341,000 (2010: RM3,200,000) respectively as further disclosed in Note 25.

25. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive directors' remuneration				
Other emoluments				
- Directors of the Company	2,926	3,743	2,341	3,200
- Other directors	10,586	9,052	-	-
	13,512	12,795	2,341	3,200
Non-executive directors' remuneration				
Fees				
- Directors of the Company	522	472	440	390
- Other directors	722	722	-	-
	1,244	1,194	440	390
Total directors' remuneration	14,756	13,989	2,781	3,590
Other key management personnel compensation	22,576	18,084	127	123
	37,332	32,073	2,908	3,713

Included in key management personnel compensation of the Group and of the Company are contributions to the Employees Provident Fund amounting to RM3,790,000 (2010: RM3,263,000) and RM265,000 (2010: RM356,000) respectively.

25. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

The estimated money value of directors' benefits-in-kind in respect of the Group and of the Company, which have not been included in the above key management personnel compensation, are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company	101	127	101	127
Other directors	406	415	-	-
Other key management personnel	755	592	5	4
	1,262	1,134	106	131

26. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
Bank borrowings	87,940	52,878	7,537	6,653
Borrowings from other institutions	12,373	13,795	-	-
	100,313	66,673	7,537	6,653
Less: Interest expense capitalised in:				
- Investment properties – IPUC (Note 6)	(3,075)	(214)	-	-
- Property development costs (Note 13)	(22)	(271)	-	-
	97,216	66,188	7,537	6,653

27. OTHER NON-OPERATING ITEMS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gain on disposal of 35% equity interest in a subsidiary	-	92,685	-	-
Impairment loss on investment in an associate	(2,175)	-	-	-
	(2,175)	92,685	-	-

28. TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian income tax:				
- Current income tax	140,395	84,554	20,186	36,858
- Under/(over) provision in prior year	2,132	(7,431)	154	37
	142,527	77,123	20,340	36,895
Foreign income tax:				
- Current income tax	1,100	1,248	-	-
- Over provision in prior year	-	(77)	-	-
	1,100	1,171	-	-
	143,627	78,294	20,340	-
Deferred tax (Note 19):				
- Relating to origination and reversal of temporary differences	(1,324)	11,216	2	1
- (Over)/under provision in prior year	(431)	5,893	-	-
	(1,755)	17,109	2	1
Total tax expense	141,872	95,403	20,342	36,896

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	634,999	504,456	226,218	215,343
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	158,750	126,114	56,555	53,836
Effect of different tax rates in other countries	948	559	-	-
Effect of capital gains taxed at Real Property Gains Tax rate	(22,114)	-	-	-
Income not subject to tax	(3,633)	(29,227)	(39,506)	(19,206)
Expenses not deductible for tax purposes	11,513	9,751	3,139	2,229
Effect of share of results of associates	(4,937)	(5,684)	-	-
Utilisation of previously unrecognised deferred tax assets	(356)	(4,495)	-	-
Under/(over) provision in prior year				
- income tax	2,132	(7,508)	154	37
- deferred tax	(431)	5,893	-	-
Tax expense for the year	141,872	95,403	20,342	36,896

29. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company, calculated as follows:

	Group	
	2011	2010
Profit attributable to owners of the Company (RM'000)	375,602	323,132
Weighted average number of ordinary shares ('000):		
Issued ordinary shares net of treasury shares at 1 January	563,524	563,526
Effect of ordinary shares issued during the year		
- Private Placement	27,240	-
- Bonus Issue	1,181,524	1,127,049
- Rights Issue	221,013	122,951
Effect of shares buyback during the year	(216)	(1)
Weighted average number of ordinary shares at 31 December	1,993,085	1,813,525
Basic earnings per share (sen)	18.85	17.82

The weighted average number of ordinary shares for the previous year has been restated to reflect the retrospective adjustments arising from the Bonus and Rights Issue which were completed during the year.

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

	Group
	2011
Profit attributable to owners of the Company (RM'000)	375,602
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,993,085
Dilutive potential ordinary shares	
- Assumed exercise of Warrants	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,993,085
Diluted earnings per share (sen)	18.85

29. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

Diluted earnings per share is the same as basic earnings per share as the potential ordinary shares from the assumed exercise of warrants are anti-dilutive. The Group did not have any diluted earnings per share in the previous financial year.

30. DIVIDENDS

	Group/Company	
	2011 RM'000	**2010 RM'000**
Recognised during the year:		
Dividends paid in respect of financial year ended 31 December 2009:		
- final (7.0 sen under single tier system)	-	39,447
Dividends paid in respect of financial year ended 31 December 2010:		
- interim (6.0 sen under single tier system)	-	33,811
- final (20.4 sen under single tier system)	123,894	-
Dividends paid in respect of financial year ended 31 December 2011:		
- interim (3.9 sen under single tier system)	85,268	-
	209,162	73,258

On 14 February 2012, the Board of Directors approved a second interim dividend of 4.7 sen per share under the single tier system in respect of the financial year ended 31 December 2011, amounting to RM102,489,657 and was paid on 13 March 2012. The financial statements for the current financial year do not reflect this dividend and will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2012.

As the aforesaid second interim dividend was approved in lieu of final dividend, the Board of Directors did not recommend any final dividend to be paid for the financial year ended 31 December 2011.

No dividend is payable for treasury shares held or cancelled.

31. COMMITMENTS

	Group	
	2011 RM'000	**2010 RM'000**
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	42,539	59,149
- Investment properties	17,484	30,249
	60,023	89,398
Approved but not contracted for:		
- Property, plant and equipment	103,999	103,694
	164,022	193,092

32. OPERATING LEASE COMMITMENTS (AS LESSEE)

Total future minimum rentals payable under non-cancellable operating leases are as follows:

	Group	
	2011 RM'000	2010 RM'000
Due within one year	6,013	3,177
Due after one year but not more than five years	7,330	7,827
Due after five years	3,700	2,354
	17,043	13,358

33. CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed for the Group and the Company.

34. LITIGATION MATTER

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.

34. LITIGATION MATTER (continued)

The High Court has on 21 March 2012 dismissed the said Striking Out Appeal with costs awarded to the Plaintiffs. The trial of the Tongod Suit has been fixed for hearing from 14 to 18 May 2012.

The Company's Solicitors are of the opinion that the Plaintiffs' claim to the Native Customary Rights against the alienated land after the issuance of the title is unlikely to succeed.

35. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

The carrying values of financial instruments of the Group and of the Company at the reporting date approximated their fair values except for other investment.

Fair value information has not been disclosed for the Group's investments in unquoted shares (Note 9) that are carried at cost because it is not practicable to estimate its fair value due to lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments.

(i) Cash and cash equivalents, sundry receivables, other payables and current bank borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Third parties receivables and payables, lease, hire purchase and loan receivables, and amount due to/from subsidiaries, associates, and related companies

The carrying amounts of third parties receivables and payables and amounts due to/from subsidiaries, associates, and related companies approximate fair values because these amounts are expected to be settled in the short term.

The carrying amounts of lease, hire purchase and loan receivables, which are based on principal amounts outstanding representing approximately the cash flow receivables discounted at their effective yields. The carrying amounts of lease, hire purchase and loan receivables closely approximate their fair values.

(iii) Non-current borrowings

The carrying values of non-current borrowings which bear fixed and floating interest rates are expected to approximate fair values and would not be significantly different from the values that would eventually be settled.

(iv) Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the reporting date applied to a contract of similar quantum and maturity portfolio.

35. FINANCIAL INSTRUMENTS (continued)

(b) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value

	31 December 2011	Level 1	Level 2	Level 3
Foreign currency contracts - hedged	7	-	7	-
Foreign currency contracts - non-hedged	-	-	-	-

	31 December 2010	Level 1	Level 2	Level 3
Foreign currency contracts - hedged	17	-	17	-
Foreign currency contracts - non-hedged	379	-	379	-

During the reporting year ended 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Group operates within clearly defined guidelines and it is the Group's policy not to engage in speculative transactions. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to fixed deposits and borrowings with banks and other financial institutions. The Group does not use derivative financial instruments to hedge any debt obligations. The Group manages interest costs using a prudent mix of fixed and floating rate bank facilities.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed rate instruments				
Financial assets				
Deposits with licensed banks	586,730	111,845	408,908	50,095
Financial liabilities				
Term loans	(370,731)	(411,507)	-	-
Foreign currency loans	(494,645)	-	-	-
	(865,376)	(411,507)	-	-
	(278,646)	(299,662)	408,908	50,095
Floating rate instruments				
Financial liabilities				
Term loans	(632,569)	(596,959)	-	-
Revolving credits	(484,626)	(636,044)	-	-
Bankers' acceptances	(123,914)	(35,477)	-	-
Foreign currency loans	(426,725)	(220,012)	(156,453)	(156,453)
Bank overdrafts	(11,973)	(8,639)	-	-
	(1,679,807)	(1,497,131)	(156,453)	(156,453)

The weighted average effective interest rates of deposits with licensed banks as at 31 December 2011 for the Group and the Company were 3.10% (2010: 2.92%) and 2.19% (2010: 1.33%) and will mature within 1 year (2010: 1 year).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
2011				
Floating rate instruments	(12,598)	12,598	(1,173)	1,173
2010				
Floating rate instruments	(11,229)	11,229	(1,173)	1,173

(b) Foreign currency risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currencies. The Group is also exposed to currency risk in respect of its foreign investments in subsidiaries and associates. The Group enter into forward foreign currency exchange contracts with relatively short-term maturities where appropriate to limit their exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in the respective functional currencies of the Group entities are as follows:

	Net unhedged financial assets/(liabilities) held in non-functional currencies				
	USD RM'000	SGD RM'000	IDR RM'000	AUD RM'000	Total RM'000
Functional Currency of Group Entities					
2011					
RM	(257,507)	-	-	-	(257,507)
Hong Kong Dollar ["HKD"]	192	-	-	-	192
Vietnamese Dong ["VND"]	(14,028)	-	-	-	(14,028)
SGD	4	-	-	-	4
USD	-	204	54,241	7	54,452
	(271,339)	204	54,241	7	(216,887)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

	Net unhedged financial assets/(liabilities) held in non-functional currencies				
	USD RM'000	SGD RM'000	IDR RM'000	AUD RM'000	Total RM'000
2010					
RM	(61,702)	-	-	-	(61,702)
HKD	187	-	-	-	187
VND	9,192	-	-	-	9,192
SGD	22	-	-	-	22
USD	-	265	34,167	873	35,305
	(52,301)	265	34,167	873	(16,996)

Currency risk sensitivity analysis

A 5 percentage strengthening of the USD against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2011 RM'000	2010 RM'000
RM	(9,657)	(2,314)
HKD	8	8
VND	(526)	345
SGD	(8)	(9)
IDR	(1,937)	(1,220)
AUD	-	(29)

A 5 percentage weakening of the USD against the above currencies at the end of the reporting period would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The net unhedged financial assets and financial liabilities of the Company that is not denominated in its functional currency are as follows:

	Net unhedged financial assets/(liabilities) held in non-functional currencies			
	USD RM'000	SGD RM'000	AUD RM'000	Total RM'000
Functional Currency of the Company				
2011				
RM	16,188	1,876	2,387	20,451
2010				
RM	18,316	1,801	2,330	22,447

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Currency risk sensitivity analysis

A 5 percentage strengthening of the below foreign currencies against the functional currency of the Company at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Company	
	2011 RM'000	2010 RM'000
USD	607	687
SGD	70	68
AUD	90	87

A 5 percentage weakening of the above foreign currencies against the functional currency of the Company at the end of the reporting period would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Hedging activities

At the reporting date, the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Within 1 year RM'000	Nominal amount RM'000	Fair value Assets RM'000	Fair value (Liabilities) RM'000
2011					
Designated as fair value through profit or loss					
Receivables hedge	USD	111,397	111,397	-	(7)
2010					
Designated as fair value through profit or loss					
Receivables hedge	USD	52,929	52,929	-	-
Payables hedge	USD	5,415	5,415	-	(14)
Firm commitment hedge	USD	1,712	1,712	-	(3)
		60,056	60,056	-	(17)
Designated as fair value hedges					
Firm commitment hedge	USD	111,585	111,585	-	(379)
		171,641	171,641	-	(396)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	More than 5 Years RM'000
Group							
2011							
Non-derivative financial liabilities							
Unsecured borrowings							
Term loans	1,003,300	3.36 – 5.90	1,101,408	179,839	456,571	423,219	41,779
Revolving credits	484,626	2.85 – 16.14	485,921	485,921	-	-	-
Bankers' acceptances	123,914	3.27 – 3.85	123,914	123,914	-	-	-
Foreign currency loans	921,370	1.68 – 5.38	1,034,435	443,264	26,536	551,844	12,791
Bank overdrafts	11,973	7.35	11,973	11,973	-	-	-
Trade and other payables (excluding progress billings)	425,960	-	425,960	424,312	161	1,487	-
	2,971,143		3,183,611	1,669,223	483,268	976,550	54,570
Derivative financial liabilities							
Designated at fair value through profit or loss	7	-	7	7	-	-	-
	2,971,150		3,183,618	1,669,230	483,268	976,550	54,570

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	More than 5 Years RM'000
Group							
2010							
Non-derivative financial liabilities							
Unsecured borrowings							
Term loans	1,008,466	2.98 – 5.90	1,110,133	404,396	127,826	433,280	144,631
Revolving credits	636,044	2.37 – 14.35	636,930	636,930	-	-	-
Bankers' acceptances	35,477	3.27	35,477	35,477	-	-	-
Foreign currency loans	220,012	1.01 – 4.56	229,589	70,693	158,896	-	-
Bank overdrafts	8,639	6.80 – 7.05	8,639	8,639	-	-	-
Trade and other payables	388,211	-	388,211	386,922	732	557	-
	2,296,849		2,408,979	1,543,057	287,454	433,837	144,631
Derivative financial liabilities							
Designated at fair value through profit or loss	17	-	17	17	-	-	-
Designated as hedging instruments							
- Fair value hedges	379	-	379	379	-	-	-
	2,297,245		2,409,375	1,543,453	287,454	433,837	144,631

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	More than 5 Years RM'000
Company							
2011							
Non-derivative financial liabilities							
Unsecured borrowings							
Foreign currency loans	156,453	4.89	159,073	159,073	-	-	-
Trade and other payables	4,296	-	4,296	4,296	-	-	-
	160,749		163,369	163,369	-	-	-
2010							
Non-derivative financial liabilities							
Unsecured borrowings							
Foreign currency loans	156,453	4.56	166,030	7,134	158,896	-	-
Trade and other payables	4,070	-	4,070	4,070	-	-	-
	160,523		170,100	11,204	158,896	-	-

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

The Group does not have any significant exposure to any individual customer or counterparty, nor does it have any major concentration of credit risk related to any financial instruments. The maximum exposure to credit risk is represented by the carrying amount of these financial assets.

Financial guarantees

The Company provides unsecured financial guarantees to banks and other institutions in respect of facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

A nominal amount of RM2,388,730,000 (2010: RM1,717,185,000) relating to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition were not material (2010: not material).

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There were no changes in the Group's approach to capital management during the year. The debt-to-equity ratios as at the end of the reporting period were as follows:

	Group	
	2011 RM'000	2010 RM'000
Borrowings (Note 18)	2,545,183	1,908,638
Cash and bank balances (Note 15)	(666,901)	(194,068)
Net debt	1,878,282	1,714,570
Total equity	3,652,048	2,916,802
Debt-to-equity ratio	0.51	0.59

38. RELATED PARTIES

(a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Transactions	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Directors of the Company:					
Datuk Edward Lee Ming Foo, JP	Rental expenses	(49)	(46)	-	-
Datuk Simon Shim Kong Yip, JP	Professional charges	(1,200)	-	(1,200)	-
Lau Teong Jin	Legal consultancy fees	(180)	(180)	(180)	(180)
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a major shareholder of the Company ^	Advisory fees	(2,480)	(1,800)	(2,480)	(1,800)
Foundation connected to Datuk Edward Lee Ming Foo, JP Directors of the Company: Lau Gek Poh Foundation#	Donation	(800)	(4,050)	(800)	(4,050)
Firm connected to Datuk Edward Lee Ming Foo, JP, a Director of the Company: Corporated International Consultants	Project consultancy fee payable	(6,142)	(5,421)	-	-
Firm in which Datuk Simon Shim Kong Yip, JP, a Director of the Company, has interest: Shim, Pang & Co	Legal fees	(767)	(478)	-	-
	Servicing of motor vehicles	22	2	-	-

^ Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is a major shareholder of the Company by virtue of his substantial shareholding in Gek Poh (Holdings) Sdn Bhd, the holding company of the Company.

An organisation principally involved in charitable activities.

38. RELATED PARTIES (continued)

(a) Related party transactions (continued)

	Transactions	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Companies connected to Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a major shareholder of the Company:					
Glenealy Plantations (Malaya) Berhad Group	Sales of products	15,499	20,216	-	-
Lingui Developments Berhad Group	Sales of products	37,646	19,842	-	-
Samling Strategic Corporation Sdn Bhd Group	Sales of products	7,599	250	-	-
Lei Shing Hong Limited Group	Acquisition of 35% equity interest in a subsidiary	(41,384)	-	-	-
	Disposal of 35% equity interest in a subsidiary	-	103,811	-	-
	Acquisition of subsidiary	-	(184)	-	-
	Disposal of property	85,000	-	-	-
	Acquisition of associate	-	(20,113)	-	-
	Handling commission	-	690	-	-
	Purchase of products	(83,427)	(31,815)	-	-
	Sales of products	1,960	-	-	-
Company in which Tong Chin Hen, a Director of a subsidiary, has interest:					
Imaspro Resources Sdn Bhd	Purchase of products	(77)	(155)	-	-
	Sales of products	-	354	-	-

38. RELATED PARTIES (continued)

(a) Related party transactions (continued)

	Transactions	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Malaysian Mosaics Berhad and its subsidiaries	Management fees	360	360	-	-
	Sales of products	2,830	1,313	-	-
	Rental income	932	939	-	-
	Servicing of motor vehicles	5	-	-	-
	Construction works charges	314	-	-	-
	Purchase of products	(125,385)	(165,640)	-	-
	Logistic fees	(600)	(600)	-	-
	Fees on use of assets	(720)	(720)	-	-
Gek Poh (Holdings) Sdn Bhd and its other subsidiaries	Rental income	164	101	-	-
	Sales of products	364	1	-	-
	Servicing of motor vehicles	6	27	-	-
	Insurance premium	(9,542)	(9,064)	(196)	(139)
Associates	Dividend income - gross	12,464	23,453	2,964	4,453
	Management fees received	180	184	180	184
	Rental income	10	10	10	10
	Sales of products	989	951	-	-
Subsidiaries	Dividend income - gross	-	-	214,411	205,964
	Interest income	-	-	24,509	26,189
	Servicing of motor vehicles	-	-	(86)	(125)
	Purchase of motor vehicles	-	-	(500)	(442)
	Rental expenses	-	-	(166)	(151)
	Management fees	-	-	(494)	(133)
	Car usage	-	-	(451)	(745)
	Purchase of products	-	-	(2)	(2)

Compensation to key management personnel is as disclosed in Note 25.

38. RELATED PARTIES (continued)

(b) Balances with related parties

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Amount due from/(to)				
Corporated International Consultants	(1,275)	(340)	-	-
Shim, Pang & Co	(116)	25	-	-
Glenealy Plantations (Malaya) Berhad Group	2,834	4,237	-	-
Lingui Developments Berhad Group	19,901	7,966	-	-
Samling Strategic Corporation Sdn Bhd Group	131	229	-	-
Lei Shing Hong Limited Group	1,963	(2)	-	-
Imaspro Resources Sdn Bhd	(9)	(5)	-	-
Malaysian Mosaics Berhad and its subsidiaries	(18,677)	(18,350)	-	-
Gek Poh (Holdings) Sdn Bhd and its other subsidiaries	(344)	(480)	(22)	-
Associates	394	383	17	17

The above balances are arising from recurrent related party transactions of revenue or trading nature.

39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units according to their nature of activities and has six reportable operating segments as follows:

(i)	Plantation	- Cultivation of oil palm and processing of fresh fruit bunches
(ii)	Property	- Property investment and property development
(iii)	Credit financing	- Provision of financial services
(iv)	Fertilizer trading	- Trading and distribution of fertilizers and agro-chemicals
(v)	Quarry and building materials	- Operating of stone quarries and asphalt plants, manufacture of bricks and trading in building materials
(vi)	Automotive	- Trading in motor vehicles, spare parts and servicing of motor vehicles

Segment accounting policies are the same as the policies as described in Significant Accounting Policies. All inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing are not allocated to operating segments.

39. SEGMENT INFORMATION (continued)

	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
2011									
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
Results									
Operating profit	342,914	204,555	79,039	62,444	16,975	20,711	(4,443)	(7,552)	714,643
Finance costs									(97,216)
Other non-operating items									(2,175)
Share of results of associates									19,747
Profit before tax									634,999
Tax expense									(141,872)
Profit for the year									493,127
Non-controlling interests									(117,525)
Profit attributable to owners of the Company									375,602
Assets and liabilities									
Segment assets	983,581	1,606,415	1,338,390	979,734	617,554	311,678	486,854	-	6,324,206
Unallocated assets									115,601
Investment in associates									387,303
Total assets									6,827,110
Segment liabilities	23,983	721,820	656,792	586,649	205,935	128,616	662,815	-	2,986,610
Unallocated liabilities									188,452
Total liabilities									3,175,062
Other information									
Additions to non-current assets	27,489	55,646	31,115	1,998	143,726	13,916	1,568	-	275,458
Depreciation of property, plant and equipment	22,720	4,916	650	1,396	30,956	5,252	2,707	-	68,597
Impairment loss	-	-	-	-	-	-	2,175	-	2,175

39. SEGMENT INFORMATION (continued)

	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
2010									
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
Results									
Operating profit	230,971	117,897	58,625	28,671	22,065	13,447	(9,843)	(6,611)	455,222
Finance costs									(66,188)
Other non-operating items									92,685
Share of results of associates									22,737
Profit before tax									504,456
Tax expense									(95,403)
Profit for the year									409,053
Non-controlling interests									(85,921)
Profit attributable to owners of the Company									323,132
Assets and liabilities									
Segment assets	877,439	1,683,800	1,042,772	438,448	496,493	262,551	107,599	-	4,909,102
Unallocated assets									101,017
Investment in associates									380,648
Total assets									5,390,767
Segment liabilities	59,050	766,589	761,239	245,437	185,319	117,083	165,557	-	2,300,274
Unallocated liabilities									173,691
Total liabilities									2,473,965
Other information									
Additions to non-current assets	70,501	231,935	107	451	137,876	18,425	927	-	460,222
Depreciation of property, plant and equipment	21,515	5,031	652	1,425	22,375	4,341	3,042	-	58,381

39. SEGMENT INFORMATION (continued)

Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	184,510	189,449
Biological assets	6,451	5,852
Investment properties	36,369	198,669
Land held for property development	18,128	29,516
Other investment	30,000	-
Goodwill	-	36,736
	275,458	460,222

Geographical Segments

The Group's geographical segments are based on the location of the customers and the assets.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	2,880,735	2,310,492	2,466,943	2,390,155
Indonesia	319,328	251,285	35	75
Vietnam	335,793	166,073	16,238	9,979
Others	92,524	61,560	6,749	6,994
	3,628,380	2,789,410	2,489,965	2,407,203

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Property, plant and equipment	1,156,171	1,074,960
Biological assets	420,539	414,548
Investment properties	475,153	502,768
Land held for property development	371,366	378,191
Other investment	30,000	-
Goodwill	36,736	36,736
	2,489,965	2,407,203

40. SIGNIFICANT EVENTS DURING THE YEAR

(a) As disclosed in the audited financial statements of previous financial 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.

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 at the issue price of RM5.25 per share.

The Bonus Issue and Rights 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.

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.

(b) 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.

(c) 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.

40. SIGNIFICANT EVENTS DURING THE YEAR (continued)

(d) 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.

(e) On 29 November 2011, Hap Seng Realty (KK I) Sdn Bhd ["HSR (KK I)"], a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Akal Megah Sdn Bhd ["Akal Megah"] pursuant to which HSR (KK I) 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 and resulted in a net gain of approximately RM46 million to the Group.

(f) 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.

(g) During the financial year, the Company acquired from the open market an additional 12,732,800 ordinary shares of RM1.00 each representing approximately 1.59% equity in Hap Seng Plantations Holdings Berhad ["HSP"] at the total cash consideration of RM41,549,000, thereby increasing its shareholding in HSP to 55.16%. HSP is the Company's subsidiary listed on Bursa Securities.

41. SUBSEQUENT EVENT

Subsequent event other than those detailed elsewhere in the financial statements is as follows:

On 19 March 2012, Hap Seng Land Sdn Bhd ["HSL"], a wholly-owned subsidiary of the Company, entered into two separate sale and purchase agreements with Eighty Illusion Sdn Bhd pursuant to which HSL had agreed to dispose of that parcel of freehold plantation land held under EMR 2989, Lot No.121, measuring approximately 1.125 acres and the half undivided share of that parcel of freehold plantation land held under H.S.(D) 2785, Lot No. 3871, measuring approximately 233.875 acres, both forming part of the Teluk Merbau Estate in the District of Kuala Langat, Mukim of Sepang, Selangor Darul Ehsan at the total cash consideration of Ringgit Malaysia Forty Six Million Sixty Four Thousand and Seven Hundred (RM46,064,700) ["Land Disposal"]. The Land Disposal was completed on 29 March 2012.

42. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and of the Company into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	2,540,575	3,497,097	1,049,600	2,245,129
- Unrealised	5,947	5,738	(2,505)	(3,116)
	2,546,522	3,502,835	1,047,095	2,242,013
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	1,047,095	2,242,013
Less: Consolidation adjustments	(1,599,259)	(1,466,625)	-	-
Total retained profits as per financial statements	986,845	2,066,962	1,047,095	2,242,013

* 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.

The following additional information are provided in accordance with Paragraph 9.25 Appendix 9C of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

i) Private Placement

The private placement undertaken by the Company ["Private Placement"] was completed on 23 May 2011 with the listing of and quotation for 43,800,000 new ordinary shares of RM1.00 each ["Placement Shares"] on the Main Market of Bursa Malaysia Securities Berhad. The Placement Shares were issued at an issue price of RM5.25 per share and accordingly, the Company raised a gross proceeds of RM229.95 million ["Private Placement Proceeds"] from the Private Placement.

Set out below is the status of the utilisation of the Private Placement Proceeds:

Purpose	* Adjusted Proposed Utilisation RM' Million	← As at 31.12.2011 → Utilisation RM' Million	Balance unutilised RM' Million	Intended timeframe for Utilisation
Capital expenditure for expansion of the existing business operations of our Group	72.18	33.48	38.70	Within 3 years from completion
Repayment of borrowings	90.22	90.22	-	-
General working capital	61.54	61.94	-	-
Estimated expenses	6.01	5.61	#	-
Total	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.*

\# *Under spent in expenses have been utilised for general working capital.*

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS (continued)

ii) Rights Issue with Warrants

Subsequent to the Private Placement, a bonus issue on the basis of two (2) bonus shares ["Bonus Shares"] for every one (1) existing ordinary share held was undertaken ["Bonus Issue"], which was followed by a renounceable rights issue with warrants ["Rights Issue with Warrants"] on the basis of one (1) rights share ["Rights Share"] together with one (1) free detachable warrant ["Warrant"] for every five (5) ordinary shares held after the Bonus Issue, at an issue price of RM1.05 per Rights Share ["Rights Issue"]. Both the Bonus Issue and Rights Issue with Warrants were completed on 15 August 2011 with the listing of and quotation for 1,214,643,000 Bonus Shares, 364,392,900 Rights Shares and 364,392,900 Warrants on the Main Market of Bursa Malaysia Securities Berhad, with the gross proceeds of RM382.61 million raised from the Rights Issue ["Rights Issue Proceeds"].

Set out below is the status of the utilisation of the Rights Issue Proceeds:

Purpose	Proposed Utilisation RM' Million	As at 31.12.2011 Utilisation RM' Million	As at 31.12.2011 Balance unutilised RM' Million	Intended timeframe for Utilisation
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
General working capital	159.00	159.56	-	-
Estimated expenses	3.61	3.05	#	-
Total	382.61	162.61	220.00	

\# *Under spent in expenses have been utilised for general working capital.*

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

364,392,900 Warrants mentioned in item I (ii) above were unexercised during the financial year ended 31 December 2011.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme for the year.

4. PARTICULARS OF SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2011 except for Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan who was publicly reprimanded and fined RM25,000 by Bursa Malaysia Securities Berhad ("Bursa Malaysia") in his capacity as the independent and non-executive director of Nam Fatt Corporation Berhad (in liquidation) ("Nam Fatt") for breach of paragraphs 2.19 and 16.11(b) of the Listing Requirements of Bursa Malaysia for failure to make an immediate announcement on several material litigations involving Nam Fatt.

5. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered by the external auditors and/or its affiliates to the Group for the financial year ended 31 December 2011 was RM151,000 as disclosed in Note 23 to the Financial Statements.

6. VARIATION IN RESULTS

There were no material variances in the Company's audited consolidated financial results for the financial year ended 31 December 2011 and the unaudited results for the same period previously released in the quarterly report to Bursa Malaysia Securities Berhad on 14 February 2012.

7. PROFIT GUARANTEES

There was no profit guarantee given by the Company during the financial year ended 31 December 2011.

8. MATERIAL CONTRACTS

There were no material contracts involving the Company and its subsidiaries with directors' and/or major shareholders' interest, either still subsisting at the end of the financial year, or if not subsisting, entered into since the end of the financial year ended 31 December 2011, except for the following:-

i. Related Party Transactions during the financial year ended 31 December 2011 entered in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority interests, have been disclosed in Note 38 to the Financial Statements.

The Company will be seeking Shareholders' Mandate for Recurrent Related Party Transactions at an Extraordinary General Meeting which will be convened on 29 May 2012 immediately after the conclusion of the Annual General Meeting to be held on the same date.

Particulars of Top Ten Properties of the Group

Location	Area	Description	Date of Acquisition/ Revaluation	Tenure	Year of Expiry	Approximate Age of Buildings (Years)	Net Book Value At 31/12/2011 RM'000
KUALA LUMPUR							
Lot 593 & 594, Seksyen 57, Jalan P. Ramlee Kuala Lumpur	7,436 m^2	22-storey office building for rental	June 2004	Freehold	-	39	228,196
Lot 595 Seksyen 57, Jalan P. Ramlee Kuala Lumpur	4,376 m^2	Investment property under construction	March 2010	Freehold	-	-	151,134
Lot 28, Section 90, Kuala Lumpur	5,136 m^2	Vacant land	August 2007	Freehold	-	-	91,030
SABAH							
TAWAU							
CL 105360674 & CL 105396647 KM 6, Jalan Tg. Batu Laut	198,215 m^2	Industrial lands with single-storey buildings for rental	January 2004	Leasehold 99 years	2076/ 2080	23-24	37,241
CL 105451607 & CL 105459158 KM 6, Jalan Tg. Batu Laut	222,415 m^2	Industrial lands with single-storey buildings for rental	January 2004	Leasehold 99 years	2086/ 2087	21-22	41,337
CL 105478831/ CL 105420666/ CL 105420675/ CL 105420684/ Mile 10-10 1/2, Jalan Apas	1,208,877 m^2	Land held for development, oil palm plantation, central workshop, heavy commercial vehicle body fabrication workshop, spare parts stores, staff quarters and open space	January 2004/ January 2001	Leasehold 99 years/ 60 years	2060 2081/ 2042	37	61,937
Mile 10, Jalan Apas	323.6 ha	Oil palm plantation and land held for development	January 2004	Leasehold 99 years	2049/ 2060/ 2061/ 2062/ 2073	-	90,553

Particulars of Top Ten Properties of the Group

Location	Area	Description	Date of Acquisition/ Revaluation	Tenure	Year of Expiry	Approximate Age of Buildings (Years)	Net Book Value At 31/12/2011 RM'000
KINABATANGAN							
Batangan Estate	3,633 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2078	6-30	
Lutong Estate	2,448 ha	Oil palm plantation & buildings	July 1996/ July 2003	Leasehold 99 years	2078/ 2098/ 2099	11-22	
Lokan Estate	3,155 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2078	11-16	275,787
Kapis Estate	2,681 ha	Oil palm plantation & buildings	July 1996	Leasehold 99 years	2078	9-25	
Lungmanis Estate	2,200 ha	Oil palm plantation	July 1996	Leasehold 99 years	2078	11-17	
Tomanggong Estate	4,890 ha	Oil palm plantation & buildings	November 1978	Leasehold 99 years/ 999 years	2067/ 2094/ 2894	3-43	
Tabin Estate	2,579 ha	Oil palm plantation & buildings	November 1978	Leasehold 99 years	2067/ 2076/ 2093/ 2097	3-27	
Tagas Estate	2,010 ha	Oil palm plantation & buildings	November 1978	Leasehold 99 years	2067/ 2076	3-36	
Litang Estate	1,571 ha	Oil palm plantation & buildings	November 1978	Leasehold 99 years/ 999 years	2076/ 2091 2887/ 2900	3-29	299,992
Sungai Segama Estate	5,174 ha	Oil palm plantation & buildings	December 1990	Leasehold 99 years	2089	10-14	
Bukit Mas Estate	4,733 ha	Oil palm plantation & buildings	December 1990	Leasehold 99 years/ 999 years	2089/ 2887	4-12	
KOTA MARUDU							
Pelipikan Estate	* 808 ha	Oil palm plantation & buildings	August 2008	Leasehold 99 years	2101/ 2102	4-12	45,232

* *Including 200 acres (81 hectares) of land adjoining the existing land of which the land title are currently under application.*

Analysis of Shareholding

AS AT 30 MARCH 2012

Authorised Share Capital	: RM5,000,000,000
Issued and Fully Paid-up Capital	: RM2,186,361,000
Class of Shares	: Ordinary Share of RM1.00 each
Voting Rights	: One Vote per Ordinary Share
Number of Shareholders	: 13,408

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	* No. of Shares Held	% of Issued Capital
1 to 99	421	3.14	7,658	#
100 to 1,000	901	6.72	556,282	0.02
1,001 to 10,000	7,015	52.32	35,638,106	1.64
10,001 to 100,000	4,578	34.14	132,723,295	6.10
100,001 to less than 5% of issued shares	489	3.65	409,636,919	18.81
5% & above of issued shares	4	0.03	1,598,855,340	73.43
TOTAL	**13,408**	**100.00**	**2,177,417,600**	**100.00**

* *The number of 2,177,417,600 ordinary shares was arrived at after deducting the number of 8,943,400 treasury shares retained by the Company from the original issued and paid-up share capital of 2,186,361,000 ordinary shares of the Company.*

\# *Negligible*

LIST OF 30 LARGEST SHAREHOLDERS

		Shareholding	% [(3)]
1.	Mayban Securities Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd for Gek Poh (Holdings) Sdn Bhd	871,257,600	40.01
2.	Gek Poh (Holdings) Sdn Bhd	293,253,500	13.47
3.	Affin Nominees (Asing) Sdn Bhd - Exempt AN for Lei Shing Hong Securities Limited (Clients' Account)	249,933,360	11.48
4.	Hap Seng Insurance Services Sdn Bhd	184,410,880	8.47
5.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	51,467,080	2.36
6.	Lembaga Tabung Angkatan Tentera	36,000,000	1.65
7.	Bank Pertanian Malaysia Berhad	25,312,492	1.16
8.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	15,780,000	0.72
9.	Affin Nominees (Asing) Sdn Bhd - Exempt AN for Phillip Securities (Hong Kong) Ltd (Clients' Account)	12,991,800	0.60
10.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	11,642,500	0.53
11.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for Public Aggressive Growth Fund (N14011940110)	11,460,000	0.53
12.	Chinchoo Investment Sdn Berhad	10,796,040	0.50
13.	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	10,740,000	0.49
14.	Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	8,860,000	0.41

LIST OF 30 LARGEST SHAREHOLDERS (continued)

		Shareholding	% [3]
15.	Nithiabala A/L Balasingam	7,228,000	0.33
16.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for Public Regular Savings Fund (N14011940100)	6,870,000	0.32
17.	Gan Teng Siew Realty Sdn Berhad	6,868,800	0.32
18.	Key Development Sdn Berhad	6,444,000	0.30
19.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	6,327,900	0.29
20.	Mikdavid Sdn Bhd	6,274,800	0.29
21.	Amanahraya Trustees Berhad - Public Islamic Sector Select Fund	4,980,000	0.23
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teh Win Kee (8016787)	4,527,500	0.21
23.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	3,728,540	0.17
24.	Goh Phaik Lynn	3,472,200	0.16
25.	Rengo Malay Estate Sendirian Berhad	3,456,000	0.16
26.	Bidor Tahan Estates Sdn Bhd	3,240,000	0.15
27.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,928,940	0.13
28.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Liew Jew Fook (E-PDG)	2,686,400	0.12
29.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A)	2,647,100	0.12
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim (8071811)	2,592,800	0.12
Total		**1,868,178,232**	**85.80**

SUBSTANTIAL SHAREHOLDERS

	Shareholding			
	Direct	% [3]	Indirect	% [3]
Gek Poh (Holdings) Sdn Bhd	1,164,511,100	53.48	184,410,880 [1]	8.47
Hap Seng Insurance Services Sdn Bhd *(formerly known as Pembangunan Melati Sdn Bhd)* ("Hap Seng Insurance")	184,410,880	8.47	-	-
Affin Nominees (Asing) Sdn Bhd - Exempt AN for Lei Shing Hong Securities Limited (Clients A/C)	249,933,360	11.48	-	-
Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	-	-	1,598,855,340 [2]	73.43

Notes:

(1) *Deemed interests through its wholly-owned subsidiary, Hap Seng Insurance, pursuant to Section 6A(4) of Companies Act, 1965.*

(2) *Deemed interests by virtue of his substantial interests in Gek Poh (Holdings) Sdn Bhd and Lei Shing Hong Securities Limited pursuant to Section 6A(4) of Companies Act, 1965.*

(3) *For the purpose of computing the percentage of shareholding above, the number of ordinary shares used was 2,177,417,600 which was arrived at by deducting 8,943,400 treasury shares held by the Company from its issued and paid-up capital of 2,186,361,000.*

Analysis of Warrantholding

AS AT 30 MARCH 2012

Total Warrants issued	:	364,392,900
Less: Total Warrants exercised	:	3,600
Balance Warrants unexercised	:	364,389,300

DISTRIBUTION OF WARRANTHOLDERS

Size of Warrantholdings

	No. of Warrantholders	% of Warrantholders	No. of Warrants Held	% of Warrantholdings
1 to 99	164	2.27	11,050	#
100 to 1,000	1,593	22.08	883,466	0.24
1,001 to 10,000	4,003	55.47	14,676,510	4.03
10,001 to 100,000	1,267	17.56	38,850,033	10.66
100,001 to less than 5% of issued Warrants	186	2.58	80,764,819	22.17
5% & above of issued Warrants	3	0.04	229,203,422	62.90
TOTAL	**7,216**	**100**	**364,389,300**	**100.00**

Negligible

LIST OF 30 LARGEST WARRANTHOLDERS

		Warrantholding	%
1.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Maybank International (L) Ltd for Gek Poh (Holdings) Sdn Bhd	145,209,600	39.85
2.	Gek Poh (Holdings) Sdn Bhd	50,373,842	13.82
3.	Hap Seng Insurance Services Sdn Bhd	33,619,980	9.23
4.	Jeganathan A/L K Murugasu	6,435,000	1.77
5.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Jeganathan A/L K Murugasu (CEB)	5,003,000	1.37
6.	Bank Pertanian Malaysia Berhad	4,218,748	1.16
7.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Gim Leong	2,870,200	0.79
8.	AIBB Nominees (Tempatan) Sdn Bhd - CMY Capital Sdn Bhd	2,488,800	0.68
9.	Affin Nominees (Asing) Sdn Bhd - Exempt AN for Lei Shing Hong Securities Limited (Clients' Account)	1,928,600	0.53
10.	Lam Yee Foon	1,850,066	0.51
11.	Chinchoo Investment Sdn Berhad	1,799,340	0.49
12.	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Leou Thiam Lai (M09)	1,590,200	0.44
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim (8071811)	1,548,600	0.42
14.	Chia Hiang Nooi	1,500,000	0.41
15.	Public Invest Nominees (Asing) Sdn Bhd - Exempt AN for Phillip Securities Pte Ltd (Clients)	1,201,400	0.33
16.	Gan Teng Siew Realty Sdn Berhad	1,144,800	0.31
17.	Cheong Yuen Lai	1,110,000	0.30
18.	Key Development Sdn Berhad	1,074,000	0.29
19.	Seah Yong Kwong	1,050,000	0.29
20.	Mikdavid Sdn Bhd	1,045,800	0.29

LIST OF 30 LARGEST WARRANTHOLDERS (continued)

	Warrantholding	%
21. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Keng Eng Hai (10K34873M)	1,020,000	0.28
22. Tan Soo Eng	1,000,000	0.27
23. HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Sim Hui Leng (M09)	930,460	0.26
24. Ooi Peng Cuan	800,000	0.22
25. Ng Siew Lee	760,000	0.21
26. ECML Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loh Kok Hoong (MG0000392)	711,600	0.20
27. JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Ching Neoh (Margin)	711,200	0.20
28. Ng Choon Chuy	700,200	0.19
29. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loo Siow Ching	679,800	0.19
30. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank for Cheang Wai Kett (MM1156)	645,000	0.18
Total	**275,020,236**	**75.48**

Directors' Shareholding and Warrantholding

AS AT 30 MARCH 2012

	Direct Shareholding		Indirect Shareholding	
Company:	**No. of Shares**	**% (1)**	**No. of Shares**	**% (1)**
Hap Seng Consolidated Berhad ["HSCB"]				
Dato' Jorgen Bornhoft	180,000	0.0083	-	-
Dato' Mohammed Bin Haji Che Hussein	288,000	0.0132	-	-
Related Corporation:	**No. of Shares**	**% (2)**	**No. of Shares**	**% (2)**
Hap Seng Plantations Holdings Berhad ["HSP"]				
Dato' Jorgen Bornhoft	10,000	0.0013	-	-
Datuk Simon Shim Kong Yip, JP	180,000	0.0225	-	-
Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan	10,000	0.0013	-	-

	Direct Warrantholding		Indirect Warrantholding	
Company:	**No. of Warrants**	**% (3)**	**No. of Warrants**	**% (3)**
Hap Seng Consolidated Berhad				
Dato' Jorgen Bornhoft	30,000	0.0082	-	-
Dato' Mohammed Bin Haji Che Hussein	48,000	0.0132	-	-

Notes:

(1) *For the purpose of computing the percentage of HSCB shareholding above, the number of ordinary shares used was 2,177,417,600 which was arrived at by deducting 8,943,400 treasury shares held by HSCB from its issued and paid-up capital of 2,186,361,000.*

(2) *For the purpose of computing the percentage of HSP shareholding above, the number of ordinary shares used was 799,981,000 which was arrived at by deducting 19,000 treasury shares held by HSP from its issued and paid-up capital of 800,000,000.*

(3) *For the purpose of computing the percentage of HSCB warrantholding above, the number of unexercised warrants was 364,389,300 which was arrived at by deducting 3,600 warrants which had been exercised from the total 364,392,900 warrants issued pursuant to the Rights Issue with Warrants.*

Month	No. of shares bought back and retained as treasury shares	Lowest price paid per share (RM)	Highest price paid per share (RM)	Average cost per share (RM)	Total Cost (RM)	No. of treasury shares cancelled	No. of cumulative treasury shares held
January-11	-	-	-	-	-	-	59,136,500
February-11	-	-	-	-	-	-	59,136,500
March-11	-	-	-	-	-	-	59,136,500
April-11	-	-	-	-	-	-	59,136,500
May-11	2,000	5.70	5.70	5.7419	11,483.82	-	59,138,500
June-11	-	-	-	-	-	-	59,138,500
July-11	-	-	-	-	-	-	59,138,500
August-11	-	-	-	-	-	59,138,500	-
September-11	-	-	-	-	-	-	-
October-11	-	-	-	-	-	-	-
November-11	10,000	1.42	1.42	1.4304	14,304.46	-	10,000
December-11	5,420,000	1.45	1.60	1.5257	8,269,141.12	-	5,430,000
Total	5,432,000	1.42	5.70	1.5270	8,294,929.40	59,138,500	5,430,000

On 24 August 2011, the Company cancelled its entire balance of 59,138,500 treasury shares as at the said date. Subsequent to the said cancellation, the Company bought back a total of 5,430,000 shares during the last quarter of the financial year ended 31 December 2011, all of which were retained as treasury shares.

Plantation Statistics

	FINANCIAL YEAR ENDED 31.1.2008	FINANCIAL PERIOD ENDED 31.12.2008 (11 months)	FINANCIAL YEAR ENDED 31.12.2009	31.12.2010	31.12.2011
CROP PRODUCTION - TONNES					
FFB	774,710	673,131	672,768	677,071	738,969
PROCESSED - TONNES					
FFB - own	736,739	637,099	630,412	636,033	693,901
FFB - purchased	16,040	19,126	21,635	63,001	107,623
Palm Oil	165,809	141,464	140,985	149,941	168,025
Palm Kernel	36,074	31,900	30,821	33,409	37,050
EXTRACTION RATE - %					
Palm Oil	22.03	21.56	21.62	21.45	20.96
Palm Kernel	4.79	4.86	4.73	4.78	4.62
MATURE AREA - HECTARES					
Oil Palm					
30 months to 7 years	2,034	1,329	2,634	2,892	2,289
> 7 years to 17 years	20,637	19,008	17,899	17,899	16,009
> 17 years	8,489	11,030	12,043	11,296	12,770
Total mature area	31,160	31,367	32,576	32,087	31,068
AVERAGE YIELD - TONNES/HECTARE					
FFB	24.86	21.46	20.65	21.10	23.79
Oil per mature hectare	5.48	4.63	4.47	4.53	4.99
AVERAGE SELLING PRICE (Ex-Sandakan) RM/TONNE					
FFB	565	579	445	579	697
Palm Oil	2,076	2,314	2,303	2,594	3,226
Palm Kernel	1,434	1,449	1,012	1,629	2,200

AREA SUMMARY (HECTARES) AS AT 31 DECEMBER 2011

	River Estates Group	Jeroco	* HSP (Kota Marudu)	Pelipikan Plantation	Total Plantation Division
Oil Palm					
Mature	18,770	11,455	598	245	31,068
Immature	2,331	1,267	-	805	4,403
Total Oil Palm	21,101	12,722	598	1,050	35,471
Other crop	60	86	-	-	146
Total planted area	21,161	12,808	598	1,050	35,617
Reserves	816	330	140	315	1,601
Buildings, roads, etc	1,536	979	70	-	2,585
Grand Total	23,513	14,117	808	1,365	39,803

Conversion Rate : 1 Hectare = 2.4710 acres

* Including 200 acres (81 hectares) of land adjoining to the existing land of which the land title are currently under application.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of Hap Seng Consolidated Berhad will be held at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Tuesday, 29 May 2012 at 2.00 p.m. to transact the following:-

AGENDA

AS ORDINARY BUSINESS:

1. To table the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of Directors and Auditors thereon. Note 1

To consider and if thought fit, to pass the following Ordinary Resolutions:-

2. To reappoint Datuk Henry Chin Poy-Wu pursuant to section 129(6) of the Companies Act, 1965 as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. Note 2 **Resolution 1**

3. To reappoint Dato' Jorgen Bornhoft pursuant to section 129(6) of the Companies Act, 1965 as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. Note 2 **Resolution 2**

4. To reappoint Mr. Lau Teong Jin pursuant to section 129(6) of the Companies Act, 1965 as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. Note 2 **Resolution 3**

5. To re-elect Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan who shall retire in accordance with article 97 of the Company's Articles of Association and being eligible, has offered himself for re-election. Note 3 **Resolution 4**

6. To re-elect Dato' Mohammed Bin Haji Che Hussein who shall retire in accordance with article 97 of the Company's Articles of Association and being eligible, has offered himself for re-election. Note 3 **Resolution 5**

7. To approve the proposed increase in the aggregate yearly directors' fees from RM450,000.00 to RM700,000.00 to be divided amongst the Directors in such manner as the Board of Directors may determine with effect from 1 January 2011 onwards. **Resolution 6**

8. To reappoint Messrs. Ernst & Young as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors of the Company. Note 4 **Resolution 7**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Ordinary Resolution:-

9. **Authority to allot and issue shares pursuant to section 132D of the Companies Act, 1965**

   "**THAT** subject always to the approvals of the relevant authorities, the Directors of the Company be and are hereby empowered pursuant to section 132D of the Companies Act, 1965 to issue shares in the Company at any time upon such terms and conditions, and for such purposes as the Directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." Note 5 **Resolution 8**

By order of the Board

Cheah Yee Leng (LS0009398)
Quan Sheet Mei (MIA 6742)
Company Secretaries

Kuala Lumpur
30 April 2012

Explanatory notes to the Agenda:-

1. *Pursuant to section 169(1) of the Companies Act, 1965 [the "Act"], the directors shall lay before the Company at its annual general meeting its annual financial statements made up to a date not more than 6 months before the date of the meeting. There will be no resolution to be passed on this item 1.*

2. *Pursuant to section 129(2) of the Act, the office of a director of Company shall become vacant at the conclusion of the annual general meeting commencing next after he attains the age of seventy years whereas section 129(6) allows for the reappointment of such director by a majority of not less than three-fourths of the members entitled to vote in person or by proxy/proxies to hold office until the next annual general meeting of the Company.*

3. *Pursuant to article 97 of the Company's articles of association and paragraph 7.26(2) of the Main Market Listing Requirements, at least one-third of the directors of the Company for the time being shall retire from office at every annual general meeting, but shall be eligible for re-election.*

4. *Pursuant to section 172(2) of the Act, the Company shall at every annual general meeting appoint its auditors who shall hold office until the conclusion of the next annual general meeting.*

5. *This section 132D authority, if approved, will empower the Directors of the Company to issue ordinary shares in the Company up to 10% of the issued and paid-up share capital of the Company for the time being, subject to compliance with all other regulatory requirements and this will enable the Company to finance investments projects, working capital and/or acquisitions by issuing new shares as and when the need arises without delay or incurring costs in convening a separate general meeting. This authority, unless revoked or varied at an earlier general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.*

   As at the date of the this notice of annual general meeting, the Company has not issued any new shares pursuant to the existing section 132D authority approved by the shareholders during the last annual general meeting held on 7 June 2011, which authority shall lapse at the conclusion of this annual general meeting.

Notes to the notice of annual general meeting:-

1. *A depositor shall not be regarded as a member entitled to attend this general meeting and to speak and vote thereat unless his/her name appears in the Register of Members and/or Record of Depositors as at 22 May 2012 (which is not less than 3 market days before the date of this meeting) issued by Bursa Malaysia Depository Sdn. Bhd. ["Bursa Depository"] upon request by the Company in accordance with the rules of the Bursa Depository.*

2. *A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy does not need to be a member and the provision of section 149(1)(b) of the Act shall not apply. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney, duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney, duly authorised, and such duly executed instrument appointing a proxy must be deposited at the Registered Office of the Company, 21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.*

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HAP SENG CONSOLIDATED BERHAD (26877-W)

Form of Proxy

No. of shares	CDS Account No.

I/We ……………………………………………………………………… NRIC No./Company No. ……………………………………
(FULL NAME IN BLOCK LETTERS)

Telephone No. ………………………………………of ……………………………………………………………………………………
(FULL ADDRESS)

……

being a member/members of Hap Seng Consolidated Berhad, do hereby appoint ……………………………………………………

……………………………………………………………………… NRIC No./Company No. ……………………………………………
(FULL NAME OF PROXY IN BLOCK LETTERS)

Telephone No. ………………………………………… of ……………………………………………………………………………………
(FULL ADDRESS)

……
or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Tuesday, 29 May 2012 at 2.00 p.m. or at any adjournment thereof in the manner as indicated below:-

Agenda

1. To table the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of Directors and Auditors thereon.

ORDINARY BUSINESS		FOR	AGAINST
2. To reappoint Datuk Henry Chin Poy-Wu pursuant to section 129(6) of the Companies Act, 1965 as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.	Resolution 1		
3. To reappoint Dato' Jorgen Bornhoft pursuant to section 129(6) of the Companies Act, 1965 as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.	Resolution 2		
4. To reappoint Mr. Lau Teong Jin pursuant to section 129(6) of the Companies Act, 1965 as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.	Resolution 3		
5. To re-elect Lt. Gen. (R) Datuk Abdul Aziz Bin Hasan who shall retire in accordance with article 97 of the Company's Articles of Association and being eligible, has offered himself for re-election.	Resolution 4		
6. To re-elect Dato' Mohammed Bin Haji Che Hussein who shall retire in accordance with article 97 of the Company's Articles of Association and being eligible, has offered himself for re-election.	Resolution 5		
7. To approve the proposed increase in the aggregate yearly directors' fees from RM450,000.00 to RM700,000.00 to be divided amongst the Directors in such manner as the Board of Directors may determine with effect from 1 January 2011 onwards.	Resolution 6		
8. To reappoint Messrs. Ernst & Young as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors of the Company.	Resolution 7		
SPECIAL BUSINESS		**FOR**	**AGAINST**
9. Authority to allot and issue shares pursuant to section 132D of the Companies Act, 1965.	Resolution 8		

Please indicate with a "√" in the spaces above, how you wish your vote to be cast. In the absence of specific instructions, the proxy will vote or abstain at his/her discretion.

Signed this .... day of 2012

……………………………………………………
Signature / Common Seal of appointor

Notes:-

1. *A depositor shall not be regarded as a member entitled to attend this general meeting and to speak and vote thereat unless his/her name appears in the Register of Members and/or Record of Depositors as at 22 May 2012 (which is not less than 3 market days before the date of this meeting) issued by Bursa Malaysia Depository Sdn. Bhd. ["Bursa Depository"] upon request by the Company in accordance with the rules of the Bursa Depository.*
2. *A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy does not need to be a member and the provision of section 149(1)(b) of the Companies Act, 1965 shall not apply. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney, duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney, duly authorised, and such duly executed instrument appointing a proxy must be deposited at the Registered Office of the Company, 21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.*

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Postage

THE COMPANY SECRETARY
HAP SENG CONSOLIDATED BERHAD
(Company No. 26877-W)

21st Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

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