



MWE HOLDINGS BERHAD (5713-D)
and Group of Companies

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2010

(Unaudited)

	AS AT <u>30.06.2010</u> RM'000	(AUDITED) AS AT <u>31.12.2009</u> RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, plant & equipment	86,370	86,755
Investment properties	65,974	65,163
Biological assets	10,618	10,925
Prepaid lease payments	34,435	32,625
Land held for property development	27,275	29,971
Investment in associates	34,210	32,677
Other investments	57,899	34,379
Other non-current assets	15,463	15,518
	<u>332,244</u>	<u>308,013</u>
<u>Current Assets</u>		
Inventories	70,294	71,292
Property development costs	4,687	8,438
Trade and other receivables	117,266	106,344
Current tax receivable	2,566	2,760
Derivatives	(34)	-
Cash & cash equivalents	55,557	47,121
	<u>250,336</u>	<u>235,955</u>
Total Assets	<u><u>582,580</u></u>	<u><u>543,968</u></u>



MWE HOLDINGS BERHAD (5713-D)
and Group of Companies

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010 (*Continuation*)
(*Unaudited*)

	AS AT 30.06.2010 RM'000	(AUDITED) AS AT 31.12.2009 RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	231,559	231,559
Reserves	146,015	101,244
Treasury shares	(235)	(235)
	<hr/>	<hr/>
	377,339	332,568
Minority interests	27,995	29,312
	<hr/>	<hr/>
Total equity	405,334	361,880
<u>Non-Current Liabilities</u>		
Long term borrowings	18,905	20,818
Deferred tax liabilities	2,711	2,890
Deferred income	13,536	14,437
	<hr/>	<hr/>
	35,152	38,145
<u>Current Liabilities</u>		
Trade and other payables	90,472	98,862
Overdraft & short term borrowings	45,957	40,004
Current tax payable	5,654	5,077
Derivatives	11	-
	<hr/>	<hr/>
	142,094	143,943
	<hr/>	<hr/>
Total liabilities	177,246	182,088
	<hr/>	<hr/>
Total equity and liabilities	582,580	543,968
	<hr/>	<hr/>
Net assets per share (RM)	1.63	1.44

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2009)



MWE HOLDINGS BERHAD (5713-D)
and Group of Companies

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 6-MONTHS PERIOD ENDED 30 JUNE 2010
(Unaudited)

	CURRENT QUARTER ENDED 30.06.2010 RM'000	COMPARATIVE QUARTER ENDED 30.06.2009 RM'000	CUMULATIVE 6 MONTHS ENDED 30.06.2010 RM'000	COMPARATIVE 6 MONTHS ENDED 30.06.2009 RM'000
Revenue	115,642	125,265	231,217	240,544
Operating expenses	(107,642)	(116,976)	(212,359)	(224,027)
Other operating income	5,560	2,738	6,706	4,050
Profit from operations	13,560	11,027	25,564	20,567
Finance costs	(1,209)	(1,027)	(2,453)	(2,155)
Gain from investments	-	1,565	-	1,630
Share of profit of associates	1,597	(241)	3,569	(987)
Profit before tax	13,948	11,324	26,680	19,055
Income tax expense	(2,030)	(2,634)	(5,412)	(4,941)
Profit for the period	11,918	8,690	21,268	14,114
Other comprehensive income:				
Fair value of available-for-sale financial assets	(8,008)	-	3,759	-
Foreign currency translation	(1,244)	1,287	(3,113)	2,298
	(9,252)	1,287	646	2,298
Total comprehensive income	2,666	9,977	21,914	16,412
Profit attributable to:				
Owners of the parent	11,903	7,666	21,397	12,711
Minority interest	15	1,024	(129)	1,403
	11,918	8,690	21,268	14,114
Total comprehensive income attributable to:				
Owners of the parent	2,776	8,737	22,454	14,795
Minority interest	(110)	1,240	(540)	1,617
	2,666	9,977	21,914	16,412
Basic earnings per share attributable to owners of the parent (sen)	5.15	3.32	9.25	5.50

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2009)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6-MONTHS PERIOD ENDED 30 JUNE 2010
(Unaudited)

	< ----- Attributable to equity holders of the Company ----- >						Minority interests	Total Equity
	Share Capital	Share Premium	Reserves	Retained Earnings	Treasury Shares	Total		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1.1.2009	231,559	23,586	4,853	56,225	(235)	315,988	27,855	343,843
Total comprehensive income	-	-	2,084	12,711	-	14,795	1,617	16,412
Acquisition of shares in subsidiary	-	-	-	-	-	-	148	148
Dividend paid	-	-	-	(6,936)	-	(6,936)	(224)	(7,160)
At 30.6.2009	<u>231,559</u>	<u>23,586</u>	<u>6,937</u>	<u>62,000</u>	<u>(235)</u>	<u>323,847</u>	<u>29,396</u>	<u>353,243</u>
At 1.1.2010	231,559	23,586	11,509	66,150	(235)	332,569	29,312	361,881
Effects of adopting FRS 139	-	-	21,764	552	-	22,316	46	22,362
	<u>231,559</u>	<u>23,586</u>	<u>33,273</u>	<u>66,702</u>	<u>(235)</u>	<u>354,885</u>	<u>29,358</u>	<u>384,243</u>
Total comprehensive income	-	-	1,057	21,397	-	22,454	(540)	21,914
Dividend paid	-	-	-	-	-	-	(823)	(823)
At 30.6.2010	<u>231,559</u>	<u>23,586</u>	<u>34,330</u>	<u>88,099</u>	<u>(235)</u>	<u>377,339</u>	<u>27,995</u>	<u>405,334</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2009)



MWE HOLDINGS BERHAD (5713-D)
and Group of Companies

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTHS PERIOD ENDED 30 JUNE 2010
(Unaudited)

	CUMULATIVE 6 MONTHS <u>30.06.2010</u> RM'000	CUMULATIVE 6 MONTHS <u>30.06.2009</u> RM'000
Profit before tax	26,680	19,055
Adjustments for :		
Non-cash items	340	6,287
Operating profit before working capital changes	27,020	25,342
Changes in current assets	(10,113)	9,088
Changes in current liabilities	(231)	(8,950)
Net income tax paid	(4,947)	(3,774)
Net cash from operating activities	11,729	21,706
Investing Activities		
Equity investments	-	28
Other investments	(2,049)	(14,614)
Dividend received from associate	2,036	-
Placement of pledged fixed deposits	(79)	16
Net cash used in investing activities	(92)	(14,570)
Financing Activities		
Capital injection by minority shareholders	-	240
Dividend paid to shareholders	-	(6,936)
Dividend paid to minority interests	(823)	(224)
Net (repayment)/drawdown of borrowings	(1,696)	8,868
Net cash (used in)/from financing activities	(2,519)	1,948



MWE HOLDINGS BERHAD (5713-D)
and Group of Companies

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6-MONTHS PERIOD ENDED 30 JUNE 2010 (Continuation)
(Unaudited)

	CUMULATIVE 6 MONTHS <u>30.06.2010</u> RM'000	CUMULATIVE 6 MONTHS <u>30.06.2009</u> RM'000
Net increase in Cash & Cash Equivalents	9,118	9,084
Effects of foreign change rate changes	(167)	150
	<u>8,951</u>	<u>9,234</u>
Cash & Cash Equivalents at beginning of period	43,997	37,890
Effects of foreign change rate changes	(758)	36
	43,239	37,926
Cash & Cash Equivalents at end of period	<u>52,190</u>	<u>47,160</u>
Represented by:		
Cash & cash equivalents	55,557	50,775
Bank overdrafts	(1,353)	(1,697)
	54,204	49,078
Less: Fixed deposits (pledged)	(2,014)	(1,918)
	<u>52,190</u>	<u>47,160</u>

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2009)



EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6-MONTHS PERIOD ENDED 30 JUNE 2010

1. ACCOUNTING POLICIES

The unaudited interim financial report has been prepared in accordance with Financial Reporting Standard 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies and methods of computation applied to the financial statements are consistent with those applied to the annual audited accounts for the year ended 31 December 2009 except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”) issued by the Malaysian Accounting Standards Board that are effective for the Group for the financial period beginning on or after 1 January 2010 :-

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement

Adoption of the above standards did not have significant impact on the financial performance or position of the Group except for those discussed below:

a) FRS 8 - Operating Segments

FRS 8 requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group’s major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS. The adoption of FRS 8 did not have any effect on the financial position or performance of the Group.

b) FRS 101 - Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.



1. ACCOUNTING POLICIES (continued)

c) FRS 139 – Financial Instruments: Recognition and Measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument. A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated.

Financial assets

i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

ii) Available-for-sale financial assets (AFS)

Prior to 1 January 2010, the Group classified its investments in equity instruments as non-current investments and carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as AFS financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the asset are sold, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is transferred to the income statement.

iii) Financial assets at fair value through profit or loss

Prior to adoption of FRS 139, the Group's derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in the profit or loss.

Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and other borrowings. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method.



1. ACCOUNTING POLICIES (continued)

Financial guarantee contracts

During the current and prior years, the Group provided financial guarantees to bank in connection with loans granted to golf members of a subsidiary. Prior to 1 January 2010, the Group did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Group are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

d) Amendments to FRS 117 - Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

2. AUDIT OPINION ON THE PRECEDING FINANCIAL STATEMENTS

The preceding annual audited financial statements were not qualified by the Auditors.

3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

Garments division maintained its revenue for current reporting quarter as compared to the first quarter whereas Lighting and Telecommunication division faces a more volatile market that depends on global market condition.

4. UNUSUAL ITEMS

Save for the adjustments to opening balances and the fair value changes arising from implementation of FRS 139, there were no unusual items which affect assets, liabilities, equity, income or cash flows during the reporting quarter.

5. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS PREVIOUSLY REPORTED

There were no material changes in estimates of amounts previously reported.

**6. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities undertaken by the Company during the reporting period.

7. DIVIDENDS PAID

The Company did not pay any dividend during the reporting period.

8. SEGMENT INFORMATION

	Garments	Lighting & Telecommunication	Properties	Plantation	Trading & Others	Group total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
REVENUE						
External sales	87,735	105,982	9,144	3,854	24,502	231,217
Inter-segment sales	-	1	1,646	-	1,652	3,299
Total revenue	<u>87,735</u>	<u>105,983</u>	<u>10,790</u>	<u>3,854</u>	<u>26,154</u>	<u>234,516</u>
RESULTS						
Segment operating profit	11,897	13,649	1,504	(517)	(969)	25,564
Unallocated corporate expenses						-
Profit from operations						25,564
Finance costs						(2,453)
Share of results of associates	<u>38</u>	<u>-</u>	<u>(87)</u>	<u>-</u>	<u>3,618</u>	<u>3,569</u>
Profit before tax						26,680
Tax expense						<u>(5,412)</u>
Profit for the period						<u>21,268</u>

9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The values of property, plant and equipment of the Group have been brought forward without amendment from the previous annual audited accounts, except the reclassification of prepaid lease payments to property, plant and equipment arising from adoption of the amendments of FRS 117.

10. SUBSEQUENT EVENTS

There are no material subsequent events at the date of this report.

11. EFFECT OF CHANGES IN COMPOSITION OF GROUP

During the quarter, the subsidiary of the Company, Alam Perdana Sdn Bhd had been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965.



12. CHANGES IN CONTINGENT LIABILITIES AND ASSETS

There were no material changes in contingent liabilities and assets in the reporting period.

13. REVIEW OF PERFORMANCE OF CURRENT QUARTER

During the reporting quarter, the Group's revenue reduced by 8% to RM115.6 million as compared to RM125.3 million reported in preceding year corresponding quarter, mainly attributed to lower revenue from Properties division. However, profit from operations reported higher at RM13.6 million as compared to RM11.0 million in 2009 as Properties division managed to derive RM3.2 million gain from disposal of its development lands.

For the current six-month period, the Group's revenue reduced to RM231.2 million as compared to RM240.5 million reported in preceding year corresponding period, mainly attributed to lower revenue from Properties division. Profit from operations stood higher at RM25.6 million, derived mainly from better gross margins and gain from disposal of development lands. Besides, Group's share of Hong Kong associates' results also improved as compared to 2009. In total, the Group reported RM26.7 million in pre-tax profit as compared to RM19.1 million in 2009.

14. COMPARISON WITH IMMEDIATE PRECEDING QUARTER ON MATERIAL CHANGES IN PROFIT BEFORE TAX

Group's revenue maintained at RM115.6 million as compared to preceding first quarter. However, the Group managed to record higher pre-tax profit at RM13.9 million despite the reduction in revenue as Properties division derived RM3.2 million gain from disposal of its development lands. As a result, pre-tax profit of the Group also reported higher at RM13.9 million as compared to RM12.7 million in preceding quarter.

15. PROSPECTS FOR FINANCIAL YEAR 2010

Barring any unforeseen circumstances, the Board expects the performance of the Group in the remaining quarters to be satisfactory.

16. VARIANCE IN PROFIT FORECAST

There was no profit forecast issued for the financial year.

17. TAXATION

The tax expense consists of:

	Second Quarter <u>RM '000</u>	Current Year-to-date <u>RM '000</u>
Current tax expense - current period	2,389	5,786
Deferred tax expense		
- current period	(279)	(286)
- under/over provision in prior years	(80)	(88)
	<u>2,030</u>	<u>5,412</u>

**17. TAXATION (continued)**

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Second Quarter <u>RM '000</u>	Current Year-to-Date <u>RM '000</u>
Profit before tax (excluding share of results of associates)	<u>12,351</u>	<u>23,111</u>
Tax at the applicable tax rate of 25%	3,088	5,778
Tax effect of expenses not deductible for tax purposes	343	869
Deferred tax assets not recognised in respect of current period's tax losses and unabsorbed capital allowance	355	1,073
Tax effect of income not subject to tax	-	(5)
Tax effect on utilisation of previously unrecognised deductible temporary differences	(675)	(767)
Tax effect of differences in tax rates	(1,001)	(1,448)
Tax under provided in prior years	(80)	(88)
	<u>2,030</u>	<u>5,412</u>

18. PROFIT/LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

Save for sales of properties in the ordinary course of business within the Group's Properties Division, there were no other material profits or losses on sale of properties and unquoted investments during the reporting quarter.

19. PURCHASES AND DISPOSAL OF QUOTED SECURITIES

During the reporting period, the Group did not transact in any quoted securities.

20. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced or pending as at the date of making this report.

**21. GROUP BORROWINGS**

Particulars of Group borrowings at the end of the reporting period are as follows:

	RM'000
Short term – unsecured	6,100
Short term – secured	39,857
Long term – unsecured	159
Long term – secured	18,747

Foreign borrowings as at 30 June 2010 included in the above are as follows:

Currency	Amount '000	RM '000
Australian Dollar	AUD 200	555
Singapore Dollar	SGD 193	449

The foreign borrowings were drawn by the foreign subsidiaries in their respective local currencies.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Type of derivatives	Contract value (RM'000)	Fair value (RM'000)
Forward contract - Less than 1 year	13,602	13,625

Prior to 1 January 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 January 2010 are recognised at their fair values and are classified as financial liabilities fair value through profit or loss. There are no credit, market and liquidity risks associated with the derivatives.

23. COMPUTATION OF EARNINGS PER SHARE (“EPS”)

Computation of the EPS is as follows:

	Current Quarter 30.06.2010 RM'000	Comparative Quarter 30.06.2009 RM'000	Cumulative 6 months 30.06.2010 RM'000	Cumulative 6 months 30.06.2009 RM'000
Profit for the period	<u>11,903</u>	<u>7,666</u>	<u>21,397</u>	<u>12,711</u>
No. of ordinary shares after deducting treasury shares	<u>231,204</u>	<u>231,204</u>	<u>231,204</u>	<u>231,204</u>
Basic EPS attributable to owners of the parent (sen)	<u>5.15</u>	<u>3.32</u>	<u>9.25</u>	<u>5.50</u>



MWE HOLDINGS BERHAD (5713-D)

24. COMPARATIVES

Certain comparative figures have been restated in compliance with FRS 139.

25. DIVIDEND

The Board of Directors does not recommend any dividend payment during this reporting quarter.

By Order of the Board

LIM KONG YOW
Company Secretary
26 August 2010