



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011
(Unaudited)

| | As At <u>31.03.2011</u> RM'000 | (AUDITED) As At <u>31.12.2010</u> RM'000 |
|------------------------------------|--------------------------------------|---|
| ASSETS | | |
| <u>Non-Current Assets</u> | | |
| Property, plant & equipment | 101,748 | 100,787 |
| Investment properties | 56,242 | 66,193 |
| Biological assets | 10,158 | 10,311 |
| Land use rights | 26,770 | 27,061 |
| Land held for property development | 38,613 | 38,181 |
| Investment in associates | 34,495 | 36,091 |
| Other investments | 81,486 | 69,598 |
| Other non-current assets | 17,829 | 17,837 |
| | <u>367,341</u> | <u>366,059</u> |
| <u>Current Assets</u> | | |
| Inventories | 78,818 | 77,464 |
| Property development costs | 7,339 | 7,283 |
| Trade and other receivables | 84,351 | 97,265 |
| Other current assets | 4,800 | 3,212 |
| Current tax receivable | 2,415 | 3,229 |
| Cash & cash equivalents | 59,863 | 56,834 |
| | <u>237,586</u> | <u>245,287</u> |
| Non-current assets held for sale | - | 12,347 |
| | <u>237,586</u> | <u>257,634</u> |
| Total Assets | <u><u>604,927</u></u> | <u><u>623,693</u></u> |



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011 (*Continuation*)
(*Unaudited*)

| | As At <u>31.03.2011</u> RM'000 | (AUDITED) As At <u>31.12.2010</u> RM'000 |
|---------------------------------------|--------------------------------------|---|
| EQUITY AND LIABILITIES | | |
| <u>Equity</u> | | |
| Share capital | 231,559 | 231,559 |
| Reserves | 176,146 | 165,308 |
| Treasury shares | (235) | (235) |
| | <u>407,470</u> | <u>396,632</u> |
| Minority interests | 19,178 | 19,537 |
| Total equity | <u>426,648</u> | <u>416,169</u> |
| <u>Non-Current Liabilities</u> | | |
| Loans and borrowings | 17,819 | 18,888 |
| Deferred tax liabilities | 2,927 | 2,871 |
| Deferred income | 13,376 | 14,385 |
| | <u>34,122</u> | <u>36,144</u> |
| <u>Current Liabilities</u> | | |
| Trade and other payables | 73,850 | 87,578 |
| Loans and borrowings | 63,152 | 59,763 |
| Other current liabilities | 674 | 946 |
| Current tax payable | 6,018 | 5,223 |
| Derivatives | 462 | 1,003 |
| | <u>144,157</u> | <u>154,513</u> |
| Non-current liabilities held for sale | - | 16,867 |
| | <u>144,157</u> | <u>171,380</u> |
| Total liabilities | 178,279 | 207,524 |
| Total equity and liabilities | <u>604,927</u> | <u>623,693</u> |
| Net assets per share (RM) | 1.76 | 1.72 |

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2010)



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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE 3-MONTHS PERIOD ENDED 31 MARCH 2011
(Unaudited)

| | Current Quarter ended 31.3.11 RM'000 | Comparative Quarter ended 31.03.10 RM'000 | Cumulative 3 months ended 31.3.11 RM'000 | Comparative 3 months ended 31.3.10 RM'000 |
|--|---|--|---|--|
| Revenue | 114,203 | 115,575 | 114,203 | 115,575 |
| Cost of sales | <u>(88,152)</u> | <u>(88,783)</u> | <u>(88,152)</u> | <u>(88,783)</u> |
| Gross profit | 26,051 | 26,792 | 26,051 | 26,792 |
| Interest income | 326 | 160 | 326 | 160 |
| Other income | 686 | 986 | 686 | 986 |
| Other expenses | <u>(16,332)</u> | <u>(15,934)</u> | <u>(16,332)</u> | <u>(15,934)</u> |
| Operating profit | 10,731 | 12,004 | 10,731 | 12,004 |
| Finance costs | (1,636) | (1,244) | (1,636) | (1,244) |
| Gain from investments | 5,688 | - | 5,688 | - |
| Share of profit of associates | <u>343</u> | <u>1,972</u> | <u>343</u> | <u>1,972</u> |
| Profit before tax | 15,126 | 12,732 | 15,126 | 12,732 |
| Income tax expense | <u>(3,321)</u> | <u>(3,382)</u> | <u>(3,321)</u> | <u>(3,382)</u> |
| Profit for the period | <u>11,805</u> | <u>9,350</u> | <u>11,805</u> | <u>9,350</u> |
| Other comprehensive income: | | | | |
| Fair value gain on available-for-sale financial assets | 12,393 | 11,767 | 12,393 | 11,767 |
| Realisation of capital reserve | (450) | - | (450) | - |
| Foreign currency translation | <u>(1,310)</u> | <u>(1,869)</u> | <u>(1,310)</u> | <u>(1,869)</u> |
| | <u>10,633</u> | <u>9,898</u> | <u>10,633</u> | <u>9,898</u> |
| Total comprehensive income | <u>22,438</u> | <u>19,248</u> | <u>22,438</u> | <u>19,248</u> |
| Profit attributable to: | | | | |
| Owners of the parent | 11,648 | 9,494 | 11,648 | 9,494 |
| Minority interest | <u>157</u> | <u>(144)</u> | <u>157</u> | <u>(144)</u> |
| | <u>11,805</u> | <u>9,350</u> | <u>11,805</u> | <u>9,350</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 22,398 | 19,678 | 22,398 | 19,678 |
| Minority interest | <u>40</u> | <u>(430)</u> | <u>40</u> | <u>(430)</u> |
| | <u>22,438</u> | <u>19,248</u> | <u>22,438</u> | <u>19,248</u> |
| Basic earnings per share attributable to owners of the parent (sen) | 5.04 | 4.11 | 5.04 | 4.11 |

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2010)



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3-MONTHS PERIOD ENDED 31 MARCH 2011
(Unaudited)

| | < ----- Attributable to equity holders of the Company ----- > | | | | | | | |
|--------------------------------|---|------------------|--------------------|---------------|----------------------|----------------|-----------------------|-----------------|
| | < ----- Non-distributable ----- > | | | | Distributable | | Minority Interests | Total Equity |
| | Share Capital | Share Premium | Treasury Shares | Reserves | Retained Earnings | 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> | | |
| At 1.1.2010 | 231,559 | 23,586 | (235) | 11,509 | 66,150 | 332,569 | 29,312 | 361,881 |
| Effects of adopting FRS 139 | - | - | - | 21,764 | 552 | 22,316 | 46 | 22,362 |
| | 231,559 | 23,586 | (235) | 33,273 | 66,702 | 354,885 | 29,358 | 384,243 |
| Total comprehensive income | - | - | - | 10,184 | 9,494 | 19,678 | (430) | 19,248 |
| Dividend paid | - | - | - | - | - | - | (411) | (411) |
| At 31.3.2010 | <u>231,559</u> | <u>23,586</u> | <u>(235)</u> | <u>43,457</u> | <u>76,196</u> | <u>374,563</u> | <u>28,517</u> | <u>403,080</u> |
| At 1.1.2011 | 231,559 | 23,586 | (235) | 39,902 | 101,820 | 396,632 | 19,537 | 416,169 |
| Total comprehensive income | - | - | - | 10,750 | 11,648 | 22,398 | 40 | 22,438 |
| Liquidation of subsidiary | - | - | - | - | - | - | (25) | (25) |
| Dividend paid | - | - | - | - | (11,560) | (11,560) | (374) | (11,934) |
| At 31.3.2011 | <u>231,559</u> | <u>23,586</u> | <u>(235)</u> | <u>50,652</u> | <u>101,908</u> | <u>407,470</u> | <u>19,178</u> | <u>426,648</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 2010)



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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3-MONTHS PERIOD ENDED 31 MARCH 2011
(Unaudited)

| | Cumulative 3 months <u>31.3.2011</u> RM'000 | Cumulative 3 months <u>31.3.2010</u> RM'000 |
|---|--|--|
| Profit before tax | 15,126 | 12,732 |
| Adjustments for: Non-cash items | (4,318) | 198 |
| Operating profit before working capital changes | <u>10,808</u> | <u>12,930</u> |
| Changes in current assets | 9,504 | (5,544) |
| Changes in current liabilities | (11,790) | 4,715 |
| Net income tax paid | (1,702) | (2,546) |
| Net cash from operating activities | <u>6,820</u> | <u>9,555</u> |
| Investing Activities | | |
| Equity investments | (1,292) | - |
| Other investments | 7,552 | (5,871) |
| Dividend received from associate | 1,938 | - |
| Net cash from/(used in) investing activities | <u>8,198</u> | <u>(5,871)</u> |
| Financing Activities | | |
| Dividend paid to shareholders | (11,560) | - |
| Dividend paid to minority interests | (374) | (411) |
| Net drawdown of borrowings | (1,195) | (2,242) |
| Net cash used in financing activities | <u>(13,129)</u> | <u>(2,653)</u> |
| Net increase in Cash & Cash Equivalents | 1,889 | 1,031 |
| Effects of foreign change rate changes | (340) | (260) |
| | 1,549 | 771 |
| Cash & Cash Equivalents at beginning of period | <u>58,034</u> | <u>45,932</u> |
| Effects of foreign change rate changes | (370) | (575) |
| | 57,664 | 45,357 |
| Cash & Cash Equivalents at end of period | <u>59,213</u> | <u>46,128</u> |
| Represented by: | | |
| Cash & cash equivalents | 59,863 | 49,415 |
| Bank overdrafts | (650) | (3,287) |
| | <u>59,213</u> | <u>46,128</u> |

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2010)



EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3-MONTHS PERIOD ENDED 31 MARCH 2011

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 2010 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 2011 :-

| | |
|-------------------------------------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations (Revised) |
| Amendments to FRS 2 | Shared-based Payment |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 12 | Service Concession Arrangements |
| 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 132 | Classification of Rights Issues |
| Amendments to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters |
| Amendments to FRS 7 | Improving Disclosures about Financial Instruments |
| Amendments to FRS 1 | Additional Exemptions to First-time Adopters |
| Amendments to FRS 1 | Group Cash-settled Share-based Payment Transactions |
| IC Interpretation 4 | Determining Whether An Arrangement contains a Lease |
| IC Interpretation 18 | Transfers of Assets from Customers |
| Improvements to FRSs issued in 2010 | |

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

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised FRS 3 will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. 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. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

**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

Textiles division reported a lower demand for current reporting quarter whereas Electronics division faces a more volatile market that depends on global market condition.

4. UNUSUAL ITEMS

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 quarter.

7. DIVIDENDS PAID

On 7 January 2011, the Company paid an interim dividend of 5% tax exempt which amounted to RM11.56 million in respect of the financial year ended 31 December 2010.

8. SEGMENT INFORMATION

| | Garments <u>RM'000</u> | Lighting & Pagers <u>RM'000</u> | Properties <u>RM'000</u> | Plantation <u>RM'000</u> | Trading & Others <u>RM'000</u> | Group total <u>RM'000</u> |
|-------------------------------|---------------------------|---------------------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------------|
| Revenue | | | | | | |
| External sales | 43,612 | 51,970 | 908 | 1,182 | 16,531 | 114,203 |
| Inter-segment sales | | | 32 | | 5,829 | 5,861 |
| Total revenue | <u>43,612</u> | <u>51,970</u> | <u>940</u> | <u>1,182</u> | <u>22,360</u> | <u>120,064</u> |
| Results | | | | | | |
| Segment profit/(loss) | <u>4,579</u> | <u>7,445</u> | <u>310</u> | <u>(993)</u> | <u>(610)</u> | 10,731 |
| Finance costs | | | | | | (1,636) |
| Gain from investments | | | | | | 5,688 |
| Share of profit of associates | <u>5</u> | <u>-</u> | <u>(16)</u> | <u>-</u> | <u>354</u> | 343 |
| Profit before tax | | | | | | 15,126 |
| Income tax expense | | | | | | <u>(3,321)</u> |
| Profit for the period | | | | | | <u>11,805</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.

10. SUBSEQUENT EVENTS

In April 2011, the Company disposed its 39% shareholding in its associates, representing 2,260,500 ordinary shares of US\$0.10 each in PI International Holdings Limited for a total cash consideration of HK\$78,100,275. There are no other 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, Bay Potential Sdn Bhd had been struck off from the Register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965.

The Company disposed its entire shareholding of 900,000 ordinary shares of RM1 each in MWE Advanced Structure Sdn Bhd, representing 90% equity interest for a total cash consideration of RM1.

12. CHANGES IN CONTINGENT LIABILITIES AND ASSETS

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

13. REVIEW OF PERFORMANCE OF CURRENT QUARTER

Group's revenue reduced marginally to RM114 million as compared to RM116 million reported in preceding year corresponding quarter. Operating profit stood at RM10.7 million, lower than RM12.0 million recorded in the previous corresponding period mainly due to increase in freight and overhead costs in both Garment and Lighting divisions. However, the Group managed to report higher pre-tax profit of RM15.1 million during the reporting quarter, arose from the disposal gain of the construction subsidiary.

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

The Group registered RM15.1 million profit before tax for the current quarter which is higher than RM12.3 million achieved in the immediate preceding quarter. The higher pre-tax profit for current reporting quarter mainly attributed to the disposal gain of the construction subsidiary.

15. PROSPECTS FOR FINANCIAL YEAR 2011

Barring any uncertainties of the global economy, the Board expects the performance of the Group in the remaining quarters for the year 2011 to be encouraging but challenging.

**16. VARIANCE IN PROFIT FORECAST**

There was no profit forecast issued for the financial year.

17. TAXATION

The tax expense consists of:

| | First Quarter <u>RM '000</u> | Current Year-to-date <u>RM '000</u> |
|---------------------------------------|------------------------------------|---|
| Current income tax | | |
| - current period | 3,310 | 3,310 |
| Deferred tax | | |
| - current period | (2) | (2) |
| - under/over provision in prior years | 13 | 13 |
| | <u>3,321</u> | <u>3,321</u> |

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 is as follows:

| | First Quarter <u>RM '000</u> | Current Year-to-Date <u>RM '000</u> |
|--|------------------------------------|---|
| Profit before tax (excluding share of profit of associates) | <u>14,783</u> | <u>14,783</u> |
| Taxation at Malaysian statutory tax rate of 25% | 3,696 | 3,696 |
| Expenses not deductible for tax purposes | 1,146 | 1,146 |
| Deferred tax assets not recognised in respect of current period's tax losses and unabsorbed capital allowance | 549 | 549 |
| Income not subject to tax | (1,435) | (1,435) |
| Utilisation of previously unrecognised deductible temporary differences | (218) | (218) |
| Tax effect of differences in tax rates | (430) | (430) |
| Under provision of tax expense in prior years | 13 | 13 |
| | <u>3,321</u> | <u>3,321</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 quarter, the Company purchased securities quoted on the Bursa Malaysia for a total consideration of RM1.9 million. Save as disclosed, there were no other transactions involving quoted securities during the reporting period. At 31 March 2011, available-for-sale quoted securities of the Group were as follows:

| | |
|--------------------------|--------|
| | RM'000 |
| At cost | 31,037 |
| At carrying/market value | 73,606 |

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 quarter are as follows:

| | |
|------------------------|--------|
| | RM'000 |
| Short term ó unsecured | 10,057 |
| Short term ó secured | 53,096 |
| Long term ó unsecured | 131 |
| Long term ó secured | 17,688 |

Foreign borrowings as at 31 March 2011 included in the above are as follows:

| Currency | Amount '000 | RM '000 |
|------------------|-------------|---------|
| Singapore Dollar | SGD 163 | 391 |

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

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses forward currency contracts to manage some of the foreign transactions exposure. These contracts do not qualify for hedge accounting under FRS 139. There are no credit, market and liquidity risks associated with the derivatives. As at 31 March 2011, the Group had entered into the following forward currency contracts :

| Type of derivatives | Contract amount (RM'000) | Fair value (RM'000) |
|-------------------------------------|-----------------------------|------------------------|
| Forward contract - Less than 1 year | 11,293 | 10,831 |

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

Computation of the EPS is as follows:

| | Current Quarter <u>31.3.2011</u> RM'000 | Comparative Quarter <u>31.3.2010</u> RM'000 | Cumulative 3 months <u>31.3.2011</u> RM'000 | Cumulative 3 months <u>31.3.2010</u> RM'000 |
|---|--|--|--|--|
| Profit for the period | <u>11,648</u> | <u>9,494</u> | <u>11,648</u> | <u>9,494</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>5.04</u> | <u>4.11</u> | <u>5.04</u> | <u>4.11</u> |

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

| | <u>As at 31.3.2011</u> RM'000 | <u>As at 31.3.2010</u> RM'000 |
|--|----------------------------------|----------------------------------|
| Total retained profits of the Company and subsidiaries: | | |
| - Realised | 128,557 | 109,124 |
| - Unrealised (loss)/profit | <u>(1,860)</u> | <u>121</u> |
| | 126,697 | 109,245 |
| Total share of retained profits from associated companies: | | |
| - Realised profit | 34,289 | 34,332 |
| - Unrealised profit | <u>206</u> | <u>317</u> |
| | 34,495 | 34,649 |
| Less: Consol adjustments | (59,284) | (67,698) |
| Total group retained profits as per consolidated accounts | <u>101,908</u> | <u>76,196</u> |

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
27 May 2011