



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

	<u>30.6.2012</u> Unaudited RM'000	<u>31.12.2011</u> Audited RM'000
Assets		
<u>Non-Current Assets</u>		
Property, plant & equipment	102,205	104,549
Investment properties	56,486	56,445
Biological assets	9,390	9,697
Land use rights	26,318	26,561
Land held for property development	25,984	27,631
Other investments	229,292	187,652
Other non-current assets	20,465	20,471
	<u>470,140</u>	<u>433,006</u>
<u>Current Assets</u>		
Inventories	76,151	74,371
Property development costs	4,815	6,701
Trade and other receivables	93,176	89,505
Current tax receivable	4,631	4,023
Cash and bank balances	103,386	121,290
Other current assets	4,290	6,307
Derivatives	-	6
	<u>286,449</u>	<u>302,203</u>
Total assets	<u><u>756,589</u></u>	<u><u>735,209</u></u>



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (Cont'd)

	<u>30.6.2012</u> Unaudited RM'000	<u>31.12.2011</u> Audited RM'000
Equity and liabilities		
<u>Equity</u>		
Share capital	231,559	231,559
Reserves	257,437	203,298
Treasury shares	(235)	(235)
	<hr/> 488,761	<hr/> 434,622
Non-controlling interests	18,336	19,212
Total equity	<hr/> 507,097	<hr/> 453,834
<u>Non-Current Liabilities</u>		
Loans and borrowings	64,001	80,734
Deferred tax liabilities	2,053	2,008
Deferred income	12,890	14,142
	<hr/> 78,944	<hr/> 96,884
<u>Current Liabilities</u>		
Trade and other payables	90,808	90,042
Loans and borrowings	72,001	89,299
Current tax payable	6,671	5,143
Other current liabilities	999	7
Derivatives	69	-
	<hr/> 170,548	<hr/> 184,491
Total liabilities	249,492	281,375
Total equity and liabilities	<hr/> <hr/> 756,589	<hr/> <hr/> 735,209
Net assets per share (RM)	2.11	1.88

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2011)



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012

	Current quarter <u>30.6.2012</u> RM'000	Comparative quarter <u>30.06.2011</u> RM'000	Cumulative 6 months <u>30.6.2012</u> RM'000	Comparative 6 months <u>30.06.2011</u> RM'000
Revenue	131,839	133,130	252,964	247,333
Cost of sales	(101,030)	(97,955)	(187,834)	(186,107)
Gross profit	30,809	35,175	65,130	61,226
Interest income	884	217	1,836	543
Net gain from investments	-	9,707	-	15,395
Other income	4,023	2,860	6,219	3,546
Other operating expenses	(18,357)	(30,545)	(37,384)	(46,877)
Operating profit	17,359	17,414	35,801	33,833
Finance costs	(2,140)	(1,271)	(4,235)	(2,907)
Share of results of associates	8	(596)	(5)	(253)
Profit before tax	15,227	15,547	31,561	30,673
Income tax expense	(3,231)	(3,160)	(7,471)	(6,481)
Profit for the period	11,996	12,387	24,090	24,192
Other comprehensive income:				
Fair value gain on available- for-sale financial assets	35,696	37,536	41,640	49,929
Realisation of capital reserve	-	-	-	(450)
Foreign currency translation	2,129	(925)	621	(2,235)
	37,825	36,611	42,261	47,244
Total comprehensive income	49,821	48,998	66,351	71,436
Profit attributable to:				
Owners of the parent	11,781	12,157	23,501	23,805
Non-controlling interest	215	230	589	387
	11,996	12,387	24,090	24,192
Total comprehensive income attributable to:				
Owners of the parent	49,358	48,709	65,699	71,107
Non-controlling interest	463	289	652	329
	49,821	48,998	66,351	71,436
Basic earnings per share (sen)	5.10	5.26	10.16	10.30

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2011)



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012

	< ----- Attributable to owners of the parent ----- >							
	< ----- Non-distributable ----- >				Distributable		Non-controlling 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 1.1.2011	231,559	23,586	(235)	39,902	101,820	396,632	19,537	416,169
Total comprehensive income	-	-	-	47,302	23,805	71,107	329	71,436
Liquidation of subsidiary	-	-	-	-	-	-	(25)	(25)
Dividend paid	-	-	-	-	(11,560)	(11,560)	(374)	(11,934)
At 30.6.2011	<u>231,559</u>	<u>23,586</u>	<u>(235)</u>	<u>87,204</u>	<u>114,065</u>	<u>456,179</u>	<u>19,467</u>	<u>475,646</u>
At 1.1.2012	231,559	23,586	(235)	65,283	114,429	434,622	19,212	453,834
Total comprehensive income	-	-	-	42,198	23,501	65,699	652	66,351
Liquidation of subsidiaries	-	-	-	-	-	-	(407)	(407)
Dividend paid	-	-	-	-	(11,560)	(11,560)	(1,121)	(12,681)
At 30.6.2012	<u>231,559</u>	<u>23,586</u>	<u>(235)</u>	<u>107,481</u>	<u>126,370</u>	<u>488,761</u>	<u>18,336</u>	<u>507,097</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with
with the Annual Audited Accounts for the year ended 31 December 2011)



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012

	6 months ended	
	<u>30.6.2012</u>	<u>30.6.2011</u>
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	31,561	30,673
Adjustment for :		
Impairment loss on receivables	275	5,764
Bad debts written off	2	-
Reversal of impairment loss on receivables	(1,547)	(21)
Depreciation of property, plant and equipment	3,711	4,065
Gain on disposal of property, plant and equipment	(219)	(103)
Property, plant and equipment written off	11	1
Amortisation of land use rights	244	406
Amortisation of biological assets	307	307
Loss on disposal of investment properties	18	21
Net fair value loss/(gain) on derivatives	75	(700)
Net unrealised foreign exchange gain	(295)	(71)
Net gain from investments	-	(15,395)
Realisation of capital reserve	-	(450)
Share of results of associates	5	253
Gross dividend income	(3,318)	(3,304)
Interest income	(1,836)	(543)
Interest expenses	4,235	2,907
Operating profit before working capital changes	33,229	23,810
Changes in inventories	(1,533)	7,756
Changes in property development costs	3,533	2,407
Changes in receivables	(436)	6,214
Changes in payables	553	(16,437)
Changes in trade line borrowings	(2,194)	253
Cash generated from operations	33,152	24,003
Interest received	1,836	543
Interest paid	(4,235)	(2,907)
Net income tax paid	(5,703)	(4,582)
Net cash from operating activities	25,050	17,057



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012 (Cont'd)

	6 months ended	
	<u>30.6.2012</u>	<u>30.6.2011</u>
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(560)	(8,547)
Purchase of investment properties	(480)	(3,620)
Purchase of other investments	-	(92,867)
Purchase of associate	-	(76)
Proceeds from disposal of property, plant and equipment	228	129
Proceeds from disposal of investment properties	420	13,500
Proceeds from disposal of investment	-	2,416
Proceeds from disposal of associate	-	27,279
Redemption of preference shares	-	3,250
Dividends received from associates	-	1,938
Dividends received from other investments	2,493	3,304
Net cash generated from/(used in) investing activities	<u>2,101</u>	<u>(53,294)</u>
Cash flows from financing activities		
Bank borrowings raised	-	68,400
Repayment of bank borrowings	(28,398)	(9,347)
Repayment of hire purchase and finance lease instalments	(481)	(681)
Dividend paid to shareholders	(11,560)	(11,560)
Dividend paid to non-controlling interests	(1,121)	(374)
Net cash (used in)/generated from financing activities	<u>(41,560)</u>	<u>46,438</u>
Net changes in Cash & bank balances	<u>(14,409)</u>	<u>10,201</u>
Effects of foreign exchange rate changes	<u>(68)</u>	<u>(668)</u>
	(14,477)	9,533
Cash & bank balances at beginning of period	<u>117,472</u>	<u>56,742</u>
Effects of foreign exchange rate changes	<u>350</u>	<u>(145)</u>
	<u>117,822</u>	<u>56,597</u>
Cash & bank balances at end of period	<u><u>103,345</u></u>	<u><u>66,130</u></u>
<i>Represented by :</i>		
Cash & bank balances	103,386	66,130
Bank Overdrafts	(41)	-
	<u>103,345</u>	<u>66,130</u>

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction
with the Annual Audited Accounts for the year ended 31 December 2011)



MWE HOLDINGS BERHAD (5713-D)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

2. 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 2011 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 2012 :-

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Transfer of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
FRS 124	Related Party Disclosures

The adoption of the above standards and interpretations will have no material impact on the financial statements of the Group except as discussed below:

Amendments to FRS 7 Transfer of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group’s financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity’s continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group’s financial position or performance.



2. ACCOUNTING POLICIES (cont'd)

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.

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 scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013.

3. AUDIT OPINION ON THE PRECEDING FINANCIAL STATEMENTS

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

4. EFFECT OF CHANGES IN COMPOSITION OF GROUP

In the first quarter, the subsidiaries of the Company, MWE Development Sdn Bhd and Lup Ching Holdings Sdn Bhd were dissolved pursuant to Section 272 (5) of the Companies Act, 1965.

5. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

Textiles division is involved in manufacturing and sale of garments for export markets and thus mainly depends on US purchasing power and economy as a whole. As for Electronics division of Lighting and Pager segment which manufacture and assemble electrical lightings and telecommunication products, faces a more volatile market that depends on global market conditions.



6. UNUSUAL ITEMS

There were no unusual items which affect assets, liabilities, equity, income or cash flows during the reporting period.

7. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS PREVIOUSLY REPORTED

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

8. 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.

9. DIVIDENDS PAID

On 24 February 2012, the Company paid a second interim single tier dividend of 5% which amounted to RM11.56 million in respect of the financial year ended 31 December 2011.

10. VARIANCE IN PROFIT FORECAST

There was no profit forecast issued for the financial year.

11. STATUS OF CORPORATE PROPOSALS

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

12. GROUP BORROWINGS

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

	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
	RM '000	RM '000	RM '000
Short term			
Obligations under finance lease	1,029	-	1,029
Bankers' acceptances and trust receipts	-	229	229
Bank overdrafts	41	-	41
Revolving credit	60,250	1,800	62,050
Term loans	8,652	-	8,652
	<u>69,972</u>	<u>2,029</u>	<u>72,001</u>
Long term			
Obligations under finance lease	2,280	-	2,280
Term loans	61,721	-	61,721
	<u>64,001</u>	<u>-</u>	<u>64,001</u>
	<u>133,973</u>	<u>2,029</u>	<u>136,002</u>

**12. GROUP BORROWINGS (cont'd)**

Foreign borrowings as at 30 June 2012 included in the above are as follows:

Currency	Amount '000	RM '000
Singapore Dollar	SGD 114	284

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

13. 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.

14. SEGMENT INFORMATION

The Group is organized into business units based on their products and services, and has five reportable operating segments as follows:

	Textile	Lighting & Pagers	Properties	Plantation	Trading & Others	Total
2012	<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	89,150	112,597	9,133	2,988	39,096	252,964
Inter-segment sales	-	-	-	-	16,334	16,334
Total revenue	<u>89,150</u>	<u>112,597</u>	<u>9,133</u>	<u>2,988</u>	<u>55,430</u>	<u>269,298</u>
Results						
Segment profit/(loss)	<u>11,629</u>	<u>16,462</u>	<u>4,217</u>	<u>(1,700)</u>	<u>5,193</u>	35,801
Finance costs						(4,235)
Share of results of associates	<u>(1)</u>	-	<u>(4)</u>	-	-	<u>(5)</u>
Profit before tax						31,561
Income tax expense						<u>(7,471)</u>
Profit for the period						<u>24,090</u>

**14. SEGMENT INFORMATION (cont'd)**

	Textile	Lighting & Pagers	Properties	Plantation	Trading & Others	Total
2011	<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	103,183	100,435	3,593	3,918	36,204	247,333
Inter-segment sales	-	-	191	-	6,520	6,711
Total revenue	<u>103,183</u>	<u>100,435</u>	<u>3,784</u>	<u>3,918</u>	<u>42,724</u>	<u>254,044</u>
Results						
Segment profit/(loss)	<u>12,541</u>	<u>15,210</u>	<u>2,038</u>	<u>(1,033)</u>	<u>5,077</u>	33,833
Finance costs						(2,907)
Share of results of associates	<u>-</u>	<u>-</u>	<u>73</u>	<u>-</u>	<u>(326)</u>	<u>(253)</u>
Profit before tax						30,673
Income tax expense						<u>(6,481)</u>
Profit for the period						<u>24,192</u>

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

15. PERFORMANCE REVIEW**Group performance**

	Year to date		Variance	
	30.6.2012	30.06.2011	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	252,964	247,333	5,631	2.3
Profit before tax	31,561	30,673	888	2.9

During the reporting quarter, the Group posted total revenue of RM131.8 million, RM1.3 million lower as compared to RM133.1 million in 2011. Profit before tax also reduced slightly to RM15.2 million as compared to RM15.5 million reported in the second quarter of 2011.

For the six-month period, the Group registered RM253.0 million in revenue, 2.3% higher as compared to RM247.3 million reported in the preceding year corresponding period. Profit before tax increased slightly from RM30.7 million to RM31.6 million, mainly attributed to contributions by properties, lighting and pagers divisions.

**15. PERFORMANCE REVIEW (cont'd)****Textile division**

	Year to date		Variance	
	30.6.2012	30.06.2011		
	RM'000	RM'000	RM'000	%
Revenue	89,150	103,183	(14,033)	(13.6)
Profit before tax	10,994	11,597	(603)	(5.2)

Textile division registered RM89.2 million in revenue during the reporting period, contributing 35.2% of the revenue of the Group and 34.8% of the pre-tax profit of the Group.

Revenue dropped to RM89.15 million as compared to RM103.2 million in 2011, mainly due to weakening demands from both USA and Europe markets. Both the uncertainties of US economy recovery and the volatile EU markets have adversely impacted the performance of the division.

Lighting and pagers division

	Year to date		Variance	
	30.6.2012	30.06.2011		
	RM'000	RM'000	RM'000	%
Revenue	112,597	100,435	12,162	12.1
Profit before tax	16,176	14,986	1,190	7.9

The lighting and pagers segment contributed 44.5% of the revenue of the Group and 51.3% of the pre-tax profit of the Group.

Lighting section reported higher revenue of 8.5% as compared to 2011, mainly derived from the Singapore housing project. However, the increase in revenue was partly offset by the lower sales from both local and Australia markets as the demand slowdown from commercial building industry which being affected by the global economic uncertainties.

For the first half of 2012, revenue for pagers section increased by 27.3% as compared to 2011. The increase in revenue primarily due to improved materials delivery situation which enabled the division to fulfill more backlogged orders, coupled with the higher sales and new projects received in the current quarter.

Properties division

	Year to date		Variance	
	30.6.2012	30.06.2011		
	RM'000	RM'000	RM'000	%
Revenue	9,133	3,593	5,540	154.2
Profit before tax	4,044	1,989	2,055	103.3

During the reporting period, Properties division reported RM9.1 million in revenue, RM5.5 million higher as compared to 2011. The increase in revenue mainly derived from recognition of sales in development land during the reporting quarter. In line with the increase in revenue, pre-tax profit reported higher at RM4.0 million as compared to RM2.0 million in 2011.

**15. PERFORMANCE REVIEW (cont'd)****Plantation division**

	Year to date		Variance	
	30.6.2012	30.06.2011		
	RM'000	RM'000	RM'000	%
Revenue	2,988	3,918	(930)	(23.7)
Profit before tax	(1,719)	(1,068)	(651)	(61.0)

Plantation division reported lower revenue for current period mainly due to lower crop yields as well as lower FFB price. As such, the division recorded RM1.7 million in pre-tax loss.

Trading and others division

	Year to date		Variance	
	30.6.2012	30.06.2011		
	RM'000	RM'000	RM'000	%
Revenue	39,096	36,204	2,892	8.0
Profit before tax	2,066	3,169	(1,103)	(34.8)

Industrial division reported RM9.9 million in revenue, 35.1% higher as compared to RM7.3 million in 2011, mainly attributed to better sales from the Dongfeng heavy commercial vehicle.

Freight division reported lower revenue at RM22.5 million during the period, mainly due to the loss of one of its major customers. The management expects the performance in the coming quarters to be challenging in view of the global market uncertainties.

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAX

In the second quarter, the Group registered RM131.8 million in revenue, 8.8% higher as compared to RM121.1 million reported in the preceding first quarter of 2012. The increase in revenue primarily attributed to higher revenue reported by textile, lighting and pager divisions. Despite the increase in revenue, the Group pre-tax profit reported slightly lower at RM15.2 million as compared to RM16.3 million in the preceding first quarter, mainly due to the increase in freight costs in freight division as well as lower margin products from both lighting and pager divisions.



17. PROSPECTS FOR FINANCIAL YEAR 2012

The Group is expected to achieve sustainable growth in subsequent quarters focusing on the following segments:

Textile

- Focus in production efficiency
- Expand customer base and increase sub-contracting orders

Lighting and pagers

- Reduce from low margin products to focus on the more profitable project markets
- Penetrate Vietnam market and expand oversea markets such as UK and Papua New Guinea
- Improve factory production efficiencies and process control to mitigate the impact of rising material and labor costs
- Expand original design manufacturing (ODM) and electric manufacturing services (EMS) project to secure more orders

Properties

- To improve the occupancy rates for the Penang investment properties by offering competitive market rental rates

Plantation

- Focus on maintenance and fertilizing programs so as to increase crop yields
- To develop the 1,000 acres of plantation land

Trading and others

- Freight division will increase its business focus by diversifying its customer portfolio to different industries and negotiate a better pricing from airline partners in order to increase its performance.
- Industrial division will concentrate to promote Dongfeng commercial vehicles to other heavy industries

**18. PROFIT BEFORE TAX**

Included in the profit before tax are the following items:

	Current Quarter <u>30.6.2012</u> RM'000	Comparative Quarter <u>30.6.2011</u> RM'000	Cumulative 6 months <u>30.6.2012</u> RM'000	Cumulative 6 months <u>30.6.2011</u> RM'000
Interest income	(884)	(217)	(1,836)	(543)
Other income including investment income	(4,023)	(2,860)	(6,219)	(3,546)
Interest expenses	2,140	1,271	4,235	2,907
Depreciation of property, plant and equipment	1,847	2,233	3,711	4,065
Amortisation of land use rights	121	115	244	406
Amortisation of biological assets	154	154	307	307
Impairment loss on receivables	143	5,652	275	5,764
Bad debts written off	-	-	2	-
Property, plant and equipment written off	-	1	11	1
Gain on disposal of property, plant and equipment	(204)	(66)	(219)	(103)
Loss on disposal of investment property	18	-	18	21
Reversal of impairment loss on receivables	(1,197)	-	(1,547)	(21)
Net fair value loss/(gain) on derivatives	150	(159)	75	(700)
Realisation of capital reserve	-	(450)	-	(450)
Net unrealised foreign exchange gain	<u>(387)</u>	<u>(423)</u>	<u>(295)</u>	<u>(71)</u>

**19. INCOME TAX EXPENSE**

The tax expense consists of:

	Current quarter <u>30.6.2012</u> RM'000	Comparative quarter <u>30.06.2011</u> RM'000	Cumulative 6 months <u>30.6.2012</u> RM'000	Comparative 6 months <u>30.06.2011</u> RM'000
Current income tax				
- current period	3,313	3,002	7,493	6,312
- (over)/under provision in prior years	(89)	155	(67)	155
Deferred tax				
- current period	(3)	5	35	3
- under/(over) provision in prior years	10	(2)	10	11
	<u>3,231</u>	<u>3,160</u>	<u>7,471</u>	<u>6,481</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:

	Current quarter <u>30.6.2012</u> RM'000	Comparative quarter <u>30.06.2011</u> RM'000	Cumulative 6 months <u>30.6.2012</u> RM'000	Comparative 6 months <u>30.06.2011</u> RM'000
Profit before tax (excluding share share of results of associates)	<u>15,219</u>	<u>16,143</u>	<u>31,566</u>	<u>30,926</u>
Taxation at 25%	3,805	4,036	7,892	7,732
Expenses not deductible	750	250	1,442	1,396
Deferred tax assets not recognised	357	239	742	788
Income not subject to tax	(896)	(726)	(1,222)	(2,161)
Utilisation of previously unrecognised deductible temporary differences	(140)	(398)	(272)	(616)
Tax effect of differences in tax rate	(566)	(394)	(1,054)	(824)
Over/(Under) provision of tax in prior years	(79)	153	(57)	166
	<u>3,231</u>	<u>3,160</u>	<u>7,471</u>	<u>6,481</u>

**20. 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 30 June 2012, 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	3,807	3,738

21. SUBSEQUENT EVENTS

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

22. CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group in the reporting period.

23. EARNINGS PER SHARE ("EPS")

Computation of the EPS is as follows:

	Current Quarter <u>30.6.2012</u> RM'000	Comparative Quarter <u>30.6.2011</u> RM'000	Cumulative 6 months <u>30.6.2012</u> RM'000	Cumulative 6 months <u>30.6.2011</u> RM'000
Profit for the period	<u>11,781</u>	<u>12,157</u>	<u>23,501</u>	<u>23,805</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 (sen)	<u>5.10</u>	<u>5.26</u>	<u>10.16</u>	<u>10.30</u>



24. BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	<u>30.6.2012</u>	<u>30.6.2011</u>
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised profit	137,757	172,115
- Unrealised loss	<u>(612)</u>	<u>(1,350)</u>
	137,145	170,765
Total share of retained profits from associates:		
- Realised loss	(17,546)	(17,562)
Less: Consol adjustments	6,771	(39,138)
Retained profits as per financial statements	<u>126,370</u>	<u>114,065</u>

25. DIVIDEND

- (a) i) The Board of Directors declares a first interim dividend of 6% single tier which amounted to RM13.87 million for the financial year ending 31 December 2012.
- ii) The first interim dividend for the financial year ending 31 December 2012 is 6 sen per ordinary share of RM1 each.
- iii) There was no dividend declared and paid for the previous year's corresponding period.
- iv) The first interim dividend shall be payable on 24 September 2012.
- v) A depositor shall qualify for entitlement to the first interim dividend only in respect of:
- Shares transferred into the Depositor's Securities Account before 4.00 pm on 7 September 2012 in respect of ordinary transfer; and
 - Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.
- (b) The total dividend for the current financial year ending 31 December 2012 is 6 sen per ordinary share of RM1 each.

By Order of the Board
LIM KONG YOW
Company Secretary
16 August 2012