



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	<u>30.9.2012</u> Unaudited RM'000	<u>31.12.2011</u> Audited RM'000
Assets		
<u>Non-Current Assets</u>		
Property, plant & equipment	101,638	104,549
Investment properties	56,527	56,445
Biological assets	9,237	9,697
Land use rights	26,198	26,561
Land held for property development	25,992	27,631
Other investments	242,492	187,652
Other non-current assets	20,459	20,471
	<u>482,543</u>	<u>433,006</u>
<u>Current Assets</u>		
Inventories	79,191	74,371
Property development costs	4,815	6,701
Trade and other receivables	90,708	89,505
Current tax receivable	3,898	4,023
Cash and bank balances	97,118	121,290
Other current assets	3,561	6,307
Derivatives	36	6
	<u>279,327</u>	<u>302,203</u>
Total assets	<u><u>761,870</u></u>	<u><u>735,209</u></u>



MWE HOLDINGS BERHAD (5713-D)

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

	<u>30.9.2012</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	266,663	203,298
Treasury shares	(235)	(235)
	<hr/> 497,987	<hr/> 434,622
Non-controlling interests	18,234	19,212
Total equity	<hr/> 516,221	<hr/> 453,834
<u>Non-Current Liabilities</u>		
Loans and borrowings	63,522	80,734
Deferred tax liabilities	2,041	2,008
Deferred income	12,740	14,142
	<hr/> 78,303	<hr/> 96,884
<u>Current Liabilities</u>		
Trade and other payables	86,231	90,042
Loans and borrowings	73,884	89,299
Current tax payable	6,232	5,143
Other current liabilities	999	7
	<hr/> 167,346	<hr/> 184,491
Total liabilities	245,649	281,375
Total equity and liabilities	<hr/> <hr/> 761,870	<hr/> <hr/> 735,209
Net assets per share (RM)	2.15	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

	Current quarter <u>30.9.2012</u> RM'000	Comparative quarter <u>30.09.2011</u> RM'000	Cumulative 9 months <u>30.9.2012</u> RM'000	Comparative 9 months <u>30.09.2011</u> RM'000
Revenue	118,737	117,693	371,701	365,026
Cost of sales	(88,354)	(84,521)	(276,188)	(270,628)
Gross profit	30,383	33,172	95,513	94,398
Interest income	809	476	2,645	1,019
Net gain from investments	-	925	-	16,320
Other income	(570)	980	5,649	4,526
Other operating expenses	(13,817)	(17,854)	(51,201)	(64,731)
Operating profit	16,805	17,699	52,606	51,532
Finance costs	(1,665)	(2,103)	(5,900)	(5,010)
Share of results of associates	6	115	1	(138)
Profit before tax	15,146	15,711	46,707	46,384
Income tax expense	(2,816)	(3,057)	(10,287)	(9,538)
Profit for the period	12,330	12,654	36,420	36,846
Other comprehensive income:				
Fair value gain on available- for-sale financial assets	13,199	(42,910)	54,839	7,019
Realisation of capital reserve	-	-	-	(450)
Foreign currency translation	(1,545)	1,796	(924)	(439)
	11,654	(41,114)	53,915	6,130
Total comprehensive income	23,984	(28,460)	90,335	42,976
Profit attributable to:				
Owners of the parent	11,253	12,521	34,754	36,326
Non-controlling interest	1,077	133	1,666	520
	12,330	12,654	36,420	36,846
Total comprehensive income attributable to:				
Owners of the parent	23,098	(28,819)	88,797	42,288
Non-controlling interest	886	359	1,538	688
	23,984	(28,460)	90,335	42,976
Basic earnings per share (sen)	4.87	5.42	15.03	15.71

(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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

	< ----- Attributable to owners of the parent ----- >							Non-controlling Interests	Total Equity
	< ----- Non-distributable ----- >				Distributable		Total		
	Share Capital	Share Premium	Treasury Shares	Reserves	Retained Earnings	RM'000			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1.1.2011	231,559	23,586	(235)	39,902	101,820	396,632	19,537	416,169	
Total comprehensive income	-	-	-	5,962	36,326	42,288	688	42,976	
Liquidation of subsidiary	-	-	-	-	-	-	(25)	(25)	
Dividend paid	-	-	-	-	(23,120)	(23,120)	(748)	(23,868)	
At 30.9.2011	<u>231,559</u>	<u>23,586</u>	<u>(235)</u>	<u>45,864</u>	<u>115,026</u>	<u>415,800</u>	<u>19,452</u>	<u>435,252</u>	
At 1.1.2012	231,559	23,586	(235)	65,283	114,429	434,622	19,212	453,834	
Total comprehensive income	-	-	-	54,043	34,754	88,797	1,538	90,335	
Liquidation of subsidiaries	-	-	-	-	-	-	(407)	(407)	
Dividend paid	-	-	-	-	(25,432)	(25,432)	(2,109)	(27,541)	
At 30.9.2012	<u>231,559</u>	<u>23,586</u>	<u>(235)</u>	<u>119,326</u>	<u>123,751</u>	<u>497,987</u>	<u>18,234</u>	<u>516,221</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2012

	9 months ended	
	<u>30.9.2012</u>	<u>30.9.2011</u>
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	46,707	46,384
Adjustment for :		
Impairment loss on receivables	419	8,045
Bad debts written off	64	-
Reversal of impairment loss on receivables	(1,575)	(59)
Depreciation of property, plant and equipment	5,528	6,194
Gain on disposal of property, plant and equipment	(333)	(122)
Property, plant and equipment written off	11	3
Amortisation of land use rights	364	547
Amortisation of biological assets	461	460
Loss/(Gain) on disposal of investment property	18	(41)
Net fair value gain on derivatives assets	(30)	(823)
Net unrealised foreign exchange gain	(295)	(78)
Realisation of capital reserve	-	(450)
Net gain from investments	-	(16,320)
Share of results of associates	(1)	138
Gross dividend income	(6,635)	(2,673)
Interest income	(2,645)	(1,019)
Interest expenses	5,900	5,010
Operating profit before working capital changes	47,958	45,196
Changes in inventories	(5,033)	(3,738)
Changes in property development costs	3,525	4,965
Changes in receivables	2,096	14,172
Changes in payables	(3,697)	(9,055)
Changes in trade line borrowings	(2,078)	(5,346)
Cash (used in)/generated from operations	42,771	46,194
Interest received	2,645	1,019
Interest paid	(5,900)	(5,010)
Net income tax paid	(7,391)	(9,575)
Net cash from operating activities	32,125	32,628



MWE HOLDINGS BERHAD (5713-D)

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

	9 months ended	
	<u>30.9.2012</u>	<u>30.9.2011</u>
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,017)	(10,573)
Purchase of investment properties	(520)	(3,670)
Purchase of other investments	-	(92,867)
Purchase of associates	-	(75)
Proceeds from disposal of property, plant and equipment	385	334
Proceeds from disposal of investment properties	420	14,000
Proceeds from disposal of investment	-	2,416
Disposal of associate	-	27,279
Redemption of preference shares	-	3,250
Dividends received from associates	-	3,845
Dividends received from other investments	4,984	2,673
Net cash generated from investing activities	<u>3,252</u>	<u>(53,388)</u>
Cash flows from financing activities		
Bank borrowings raised	-	75,580
Repayment of bank borrowings	(27,336)	(5,139)
Repayment of hire purchase and finance lease instalments	(725)	(1,061)
Dividend paid to shareholders	(25,432)	(23,120)
Dividend paid to non-controlling interests	(2,109)	(748)
Net cash generated from financing activities	<u>(55,602)</u>	<u>45,512</u>
Net changes in Cash & bank balances	<u>(20,225)</u>	<u>24,752</u>
Effects of foreign exchange rate changes	77	(291)
	(20,148)	24,461
Cash & bank balances at beginning of period	<u>117,472</u>	<u>56,742</u>
Effects of foreign exchange rate changes	(719)	703
	116,753	57,445
Cash & bank balances at end of period	<u><u>96,605</u></u>	<u><u>81,906</u></u>



MWE HOLDINGS BERHAD (5713-D)

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

	9 months ended	
	<u>30.9.2012</u>	<u>30.9.2011</u>
	Unaudited	Unaudited
	RM'000	RM'000
<i>Represented by :</i>		
Cash & bank balances	97,118	82,215
Bank Overdrafts	(513)	(309)
	<u>96,605</u>	<u>81,906</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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.

During the quarter, the Company proposed to dispose its 93.06% shareholding in its subsidiary, representing 5,014,000 ordinary shares of RM1.00 each in Davex (Malaysia) Sdn Bhd for a total cash consideration of RM170,297,327.



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

In October and November 2012, the Company repurchased 969,000 ordinary shares at a total consideration of RM1.70 million from the open market at prices ranging from RM1.71 to RM1.79 per share.

There were no other issuances, cancellations, 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.

On 24 September 2012, the Company paid a first interim single tier dividend of 6% which amounted to RM13.87 million in respect of the financial year ending 31 December 2012.

10. VARIANCE IN PROFIT FORECAST

There was no profit forecast issued for the financial year.

11. STATUS OF CORPORATE PROPOSALS

On 20 September 2012, the Company had via Inter-Pacific Securities Sdn Bhd, the adviser of the Company, announced a proposed disposal of its 93.06% shareholding in its subsidiary, representing 5,014,000 ordinary shares of RM1.00 each in Davex (Malaysia) Sdn Bhd for a total cash consideration of RM170,297,327.

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

**12. 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.

13. 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	1,123	-	1,123
Bankers' acceptances and trust receipts	-	345	345
Bank overdrafts	457	57	514
Revolving credit	63,450	1,800	65,250
Term loans	6,652	-	6,652
	<u>71,682</u>	<u>2,202</u>	<u>73,884</u>
Long term			
Obligations under finance lease	1,940	-	1,940
Term loans	61,582	-	61,582
	<u>63,522</u>	<u>-</u>	<u>63,522</u>
	<u>135,204</u>	<u>2,202</u>	<u>137,406</u>

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

Currency	Amount '000	RM '000
Singapore Dollar	SGD 106	266

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

**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 <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>	Total <u>RM'000</u>
2012						
Revenue						
External sales	119,579	175,816	9,918	6,288	60,100	371,701
Inter-segment sales	-	-	268	-	24,555	24,823
Total revenue	<u>119,579</u>	<u>175,816</u>	<u>10,186</u>	<u>6,288</u>	<u>84,655</u>	<u>396,524</u>
Results						
Segment profit/(loss)	<u>14,370</u>	<u>27,000</u>	<u>4,210</u>	<u>(1,518)</u>	<u>8,544</u>	52,606
Finance costs						(5,900)
Share of results of associates	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Profit before tax						46,707
Income tax expense						<u>(10,287)</u>
Profit for the period						<u>36,420</u>
2011						
Revenue						
External sales	142,178	151,858	5,018	8,531	57,441	365,026
Inter-segment sales	-	-	286	-	11,795	12,081
Total revenue	<u>142,178</u>	<u>151,858</u>	<u>5,304</u>	<u>8,531</u>	<u>69,236</u>	<u>377,107</u>
Results						
Segment profit/(loss)	<u>18,008</u>	<u>22,734</u>	<u>2,550</u>	<u>271</u>	<u>7,969</u>	51,532
Finance costs						(5,010)
Share of results of associates	<u>-</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>(326)</u>	<u>(138)</u>
Profit before tax						46,384
Income tax expense						<u>(9,538)</u>
Profit for the period						<u>36,846</u>

**15. PERFORMANCE REVIEW****Group performance**

	Year to date			
	30.9.2012	30.9.2011	Variance	
	RM'000	RM'000	RM'000	%
Revenue	371,701	365,026	6,675	1.8
Profit before tax	46,707	46,384	323	0.7

During the reporting quarter, the Group posted total revenue of RM118.7 million, RM1.0 million higher as compared to RM117.7 million in preceding year corresponding quarter. However, profit before tax reduced slightly to RM15.1 million as compared to RM15.7 million reported in the third quarter of 2011.

For the nine-month period, the Group registered RM371.7 million in revenue, 1.8% higher as compared to RM365.0 million reported in the preceding year corresponding period. Profit before tax increased slightly from RM46.4 million to RM46.7 million, mainly attributed to contributions by properties, lighting and pagers divisions.

Textile division

	Year to date			
	30.9.2012	30.9.2011	Variance	
	RM'000	RM'000	RM'000	%
Revenue	119,579	142,178	(22,599)	(15.9)
Profit before tax	13,609	16,818	(3,209)	(19.1)

Textile division registered RM119.6 million in revenue during the reporting period, contributing 32.2% of the revenue of the Group and 29.1% of the pre-tax profit of the Group.

Revenue dropped to RM119.6 million as compared to RM142.2 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			
	30.9.2012	30.9.2011	Variance	
	RM'000	RM'000	RM'000	%
Revenue	175,816	151,858	23,958	15.8
Profit before tax	26,660	22,319	4,341	19.4

The lighting and pagers segment contributed 47.3% of the revenue of the Group and 57.1% of the pre-tax profit of the Group.

Lighting section reported higher revenue of 9.0% 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.

**15. PERFORMANCE REVIEW (cont'd)****Lighting and pagers division (cont'd)**

During the reporting period, revenue for pagers section increased by 42.1% 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 period.

Properties division

	Year to date		Variance	
	30.9.2012	30.9.2011	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	9,918	5,018	4,900	97.6
Profit before tax	3,958	2,478	1,480	59.7

During the reporting period, Properties division reported RM9.9 million in revenue, RM4.9 million higher as compared to 2011. The increase in revenue mainly derived from recognition of sales in development land during the reporting period. In line with the increase in revenue, pre-tax profit reported higher at RM4.0 million as compared to RM2.5 million in 2011.

Plantation division

	Year to date		Variance	
	30.9.2012	30.9.2011	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	6,288	8,531	(2,243)	(26.3)
Profit before tax	(1,550)	219	(1,769)	(807.8)

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 RM1.6 million in pre-tax loss.

Trading and others division

	Year to date		Variance	
	30.9.2012	30.9.2011	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	60,100	57,441	2,659	4.6
Profit before tax	4,030	4,550	(520)	(11.4)

Industrial division reported RM15.1 million in revenue, 55.9% higher as compared to RM9.7 million in 2011, mainly attributed to better sales from the Dongfeng heavy commercial vehicle.

Freight division revenue stood at RM33.4 million, reduced by 11.3%, mainly due to the loss of one of its major customers. The management expects the performance in the remaining quarter to be challenging in view of the global market uncertainties.



16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAX

In third quarter, the Group registered RM118.7 million in revenue, 9.9% lower as compared to RM131.8 million reported in the preceding second quarter of 2012. Revenue dropped mainly due to lower sales from Textile division as demands slow down from both USA and Europe markets. Despite the reduction in revenue, the Group managed to maintain its pre-tax profit at RM15 million for both second and third quarters of 2012.

17. PROSPECTS FOR FINANCIAL YEAR 2012

The Group is expected to achieve sustainable growth in the last quarter 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>30.9.2012</u> RM'000	Comparative Quarter <u>30.9.2011</u> RM'000	Cumulative 9 months <u>30.9.2012</u> RM'000	Cumulative 9 months <u>30.9.2011</u> RM'000
Interest income	(809)	(476)	(2,645)	(1,019)
Other income including investment income	570	(1,905)	(5,649)	(20,846)
Interest expenses	1,665	2,103	5,900	5,010
Depreciation of property, plant and equipment	1,817	2,129	5,528	6,194
Amortisation of land use rights	120	141	364	547
Amortisation of biological assets	154	153	461	460
Impairment loss on receivables	144	2,281	419	8,045
Bad debts written off	62	-	64	-
Property, plant and equipment written off	-	2	11	3
Gain on disposal of property, plant and equipment	(114)	(19)	(333)	(122)
(Gain)/Loss on disposal of investment property	-	(62)	18	(41)
Reversal of impairment loss on receivables	(28)	(38)	(1,575)	(59)
Net fair value gain on derivatives	(105)	(123)	(30)	(823)
Realisation of capital reserve	-	-	-	(450)
Net unrealised foreign exchange gain	-	(7)	(295)	(78)

**19. INCOME TAX EXPENSE**

The tax expense consists of:

	Current quarter <u>30.9.2012</u> RM'000	Comparative quarter <u>30.09.2011</u> RM'000	Cumulative 9 months <u>30.9.2012</u> RM'000	Comparative 9 months <u>30.09.2011</u> RM'000
Current income tax				
- current period	3,917	4,123	11,410	10,435
- overprovision in prior years	(1,090)	(1,095)	(1,157)	(940)
Deferred tax				
- current period	(11)	29	24	32
- underprovision in prior years	-	-	10	11
	<u>2,816</u>	<u>3,057</u>	<u>10,287</u>	<u>9,538</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>30.9.2012</u> RM'000	Comparative quarter <u>30.09.2011</u> RM'000	Cumulative 9 months <u>30.9.2012</u> RM'000	Comparative 9 months <u>30.09.2011</u> RM'000
Profit before tax (excluding share share of results of associates)	<u>15,140</u>	<u>15,596</u>	<u>46,706</u>	<u>46,522</u>
Taxation at 25%	3,785	3,899	11,677	11,631
Expenses not deductible	964	1,373	2,406	2,769
Deferred tax assets not recognised	61	(250)	803	538
Income not subject to tax	(344)	(803)	(1,566)	(2,964)
Utilisation of previously unrecognised deductible temporary differences	(290)	(74)	(562)	(690)
Tax effect of differences in tax rate	(270)	7	(1,324)	(817)
Over / (Under) provision of tax in prior years	(1,090)	(1,095)	(1,147)	(929)
	<u>2,816</u>	<u>3,057</u>	<u>10,287</u>	<u>9,538</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 September 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	5,796	5,832

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>30.9.2012</u> RM'000	Comparative Quarter <u>30.9.2011</u> RM'000	Cumulative 9 months <u>30.9.2012</u> RM'000	Cumulative 9 months <u>30.9.2011</u> RM'000
Profit for the period	<u>11,253</u>	<u>12,521</u>	<u>34,754</u>	<u>36,326</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>4.87</u>	<u>5.42</u>	<u>15.03</u>	<u>15.71</u>



24. BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	<u>30.9.2012</u>	<u>30.9.2011</u>
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised profit	136,072	157,360
- Unrealised loss	<u>(869)</u>	<u>3,408</u>
	135,203	160,768
Total share of retained profits from associates:		
- Realised loss	(17,541)	(17,447)
Less: Consol adjustments	6,089	(28,295)
Retained profits as per financial statements	<u><u>123,751</u></u>	<u><u>115,026</u></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
21 November 2012