MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	30.09.2013	31.12.2012
	Unaudited	Audited
	RM'000	RM'000
Assets		
Non-Current Assets		
Property, plant & equipment	69,786	72,713
Investment properties	55,039	55,856
Land held for property development	17,392	25,905
Other investments	287,371	251,371
Investment in associates	170,255	3,007
Other non-current assets	2,572	2,573
	602,415	411,425
Current Assets		
Inventories	48,717	37,419
Trade and other receivables	56,918	85,161
Current tax receivable	5,936	5,206
Cash and bank balances	148,389	216,418
Other current assets	2,457	2,259
	262,417	346,463
Disposal group classified as held for sale	46,562	36,535
	308,979	382,998
Total assets	911,394	794,423

MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013
(Cont'd)

	30.09.2013 Unaudited RM'000	31.12.2012 Audited RM'000
Equity and liabilities		
Current Liabilities		
Trade and other payables	202,858	45,188
Loans and borrowings	11,909	65,694
Current tax payable	1,769	1,964
	216,536	112,846
Disposal group classified as held for sale	5,805	580
	222,341	113,426
Non-Current Liabilities		
Loans and borrowings	47,178	55,858
Deferred tax liabilities	1,764	1,732
Deferred income	12,575	13,522
	61,517	71,112
Total liabilities	283,858	184,538
Equity		
Share capital	231,559	231,559
Reserves	385,215	367,824
Treasury shares	(1,931)	(1,931)
	614,843	597,452
Non-controlling interests	12,693	12,433
Total equity	627,536	609,885
Total equity and liabilities	911,394	794,423
Net assets per share (RM)	2.67	2.59

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2012)

MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

	Current quarter 30.9.2013 RM'000	Comparative quarter 30.09.2012 RM'000	Cumulative 9 months 30.9.2013 RM'000	Comparative 9 months 30.09.2012 RM'000
Revenue	86,776	118,737	255,022	371,701
Cost of sales	(69,084)	(88,354)	(205,666)	(276,188)
Gross profit	17,692	30,383	49,356	95,513
Interest income	1,222	809	3,013	2,645
Net loss from investment	(19,827)	-	(19,827)	-
Other income	(860)	(570)	4,393	5,649
Other operating expenses	(9,284)	(13,817)	(29,429)	(51,201)
Operating (loss)/profit	(11,057)	16,805	7,506	52,606
Finance costs	(1,145)	(1,665)	(3,469)	(5,900)
Share of results of associates	200	6	395	1
(Loss)/Profit before tax	(12,002)	15,146	4,432	46,707
Income tax expense	(1,018)	(2,816)	(3,395)	(10,287)
(Loss)/Profit for the period	(13,020)	12,330	1,037	36,420
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	14,603	13,199	35,608	54,839
Foreign currency translation	534	(1,545)	2,225	(924)
	15,137	11,654	37,833	53,915
Total comprehensive income	2,117	23,984	38,870	90,335
(Loss)/Profit attributable to:				
Owners of the parent	(13,295)	11,253	595	34,754
Non-controlling interest	275	1,077	442	1,666
	(13,020)	12,330	1,037	36,420
Total comprehensive income attributable to:				
Owners of the parent	1,763	23,098	38,112	88,797
Non-controlling interest	354	886	758	1,538
	2,117	23,984	38,870	90,335
Basic earnings per share (sen)	(5.77)	4.87	0.26	15.03

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2012)

MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

	< --------------- Attributable to owners of the parent			-------------- >			
	< ------- Non-distributable	------- >		Distributable			
	Share Capital	Treasury Shares	Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2012	231,559	(235)	88,869	114,429	434,622	19,212	453,834
Total comprehensive income	-	-	54,043	34,754	88,797	1,538	90,335
Liquidation of subsidiary	-	-	-	-	-	(407)	(407)
Dividend paid	-	-	-	(25,432)	(25,432)	(2,109)	(27,541)
At 30.9.2012	231,559	(235)	142,912	123,751	497,987	18,234	516,221
At 1.1.2013	231,559	(1,931)	139,104	228,720	597,452	12,433	609,885
Total comprehensive income	-	-	37,517	595	38,112	758	38,870
Dividend paid	-	-	-	(20,721)	(20,721)	(498)	(21,219)
At 30.9.2013	231,559	(1,931)	176,621	208,594	614,843	12,693	627,536

(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 2012)

MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

	9 months ended	
	30.9.2013	30.9.2012
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	4,432	46,707
Adjustment for :		
Impairment loss on receivables	-	419
Bad debts written off	26	64
Reversal of impairment loss on receivables	(74)	(1,575)
Depreciation of property, plant and equipment	3,800	5,528
Gain on disposal of property, plant and equipment	(151)	(333)
Property, plant and equipment written off	264	11
Amortisation of land use rights	375	364
Amortisation of biological assets	461	461
(Gain)/Loss on disposal of investment property	(133)	18
Net fair value loss on derivatives assets	-	(30)
Net unrealised foreign exchange loss/(gain)	68	(295)
Net loss from investment	19,827	-
Share of results of associates	(395)	(1)
Gross dividend income	(8,535)	(6,635)
Interest income	(3,013)	(2,645)
Interest expenses	3,469	5,900
Operating profit before working capital changes	20,421	47,958
Changes in inventories	(10,716)	(5,033)
Changes in property development costs	8,442	3,525
Changes in receivables	23,601	2,096
Changes in payables	3,856	(3,697)
Changes in trade line borrowings	(2,402)	(2,078)
Cash generated from operations	43,202	42,771
Interest received	3,013	2,645
Interest paid	(3,469)	(5,900)
Net income tax paid	(3,068)	(7,391)
Net cash from operating activities	39,678	32,125

MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 ***(Cont'd)***

	9 months ended	
	30.9.2013	30.9.2012
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,500)	(2,017)
Purchase of investment properties	-	(520)
Purchase of other investments	(37,813)	-
Purchase of associate	(29,687)	-
Proceeds from disposal of property, plant and equipment	169	385
Proceeds from disposal of investment properties	950	420
Redemption of preference shares	5,200	-
Capital return from other investment	32,221	-
Dividends received from other investments	7,132	4,984
Net cash (used in)/generated from investing activities	(23,328)	3,252
Cash flows from financing activities		
Repayment of bank borrowings	(59,827)	(27,336)
Repayment of hire purchase and finance lease instalments	(407)	(725)
Dividend paid to shareholders	(20,721)	(25,432)
Dividend paid to non-controlling interests	(498)	(2,109)
Net cash used in financing activities	(81,453)	(55,602)
Net changes in cash & bank balances	(65,103)	(20,225)
Effects of foreign exchange rate changes	(207)	77
	(65,310)	(20,148)
Cash & bank balances at beginning of period	216,990	117,472
Effects of foreign exchange rate changes	1,708	(719)
	218,698	116,753
Cash & bank balances at end of period	153,388	96,605
Represented by :		
Cash & bank balances	153,604	97,118
Bank Overdrafts	(216)	(513)
	153,388	96,605

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 ***(Cont'd)***

	9 months ended	
	30.9.2013	30.9.2012
	Unaudited	Unaudited
	RM'000	RM'000
Note:		
Cash & bank balances as per Cash Flow	153,604	97,118
Less: Reclassified to disposal group classified as held for sale	(5,215)	-
As per Balance Sheet	148,389	97,118

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2012)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

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 2012 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 2013 :-

FRS 101 (Amendments to FRS 101)	Presentation of Items of Other Comprehensive Income
Amendments to FRS 101	Presentation of Financial Statements
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associate and Joint Ventures
Amendment to IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 132	Financial Instrument: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 10	Consolidated Financial Statements
Amendments to FRS 11	Joint Arrangements
Amendments to FRS 12	Disclosure of Interests in Other Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, 12 and 127	Investment Entities
FRS 9	Financial Instruments

2. ACCOUNTING POLICIES (cont'd)

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

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

FRS 12 Disclosures of Interests in Other Entities

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

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

2. ACCOUNTING POLICIES (cont'd)

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

FRS 13 Fair Value Measurement

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

Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of FRS 13 is expected to result in higher fair value of certain properties of the Group.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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').

2. ACCOUNTING POLICIES (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)
Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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 Company announced the disposal of its 100% equity interest in Fauzi-Lim Plantation Sdn Bhd, Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd for a total consideration of RM93,000,000. During the reporting quarter, the Company entered into a Rescission Agreement with the Purchaser to mutually terminate the Sale and Purchase Agreement for the disposal of 100% equity interest in Fauzi-Lim Plantation Sdn Bhd, Etika Gangsa Sdn Bhd and Taka Worldwide Trading Sdn Bhd.

During the reporting quarter, the Company acquired 141,400,000 ordinary shares of RM1.00 each in Kumpulan Europlus Berhad (KEB), representing 24.68% equity interest for a total consideration of RM185,430,000.

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 Telecommunications segment which design and manufacture 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 was no material changes in estimates of amounts previously reported.

8. DEBT AND EQUITY SECURITIES

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

9. DIVIDENDS PAID

On 2 April 2013, the Company paid a second interim single tier dividend of 4% and a special single tier dividend of 5% which amounted to a total of RM20.72 million in respect of the financial year ended 31 December 2012.

10. VARIANCE IN PROFIT FORECAST

There was no profit forecast issued for the financial year.

11. STATUS OF CORPORATE PROPOSALS

On 12 July 2013, the Company had via RHB Investment Bank Berhad, the adviser of the Company, announced the following proposals:

i) Proposed acquisition of 20.14% shareholding in Kumpulan Europlus Berhad (K-Euro), representing 115,400,000 ordinary shares of RM1.00 each for a total cash consideration of RM155,790,000; and
ii) Proposed diversification of the existing businesses of MWE Holdings Berhad and its subsidiaries.

The Company had obtained approval from the shareholders for the above acquisition at the Extraordinary General Meeting held on 3 September 2013. The conditions precedent set out in the Circular have been satisfied by the Closing Date and the proposed acquisition was deemed completed on 30 September 2013.

There were no other corporate proposals announced or pending as at the date of making this report except as disclosed in Note 21 - Subsequent Event.

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 quarter are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short term			
Obligations under finance lease	394	-	394
Bank overdrafts	216	-	216
Revolving credit	500	1,300	1,800
Term loans	9,499	-	9,499
	10,609	1,300	11,909
Long term			
Obligations under finance lease	1,047	-	1,047
Term loans	46,131	-	46,131
	47,178	-	47,178
	57,787	1,300	59,087

There were no foreign borrowings as at 30 September 2013.

14. DERIVATIVE FINANCIAL INSTRUMENTS

There were no outstanding forward contracts at the end of the reporting quarter.

15. SEGMENT INFORMATION

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

	Textile RM'000	Lighting & Tele-communication RM'000	Properties RM'000	Plantation RM'000	Trading & Others RM'000	Total RM'000
30 September 2013						
Revenue						
External sales	127,593	47,673	12,904	5,569	61,283	255,022
Inter-segment sales	-	-	270	-	2,622	2,892
Total revenue	127,593	47,673	13,174	5,569	63,905	257,914

15. SEGMENT INFORMATION (cont'd)

	Textile	Lighting & Tele-communication	Properties	Plantation	Trading & Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 September 2013						
Results						
Segment profit/(loss)	12,327	3,426	1,046	1,776	(11,069)	7,506
Finance costs						(3,469)
Share of results of associates	-	-	395	-	-	395
Profit before tax						4,432
Income tax expense						(3,395)
Profit for the period						1,037
30 September 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	119,579	175,816	10,186	6,288	84,655	396,524
Results						
Segment profit/(loss)	14,370	27,000	4,210	(1,518)	8,544	52,606
Finance costs						(5,900)
Share of results of associates	-	-	1	-	-	1
Profit before tax						46,707
Income tax expense						(10,287)
Profit for the period						36,420

16. PERFORMANCE REVIEW

Group performance

	30.9.2013	30.09.2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue	255,022	371,701	(116,679)	(31.4)
Profit before tax	4,432	46,707	(42,275)	(90.5)

During the reporting period, the Group posted total revenue of RM255.0 million, RM116.7 million lower as compared to RM371.7 million in preceding year corresponding period, mainly due to disposal of Lighting division which contributed RM132.5 million revenue in the first nine months of 2012. Profit before tax also reported lower at RM4.4 million as compared to RM46.7 million in 2012, mainly attributed to the disposal of Lighting division as well as impairment loss in investments provided during the quarter.

Textile division

	30.9.2013	30.09.2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue	127,593	119,579	8,014	6.7
Profit before tax	11,363	13,609	(2,246)	(16.5)

Textile division registered RM127.6 million in revenue during the reporting period, contributing 50.0% of the revenue of the Group.

Revenue increased slightly by 6.7% to RM127.6 million for current nine-month period. However, profit before tax reported lower at RM11.4 million mainly due to higher operating costs for 2013.

Lighting and telecommunications division

	30.9.2013	30.09.2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue	47,673	175,816	(128,143)	(72.9)
Profit before tax	3,279	26,660	(23,381)	(87.7)

The Group completed the disposal of its Lighting division in the last quarter of 2012, as a result, the division revenue dropped from RM175.8 million in 2012 to RM47.7 million in 2013.

Telecommunications division reported higher revenue of RM47.7 million as compared to RM44.3 million in 2012, mainly derived from the sales of GPRS and tracking devices. With the increase in revenue, the division managed to increase its pre-tax profit from RM2.0 million to RM3.3 million in 2013.

16. PERFORMANCE REVIEW (cont'd)

Properties division

	30.9.2013	30.09.2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue	12,904	9,918	2,986	30.1
Profit before tax	940	3,958	(3,018)	(76.3)

Properties division reported RM12.9 million in revenue, RM3.0 million higher as compared to 2012. However, pre-tax profit reported lower at RM0.9 million as compared to RM4.0 million in 2012. Higher pre-tax profit recorded in 2012 mainly derived from development activity.

Plantation division

	30.9.2013	30.09.2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue	5,569	6,288	(719)	(11.4)
Profit/(Loss) before tax	1,754	(1,550)	3,304	213.2

Plantation division crop yields improved as compared to 2012. However, the division's revenue dropped by 11.4% mainly attributed to lower FFB price which dropped from RM635 to RM461 per metric ton. Despite the reduction in revenue, the division managed to report RM1.8 million pre-tax profit mainly due to lower operating costs.

Trading and others division

	30.9.2013	30.09.2012	Variance	
	RM'000	RM'000	RM'000	%
Revenue	61,283	60,100	1,183	2.0
Profit before tax	(12,904)	4,030	(16,934)	(420.2)

Industrial division reported RM16.2 million in revenue, 7.3% higher as compared to RM15.1 million in 2012, mainly attributed to higher sales from the Dongfeng heavy commercial vehicle.

Freight division revenue stood at RM29.7 million, reduced by RM3.7 million, mainly due to lower business demand. With the reduction in sales, the division reported higher losses as compared to 2012.

17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAX

For current quarter, the Group registered RM86.8 million in revenue, increased by 6.7% as compared to RM81.3 million reported in the preceding Q2 of 2013, mainly due to higher dividend income received from quoted investments. However, the Group reported RM12.0 million pre-tax loss for current reporting quarter as compared to RM10.7 million pre-tax profit reported in preceding second quarter, mainly attributed to impairment loss provided for quoted investments during the reporting quarter.

18. PROSPECTS FOR FINANCIAL YEAR 2013

The Group's revenue and profitability for current financial year will be mainly driven by Textile business after the disposal of Lighting division in 2012. Slow recovery and weakening demand in US and European markets are expected to continue till end of 2013. Also, the implementation of minimum wage in Malaysia, the increased labour costs will have impact on the Textile division as well as other local subsidiaries' profitability.

With the recent acquisition of K-Euro, the Group diversified into other businesses of property and infrastructure development. The acquisition is expected to contribute positively to the Group's future profitability.

19. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter 30.9.2013 RM'000	Comparative Quarter 30.9.2012 RM'000	Cumulative 9 months 30.9.2013 RM'000	Cumulative 9 months 30.9.2012 RM'000
Amortisation of biological assets	154	154	461	461
Amortisation of land use rights	125	120	375	364
Bad debts written off	26	62	26	64
Depreciation of property, plant and equipment	1,624	1,817	3,800	5,528
Gain on disposal of property, plant and equipment	(84)	(114)	(151)	(333)
Impairment loss on receivables	-	144	-	419
Interest expenses	1,145	1,665	3,469	5,900
Interest income	(1,222)	(809)	(3,013)	(2,645)
Loss/(Gain) on disposal of investment property	187	-	(133)	18
Net fair value gain on derivatives	-	(150)	-	(30)
Property, plant and equipment written off	257	-	264	11
Reversal of impairment loss on receivables	(74)	(28)	(74)	(1,575)
Unrealised foreign exchange loss/(gain)	68	-	68	(295)

20. INCOME TAX EXPENSE

The income tax expense consists of:

	Current quarter 30.9.2013 RM'000	Comparative quarter 30.09.2012 RM'000	Cumulative 9 months 30.9.2013 RM'000	Comparative 9 months 30.09.2012 RM'000
Current income tax				
- current period	1,322	3,917	3,683	11,410
- overprovision in prior years	(338)	(1,090)	(319)	(1,157)
Deferred tax				
- current period	44	(11)	6	24
- (over)/under provision in prior years	(10)	-	25	10
	1,018	2,816	3,395	10,287

A reconciliation of income tax expense applicable to (loss)/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 30.9.2013 RM'000	Comparative quarter 30.09.2012 RM'000	Cumulative 9 months 30.9.2013 RM'000	Comparative 9 months 30.09.2012 RM'000
(Loss)/Profit before tax (excluding share of results of associates)	(12,202)	15,140	4,037	46,706
Taxation at 25%	(3,051)	3,785	1,009	11,677
Expenses not deductible	5,646	964	6,531	2,406
Deferred tax assets not recognised	1,065	61	1,222	803
Income not subject to tax	(986)	(344)	(2,013)	(1,566)
Utilisation of previously unrecognised deductible temporary differences	(796)	(290)	(840)	(562)
Tax effect of differences in tax rate	(512)	(270)	(2,220)	(1,324)
Under provision of tax in prior years	(348)	(1,090)	(294)	(1,147)
	1,018	2,816	3,395	10,287

21. SUBSEQUENT EVENTS

On 28 October 2013, the Company disposed its 68.70% shareholding in its subsidiary, representing 1,832,550 ordinary shares of RM1.00 each in Phili-Orient Lines (Penang) Sdn Bhd for a total cash consideration of RM3,573,473.

There are no other 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 30.9.2013 RM'000	Comparative Quarter 30.9.2012 RM'000	Cumulative 9 months 30.9.2013 RM'000	Cumulative 9 months 30.9.2012 RM'000
(Loss)/Profit for the period	(13,295)	11,253	595	34,754
No. of ordinary shares after deducting treasury shares	230,235	231,204	230,235	231,204
Basic EPS (sen)	(5.77)	4.87	0.26	15.03

24. BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	30.9.2013 RM'000	30.9.2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised profit	197,310	136,072
- Unrealised loss	(1,326)	(869)
	195,984	135,203
Total share of retained profits from associates:		
- Realised loss	(16,796)	(17,541)
Less: Consol adjustments	29,406	6,089
Retained profits as per financial statements	208,594	123,751

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
15 November 2013