



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	<u>31.03.2014</u> Unaudited RM'000	<u>31.12.2013</u> Audited RM'000
Assets		
<u>Non-Current Assets</u>		
Property, plant & equipment	68,738	69,471
Investment properties	60,745	60,745
Investment in associates	175,835	175,853
Other investments	277,379	285,821
Other non-current assets	43,408	43,684
	<u>626,105</u>	<u>635,574</u>
<u>Current Assets</u>		
Inventories	43,872	40,907
Property development costs	8,069	8,049
Trade and other receivables	45,682	66,332
Current tax receivable	2,382	2,758
Cash and bank balances	77,494	84,321
Other current assets	3,230	1,967
	<u>180,729</u>	<u>204,334</u>
Total assets	<u><u>806,834</u></u>	<u><u>839,908</u></u>



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014 (Cont'd)

	<u>31.03.2014</u> Unaudited RM'000	<u>31.12.2013</u> Audited RM'000
Equity and liabilities		
<u>Current Liabilities</u>		
Trade and other payables	44,329	45,203
Loans and borrowings	53,874	91,008
Current tax payable	1,684	1,621
	<u>99,887</u>	<u>137,832</u>
<u>Non-Current Liabilities</u>		
Loans and borrowings	55,909	47,174
Deferred tax liabilities	1,948	1,889
Deferred income	12,411	13,403
	<u>70,268</u>	<u>62,466</u>
Total liabilities	170,155	200,298
<u>Equity</u>		
Share capital	231,559	231,559
Reserves	395,715	398,713
Treasury shares	(1,931)	(1,931)
	<u>625,343</u>	<u>628,341</u>
Non-controlling interests	11,336	11,269
Total equity	<u>636,679</u>	<u>639,610</u>
Total equity and liabilities	<u>806,834</u>	<u>839,908</u>
Net assets per share (RM)	2.72	2.73

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2013)



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

	Current quarter <u>31.3.2014</u> RM'000	Comparative quarter <u>31.3.2013</u> RM'000
Revenue	75,588	77,067
Cost of sales	(59,666)	(63,246)
Gross profit	15,922	13,821
Interest income	683	935
Other income	4,589	519
Other operating expenses	(7,541)	(7,956)
Operating profit	13,653	7,319
Finance costs	(2,030)	(1,297)
Share of results of associates	(4,239)	247
Profit before tax from continuing operations	7,384	6,269
Income tax expense	(1,733)	(1,408)
Profit from continuing operations, net of tax	5,651	4,861
Discontinued operation	-	(548)
Profit for the period	5,651	4,313
Other comprehensive income:		
Fair value gain on available-for-sale financial assets	(8,443)	8,595
Foreign currency translation	(183)	188
Share of other comprehensive income of associate	44	-
	(8,582)	8,783
Total comprehensive income	(2,931)	13,096
Profit attributable to:		
Owners of the parent	5,559	4,660
Non-controlling interest	92	(347)
	5,651	4,313
Total comprehensive income attributable to:		
Owners of the parent	(2,998)	13,394
Non-controlling interest	67	(298)
	(2,931)	13,096
Basic earnings per share (sen)	2.41	2.02

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Accounts for the year ended 31 December 2013)



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

	< ----- Attributable to owners of the parent ----- >						Total Equity <u>RM'000</u>
	Share Capital <u>RM'000</u>	Non-distributable		Distributable		Non-controlling Interests <u>RM'000</u>	
		Treasury Shares <u>RM'000</u>	Other Reserves <u>RM'000</u>	Retained Earnings <u>RM'000</u>	Total <u>RM'000</u>		
At 1.1.2013	231,559	(1,931)	139,104	228,720	597,452	12,433	609,885
Total comprehensive income	-	-	8,734	4,660	13,394	(298)	13,096
At 31.3.2013	<u>231,559</u>	<u>(1,931)</u>	<u>147,838</u>	<u>233,380</u>	<u>610,846</u>	<u>12,135</u>	<u>622,981</u>
At 1.1.2014	231,559	(1,931)	176,175	222,538	628,341	11,269	639,610
Total comprehensive income	-	-	(8,557)	5,559	(2,998)	67	(2,931)
At 31.3.2014	<u>231,559</u>	<u>(1,931)</u>	<u>167,618</u>	<u>228,097</u>	<u>625,343</u>	<u>11,336</u>	<u>636,679</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 2013)



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

	3 months ended	
	<u>31.3.2014</u>	<u>31.3.2013</u>
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	7,384	6,269
Loss before tax from discontinued operations	-	(536)
Profit before tax, total	<u>7,384</u>	<u>5,733</u>
Adjustment for :		
Amortisation of biological assets	154	153
Amortisation of land use rights	125	125
Depreciation of property, plant and equipment	930	1,057
Gain on disposal of property, plant and equipment	-	(63)
Net fair value loss on derivatives assets	3	-
Net unrealised foreign exchange (gain)/loss	(9)	68
Property, plant and equipment written off	-	7
Reversal of impairment loss on investment in associates	(4,177)	-
Share of results of associates	4,239	(247)
Gross dividend income	(3,301)	-
Interest income	(683)	(936)
Interest expenses	<u>2,030</u>	<u>1,299</u>
Operating profit before working capital changes	6,695	7,196
Changes in inventories	(3,010)	(6,807)
Changes in property development activities	(24)	7,427
Changes in receivables	19,334	21,003
Changes in payables	(1,795)	2,508
Changes in trade line borrowings	-	(1,514)
Cash generated from operations	<u>21,200</u>	<u>29,813</u>
Interest received	683	936
Interest paid	(2,030)	(1,299)
Net income tax paid	<u>(1,225)</u>	<u>(1,290)</u>
Net cash from operating activities	<u>18,628</u>	<u>28,160</u>



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014 (Cont'd)

	3 months ended	
	31.3.2014	31.3.2013
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from investing activities		
Capital return from other investments	-	5,199
Dividends received	3,301	-
Proceeds from disposal of property, plant and equipment	8	63
Purchase of other investments	-	(20,260)
Purchase of property, plant and equipment	(225)	(136)
Net cash generated from/(used in) investing activities	<u>3,084</u>	<u>(15,134)</u>
Cash flows from financing activities		
Bank borrowings raised	53,000	-
Repayment of bank borrowings	(76,095)	(57,955)
Repayment of hire purchase and finance lease instalments	(119)	(130)
Net cash used in financing activities	<u>(23,214)</u>	<u>(58,085)</u>
Net decrease in cash & bank balances	(1,502)	(45,059)
Effects of foreign exchange rate changes	2	(183)
	(1,500)	(45,242)
Cash & bank balances at beginning of period	79,079	216,990
Effects of foreign exchange rate changes	(141)	298
	78,938	217,288
Cash & bank balances at end of period	<u>77,438</u>	<u>172,046</u>
<i>Represented by :</i>		
Cash & bank balances	77,494	172,338
Bank Overdrafts	(56)	(292)
	<u>77,438</u>	<u>172,046</u>



MWE HOLDINGS BERHAD (5713-D)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014 (Cont'd)

	3 months ended	
	<u>31.3.2014</u>	<u>31.3.2013</u>
	Unaudited	Unaudited
	RM'000	RM'000
<i>Note:</i>		
Cash & bank balances as per Cash Flow	77,494	172,338
Less: Reclassified to disposal group classified as held for sale	-	(1,130)
As per Balance Sheet	<u>77,494</u>	<u>171,208</u>

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction
with the Annual Audited Accounts for the year ended 31 December 2013)



MWE HOLDINGS BERHAD (5713-D)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

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 2013 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 2014 :-

Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, 12 & 127	Investment Entities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies
Amendments to FRS 119	Defined Benefit Plans: Employee Contribution
Annual Improvements to FRSs 2010-2012 Cycle	
Annual Improvements to FRSs 2011-2013 Cycle	
FRS 9	Financial Instruments

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 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but will not have an impact on classification and measurements of the Group’s financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.



2. ACCOUNTING POLICIES (cont'd)

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 two years. On 7 August 2013, MASB has further deferred the adoption of the new MFRS Framework to another year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2015. 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

There were no material changes in the composition of the Group during the reporting quarter.

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 quarter.



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 quarter.

9. DIVIDENDS PAID

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

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 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 quarter are as follows:

	<u>Secured</u> RM '000	<u>Unsecured</u> RM '000	<u>Total</u> RM '000
Short term			
Obligations under finance lease	528	-	528
Bank overdrafts	-	56	56
Revolving credit	51,600	1,300	52,900
Term loans	390	-	390
	<u>52,518</u>	<u>1,356</u>	<u>53,874</u>
Long term			
Obligations under finance lease	865	-	865
Term loans	55,044	-	55,044
	<u>55,909</u>	<u>-</u>	<u>55,909</u>
	<u>108,427</u>	<u>1,356</u>	<u>109,783</u>

There were no foreign borrowings as at 31 March 2014.

**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 <u>RM'000</u>	Tele- communication <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>
<u>31 March 2014</u>						
Revenue						
External sales	49,502	16,840	935	945	7,366	75,588
Inter-segment sales	-	-	90	-	304	394
Total revenue	<u>49,502</u>	<u>16,840</u>	<u>1,025</u>	<u>945</u>	<u>7,670</u>	<u>75,982</u>
Results						
Segment profit/(loss)	<u>5,802</u>	<u>1,749</u>	<u>56</u>	<u>(191)</u>	<u>6,237</u>	<u>13,653</u>
Finance costs						(2,030)
Share of results of associates	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>(4,221)</u>	<u>(4,239)</u>
Profit before tax						<u>7,384</u>
<u>31 March 2013</u>						
Revenue						
External sales	46,485	12,856	10,498	1,520	5,708	77,067
Inter-segment sales	-	-	90	-	275	365
Total revenue	<u>46,485</u>	<u>12,856</u>	<u>10,588</u>	<u>1,520</u>	<u>5,983</u>	<u>77,432</u>
Results						
Segment profit/(loss)	<u>6,279</u>	<u>532</u>	<u>614</u>	<u>270</u>	<u>(376)</u>	<u>7,319</u>
Finance costs						(1,297)
Share of results of associates	<u>-</u>	<u>-</u>	<u>247</u>	<u>-</u>	<u>-</u>	<u>247</u>
Profit before tax						<u>6,269</u>

**16. PERFORMANCE REVIEW****Group performance**

	31.3.2014	31.3.2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	75,588	77,067	(1,479)	(1.9)
Profit before tax	7,384	6,269	1,115	17.8

During the reporting quarter, the Group posted total revenue of RM75.6 million, slightly lower as compared to RM77.1 million recorded in preceding year corresponding quarter. Despite the reduction in revenue, the Group managed to record higher profit at RM7.4 million as compared to RM6.3 million in 2013, mainly attributed to higher profit contribution from its Telecommunication division.

Textile division

	31.3.2014	31.3.2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	49,502	46,485	3,017	6.5
Profit before tax	5,531	5,901	(370)	(6.3)

Textile division registered RM49.5 million in revenue during the reporting quarter, contributing 65% of the revenue of the Group.

Revenue increased to RM49.5 million as compared to RM46.4 million in 2013, mainly derived from strengthening of Ringgit against USD which translated into higher sale as well as higher profit.

Telecommunications division

	31.3.2014	31.3.2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	16,840	12,856	3,984	31.0
Profit before tax	1,725	493	1,232	249.9

For the current three-month period, Telecommunications division reported higher revenue of RM16.8 million as compared to RM12.9 million in 2013, mainly derived from stronger sales in tracking devices. With the increase in revenue, the division managed to record higher pre-tax profit at RM1.7 million as compared to RM0.5 million in the first quarter of 2013.

**16. PERFORMANCE REVIEW (cont'd)****Properties division**

	31.3.2014	31.3.2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	935	10,498	(9,563)	(91.1)
Profit before tax	9	568	(559)	(98.4)

During the reporting quarter, Properties division reported RM0.9 million in revenue, RM9.6 million lower as compared to RM10.5 million in 2013. Higher revenue reported in 2013 mainly attributed to sales of development land during the preceding year first quarter. Pre-tax profit also reported lower for current quarter.

Plantation division

	31.3.2014	31.3.2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	945	1,520	(575)	(37.8)
Profit before tax	(195)	262	(457)	(174.4)

Plantation division reported lower revenue for current reporting quarter mainly due to lower crop yields and manpower shortage. As a result, the division recorded RM0.1 million in pre-tax loss.

Trading and others division

	31.3.2014	31.3.2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	7,366	5,708	1,658	29.0
Profit before tax	314	(955)	1,269	132.9

Industrial division reported RM2.2 million in revenue, 44% lower as compared to RM3.9 million in 2013, mainly attributed to lower sales from the Dongfeng heavy commercial vehicle.

For current reporting quarter, pre-tax profit reported higher at RM0.4 million, mainly attributed to dividend received from quoted investments.

17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAX

For current quarter, the Group registered RM75.6 million in revenue, slightly higher than RM75.4 million reported in the preceding Q4 of 2013. Pre-tax profit reported lower at RM5.7 million for current reporting quarter as compared to RM13.1 million in preceding quarter, mainly due to fair value adjustment for investment properties in the preceding quarter.

**18. PROSPECTS FOR FINANCIAL YEAR 2014**

The Group's revenue and profitability for current financial year will be mainly driven by both Textile and Telecommunications divisions. The global economy remained uncertain and challenging for the remaining quarters of 2014. However, with the expansion of new customers base coupled with new products development for tracking devices, the management is confident that both divisions are expected to further improve their performances.

19. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter <u>31.3.2014</u> RM'000	Comparative Quarter <u>31.3.2013</u> RM'000
Amortisation of biological assets	154	153
Amortisation of land use rights	125	125
Depreciation of property, plant and equipment		
- continuing operations	930	999
- discontinued operation	-	58
Gain on disposal of property, plant and equipment		
- discontinued operation	-	(63)
Interest expenses		
- continuing operations	2,030	1,297
- discontinued operation	-	2
Interest income		
- continuing operations	(683)	(934)
- discontinued operation	-	(2)
Net fair value loss on derivatives	3	-
Net unrealised foreign exchange (gain)/loss	(9)	68
Property, plant and equipment written off	-	7
Reversal of impairment loss on investment in associates	<u>(4,177)</u>	<u>-</u>

**20. INCOME TAX EXPENSE**

The tax expense consists of:

	Current quarter <u>31.3.2014</u> RM'000	Comparative quarter <u>31.3.2013</u> RM'000
Current income tax		
- current period	1,674	1,353
- under provision in prior years	-	3
Deferred tax		
- current period	59	17
- under provision in prior years	-	35
Income tax attributable to continuing operations	<u>1,733</u>	<u>1,408</u>
Income tax attributable to discontinued operations	-	12
Income tax expense	<u><u>1,733</u></u>	<u><u>1,420</u></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>31.3.2014</u> RM'000	Comparative quarter <u>31.3.2013</u> RM'000
Profit before tax from continuing operations	7,384	6,269
Loss before tax from discontinued operations	-	(536)
Profit before tax, total	<u>7,428</u>	<u>5,733</u>
Taxation at 25%	1,846	1,433
Expenses not deductible	1,183	837
Deferred tax assets not recognised	116	134
Income not subject to tax	(1,940)	(16)
Utilisation of previously unrecognised deductible temporary differences	(4)	(13)
Tax effect of differences in tax rate	(445)	(931)
Under provision of tax in prior years	-	38
Share of results of associates	977	(62)
	<u><u>1,733</u></u>	<u><u>1,420</u></u>



21. SUBSEQUENT EVENT

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>31.3.2014</u> RM'000	Comparative Quarter <u>31.3.2013</u> RM'000
Profit for the period	<u>5,559</u>	<u>4,660</u>
No. of ordinary shares after deducting treasury shares	<u>230,235</u>	<u>230,235</u>
Basic EPS (sen)	<u>2.41</u>	<u>2.02</u>

24. BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

	Current Quarter <u>31.3.2014</u> RM'000	Comparative Quarter <u>31.3.2013</u> RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised profit	209,256	221,808
- Unrealised profit/(loss)	<u>4,718</u>	<u>(1,420)</u>
	213,974	220,388
Total share of retained profits from associates:		
- Realised loss	(21,460)	(16,943)
Add: Consol adjustments	35,583	29,935
Retained profits as per financial statements	<u>228,097</u>	<u>233,380</u>



MWE HOLDINGS BERHAD (5713-D)

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 2014**