

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2011**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2011 (RM'000)	Preceding Year Corresponding Quarter 30/06/2010 (RM'000)	Current Year To Date 30/06/2011 (RM'000)	Preceding Year Corresponding Period 30/06/2010 (RM'000)
Revenue	116,114	103,215	267,735	254,425
Operating expenses	(111,075)	(100,253)	(251,592)	(243,869)
Other operating income	161	75	1,386	261
Profit from operations	5,200	3,037	17,529	10,817
Fair value gain on derivative financial instruments	39	12	39	58
Fair value gain on financial assets at fair value through profit or loss	820	-	1,241	-
Fair value loss on available-for-sale financial assets	-	-	(724)	(97)
Income from other investments and finance	24	360	58	472
Impairment of plant, property and equipment	(620)	(11,000)	(1,820)	(11,000)
Severance payment	-	-	(577)	-
Profit/(loss) before tax	5,463	(7,591)	15,746	250
Taxation	(1,339)	2,240	(3,986)	14
Net profit/(loss) for the period	4,124	(5,351)	11,760	264
Other comprehensive income after tax:				
Net currency translation differences	(199)	94	(382)	68
Net fair value gain on available-for-sale financial assets	565	1,275	1,637	908
Other comprehensive income for the period, net of tax	366	1,369	1,255	976
Total comprehensive income/(loss) for the period	4,490	(3,982)	13,015	1,240
Net profit/(loss) attributable to:				
- Owners of the parent	4,120	(5,351)	11,752	264
- Non-controlling interests	4	-	8	-
	4,124	(5,351)	11,760	264
Total comprehensive income/(loss) attributable to:				
- Owners of the parent	4,486	(3,982)	13,007	1,240
- Non-controlling interests	4	-	8	-
	4,490	(3,982)	13,015	1,240
Earnings per share (sen) for profit/(loss) attributable to owners of the parent:				
- basic/diluted	2.70	(3.50)	7.70	0.17

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Unaudited as at 30/06/2011 (RM'000)	Audited as at 31/12/2010 (RM'000)
Non-current assets		
Property, plant and equipment	56,571	58,310
Investment properties	10,106	10,366
Available-for-sale financial assets	20,341	19,429
Intangible asset	9,846	10,799
Prepaid lease rental	4,796	5,126
Deferred tax assets	1,110	1,461
	102,770	105,491
Current assets		
Inventories	69,075	73,316
Trade receivables	74,548	65,602
Amount due from immediate holding company	-	9,243
Amounts due from related companies	105	1,917
Other receivables, deposits and prepayments	13,548	23,164
Derivative financial asset	39	17
Tax recoverable	392	977
Financial assets at fair value through profit or loss	89,762	48,521
Deposits and cash balances	30,035	16,501
	277,504	239,258
Non-current assets held for sale	277	-
	277,781	239,258
Current liabilities		
Trade payables	34,181	21,379
Other payables and accrued expenses	60,670	59,411
Amount due to penultimate holding company	50	1,535
Amount due to immediate holding company	15,790	-
Amounts due to related companies	3,814	-
Tax payable	2,848	1,864
	117,353	84,189
Net current assets	160,428	155,069
Non-current liabilities		
Provision for retirement benefits	5,256	5,313
Deferred tax liabilities	1,405	1,416
	6,661	6,729
Net assets	256,537	253,831
Capital and reserves attributable to owners of the parent		
Share capital	153,548	153,548
Reserves	104,610	101,910
Treasury shares	(1,855)	(1,853)
	256,303	253,605
Non-controlling interests	234	226
Total equity	256,537	253,831
Net assets per share (RM) attributable to owners of the parent	1.68	1.66

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2011**

	← <u>Attributable to owners of the parent</u> →							Non-Controlling Interests (RM'000)	Total Equity (RM'000)	
	Issued Share Capital (RM'000)	Share Premium (RM'000)	Capital Reserve (RM'000)	Fair Value Reserve (RM'000)	Foreign Exchange Reserve (RM'000)	Retained Earnings (RM'000)	Treasury Shares (RM'000)			Total (RM'000)
6 months period ended 30 June 2011										
Balance as at 1 January 2011	153,548	34,445	1	6,956	4,192	56,316	(1,853)	253,605	226	253,831
<u>Comprehensive income</u>										
Net profit for the period	-	-	-	-	-	11,752	-	11,752	8	11,760
Fair value gain on available-for-sale financial assets	-	-	-	1,637	-	-	-	1,637	-	1,637
Currency translation differences	-	-	-	-	(382)	-	-	(382)	-	(382)
Total comprehensive income/(loss) for the period	-	-	-	1,637	(382)	11,752	-	13,007	8	13,015
<u>Transactions with owners</u>										
Treasury shares	-	-	-	-	-	-	(2)	(2)	-	(2)
Dividends (Final for 2010)	-	-	-	-	-	(10,307)	-	(10,307)	-	(10,307)
Total transactions with owners	-	-	-	-	-	(10,307)	(2)	(10,309)	-	(10,309)
Balance as at 30 June 2011	153,548	34,445	1	8,593	3,810	57,761	(1,855)	256,303	234	256,537
6 months period ended 30 June 2010										
Balance as at 1 January 2010	153,548	34,445	1	2,770	2,265	65,097	(1,850)	256,276	225	256,501
<u>Comprehensive income</u>										
Net profit for the period	-	-	-	-	-	264	-	264	-	264
Fair value gain on available-for-sale financial assets	-	-	-	908	-	-	-	908	-	908
Currency translation differences	-	-	-	-	68	-	-	68	-	68
Total comprehensive income for the period	-	-	-	908	68	264	-	1,240	-	1,240
<u>Transactions with owners</u>										
Treasury shares	-	-	-	-	-	-	(1)	(1)	-	(1)
Dividends (Final for 2009)	-	-	-	-	-	(6,872)	-	(6,872)	-	(6,872)
Total transactions with owners	-	-	-	-	-	(6,872)	(1)	(6,873)	-	(6,873)
Balance as at 30 June 2010	153,548	34,445	1	3,678	2,333	58,489	(1,851)	250,643	225	250,868

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 JUNE 2011**

	6 months ended 30/06/2011 (RM'000)	6 months ended 30/06/2010 (RM'000)
Cash flows from operating activities		
Profit before tax	15,746	250
Adjustments for non-cash items	<u>5,318</u>	<u>21,119</u>
Operating profit before working capital changes	21,064	21,369
Net change in current assets	16,176	57,195
Net change in current liabilities	<u>21,961</u>	<u>(31,230)</u>
Cash flows from operations	59,201	47,334
Other operating activities	<u>(2,538)</u>	<u>159</u>
Net cash flows from operating activities	56,663	47,493
Net cash flows used in investing activities	(43,469)	(150)
Net cash flows used in financing activities	<u>(2)</u>	<u>(1)</u>
Net increase in cash and cash equivalents	13,192	47,342
Cash and cash equivalents at beginning of year	16,501	41,893
Effects of foreign exchange on opening balance	342	(143)
Cash and cash equivalents at end of period	<u><u>30,035</u></u>	<u><u>89,092</u></u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2011

1. Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year 31 December 2010 except for the adoption of the following which are applicable and expected to have no significant impact on the financial statement of the Group.

FRSs, Improvements or Amendments to FRSs and Interpretations

Effective for financial period beginning on or after 1 July 2010

FRS 1 (revised)	First time adoption of Financial Reporting Standards
FRS 3 (revised)	Business Combination
FRS 127 (revised)	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operation
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation

Effective for financial period beginning on or after 1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosure about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
Improvements to FRSs (2010)	

2. Disclosure of Preceding Year Unqualified Audit Report

The preceding year's audit report for the year ended 31 December 2010 was unqualified.

3. Cyclicity of Operations

The operations were normally influenced by higher demand during festive periods.

4. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flow

The Group plans to demolish the existing single storey warehouse in its Shah Alam factory and replace it with a double storey warehouse to increase storage space. As a result, an impairment of RM620,000 is made in this quarter in respect of the warehouse to be demolished.

5. Quarterly Estimations

There was no material change in the estimation methods used in this interim reporting quarter, which will have a material effect on the financial results.

6. Debt and Equity Securities

During the quarter, the Company purchased 1,000 of its own shares of RM1.00 each at the price of RM1.73 per share from the open market on Bursa Malaysia. The shares are held as treasury shares and the purchase was financed by internally generated funds.

As at 30 June 2011, the total treasury shares purchased amounted to 844,900 ordinary shares of RM1.00 each at the average price of RM2.20 per share. These shares purchased are being held as treasury shares as allowed under Section 67A of the Company Act, 1965. None of these treasury shares have been sold or cancelled.

7. Segmental Reporting

6 months period ended 30 June 2011	Malaysia (RM'000)	Indonesia (RM'000)	Singapore & others (RM'000)	Total (RM'000)
Revenue	207,945	10,424	49,366	267,735
Profit before tax	13,016	658	2,072	15,746
6 months period ended 30 June 2010				
Revenue	209,838	4,656	39,931	254,425
Profit/(loss) before tax	441	(406)	215	250
Assets as at:	Malaysia (RM'000)	Indonesia (RM'000)	Singapore & others (RM'000)	Total (RM'000)
30 June 2011	335,039	23,669	20,341	379,049
31 December 2010	310,769	11,617	19,925	342,311
Assets Reconciliation	As at 30 Jun 2011 (RM'000)	As at 31 Dec 2010 (RM'000)		
Segment assets	379,049	342,311		
Deferred tax assets	1,110	1,461		
Tax recoverable	392	977		
Total assets	380,551	344,749		

8. Valuations of Property, Plant and Equipment

There was no amendment to the valuations of property, plant and equipment brought forward.

9. Significant Events

There was no significant event for the current reporting quarter.

10. Subsequent Events

There was no subsequent event for the current reporting quarter.

11. Changes in the Composition of the Group

There was no change in the composition of the Group for the current reporting quarter.

12. Contingent Liabilities

There was no change in the status of contingent liabilities since the last annual balance sheet date except as disclosed in Note 25 to the financial statements.

13. Performance of the Group

The Group recorded revenue of RM116.1 million for the current quarter under review, compared to RM103.2 million generated in the same quarter last year, an increase of 12%. Sales for Malaysia and Singapore/Export Market grew by 6% and 19% respectively during the quarter. We have re-launched our products into Indonesia and sales in Indonesia grew by 254% during the quarter.

On a year-to-date basis, the Group recorded revenue of RM267.7 million, an increase of 5.2%. Yeo's brand sales in Malaysia grew by 9%, Indonesia sales grew by 124% and Singapore/Export sales grew by 26%.

In this quarter under review, the Group recorded an operating profit of RM5.2 million, an increase of 71%, as compared to RM3.0 million in the previous corresponding quarter. On a year-to-date basis, the Group recorded an operating profit of RM17.5 million, an increase of 62%, as compared to RM10.8 million in the previous corresponding year period. The improved profitability in the quarter and year-to-date was due to better sales, less bad debts write off and gain on disposal of machinery.

The Group recorded a pre-tax profit of RM5.5 million for the current quarter, an increase of 172%, against a pre-tax loss of RM7.6 million in the previous corresponding quarter. The loss in previous corresponding quarter was mainly due to higher impairment of RM10.4 million. On a year-to-date basis, the Group recorded a pre-tax profit of RM15.7 million as compared to a pre-tax profit of RM0.3 million in the previous corresponding year period. The improvement is mainly due to better sales and lower impairment charges.

14. Material Change in Profit Before Tax As Compared to the Immediate Preceding Quarter

The Group recorded an operating profit and pre-tax profit of RM5.2 million and RM5.5 million respectively for the current quarter compared to RM12.3 million and RM10.3 million respectively in the immediate preceding quarter. This was due to higher festive season sales in the preceding quarter.

15. Prospects of the Group

The Group is positive on its prospect for the current year. It will continue to grow its operating profit further through brand building, promotion efforts and cost management.

16. Capital Commitment

Authorised capital commitments not provided and not contracted for in the interim financial statements as at 30 June 2011 in respect of property, plant and equipment for the business operations consolidation amount to RM74.5 million.

17. Variance from Profit Forecast

Not applicable.

18. Taxation

The tax is as follows:

	<u>Current Quarter</u> (RM'000)	<u>YTD</u> (RM'000)
Income tax:		
Current tax	1,553	3,948
Over provision in prior year	-	(301)
Deferred tax:		
Origination and reversal of temporary differences	(187)	432
Over provision in prior year	(27)	(93)
	<u>1,339</u>	<u>3,986</u>

The Group's effective tax rate is 25% in the current quarter and current year to date ended 30 June 2011.

19. Gain on Sale of Properties

There was no sale of properties for the current reporting quarter.

20. Quoted Securities

a) During the quarter, the Company purchased RM20 million of quoted securities, which are classified as financial assets at fair value through profit or loss.

b) Investments in quoted shares as at 30 June 2011 are as follow:

	<u>Available-for sale</u> <u>financial assets</u> (RM'000)	<u>Financial assets at fair value</u> <u>through profit or loss</u> (RM'000)
At cost	<u>27,395</u>	<u>88,000</u>
Book value/market value	<u>20,341</u>	<u>89,762</u>

21. Corporate Proposals

There was no corporate proposal announced but not completed as at the date of this report.

22. Group Borrowings

There was no borrowing as at the end of the reporting period.

23. Financial Instruments

a) Derivatives

The Group has entered into forward foreign exchange currencies contracts to hedge its exposure to fluctuations in foreign currency arising from sales and purchases.

The details of the open foreign exchange forward contracts are as follows:

	Amount in original currency	Average Contract Rate	Contract Value	Fair Value (favourable)
	SGD million		RM million	RM million
Less than 1 year	3.000	2.47	7.395	0.039

The derivatives have been recorded on the Consolidated Statement of Financial Position for this reporting period in compliance with FRS 139.

The above instruments are executed with creditworthiness financial institutions in Malaysia and as such credit and counterparties risks are minimal. There are no transaction costs at the inception of these contracts. The Group is exposed to minimal cash flow risk in view of its healthy cash position.

b) Gains/(losses) arising from fair value changes in financial liabilities

There was no gain/(loss) arising from fair value changes in financial liabilities in this reporting period.

24. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits/(accumulated losses) at the legal entity level is prepared in accordance with Guidance on Special matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

Realised and Unrealised Profits or Losses

	As at 30 Jun 2011	As at 31 Dec 2010
	RM'000	RM'000
Total retained profits of Yeo Hiap Seng (M) Berhad and its subsidiaries:		
- Realised	52,278	52,211
- Unrealised	(1,613)	(605)
	50,665	51,606
Add : Consolidation adjustments	7,096	4,710
Total Group retained profits as per consolidated accounts	57,761	56,316

25. Material Litigations

There was no change in material litigations since the last annual audited financial statements other than the following:

- (i) The Board of Directors announced on 2 February 2010 that the Jakarta High Court had decided in favour of the Company and its subsidiary, PT YHS Indonesia regarding a suit filed by PT Kharisma Inti Persada ("the Plaintiff"), claiming for approximately Rupiah219.9 billion (approximately RM77 million) for an alleged breach of an alleged agreement and an alleged distributor's appointment. The Company has on 23 March 2010 received a formal notification from the Central Jakarta District Court that the Plaintiff has filed an appeal against the Jakarta High Court's decision and the Company had, on 5 April 2010, filed a counter memorandum to the Court. The Company is still awaiting the Indonesia Supreme Court decision and there has been no change in status since the last quarter reporting.

(ii) The Board of Directors announced on 11 March 2010 that the High Court of Shah Alam has on 10 March 2010 vide the proceedings under Civil Suit no. MT3-22-936-2003 granted judgement against the Company in favour of F.Y. Sdn Bhd, for the alleged breach of an agreement. The High Court did not award the quantum of damages and ordered that damages be assessed before the Registrar of the High Court. Our lawyer has advised that we have a strong case to appeal and a memorandum of appeal has been filed with the Court on 28 June 2010. There has been no change in status since the last quarter reporting.

26. Dividend Proposed/Paid

- a) A final dividend of 9 sen per RM1.00 share less Malaysian corporate tax of 25% for financial year ended 31 December 2010 amounting to RM10.3 million was approved in the current quarter and paid on 8 July 2011.
- b) The Board of Directors has on 28 July 2011 approved an interim dividend of 3 sen per RM1.00 share less Malaysian corporate tax of 25% amounting to RM3.44 million in respect of financial year ending 31 December 2011 (for financial year ended 31 December 2010, 5 sen per RM1.00 share less Malaysian corporate tax of 25% amounting to RM5.73 million). The entitlement and payment dates shall be determined and announced at a later date.

The Group will be investing in new plant & machinery and upgrading its factory with a total investment of RM74.5 million in financial year 2011 as compared to the total capital investment of only RM2.1 million in financial year 2010. In view of the cash required to fund the investment this year, the Group has decided to reduce the interim dividend this year as compared to last year (from 5 sen to 3 sen per RM1.00 share) in order to preserve cash for further business growth and requirement.

27. Earnings Per Share

	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Year
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Net profit/(loss) attributable to owners of the parent (RM'000)	4,120	(5,351)	11,752	264
Weighted average number of ordinary shares in issue (units)	152,702,677	152,704,721	152,703,021	152,705,043
Earnings/(loss) per share:				
- Basic/diluted (sen)	<u>2.70</u>	<u>(3.50)</u>	<u>7.70</u>	<u>0.17</u>

The diluted earnings per share is the same as the basic earnings per share as the Group did not have any financial instrument in this reporting period, which may entitle its holder to ordinary shares of the Company and therefore dilute the basic earnings per share.

By Order of the Board
SAU EAN NEE
Company Secretary
28 July 2011
Petaling Jaya