

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2012**

|   | Individual Quarter                                |  | Cumulative Quarter                                |   |
|---|---|--|---|---|
|   | Current Year<br>Quarter<br>30/06/2012<br>(RM'000) | Preceding Year<br>Corresponding<br>Quarter<br>30/06/2011<br>(RM'000) | Current Year<br>To Date<br>30/06/2012<br>(RM'000) | Preceding Year<br>Corresponding<br>Period<br>30/06/2011<br>(RM'000) |
| Revenue   | 139,715   | 116,114  | 303,063   | 267,735   |
| Operating expenses  | (139,330)   | (111,075)  | (292,521)   | (251,592)   |
| Other operating income  | 2,717   | 161  | 3,155   | 1,386   |
| Profit from operations  | 3,102   | 5,200  | 13,697  | 17,529  |
| Fair value gain on derivative financial instruments                       | -   | 39   | -   | 39  |
| Fair value gain on financial assets at fair value through profit or loss  | 351   | 820  | 624   | 1,241   |
| Impairment loss on available-for-sale financial assets                    | -   | -  | -   | (724)   |
| Income from other investments and finance                                 | 24  | 24   | 70  | 58  |
| Impairment of plant, property and equipment                               | -   | (620)  | -   | (1,820)   |
| Relocation cost and severance payment                                     | (2,529)   | -  | (2,529)   | (577)   |
| Profit before tax   | 948   | 5,463  | 11,862  | 15,746  |
| Taxation  | (442)   | (1,339)  | (3,184)   | (3,986)   |
| Net profit for the period   | 506   | 4,124  | 8,678   | 11,760  |
| Other comprehensive income after tax:                                     |   |  |   |   |
| Net currency translation differences from foreign subsidiaries            | (58)  | (199)  | 423   | (382)   |
| Net fair value gain on available-for-sale financial assets                | 6,510   | 565  | 9,382   | 1,637   |
| Other comprehensive income for the period, net of tax                     | 6,452   | 366  | 9,805   | 1,255   |
| Total comprehensive income for the period                                 | 6,958   | 4,490  | 18,483  | 13,015  |
| Net profit attributable to:   |   |  |   |   |
| - Owners of the parent  | 505   | 4,120  | 8,674   | 11,752  |
| - Non-controlling interests   | 1   | 4  | 4   | 8   |
|   | 506   | 4,124  | 8,678   | 11,760  |
| Total comprehensive income attributable to:                               |   |  |   |   |
| - Owners of the parent  | 6,957   | 4,486  | 18,479  | 13,007  |
| - Non-controlling interests   | 1   | 4  | 4   | 8   |
|   | 6,958   | 4,490  | 18,483  | 13,015  |
| Earnings per share (sen) for profit attributable to owners of the parent: |   |  |   |   |
| - basic/diluted   | 0.33  | 2.70   | 5.68  | 7.70  |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

|  | <u>Unaudited<br/>as at 30/06/2012<br/>(RM'000)</u> | <u>Audited<br/>as at 31/12/2011<br/>(RM'000)</u> | <u>Audited<br/>as at 1/1/2011<br/>(RM'000)</u> |
|--|--|--|--|
| <b>Non-current assets</b>  |  |  |  |
| Property, plant and equipment                                    | 87,168   | 72,450   | 58,310   |
| Investment properties  | 17,319   | 17,530   | 10,366   |
| Available-for-sale financial assets                              | 29,677   | 20,295   | 19,429   |
| Intangible asset   | 7,940  | 8,893  | 10,799   |
| Prepaid lease rental   | 4,609  | 4,703  | 5,126  |
| Deferred tax assets  | 1,052  | 1,498  | 1,461  |
|  | <u>147,765</u>                                     | <u>125,369</u>                                   | <u>105,491</u>                                 |
| <b>Current assets</b>  |  |  |  |
| Inventories  | 80,072   | 99,360   | 73,316   |
| Trade receivables  | 84,740   | 53,374   | 65,602   |
| Amount due from immediate holding company                        | -  | -  | 9,243  |
| Amounts due from related companies                               | -  | 44   | 1,917  |
| Other receivables, deposits and prepayments                      | 27,438   | 59,978   | 23,164   |
| Derivative financial assets                                      | -  | -  | 17   |
| Tax recoverable  | 1,044  | 2,150  | 977  |
| Financial assets at fair value through profit or loss            | 39,687   | 32,064   | 48,521   |
| Deposits and cash balances                                       | 20,405   | 15,010   | 16,501   |
|  | <u>253,386</u>                                     | <u>261,980</u>                                   | <u>239,258</u>                                 |
| Non-current assets held-for-sale                                 | -  | 985  | -  |
|  | <u>253,386</u>                                     | <u>262,965</u>                                   | <u>239,258</u>                                 |
| <b>Less: Current liabilities</b>                                 |  |  |  |
| Trade payables   | 29,705   | 30,276   | 21,379   |
| Other payables and accrued expenses                              | 73,202   | 61,915   | 59,411   |
| Amount due to penultimate holding company                        | 2,358  | 2,139  | 1,535  |
| Amount due to immediate holding company                          | 15,187   | 18,412   | -  |
| Amounts due to related companies                                 | 1,466  | 2,133  | -  |
| Tax payable  | 32   | 1,755  | 1,864  |
|  | <u>121,950</u>                                     | <u>116,630</u>                                   | <u>84,189</u>                                  |
| <b>Net current assets</b>  | <b>131,436</b>                                     | <b>146,335</b>                                   | <b>155,069</b>                                 |
| <b>Less: Non-current liabilities</b>                             |  |  |  |
| Provision for retirement benefits                                | 5,537  | 5,477  | 5,313  |
| Deferred tax liabilities   | 1,262  | 1,998  | 1,416  |
|  | <u>6,799</u>                                       | <u>7,475</u>                                     | <u>6,729</u>                                   |
| <b>Net assets</b>  | <b><u>272,402</u></b>                              | <b><u>264,229</u></b>                            | <b><u>253,831</u></b>                          |
| <b>Capital and reserves attributable to owners of the parent</b> |  |  |  |
| Share capital  | 153,548  | 153,548  | 153,548  |
| Reserves   | 120,479  | 112,307  | 101,910  |
| Treasury shares  | (1,860)  | (1,857)  | (1,853)  |
|  | <u>272,167</u>                                     | <u>263,998</u>                                   | <u>253,605</u>                                 |
| <b>Non-controlling interests</b>                                 | <b>235</b>   | <b>231</b>                                       | <b>226</b>                                     |
| <b>Total equity</b>  | <b><u>272,402</u></b>                              | <b><u>264,229</u></b>                            | <b><u>253,831</u></b>                          |
| Net assets per share (RM) attributable to owners of the parent   | <u>1.78</u>  | <u>1.73</u>                                      | <u>1.66</u>                                    |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 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 2012**

|  | ← Attributable to owners of the parent → |               |                 |                    |                          |                   |                 | Non-Controlling Interests | Total Equity |          |
|--|--|---------------|-----------------|--------------------|--------------------------|-------------------|-----------------|---------------------------|--------------|----------|
|  | Issued Share Capital                     | Share Premium | Capital Reserve | Fair Value Reserve | Foreign Exchange Reserve | Retained Earnings | Treasury Shares |                           |              | Total    |
| 6 months period ended 30 June 2012                         | (RM'000)                                 | (RM'000)      | (RM'000)        | (RM'000)           | (RM'000)                 | (RM'000)          | (RM'000)        | (RM'000)                  | (RM'000)     |          |
| Balance as at 1 January 2012                               | 153,548                                  | 34,445        | 1               | 10,526             | (221)                    | 67,556            | (1,857)         | 263,998                   | 231          | 264,229  |
| <u>Comprehensive income:</u>                               |  |               |                 |                    |                          |                   |                 |                           |              |          |
| Net profit for the period                                  | -  | -             | -               | -                  | -                        | 8,674             | -               | 8,674                     | 4            | 8,678    |
| <u>Other comprehensive income:</u>                         |  |               |                 |                    |                          |                   |                 |                           |              |          |
| Fair value gain on available-for-sale financial assets     | -  | -             | -               | 9,382              | -                        | -                 | -               | 9,382                     | -            | 9,382    |
| Currency translation differences from foreign subsidiaries | -  | -             | -               | -                  | 423                      | -                 | -               | 423                       | -            | 423      |
| Total comprehensive income for the period                  | -  | -             | -               | 9,382              | 423                      | 8,674             | -               | 18,479                    | 4            | 18,483   |
| <u>Transactions with owners</u>                            |  |               |                 |                    |                          |                   |                 |                           |              |          |
| Treasury shares  | -  | -             | -               | -                  | -                        | -                 | (3)             | (3)                       | -            | (3)      |
| Dividends (Final for 2011)                                 | -  | -             | -               | -                  | -                        | (10,307)          | -               | (10,307)                  | -            | (10,307) |
| Total transactions with owners                             | -  | -             | -               | -                  | -                        | (10,307)          | (3)             | (10,310)                  | -            | (10,310) |
| Balance as at 30 June 2012                                 | 153,548                                  | 34,445        | 1               | 19,908             | 202                      | 65,923            | (1,860)         | 272,167                   | 235          | 272,402  |
| <b>6 months period ended 30 June 2011</b>                  |  |               |                 |                    |                          |                   |                 |                           |              |          |
| 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   |
| <u>Other comprehensive income:</u>                         |  |               |                 |                    |                          |                   |                 |                           |              |          |
| Fair value gain on available-for-sale financial assets     | -  | -             | -               | 1,637              | -                        | -                 | -               | 1,637                     | -            | 1,637    |
| Currency translation differences from foreign subsidiaries | -  | -             | -               | -                  | (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  |

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2012**

|  | <b>6 months<br/>ended<br/>30/06/2012<br/>(RM'000)</b> | <b>6 months<br/>ended<br/>30/06/2011<br/>(RM'000)</b> |
|--|---|---|
| <b>Cash flows from operating activities</b>                        |   |   |
| Profit before tax  | 11,862  | 15,746  |
| Adjustments for non-cash items                                     | 4,569   | 5,318   |
| Operating profit before working capital changes                    | <u>16,431</u>   | <u>21,064</u>   |
| Net change in current assets                                       | 18,323  | 16,176  |
| Net change in current liabilities                                  | (3,197)   | 21,527  |
| Tax paid   | (4,090)   | (2,104)   |
| Net cash flows from operating activities                           | <u>27,467</u>   | <u>56,663</u>   |
| <b>Cash flows from investing activities</b>                        |   |   |
| Purchases of plant and equipment                                   | (19,148)  | (4,766)   |
| Purchases of financial assets at fair value through profit or loss | (7,000)   | (40,000)  |
| Proceeds from disposal of plant and equipment                      | 4,011   | 1,239   |
| Interest received  | 53  | 41  |
| Dividend received  | 17  | 17  |
| Net cash flows used in investing activities                        | <u>(22,067)</u>                                       | <u>(43,469)</u>                                       |
| <b>Cash flows from financing activities</b>                        |   |   |
| Purchase of treasury shares  | (3)   | (2)   |
| Net cash flows used in financing activities                        | <u>(3)</u>  | <u>(2)</u>  |
| Net increase in cash and cash equivalents                          | 5,397   | 13,192  |
| Cash and cash equivalents at beginning of the financial year       | 15,010  | 16,501  |
| Effects of foreign exchange on opening balance                     | (2)   | 342   |
| <b>Cash and cash equivalents at the end of period</b>              | <u>20,405</u>   | <u>30,035</u>   |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2012**
**1. Accounting Policies and Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: 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 financial year ended 31 December 2011. 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 2011.

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 ended 31 December 2011 except for the adoption of the following new standards, amendments to and interpretations on existing standards which are applicable in accordance to Group's financial statements.

The Group adopted the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") with effect from 1 January 2012. In adopting the new framework, the Group has applied MFRS 1 "First Time Adoption of MFRS". The adoption of MFRS 1 did not result in a significant impact on the financial statements of the Group. In addition, the financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

**MFRSs or Amendments to MFRSs and Interpretations effective for financial year beginning on 1 January 2012**

|                                    |  |
|------------------------------------|--|
| Amendment to MFRS 1                | First Time Adoption on Fixed Dates and Hyperinflation  |
| Amendment to MFRS 7                | Financial Instruments: Disclosures on Transfers of Financial Assets                                  |
| Amendment to MFRS 112              | Income Taxes   |
| MFRS 124                           | Related Party Disclosures  |
| MFRS 139                           | Financial Instruments: Recognition and Measurement   |
| Amendments to IC Interpretation 14 | MFRS 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and Their Interaction |

The adoption of the Amendments to MFRSs and IC Interpretation above did not have any financial impact on the Group.

**2. Disclosure of Preceding Year Unqualified Audit Report**

The preceding year's audit report for the financial year ended 31 December 2011 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 Flows**

To consolidate Petaling Jaya plant with Shah Alam plant, the Group has recognised RM2.5 million relocation cost in the current quarter as a result of the relocation of plant and machinery from the Petaling Jaya plant to the Shah Alam plant.

## 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 RM2.99 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 2012, the total treasury shares purchased amounted to 846,900 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

|   | <u>Malaysia</u>                  | <u>Indonesia</u>                 | <u>Singapore<br/>and<br/>others</u> | <u>Total</u> |
|---|----------------------------------|----------------------------------|-------------------------------------|--------------|
|   | (RM'000)                         | (RM'000)                         | (RM'000)                            | (RM'000)     |
| <b>2nd quarter ended 30 June 2012</b>     |                                  |                                  |                                     |              |
| Revenue                                   | 100,714                          | 10,807                           | 28,194                              | 139,715      |
| Profit/(loss) before tax                  | 2,016                            | (305)                            | (763)                               | 948          |
| <b>6 months period ended 30 June 2012</b> |                                  |                                  |                                     |              |
| Revenue                                   | 229,846                          | 18,400                           | 54,817                              | 303,063      |
| Profit/(loss) before tax                  | 13,764                           | (1,563)                          | (339)                               | 11,862       |
| <b>2nd quarter ended 30 June 2011</b>     |                                  |                                  |                                     |              |
| Revenue                                   | 83,972                           | 6,914                            | 25,228                              | 116,114      |
| Profit before tax                         | 2,956                            | 480                              | 2,027                               | 5,463        |
| <b>6 months period ended 30 June 2011</b> |                                  |                                  |                                     |              |
| Revenue                                   | 207,945                          | 10,424                           | 49,366                              | 267,735      |
| Profit before tax                         | 13,016                           | 658                              | 2,072                               | 15,746       |
| <b>Segment assets as at:</b>              |                                  |                                  |                                     |              |
|   | <u>Malaysia</u>                  | <u>Indonesia</u>                 | <u>Singapore<br/>and<br/>others</u> | <u>Total</u> |
|   | (RM'000)                         | (RM'000)                         | (RM'000)                            | (RM'000)     |
| 30 June 2012                              | 335,547                          | 33,831                           | 29,677                              | 399,055      |
| 31 December 2011                          | 345,057                          | 19,335                           | 20,294                              | 384,686      |
| <b>Assets Reconciliation</b>              |                                  |                                  |                                     |              |
|   | <b>As at<br/>30 Jun<br/>2012</b> | <b>As at<br/>31 Dec<br/>2011</b> |                                     |              |
|   | (RM'000)                         | (RM'000)                         |                                     |              |
| Segment assets                            | 399,055                          | 384,686                          |                                     |              |
| Deferred tax assets                       | 1,052                            | 1,498                            |                                     |              |
| Tax recoverable                           | 1,044                            | 2,150                            |                                     |              |
| Total assets                              | <u>401,151</u>                   | <u>388,334</u>                   |                                     |              |

**8. Valuations of Property, Plant and Equipment**

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

**9. Significant Events**

- (i) As of to-date, the Group has received all the approved claims of RM17.8 million from the insurance companies for the Bukit Jelutong warehouse incident. Further details have been disclosed in Note 34 to the audited financial statements for the financial year ended 31 December 2011.
- (ii) In addition, the Group has submitted insurance consequential loss claim of RM2 million as a result of the Bukit Jelutong warehouse incident and insurance products write off claim of RM1 million from machinery breakdown. Both the claims are under assessment by the insurers and have not been accounted in the half year result.
- (iii) On 31 July 2012, the Board of Directors announced that the Company has completed the acquisition of 1,500,000 ordinary shares of RM1.00 each in TM Foods Sdn Bhd, representing 30% of the total issued and paid-up share capital of TM Foods Sdn Bhd for a total cash consideration of RM3 million. Upon the completion, TM Foods Sdn Bhd has become an associate company of the Company.

**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 financial year ended 31 December 2011 except as disclosed in Note 22 of this interim financial statements.

**13. Performance of the Group**

The Group recorded revenue of RM139.7 million for the current quarter under review, compared to RM116.1 million generated in the same quarter last year, an increase of 20%. Sales for Malaysia, Indonesia and Singapore/Export Market grew by 20%, 56% and 12% respectively during the quarter. The increase in Malaysian sales is mainly due to strong promotions and brand building activities for beverage. Indonesia continue to see positive growth with the re-launching of the products and more brand building activities together with distribution growth. Singapore/Export Market is also registering strong growth mainly due to growth in the Indo-China market.

On a year-to-date basis, the Group recorded revenue of RM303.1 million, an increase of 13% compared to last year. Yeo's brand sales in Malaysia grew by 11%, Indonesia sales grew by 77% and Singapore/Export sales grew by 11%. Our focus on growing our core brands through strong promotions and brand building has contributed to the overall growth.

In the current quarter under review, the Group recorded an operating profit of RM3.1 million as compared to RM5.2 million in the previous corresponding quarter. On a year-to-date basis, the Group recorded an operating profit of RM13.7 million as compared to RM17.5 million in the previous corresponding year period. The lower profitability in the current quarter and year-to-date is mainly due to competitive pricing, inventory write off/provision, higher selling, advertising and distribution costs incurred. Included in the current quarter, is gain on disposal of property of RM2.9 million.

The Group recorded a pre-tax profit of RM0.9 million for the current quarter against a pre-tax profit of RM5.5 million in the previous corresponding quarter. The pre-tax profit for Malaysia has decreased by 32% in the current quarter. The lower profitability is mainly due to competitive pricing, inventory write off/provision, higher selling, advertising, distribution costs and relocation costs incurred for plant rationalisation project. Indonesia and Singapore/Export Market suffered losses this quarter mainly due to inventory write off/provision and higher distribution costs.



On a year-to-date basis, the Group recorded a pre-tax profit of RM11.9 million as compared to RM15.7 million in the previous year. Malaysia recorded an improvement of 6% mainly due to higher sales. Indonesia and Singapore/Export market has suffered losses mainly due to inventory write off/provision and higher promotion, advertising and distribution costs.

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

The Group recorded an operating profit of RM3.1 million for the current quarter compared to RM10.6 million in the immediate preceding quarter. The lower performance in current quarter is mainly due to higher festive sales in preceding quarter and competitive pricing, inventory write off/provision, higher selling, advertising and distribution costs in current quarter.

The Group recorded a pre-tax profit of RM0.9 million for the current quarter against a pre-tax profit of RM10.9 million, compared to the immediate preceding quarter. The lower performance in the current quarter is mainly due to higher festive sales in preceding quarter, inventory write off/provision and relocation cost in current quarter.

#### 15. Prospects of the Group

Global economic conditions in 2012 are expected to remain challenging. However, the economies in Asia, including Malaysia are expected to be stable and supported by increasing domestic demand. The Group is positive on its prospect for the current year.

#### 16. Capital Commitment

The outstanding capital commitments in the interim financial statements as at 30 June 2012 in respect of plant and equipment are as follows:

|                                 |                |
|---------------------------------|----------------|
|                                 | <b>RM'000</b>  |
| Approved and contracted for     | 130,515        |
| Approved but not contracted for | 33,468         |
|                                 | <u>163,983</u> |

#### 17. Variance from Profit Forecast

Not applicable.

#### 18. Taxation

The tax is as follows:

|   | <u>Current<br/>Quarter</u><br>(RM'000) | <u>Year To Date</u><br>(RM'000) |
|---|--|---------------------------------|
| Income tax:                                       |  |                                 |
| Current tax                                       | 534                                    | 3,419                           |
| Under provision in the prior years                | 54                                     | 54                              |
| Deferred tax:                                     |  |                                 |
| Origination and reversal of temporary differences | (104)                                  | (255)                           |
| Over provision in the prior years                 | (42)                                   | (34)                            |
|   | <u>442</u>                             | <u>3,184</u>                    |

The Group's effective tax rate in the current quarter and financial period ended 30 June 2012 is higher than the statutory tax rate of 25% mainly due to disallowed expenses and under provision in the prior years.



## 19. Corporate Proposals

On 30 May 2012, OSK Investment Bank Berhad on behalf of the Board of Directors of the Company ("Board"), announced that it had on even date received a letter from YHS (Singapore) Pte Ltd ("YHSS"), being the major shareholder of the Company, requesting the privatisation of Yeo Hiap Seng (Malaysia) Berhad ("YHSM") via a Selected Capital Reduction and Repayment ("SCR") exercise at the cash repayment sum of RM3.60 per ordinary share or RM1.00 each in YHSM pursuant to Section 64 of the Companies Act, 1965. The Board decided to present the Proposed SCR to the shareholders of the Company for their consideration.

The Proposed SCR involving the reduction of the enlarged issued and paid-up share capital of YHSM to RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each by way of cancellation of all ordinary shares of RM1.00 each in YHSM ("YHSM Shares") which are in issue, save for the 1,000,000 YHSM Shares held by YHSS. The treasury shares currently held by the Company shall also be cancelled.

Pursuant to the Proposed SCR, the entitled shareholders will receive a capital repayment of RM3.60, being the cash repayment sum, in cash for each existing YHSM Share held on the entitlement date. Based on the total number of YHSM Shares held by all entitled shareholders as at 30 May 2012 of 59,327,120 multiplied by RM3.60, being the cash repayment sum, the Company shall undertake a capital repayment totalling RM213,577,632. YHSS will waive its entitlements to repayment of capital pursuant to the Proposed SCR.

The issued and paid-up share capital of the Company shall be reduced by way of cancellation of YHSM Shares on the basis of one(1) YHSM Share to be cancelled for every RM1.00 paid by the Company to the entitled shareholders as capital repayment. Accordingly, as at 30 May 2012, 213,577,632 YHSM Shares shall be cancelled pursuant to the Proposed SCR.

As at 30 May 2012, the Company has an issued and paid-up share capital of RM152,700,369 comprising 152,700,369 YHSM Shares (excluding Treasury Shares). In view that the number of YHSM Shares to be cancelled pursuant to the Proposed SCR is higher than the existing issued and paid-up share capital, the Company will implement a bonus issue by way of capitalisation from its reserves ("Proposed Bonus Issue") to facilitate the Proposed SCR. For avoidance of doubt, the Proposed Bonus Issue is necessary to increase the issued and paid-up share capital of the Company to a level which is sufficient to undertake the Proposed SCR. The bonus shares, upon issue, shall be cancelled under the Proposed SCR and hence, will not be credited into the CDS accounts of the shareholders and will not be listed on the Official List of Bursa Securities.

The Proposed SCR is subject to and conditional upon the consent and/or approval being obtained from the Securities Commission, Bursa Malaysia Securities Berhad, the shareholders of the Company and the financiers, creditors and/or relevant authorities, where required; and the confirmation from the High Court of Malaya.

Upon completion of the Proposed SCR, the Company will be wholly owned by YHSS. Accordingly, YHSS does not intend to maintain the listing status of the Company on the Main Market of Bursa Securities.

## 20. Group Borrowings

The Group has no borrowing at the end of the reporting period.

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

The following analysis of realised and unrealised retained earnings/(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

|   | <u>As at<br/>30 Jun 2012</u> | <u>As at<br/>31 Dec 2011</u> |
|---|------------------------------|------------------------------|
|   | <b>RM'000</b>                | <b>RM'000</b>                |
| Total retained earnings of Yeo Hiap Seng (M) Berhad and its subsidiaries: |                              |                              |
| - Realised  | 62,746                       | 66,032                       |
| - Unrealised  | 3,754                        | 3,358                        |
|   | <u>66,500</u>                | <u>69,390</u>                |
| Add : Consolidation adjustments   | (577)                        | (1,834)                      |
| Total Group's retained earnings as per consolidated accounts              | <u>65,923</u>                | <u>67,556</u>                |

## 22. Material Litigation

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 Board of Directors announced on 3 July 2012 that the Company has received a formal notification from the Central Jakarta District Court that the Jakarta Supreme Court has rejected the Plaintiff's appeal and decided the case in favour of the Company and PT YHS Indonesia. As at the date of this report, the Plaintiff has not filed an appeal for judicial review.

- (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 ("the Plaintiff"), 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. The Board of Directors announced on 28 March 2012 that the Court of Appeal upon hearing on 27 March 2012, has granted judgement in favour of the Company and allowed the Company's appeal with costs. On 2 April 2012, the Plaintiff has withdrawn its application for assessment of damages at the High Court.

On 26 April 2012, the Plaintiff filed an application for leave to appeal to the Federal Court. The application is still pending hearing, which has not been fixed by the Federal Court.

## 23. Dividend Proposed/Paid

A final dividend of 9 sen per RM1.00 share less Malaysian corporate tax of 25% for financial year ended 31 December 2011 amounting to RM10.3 million was approved in the current quarter and paid on 9 July 2012.

**24. Earnings Per Share**

|   | Current Year<br>Quarter<br><u>30/06/2012</u> | Preceding Year<br>Corresponding<br>Quarter<br><u>30/06/2011</u> | Current Year<br>To Date<br><u>30/06/2012</u> | Preceding Year<br>Corresponding<br>Period<br><u>30/06/2011</u> |
|---|--|---|--|--|
| Net profit attributable to owners of the parent (RM'000)    | 505  | 4,120   | 8,674  | 11,752   |
| Weighted average number of ordinary shares in issue (units) | 152,700,666                                  | 152,702,677   | 152,701,017                                  | 152,703,021  |
| Earnings per share:   |  |   |  |  |
| - Basic/diluted (sen)                                       | <u>0.33</u>                                  | <u>2.70</u>   | <u>5.68</u>                                  | <u>7.70</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 holders to ordinary shares of the Company and therefore dilute the basic earnings per share.

**25. Notes to the Condensed Consolidated Statement of Comprehensive Income**

The following amounts have been (charged)/credited in arriving at profit before tax:

|   | Current Year<br>Quarter<br><u>30/06/2012</u><br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br><u>30/06/2011</u><br>RM'000 | Current Year<br>To Date<br><u>30/06/2012</u><br>RM'000 | Preceding Year<br>Corresponding<br>Period<br><u>30/06/2011</u><br>RM'000 |
|---|--|---|--|--|
| a) Interest income  | 24   | 24  | 53   | 41   |
| b) Dividend income  | -  | -   | 17   | 17   |
| c) Interest expense   | N/A  | N/A   | N/A  | N/A  |
| d) Depreciation and amortisation                                      | (2,380)  | (2,427)   | (4,748)  | (4,939)  |
| e) Bad debts recovered  | 3  | -   | 3  | 10   |
| f) Provision for (write-offs)/write back of allowance for inventories | (1,235)  | 1,018   | (1,771)  | 42   |
| g) Gain on disposal of investments                                    | -  | -   | -  | -  |
| h) Gain on disposal of properties                                     | 2,945  | -   | 2,945  | -  |
| i) Net foreign exchange gain/(loss)                                   | 40   | 467   | (872)  | 812  |

By Order of the Board  
**SAU EAN NEE**  
 Company Secretary  
 2 August 2012  
 Petaling Jaya