



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

**FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2011**

	3 months ended		6 months ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Revenue	38,324	33,179	74,964	63,403
Cost of sales	(19,321)	(17,219)	(37,476)	(32,561)
<b>Gross profit</b>	<b>19,003</b>	<b>15,960</b>	<b>37,488</b>	<b>30,842</b>
Other income	617	526	1,181	1,085
Selling & Distribution expenses	(10,382)	(8,477)	(19,218)	(16,250)
Administrative expenses	(4,137)	(3,201)	(7,643)	(6,092)
Other expenses	(1,948)	(464)	(3,847)	(1,445)
<b>Results from operating activities</b>	<b>3,153</b>	<b>4,344</b>	<b>7,961</b>	<b>8,140</b>
Finance costs	(244)	(223)	(448)	(538)
<b>Profit before tax</b>	<b>2,909</b>	<b>4,121</b>	<b>7,513</b>	<b>7,602</b>
Income tax expenses	(251)	(1,159)	(1,145)	(2,031)
<b>Profit for the period</b>	<b>2,658</b>	<b>2,962</b>	<b>6,368</b>	<b>5,571</b>
<b>Attributable to:</b>				
Owners of the Company	2,570	2,944	6,153	5,461
Non-controlling interests	88	18	215	110
	<b>2,658</b>	<b>2,962</b>	<b>6,368</b>	<b>5,571</b>
Earnings per share (EPS) attributable to owners of the Company (sen):				
<b>Basic EPS</b>	<b>2.60</b>	<b>3.02</b>	<b>6.23</b>	<b>5.61</b>
<b>Diluted EPS</b>	<b>2.60</b>	<b>3.01</b>	<b>6.23</b>	<b>5.58</b>

*The above consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010.*



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)

(Incorporated in Malaysia)

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

	3 months ended		6 months ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Profit for the period	2,658	2,962	6,368	5,571
Other comprehensive (loss)/income:				
Currency translation differences arising from consolidation	367	32	201	(921)
<b>Total comprehensive income for the period</b>	<b>3,025</b>	<b>2,994</b>	<b>6,569</b>	<b>4,650</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	2,937	2,976	6,354	4,540
Non-controlling interests	88	18	215	110
	<b>3,025</b>	<b>2,994</b>	<b>6,569</b>	<b>4,650</b>

*The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010.*



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company No : 552781-X)  
(Incorporated in Malaysia)  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011

	As at 30/06/2011 RM'000 Unaudited	As at 31/12/2010 RM'000 Audited
<b>ASSETS</b>		
Property, plant and equipment	99,827	94,793
Prepaid land lease payments	4,965	5,417
Intangible assets	465	511
<b>Non-current Assets</b>	<b>105,257</b>	<b>100,721</b>
Inventories	50,876	39,953
Trade receivables	40,069	40,008
Other receivables	9,071	9,547
Amount due from related parties	570	39
Amount due from an associate	224	345
Tax recoverable	239	312
Cash & cash equivalents	43,441	46,453
<b>Current Assets</b>	<b>144,490</b>	<b>136,657</b>
<b>TOTAL ASSETS</b>	<b>249,747</b>	<b>237,378</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	99,783	98,588
Share premium	477	394
Other reserves	14,888	14,865
Retained earnings	55,304	55,138
<b>Equity Attributable to Owners of the Company</b>	<b>170,452</b>	<b>168,985</b>
Non-controlling interests	2,758	2,543
<b>Total Equity</b>	<b>173,210</b>	<b>171,528</b>
Deferred taxation	6,237	6,537
Loans and borrowings	15,458	15,487
Finance lease creditors	1,184	1,632
<b>Non-current Liabilities</b>	<b>22,879</b>	<b>23,656</b>
Trade payables	15,303	10,260
Other payables	13,934	7,283
Provisions	1,744	-
Finance lease creditors	1,374	2,047
Amount due to related parties	5,082	4,573
Loans and borrowings	15,584	16,786
Tax payable	637	1,245
<b>Current Liabilities</b>	<b>53,658</b>	<b>42,194</b>
<b>Total Liabilities</b>	<b>76,537</b>	<b>65,850</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>249,747</b>	<b>237,378</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.71</b>	<b>1.71</b>

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010.



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2011

RM'000	Attributable to owners of the Company						Retained earnings	Total	Non-controlling interest	Total equity
	Share capital	Share premium	Exchange fluctuation reserve	Revaluation reserve	Share option reserve	Warrant reserve				
<b>At 1 January 2010</b>	97,191	213	(448)	-	499	6,176	48,894	152,525	562	153,087
Profit for the period	-	-	-	-	-	-	5,461	5,461	110	5,571
Currency translation differences arising from consolidation	-	-	(921)	-	-	-	-	(921)	-	(921)
Total comprehensive (loss)/income for the period	-	-	(921)	-	-	-	5,461	4,540	110	4,650
Transactions with owners:										
Issuance of ordinary shares pursuant to ESOS exercised	463	59	-	-	(54)	-	-	468	-	468
Share issue expenses	-	(1)	-	-	-	-	-	(1)	-	(1)
Total transactions with owners	463	58	-	-	(54)	-	-	467	-	467
<b>At 30 June 2010</b>	97,654	271	(1,369)	-	445	6,176	54,355	157,532	672	158,204
<b>At 1 January 2011</b>	98,588	394	(2,287)	10,666	310	6,176	55,138	168,985	2,543	171,528
Profit for the period	-	-	-	-	-	-	6,153	6,153	215	6,368
Currency translation differences arising from consolidation	-	-	201	-	-	-	-	201	-	201
Total comprehensive (loss)/income for the period	-	-	201	-	-	-	6,153	6,354	215	6,569
Transactions with owners:										
Issuance of ordinary shares pursuant to ESOS exercised	1,195	227	-	-	(178)	-	-	1,244	-	1,244
Share issue expenses	-	(144)	-	-	-	-	-	(144)	-	(144)
Dividends payable	-	-	-	-	-	-	(5,987)	(5,987)	-	(5,987)
Total transactions with owners	1,195	83	-	-	(178)	-	(5,987)	(4,887)	-	(4,887)
<b>At 30 June 2011</b>	99,783	477	(2,086)	10,666	132	6,176	55,304	170,452	2,758	173,210

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010.



**Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)**  
**(Incorporated in Malaysia)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2011**

	6 months ended	
	30/06/2011	30/06/2010
	RM '000	RM '000
Profit before tax	7,513	7,602
Adjustments for non cash items	4,855	2,775
Operating profit before changes in working capital	12,368	10,377
Changes in working capital	(4,844)	(3,026)
Cash generated from operations	7,524	7,351
Interest and tax paid	(1,980)	(2,572)
<b>Net cash from operating activities</b>	5,544	4,779
<b>Net cash used in investing activities</b>	(7,070)	(13,876)
<b>Net cash (used in) / from financing activities</b>	(2,578)	4,893
<b>Net decrease in cash and cash equivalents</b>	(4,104)	(4,204)
Effect on foreign exchange rate changes	1,092	(182)
Cash and cash equivalents at beginning of year	46,453	46,256
<b>Cash and cash equivalents at end of period</b>	43,441	41,870
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	16,551	20,933
Fixed deposits with licensed banks	26,890	20,937
<b>Cash and cash equivalents at end of period</b>	43,441	41,870

*The above consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010.*



Y.S.P. SOUTHEAST ASIA HOLDING BHD. (Company no : 552781-X)  
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT - 30 JUNE 2011

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

**A1 Basis of Preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 "Interim Financial Reporting " and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated 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 year ended 31 December 2010.

**A2 Significant Accounting Policies**

The accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the relevant new FRSS, amendments to FRSS and IC Interpretations that are effective for financial period beginning 1 January 2011.

The adoption of the new FRSS, amendments to FRSS and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group.

**A3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited financial statements for the year ended 31 December 2010 was not qualified.

**A4 Seasonal or Cyclical Factors**

The Group's operations are not materially affected by any seasonal or cyclical factors.

**A5 Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year-to-date, other than as disclosed in Note B1.

**A6 Material Changes in Estimates**

There were no changes in estimates that have any material effect on the financial year-to-date results.

**A7 Debt and Equity Securities**

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the financial year-to-date ended 30 June 2011.

During the financial year-to-date ended 30 June 2011, the Company has issued 1,194,529 new ordinary shares of RM1.00 each pursuant to the exercise of Company's ESOS at the following option price:

Exercise Price	No. of shares issued	Cash Proceeds
RM		RM
1.00	704,926	704,926
1.10	489,603	538,563
	<u>1,194,529</u>	<u>1,243,489</u>

**A8 Dividends Paid**

No dividend was paid during the financial year-to-date.

**A9 Segment Information**

The Group is organised based on three major business segments as described below. The basis of segmentation was based on information reported internally to the Managing Director of the Group.

Performance is measured based on segment profit before tax and the total of segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

There are no changes in the segment reported in the last audited financial statements.

<b>Year-to-date ended 30 June 2011</b>	<b>Investment holding RM'000</b>	<b>Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Inter-company Elimination RM'000</b>	<b>Total RM'000</b>
Revenue from external customer	12	14,258	60,694	-	74,964
Inter-segment revenue	10,913	813	4,316	(16,042)	-
<b>Total revenue</b>	<b>10,925</b>	<b>15,071</b>	<b>65,010</b>	<b>(16,042)</b>	<b>74,964</b>
<b>Segment profit before tax</b>	<b>10,432</b>	<b>1,889</b>	<b>6,691</b>	<b>(11,499)</b>	<b>7,513</b>
<b>Segment assets</b>	<b>164,019</b>	<b>28,366</b>	<b>215,330</b>	<b>(157,968)</b>	<b>249,747</b>

<b>Year-to-date ended 30 June 2010</b>	<b>Investment holding RM'000</b>	<b>Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Inter-company Elimination RM'000</b>	<b>Total RM'000</b>
Revenue from external customer	12	11,782	51,609	-	63,403
Inter-segment revenue	10,636	107	2,725	(13,468)	-
<b>Total revenue</b>	<b>10,648</b>	<b>11,889</b>	<b>54,334</b>	<b>(13,468)</b>	<b>63,403</b>
<b>Segment profit before tax</b>	<b>9,934</b>	<b>1,132</b>	<b>6,823</b>	<b>(10,287)</b>	<b>7,602</b>
<b>Segment assets</b>	<b>154,565</b>	<b>25,497</b>	<b>182,862</b>	<b>(151,159)</b>	<b>211,765</b>

**A10 Valuations of Property, Plant and Equipment**

Property, plant and equipment of the Group are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses where applicable.

There is no revaluation of property, plant and equipment during the period under review.

**A11 Material Events Subsequent to the end of the Reporting Period**

There were no material events subsequent to the end of the current quarter.

**A12 Changes in the Composition of the Group**

On 09 May 2011, Y.S.P.SAH (Vietnam) Co. Ltd., a wholly-owned subsidiary of the Company, transferred its entire 95% equity interest in Y.S.P. Industries Vietnam Co. Ltd. to Y.S.P.SAH Investment Pte. Ltd., another wholly-owned subsidiary of the Company.

Such restructuring is to streamline the Group's business activities and does not have significant impact on Group's earnings per share, net assets per share and gearing.

**A13 Contingent Liabilities**

There were no significant changes in contingent liabilities since the last annual reporting date.

**A14 Capital Commitment.**

Capital commitments expenditure not provided for in the interim financial statements as at end of financial year-to-date were as follows:

	<b>As at 30/06/2011 RM'000</b>	<b>As at 30/06/2010 RM'000</b>
Approved & contracted for:-		
Building in progress	672	5,834
Plant & machinery	<u>5,270</u>	<u>2,844</u>
	<u>5,942</u>	<u>8,678</u>
Approved but not contracted for:-		
Plant & machinery	<u>2,573</u>	<u>9,349</u>

**A15 Related Party Transactions**

Significant related party transactions as at end of financial year-to-date were as follows:

	<b>6 months ended</b>	
	<b>30/06/2011 RM'000</b>	<b>30/06/2010 RM'000</b>
<u>Substantial Shareholder</u>		
Purchase of pharmaceutical products	<u>1,976</u>	<u>3,782</u>
<u>Companies in Which Certain Directors Have Interest</u>		
Purchase of raw materials	2,022	79
Sales of pharmaceutical products	<u>(705)</u>	<u>(250)</u>



**B1 Review of Performance**

The Group's revenue has increased by 18.2% to RM74.9 million from RM63.4 million recorded in the financial period ended 30 June 2010.

However, the Group's profit before tax declined marginally by 1.2% from RM7.6 million in the corresponding financial period ended 30 June 2010 to RM7.5 million in the current financial period ended 30 June 2011. This was mainly due to a provision for loss in respect of an onerous contract amounting to RM1.7 million during the period.

**B2 Comparison with the Preceding Quarter's Results**

	Qtr 2 (30/06/11) RM'000	Qtr 1 (31/03/11) RM'000	Variance	
			RM'000	%
Revenue	38,324	36,640	1,684	4.6
Profit before tax	2,909	4,604	(1,695)	(36.8)

The Group recorded a revenue of RM38.3 million for the current quarter compared to RM36.6 million for the immediate preceding quarter. The increase in revenue was mainly attributable to the higher demand of the Group's products from domestic market.

However, the Group's profit before tax decreased by 36.8% to RM2.9 million, from RM4.6 million in the immediate preceding quarter. This was mainly due to provision for loss in respect of an onerous contract of RM1.7 million.

**B3 Prospects of the Group**

The Group will continue to widen and extend the reach of its existing and new range of products in local as well as overseas markets, such as Southeast Asia, Middle East and African countries. In addition, the Group will also continue to step up efforts in improving the efficiency and cost reduction measures to achieve competitive edge in the market.

The Group will take advantage of the improvement in the local economy which is expected to grow further, leveraging on the Economic Transformation Plan recently presented by the government. Barring any unforeseen circumstances, the Group expects the financial performance to remain positive throughout the year.

**B4 Profit Forecast or Profit Guarantee**

No commentary is made on any variance arises between actual profit from forecast profit, as it does not apply to the Group.

**B5 Taxation**

Details of taxation are as follows :-

	3 months ended		6 months ended	
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Income Tax				
Current tax	629	1,117	1,446	1,958
Deferred tax	(378)	42	(301)	73
	<u>251</u>	<u>1,159</u>	<u>1,145</u>	<u>2,031</u>

The Group's effective tax rate for the current quarter and financial year-to-date was lower than the statutory tax rate of 25% (2010:25%) due to availability of reinvestment allowance by a subsidiary company.

**B6 Realised/unrealised Retained Earnings**

The breakdown of the retained profits of the Group as at 30 June 2011 and 31 December 2010, into realised and unrealised profits/(losses) is as follows:

	As at 30/06/2011 RM'000	As at 31/12/2010 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	93,496	91,032
Unrealised	(4,974)	(3,844)
	<u>88,522</u>	<u>87,188</u>
Total share of accumulated losses of associate:		
Realised	(26)	(26)
Unrealised	-	-
	<u>88,496</u>	<u>87,162</u>
Less: Consolidation adjustments	(33,192)	(32,024)
Total Group retained earnings as per consolidated accounts	<u><u>55,304</u></u>	<u><u>55,138</u></u>

The determination of realised and unrealised profits/(losses) is based on the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants.

**B7 Sale of Unquoted Investments and / or Properties**

There was no sale of unquoted investments and properties for the quarter under review and financial year-to-date.

**B8 Quoted Securities**

There was no purchase or disposal of quoted securities for the quarter under review and financial year-to-date.

**B9 Status of Corporate Proposals**

The corporate proposals announced but not completed as at the reporting date are as follows:

OSK Investment Bank Berhad had on behalf of the Board of Directors on 05 April 2011 announced that Y.S.P. Southeast Asia Holding Bhd proposes to undertake a renounceable rights issue of up to 45,225,228 Rights Shares at an indicative issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every three (3) existing Shares held on an entitlement date to be determined later ("The Proposal").

The chronological approval granted for The Proposal are as below:

- Bursa Securities for the listing and quotation of the Rights Shares on 18 May 2011
- Y.S.P. Southeast Asia Holding Bhd Shareholders at an Extraordinary General Meeting held on 21 June 2011
- Securities Commission for the registration of the abridged prospectus on 11 July 2011

The issue price of RM1.00 per Rights Share and the entitlement date of 12 July 2011 were announced by OSK Investment Bank Berhad on behalf of the Board on 27 and 28 June 2011 respectively.

**B10 Borrowings and Debt Securities**

The details of the Group borrowings as at 30 June are as follows :

30 June 2011	Denominated in Foreign Currency		RM Equivalent
	USD'000	SGD'000	RM'000
Secured short term borrowings			
Short term revolving credit	-	-	1,500
Finance lease creditor	-	-	1,374
Short term loan:			
- Domestic	-	-	9,493
- Foreign	1,500	13	4,591
	<u>1,500</u>	<u>13</u>	<u>16,958</u>
Secured long term borrowings			
Finance lease creditor	-	-	1,184
Long term loan:			
- Domestic	-	-	14,454
- Foreign	-	409	1,004
	<u>-</u>	<u>409</u>	<u>16,642</u>
<b>Total borrowings</b>	<u>1,500</u>	<u>422</u>	<u>33,600</u>

30 June 2010	Denominated in Foreign Currency		RM Equivalent
	USD'000	SGD'000	RM'000
Secured short term borrowings			
Short term revolving credit	-	-	1,500
Finance lease creditor	-	-	1,580
Short term loan:			
- Domestic	-	-	7,500
- Foreign	750	4	2,457
	<u>750</u>	<u>4</u>	<u>13,037</u>
Secured long term borrowings			
Finance lease creditor	-	-	1,162
Long term loan:			
- Domestic	-	-	10,508
- Foreign	-	588	1,386
	<u>-</u>	<u>588</u>	<u>13,056</u>
<b>Total borrowings</b>	<u>750</u>	<u>592</u>	<u>26,093</u>

As at the reporting date, the Group had not issued any debt securities.

**B11 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the reporting date.

**B12 Material Litigation**

There was no material litigation against the Group as at the reporting date.

### B13 Proposed Dividend

At the Tenth Annual General Meeting held on 21 June 2011, the shareholders approved a first and final single tier dividend of 6% per ordinary share which would be payable on 28 July 2011 in respect of the financial year ended 31 December 2010.

### B14 Earnings Per Share

#### i) Basic Earnings Per Share

The basic earnings per share is calculated by dividing profit for the period attributable to owners of the Company over the weighted average number of ordinary shares in issue during the period.

	3 months ended		6 months ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Profit attributable to owners of the Company (RM'000)	2,570	2,944	6,153	5,461
Weighted average number of ordinary shares in issue ('000)	98,955	97,471	98,778	97,356
<b>Basic Earnings Per Share (sen)</b>	<b>2.60</b>	<b>3.02</b>	<b>6.23</b>	<b>5.61</b>

#### ii) Diluted Earnings Per Share

The diluted earnings per share is calculated by dividing profit for the period attributable to owners of the Company over the weighted average number of ordinary shares in issue during the period after adjustment for the effect of dilutive potential ordinary shares from share options granted to employees.

The warrants have anti-dilutive effect to EPS as their exercise price is higher than share price.

	3 months ended		6 months ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Profit attributable to owners of the Company (RM'000)	2,570	2,944	6,153	5,461
Weighted average number of ordinary shares in issue ('000)	98,955	97,471	98,778	97,356
Effect of dilution-Share options ('000)	66	411	62	427
Adjusted weighted average number of diluted ordinary shares in issue -diluted ('000)	99,021	97,882	98,840	97,783
<b>Diluted Earnings Per Share (sen)</b>	<b>2.60</b>	<b>3.01</b>	<b>6.23</b>	<b>5.58</b>