



**INTERIM FINANCIAL REPORT
SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2009**

**I. CONDENSED CONSOLIDATED INCOME STATEMENTS
For Nine Months Period Ended 30 September 2009.**

	2009	2008	2009	2008
	Current	Comparative	9 months	9 months
	Quarter	Quarter	Cumulative	Cumulative
	Ended	Ended	to date	to date
	30-Sep	30-Sep		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	55,848	70,111	153,297	209,002
Operating expenses excluding depreciation, diminution and amortisation	(52,970)	(65,384)	(145,476)	(195,683)
Other operating income	1,132	3,333	3,984	4,654
<i>Profit before depreciation, diminution and amortisation</i>	4,010	8,060	11,805	17,973
Depreciation, diminution and amortisation	(1,781)	(1,906)	(6,171)	(5,967)
<i>Profit/(Loss) from operations</i>	2,229	6,153	5,634	12,006
Finance cost	(743)	(1,256)	(2,352)	(3,387)
Investing Results	-			
Share of profit/(loss) of associates	-	-	-	-
<i>Profit/(Loss) before taxation</i>	1,486	4,897	3,281	8,619
Taxation	(26)	(1,539)	(1,635)	(3,218)
<i>Profit/(Loss) after taxation</i>	1,460	3,358	1,646	5,401
<i>Net Profit/(loss) attributable to :</i>				
Equity holders of the Company	1,232	2,077	1,544	2,740
Minority interest	228	1,281	102	2,661
Profit for the period	1,460	3,358	1,646	5,401
Earnings/(Loss) per RM1.00 share				
Basic (sen)	1.12	1.89	1.41	2.49
Fully diluted (sen)	N/A	N/A	N/A	N/A

Note:-N/A – Not applicable

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

**II. CONDENSED CONSOLIDATED BALANCE SHEET****As At 30 September 2009.**

	As at 30 Sep 2009 RM'000	As at 31 Dec 2008 (Audited) RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	138,610	143,329
Prepaid lease payments	23,807	24,307
Investment properties	46,558	46,182
Investment in associated company	0	0
Other Investment	500	500
	209,475	214,318
Current Assets		
Inventories	93,637	120,835
Trade receivables	36,231	43,970
Other receivables	16,205	13,963
Tax recoverable	6,854	6,791
Deposit with licensed banks	14,008	10,158
Cash and bank balances	6,831	6,915
	173,766	202,632
TOTAL ASSETS	383,241	416,950
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parents		
Share Capital	109,851	109,851
Reserves attributable to capital	142,792	142,792
Reserves attributable to revenue		0
Retained earnings-profit/(loss)	(51,501)	(53,045)
	201,142	199,598
Minority Interest	25,627	26,069
Total Equity	226,769	225,667

**II. CONDENSED CONSOLIDATED BALANCE SHEET****As At 30 September 2009.**

	As at 30 Sep 2009 RM'000	As at 31 Dec 2008 (Audited) RM'000
Non-current liabilities		
Amount due to directors	0	0
Deferred Taxation	17,846	17,847
Hire Purchase obligations	553	1,037
Bank borrowings	21,934	17,070
	40,333	35,954
Current Liabilities		
Trade payables	9,194	13,489
Other payables	55,306	76,300
Provision for liabilities	3,648	3,838
Hire purchase obligations	836	1,441
Bank borrowings	35,788	47,924
Tax Payable	11,367	12,337
	116,139	155,329
Total Liabilities	156,472	191,283
TOTAL EQUITY AND LIABILITIES	383,241	416,950
		-
Net Tangible Assets per RM1.00 sen share (RM)	1.83	1.82

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

**III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
For Nine Months Period Ended 30 September 2009.

	← - Attributable to equity holders of the company					→		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserve on consolidation RM'000	Capital Reserve RM'000	Retained Losses RM'000	Total RM'000	Minority Interest RM'000	
At 1 January 2008	109,851	92,431	14,116	3,387	(66,328)	153,457	24,157	177,614
Reversal of reserve in relation to disposal of wholly owned subsidiary					-	-	0	-
Reversal of retained earnings in relation to the disposal of wholly owned subsidiary						-	0	-
Foreign currency translation					36	36	0	36
Reversal of share of profits in a jointly controlled entity which become a subsidiary			9		262	271	0	271
At 1 January 2008(restated)	109,851	92,431	14,125	3,387	(66,030)	153,764	24,157	177,921
Revaluation surplus:							-	-
Freehold land & buildings, office premises							-	-
Investment properties							-	-
Profit for the year					2,740	2,740	2,661	5,401
Dividend distributed to Minority Shareholders					-	-	(984)	(984)
At 30 September 2008	109,851	92,431	14,125	3,387	(63,290)	156,504	25,834	182,338
At 1 January 2009	109,851	92,431	13,464	36,897	(53,045)	199,598	26,069	225,667
Profit/(Loss) for the period (cumulative)					1,544	1,544	102	1,646
Revaluation reserved transferred to retained earnings for asset disposed between wholly owned subsidiary company					-	-	-	-
Foreign exchange difference					-	-	0	-
Acquisition of additional equity in JCE i.e. become subsidiary					-	-	0	-
Dividend distributed to Minority Shareholders							(544)	(544)
At 30 September 2009	109,851	92,431	13,464	36,897	(51,501)	201,142	25,627	226,769

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)



IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For Nine Months Period Ended 30 September 2009.

	9 months ended	
	30.09.2009	30.09.2008
	<u>RM'000</u>	<u>RM'000</u>
Net cash used in operating activities	14,361	13,376
Net cash used in investing activities	(7,599)	(7,087)
Net cash generated from financing activities	(4,567)	(563)
Net (decrease)/increase in cash and cash equivalents	<u>2,195</u>	<u>5,726</u>
Effects of exchange rate changes	1,571	(537)
Cash and cash equivalents at beginning of financial period	<u>17,073</u>	<u>10,532</u>
Cash and cash equivalents at end of financial period	<u>20,839</u>	<u>15,721</u>

Cash and cash equivalent comprise the following:-

	9 months ended	
	30.09.2009	30.09.2008
	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances	20,839	15,721
Bank Overdraft	-	-
	<u>20,839</u>	<u>15,721</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)



V. NOTES TO THE CONDENSED FINANCIAL STATEMENT.

1. Basis of Preparation

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with the reporting requirements outlined in Financial Reporting Standards (“FRS”) 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa) Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2008 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are generally affected by the monsoon seasons and the major festive seasons namely Hari Raya Aidilfitri and Chinese New Year holidays.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

5. Changes In Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years which may have a material effect on the current interim period.

6. Issuances and Repayments of Debt and Equity Securities

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period ended 30 September 2009.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 September 2009.

**8. Segment Information**

The segmental analysis of Group operations for the financial period ended 30 September 2009 is as follows:-

(a). Business Segments

	9 months ended	
	30.09.2009	30.09.2008
	<u>RM'000</u>	<u>RM'000</u>
Segment Revenue		
Revenue from continuing operations:		
Timber Extraction	3,139	2,135
Trading of Timber & Other woodbased - Products	108,004	127,267
Manufacturing of sawn timber, mouldings - and sacks paper bags	39,703	86,867
Services and Treatment	19,281	23,496
Others	72	58
Total revenue including inter-company sales	170,199	239,823
Elimination of inter-segment sales	(16,902)	(30,821)
Total revenue from continuing operations	153,297	209,002
Revenue from discontinued operations:	-	-
Total	153,297	209,002
Segment Results		
Results from continuing operations:		
Timber Extraction	2,742	999
Trading of Timber & Other woodbased - Products	(1,901)	1,241
Manufacturing of sawn timber, mouldings - and sacks paper bags	2,394	4,247
Services and Treatment	707	4,828
Others	104	(1,294)
Total segment results	4,046	10,021
Eliminations inter company dividend	(765)	(1,402)
Total results from continuing operations	3,281	8,619
Results from discontinued operations:	-	-
Total Segment Results	3,281	8,619
Taxation	(1,635)	(3,218)
Profit after taxation	1,646	5,401
Minority interest	(102)	(2,661)
Net profit for equity holders of the holding company	1,544	2,740

**(b). Geographical Segment**

The financial information by geographical location is not presented as the Group operate only in Malaysia. Appended below is the analysis of the Group's revenue by countries.

Revenue	9 months ended 30 September 2009					
	Malaysia	Overseas			Elimi-nations	Group
		Europe	USA	Other Countries		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	66,550	80,823	4,220	1,704	-	153,297
Inter-segment sales	(16,902)	-	-	-	(16,902)	-
Sales	49,648	80,823	4,220	1,704	(16,902)	153,297

Revenue	9 months ended 30 September 2008					
	Malaysia	Overseas			Elimi-nations	Group
		Europe	USA	Other Countries		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	65,709	131,189	8,797	3,307	-	209,002
Inter-segment sales	(30,821)	-	-	-	(30,821)	-
Sales	34,888	131,189	8,797	3,307	(30,821)	209,002

9. Property, Plant, and Equipment.

Carrying Amount of Revalued Assets

The valuations of property, plant, and equipment have been brought forward without amendment from the financial statements for year ended 31 December 2008.

10. Material events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 30 September 2009 that have not been reflected in the financial statements for the said period as at the date of this report.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2009.

12. Contingent Liabilities – Unsecured

As at 30 September 2009, the Company had contingent liabilities in the form of corporate guarantees given to financial institutions in respect of facilities granted to subsidiary companies amounting to RM124,582,542.51, of which an amount of RM57,722,497.00 were utilized.



13. Capital Commitments

The total amount of capital commitments approved but not contracted for as at 30 September 2009 was RM6,501,000.00.

14. Review of Performance of the Company and its Principal Subsidiaries

The Group posted total revenue of RM153.29 million for the nine months ending 30 September 2009, RM55.71 million or 27% less than the RM209 million recorded in the corresponding period last year. All the group's market segments recorded lower turnover except for the Timber Extraction segment which improved by RM1 million.

Profit from operations was reduced from RM12.01 million to RM5.63 million in line with lower revenue. Accordingly, Group pre-tax profit dropped to RM3.28 million, compared to RM8.62 million achieved over the same period last year. All the group's market segments experienced a significant drop in their pre-tax profit except for the Timber Extraction segment which increased by RM1.74 million. The decline in pre-tax profit of the Group was mainly attributable to the shrinking in demand from overseas buyers especially from the E.U. nations, most of which are still weathering the global economic downturn.

15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Total revenue for the third quarter of 2009 increased by RM12.37 million, from RM43.48 million in the second quarter of 2009, to RM55.85 million up by 28%. This was mainly due to the higher revenue registered by the Trading of Timber & Other Woodbased Products segment, which increased by RM41.69 million from RM66.31 million in the second quarter to RM108 million in the current quarter.

In line with higher turnover, the group registered a pre-tax profit of RM1.49 million for the third quarter of 2009, up by RM1.91 million from a pre-tax loss of RM425,000 recorded in the second quarter of 2009.

16. Prospects for Current Financial Year

Group Performance for the fourth quarter of year 2009 is expected to remain relatively subdued as the current global recession continues to have a negative impact on our operations.

17. Variance of Actual Profit from Forecast Profit

Not applicable.

**18. Taxation**

Taxation comprises:-

	Third Quarter		Cumulative 9 months	
	30-Sep 2009	30-Sep 2008	30-Sep 2009	30-Sep 2008
	RM'000	RM'000	RM'000	RM'000
Current taxation	(26)	1,539	(1,635)	3,218
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	(26)	1,539	(1,635)	3,218
Our share of results of associated companies	-	-	-	-
	(26)	1,539	(1,635)	3,218

The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and also to certain expenses which are not deductible for tax purposes. The provision for deferred taxation on account of assets that were revalued has been written back due to the abolishment of the 5% RPGT.

20. Disposal of Unquoted Investments and Properties

There were no disposals of investments and/or properties for the financial period under review.

21. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 30 September 2009.

22. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 September 2009.

23. Group Borrowings

Total Group borrowings as at 30 September 2009 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	35,788
Unsecured	0
	<u>35,788</u>
Short Term Borrowings	
Secured	21,934
Unsecured	0
	<u>21,934</u>
Total Borrowings	<u>57,722</u>

**24. Off Balance Sheet Financial Instruments**

There are no material financial instruments with off balance sheet risk as at the date of this report.

25. Material Litigation

As at 23 November 2009, the latest practicable date that is not earlier than 7 days from the issue of this quarterly report, the Group is not engaged in any material litigation except for:

- (a). Summon no: G/S MT3-21-220-2004 and G/S MT3-21-222-2006.

On 26 November 2004, a subsidiary of the Company received a writ of summons from the Inland Revenue Board (IRB) for tax liabilities amounting to RM9.53 million. On 13 February 2007, the same subsidiary company received a writ of summons from the IRB for tax due for year of assessment 2001 and 2002 amounting to RM3.19 million in total.

For the above 2 summonses, the IRB, on 7 December 2007, issued a letter to the company approving the company's earlier appeal. The pertinent contents of the letter are as follows:-

Total Claims - summon G/S MT3-21-220-2004	RM 9,525,846.92
Total Claims - summon G/S MT3-21-222-2006	<u>RM 3,188,835.06</u>
	RM12,714,681.98
Less: Payments received up to 30 November 2007	(RM 3,275,000.00)
Credit for Year 2005 & Year 2006	(RM 669,848.36)
Transfer of Tax Credit from Minho (M) Berhad	<u>(RM 3,460,160.72)</u>
Balance of Claims	<u>RM 5,299,672.90</u>

The IRB has approved that the balance of claims was to be settled by 32 installments with the condition that the company will enter and accept the judgment during the hearing on 6 March 2008. The company wrote to the IRB on 15 December 2007 accepting their proposed settlement but appealed to amend the installment amount while maintaining the pay back period of 32 months. The IRB has replied on 3 April 2008 rejecting the company's appeal. The company has forwarded another appeal letter to the IRB on 30 April 2008. This was rejected by the IRB vide their letter dated 9 May 2008. In view of the rejection by the IRB, the company wrote to the Minister of Finance on 13 May 2008 to resolve the matter. The IRB replied on 27 August 2008 again rejecting the company's appeal. It did approve, however, the balance of claims is to be settled by 24 installments for an amount totaling RM4,624,672.90. The company is currently in the process of forwarding the final appeal to the Minister of Finance as a last attempt to resolve this matter.

The hearing date for both summonses which was fixed on 14 October 2009 was rescheduled to 23 March 2010.

- (b). Summon No.:63-43 year 2007

A subsidiary company received a summon from the Ministry of Domestic Trade and Consumer Affairs as announced on 7 May 2007. We reported that during the hearing on 19 May 2009, the case has been temporary suspended until further notice.



(c). Summon No.: MT3-21-124-2007

On 2 August 2007, we received a writ of summons from the IRB for a subsidiary company viz. Syarikat Minho Kilning Sdn. Bhd. for outstanding taxes amounting to RM5.7 million. Here again, our solicitors have filed a statement of defense on 25 September 2007. The hearing for summon no.: MT3-21-124-2007 which was to be held on 26 October 2009 has been postponed to 23 March 2010.

Apart from the above, there is no other material litigation pending as at the date of this announcement.

26. Dividend

No dividend has been recommended by the Board for the period ended 30 September 2009 (2008: Nil).

27. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the net earnings/(loss) attributable to shareholders for the financial periods under review by the number of ordinary shares on issue during the said financial periods.

(b) Diluted earnings per share

Not applicable

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30-11-2009.