



**INTERIM FINANCIAL REPORT  
TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2009**

**I. CONDENSED CONSOLIDATED INCOME STATEMENTS  
For Twelve Months Period Ended 31 December 2009.**

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Current</b>	<b>Comparative</b>	<b>12 months</b>	<b>12 months</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Cumulative</b>	<b>Cumulative</b>
	<b>Ended</b>	<b>Ended</b>	<b>to date</b>	<b>to date</b>
	<b>31-Dec</b>	<b>31-Dec</b>		
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Revenue	52,799	59,468	206,096	268,470
Operating expenses excluding depreciation, diminution and amortisation	(51,236)	(58,088)	(196,712)	(253,771)
Other operating income	2,322	1,337	6,306	5,991
<b><i>Profit before depreciation, diminution and amortisation</i></b>	<b>3,885</b>	<b>2,717</b>	<b>15,690</b>	<b>20,690</b>
Depreciation, diminution and amortisation	(1,795)	(2,797)	(7,966)	(8,764)
<b><i>Profit/(Loss) from operations</i></b>	<b>2,090</b>	<b>(80)</b>	<b>7,724</b>	<b>11,926</b>
Finance cost	(990)	(1,280)	(3,342)	(4,667)
Investing Results	-			
Share of profit/(loss) of associates	-	-	-	-
<b><i>Profit/(Loss) before taxation</i></b>	<b>1,101</b>	<b>(1,360)</b>	<b>4,382</b>	<b>7,259</b>
Taxation	(838)	12,281	(2,473)	9,063
<b><i>Profit/(Loss) after taxation</i></b>	<b>263</b>	<b>10,921</b>	<b>1,909</b>	<b>16,322</b>
<b><i>Net Profit/(loss) attributable to :</i></b>				
Equity holders of the Company	(70)	10,604	1,474	13,344
Minority interest	333	317	435	2,978
<b>Profit for the period</b>	<b>263</b>	<b>10,921</b>	<b>1,909</b>	<b>16,322</b>
Earnings/(Loss) per RM1.00 share				
Basic (sen)	(0.06)	9.65	1.34	12.15
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 31 December 2009.**

	<b>As at 31 Dec 2009 RM'000</b>	<b>As at 31 Dec 2008 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	137,303	143,329
Prepaid lease payments	23,640	24,307
Investment properties	46,487	46,182
Investment in associated company	0	0
Other Investment	500	500
	<b>207,930</b>	<b>214,318</b>
<b>Current Assets</b>		
Inventories	90,039	120,835
Trade receivables	33,649	43,970
Other receivables	14,437	13,963
Tax recoverable	6,926	6,791
Deposit with licensed banks	13,607	10,158
Cash and bank balances	8,709	6,915
	<b>167,367</b>	<b>202,632</b>
<b>TOTAL ASSETS</b>	<b>375,297</b>	<b>416,950</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parents</b>		
Share Capital	109,851	109,851
Reserves attributable to capital	142,792	142,792
Reserves attributable to revenue		0
Retained earnings-profit/(loss)	(51,572)	(53,045)
	<b>201,071</b>	<b>199,598</b>
<b>Minority Interest</b>	<b>25,960</b>	<b>26,069</b>
<b>Total Equity</b>	<b>227,031</b>	<b>225,667</b>



**II. CONDENSED CONSOLIDATED BALANCE SHEET**  
**As At 31 December 2009.**

	<b>As at 31 Dec 2009 RM'000</b>	<b>As at 31 Dec 2008 (Audited) RM'000</b>
<b>Non-current liabilities</b>		
Amount due to directors	0	0
Deferred Taxation	17,846	17,847
Hire Purchase obligations	541	1,037
Bank borrowings	21,846	17,070
	<b>40,233</b>	<b>35,954</b>
<b>Current Liabilities</b>		
Trade payables	8,179	13,489
Other payables	54,722	76,300
Provision for liabilities	3,219	3,838
Hire purchase obligations	698	1,441
Bank borrowings	29,323	47,924
Tax Payable	11,892	12,337
	<b>108,033</b>	<b>155,329</b>
<b>Total Liabilities</b>	<b>148,266</b>	<b>191,283</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>375,297</b>	<b>416,950</b>
		-
<b>Net Tangible Assets per RM1.00 sen share (RM)</b>	<b>1.83</b>	<b>1.82</b>

**(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 Twelve Months Period Ended 31 December 2009.**

	← - Attributable to equity holders of the company					->	Minority Interest	Total Equity	
	Share Capital	Share Premium	Reserve on consolidation	Capital Reserve	Retained Losses				Total
	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
<b>At 1 January 2008</b>	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			(661)		-	(661)	0	(661)	
Reversal of retained earnings in relation to the disposal of wholly owned subsidiary					404	404	0	404	
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	
<b>At 1 January 2008(restated)</b>	109,851	92,431	13,464	3,387	(65,698)	153,435	24,157	177,592	
Revaluation surplus:					-	-	-	-	
Freehold land & buildings, office premises				18,047		18,047	-	18,047	
Investment properties				15,463		15,463	-	15,463	
Profit for the year					13,344	13,344	2,661	16,005	
Dividend distributed to Minority Shareholders					-	-	(984)	(984)	
<b>At 31 December 2008</b>	109,851	92,431	13,464	36,897	(52,354)	200,289	25,834	226,123	
<b>At 1 January 2009</b>	109,851	92,431	13,464	36,897	(53,045)	199,598	26,069	225,667	
Profit/(Loss) for the period (cumulative)					1,474	1,474	435	1,909	
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)	
<b>At 31 December 2009</b>	109,851	92,431	13,464	36,897	(51,571)	201,072	25,960	227,032	

**(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 Twelve Months Period Ended 31 December 2009.**

	12 months ended	
	31.12.2009	31.12.2008
	<u>RM'000</u>	<u>RM'000</u>
Net cash used in operating activities	22,935	22,344
Net cash used in investing activities	(3,963)	(4,511)
Net cash generated from financing activities	(15,269)	(13,342)
Net (decrease)/increase in cash and cash equivalents	<u>3,703</u>	<u>4,491</u>
Effects of exchange rate changes	1,668	1,923
Cash and cash equivalents at beginning of financial period	<u>16,946</u>	<u>10,532</u>
Cash and cash equivalents at end of financial period	<u>22,316</u>	<u>16,946</u>

Cash and cash equivalent comprise the following:-

	12 months ended	
	31.12.2009	31.12.2008
	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances	22,316	16,946
Bank Overdraft	-	-
	<u>22,316</u>	<u>16,946</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 31 December 2009.

### **7. Dividends Paid**

There were no dividends declared and paid by the Company for the financial period ended 31 December 2009.

**8. Segment Information**

The segmental analysis of Group operations for the financial period ended 31 December 2009 is as follows:-

**(a). Business Segments**

	<b>12 months ended</b>	
	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>Segment Revenue</b>		
Revenue from continuing operations:		
Timber Extraction	3,584	2,135
Trading of Timber & Other woodbased - Products	147,308	175,509
Manufacturing of sawn timber, mouldings - and sacks paper bags	50,982	103,657
Services and Treatment	25,520	31,293
Others	659	81
Total revenue including inter-company sales	228,053	312,675
Elimination of inter-segment sales	(21,957)	(44,205)
Total revenue from continuing operations	206,096	268,470
Revenue from discontinued operations:	-	-
Total	206,096	268,470
<b>Segment Results</b>		
Results from continuing operations:		
Timber Extraction	1,043	514
Trading of Timber & Other woodbased - Products	(1,491)	2,342
Manufacturing of sawn timber, mouldings - and sacks paper bags	4,307	4,020
Services and Treatment	1,075	35,932
Others	318	(2,039)
Total segment results	5,252	40,769
Eliminations inter company dividend	(870)	(33,510)
Total results from continuing operations	4,382	7,259
Results from discontinued operations:	-	-
Total Segment Results	4,382	7,259
Taxation	(2,473)	9,063
Profit after taxation	1,909	16,322
Minority interest	(435)	(2,978)
Net profit for equity holders of the holding company	1,474	13,344

**(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	12 months ended 31 December 2009					
	Malaysia	Overseas			Eliminations	Group
		Europe	USA	Other Countries		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	86,641	112,791	4,619	2,045	-	206,096
Inter-segment sales	(21,957)	-	-	-	(21,957)	-
Sales	64,684	112,791	4,619	2,045	(21,957)	206,096

Revenue	12 months ended 31 December 2008					
	Malaysia	Overseas			Eliminations	Group
		Europe	USA	Other Countries		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	86,596	168,871	9,048	3,955	-	268,470
Inter-segment sales	(44,205)	-	-	-	(44,205)	-
Sales	42,391	168,871	9,048	3,955	(44,205)	268,470

**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 31 December 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 31 December 2009.

**12. Contingent Liabilities – Unsecured**

As at 31 December 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 RM51,169,051.00 were utilized.





### **13. Capital Commitments**

The total amount of capital commitments approved but not contracted for as at 31 December 2009 was RM6,501,000.00.

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

The Group posted total revenue of RM206.09 million for the twelve months ending 31 December 2009, RM62.38 million or 23% less than the RM268.47 million recorded in the corresponding period last year. All the group's market segments recorded lower turnover except for the Timber Extraction segment and Others segment which improved by RM1.5 million and RM578,000 respectively .

Profit from operations was reduced from RM11.93 million to RM7.72 million in line with lower revenue. Accordingly, Group pre-tax profit dropped to RM4.38 million, compared to RM7.26 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, the Manufacturing of Sawn timber, Mouldings and Sack paper bags segment and the Others segment which increased by RM529,000, RM287,000 and RM2.36 million respectively. 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 fourth quarter of 2009 decreased by RM3.05 million, from RM55.85 million in the third quarter of 2009, to RM52.80 million down by 5%. Three of the Group's market segments registered an increase of RM1.43 million in their turnover but this was offset by the huge decline in turnover recorded by the Trading of Timber and Other wood based Products segment and the Manufacturing of Sawn timber, Mouldings and Sack paper bags segment which declined by RM2.39 million and RM1.91 million respectively.

In line with lower turnover, the group registered a pre-tax profit of RM1.10 million for the fourth quarter of 2009, down by RM385,000 from a pre-tax profit of RM1.49 million recorded in the third quarter of 2009.

### **16. Prospects for Current Financial Year**

Group Performance for the first quarter of year 2010 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:-

	Fourth Quarter		Cumulative 12 months	
	31-Dec 2009	31-Dec 2008	31-Dec 2009	31-Dec 2008
	RM'000	RM'000	RM'000	RM'000
Current taxation	(504)	462	(2,139)	-2,756
(Over)/Under provision in respect of prior years	(334)	(145)	(334)	(145)
Foreign Taxation	-	-	-	-
Deferred Taxation	-	11,964	-	11,964
	(838)	12,281	(2,473)	9,063
Our share of results of associated companies	-	-	-	-
	(838)	12,281	(2,473)	9,063

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 31 December 2009.

**22. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 18 February 2010.

**23. Group Borrowings**

Total Group borrowings as at 31 December 2009 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	21,846
Unsecured	0
	<u>21,846</u>
Short Term Borrowings	
Secured	29,323
Unsecured	0
	<u>29,323</u>
<b>Total Borrowings</b>	<b><u>51,169</u></b>



## 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 18 February 2010, 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 were 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 31 December 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: