



**I. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2010.**

	<u>Individual Quarter</u>		<u>Cummulative Period</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year to date</u>	<u>Preceding Period Ended</u>
	<u>31/03/2010</u>	<u>31/03/2009</u>	<u>31/03/2010</u>	<u>31/03/2009</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Revenue	55,731	53,969	55,731	53,969
Operating expenses excluding depreciation, diminution and amortisation	(54,174)	(50,205)	(54,174)	(50,205)
Other operating income	1,375	1,522	1,375	1,522
<b><i>Profit before depreciation, diminution and amortisation</i></b>	<b>2,932</b>	<b>5,286</b>	<b>2,932</b>	<b>5,286</b>
Depreciation, diminution and amortisation	(1,931)	(2,256)	(1,931)	(2,256)
<b><i>Profit/(Loss) from operations</i></b>	<b>1,001</b>	<b>3,030</b>	<b>1,001</b>	<b>3,030</b>
Finance cost	(741)	(809)	(741)	(809)
Investing Results	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
<b><i>Profit/(Loss) before taxation</i></b>	<b>260</b>	<b>2,221</b>	<b>260</b>	<b>2,221</b>
Taxation	(700)	(1,430)	(700)	(1,430)
<b><i>Profit/(Loss) for the period from continuing operation</i></b>	<b>(441)</b>	<b>791</b>	<b>(441)</b>	<b>791</b>
Other comprehensive income for the period	-	-	-	-
<b><i>Total comprehensive income for the period</i></b>	<b>(441)</b>	<b>791</b>	<b>(441)</b>	<b>791</b>
<b><i>Net Profit/(loss) attributable to :</i></b>				
Owner of the Parent	(876)	965	(876)	965
Non-Controlling Interest	435	(174)	435	(174)
	<b>(441)</b>	<b>791</b>	<b>(441)</b>	<b>791</b>
Earnings/(Loss) per RM1.00 share				
Basic EPS (in sen)	(0.80)	0.88	(0.80)	0.88
Fully diluted EPS ( in 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 2009)**



**II. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010.**

	Unaudited As at 31/3/2010	Audited As at 31/12/2009
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	143,800	144,899
Prepaid lease payments	23,640	23,640
Investment properties	45,590	45,656
Investment in associated company	0	0
Other Investment	500	3,795
	<u>213,530</u>	<u>217,990</u>
<b>Current Assets</b>		
Inventories	87,218	90,039
Trade receivables	38,035	36,009
Other receivables	12,186	11,875
Tax recoverable	6,627	6,610
Deposit with licensed banks	13,182	11,572
Cash and bank balances	6,691	7,305
	<u>163,939</u>	<u>163,410</u>
<b>TOTAL ASSETS</b>	<b><u>377,470</u></b>	<b><u>381,400</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parents</b>		
Share Capital	109,851	109,851
Reserves attributable to capital	142,792	142,792
Retained earnings-profit/(loss)	(51,099)	(50,482)
	<u>201,544</u>	<u>202,161</u>
<b>Non-Controlling Interest</b>	<u>23,236</u>	<u>25,906</u>
<b>Total Equity</b>	<u>224,780</u>	<u>228,067</u>
<b>Non-current liabilities</b>		
Amount due to directors	0	0
Deferred Taxation	15,910	15,910
Hire Purchase obligations	291	453
Bank borrowings	21,295	21,812
	<u>37,495</u>	<u>38,175</u>
<b>Current Liabilities</b>		
Trade payables	8,214	8,316
Other payables	63,549	61,867
Provision for liabilities	3,109	3,163
Hire purchase obligations	707	787
Bank borrowings	27,883	29,356
Tax Payable	11,733	11,669
	<u>115,194</u>	<u>115,158</u>
<b>Total Liabilities</b>	<b><u>152,690</u></b>	<b><u>153,333</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>377,470</u></b>	<b><u>381,400</u></b>
<b>Net Assets per RM1.00 share (RM)</b>	<b><u>1.83</u></b>	<b><u>1.84</u></b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)



**III. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2010.**

	Attributable to equity holders of the company							Total Equity
	Share Capital	Share Premium	Reserve on consolidation	Capital Reserve	Retained Losses	Total	Non- Controlling Interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Period ended 31 March 2010</b>								
Balance as at 01.01.2010	109,851	92,431	13,464	36,897	(50,482)	202,161	25,906	228,067
Prior years adjustments					145	145		145
Total comprehensive income for the period					(762)	(762)	321	(441)
Acquisition of additional equity in a subsidiary			-		-	-	(286)	(286)
Dividend distributed to Non-Controlling Interest					-	-	(2,705)	(2,705)
Balance as at 31.03.2010	109,851	92,431	13,464	36,897	(51,099)	201,544	23,236	224,780
<b>Period ended 31 March 2009</b>								
Balance as at 01.01.2009	109,851	92,431	13,464	36,897	(53,045)	199,598	26,069	225,667
Total comprehensive income for the period					965	965	(174)	791
Dividend distributed to Non-Controlling Interest					-	-	544	544
Balance as at 31.03.2009	109,851	92,431	13,464	36,897	(52,080)	200,563	26,439	227,002

**(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)**



**IV. UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2010.**

	<u>Cummulative Period</u>	
	<u>Current Year to date</u>	<u>Preceding Period Ended</u>
	<u>31/03/2010</u>	<u>31/03/2009</u>
	<u>RM'000</u>	<u>RM'000</u>
Net cash used in operating activities	3,814	24,267
Net cash used in investing activities	33,615	(4,511)
Net cash generated from financing activities	(5,570)	(13,342)
<b><i>Net (decrease)/increase in cash and cash equivalents</i></b>	<b>31,858</b>	<b>6,414</b>
Cash and cash equivalents at beginning of financial period	(11,985)	17,073
<b><i>Cash and cash equivalents at end of the financial period</i></b>	<b><u>19,873</u></b>	<b><u>23,487</u></b>

***Cash and cash equivalent at end of the financial period comprise the following:-***

	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances	19,873	23,487
Bank Overdraft	-	-
	<b><u>19,873</u></b>	<b><u>23,487</u></b>

**(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)**



**PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL STATEMENT.**

**1. Accounting Policies and Methods of Computation**

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 2009.

The significant accounting policies and method of computation adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the following:

(i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 31 March 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs, IC Interpretations which are applicable to its financial statements and relevant to its operations:

FRS 7	Financial Instrument: Disclosures.
FRS 8	Operating Segments.
FRS 101(revised)	Presentation of Financial Statements.
FRS 123(revised)	Borrowing Costs.
FRS 139	Financial Instruments: Recognition and Measurement.
IC Interpretation 10	Impairment and Interim Financial Reporting.
Amendments to FRS 7	Financial Instruments: Disclosures]
Amendments to FRS 8	Operating Segments.
Amendments to FRS127	Consolidated and Separate Financial Statements
Amendments to FRS132	Financial Instruments: Presentation
Amendments to FRS134	Interim Financial Reporting
Amendments to FRS136	Impairment of Assets
Amendments to FRS138	Intangible Assets
Amendments to FRS139	Financial Instruments: Recognition and Measurement

The principal effects of the changes in presentation change in methods of computation and in accounting policies resulting from the adoption of new and revised FRSs, IC Interpretations and Amendments are set out below:

*FRS 101 (revised), Presentation of Financial Statements*

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statement presented consist of statement of financial position, a statement of comprehensive income, a statement of change in equity, a statement cash flow and notes to the financial statements.

The above FRSs, Amendments to FRSs and Interpretations have no significant impact on the financial statements of the Group upon their initial application.



### *FRS 8 Operating Segments*

Prior to the adoption of FRS 8, the Group's segment reporting was based on a primary reporting format of business segments and a secondary reporting format of geographical segments. With the adoption of FRS 8, the Group's segment reporting has been changed to operating segments based on the segment information provided to the Chief Executive Officer and the Board of Directors.

## **2. Auditors' Report On Preceding Annual Financial Statements**

The auditors' report of the audited financial statements for the financial year ended 31 December 2009 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 March 2010.

## **7. Dividends Paid**

There were no dividends declared and paid by the Company for the financial period ended 31 March 2010.



## 8. Segment Information

The Group's segment information for the financial period ended 31 March 2010 is as follows:-

	<u>Cummulative Period</u>	
	Current Year to date <b>31/03/2010</b>	Preceding Period Ended <b>31/03/2009</b>
	<u>RM'000</u>	<u>RM'000</u>
<b>Segment Revenue</b>		
Revenue from continuing operations:		
Timber Extraction	1,339	3,139
Timber Trading	40,339	37,339
Manufacturing	11,803	12,860
Services and Treatment	5,343	7,348
Others	24	24
Total revenue including inter-company sales	<u>58,847</u>	<u>60,710</u>
Elimination of inter-segment sales	<u>(3,116)</u>	<u>(6,741)</u>
Total revenue from continuing operations	<u>55,731</u>	<u>53,969</u>
Revenue from discontinued operations:	-	-
Total	<u>55,731</u>	<u>53,969</u>
<b>Segment Results</b>		
Results from continuing operations:		
Timber Extraction	256	2,091
Timber Trading	168	(101)
Manufacturing	966	(294)
Services and Treatment	(862)	1,224
Others	2,541	66
Total segment results	<u>3,069</u>	<u>2,986</u>
Eliminations inter-company dividend	<u>(2,810)</u>	<u>(765)</u>
Total results from continuing operations	<u>259</u>	<u>2,221</u>
Results from discontinued operations:	-	-
Total Segment Results	<u>259</u>	<u>2,221</u>
Taxation	<u>(700)</u>	<u>(1,430)</u>
Profit/(Loss) for the period from continuing operation	<u>(441)</u>	<u>791</u>
Non-Controlling Interest	<u>435</u>	<u>(174)</u>
Net profit for equity holders of the holding company	<u>(876)</u>	<u>965</u>

## 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 March 2010.

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

There are no material events subsequent to the financial period ended 31 March 2010 that have not been reflected in the related financial statements.



### 11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2010.

### 12. Contingent Liabilities – Unsecured

As at 31 March 2010, 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 RM122,576,482.51, of which an amount of RM48,356,857.00 were utilized.

### 13. Capital Commitments

There are no material capital commitments as at the date of this announcement.

### 14. Related Party Transactions.

The summary of related party transactions for current quarter and cumulative period to date is as follows:-

<u>PERIOD</u>	<u>FROM-TO:</u>	<u>AMOUNT TRANSACTED</u>	
		<u>SALES</u> <u>RM'000</u>	<u>PURCHASE</u> <u>RM'000</u>
Q1 2009	1/01/09-31/03/09	-	-
Q2 2008	1/04/07-30/06/07	-	-
Q3 2009	1/07/09-30/09/09	77	2,423
Q4 2009	1/10/09-31/12/09	22	1,118
Q1 2010	1/01/10-31/03/10	20	3,171
<b>TOTAL</b>	<b>1/07/09-31/03/10</b>	<b>119</b>	<b>6,712</b>
Percentage of amount transacted against amount approved		1%	18%
Approved via shareholders mandate	1/07/09-30/06/10	8,750	37,000
Balance of the approved amount		8,631	30,288
OUTSTANDING FOR :-		Amount due from <u>RM'000</u>	Amount due to <u>RM'000</u>
	31/03/2010	355	1,622

## PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

The Group posted total revenue of RM55.73 million for the three months ending 31 March 2010, RM1.76 million or 3% more than the RM53.97 million recorded in the corresponding period last year. All the group's market segments recorded lower turnover except for the Timber Trading which improved by RM3.0 million. There was also a RM3.63 million reduction in the elimination of inter-segment sales.

Profit from operations was reduced from RM3.03 million to RM1.0 million. Accordingly, Group pre-tax profit dropped to RM260,000, compared to RM2.22 million achieved over the same period last year. Despite higher pre-tax profit recorded by the Timber Trading, Manufacturing and the Others segment





which increased by RM269,000, RM1.26 million and RM2.48 million respectively, there was a corresponding decline in pre-tax profit for the Timber Extraction and Services & Treatment segment, approximately RM1.84 million and RM2.09 million respectively. The decline in the 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 first quarter of 2010 increased by RM2.93 million, from RM52.80 million in the fourth quarter of 2009, to RM55.73 million, up by 6%. Three of the Group's market segments registered an increase of RM2.45 million in their turnover and RM1.94 million reductions in the elimination of inter-company sales. However, this was offset by the decline in turnover recorded by the Services & Treatment segment and the Others segment which declined by RM896,000 and RM563,000 respectively.

Despite registering higher turnover, the group pre-tax profit for the first quarter of 2010 fell to RM259,000 from a pre-tax profit of RM1.10 million recorded in the fourth quarter of 2009.

#### 16. Prospects for Current Financial Year

Group Performance for the second 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:-

	Individual Quarter		Cumulative quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
Current taxation	(700)	(1,430)	(700)	(1,430)
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>(700)</u>	<u>(1,430)</u>	<u>(700)</u>	<u>(1,430)</u>
Our share of results of associated companies	-	-	-	-
	<u>(700)</u>	<u>(1,430)</u>	<u>(700)</u>	<u>(1,430)</u>

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 March 2010.

## 22. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 May 2010.

## 23. Group Borrowings

Total Group borrowings as at 31 March 2010 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	21,295
Unsecured	0
	<u>21,295</u>
Short Term Borrowings	
Secured	27,883
Unsecured	0
	<u>27,883</u>
<b>Total Borrowings</b>	<b><u>49,178</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 20 May 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 for summon no: G/S-MT3-21-220-2004 and summon no: G/S MT3-21-222-2006 was rescheduled to 3 June 2010 and 23 June 2010 respectively.

(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 has been postponed to 23 June 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 March 2010 (2009: 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: 27 May 2010.