



I. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2010.

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Period Ended
	30/06/2010 <u>(RM'000)</u>	30/06/2009 <u>(RM'000)</u>	30/06/2010 <u>(RM'000)</u>	30/06/2009 <u>(RM'000)</u>
Continuing Operations:				
Revenue	52,294	43,480	108,025	97,449
Cost of sales	(49,999)	(44,435)	(106,104)	(96,896)
Gross profit	2,295	(955)	1,921	553
Other operating income	1,447	1,330	2,822	2,852
Finance cost	(697)	(800)	(1,438)	(1,609)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	3,045	(425)	3,304	1,796
Income tax expense	(751)	(179)	(1,451)	(1,609)
Profit for the period from continuing operations	2,294	(604)	1,853	187
Loss from discontinued operation	-	-	-	-
Profit for the period	2,294	(604)	1,853	187
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	2,294	(604)	1,853	187
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	2,369	(652)	1,493	313
- loss from discontinued operations				
Non-Controlling Interest	(75)	48	360	(126)
	2,294	(604)	1,853	187
Total comprehensive income attributable to:				
Owners of the Parent				
Non-Controlling Interest				
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	2.16	(0.59)	1.36	0.28
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 30 JUNE 2010.

	Unaudited As at 30/6/2010 RM'000	Audited As at 31/12/2009 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	149,486	144,899
Prepaid lease payments	23,307	23,640
Investment properties	45,524	45,656
Investment in associated company	0	0
Other Investment	500	3,795
	218,817	217,990
Current Assets		
Inventories	91,342	90,039
Trade receivables	32,569	36,009
Other receivables	11,127	11,875
Tax recoverable	6,671	6,610
Deposit with licensed banks	8,024	11,572
Cash and bank balances	4,451	7,305
	154,184	163,410
TOTAL ASSETS	373,001	381,400
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	109,851	109,851
Reserves attributable to capital	142,792	142,792
Retained earnings-profit/(loss)	(48,844)	(50,482)
	203,799	202,161
Non-Controlling Interest	23,285	25,906
Total Equity	227,084	228,067
Non-current liabilities		
Amount due to directors	0	0
Deferred Taxation	15,910	15,910
Hire Purchase obligations	311	453
Bank borrowings	20,288	21,812
	36,510	38,175
Current Liabilities		
Trade payables	9,744	8,316
Other payables	59,309	61,867
Provision for liabilities	2,990	3,163
Hire purchase obligations	672	787
Bank borrowings	25,703	29,356
Tax Payable	10,990	11,669
	109,407	115,158
Total Liabilities	145,917	153,333
TOTAL EQUITY AND LIABILITIES	373,001	381,400
Net Tangible Assets per RM1.00 sen share (RM)	1.86	1.84

(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 SECOND QUARTER ENDED 30 JUNE 2010.

	Attributable to equity holders of the company						Non-Controlling 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		
Period ended 30 June 2010								
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					1,493	1,493	360	1,853
Acquisition of additional equity in a subsidiary							(286)	(286)
Dividend distributed to Non-Controlling Interest							(2,695)	(2,695)
Balance as at 30.06.2010	109,851	92,431	13,464	36,897	(48,844)	203,799	23,285	227,084
Period ended 30 June 2009								
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					313	313	(126)	187
Dividend distributed to Non-Controlling Interest							(544)	(544)
Balance as at 30.06.2009	109,851	92,431	13,464	36,897	(52,732)	199,911	25,399	225,310

(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 SECOND QUARTER ENDED 30 JUNE 2010.**

	Cumulative Period	
	Current Year to date 30/06/2010 <u>RM'000</u>	Preceding Period Ended 30/06/2009 <u>RM'000</u>
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	3,304	1,796
Adjustments for :		
Depreciation, amortisation and impairment losses	3,740	4,391
Interest income	(121)	(67)
Interest expenses	1,466	1,586
Share of profit in associates	-	
Fair value gain of financial instruments measured at fair	-	
Provision:		
Provision for doubtful debts		
Write back of provision for doubtful debts	(78)	(81)
Write down of inventories	219	-
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(190)	(41)
Asset written off		4
Operating profit before changes in working capital	8,340	7,588
Net change in current assets	9,226	26,477
Net change in current liabilities	5,751	(34,801)
Cash flow from operation	23,317	(736)
Taxes paid	(1,184)	(2,046)
Net Cash Flows From Operating Activities	30,473	4,806
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(532)	(1,045)
Purchase of financial assets	-	-
Proceeds from sale of non-current assets	252	50
Dividends received	2,550	765
Net Cash Used in Investing Activities	2,270	(230)
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	
Proceeds from bank borrowings and other liabilities	-	7,030
Payment for borrowings	(5,318)	(8,282)
Dividends paid on shares	(2,965)	(345)
Net Cash Flows From Financing Activities	(8,283)	(1,597)
<i>Effects of changes in foreign exchange rates</i>	325	605
Net Increase in Cash and Cash Equivalents	24,460	2,979
Cash and Cash Equivalents at the beginning of the year	(11,985)	17,073
Effects of changes in foreign exchange rates	0	0
Cash and Cash Equivalents at end of the period	12,475	20,052
Cash and cash equivalent comprise the following:-		
Bank and cash balances	12,475	20,052
Bank Overdraft	-	-
	12,475	20,052

(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 adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations by the Group with effect from 1 January 2010.

(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 Instruments: Disclosures.
FRS 8	Operating Segments.
FRS 101(revised)	Presentation of Financial Statements.
FRS 123(revised)	Borrowing Costs.
FRS 139	Financial Instruments: Recognition and Measurement.
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events After the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
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
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction



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 30 June 2010.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 June 2010.



8. Segment Information

The Group's segment information for the financial period ended 30 June 2010 is as follows:-

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	30.06.2010	30.06.2009
	<u>RM'000</u>	<u>RM'000</u>
Segment Revenue		
Revenue from continuing operations:		
Timber Extraction	4,650	3,139
Timber Trading	68,745	58,607
Manufacturing	27,210	26,356
Services & Treatment	11,632	13,466
Others	48	48
Total revenue including inter-company sales	112,285	101,616
Elimination of inter-segment sales	(4,260)	(4,167)
Total revenue from continuing operations	108,025	97,449
Revenue from discontinued operations:	-	-
Total	108,025	97,449
Segment Results		
Results from continuing operations:		
Timber Extraction	2,512	2,300
Timber Trading	(11)	(1,788)
Manufacturing	2,058	821
Services & Treatment	(1,390)	484
Others	2,955	744
Total segment results	6,124	2,561
Eliminations inter company dividend	(2,820)	(765)
Total results from continuing operations	3,304	1,796
Results from discontinued operations:	-	-
Total Segment Results	3,304	1,796
Taxation	(1,451)	(1,609)
Profit/(Loss) for the period from continuing operation	1,853	187
Non-Controlling Interest	(360)	126
Net profit for equity holders of the holding company	1,493	313

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 30 June 2010.



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

There are no materials events subsequent to the financial period ended 30 June 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 30 June 2010.

12. Contingent Liabilities – Unsecured

As at 30 June 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 RM45,991,646.00 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>
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
Q2 2010	1/04/10-30/06/10	71	2,129
TOTAL	1/07/09-30/06/10	190	8,841
Percentage of amount transacted against amount approved		2%	24%
Approved via shareholders mandate	1/07/09-30/06/10	8,750	37,000
Balance of the approved amount		8,560	28,097
		Amount due from	Amount due to
OUTSTANDING FOR :-	30/06/2010	RM'000	RM'000
		372	1,662

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

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

The Group posted total revenue of RM108.03 million for the six months ending 30 June 2010, RM10.58 million or 11% more than the RM97.45 million recorded in the corresponding period last year. All the group's market segments recorded higher turnover except for the Services & Treatment segment which deteriorated by RM1.83 million.

The Group pre-tax profit improved from RM1.79 million to RM3.30 million mainly due to better performance and higher pre-tax profit registered by all the group's market segments except for Services & Treatment segment which registered a pre-tax loss of RM1.39 million as compared to a pre-tax profit of RM484,000 recorded in the corresponding period.



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

Total revenue for the second quarter of 2010 decreased by RM3.44 million, from RM55.73 million in the first quarter of 2010, to RM52.29 million, down by 6%. Four of the Group's market segments registered an increase of RM6.53 million in their combined turnover but this was offset by the huge decline in turnover recorded by the Timber Trading segment which declined by RM8.58 million. This was worsened by the high inter-company sales which increased by RM1.39 million, from RM1.44 million in the first quarter to RM2.82 million in the second quarter under review.

Despite registering lower turnover, the group pre-tax profit for the second quarter of 2010 improved significantly by RM2.79 million, to RM3.04 million from RM259,000 recorded in the first quarter of 2010. Three of the Group's market segments recorded an increment of RM3.89 million in their combined pre-tax profit but was offset by the decline in pre-tax profit recorded by the Timber Trading and Others market segments which declined by RM1.28 million.

17. Prospects for Current Financial Year

Group Performance for the third quarter of year 2010 is expected to remain similar to the second quarter of year 2010 as there are no clear indications that the demand for timber and wood-based products will improve significantly in the next quarter. This is because most of the nations in the E.U. which are our main market are still very much affected by the current global recession.

18. Variance of Actual Profit from Forecast Profit

Not applicable.

19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/06/2010 RM'000	30/06/2009 RM'000	30/06/2010 RM'000	30/06/2009 RM'000
Current taxation	(751)	(179)	(1,451)	(1,609)
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>(751)</u>	<u>(179)</u>	<u>(1,451)</u>	<u>(1,609)</u>
Our share of results of associated companies	-	-	-	-
	<u>(751)</u>	<u>(179)</u>	<u>(1,451)</u>	<u>(1,609)</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 30 June 2010.

22. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 August 2010.

23. Group Borrowings

Total Group borrowings as at 30 June 2010 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	20,288
Unsecured	0
	<u>20,288</u>
Short Term Borrowings	
Secured	25,703
Unsecured	0
	<u>25,703</u>
Total Borrowings	<u>45,991</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 August 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 payback 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 was on 23 August 2010. According to our solicitor, the judge has fixed a judgement on this case that the company is required to make full settlement of the amount outstanding as at 3 June 2010 amounting to RM385,837.84 without cost. The company is waiting for the actual written judgement from the court and based on the advice from our solicitor, it will normally take one to two months. Upon receipt of the written judgement from the court; the company shall announce it to the Bursa.

Summon no: G/S MT3-21-222-2006, the hearing that was scheduled on 23 June 2010 was postponed to 1 September 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 that was scheduled on 23 June 2010 was postponed to 1 September 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 June 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: 30 August 2010.