

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
 CONDENSED CONSOLIDATED INCOME STATEMENTS**

	3 months ended		Year to date ended	
	31.12.2006	31.12.2005 (Restated)	31.12.2006	31.12.2005 (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	17,288	16,625	62,649	75,504
Other expenses	(275)	(172)	(485)	(433)
Other income	139	358	577	621
Finance costs	(918)	(478)	(3,001)	(1,630)
(Loss) / Profit before taxation	(2,845)	(436)	(9,658)	3,880
Taxation	480	(271)	470	(1,534)
(Loss) / Profit for the period	(2,365)	(707)	(9,188)	2,346
Attributable to:				
Equity holders of the parent	(2,232)	(686)	(8,919)	2,509
Minority interest	(133)	(21)	(269)	(163)
(Loss) / Profit for the period	(2,365)	(707)	(9,188)	2,346
(Loss) / Earnings per share				
- basic (sen)	(2.79)	(0.86)	(11.15)	3.14
- diluted (sen)	*	*	*	*

* Diluted earnings per ordinary share are not presented for the financial year as there is an anti-dilutive effect on the conversion of all dilutive potential ordinary shares into ordinary shares.

The above Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED
31 DECEMBER 2006
CONDENSED CONSOLIDATED BALANCE SHEETS**

	Group As at 31.12.2006 RM'000	Group As at 31.12.2005 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	58,148	52,169
Investment	1,266	-
Goodwill	3,186	3,184
Deferred tax assets	1,319	727
	63,919	56,080
Current assets		
Inventories	21,369	19,840
Trade and other receivables	26,117	32,215
Tax recoverable	864	276
Fixed deposits with licensed banks	5,457	8,181
Cash and Bank Balances	7,241	4,717
	61,048	65,229
TOTAL ASSETS	124,967	121,309
EQUITY AND LIABILITIES		
Share capital	40,008	40,008
Reserves	2,893	2,892
Retained profits	9,152	18,871
Total capital and reserves attributable to equity holders of the parent	52,053	61,771
Minority interests	3,563	3,833
Total equity	55,616	65,604
Non-current liabilities		
Long-term bank borrowings	18,081	4,152
Hire purchase and lease creditors	754	702
Deferred tax	2,440	2,684
Total non-current liabilities	21,275	7,538
Current liabilities		
Trade and other payables	9,206	11,062
Hire purchase and lease creditors	293	769
Short-term borrowings	36,984	34,842
Current portion of long-term loans	1,207	1,309
Tax liabilities	386	185
Total current liabilities	48,076	48,167
Total liabilities	69,351	55,705
TOTAL EQUITY AND LIABILITIES	124,967	121,309
Net Assets Per Share (RM)	0.65	0.77

The above Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Share premium & other capital reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Sub-total RM'000	Minority interest RM'000	Total RM'000
At 1 January 2006	40,008	2,894	(2)	15,218	58,118	3,833	61,951
Effects of FRS 3 (Note A1(a))	-	-	-	3,653	3,653	-	3,653
Restated balance	40,008	2,894	(2)	18,871	61,771	3,833	65,604
Currency translation differences	-	-	1	-	1	(1)	-
Loss for the period	-	-	-	(8,919)	(8,919)	(269)	(9,188)
Dividend	-	-	-	(800)	(800)	-	(800)
At 31 December 2006	40,008	2,894	(1)	9,152	52,053	3,563	55,616
At 1 January 2005	40,001	2,894	2	13,909	56,806	3,996	60,802
Issue of shares - exercise of share options	7	2	-	-	9	-	9
Listing expenses	-	(2)	-	-	(2)	-	(2)
Currency translation differences	-	-	(4)	-	(4)	-	(4)
Profit for the period	-	-	-	2,509	2,509	(163)	2,346
Dividend	-	-	-	(1,200)	(1,200)	-	(1,200)
At 31 December 2005	40,008	2,894	(2)	15,218	58,118	3,833	61,951

The above Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
 CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	12 months ended	
	31.12.2006	31.12.2005
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(9,658)	3,880
Adjustments for non-cash and non operating items	6,831	5,441
Operating (loss) / profit before working capital changes	(2,827)	9,321
Changes in working capital		
Net changes in current assets	1,073	(4,345)
Net changes in current liabilities	1,040	(4,116)
Taxation paid	(754)	(1,229)
Net cash outflow from operating activities	(1,468)	(369)
Net cash outflow from investing activities	(10,128)	(7,889)
Net cash inflow from financing activities	11,540	11,164
(Decrease) / Increase in cash and cash equivalents	(56)	2,906
Opening cash and cash equivalents	9,040	6,139
Effect of exchange rate changes	(13)	(5)
Closing cash and cash equivalents	8,971	9,040

The above Consolidated Cash flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation and Accounting Policies

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard (FRS) Standard No. 134 - Interim Financial Reporting and paragraph 9.22 and Appendix 9B of The Bursa Malaysia Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005.

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2005 except for the changes arising from the adoption of the following new and revised FRS issued by MASB that are effective for financial year beginning on or after 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets

The adoption of the above standards does not have significant financial impact on the Group except for the following:

a) FRS 3 & FRS 136

The adoption of FRS 3 and FRS 136 has resulted in changes in accounting policy for goodwill and negative goodwill as follows:

- i) Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill arising from acquisition"), after reassessment, is now recognized immediately in profit or loss. Prior to 1 January 2006, negative goodwill was immediately credited to Reserves on Consolidation.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

In accordance with the transitional provisions of FRS 3, the negative goodwill arising from acquisition, which was previously recognised as a Reserve on Consolidation by the Group, has been transferred to the retained earnings as follows:

	As at 1 January 2006 RM'000
Equity attributable to equity holders of the parent	
Reserve on consolidation	(3,653)
Retained profits	3,653
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ii) Prior to 1 January 2006, goodwill was amortized on a straight-line basis over the estimated useful life. With effect from 1 January 2006, in accordance with the provision of FRS 3, the Group ceased amortization of goodwill. From the financial year ending 31 December 2006 onwards, goodwill is tested annually for impairment, including in the year of its initial recognition as well as when there are indications of impairment.

iii) Impairment of goodwill is charged to Consolidated Income Statement as and when it arises and reversal is not allowed.

b) FRS 116

The adoption of FRS 116 has resulted in extension of the accounting policy on property, plant and equipment as follows:

i) The cost of property, plant and equipment includes costs of dismantling, removal and restoration, the obligation incurred as a consequence of installing the assets;

ii) The assets' residual values and useful life are reviewed and adjusted as appropriate at least at each financial year-end;

iii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A2. Auditors' Report

The auditors' report of the preceding annual financial statements for the financial year ended 31 December 2005 was not subject to any audit qualification.

A3. Seasonal/Cyclical Factors

The operations of the Group were not affected by any seasonal or cyclical factors.

A4. Unusual Items

There were no unusual and extraordinary items for the financial period under review.

A5. Changes in Estimates

There were no changes in estimates of amounts reported in the prior financial years which have a material effect in the financial period under review.

A6. Debt or Equity Securities

The total number of unexercised share options as at 31 December 2006 was 11,215,000 and there were no further exercise of any share from 31 December 2006 up to the date of this report.

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review.

A7. Dividend Paid

The Company had on 13 July 2006 paid the first and final Tax Exempt Dividend, in respect of the financial year ended 31 December 2005, of 2% per ordinary share of RM0.50 each amounting to RM800,160.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A8. Segmental Reporting

Segmental information for the financial period ended 31 December 2006:-

Revenue	External RM'000	Inter-segment RM'000	Total RM'000
Trading	37,034	26,361	63,395
Manufacturing	25,615	19,117	44,732
Elimination : Inter-segment Revenue	-	(45,478)	(45,478)
Total revenue	<u>62,649</u>	<u>-</u>	<u>62,649</u>

RESULTS	Total RM'000
Trading	(1,778)
Manufacturing	(3,862)
Others	<u>(1,336)</u>
Loss before taxation	<u>(9,658)</u>
Taxation	<u>470</u>
Loss for the financial period	<u><u>(9,188)</u></u>

A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the preceding annual financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A10. Material Subsequent Events

On 15 January 2007, Emas Kiara Marketing Sdn Bhd, a wholly owned subsidiary company of the Group, acquired 2 ordinary shares of RM1.00 each in Southcorp Technical Textiles Sdn Bhd, representing the entire equity interest, at par for RM2 from an unrelated third party.

A11. Changes in Composition of the Group

During the first quarter ended 31 March 2006, the Group has acquired the entire issued and paid up capital of Southcorp Holdings Sdn Bhd comprising 2 ordinary shares of RM1.00 at par from unrelated third parties.

During the second quarter ended 30 June 2006, the Group has acquired the remaining 400,000 ordinary shares of RM1.00 each representing 40% of the issued and paid up share capital of Advance Technical Fabric Sdn Bhd from Encik Kudus Bin Shoib for a total cash consideration of RM1.00.

A12. Contingent Liabilities

The Company has given corporate guarantees amounting to RM35.96 million to licensed banks for banking facilities granted to certain subsidiary companies. Consequently, the Company is contingently liable for the amount of banking facilities utilized by these subsidiary companies totaling RM13.64 million as at 31 December 2006.

A13. Capital Commitments

No capital commitments as at date of report.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS**

B1. Review of Performance

The Group recorded a 4.0% increased in revenue to RM17.29 million for the current quarter ended 31 December 2006 as compared to previous year corresponding quarter of RM16.63 million. However, the Group registered a loss before tax of RM2.85 million for the current quarter as compared to a loss before taxation of RM0.44 million recorded in fourth quarter 2005.

For the financial period to date under review, the Group revenue decreased by 17.0% to RM62.65 million and registered loss before taxation of RM9.7 million as compared to RM3.9 million profit before taxation in financial year 2005.

B2. Comparison with Preceding Quarter's Results

The Group registered a 7.9% increased in revenue to RM17.29 million for the current quarter as compared to RM16.02 million registered in preceding quarter. The Group registered a loss before taxation for the current quarter of RM2.85 million compared to a loss of RM2.31 million in the preceding quarter.

B3. Prospects

Business condition in FY2006 was highly challenging. However, in view of the projects under the Ninth Malaysia Plan, the demand for the Group's products are expected to improve in financial year 2007.

In view of the above, the Group will continue with its various marketing initiatives and strategies and cost control measures to improve the Group's results.

B4. Profit Forecast

Not applicable for the Group.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

B5. Taxation

	Current Quarter Ended 31.12.2006 RM'000	Cumulative Quarter Ended 31.12.2006 RM'000
Current year taxation		
- in Malaysia	10	140
- outside Malaysia	-	25
In respect of prior year	347	202
Deferred taxation		
- originating / reversal	(741)	(741)
- in respect of prior year	(96)	(96)
	<u>(480)</u>	<u>(470)</u>

The Group's effective tax rate in the current quarter is lower than the statutory rate due to the utilization of brought forward capital allowances, reinvestment allowances and unabsorbed tax losses.

B6. Sale of Investments and/or Properties

There were no profits on sale of investments and/or properties in the current financial quarter and financial year to-date.

B7. Quoted Securities

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

B8. Status of Corporate Proposal

There were no corporate proposals announced but not completed for the period ended 31 December 2006.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

B9. Borrowings

The Group's borrowings as at 31 December 2006 were as follows:

		As at 31.12.2006
		RM'000
Secured		
Short Term borrowings	denominated in Ringgit Malaysia	38,191
Long Term borrowings	denominated in Ringgit Malaysia	18,081
Total		<u>56,272</u>

B10. Off Balance Sheet Financial Instruments

There is no off balance sheet financial instruments as at the date of this announcement.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

B11. Material Litigations

As at the date of this report, the Group is not engaged in any litigation which might materially affect the position of the Group.

B12. Dividend

The Board does not recommend any dividend for the financial quarter under review.

B13. (Loss) / Earnings Per Share

Basic (loss) / earnings per share of the Group is calculated by dividing the net loss for the financial period by the weighted average number of shares in issue during the period.

	<u>3 months ended</u>		<u>12 months ended</u>	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
(Loss) / Profit attributable to equity holders of the parent (RM'000)	(2,232)	(686)	(8,919)	2,509
Weighted average number of shares in issue ('000)	80,016	80,016	80,016	80,016
Basic (loss) / earnings per share (sen)	(2.79)	(0.86)	(11.15)	3.14

* Diluted earnings per ordinary share are not presented for the financial year as there is an anti-dilutive effect on the conversion of all dilutive potential ordinary shares into ordinary shares.