

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
CONDENSED CONSOLIDATED BALANCE SHEETS

	Group As at 30.6.2007 RM'000	Group As at 31.12.2006 audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	57,499	57,966
Investment property	181	182
Investment	1,322	1,326
Goodwill	3,192	3,186
Deferred tax assets	727	727
	62,921	63,387
Current assets		
Inventories	25,712	21,683
Trade and other receivables	34,384	25,785
Tax recoverable	742	881
Fixed deposits with licensed banks	7,568	5,457
Cash and Bank Balances	6,219	7,181
	74,625	60,987
TOTAL ASSETS	137,546	124,374
EQUITY AND LIABILITIES		
Share capital	40,008	40,008
Reserves	2,892	2,893
Retained profits	10,280	9,152
Total capital and reserves attributable to equity holders of the parent	53,180	52,053
Minority interests	3,227	3,563
Total equity	56,407	55,616
Non-current liabilities		
Long-term bank borrowings	17,647	18,120
Hire purchase and lease creditors	584	636
Deferred tax	1,848	1,848
Total non-current liabilities	20,079	20,604
Current liabilities		
Trade and other payables	11,704	9,205
Hire purchase and lease creditors	335	411
Short-term borrowings	47,828	36,984
Current portion of long-term loans	1,042	1,168
Tax liabilities	151	386
Total current liabilities	61,060	48,154
Total liabilities	81,139	68,758
TOTAL EQUITY AND LIABILITIES	137,546	124,374
Net Assets Per Share (RM)	0.66	0.65

The above Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
CONDENSED CONSOLIDATED INCOME STATEMENTS

	3 months ended		Year to date ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM'000	RM'000	RM'000	RM'000
Revenue	27,074	15,104	45,873	29,339
Other expenses	(70)	(27)	(130)	(123)
Other income	421	176	558	248
Finance costs	(1,021)	(743)	(1,974)	(1,300)
Profit / (Loss) before taxation	1,715	(2,694)	792	(4,501)
Taxation	-	119	-	78
Profit / (Loss) for the period	1,715	(2,575)	792	(4,423)
Attributable to:				
Equity holders of the parent	1,868	(2,572)	1,128	(4,388)
Minority interest	(153)	(3)	(336)	(35)
Profit / (Loss) for the period	1,715	(2,575)	792	(4,423)
Earning / (Loss) per share				
- basic (sen)	2.33	(3.22)	1.41	(5.53)
- 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 2006

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	6 months ended	
	30.6.2007	30.06.2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	792	(4,501)
Adjustments for non-cash and non operating items	3,694	2,905
Operating profit / (loss) before working capital changes	4,486	(1,596)
Changes in working capital		
Net changes in current assets	(18,992)	(951)
Net changes in current liabilities	8,660	172
Taxation paid	(96)	(576)
Net cash outflow from operating activities	(5,942)	(2,951)
Net cash (outflow) / inflow from investing activities	(2,110)	(4,924)
Net cash inflow from financing activities	8,653	9,261
(Decrease) / Increase in cash and cash equivalents	601	1,386
Opening cash and cash equivalents	8,485	9,040
Effect of exchange rate changes	(3)	3
Closing cash and cash equivalents	9,083	10,429

The above Consolidated Cash flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
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 2007	40,008	2,894	(2)	9,152	52,052	3,563	55,615
Profit for the period	-	-	-	1,128	1,128	(336)	792
At 30 June 2007	40,008	2,894	(2)	10,280	53,180	3,227	56,407
At 1 January 2006	40,008	2,894	(2)	15,218	58,118	3,832	61,950
Effects of FRS 3	-	-	-	3,653	3,653	-	3,653
Restated balance	40,008	2,894	(2)	18,871	61,771	3,832	65,603
Loss for the period	-	-	-	(4,388)	(4,388)	(32)	(4,420)
At 30 June 2006	40,008	2,894	(2)	14,483	57,383	3,800	61,183

The above Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
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 2006.

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 2006 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 2007.

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the above standards does not have significant financial impact on the Group.

A2. Auditors' Report

The auditors' report of the preceding annual financial statements for the financial year ended 31 December 2006 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A6. Debt or Equity Securities

The total number of unexercised share options as at 30 June 2007 was 10,823,000 and there were no further exercise of any share from 30 June 2007 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

There were no dividends paid during the current quarter.

A8. Segmental Reporting

Segmental information for the financial period ended 30 June 2007:-

Revenue	External RM'000	Inter-segment RM'000	Total RM'000
Trading	28,557	-	28,557
Manufacturing	17,316	31,446	48,762
Elimination : Inter-segment Revenue	-	(31,446)	(31,446)
Total revenue	<u>45,873</u>	<u>-</u>	<u>45,873</u>

RESULTS

	Total RM'000
Trading	930
Manufacturing	(161)
Others	<u>22</u>
Profit before taxation	792
Taxation	<u>-</u>
Loss for the financial period	<u>792</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.

A10. Material Subsequent Events

There were no significant events since the end of the current quarter up to the date of this announcement.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A11. Changes in Composition of the Group

During the second quarter ended 30 June 2007, Emas Kiara Industries Berhad had further invest in Advance Technical Fabric Sdn Bhd ("ATF") its wholly owned subsidiary by the subscription of 4,000,000 ordinary shares of RM1.00 each at par for cash in the share capital of ATF. Upon completion of the allotment, the total paid-up share capital of ATF is now RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each fully paid-up.

A12. Contingent Liabilities

The Company has given corporate guarantees amounting to RM40.96 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 RM15.49 million as at 30 June 2007.

A13. Capital Commitments

No capital commitments as at the date of report.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS**

B1. Review of Performance

The Group recorded a 79% increase in revenue to RM27.07 million for the current quarter ended 30 June 2007 as compared to previous year corresponding quarter of RM15.10 million. The Group registered a profit before tax of RM1.72 million for the current quarter as compared to a loss before taxation of RM2.69 million recorded in second quarter 2006.

B2. Comparison with Preceding Quarter's Results

The Group registered a 44% increase in revenue to RM27.07 million for the current quarter as compared to RM18.80 million registered in preceding quarter. The Group registered a profit before taxation for the current quarter of RM1.72 million compared to a loss of RM0.92 million in the preceding quarter.

B3. Prospects

Business condition further improved during the second quarter and in view of the potential for export and projects under Ninth Malaysia Plan, the demand for the Group's products are expected to continue to improve in the current financial year.

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.

B5. Taxation

There were no provision made for taxation in the current financial quarter under review 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

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 30 June 2007

B9. Borrowings

The Group's borrowings as at 30 June 2007 were as follows:

			As at 30.6.2007 RM'000
Secured			
Short Term borrowings	denominated in Ringgit Malaysia		48,870
Long Term borrowings	denominated in Ringgit Malaysia		17,647
Total			<u>66,517</u>

B10. Off Balance Sheet Financial Instruments

As at the date of this report, the Group had entered into the following outstanding foreign currency contracts to hedge its foreign currencies commitment :-

Currency	Contract Type	Contract Amount FC'000	Contract Period	Outstanding Contract Amount	
				FC'000	RM'000
EURO	Buy	33	10/07/2007 - 18/10/2007	33	155
USD	Sell	215	21/08/2007 - 21/02/2008	215	749
USD	Sell	110	28/06/2007 - 28/09/2007	76	262
USD	Sell	60	03/08/2007 - 05/11/2007	60	207
USD	Sell	100	09/08/2007 - 13/11/2007	100	344
USD	Sell	130	14/08/2007 - 16/11/2007	130	449

The Group does not foresee any significant credit and market risks associated with the above forward exchange contract as it is entered into with approved financial institutions.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

There is no cash requirement for the above forward exchange contract.

The Group is exposed to currency risk as a result of the Group's transactions with trade receivables and payables. The Group uses foreign exchange contracts to hedge certain exposure. These contracts are short-term in nature and as such, the Group does not calculate the difference between the contract rates and the spot rates and therefore do not take up the difference in the Income Statement for the current financial period.

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. Profit/(loss) Per Share

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

	<u>3 months ended</u>		<u>6 months ended</u>	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Profit/(loss) attributable to equity holders of the parent (RM'000)	1,868	(2,572)	1,128	(4,388)
Weighted average number of shares in issue ('000)	80,016	80,016	80,016	80,016
Basic profit/(loss) per share (sen)	2.33	(3.21)	1.41	(5.48)

* 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.