

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

	<b>Group As at 30.9.2007  RM'000</b>	<b>Group As at 31.12.2006 audited RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	59,497	57,966
Investment property	181	182
Investment	1,322	1,326
Goodwill	3,192	3,186
Deferred tax assets	727	727
	64,919	63,387
<b>Current assets</b>		
Inventories	27,832	21,683
Trade and other receivables	37,567	25,785
Tax recoverable	754	881
Fixed deposits with licensed banks	5,978	5,457
Cash and Bank Balances	6,775	7,181
	78,906	60,987
<b>TOTAL ASSETS</b>	143,825	124,374
<b>EQUITY AND LIABILITIES</b>		
Share capital	40,008	40,008
Reserves	2,893	2,893
Retained profits	12,540	9,152
<b>Total capital and reserves attributable to equity holders of the parent</b>	55,441	52,053
Minority interests	3,110	3,563
<b>Total equity</b>	58,551	55,616
<b>Non-current liabilities</b>		
Long-term bank borrowings	17,338	18,120
Hire purchase and lease creditors	1,842	636
Deferred tax	1,848	1,848
<b>Total non-current liabilities</b>	21,028	20,604
<b>Current liabilities</b>		
Trade and other payables	13,538	9,205
Hire purchase and lease creditors	666	411
Short-term borrowings	49,075	36,984
Current portion of long-term loans	967	1,168
Tax liabilities	-	386
<b>Total current liabilities</b>	64,246	48,154
<b>Total liabilities</b>	85,274	68,758
<b>TOTAL EQUITY AND LIABILITIES</b>	143,825	124,374
Net Assets Per Share (RM)	0.69	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 SEPTEMBER 2007**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>3 months ended</b>		<b>Year to date ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	29,052	16,022	74,925	45,361
Other expenses	(28)	(87)	(158)	(210)
Other income	201	190	759	438
Finance costs	(1,093)	(783)	(3,067)	(2,083)
Profit / (Loss) before taxation	2,132	(2,312)	2,924	(6,813)
Taxation	11	(88)	11	(10)
Profit / (Loss) for the period	<b>2,143</b>	<b>(2,400)</b>	<b>2,935</b>	<b>(6,823)</b>
Attributable to:				
Equity holders of the parent	2,260	(2,299)	3,388	(6,687)
Minority interest	(117)	(101)	(453)	(136)
Profit / (Loss) for the period	<b>2,143</b>	<b>(2,400)</b>	<b>2,935</b>	<b>(6,823)</b>
Earning / (Loss) per share				
- basic (sen)	2.82	(2.87)	4.23	(8.36)
- 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 SEPTEMBER 2007**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>9 months ended</b>	
	<b>30.9.2007</b>	<b>30.09.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	2,924	(6,813)
Adjustments for non-cash and non operating items	5,837	4,345
Operating profit / (loss) before working capital changes	8,761	(2,468)
Changes in working capital		
Net changes in current assets	(16,788)	2,464
Net changes in current liabilities	3,034	(1,640)
Taxation paid	(248)	(712)
<b>Net cash outflow from operating activities</b>	<b>(5,241)</b>	<b>(2,356)</b>
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(5,665)</b>	<b>(9,688)</b>
<b>Net cash inflow from financing activities</b>	<b>10,091</b>	<b>10,609</b>
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>(815)</b>	<b>(1,435)</b>
<b>Opening cash and cash equivalents</b>	<b>8,485</b>	<b>9,040</b>
<b>Effect of exchange rate changes</b>	<b>(1)</b>	<b>6</b>
<b>Closing cash and cash equivalents</b>	<b>7,669</b>	<b>7,611</b>

*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 SEPTEMBER 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
<b>At 1 January 2007</b>	40,008	2,895	(2)	9,152	52,053	3,563	55,616
Profit for the period	-	-	-	3,388	3,388	(453)	2,935
<b>At 30 September 2007</b>	40,008	2,895	(2)	12,540	55,441	3,110	58,551
<b>At 1 January 2006</b>	40,008	2,895	(2)	15,218	58,119	3,832	61,951
Effects of FRS 3	-	-	-	3,653	3,653	-	3,653
<b>Restated balance</b>	40,008	2,895	(2)	18,871	61,772	3,832	65,604
Currency translation differ	-	-	3	-	3	-	3
Loss for the period	-	-	-	(6,687)	(6,687)	(136)	(6,823)
Dividend	-	-	-	(800)	(800)	-	(800)
<b>At 30 September 2006</b>	40,008	2,895	1	11,384	54,288	3,696	57,984

*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 SEPTEMBER 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 SEPTEMBER 2007**  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**

A6. Debt or Equity Securities

The total number of unexercised share options as at 30 September 2007 was 11,948,000 and there were no further exercise of any share from 30 September 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 September 2007:-

Revenue	External RM'000	Inter-segment RM'000	Total RM'000
Trading	43,544	-	43,544
Manufacturing	31,381	46,900	78,281
Elimination : Inter-segment Revenue	-	(46,900)	(46,900)
Total revenue	<u>74,925</u>	<u>-</u>	<u>74,925</u>

RESULTS

	Total RM'000
Trading	1,430
Manufacturing	1,418
Others	76
Profit before taxation	<u>2,924</u>
Taxation	11
Loss for the financial period	<u><u>2,935</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.

A10. Material Subsequent Events

There were no material events subsequent to the current quarter ended 30 September 2007 up to the date of this announcement which is likely to substantially affect the results of the operations of the Group.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 RM46.76 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 RM18.25 million as at 30 September 2007.

A13. Capital Commitments

No capital commitments as at the date of report.

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

B1. Review of Performance

The Group recorded 81% increase in revenue to RM29.05 million for the current quarter ended 30 September 2007 as compared to previous year corresponding quarter of RM16.02 million. The Group registered a profit before tax of RM2.13 million for the current quarter as compared to a loss before taxation of RM2.31 million recorded in third quarter 2006.

B2. Comparison with Preceding Quarter's Results

The Group registered a 7% increase in revenue to RM29.05 million for the current quarter as compared to RM27.07 million registered in preceding quarter. The Group registered a profit before taxation for the current quarter of RM2.13 million compared to RM1.72 million in the preceding quarter.

B3. Prospects

Business condition further improved during the third 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 SEPTEMBER 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

Proposed Private Placement

On 2 November 2007, the Company announced a proposed private placement of up to 10% of the Company's issued and paid-up share capital. The approval from the Securities Commission has been obtained vide its letter dated 9 November 2007.

This proposal is pending implementation.

B9. Borrowings

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

				As at 30.9.2007
				RM'000
Secured				
Short Term borrowings		denominated in Ringgit Malaysia		50,042
Short Term - Hire purchase and lease creditor		denominated in Ringgit Malaysia		666
Long Term borrowings		denominated in Ringgit Malaysia		17,338
Long Term - Hire Purchase and lease creditor		denominated in Ringgit Malaysia		1,842
Total				<u>69,888</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
USD	Sell	215	21/08/2007 - 21/02/2008	215	749
USD	Sell	160	23/08/2007 - 27/11/2007	122	423
USD	Sell	73	17/09/2007 - 19/12/2007	73	253
USD	Buy	333	02/11/2007 - 02/01/2008	267	894

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

USD	Buy	1240	01/11/2007 - 28/02/2007	1240	4152
-----	-----	------	-------------------------	------	------

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.

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>9 months ended</u>	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Profit/(loss) attributable to equity holders of the parent (RM'000)	2,260	(2,299)	3,388	(6,687)
Weighted average number of shares in issue ('000)	80,016	80,016	80,016	80,016
Basic profit/(loss) per share (sen)	2.82	(2.87)	4.23	(8.36)

\* 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.