

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Group As at 30.06.2010 RM'000	Group As at 31.12.2009 Audited RM'000
ASSETS		
Property, plant and equipment	71,035	69,484
Investment property	169	171
Goodwill	3,103	3,103
Long Term Receivables	847	-
Deferred tax assets	99	99
	75,253	72,857
Current assets		
Inventories	40,017	31,908
Trade and other receivables	83,932	70,039
Current tax asset	117	117
Derivative financial asset	4	-
Fixed deposits with licensed banks	13,804	11,378
Cash and Bank Balances	5,237	17,138
	143,111	130,580
Asset Held for Sale	576	11,906
	143,687	142,486
TOTAL ASSETS	218,940	215,343
EQUITY AND LIABILITIES		
Share capital	42,008	42,008
Reserve	1,876	2,254
Retained profits	37,189	33,281
Total capital and reserves attributable to equity holders of the parent	81,073	77,543
Minority interests	768	1,016
Total equity	81,841	78,559
Non-current liabilities		
Borrowings	19,459	19,782
Deferred tax liabilities	3,323	3,634
Total non-current liabilities	22,782	23,416
Current liabilities		
Trade and other payables	46,359	48,808
Borrowings	66,568	63,306
Liabilities for company held for sale	-	92
Derivative financial liabilities	17	-
Current Tax liabilities	1,373	1,162
Total current liabilities	114,317	113,368
Total liabilities	137,099	136,784
TOTAL EQUITY AND LIABILITIES	218,940	215,343
Net Assets Per Share (RM)	0.96	0.92

The Condensed Consolidate Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		Year to date ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	52,578	23,452	109,894	52,308
Operating expenses	(49,847)	(21,814)	(104,063)	(47,764)
Other income	1,794	531	2,631	951
Finance costs	(1,352)	(1,213)	(2,690)	(2,443)
Profit before taxation	3,173	956	5,772	3,052
Taxation	(373)	(278)	(517)	(526)
Profit for the period	2,800	678	5,255	2,526
Comprehensive Income :				
Translation of foreign operations	8	-	(546)	-
Total comprehensive income for the period	2,808	678	4,709	2,526
Profit for the period attributable to:				
Equity holders of the parent	2,798	829	5,257	2,833
Non controlling interests	2	(151)	(2)	(307)
	2,800	678	5,255	2,526
Total comprehensive income attributable to:				
Equity holders of the parent	8	-	(546)	-
Non controlling interests	-	-	-	-
	2,808	678	4,709	2,526
Earning per share				
- basic (sen)	3.33	0.99	6.26	3.37
- diluted (sen)	2.97	na	5.57	na

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended	
	30.06.2010	30.06.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,772	3,053
Adjustments for non-cash and non operating items	5,078	5,675
Operating profit before working capital changes	10,850	8,728
Changes in working capital		
Net changes in current assets	(25,522)	(8,962)
Net changes in current liabilities	4,395	17,953
Taxation paid	(471)	(682)
Net cash (outflow)/inflow from operating activities	(10,748)	17,037
Net cash inflow/(outflow) from investing activities	8,447	(6,605)
Net cash inflow/(outflow) from financing activities	708	(8,058)
(Decrease)/increase in cash and cash equivalents	(1,593)	2,374
Opening cash and cash equivalents	16,418	22,089
Effect of exchange rate changes	(511)	4
Closing cash and cash equivalents	14,314	24,467

The above Condensed Consolidated Cash flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share Capital RM'000	Share Premium RM'000	Capital Reserve	Share Option Reserve	Translation reserve RM'000	Retained profits RM'000	Sub-total RM'000	Non Controlling interest RM'000	Total RM'000
At 31 December 2009	42,008	2,890	4	-	(640)	33,280	77,542	1,017	78,559
Effect from adoption of FRS 139	-	-	-	-	-	(88)	(88)	-	(88)
At 1 January 2010 (restated)	42,008	2,890	4	-	(640)	33,192	77,454	1,017	78,471
Profit for the period	-	-	-	-	-	5,257	5,257	(2)	5,255
Comprehensive income for the period	-	-	-	-	(546)	-	(546)	-	(546)
Recognition of Share Option Expenses	-	-	-	168	-	-	168	-	168
Effect from disposal of subsidiary	-	-	-	-	-	-	-	(247)	(247)
Dividend	-	-	-	-	-	(1,260)	(1,260)	-	(1,260)
At 30 June 2010	42,008	2,890	4	168	(1,186)	37,189	81,073	768	81,841
At 1 January 2009	42,008	2,890	4	-	(271)	24,940	69,571	2,423	71,994
Currency translation differences	-	-	-	-	(369)	-	(369)	(27)	(396)
Loss recognised directly in equity	-	-	-	-	(369)	-	(369)	(27)	(396)
Profit for the period	-	-	-	-	-	9,545	9,545	(1,520)	8,025
Total recognised income & expense for the financial year	-	-	-	-	(369)	9,545	9,176	(1,547)	7,629
Change in equity interest in a subsidiary	-	-	-	-	-	55	55	141	196
Dividend	-	-	-	-	-	(1,260)	(1,260)	-	(1,260)
At 31 December 2009	42,008	2,890	4	-	(640)	33,280	77,542	1,017	78,559

The above Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
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 2009.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009 except for the adoption of the following new / revised Financial Reporting Standard ("FRS") applicable to the Group, effective for the financial period beginning 1 January 2010:

FRS 7	Financial Instrument: Disclosure
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statement (revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instrument: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standard
Amendment to FRS 2	Share based payment - Vesting Condition and Cancellations
Amendment to FRS 7	Financial Instrument: Disclosure

The adoption of the new FRS does not have significant impact on the interim financial report of the Group, except as presented below:-

(a) FRS 139: Financial Instrument: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of financial instruments. A financial instrument is recognised in the financial statement when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investment and available for sale financial assets.

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings and other liabilities which include financial guarantee contracts.

Derivatives

Derivative contracts are initially recognised at fair value on the date of the derivative contract entered into and subsequently re-measured at fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship. Derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
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 2009 was not subject to any audit qualification.

A3. Seasonal/Cyclical Factors

The operations of the Group were not materially 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

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.

The Company had paid a first and final tax exempt dividend of 3% per ordinary share for the financial year ended 31 December 2009 on 26 July 2010.

A8. Segmental Reporting

Segmental information for the financial period ended 30 June 2010:-

Revenue	External RM'000	Inter-segment RM'000	Total RM'000
Trading	102,756		102,756
Manufacturing	7,138	53,557	60,695
Elimination : Inter-segment Revenue	-	(53,557)	(53,557)
Total revenue	109,894	-	109,894

RESULTS		Total RM'000
Trading	0	1,394
Manufacturing		4,720
Others		(342)
Profit before taxation		5,772
Taxation		(517)
Profit for the financial period		5,255

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward from the preceding annual financial statements less accumulated depreciation and impairment losses.

A10. Material Subsequent Events

There were no material events subsequent to the current quarter ended 30 June 2010 up to the date of this announcement which is likely to substantially affect the results of the operations of the Group.

A11. Changes in Composition of the Group

On 2 March 2010, the Group has disposed off its legal capital contribution in Emas Kiara Vietnam Joint Venture Company and effectively ceased to be a subsidiary of the Group.

On 15 April 2010, the Company has completed the acquisition of the remaining 33% equity interest in Fibre Innovation Technology Sdn Bhd ("FIT"). FIT is now a wholly owned subsidiary of the Group.

A12. Contingent Liabilities

The Company has given corporate guarantees amounting to RM82.26 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 RM41.24 million as at 30 June 2010.

A13. Capital Commitments

		RM'000
Capital Expenditure	: Plant and Equipment	
	Approved and contracted for	<u>981</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded 124% increase in revenue to RM52.6 million for the current quarter ended 30 June 2010 as compared to previous year corresponding quarter of RM23.5 million. The Group registered a profit before tax of RM3.17 million for the current quarter as compared to profit before taxation of RM0.96 million recorded in second quarter of 2009.

The increase in revenue registered during the current quarter was due to higher revenue registered from the domestic market.

B2. Comparison with Preceding Quarter's Results

The Group registered 8.3% decrease in revenue to RM52.6 million for the current quarter as compared to RM57.3 million registered in preceding quarter. The Group registered a profit before taxation for the current quarter of RM3.17 million as compared to RM2.6 million in the preceding quarter.

The lower profit before taxation for the first quarter was mainly due to unexpected additional costs incurred for an overseas project during the first quarter. For the current financial quarter, the Group has also made impairment on machineries totalling RM1.44 million.

B3. Prospects

In view of potential for exports and global emphasis on the environment, interest in the Group's environmental engineering products and services are expected to continue in financial year 2010. In spite of challenging conditions, the Group is expected to continue and be able to maintain its performance this financial year.

B4. Profit Forecast

Not applicable for the Group.

B5. Taxation

	Year Ended 30.06.2010 RM '000	Year Ended 30.06.2009 RM '000
Current Year Taxation		
- in Malaysia	703	501
In respect of prior year	126	25
Deferred Taxation		
- originating / reversal	(312)	-
	<u>517</u>	<u>526</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
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B6. Sale of Investments and/or Properties

The Group's subsidiary companies, Khidmat Edar (M) Sdn Bhd ("KESB") and Fibre Innovation Technology Sdn Bhd ("FIT"), have on 19 October 2009 entered into two separate Sale and Purchase Agreements with Carpets International Malaysia Manufacturing Sdn Bhd to dispose off two factories in Rawang, Selangor for a total consideration of RM9 million. These properties were classified as Asset Held For Sale in the Group's audited financial statements for the year ended 31 December 2009. In 2009, the Group recognised an impairment charge of RM195,463 for FIT's factory, representing the difference between its carrying value then and the consideration. The disposals of both factories were completed during the first financial quarter. The Group registered a gain of RM290,064 from the disposal of KESB's factory.

The Group has on 2 March 2010 disposed off its equity interest in Emas Kiara Vietnam Joint Venture Company for a total cash consideration of USD280,000. This disposal has resulted in a loss of RM15,596 registered during the first financial quarter.

B7. Quoted Securities

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

B8. Status of Corporate Proposal

There was no corporate proposal announced but not completed for the period ended 30 June 2010.

B9. Borrowings

The Group's borrowings as at 30 June 2010 were as follows:

		As at 30.06.2010 RM'000
Secured		
Short Term borrowings	denominated in Ringgit Malaysia	64,104
Short Term - Hire purchase	denominated in Ringgit Malaysia	2,464
Long Term borrowings	denominated in Ringgit Malaysia	14,861
Long Term - Hire Purchase	denominated in Ringgit Malaysia	4,599
Total		<u>86,028</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

B10. Off Balance Sheet Financial Instruments

Derivative Contracts

As at 30 June 2010, the foreign currency contracts which have been entered into by the Group to manage its exposure to foreign exchange rate risk are as follows:

Forward Currency Contract	Contract Value (RM'000)	Fair Value (RM'000)
US Dollar (Buy Contract) - Less than 1 year	322	324
US Dollar (Sell Contract) - Less than 1 year	1,882	1,890
EURO (Buy Contract) - Less than 1 year	469	460
EURO (Sell Contract) - Less than 1 year	26	24
TOTAL	2,699	2,698

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 trade receivables and payables in foreign currencies. The Group enters into foreign exchange contract when there is a need to hedge certain exposure. These contracts are typically of short-term nature.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S
LISTING REQUIREMENTS

B13. Earnings 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>Year to date ended</u>	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
Profit/(loss) attributable to equity holders of the parent (RM'000)	2,798	829	5,257	2,833
Weighted average number of shares in issue ('000)	84,016	84,016	84,016	84,016
Weighted average number of share deemed to have issued on ESOS grant date ('000)	10,323	-	10,323	-
Weighted average number of share for diluted earnings per share ('000)	94,339	84,016	94,339	84,016
Basic earnings per ordinary share (sen)	3.33	0.99	6.26	3.37
Diluted earnings per ordinary share (sen)	2.97	na	5.57	na