

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

	Group As at 30.09.2010 RM'000	Group As at 31.12.2009 Audited RM'000
ASSETS		
Property, plant and equipment	70,937	69,484
Investment property	168	171
Goodwill	3,103	3,103
Long Term Receivables	2,088	-
Deferred tax assets	99	99
	76,395	72,857
Current assets		
Inventories	38,906	31,908
Trade and other receivables	77,617	70,039
Current tax asset	271	117
Derivative financial asset	73	-
Fixed deposits with licensed banks	12,693	11,378
Cash and Bank Balances	6,050	17,138
	135,610	130,580
Asset Held for Sale	576	11,906
	136,186	142,486
TOTAL ASSETS	212,581	215,343
EQUITY AND LIABILITIES		
Share capital	42,113	42,008
Reserve	1,886	2,254
Retained profits	38,236	33,281
Total capital and reserves attributable to equity holders of the parent	82,235	77,543
Minority interests	754	1,016
Total equity	82,989	78,559
Non-current liabilities		
Borrowings	20,007	19,782
Deferred tax liabilities	3,472	3,634
Total non-current liabilities	23,479	23,416
Current liabilities		
Trade and other payables	40,221	48,808
Borrowings	64,953	63,306
Liabilities for company held for sale	-	92
Derivative financial liabilities	1	-
Current Tax liabilities	938	1,162
Total current liabilities	106,113	113,368
Total liabilities	129,592	136,784
TOTAL EQUITY AND LIABILITIES	212,581	215,343
Net Assets Per Share (RM)	0.98	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 SEPTEMBER 2010
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended		Year to date ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	33,566	28,203	143,460	80,511
Operating expenses	(31,587)	(23,386)	(135,650)	(71,149)
Other income	856	519	3,487	1,470
Finance costs	(1,286)	(1,142)	(3,976)	(3,585)
Profit before taxation	1,549	4,194	7,321	7,247
Taxation	(516)	(429)	(1,033)	(955)
Profit for the period	1,033	3,765	6,288	6,292
Comprehensive Income :				
Translation of foreign operations	10	-	(536)	-
Total comprehensive income for the period	1,043	3,765	5,752	6,292
Profit for the period attributable to:				
Equity holders of the parent	1,047	3,909	6,304	6,742
Non controlling interests	(14)	(144)	(16)	(450)
	1,033	3,765	6,288	6,292
Total comprehensive income attributable to:				
Equity holders of the parent	10	-	(536)	-
Non controlling interests	-	-	-	-
	1,043	3,765	5,752	6,292
Earning per share				
- basic (sen)	1.23	4.65	7.50	8.02
- diluted (sen)	1.08	na	6.64	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 SEPTEMBER 2010
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended	
	30.09.2010	30.09.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,321	7,247
Adjustments for non-cash and non operating items	8,197	8,440
Operating profit before working capital changes	15,518	15,687
Changes in working capital		
Net changes in current assets	(20,241)	(19,489)
Net changes in current liabilities	(1,531)	15,518
Taxation paid	(1,344)	(1,211)
Net cash (outflow)/inflow from operating activities	(7,598)	10,505
Net cash inflow/(outflow) from investing activities	9,586	(6,133)
Net cash outflow from financing activities	(3,170)	(9,115)
Decrease in cash and cash equivalents	(1,182)	(4,743)
Opening cash and cash equivalents	16,418	22,089
Effect of exchange rate changes	(518)	8
Closing cash and cash equivalents	14,718	17,354

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 SEPTEMBER 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	-	-	-	-	-	6,304	6,304	(16)	6,288
Comprehensive income for the period	-	-	-	-	(536)	-	(536)	-	(536)
Recognition of Share Option Expenses	-	-	-	168	-	-	168	-	168
Effect from disposal of subsidiary	-	-	-	-	-	-	-	(247)	(247)
Dividend	-	-	-	-	-	(1,260)	(1,260)	-	(1,260)
Issue of shares	105	-	-	-	-	-	105	-	105
At 30 September 2010	42,113	2,890	4	168	(1,176)	38,236	82,235	754	82,989
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 SEPTEMBER 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 SEPTEMBER 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

During the current financial period, the Company has increased its issued and paid up share capital from RM42,008,000 to RM42,112,750 by the allotment of 209,500 ordinary shares of RM0.50 pertaining to the exercise of 209,500 options under the Employees' Share Option Scheme.

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

A7. Dividend Paid

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 September 2010:-

Revenue	External RM'000	Inter-segment RM'000	Total RM'000
Trading	128,064		128,064
Manufacturing	15,396	65,924	81,320
Elimination : Inter-segment Revenue	-	(65,924)	(65,924)
Total revenue	143,460	-	143,460
RESULTS			Total RM'000
Trading	0		2,875
Manufacturing			5,135
Others			(688)
Profit before taxation			7,322
Taxation			(1,033)
Profit for the financial period			6,289

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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

Other than the Proposal Disposal as disclosed under Note B8, there were no material events subsequent to the current quarter ended 30 September 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 RM86.11 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 RM39.57 million as at 30 September 2010.

A13. Capital Commitments

		RM'000
Capital Expenditure	: Plant and Equipment	
	Approved and contracted for	<u>413</u>

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

B1. Review of Performance

The Group recorded 19% increase in revenue to RM33.6 million for the current quarter ended 30 September 2010 as compared to previous year corresponding quarter of RM28.2 million. The Group registered a profit before tax of RM1.55 million for the current quarter as compared to profit before taxation of RM4.19 million recorded in third quarter of 2009.

The increase in revenue registered during the current quarter was due to higher revenue registered from the domestic market. However the Group registered lower profit before taxation for the current quarter mainly due to lower margin arising from product sale mix.

B2. Comparison with Preceding Quarter's Results

The Group registered 36.2% decrease in revenue to RM33.6 million for the current quarter as compared to RM52.6 million registered in preceding quarter. The Group registered a profit before taxation for the current quarter of RM1.55 million as compared to RM3.17 million in the preceding quarter.

During the current quarter, the Group registered lower revenue from domestic markets as compared to preceding quarter. The lower profit before taxation for the current quarter was mainly due to lower revenue registered.

B3. Prospects

In view of the Proposed Disposal as disclosed in Note B8 below, which is currently pending completion, the Group will continue with its business operation and is expected to continue registering positive results.

B4. Profit Forecast

Not applicable for the Group.

B5. Taxation

	Year Ended 30.09.2010 RM '000	Year Ended 30.09.2009 RM '000
Current Year Taxation		
- in Malaysia	893	977
In respect of prior year	347	(22)
Deferred Taxation		
- originating / reversal	(163)	-
	<u>1,033</u>	<u>955</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 SEPTEMBER 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

The Company and its relevant subsidiaries had on 10 November 2010 entered into a Sale and Purchase Agreement with Tencate Geosynthetics Asia Sdn Bhd ("Purchaser") to divest their geosynthetic manufacturing business comprising land and buildings, plant and machinery, equipment, spareparts, intellectual property rights, and goodwill for a total cash consideration of RM100 million. Upon completion of the Proposed Disposal, Emas Kiara and the Vendors shall retain their business related to installation and engineering services of the products. On the same day, the following agreements were also entered into:

- i) a Distributor Agreement where the Purchaser appoints Emas Kiara Marketing Sdn Bhd ("EKMSB"), Kiaratex Exports Pte Ltd and Raswill Representative Pte Ltd to jointly act as the exclusive distributors of the Products in the Northeast Indian states of Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura for a period of seven (7) years.
- ii) a Supply Agreement between EKMSB and the Purchaser where EKMSB agrees to purchase geosynthetic products exclusively from the Purchaser for period of seven (7) years.

The Proposed Disposal is subject to the following approvals, which are currently pending:

- i) the issuance of manufacturing licences (without any equity conditions and which unconditionally allows one hundred percent (100%) foreign ownership of the Purchaser) from the Ministry of International Trade and Industry ("MITI") issued in favour of the Purchaser for carrying on of business using the assets purchased;
- ii) the approvals of Tenaga Nasional Berhad for the sale and transfer of the Properties to the Purchaser;
- iii) the approval of the shareholders of the Company;
- iv) the approval of any other relevant authorities.

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

B9. Borrowings

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

		As at 30.09.2010 RM'000
Secured		
Short Term borrowings	denominated in Ringgit Malaysia	62,219
Short Term - Hire purchase	denominated in Ringgit Malaysia	2,733
Long Term borrowings	denominated in Ringgit Malaysia	15,133
Long Term - Hire Purchase	denominated in Ringgit Malaysia	4,876
Total		<u><u>84,961</u></u>

B10. Off Balance Sheet Financial Instruments

Derivative Contracts

As at 30 September 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	290	289
US Dollar (Sell Contract) - Less than 1 year	2,322	2,249
TOTAL	2,612	2,538

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.

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

B12. Dividend

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

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>	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
Profit/(loss) attributable to equity holders of the parent (RM'000)	1,047	3,909	6,304	6,742
Weighted average number of shares in issue ('000)	84,944	84,016	84,021	84,016
Weighted average number of share deemed to have issued on ESOS grant date ('000)	12,058	-	10,865	-
Weighted average number of share for diluted earnings per share ('000)	97,002	84,016	94,886	84,016
Basic earnings per ordinary share (sen)	1.23	4.65	7.50	8.02
Diluted earnings per ordinary share (sen)	1.08	na	6.64	na