

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2010
(The figures have not been audited)

| | Individual Quarter | | Cumulative Quarter | |
|--|---|---|---|---|
| | Current Year Quarter 30.06.10 RM'000 | Preceding Year Corresponding Period 30.06.09 RM'000 | Current Year To Date 30.06.10 RM'000 | Preceding Year Corresponding Period 30.06.09 RM'000 |
| Revenue | 27,712 | 31,391 | 55,461 | 57,263 |
| Cost of sales | (23,704) | (26,803) | (46,453) | (47,533) |
| Gross profit | <u>4,008</u> | <u>4,588</u> | <u>9,008</u> | <u>9,730</u> |
| Operating expenses | (3,166) | (3,780) | (7,589) | (7,688) |
| Other operating income | 86 | 142 | 689 | 335 |
| Profit from operations | <u>928</u> | <u>950</u> | <u>2,108</u> | <u>2,377</u> |
| Finance cost | (869) | (889) | (1,872) | (1,801) |
| Profit before tax | <u>59</u> | <u>61</u> | <u>236</u> | <u>576</u> |
| Taxation | - | (5) | - | (49) |
| Profit after tax | <u>59</u> | <u>56</u> | <u>236</u> | <u>527</u> |
| Minority interest | - | - | - | - |
| Net profit for the period | <u><u>59</u></u> | <u><u>56</u></u> | <u><u>236</u></u> | <u><u>527</u></u> |
| OTHER COMPREHENSIVE INCOME | | | | |
| AVAILABLE-FOR -SALE INVESTMENT | | | | |
| Profit / (Loss) arising during the period | <u>2</u> | | <u>(6)</u> | |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u><u>61</u></u> | <u><u>56</u></u> | <u><u>230</u></u> | <u><u>527</u></u> |
| Weighted average number of shares ('000s) | <u>264,000</u> | <u>264,000</u> | <u>264,000</u> | <u>264,000</u> |
| Earning per share (sen) | | | | |
| - Basic | <u>0.02</u> | <u>0.02</u> | <u>0.09</u> | <u>0.20</u> |
| - Diluted | <u>0.02</u> | <u>0.02</u> | <u>0.09</u> | <u>0.20</u> |

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2010
(The figures have not been audited)

| | As At End Of Current Quarter 30-06-2010 RM'000 | As At Preceding Financial Year End 31.12.09 RM'000 |
|---|--|--|
| Non-current assets | | |
| Property, plant and equipment | 162,756 | 166,643 |
| Prepaid land lease payments | 16,036 | 16,103 |
| Investment properties | 15,775 | 15,775 |
| | <u>194,567</u> | <u>198,521</u> |
| Current assets | | |
| Inventories | 27,776 | 27,276 |
| Trade and other receivables | 33,420 | 33,823 |
| Tax refundable | - | 221 |
| Marketable security | 5,124 | 10,040 |
| Cash, deposit and bank balances | 628 | 609 |
| | <u>66,948</u> | <u>71,969</u> |
| Current liabilities | | |
| Borrowings | 26,975 | 31,542 |
| Bank overdraft | 1,607 | 1,375 |
| Trade and other payable | 11,558 | 14,194 |
| Provision for taxation | 48 | 162 |
| | <u>40,188</u> | <u>47,273</u> |
| Net current assets | 26,760 | 24,696 |
| | <u>221,327</u> | <u>223,217</u> |
| Financed by: | | |
| Capital and reserves | | |
| Share capital | 132,000 | 132,000 |
| Reserves | 47,072 | 46,842 |
| Shareholders' funds | <u>179,072</u> | <u>178,842</u> |
| Non-current liabilities | | |
| Long term borrowings | 32,414 | 34,534 |
| Deferred Tax Liability | 9,841 | 9,841 |
| | <u>221,327</u> | <u>223,217</u> |
| Net Tangible Assets per share attributable to ordinary equity holders of the parent (RM) | <u>0.68</u> | <u>0.68</u> |

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2010**
(The figures have not been audited)

| | Share Capital RM'000 | Distributable Retained Profit RM'000 | ← Share Premium RM'000 | Non-Distributable Revaluation reserve | Fair value reserve RM'000 | → Total RM'000 |
|---|----------------------------|---|------------------------------|---|---------------------------------|----------------------|
| Balance as at 1 January 2009 | 132,000 | 40,841 | 185 | 5,475 | | 178,501 |
| Revaluation increase | | | | | - | - |
| Tax effect thereon | | | | | - | - |
| Net profit not recognized in income statement | - | - | - | - | - | - |
| Revaluation decrease which reverses the previous increase | | | | | - | - |
| Tax effect thereon | | | | | - | - |
| Expenses on right issue written off | | | - | | | - |
| Net loss not recognized in income statement | - | - | - | - | - | - |
| Issue of ordinary share on right issue | - | | | | | - |
| Net profit for the financial year | | 339 | | | 2 | 341 |
| Balance as at 31 December 2009 | 132,000 | 41,180 | 185 | 5,475 | 2 | 178,842 |
| Net profit for the financial period | - | 236 | - | - | (6) | 230 |
| Balance as at 30 June 2010 | 132,000 | 41,416 | 185 | 5,475 | (4) | 179,072 |

The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 JUNE 2010
 (The figures have not been audited)

| | Cumulative Current Year Quarter 30.06.10 RM'000 | Cumulative Preceding Year Period 31.12.09 RM'000 |
|---|---|--|
| Net cash inflow from operating activities | 1,335 | 1,938 |
| Net cash (outflow) from investing activities | 4,918 | (25,322) |
| Net cash (outflow) from financing activities | (2,296) | (945) |
| Net increase/(decrease) in cash and cash equivalents | <u>3,957</u> | <u>(24,329)</u> |
| Cash and bank balances as at 1 January 2010 | (4,936) | 23,548 |
| Cash and bank balances as at 30 June 2010 | <u><u>(979)</u></u> | <u><u>(781)</u></u> |
| <u>Reconciliation :</u> | | |
| Fixed deposit with a licensed bank | - | - |
| Cash and bank balances | 628 | 594 |
| Bank overdrafts | (1,607) | (1,375) |
| Cash and bank balances as at 30 June 2010 | <u><u>(979)</u></u> | <u><u>(781)</u></u> |

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PART A: EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134 REQUIREMENTS

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 December 2009.

A2. Changes In Accounting Policies

Except as described below, the significant accounting policies adopted are consistent with those of the audited financial statement financial statement for the year ended 31 December 2009. The following FRSs, IC Interpretations and amendments are relevant to the Group's operation and effective for the financial period beginning on or after 1 January 2010.

| FRSs / IC Interpretations | Effective date |
|---|----------------|
| <i>FRS 4 Insurance Contracts</i> | 1 January 2010 |
| <i>FRS 7 Financial Instruments: Disclosures</i> | 1 January 2010 |
| <i>FRS 8 Operating Segments</i> | 1 July 2009 |
| <i>Revised FRS 101 (2009) Presentation of Financial Statements</i> | 1 January 2010 |
| <i>Revised FRS 123 (2009) Borrowing Costs</i> | 1 January 2010 |
| <i>Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement</i> | 1 January 2010 |
| <i>Amendments to FRS 7: FRS 139 and IC Interpretation 9</i> | 1 January 2010 |
| <i>IC Interpretation 9: Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| <i>IC Interpretation 10: Interim Financial Reporting and Impairment</i> | 1 January 2010 |
| <i>Annual Improvements to FRSs (2009)</i> | 1 January 2010 |
| <i>FRS 1 First-time Adoption of Financial Reporting Standards</i> | 1 July 2010 |
| <i>FRS 3 Business Combination (revised)</i> | 1 July 2010 |
| <i>FRS 127: Consolidated and Separate Financial Statement (amended)</i> | 1 July 2010 |
| <i>Amendments to FRS 2 Share-based Payment</i> | 1 July 2010 |
| <i>Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations</i> | 1 July 2010 |
| <i>Amendments to FRS 138 Intangible Assets</i> | 1 July 2010 |
| <i>IC Interpretation 12 Service Concession Arrangements</i> | 1 July 2010 |
| <i>IC Interpretation 15 Agreements for the Construction of Real Estate</i> | 1 July 2010 |
| <i>IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation</i> | 1 July 2010 |
| <i>IC Interpretation 17 Distributions of Non-cash Assets to Owners</i> | 1 July 2010 |
| <i>Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives</i> | 1 July 2010 |
| <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendments to FRS 1)</i> | 1 January 2011 |
| <i>Improving Disclosures about Financial Instruments (Amendments to FRS 7)</i> | 1 January 2011 |

The new FRSs, Interpretations, Amendments to FRSs and interpretations above are expected to have no significant impact on the Financial statements of the Group upon their initial application.

The effect on adoption of FRS 139 on the current interim financial statements are as follows:

| | Current Quarter 30.06.10 RM ('000) | Current Year To Date 30.06.10 RM ('000) |
|---|--|---|
| Statement of financial position as at 30 June 2010 | | |
| Fair Value reserve | 2 | (6) |
| (Cash equivalent HLG Institutional Bond Fund unit trust investment) | 2 | (6) |
| Statement of comprehensive income for the period ended 30 June 2010 | | |
| Net profit for the period | | 236 |
| Other comprehensive expenditure | | (6) |
| Total comprehensive income | | 230 |

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

A4. Comments about Seasonality or Cyclicity

The Group's performance is not subject to seasonality or cyclicity.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter under review due to their nature, size or incidence.

A6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt securities nor any movement in the share capital for the quarter and financial period under review.

A8. Dividends Paid

There were no dividends paid during the quarter under review.

A9. Segmental Information

Business segments

The principal activities of the Group consist of those relating to manufacturing of wood based products, trading, property and agro-based farming. The Group's segmental reporting for business segments is as below:

| Primary Reporting Format-Business Segments | Revenue | | | |
|--|------------------------|---|------------------------|---|
| | Quarter Ended 30.06.10 | | Quarter Ended 30.06.09 | |
| | Revenue RM '000 | Profit/(loss) before taxation RM '000 | Revenue RM '000 | Profit/(loss) before taxation RM '000 |
| Manufacturing of wood based products | 27,268 | 10 | 30,955 | 12 |
| Trading | - | - | 117 | (34) |
| Property investment | 146 | 29 | 144 | 49 |
| Agro-based industry | 298 | 20 | 175 | 33 |
| | <u>27,712</u> | <u>59</u> | <u>31,391</u> | <u>61</u> |
| <u>ADD: Inter-segment revenue</u> | | | | |
| Investment holding | 210 | | 288 | |
| Manufacturing of wood based products | <u>3,524</u> | | <u>6,596</u> | |
| | <u>31,446</u> | | <u>38,275</u> | |

Geographical segments

The Group's operations are principally carried out in Malaysia. In determining the geographical segments of the Group, sales of goods are based on the country in which the customer is located.

The Group's goods are mainly sold to customers located in Malaysia, Europe, America, Asia Pacific, Middle East and Africa.

| | Current Quarter 30.06.10 RM '000 | Current Year To Date 30.06.10 RM '000 |
|--------------|---|--|
| Malaysia | 6,852 | 15,652 |
| Europe | 6,782 | 14,259 |
| America | 7,820 | 15,712 |
| Asia Pacific | 4,230 | 6,591 |
| Middle East | 1,456 | 2,347 |
| Africa | 573 | 900 |
| | <u>27,712</u> | <u>55,461</u> |

A9. Valuations of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statement for the year ended 31 December 2009.

A10. Subsequent Events

Refer to Note B10

A11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current year to date.

A12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets of a material nature since the last audited financial statements for the year ended 31 December 2009.

A13. Capital Commitments

Capital commitments of the Group for the period ended 30 June 2010 are as follows:

| | As at 30.06.10 RM'000 |
|-----------------------------|-----------------------------|
| Approved and contracted for | 11,500 |
| -Deposit Paid | (750) |
| Capital commitments | <u>10,750</u> |

PART B: ADDITIONAL INFORMATION REQUIRED BY BMSB'S LISTING REQUIREMENTS

B1 Review of Performance

The DPS Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

| Description | 2nd Qtr 2010 RM '000 | 2nd Qtr 2009 RM '000 | Increase / RM'000 | (Decrease) % |
|----------------------------|-------------------------|-------------------------|----------------------|-----------------|
| Revenue | 27,712 | 31,391 | (3,679) | -13.3% |
| Profit before tax (PBT) | 59 | 61 | (2) | -3.4% |
| Profit after tax (PBT) | 59 | 56 | 3 | 5.1% |
| Other Comprehensive Income | 2 | | (6) | -300.0% |
| Total Comprehensive Income | 61 | 56 | (3) | -4.9% |

Group revenue decrease by 13.3% or 3.679 million was mainly due to the strengthening of RM vs. USD of approximately 7.5% (RM 3.25 in 2nd qtr 2010 vs. RM3.51 in 2nd qtr 2009) as well as the economy crisis in Europe, which affected our sales in Europe. However, our Group managed to register improvement in profit after tax, mainly attributed by our continued cost cutting measures.

B2 Comparison with immediate preceding quarter's results

The DPS Group's current quarter performance versus the preceding quarter is tabled below:

| Description | 2nd Qtr 2010 RM '000 | 1st Qtr 2010 RM '000 | Increase / RM'000 | (Decrease) % |
|----------------------------|-------------------------|-------------------------|----------------------|-----------------|
| Revenue | 27,712 | 27,750 | (38.00) | -0.1% |
| Profit before tax (PBT) | 59 | 178 | (119.00) | 201.7% |
| Profit after tax (PBT) | 59 | 178 | (119.00) | 201.7% |
| Other Comprehensive Income | 2 | (8) | (6) | -300.0% |
| Total Comprehensive Income | 61 | 170 | (125) | -204.9% |

Group revenue decreased compared to the preceding quarter by 0.1% or RM38K. The decrease in profit was mainly attributed to the strengthening of Ringgit against USD Dollars, which affected the profit margin of the Group (RM3.42 in 1st Qtr 2010 vs. RM3.24 in 2nd Qtr 2010).

B3 Commentary on Prospects

The Group continues to operate in a challenging environment due to uncertainty in the global economy.

B4 Taxation

| Current Quarter 30.06.10 RM'000 | Current Year To Date 30.06.10 RM'000 |
|--|---|
|--|---|

Taxation comprise the following :***Malaysian income tax***

Current Tax Expense

| | |
|----------|----------|
| - | - |
| <u>-</u> | <u>-</u> |

The effective tax rate for the periods presented above is lower than the statutory tax rate due to the availability of reinvestment allowances, double tax deduction incentive for exports and tax incentive for approved food production project under agro-based industries in reducing taxable income.

B5 Sales of Unquoted Investments and/or Properties

There were no material sales of unquoted investments and/or properties for the current quarter and financial period under review.

B6 Purchase or Disposal of Quoted Securities

- a) There were no purchases or disposals of quoted securities for the current quarter under review.
b) There were no investments in quoted securities as at the end of the financial period.

B7 Corporate Proposal**Proposal:**

There was no corporate proposal proposed or undertaken during the quarter under review.

B8 Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2010 were as follows :-

| | Secured RM'000 | Unsecured RM'000 | As at 30.06.10 Total RM'000 |
|------------------------------|-------------------|---------------------|--------------------------------------|
| Short term borrowings | | | |
| Bank Overdrafts | 846 | 761 | 1,607 |
| Bankers Acceptance | 9,989 | 9,202 | 19,191 |
| Finance Lease Creditor | 114 | - | 114 |
| Revolving Credit | 3,000 | - | 3,000 |
| Term Loans | 4,471 | 199 | 4,670 |
| | <u>18,420</u> | <u>10,162</u> | <u>28,582</u> |
| Long term borrowings | | | |
| Finance Lease Creditors | 23 | - | 23 |
| Term Loans | 31,297 | 1,094 | 32,391 |
| | <u>31,320</u> | <u>1,094</u> | <u>32,414</u> |
| Total borrowings | <u>49,740</u> | <u>11,256</u> | <u>60,996</u> |

B9 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

B10 Material Litigation

The Board of Director of DPS Resources Berhad ("the Company") wishes to announce that a Winding Up Notice under Section 218 of the Companies Act 1965 dated 6 April 2010 ("Notice") has been served on Shantawood Manufacturing Sdn. Bhd. (Company no. 215539-H) (SMSB), a wholly-owned subsidiary of the Company on 14 April 2010 by Messrs. Lee Swee Seng & Co, the solicitors for Mr. Chwa Yeou Toh ("CYT").

Pursuant to an Award No. 225 of 2010 ("the Award") given by the Industrial Court of Malaysia under Case No. 19/4-1605/07 dated 25 February 2010, the Industrial Court had awarded to CYT the sum of RM84,000.00 being back wages for twenty (24) months and compensation of RM3,500.00 in lieu of reinstatement, which total up to RM87,500.00.

Pursuant to the Notice, SMSB is required to pay to CYT the sum of RM87,500.00 with the statutory interest of 8% per annum from 6 April 2010 to date of full settlement within 21 days from the date of the service of the Notice.

On 5 August 2010, the Melaka High Court thereafter granted an order for the judicial review proceedings to be transferred to the Kuala Lumpur High Court; and an order for stay of the Award pending hearing of the application for leave to apply for judicial review, the date for which will be determined by the Kuala Lumpur High Court once the matter has been transferred.

B11 Dividend Payable

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the year under review.

B12 Earnings per Share

a) Basic

The earnings per share for the current quarter and cumulative year to date are computed as follows:

| | Individual Current Year Quarter 30.06.10 | Cumulative Current Year To Date 30.06.10 |
|---|---|---|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 61 | 230 |
| Weighted average number of ordinary shares of RM0.50 each in issue ('000) | 264,000 | 264,000 |
| Basic Earnings Per Share (sen) | 0.02 | 0.09 |

b) Diluted

The calculation of the diluted earnings per share is based on the profit attributable to ordinary equity holders of the parent for the current quarter and cumulative year to date divided by the adjusted weighted average number of ordinary shares of RM0.50 each in issue and issuable under the exercise of share options granted under the DPS Employees' Share Option Scheme.

| | Individual Current Year Quarter 30.06.10 | Cumulative Current Year To Date 30.06.10 |
|---|---|---|
| Profit attributable to ordinary equity holders of the parent (RM'000) | 61 | 230 |
| Weighted average number of ordinary shares of RM0.50 each in issue ('000) | 264,000 | 264,000 |
| Basic Earnings Per Share (sen) | 0.02 | 0.09 |
| Diluted Earnings Per Share (sen) | 0.02 | 0.09 |