

1. **Basis of preparation**

The interim financial report is prepared in accordance with the requirements outlined in the Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s Annual Audited Financial Report for the Year Ended 30 June 2008. These explanatory notes attached to the interim financial report 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 30 June 2008.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 June 2008.

2. **Audit report of the preceding annual financial statements**

There was no qualification of the Group’s audited annual financial statements for the year ended 30 June 2008.

3. **Seasonality or cyclicity of operations**

The business operations of the Group were generally affected by the seasonal changes in weather and buying patterns.

4. **Items of unusual nature, size or incidence**

There were no items of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and financial period to date.

5. **Changes in estimates**

There were no changes in estimates that have had material effects in the current quarter and financial period to date.

6. **Issuance and repayment of Debt and Equity Securities**

There were no issuance and repayment of Debt and Equity securities in the current quarter (current financial to date “YTD”).

7. **Dividend paid**

There were no dividends paid during the quarter under review.

8. Segmental Information

The Group's operating businesses are classified according to the nature of activities as follows:-

Timber Products	- Harvesting and trading of raw timber and manufacturing and trading of downstream timber products
Plantation	- Oil palm plantation
Investment	- Investment holding

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside the economic entity and are at arm's length. These transfers are eliminated on consolidation.

The Group's segmental report for the financial period ended 30th September 2008 is as follows:

Primary Reporting – Business Segments

	Timber Products	Plantation	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
External revenue	44,903	-	-	-	44,903
Intersegment revenue	15,890	-	1,080	(16,970)	-
Total revenue	60,793	-	1,080	(16,970)	44,903
Segment Result					
Operating profit	1,817	(3)	(541)	-	1,273
Finance costs (net)	(577)	-	-	-	(577)
Taxation	(170)	-	-	-	170
Net Profit After Taxation	1,070	(3)	(541)	-	526
Minority interest	-	-	1	-	1
Net Profit for the period	1,070	(3)	(540)	-	527

Segmental information by geographical segment is not presented as the Group's operations are derived solely from Malaysia.

9. Property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from previous annual financial statements.

10. **Subsequent events**

There were no significant events subsequent to the end of the current financial period to date that have not been reflected in the financial statements.

11. **Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to date.

12. **Contingent liabilities / assets**

There were no material commitments and contingent assets or liabilities as at 19 November 2008, a date not earlier than seven (7) days of this report except for the followings:-

- a) bank guarantees issued to-date by subsidiaries, in favour of certain third parties amounting to RM4,153,000.00 as performance bonds; and
- b) Corporate guarantees issued by Java Incorporated Bhd in favour of a licensed bank amounting to RM25,200,000.00 for the credit facilities granted to a subsidiary.

13. **Related party transactions**

There were no related party transactions during the quarter except for rental of premises amounting to RM103,128 (YTD:RM103,128) paid/payable to Desa Samudra Sdn. Bhd, companies in which a director, Dato' Choo Keng Weng has financial interest. This transaction has been entered into in the normal course of business and has been established in commercial terms.

14. **Review of Performance**

The revenue for the reported quarter of RM44.9 million is lower than RM72.3 million as recorded for the corresponding quarter of last year. The profit before taxation of RM0.7 million is lower than RM6.2 million recorded for the corresponding quarter of last year. The lower revenue and profit before tax for the reported period mainly attributable to the global economic slowdown and weaker demand, coupled with higher operating costs as compared with the corresponding period of last year.

15. **Material Changes in results compared with immediate preceding quarter**

The Group's revenue for the reported quarter of RM44.9 million is lower than the RM62.4 million recorded for the immediate preceding quarter.

The profit before tax of the Group decreased to RM0.7 million in the current quarter compared to immediate preceding quarter of RM1.6 million mainly due to the lower selling price and lower sale volume, coupled with higher operating costs.

16. **Prospect for the current financial year**

The outlook for the timber industry remains uncertain for the year 2009 in view of the current economic slowdown in markets such as India, Japan and the Middle East. In response to the slowdown in the global economy, the principal challenge for the Group is to enhance productivity and continue to manage its costs efficiencies.

The Board remains confident in the long term prospects of the timber Industry and viability of the Group's business and barring any other unforeseen circumstances, expects a positive and satisfactory financial results for year 2009.

17. **Profit forecast or profit guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax against profit guarantee/forecast are not applicable as the Group did not issue any profit guarantee/forecast to the public.

18. **Taxation**

The taxation charges of the Group for the period under review are as follows:-

	3 months ended		3 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense				
Income tax				
- Current year	(170)	-	(170)	-
- Over / (under) provision in prior years	-	-	-	-
	<u>(170)</u>	<u>-</u>	<u>(170)</u>	<u>-</u>
Deferred taxation				
- Current year	-	-	-	-
- Over / (under) provision in prior years	-	-	-	-
	<u>(170)</u>	<u>-</u>	<u>(170)</u>	<u>-</u>

Tax charge for the financial quarter under review was lower than the statutory tax rate mainly due to utilisation of capital allowances and tax losses by certain subsidiaries.

19. **Profits/Losses on sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties of the Group during the current quarter under review and financial period to date.

20. **Quoted Shares**

- (a) There were neither purchases nor disposals of quoted securities by the Group for the quarter reported.
- (b) The investments in quoted shares as at the end of the quarter reported is as follows: -

Investments in quoted shares	RM
At cost	3,701
At carrying value/book value (after provision for diminution in value)	-
At market value (as at 19 November 2008)	975

21. **Corporate Proposals**

There were no corporate proposals announced which has not completed as at 19 November 2008, a date not earlier than seven (7) days from the date of this report.

22. **Group borrowings and debt securities**

The Group's borrowings as at the end of the reporting period are as follows: -
All borrowings are denominated in Ringgit.

	30.09.2008	30.6.2008
	RM'000	RM'000
Short term borrowings		
-Secured		
Hire Purchase Creditors	577	639
Bankers' Acceptance	6,937	8,397
Term Loans	5,592	5,611
Long term borrowings		
-Secured		
Hire Purchase Creditors	1,604	1,698
Term Loans	15,539	17,392
Total	30,249	33,737

23. **Off Balance Sheet Financial Instruments**

The Group entered into forward foreign exchange contracts to limit the exposure to potential changes in foreign currency exchange rates with respect to the Group's foreign currency denominated estimate to be received.

Total off balance sheet forward foreign contract exchange sales contracts outstanding as at 19 November 2008 (being the date not earlier than 7 days from the date of the quarterly report) in Ringgit equivalent was nil.

There is minimal credit risk because these contracts were entered into with reputable banks. All gains and losses arising from forward foreign exchange contracts are dealt with through the income statement upon maturity.

24. **Material Litigation**

There were no material litigations as at 19 November 2008, a date not earlier than seven (7) days of this report.

25. **Dividends Proposed**

The Board of Directors does not recommend any interim dividends for the current quarter under review.

26. **Earnings per share ("EPS")**

	3 months ended		3 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to members	527	6,205	527	6,205
Weighted average number of ordinary shares	173,394	152,356	173,356	152,356
Adjusted weighted average number of ordinary shares	167,829	191,240	167,829	191,240
Basic EPS (Sen)	0.30	4.07	0.30	4.07
Diluted EPS (Sen)	0.30	3.24	0.30	3.24

Number of shares in issue/issuable was calculated as shown below:-

	3 months ended		3 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue	173,394	152,356	173,394	152,356
Effects of dilution:				
- Conversion of ICCPS	-	20,799	-	20,799
- Conversion of warrants in issue/issuable	(5,142)	15,508	(5,142)	15,508
- Conversion of weighted average number of share options	(423)	2,577	(423)	2,577
Adjusted weighted average number of ordinary shares	167,829	191,240	167,829	191,240

Assumption:

The ICCPS are deemed to have been converted into ordinary shares at the date of issuance.

By order of the Board,
Lim Siew Ting
Secretary
25 November 2008
Kuala Lumpur