

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**

First and final tax exempt dividend of 3.5% per share totaling RM6,068,689.01 proposed in respect of the financial year ended 30 June 2008 was paid by the Company on 10 November 2008.

## 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 31st December 2008 is as follows:

### **Primary Reporting – Business Segments**

	<b>Timber Products</b> RM'000	<b>Plantation</b> RM'000	<b>Investment Holding</b> RM'000	<b>Eliminations</b> RM'000	<b>Consolidated</b> RM'000
<b>Segment Revenue</b>					
External revenue	75,030	-	-	-	75,030
Intersegment revenue	28,520	-	2,160	(30,680)	-
Total revenue	103,550	-	2,160	(30,680)	75,030
<b>Segment Result</b>					
Operating profit	2,686	4	(3,637)	-	(947)
Finance costs (net)	(1,135)	-	(1)	-	(1,136)
Taxation	(183)	-	-	-	(183)
Net Profit After Taxation	1,368	4	(3,638)	-	(2,266)
Minority interest	-	-	(1)	-	(1)
Net Profit for the period	1,368	4	(3,639)	-	(2,267)

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 16 February 2009, 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 RM141,273 (YTD:RM244,401) 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 RM30.13 million is lower than RM64.41 million as recorded for the corresponding quarter of last year. Current quarter has reported a loss before taxation of RM2.78 million as compared to a profit before taxation of RM4.89 million recorded for the corresponding quarter of last year.

The decreased revenue and loss for the reported period mainly attributable to the global economic slowdown and weaker demand 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 RM30.13 million is lower than the RM44.9 million recorded for the immediate preceding quarter.

The Group registered a loss of RM2.78 million in the current quarter as compared to immediate preceding quarter profit before taxation of RM0.7 million mainly due to the lower selling price resulting in lower margin.

16. **Current year prospects**

The outlook for the timber industry remains uncertain for the current year in view of the current global economic crisis and with the major countries such as US, Japan and Europe heading towards recession. The principal challenge for the Group will be to enhance productivity and continue to manage its costs efficiencies.

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		6 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
<b>Malaysian tax expense</b>				
Income tax				
- Current year	(13)	(3)	(183)	(3)
- Over / (under) provision in prior years		-		-
	(13)	(3)	(183)	(3)
Deferred taxation				
- Current year	-	-	-	-
- Over / (under) provision in prior years	-	-	-	-
	(13)	(3)	(183)	(3)

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, its market value was unable to ascertain as the shares was delisted in November 2008. The investment has been fully written off from its cost of RM3,701.00

21. **Corporate Proposals**

There were no corporate proposals announced which has not completed as at 16 February 2009, 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.

	31.12.2008	30.6.2008
	RM'000	RM'000
<b>Short term borrowings</b>		
<b>-Secured</b>		
Hire Purchase Creditors	640	639
Bankers' Acceptance	8,831	8,397
Term Loans	3,740	5,611
<b>Long term borrowings</b>		
<b>-Secured</b>		
Hire Purchase Creditors	1,337	1,698
Term Loans	15,989	17,392
<b>Total</b>	<u>30,537</u>	<u>33,737</u>

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 16 February 2009 (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 16 February 2009, 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		6 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to members	(2,793)	4,889	(2,267)	11,094
Weighted average number of ordinary shares	173,394	161,568	173,394	156,962
Adjusted weighted average number of ordinary shares	154,994	178,291	154,994	173,685
Basic EPS (Sen)	(1.61)	3.02	(1.31)	7.07
Diluted EPS (Sen)	(1.80)	2.74	(1.46)	6.39

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

	3 months ended		6 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue	173,394	161,568	173,394	156,962
Effects of dilution:				
- Conversion of ICCPS	-	-	-	-
- Conversion of warrants in issue/issuable	(17,003)	14,410	(17,003)	14,410
- Conversion of weighted average number of share options	(1,397)	2,313	(1,397)	2,313
Adjusted weighted average number of ordinary shares	154,994	178,291	154,994	173,685

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  
 19 February 2009  
 Kuala Lumpur