

EXPLANATORY NOTES FOR INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Malaysia').

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

2. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS (FRSs)

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following revised FRSs and new Interpretations effective for financial periods beginning on or after 1 January 2008:

FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	:	The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report of the Group's financial statements for the year ended 31 December 2007 was not qualified.

3. SEASONAL OR CYCLICAL FACTORS

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B, i.e. Explanatory Notes Pursuant To Appendix 9B of the Listing Requirements of Bursa Malaysia below.

4. UNUSUAL ITEMS

There were no unusual items during the quarter affecting assets, liabilities, equity, net income or cash flows for the financial period ended 31 March 2008.

5. CHANGES IN ESTIMATES

There were no changes in estimates that have had a material impact in the current reporting quarter.

6. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 March 2008.

7. DIVIDENDS PAID

There were no dividends paid in respect of the quarter ended 31 March 2008.

8. SEGMENTAL REPORTING

a) Geographical segments

	Malaysia RM'000	Europe RM'000	United States of America RM'000	Elimination RM'000	Consolidated RM'000
3 MONTHS PERIOD ENDED 31 MARCH 2008					
REVENUE					
External sales	20,044	7,629	3,589	-	31,262
Inter-segment sales	11,815	-	-	(11,815)	-
Total revenue	<u>31,859</u>	<u>7,629</u>	<u>3,589</u>	<u>(11,815)</u>	<u>31,262</u>
RESULT					
Segment result	7,044	(1,068)	(391)	(1,444)	4,141
Finance costs					(273)
Taxation					(459)
Profit after taxation					<u>3,409</u>
Minority interest					(7)
Profit for the period					<u>3,402</u>

	Malaysia RM'000	Europe RM'000	United States of America RM'000	Elimination RM'000	Consolidated RM'000
3 MONTHS PERIOD ENDED 31 MARCH 2007					
REVENUE					
External sales	20,259	11,793	2,495	-	34,547
Inter-segment sales	15,257	-	-	(15,257)	-
Total revenue	<u>35,516</u>	<u>11,793</u>	<u>2,495</u>	<u>(15,257)</u>	<u>34,547</u>
RESULT					
Segment result	5,633	(347)	(253)	301	5,334
Finance costs					(200)
Taxation					351
Profit after taxation					<u>5,485</u>
Minority interest					19
Profit for the period					<u>5,504</u>

9. SEGMENTAL REPORTING (CONTD.)

a) Geographical segments (Contd.)

Revenue by geographical location of customers

	Quarter ended		Year-to-date ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Asia	1,144	342	1,144	342
Europe	17,506	23,210	17,506	23,210
Malaysia	4,690	4,944	4,690	4,944
United States of America	3,605	3,359	3,605	3,359
South-West Pacific	2,932	2,120	2,932	2,120
Others	1,385	572	1,385	572
	<u>31,262</u>	<u>34,547</u>	<u>31,262</u>	<u>34,547</u>

b) Business segments

The Group operates in a single industry and accordingly, the financial information by business segments is not presented.

10. VALUATIONS

There were no valuations of property, plant and equipment brought forward from the previous annual financial statements. The property, plant and equipment are stated at their historical cost less accumulated depreciation and impairment losses as at 31 March 2008.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no material events subsequent to the end of the reporting period.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter ended 31 March 2008, including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. CAPITAL COMMITMENTS

There is no material capital commitments not provided for in the interim financial statements as at 31 March 2008.

14. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2007.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

1. REVIEW OF PERFORMANCE

The Group's revenue for the three months ended 31 March 2008 was RM31.3 million compared to RM34.5 million for the preceding year's corresponding period. The decrease in revenue was mainly due to lower sales volume for the quarter under review.

The profit before taxation for the quarter was RM3.9 million compared to the preceding year's corresponding quarter of RM5.1 million. The decrease was mainly due to the lower revenue.

2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION FOR THE QUARTER REPORTED ON AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

Profit before taxation of the Group was RM3.9 million for the quarter ended 31 March 2008 compared to RM4.9 million for the preceding quarter ended 31 December 2007. The decrease was mainly due to the lower revenue and higher administrative and operating expenses incurred in the quarter under review.

3. COMMENTARY ON PROSPECTS

In view of the prospect posed by the global economic sentiment, the Group shall continue to pursue its two-prolonged growth strategy on market penetration through larger distribution and marketing networks. Market development shall also emphasize on exploiting the existing product and market strengths of Ekowood to tap the demand potential of our local market.

Barring unforeseen circumstances, the Group's performance for the financial year ending 31 December 2008 is expected to be satisfactory.

4. PROFIT FORECAST OR PROFIT GUARANTEE

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast after tax and minority interest and for the shortfall in profit guarantee are not applicable.

5. TAXATION

	Quarter ended		Year-to-date ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM	RM	RM	RM
Current tax:				
Malaysian tax	551,750	432,236	551,750	432,236
Foreign tax	-	-	-	-
	<u>551,750</u>	<u>432,236</u>	<u>551,750</u>	<u>432,236</u>
Over provision in prior years:				
Foreign tax	(4,164)	-	(4,164)	-
	<u>(4,164)</u>	<u>-</u>	<u>(4,164)</u>	<u>-</u>
Deferred tax:				
Current year	(88,421)	(158,207)	(88,421)	(158,207)
Over provision in prior year	-	(625,395)	-	(625,395)
	<u>(88,421)</u>	<u>(783,602)</u>	<u>(88,421)</u>	<u>(783,602)</u>
	<u>459,165</u>	<u>(351,366)</u>	<u>459,165</u>	<u>(351,366)</u>

6. SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments or properties during the reporting period.

7. CORPORATE PROPOSALS

There was no corporate proposal announced at the date of this quarterly report.

8. GROUP BORROWINGS AND DEBT SECURITIES

	As at	
	31.03.2008	31.12.2007
	RM	RM
Short term borrowings		
Unsecured	<u>21,316,799</u>	<u>21,832,998</u>
Long term borrowings		
Unsecured	<u>9,250,000</u>	<u>4,523,788</u>

All borrowings are denominated in Ringgit Malaysia.

9. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group had entered into the following foreign currency derivatives maturing within 1 year to hedge trade receivables.

	Notional amounts as at	
	31.03.2008	31.12.2007
	RM	RM
Forward foreign exchange contracts	7,569,340	4,942,724
Ratio forward agreements	981,040	1,627,040
	<u>8,550,380</u>	<u>6,569,764</u>

10. CHANGES IN MATERIAL LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any material litigation either as plaintiff or defendant as at the date of this report and the Directors do not have any knowledge of any proceeding pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position of the Company and its subsidiaries.

11. PROPOSED DIVIDEND

The Company did not declare any interim dividend for the current quarter ended 31 March 2008.

12. EARNINGS PER SHARE

a) Basic earnings per ordinary share

	Quarter ended		Year-to-date ended	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Net profit for the period (RM)	3,401,510	5,504,454	3,401,510	5,504,454
Weighted average number of ordinary shares in issue	168,000,000	168,000,000	168,000,000	168,000,000
Basic earnings per ordinary share (sen)	<u>2.02</u>	<u>3.28</u>	<u>2.02</u>	<u>3.28</u>

b) Diluted earnings per ordinary share

This is not applicable to the Group.

13. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 May 2008.