

## EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF KLSE

### 1. Review of Performance of the Company and its Principal Subsidiaries

For the financial period ended 31 March 2003, the Group registered total revenue of RM78.27 million and pre-tax loss of RM5.24 million against the previous year corresponding period's revenue of RM68.61 million and pre-tax profit of RM951,000. The pre-tax loss recorded in the current quarter under review was mainly attributed to the increase in the amount of amortisation of goodwill.

### 2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Revenue for the first quarter improved by 21% from RM64.53 million for the immediate preceding quarter to RM78.27 million. Four divisions of the Company posted higher revenue in the first quarter, this was mainly attributed to higher demand for logs and sawntimber. The pre-tax loss for the first quarter reduced by 22% from RM6.75 million in the preceding quarter to a pre-tax loss of RM5.24 million. This is in line with the increase in revenue.

### 3. Prospects for Current Financial Year

The management expects Group Performance for the current financial year of 2003 will remain relatively unchanged from the current quarter, in view of the prevailing weakness of the global economy.

### 4. Variance of Actual Profit from Forecast Profit

Not applicable.

### 5. Taxation

Taxation comprises :-

	First Quarter		Cumulative 3 months	
	31/03/2003 RM'000	31/03/2002 RM'000	31/03/2003 RM'000	31/03/2002 RM'000
Current taxation	1,494	597	1,494	597
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>1,494</u>	<u>597</u>	<u>1,494</u>	<u>597</u>
On share of results of associated companies	-	-	-	-
	<u>1,494</u>	<u>597</u>	<u>1,494</u>	<u>597</u>

The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

### 6. Profits on Disposal of Investments and/or Properties

There were no profits on disposal of investments and/or properties for the financial periods under review.

### 7. Quoted Securities