

A. EXPLANATORY NOTES

A1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared under the same accounting policies and methods of computation as those used in the preparation of the most recent audited financial statements and comply with FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. The 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 year ended 31 December 2006.

A2. Auditors' Report on the Most Recent Audited Financial Statements

The auditors' report on the most recent audited financial statements was not subject to any qualification.

A3. Seasonality or Cyclicity Factors

The performance of the Group is generally not affected by any seasonal or cyclical factors.

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A5. Changes in Estimates

Not applicable.

A6. Issuance, Cancellations, Repurchase, Resale and Repayment of Debt and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations and sale of treasury for the financial period under review.

A7. Dividend

During the financial period, a final tax-exempt dividend of 1.25 sen per share amounting to RM1,500,000 in respect of the financial year ended 31 December 2006 which was approved at the Annual General Meeting held on 25 May 2007, was paid on 15 June 2007.

A8. Segmental & Geographical Reporting

Segmental reporting for the period ended 30 June 2007.

	Investment Holding RM '000	Furniture RM '000	Kiln-Drying & Lamination RM '000	Inter-Co Elimination RM '000	Total RM '000
Revenue					
- External	-	34,713	22,554	-	57,267
- Inter-Segmental Sales	-	5,375	5,074	(10,449)	-
Total Revenue	-	40,088	27,628	(10,449)	57,267
Results					
(Loss)/Profit Before Tax	8	960	360	-	1,328
Income Tax Expenses	(40)	(98)	(144)	-	(282)
Net (Loss)/Profit After Tax	(32)	862	216	-	1,046

Geographical segment has not been presented as the Group operates wholly in Malaysia.

A9. Valuation of Property, Plant and Equipment Brought Forward

Not applicable as the Group did not revalue its property, plant and equipment.

A10. Material Subsequent Events

The Group's wholly owned subsidiary, Valued Products (M) Sdn Bhd had on 16 July 2007 entered into a conditional Share Sale Agreement for proposed acquisition of 100% of the equity interest in Souncern Timber Sdn Bhd for a total cash consideration of RM4.5 million.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group in the financial period under review.

A12. Contingent Liabilities and Capital Commitments

Since the last annual balance sheet at 31 December 2006, there were no material changes in contingent liabilities for the Group as at the date of this report.

The changes in contingent liabilities of the Company are as follows:

	Company	
	As at	As at
	30.06.2007	31.12.2006
	RM'000	RM'000
Corporate guarantees issued to financial institutions for facilities granted to subsidiaries	14,052	11,552
	=====	=====

B. SELECTED EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

For the financial quarter under review, the Group has achieved a revenue and profit before tax of RM29.7 million and RM925 thousand respectively for the current quarter compared to RM37.5 million and RM1.8 million respectively registered in the preceding corresponding quarter. The decrease in turnover was mainly due to a lower demand of wooden furniture in the current quarter under review.

B2. Comparison with Preceding Quarter's Result

The Group's revenue for the current quarter registered at RM29.7 million compared to the revenue of RM27.6 million in the preceding quarter. Consequently, the profit before tax has increased from RM403 thousand to RM925 thousand. The increase in the profit before tax was mainly due to decrease in operating expenses as well as reduce in foreign exchange losses.

B3. Current Year Prospects

The directors are of the opinion that the performance of the Group for the remaining quarters is expected to be better.

B4. Profit Forecast

There is no profit forecast issued for the current financial period under review.

B5. Taxation

Taxation for the quarter and year to date comprises:

	Current Quarter RM '000	Current Year to Date RM '000
Current Taxation	130	234
Underprovision in the previous financial year	43	48
	<u>173</u>	<u>282</u>

The effective tax rate of the current quarter is lower than the statutory tax rate mainly due to the availability of pioneer status of one the subsidiaries and overprovision in the previous quarter.

B6. Sale of Unquoted Investment / Properties

There was no sale of unquoted investments and properties for the financial period under review.

B7. Investment of Quoted Investment

There was no purchase or disposal of quoted securities for the financial period under review.

B8. Status of Corporate Proposals

There were no corporate proposals announced for the financial period under review.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2007 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	15,301	-	15,301
Bank Overdraft	850	-	850
Hire Purchase Creditors	1,665	-	1,665
Term loan	860	-	860
	<u>18,676</u>	<u>-</u>	<u>18,676</u>
Long Term Borrowings			
Hire Purchase Creditors	661	-	661
Term loan	3,353	-	3,353
Total	<u>22,690</u>	<u>-</u>	<u>22,690</u>

B10. Off Balance Sheet Financial Instruments

During the financial period to date, the Group did not enter into any contract involving off balance sheet financial instruments.

B11. Material Litigation

The Group was not engaged in any material litigation for the current financial period to date.

B12. Dividend proposed

There was no dividend proposed for the financial period under review.

B13. Earnings per Share

The basic earnings per share (“EPS”) for the current quarter are calculated based on the profit after tax (“PAT”) and number of ordinary shares outstanding during the period as follows:

	Current Quarter	Current Year To Date
PAT (RM '000)	752	1,046
Number of ordinary shares ('000)	120,000	120,000
EPS (Sen)	0.63	0.87

B14. Related Party Transactions

During the financial period under review, there were no related party transactions.

B15. Authorization for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 24 August 2007.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)
Company Secretaries
Muar
24 August 2007