

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 Cyclical 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 September

	<b>Investment</b>		<b>Kiln- Drying &amp;</b>	<b>Timber</b>	<b>Inter-Co</b>	
	<b>Holding</b>	<b>Furniture</b>	<b>Lamination</b>	<b>Extraction</b>	<b>Elimination</b>	<b>Total</b>
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue						
- External	-	57,287	32,513	1,220	-	91,020
- Inter-Segmental Sales	-	8,584	9,008	2,413	(20,005)	-
Total Revenue	-	65,871	41,521	3,633	(20,005)	91,020
Results						
(Loss)/Profit Before Tax	(36)	1,949	346	194	-	2,453
Income Tax Expenses	(62)	(173)	(204)	(55)	-	(494)
Net (Loss)/Profit After Tax	(98)	1,776	142	139	-	1,959

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

There were no material events subsequent to the financial period under review.

A11. Changes in the Composition of the Group

On 16 July 2007, The Group's wholly owned subsidiary, Valued Products (M) Sdn Bhd had 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. The acquisition was completed on 15 August 2007. Souncern Timber Sdn Bhd principally engaged in logging and processing of rubber wood and timbers, the acquisition allow the group to expand into upstream activities of its current business.

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 30.09.2007	As at 31.12.2006
	RM'000	RM'000
Corporate guarantees issued to financial institutions for facilities granted to subsidiaries	21,052	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 RM33.7 million and RM1.1 million respectively for the current quarter compared to RM36.5 million and RM1.3 million respectively registered in the preceding corresponding quarter. The decrease in turnover was mainly due to a lower demand in the current quarter under review.

B2. Comparison with Preceding Quarter's Result

The Group's revenue for the current quarter registered at RM33.7 million compared to the revenue of RM29.7 million in the preceding quarter. The profit before tax has increased from RM925 thousand to RM1.1 million. The increase in revenue was mainly contributed by wooden furniture segment due to increase in demand however reported a flat earning at the segment as compare to preceding quarter. The additional profit is contributed by newly acquired subsidiary Souncern Timber Sdn. Bhd. with reported revenue of RM 1.2million and RM194 thousand of profit before tax for the current quarter.

B3. Current Year Prospects

The directors are of the opinion that the performance of the Group for the remaining quarter 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					116	350
Underprovision in the previous financial year					96	144
					<u>212</u>	<u>494</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 September 2007 are as follows:

	Secured	Unsecured	Total
	RM '000	RM '000	RM '000
<b>Short Term Borrowings</b>			
Bankers Acceptances	18,902	-	18,902
Bank Overdraft	2,907	-	2,907
Hire Purchase Creditors	1,569	-	1,569
Term loan	1,057	-	1,057
	<u>24,435</u>	<u>-</u>	<u>24,435</u>
<b>Long Term Borrowings</b>			
Hire Purchase Creditors	496	-	496
Term loan	3,627	-	3,627
Total	<u>28,558</u>	<u>-</u>	<u>28,558</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		Current Year
			Quarter		To Date
PAT (RM '000)			913		1,959
Number of ordinary shares ( '000)			120,000		120,000
EPS (Sen)			0.76		1.63

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 23 November 2007.

By Order of the Board  
Mah Li Chen (MAICSA 7022751)  
Lim Siew Ting (MAICSA 7029466)  
Company Secretaries  
Muar  
23 November 2007