

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

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

A8. Segmental & Geographical Reporting

Segmental reporting for the period ended 31 December 2007

	Investment Holding RM '000	Furniture RM '000	Kiln-Drying & Lamination RM '000	Timber Extraction RM '000	Inter-Co Elimination RM '000	Total RM '000
Revenue						
- External	-	78,998	43,688	1,337	-	124,023
- Inter-Segmental Sales	-	11,631	11,154	2,855	(25,640)	-
Total Revenue	-	90,629	54,842	4,192	(25,640)	124,023
Results						
(Loss)/Profit Before Tax	(44)	2,359	(538)	(155)	-	1,622
Income Tax Expenses	(62)	(240)	811	(72)	-	437
Net (Loss)/Profit After Tax	(106)	2,119	273	(227)	-	2,059

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

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 31.12.2007	As at 31.12.2006
	RM'000	RM'000
Corporate guarantees issued to financial institutions for facilities granted to subsidiaries	21,052	11,552
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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 reported a revenue and loss before tax of RM33 million and RM831 thousand respectively for the current quarter compared to RM32.4 million and RM3.1 million respectively registered in the preceding corresponding quarter. The operating results of this quarter are primarily affected by surge in operating cost in the quarter under review.

B2. Comparison with Preceding Quarter's Result

The Group's revenue for the current quarter registered at RM33 million compared to the revenue of RM33.7 million in the preceding quarter. For the quarter under review, the group has reported loss of RM 831 thousand compare to profit before tax of RM1.1 million in preceding quarter. This is due to reduction in timber extraction activities as a result of increasing in cost of timber concession. On the other hand, increase in operating cost at kiln-dry and lamination segment also affect the Group's performance.

B3. Current Year Prospects

The Group anticipates the operating environment will remain challenging in the coming financial period.

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	25	375
Overprovision in the previous financial year	(956)	(812)
	<u>(931)</u>	<u>(437)</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 31 December 2007 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	9,111	-	9,111
Bank Overdraft	2,284	-	2,284
Hire Purchase Creditors	1,745	-	1,745
Term loan	1,079	-	1,079
	<u>14,219</u>	<u>-</u>	<u>14,219</u>
Long Term Borrowings			
Hire Purchase Creditors	694	-	694
Term loan	3,344	-	3,344
Total	<u>18,257</u>	<u>-</u>	<u>18,257</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 payable

The Board of Director does not recommend any payment of dividend for the quarter 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)	100	2,059
Number of ordinary shares ('000)	120,000	120,000
EPS (Sen)	0.08	1.72

B14. Significant Related Party Transactions

During the financial period under review, there were no significant 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 22 February 2008.

By Order of the Board

Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)
Company Secretaries
Muar
22 February 2008