

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 2007. 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007.

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

No dividend was paid during the quarter under review.

A8. Segmental & Geographical Reporting

Segmental reporting for the period ended 31 December 2008

	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	-	80,816	26,195	4,695	-	111,706
- Inter-Segmental Sales	-	8,424	9,885	8,035	(26,344)	-
Total Revenue	-	89,240	36,080	12,730	(26,344)	111,706
Results						
(Loss)/Profit Before Tax	21	973	(3,506)	(680)	-	(3,192)
Income Tax Expenses	(86)	(92)	446	115	-	383
Net (Loss)/Profit After Tax	(65)	881	(3,060)	(565)	-	(2,809)

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 2007, 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 31.12.2008	As at 31.12.2007
	RM'000	RM'000
Corporate guarantees given to licensed banks for Banking facilities granted to subsidiaries	13,733	15,166
	=====	=====

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 revenue of RM23 million compared to RM33 million in the preceding year corresponding quarter.

Pre-tax loss is reported at RM2.7 million compared to pre-tax loss of RM876 thousand for the same period last year. The decrease in Group revenue was mainly due to the reduction of demand in furniture which directly affects the Group's performance. On the other hand, fluctuation in currency also affects the Group's bottom line.

B2. Comparison with Preceding Quarter's Result

The Group's revenue for the current quarter registered at RM 23 million compared to RM30.8 million in the preceding quarter. For the quarter under review, the Group has reported a loss of RM2.7 million compared to profit before tax of RM1.8 million in the preceding quarter. The decrease in revenue and pre-tax performance was mainly caused by a sharp decrease of demand.

In addition to the above, the impairment of goodwill of RM2 million arising from the investment in Souncern Timber Sdn. Bhd. has also affected the current quarter results. This is reflected in the Income Statement under Other Expenses.

B3. Current Year Prospects

In view of global economic slowdown and prevailing economic uncertainty, the Group anticipates the operating environment will remain challenging in the coming financial period. The Group will continue to sustain its competitive edge in order to achieve a satisfactory performance in the coming periods.

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:

	Quarter RM '000	Year to Date RM '000
Current Tax expenses	154	142
Deferred Tax Income	(623)	
Underprovision in the previous financial year	86	30
	<u>(383)</u>	<u>172</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 2008 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	10,809	-	10,809
Bank Overdraft	4	-	4
Hire Purchase Creditors	959	-	959
Term loan	1,154	-	1,154
	<u>12,926</u>	<u>-</u>	<u>12,926</u>
Long Term Borrowings			
Hire Purchase Creditors	29	-	29
Term loan	2,270	-	2,270
Total	<u>15,225</u>	<u>-</u>	<u>15,225</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

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

B13. Loss per Share

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

	Current Quarter	Current Year To Date
LAT (RM '000)	(210)	(809)
Number of ordinary shares ('000)	120,000	120,000
LPS (Sen)	(0.18)	(0.67)

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 27 February 2009.