

**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 2008. 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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

**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 March 2009

	<b>Investment Holding</b> RM '000	<b>Furniture</b> RM '000	<b>Kiln-Drying &amp; Lamination</b> RM '000	<b>Timber Extraction</b> RM '000	<b>Inter-Co Elimination</b> RM '000	<b>Total</b> RM '000
Revenue						
- External	-	11,663	4,668	585	-	16,916
- Inter-Segmental Sales	-	1,981	1,718	3,571	(7,270)	-
Total Revenue	-	13,644	6,386	4,156	(7,270)	16,916
Results						
(Loss)/Profit Before Tax	18	669	(646)	(870)	-	(829)
Income Tax Expenses	(6)	(85)	-	-	-	(91)
Net (Loss)/Profit After Tax	12	584	(646)	(870)	-	(920)

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 2008, 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 31.3.2009 RM'000	As at 31.12.2008 RM'000
Corporate guarantees given to licensed banks for		
Banking facilities granted to subsidiaries	9,837	13,733
	=====	=====

**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 RM16.9 million and RM829 thousand respectively, compared to revenue of RM27.2 million and loss before tax of RM2.2 million respectively registered in the preceding corresponding quarter. The operating result was mainly due to losses from kiln drying and lamination segment and timber extraction segment.

**B2. Comparison with Preceding Quarter's Result**

The Group's revenue for the current quarter registered at RM16.9 million compared to the revenue of RM23 million in the preceding quarter. For the quarter under review, the group has reported loss of RM 829 thousand compare to RM2.7 million in preceding quarter. The 26% decrease in revenue was mainly due to lower demand of wooden furniture, kiln dry wood and laminated board segment which was affected by global economic downturn.

**B3. Current Year Prospects**

The slowdown of global economic is expected to pose challenges to the furniture industry. The Group acknowledges the uncertainty and anticipates the potential impact to the Group's result in the coming quarters. At the same time, the Group has implemented various contingency plans and strategic plans to minimize the impact accordingly.

**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	91	91
Overprovision in the previous financial year	-	-
	<u>91</u>	<u>91</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**

On 16 January 2009, a subsidiary of the Company, S.K Furniture Sdn. Bhd, entered into an agreement to dispose of a piece of land and building for a total cash consideration amounting to RM1,500,000 to a third party.

**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 March 2009 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
<b>Short Term Borrowings</b>			
Bankers Acceptances	6,872	-	6,872
Bank Overdraft	286	-	286
Hire Purchase Creditors	822	-	822
Term loan	1,057	-	1,057
	<u>9,037</u>	<u>-</u>	<u>9,037</u>
<b>Long Term Borrowings</b>			
Hire Purchase Creditors	306	-	306
Term loan	2,086	-	2,086
Total	<u>11,429</u>	<u>-</u>	<u>11,429</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)	(920)	(920)
Number of ordinary shares ( '000)	120,000	120,000
LPS (Sen)	(0.77)	(0.77)

**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 May 2009.