

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 30 June 2009

| | 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 | - | 28,040 | 12,035 | 2,475 | - | 42,550 |
| - Inter-Segmental Sales | - | 3,057 | 3,542 | 6,226 | (12,825) | - |
| Total Revenue | - | 31,097 | 15,577 | 8,701 | (12,825) | 42,550 |
| Results | | | | | | |
| (Loss)/Profit Before Tax | 9 | 1,888 | (1,147) | (2,249) | - | (1,499) |
| Income Tax Expenses | (24) | (175) | - | - | - | (199) |
| Net (Loss)/Profit After Tax | (15) | 1,713 | (1,147) | (2,249) | - | (1,698) |

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 30.6.2009 RM'000 | As at 31.12.2008 RM'000 |
| Corporate guarantees given to licensed banks for Banking facilities granted to subsidiaries | 10,157 ===== | 13,733 ===== |

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

B1. Review of Performance

The Group recorded a revenue and loss before tax of RM25.7 million and RM670 thousand respectively, compared to revenue of RM30.5 million and loss before tax of RM94 thousand respectively registered in the preceding corresponding quarter. This represent a decrease of 16% of sales demand compare to the same corresponding quarter. Furniture segment has reported a profit after tax of RM1.2 million which represent an increase of 23% compare to preceding corresponding quarter (RM994 thousand) as the management able to increase its profit margin by improving its operational efficiency. However, the overall performance of the group has been affected by losses suffered from timber extraction and kiln dry & laminated board segments.

B2. Comparison with Preceding Quarter's Result

The Group's revenue for the current quarter registered at RM25.7 million compared to the revenue of RM16.9 million in the preceding quarter. For the quarter under review, the group has reported loss of RM 670 thousand compare to RM829 thousand in preceding quarter. The operating result showed an increase of revenue of 53% and reduction in its loss before tax by 20% compare with last quarter. The increase of revenue reflects strengthen of overseas consumers' buying power.

B3. Current Year Prospects

As world economic shown a moderate recovery, the Group is expecting the outlook of the manufacturing industry for the second half year will be improved. Baring any unforeseeable risks, the management will continue its effort in improve its operating results, especially timber extraction and kiln dry & laminated board segments.

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 | <u>108</u> | <u>199</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 2009 are as follows:

| | Secured RM '000 | Unsecured RM '000 | Total RM '000 |
|------------------------------|--------------------|----------------------|------------------|
| Short Term Borrowings | | | |
| Bankers Acceptances | 7,725 | - | 7,725 |
| Bank Overdraft | - | - | - |
| Hire Purchase Creditors | 835 | - | 835 |
| Term loan | 1,057 | - | 1,057 |
| | <u>9,617</u> | <u>-</u> | <u>9,617</u> |
| Long Term Borrowings | | | |
| Hire Purchase Creditors | 382 | - | 382 |
| Term loan | 1,798 | - | 1,798 |
| Total | <u>11,797</u> | <u>-</u> | <u>11,797</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) | (778) | (1,698) |
| Number of ordinary shares ('000) | 120,000 | 120,000 |
| LPS (Sen) | (0.65) | (1.42) |

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 12 August 2009.