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 2009. 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 2009.

A2. Accounting Policies

Except as described below, the significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009. The following FRSs, IC Interpretations and amendments are relevant to the Group's operation and effective for the financial period beginning on or after 1 January 2010:

FRSs/ IC Interpretations	**Effective date**
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 7: FRS 139 and IC Interpretation 9	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
Annual Improvements to FRSs (2009)	1 January 2010

The adoption of these FRSs, IC Interpretations and amendments does not have any material effects on the financial statements of the Group except for:-

(i) Revised FRS 101 (2009) Presentation of Financial Statements

The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the current financial period.

A2. Accounting Policies (Cont'd)

(ii) FRS 139 Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:-

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Company and its subsidiaries ("the Group").

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as financial assets, financial liabilities, equity, or derivatives in accordance with the substance of the contractual arrangement. Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distribution to holders of an equity instrument is debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A2. Accounting Policies (Cont'd)

(a) Financial assets (Cont'd)

(ii) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading (i.e. acquired principally for the purpose of selling in the short-term) or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. Dividend income from financial assets at FVTPL is recognised in profit or loss as part of the other income when the Group's right to receive payment is established.

(iii) Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) AFS financial assets

AFS financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(v) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been affected.

A2. Accounting Policies (Cont'd)

(a) Financial assets (Cont'd)

(v) Impairment of financial assets (Cont'd)

For quoted and unquoted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of [60] days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in the fair value reserve are reclassified from equity into profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

A2. Accounting Policies (Cont'd)

(a) Financial assets (Cont'd)

(vi) Derecognition of financial assets

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

(b) Financial liabilities and equity instruments issued by the Group

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of the Group.

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or as 'other financial liabilities'.

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading (acquired principally for the purpose of repurchasing it in the near term) or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Liabilities in this category are classified as current assets.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statement of comprehensive income.

A2. Accounting Policies (Cont'd)

(b) Financial liabilities and equity instruments issued by the Group (cont'd)

(v) Other financial liabilities

Other financial liabilities (including borrowings) are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

(vi) Derecognition of financial liabilities

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On the derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

(d) Receivables

Receivables were previously recognised at their cost and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139 (2010), trade and other receivables, including the amounts owing by related companies will be recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

A2. Accounting Policies (Cont'd)

(d) Receivables (cont'd)

The effects of adoption of the standards for the reporting quarter are:

	RM' 000
Increase in Derivative Financial Assets	338,300
Increase in Gains on Foreign Exchange Contract	338,300

The changes in accounting policy have the effect of increasing the profit for the current quarter by RM338 thousand.

(iii) FRS 117 Leases

Previously, long leasehold land was treated as operating lease and accordingly classified as prepaid lease rental.

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all prepaid lease payments of the Group are in substance finance leases and has reclassified the prepaid lease payments to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earning/loss per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:-

	31 December 2009	
The Group	As restated	As previously reported
	RM'000	RM'000
Property, plant and equipment	36,509	31,951
Prepaid lease payments	-	4,558

The Group has not applied in advance the following accounting standards, amendments and interpretations that are relevant to the Group's operations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

FRSs/ IC Interpretations	**Effective date**
Revised FRS 3 (2010) Business Combinations	1 July 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 2010
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010

The above accounting standards, amendments and interpretations do not have significant impact on the financial reporting of the Group.

A3. 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.

A4. Seasonality or Cyclicality Factors

The performance of the Group is generally not affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A6. Changes in Estimates

Not applicable.

A7. 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.

A8. Dividend

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

A9. Segmental & Geographical Reporting

Segmental reporting for the period ended 31 March 2010

	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	-	16,027	5,211	9,599	-	30,837
- Inter-Segmental Sales	-	504	2,133	4,753	(7,390)	-
Total Revenue	-	16,531	7,344	14,352	(7,390)	30,837
Results						
(Loss)/Profit Before Tax	90	320	281	471	-	1,162
Income Tax Expenses	(31)	(30)	(75)	(118)	-	(254)
Net (Loss)/Profit After Tax	59	290	206	353	-	908

Geographical segment has not been presented as the Group operates wholly in Malaysia.

A10. Valuation of Property, Plant and Equipment Brought Forward

Not applicable as the Group did not revalue its property, plant and equipment.

A11. Material Subsequent Events

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

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group in the financial period under review.

A13. Contingent Liabilities and Capital Commitments

Since the last annual balance sheet at 31 December 2009, 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 31.3.2010 RM'000	As at 31.12.2009 RM'000
Corporate guarantees given to licensed banks for Banking facilities granted to subsidiaries	18,801	17,770
	========	========

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's revenue has increase 85% from RM16.9 million in the preceding corresponding quarter to RM 31 million in the current quarter. The increment of sales was contributed by furniture segments (21%), kiln drying and lamination segment (15%) and Logging & Processing segment (245%). The results shows that sales demand for furniture and its upstream products is recover positively.

The Group recorded a profit before tax of RM 1.2 million compared to loss before tax of RM829 thousand registered in the preceding corresponding quarter. The improvement in operating result was mainly due to lower operating cost in both kiln drying and lamination segment and timber extraction segment; where both segments has reported profit before tax of RM281 thousand and RM471 thousand respectively. Besides, the Group also recognised a gain on forward currency contracts amounting to RM338 thousand during the quarter under review.

B2. Comparison with Preceding Quarter's Result

The Group's revenue for the current quarter registered at RM31 million compared to RM26 million in the preceding quarter. For the quarter under review, the group has reported profit before tax of RM 1.2 million compare to RM389 thousand in preceding quarter. The improvement in sales demand and operating profit was mainly contributed by timber extraction segment as a result of effective control on operating cost and growth in its sales demand.

B3. Current Year Prospects

The outlook for the coming quarters continues to be challenging in terms of global economic uncertainty, increase in raw material cost and foreign currency's fluctuation. However, the Group is expected to perform better through further cost control, product and market repositioning.

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	254	254

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 March 2010 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	17,133	-	17,133
Bank Overdraft	1,142	-	1,142
Hire Purchase Creditors	14	-	14
Term loan	1,055	-	1,055
	19,344	-	19,344
Long Term Borrowings			
Hire Purchase Creditors	566	-	566
Term loan	908	-	908
Total	20,818	-	20,818

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
PAT (RM '000)	908	908
Number of ordinary shares ('000)	120,000	120,000
PPS (Sen)	0.76	0.76

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 21 May 2010.