

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

- (a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

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 (Revised) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (Revised) Borrowing Costs	1 January 2010
Revised FRS 139 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 the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

- (i) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

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 classification of items in the statement.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

A2. Accounting Policies (Cont'd)

- (ii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

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

	RM
Increase in Derivative Financial Assets	128,000
Increase in Gains on Foreign Exchange Contract	128,000

The changes in accounting policy have the effect of increasing the profit for the current financial year by RM128,000.

- (a) Prior to 1 January 2010, advances to other receivables were recorded at cost. With the adoption of FRS 139, these advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.
- (b) Prior to the adoption of FRS 139, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting and hence, upon adoption of this standard, all derivatives held by the Group as at 1 January 2010 are recognised at their fair values and are classified as financial assets at fair value through profit or loss.
- (c) Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. With the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.
- (d) It was the Group's accounting policy to measure short-term investments at the lower of cost and market value, determined on an aggregate basis. In the previous financial year, the short-term investments were stated at cost. Upon adoption of FRS 139 during the financial year, these short-term investments are now classified as financial assets at fair value through profit or loss investments, measured at fair value.
- (e) Prior to 1 January 2010, investments in non-current quoted shares were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, these quoted investments are designated as available-for-sale financial assets and are measured at their fair values at the end of each reporting period. The adjustment to the previous carrying amounts is recognised to the fair value reserve.
- (f) Prior to 1 January 2010, inter-company loans or advances were recorded at cost. With the adoption of FRS 139, inter-company loans and advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. [The difference between the fair value and cost of the loan or advance is recognised as an additional investment in the subsidiary in the Company's financial statements.]* Subsequent to initial recognition, the loans and advances are measured at amortised cost.

All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

A2. Accounting Policies (Cont'd)

- (iii) The Group has adopted the amendments made to FRS 117 – Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

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

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

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) 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
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
Revised FRS 127 (2010) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
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
Annual Improvements to FRSs (2010)	1 January 2011

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 Cyclicity 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 year ended 31 December 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	-	63,786	19,388	31,771	-	114,945
- Inter-Segmental Sales	-	2,724	8,224	16,210	(27,158)	-
Total Revenue	-	66,510	27,612	47,981	(27,158)	114,945
Results						
Profit Before Tax	259	(923)	1,350	1,681	-	2,367
Income Tax Expenses	(116)	99	(389)	(126)	-	(532)
Net Profit/(Loss) After Tax	143	(824)	961	1,555	-	1,835

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 as 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 31.12.2010 RM'000	As at 31.12.2009 RM'000
Corporate guarantees given to licensed banks for Banking facilities granted to subsidiaries	16,446	17,770
	=====	=====

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

B1. Review of Performance

	Turnover	Profit before tax	Profit after tax
	RM'000	RM'000	RM'000
Fourth quarter 31.12.2010	27,669	(780)	(765)
Year To Date 31.12.2010	114,945	2,356	1,767
Fourth quarter 31.12.2009	25,846	383	784
Year To Date 31.12.2009	93,424	(451)	(324)

The Group's revenue for the current quarter ended 31 December 2010 increased by 7% from RM26 million in the preceding corresponding quarter to RM28 million for the current quarter. The increase of sales revenue was mainly contributed by timber extraction segment.

For the quarter under review, the Group reported loss before tax of RM780,000 compared with previous corresponding quarter ended 31 December 2009 which registered profit before tax of RM 383,000. The quarter under review was affected by the depreciation of US dollars against Ringgit Malaysia which directly affect the performance of Furniture segment. Furniture segment registered loss before tax of RM923,000 for fourth quarter 2010.

However, on year to date basis, the Group has registered RM 2.4 million profits before tax compared with last financial year which reported Loss before tax of RM 451,000. The improve result was due to higher sales and profit margin, lower material cost and effective control on production overhead from Kiln drying and lamination segment as well as Timber extraction segment.

B2. Comparison with Preceding Quarter's Result

	Turnover	Profit before tax	Profit after tax
	RM'000	RM'000	RM'000
Fourth quarter 31.12.2010	27,669	(780)	(765)
Fourth quarter 30.9.2010	27,618	626	328

The Group's revenue for the current quarter registered at RM28 million. For the quarter under review, the group has reported loss before tax of RM 780,000 compare to profit before tax of RM626,000 in preceding quarter. Lower sales demand and depreciation of US dollars against Ringgit Malaysia combined with an increase in cost of raw materials (direct and indirect fluctuation) have eroded the profit margin.

B3. Current Year Prospects

The Group's view in the coming year's operating result is expected to be favorable through management's marketing strategy and further effort in cost management.

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	(15)	532

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 2010 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	13,294	-	13,294
Bank Overdraft	1,167	-	1,167
Hire Purchase Creditors	406	-	406
Term loan	1,433	-	1,433
	<u>16,300</u>	<u>-</u>	<u>16,300</u>
Long Term Borrowings			
Hire Purchase Creditors	644	-	644
Term loan	713	-	713
Total	<u>17,657</u>	<u>-</u>	<u>17,657</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 did not engage in any material litigation for the current financial period to date.

B12. Dividend payable

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

B13. Profit/ (Loss) per Share

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

	Current Quarter	Current Year To Date
(LAT)/ PAT (RM '000)	(765)	1,835
Number of ordinary shares ('000)	120,000	120,000
(LPS)/ PPS (Sen)	(0.64)	1.53

B14. Significant Related Party Transactions

During the financial period under review, there were no significant related party transactions.

B15. Realised And Unrealised Profits

The breakdown of retained profit of the Group as at the reporting date, into realized and unrealized profit is as follows:-

	As at 31.12.2010 RM'000	As at 30.9.2010 RM'000
Total retained profits of the Group		
-Realised	10,072	10,825
-Unrealised loss	(205)	(192)
Total Group retained profits as per consolidated accounts	<u>9,867</u>	<u>10,633</u>

B16. 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.