

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT - FRS 134

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the financial statements for the financial period ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2009.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the year ended 31 December 2009.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009 except for the adoption of the following:-

Effective for financial periods beginning on or after 1 July 2009:

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010:

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101 (Revised): Presentation of Financial Statements

FRS 123 (Revised): Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The above FRSs, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

A4 Seasonal or cyclical factors

The principal business operations of the Group were not significantly affected by seasonal or cyclical factors.

A5 Items of unusual nature and amount

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

A6 Changes in estimates of amounts reported in prior interim years of the current and prior financial years

There were no significant changes in estimates of amounts reported in prior interim periods of the current or previous financial years that have a material effect in the current interim period.

A7 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares as at the date of issue of the quarterly report.

A8 Dividends paid

There was no dividend paid during the current quarter ended 31 March 2010.

A9 Segment information

The Group's segmental report for the current and corresponding financial period is as follows:

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Year-To-Date Ended 31 March 2010	Property Development RM'000	Construction RM'000	Timber RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External Sales	202	2,617	4,719	-	7,538
Inter-segment sales	-	3	-	(3)	-
Total Revenue	<u>202</u>	<u>2,620</u>	<u>4,719</u>	<u>(3)</u>	<u>7,538</u>
Result					
Segment results	(123)	616	745	(624)	614
Finance costs	(453)	(183)	(120)	590	(166)
	<u>(576)</u>	<u>433</u>	<u>625</u>	<u>(34)</u>	<u>448</u>
Taxation					-
Profit after taxation					<u>448</u>
Minority interests					-
Net profit for the period					<u><u>448</u></u>
Assets					
Segment assets	44,877	47,464	61,976	(65,819)	88,498
Unallocated corporate assets					<u>40</u>
Consolidated total assets					<u><u>88,538</u></u>
Liabilities					
Segment liabilities	58,879	21,532	4,897	(58,512)	26,796
Unallocated corporate liabilities					<u>52,787</u>
Consolidated total liabilities					<u><u>79,583</u></u>
Other Information					
Capital expenditure	-	-	4	-	4
Depreciation	-	-	160	-	160

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Year-To-Date Ended 31 March 2009	Property Development RM'000	Construction RM'000	Timber RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External Sales	336	-	3,315	-	3,651
Inter-segment sales	-	223	36	(259)	-
Total Revenue	<u>336</u>	<u>223</u>	<u>3,351</u>	<u>(259)</u>	<u>3,651</u>
Result					
Segment results	(392)	573	(27)	(802)	(648)
Finance costs	(909)	(763)	(155)	699	(1,128)
	<u>(1,301)</u>	<u>(190)</u>	<u>(182)</u>	<u>(103)</u>	<u>(1,776)</u>
Taxation					-
Loss after taxation					(1,776)
Minority interests					-
Net loss for the period					<u>(1,776)</u>
Assets					
Segment assets	46,018	42,261	60,854	(60,524)	88,609
Unallocated corporate assets					40
Consolidated total assets					<u>88,649</u>
Liabilities					
Segment liabilities	5,589	20,311	3,050	(4,241)	24,709
Unallocated corporate liabilities					53,221
Consolidated total liabilities					<u>77,930</u>
Other Information					
Capital expenditure	-	-	13	-	13
Depreciation	2	1	666	-	669

A10 Valuation of property, plant and equipment

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements except for the net book values of the property and equipment where depreciation have been provided for in the current quarter and current financial period.

A11 Subsequent events

There were no material events not reflected in the financial statements subsequent to the quarter ended 31 December 2009 up to 8 April 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) except for the following:-

On 22 March 2010, the Company announced that Wangi KMB Berhad. (“WKB”), a 70%-owned subsidiary had on 22 March 2010 entered into a Supplementary Agreement with B.S. Civil Engineering Sdn. Bhd. (“BSCE”) to vary certain terms of the Principal Agreement dated 5 January 2007 (“Principal Agreement”) in relation to the development of a housing/mixed development on a joint venture basis with BSCE on the land held in Mukim of Batu Berendam, District of Melaka Tengah (“Joint Venture”).

The salient terms of the Supplementary Agreement are:-

- a) WKB will receive the proceeds of the Joint Venture over the period of the Joint Venture in accordance with the progress of construction works of BSCE.
- b) WKB's entitlement of maximum proceeds receivable by WKB from the Joint Venture will be RM14 million (Ringgit Malaysia: Fourteen Million Only).
- c) The total WKB's entitlement of RM14 million will be paid by BSCE progressively within 60 months after the commencement of the construction works/project in accordance with the progress of the construction works/project.
- d) Any amount paid by BSCE to WKB in excess of the amount claimable in accordance with the progress of the construction works will be treated as advance to WKB and subject to an additional costs of fund at a rate of 10% per annum monthly rest.
- e) The amount of advance received by WKB will off-set any amount of WKB's entitlement based on progress of the project under the Principal Agreement.
- f) The repayment term of the said additional sum of RM3 million by WKB to BSCE will be extended to 60 months after the commencement of the construction works/project.

The Supplementary Agreement is for the purpose of varying certain terms and conditions of the Principal Agreement and to supplement the Principal Agreement, with the intention to have the terms more comprehensive and clearer for the parties to the Principal Agreement.

A12 The effect of changes in the composition of the Group during the interim year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

There were no changes in the composition of the Group during the current quarter and financial period.

A13 Contingent liabilities and contingent assets

As at the date of issue of this quarterly report, there were no contingent liabilities and contingent assets that had arisen since the last annual balance sheet date other than Corporate Guarantee issued by the Company to financial institutions for credit facilities utilised by subsidiaries amounting to RM6.359 million as at 8 April 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

By an agreement with the minority shareholder of a subsidiary company, Wangi KMB Bhd, the Company has given a guarantee that arising from the development project undertaken by that subsidiary company, pre-tax profit accruing to the minority shareholder of at least RM10 million will be generated, of which none has crystallised as at 8 April 2010. An amount of RM1 million has been advanced as at balance sheet date and included under Other Receivable in the Balance Sheet.

B. ADDITIONAL INFORMATION AS REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS (PART A OF APPENDIX 9B)

B1 Review of performance

For the current 1st quarter and period ended 31 March 2010, the Group recorded a turnover of RM7.538 million as compared to last year same quarter and period of RM3.651 million. The increase in revenue was mainly due to increase in sawn timber sales and construction activities.

The Group's turnover was mainly generated from its timber division involved in timber saw milling, kiln drying and roof truss fabrication. The timber division and construction division contributed 63% and 34% of the total revenue respectively with the remaining 3% was contributed by the property division.

For the current 1st quarter and period ended 31 March 2010, the Group recorded a profit before tax of RM0.448 million as compared to a loss before tax of RM1.776 million for the corresponding quarter and period of previous year.

The increase in profit was mainly due to increase in revenue contributed by the timber division and the construction division, reduction in finance costs as a result of moratorium on interest charges as well as reduction in administrative expenses.

B2 Material change in profit before taxation for the current quarter compared to the immediate preceding quarter

The Group posted a profit before taxation of RM0.448 million for the current quarter under review as compared to a loss before taxation of RM0.65 million in the immediate preceding quarter. The increase in profit was mainly due to increase in revenue contributed by the timber division and the construction division, reduction in finance costs as a result of moratorium on interest charges as well as reduction in administrative expenses.

B3 Prospects

The Group is in the midst of formulating a revised restructuring plan for submission to the relevant authorities for approval. The details of the revised restructuring plan will be announced in due course.

The Group expects a better year ahead since the general economic situation has been improving. In addition, the Group's revised corporate restructuring plan, upon submission and approval, is expected to be able to provide further improvement to the Group's performance.

B4 Variances from profit forecast and profit guarantee

Not applicable to the Group as no profit forecast or profit guarantee was published.

B5 Taxation

No provision for taxation is necessary as the Group and the Company has sufficient tax loss to offset the chargeable income.

B6 Profits/ (losses) on sale of unquoted investments and/or properties

There were no sales of unquoted investments and properties for the current quarter and financial period under review.

B7 Particulars of purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities for the current quarter and financial period.

B8 Status of corporate proposals

The corporate proposal i.e. regularisation plan announced on 26 March 2007 was submitted to Securities Commission (“SC”) on 29 March 2007. SC had rejected the Group’s regularisation plan and its appeal on 9 August 2007 and 6 November 2007 respectively. Subsequently, the Company applied to the High Court in Shah Alam for a judicial review against the decision of Bursa Securities to de-list the securities of the Company. The application for judicial review was dismissed on 14 September 2009 by the High Court in Shah Alam. The Company had filed a notice of appeal at the Court of Appeal against the decision of High Court in Shah Alam that had dismissed the Company's application for judicial review.

As at 8 April 2010 (the latest practicable date which is not earlier than 7 days from the-date of issue of this quarterly report) the Company, pending the outcome of the appeal, is in the midst of formulating a revised proposal for submission to relevant authorities.

B9 Borrowings and debt securities

The Group’s borrowings (all denominated in Malaysian currency) are as follows:-

	31/03/10	31/12/09
	RM'000	RM'000
<u>Short Term Borrowings</u>		
Secured:		
Term Loan	44,096	44,996
Bankers Acceptances and Bill Discounted	988	938
Bank Overdraft	1,269	1,543
Bank loan	191	-
	<u>46,544</u>	<u>47,477</u>
Unsecured:		
Bankers Acceptances and Bill Discounted	3,395	3,345
Bank Overdraft	1,388	1,600
	<u>4,783</u>	<u>4,945</u>
Sub-total	51,327	52,422
<u>Long Term Borrowings</u>		
Secured:		
Bank loan	661	-
Total Borrowings	51,988	52,422

Included in the term loan is an amount of RM42.486 million attributable to the Construction Division of the Company. This term loan is repayable over 5 years with quarterly interest servicing commencing from year 1 and quarterly principal repayment commencing from year 3 after the implementation of the restructuring of the debts in 2005. The Company is currently negotiating with the financial institution on the repayment terms. In previous years, the Company applied to this financial institution concerned for partial waiver of the term loan.

In previous financial year, there was a difference of RM37.867 million between the amount of term loan recorded in the accounting records of RM42.518 million compared to the amount recorded by the financial institution concerned of RM4.651 million via its loan statement. The difference has not been recognised in the accounts since there is no written confirmation has been obtained from the financial institution of any waiver.

In the current quarter under review, there is a difference of RM37.834 million between the amount of term loan recorded in the accounting records of RM42.486 million compared to the amount as confirmed by the financial institution concerned of RM4.651 million via its latest loan statement. The difference has not been recognised in the current quarter since no written confirmation has been obtained from the financial institution of any waiver.

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 8 April 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B11 Material litigation

There were no material litigations as at 8 April 2010 (the latest practicable date which is not earlier than 7 days from the-date of issue of this quarterly report).

B12 Dividends

The Board of Directors has not recommended any interim dividend for the period ended 31 March 2010.

B13 Earnings/ (Loss) per share

(i) Basic earnings/ (loss) per share

The calculation of basic earnings/ (loss) per share for the current quarter and financial period is based on the net loss attributable to ordinary shareholders and divided by the weighted average number of ordinary shares outstanding during the current quarter and financial period.

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	Current Quarter Ended 31/03/10	Comparative Quarter Ended 31/03/09	3 Months Cumulative To Date 31/03/10	Comparative Cumulative To Date 31/03/09
Net profit/ (loss) for the period (RM '000)	448	(1,776)	448	(1,776)
Weighted average number of ordinary shares in issue ('000)	42,553	42,553	42,553	42,553
Basic earnings/ (loss) per share (sen)	1.05	(4.17)	1.05	(4.17)

(ii) Diluted profit / (loss) per share

The diluted earnings/ (loss) per share is not presented as the potential ordinary shares are anti-dilutive as their conversion to ordinary shares would decrease earnings/ (loss) per share.

B14 Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2010.