

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**– 30 SEPTEMBER 2011**

1. **Basis of preparation**

The interim financial report is prepared in accordance with the requirements outlined in the Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s Annual Audited Financial Report for the Year Ended 30 June 2011. These explanatory notes attached to the interim financial report 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 financial year ended 30 June 2011.

The financial statements are expressed in Ringgit Malaysia and all values are rounded to the nearest thousand (‘000) except when otherwise stated.

2. **Significant Accounting policies**

The significant accounting policies adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 30 June 2011 except for the adoption of the following new/revised standards, amendments and interpretations that are effective for financial period from 1 July 2011:

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, Group Cash-settled Share Based Payment Transactions
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

3. **Audit report of the preceding annual financial statements**

There was no qualification of the Group’s audited annual financial statements for the year ended 30 June 2011.

4. **Seasonality or cyclicity of operations**

The business operations of the Group were generally affected by the seasonal changes in weather and buying patterns.

5. **Items of unusual nature, size or incidence**

There were no items of unusual nature, size or incidence affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and financial period to date.

6. **Changes in estimates**

There were no changes in estimates that have had material effects in the current quarter and financial period to date.

7. **Issuance and repayment of Debt and Equity Securities**

There were no issuance and repayment of Debt and Equity securities in the current quarter (current financial to date “YTD”).

8. **Dividend paid**

There were no dividends paid in the current quarter.

9. **Segmental reporting**

The segmental reporting for the period ended 30 September 2011:

	<b>Timber products</b>	<b>Plantation</b>	<b>Investment Holding</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment revenue</b>					
External revenue	12,460	450	-	-	12,910
Intersegment revenue	851	-	1,080	(1,931)	-
Total revenue	<u>13,311</u>	<u>450</u>	<u>1,080</u>	<u>(1,931)</u>	<u>12,910</u>
<b>Segment results</b>					
Operating profit/(loss)	4	(214)	44	-	(166)
Finance cost	(353)	-	(9)	-	(362)
Taxation	-	-	-	-	-
Net profit/(loss) after taxation	<u>(349)</u>	<u>(214)</u>	<u>35</u>	<u>-</u>	<u>(528)</u>
Non-controlling interest	-	-	43	-	43
Net profit/(loss) attributable to owners of the Group for the period	<u>(349)</u>	<u>(214)</u>	<u>78</u>	<u>-</u>	<u>(485)</u>

10. **Property, plant and equipment**

The valuation of property, plant and equipment has been brought forward without any amendments from previous annual financial statements.

11. **Subsequent events**

There were no significant events subsequent to the end of the current financial period to date that have not been reflected in the financial statements.

12. **Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period to date.

13. **Contingent liabilities/assets**

There were no material changes in the contingent assets or liabilities since the last annual balance sheet date

14. **Significant related party transactions**

Transactions with related parties	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	30-Sep-11 RM'000	30-Sep-10 RM'000	30-Sep-11 RM'000	30-Sep-10 RM'000
<b><u>Rental expenses paid to a Company in which a substantial shareholder Dato' Choo Keng Weng has interest</u></b>				
- Desa Samudra Sdn. Bhd	127	116	127	116
<b><u>Purchase of raw materials from a Company in which director Sy Choon Yen has interest and substantial shareholder Dato' Choo Keng Weng has interest</u></b>				
- Ratus Awansari Sdn. Bhd.	908	-	908	-

The directors are of the opinion that the above transaction has been entered into the normal course of business and the terms are no less favourable than those arranged with third parties.

15. **Review of Performance**

The revenue for the reported quarter of RM12.91 million is lower than RM14.94 million as recorded for the corresponding quarter of last year. This current quarter has reported a loss before taxation of RM0.53 million as compared to a loss before taxation of RM3.94 million recorded for the corresponding quarter of last year.

The better performance for the current quarter is mainly due to the more effective cost control measures having been implemented by the Group.

16. **Material Changes in results compared with immediate preceding quarter**

The Group's revenue for the reported quarter of RM12.91 million is lower than the RM13.77 million recorded for the immediate preceding quarter.

The Group registered a loss before taxation of RM0.53 million in the current quarter as compared to the loss before taxation of RM2.47 million of the immediate preceding quarter. The improvement in the financial performance is mainly due to the stability of round logs supply during current year quarter.

17. **Current year prospects**

For the current year, the Group's principal challenge remains the task of securing the round logs as required for its manufacturing operations due to the shortage of round logs supply in the State of Sabah. The outlook for the timber industry remain positive in view of the overall improvement in the selling prices of wood based products and the increased demand from Japan and other timber export markets. The Group will continue to source for plantation logs as an alternative and strive to improve productivity and yield in the manufacturing process, through investment in new machineries and equipment.

18. **Profit forecast or profit guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax against profit guarantee/forecast are not applicable as the Group did not issue any profit guarantee/forecast to the public.

19. **Taxation**

The taxation charges of the Group for the period under review are as follows:-

	<b>Individual Quarter</b>		<b>Cummulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30-Sep-11</b>	<b>30-Sep-10</b>	<b>30-Sep-11</b>	<b>30-Sep-10</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Malaysian tax expense</b>				
Income tax				
- Current year	-	-	-	-
- Under/(Over) provision in prior years	-	64	-	64
	-	64	-	64
Deferred taxation				
- Current year	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	-
	-	-	-	-
	-	64	-	64

No tax charge has been provided as the Group has no taxable income for the financial quarter under review.

20. **Profits/losses on sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties of the Group during the current quarter under review and financial period to date.

21. **Quoted Shares**

There were neither purchases nor disposals of quoted securities by the Group for the quarter reported.

22. **Corporate Proposals**

There were no corporate proposals announced which was not completed as at 15 November 2011, a date not earlier than seven (7) days from the date of this report.

23. **Group borrowings and debt securities**

The Group's borrowings as at the end of the reporting period are as follows: -

All borrowings are denominated in Ringgit.

	<b>30-Sep-11</b>	<b>30-Jun-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
<b>- Secured</b>		
Bank overdraft	2,155	1,504
Hire purchase creditors	512	574
Bankers' acceptance	13,030	4,919
Term loan	4,288	5,650
	<u>19,985</u>	<u>12,647</u>
<b>Long term borrowings</b>		
<b>- Secured</b>		
Hire purchase creditors	664	767
Term loan	-	42
	<u>664</u>	<u>809</u>
	<u>20,649</u>	<u>13,456</u>

24. **Off Balance Sheet Financial Instruments**

The Group has no financial instruments with off balance sheet risk as at the date of this announcement.

25. **Material Litigation**

There is no material litigation as at the date of this announcement.

26. **Dividends Proposed**

The Board of Directors do not recommend any interim dividends for the current quarter under review

27. **Earnings per share (“EPS”)**

	Individual Quarter 3 months ended		Cummulative Quarter 3 months ended	
	30-Sep-11 RM'000	30-Sep-10 RM'000	30-Sep-11 RM'000	30-Sep-10 RM'000
(Loss)/profit attributable to owners of the Company	(485)	(3,829)	(485)	(3,829)
Weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Adjusted weighted average number of ordinary shares	173,394	173,394	173,394	173,394
Basic EPS (sen)	(0.28)	(2.21)	(0.28)	(2.21)
Diluted EPS (sen)	N/A	N/A	N/A	N/A

28. **Disclosure of Realised and Unrealised Profit / Loss:**

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Current Quarter For 3 Months Ended 30-Sep-11 RM'000	Preceding Financial Year Ended 30-Jun-11 RM'000
Total retained profits of the Group:		
- Realised	39,046	45,338
- Unrealised	-	-
Less: Consolidation adjustments	(57,136)	(62,943)
Total group accumulated losses	(18,090)	(17,605)

By order of the Board,  
Lim Siew Ting  
Secretary  
Date: 18 November 2011  
Kuala Lumpur