



ORIENTAL INTEREST BERHAD

[Company No. 272144-M]

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QUARTERLY REPORT

The Board of Directors is pleased to announce the interim financial statements on consolidated results for the fourth quarter of financial year ended 30 June 2012.

Condensed consolidated statement of comprehensive income for the financial year ended 30 June 2012

[The figures have not been audited.]

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 30/06/2012 RM'000	Preceding Year Corresponding 4th Quarter 30/06/2011 RM'000	Current Year To Date 30/06/2012 RM'000	Preceding Year Corresponding Period 30/06/2011 RM'000
Revenue	25,205	32,639	104,242	94,742
Cost of sales	(18,646)	(28,300)	(74,180)	(79,507)
Gross profit	6,559	4,339	30,062	15,235
Other operating income	893	1,311	4,101	3,149
Selling and distribution costs	(452)	(422)	(1,869)	(2,213)
Administrative expenses	(2,718)	(2,941)	(9,943)	(10,324)
Other operating expenses	(1,364)	(8,403)	(2,904)	(9,745)
Operating profit / (loss)	2,918	(6,116)	19,447	(3,898)
Finance cost	(3)	(1)	(3)	(4)
Share of profit of an associate	1	1	9	8
Profit / (Loss) before taxation	2,916	(6,116)	19,453	(3,894)
Taxation	(1,108)	(26)	(5,692)	(1,006)
Net profit/(loss) and total comprehensive income/(loss) for the financial year	1,808	(6,142)	13,761	(4,900)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	518	(7,210)	9,037	(7,044)
Non-controlling interests	1,290	1,068	4,724	2,144
	1,808	(6,142)	13,761	(4,900)
Earnings/(Loss) per share attributable to owners of the parent (sen per share)				
- Basic and fully diluted	0.57	(7.96)	9.98	(7.78)

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial report for the financial year ended 30 June 2011.



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Condensed consolidated statement of financial position as at 30 June 2012

[The figures have not been audited.]

	30/06/2012 RM'000	30/06/2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	59,692	60,960
Land held for property development	38,234	16,507
Investment properties	3,676	4,001
Biological assets	794	668
Investment in associate	3,168	3,159
Deferred tax assets	4,145	4,189
	<u>109,709</u>	<u>89,484</u>
Current assets		
Property development costs	126,472	118,589
Inventories	2,109	2,111
Developed Properties	11,103	3,807
Trade receivables	27,212	37,266
Other receivables	23,504	33,828
Current tax recoverable	2,606	4,109
Fixed deposits held as security for trade facilities	1,225	438
Fixed deposits with licensed banks	29,200	29,258
Cash and bank balances	29,490	22,354
	<u>252,921</u>	<u>251,760</u>
TOTAL ASSETS	<u><u>362,630</u></u>	<u><u>341,244</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	90,545	90,545
Reserves	177,614	175,368
	<u>268,159</u>	<u>265,913</u>
Non-controlling interests	58,073	54,366
Total equity	<u>326,232</u>	<u>320,279</u>
Non-current liabilities		
Deferred tax liabilities	296	558
Provision for property development	6,035	531
	<u>6,331</u>	<u>1,089</u>
Current liabilities		
Trade payables	20,124	14,317
Other payables	6,053	5,289
Provision for property development	2,694	-
Current tax payable	1,085	270
Bank overdrafts	111	-
	<u>30,067</u>	<u>19,876</u>
Total liabilities	<u>36,398</u>	<u>20,965</u>
TOTAL EQUITY AND LIABILITIES	<u><u>362,630</u></u>	<u><u>341,244</u></u>
Net assets per share attributable to owners of the parent (RM)	2.96	2.94

The condensed consolidated statement of financial position should be read in conjunction with the annual financial report for the financial year ended 30 June 2011.



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**Condensed consolidated statement of changes in equity
for the financial year ended 30 June 2012**

[The figures have not been audited.]

	-----Attributable to owners of the Parent-----					Non- controlling interest	Total equity
	Share capital RM'000	Share premium RM'000	Revaluation surplus RM'000	Retained earnings RM'000	Total RM'000		
At 01 July 2010	90,545	186	10,974	178,043	279,748	52,230	331,978
Total comprehensive income/ (loss) for the financial year	-	-	-	(7,044)	(7,044)	2,144	(4,900)
Transactions with owners							
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
- interim in respect of current financial year	-	-	-	-	-	(8)	(8)
Total transactions with owners	-	-	-	(6,791)	(6,791)	(8)	(6,799)
At 30 June 2011	90,545	186	10,974	164,208	265,913	54,366	320,279
At 01 July 2011	90,545	186	10,974	164,208	265,913	54,366	320,279
Total comprehensive income for the financial year	-	-	-	9,037	9,037	4,724	13,761
Transactions with owners							
Dividend paid							
- first and final in respect of preceding financial year	-	-	-	(6,791)	(6,791)	-	(6,791)
- interim in respect of current financial year	-	-	-	-	-	(1,017)	(1,017)
Total transactions with owners	-	-	-	(6,791)	(6,791)	(1,017)	(7,808)
At 30 June 2012	90,545	186	10,974	166,454	268,159	58,073	326,232

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the financial year ended 30 June 2011.



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**Condensed consolidated statement of cash flows
for the financial year ended 30 June 2012**

[The figures have not been audited.]

	Year Ended	
	30/06/2012 RM'000	30/06/2011 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	19,453	(3,894)
<i>Adjustments for:-</i>		
Depreciation and amortisation	1,513	2,764
Net interest income	(1,697)	(1,438)
Provision for impairment of receivables	(845)	459
Others non-cash items	(1)	6,329
Operating profit before changes in working capital	18,422	4,220
Net change in current assets	(7,038)	(5,802)
Net change in current liabilities	6,569	1,905
Cash generated from operations	17,954	323
Income tax paid	(3,803)	(3,116)
Income tax refunded	209	61
Net cash generated from / (used in) operating activities	14,360	(2,732)
Cash flows from investing activities		
Interest received	1,649	1,408
Additions to property, plant and equipment	(202)	(1,751)
Additions to land held for property development	(67)	(10,518)
Additions to biological assets	(158)	(43)
Additions to investment properties	(17)	-
Net cash generated from / (used in) investing activities	1,205	(10,904)
Cash flows from financing activities		
Interest paid	(3)	(4)
Proceeds from withdrawal of fixed deposits held under lien as security for trade facilities	21	-
Placements of fixed deposits held under lien as security for trade facilities	(808)	(11)
Dividend paid to non-controlling interests	(1,017)	(8)
Dividend paid to Company's shareholders	(6,791)	(6,791)
Net cash used in financing activities	(8,598)	(6,814)
Net change in cash and cash equivalents during the financial year	6,967	(20,450)
Cash and cash equivalents		
- at the beginning of the year	51,612	72,062
- at the end of the year	58,579	51,612
Cash and cash equivalents included in the cash flows comprise the following:-		
Fixed deposits with licensed banks	30,425	29,696
Cash and bank balances	29,490	22,354
Bank overdrafts	(111)	-
Fixed deposits held as security for trade facilities	(1,225)	(438)
	58,579	51,612

The condensed consolidated statement of cash flows should be read in conjunction with the annual financial report for the financial year ended 30 June 2011.



Notes to the quarterly report - 30 June 2012

A. Selected Explanatory Notes to the Interim Financial Statements as required under FRS 134
[The figures have not been audited.]

A.1. Basis of Preparation

The interim financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2011. 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 financial year ended 30 June 2011.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2011 except for the changes in accounting policies and presentation resulting from the adoption of relevant FRSs, amendments to FRSs and IC Interpretations that are effective for the Group's financial year beginning on or after 1 July 2011 as follows:

- | | |
|-------------------------------|---|
| - Amendments to FRS 1 | First-time adoption of financial reporting standards |
| - Amendments to FRS 2 | Share-based payment transactions
- Group cash-settled share-based payment |
| - Amendments to FRS 7 | Financial instruments: Disclosures
- improving disclosures about financial instruments |
| - IC Interpretation 4 | Determining whether an arrangement contains a lease |
| - IC Interpretation 19 | Extinguishing financial liabilities with equity instruments |
| - Improvements to FRSs (2010) | |

The adoption of the above accounting standards, amendments and improvements to published standards and interpretations have resulted in changes of certain accounting policies and classification adopted by the Group as well as presentation of financial statements as follows:-

Amendments to FRS 7 Financial Instruments: Disclosures

- Improving Disclosures about Financial Instruments

Prior to 1 January 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 7 "Financial Instruments: Disclosures". Amendments to FRS 7 require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy was introduced. Each class of financial instrument is to be classified in accordance to this hierarchy which reflects the inputs used in making the fair value measurement. It also reinforces the existing principles for disclosures on liquidity.

The new requirement on the three-level fair value hierarchy has been applied prospectively in accordance with the transitional provisions of the FRS 7 Amendments. The adoption of this amendment did not have any financial impact to the Group and the Company.

There are no other FRS or interpretations to existing standards not yet effective that would be expected to have a material impact on the Group.

In the next financial year, the Group will continue to apply the Financial Reporting Standards framework. The Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS") from financial year beginning on 1 July 2014. In adopting the new framework, the Group will be applying MFRS 1 "First-time adoption of MFRS".



Notes to the quarterly report - 30 June 2012

A.2. Seasonal or Cyclical Factors

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

A.3. Unusual Items Due to Nature, Size or Incidence

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

A.4. Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

A.5. Debt and Equity Securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

A.6. Dividend Paid

The first and final ordinary dividend of 10% (10sen) gross per ordinary share, less 25% income tax (7.50 sen per share net), amounting to RM6.791million in respect of preceding financial year ended 30 June 2011, approved by the members at the Annual General Meeting of the Company held on 02 December 2011, had been paid on 22 December 2011.

A.7. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

A.8. Material Events Subsequent to the Interim Reporting Period

There were no material events that have arisen subsequent to the end of the interim reporting period, which have not been reflected in the interim financial statements, except for:

On 11 July 2012, the following subsidiaries (referred to as "CTI Group") had been placed under members' voluntary winding up :

- Cahajaya Timber Industries Sdn Bhd ("CTI")
- Patriot Furniture Sdn Bhd ("PF")
- Guar Timber Industries Sdn Bhd ("GTI")

Mr. Heng Ji Keng and Mr. Michael Joseph Monteiro of Ferrier Hodgson MH Sdn Bhd were appointed as joint and several liquidators of CTI whilst Mr. Skelchy Anthony Joseph and Dato' Abu Hanifah Bin Noordin of PKF Covenant Sdn Bhd were appointed joint and several liquidators of PF and GTI.

The members' voluntary winding up of CTI Group was to rationalise and streamline the OIB Group structure and is not expected to have any material effect on the earnings, net assets or gearing of the OIB Group for the financial year ending 30 June 2013.



Notes to the quarterly report - 30 June 2012

A.9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial year to date.

A.10. Operating Segments

(a) Primary reporting format – business segments

	Property Development RM'000	Manufacturing RM'000	Investment Holding RM'000	Oil Palm Cultivation RM'000	Consolidated RM'000
Current year ended					
30 June 2012					
Revenue					
Total revenue	93,103	7,370	8,226	3,769	112,468
Inter-segment revenue	-	-	(8,226)	-	(8,226)
Revenue from external customers	<u>93,103</u>	<u>7,370</u>	<u>-</u>	<u>3,769</u>	<u>104,242</u>
Profit / (Loss)					
Reportable segment profit / (loss)	18,256	(1,168)	(198)	2,554	19,444
Share of profit of an associate			9		9
Profit before taxation					<u>19,453</u>
Corresponding year ended					
30 June 2011					
Revenue					
Total revenue	77,864	12,261	605	4,617	95,347
Inter-segment revenue	-	-	(605)	-	(605)
Revenue from external customers	<u>77,864</u>	<u>12,261</u>	<u>-</u>	<u>4,617</u>	<u>94,742</u>
Profit / (Loss)					
Reportable segment profit / (loss)	9,690	(16,926)	15	3,319	(3,902)
Share of profit of an associate			8		8
Loss before taxation					<u>(3,894)</u>



Notes to the quarterly report - 30 June 2012

A.11. Contingent Liabilities

There were no changes in contingent liabilities since the last annual reporting date as at 30 June 2011, except for the following: -

	01/07/2011 RM'000	Increase/ (Decrease) RM'000	30/06/2012 RM'000
Unsecured			
Corporate guarantee issued to financial institution for banking facilities granted to certain subsidiaries	905	(772)	133
Bankers' guarantee issued to third party in favour of subsidiaries	3,722	(1,134)	2,588
Secured			
Fixed deposits pledged to a financial institution for bank guarantee facility granted to certain subsidiaries	-	54	54
Fixed deposits pledged to a financial institution for bank guarantee issued to third party	-	240	240
	<u>4,627</u>	<u>(1,612)</u>	<u>3,015</u>

A.12 Related Party Transactions

The Group's related party transaction in the current financial year to date are as follows:-

	30/06/2012 RM'000
Management fees and sales commission receivable from/(payable to):	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(70)
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	35
Purchase of goods from:	
Enterprise in which a substantial interest is owned directly by a person connected with a Director of the Company	(499)



Notes to the quarterly report - 30 June 2012

B. Additional Information required by the Bursa Malaysia Securities Listing Requirements in relation to the issuance of the Interim Financial Statements
[The figures have not been audited.]

B.1. Review of Performance of the Company and its Principal Subsidiaries

For the reporting financial quarter, despite a 23% decrease in revenue compare with the corresponding quarter, the Group had registered pre-tax profit of RM2.916million from pre-tax loss of RM6.116million recorded for the same comparable period, mainly due to the non-recurrent impairment loss on plant, machinery and equipment (RM4.003million) and inventories (RM2.066million) incurred by Manufacturing Division in the corresponding quarter. Excluding this non-recurrent item, better performance of the Group for the same comparable period were mainly attributable to contribution from higher margin of on-going housing projects from Property Division and lower loss incurred by Manufacturing Division.

For the reporting financial year, the Group achieved revenue of RM104.242million, an increase of 10% compared with RM94.742million of the preceding financial year. Consequently, the Group has turnaround pre-tax loss of RM3.894million of preceding financial year into pre-tax profit of RM19.453million; principally attributable to better results achieved by Property Division and lower loss incurred by Manufacturing Division. Excluding the aforesaid impairment loss by Manufacturing Division from preceding financial year and sale of land of RM7.928million, with gain of RM3.291million, recognised in the reporting financial year, the revenue and pre-tax profit of the Group for the year in fact increased by 2% and more than 6 times respectively compared with those of the preceding financial year.

Comparing with preceding financial quarter, pre-tax profit of Property Division recorded an increase of 55% despite a decrease of 21% in progress billings; mainly due to favourable revision in profit margin for certain housing projects. Property Division achieved 20% increase in progressive billings for the reporting financial year and consequently pre-tax profit rose by 88% compared with preceding financial year; while excluding the aforesaid non-recurrent gain from sale of land, revenue and pre-tax profit of Property Division for the reporting financial year still increased by 9% and 54% respectively; principally due to launches of new development projects and improved margin.

For Manufacturing Division, comparing with the corresponding quarter and preceding financial year, sales dropped by 40%, while pre-tax loss decreased by 92% and 93% respectively for the comparable periods; mainly due to the aforesaid non-recurrent impairment loss only incurred in the preceding financial year.

Compared with corresponding quarter, revenue and profit before taxation from Oil Palm Cultivation activity decreased by 26% and 22% respectively, mainly due to lower yield rate and weakened CPO price. Consequently, revenue and profit before taxation from Oil Palm Cultivation for the reporting financial year contracted by 18% and 23% respectively.



Notes to the quarterly report - 30 June 2012

B.2. Material Changes in the Quarterly Results as compared with the Preceding Quarter

Compared with the immediate preceding financial quarter, the Group registered 16% decrease in pre-tax profit despite 6% increase in revenue; mainly due to loss incurred by Manufacturing Division out-weight gain from favourable revision in margin by Property Division during the reporting quarter. Meanwhile, pre-tax profit of Oil Palm Cultivation activity increased by 5% despite lower revenue, mainly attributed to improved CPO price during the quarter under review.

B.3. Prospects for the Current Financial Year

Although outlook of property market in general are perceived to be sustainably good, anticipated increase in prices of certain essential construction materials would result in erosion of margin for the property development market as a whole, and in particular those involved in affordable housing segment. Caution on the global economy and uncertainty of forthcoming general election, which might have consequential effect on rules and policies of federal and local governments that related to property development activities, might continue to unsettle house-buyers' sentiment and venturing into capital expenditure and financial commitment for the current financial year.

In view of the aforesaid, Property Division would relook at its business strategy and pricing policy for future new projects to counter any potential erosion in profit margin. Meanwhile, Manufacturing Division had been placed under member's voluntary winding up as a measure to resolve its affairs and to rationalise and streamline the group's structure. Overall, the Board remains positive that the performance of OIB Group for the current financial year is expected to be satisfactory.

B.4. Variance of Actual Profit from Forecast Profit

Not applicable. The Group has not given any profit forecast nor profit guarantee in respect of any corporate proposals.

B.5. Profit Before Taxation

	Current Year 4th Quarter 30/06/2012 RM'000	Current Year To Date 30/06/2012 RM'000
Profit before taxation is arrived at after (charging)/crediting :-		
Impairment of assets	13	(9)
Depreciation and amortisation	(677)	(1,503)
Gain/(Loss) on foreign exchange	(2)	29
Rental income	177	736
Interest income	403	1,700
Provision for impairment of receivable	(39)	845
Other income	354	791

Other income comprises mainly of scrap sales, compensation received, forfeited income and discount received. Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.



Notes to the quarterly report - 30 June 2012

B.6. Taxation

	Current Year 4th Quarter 30/06/2012 RM'000	Current Year To Date 30/06/2012 RM'000
Malaysian income tax based on the profit for the financial period	1,571	5,819
Transfer from deferred taxation	(474)	(216)
Taxation underprovided in respect of prior financial period	11	90
	<u>1,108</u>	<u>5,692</u>

The Group's effective tax rate for the reporting quarter was higher than the statutory tax rate mainly due to disallowed tax expenses and operating loss incurred by Manufacturing Division, which was not recognised as deferred tax assets.

B.7. Status of Corporate Proposals

There were no corporate proposals that have been announced but not completed as at 23 August 2012, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements.

B.8. Group Borrowings and Debt Securities

The Group did not have any borrowings nor debt securities as at the end of the reporting period.

B.9. Derivative Financial Instrument

The Group did not have any derivative financial instruments as at the end of the reporting period.

B.10. Gain and losses arising from Fair Value Changes of Financial Liabilities

There were no gain and losses arising from fair value changes of financial liabilities for the current quarter and current financial year to date.

B.11. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings are analysed as follows:-

	Current Year To date 30/06/2012 RM'000	Preceding Financial Year 30/06/2011 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	168,306	167,693
- Unrealised	2,428	1,880
	<u>170,734</u>	<u>169,573</u>
Total share of retained earnings from an associated company :		
- Realised	19	10
- Unrealised	-	-
	<u>170,753</u>	<u>169,583</u>
Less : Consolidation adjustments	(4,299)	(5,375)
Total group retained earnings as per consolidated financial statements	<u>166,454</u>	<u>164,208</u>



Notes to the quarterly report - 30 June 2012

B.12. Changes in Material Litigation

There were no pending material litigation since the date of the last annual statement of financial position up to 23 August 2012, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial statements, except for the following:-

As previously reported, the Penang High Court had on 20 December 2011 delivered its decision in respect of winding up petition filed by its subsidiaries namely Cahajaya Timber Sdn Bhd, Patriot Furniture Sdn Bhd and Guar Timber Industries Sdn Bhd ("the Petitioner"), and on the notice of motion to intervene in proceedings filed by the Goh Aik Lai & Goh Aik Lean ("the Proposed Interveners"). Upon the request of the Petitioner to withdraw the abovementioned petitions, the Court has ordered for the petitions to be struck off with a total cost of RM20,000.00 to be paid to the Proposed Interveners. The Court further ordered cost of RM600.00 to be paid to Director General of Insolvency Department.

B.13. Dividend

- (a) (i) The Board of Directors is pleased to recommend the payment of a first and final ordinary dividend of 10% per share, less 25% income tax, in respect of financial year ended 30 June 2012, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company;
- (ii) The gross amount per share is 10 sen, less 25% income tax (7.50 sen per share net);
- (iii) For the previous corresponding period, the gross amount per share of the first and final ordinary dividend paid was 10 sen, less 25% income tax (7.50 sen per share net);
- (iv) Payment date for the aforesaid first and final dividend has yet to be determined; and
- (v) In respect of deposited securities, entitlement to the aforesaid first and final dividend will be determined on the basis of the record of depositors at a date to be fixed.
- (b) The total gross dividend per share for the current financial year ended 30 June 2012 is 10 sen , less 25% income tax (7.50 sen per share net).

B.14. Earnings Per Share ("EPS")

	Current Year 4th Quarter 30/06/2012 RM'000	Current Year To Date 30/06/2012 RM'000
(a) Basic		
Profit attributable to owners of the parent	<u>518</u>	<u>9,037</u>
Number of ordinary shares in issue at beginning of the period ('000)	90,545	90,545
Effect of shares issued pursuant to Company's ESOS ('000)	-	-
Weighted average number of ordinary shares outstanding ('000)	<u>90,545</u>	<u>90,545</u>
Basic EPS (sen)	<u>0.57</u>	<u>9.98</u>

Basic earnings per share is calculated by dividing profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period. ESOS expired on 23 November 2011.

(b) Diluted

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year to date as there are no dilutive potential ordinary shares.



Notes to the quarterly report - 30 June 2012

B.15. Audit report for the preceding annual financial statements

The auditors' report for the financial year ended 30 June 2011 was qualified, where the auditors have expressed an "except for" opinion in the following manner:-

(a) Basis for qualified opinion

The Group has impaired plant, machinery and equipment by RM4,003,000 based on the estimated recoverable amount at 30 June 2011 as valued by the Directors of the Company. The auditors were unable to obtain sufficient appropriate audit evidence about the carrying amount of these plant, machinery and equipment.

The Group has written down the inventories by RM2,066,000 based on the estimated net realisable value at 30 June 2011 as valued by the Directors of the Company. The auditors were unable to obtain sufficient appropriate audit evidence about the carrying amount of these inventories.

(b) Qualified Opinion

In auditors' opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph; the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the financial year then ended.

(c) The above qualified audit report is in respect of the financial statements of the following subsidiaries which were qualified on an "except for " basis as the auditors were unable to obtain sufficient appropriate evidence about the carrying amount of plant, machinery and equipment and inventories:-

- Cahajaya Timber Industries Sdn Bhd
- Patriot Furniture Sdn Bhd

The current status of the matters giving rise to the qualifications remains unchanged.

By order of the Board

Tai Yit Chan (MAICSA 7009143)
[Company Secretary]

27 August 2012