

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 2010. 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 2010.

A2. Accounting Policies

The significant accounting policies adopted for the interim financial statements are consistent with those adopted for the Group's annual Audited Financial Statements for the year ended 31 December 2010, except for the adoption of the following new/revised Financial Reporting Standards (FRSs):-

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
Amendments to FRS3: Business Combination	1 January 2011
Amendments to FRS101: Presentation of Financial Statements	1 January 2011
Amendments to FRS121: The Effect of Changes in Foreign Exchange Rates	1 January 2011
Amendments to FRS134: Interim Financial Reporting	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.

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

B1. Review of Performance

	Turnover RM'000	Profit before tax RM'000	Profit after tax RM'000
Third quarter 30.9.2011	29,882	(17)	(478)
Third quarter 30.9.2010	27,618	626	328

The Group's revenue for the current quarter ended 30 September 2011 recorded at RM30 million compared with previous corresponding quarter ended 30 September 2010 which recorded at RM28 million. For the quarter under review, the Group registered loss before tax of RM17,000 compared with previous corresponding quarter ended 30 September 2010 which registered profit before tax of RM 626,000.

The result of the current quarter has significantly affected by unrealized loss on forward currency contracts in Furniture segment which amounting to RM 822,000 as at reporting date. This is the result of adoption of the Financial Reporting Standards (FRS) 139: Financial Instruments: Recognition and Measurement. The effects of adoption of the standards for the reporting quarter are:

	RM' 000
Increase in Derivative Financial Liabilities	822
Increase in Loss on Foreign Exchange Contract	822

The effects of loss on foreign exchange contract on operating profit are as follow:

	RM' 000
Profit before tax	805
Loss on Foreign Exchange Contract due to adoption of FRS139 (Unrealised)	(822)
Profit before tax	(17)

B2. Comparison with Preceding Quarter's Result

	Turnover RM'000	Profit/ (Loss) before tax RM'000	Profit/ (Loss) after tax RM'000
Third quarter 30.9.2011	29,882	(17)	(478)
Second quarter 30.6.2011	30,453	799	1,211

For the quarter under review, the group has reported loss before tax of RM 17,000 compare to profit before tax of RM799,000 in preceding quarter. Despite the effect of loss on foreign exchange contract as mentioned in Note B1, the Group is maintain profitable operating result for the current quarter. Management will continue its effort in increasing sales and reduce its operating cost further to achieve better result in the coming quarters.

B3. Current Year Prospects

The Group's is expecting to achieve favorable result in the coming quarters despite the fact that current economy environment is still uncertain due to currency fluctuation, increase in raw material cost, drop in sales demand as a result of regional economic recession.

B4. Profit Forecast

There is no profit forecast 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	(461)	(290)

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 30 September 2011 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	19,526	-	19,526
Bank Overdraft	2,724	-	2,724
Hire Purchase Creditors	382	-	382
Term loan	321	-	321
	<u>22,953</u>	<u>-</u>	<u>22,953</u>
Long Term Borrowings			
Hire Purchase Creditors	680	-	680
Term loan	4,210	-	4,210
Total	<u>27,843</u>	<u>-</u>	<u>27,843</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 per Share

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

	Current Quarter	Current Year To Date
(LAT)/ PAT (RM '000)	(478)	342
Number of ordinary shares ('000)	120,000	120,000
(LPS)/ PPS (Sen)	(0.40)	0.29

B14. Significant Related Party Transactions

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

B15. Realised And Unrealised Profits/ (Losses)

The breakdown of the retained profits/ (accumulated losses) of the Group as at the reporting period into realised and unrealised profit / (losses) as follows:-

	As at 30.9.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits/ (accumulated losses):		
-Realised profits	10,802	11,508
-Unrealised profits/ (losses)	<u>(527)</u>	<u>(1,576)</u>
Total Group retained profits as per consolidated accounts	<u>10,275</u>	<u>9,933</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.