

**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):-

<b>FRSs/ IC Interpretations</b>	<b>Effective date</b>
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

The Group has changed its financial year end from 31<sup>st</sup> December to 30<sup>th</sup> June effective from 23<sup>rd</sup> August 2011. The current financial period is from 1<sup>st</sup> January 2011 to 30<sup>th</sup> June 2012. Therefore, the respective quarter ended /ending 31<sup>st</sup> December 2011, 31<sup>st</sup> March 2012 and 30<sup>th</sup> June 2012 will be referred to as Other Quarter ended/ ending 31<sup>st</sup> December 2011, 31<sup>st</sup> March 2012 and 30<sup>th</sup> June 2012.

**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 Cyclical 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 period ended 30 June 2012:-

	<b>Investment Holding</b> RM '000	<b>Furniture</b> RM '000	<b>Kiln-Drying &amp; Lamination</b> RM '000	<b>Wood</b> RM '000	<b>Inter-Co Elimination</b> RM '000	<b>Total</b> RM '000
Revenue						
- External	-	60,546	82,753	10,152	-	153,451
- Inter-Segment Sales	-	5,114	8,715	13,140	(26,969)	-
Total Revenue	-	65,660	91,468	23,292	(26,969)	153,451
Results						
(Loss)/ Profit Before Tax	145	(1,447)	415	(3,263)	-	(4,150)
Income Tax Expenses	(64)	392	(376)	(309)	-	(357)
Net (Loss)/ Profit After Tax	81	(1,055)	39	(3,572)	-	(4,507)

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 statement of financial position as at 31 December 2010, 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:

	<b>Company</b>	
	As at 30.6.2012	As at 31.12.2010
	RM'000	RM'000
<b><u>Contingent Liabilities</u></b>		
Corporate guarantees given to licensed banks for Banking facilities granted to subsidiaries	<u>27,570</u>	<u>16,446</u>
	<b>Group</b>	
	As at 30.6.2012	As at 31.12.2010
	RM'000	RM'000
<b><u>Capital Commitment</u></b>		
Approved and Contracted for:-		
Purchase of property and equipment	<u>Nil</u>	<u>3,878</u>

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

**B1. Performance Analysis**

	<b>Individual Quarter</b>		<b>Year to Date</b>	
	30.6.2012 RM'000	30.6.2011 RM'000	30.6.2012 RM'000	31.12.2010 RM'000
<b>Revenue</b>				
Furniture	9,362	12,882	60,546	63,786
Kiln Drying & Lamination	14,662	15,325	82,753	19,388
Wood	193	2,246	10,152	31,771
<b>Group</b>	<b>24,218</b>	<b>30,453</b>	<b>153,451</b>	<b>115,015</b>
<b>Profit/ (Loss) before tax</b>				
Furniture	(321)	(119)	(1,447)	(923)
Kiln Drying & Lamination	67	495	415	1,350
Wood	(3,888)	411	(3,263)	1,680
<b>Group</b>	<b>(4,109)</b>	<b>799</b>	<b>(4,150)</b>	<b>2,369</b>

The Group's revenue for the current quarter ended 30 June 2012 recorded at RM24 million compared with previous year's corresponding quarter ended 30 June 2011 which recorded at RM30 million. For the quarter under review, the Group registered loss before tax of RM4 million compared with previous year's corresponding quarter ended 30 June 2011 which registered profit before tax of RM 799,000.

Furniture segment:

Furniture segment's performance continues affected by lower sales demand. Sales dropped by 27% compared with previous year's corresponding quarter. On the other hand, the loss before tax has increase from RM119,000 from previous year's corresponding quarter to RM321,000 for the quarter under reviewed.

Kiln-drying & lamination segment

Sales of the segment has decrease by RM663,000 compared with quarter ended 30 June 2011 as a result of lower demand of kiln-dried rubber wood and laminated board. During the reporting quarters, the segment registered RM67,000 profit before tax compared with RM495,000 profit before tax recorded at previous year's corresponding quarter ended 30 June 2011, the performance mainly affected by operating loss from its lamination segment.

Wood segment

Sales for the current quarter have decreased by RM2 million due to transfer of the tropical wood trading activities to kiln-drying segment. Loss before tax recorded at RM3.8 million compare with profit before tax of RM411,000 registered at previous year's corresponding quarter ended 30 June 2011. The loss for the current quarter mainly affected by expense off its pre-operating/ extraction set up cost amounting to RM3.4 million coupled with high raw material cost of the segment amounting to RM536,000.

**B2. Comparison with Preceding Quarter's Result**

	<b>Turnover</b>	<b>Profit/ (Loss)</b>	<b>Profit/ (Loss)</b>
	<b>RM'000</b>	<b>before tax</b>	<b>after tax</b>
		<b>RM'000</b>	<b>RM'000</b>
Other quarter 30.6.2012	24,218	(4,109)	(4,656)
Other quarter 31.3.2012	21,677	(829)	(692)

For the quarter under review, the group has reported loss before tax of RM 4 million compare to loss before tax of RM 829,000 in preceding quarter. Sales for the current quarter registered at RM24 million compare with RM22 million in preceding quarter.

**B3. Prospects**

The Group anticipates the operating environment will remain challenging in the coming financial period.

**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	(547)	(357)

**B6. Status of Corporate Proposals**

There were no corporate proposals announced for the financial period under review.

**B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2012 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
<b>Short Term Borrowings</b>			
Bankers Acceptances	21,100	-	21,100
Bank Overdraft	2,208	-	2,208
Hire Purchase Creditors	401	-	401
Term loan	250	-	250
	<u>23,959</u>	<u>-</u>	<u>23,959</u>
<b>Long Term Borrowings</b>			
Hire Purchase Creditors	700	-	700
Term loan	4,020	-	4,020
Total	<u>28,679</u>	<u>-</u>	<u>28,679</u>

**B8. Material Litigation**

The Group did not engage in any material litigation for the current financial period to date.

**B9. Dividend payable**

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

**B10. Loss per Share**

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

	Current Quarter	Current Year To Date
LAT (RM '000)	(4,656)	(4,507)
Number of ordinary shares ( '000)	120,000	120,000
LPS (Sen)	(3.88)	(3.76)

**B11. Notes to Comprehensive Income Statement**

The following items have been included in the Statement of Comprehensive Income:-

	Individual Quarter Ended 30.6.2012 RM'000	Year to date Ended 30.6.2012 RM'000
<b>After Charging:-</b>		
Interest Expenses	327	1,450
Depreciation	797	4,681
Loss on derivatives	94	128
<b>After Crediting:-</b>		
Interest income	-	(53)
Other income	283	(395)
Gain on disposal of property, plant and equipment	(30)	(282)
Foreign exchange gain – Realised	(241)	(863)
Foreign exchange gain - Unrealised	(447)	(447)

**B12. Significant Related Party Transactions**

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

**B13. 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 30.6.2012 RM'000	As at 31.12.2010 RM'000
Total retained profits/ (accumulated losses):		
-Realised profits	4,447	11,509
-Unrealised profits/ (losses)	979	(1,576)
Total Group retained profits as per consolidated accounts	5,426	9,933

**B14. 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.