

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 in compliance with Financial Reporting Standards ("FRS") 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 period ended 30 June 2012. 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 period ended 30 June 2012.

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 period ended 30 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.

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

B1. Performance Analysis

	Individual Quarter		Year to Date	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Revenue				
Furniture	10,200	10,940	10,200	10,940
Kiln Drying & Lamination	10,233	16,196	10,233	16,196
Wood	3,313	2,746	3,313	2,746
Group	23,746	29,882	23,746	29,882
Profit/ (Loss) before tax				
Furniture	153	(522)	153	(522)
Kiln Drying & Lamination	(578)	288	(578)	288
Wood	(339)	187	(339)	187
Others	33	30	33	30
Group	(731)	(17)	(731)	(17)

The Group's revenue for the current quarter ended 30 September 2012 recorded at RM24 million compared with previous year's corresponding quarter ended 30 September 2011 which recorded at RM30 million. For the quarter under review, the Group registered loss before tax of RM731,000 compared with previous year's corresponding quarter ended 30 September 2011 which registered loss before tax of RM 17,000.

Furniture segment:

Furniture segment's performance has improve for the quarter under review with RM153,000 of profit before tax. The result of effective cost control by management has increase the profit margin of the segment.

Kiln-drying & lamination segment

Sales of the segment have decreased by RM6 million compared with quarter ended 30 September 2011 due to lower demand. As a result, the segment registered loss before tax of RM578,000 compared with RM288,000 profit before tax recorded at previous year's corresponding quarter ended 30 September 2011.

Wood segment

The segment has registered loss before tax of RM339,000 compare with profit before tax of RM187,000 registered at previous year's corresponding quarter ended 30 September 2011, the performance of the segment continue affected by high raw material cost.

B2. Comparison with Preceding Quarter's Result

	Revenue RM'000	Loss before tax RM '000	Loss after tax RM '000
First quarter 30.9.2012	23,746	(731)	(666)
Other quarter 30.6.2012	24,218	(4,109)	(4,656)

For the quarter under review, the group has reported loss before tax of RM 731,000 compare to loss before tax of RM 4.6 million in preceding quarter. Sales remain at 24 million for the current quarter compare with preceding quarter.

B3. Prospects

The slowdown of global economic is expected to pose challenges to the furniture industry. The Group acknowledges the uncertainty and anticipates the potential impact to the Group's result in the coming quarters. At the same time, the Group has implemented various contingency plans and strategic plans to minimize the impact accordingly.

B4. Profit Forecast

There is no profit forecast for the current financial period under review.

B5. Taxation

	Current Quarter RM '000	Current Year to Date RM '000
Current tax expense	65	65

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 September 2012 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
Short Term Borrowings			
Bankers Acceptances	20,016	-	20,016
Bank Overdraft	1,123	-	1,123
Hire Purchase Creditors	392	-	392
Term loan	250	-	250
	<u>21,781</u>	<u>-</u>	<u>21,781</u>
Long Term Borrowings			
Hire Purchase Creditors	601	-	601
Term loan	3,962	-	3,962
Total	<u>26,344</u>	<u>-</u>	<u>26,344</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)	(666)	(666)
Number of ordinary shares ('000)	120,000	120,000
LPS (Sen)	(0.56)	(0.56)

B11. Notes to Comprehensive Income Statement

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

	Individual Quarter Ended 30.9.2012 RM'000	Year to date Ended 30.9.2012 RM'000
After Charging:-		
Interest Expenses	1,233	1,233
Depreciation	772	772
After Crediting:-		
Interest income	(2)	(2)
Other income	(121)	(121)
Foreign exchange gain – Realised	(71)	(71)

B12. Significant Related Party Transactions

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

B13. Realised And Unrealised Profits

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

	As at 30.9.2012 RM'000	As at 30.6.2012 RM'000
Total retained profits:		
-Realised profits	4,639	6,129
-Unrealised profits/ (losses)	124	(700)
At 30 June 2012	<u>4,763</u>	<u>5,429</u>

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.