

**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 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.

**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**

	<b>Individual Quarter</b>		<b>Year to Date</b>	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
<b>Revenue</b>				
Furniture	10,928	9,250	21,128	20,191
Kiln Drying & Lamination	11,560	15,173	21,793	31,368
Wood	7,760	1,303	11,073	4,050
<b>Group</b>	<b>30,248</b>	<b>25,726</b>	<b>53,994</b>	<b>55,609</b>
<b>Profit/ (Loss) before tax</b>				
Furniture	131	400	285	(121)
Kiln Drying & Lamination	(399)	(238)	(977)	50
Wood	52	(9)	(287)	179
Others	(15)	3	18	32
<b>Group</b>	<b>(231)</b>	<b>156</b>	<b>(961)</b>	<b>140</b>

For the current quarter under review, the Group's revenue was recorded at RM30 million compared with previous year's corresponding quarter ended 31 December 2011 which recorded at RM26 million. The Group registered loss before tax of RM231,000 compared with previous year's corresponding quarter ended 31 December 2011 which registered profit before tax of RM 156,000.

Furniture segment:

Furniture segment's sales has increased 18% or RM1.7 million for the quarter under review compared with previous year corresponding quarter. The segment has reported profit before tax of RM131,000 compared with RM 400,000 registered in the previous year corresponding quarter. The increase of revenue reflects strengthening of overseas consumers' buying power and positive feedback from the market positioning.

Kiln-drying & lamination segment

The segment's sales for the current quarter registered at RM12 million compared to the revenue of RM 15 million in previous year corresponding quarter. For the quarter under review, the segment registered loss before tax of RM399,000 compared with RM238,000 loss before tax recorded at preceding corresponding quarter.

Wood segment

The segment has registered profit before tax of RM52,000 compare with loss before tax of RM9,000 registered at preceding corresponding quarter. The result of the segment for the current quarter was mainly contributed by its sales growth which increased by RM6 million compared with previous year corresponding quarter; coupled with higher yield on wood extraction.

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

	Revenue RM'000	Loss before tax RM '000	Loss after tax RM '000
Second quarter 31.12.2012	30,248	(231)	(227)
First quarter 30.9.2012	23,746	(731)	(666)

The Group's revenue for the current quarter registered at RM30 million compared to the revenue of RM24 million in the preceding quarter which show a slight increase in sales. Beside, the loss before tax of the Group has reduced from RM731,000 in preceding quarter to RM 231,000. The decrease in loss before tax during the reporting quarter was mainly due to higher sales achieved and improvement in the operating cost compare with preceding quarter by all operating segments.

**B3. Prospects**

The management is aware of the global economic uncertainty. Various measures have been taken to improve the Group's result. Barring any unforeseen circumstances, the Group anticipates the performance for the second half to be favorable.

**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	4	69

**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 31 December 2012 are as follows:

	Secured RM '000	Unsecured RM '000	Total RM '000
<b>Short Term Borrowings</b>			
Bankers Acceptances	15,000	-	15,000
Bank Overdraft	2,412	-	2,412
Hire Purchase Creditors	365	-	365
Term loan	250	-	250
	<u>18,027</u>	<u>-</u>	<u>18,027</u>
<b>Long Term Borrowings</b>			
Hire Purchase Creditors	998	-	998
Term loan	3,895	-	3,895
Total	<u>22,920</u>	<u>-</u>	<u>22,920</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)	(227)	(892)
Number of ordinary shares ( '000)	120,000	120,000
LPS (Sen)	(0.19)	(0.74)

**B11. Notes to Comprehensive Income Statement**

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

	Individual Quarter Ended 31.12.2012 RM'000	Year to date Ended 31.12.2012 RM'000
<b>After Charging:-</b>		
Interest Expenses	224	493
Depreciation	779	1,551
<b>After Crediting:-</b>		
Interest income	(2)	(4)
Other income	(135)	(254)
Foreign exchange gain – Realised	(207)	(278)

**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 31.12.2012 RM'000	As at 30.6.2012 RM'000
Total retained profits:		
-Realised profits	4,362	6,129
-Unrealised profits/ (losses)	172	(700)
At 31 December 2012	4,534	5,429

**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.