

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 Malaysia Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (IFRSs), the provision of the Companies Act, 1965 Malaysia 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 2013. 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 2013.

A2. Accounting Policies

The audited financial statements of the Group for the year ended 30 June 2013 were prepared in accordance with Malaysia Financial Reporting Standards (“MFRS”), the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2013.

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.

A9. Segmental & Geographical Reporting

| Business Segment | Others RM'000 | Furniture RM'000 | Kiln Drying RM'000 | Wood RM'000 | Inter- Company Elimination RM'000 | Total RM'000 |
|--------------------------------|--------------------------|-----------------------------|-------------------------------|------------------------|--|-------------------------|
| <u>30.9.2013</u> | | | | | | |
| Revenue | | | | | | |
| External sales | - | 9,023 | 8,893 | 5,315 | - | 23,231 |
| Inter-segment sales | - | 1,271 | 1,055 | 1,104 | (3,430) | - |
| | - | 10,294 | 9,948 | 6,419 | (3,430) | 23,231 |
| Results | | | | | | |
| (Loss)/ Profit before taxation | 24 | (198) | (588) | (813) | - | (1,575) |
| Income tax expense | (14) | (2) | - | - | - | (16) |
| (Loss)/ Profit after taxation | 10 | (200) | (588) | (813) | - | (1,591) |

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 30 June 2012, 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:

| Contingent Liabilities | Company | |
|---|---------------------------|---------------------------|
| | As at 30.9.2013 RM'000 | As at 30.9.2012 RM'000 |
| Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries | <u>28,004</u> | <u>25,352</u> |
| | Group | |
| | As at 30.9.2013 RM'000 | As at 30.6.2013 RM'000 |
| Capital Commitment | <u>Nil</u> | <u>Nil</u> |

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

B1. Performance Analysis

| | Year to Date/ Individual Quarter | |
|----------------------------------|---|---------------------|
| | 30.9.2013 RM'000 | 30.9.2012 RM'000 |
| Revenue | | |
| Furniture | 9,023 | 10,200 |
| Kiln Drying | 8,893 | 10,233 |
| Wood | 5,315 | 3,313 |
| Group | 23,231 | 23,746 |
| Profit/ (Loss) before tax | | |
| Furniture | (198) | 153 |
| Kiln Drying | (588) | (578) |
| Wood | (813) | (339) |
| Others | 24 | 33 |
| Group | (1,575) | (731) |

For the current quarter under review, the Group's revenue was recorded at RM23 million compared with previous year's corresponding quarter ended 30 September 2012 which recorded at RM24 million. The Group registered loss before tax of RM1.6 million compared with previous year's corresponding quarter ended 30 September 2012 which registered loss before tax of RM 731,000.

Furniture

Furniture segment's sales has dropped 8% or RM486 thousand for the quarter under review compared with previous year corresponding quarter. The segment has reported loss before tax of RM198,000 compared with Profit before tax of RM 153,000 registered in the previous year corresponding quarter. Sales demand for furniture segment mainly affected by slowdown of overseas consumers' buying power.

Kiln Drying

The segment's sales for the current quarter registered at RM9 million compared with previous year corresponding quarter which registered at RM 10 million. For the quarter under review, the segment registered loss before tax of RM588,000 compared with RM578,00 loss before tax recorded at preceding corresponding quarter. The segment's performance was affected by drop in selling price with increase in factory overhead.

Wood

The segment's sales for the current quarter has increase from RM3 million to RM5 million. The increase in sales mainly contributed by tropical wood. However, the segment has registered loss before tax of RM813,000 compare with loss before tax of RM339,000 recorded at preceding corresponding quarter as a result of drop in selling price.

B2. Comparison with Preceding Quarter's Result

| | Revenue RM'000 | Loss before tax RM '000 | Loss after tax RM '000 |
|--------------------------|-------------------|-------------------------------|------------------------------|
| First quarter 30.9.2013 | 23,231 | (1,575) | (1,591) |
| Fourth quarter 30.6.2013 | 24,625 | (1,036) | (1,972) |

The Group's revenue for the current quarter registered at RM23 million compared to the revenue of RM25 million in the preceding quarter, the decrease in sales of RM2 million was mainly due to drop in sales from its kiln drying segment. Besides, the loss before tax of the Group recorded at RM1.6 million compare with loss before tax of RM1 million in preceding quarter.

B3. Prospects

The Group are of the opinion that the performance of the Group for the remaining quarters will be challenging because of the uncertainties in the global market.

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 | 16 | 16 |

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 2013 are as follows:

| | Secured RM'000 |
|------------------------------|-------------------|
| Short Term Borrowings | |
| Banker Acceptances | 17,454 |
| Bank Overdraft | 1,046 |
| Hire Purchase Creditors | 551 |
| Term Loan | 5,795 |
| | <u>24,846</u> |
| Long Term Borrowings | |
| Hire Purchase Creditors | 575 |
| Term Loan | 3,709 |
| | <u>4,284</u> |
| | <u>29,130</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) | (1,591) | (1,591) |
| Number of ordinary shares ('000) | 120,000 | 120,000 |
| LPS (Sen) | (1.33) | (1.33) |

B11. Notes to Comprehensive Income Statement

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

| | Individual Quarter Ended 30.9.2013 RM'000 | Year to date Ended 30.9.2013 RM'000 |
|---|--|--|
| After Charging:- | | |
| Interest Expenses | 289 | 289 |
| Depreciation | 780 | 780 |
| After Crediting:- | | |
| Interest income | (6) | (6) |
| Gain on disposal of property, plant and equipment | (2) | (2) |
| Other income | (130) | (130) |
| Fair value gain | (38) | (38) |
| Foreign exchange gain – Realised | (329) | (329) |

B12. Significant Related Party Transactions

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

B13. Realised And Unrealised (Losses)/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 30.9.2013 RM'000 | As at 30.6.2013 RM'000 |
|----------------------------|------------------------------|------------------------------|
| Total retained profits: | | |
| -Realised (losses)/profits | (117) | 2,902 |
| -Unrealised gain/ (losses) | <u>38</u> | <u>(1,390)</u> |
| At 30 June 2013/ 2012 | <u>(79)</u> | <u>1,512</u> |

B14. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors.