

**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 2014. 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 2014.

**A2. Accounting Policies**

The audited financial statements of the Group for the year ended 30 June 2014 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 2014.

**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**

<b>Business Segment</b>	<b>Others</b> RM'000	<b>Furniture</b> RM'000	<b>Kiln Drying</b> RM'000	<b>Processing and Trading</b> RM'000	<b>Inter-Company Elimination</b> RM'000	<b>Total</b> RM'000
<u>30.6.2015</u>						
<b>Revenue</b>						
External sales	-	36,802	50,045	22,626	-	109,473
Inter-segment sales	-	1,541	4,189	9,410	(15,140)	-
	-	38,343	54,234	32,036	(15,140)	109,473
<b>Results</b>						
Profit/ (Loss) before taxation	(81)	1,521	206	1,026	-	2,672
Income tax expense	(54)	(406)	18	(77)	-	(519)
(Loss)/ Profit after taxation	(135)	1,115	224	949	-	2,153

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 2014, 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 30.6.2015 RM'000	As at 30.6.2014 RM'000
<b><u>Contingent Liabilities</u></b>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	<u>30,337</u>	<u>32,459</u>
	<b>Group</b>	
	As at 30.6.2015 RM'000	As at 30.6.2014 RM'000
<b><u>Capital Commitment</u></b>	<u>Nil</u>	<u>Nil</u>

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

**B1. Performance Analysis**

	<b>Year to Date</b>		<b>Individual Quarter</b>	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
<b>Revenue</b>				
Furniture	36,802	40,333	8,896	9,847
Kiln Drying	50,045	41,220	11,992	12,540
Processing and Trading	22,626	5,496	1,515	3,363
<b>Group</b>	<b>109,473</b>	<b>87,049</b>	<b>22,403</b>	<b>25,750</b>
<b>Profit/ (Loss) before tax</b>				
Furniture	1,521	1,089	1,175	145
Kiln Drying	206	(384)	93	19
Processing and Trading	1,026	(1,553)	(184)	16
Others	(81)	44	27	24
<b>Group</b>	<b>2,672</b>	<b>(804)</b>	<b>1,111</b>	<b>204</b>

For the current quarter under review, the Group's revenue fell 15% to RM22 million, compared with previous year's corresponding quarter ended 30 June 2014 which recorded at RM26 million. However, the Group's profit before tax rose to RM1.1million, compared with previous year's corresponding quarter ended 30 June 2014 which registered profit before tax of RM 204,000. The profit mainly contributed by Furniture segment.

Furniture

Furniture segment's sales decreased from RM10 million at previous year corresponding quarter to RM9 million for the quarter under review. However, the segment's profit before tax has increase from RM145,000 in quarter ended 30 June 2014 to RM1.2million for fourth quarter, 2015. The performance of the segment's profit was mainly due to strengthen of US Dollar against Ringgit Malaysia.

Kiln Drying

Kiln Drying segment's has registered RM12 million sales for the current quarter under review. The segment registered profit before tax of RM93,000 compared with RM19,000 profit before tax recorded at preceding corresponding quarter. The improvement of the segment's results was mainly due management effort to reduce its production cost.

Processing and Trading

The segment's sales fell to RM1.5million for the fourth quarter from RM3.4million at previous year corresponding quarter. The segment has registered loss before tax of RM184,000 resulted from lower sales compared with profit before tax of RM16,000 recorded at preceding corresponding quarter.

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

	<b>Individual Quarter</b>	
	30.6.2015 RM'000	31.3.2015 RM'000
<b>Revenue</b>		
Furniture	8,896	8,087
Kiln Drying	11,992	14,408
Processing and Trading	1,515	11,927
<b>Group</b>	<b>22,403</b>	<b>34,422</b>
<b>Profit/ (Loss) before tax</b>		
Furniture	1,175	99
Kiln Drying	93	462
Processing and Trading	(184)	400
Others	27	(111)
<b>Group</b>	<b>1,111</b>	<b>850</b>

The Group's revenue for the current quarter declined 35% from RM34 million to RM22million, The decrease in revenue mainly affected by Processing and Trading segment. Besides, the Group has recorded profit before tax of RM 1.1million compare with profit before tax of RM 850,000 in preceding quarter. The current quarter's result mainly contributed by Furniture segment which recorded profit before tax of RM1.2million.

**B3. Prospects**

The Group recognized that the year is still challenging. Nevertheless, the board and management will continue with the measures implemented to reduce cost and expand to new markets to improve the Group's performance.

**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	482	519

**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 2015 are as follows:

	Secured RM'000
<b>Short Term Borrowings</b>	
Banker Acceptances	15,702
Bank Overdraft	3,297
Hire Purchase Creditors	312
Term Loan	7,984
	<u>27,295</u>
<b>Long Term Borrowings</b>	
Hire Purchase Creditors	542
Term Loan	3,354
	<u>3,896</u>
	<u>31,191</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. Profit per Share**

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

	Current Quarter	Current Year To Date
PAT (RM '000)	629	2,153
Number of ordinary shares ( '000)	120,000	120,000
PPS (Sen)	0.52	1.79

**B11. Notes to Comprehensive Income Statement**

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

	<b>Individual Quarter Ended</b> 30.6.2015 RM'000	<b>Year to date Ended</b> 30.6.2015 RM'000
<b>After Charging:-</b>		
Interest Expenses	412	1,624
Depreciation	591	2,492
<b>After Crediting:-</b>		
Interest income	-	(10)
Gain on disposal of property, plant and equipment	-	(199)
Rental income	(330)	(683)
Other income	(15)	(16)
Foreign exchange gain – Unrealised	(731)	(731)
Foreign exchange gain – Realised	(352)	(1,693)

**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 as follows:-

	As at 30.6.2015 RM'000	As at 30.6.2014 RM'000
Total retained profits:		
-Realised profits	4,224	969
-Unrealised (loss)/gain	(473)	629
At 30 June 2015/30 June 2014	<u>3,751</u>	<u>1,598</u>