

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 year ended 30 June 2015. 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 30 June 2015.

A2. Accounting Policies

The audited financial statements of the Group for the year ended 30 June 2015 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 2015.

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	Manufacturing RM'000	Kiln Drying RM'000	Processing and trading RM'000	Inter-Company Elimination RM'000	Total RM'000
<u>30.9.2015</u>						
Revenue						
External sales	-	11,634	11,126	1,349	-	24,109
Inter-segment sales	-	-	666	2,317	(2,983)	-
	-	11,634	11,792	3,666	(2,983)	24,109
Results						
Profit before taxation	(27)	1,824	132	12	-	1,941
Income tax expense	(10)	(400)	(5)	-	-	(415)
Profit after taxation	(37)	1,424	127	12	-	1,526

Geographical segment has not been presented as the Group operates wholly in Malaysia. The reportable segments are summarised as follows:-

- (i) Manufacturing – Manufacturing of wooden furniture
- (ii) Kiln Drying – Manufacturing and processing of all kinds of timber.
- (iii) Processing and trading – Processing and trading of rubberwood and timber logs.

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 2015, 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 30.9.2015 RM'000	As at 30.6.2015 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	<u>24,935</u>	<u>30,337</u>
	Group	
	As at 30.9.2015 RM'000	As at 30.6.2015 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	
	30.9.2015 RM'000	30.9.2014 RM'000
Revenue		
Manufacturing	11,634	10,728
Kiln Drying	11,127	11,013
Processing and trading	1,349	5,593
Group	24,109	27,334
Profit/ (Loss) before tax		
Manufacturing	1,824	362
Kiln Drying	132	135
Processing and trading	12	38
Others	(27)	25
Group	1,941	560

For the current quarter under review, the Group's revenue was recorded at RM24 million compared with previous year's corresponding quarter ended 30 September 2014 which recorded at RM27 million. The Group registered profit before tax of RM1.9 million compared with previous year's corresponding quarter ended 30 September 2014 which registered profit before tax of RM 560,000.

Manufacturing

The segment's sales has increased 8% or RM906,000 for the quarter under review compared with previous year corresponding quarter. The segment has reported profit before tax of RM1.8 million compared with profit before tax of RM 362,000 registered in the previous year corresponding quarter. The increase of the segment's profit was mainly due to strengthen of US Dollar against Ringgit Malaysia.

Kiln Drying

The segment's sales remain at RM11 million for the quarter under review compared with previous year corresponding quarter. For the quarter under review, the segment registered profit before tax of RM132,000 compared with RM135,000 of profit before tax recorded at preceding corresponding quarter.

Processing and trading

The segment's sales was recorded at RM1.3 million for the current quarter under review, the sales has decreased by RM4.2 million compared with previous year corresponding quarter, as a result of the decrease in its wood extraction activities. The segment has registered profit before tax of RM12,000 compare with profit before tax of RM38,000 recorded at preceding corresponding quarter. Management expects the wood extraction activities will be increased in third Quarter of the financial year.

B2. Comparison with Preceding Quarter's Result

	Individual Quarter Ended	
	30.9.2015 RM'000	30.6.2015 RM'000
Revenue		
Manufacturing	11,634	8,896
Kiln Drying	11,127	11,992
Processing and trading	1,349	1,515
Group	24,109	22,404
Profit before tax		
Manufacturing	1,824	1,175
Kiln Drying	132	93
Processing and trading	12	(184)
Others	(27)	27
Group	1,941	1,111

The Group's revenue for the current quarter registered at RM24 million compared to the revenue of RM22 million in the preceding quarter. The Group continued to record profit before tax of RM 1.9 million compared with profit before tax of RM 1.1 million in preceding quarter. The profit of the Group was mainly contributed by its Manufacturing segment for the quarter under review.

B3. Prospects

The Group anticipates the uncertainty of future market conditions and the potential impact to the Group's result in the coming quarters. However, the Group expects the operating result in the coming financial periods 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	415	415

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 2015 are as follows:

	Secured RM'000
Short Term Borrowings	
Banker Acceptances	12,775
Bank Overdraft	1,836
Hire Purchase Creditors	316
Term Loan	7,145
	<u>22,072</u>
Long Term Borrowings	
Hire Purchase Creditors	461
Term Loan	3,179
	<u>3,640</u>
	<u>25,712</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)	1,941	1,941
Number of ordinary shares ('000)	120,000	120,000
PPS (Sen)	1.62	1.62

B11. Notes to Comprehensive Income Statement

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

	Individual Quarter Ended 30.9.2015 RM'000	Year to date Ended 30.9.2015 RM'000
After Charging:-		
Interest Expenses	405	405
Depreciation	584	584
After Crediting:-		
Gain on foreign exchange (Realised)	(1,291)	(1,291)
Rental income	(118)	(118)

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 30.9.2015 RM'000	As at 30.6.2015 RM'000
Total retained profits:		
-Realised profits	5,278	3,943
-Unrealised gain	-	(191)
	<u>5,278</u>	<u>3,752</u>