



(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**PART A -  
EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM  
FINANCIAL REPORTING**

**A1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the Accountants’ Report of the Group for the financial year ended 31 December 2010 as disclosed in the Prospectus of the Group dated 6 April 2011 and the accompanying explanatory notes attached to this interim financial report.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2010. The interim consolidated financial statements and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

**A2. Significant Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010 of the Group except for the adoption of the following Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations effective for Financial period beginning on or after 1 January 2011:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-Settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation (paragraphs 11,16 97E relating to classification of Right Issues)
Amendments to FRS 138	Intangible Assets
Amendments to FRSs and IC Interpretation 13	Improvements to FRSs (2010)
IC Interpretation 4	Determining whether an Arrangement Contain a Lease



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**A2. Significant Accounting Policies (cont'd)**

**FRSs, Amendments to FRSs and Interpretations (cont'd)**

IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate
Technical Release 3	Guidance on Disclosure of Transition to IFRSs
Technical Release i4	Shariah Compliant Sale Contracts

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

At the date of authorisation of this interim financial report, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

<b>FRSs, Amendments to FRSs and Interpretations</b>	<b>Effective date</b>
IC Interpretation 19 Extinguishing Financial Liabilities With Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
IC interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
FRS124 Related Party Disclosures (revised)	1 January 2011

**A3. Auditors' Report**

There was no qualification to the audited financial statements of the company and its subsidiary for the financial year ended 31 December 2010.

**A4. Seasonal or Cyclical Factors**

The Group's business operation and performance are not affected materially by any seasonal or cyclical factors for the financial quarter under review.

**A5. Items of Unusual Nature**

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow in the quarterly financial statements.

**A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.



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There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

**A8. Dividend Paid**

An interim tax exempt (single-tier) dividend of 6.8132 sen per ordinary shares of RM0.50 each amounting to RM6.2 million was paid on 15 February 2011 in respect of the financial year ended 31 December 2010.

**A9. Segmental Reporting**

The Group is organized into business units based on their products and services, and has two reportable operating segments as follows:-

- i. Manufacturing segment - manufacturing and sale of plywood, veneer and laminated veneer lumber (LVL).
- ii. Electricity segment - generation, transmission, distribution and sale of electricity.

The segment revenue and results for the financial period ended 31 March 2011 are as follows:

	Manufacturing RM'000	Electricity RM'000	Elimination RM'000	Consolidated RM'000
<u>3 months Ended 31 Mar 2011</u>				
<b>REVENUE</b>				
External sales	22,455			22,455
inter-segment sales		1,061	(1,061)	-
<hr/>				
<b>RESULTS</b>				
Profit from operations	5,415	279	15	5,709
Other income				689
Selling and distribution expenses				(2,647)
Administrative expenses ^				(2,553)
Profit before tax				1,198
Income tax expense				-
<b>Total comprehensive income</b>				<b>1,198</b>
<hr/>				
<u>3 months Ended 31 Mar 2010</u>				
<b>REVENUE</b>				
External sales	24,602			24,602
inter-segment sales		1,545	(1,545)	-
<hr/>				
<b>RESULTS</b>				
Profit from operations	6,998	779	15	7,792
Other income				310
Selling and distribution				(1,474)
Administrative expenses ^				(2,378)
Profit before tax				4,250
Income tax expense				-
<b>Total comprehensive income</b>				<b>4,250</b>

^ - Included herein were listing related expenses of RM0.27 mil (31.3.2011) and RM0.19 mil (31.3.2010).



富佳木業有限公司

**FOCUS LUMBER BERHAD** (188710-V)

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**A10. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current financial quarter.

**A11. Contingent Liabilities and Contingent Assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

**A12. Capital Commitments**

There were no material capital commitments subsequent to the end of the current financial quarter.

**A13. Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report. The Group was listed on the Main Market of Bursa Malaysia Securities Berhad on 28 April 2011.

**A14. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter.

**A15. Significant Related Party Transactions**

The Group had the following transactions during the current financial quarter and year to date with related parties.

	Transactions during Current financial Quarter	Balance outstanding As at 31 March 2011
Nature of transactions	RM'000	RM'000
Purchase of edging tapes from: -A company related to a director/substantial shareholder	105 ===	42 ===



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**PART B -  
 ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES  
 BERHAD (PART A OF APPENDIX 9B)**

**B1. Review of performance of the Group**

The Group recorded a revenue of RM22.46 million during the current quarter under review, a decrease of RM2.14 million or 8.7% as compared to a revenue of RM24.6 million registered in the corresponding quarter last year. The decrease in revenue is mainly due to the delayed shipment of goods with an aggregate value of approximately RM5.1 million. The expected arrival of the vessel was delayed due to the effect of the hazardous Tsunami occurred in Japan on 11 March 2011.

The Group's profit before tax of RM1.2 million for the current quarter and 3 months cumulative period was 71.8% lower than the corresponding preceding period in the prior financial year. The decrease was mainly due to the delayed shipments as disclosed aforesaid which are of higher selling prices. In addition, the freight charges of RM2.6 million incurred in the current quarter increased by RM1.1 million, or 73.3% as compared to the corresponding preceding period which has also caused a lower profit for the current quarter under review.

**B2. Comparison with immediate preceding quarter's results**

The profit before tax of RM1.2 million for the current quarter is higher compared to the loss before tax in the immediate preceding quarter of RM1.3 million mainly due to lower production cost and higher margin in the current quarter.

**B3. Prospects for the remaining period of the current financial year**

As disclosed in our Prospectus dated 6 April 2011, our Group will continue to expand customer base in the existing and new markets. The event of the delayed shipment happened in this quarter is no-doubt a one-off event which has been regularized in the remaining period of the current financial year. We also anticipate that the plywood prices will be higher as compared to the prices in the previous year as the global demand for plywood is expected to increase.

**B4. Profit from forecast profit or profit guarantee**

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.

**B5. Income tax**

	Current Year Quarter Ended 31/3/2011 RM'000	Cumulative Current Year to Date 31/3/2011 RM'000
Malaysian Taxation based on profit for the period:		
Income tax expense	- =====	- =====

The Group estimates no income tax expenses in view of the effect of the expenses eligible for double tax deduction tax incentives for the quarter under review.



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**B6. Profits/(losses) on sale of unquoted investments and/or properties**

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date.

**B7. Quoted Securities**

There were no purchase or dispose of any quoted securities for the current quarter and financial year to date.

**B8. Status of corporate proposals and utilization of proceeds**

(a) Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

(b) Utilisation of proceeds

The total gross proceeds raised from the public issue of RM7.32 million based on the issue price of RM0.60 will be utilized in the following manner:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation %	Intended timeframe for utilization (Listed 28 April 2011)
(i) Working Capital	4,520	-	-	Within 1 year after listing
(ii) Listing Expenses	2,800	2,288	18.28	Within 1 month after listing

**B9. Borrowings**

The Group does not have any borrowings as at 31 March 2011.

**B10. Off balance sheet financial instruments**

There were no off balance sheet financial instruments entered (or held) by the Group as at the date of this report.

**B11. Material Litigations**

There were no material litigations since the last financial year ended 31 December 2010 and up to the date of this report.

**B12. Dividends**

No interim dividend has been declared during the quarter under review.

**B13. Earnings per share**

Basic earnings per share are calculated based on weighted average number of 91,000,000 ordinary shares in issue and profit attributable to equity holder of the Group. There is no dilutive effect. The weighted average number of ordinary share in issue for preceding year's corresponding quarter has been adjusted for the increase arising from bonus issue and share split as if these events had occurred at the beginning of preceding year's corresponding quarter.



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**B14. Realised and Unrealised Profits/Losses Disclosure**

Breakdown of the retained earnings of the Group as at 31 March 2011 into realised and unrealised profits or losses is as follows:-

	AS AT THE END OF THE CURRENT QUARTER	AS AT END OF PRECEDING QUARTER
	31/03/2011	31/12/2010
	RM'000	RM'000
Realised	52,158	59,561
Unrealised	(502)	(2,903)
Total	51,656	56,658

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements", issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

BY ORDER OF THE BOARD  
FOCUS LUMBER BERHAD

**LIN FONG MING**  
MANAGING DIRECTOR

Kota Kinabalu, Sabah  
27 May 2011