



富佳木業有限公司

FOCUS LUMBER BERHAD (188710-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2011 RM'000	Preceding Year Corresponding Quarter 31/12/2010 RM'000	Current Year To Date 31/12/2011 RM'000	Preceding Year To Date 31/12/2010 RM'000
Revenue	35,312	27,190	122,150	120,378
Cost of sales	(24,639)	(22,265)	(88,105)	(88,706)
Gross Profit	10,673	4,925	34,045	31,672
Other Income	220	(85)	3,029	913
Selling and distribution expenses	(4,161)	(4,276)	(14,378)	(13,900)
Administrative expense	(1,750)	(1,876)	(7,100)	(7,891)
Operating Profit	4,982	(1,312)	15,596	10,794
Overdraft Interest	-	-	(1)	(1)
Profit before tax	4,982	(1,312)	15,595	10,793
Income tax expense	(810)	(576)	(1,339)	(576)
Profit after tax	4,172	(1,888)	14,256	10,217
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,172	(1,888)	14,256	10,217
Profit attributable to:				
Owners of the parent	4,172	(1,888)	14,256	10,217
Minority Interest	-	-	-	-
	4,172	(1,888)	14,256	10,217
Total comprehensive income attributable to:				
Owners of the parent	4,172	(1,888)	14,256	10,217
Minority Interest	-	-	-	-
	4,172	(1,888)	14,256	10,217
Earnings per share (sen)				
- Basic	4.04	(2.07)	14.36	11.23

The Unaudited Condensed Consolidated Statement of Comprehensive Income 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.



富佳木業有限公司

FOCUS LUMBER BERHAD (188710-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Unaudited As at 31/12/2011 RM'000	Audited As at 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,716	46,987
Investment Properties	1,477	1,518
Other investment	1,149	1,149
Deffered tax assets	3,303	3,418
	<u>49,645</u>	<u>53,072</u>
Current assets		
Inventories	26,663	22,285
Trade and other receivables	8,866	6,348
Other investment	2,600	-
Short term deposits with licensed banks	408	2,925
Cash and bank balances	33,411	25,885
Tax refundable	4,715	3,679
	<u>76,663</u>	<u>61,122</u>
TOTAL ASSETS	<u>126,308</u>	<u>114,194</u>
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	6,457	9,156
	<u>6,457</u>	<u>9,156</u>
Net current assets	<u>70,206</u>	<u>51,966</u>
Non-current liability		
Deferred tax liabilities	2,939	2,880
TOTAL LIABILITIES	<u>9,396</u>	<u>12,036</u>
Net assets	<u>116,912</u>	<u>102,158</u>
Equity attributable to the owners of the parent		
Share capital	51,600	45,500
Share Premium	598	-
Retained earnings	64,714	56,658
Total Equity	<u>116,912</u>	<u>102,158</u>
TOTAL EQUITY AND LIABILITIES	<u>126,308</u>	<u>114,194</u>
NA per share (RM)	1.13	1.12

The Unaudited Condensed Consolidated Statement of Financial Position 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.



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FOCUS LUMBER BERHAD (188710-V)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	Current Year To Date 31/12/2011 RM'000	Preceding Year To Date 31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	131,372	132,986
Payments to suppliers and employees	(119,682)	(110,761)
Payment of income taxes	(2,201)	(2,915)
Net cash flows from operating activities	<u>9,489</u>	<u>19,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other investment	(2,600)	(1,000)
Proceeds from disposal of property, plant and equipment	32	184
Purchase of property, plant & equipment	(1,664)	(5,829)
Interest received	156	124
Net cash flows used in investing activities	<u>(4,076)</u>	<u>(6,521)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid on ordinary shares	(6,200)	-
Proceeds from issuance of shares	6,100	-
Proceeds from share premium	598	-
Interest paid	(1)	(1)
Net cash flows from / (used in) financing activities	<u>497</u>	<u>(1)</u>
Net increase in cash & cash equivalents	5,910	12,788
Effects of foreign exchange rate changes on cash and cash equivalents	(902)	(1,931)
Cash and cash equivalents at 1 January	<u>28,810</u>	<u>17,953</u>
Cash and cash equivalents at 31 December	<u>33,818</u>	<u>28,810</u>

The Unaudited Condensed Consolidated Statement of Cash Flows 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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Equity RM'000	Equity attributable to owners of the parents RM'000	Non-Distributable Share Capital RM'000	Distributable Share Premium RM'000	Retained Earnings RM'000
<u>Period ended 31/12/2010</u>					
As of 1 January 2010	91,941	91,941	35,000	-	56,941
Total comprehensive income	10,217	10,217	-	-	10,217
Bonus shares issued	-	-	10,500	-	(10,500)
As at 31 December 2010	102,158	102,158	45,500	-	56,658
<u>Period ended 31/12/2011</u>					
As of 1 January 2011	102,158	102,158	45,500	-	56,658
Total comprehensive income	14,256	14,256	-	-	14,256
Proceeds from issuance of shares	6,100	6,100	6,100	-	-
Proceeds from share premium	1,220	1,220	-	1,220	-
Share issuance expense	(622)	(622)	-	(622)	-
Dividend paid	(6,200)	(6,200)	-	-	(6,200)
As at 31 December 2011	116,912	116,912	51,600	598	64,714

The Unaudited Condensed Consolidated Statement of Changes in Equity 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.



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FORTH QUARTER ENDED 31 DECEMBER 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 unaudited 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 Company dated 6 April 2011.

The explanatory notes attached to the unaudited interim financial report provide an explanation of the event and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The unaudited interim combined financial report and notes thereon do not include all of the information required for a full set of financial statements to be prepared in accordance with Financial Reporting Standards (FRSs).

A2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group adopted new and amended FRS and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2011.

The adoption of these Standards and Interpretations did not have any significant impact on the financial performance or position of the Group except for the new disclosures required under the Amendments to FRS 7: Improving Disclosures about Financial Instruments.

The Amendments to FRS 7 requires the disclosure of maturity analysis of non-derivative and derivative financial liabilities and a description of how the Group manages the liquidity risk inherent in non-derivative and derivative financial liabilities.

The Group has applied the Amendments to FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.



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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 either the prior interim period of the current financial period or prior financial years that have had a material effect on the results during the current quarter and financial period-to-date.

A7. Changes in Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments 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.

The Group has declared and paid the First Interim tax-exempt (single tier) dividend amounting to RM6.192 million for the FYE 31 December 2011 on 16 December 2011 which was paid on 16 January 2012.

A9. Segment 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.



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A9. Segment Reporting (Cont'd)

	Manufacturing RM'000	Electricity RM'000	Elimination RM'000	Consolidated RM'000
<u>Period Ended 31 December 2011</u>				
REVENUE				
External sales	122,048			122,048
inter-segment sales		4,265	(4,163)	102
				<u>122,150</u>
RESULTS				
Profit from operations	33,428	557	60	34,045
Other income				3,029
Selling and distribution expenses				(14,378)
Administrative expenses ^				(7,100)
Interest expense				(1)
Profit before tax				<u>15,595</u>
Income tax expense				(1,339)
Total comprehensive income				<u><u>14,256</u></u>

	Manufacturing RM'000	Electricity RM'000	Elimination RM'000	Consolidated RM'000
<u>Period Ended 31 December 2010</u>				
REVENUE				
External sales	120,320			120,320
inter-segment sales		5,419	(5,361)	58
				<u>120,378</u>
RESULTS				
Profit from operations	29,640	1,972	60	31,672
Other income				913
Selling and distribution expenses				(13,900)
Administrative expenses ^				(7,891)
Interest Expense				(1)
Profit before tax				<u>10,793</u>
Income tax expense				(576)
Total comprehensive income				<u><u>10,217</u></u>



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
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A10. Profit before tax

	Current Year Quarter 31/12/2011 RM'000	Current Year To-date 31/12/2011 RM'000
Profit before tax is arrived at after charging/(crediting) :-		
Interest income	(156)	(124)
Other income	(543)	(605)
Interest expense	1	1
Depreciation and amortization	4,995	5,167
Provision for and write off of receivables	(4)	-
Foreign exchange (gain) / loss	(1,879)	212
Gain on disposal of plant & machinery	(504)	(184)

A11. Valuation of property, plant and equipment

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

A12. Change in contingent liabilities or contingent assets

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

A13. Capital Commitments

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

A14. Material Events Subsequent to the Balance Sheet Date

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

A15. Changes in composition of the Group

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.

A16. Significant Related Party Transactions

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

<u>Nature of transactions</u>	Transactions during Current financial Quarter <hr/> RM'000	Balance Outstanding As at 31.12.2011 <hr/> RM'000
Purchase of edging tapes from:		
- A company related to a director/ Substantial shareholder	101	58
	=====	=====



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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2011

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 RM35.31 million (which consists of RM35.28 million from the manufacturing segment and RM0.03 million from the electricity segment respectively) during the current quarter under review, an increase of RM8.12 million (29.86%) as compared to the group revenue of RM27.19 million (which consists of RM27.15 million from the manufacturing segment and RM0.04 million from the electricity segment respectively) registered in the corresponding quarter last year. The increase in revenue was mainly contributed by the manufacturing segment since the electricity segment is operated mainly for the supply of electricity to its holding company which delivered approximately 98% of its output to the holding company.

The global property market condition remained slowdown during the current quarter under review, which affected the demand of plywood and was decreasing thereof. However, the property market and RV (Recreational Vehicle) market in US started to improve during the current quarter under review. As a result of this, the overall selling price was 27.7% higher than the preceding year corresponding quarter.

The Group recorded a profit before taxation of RM4.98 million as compared with a loss of RM1.31 million in the corresponding quarter of the preceding year. The increase in profit before tax is mainly due to higher selling price.

During the FYE 31 December 2011, the manufacturing segment was operating less than 50% of its capacity, which was mainly due to the shortage of labour and it is still the main problem for this segment. The logs supply of 148,000 cubic meters FYE 31 December 2011 at an average price of RM357 per cubic meter was considerably stable as compared to the preceding year which was approximately 130,000 cubic meters at an average price of RM365 per cubic meter.

B2. Comparison with immediate preceding quarter's results

The Group's revenue for the current quarter was RM35.31 million which is 4.14% higher than the immediate preceding quarter mainly due to high selling prices in the current quarter under review.

The profit before tax of RM4.98 million for the current quarter has decreased by RM0.79 million as compared to the profit before tax of RM5.77 million in the immediate preceding quarter mainly due to the effect of the loss on foreign exchange in the current quarter under review.

B3. Prospects for current year

In view of the issue on the shortage of labour, the Directors of the Group will continue the efforts through several measures to recruit more manpower. A focus on investment in additional automated machineries will also be considered from time to time to overcome the manpower problem. The Group targets an average monthly production of about 6,500 cubic meters this year, i.e. an increase of 7% in its production as compared to last year.



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B3. Prospects for current year (cont'd)

The logs supply is expected to remain stable as the Group is purchasing from more than 20 logs suppliers within Sabah and some of them are supplying regularly to the Group. The logs prices will be fluctuated due to changes in demand and supply conditions. The Group will also purchase veneer on a need-be basis to meet the plywood orders when the logs supply is insufficient.

Majority of the Group's products are traded in US currency. Hence the Group is exposed to foreign exchange risks. In spite of this regard, the Group may adjust the pricing of sales quotations within a certain period of time with certain degree of flexibility which may in turn reduce the impact of foreign currency movement accordingly. Therefore, the impact of the fluctuation of US currency is considered minimal to the Group as commented by the Directors. The Directors also suggest that a certain level of hedging will be considered as well.

The Group also expects a challenging environment this year mainly due to the effect of the euro debt crisis commencing since October last year, which has continued into the beginning of this year. The plywood market is expected to be sluggish in the first half year of 2012. However, the Directors are confident that the Group will continue to perform due to its established and diversified customers, based mainly in the US market, India and other emerging Asia markets. The Directors remain positive and that the Group's businesses will be expected to be resilient.

B4. Profit forecast 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 Expense

	Current Quarter Ended 31/12/2011 RM'000	Current financial year to date 31/12/2011 RM'000
Current income tax:		
- Malaysian income tax	1,745	1,745
- Over provision in respect of previous years	(580)	(580)
Deferred income tax charge / (credit)	(355)	174
	-----	-----
	810	1,339
	=====	=====

B6. Status of corporate proposals and utilization of proceeds

(a) Corporate proposals

There is no corporate proposal announced or not completed by the Group as at the date of this report.

(b) Utilization of proceeds

The Public Issue Shares of RM12,200,000 new shares in conjunction with the Group's listing on the Main Market of Bursa Securities raised a total proceeds of RM7.32 million.



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B6. Status of corporate proposals and utilization of proceeds (cont'd)

The status of utilization of the proceeds raised from the public issue of RM7.32 million is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation %	Intended time frame for utilization (Listed 28/4/2011)
Working capital (N1)	4,520	4,919	-	Within 12 months from the date of listing
Estimated listing expenses (N1)	2,800	2,401	14.25	Within 3 months from the date of listing.
	7,320	7,320		

Note (N1): The Group incurred total listing expenses of RM2.401 million of which RM0.622 million was offset against share premium as these transaction costs are directly attributable to the issuance of new shares in conjunction of the initial public offering exercise. The deviation of RM0.399 million from the estimated listing expenses was utilized for working capital.

B7. Borrowings

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

B8. Material litigations

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

B9. Dividends

The Group has declared and paid the First Interim tax-exempt (single tier) dividend amounting to RM6.192 million for the FYE 31 December 2011 on 16 December 2011 which was paid on 16 January 2012.

B10. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period. There is no dilutive effect.

	Individual quarter		Cumulative quarter	
	Current 31/12/2011	Preceding 31/12/2010	Current 31/12/2011	Preceding 31/12/2010
Net profit for the period (RM'000)	4,172	(1,888)	14,256	10,217
Weighted average number of ordinary Shares in issue ('000)	103,200	91,000 ₁	99,256	91,000 ₁
Basic Earnings per share (sen)	<u>4.04</u>	<u>(2.07)</u>	<u>14.36</u>	<u>11.23</u>

1) The number of ordinary shares in issue is adjusted for Bonus Issue and Share Split implemented on 16 December 2010 and 17 December 2010 respectively.



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B11. Realised and unrealised profits/(losses) disclosure

Breakdown of realised and unrealised profits or losses of the Group:

	At end of Current quarter 31/12/2011 RM'000	At end of preceding quarter 30/9/2011 RM'000
Realised	65,790	60,805
Unrealised	(1,076)	(263)
Retained profits as per statement of financial position	<u>64,714</u>	<u>60,542</u>

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/(losses) 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.