

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	Current Year Quarter 30 June 2016 RM'000	Preceding Year Corresponding Quarter 30 June 2015 RM'000	Current Year-To-Date 30 June 2016 RM'000	Preceding Year-To-Date 30 June 2015 RM'000
Revenue	52,737	50,132	106,023	80,164
Cost of sales	<u>(40,183)</u>	<u>(35,409)</u>	<u>(78,593)</u>	<u>(57,642)</u>
Gross profit	12,554	14,723	27,430	22,522
Other operating income	1,795	1,693	1,788	3,808
Selling and distribution expenses	(6,461)	(6,517)	(12,375)	(9,977)
Administrative expenses	(1,451)	(1,021)	(3,212)	(2,434)
Other expenses	<u>(362)</u>	<u>-</u>	<u>(3,198)</u>	<u>(1,202)</u>
Profit before tax	6,075	8,878	10,433	12,717
Income tax expense	<u>(1,434)</u>	<u>(833)</u>	<u>(2,480)</u>	<u>(1,349)</u>
Profit for the period	4,641	8,045	7,953	11,368
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>4,641</u>	<u>8,045</u>	<u>7,953</u>	<u>11,368</u>
Profit attributable to: Owners of the parent	<u>4,641</u>	<u>8,045</u>	<u>7,953</u>	<u>11,368</u>
Total comprehensive income attributable to: Owners of the parent	<u>4,641</u>	<u>8,045</u>	<u>7,953</u>	<u>11,368</u>
Earnings per share attributable to owners of the parent:				
Basic (sen)	4.50	7.80	7.71	11.02
Diluted (sen)	4.50	7.80	7.71	11.02

*This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to these interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	<b>As at 30 June 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,705	33,820
Investment properties	2,584	2,625
Other investments	149	149
Deferred tax assets	1,126	1,333
	<u>35,564</u>	<u>37,927</u>
<b>Current assets</b>		
Other investments	62,510	17,201
Inventories	27,082	25,912
Trade and other receivables	23,334	16,627
Other current assets	1,282	3,461
Income tax refundable	-	287
Derivatives	9	-
Cash and bank balances	19,614	57,819
	<u>133,831</u>	<u>121,307</u>
<b>Total assets</b>	<u>169,395</u>	<u>159,234</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9,619	9,443
Provision for taxation	2,424	-
	<u>12,043</u>	<u>9,443</u>
<b>Net current assets</b>	<u>121,788</u>	<u>111,864</u>
<b>Non-current liability</b>		
Deferred tax liabilities	2,624	3,016
<b>Total liabilities</b>	<u>14,667</u>	<u>12,459</u>
<b>Net assets</b>	<u>154,728</u>	<u>146,775</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	51,600	51,600
Share premium	883	883
Retained earnings	102,245	94,292
<b>Total equity</b>	<u>154,728</u>	<u>146,775</u>
<b>Total equity and liabilities</b>	<u>169,395</u>	<u>159,234</u>
<b>NA per share (RM)</b>	1.50	1.42

*This Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to these interim financial statements.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE PERIOD ENDED 30 JUNE 2016**

	<b>Current Year-To-Date 30 June 2016 RM'000</b>	<b>Preceding Year-To-Date 30 June 2015 RM'000</b>
<b>Operating activities</b>		
Profit before tax	10,433	12,717
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,533	2,332
Depreciation of investment properties	41	41
Foreign exchange loss/(gain) - unrealised	88	(1,328)
Gain on disposal of property, plant and equipment	(4)	-
Net fair value gain on derivatives - unrealised	(9)	(487)
Dividend income from other investments	(541)	-
Net fair value gain on other investments – unrealised	(619)	-
Interest income	(389)	(858)
<i>Operating cash flows before changes in working capital</i>	<u>11,533</u>	<u>12,417</u>
(Increase)/Decrease in inventories	(1,170)	3,286
(Increase)/Decrease in trade and other receivables	(7,032)	11,005
Decrease/(Increase) in other current assets	2,179	(3,957)
Increase in trade and other payables	176	1,143
<i>Cash flows from operations</i>	<u>5,686</u>	<u>23,894</u>
Interest received	174	133
Net income tax received/(paid)	46	(167)
<i>Net cash flows generated from operating activities</i>	<u>5,906</u>	<u>23,860</u>
<b>Investing activities</b>		
Withdrawal/(Placement) in short-term deposits	6,935	(14,518)
Purchase of other investments	(44,690)	-
Proceeds from disposal of other investments	-	1,000
Dividend received from other investments	541	-
Interest received	540	436
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(418)	(1,114)
<i>Net cash flows used in investing activities</i>	<u>(37,088)</u>	<u>(14,196)</u>
<i>Net (decrease)/increase in cash and cash equivalents</i>	(31,182)	9,664
Effect of exchange rate changes on cash and cash equivalents	(88)	1,328
Cash and cash equivalents at 1 January	46,200	56,352
<b>Cash and cash equivalents at 30 June</b>	<u>14,930</u>	<u>67,344</u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	19,614	84,932
Less: Short-term deposits pledged to licensed banks for bank facilities	(4,298)	(4,138)
Deposits with maturity of more than three months	(386)	(13,450)
Cash and cash equivalents	<u>14,930</u>	<u>67,344</u>

*This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to these interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED 30 JUNE 2016**

			< ----- Non-distributable ----- >		Distributable
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000
Opening balance at 1 January 2015	130,533	130,533	51,600	883	78,050
Total comprehensive income	11,368	11,368	-	-	11,368
Closing balance at 30 June 2015	141,901	141,901	51,600	883	89,418
Opening balance at 1 January 2016	146,775	146,775	51,600	883	94,292
Total comprehensive income	7,953	7,953	-	-	7,953
Closing balance at 30 June 2016	154,728	154,728	51,600	883	102,245

*This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015 and accompanying explanatory notes attached to these interim financial statements.*

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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

**A1. Basis of preparation**

These condensed consolidated interim financial statements, for the period ended 30 June 2016, have been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). These condensed consolidated interim financial statements also comply with IAS34: Interim Financial Reporting issued by the International Accounting Standards Board.

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 since the year ended 31 December 2015. They do not include all the information required for full annual financial statements and should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2015.

**A2. Significant accounting policies**

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2015 of the Group, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations effective for financial period beginning on or after 1 January 2016:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiatives
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012-2014 Cycle	

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**A2. Significant accounting policies (cont'd)**

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group: (cont'd)

**MFRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2017**

Amendments to MFRS 107	Disclosure Initiatives
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

**MFRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018**

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

**MFRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019**

MFRS 16	Leases
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The Group will adopt the above pronouncements when they become effective in the respective financial periods. The adoption of these pronouncements will have a material impact on the amounts reported and disclosures made in the Group's financial statements. The Group is currently assessing the impact of these pronouncements and plans to adopt the new standards on the required effective date.

**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 2015.

**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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**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**

No dividend payment was made during the period ended 30 June 2016.

**A9. Segment reporting**

The Group is organised 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 and sale of electricity.

The following tables provide information on segment revenue and results for the financial period ended 30 June 2016 and 30 June 2015:

	Manufacturing RM'000	Electricity RM'000	Elimination RM'000	Consolidated RM'000
<b><u>Year ended 30 June 2016</u></b>				
<b>Revenue</b>				
External sales	105,982	41	-	106,023
Inter-segment sales	-	3,108	(3,108)	-
	<u>105,982</u>	<u>3,149</u>	<u>(3,108)</u>	<u>106,023</u>
<b>Results</b>				
Profit before tax	9,574	859	-	10,433
Income tax expense	(2,272)	(208)	-	(2,480)
Profit for the period	<u>7,302</u>	<u>651</u>	<u>-</u>	<u>7,953</u>
<b><u>Year ended 30 June 2015</u></b>				
<b>Revenue</b>				
External sales	80,092	72	-	80,164
Inter-segment sales	-	2,929	(2,929)	-
	<u>80,092</u>	<u>3,001</u>	<u>(2,929)</u>	<u>80,164</u>
<b>Results</b>				
Profit before tax	11,396	1,321	-	12,717
Income tax expense	(1,018)	(331)	-	(1,349)
Profit for the period	<u>10,378</u>	<u>990</u>	<u>-</u>	<u>11,368</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**A10. Profit before tax**

The following amounts have been included in arriving at profit before tax:

	Current quarter		Year-to-date	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(155)	(441)	(389)	(858)
Dividend income from other investments	(313)	-	(541)	-
Net fair value gain on other investments – unrealised	(618)	-	(619)	-
Gain on disposal of property, plant & equipment	(1)	-	(4)	-
Rental income	(59)	(59)	(118)	(117)
Rental of office premises	43	39	87	78
Depreciation and amortisation	1,289	1,191	2,574	2,373
Net loss/(gain) on derivative	362	(141)	239	1,202
Net (gain)/loss of foreign exchange	(598)	(1,014)	2,959	(2,745)

**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 reporting period**

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.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**A16. Related party transactions**

The following table provides information on the transactions which have been entered into with related parties during the period ended 30 June 2016 and 30 June 2015 as well as the balances with the related parties as at 30 June 2016 and 31 December 2015:

Nature of transactions	Transactions value for period ended		Balance outstanding as at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Rental paid to a director	87	78	-	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**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 revenue of RM52.74 million (which consists of RM52.73 million from the manufacturing segment and RM0.01 million from the electricity segment respectively) during the current quarter under review, a slight increase of approximately RM2.61 million as compared to revenue of RM50.13 million (which consist of RM50.10 million from the manufacturing segment and RM0.03 million from the electricity segment respectively) recorded in the corresponding quarter last year. Increase in sales was mainly due to higher sales volume in current quarter.

Profit before tax of the Group had decreased by approximately RM2.80 million as compared to the preceding year's corresponding quarter despite a higher revenue recorded in current quarter. Higher logs price in current quarter under review had contributed to lower gross profit margin and profit before tax. Profit after tax for current quarter was RM4.64 million, a decrease of approximately RM3.41 million as compared to profit after tax of RM8.05 million in the corresponding quarter of last year. This is largely due to lower gross profit margin as well as higher tax expense in current quarter under review.

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

The Group's revenue for the current quarter under review had decreased slightly by RM0.55 million as compared to the revenue of RM53.29 million recorded in the immediate preceding quarter. Lower revenue was attributable to lower average selling price in current quarter.

The profit before tax and profit after tax for current quarter under review had increased by approximately RM1.72 million and RM1.33 million respectively in comparison to amounts recorded in immediate preceding quarter. The Group managed to record a higher profit in current quarter as compared to previous quarter despite a lower gross profit margin. This was because the Group had recorded an exchange gain in current quarter, in contrasts to huge exchange lose recognised in immediate preceding quarter.

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

Gross profit margin of our sales continues to decrease due to the increasing production costs such as price of logs and labour wages. In addition, fragile global economy is expected to continue, resulting in the suppression of the selling price of our products. The operating environment remains challenging due to these factors. Hence, management is targeting to increase monthly production volume in order to reduce the unit production cost during this difficult time. Barring unforeseen circumstances, the Board remains confident that the Group will remain profitable in current financial year.

**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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**B5. Income tax expense**

	Current quarter		Year-to-date	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	982	511	2,665	705
Deferred income tax:				
- Origination and reversal of temporary differences	452	648	(185)	970
- Over provision in respect of prior years	-	(326)	-	(326)
	452	322	(185)	644
Income tax expense	1,434	833	2,480	1,349

There is no significant variance between effective tax rate and statutory tax rate for current quarter under review. The effective tax rate for the corresponding quarter last year was lower than the statutory tax rate mainly due to the utilisation of reinvestment allowance on which deferred tax assets were not previously recognised, and the double tax deduction benefit granted for freight charges incurred for export sales of plywood and laminated lumber veneer.

**B6. Status of corporate proposals**

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

**B7. Borrowings**

The Group has no borrowings as at 30 June 2016.

**B8. Material litigations**

There were no material litigations since the last financial year ended 31 December 2015 and up to the date of this report.

**B9. Dividends**

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

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**B10. Derivative financial instruments**

As at 30 June 2016 and 31 December 2015, the Group has the following outstanding derivatives financial instruments:

	Principal or	Fair value	
	Notional Amount	Assets	Liabilities
	RM'000	RM'000	RM'000
<b>30 June 2016</b>			
Foreign currency forward contract:			
- Less than 1 year	8,674	9	-
<b>31 December 2015</b>			
Foreign currency forward contract:			
- Less than 1 year	-	-	-

The purpose of entering foreign currency forward contracts is to minimise the impact of unfavourable movement in exchange rate on the trade receivables and bank balances denominated in US dollar.

The market risk posed by the Group's foreign currency forward contracts depends on the economic changes that may impact market prices. As the exchange rate is pre-determined under such contracts, the market risk in these instruments is not significant. The foreign currency forward contracts are transacted with the Group's banker and the credit risk for non-performance by the counterparty in these instruments is minimal.

The fair value of derivative assets as at 30 June 2016 amounting to approximately RM9,000 has been recognised in the financial statements.

**B11. Earnings per share**

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

	Current quarter		Year-to-date	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	4,641	8,045	7,953	11,368
Weighted average number of ordinary shares in issue ('000)	103,200	103,200	103,200	103,200
Basic earnings per share (sen per share)	4.50	7.80	7.71	11.02

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**B12. Realised and unrealised profits/(losses) disclosure**

The breakdown of the retained profits of the Group as at 30 June 2016 and 31 December 2015 into realised and unrealised profits or losses is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>As at 30 June 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
Retained earnings of the Group:		
- Realised	103,223	95,615
- Unrealised	(958)	(1,303)
Less: Consolidation adjustments	(20)	(20)
Total retained earnings of the Group	<u>102,245</u>	<u>94,292</u>

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.