

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Current Year Quarter 31 March 2017 RM'000	Preceding Year Corresponding Quarter 31 March 2016 RM'000	Current Year-To-Date 31 March 2017 RM'000	Preceding Year-To-Date 31 March 2016 RM'000
Revenue	47,831	53,286	47,831	53,286
Cost of sales	<u>(32,661)</u>	<u>(38,410)</u>	<u>(32,661)</u>	<u>(38,410)</u>
Gross profit	15,170	14,876	15,170	14,876
Other items of income				
Interest income	153	230	153	230
Other income	1,025	484	1,025	484
Other items of expense				
Administrative expenses	(1,832)	(1,761)	(1,832)	(1,761)
Selling and distribution costs	(5,822)	(5,914)	(5,822)	(5,914)
Other expenses	<u>(554)</u>	<u>(3,557)</u>	<u>(554)</u>	<u>(3,557)</u>
Profit before tax	8,140	4,358	8,140	4,358
Income tax expense	<u>(1,883)</u>	<u>(1,046)</u>	<u>(1,883)</u>	<u>(1,046)</u>
Profit net of tax, representing total comprehensive income for the period	<u>6,257</u>	<u>3,312</u>	<u>6,257</u>	<u>3,312</u>
Profit attributable to:				
Owners of the parent	<u>6,257</u>	<u>3,312</u>	<u>6,257</u>	<u>3,312</u>
Earnings per ordinary share attributable to owners of the Company:				
Basic (sen)	<u>6.06</u>	<u>3.21</u>	<u>6.06</u>	<u>3.21</u>
Diluted (sen)	<u>6.06</u>	<u>3.21</u>	<u>6.06</u>	<u>3.21</u>

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 2016 and accompanying explanatory notes attached to these interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000
Assets		
Non-current assets		
Property, plant and equipment	28,884	29,379
Investment properties	2,522	2,543
Other investments	149	149
Deferred tax assets	686	886
	<u>32,241</u>	<u>32,957</u>
Current assets		
Other investments	65,882	53,177
Inventories	28,041	27,692
Trade and other receivables	4,686	28,317
Other current assets	3,475	1,716
Derivatives	101	-
Cash and bank balances	44,865	39,206
	<u>147,050</u>	<u>150,108</u>
Total assets	<u><u>179,291</u></u>	<u><u>183,065</u></u>
Equity and liabilities		
Current liabilities		
Trade and other payables	8,936	19,002
Derivatives	3	71
Tax payable	1,925	1,645
	<u>10,864</u>	<u>20,718</u>
Net current assets	<u><u>136,186</u></u>	<u><u>129,390</u></u>
Non-current liability		
Deferred tax liabilities	2,406	2,583
Total liabilities	<u>13,270</u>	<u>23,301</u>
Net assets	<u><u>166,021</u></u>	<u><u>159,764</u></u>
Equity attributable to owners of the Company		
Share capital	51,600	51,600
Share premium	883	883
Retained earnings	113,538	107,281
Total equity	<u>166,021</u>	<u>159,764</u>
Total equity and liabilities	<u><u>179,291</u></u>	<u><u>183,065</u></u>
NA per share (RM)	<u>1.61</u>	<u>1.55</u>

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 2016 and accompanying explanatory notes attached to these interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED 31 MARCH 2017**

	Current Year-To-Date 31 March 2017 RM'000	Preceding Year-To-Date 31 March 2016 RM'000
Operating activities		
Profit before tax	8,140	4,358
<u>Adjustments for:</u>		
Depreciation of investment properties	21	21
Depreciation of property, plant and equipment	1,278	1,264
Distribution income from other investments	(237)	(232)
Gain on disposal of property, plant and equipment	(12)	(3)
Interest income	(153)	(230)
Net fair value gain on other investments – unrealised	(268)	(1)
Net fair value gain on derivatives - unrealised	(169)	(205)
Foreign exchange loss - unrealised	112	2,582
Operating cash flows before changes in working capital	<u>8,712</u>	<u>7,554</u>
Changes in inventories	(349)	1,884
Changes in trade and other receivables	23,601	6,530
Changes in other current assets	(1,759)	(2,000)
Changes in trade and other payables	(3,874)	1,477
Cash flows from operations	<u>26,331</u>	<u>15,445</u>
Interest received	129	87
Income tax refunded	-	1,642
Income tax paid	(1,580)	(1,015)
Net cash flows generated from operating activities	<u>24,880</u>	<u>16,159</u>
Investing activities		
Distribution income from other investments	237	232
Purchase of other investments	(12,598)	(27,232)
Proceeds from redemption of other investments	161	18,000
Withdrawal/(Placement) in short-term deposits	3,252	(1,100)
Interest received	54	154
Proceeds from disposal of property, plant and equipment	12	3
Purchase of property, plant and equipment	(783)	(83)
Net cash flows used in investing activities	<u>(9,665)</u>	<u>(10,026)</u>
Financing activity		
Dividend paid on ordinary shares	(6,192)	-
Net cash flows used in financing activity	<u>(6,192)</u>	<u>-</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 2016 and accompanying explanatory notes attached to these interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
 FOR THE PERIOD ENDED 31 MARCH 2017**

	Current Year-To-Date 31 March 2017 RM'000	Preceding Year-To-Date 31 March 2016 RM'000
Net increase in cash and cash equivalents	9,023	6,133
Effect of exchange rate changes on cash and cash equivalents	(112)	(2,582)
Cash and cash equivalents at 1 January	<u>35,568</u>	<u>46,200</u>
Cash and cash equivalents at 31 March	<u><u>44,479</u></u>	<u><u>49,751</u></u>
Analysis of cash and cash equivalents		
Cash and bank balances	44,865	62,470
Less: Short-term deposits pledged to licensed banks for bank facilities	-	(4,256)
Deposits with maturity of more than three months	<u>(386)</u>	<u>(8,463)</u>
Cash and cash equivalents	<u><u>44,479</u></u>	<u><u>49,751</u></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 2016 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 31 MARCH 2017**

			< ----- Non-distributable ----- >		Distributable
			Share capital RM'000	Share premium RM'000	Retained earnings RM'000
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000			
Opening balance at 1 January 2016	146,775	146,775	51,600	883	94,292
Total comprehensive income	3,312	3,312	-	-	3,312
Closing balance at 31 March 2016	150,087	150,087	51,600	883	97,604
Opening balance at 1 January 2017	159,764	159,764	51,600	883	107,281
Total comprehensive income	6,257	6,257	-	-	6,257
Closing balance at 31 March 2017	166,021	166,021	51,600	883	113,538

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 2016 and accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE FIRST QUARTER ENDED 31 MARCH 2017

**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 31 March 2017, 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 2016. 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 2016.

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 2016 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 2017:

Amendments to MFRS 107	Disclosure Initiatives
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Disclosure of Interests in Other Entities

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 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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

MFRS 16	Leases
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A2. Significant accounting policies (continued)

MFRS, Interpretations and Amendments which effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between Investors and its Associate or Joint Venture
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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 2016.

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 cent per ordinary shares of RM0.50 each amounting to RM6.192 million was paid on 16 January 2017 in respect of the financial year ended 31 December 2016.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 table provides an analysis of the Group's revenue, results, asset and liabilities by business segment:

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<u>Period ended 31 March 2017</u>				
Revenue				
External sales	47,825	6	-	47,831
Inter-segment sales	-	1,633	(1,633)	-
	<u>47,825</u>	<u>1,639</u>	<u>(1,633)</u>	<u>47,831</u>
Results				
Segment profit	<u>6,769</u>	<u>835</u>	<u>536</u>	<u>8,140</u>
Segment assets as at 31 March 2017				
	<u>100,661</u>	<u>9,391</u>	<u>69,239</u>	<u>179,291</u>
Segment liabilities as at 31 March 2017				
	<u>10,772</u>	<u>92</u>	<u>2,406</u>	<u>13,270</u>
<u>Period ended 31 March 2016</u>				
Revenue				
External sales	53,257	29	-	53,286
Inter-segment sales	-	1,637	(1,637)	-
	<u>53,257</u>	<u>1,666</u>	<u>(1,637)</u>	<u>53,286</u>
Results				
Segment profit	<u>3,138</u>	<u>837</u>	<u>383</u>	<u>4,358</u>
Segment assets as at 31 December 2016				
	<u>116,448</u>	<u>9,862</u>	<u>56,755</u>	<u>183,065</u>
Segment liabilities as at 31 December 2016				
	<u>20,639</u>	<u>79</u>	<u>2,583</u>	<u>23,301</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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A9. Segment reporting (continued)

The following items are added to segment profit to arrive at total profit before tax reported in the unaudited condensed consolidated statement of comprehensive income:

	Year-to-date	
	31 March 2017	31 March 2016
	RM'000	RM'000
Interest income from fixed deposit	24	148
Distribution income from other investments	237	232
Net fair value gain on other investments - unrealised	268	1
Rental income from investment properties	60	57
Depreciation of investment properties	(21)	(21)
Direct operating expenses arising from investment properties	(32)	(34)
	536	383

The following items are added to segment assets to arrive at total assets reported in the unaudited condensed consolidated statement of financial position:

	As at 31 March 2017	As at 31 December 2016
	RM'000	RM'000
	Other investments	66,031
Deferred tax assets	686	886
Investment properties	2,522	2,543
	69,239	56,755

The following items are added to segment liabilities to arrive at total liabilities reported in the unaudited condensed consolidated statement of financial position:

	As at 31 March 2017	As at 31 December 2016
	RM'000	RM'000
	Deferred tax liabilities	2,406

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

A10. Profit before tax

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

	Current quarter		Year-to-date	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(153)	(230)	(153)	(230)
Distribution income from other investments	(237)	(232)	(237)	(232)
Net fair value gain on other investments - unrealised	(268)	(1)	(268)	(1)
Gain on disposal of property, plant & equipment	(12)	(3)	(12)	(3)
Rental income	(66)	(59)	(66)	(59)
Rental of office premises	44	44	44	44
Depreciation of property, plant and equipment	1,278	1,264	1,278	1,264
Depreciation of investment properties	21	21	21	21
Direct operating expenses arising from Investment properties:				
- rental generating properties	32	34	32	34
Net fair value (gain)/loss on derivatives:				
- realised	(189)	82	(189)	82
- unrealised	(169)	(205)	(169)	(205)
Net loss on foreign exchange:				
- realised	442	975	442	975
- unrealised	112	2,582	112	2,582

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE FIRST QUARTER ENDED 31 MARCH 2017

A13. Capital commitments

The following table provides information on the capital commitments subsequent to the end of the current financial quarter:

	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000
Approved and contracted for property, plant and equipment	883	895
Approved but not contracted for property, plant and equipment	744	1,167
	1,627	2,062

A14. Material events subsequent to the reporting period

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the interim financial statements under review.

A15. Changes in composition of the Group

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

A16. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the period ended 31 March 2017 and 31 March 2016 as well as the balances with the related parties as at 31 March 2017 and 31 December 2016:

	Transactions value for period ended		Balance outstanding as at	
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<u>Nature of transactions</u>				
Sales of plywood to a related party *	95	-	-	-
Rental paid to a director	44	44	-	-

* Related party is a company in which a family member of a director, Lin Hao Yu has interest.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

**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 RM47.83 million which was mainly from manufacturing segment in current quarter under review. Revenue had decreased by approximately RM5.46 million or 10% as compared to revenue of RM53.29 million (which consist of RM53.26 million from the manufacturing segment and RM0.03 million from the electricity segment respectively) recorded in the corresponding quarter of last year. Decrease in revenue was mainly due to lower sales volume as well as lower selling price in US dollar in current quarter. US dollar selling price of our products has been decreasing moderately since the second quarter of year 2016.

Profit before tax of the Group had increased by RM3.78 million as compared to the preceding year's corresponding quarter despite a decrease in revenue. The Group had an improved production recovery rate and achieved a lower production cost per cubic metre in current quarter. In addition, the Group had recorded a significant decrease in losses from foreign currency transactions as compared to first quarter of year 2016. Profit after tax in current quarter amounted to RM6.26 million, an increase of 89% as compared to RM3.31 million recorded in corresponding quarter of last year.

B2. Comparison with immediate preceding quarter's results

Revenue in current quarter under review had decreased significantly by RM16.70 million or 26% as compared to the revenue of RM64.53 million recorded in the immediate preceding quarter. Immediate preceding quarter's revenue was exceptionally high as a result of recognition of sales from delay of shipment to US in third quarter of year 2016. As a result of lower sales in current quarter, profit before and after tax had decreased by RM2.58 million and RM2.09 million respectively as compared to immediate preceding quarter.

B3. Prospects for the remaining period of current financial year

Shortage of logs supply has slight impact to our production process recently. In addition, strengthening of Ringgit Malaysia had reduced our profit margin in overall. However, we anticipate that these situations will not prolong and there will be no material adverse effect on our financial performance.

We are continuously working towards improving the quality of the products and reducing average product cost through the investment in new machineries. Barring unforeseen circumstances, the Board is confident with the Group's prospects for the remaining period of 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	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	1,860	1,683	1,860	1,683
Deferred income tax:				
- Origination and reversal of temporary differences	23	(637)	23	(637)
Income tax expense	1,883	1,046	1,883	1,046

There was no significant variance between effective tax rate and statutory tax rate for current quarter and preceding year's corresponding quarter.

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 31 March 2017.

B8. Material litigations

There were no material litigations since the last financial year ended 31 December 2016 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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

B10. Derivative financial instruments

As at 31 March 2017 and 31 December 2016, the Group has the following outstanding derivatives financial instruments:

	Principal or	Fair value	
	Notional Amount	Assets	Liabilities
	RM'000	RM'000	RM'000
<u>31 March 2017</u>			
Foreign currency forward contract:			
- Less than 1 year	18,617	101	3
<u>31 December 2017</u>			
Foreign currency forward contract:			
- Less than 1 year	24,160	-	71

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 Group recognised a net gain of RM358,000 arising from fair value changes of derivative instruments in current quarter under review.

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 period. There is no dilutive effect.

	Current quarter		Year-to-date	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	6,257	3,312	6,257	3,312
Weighted average number of ordinary shares in issue ('000)	103,200	103,200	103,200	103,200
Basic earnings per share (sen per share)	6.06	3.21	6.06	3.21

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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B12. Realised and unrealised profits/(losses) disclosure

The breakdown of the retained profits of the Group as at 31 March 2017 and 31 December 2016 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.

	As at 31 March 2017 RM'000	As at 31 December 2016 RM'000
Retained earnings of the Group:		
- Realised	115,024	108,822
- Unrealised	(1,466)	(1,521)
Less: Consolidation adjustments	(20)	(20)
Total retained earnings of the Group	<u>113,538</u>	<u>107,281</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.