

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

|  | Current year<br>quarter<br>30/09/2017<br>RM'000 | Preceding<br>year<br>corresponding<br>quarter<br>30/09/2016<br>RM'000 | Current year<br>to-date<br>30/09/2017<br>RM'000 | Preceding<br>year<br>corresponding<br>period<br>30/09/2016<br>RM'000 |
|--|---|---|---|--|
| <b>Revenue</b>   | 25,614  | 30,923  | 114,370   | 136,946  |
| Cost of sales  | <u>(21,336)</u>                                 | <u>(23,710)</u>   | <u>(85,080)</u>                                 | <u>(102,303)</u>   |
| <b>Gross profit</b>  | 4,278   | 7,213   | 29,290  | 34,643   |
| <b>Other items of income</b>   |   |   |   |  |
| Interest income  | 122   | 130   | 409   | 513  |
| Other income   | 890   | 1,372   | 3,230   | 2,512  |
| <b>Other items of expense</b>  |   |   |   |  |
| Administrative expenses  | (1,130)   | (1,086)   | (4,136)   | (4,298)  |
| Selling and distribution costs   | (2,653)   | (3,464)   | (13,630)  | (15,839)   |
| Other expenses   | <u>(448)</u>                                    | <u>(58)</u>   | <u>(2,132)</u>                                  | <u>(2,991)</u>   |
| <b>Profit before tax</b>   | 1,059   | 4,107   | 13,031  | 14,540   |
| Income tax (credit)/ expense   | <u>251</u>                                      | <u>(1,229)</u>  | <u>(2,461)</u>                                  | <u>(3,709)</u>   |
| <b>Profit net of tax, representing total<br/>comprehensive income for the<br/>period</b> | <u>1,310</u>                                    | <u>2,878</u>  | <u>10,570</u>                                   | <u>10,831</u>  |
| <b>Profit attributable to:<br/>Owners of the parent</b>                                  | <u>1,310</u>                                    | <u>2,878</u>  | <u>10,570</u>                                   | <u>10,831</u>  |
| <b>Earnings per ordinary share<br/>attributable to owners of the<br/>Company:</b>        |   |   |   |  |
| Basic (sen)  | <u>1.27</u>                                     | <u>2.79</u>   | <u>10.24</u>                                    | <u>10.50</u>   |
| Diluted (sen)  | <u>1.27</u>                                     | <u>2.79</u>   | <u>10.24</u>                                    | <u>10.50</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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

|   | As at<br>30/09/2017<br>RM'000 | As at<br>31/12/2016<br>RM'000 |
|---|-------------------------------|-------------------------------|
| <b>Assets</b>                                       |                               |                               |
| <b>Non-current assets</b>                           |                               |                               |
| Property, plant and equipment                       | 29,627                        | 29,379                        |
| Investment properties                               | 2,482                         | 2,543                         |
| Other investments                                   | 149                           | 149                           |
| Deferred tax assets                                 | 476                           | 886                           |
|   | 32,734                        | 32,957                        |
| <b>Current assets</b>                               |                               |                               |
| Other investments                                   | 84,328                        | 53,177                        |
| Inventories   | 36,347                        | 27,692                        |
| Trade and other receivables                         | 6,263                         | 28,317                        |
| Other current assets                                | 2,601                         | 1,716                         |
| Derivatives   | 9                             | -                             |
| Cash and bank balances                              | 21,540                        | 39,206                        |
|   | 151,088                       | 150,108                       |
| <b>Total assets</b>                                 | 183,822                       | 183,065                       |
| <b>Equity and liabilities</b>                       |                               |                               |
| <b>Current liabilities</b>                          |                               |                               |
| Trade and other payables                            | 11,250                        | 19,002                        |
| Derivatives   | 28                            | 71                            |
| Tax payable   | 57                            | 1,645                         |
|   | 11,335                        | 20,718                        |
| <b>Net current assets</b>                           | 139,753                       | 129,390                       |
| <b>Non-current liability</b>                        |                               |                               |
| Deferred tax liabilities                            | 2,153                         | 2,583                         |
| <b>Total liabilities</b>                            | 13,488                        | 23,301                        |
| <b>Net assets</b>                                   | 170,334                       | 159,764                       |
| <b>Equity attributable to owners of the Company</b> |                               |                               |
| Share capital                                       | 51,600                        | 51,600                        |
| Share premium                                       | 883                           | 883                           |
| Retained earnings                                   | 117,851                       | 107,281                       |
| <b>Total equity</b>                                 | 170,334                       | 159,764                       |
| <b>Total equity and liabilities</b>                 | 183,822                       | 183,065                       |
| <b>NA per share (RM)</b>                            | 1.65                          | 1.55                          |

*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 30 SEPTEMBER 2017**

|   | <b>Current year<br/>to-date<br/>30/09/2017<br/>RM'000</b> | <b>Preceding<br/>year<br/>corresponding<br/>period<br/>30/09/2016<br/>RM'000</b> |
|---|---|--|
| <b>Operating activities</b>                                   |   |  |
| Profit before tax   | 13,031  | 14,540   |
| <u>Adjustments for:</u>                                       |   |  |
| Depreciation of investment properties                         | 61  | 62   |
| Depreciation of property, plant and equipment                 | 3,864   | 3,803  |
| Inventories written down                                      | 32  | -  |
| Distribution income from other investments                    | (1,152)   | (868)  |
| Gain on disposal of property, plant and equipment             | (12)  | (4)  |
| Interest income   | (409)   | (513)  |
| Gain on redemption of other investments                       | (77)  | (284)  |
| Net fair value changes on other investments – unrealised      | (411)   | (973)  |
| Net fair value changes on derivatives - unrealised            | (52)  | 7  |
| Foreign exchange loss/ (gain) - unrealised                    | 54  | (65)   |
| <b>Operating cash flows before changes in working capital</b> | <b>14,929</b>   | <b>15,705</b>  |
| Changes in inventories  | (8,687)   | (14,706)   |
| Changes in trade and other receivables                        | 22,031  | 9,076  |
| Changes in other current assets                               | (885)   | 1,728  |
| Changes in trade and other payables                           | (1,560)   | (203)  |
| <b>Cash flows from operations</b>                             | <b>25,828</b>   | <b>11,600</b>  |
| Interest received   | 378   | 252  |
| Income tax refunded   | -   | 1,642  |
| Income tax paid   | (4,069)   | (3,168)  |
| <b>Net cash flows generated from operating activities</b>     | <b>22,137</b>   | <b>10,326</b>  |
| <b>Investing activities</b>                                   |   |  |
| Distribution income from other investments                    | 1,152   | 868  |
| Purchase of other investments                                 | (36,095)  | (83,487)   |
| Proceeds from redemption of other investments                 | 5,432   | 40,642   |
| Withdrawal in short-term deposits                             | 3,252   | 6,961  |
| Interest received   | 54  | 584  |
| Proceeds from disposal of property, plant and equipment       | 12  | 4  |
| Purchase of property, plant and equipment                     | (4,112)   | (447)  |
| <b>Net cash flows used in investing activities</b>            | <b>(30,305)</b>   | <b>(34,875)</b>  |
| <b>Financing activity</b>                                     |   |  |
| Dividend paid on ordinary shares                              | (6,192)   | -  |
| <b>Net cash flows used in financing activity</b>              | <b>(6,192)</b>  | <b>-</b>   |

*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 30 SEPTEMBER 2017**

|   | <b>Current year<br/>to-date<br/>30/09/2017<br/>RM'000</b> | <b>Preceding<br/>year<br/>corresponding<br/>period<br/>30/09/2016<br/>RM'000</b> |
|---|---|--|
| <b>Net decrease in cash and cash equivalents</b>                        | (14,360)  | (24,549)   |
| Effect of exchange rate changes on cash and cash equivalents            | (54)  | 65   |
| <b>Cash and cash equivalents at 1 January</b>                           | 35,568  | 46,200   |
| <b>Cash and cash equivalents at 30 September</b>                        | <u>21,154</u>   | <u>21,716</u>  |
| <b>Analysis of cash and cash equivalents</b>                            |   |  |
| Cash and bank balances  | 21,540  | 26,374   |
| Less: Short-term deposits pledged to licensed banks for bank facilities | -   | (4,272)  |
| Deposits with maturity of more than three months                        | (386)   | (386)  |
| <b>Cash and cash equivalents</b>  | <u>21,154</u>   | <u>21,716</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 30 SEPTEMBER 2017**

|   |                         |  | < ----- Non-distributable ----- > |                            | Distributable                  |
|---|-------------------------|--|-----------------------------------|----------------------------|--------------------------------|
|   | Equity, total<br>RM'000 | Equity<br>attributable to<br>owners of the<br>Company, total<br>RM'000 | Share capital<br>RM'000           | Share<br>premium<br>RM'000 | Retained<br>earnings<br>RM'000 |
| Opening balance at<br>1 January 2016    | 146,775                 | 146,775  | 51,600                            | 883                        | 94,292                         |
| Total comprehensive income              | 10,831                  | 10,831   | -                                 | -                          | 10,831                         |
| Closing balance at<br>30 September 2016 | 157,606                 | 157,606  | 51,600                            | 883                        | 105,123                        |
| Opening balance at<br>1 January 2017    | 159,764                 | 159,764  | 51,600                            | 883                        | 107,281                        |
| Total comprehensive income              | 10,570                  | 10,570   | -                                 | -                          | 10,570                         |
| Closing balance at<br>30 September 2017 | 170,334                 | 170,334  | 51,600                            | 883                        | 117,851                        |

*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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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 |
|---------|--------|

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

**A2. Significant accounting policies (continued)**

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

|                                       |  |
|---------------------------------------|--|
| Amendments to MFRS 10 and<br>MFRS 128 | Sale or Contribution of Assets between Investors and its Associate or Joint<br>Venture |
|---------------------------------------|--|

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<br>RM'000 | Electricity<br>RM'000 | Adjustment/<br>Elimination<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-----------------------|--------------------------------------|-----------------|
| <b><u>Period ended 30 September 2017</u></b>       |                         |                       |                                      |                 |
| <b>Revenue</b>                                     |                         |                       |                                      |                 |
| External sales                                     | 114,280                 | 90                    | -                                    | 114,370         |
| Inter-segment sales                                | -                       | 4,044                 | (4,044)                              | -               |
|  | <u>114,280</u>          | <u>4,134</u>          | <u>(4,044)</u>                       | <u>114,370</u>  |
| <b>Results</b>                                     |                         |                       |                                      |                 |
| Segment profit                                     | <u>9,623</u>            | <u>1,704</u>          | <u>1,704</u>                         | <u>13,031</u>   |
| <b>Segment assets as at 30 September 2017</b>      |                         |                       |                                      |                 |
|  | <u>88,178</u>           | <u>8,209</u>          | <u>87,435</u>                        | <u>183,822</u>  |
| <b>Segment liabilities as at 30 September 2017</b> |                         |                       |                                      |                 |
|  | <u>11,194</u>           | <u>141</u>            | <u>2,153</u>                         | <u>13,488</u>   |
| <b><u>Period ended 30 September 2016</u></b>       |                         |                       |                                      |                 |
| <b>Revenue</b>                                     |                         |                       |                                      |                 |
| External sales                                     | 136,904                 | 42                    | -                                    | 136,946         |
| Inter-segment sales                                | -                       | 4,631                 | (4,631)                              | -               |
|  | <u>136,904</u>          | <u>4,673</u>          | <u>(4,631)</u>                       | <u>136,946</u>  |
| <b>Results</b>                                     |                         |                       |                                      |                 |
| Segment profit                                     | <u>10,537</u>           | <u>1,599</u>          | <u>2,404</u>                         | <u>14,540</u>   |
| <b>Segment assets as at 31 December 2016</b>       |                         |                       |                                      |                 |
|  | <u>116,448</u>          | <u>9,862</u>          | <u>56,755</u>                        | <u>183,065</u>  |
| <b>Segment liabilities as at 31 December 2016</b>  |                         |                       |                                      |                 |
|  | <u>20,639</u>           | <u>79</u>             | <u>2,583</u>                         | <u>23,301</u>   |



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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:

|  | <b>Current year<br/>to-date<br/>30/09/2017</b> | <b>Preceding<br/>year<br/>corresponding<br/>period<br/>30/09/2016</b> |
|--|--|---|
|  | <b>RM'000</b>                                  | <b>RM'000</b>   |
| Interest income from fixed deposit                           | 31   | 261   |
| Distribution income from other investments                   | 1,152  | 868   |
| Net fair value gain on other investments - unrealised        | 411  | 973   |
| Gain on redemption of other investments                      | 77   | 284   |
| Rental income from investment properties                     | 180  | 171   |
| Depreciation of investment properties                        | (61)   | (62)  |
| Direct operating expenses arising from investment properties | (86)   | (91)  |
|  | <b>1,704</b>                                   | <b>2,404</b>  |

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

|                       | <b>As at<br/>30/09/2017</b> | <b>As at<br/>31/12/2016</b> |
|-----------------------|-----------------------------|-----------------------------|
|                       | <b>RM'000</b>               | <b>RM'000</b>               |
| Other investments     | 84,477                      | 53,326                      |
| Deferred tax assets   | 476                         | 886                         |
| Investment properties | 2,482                       | 2,543                       |
|                       | <b>87,435</b>               | <b>56,755</b>               |

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

|                          | <b>As at<br/>30/09/2017</b> | <b>As at<br/>31/12/2016</b> |
|--------------------------|-----------------------------|-----------------------------|
|                          | <b>RM'000</b>               | <b>RM'000</b>               |
| Deferred tax liabilities | 2,153                       | 2,583                       |

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**A10. Profit before tax**

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

|   | Current year<br>quarter<br>30/09/2017 | Preceding<br>year<br>corresponding<br>quarter<br>30/09/2016 | Current year<br>to-date<br>30/09/2017 | Preceding<br>year<br>corresponding<br>period<br>30/09/2016 |
|---|---------------------------------------|---|---------------------------------------|--|
|   | RM'000                                | RM'000  | RM'000                                | RM'000   |
| Interest income   | (122)                                 | (130)   | (409)                                 | (513)  |
| Distribution income from other investments                    | (515)                                 | (321)   | (1,152)                               | (868)  |
| Net fair value changes on other investments - unrealised      | 48                                    | (354)   | (411)                                 | (973)  |
| Gain on disposal of property, plant & equipment               | -                                     | -   | (12)                                  | (4)  |
| Gain on redemption of other investments                       | (77)                                  | (284)   | (77)                                  | (284)  |
| Rental income   | (66)                                  | (64)  | (197)                                 | (182)  |
| Rental of office premises                                     | 44                                    | 44  | 131                                   | 131  |
| Depreciation of property, plant and equipment                 | 1,293                                 | 1,270   | 3,864                                 | 3,803  |
| Depreciation of investment properties                         | 20                                    | 21  | 61                                    | 62   |
| Direct operating expenses arising from investment properties: |                                       |   |                                       |  |
| - rental generating properties                                | 24                                    | 24  | 86                                    | 91   |
| Inventories written down                                      | -                                     | -   | 32                                    | -  |
| Net fair value changes on derivatives:                        |                                       |   |                                       |  |
| - realised  | (308)                                 | 42  | (1,108)                               | 290  |
| - unrealised  | 90                                    | 16  | (52)                                  | 7  |
| Net loss/(gain) on foreign exchange:                          |                                       |   |                                       |  |
| - realised  | 390                                   | (112)   | 2,078                                 | 2,759  |
| - unrealised  | 58                                    | (153)   | 54                                    | (65)   |

**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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 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

**A13. Capital commitments**

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

|   | As at<br>30/09/2017 | As at<br>31/12/2016 |
|---|---------------------|---------------------|
|   | RM'000              | RM'000              |
| Approved and contracted for property, plant and equipment     | 1,197               | 895                 |
| Approved but not contracted for property, plant and equipment | 437                 | 1,167               |
|   | 1,634               | 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 30 September 2017 and 30 September 2016 as well as the balances with the related parties as at 30 September 2017 and 31 December 2016:

| Nature of transactions                            | Transactions value<br>for period ended |            | Balance<br>outstanding as at |            |
|---|--|------------|------------------------------|------------|
|   | 30/09/2017                             | 30/09/2016 | 30/09/2017                   | 31/12/2016 |
|   | RM'000                                 | RM'000     | RM'000                       | RM'000     |
| Sales of plywood to a related party *             | 119                                    | 298        | -                            | -          |
| Sales of electricity to a related party ^         | 90                                     | 8          | 26                           | 5          |
| Purchase of motor vehicles from a related party # | 53                                     | -          | -                            | -          |
| Rental paid to a director                         | 131                                    | 131        | -                            | -          |

\* Related party is a company in which a family member of a director, Lin Hao Yu has interest. The director ceased to have interest in the related party with effect from 22 April 2017.

^ # Related party is a company in which a director, Lin Hao Yu has interest.

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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**

|   | Current year<br>quarter<br>30/09/2017<br>RM'000 | Preceding<br>year<br>corresponding<br>quarter<br>30/09/2016<br>RM'000 | Changes<br>% | Current year<br>to-date<br>30/09/2017<br>RM'000 | Preceding<br>year<br>corresponding<br>period<br>30/09/2016<br>RM'000 | Changes<br>% |
|---|---|---|--------------|---|--|--------------|
| Revenue   | 25,614  | 30,923  | -17.2        | 114,370   | 136,946  | -16.5        |
| Operating profit                                  | 496   | 3,090   | -83.9        | 11,327  | 12,136   | -6.7         |
| Non-operating<br>income                           | 563   | 1,017   | -44.6        | 1,704   | 2,404  | -29.1        |
| Profit before tax                                 | 1,059   | 4,107   | -74.2        | 13,031  | 14,540   | -10.4        |
| Profit after tax                                  | 1,310   | 2,878   | -54.5        | 10,570  | 10,831   | -2.4         |
| Profit attributable<br>to owners of the<br>parent | 1,310   | 2,878   | -54.5        | 10,570  | 10,831   | -2.4         |

The Group recorded revenue of RM25.61 million (which consist of RM25.54 million from the manufacturing segment and RM0.07 million from the electricity segment respectively) in current quarter under review, a decrease of approximately RM5.31 million as compared to previous year's corresponding quarter due to lower sales volume. As mentioned in previous report, the Group had logs supply issue which resulted in lower production volume until early August. In addition, delay in arrival of vessel to US until early October also contributed to lower revenue in current quarter.

Profit before tax of the Group had decreased by RM3.05 million as compared to the preceding year's corresponding quarter. Operating profit had decreased by approximately 83.9% due to lower sales volume as well as higher production unit cost. Apart from higher inventory unit cost brought forward from immediate preceding quarter, the Group's production unit cost in current quarter also affected by the increase in logs purchase price in order to secure logs supply. Gross profit margin had decreased from 23.3% to 16.7% in current quarter comparatively. In addition, current quarter's non-operating income was approximately RM0.45 million lower than previous year's corresponding quarter as a consequence of higher fair value gain that was recognised on other investments in previous year's corresponding quarter due to strengthening of US dollar in that reporting quarter.

Profit after tax in current quarter amounted to RM1.31 million, a decrease of RM1.57 million. In current quarter, the Group had recognised a gain from income tax due to the over provision in previous year which attributed to the tax exemption on gain from redemption of other investments. In contrast, RM1.23 million tax expense was recognised in corresponding quarter in last year.

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

|   | Current year<br>quarter<br>30/09/2017<br>RM'000 | Immediate<br>preceding quarter<br>30/06/2017<br>RM'000 | Changes<br>% |
|---|---|--|--------------|
| Revenue                                     | 25,614  | 40,925   | -37.4        |
| Operating profit                            | 496   | 3,227  | -84.6        |
| Non-operating income                        | 563   | 605  | -6.9         |
| Profit before tax                           | 1,059   | 3,832  | -72.4        |
| Profit after tax                            | 1,310   | 3,003  | -56.4        |
| Profit attributable to owners of the parent | 1,310   | 3,003  | -56.4        |

Revenue in current quarter under review had decreased by RM15.31 million as compared to the revenue of RM40.93 million recorded in the immediate preceding quarter due to lower production volume as well as delay in arrival of vessel departing to US.

Both operating profit and profit before tax of the Group were approximately RM2.80 million lower as compared to immediate preceding quarter. This was mainly due to lower sales volume and eroding gross profit margin in current quarter under review. However, profit after tax had reduced by approximately RM1.70 million only comparatively due to the tax gain on over provision of previous year recognised in current quarter.

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

The logs supply issue has been temporarily resolved since early August but the costing of our products had increased significantly due to the higher logs price paid in order to secure logs supply. Although the selling price of plywood has been in increasing trend recently, we expect that it will not help much on our profit margin recovery due to the current cost structure of our inventory as well as the higher logs price. Other than local suppliers, we are also looking to purchase veneer sheets from overseas when there is a shortage in logs supply in future. In overall, the Group's operating environment has becoming more challenging in order to remain profitable in the remaining period of current 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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**B5. Income tax expense**

|  | Current year<br>quarter<br>30/09/2017 | Preceding<br>year<br>corresponding<br>quarter<br>30/09/2016 | Current year<br>to-date<br>30/09/2017 | Preceding<br>year<br>corresponding<br>period<br>30/09/2016 |
|--|---------------------------------------|---|---------------------------------------|--|
|  | RM'000                                | RM'000  | RM'000                                | RM'000   |
| Current income tax:                                    |                                       |   |                                       |  |
| - Malaysian income tax                                 | 163                                   | 843   | 2,902                                 | 3,508  |
| - (Over)/ Under provision in respect of<br>prior years | (421)                                 | 264   | (421)                                 | 264  |
|  | (258)                                 | 1,107   | 2,481                                 | 3,772  |
| Deferred income tax:                                   |                                       |   |                                       |  |
| - Origination and reversal of temporary<br>differences | 6                                     | 121   | (21)                                  | (64)   |
| - Under provision in respect of<br>prior years         | 1                                     | 1   | 1                                     | 1  |
|  | 7                                     | 122   | (20)                                  | (63)   |
| Income tax (credit)/ expense                           | (251)                                 | 1,229   | 2,461                                 | 3,709  |

The effective tax rate for the current quarter under review was lower than the statutory tax rate principally due to the recognition of over provision in previous year as well as other income which was exempted from corporate income tax. There was no significant variance between effective tax rate and statutory tax rate for 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 30 September 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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**B10. Derivative financial instruments**

As at 30 September 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      |
| <b><u>30 September 2017</u></b>    |                 |            |             |
| Foreign currency forward contract: |                 |            |             |
| - Less than 1 year                 | 6,238           | 9          | 28          |
| <b><u>31 December 2016</u></b>     |                 |            |             |
| Foreign currency forward contract: |                 |            |             |
| - Less than 1 year                 | 24,160          | -          | 71          |

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

The Group recognised a net gain of RM218,000 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.

|  | Preceding    |               | Preceding    |               |
|--|--------------|---------------|--------------|---------------|
|  | Current year | year          | Current year | year          |
|  | quarter      | corresponding | to-date      | corresponding |
|  | 30/09/2017   | quarter       | 30/09/2017   | period        |
|  | 30/09/2017   | 30/09/2016    | 30/09/2017   | 30/09/2016    |
| Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000) | 1,310        | 2,878         | 10,570       | 10,831        |
| Weighted average number of ordinary shares in issue ('000)   | 103,200      | 103,200       | 103,200      | 103,200       |
| Basic earnings per share (sen per share)   | 1.27         | 2.79          | 10.24        | 10.50         |

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

The breakdown of the retained profits of the Group as at 30 September 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<br>30/09/2017 | As at<br>31/12/2016 |
|--------------------------------------|---------------------|---------------------|
|                                      | RM'000              | RM'000              |
| Retained earnings of the Group:      |                     |                     |
| - Realised                           | 119,210             | 108,822             |
| - Unrealised                         | (1,339)             | (1,521)             |
| Less: Consolidation adjustments      | (20)                | (20)                |
| Total retained earnings of the Group | <u>117,851</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.