

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

	Current year quarter 31/12/2017 RM'000	Preceding year corresponding quarter 31/12/2016 RM'000	Current year to-date 31/12/2017 RM'000	Preceding year corresponding period 31/12/2016 RM'000
<b>Revenue</b>	61,630	64,530	176,000	201,476
Cost of sales	<u>(50,485)</u>	<u>(45,915)</u>	<u>(135,565)</u>	<u>(148,218)</u>
<b>Gross profit</b>	11,145	18,615	40,435	53,258
<b>Other items of income</b>				
Interest income	101	164	510	678
Other income	2,048	3,551	4,867	3,898
<b>Other items of expense</b>				
Administrative expenses	(1,626)	(1,089)	(5,762)	(5,387)
Selling and distribution costs	(6,925)	(8,643)	(20,555)	(24,482)
Other expenses	<u>(2,281)</u>	<u>(1,881)</u>	<u>(4,002)</u>	<u>(2,708)</u>
<b>Profit before tax</b>	2,462	10,717	15,493	25,257
Income tax expense	<u>(630)</u>	<u>(2,367)</u>	<u>(3,091)</u>	<u>(6,076)</u>
<b>Profit net of tax, representing total comprehensive income for the period/ year</b>	<u>1,832</u>	<u>8,350</u>	<u>12,402</u>	<u>19,181</u>
<b>Profit attributable to: Owners of the parent</b>	<u>1,832</u>	<u>8,350</u>	<u>12,402</u>	<u>19,181</u>
<b>Earnings per ordinary share attributable to owners of the Company:</b>				
Basic (sen)	<u>1.78</u>	<u>8.09</u>	<u>12.02</u>	<u>18.59</u>
Diluted (sen)	<u>1.78</u>	<u>8.09</u>	<u>12.02</u>	<u>18.59</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 DECEMBER 2017**

	<b>As at 31/12/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,435	29,379
Investment properties	2,461	2,543
Other investments	149	149
Deferred tax assets	320	886
	<u>32,365</u>	<u>32,957</u>
<b>Current assets</b>		
Other investments	64,266	53,177
Inventories	19,974	27,692
Trade and other receivables	27,235	28,317
Other current assets	4,547	1,716
Derivatives	144	-
Tax recoverable	814	-
Cash and bank balances	34,310	39,206
	<u>151,290</u>	<u>150,108</u>
<b>Total assets</b>	<u>183,655</u>	<u>183,065</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9,058	19,002
Derivatives	-	71
Tax payable	-	1,645
	<u>9,058</u>	<u>20,718</u>
<b>Net current assets</b>	<u>142,232</u>	<u>129,390</u>
<b>Non-current liability</b>		
Deferred tax liabilities	2,431	2,583
<b>Total liabilities</b>	<u>11,489</u>	<u>23,301</u>
<b>Net assets</b>	<u>172,166</u>	<u>159,764</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	51,600	51,600
Share premium	883	883
Retained earnings	119,683	107,281
<b>Total equity</b>	<u>172,166</u>	<u>159,764</u>
<b>Total equity and liabilities</b>	<u>183,655</u>	<u>183,065</u>
<b>NA per share (RM)</b>	<u>1.67</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 YEAR ENDED 31 DECEMBER 2017**

	<b>Current year to-date 31/12/2017 RM'000</b>	<b>Preceding year corresponding period 31/12/2016 RM'000</b>
<b>Operating activities</b>		
Profit before tax	15,493	25,257
<u>Adjustments for:</u>		
Depreciation of investment properties	82	82
Depreciation of property, plant and equipment	5,197	5,077
Inventories written down	200	-
Distribution income from other investments	(1,586)	(1,368)
Gain on disposal of property, plant and equipment	(12)	(6)
Interest income	(510)	(678)
Gain on redemption of other investments	(674)	(1,742)
Net fair value changes on other investments – unrealised	613	(53)
Net fair value changes on derivatives - unrealised	(215)	71
Foreign exchange loss/ (gain) - unrealised	274	(194)
<b>Operating cash flows before changes in working capital</b>	<b>18,862</b>	<b>26,446</b>
Changes in inventories	7,518	(1,780)
Changes in trade and other receivables	976	(11,954)
Changes in other current assets	(2,831)	1,745
Changes in trade and other payables	(3,752)	3,367
<b>Cash flows from operations</b>	<b>20,773</b>	<b>17,824</b>
Interest received	476	376
Income tax refunded	-	1,642
Income tax paid	(5,136)	(5,772)
<b>Net cash flows generated from operating activities</b>	<b>16,113</b>	<b>14,070</b>
<b>Investing activities</b>		
Distribution income from other investments	1,586	1,368
Purchase of other investments	(69,351)	(123,980)
Proceeds from redemption of other investments	58,323	89,799
Withdrawal in short-term deposits	3,252	7,981
Interest received	54	620
Proceeds from disposal of property, plant and equipment	12	6
Purchase of property, plant and equipment	(5,253)	(636)
<b>Net cash flows used in investing activities</b>	<b>(11,377)</b>	<b>(24,842)</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 (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Current year to-date 31/12/2017 RM'000</b>	<b>Preceding year corresponding period 31/12/2016 RM'000</b>
<b>Net decrease in cash and cash equivalents</b>	(1,456)	(10,772)
Effect of exchange rate changes on cash and cash equivalents	(188)	140
<b>Cash and cash equivalents at 1 January</b>	<u>35,568</u>	<u>46,200</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>33,924</u></u>	<u><u>35,568</u></u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	34,310	39,206
Less: Short-term deposits pledged to licensed banks for bank facilities	-	(3,252)
Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
<b>Cash and cash equivalents</b>	<u><u>33,924</u></u>	<u><u>35,568</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 YEAR ENDED 31 DECEMBER 2017**

	< ----- 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 2016	146,775	146,775	51,600	883	94,292
Total comprehensive income	19,181	19,181	-	-	19,181
Dividend paid	(6,192)	(6,192)	-	-	(6,192)
Closing balance at 31 December 2016	<u>159,764</u>	<u>159,764</u>	<u>51,600</u>	<u>883</u>	<u>107,281</u>
Opening balance at 1 January 2017	159,764	159,764	51,600	883	107,281
Total comprehensive income	12,402	12,402	-	-	12,402
Closing balance at 31 December 2017	<u>172,166</u>	<u>172,166</u>	<u>51,600</u>	<u>883</u>	<u>119,683</u>

*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.*

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**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 year ended 31 December 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:

**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

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

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

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

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensations
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015-2017 Cycle	

**MFRS, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021**

MFRS 17	Insurance Contracts
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**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 no material impact on the amounts reported and disclosures made in the Group's financial statements, other than for MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers.

**A3. 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.

**A4. 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.

**A5. 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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**A6. 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.

**A7. 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.

**A8. 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, assets and liabilities by business segment:

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b><u>Year ended 31 December 2017</u></b>				
<b>Revenue</b>				
External sales	175,837	163	-	176,000
Inter-segment sales	-	5,546	(5,546)	-
	<u>175,837</u>	<u>5,709</u>	<u>(5,546)</u>	<u>176,000</u>
<b>Results</b>				
Segment profit	<u>11,411</u>	<u>2,353</u>	<u>1,729</u>	<u>15,493</u>
<b>Segment assets as at 31 December 2017</b>	<u>108,136</u>	<u>8,323</u>	<u>67,196</u>	<u>183,655</u>
<b>Segment liabilities as at 31 December 2017</b>	<u>8,969</u>	<u>89</u>	<u>2,431</u>	<u>11,489</u>
<b><u>Year ended 31 December 2016</u></b>				
<b>Revenue</b>				
External sales	201,429	47	-	201,476
Inter-segment sales	-	6,075	(6,075)	-
	<u>201,429</u>	<u>6,122</u>	<u>(6,075)</u>	<u>201,476</u>
<b>Results</b>				
Segment profit	<u>19,915</u>	<u>1,846</u>	<u>3,496</u>	<u>25,257</u>



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**A8. Segment reporting (continued)**

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segment: (continued)

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b><u>Year ended 31 December 2016</u></b>				
<b>Segment assets as at 31 December 2016</b>	116,448	9,862	56,755	183,065
<b>Segment liabilities as at 31 December 2016</b>	20,639	79	2,583	23,301

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:

	Current year to-date 31/12/2017 RM'000	Preceding year corresponding period 31/12/2016 RM'000
Interest income from fixed deposit	34	302
Distribution income from other investments	1,586	1,368
Net fair value changes on other investments - unrealised	(613)	53
Gain on redemption of other investments	674	1,742
Rental income from investment properties	240	228
Depreciation of investment properties	(82)	(82)
Direct operating expenses arising from investment properties	(110)	(115)
	1,729	3,496

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 31/12/2017 RM'000	As at 31/12/2016 RM'000
Other investments	64,415	53,326
Deferred tax assets	320	886
Investment properties	2,461	2,543
	67,196	56,755

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**A8. Segment reporting (continued)**

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 31/12/2017	As at 31/12/2016
	RM'000	RM'000
Deferred tax liabilities	2,431	2,583

**A9. Profit before tax**

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

	Current year quarter 31/12/2017	Preceding year corresponding quarter 31/12/2016	Current year to-date 31/12/2017	Preceding year corresponding period 31/12/2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(101)	(164)	(510)	(678)
Distribution income from other investments	(434)	(489)	(1,586)	(1,368)
Net fair value changes on other investments - unrealised	1,024	920	613	(53)
Gain on disposal of property, plant & equipment	-	(2)	(12)	(6)
Gain on redemption of other investments	(597)	(1,458)	(674)	(1,742)
Rental income	(66)	(63)	(263)	(245)
Rental of office premises	47	43	178	174
Depreciation of property, plant and equipment	1,333	1,274	5,197	5,077
Depreciation of investment properties	21	20	82	82
Direct operating expenses arising from investment properties:				
- rental generating properties	24	24	110	115
Inventories written down	168	-	200	-
Net fair value changes on derivatives:				
- realised	(697)	897	(1,805)	1,187
- unrealised	(163)	64	(215)	71

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**A9. Profit before tax (continued)**

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

	Current year quarter 31/12/2017	Preceding year corresponding quarter 31/12/2016	Current year to-date 31/12/2017	Preceding year corresponding period 31/12/2016
	RM'000	RM'000	RM'000	RM'000
Net loss/(gain) on foreign exchange:				
- realised	1,037	(1,309)	3,115	1,450
- unrealised	220	(130)	274	(194)

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

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

**A11. 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.

**A12. Capital commitments**

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

	As at 31/12/2017	As at 31/12/2016
	RM'000	RM'000
Approved and contracted for property, plant and equipment	-	895
Approved but not contracted for property, plant and equipment	419	1,167
	419	2,062

**A13. 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**A14. Changes in composition of the Group**

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

**A15. Related party transactions**

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

Nature of transactions	Transactions value for period ended		Balance outstanding as at	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Sales of plywood to a related party *	119	355	-	-
Sales of electricity to a related party ^	164	12	78	5
Purchase of motor vehicles from a related party #	53	-	-	-
Rental paid to a director	178	174	-	-

\* 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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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**

	Current year quarter 31/12/2017 RM'000	Preceding year corresponding quarter 31/12/2016 RM'000	Changes %	Current year to-date 31/12/2017 RM'000	Preceding year corresponding period 31/12/2016 RM'000	Changes %
Revenue	61,630	64,530	-4.5	176,000	201,476	-12.6
Operating profit	2,437	9,625	-74.7	13,764	21,761	-36.8
Non-operating income	25	1,092	-97.7	1,729	3,496	-50.5
Profit before tax	2,462	10,717	-77.0	15,493	25,257	-38.7
Profit after tax	1,832	8,350	-78.1	12,402	19,181	-35.3
Profit attributable to owners of the parent	1,832	8,350	-78.1	12,402	19,181	-35.3

The Group recorded revenue of RM61.63 million (which consist of RM61.56 million from the manufacturing segment and RM0.07 million from the electricity segment respectively) in current quarter under review, a decrease of RM2.90 million as compared to previous year's corresponding quarter due to slight decrease in both sales volume and average selling price in Ringgit Malaysia. Average selling price in Ringgit Malaysia had decreased slightly despite an increase in selling price in US dollar as a result of strengthening of Ringgit Malaysia by approximately 4% in current quarter.

Operating profit had decreased by approximately 74.7% mainly due to higher unit cost in current quarter. 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. Purchase cost of logs per cubic metre had increased by approximately 15.5% as compared to corresponding quarter in previous year. Higher logs price was mainly due to the lack of supply but higher demand in Sabah logs' market. As a result, gross profit margin in current quarter had decreased from 28.8% to 18.1% comparatively. On the other hand, the Group's non-operating income also took a huge drop which was mainly due to the trend of foreign currency exchange rate. Ringgit Malaysia strengthened in current quarter while it was an opposite trend in corresponding quarter last year.

Other than the factors mentioned above, current quarter financial performance also included certain one-off items such as foreign workers levy receivable written off, stock written down due to obsolescence and provision for bonus for year 2017. Profit before tax of the Group had decreased by 77.0% to RM2.46 million as compared to RM10.72 million in fourth quarter year 2016. Profit after tax in current quarter decreased by RM6.52 million to RM1.83 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**B2. Comparison with immediate preceding quarter's results**

	Current year quarter 31/12/2017	Immediate preceding quarter 30/09/2017	Changes
	RM'000	RM'000	%
Revenue	61,630	25,614	140.6
Operating profit	2,437	496	391.3
Non-operating income	25	563	-95.6
Profit before tax	2,462	1,059	132.5
Profit after tax	1,832	1,310	39.9
Profit attributable to owners of the parent	1,832	1,310	39.9

Revenue in current quarter under review had increased by RM36.02 million as compared to the revenue of RM25.61 million recorded in the immediate preceding quarter due to higher sales volume in current quarter. Immediate preceding quarter's sales had been affected by the delay in arrival of vessel departing to US and the corresponding sales were recognised in current quarter.

Although impacted by higher logs purchase cost and recognition of certain one-off items, operating profit in fourth quarter had increased significantly by approximately 4 times under normal production condition as compared to third quarter which had planned shut down due to logs shortage. However, profit before tax in current quarter had increased by approximately 132.5% only as a result of dismay result from non-operating activity. In overall, profit after tax had increased by approximately RM0.52 million as compared to immediate preceding quarter.

**B3. Prospects for the next financial year**

We foresee the price of logs hovering at this level based on the current market supply and demand as well as our cost in securing logs supply. Operating environment is very challenging if the Ringgit Malaysia remains strong throughout the next financial year. However, selling price in US dollar which is increasing recently has partially offset these negative impacts. Management will continue working on improving the production efficiency by expanding the existing workforce and modernised its equipment fleet to counter the increase in production cost. Albeit the challenges in this industry, the Board is nevertheless positive of the Group's prospects in next 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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**B5. Income tax expense**

	Current year quarter 31/12/2017	Preceding year corresponding quarter 31/12/2016	Current year to-date 31/12/2017	Preceding year corresponding period 31/12/2016
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	196	2,290	3,098	5,798
- (Over)/ Under provision in respect of prior years	-	-	(421)	264
	196	2,290	2,677	6,062
Deferred income tax:				
- Origination and reversal of temporary differences	434	184	413	120
- (Over)/ Under provision in respect of prior years	-	(107)	1	(106)
	434	77	414	14
Income tax expense	630	2,367	3,091	6,076

The effective tax rate for the current quarter under review was higher than the statutory tax rate principally due to certain expenses not deductible for tax purposes. The effective tax rate for the financial year ended 31 December 2017 was lower than the statutory tax rate principally due to certain income not subjected to income tax purposes.

**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 December 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.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

**B10. 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.

**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 year quarter 31/12/2017	Preceding year corresponding quarter 31/12/2016	Current year to-date 31/12/2017	Preceding year corresponding period 31/12/2016
Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	1,832	8,350	12,402	19,181
Weighted average number of ordinary shares in issue ('000)	103,200	103,200	103,200	103,200
Basic earnings per share (sen per share)	1.78	8.09	12.02	18.59

**B12. Derivative financial instruments**

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

	Principal or Notional Amount	Fair value	
	RM'000	Assets RM'000	Liabilities RM'000
<b><u>31 December 2017</u></b>			
Foreign currency forward contract:			
- Less than 1 year	7,387	144	-
<b><u>31 December 2016</u></b>			
Foreign currency forward contract:			
- Less than 1 year	24,160	-	71



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**B12. Derivative financial instruments (continued)**

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 fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.