

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

|  | Current year<br>quarter<br>31/03/2018<br>RM'000 | Preceding<br>year<br>corresponding<br>quarter<br>31/03/2017<br>RM'000<br>(restated) | Current year<br>to-date<br>31/03/2018<br>RM'000 | Preceding<br>year<br>corresponding<br>period<br>31/03/2017<br>RM'000<br>(restated) |
|--|---|---|---|--|
| <b>Revenue</b>   | 29,979  | 49,619  | 29,979  | 49,619   |
| Cost of sales  | <u>(26,537)</u>                                 | <u>(38,400)</u>   | <u>(26,537)</u>                                 | <u>(38,400)</u>  |
| <b>Gross profit</b>  | 3,442   | 11,219  | 3,442   | 11,219   |
| <b>Other items of income</b>   |   |   |   |  |
| Interest income  | 124   | 153   | 124   | 153  |
| Other income   | 1,201   | 1,025   | 1,201   | 1,025  |
| <b>Other items of expense</b>  |   |   |   |  |
| Administrative expenses  | (1,364)   | (1,832)   | (1,364)   | (1,832)  |
| Selling and distribution costs   | (1,212)   | (1,843)   | (1,212)   | (1,843)  |
| Other expenses   | <u>(1,845)</u>                                  | <u>(554)</u>  | <u>(1,845)</u>                                  | <u>(554)</u>   |
| <b>Profit before tax</b>   | 346   | 8,168   | 346   | 8,168  |
| Income tax expense   | <u>(161)</u>                                    | <u>(1,890)</u>  | <u>(161)</u>                                    | <u>(1,890)</u>   |
| <b>Profit net of tax, representing total<br/>comprehensive income for the<br/>period</b> | <u>185</u>                                      | <u>6,278</u>  | <u>185</u>                                      | <u>6,278</u>   |
| <b>Profit attributable to:<br/>Owners of the parent</b>                                  | <u>185</u>                                      | <u>6,278</u>  | <u>185</u>                                      | <u>6,278</u>   |
| <b>Earnings per ordinary share<br/>attributable to owners of the<br/>Company:</b>        |   |   |   |  |
| Basic (sen)  | <u>0.18</u>                                     | <u>6.08</u>   | <u>0.18</u>                                     | <u>6.08</u>  |
| Diluted (sen)  | <u>0.18</u>                                     | <u>6.08</u>   | <u>0.18</u>                                     | <u>6.08</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 2017 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 2018**

|   | As at<br>31/03/2018<br>RM'000 | As at<br>31/12/2017<br>RM'000<br>(restated) |
|---|-------------------------------|---|
| <b>Assets</b>                                       |                               |   |
| <b>Non-current assets</b>                           |                               |   |
| Property, plant and equipment                       | 29,823                        | 29,435                                      |
| Investment properties                               | 2,441                         | 2,461                                       |
| Other investments                                   | 149                           | 149   |
| Deferred tax assets                                 | 206                           | 386   |
|   | 32,619                        | 32,431                                      |
| <b>Current assets</b>                               |                               |   |
| Other investments                                   | 65,439                        | 64,266                                      |
| Inventories   | 29,047                        | 19,699                                      |
| Trade and other receivables                         | 6,732                         | 27,235                                      |
| Other current assets                                | 8,319                         | 6,740                                       |
| Derivatives   | 149                           | 144   |
| Tax recoverable                                     | 1,757                         | 814   |
| Cash and bank balances                              | 33,123                        | 34,310                                      |
|   | 144,566                       | 153,208                                     |
| <b>Total assets</b>                                 | 177,185                       | 185,639                                     |
| <b>Equity and liabilities</b>                       |                               |   |
| <b>Current liabilities</b>                          |                               |   |
| Trade and other payables                            | 8,780                         | 9,522                                       |
| Contract liabilities                                | 532                           | 2,201                                       |
|   | 9,312                         | 11,723                                      |
| <b>Net current assets</b>                           | 135,254                       | 141,485                                     |
| <b>Non-current liability</b>                        |                               |   |
| Deferred tax liabilities                            | 2,395                         | 2,431                                       |
| <b>Total liabilities</b>                            | 11,707                        | 14,154                                      |
| <b>Net assets</b>                                   | 165,478                       | 171,485                                     |
| <b>Equity attributable to owners of the Company</b> |                               |   |
| Share capital                                       | 52,483                        | 52,483                                      |
| Retained earnings                                   | 112,995                       | 119,002                                     |
| <b>Total equity</b>                                 | 165,478                       | 171,485                                     |
| <b>Total equity and liabilities</b>                 | 177,185                       | 185,639                                     |
| <b>NA per share (RM)</b>                            | 1.60                          | 1.66  |

*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 2017 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 2018**

|   | <b>Current year<br/>to-date<br/>31/03/2018<br/>RM'000</b> | <b>Preceding<br/>year<br/>corresponding<br/>period<br/>31/03/2017<br/>RM'000<br/>(restated)</b> |
|---|---|---|
| <b>Operating activities</b>                                   |   |   |
| Profit before tax   | 346   | 8,168   |
| <u>Adjustments for:</u>                                       |   |   |
| Depreciation of investment properties                         | 20  | 21  |
| Depreciation of property, plant and equipment                 | 1,245   | 1,278   |
| Distribution income from other investments                    | (322)   | (237)   |
| Gain on disposal of property, plant and equipment             | -   | (12)  |
| Interest income   | (124)   | (153)   |
| Net fair value changes on other investments                   | 450   | (268)   |
| Net fair value changes on derivatives - unrealised            | (5)   | (169)   |
| Foreign exchange loss - unrealised                            | 193   | 112   |
| <b>Operating cash flows before changes in working capital</b> | <u>1,803</u>  | <u>8,740</u>  |
| Changes in inventories  | (9,348)   | (349)   |
| Changes in trade and other receivables                        | 20,493  | 23,601  |
| Changes in other current assets                               | (1,579)   | -   |
| Changes in contract liabilities                               | (1,669)   | (1,996)   |
| Changes in trade and other payables                           | (742)   | (3,665)   |
| <b>Cash flows from operations</b>                             | <u>8,958</u>  | <u>26,331</u>   |
| Interest received   | 121   | 129   |
| Income tax paid   | (960)   | (1,580)   |
| <b>Net cash flows generated from operating activities</b>     | <u>8,119</u>  | <u>24,880</u>   |
| <b>Investing activities</b>                                   |   |   |
| Distribution income from other investments                    | 322   | 237   |
| Purchase of other investments                                 | (6,623)   | (12,598)  |
| Proceeds from redemption of other investments                 | 5,000   | 161   |
| Withdrawal in short-term deposits                             | -   | 3,252   |
| Interest received   | 13  | 54  |
| Proceeds from disposal of property, plant and equipment       | -   | 12  |
| Purchase of property, plant and equipment                     | (1,633)   | (783)   |
| <b>Net cash flows used in investing activities</b>            | <u>(2,921)</u>  | <u>(9,665)</u>  |
| <b>Financing activity</b>                                     |   |   |
| Dividend paid on ordinary shares                              | (6,192)   | (6,192)   |
| <b>Net cash flows used in financing activity</b>              | <u>(6,192)</u>  | <u>(6,192)</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 2017 and accompanying explanatory notes attached to these interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
 FOR THE PERIOD ENDED 31 MARCH 2018**

|  | <b>Current year<br/>to-date<br/>31/03/2018<br/>RM'000</b> | <b>Preceding<br/>year<br/>corresponding<br/>period<br/>31/03/2017<br/>RM'000<br/>(restated)</b> |
|--|---|---|
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | (994)   | 9,023   |
| Effect of exchange rate changes on cash and cash equivalents | (193)   | (112)   |
| <b>Cash and cash equivalents at 1 January</b>                | <u>33,924</u>   | <u>35,568</u>   |
| <b>Cash and cash equivalents at 31 March</b>                 | <u><u>32,737</u></u>                                      | <u><u>44,479</u></u>  |
| <b>Analysis of cash and cash equivalents</b>                 |   |   |
| Cash and bank balances                                       | 33,123  | 44,865  |
| Less: Deposits with maturity of more than three months       | <u>(386)</u>  | <u>(386)</u>  |
| <b>Cash and cash equivalents</b>                             | <u><u>32,737</u></u>                                      | <u><u>44,479</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 2017 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 2018**

|   |                         |  | < ----- 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<br>(restated) |
| Opening balance at<br>1 January 2017              | 159,768                 | 159,768  | 51,600                            | 883                        | 107,285                                      |
| Adjustment pursuant to the<br>Companies Act, 2016 | -                       | -  | 883                               | (883)                      | -  |
| Total comprehensive income                        | 6,278                   | 6,278  | -                                 | -                          | 6,278  |
| Closing balance at<br>31 March 2017               | 166,046                 | 166,046  | 52,483                            | -                          | 113,563                                      |
| Opening balance at<br>1 January 2018              | 171,485                 | 171,485  | 52,483                            | -                          | 119,002                                      |
| Total comprehensive income                        | 185                     | 185  | -                                 | -                          | 185  |
| Dividend paid                                     | (6,192)                 | (6,192)  | -                                 | -                          | (6,192)                                      |
| Closing balance at<br>31 March 2018               | 165,478                 | 165,478  | 52,483                            | -                          | 112,995                                      |

*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 2017 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 2018

**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 2018, 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 2017. 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 2017.

**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 2017 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 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            |

The adoption of the above MFRSs, Amendments to MFRSs and Interpretations did not have any material financial impact on these condensed consolidated financial statements except MFRS 15 Revenue from Contracts with Customers.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Certain comparatives for the financial year 2017 have been reclassified and restated to conform to the current year’s presentation under MFRS 15:

| <b>Unaudited Condensed Consolidated Statement of<br/>Comprehensive Income for the period ended 31 March 2017</b> |                 |               |                |
|--|-----------------|---------------|----------------|
|  | <b>MFRS 118</b> | <b>Impact</b> | <b>MFRS 15</b> |
|  | <b>RM’000</b>   | <b>RM’000</b> | <b>RM’000</b>  |
| Revenue  | 47,831          | 1,788         | 49,619         |
| Cost of sales  | (32,661)        | (5,739)       | (38,400)       |
| Selling and distribution costs   | (5,822)         | 3,979         | (1,843)        |
| Income tax expense   | (1,883)         | (7)           | (1,890)        |
| Profit for the period  | 6,257           | 21            | 6,278          |

| <b>Unaudited Condensed Consolidated Statement of Financial<br/>Position as at 31 December 2017</b> |                 |               |                |
|--|-----------------|---------------|----------------|
|  | <b>MFRS 118</b> | <b>Impact</b> | <b>MFRS 15</b> |
|  | <b>RM’000</b>   | <b>RM’000</b> | <b>RM’000</b>  |
| Other current assets   | 4,547           | 2,193         | 6,740          |
| Trade and other payables   | (9,529)         | 7             | (9,522)        |
| Contract liabilities   | -               | (2,201)       | (2,201)        |
| Retained earnings  | (119,003)       | 1             | (119,002)      |

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

**MFRSs, 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 |
| IC Interpretation 23                         | Uncertainty over Income Tax Treatments               |
| Annual Improvements to MFRSs 2015-2017 Cycle |  |

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

|         |                     |
|---------|---------------------|
| MFRS 17 | Insurance Contracts |
|---------|---------------------|

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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

**MFRSs, 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 directors anticipate that the abovementioned MFRSs, Interpretations and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these MFRSs, Interpretations and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

**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.

**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 6.0 sen per share amounting to RM6.192 million was paid on 27 March 2018 in respect of the financial year ending 31 December 2018.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2018

**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<br>RM'000 | Electricity<br>RM'000 | Adjustment/<br>Elimination<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|-----------------------|--------------------------------------|-----------------|
| <b><u>Period ended 31 March 2018</u></b>            |                         |                       |                                      |                 |
| <b>Revenue</b>                                      |                         |                       |                                      |                 |
| External sales                                      | 29,880                  | 99                    | -                                    | 29,979          |
| Inter-segment sales                                 | -                       | 1,257                 | (1,257)                              | -               |
|   | <u>29,880</u>           | <u>1,356</u>          | <u>(1,257)</u>                       | <u>29,979</u>   |
| <b>Results</b>                                      |                         |                       |                                      |                 |
| Segment (loss)/ profit                              | (18)                    | 477                   | (113)                                | 346             |
| <b>Segment assets as at 31 March 2018</b>           |                         |                       |                                      |                 |
|   | 100,731                 | 8,219                 | 68,235                               | 177,185         |
| <b>Segment liabilities as at 31 March 2018</b>      |                         |                       |                                      |                 |
|   | 9,171                   | 141                   | 2,395                                | 11,707          |
| <b><u>Period ended 31 March 2017 (restated)</u></b> |                         |                       |                                      |                 |
| <b>Revenue</b>                                      |                         |                       |                                      |                 |
| External sales                                      | 49,613                  | 6                     | -                                    | 49,619          |
| Inter-segment sales                                 | -                       | 1,633                 | (1,633)                              | -               |
|   | <u>49,613</u>           | <u>1,639</u>          | <u>(1,633)</u>                       | <u>49,619</u>   |
| <b>Results</b>                                      |                         |                       |                                      |                 |
| Segment profit                                      | 6,797                   | 835                   | 536                                  | 8,168           |
| <b>Segment assets as at 31 December 2017</b>        |                         |                       |                                      |                 |
|   | 110,054                 | 8,323                 | 67,262                               | 185,639         |
| <b>Segment liabilities as at 31 December 2017</b>   |                         |                       |                                      |                 |
|   | 11,634                  | 89                    | 2,431                                | 14,154          |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2018

**A8. 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/>31/03/2018</b> | <b>Preceding<br/>year<br/>corresponding<br/>period<br/>31/03/2017</b> |
|--|--|---|
|  | <b>RM'000</b>                                  | <b>RM'000</b>   |
| Interest income from fixed deposit                           | 3  | 24  |
| Distribution income from other investments                   | 322  | 237   |
| Net fair value changes on other investments                  | (450)  | 268   |
| Rental income from investment properties                     | 63   | 60  |
| Depreciation of investment properties                        | (20)   | (21)  |
| Direct operating expenses arising from investment properties | (31)   | (32)  |
|  | <u>(113)</u>                                   | <u>536</u>  |

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/>31/03/2018</b> | <b>As at<br/>31/12/2017</b> |
|-----------------------|-----------------------------|-----------------------------|
|                       | <b>RM'000</b>               | <b>RM'000</b>               |
| Other investments     | 65,588                      | 64,415                      |
| Deferred tax assets   | 206                         | 386                         |
| Investment properties | 2,441                       | 2,461                       |
|                       | <u>68,235</u>               | <u>67,262</u>               |

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/>31/03/2018</b> | <b>As at<br/>31/12/2017</b> |
|--------------------------|-----------------------------|-----------------------------|
|                          | <b>RM'000</b>               | <b>RM'000</b>               |
| Deferred tax liabilities | 2,395                       | 2,431                       |

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2018

**A9. Profit before tax**

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

|  | Current year<br>quarter<br>31/03/2018 | Preceding<br>year<br>corresponding<br>quarter<br>31/03/2017 | Current year<br>to-date<br>31/03/2018 | Preceding<br>year<br>corresponding<br>period<br>31/03/2017 |
|--|---------------------------------------|---|---------------------------------------|--|
|  | RM'000                                | RM'000  | RM'000                                | RM'000   |
| Interest income  | (124)                                 | (153)   | (124)                                 | (153)  |
| Distribution income from other<br>investments                    | (322)                                 | (237)   | (322)                                 | (237)  |
| Net fair value changes on other<br>investments                   | 450                                   | (268)   | 450                                   | (268)  |
| Gain on disposal of property, plant &<br>equipment               | -                                     | (12)  | -                                     | (12)   |
| Rental income  | (69)                                  | (66)  | (69)                                  | (66)   |
| Rental of office premises  | 45                                    | 44  | 45                                    | 44   |
| Depreciation of property, plant and<br>equipment                 | 1,245                                 | 1,278   | 1,245                                 | 1,278  |
| Depreciation of investment properties                            | 20                                    | 21  | 20                                    | 21   |
| Direct operating expenses arising from<br>investment properties: |                                       |   |                                       |  |
| - rental generating properties                                   | 31                                    | 32  | 31                                    | 32   |
| Net fair value changes on derivatives:                           |                                       |   |                                       |  |
| - realised   | (723)                                 | (189)   | (723)                                 | (189)  |
| - unrealised   | (5)                                   | (169)   | (5)                                   | (169)  |
| Net loss on foreign exchange:                                    |                                       |   |                                       |  |
| - realised   | 1,202                                 | 442   | 1,202                                 | 442  |
| - unrealised   | 193                                   | 112   | 193                                   | 112  |

**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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2018

**A12. Capital commitments**

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

|   | As at<br>31/03/2018 | As at<br>31/12/2017 |
|---|---------------------|---------------------|
|   | RM'000              | RM'000              |
| Approved but not contracted for property, plant and equipment | -                   | 419                 |

**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.

**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 period ended 31 March 2018 and 31 March 2017 as well as the balances with the related parties as at 31 March 2018 and 31 December 2017:

|   | Transactions value<br>for period ended |            | Balance<br>outstanding as at |            |
|---|--|------------|------------------------------|------------|
|   | 31/03/2018                             | 31/03/2017 | 31/03/2018                   | 31/12/2017 |
|   | RM'000                                 | RM'000     | RM'000                       | RM'000     |
| <u>Nature of transactions</u>             |  |            |                              |            |
| Sales of plywood to a related party *     | -                                      | 95         | -                            | -          |
| Sales of electricity to a related party ^ | 99                                     | 7          | 161                          | 78         |
| Rental paid to a director                 | 45                                     | 44         | -                            | -          |

\* 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>31/03/2018<br>RM'000 | Preceding<br>year<br>corresponding<br>quarter<br>31/03/2017<br>RM'000<br>(restated) | Changes<br>% | Current year<br>to-date<br>31/03/2018<br>RM'000 | Preceding<br>year<br>corresponding<br>period<br>31/03/2017<br>RM'000<br>(restated) | Changes<br>% |
|---|---|---|--------------|---|--|--------------|
| Revenue   | 29,979  | 49,619  | -39.6        | 29,979  | 49,619   | -39.6        |
| Operating profit                                  | 459   | 7,632   | -94.0        | 459   | 7,632  | -94.0        |
| Non-operating<br>(expense)/income                 | (113)   | 536   | -121.0       | (113)   | 536  | -121.0       |
| Profit before tax                                 | 346   | 8,168   | -95.8        | 346   | 8,168  | -95.8        |
| Profit after tax                                  | 185   | 6,278   | -97.1        | 185   | 6,278  | -97.1        |
| Profit attributable<br>to owners of the<br>parent | 185   | 6,278   | -97.1        | 185   | 6,278  | -97.1        |

The Group recorded revenue of RM29.98 million (which consist of RM29.88 million from the manufacturing segment and RM0.10 million from the electricity segment respectively) in current quarter under review, a decrease of RM19.64 million as compared to previous year's corresponding quarter due to lower sales to US and unfavourable foreign exchange rate. Although selling price in USD keeps increasing in the past few months, our average selling price in RM in current quarter is lower comparatively due to the unfavourable foreign currency exchange rate. Average USD/MYR exchange rate in current quarter had further reduced to 3.908 (Q1 2017: 4.456).

Operating profit had decreased significantly by 94.0% due to lower sales volume and declining gross profit margin. As compared to corresponding quarter in year 2017, production cost per m3 had increased by approximately 22.7%, particularly from the increasing in logs purchase price. On the other hand, continuous strengthening of RM in current quarter had also contributed to the decrease in our Group's profit in overall. Current quarter's non-operating expense of RM0.11 million included the fair value loss of the money market fund denominated in USD.

As a consequence of the above forementioned, profit before tax of the Group had decreased by 95.8% to RM0.35 million as compared to RM8.17 million in first quarter previous year. Correspondingly, profit after tax in current quarter decreased by RM6.09 million to RM0.19 million.

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

|   | Current year<br>quarter<br>31/03/2018<br>RM'000 | Immediate<br>preceding quarter<br>31/12/2017<br>RM'000<br>(restated) | Changes<br>% |
|---|---|--|--------------|
| Revenue                                     | 29,979  | 59,487   | -49.6        |
| Operating profit                            | 459   | 1,690  | -72.8        |
| Non-operating (expense)/income              | (113)   | 25   | -552.0       |
| Profit before tax                           | 346   | 1,715  | -79.8        |
| Profit after tax                            | 185   | 1,150  | -83.9        |
| Profit attributable to owners of the parent | 185   | 1,150  | -83.9        |

Revenue in current quarter under review had decreased by RM29.51 million as compared to the restated revenue of RM59.49 million recorded in the immediate preceding quarter due to lower sales volume in current quarter, particularly for sales to US.

Lower sales and higher production unit cost in current quarter under review are among the factors of decrease in operating profit of the Group by approximately 72.8%. Profit before tax decreased by approximately RM1.37 million, despite the result of fourth quarter year 2017 had included the recognition of certain one-off items. Correspondingly, profit after tax in current quarter decreased by 83.9% to RM0.19 million as compared to RM1.15 million recorded in immediate preceding quarter.

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

We foresee the price of logs stabilises at this level based on the current market supply and demand as well as our cost in securing logs supply. Operating environment will be challenging if the RM remains strong throughout year 2018, especially a better prospect on Malaysia's economy after the change of regime in our country. However, selling price in USD which is increasing recently has partially offset these negative impacts. Management will continue to improve the production efficiency by expanding the existing workforce and the upgrading of 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 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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**B5. Income tax expense**

|   | Current year<br>quarter<br>31/03/2018 | Preceding<br>year<br>corresponding<br>quarter<br>31/03/2017 | Current year<br>to-date<br>31/03/2018 | Preceding<br>year<br>corresponding<br>period<br>31/03/2017 |
|---|---------------------------------------|---|---------------------------------------|--|
|   | RM'000                                | RM'000<br>(restated)  | RM'000                                | RM'000<br>(restated)                                       |
| Current income tax:                                 |                                       |   |                                       |  |
| - Malaysian income tax                              | 17                                    | 1,860   | 17                                    | 1,860  |
| Deferred income tax:                                |                                       |   |                                       |  |
| - Origination and reversal of temporary differences | 247                                   | 30  | 247                                   | 30   |
| - Over provision in respect of prior years          | (103)                                 | -   | (103)                                 | -  |
|   | 144                                   | 30  | 144                                   | 30   |
| Income tax expense                                  | 161                                   | 1,890   | 161                                   | 1,890  |

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 corresponding quarter in previous financial year was lower than the statutory tax rate principally due to certain income not subjected to income tax purposes.

**B6. Status of corporate proposals**

The Company had on 10 April 2018 announced a proposal to establish an employees' share issuance scheme of up to 15% of the total number of issued shares (excluding treasury shares, if any) in the Company ("Proposed ESOS").

On 4 May 2018, Bursa Malaysia Securities Berhad approved the Proposed ESOS with condition stated in the announcement dated 7 May 2018.

**B7. Borrowings**

The Group has no borrowings as at 31 March 2018.

**B8. Material litigations**

There were no material litigations since the last financial year ended 31 December 2017 and up to the date of this report.

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**B9. Dividends**

An interim tax exempt (single-tier) dividend of 6.0 sen per share amounting to RM6.192 million in respect of the financial year ending 31 December 2018 was declared on 26 February 2018 and paid on 27 March 2018.

**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 2017.

**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<br>quarter<br>31/03/2018 | Preceding<br>year<br>corresponding<br>quarter<br>31/03/2017<br>(restated) | Current year<br>to-date<br>31/03/2018 | Preceding<br>year<br>corresponding<br>period<br>31/03/2017<br>(restated) |
|--|---------------------------------------|---|---------------------------------------|--|
| Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000) | 185                                   | 6,278   | 185                                   | 6,278  |
| Weighted average number of ordinary shares in issue ('000)   | 103,200                               | 103,200   | 103,200                               | 103,200  |
| Basic earnings per share (sen per share)   | 0.18                                  | 6.08  | 0.18                                  | 6.08   |

**B12. Derivative financial instruments**

As at 31 March 2018 and 31 December 2017, the Group has the following outstanding derivatives financial instruments:

|                                    | Principal or<br>Notional Amount | Fair value       |                       |
|------------------------------------|---------------------------------|------------------|-----------------------|
|                                    | RM'000                          | Assets<br>RM'000 | Liabilities<br>RM'000 |
| <b><u>31 March 2018</u></b>        |                                 |                  |                       |
| Foreign currency forward contract: |                                 |                  |                       |
| - Less than 1 year                 | 10,121                          | 149              | -                     |
| <b><u>31 December 2017</u></b>     |                                 |                  |                       |
| Foreign currency forward contract: |                                 |                  |                       |
| - Less than 1 year                 | 7,387                           | 144              | -                     |



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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.