

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

	Current year quarter 30/06/2018 RM'000	Preceding year corresponding quarter 30/06/2017 RM'000 (restated)	Current year to-date 30/06/2018 RM'000	Preceding year corresponding period 30/06/2017 RM'000 (restated)
<b>Revenue</b>	55,752	41,311	85,731	90,930
Cost of sales	<u>(41,542)</u>	<u>(35,099)</u>	<u>(68,079)</u>	<u>(73,499)</u>
<b>Gross profit</b>	14,210	6,212	17,652	17,431
<b>Other items of income</b>				
Interest income	84	134	208	287
Other income	2,509	1,431	1,665	2,344
<b>Other items of expense</b>				
Administrative expenses	(1,925)	(1,174)	(3,289)	(3,006)
Selling and distribution costs	(1,834)	(1,561)	(3,046)	(3,404)
Other expenses	<u>(888)</u>	<u>(1,246)</u>	<u>(688)</u>	<u>(1,688)</u>
<b>Profit before tax</b>	12,156	3,796	12,502	11,964
Income tax expense	<u>(2,542)</u>	<u>(820)</u>	<u>(2,703)</u>	<u>(2,710)</u>
<b>Profit net of tax, representing total comprehensive income for the period</b>	<u>9,614</u>	<u>2,976</u>	<u>9,799</u>	<u>9,254</u>
<b>Profit attributable to:</b>				
Owners of the parent	<u>9,614</u>	<u>2,976</u>	<u>9,799</u>	<u>9,254</u>
<b>Earnings per ordinary share attributable to owners of the Company:</b>				
Basic (sen)	<u>9.32</u>	<u>2.88</u>	<u>9.50</u>	<u>8.97</u>
Diluted (sen)	<u>9.23</u>	<u>2.88</u>	<u>9.45</u>	<u>8.97</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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	As at 30/06/2018 RM'000	As at 31/12/2017 RM'000 (restated)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30,100	29,435
Investment properties	2,420	2,461
Other investments	149	149
Deferred tax assets	-	386
	32,669	32,431
<b>Current assets</b>		
Other investments	59,127	64,266
Inventories	32,281	19,699
Trade and other receivables	20,732	27,235
Other current assets	13,482	6,740
Derivatives	-	144
Tax recoverable	246	814
Cash and bank balances	29,447	34,310
	155,315	153,208
<b>Total assets</b>	187,984	185,639
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9,914	9,522
Contract liabilities	1,668	2,201
Derivatives	410	-
	11,992	11,723
<b>Net current assets</b>	143,323	141,485
<b>Non-current liability</b>		
Deferred tax liabilities	2,313	2,431
<b>Total liabilities</b>	14,305	14,154
<b>Net assets</b>	173,679	171,485
<b>Equity attributable to owners of the Company</b>		
Share capital	52,483	52,483
Share option reserve	651	-
Retained earnings	120,545	119,002
<b>Total equity</b>	173,679	171,485
<b>Total equity and liabilities</b>	187,984	185,639
<b>NA per share (RM)</b>	1.68	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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE PERIOD ENDED 30 JUNE 2018**

	<b>Current year to-date 30/06/2018 RM'000</b>	<b>Preceding year corresponding period 30/06/2017 RM'000 (restated)</b>
<b>Operating activities</b>		
Profit before tax	12,502	11,964
<b>Adjustments for:</b>		
Depreciation of investment properties	41	41
Depreciation of property, plant and equipment	2,505	2,571
Inventories written down	-	32
Distribution income from other investments	(951)	(637)
Gain on disposal of property, plant and equipment	-	(12)
Grant of equity-settled share options to employees	651	-
Interest income	(208)	(287)
Net fair value changes on other investments	(224)	(459)
Net fair value loss/(gain) on derivatives - unrealised	554	(142)
Foreign exchange gain - unrealised	(190)	(4)
<b>Operating cash flows before changes in working capital</b>	<b>14,680</b>	<b>13,067</b>
Changes in inventories	(12,582)	9,091
Changes in trade and other receivables	6,497	24,433
Changes in other current assets	(6,742)	2,327
Changes in contract liabilities	(533)	(2,387)
Changes in trade and other payables	392	(7,469)
<b>Cash flows from operations</b>	<b>1,712</b>	<b>39,062</b>
Interest received	201	259
Income tax paid	(1,867)	(2,646)
<b>Net cash flows generated from operating activities</b>	<b>46</b>	<b>36,675</b>
<b>Investing activities</b>		
Distribution income from other investments	951	637
Purchase of other investments	(19,637)	(22,098)
Proceeds from redemption of other investments	25,000	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	(3,170)	(976)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>3,157</b>	<b>(18,958)</b>
<b>Financing activity</b>		
Dividend paid on ordinary shares	(8,256)	(6,192)
<b>Net cash flows used in financing activity</b>	<b>(8,256)</b>	<b>(6,192)</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 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 30 JUNE 2018**

	<b>Current year to-date 30/06/2018 RM'000</b>	<b>Preceding year corresponding period 30/06/2017 RM'000 (restated)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5,053)	11,525
Effect of exchange rate changes on cash and cash equivalents	190	4
<b>Cash and cash equivalents at 1 January</b>	<u>33,924</u>	<u>35,568</u>
<b>Cash and cash equivalents at 30 June</b>	<u><u>29,061</u></u>	<u><u>47,097</u></u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	29,447	47,483
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
<b>Cash and cash equivalents</b>	<u><u>29,061</u></u>	<u><u>47,097</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 30 JUNE 2018**

	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	<----- Non-distributable ----->			Distributable
			Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Retained earnings RM'000 (restated)
Opening balance at 1 January 2017	159,768	159,768	51,600	883	-	107,285
Adjustment pursuant to the Companies Act, 2016	-	-	883	(883)	-	-
Total comprehensive income	9,254	9,254	-	-	-	9,254
Closing balance at 30 June 2017	169,022	169,022	52,483	-	-	116,539
Opening balance at 1 January 2018	171,485	171,485	52,483	-	-	119,002
Total comprehensive income	9,799	9,799	-	-	-	9,799
Grant of equity-settled share options to employees	651	651	-	-	651	-
Dividend paid	(8,256)	(8,256)	-	-	-	(8,256)
Closing balance at 30 June 2018	173,679	173,679	52,483	-	651	120,545

*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 SECOND QUARTER ENDED 30 JUNE 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 30 June 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 SECOND QUARTER ENDED 30 JUNE 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 Comprehensive Income for the period ended 30 June 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	88,756	2,174	90,930
Cost of sales	(63,744)	(9,755)	(73,499)
Selling and distribution costs	(10,977)	7,573	(3,404)
Income tax expense	(2,712)	2	(2,710)
Profit for the period	9,260	(6)	9,254

<b>Unaudited Condensed Consolidated Statement of Financial 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
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
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2018

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

**MFRSs, 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 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**

The following dividend payments were made during the financial year ending 31 December 2018:

	<b>RM'000</b>
In respect of financial year ending 31 December 2018:	
- first interim single-tier tax exempt dividend of 6.0 sen per ordinary share, paid on 27 March 2018	6,192
- second interim single-tier tax exempt dividend of 2.0 sen per ordinary share, paid on 28 June 2018	<u>2,064</u>
	<u><u>8,256</u></u>



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 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 RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b><u>Period ended 30 June 2018</u></b>				
<b>Revenue</b>				
External sales	85,484	247	-	85,731
Inter-segment sales	-	2,799	(2,799)	-
	<u>85,484</u>	<u>3,046</u>	<u>(2,799)</u>	<u>85,731</u>
<b>Results</b>				
Segment profit	<u>9,897</u>	<u>1,402</u>	<u>1,203</u>	<u>12,502</u>
<b>Segment assets as at 30 June 2018</b>				
	<u>119,306</u>	<u>6,982</u>	<u>61,696</u>	<u>187,984</u>
<b>Segment liabilities as at 30 June 2018</b>				
	<u>11,956</u>	<u>36</u>	<u>2,313</u>	<u>14,305</u>
<b><u>Period ended 30 June 2018 (restated)</u></b>				
<b>Revenue</b>				
External sales	90,908	22	-	90,930
Inter-segment sales	-	2,803	(2,803)	-
	<u>90,908</u>	<u>2,825</u>	<u>(2,803)</u>	<u>90,930</u>
<b>Results</b>				
Segment profit	<u>9,565</u>	<u>1,258</u>	<u>1,141</u>	<u>11,964</u>
<b>Segment assets as at 31 December 2017</b>				
	<u>110,054</u>	<u>8,323</u>	<u>67,262</u>	<u>185,639</u>
<b>Segment liabilities as at 31 December 2017</b>				
	<u>11,634</u>	<u>89</u>	<u>2,431</u>	<u>14,154</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 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 to-date 30/06/2018</b>	<b>Preceding year corresponding period 30/06/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income from fixed deposit	7	28
Distribution income from other investments	951	637
Net fair value changes on other investments	224	459
Rental income from investment properties	126	120
Depreciation of investment properties	(41)	(41)
Direct operating expenses arising from investment properties	(64)	(62)
	<u>1,203</u>	<u>1,141</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 30/06/2018</b>	<b>As at 31/12/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Other investments	59,276	64,415
Deferred tax assets	-	386
Investment properties	2,420	2,461
	<u>61,696</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 30/06/2018</b>	<b>As at 31/12/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	2,313	2,431

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2018

**A9. Profit before tax**

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

	Current year quarter 30/06/2018	Preceding year corresponding quarter 30/06/2017	Current year to-date 30/06/2018	Preceding year corresponding period 30/06/2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(84)	(134)	(208)	(287)
Distribution income from other investments	(629)	(400)	(951)	(637)
Net fair value changes on other investments	(674)	(191)	(224)	(459)
Gain on disposal of property, plant & equipment	-	-	-	(12)
Rental income	(68)	(65)	(137)	(131)
Rental of office premises	46	43	91	87
Depreciation of property, plant and equipment	1,260	1,293	2,505	2,571
Depreciation of investment properties	21	20	41	41
Direct operating expenses arising from investment properties:				
- rental generating properties	33	30	64	62
Inventories written down	-	32	-	32
Net fair value loss/(gain) on derivatives	888	(584)	160	(942)
Net (gain)/loss on foreign exchange:				
- realised	(674)	1,246	528	1,688
- unrealised	(383)	(116)	(190)	(4)

**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 SECOND QUARTER ENDED 30 JUNE 2018

**A12. Capital commitments**

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

	As at 30/06/2018	As at 31/12/2017
	RM'000	RM'000
Approved but not contracted for property, plant and equipment	2,971	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 30 June 2018 and 30 June 2017 as well as the balances with the related parties as at 30 June 2018 and 31 December 2017:

Nature of transactions	Transactions value for period ended		Balance outstanding as at	
	30/06/2018	30/06/2017	30/06/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Sales of plywood to a related party *	-	119	-	-
Sales of electricity to a related party ^	247	23	100	78
Rental paid to a director	91	87	-	-

\* 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  
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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 quarter 30/06/2018 RM'000	Preceding year corresponding quarter 30/06/2017 RM'000 (restated)	Changes %	Current year to-date 30/06/2018 RM'000	Preceding year corresponding period 30/06/2017 RM'000 (restated)	Changes %
Revenue	55,752	41,311	35.0	85,731	90,930	-5.7
Operating profit	10,840	3,191	239.7	11,299	10,823	4.4
Non-operating income	1,316	605	117.5	1,203	1,141	5.4
Profit before tax	12,156	3,796	220.2	12,502	11,964	4.5
Profit after tax	9,614	2,976	223.1	9,799	9,254	5.9
Profit attributable to owners of the parent	9,614	2,976	223.1	9,799	9,254	5.9

The Group recorded revenue of RM55.75 million (which consist of RM55.60 million from the manufacturing segment and RM0.15 million from the electricity segment respectively) in current quarter under review. Revenue increased by 35.0% as compared to previous year's corresponding quarter due to higher sales volume as well as higher average selling price. Current quarter's sales volume had included portion of sales from delayed vessel in March this year while sales in June 2017 was affected by the low production volume. Despite a lower USD/MYR exchange rate in current quarter comparatively, average RM selling price in current quarter was higher by approximately 22% due to increase in USD selling price since third quarter of year 2017.

Operating profit had increased significantly by RM7.65 million as a result of higher sales volume, improving gross profit margin and favourable movement of USD/MYR exchange rate in this quarter. The Group had recorded gross profit margin of 25.49% as compared to 15.04% in corresponding quarter of previous year. This was mainly attributable to higher selling price in USD. In addition, current quarter's production cost per m3 had decreased slightly despite the average cost of logs purchase of RM539 per m3 was higher by 19.2% as compared to second quarter of year 2017. Sufficient logs supply in this quarter had resulted in higher production volume, improved recovery rate and indirectly reduced the production cost per m3. On the other hand, strengthening of USD in current quarter had increased both operating profit and non-operating income. Higher non-operating income was mainly due to higher distribution income and fair value gain from money market fund, particularly for the fund denominated in USD.

Despite the recognition of staff cost amounting to RM0.65 million upon granting of share options to employees, profit before tax of the Group had tripled to RM12.16 million as compared to RM3.80 million in corresponding quarter of previous year. Profit after tax in current quarter increased by RM6.64 million or 223.1% as compared to second quarter 2017 due to the abovementioned factors.

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

	Current year quarter 30/06/2018	Immediate preceding quarter 31/03/2018	Changes
	RM'000	RM'000	%
Revenue	55,752	29,979	86.0
Operating profit	10,840	459	2,261.7
Non-operating income/(expense)	1,316	(113)	1,264.6
Profit before tax	12,156	346	3,413.3
Profit after tax	9,614	185	5,096.8
Profit attributable to owners of the parent	9,614	185	5,096.8

Revenue in current quarter under review had increased by 86.0% as compared to revenue of RM29.98 million recorded in the immediate preceding quarter due to higher sales volume and higher USD selling price in current quarter. Higher sales volume was mainly due to inclusion of portion of sales from delayed shipment in March this year into current quarter under review. Average selling price in USD continues growing when more orders accepted in current year was delivered.

Operating profit and non-operating income had increased significantly in current quarter under review. Operating profit increased from RM0.46 million in first quarter to RM10.84 million while non-operating income had increased by RM1.43 million as compared to an expense recognised in immediate preceding quarter. A strong performance recorded in current quarter was mainly due to increased sales volume and improving gross profit margin. Apart from higher average selling price, higher gross profit margin was also attributable to lower production unit cost in current quarter under review as production in immediate preceding quarter was affected by the shortage of logs supply.

Profit before tax increased significantly by RM11.81 million, partly contributed by the swings in direction of USD/MYR exchange rate as well. Correspondingly, profit after tax in current quarter increased by RM9.43 million to RM9.61 million as compared to immediate preceding quarter.

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

Although logs export is banned by the new state government since May 2018, we do not see a sign of price decrease in logs purchase which probably due to a temporary shortage as a result of the investigation carried out by the special task force set up by the current government. In contrast, price of plywood has slowly coming down from its peak but it is still very high as compared to 2017 average price. Management will observe the major trend in this industry such as cost of raw material, plywood selling price as well as foreign currency exchange rate and act accordingly when necessary. In overall, the Board is confident with the outlook of the Group in year 2018.

**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.

(Incorporated in Malaysia)

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**B5. Income tax expense**

	Current year quarter 30/06/2018	Preceding year corresponding quarter 30/06/2017	Current year to-date 30/06/2018	Preceding year corresponding period 30/06/2017
	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Current income tax:				
- Malaysian income tax	2,418	879	2,435	2,739
Deferred income tax:				
- Origination and reversal of temporary differences	124	(59)	371	(29)
- Over provision in respect of prior years	-	-	(103)	-
	124	(59)	268	(29)
Income tax expense	2,542	820	2,703	2,710

The effective tax rate for both current quarter under review and 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**

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

**B7. Borrowings**

The Group has no borrowings as at 30 June 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.

**B9. Dividends**

The second interim tax exempt (single-tier) dividend of 2.0 sen per share amounting to RM2.064 million in respect of the financial year ending 31 December 2018 was declared on 28 May 2018 and paid on 28 June 2018.

The total dividends declared to date for the current financial year ending 31 December 2018 is 8.0 sen per ordinary share.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 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. For diluted earnings per share calculation, the weighted average number of ordinary shares in issue was adjusted to assume that the maximum number of new ordinary shares have been issued pursuant to the share options granted under the Employees' Share Option Scheme ("ESOS"). The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted earnings per share calculation. The ESOS will have a dilutive effect only when the average market price of ordinary shares of the Company during the period exceeds the exercise price of options granted.

	Current year quarter 30/06/2018	Preceding year corresponding quarter 30/06/2017 (restated)	Current year to-date 30/06/2018	Preceding year corresponding period 30/06/2017 (restated)
<b><u>Basic earnings per share</u></b>				
Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	9,614	2,976	9,799	9,254
Weighted average number of ordinary shares in issue ('000)	103,200	103,200	103,200	103,200
Basic earnings per share (sen per share)	9.32	2.88	9.50	8.97
<b><u>Diluted earnings per share</u></b>				
Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	9,614	2,976	9,799	9,254
Weighted average number of ordinary shares in issue ('000)	104,170	103,200	103,688	103,200
Diluted earnings per share (sen per share)	9.23	2.88	9.45	8.97



(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2018

**B12. Derivative financial instruments**

As at 30 June 2018 and 31 December 2017, 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 June 2018</u></b>			
Foreign currency forward contract:			
- Less than 1 year	42,394	-	410
<b><u>31 December 2017</u></b>			
Foreign currency forward contract:			
- Less than 1 year	7,387	144	-

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.