

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	Current year quarter 30/09/2018 RM'000	Preceding year corresponding quarter 30/09/2017 RM'000 (restated)	Current year to-date 30/09/2018 RM'000	Preceding year corresponding period 30/09/2017 RM'000 (restated)
Revenue	63,053	25,741	148,784	116,671
Cost of sales	<u>(44,906)</u>	<u>(23,002)</u>	<u>(112,985)</u>	<u>(96,501)</u>
Gross profit	18,147	2,739	35,799	20,170
Other items of income				
Interest income	141	122	349	409
Other income	1,933	890	3,070	3,230
Other items of expense				
Administrative expenses	(2,305)	(1,130)	(5,594)	(4,136)
Selling and distribution costs	(1,914)	(1,112)	(4,960)	(4,516)
Other expenses	<u>(981)</u>	<u>(448)</u>	<u>(1,141)</u>	<u>(2,132)</u>
Profit before tax	15,021	1,061	27,523	13,025
Income tax expense	<u>(3,807)</u>	<u>250</u>	<u>(6,510)</u>	<u>(2,460)</u>
Profit net of tax, representing total comprehensive income for the period	<u>11,214</u>	<u>1,311</u>	<u>21,013</u>	<u>10,565</u>
Profit attributable to: Owners of the parent	<u>11,214</u>	<u>1,311</u>	<u>21,013</u>	<u>10,565</u>
Earnings per ordinary share attributable to owners of the Company:				
Basic (sen)	<u>10.86</u>	<u>1.27</u>	<u>20.36</u>	<u>10.24</u>
Diluted (sen)	<u>10.74</u>	<u>1.27</u>	<u>20.27</u>	<u>10.24</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 30 SEPTEMBER 2018**

	As at 30/09/2018 RM'000	As at 31/12/2017 RM'000 (restated)
Assets		
Non-current assets		
Property, plant and equipment	29,257	29,435
Investment properties	2,399	2,461
Other investments	149	149
Deferred tax assets	122	386
	<u>31,927</u>	<u>32,431</u>
Current assets		
Other investments	34,058	64,266
Inventories	35,310	19,699
Trade and other receivables	35,437	27,235
Other current assets	9,946	6,740
Derivatives	15	144
Tax recoverable	-	814
Cash and bank balances	57,470	34,310
	<u>172,236</u>	<u>153,208</u>
Total assets	<u>204,163</u>	<u>185,639</u>
Equity and liabilities		
Current liabilities		
Trade and other payables	10,529	9,522
Contract liabilities	1,565	2,201
Derivatives	608	-
Tax payable	3,633	-
	<u>16,335</u>	<u>11,723</u>
Net current assets	<u>155,901</u>	<u>141,485</u>
Non-current liability		
Deferred tax liabilities	2,363	2,431
Total liabilities	<u>18,698</u>	<u>14,154</u>
Net assets	<u>185,465</u>	<u>171,485</u>
Equity attributable to owners of the Company		
Share capital	52,931	52,483
Employee share option reserve	775	-
Retained earnings	131,759	119,002
Total equity	<u>185,465</u>	<u>171,485</u>
Total equity and liabilities	<u>204,163</u>	<u>185,639</u>
NA per share (RM)	<u>1.79</u>	<u>1.66</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 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 30 SEPTEMBER 2018**

	Current year to-date 30/09/2018 RM'000	Preceding year corresponding period 30/09/2017 RM'000 (restated)
Operating activities		
Profit before tax	27,523	13,025
<u>Adjustments for:</u>		
Depreciation of investment properties	62	61
Depreciation of property, plant and equipment	3,777	3,864
Inventories written down	-	32
Distribution income from other investments	(1,301)	(1,152)
Gain on disposal of property, plant and equipment	-	(12)
Grant of equity-settled share option to employees	887	-
Interest income	(349)	(409)
Net fair value changes on other investments	(638)	(488)
Net fair value loss/(gain) on derivatives - unrealised	737	(52)
Foreign exchange (gain)/loss - unrealised	(206)	54
Operating cash flows before changes in working capital	30,492	14,923
Changes in inventories	(15,611)	(8,687)
Changes in trade and other receivables	(8,205)	22,031
Changes in other current assets	(3,206)	1,423
Changes in contract liabilities	(636)	(2,532)
Changes in trade and other payables	1,007	(1,330)
Cash flows from operations	3,841	25,828
Interest received	339	378
Income tax paid	(1,867)	(4,069)
Net cash flows generated from operating activities	2,313	22,137
Investing activities		
Distribution income from other investments	1,301	1,152
Purchase of other investments	(22,987)	(36,095)
Proceeds from redemption of other investments	53,833	5,432
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	(3,599)	(4,112)
Net cash flows generated from/(used in) investing activities	28,561	(30,305)
Financing activities		
Proceeds from exercise of employee share option	336	-
Dividend paid on ordinary shares	(8,256)	(6,192)
Net cash flows used in financing activities	(7,920)	(6,192)

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 SEPTEMBER 2018**

	Current year to-date 30/09/2018 RM'000	Preceding year corresponding period 30/09/2017 RM'000 (restated)
Net increase/(decrease) in cash and cash equivalents	22,954	(14,360)
Effect of exchange rate changes on cash and cash equivalents	206	(54)
Cash and cash equivalents at 1 January	<u>33,924</u>	<u>35,568</u>
Cash and cash equivalents at 30 September	<u><u>57,084</u></u>	<u><u>21,154</u></u>
Analysis of cash and cash equivalents		
Cash and bank balances	57,470	21,540
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
Cash and cash equivalents	<u><u>57,084</u></u>	<u><u>21,154</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 SEPTEMBER 2018**

	<----- 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	Employee 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	10,565	10,565	-	-	-	10,565
Closing balance at 30 September 2017	170,333	170,333	52,483	-	-	117,850
Opening balance at 1 January 2018	171,485	171,485	52,483	-	-	119,002
Total comprehensive income	21,013	21,013	-	-	-	21,013
Grant of equity-settled share option to employees	887	887	-	-	887	-
Exercise of employee share option	336	336	448	-	(112)	-
Dividend paid	(8,256)	(8,256)	-	-	-	(8,256)
Closing balance at 30 September 2018	185,465	185,465	52,931	-	775	131,759

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
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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 period ended 30 September 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
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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:

Unaudited Condensed Consolidated Statement of Comprehensive Income for the period ended 30 September 2017			
	MFRS 118	Impact	MFRS 15
	RM’000	RM’000	RM’000
Revenue	114,370	2,301	116,671
Cost of sales	(85,080)	(11,421)	(96,501)
Selling and distribution costs	(13,630)	9,114	(4,516)
Income tax expense	(2,461)	1	(2,460)
Profit for the period	10,570	(5)	10,565

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2017			
	MFRS 118	Impact	MFRS 15
	RM’000	RM’000	RM’000
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 THIRD QUARTER ENDED 30 SEPTEMBER 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

During the financial period ended 30 September 2018, the Company issued 332,000 units of ordinary shares for cash pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price of RM1.01 per ordinary share. Details of the issued and paid-up capital of the Company as at 30 September 2018 are as follows:

	No. of shares	RM'000
As at 1 January 2018	103,200,000	52,483
Ordinary shares issued pursuant to ESOS	332,000	448
As at 30 September 2018	103,532,000	52,931

Other than the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A7. Dividend paid

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

	RM'000
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	2,064
	8,256
	8,256

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
<u>Period ended 30 September 2018</u>				
Revenue				
External sales	148,381	403	-	148,784
Inter-segment sales	-	4,422	(4,422)	-
	148,381	4,825	(4,422)	148,784
Results				
Segment profit	23,090	2,446	1,988	27,524
Segment assets as at 30 September 2018				
	160,746	6,689	36,728	204,163
Segment liabilities as at 30 September 2018				
	16,292	43	2,363	18,698
<u>Period ended 30 September 2017 (restated)</u>				
Revenue				
External sales	116,581	90	-	116,671
Inter-segment sales	-	4,044	(4,044)	-
	116,581	4,134	(4,044)	116,671

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A8. Segment reporting (continued)

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<u>Period ended 30 September 2017 (restated)</u>				
Results				
Segment profit	9,617	1,704	1,704	13,025
Segment assets as at 31 December 2017	110,054	8,323	67,262	185,639
Segment liabilities as at 31 December 2017	11,634	89	2,431	14,154

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 30/09/2018 RM'000	Preceding year corresponding period 30/09/2017 RM'000
Interest income from fixed deposit	10	31
Distribution income from other investments	1,301	1,152
Net fair value changes on other investments	638	488
Rental income from investment properties	189	180
Depreciation of investment properties	(62)	(61)
Direct operating expenses arising from investment properties	(88)	(86)
	1,988	1,704

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 30/09/2018 RM'000	As at 31/12/2017 RM'000
Other investments	34,207	64,415
Deferred tax assets	122	386
Investment properties	2,399	2,461
	36,728	67,262

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 30/09/2018	As at 31/12/2017
	RM'000	RM'000
Deferred tax liabilities	2,363	2,431

A9. Valuation of property, plant and equipment

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

A10. 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.

A11. Capital commitments

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

	As at 30/09/2018	As at 31/12/2017
	RM'000	RM'000
Approved but not contracted for property, plant and equipment	2,131	419

A12. Material events subsequent to the reporting period

Subsequent to the third quarter ended 30 September 2018, the Company issued 1,972,000 units of ordinary shares for cash pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise prices ranged from RM1.01 to RM1.19 per ordinary share.

On 12 November 2018, the Company declared a third interim single-tier tax exempt dividend of 8.0 sen per ordinary share in respect of the financial year ending 31 December 2018.

Other than the above, 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.

A13. Changes in composition of the Group

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A14. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the period ended 30 September 2018 and 30 September 2017 as well as the balances with the related parties as at 30 September 2018 and 31 December 2017:

Nature of transactions	Transactions value for period ended		Balance outstanding as at	
	30/09/2018	30/09/2017	30/09/2018	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 ^	403	90	156	78
Purchase of motor vehicles from a related Party #	-	53	-	-
Rental paid to a director	138	131	-	-

* Related party was 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

**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 30/09/2018 RM'000	Preceding year corresponding quarter 30/09/2017 RM'000 (restated)	Changes %	Current year to-date 30/09/2018 RM'000	Preceding year corresponding period 30/09/2017 RM'000 (restated)	Changes %
Revenue	63,053	25,741	145.0	148,784	116,671	27.5
Operating profit	14,237	498	2,758.8	25,536	11,321	125.6
Non-operating income	785	563	39.4	1,988	1,704	16.7
Profit before tax	15,022	1,061	1,315.8	27,524	13,025	111.3
Profit after tax	11,214	1,311	755.4	21,013	10,565	98.9
Profit attributable to owners of the parent	11,214	1,311	755.4	21,013	10,565	98.9

The Group recorded revenue of RM63.05 million (which consist of RM62.90 million from the manufacturing segment and RM0.15 million from the electricity segment respectively) in current quarter under review. Revenue increased by 145% as compared to previous year's corresponding quarter due to higher sales volume as well as higher average selling price. In previous year's corresponding quarter, the Group had encountered shortage in logs supply which resulted in lower production volume. In addition, delay in arrival of vessel to US also caused a lower sales volume in previous year's corresponding quarter. In contrast, current quarter's sales volume had included sales of certain ready stock in our warehouse to US and local customers. These are mostly fall down grade plywood which we are actively reducing our inventory level. Despite a lower USD/MYR exchange rate in current quarter comparatively, average selling price in RM in current quarter was higher by approximately 32% due to higher selling price in US dollar.

Operating profit had increased significantly by RM13.74 million in current quarter under review. This was mainly due to higher sales volume and improving gross profit margin. The Group had recorded gross profit margin of 28.78% as compared to 10.64% in corresponding quarter of previous year. Gross profit margin in current quarter continues growing despite of increase in purchase price of raw materials. This was mainly attributable to higher selling price in USD. Higher non-operating income was mainly attributable to higher fair value gain from money market fund, particularly for the fund denominated in USD due to strengthening of US dollar in current quarter under review.

Despite the recognition of staff costs such as fair value of share options granted and provisioning of bonus for year 2018, profit before tax of the Group had increased by RM13.96 million or 1,316% as compared to corresponding quarter of previous year. Correspondingly, profit after tax in current quarter had increased from RM1.31 million to RM11.21 million in current quarter.

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

	Current year quarter 30/09/2018 RM'000	Immediate preceding quarter 30/06/2018 RM'000	Changes %
Revenue	63,053	55,752	13.1
Operating profit	14,237	10,840	31.3
Non-operating income	785	1,316	-40.3
Profit before tax	15,022	12,156	23.6
Profit after tax	11,214	9,614	16.6
Profit attributable to owners of the parent	11,214	9,614	16.6

Revenue in current quarter under review had increased by 13% as compared to revenue of RM55.75 million recorded in the immediate preceding quarter due to higher sales volume and higher selling price in current quarter. Higher sales volume was mainly due to stock clearance of our fall down grade plywood, particularly to US and local customers. Higher average selling price in current quarter was mainly due to strengthening of US dollar.

Current quarter's non-operating income had decreased by 40% to RM0.79 million as compared to immediate preceding quarter. This was mainly due to withdrawal of money market fund in Ringgit Malaysia for our working capital purpose. Money market fund in US dollar was withdrawn in full as well for conversion to Ringgit Malaysia after taking into consideration of shareholders' concern on the Group's significant exposure of currency risk from monetary assets in US dollar. Both withdrawals had reduced the distribution income and fair value gain from our money market funds in current quarter comparatively. Operating profit had increased by RM3.40 million to RM14.24 million in current quarter under review. Apart from 8% higher sales volume in current quarter, higher selling price also contributed to the increase in operating profit. Higher selling price also improve the gross profit margin in current quarter despite a higher production cost, especially purchase price of logs had increased by approximately 9% as compared to immediate preceding quarter.

As a consequence of the above forementioned, profit before tax and profit after tax in current quarter increased by RM2.87 million and RM1.60 million respectively as compared to immediate preceding quarter.

B3. Prospects for the remaining period of current financial year

We expect that the price of logs will be stable partly due to the price decrease of plywood globally. We also hope that the government's task force team can expedite their investigation process on the major timber players so that the timber extraction will resume soonest possible in the near future. This will help to increase the logs supply in local market and reducing the price of logs too. Although plywood demand has decreased recently, the management is confident that we can secure sufficient sales order for our plywood. USD/MYR exchange rate is expected to be stable since US Fed's rate hike announced was consistent with the market's expectation. Based on current market condition, the Board is optimistic with the Group's performance in remaining period of current financial year.

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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.

B5. Income tax expense

	Current year quarter 30/09/2018 RM'000	Preceding year corresponding quarter 30/09/2017 RM'000 (restated)	Current year to-date 30/09/2018 RM'000	Preceding year corresponding period 30/09/2017 RM'000 (restated)
Current income tax:				
- Malaysian income tax	4,065	163	6,500	2,902
- Over provision in respect of prior years	(186)	(421)	(186)	(421)
	3,879	(258)	6,314	2,481
Deferred income tax:				
- Origination and reversal of temporary differences	(294)	7	77	(22)
- Over provision in respect of prior years	222	1	119	1
	(72)	8	196	(21)
Income tax expense	3,807	(250)	6,510	2,460

The effective tax rate for current quarter under review was higher than the statutory tax rate principally due to certain expenses was disallowed for income tax purposes in current quarter. The effective tax rate for corresponding quarter of previous year was higher than the statutory tax rate principally due to the recognition of over provision of income tax in prior year.

B6. Status of corporate proposals

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

B7. Borrowings

The Group has no borrowings as at 30 September 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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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B9. Dividends

The Board of Directors has declared third interim tax exempt (single-tier) dividend of 8.0 sen per ordinary share in respect of the financial year ending 31 December 2018, to be paid on 17 December 2018. The entitlement date for the dividend payment is 4 December 2018. A depositor shall qualify for entitlement to the dividend only in respect of: (i) shares transferred to the depositors' securities account on 4 December 2018 in respect of transfers; and (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends declared to date for the current financial year ending 31 December 2018 is 16.0 sen per ordinary share.

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 30/09/2018	Preceding year corresponding quarter 30/09/2017 (restated)	Current year to-date 30/09/2018	Preceding year corresponding period 30/09/2017 (restated)
<u>Basic earnings per share</u>				
Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	11,214	1,311	21,013	10,565
Weighted average number of ordinary shares in issue ('000)	103,258	103,200	103,220	103,200
Basic earnings per share (sen per share)	10.86	1.27	20.36	10.24

(Incorporated in Malaysia)

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 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

B11. Earnings per share (continued)

	Current year quarter 30/09/2018	Preceding year corresponding quarter 30/09/2017 (restated)	Current year to-date 30/09/2018	Preceding year corresponding period 30/09/2017 (restated)
<u>Diluted earnings per share</u>				
Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	11,214	1,311	21,013	10,565
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	104,432	103,200	103,640	103,200
Diluted earnings per share (sen per share)	10.74	1.27	20.27	10.24

B12. Derivative financial instruments

As at 30 September 2018 and 31 December 2017, the Group has the following outstanding derivatives financial instruments:

	Principal or Notional Amount	Fair value	
	RM'000	Assets RM'000	Liabilities RM'000
<u>30 September 2018</u>			
Foreign currency forward contract:			
- Less than 1 year	55,429	15	608
<u>31 December 2017</u>			
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.

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B13. Profit before tax

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

	Current year quarter 30/09/2018	Preceding year corresponding quarter 30/09/2017	Current year to-date 30/09/2018	Preceding year corresponding period 30/09/2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(141)	(122)	(349)	(409)
Distribution income from other investments	(350)	(515)	(1,301)	(1,152)
Net fair value changes on other investments	(414)	(29)	(638)	(488)
Gain on disposal of property, plant & equipment	-	(12)	-	(12)
Rental income	(69)	(66)	(206)	(197)
Rental of office premises	47	44	138	131
Depreciation of property, plant and equipment	1,272	1,293	3,777	3,864
Depreciation of investment properties	21	20	62	61
Direct operating expenses arising from investment properties:				
- rental generating properties	24	24	88	86
Inventories written down	-	-	-	32
Net fair value loss/(gain) on derivatives	981	(218)	1,141	(1,160)
Net (gain)/loss on foreign exchange:				
- realised	(961)	390	(433)	2,078
- unrealised	(16)	58	(206)	54