

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	Current year quarter 31/12/2018 RM'000	Preceding year corresponding quarter 31/12/2017 RM'000 (restated)	Current year to-date 31/12/2018 RM'000	Preceding year corresponding period 31/12/2017 RM'000 (restated)
<b>Revenue</b>	54,643	59,488	203,427	176,159
Cost of sales	<u>(40,268)</u>	<u>(53,345)</u>	<u>(153,253)</u>	<u>(149,847)</u>
<b>Gross profit</b>	14,375	6,143	50,174	26,312
<b>Other items of income</b>				
Interest income	196	101	545	510
Other income	1,443	1,450	4,307	4,254
<b>Other items of expense</b>				
Administrative expenses	(2,786)	(1,962)	(8,380)	(6,098)
Selling and distribution costs	(1,664)	(2,332)	(6,624)	(6,848)
Other expenses	<u>(1,337)</u>	<u>(1,684)</u>	<u>(2,272)</u>	<u>(3,389)</u>
<b>Profit before tax</b>	10,227	1,716	37,750	14,741
Income tax expense	<u>(2,824)</u>	<u>(564)</u>	<u>(9,334)</u>	<u>(3,024)</u>
<b>Profit net of tax, representing total comprehensive income for the period</b>	<u>7,403</u>	<u>1,152</u>	<u>28,416</u>	<u>11,717</u>
<b>Profit attributable to:</b>				
Owners of the parent	<u>7,403</u>	<u>1,152</u>	<u>28,416</u>	<u>11,717</u>
<b>Earnings per ordinary share attributable to owners of the Company:</b>				
Basic (sen)	<u>7.12</u>	<u>1.12</u>	<u>27.48</u>	<u>11.35</u>
Diluted (sen)	<u>7.04</u>	<u>1.12</u>	<u>27.42</u>	<u>11.35</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 31 DECEMBER 2018**

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000 (restated)
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,887	29,435
Investment properties	2,379	2,461
Other investments	149	149
Deferred tax assets	139	386
	<u>31,554</u>	<u>32,431</u>
<b>Current assets</b>		
Other investments	48,046	64,266
Inventories	42,294	19,699
Trade and other receivables	12,130	27,235
Other current assets	10,952	6,740
Derivatives	334	144
Tax recoverable	-	814
Cash and bank balances	51,803	34,310
	<u>165,559</u>	<u>153,208</u>
<b>Total assets</b>	<u>197,113</u>	<u>185,639</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	9,287	9,522
Contract liabilities	1,046	2,201
Tax payable	900	-
	<u>11,233</u>	<u>11,723</u>
<b>Net current assets</b>	<u>154,326</u>	<u>141,485</u>
<b>Non-current liability</b>		
Deferred tax liabilities	3,070	2,431
<b>Total liabilities</b>	<u>14,303</u>	<u>14,154</u>
<b>Net assets</b>	<u>182,810</u>	<u>171,485</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	55,759	52,483
Employee share option reserve	1,097	-
Treasury shares	(4,787)	-
Retained earnings	130,741	119,002
<b>Total equity</b>	<u>182,810</u>	<u>171,485</u>
<b>Total equity and liabilities</b>	<u>197,113</u>	<u>185,639</u>
<b>NA per share (RM)</b>	<u>1.78</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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Current year to-date 31/12/2018 RM'000</b>	<b>Preceding year corresponding period 31/12/2017 RM'000 (restated)</b>
<b>Operating activities</b>		
Profit before tax	37,750	14,741
<b>Adjustments for:</b>		
Depreciation of investment properties	82	82
Depreciation of property, plant and equipment	5,062	5,197
Inventories written down	-	200
Advance payment to logs supplier written off	700	-
Distribution income from other investments	(1,759)	(1,586)
Gain on disposal of property, plant and equipment	-	(12)
Grant of equity-settled share option to employees	1,916	-
Interest income	(545)	(510)
Net fair value changes on other investments	(668)	(61)
Net fair value gain on derivatives - unrealised	(190)	(215)
Foreign exchange loss - unrealised	287	274
<b>Operating cash flows before changes in working capital</b>	<b>42,635</b>	<b>18,110</b>
Changes in inventories	(22,595)	7,793
Changes in trade and other receivables	15,021	976
Changes in other current assets	(4,912)	(2,665)
Changes in contract liabilities	(1,155)	428
Changes in trade and other payables	(235)	(3,868)
<b>Cash flows from operations</b>	<b>28,759</b>	<b>20,774</b>
Interest received	532	476
Income tax paid	(6,734)	(5,136)
<b>Net cash flows generated from operating activities</b>	<b>22,557</b>	<b>16,114</b>
<b>Investing activities</b>		
Distribution income from other investments	1,759	1,586
Purchase of other investments	(82,900)	(69,421)
Proceeds from redemption of other investments	99,788	58,392
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	(4,515)	(5,253)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>14,145</b>	<b>(11,378)</b>
<b>Financing activities</b>		
Proceeds from exercise of employee share option	2,457	-
Purchase of treasury shares	(4,787)	-
Dividend paid on ordinary shares	(16,677)	(6,192)
<b>Net cash flows used in financing activities</b>	<b>(19,007)</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.*

(Incorporated In Malaysia)

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

	<b>Current year to-date 31/12/2018 RM'000</b>	<b>Preceding year corresponding period 31/12/2017 RM'000 (restated)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	17,695	(1,456)
Effect of exchange rate changes on cash and cash equivalents	(202)	(188)
<b>Cash and cash equivalents at 1 January</b>	<u>33,924</u>	<u>35,568</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>51,417</u></u>	<u><u>33,924</u></u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	51,803	34,310
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
<b>Cash and cash equivalents</b>	<u><u>51,417</u></u>	<u><u>33,924</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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2018**

	Equity, total RM'000 (restated)	Equity attributable to owners of the Company, total RM'000 (restated)	Share capital RM'000	Share premium RM'000	Treasury shares 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	11,717	11,717	-	-	-	-	11,717
Closing balance at 31 December 2017	171,485	171,485	52,483	-	-	-	119,002
Opening balance at 1 January 2018	171,485	171,485	52,483	-	-	-	119,002
Total comprehensive income	28,416	28,416	-	-	-	-	28,416
Grant of equity-settled share option to employees	1,916	1,916	-	-	-	1,916	-
Purchase of treasury shares	(4,787)	(4,787)	-	-	(4,787)	-	-
Exercise of employee share option	2,457	2,457	3,276	-	-	(819)	-
Dividend paid	(16,677)	(16,677)	-	-	-	-	(16,677)
Closing balance at 31 December 2018	182,810	182,810	55,759	-	(4,787)	1,097	130,741

*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 FOURTH QUARTER ENDED 31 DECEMBER 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 December 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.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 year ended 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>
Revenue	176,000	159	176,159
Cost of sales	(135,973)	(13,874)	(149,847)
Selling and distribution costs	(20,555)	13,707	(6,848)
Income tax expense	(3,026)	2	(3,024)
Profit for the year	11,722	(5)	11,717

<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 2020**

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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

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

MFRS 17 Insurance Contracts

**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

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 year ended 31 December 2018, the Company issued 2,324,000 units of ordinary shares for cash pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise price ranged from RM1.01 to RM1.19 per ordinary share. Details of the issued and paid-up capital of the Company as at 31 December 2018 are as follows:

	<b>No. of shares</b>	<b>RM'000</b>
As at 1 January 2018	103,200,000	52,483
Ordinary shares issued pursuant to ESOS	2,324,000	3,276
	<hr/>	<hr/>
As at 31 December 2018	105,524,000	55,759



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**A6. Changes in debt and equity securities (continued)**

**Purchase of shares pursuant to Section 127 of the Companies Act 2016**

During the year ended 31 December 2018, the Company had acquired 3,097,800 units of ordinary shares from the open market for a cash consideration of RM4.79 million. The share buy-back was made pursuant to the approval obtained from the Company's shareholders at the Company's Annual General Meeting held on 4 June 2018 and amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements arising from the implementation of the Companies Act 2016. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127(4) of the Companies Act 2016.

Other than the above, 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 ended 31 December 2018:

	<b>RM'000</b>
In respect of financial year ended 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
- third interim single-tier tax exempt dividend of 8.0 sen per ordinary share, paid on 17 December 2018	8,421
	<u>16,677</u>

**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.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**A8. Segment reporting (continued)**

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

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b><u>Year ended 31 December 2018</u></b>				
<b>Revenue</b>				
External sales	202,906	521	-	203,427
Inter-segment sales	-	5,872	(5,872)	-
	<u>202,906</u>	<u>6,393</u>	<u>(5,872)</u>	<u>203,427</u>
<b>Results</b>				
Segment profit	<u>32,155</u>	<u>3,097</u>	<u>2,498</u>	<u>37,750</u>
<b>Segment assets as at 31 December 2018</b>				
	<u>140,168</u>	<u>6,232</u>	<u>50,713</u>	<u>197,113</u>
<b>Segment liabilities as at 31 December 2018</b>				
	<u>11,122</u>	<u>111</u>	<u>3,070</u>	<u>14,303</u>
<b><u>Year ended 31 December 2017 (restated)</u></b>				
<b>Revenue</b>				
External sales	175,996	163	-	176,159
Inter-segment sales	-	5,546	(5,546)	-
	<u>175,996</u>	<u>5,709</u>	<u>(5,546)</u>	<u>176,159</u>
<b>Results</b>				
Segment profit	<u>10,659</u>	<u>2,353</u>	<u>1,729</u>	<u>14,741</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>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31/12/2018</b>	<b>Preceding year corresponding period 31/12/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income from fixed deposit	13	34
Distribution income from other investments	1,759	1,586
Net fair value changes on other investments	668	61
Rental income from investment properties	252	240
Depreciation of investment properties	(82)	(82)
Direct operating expenses arising from investment properties	(112)	(110)
	<u>2,498</u>	<u>1,729</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 31/12/2018</b>	<b>As at 31/12/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Other investments	48,195	64,415
Deferred tax assets	139	386
Investment properties	2,379	2,461
	<u>50,713</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 31/12/2018</b>	<b>As at 31/12/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	3,070	2,431

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**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 31/12/2018	As at 31/12/2017
	RM'000	RM'000
Approved but not contracted for property, plant and equipment	1,541	419

**A12. Material events subsequent to the reporting period**

Subsequent to year ended 31 December 2018, the Company issued 44,000 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.

On 26 February 2019, the Company declared the first interim single-tier tax exempt dividend of 4.0 sen per ordinary share in respect of the financial year ending 31 December 2019.

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.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**A14. Related party transactions**

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

Nature of transactions	Transactions value for year ended		Balance outstanding as at	
	31/12/2018	31/12/2017	31/12/2018	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 ^	521	163	70	78
Purchase of motor vehicles from a related party #	-	53	-	-
Rental paid to a director	184	178	-	-

\* 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 FOURTH QUARTER ENDED 31 DECEMBER 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**

**(a) Comparison of the current quarter against the corresponding quarter**

	<b>Current year quarter 31/12/2018 RM'000</b>	<b>Preceding year corresponding quarter 31/12/2017 RM'000 (restated)</b>	<b>Changes %</b>
Revenue	54,643	59,488	-8.1
Operating profit	9,717	1,691	474.6
Non-operating income	510	25	1,940.0
Profit before tax	10,227	1,716	496.0
Profit after tax	7,403	1,152	542.6
Profit attributable to owners of the parent	7,403	1,152	542.6

The Group recorded revenue of RM54.64 million (which consist of RM54.52 million from the manufacturing segment and RM0.12 million from the electricity segment respectively) in current quarter under review, a decrease of RM4.85 million as compared to previous year's corresponding quarter. This was mainly due to decrease of sales volume of approximately 29% in current quarter comparatively, particularly for sales in December 2018 due to the change of vessel schedule. However, higher average selling price has offset the impact of lower sales volume with total revenue reduced by approximately 8% only.

Operating profit had increased by 475% in current quarter under review. This was mainly due to higher profit margin as average selling price of our products was approximately 24% higher as compared to fourth quarter 2017. Correspondingly, our gross profit margin improved significantly from 10% to 26% in current quarter despite an increase in our production unit cost of approximately 11% which was mainly attributable to the higher purchase price of logs. On the other hand, non-operating income which mainly made up of gain from money market fund had increased by approximately RM0.49 million in current quarter because previous year's corresponding quarter had recorded fair value loss from US dollar money market fund.

Despite the recognition of share based payment expenses on ESOS granted to directors and staff as well as write off of advance payment to logs supplier, profit before tax of the Group had increased by RM8.51 million as compared to corresponding quarter of previous year. Correspondingly, profit after tax had increased from RM1.15 million to RM7.40 million in current quarter.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**B1. Review of performance of the Group (continued)**

**(b) Comparison of current year to-date against the corresponding period**

	Current year to-date 31/12/2018 RM'000	Preceding year corresponding period 31/12/2017 RM'000 (restated)	Changes %
Revenue	203,427	176,159	15.5
Operating profit	35,252	13,012	170.9
Non-operating income	2,498	1,729	44.5
Profit before tax	37,750	14,741	156.1
Profit after tax	28,416	11,717	142.5
Profit attributable to owners of the parent	28,416	11,717	142.5

The Group recorded revenue of RM203.43 million (which consist of RM202.91 million from the manufacturing segment and RM0.52 million from the electricity segment respectively) in current year, an increase of RM27.27 million as compared to previous year. This was mainly due to higher average selling price of our products although sales volume in current year had dropped by approximately 5%. Average selling price had increased by approximately 21% as compared to previous year despite the average USD/MYR exchange rate was about 6% lower than that in 2017. The selling price of plywood had increased consistently since third quarter of year 2017 until mid of year 2018 based on global market supply and demand trend.

Operating profit had increased by 171% in current year which was mainly due to higher selling price and better profit margin comparatively. The Group had recorded such significant improvement despite the production unit cost of the Group had increased by approximately 9% in current year, mainly due to higher purchase price of logs. As compared to previous year, non-operating income has increased by approximately 45%. The difference was mainly attributable to the fair value changes of money market fund denominated in US dollar. US dollar strengthened since second quarter of current year in comparison to depreciation throughout year 2017.

Despite of higher administrative expenses in current year such as share based payment expenses on ESOS and foreign workers' levy expenses borne by the Group, profit before tax of the Group had increased by RM23.01 million as compared to RM14.74 million recorded in previous year. Correspondingly, profit after tax had increased by RM16.70 million to RM28.42 million in current year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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

	Current year quarter 31/12/2018 RM'000	Immediate preceding quarter 30/09/2018 RM'000	Changes %
Revenue	54,643	63,053	-13.3
Operating profit	9,717	14,237	-31.7
Non-operating income	510	785	-34.9
Profit before tax	10,227	15,022	-31.9
Profit after tax	7,403	11,214	-34.0
Profit attributable to owners of the parent	7,403	11,214	-34.0

Revenue in current quarter under review had reduced by approximately 13% as compared to revenue of RM63.05 million recorded in the immediate preceding quarter due to lower sales volume as a result of reschedule of the break bulk ship to United States in December. Sales volume had decreased by approximately 13% only as management had changed the planned production schedule in order to ship more plywood to United States in November's break bulk shipment.

Current quarter's non-operating income had decreased by 35% to RM0.51 million as compared to immediate preceding quarter. This was mainly due to lower fair value gain from US dollar money market fund which had been fully withdrawn in immediate preceding quarter. Operating profit had decreased by 32% to RM9.72 million in current quarter under review. These were mainly due to lower gross profit margin as a result of lower production recovery rate in current quarter, one-off initial impact on profit or loss of the Group from the granting of ESOS to all directors in October 2018 and also write off of advance payment to logs supplier.

As compared to immediate preceding quarter, profit before tax and profit after tax in current quarter had reduced by RM4.80 million and RM3.81 million respectively.

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

The current global market supply and demand had driven the price of plywood lower and decreases our profit margin. In addition, weakening of US dollar and revision of minimum wage system from year 2019 will further reduce our profit margin. The management will work on to improve the production efficiency of production team to counter the impact on the above trends. Nevertheless, the Board remains positive with the Group's outlook in next financial year.

**B4. Profit forecast or profit guarantee**

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.



(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**B5. Income tax expense**

	Current year quarter 31/12/2018	Preceding year corresponding quarter 31/12/2017	Current year to-date 31/12/2018	Preceding year corresponding period 31/12/2017
	RM'000	RM'000 (restated)	RM'000	RM'000 (restated)
Current income tax:				
- Malaysian income tax	2,134	198	8,634	3,100
- Over provision in respect of prior years	-	-	(186)	(421)
	2,134	198	8,448	2,679
Deferred income tax:				
- Origination and reversal of temporary differences	690	367	767	345
- Over provision in respect of prior years	-	(1)	119	-
	690	366	886	345
Income tax expense	2,824	564	9,334	3,024

The effective tax rates for current quarter and corresponding quarter of previous year were higher than the statutory tax rate principally due to certain expenses was disallowed for income tax purposes.

**B6. Status of corporate proposals**

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

**B7. Borrowings**

The Group has no borrowings as at 31 December 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.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**B9. Dividends**

The Board of Directors has declared the first interim tax exempt (single-tier) dividend of 4.0 sen per ordinary share in respect of the financial year ending 31 December 2019, to be paid on 16 April 2019. The entitlement date for the dividend payment is 2 April 2019. A depositor shall qualify for entitlement to the dividend only in respect of: (i) shares transferred to the depositors' securities account on 2 April 2019 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 2019 is 4.0 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 31/12/2018	Preceding year corresponding quarter 31/12/2017 (restated)	Current year to-date 31/12/2018	Preceding year corresponding period 31/12/2017 (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)	7,403	1,152	28,416	11,717
Weighted average number of ordinary shares in issue ('000)	103,957	103,200	103,404	103,200
Basic earnings per share (sen per share)	7.12	1.12	27.48	11.35

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**B11. Earnings per share (continued)**

	Current year quarter 31/12/2018	Preceding year corresponding quarter 31/12/2017 (restated)	Current year to-date 31/12/2018	Preceding year corresponding period 31/12/2017 (restated)
<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)	7,403	1,152	28,416	11,717
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	105,107	103,200	103,629	103,200
Diluted earnings per share (sen per share)	7.04	1.12	27.42	11.35

**B12. Derivative financial instruments**

As at 31 December 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
<b><u>31 December 2018</u></b>			
Foreign currency forward contract:			
- Less than 1 year	28,166	334	-
<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.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

**B13. Profit before tax**

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

	Current year quarter 31/12/2018	Preceding year corresponding quarter 31/12/2017	Current year to-date 31/12/2018	Preceding year corresponding period 31/12/2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(196)	(101)	(545)	(510)
Distribution income from other investments	(458)	(434)	(1,759)	(1,586)
Net fair value changes on other investments	(30)	427	(668)	(61)
Gain on disposal of property, plant & equipment	-	-	-	(12)
Write off of advance payment to logs supplier	700	-	700	-
Rental income	(69)	(66)	(275)	(263)
Rental of office premises	46	47	184	178
Depreciation of property, plant and equipment	1,285	1,333	5,062	5,197
Depreciation of investment properties	20	21	82	82
Direct operating expenses arising from investment properties:				
- rental generating properties	24	24	112	110
Inventories written down	-	168	-	200
Net fair value loss/(gain) on derivatives	144	(860)	1,285	(2,020)
Net (gain)/loss on foreign exchange:				
- realised	(797)	1,037	(1,230)	3,115
- unrealised	493	220	287	274