

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	Current year quarter 30/06/2019 RM'000	Preceding year corresponding quarter 30/06/2018 RM'000	Current year to-date 30/06/2019 RM'000	Preceding year corresponding period 30/06/2018 RM'000
<b>Revenue from contracts with customers</b>	28,601	55,752	66,456	85,731
Cost of sales	<u>(31,256)</u>	<u>(43,376)</u>	<u>(64,869)</u>	<u>(71,125)</u>
<b>Gross (loss)/profit</b>	(2,655)	12,376	1,587	14,606
<b>Other items of income</b>				
Interest income	159	84	348	208
Other income	952	2,509	1,355	1,665
<b>Other items of expense</b>				
Administrative expenses	(2,189)	(1,925)	(4,298)	(3,289)
Other expenses	<u>(879)</u>	<u>(888)</u>	<u>(1,084)</u>	<u>(688)</u>
<b>(Loss)/ Profit before tax</b>	(4,612)	12,156	(2,092)	12,502
Income tax expense	<u>943</u>	<u>(2,542)</u>	<u>179</u>	<u>(2,703)</u>
<b>Profit net of tax, representing total comprehensive (loss)/ income for the period</b>	<u>(3,669)</u>	<u>9,614</u>	<u>(1,913)</u>	<u>9,799</u>
<b>(Loss)/ Profit net of tax attributable to:</b>				
Owners of the Company	<u>(3,669)</u>	<u>9,614</u>	<u>(1,913)</u>	<u>9,799</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	<u>(3.59)</u>	<u>9.32</u>	<u>(1.87)</u>	<u>9.50</u>
Diluted (sen)	<u>(3.53)</u>	<u>9.23</u>	<u>(1.82)</u>	<u>9.45</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 2018 and accompanying explanatory notes attached to these interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	As at 30/06/2019 RM'000	As at 31/12/2018 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30,130	28,887
Investment properties	2,338	2,379
Intangible asset	149	149
Deferred tax assets	31	139
	<u>32,648</u>	<u>31,554</u>
<b>Current assets</b>		
Inventories	50,822	42,294
Trade and other receivables	6,232	12,130
Other current assets	7,739	10,952
Income tax refundable	2,892	-
Other current financial assets	48,487	48,380
Cash and bank balances	38,305	51,803
	<u>154,477</u>	<u>165,559</u>
<b>Total assets</b>	<u>187,125</u>	<u>197,113</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	8,344	9,287
Contract liabilities	372	1,046
Other current financial liabilities	12	-
Income tax payable	-	900
	<u>8,728</u>	<u>11,233</u>
<b>Net current assets</b>	<u>145,749</u>	<u>154,326</u>
<b>Non-current liability</b>		
Deferred tax liabilities	2,686	3,070
<b>Total liabilities</b>	<u>11,414</u>	<u>14,303</u>
<b>Net assets</b>	<u>175,711</u>	<u>182,810</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	56,602	55,759
Treasury shares	(6,740)	(4,787)
Employee share option reserve	2,154	1,097
Retained earnings	123,695	130,741
<b>Total equity</b>	<u>175,711</u>	<u>182,810</u>
<b>Total equity and liabilities</b>	<u>187,125</u>	<u>197,113</u>
<b>Net assets per share (RM)</b>	<u>1.73</u>	<u>1.78</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 2018 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 JUNE 2019**

	<b>Current year to-date 30/06/2019 RM'000</b>	<b>Preceding year corresponding period 30/06/2018 RM'000</b>
<b>Operating activities</b>		
(Loss)/ Profit before tax	(2,092)	12,502
<u>Adjustments for:</u>		
Depreciation of investment properties	41	41
Depreciation of property, plant and equipment	2,653	2,505
Distribution income from equity instruments	(581)	(951)
Allowance for doubtful debts	800	-
Grant of equity-settled share options	1,266	651
Inventory written off	2,136	-
Interest income	(348)	(208)
Net fair value gain on equity instruments	(315)	(224)
Net fair value loss on derivatives - unrealised	201	554
Foreign exchange loss/ (gain) - unrealised	121	(190)
<b>Operating cash flows before changes in working capital</b>	<u>3,882</u>	<u>14,680</u>
Increase in inventories	(10,664)	(12,582)
Decrease in trade and other receivables	5,905	6,497
Decrease/ (Increase) in other current assets	2,413	(6,742)
(Decrease)/ Increase in trade and other payables	(1,965)	392
Decrease in contract liabilities	(674)	(533)
<b>Cash flows from operations</b>	<u>(1,103)</u>	<u>1,712</u>
Interest received	341	201
Income tax paid	(3,889)	(1,867)
<b>Net cash flows (used in)/ generated from operating activities</b>	<u>(4,651)</u>	<u>46</u>
<b>Investing activities</b>		
Interest received	-	13
Distribution income from equity instruments	581	951
Purchase of equity instruments	(5,581)	(19,637)
Proceeds from disposal of equity instruments	5,600	25,000
Purchase of property, plant and equipment	(3,896)	(3,170)
<b>Net cash flows (used in)/ generated from investing activities</b>	<u>(3,296)</u>	<u>3,157</u>
<b>Financing activities</b>		
Dividend paid	(4,111)	(8,256)
Purchase of treasury shares	(1,953)	-
Proceeds from exercise of employee share options	634	-
<b>Net cash flows used in financing activities</b>	<u>(5,430)</u>	<u>(8,256)</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 2018 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 2019**

	<b>Current year to-date 30/06/2019 RM'000</b>	<b>Preceding year corresponding period 30/06/2018 RM'000</b>
<b>Net decrease in cash and cash equivalents</b>	(13,377)	(5,053)
Effect of exchange rate changes on cash and cash equivalents	(121)	190
<b>Cash and cash equivalents at 1 January</b>	<u>51,417</u>	<u>33,924</u>
<b>Cash and cash equivalents at 30 June</b>	<u><u>37,919</u></u>	<u><u>29,061</u></u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	38,305	29,447
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
<b>Cash and cash equivalents</b>	<u><u>37,919</u></u>	<u><u>29,061</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 2018 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 2019**

	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Employee share option reserve RM'000	Retained earnings RM'000
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	651	651	-	-	651	-
Dividends on ordinary shares	(8,256)	(8,256)	-	-	-	(8,256)
Closing balance at 30 June 2018	173,679	173,679	52,483	-	651	120,545
Opening balance at 1 January 2019	182,810	182,810	55,759	(4,787)	1,097	130,741
Total comprehensive loss	(1,913)	(1,913)	-	-	-	(1,913)
Purchase of treasury shares	(1,953)	(1,953)	-	(1,953)	-	-
Grant of equity-settled share options	1,266	1,266	-	-	1,266	-
Exercise of employee share options	634	634	843	-	(209)	-
Dividends on ordinary shares	(5,133)	(5,133)	-	-	-	(5,133)
Closing balance at 30 June 2019	175,711	175,711	56,602	(6,740)	2,154	123,695

*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 2018 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 2019

**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 2019, 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 2018. 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 2018.

**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 2018 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 2019:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensations
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

The adoption of the above MFRSs, Amendments to MFRSs and Interpretations did not have any material financial impact on these condensed consolidated financial statements.

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 2020**

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

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

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

**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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**A6. Changes in debt and equity securities**

During the financial period ended 30 June 2019, the Company issued 552,000 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. Details of the issued and paid-up capital of the Company as at 30 June 2019 are as follows:

	No. of shares	RM'000
As at 1 January 2019	105,524,000	55,759
Ordinary shares issued pursuant to ESOS	552,000	843
As at 30 June 2019	106,076,000	56,602

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

During the period ended 30 June 2019, the Company had acquired 1,424,500 units of ordinary shares from the open market for a cash consideration of RM1.95 million. The share buy-back was made pursuant to the approval obtained from the Company's shareholders at the Company's Annual General Meeting 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 ending 31 December 2019:

	RM'000
In respect of financial year ending 31 December 2019:	
- first interim single-tier tax exempt dividend of 4.0 sen per ordinary share, paid on 16 April 2019	4,111
- second interim single-tier tax exempt dividend of 1.0 sen per ordinary share, paid on 19 August 2019	1,022
	5,133



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2019

**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 2019</u></b>				
<b>Revenue</b>				
External sales	66,258	198	-	66,456
Inter-segment sales	-	2,177	(2,177)	-
	66,258	2,375	(2,177)	66,456
<b>Results</b>				
Segment (loss)/ profit	(3,244)	223	929	(2,092)
<b>Segment assets as at 30 June 2019</b>				
	129,944	6,470	50,711	187,125
<b>Segment liabilities as at 30 June 2019</b>				
	8,678	50	2,686	11,414
<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)	-
	85,484	3,046	(2,799)	85,731
<b>Results</b>				
Segment profit	9,897	1,402	1,203	12,502
<b>Segment assets as at 31 December 2018</b>				
	140,317	6,232	50,564	197,113
<b>Segment liabilities as at 31 December 2018</b>				
	11,122	111	3,070	14,303

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2019

**A8. Segment reporting (continued)**

The following items are added to segment loss/ profit to arrive at total loss/ profit before tax reported in the unaudited condensed consolidated statement of comprehensive income:

	<b>Current year to-date 30/06/2019</b>	<b>Preceding year corresponding period 30/06/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income from fixed deposit	7	7
Distribution income from equity instruments	581	951
Net fair value gain on equity instruments	315	224
Rental income from investment properties	132	126
Depreciation of investment properties	(41)	(41)
Direct operating expenses arising from investment properties	(65)	(64)
	<u>929</u>	<u>1,203</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 30/06/2019</b>	<b>As at 31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Equity instruments	48,342	48,046
Deferred tax assets	31	139
Investment properties	2,338	2,379
	<u>50,711</u>	<u>50,564</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 30/06/2019</b>	<b>As at 31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	2,686	3,070

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2019

**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 30/06/2019	As at 31/12/2018
	RM'000	RM'000
Approved but not contracted for property, plant and equipment	925	2,237

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

Subsequent to the second quarter ended 30 June 2019, the Company issued 668,000 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.

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.

**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 June 2019 and 30 June 2018 as well as the balances with the related parties as at 30 June 2019 and 31 December 2018:

Nature of transactions	Transactions value for period ended		Balance outstanding as at	
	30/06/2019	30/06/2018	30/06/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Sales of electricity to a related party ^	198	247	58	70
Rental paid to a director	94	91	-	-

^ 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**

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

	<b>Current year quarter 30/06/2019 RM'000</b>	<b>Preceding year corresponding quarter 30/06/2018 RM'000</b>	<b>Changes %</b>
Revenue	28,601	55,752	-48.7
Operating (loss)/ profit	(5,068)	10,840	-146.8
Non-operating income	456	1,316	-65.3
(Loss)/ Profit before tax	(4,612)	12,156	-137.9
(Loss)/ Profit after tax	(3,669)	9,614	-138.2
(Loss)/ Profit attributable to owners of the parent	(3,669)	9,614	-138.2

The Group recorded revenue of RM28.60 million (which consist of RM28.50 million from the manufacturing segment and RM0.10 million from the electricity segment respectively) in current quarter under review, a decrease of RM27.15 million as compared to previous year's corresponding quarter. Lower revenue in current quarter was mainly due to lower sales volume as well as decrease in average selling price. Weak global demand for plywood, especially at United States, had driven the selling price lower and affected our sales orders in current quarter.

The Group had recorded an operating loss of RM5.07 million in current quarter as compared to profit of RM10.84 million in corresponding quarter of previous year. Apart from worsening gross profit margin due to lower selling price and higher production cost, operating loss recorded was also due to inventory written down amounting to RM2.14 million as well as allowance for doubtful debts of RM0.5 million recognised in current quarter under review. On the other hand, non-operating income decreased by 65% as a result of lower fair value gain and distribution income from money market fund, particularly fair value gain from money market fund denominated in US dollar which the fund had been fully withdrawn in the third quarter last year.

As a result, the Group recorded loss before and after tax of RM4.61 million and RM3.67 million respectively in current quarter as compared to profit in corresponding quarter of preceding year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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

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

	Current year to-date 30/06/2019 RM'000	Preceding year corresponding period 30/06/2018 RM'000	Changes %
Revenue	66,456	85,371	-22.2
Operating (loss)/profit	(3,021)	11,299	-126.7
Non-operating income	929	1,203	-22.8
(Loss)/ Profit before tax	(2,092)	12,502	-116.7
(Loss)/ Profit after tax	(1,913)	9,799	-119.5
(Loss)/ Profit attributable to owners of the parent	(1,913)	9,799	-119.5

The Group recorded revenue of RM66.46 million (which consist of RM66.26 million from the manufacturing segment and RM0.20 million from the electricity segment respectively) in current year to-date, a decrease of 22% as compared to RM85.37 million recorded in preceding year corresponding period. The decrease was mainly due to lower sales volume in current year to-date, especially in the second quarter.

As compared to preceding year corresponding period, the Group had performed badly due to worsening gross profit margin as a result of high production cost in current period. Revision of minimum wages, high logs price cum with lower production volume and poor production recovery rate had resulted in higher production cost per cubic metre in current period. Correspondingly, inventory value of RM2.14 million had been written down to its net realisable value. Besides, the Group had provided allowance for doubtful debts of RM0.8 million on the advances to a log supplier in current year to-date. As a result, the Group recorded operating loss of RM3.02 million in current year to-date in contrast to operating profit of RM11.30 million in preceding year corresponding period. On the other hand, non-operating income had decreased by approximately 23% in current period which was mainly due to lower distribution income from money market fund.

Due to poor performance in the second quarter, the Group had reversed the profit recorded in the first quarter into a loss for current year to-date. The Group suffered loss before tax of RM2.09 million as compared to profit before tax of RM12.50 million in preceding year corresponding period. Loss after tax of the Group in current year to-date amounted to RM1.91 million as compared to profit after tax of RM9.80 million in the same period of previous year.

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

	Current year quarter 30/06/2019 RM'000	Immediate preceding quarter 31/03/2019 RM'000	Changes %
Revenue	28,601	37,855	-24.4
Operating (loss)/ profit	(5,068)	2,047	-347.6
Non-operating income	456	473	-3.6
(Loss)/ Profit before tax	(4,612)	2,520	-283.0
(Loss)/ Profit after tax	(3,669)	1,756	-308.9
(Loss)/ Profit attributable to owners of the parent	(3,669)	1,756	-308.9

Revenue in current quarter had decreased by RM9.26 million as compared to revenue of RM37.86 million recorded in the immediate preceding quarter due to decrease in both volume and average selling price. Lesser finished goods were delivered to our main distributor at United States in current quarter upon their request due to high level of inventory at their warehouse. Decreasing average selling price was mainly due to weak global demand on plywood. Production cost per unit increased as compared to immediate preceding quarter due to lower production volume. Approximately RM2.14 million of inventories had been written off to its net realisable value in current quarter under review.

As a result of aforementioned, the Group recorded loss before tax of RM4.61 million in current quarter under review as compared to profit of RM2.52 million recorded in immediate preceding quarter. Loss after tax of current quarter amounted to RM3.67 million, a decrease of RM5.43 million as compared to profit of RM1.76 million in immediate preceding quarter.

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

The structural panel sales at United States were steady enough to minimise downward price pressure, but customers have lack urgency and replenish sparingly. Demand for tropical hardwood plywood is still considered weak currently. However, we finally see an obvious decrease of logs price lately. This will help in reducing our production cost better after our plan on reducing production volume and labour hours seem ineffective. On the other hand, the management is exploring other alternatives to improve sales orders as well as reducing our production cost. In overall, the Group's operating environment will remain challenging in the remaining period of current financial year.

**B4. Profit forecast or profit guarantee**

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

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**B5. Income tax expense**

	Current year quarter 30/06/2019	Preceding year corresponding quarter 30/06/2018	Current year to-date 30/06/2019	Preceding year corresponding period 30/06/2018
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	(613)	2,418	97	2,435
Deferred income tax:				
- Origination and reversal of temporary differences	(330)	124	(276)	371
- Over provision in respect of prior years	-	-	-	(103)
	(330)	124	(276)	268
Income tax expense	(943)	2,542	(179)	2,703

The effective tax rates for current quarter was lower than the statutory tax rate principally due to certain expenses were disallowed for income tax purposes. The effective tax rate for 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 2019.

**B8. Material litigations**

There were no material litigations since the last financial year ended 31 December 2018 and up to the date of this report.

**B9. Dividends**

No interim dividend has been declared during the current quarter under review. The total dividends declared to date for the current financial year ending 31 December 2019 is 5.0 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 2018.

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**B11. Earnings per share**

Basic earnings per share are calculated by dividing the loss/ 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 30/06/2019	Preceding year corresponding quarter 30/06/2018	Current year to-date 30/06/2019	Preceding year corresponding period 30/06/2018
<b><u>Basic earnings per share</u></b>				
(Loss)/ Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	(3,669)	9,614	(1,913)	9,799
Weighted average number of ordinary shares in issue ('000)	102,300	103,200	102,325	103,200
Basic earnings per share (sen per share)	(3.59)	9.32	(1.87)	9.50
<b><u>Diluted earnings per share</u></b>				
(Loss)/ Profit net of tax, attributable to owners of the parent used in the computation of earnings per share (RM'000)	(3,669)	9,614	(1,913)	9,799
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	103,990	104,170	105,202	103,688
Diluted earnings per share (sen per share)	(3.53)	9.23	(1.82)	9.45



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**B12. Derivative financial instruments**

As at 30 June 2019 and 31 December 2018, the Group has the following outstanding derivatives financial instruments:

	Principal or Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b><u>30 June 2019</u></b>			
Foreign currency forward contract:			
- Less than 1 year	18,187	145	12
<b><u>31 December 2018</u></b>			
Foreign currency forward contract:			
- Less than 1 year	28,166	334	-

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. Loss/ Profit before tax**

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

	Current year quarter 30/06/2019	Preceding year corresponding quarter 30/06/2018	Current year to-date 30/06/2019	Preceding year corresponding period 30/06/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(159)	(84)	(348)	(208)
Distribution income from equity instruments	(260)	(629)	(581)	(951)
Net fair value gain on equity instruments	(178)	(674)	(315)	(224)
Rental income	(71)	(68)	(143)	(137)
Rental of office premises	47	46	94	91
Inventory written off	2,136	-	2,136	-
Allowance for doubtful debts	500	-	800	-
Depreciation of property, plant and equipment	1,335	1,260	2,653	2,505
Depreciation of investment properties	20	21	41	41
Direct operating expenses arising from investment properties:				
- rental generating properties	33	33	65	64
Net fair value loss/ (gain) on derivatives:				
- realised	330	329	(374)	(394)
- unrealised	(120)	559	201	554
Net (gain)/ loss on foreign exchange:				
- realised	(386)	(674)	163	528
- unrealised	169	(383)	121	(190)