

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Current year to-date 31/12/2019 RM'000	Preceding year corresponding period 31/12/2018 RM'000
<b>Revenue from contracts with customers</b>	38,080	54,643	142,381	203,427
Cost of sales	<u>(40,876)</u>	<u>(41,932)</u>	<u>(144,936)</u>	<u>(159,877)</u>
<b>Gross (loss)/profit</b>	(2,796)	12,711	(2,555)	43,550
<b>Other items of income</b>				
Interest income	171	196	673	545
Other income	1,040	1,443	2,679	4,307
<b>Other items of expense</b>				
Administrative expenses	(1,749)	(2,786)	(8,027)	(8,380)
Other expenses	<u>(653)</u>	<u>(1,337)</u>	<u>(2,819)</u>	<u>(2,272)</u>
<b>(Loss)/ Profit before tax</b>	(3,987)	10,227	(10,049)	37,750
Income tax expense	<u>947</u>	<u>(2,824)</u>	<u>3,066</u>	<u>(9,334)</u>
<b>(Loss)/ Profit net of tax, representing total comprehensive (loss)/ income for the period</b>	<u>(3,040)</u>	<u>7,403</u>	<u>(6,983)</u>	<u>28,416</u>
<b>(Loss)/ Profit net of tax attributable to:</b>				
Owners of the Company	<u>(3,040)</u>	<u>7,403</u>	<u>(6,983)</u>	<u>28,416</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	<u>(2.97)</u>	<u>7.12</u>	<u>(6.83)</u>	<u>27.48</u>
Diluted (sen)	<u>(2.97)</u>	<u>7.04</u>	<u>(6.69)</u>	<u>27.42</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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30,498	28,887
Investment properties	2,297	2,379
Intangible asset	149	149
Deferred tax assets	-	139
	<u>32,944</u>	<u>31,554</u>
<b>Current assets</b>		
Inventories	42,081	42,294
Trade and other receivables	6,734	12,130
Other current assets	4,496	10,952
Income tax refundable	2,266	-
Other current financial assets	53,589	48,380
Cash and bank balances	38,517	51,803
	<u>147,683</u>	<u>165,559</u>
<b>Total assets</b>	<u>180,627</u>	<u>197,113</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	7,377	9,287
Contract liabilities	438	1,046
Income tax payable	-	900
	<u>7,815</u>	<u>11,233</u>
<b>Net current assets</b>	<u>139,868</u>	<u>154,326</u>
<b>Non-current liability</b>		
Deferred tax liabilities	801	3,070
<b>Total liabilities</b>	<u>8,616</u>	<u>14,303</u>
<b>Net assets</b>	<u>172,011</u>	<u>182,810</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	57,691	55,759
Treasury shares	(6,740)	(4,787)
Employee share option reserve	2,435	1,097
Retained earnings	118,625	130,741
<b>Total equity</b>	<u>172,011</u>	<u>182,810</u>
<b>Total equity and liabilities</b>	<u>180,627</u>	<u>197,113</u>
<b>Net assets per share (RM)</b>	<u>1.61</u>	<u>1.73</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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Current year to-date 31/12/2019 RM'000</b>	<b>Preceding year corresponding period 31/12/2018 RM'000</b>
<b>Operating activities</b>		
(Loss)/ Profit before tax	(10,049)	37,750
<u>Adjustments for:</u>		
Depreciation of investment properties	82	82
Depreciation of property, plant and equipment	5,377	5,062
Distribution income from equity instruments	(1,272)	(1,759)
Allowance for doubtful debts	2,297	-
Deposits for log purchase written off	-	700
Grant of equity-settled share options	1,820	1,916
Inventory written off	2,683	-
Interest income	(673)	(545)
Net fair value gain on equity instruments	(434)	(668)
Net fair value loss/(gain) on derivatives - unrealised	99	(190)
Foreign exchange loss - unrealised	322	287
<b>Operating cash flows before changes in working capital</b>	<u>252</u>	<u>42,635</u>
Increase in inventories	(2,470)	(22,595)
Decrease in trade and other receivables	5,343	15,021
Decrease/ (Increase) in other current assets	4,159	(4,912)
Decrease in trade and other payables	(1,910)	(235)
Decrease in contract liabilities	(608)	(1,155)
<b>Cash flows from operations</b>	<u>4,766</u>	<u>28,759</u>
Interest received	656	532
Income tax received	1,659	-
Income tax paid	(3,889)	(6,734)
<b>Net cash flows generated from operating activities</b>	<u>3,192</u>	<u>22,557</u>
<b>Investing activities</b>		
Interest received	2	13
Distribution income from equity instruments	1,272	1,759
Purchase of equity instruments	(11,274)	(82,900)
Proceeds from disposal of equity instruments	6,400	99,788
Purchase of property, plant and equipment	(6,988)	(4,515)
<b>Net cash flows (used in)/ generated from investing activities</b>	<u>(10,588)</u>	<u>14,145</u>
<b>Financing activities</b>		
Dividend paid	(5,133)	(16,677)
Purchase of treasury shares	(1,953)	(4,787)
Proceeds from exercise of employee share options	1,450	2,457
<b>Net cash flows used in financing activities</b>	<u>(5,636)</u>	<u>(19,007)</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 YEAR ENDED 31 DECEMBER 2019**

	<b>Current year to-date 31/12/2019 RM'000</b>	<b>Preceding year corresponding period 31/12/2018 RM'000</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(13,032)	17,695
Effect of exchange rate changes on cash and cash equivalents	(254)	(202)
<b>Cash and cash equivalents at 1 January</b>	<u>51,417</u>	<u>33,924</u>
<b>Cash and cash equivalents at 31 December</b>	<u><b>38,131</b></u>	<u><b>51,417</b></u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	38,517	51,803
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
<b>Cash and cash equivalents</b>	<u><b>38,131</b></u>	<u><b>51,417</b></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 YEAR ENDED 31 DECEMBER 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	28,416	28,416	-	-	-	28,416
Purchase of treasury shares	(4,787)	(4,787)	-	(4,787)	-	-
Grant of equity-settled share options	1,916	1,916	-	-	1,916	-
Exercise of employee share options	2,457	2,457	3,276	-	(819)	-
Dividends on ordinary shares	(16,677)	(16,677)	-	-	-	(16,677)
Closing balance at 31 December 2018	182,810	182,810	55,759	(4,787)	1,097	130,741
Opening balance at 1 January 2019	182,810	182,810	55,759	(4,787)	1,097	130,741
Total comprehensive loss	(6,983)	(6,983)	-	-	-	(6,983)
Purchase of treasury shares	(1,953)	(1,953)	-	(1,953)	-	-
Grant of equity-settled share options	1,820	1,820	-	-	1,820	-
Exercise of employee share options	1,450	1,450	1,932	-	(482)	-
Dividends on ordinary shares	(5,133)	(5,133)	-	-	-	(5,133)
Closing balance at 31 December 2019	172,011	172,011	57,691	(6,740)	2,435	118,625

*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 FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 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
Amendments to MFRS 7, 9 and 139	Interest Rate Benchmark Reform

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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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  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

**A6. Changes in debt and equity securities**

During the financial year ended 31 December 2019, the Company issued 1,360,000 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 31 December 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	1,360,000	1,932
	<hr/>	<hr/>
As at 31 December 2019	106,884,000	57,691

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

During the year ended 31 December 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 ended 31 December 2019:

	RM'000
In respect of financial year ended 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
	<hr/>
	5,133



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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>Year ended 31 December 2019</u></b>				
<b>Revenue</b>				
External sales	141,912	469	-	142,381
Inter-segment sales	-	4,510	(4,510)	-
	<u>141,912</u>	<u>4,979</u>	<u>(4,510)</u>	<u>142,381</u>
<b>Results</b>				
Segment loss	<u>(11,393)</u>	<u>(446)</u>	<u>1,790</u>	<u>(10,049)</u>
<b>Segment assets as at 31 December 2019</b>	<u>117,443</u>	<u>7,533</u>	<u>55,651</u>	<u>180,627</u>
<b>Segment liabilities as at 31 December 2019</b>	<u>7,688</u>	<u>127</u>	<u>801</u>	<u>8,616</u>
<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>140,317</u>	<u>6,232</u>	<u>50,564</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>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**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 31/12/2019</b>	<b>Preceding year corresponding period 31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income from fixed deposit	15	13
Interest income from equity instruments	2	-
Distribution income from equity instruments	1,272	1,759
Net fair value gain on equity instruments	434	668
Rental income from investment properties	264	252
Depreciation of investment properties	(82)	(82)
Direct operating expenses arising from investment properties	(115)	(112)
	<b>1,790</b>	<b>2,498</b>

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 31/12/2019</b>	<b>As at 31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Equity instruments	53,354	48,046
Deferred tax assets	-	139
Investment properties	2,297	2,379
	<b>55,651</b>	<b>50,564</b>

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 31/12/2019</b>	<b>As at 31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	801	3,070

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**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 31/12/2019	As at 31/12/2018
	RM'000	RM'000
Approved but not contracted for property, plant and equipment	-	2,237

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

There were no material events subsequent to the end of the current financial quarter that have not been reflected in the interim financial statements under review.

**A13. Changes in composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

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

	Transactions value for period ended		Balance outstanding as at	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
<u>Nature of transactions</u>				
Sales of electricity to a related party ^	469	521	84	70
Rental paid to a director	190	184	-	-

^ 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 2019

**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**

	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Changes %
Revenue	38,080	54,643	-30.3
Operating (loss)/ profit	(4,412)	9,717	-145.4
Non-operating income	425	510	-16.7
(Loss)/ Profit before tax	(3,987)	10,227	-139.0
(Loss)/ Profit after tax	(3,040)	7,403	-141.1
(Loss)/ Profit attributable to owners of the parent	(3,040)	7,403	-141.1

The Group recorded revenue of RM38.08 million (which consist of RM37.94 million from the manufacturing segment and RM0.14 million from the electricity segment respectively) in current quarter under review, a decrease of RM16.56 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.

The Group had recorded an operating loss of RM4.41 million in current quarter as compared to profit of RM9.72 million in corresponding quarter of previous year. This was mainly due to the weak plywood demand in global market and our average selling price in current quarter had dropped by approximately 23% as compared to corresponding quarter of previous year. Losses in current quarter also attributable to the major overhaul carried out on subsidiary's turbine and generator at the end of the year. Non-operating income decreased by 17% as a result of lower distribution income from money market fund.

As a result, the Group recorded loss before tax of approximately RM3.99 million as compared to RM10.23 million profits recorded in the corresponding quarter of previous year. Loss after tax had reduced to RM3.04 million due to the recognition of deferred taxation on current year loss and unabsorbed capital allowances.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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

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

	Current year to-date 31/12/2019	Preceding year corresponding period 31/12/2018	Changes
	RM'000	RM'000	%
Revenue	142,381	203,427	-30.0
Operating (loss)/profit	(11,839)	35,252	-133.6
Non-operating income	1,790	2,498	-28.3
(Loss)/ Profit before tax	(10,049)	37,750	-126.6
(Loss)/ Profit after tax	(6,983)	28,416	-124.6
(Loss)/ Profit attributable to owners of the parent	(6,983)	28,416	-124.6

The Group recorded revenue of RM142.38 million (which consist of RM141.91 million from the manufacturing segment and RM0.47 million from the electricity segment respectively) in current year to-date, a decrease of 30% as compared to RM203.43 million recorded in preceding year corresponding period. The decrease was mainly due to lower sales volume and lower average selling price in current year to-date.

Performance of the Group in current year was affected by dropping average selling price and higher production unit cost. The slowdown in plywood market had reduced the demand for plywood, thus reducing the selling price while lower production volume and higher logs price at the first half of the year caused the production unit cost soaring. Besides, management had written off its inventory by RM2.68 million and made allowance for doubtful debts of RM2.30 million on the advances to log suppliers in current year to-date. As a result, the Group recorded operating loss of RM11.84 million in current year to-date as compared to operating profit of RM35.25 million in previous year. On the other hand, non-operating income had decreased by approximately 28% in current period which was mainly due to lower income recognised from money market fund.

As a result of the aforementioned, the Group recorded loss before tax of RM10.05 million as compared to profit before tax of RM37.75 million in previous year. Loss after tax of the Group in current year to-date amounted to RM6.98 million as compared to profit after tax of RM28.42 million in previous year.

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

	Current year quarter 31/12/2019	Immediate preceding quarter 30/09/2019	Changes
	RM'000	RM'000	%
Revenue	38,080	37,845	0.6
Operating loss	(4,412)	(4,406)	0.1
Non-operating income	425	436	-2.5
Loss before tax	(3,987)	(3,970)	0.4
Loss after tax	(3,040)	(2,030)	49.8
Loss attributable to owners of the parent	(3,040)	(2,030)	49.8

Revenue in current quarter had no significant variance as compared to immediate preceding quarter. Impact of higher sales volume in current quarter had been offset by the lower average selling price. The Group recorded a slightly higher operating loss as compared to immediate preceding quarter. Current quarter's loss before/after tax of the Group amounted to RM3.99 million and RM3.04 million respectively. The Group's performance in current quarter had no significant variance as compared to immediate preceding quarter, except that the immediate preceding quarter had recognised an over provision of taxation in prior year amounted to RM0.94 million.

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

Lumber price at United States did pop up despite of housing supply at United States shrinks further. Although our plywood sold to United States are mainly for use in recreational vehicle sector, a slump in housing market at United States might drive the price of the commodity downwards. On the other hand, management is monitoring the price of logs especially during the first half of the year which is normally the raining season. Production might be curtailed if there is lack of supply of logs during this period. Management remains cautious in the prospects of the Group for the next financial year as the operating environment of plywood industry is still very challenging.

**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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**B5. Income tax expense**

	Current year quarter 31/12/2019	Preceding year corresponding quarter 31/12/2018	Current year to-date 31/12/2019	Preceding year corresponding period 31/12/2018
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	-	2,134	1	8,634
- Over provision in respect of prior years	-	-	(937)	(186)
	-	2,134	(936)	8,448
Deferred income tax:				
- Origination and reversal of temporary differences	(947)	690	(2,140)	767
- Under provision in respect of prior years	-	-	10	119
	(947)	690	(2,130)	886
Income tax expense	(947)	2,824	(3,066)	9,334

There was no significant variance between the effective tax rate and statutory tax rate in current quarter under review. The effective tax rate for corresponding quarter in previous financial year was higher than the statutory tax rate, principally due to certain expenses were 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 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 ended 31 December 2019 is 5.0 sen per ordinary share.

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**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.

**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 31/12/2019	Preceding year corresponding quarter 31/12/2018	Current year to-date 31/12/2019	Preceding year corresponding period 31/12/2018
<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)	(3,040)	7,403	(6,983)	28,416
Weighted average number of ordinary shares in issue ('000)	102,336	103,957	102,259	103,404
Effects of dilution:				
- Employee share options	-	1,150	2,193	225
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	102,336	105,107	104,452	103,629
Basic earnings per share (sen per share)	(2.97)	7.12	(6.83)	27.48
Diluted earnings per share (sen per share)	(2.97)	7.04	(6.69)	27.42



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**B12. Derivative financial instruments**

As at 31 December 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>31 December 2019</u></b>			
Foreign currency forward contract:			
- Less than 1 year	13,712	235	-
<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 31/12/2019	Preceding year corresponding quarter 31/12/2018	Current year to-date 31/12/2019	Preceding year corresponding period 31/12/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(171)	(196)	(673)	(545)
Distribution income from equity instruments	(386)	(458)	(1,272)	(1,759)
Net fair value gain on equity instruments	(12)	(30)	(434)	(668)
Rental income	(72)	(69)	(287)	(275)
Rental of office premises	48	46	190	184
Inventory written off	96	-	2,683	-
Allowance for doubtful debts	-	-	2,297	-
Deposits for log purchase written off	-	700	-	700
Depreciation of property, plant and equipment	1,361	1,285	5,377	5,062
Depreciation of investment properties	20	20	82	82
Direct operating expenses arising from investment properties:				
- rental generating properties	25	24	115	112
Net fair value (gain)/ loss on derivatives:				
- realised	(219)	1,071	(499)	1,475
- unrealised	(272)	(927)	99	(190)
Net gain on foreign exchange:				
- realised	308	(797)	200	(1,230)
- unrealised	345	493	322	287