

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	Current year quarter 30/06/2020 RM'000	Preceding year corresponding quarter 30/06/2019 RM'000	Current year to-date 30/06/2020 RM'000	Preceding year corresponding period 30/06/2019 RM'000
Revenue from contracts with customers	9,809	28,601	42,688	66,456
Cost of sales	<u>(12,528)</u>	<u>(31,256)</u>	<u>(46,694)</u>	<u>(64,869)</u>
Gross (loss)/ profit	(2,719)	(2,655)	(4,006)	1,587
Other items of income				
Interest income	120	159	246	348
Other income	1,997	1,072	3,042	1,556
Other items of expense				
Administrative expenses	(1,196)	(2,189)	(3,211)	(4,298)
Other expenses	<u>(1,565)</u>	<u>(999)</u>	<u>(1,763)</u>	<u>(1,285)</u>
Loss before tax	(3,363)	(4,612)	(5,692)	(2,092)
Income tax	<u>810</u>	<u>943</u>	<u>1,334</u>	<u>179</u>
Loss net of tax, representing total comprehensive loss for the period	<u>(2,553)</u>	<u>(3,669)</u>	<u>(4,358)</u>	<u>(1,913)</u>
Loss net of tax attributable to:				
Owners of the Company	<u>(2,553)</u>	<u>(3,669)</u>	<u>(4,358)</u>	<u>(1,913)</u>
Loss per share attributable to owners of the Company:				
Basic (sen)	<u>(2.53)</u>	<u>(3.59)</u>	<u>(4.30)</u>	<u>(1.87)</u>
Diluted (sen)	<u>(2.53)</u>	<u>(3.53)</u>	<u>(4.30)</u>	<u>(1.82)</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 2019 and accompanying explanatory notes attached to these interim financial statements.

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Assets		
Non-current assets		
Property, plant and equipment	28,153	30,498
Investment properties	2,256	2,297
Intangible asset	149	149
Deferred tax assets	531	-
	<u>31,089</u>	<u>32,944</u>
Current assets		
Inventories	38,692	42,089
Trade and other receivables	2,525	6,734
Other current assets	3,281	4,496
Income tax refundable	2,909	2,266
Other current financial assets	51,676	53,589
Cash and bank balances	40,813	38,517
	<u>139,896</u>	<u>147,691</u>
Total assets	<u>170,985</u>	<u>180,635</u>
Equity and liabilities		
Current liabilities		
Trade and other payables	3,913	7,377
Contract liabilities	150	438
Other current financial liabilities	6	-
	<u>4,069</u>	<u>7,815</u>
Net current assets	<u>135,827</u>	<u>139,876</u>
Non-current liability		
Deferred tax liabilities	-	803
Total liabilities	<u>4,069</u>	<u>8,618</u>
Net assets	<u>166,916</u>	<u>172,017</u>
Equity attributable to owners of the Company		
Share capital	57,691	57,691
Treasury shares	(8,104)	(6,740)
Employee share option reserve	3,056	2,435
Retained earnings	114,273	118,631
Total equity	<u>166,916</u>	<u>172,017</u>
Total equity and liabilities	<u>170,985</u>	<u>180,635</u>
Net assets per share (RM)	<u>1.66</u>	<u>1.68</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 2019 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 2020**

	Current year to-date 30/06/2020 RM'000	Preceding year corresponding period 30/06/2019 RM'000
Operating activities		
Loss before tax	(5,692)	(2,092)
Adjustments for:		
Depreciation of investment properties	41	41
Depreciation of property, plant and equipment	2,488	2,653
Distribution income from money market funds	(846)	(581)
Allowance for impairment on log advances	-	800
Grant of equity-settled share options	621	1,266
Inventory written down	-	2,136
Interest income	(246)	(348)
Net loss/ (gain) on money market funds	123	(315)
Net fair value loss on derivatives - unrealised	142	201
Unrealised foreign exchange loss	49	121
Operating cash flows before changes in working capital	(3,320)	3,882
Decrease/ (Increase) in inventories	3,397	(10,664)
Decrease in trade and other receivables	4,187	5,905
Decrease in other current assets	1,215	2,413
Decrease in trade and other payables	(3,464)	(1,965)
Decrease in contract liabilities	(288)	(674)
Cash flows from operations	1,727	(1,103)
Interest received	239	341
Income tax paid	(643)	(3,889)
Net cash flows generated from/ (used in) operating activities	1,323	(4,651)
Investing activities		
Interest received	29	-
Distribution income from money market funds	846	581
Purchase of money market funds	(6,846)	(5,581)
Proceeds from disposal of money market funds	8,500	5,600
Purchase of property, plant and equipment	(143)	(3,896)
Net cash flows generated from/ (used in) investing activities	2,386	(3,296)
Financing activities		
Dividend paid	-	(4,111)
Purchase of treasury shares	(1,364)	(1,953)
Proceeds from exercise of employee share options	-	634
Net cash flows used in financing activities	(1,364)	(5,430)

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 2019 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 2020**

	Current year to-date 30/06/2020 RM'000	Preceding year corresponding period 30/06/2019 RM'000
Net increase/ (decrease) in cash and cash equivalents	2,345	(13,377)
Effect of exchange rate changes on cash and cash equivalents	(49)	(121)
Cash and cash equivalents at 1 January	<u>38,131</u>	<u>51,417</u>
Cash and cash equivalents at 30 June	<u><u>40,427</u></u>	<u><u>37,919</u></u>
Analysis of cash and cash equivalents		
Cash and bank balances	40,813	38,305
Less: Deposits with maturity of more than three months	(386)	(386)
Cash and cash equivalents	<u><u>40,427</u></u>	<u><u>37,919</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 2019 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 2020**

	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 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
Opening balance at 1 January 2020	172,017	172,017	57,691	(6,740)	2,435	118,631
Total comprehensive loss	(4,358)	(4,358)	-	-	-	(4,358)
Purchase of treasury shares	(1,364)	(1,364)	-	(1,364)	-	-
Grant of equity-settled share options	621	621	-	-	621	-
Closing balance at 30 June 2020	166,916	166,916	57,691	(8,104)	3,056	114,273

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 2019 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 2020

**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 2020, 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 2019. 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 2019.

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 2019 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 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and 108	Definition of Material

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 June 2020

Amendments to MFRS 16	Covid-19-Related Rent Concessions
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MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

A2. Significant accounting policies (continued)

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

MFRSs, Interpretations and Amendments which effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between Investors and its Associate or Joint Venture
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The directors anticipate that the abovementioned MFRSs, Interpretations and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these MFRSs, Interpretations and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

A3. Seasonal or cyclical factors

The Group's business operation and performance are not affected materially by any seasonal or cyclical factors for the financial quarter under review.

A4. Items of unusual nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow in the quarterly financial statements.

A5. Material changes in estimates

There were no changes in estimates of amounts reported in either the prior interim period of the current financial period or prior financial years that have had a material effect on the results during the current quarter and financial period-to-date.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

A6. Changes in debt and equity securities

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

During the period ended 30 June 2020, the Company had acquired 1,888,700 units of ordinary shares from the open market for a cash consideration of RM1.36 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 27 May 2019 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

No dividend payment was made during the period ended 30 June 2020.

A8. Segment reporting

The Group is organised into business units based on their products and services, and has two reportable operating segments as follows:-

- i. Manufacturing segment - manufacturing and sale of plywood, veneer and laminated veneer lumber (LVL).
- ii. Electricity segment - generation and sale of electricity.

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

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<u>Period ended 30 June 2020</u>				
Revenue				
External sales	42,614	74	-	42,688
Inter-segment sales	-	1,043	(1,043)	-
	42,614	1,117	(1,043)	42,688
Results				
Segment loss	(5,078)	(1,358)	744	(5,692)
Segment assets as at 30 June 2020	110,528	6,093	54,364	170,985
Segment liabilities as at 30 June 2020	4,024	45	-	4,069

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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
<u>Period ended 30 June 2019</u>				
Revenue				
External sales	66,258	198	-	66,456
Inter-segment sales	-	2,177	(2,177)	-
	<u>66,258</u>	<u>2,375</u>	<u>(2,177)</u>	<u>66,456</u>
Results				
Segment (loss)/ profit	<u>(3,244)</u>	<u>223</u>	<u>929</u>	<u>(2,092)</u>
Segment assets as at 31 December 2019	<u>119,254</u>	<u>5,730</u>	<u>55,651</u>	<u>180,635</u>
Segment liabilities as at 31 December 2019	<u>7,687</u>	<u>128</u>	<u>803</u>	<u>8,618</u>

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

	Current year to-date 30/06/2020 RM'000	Preceding year corresponding period 30/06/2019 RM'000
Interest income from fixed deposit	7	7
Distribution income from money market funds	846	581
Net (loss)/ gain on money market funds	(123)	315
Rental income from investment properties	119	132
Depreciation of investment properties	(41)	(41)
Direct operating expenses arising from investment properties	(64)	(65)
	<u>744</u>	<u>929</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2020

A8. Segment reporting (continued)

The following items are added to segment assets to arrive at total assets reported in the unaudited condensed consolidated statement of financial position:

	As at 30/06/2020	As at 31/12/2019
	RM'000	RM'000
Money market funds	51,577	53,354
Investment properties	2,256	2,297
Deferred tax assets	531	-
	54,364	55,651

The following items are added to segment liabilities to arrive at total liabilities reported in the unaudited condensed consolidated statement of financial position:

	As at 30/06/2020	As at 31/12/2019
	RM'000	RM'000
Deferred tax liabilities	-	803

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

There were no material capital commitments subsequent to the end of the current financial quarter.

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 for the current financial quarter.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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 2020 and 30 June 2019 as well as the balances with the related parties as at 30 June 2020 and 31 December 2019:

Nature of transactions	Transactions value for period ended		Balance outstanding as at	
	30/06/2020	30/06/2019	30/06/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Sales of electricity to a related party ^	74	198	108	84
Rental paid to a director	72	94	(8)	-

^ Related party is a company in which a director, Lin Hao Yu has interest.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2020

**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 30/06/2020 RM'000	Preceding year corresponding quarter 30/06/2019 RM'000	Changes %
Revenue	9,809	28,601	-65.7
Operating loss	(3,690)	(5,068)	-27.2
Non-operating income	327	456	-28.3
Loss before tax	(3,363)	(4,612)	-27.1
Loss after tax	(2,553)	(3,669)	-30.4
Loss attributable to owners of the parent	(2,553)	(3,669)	-30.4

The Group recorded revenue of RM9.81 million (which consist of RM9.80 million from the manufacturing segment and RM0.01 million from the electricity segment respectively) in current quarter under review, a decrease of approximately 66% as compared to previous year's corresponding quarter. Lower revenue in current quarter was mainly due to the impact from MCO imposed by the government. During this period, the Group had not generated any revenue from sale of plywood while the production activity was also halted until third week of May 2020.

The Group recorded an operating loss of RM3.69 million in current quarter, a decrease of RM1.38 million as compared to corresponding quarter of previous year. The Group recorded a lower operating loss in current quarter comparatively because previous year's corresponding quarter had included the recognition of certain extraordinary items such as allowance for impairment on log advances and inventory written down. Besides, lesser business activity and salary deduction during the MCO period had further reduced the Group's production cost and administrative expenses. In respect of non-operating income, the Group had a lower return from placement in money market funds due to the OPR cut since early this year.

Correspondingly, the Group recorded loss before tax of RM3.36 million in current quarter under review. Loss after tax of the Group amounted to RM2.55 million. As compared to previous year's corresponding quarter, both losses had decreased by approximately 27% and 30% respectively which was mainly due to the reason mentioned above.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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B1. Review of performance of the Group (continued)

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

	Current year to-date 30/06/2020 RM'000	Preceding year corresponding period 30/06/2019 RM'000	Changes %
Revenue	42,688	66,456	-35.8
Operating loss	(6,436)	(3,021)	113.0
Non-operating income	744	929	-19.9
Loss before tax	(5,692)	(2,092)	172.1
Loss after tax	(4,358)	(1,913)	127.8
Loss attributable to owners of the parent	(4,358)	(1,913)	127.8

The Group recorded revenue of RM42.69 million (which consist of RM42.62 million from the manufacturing segment and RM0.07 million from the electricity segment respectively) in current year to-date, a decrease of RM23.77 million as compared to RM66.46 million recorded in preceding year corresponding period. The decrease was mainly due to lower sales volume as a result of MCO imposition by the government in order to combat the spread of Covid-19.

The Group had recorded operating loss of RM6.44 million in current year to-date, an increase of RM3.42 million as compared to preceding year corresponding period. Higher loss was mainly due to depressed selling price and also the impact from the imposition of MCO, albeit the recognition of allowance for impairment of log advances and inventory written off in preceding year corresponding period. Lower non-operating income in current year to-date was mainly due to lower return from placement in money market funds.

As a result of aforementioned, the Group recorded loss before tax of RM5.69 million, an increase of 172% as compared to loss of RM2.09 million in preceding year corresponding period. Loss after tax of the Group in current year to-date increased by RM2.45 million to RM4.36 million.

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B2. Comparison with immediate preceding quarter's results

	Current year quarter 30/06/2020 RM'000	Immediate preceding quarter 31/03/2020 RM'000	Changes %
Revenue	9,809	32,879	-70.2
Operating loss	(3,690)	(2,746)	34.4
Non-operating income	327	417	-21.6
Loss before tax	(3,363)	(2,329)	44.4
Loss after tax	(2,553)	(1,805)	41.4
Loss attributable to owners of the parent	(2,553)	(1,805)	41.4

Revenue in current quarter under review had decreased by approximately 70% as compared to immediate preceding quarter due to the imposition of MCO until May 2020. During this period, the Group has no sales and production. On the other hand, lower non-operating income was mainly due to lower return from money market funds and rental income deduction to our tenant since March.

As a result, the Group recorded RM3.36 million loss before tax as compared to immediate preceding quarter's RM2.33 million. Loss after tax of the Group increased by approximately 41% in comparison to RM1.81 million loss after tax recorded in immediate preceding quarter.

B3. Prospects for the remaining period of current financial year

We have resumed our operation in third week of May but our production is running below our normal capacity in order to comply with the SOP issued by the Sabah Forestry Department. Although the price of lumber at United States continue uptrend, it had not benefited us so much as our competitors from Indonesia having some price advantage over us from the duty exemption enjoyed by the Indonesian producers. On the other hand, our production is affected by the logs of poor quality/ condition as they were kept since the imposition of MCO. This has resulted in lower output of face veneer sheets for the production of plywood. However, we are actively sourcing the face veneer sheets from overseas currently despite of higher purchase cost. As the global economy remains weak due to the uncertainties from the on-going pandemic, the Board is cautious on the prospect of the Group for 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

	Current year quarter 30/06/2020	Preceding year corresponding quarter 30/06/2019	Current year to-date 30/06/2020	Preceding year corresponding period 30/06/2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	-	(613)	-	97
Deferred income tax:				
- Origination and reversal of temporary differences	(810)	(330)	(1,334)	(276)
Income tax	(810)	(943)	(1,334)	(179)

The effective tax rate for current quarter approximates the statutory tax rate. The effective tax rate for corresponding quarter of previous year was lower 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 30 June 2020.

B8. Material litigations

There were no material litigations since the last financial year ended 31 December 2019 and up to the date of this report.

B9. Dividends

No interim dividend has been declared during the quarter under review.

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 2019.

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B11. Loss per share

Basic loss per share are calculated by dividing the loss 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 loss 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 (loss)/ 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 30/06/2020	Preceding year corresponding quarter 30/06/2019	Current year to-date 30/06/2020	Preceding year corresponding period 30/06/2019
Loss net of tax, attributable to owners of the parent used in the computation of loss per share (RM'000)	(2,553)	(3,669)	(4,358)	(1,913)
Weighted average number of ordinary shares in issue ('000)	100,784	102,300	101,455	102,325
Effects of dilution:				
- Employee share options	-	1,690	-	2,877
Weighted average number of ordinary shares for diluted loss per share computation ('000)	100,784	103,990	101,455	105,202
Basic loss per share (sen per share)	(2.53)	(3.59)	(4.30)	(1.87)
Diluted loss per share (sen per share)	(2.53)	(3.53)	(4.30)	(1.82)

(Incorporated in Malaysia)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B12. Derivative financial instruments

As at 30 June 2020 and 31 December 2019, the Group has the following outstanding derivatives financial instruments:

	Principal or Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<u>30 June 2020</u>			
Foreign currency forward contract:			
- Less than 1 year	9,678	99	6
<u>31 December 2019</u>			
Foreign currency forward contract:			
- Less than 1 year	13,712	235	-

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 SECOND QUARTER ENDED 30 JUNE 2020

B13. Loss before tax

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

	Current year quarter 30/06/2020	Preceding year corresponding quarter 30/06/2019	Current year to-date 30/06/2020	Preceding year corresponding period 30/06/2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(120)	(159)	(246)	(348)
Distribution income from money market funds	(379)	(260)	(846)	(581)
Net loss/ (gain) on money market funds	56	(178)	123	(315)
Rental income	(58)	(71)	(130)	(143)
Rental of office premises	32	47	72	94
Inventory written down		2,136	-	2,136
Allowance for impairment on log advances	-	500	-	800
Depreciation of property, plant and equipment	1,244	1,335	2,488	2,653
Depreciation of investment properties	20	20	41	41
Direct operating expenses arising from investment properties:				
- rental generating properties	32	33	64	65
Net fair value loss/ (gain) on derivatives:				
- realised	1,017	330	1,449	(374)
- unrealised	(883)	(120)	142	201
Net (gain)/ loss on foreign exchange:				
- realised	(634)	(386)	(1,967)	163
- unrealised	492	169	49	121