

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Current year to-date 31/12/2020 RM'000	Preceding year corresponding period 31/12/2019 RM'000
<b>Revenue from contracts with customers</b>	25,831	38,080	87,779	142,381
Cost of sales	<u>(27,036)</u>	<u>(40,868)</u>	<u>(93,907)</u>	<u>(144,928)</u>
<b>Gross loss</b>	(1,205)	(2,788)	(6,128)	(2,547)
<b>Other items of income</b>				
Interest income	63	171	411	673
Other income	869	1,040	2,895	2,778
<b>Other items of expense</b>				
Administrative expenses	(1,348)	(1,749)	(6,029)	(8,027)
Other expenses	<u>(849)</u>	<u>(653)</u>	<u>(1,006)</u>	<u>(2,918)</u>
<b>Loss before tax</b>	(2,470)	(3,979)	(9,857)	(10,041)
Income tax	<u>(944)</u>	<u>945</u>	<u>818</u>	<u>3,064</u>
<b>Loss net of tax, representing total comprehensive loss for the period</b>	<u>(3,414)</u>	<u>(3,034)</u>	<u>(9,039)</u>	<u>(6,977)</u>
<b>Loss net of tax attributable to:</b>				
Owners of the Company	<u>(3,414)</u>	<u>(3,034)</u>	<u>(9,039)</u>	<u>(6,977)</u>
<b>Loss per share attributable to owners of the Company:</b>				
Basic (sen)	<u>(3.45)</u>	<u>(2.96)</u>	<u>(9.01)</u>	<u>(6.82)</u>
Diluted (sen)	<u>(3.45)</u>	<u>(2.96)</u>	<u>(9.01)</u>	<u>(6.68)</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 31 DECEMBER 2020**

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	26,086	30,498
Investment properties	2,215	2,297
Intangible asset	149	149
Deferred tax assets	15	-
	<u>28,465</u>	<u>32,944</u>
<b>Current assets</b>		
Inventories	38,720	42,089
Trade and other receivables	1,668	6,734
Other current assets	6,154	4,496
Income tax refundable	2,909	2,266
Other current financial assets	47,176	53,589
Cash and bank balances	41,568	38,517
	<u>138,195</u>	<u>147,691</u>
<b>Total assets</b>	<u>166,660</u>	<u>180,635</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	8,146	7,377
Contract liabilities	275	438
	<u>8,421</u>	<u>7,815</u>
<b>Net current assets</b>	<u>129,774</u>	<u>139,876</u>
<b>Non-current liability</b>		
Deferred tax liabilities	-	803
<b>Total liabilities</b>	<u>8,421</u>	<u>8,618</u>
<b>Net assets</b>	<u>158,239</u>	<u>172,017</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	57,691	57,691
Treasury shares	(9,378)	(6,740)
Employee share option reserve	3,300	2,435
Retained earnings	106,626	118,631
<b>Total equity</b>	<u>158,239</u>	<u>172,017</u>
<b>Total equity and liabilities</b>	<u>166,660</u>	<u>180,635</u>
<b>Net assets per share (RM)</b>	<u>1.60</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.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Current year to-date 31/12/2020 RM'000</b>	<b>Preceding year corresponding period 31/12/2019 RM'000</b>
<b>Operating activities</b>		
Loss before tax	(9,857)	(10,041)
<b>Adjustments for:</b>		
Depreciation of investment properties	82	82
Depreciation of property, plant and equipment	4,968	5,377
Distribution income from money market funds	(1,277)	(1,272)
(Reversal of) allowance for impairment on log advances	(226)	2,297
Grant of equity-settled share options	865	1,820
Inventory written down	76	2,683
Interest income	(411)	(673)
Net loss/ (gain) on money market funds	45	(434)
Net fair value loss on derivatives - unrealised	145	99
Unrealised foreign exchange loss	147	322
<b>Operating cash flows before changes in working capital</b>	<b>(5,443)</b>	<b>260</b>
Decrease/ (Increase) in inventories	3,293	(2,478)
Decrease in trade and other receivables	5,051	5,343
(Increase)/ decrease in other current assets	(1,432)	4,159
Decrease in trade and other payables	(2,197)	(1,910)
Decrease in contract liabilities	(163)	(608)
<b>Cash flows from operations</b>	<b>(891)</b>	<b>4,766</b>
Interest received	397	656
Income tax received	-	1,659
Income tax paid	(643)	(3,889)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(1,137)</b>	<b>3,192</b>
<b>Investing activities</b>		
Interest received	29	2
Distribution income from money market funds	1,277	1,272
Purchase of money market funds	(7,277)	(11,274)
Proceeds from disposal of money market funds	13,500	6,400
Purchase of property, plant and equipment	(556)	(6,988)
<b>Net cash generated from/ (used in) investing activities</b>	<b>6,973</b>	<b>(10,588)</b>
<b>Financing activities</b>		
Dividend paid	-	(5,133)
Purchase of treasury shares	(2,638)	(1,953)
Proceeds from exercise of employee share options	-	1,450
<b>Net cash used in financing activities</b>	<b>(2,638)</b>	<b>(5,636)</b>

*This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2019 and accompanying explanatory notes attached to these interim financial statements.*

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
 FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Current year to-date 31/12/2020 RM'000</b>	<b>Preceding year corresponding period 31/12/2019 RM'000</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	3,198	(13,032)
Effect of exchange rate changes on cash and cash equivalents	(147)	(254)
<b>Cash and cash equivalents at 1 January</b>	<u>38,131</u>	<u>51,417</u>
<b>Cash and cash equivalents at 31 December</b>	<u><b>41,182</b></u>	<u><b>38,131</b></u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	41,568	38,517
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
<b>Cash and cash equivalents</b>	<u><b>41,182</b></u>	<u><b>38,131</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 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 YEAR ENDED 31 DECEMBER 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	(6,977)	(6,977)	-	-	-	(6,977)
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	172,017	172,017	57,691	(6,740)	2,435	118,631
Opening balance at 1 January 2020	172,017	172,017	57,691	(6,740)	2,435	118,631
Total comprehensive loss	(9,039)	(9,039)	-	-	-	(9,039)
Purchase of treasury shares	(2,638)	(2,638)	-	(2,638)	-	-
Grant of equity-settled share options	865	865	-	-	865	-
Dividends on ordinary shares	(2,966)	(2,966)	-	-	-	(2,966)
Closing balance at 31 December 2020	158,239	158,239	57,691	(9,378)	3,300	106,626

*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 FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 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**

Amendments to MFRS 9, MFR 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2023**

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

**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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**
**A6. Changes in debt and equity securities**
**Purchase of shares pursuant to Section 127 of the Companies Act 2016**

During the year ended 31 December 2020, the Company had acquired 3,492,400 units of ordinary shares from the open market for a cash consideration of RM2.64 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 21 September 2020 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 year ended 31 December 2020.

An interim tax exempt dividend of 3 sen per ordinary share amounting to RM2.97 million was declared on 15 December 2020 and paid on 20 January 2021.

**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:

	<b>Manufacturing</b>	<b>Electricity</b>	<b>Adjustment/ Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Year ended 31 December 2020</u></b>				
<b>Revenue</b>				
External sales	87,458	321	-	87,779
Inter-segment sales	-	2,319	(2,319)	-
	<u>87,458</u>	<u>2,640</u>	<u>(2,319)</u>	<u>87,779</u>
<b>Results</b>				
Segment loss	(9,518)	(1,613)	1,274	(9,857)
<b>Segment assets as at 31 December 2020</b>	<u>110,943</u>	<u>3,492</u>	<u>52,225</u>	<u>166,660</u>
<b>Segment liabilities as at 31 December 2020</b>	<u>8,363</u>	<u>58</u>	<u>-</u>	<u>8,421</u>



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**A8. Segment reporting (continued)**

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

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b><u>Year ended 31 December 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>(11,009)</u>	<u>(822)</u>	<u>1,790</u>	<u>(10,041)</u>
<b>Segment assets as at 31 December 2019</b>	<u>116,988</u>	<u>5,730</u>	<u>57,917</u>	<u>180,635</u>
<b>Segment liabilities as at 31 December 2019</b>	<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 31/12/2020 RM'000	Preceding year corresponding period 31/12/2019 RM'000
Interest income from fixed deposit	14	15
Interest income from money market funds	-	2
Distribution income from money market funds	1,277	1,272
Net (loss)/ gain on money market funds	(45)	434
Rental income from investment properties	242	264
Depreciation of investment properties	(82)	(82)
Direct operating expenses arising from investment properties	(132)	(115)
	<u>1,274</u>	<u>1,790</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31/12/2020	As at 31/12/2019
	RM'000	RM'000
Money market funds	47,086	53,354
Investment properties	2,215	2,297
Deferred tax assets	15	-
Tax refundable	2,909	2,266
	<u>52,225</u>	<u>57,917</u>

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 31/12/2020	As at 31/12/2019
	RM'000	RM'000
Deferred tax liabilities	-	803
	<u>-</u>	<u>803</u>

**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 31/12/2020	As at 31/12/2019
	RM'000	RM'000
Approved and contracted for property, plant and equipment	872	-
	<u>872</u>	<u>-</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**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.

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

Nature of transactions	Transactions value for year ended		Balance outstanding as at	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Sales of electricity to a related party ^	321	469	92	84
Rental paid to a director	168	190	-	-

^ 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 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**

	<b>Current year quarter 31/12/2020 RM'000</b>	<b>Preceding year corresponding quarter 31/12/2019 RM'000</b>	<b>Changes %</b>
Revenue	25,831	38,080	-32.2
Operating loss	(2,711)	(4,404)	-38.4
Non-operating income	241	425	-43.3
Loss before tax	(2,470)	(3,979)	-37.9
Loss after tax	(3,414)	(3,034)	12.5
Loss attributable to owners of the parent	(3,414)	(3,034)	12.5

The Group recorded revenue of RM25.83 million (which consist of RM25.68 million from the manufacturing segment and RM0.15 million from the electricity segment respectively) in current quarter under review, a 32% decrease as compared to previous year's corresponding quarter. Lower revenue in current quarter was mainly due to the impact from CMCO (Conditional Movement Control Order) imposed by the government. During this period, the Group's operation hour and workforce were restricted. Lower production volume had indirectly reduced our sales in current quarter as compared to the corresponding quarter of preceding year.

However, the operating loss in current quarter had decreased by approximately RM1.69 million in comparison to a loss of RM4.40 million recorded in corresponding quarter of previous year. Lower operating loss was mainly due to higher average selling price in current quarter under review. In additions, previous year's corresponding quarter had included the cost of major overhaul on the subsidiary's turbine and generator.

Non-operating income of the Group had also reduced by approximately 43% which were mainly due to lower gain generated from the money market funds after several OPR cut by the Central Bank of Malaysia this year.

Overall, the Group recorded loss before tax of RM2.47 million in current quarter under review, a decrease of 38% as compared to loss of RM3.98 million recorded in corresponding quarter of preceding year. However, loss after tax increased by approximately 13% to RM3.41 million in current quarter. This was mainly due to the reversal of deferred tax assets recognised in previous quarters based on the uncertainties in the current economic market which may hinder the Group from returning to profitability in short term period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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

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

	Current year to-date 31/12/2020	Preceding year corresponding period 31/12/2019	Changes
	RM'000	RM'000	%
Revenue	87,779	142,381	-38.3
Operating loss	(11,131)	(11,831)	-5.9
Non-operating income	1,274	1,790	-28.8
Loss before tax	(9,857)	(10,041)	-1.8
Loss after tax	(9,039)	(6,977)	29.6
Loss attributable to owners of the parent	(9,039)	(6,977)	29.6

The Group recorded revenue of RM87.78 million (which consist of RM87.46 million from the manufacturing segment and RM0.32 million from the electricity segment respectively) in current year, a decrease of approximately 38% as compared to preceding year. The decrease was mainly due to lower sales volume as well as lower average selling price. Production and sales volume was severely impacted by the outbreak of Covid-19 since early this year. Average selling price continued decreasing throughout the year due to weak global demand on plywood.

Although the sales in current year had reduced by approximately 38%, the operating result of the Group had improved slightly with a lower operating loss recorded in current financial year. Lower operating loss was partly due to the prior year's result had included one-off item such as allowance for impairment on logs advances.

Non-operating income of the Group had decreased by approximately 29%. This was mainly due to lower gain recognised from money market funds as a result of OPR cut by Central Bank of Malaysia.

As a result of aforementioned, the Group recorded loss before tax of RM9.86 million in current financial year, a slight decrease in comparison to previous financial year. However, the Group's loss after tax soared to RM9.04 million (2019: RM6.98 million) as the Group does not recognise the deferred tax assets on the business loss and capital allowances in current year due to the uncertainties existed in the current economic environment

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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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

	Current year quarter 31/12/2020	Immediate preceding quarter 30/09/2020	Changes
	RM'000	RM'000	%
Revenue	25,831	19,260	34.1
Operating loss	(2,711)	(1,984)	36.6
Non-operating income	241	289	-16.6
Loss before tax	(2,470)	(1,695)	45.7
Loss after tax	(3,414)	(1,267)	169.5
Loss attributable to owners of the parent	(3,414)	(1,267)	169.5

Revenue in current quarter under review had increased by 34% as compared to immediate preceding quarter. Production volume of the Group had increased by approximately 56% due to the continuously easing of SOP on operation hour as well as sufficient logs supply in current quarter under review. Besides, sales volume was also higher due to the clearance of some fall down grade plywood to United States in November although there was no break bulk shipment in December.

Operating result of the Group had deteriorated as compared to immediate preceding quarter after the adjustment on allocation of fixed overhead cost over normal production volume being recognised in current quarter. Operating loss had increased by 37% to RM2.71 million in current quarter. In additions, non-operating income had dropped by approximately 16% as compared to immediate preceding quarter due to the reason mentioned in B1. These had resulted in the increase of loss before tax to RM2.47 million as compared to RM1.70 million recorded in immediate preceding quarter.

The Group's loss after tax had increased significantly in current quarter as compared to immediate preceding quarter as a result of reversal of deferred tax assets mentioned in B1.

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

The Group's production efficiency and recovery rate have improved under the supervisory of new Assistant General Manager in this year but the recovery is slow during this pandemic due to the restriction enforced on the operation hours and hiring of foreign workers. More local workers were brought in this year to offset the impact of reduced manpower. On the other hand, plywood selling price is in uptrend since end of the year and we hope it will continue its upward momentum in the next financial year. The Management will continue looking for alternatives to increase our production volume, production efficiency and recovery rate during this tough period. Overall, the Board of Directors is cautiously optimistic on the prospect of the Group in the next financial year.

**B4. Profit forecast or profit guarantee**

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

**B5. Income tax**

	Current year quarter 31/12/2020	Preceding year corresponding quarter 31/12/2019	Current year to-date 31/12/2020	Preceding year corresponding period 31/12/2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	-	-	-	1
- Over provision in respect of prior years	-	-	-	(937)
	-	-	-	(936)
Deferred income tax:				
- Origination and reversal of temporary differences	993	(945)	(772)	(2,138)
- (Over)/ Under provision in respect of prior years	(49)	-	(46)	10
	944	(945)	(818)	(2,128)
Income tax	944	(945)	(818)	(3,064)

The effective tax rate for current quarter was higher than the statutory tax rate, principally due to reversal of deferred tax assets recognised in previous quarters. There was no significant variance between the effective tax rate and statutory tax rate in preceding year corresponding quarter.

**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 2020.

**B8. Material litigations**

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

**B9. Dividends**

The Board of Directors has, on 20 January 2021, paid an interim tax exempt dividend of 3.0 sen per ordinary share, which was declared on 15 December 2020 in respect of financial year ended 31 December 2020. The total dividend declared to-date for the current financial year ended 31 December 2020 is 3.0 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 2019.

**B11. Loss per share**

Basic loss per share is 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 31/12/2020	Preceding year corresponding quarter 31/12/2019	Current year to-date 31/12/2020	Preceding year corresponding period 31/12/2019
Loss net of tax, attributable to owners of the parent used in the computation of loss per share (RM'000)	(3,414)	(3,034)	(9,039)	(6,977)
Weighted average number of ordinary shares in issue ('000)	98,967	102,336	100,366	102,259
Effects of dilution:				
- Employee share options	-	-	-	2,193
Weighted average number of ordinary shares for diluted loss per share computation ('000)	98,967	102,336	100,366	104,452
Basic loss per share (sen per share)	(3.45)	(2.96)	(9.01)	(6.82)
Diluted loss per share (sen per share)	(3.45)	(2.96)	(9.01)	(6.68)



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**B12. Derivative financial instruments**

As at 31 December 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
<b><u>31 December 2020</u></b>			
Foreign currency forward contract:			
- Less than 1 year	7,512	90	-
<b><u>31 December 2019</u></b>			
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.

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**B13. Loss before tax**

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

	Current year quarter 31/12/2020	Preceding year corresponding quarter 31/12/2019	Current year to-date 31/12/2020	Preceding year corresponding period 31/12/2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(63)	(171)	(411)	(673)
Distribution income from money market funds	(183)	(386)	(1,277)	(1,272)
Net (gain)/ loss on money market funds	(52)	(12)	45	(434)
Rental income	(66)	(72)	(258)	(287)
Rental of office premises	48	48	168	190
Inventory written down	76	96	76	2,683
(Reversal of) allowance for impairment on log advances	192	-	(226)	2,297
Depreciation of property, plant and equipment	1,235	1,361	4,968	5,377
Depreciation of investment properties	20	20	82	82
Direct operating expenses arising from investment properties:				
- rental generating properties	41	25	130	115
Net fair value (gain)/ loss on derivatives:				
- realised	(371)	(219)	669	(499)
- unrealised	(103)	(272)	145	99
Net loss/ (gain) on foreign exchange:				
- realised	585	308	(911)	200
- unrealised	72	345	147	322