

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2015****Statements of comprehensive income**

For the financial period ended 31 December 2015

| | INDIVIDUAL QUARTERS | | CUMULATIVE QUARTERS | |
|---|----------------------------|-----------------|----------------------------|-----------------|
| | 31.12.15 | 31.12.14 | 31.12.15 | 31.12.14 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 46,115 | 47,009 | 92,329 | 90,866 |
| Cost of sales | (35,434) | (33,918) | (70,457) | (65,577) |
| Gross Profit | <u>10,681</u> | <u>13,091</u> | <u>21,872</u> | <u>25,289</u> |
| Other items of income | 464 | 328 | 1,658 | 1,264 |
| Other items of expenses | | | | |
| Administration expenses | (3,640) | (3,830) | (7,173) | (8,080) |
| Other operating expenses | (42) | (1,133) | (82) | (2,250) |
| Selling expenses | (3,317) | (4,804) | (7,430) | (8,345) |
| Finance costs | (3,768) | (3,423) | (7,580) | (6,893) |
| Profit before tax | <u>378</u> | <u>229</u> | <u>1,265</u> | <u>985</u> |
| Income tax expenses | (9) | 103 | (10) | 171 |
| Profit after tax | <u>369</u> | <u>332</u> | <u>1,255</u> | <u>1,156</u> |
| Other comprehensive income / (loss) | 573 | 121 | (2,464) | (276) |
| Total comprehensive income / (loss) | <u>942</u> | <u>453</u> | <u>(1,209)</u> | <u>880</u> |
| Profit attributable to: | | | | |
| Owners of the parent | 366 | 360 | 1,343 | 1,199 |
| Non-controlling interests | 3 | (28) | (88) | (43) |
| | <u>369</u> | <u>332</u> | <u>1,255</u> | <u>1,156</u> |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the parent | 939 | 481 | (1,121) | 923 |
| Non-controlling interests | 3 | (28) | (88) | (43) |
| | <u>942</u> | <u>453</u> | <u>(1,209)</u> | <u>880</u> |
| Earnings per share attributable to owners of the parent (sen per share): | | | | |
| Basic | <u>0.07</u> | <u>0.09</u> | <u>0.27</u> | <u>0.31</u> |

CONDENSED CONSOLIDATED BALANCE SHEETS

Statements of financial position

As at 31 December 2015

| | AS AT END OF CURRENT QUARTER (UNAUDITED) 31.12.2015 RM'000 | AS AT END OF PRECEDING FINANCIAL YEAR (AUDITED) 30.06.2015 RM'000 |
|--|--|--|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 292,268 | 297,569 |
| Biological assets | 65,531 | 55,040 |
| Land use rights | 13,993 | 14,029 |
| Intangible assets | 38,640 | 39,869 |
| Deferred tax assets | 14,159 | 14,159 |
| | 424,591 | 420,666 |
| Current assets | | |
| Inventories | 40,253 | 39,643 |
| Trade and other receivables | 47,780 | 46,650 |
| Prepayments | 3,846 | 6,517 |
| Cash and bank balances | 5,315 | 3,815 |
| | 97,194 | 96,625 |
| Total assets | 521,785 | 517,291 |
| Equity and liabilities | | |
| Current liabilities | | |
| Loans and borrowings | 31,150 | 23,348 |
| Trade and other payables | 65,006 | 68,257 |
| Income tax payable | 683 | 497 |
| | 96,839 | 92,102 |
| Net current assets | 355 | 4,523 |
| Non-current liabilities | | |
| Loans and borrowings | 135,841 | 148,520 |
| Deferred tax liabilities | 22,420 | 22,605 |
| | 158,261 | 171,125 |
| Total liabilities | 255,100 | 263,227 |
| Net assets | 266,685 | 254,064 |
| Equity attributable to owners of the parent | | |
| Share capital | 60,220 | 46,670 |
| Share premium | 76,048 | 75,855 |
| Other reserves | 75,866 | 78,330 |
| Treasury shares | (10,324) | (10,324) |
| Retained earnings | 64,850 | 63,506 |
| | 266,660 | 254,037 |
| Non-controlling interests | 25 | 27 |
| Total equity | 266,685 | 254,064 |
| Total equity and liabilities | 521,785 | 517,291 |
| Net assets per share (RM) | 0.47 | 0.52 |

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015

| | Attributable to Equity Holders of the Parent | | | | | | | | | | |
|---|--|----------------------|------------------------|----------------------|---|-----------------------------|------------------------|--------------------------|--------------|---------------------------------|---------------------|
| | ← | | 4 | | | | | | → | | |
| | Share Capital RM'000 | Share Premium RM'000 | < Non-Distributable > | | | | Distributable | | | | |
| | | | Warrant Reserve RM'000 | Other Reserve RM'000 | Foreign Currency Translation Reserve RM'000 | Other Reserve, Total RM'000 | Treasury Shares RM'000 | Retained Earnings RM'000 | Total RM'000 | Non-controlling Interest RM'000 | Total Equity RM'000 |
| At 1 July 2015 | 46,670 | 75,855 | 4,343 | 74,511 | (524) | 78,330 | (10,324) | 63,506 | 254,037 | 27 | 254,064 |
| Total comprehensive income/(loss) | - | - | - | - | (2,464) | (2,464) | - | 1,344 | (1,120) | (2) | (1,122) |
| Issuance of shares : | | | | | | | | | | | |
| - On Conversion of Redeemable Convertible Notes | 13,550 | 949 | - | - | - | - | - | - | 14,499 | - | 14,499 |
| - Share issue expenses | - | (756) | - | - | - | - | - | - | (756) | - | (756) |
| Dividend on Ordinary Shares | - | - | - | - | - | - | - | - | - | - | - |
| At 31 December 2015 | 60,220 | 76,048 | 4,343 | 74,511 | (2,988) | 75,866 | (10,324) | 64,850 | 266,660 | 25 | 266,685 |
| At 1 July 2014 | 32,276 | 71,249 | 4,343 | 74,511 | (166) | 78,688 | (10,324) | 61,117 | 233,006 | 573 | 233,579 |
| Total comprehensive income | - | - | - | - | (276) | (276) | - | 1,200 | 924 | (43) | 881 |
| Issuance of shares : | | | | | | | | | | | |
| - On Conversion of Redeemable Convertible Notes | 10,423 | 5,077 | - | - | - | - | - | - | 15,500 | - | 15,500 |
| - Share issue expenses | - | (500) | - | - | - | - | - | - | (500) | - | (500) |
| Dividend on Ordinary Shares | - | - | - | - | - | - | - | - | - | - | - |
| At 31 December 2014 | 42,699 | 75,826 | 4,343 | 74,511 | (442) | 78,412 | (10,324) | 62,317 | 248,930 | 530 | 249,460 |

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**

| | 6 months ended 30.12.15 RM'000 | 6 months ended 30.12.14 RM'000 |
|--|---|---|
| Net profit/(loss) before tax | 1,265 | 985 |
| Adjustments for:- | | |
| Amortisation of land used right | 108 | 81 |
| Depreciation of property, plant and equipment | 18,574 | 19,083 |
| Gain on disposal of property, plant and equipment | (531) | (114) |
| Amortisation of timber rights | 1,289 | 1,023 |
| Interest expense | 7,580 | 6,893 |
| Operating profit/(loss) before changes in working capital | 28,285 | 27,951 |
| Changes in working capital: | | |
| (Increased)/Decreased in inventories | (610) | (4,456) |
| (Increased)/Decreased in receivables | (1,130) | (1,511) |
| (Increased)/Decreased in prepayments | (2,671) | 1,300 |
| Increased/(Decreased) in payables | (3,251) | (17,449) |
| Net cash from operation | 20,623 | 5,835 |
| Interest paid | (7,580) | (6,893) |
| Tax paid | (5) | 72 |
| Net cash generated from operating activities | 13,038 | (986) |
| Investing activities | | |
| Purchase of plant and equipment | (10,635) | (4,123) |
| Payment for forest planting expenditure | (10,491) | (5,390) |
| Proceeds from disposal of plant and equipment | 685 | 344 |
| Net cash used in investing activities | (20,441) | (9,169) |
| Financing activities | | |
| Proceeds from issuance of Redeemable Convertible Notes | 13,744 | 15,000 |
| Proceeds from Soft Loan Drawdown / Hire Purchase | 2,500 | 2,337 |
| Repayment of hire purchase creditors | (4,877) | (3,441) |
| Net cash from financing activities | 11,367 | 13,896 |
| Net Increase/(decrease) in cash and cash equivalents | 3,964 | 3,741 |
| Effect of exchange rate changes on cash and cash equivalents | (2,464) | (276) |
| Cash and cash equivalents at beginning of the year | 3,815 | 3,200 |
| Cash and cash equivalents at end of year | 5,315 | 6,665 |
| Cash and cash equivalents at end of the year comprise the following: | | |
| | RM'000 | RM'000 |
| Fixed deposits with licenced banks | 408 | 419 |
| Cash and bank balances | 4,907 | 6,246 |
| | 5,315 | 6,665 |

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2015

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The preparation of an interim financial report in conformity with FRS 134, Interim Financial Reporting, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 30 June 2015. It contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 30 June 2015. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Financial Reporting Standards (FRSs).

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2015.

The statutory financial statements for the year ended 30 June 2015 are available from the Company's registered office.

2. Auditors' Report on Preceding Annual Financial Statements

The Group's audited financial statements for the financial year ended 30 June 2015 were reported on without any qualification.

3. Segmental Information

No segmental report was prepared as the Group is primarily engaged in manufacturing, extracting and trading of timber and timber related products with its principal place of business in Sabah, Malaysia.

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items as a result of their nature, size or incidence that had affected assets, liabilities, equity, net income or cash flows during the financial period.

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5. Changes in Estimates

There were no significant changes in estimates that have had a material effect on the current quarter results.

6. Seasonal or Cyclical Factors

The Group's performance was not subject to any material seasonal or cyclical factors except that the timber logs extraction operation could be affected to a certain extent by the prevailing weather conditions.

7. Dividends Paid

There were no dividends paid during the current quarter under review. No dividend has been proposed by the Directors for the quarter under review (corresponding period 30.12.2014: nil)

8. Carrying Amount of Revalued Assets

There were no valuations of property, plant and equipment during the current quarter.

9. Debts and Equity Securities

a) Treasury Shares

During the current quarter, there were no treasury shares bought back, cancelled or resold.

Listed below the number of treasury shares as at 31 December 2015:

| | Number Of Shares | Cost (RM) |
|--|---------------------|--------------|
| Balance as at 01 July 2015 | 12,562,832 | 10,324,612 |
| Increase / (Decrease) in treasury shares | 0 | 0 |
| Total treasury shares as at 31 December 2015 | 12,562,832 | 10,324,612 |

b) Issue of Shares and Redeemable Convertible Notes

During the current quarter, the Company issued Redeemable Convertible Notes amounting to RM10,500,000 which was subsequently converted to 75,476,357 shares of RM0.10 each.

10. Changes in the Composition of the Group

(1) Acquisition of A New Subsidiary :-

Priceworth International Bhd (PIB) has acquired 2 ordinary shares of RM1.00 each being the entire shareholding of Harvest Element Sdn Bhd (Company No. 1131483-D) ("HESB") from Saidi Bin Ali and Albiah Cerisa Binti Bakti for a total cash consideration of RM2.00, resulting in HESB being is a wholly-owned subsidiary of PIB on 17.12.2015.

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Priceworth International Bhd wholly-owned subsidiary, Harvest Element Sdn Bhd has acquired the entire shareholding of Maxland Garbon S.A.R.L.U (Registered No. RG.LBV 2016B17623) on 03.02.2016.

Maxland Garbon S.A.R.L.U was incorporated on 05.01.2016 in Gabon under Organisation for Harmonization of Business Law in Africa Uniform Act (OHADA Uniform Act) with the total issued and paid up capital of 1,000,000 CFA Francs divided into 100 shares of 10,000 CFA Francs each. At present, Harvest Element Sdn Bhd and Maxland Garbon S.A.R.L.U are dormant companies.

11. Contingent Liabilities and Contingent Assets

Guarantees

The Company has provided corporate guarantees to subsidiaries as securities for hire purchase and lease financing facilities amounting to RM30,000,000.00. The balance of these facilities outstanding at 31.12.2015 amounted to RM15,369,000.00.

12. Subsequent Events

There were no material events subsequent to the end of the current quarter other than the following:

- (1) Issuance of Redeemable Convertible Notes (RCN) :-
Tranche 5 whereby an amount of RM2.5 million was issued on 04.02.2016.
- (2) Acquisition of Maxland Garbon S.A.R.L.U as stated in the Notes above.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

13. Review of Performance

For the current quarter under review, the Group recorded revenue of RM46 million, 2% decrease in revenue when compared with the RM47 million in the corresponding quarter 31.12.2014. The Group also recorded a profit before tax of RM0.4 million compared to a profit before tax of RM0.2 million in the corresponding quarter 31.12.2014.

The decrease in sales revenue is due to lower contract processing revenue and Increase in profit before tax is due to improved selling prices for the Group's processed wood products in the current quarter.

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14. Variation of Result to Immediate preceding quarter

For the current quarter under review, the Group posted revenue of RM46 million compared to RM46 million in the immediate preceding quarter. The profit before tax is RM 0.4 million compared to a profit before tax of RM0.9 million in the immediate preceding quarter.

The decrease in the profit is due to the higher raw materials cost in the current quarter.

15. Company's Prospects

The outlook for Malaysian timber industry remains stable with stable selling price in Japan and other Asia country. The outlook for timber demand from Japan, a major plywood consumer is promising with growth from various positive factors and stabilising economy.

However, in order to increase the production level, the Group is actively sourcing for more stable supply of raw materials. In addition, the Group is also actively developing the forest re-plantation area in order to secure long term stability of supplies to the downstream timber processing plants.

For the financial year 2015/2016, barring any unforeseen circumstances, the Board of Directors will endeavour to improve the Group's performance and the Group will continue to assess its internal and external risks and implement strategies to control operating costs and explore new markets for its products.

16. Profit Forecast or Profit Guarantee

This is not applicable as no profit forecast and profit guarantee were given.

17. Additional disclosure Profit before tax

| | Current Quarter 31.12.2015 RM'000 | Cumulative Quarters Current Year To Date 31.12.2015 RM'000 |
|---------------------------------------|--|--|
| Profit before tax is | | |
| Arrived at after charging/(crediting) | | |
| Other income | (464) | (1,658) |
| Interest expense | 3,768 | 7,580 |
| Amortization and depreciation | 9,763 | 19,354 |

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18. Income Tax

Taxation comprises the following:-

| | Current Quarter 31.12.2015 RM'000 | Cumulative Quarters Current Year To Date 31.12.2015 RM'000 |
|-------------------|--|--|
| Current taxation | - | - |
| Deferred taxation | (111) | (185) |
| | <u>(111)</u> | <u>(185)</u> |

The taxation is computed after taking into consideration the utilisation of unutilised tax losses and unabsorbed capital allowance from subsidiary companies. The tax charge is lower than the statutory tax rate due to tax incentives in certain subsidiaries.

19. Profit or Loss on Sales of Unquoted Investments or Properties

There were no sales of investments or properties during the current quarter and financial year to-date.

20. Quoted Securities

(a) Purchases and Disposals of Quoted Securities

There were no purchases and disposals of quoted securities for the current quarter and financial year to-date.

(b) Investments in quoted securities

There was no investment in quoted securities for the current quarter and financial year to-date.

21. Corporate Proposals

There were no corporate proposals as at the date of this report.

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22. Retained Earnings

| | As at 31.12.2015 RM'000 | As at 30.06.2015 RM'000 |
|--|-------------------------------|-------------------------------|
| Total retained earnings of the Group; | | |
| -Realised | 123,610 | 104,487 |
| -Unrealised | 5,923 | 5,836 |
| | 129,533 | 110,323 |
| Less: Consolidation adjustments | (64,683) | (46,817) |
| Total Group retained earnings as per Consolidated accounts | 64,850 | 63,506 |

The disclosure of realized and unrealized profits above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad.

23. Borrowings

Long Term borrowings as at 31 December 2015:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------|-------------------|---------------------|-----------------|
| 1) Term Finance | 127,800 | - | 127,800 |
| 2) Hire Purchase Creditors | 8,041 | - | 8,041 |
| | 135,841 | - | 135,841 |

Short Term borrowings as at 31 December 2015:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------|-------------------|---------------------|-----------------|
| 1) Term Finance | 23,822 | - | 23,822 |
| 2) Hire Purchase Creditors | 7,328 | - | 7,328 |
| | 31,150 | - | 31,150 |

Total group borrowings as at 31 December 2015:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------------------|-------------------|---------------------|-----------------|
| 1) Term Finance | 151,622 | - | 151,622 |
| 2) Hire Purchase Creditors | 15,369 | - | 15,369 |
| | 166,991 | - | 166,991 |

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All the borrowings of the Group are secured.

The Term Finance of the Company is secured by way of a debenture over all fixed and floating assets of the Group, and of a third party. Included in Term Finance is also a loan secure by a first party deed of assignment assigning to the lender all its harvesting rights of the planted timber in favour of the lender.

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

25. Material Litigation

There was no material litigation for the financial period under review.

26. Dividend Declared

There was no dividend declared for the financial quarter under review.

27. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

| Individual Quarter | | Cumulative Quarters | |
|--------------------|------------|---------------------|------------|
| 3 months ended | | 6 months ended | |
| 31.12.2015 | 31.12.2014 | 31.12.2015 | 31.12.2014 |

Basic earnings per share

Net profit (RM'000)
Weighted average number
of ordinary shares in issue
('000)
Basic earnings per share
(sen)

| | | | |
|---------|---------|---------|---------|
| 378 | 229 | 1,265 | 985 |
| 527,401 | 408,847 | 502,782 | 384,056 |
| 0.07 | 0.09 | 0.27 | 0.31 |

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(b) Diluted

The effect on the basic earnings per share for the current financial year arising from the assumed conversion of the warrants is anti-dilutive. Accordingly, the diluted earnings per share for the current year is presented as equaled to the basic earnings per share.