



MINHO (M) BERHAD
(200930-H)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2019**

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**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current</u> <u>Year</u> <u>Quarter</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u>	<u>Current</u> <u>Year to</u> <u>date</u>	<u>Preceding</u> <u>Period</u> <u>Ended</u>
	<u>31/03/2019</u> <u>(RM'000)</u>	<u>31/3/2018</u> <u>(RM'000)</u>	<u>31/03/2019</u> <u>(RM'000)</u>	<u>31/3/2018</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	75,103	72,866	75,103	72,866
Cost of sales	(70,265)	(69,428)	(70,265)	(69,428)
Gross profit	4,838	3,438	4,838	3,438
Other operating income	1,774	1,672	1,774	1,672
Finance cost	(870)	(580)	(870)	(580)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	5,742	4,530	5,742	4,530
Income tax expense	(1,752)	(1,591)	(1,752)	(1,591)
Profit for the period from continuing operations	3,990	2,939	3,990	2,939
Loss from discontinued operation	-	-	-	-
Profit for the period	3,990	2,939	3,990	2,939
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	3,990	2,939	3,990	2,939
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	3,111	2,468	3,111	2,468
- loss from discontinued operations				
Non-Controlling Interest	879	471	879	471
Profit for the period	3,990	2,939	3,990	2,939
Total comprehensive income attributable to:				
Owners of the Parent	3,111	2,468	3,111	2,468
Non-Controlling Interest	879	471	879	471
	3,990	2,939	3,990	2,939
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.91	1.12	0.91	1.12
Fully diluted EPS (in sen)	N/A	N/A	N/A	N/A

Note:-N/A – Not applicable

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	144,328	145,866
Investment properties	141,972	141,739
Investment in associated company	-	-
Other Investment	-	-
	286,300	287,605
Current Assets		
Inventories	127,765	127,564
Property Development Cost	8,523	8,512
Trade receivables	42,018	35,489
Other receivables	11,513	12,121
Tax recoverable	1,887	1,427
Short-term investments	1,843	3,540
Derivative financial assets	21	54
Deposit with licensed banks	17,942	19,795
Cash and bank balances	15,028	18,667
	226,540	227,169
TOTAL ASSETS	512,840	514,774
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	201,188	201,188
Share Capital-Excess from resale of treasury shares	-	-
Share premium	-	-
Treasury Shares	-	-
Reserves attributable to revenue	-	-
Other reserves	13,464	13,464
Retained earnings-profit/(loss)	161,726	158,615
	376,378	373,267
Non-Controlling Interest	38,801	38,412
Total Equity	415,179	411,679
Non-current liabilities		
Deferred Taxation	10,823	10,824
Hire Purchase obligations	2,221	3,370
Bank borrowings	12,002	14,918
	25,046	29,112
Current Liabilities		
Trade payables	14,070	10,660
Other payables	9,155	11,930
Provision for liabilities	2,073	2,073
Hire purchase obligations	2,407	1,799
Bank borrowings	44,173	47,511
Derivative financial liabilities	-	10
Tax Payable	737	-
	72,615	73,983
Total Liabilities	97,661	103,095
TOTAL EQUITY AND LIABILITIES	512,840	514,774
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.11	1.10

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018)



MINHO (M) BERHAD (200930 – H)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the company →										
	Share Capital	Share Capital- Excess from resale of treasury shares	← Non-distributable →				Distributable				Total Equity
			Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Los ses)	Total	Non- Controlling Interest	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 31 March 2019											
Balance as at 01.01.2019	201,188		-	-	13,464	-		158,615	373,267	38,412	411,679
Total comprehensive income for the period						-		3,111	3,111	879	3,990
Excess from resale of treasury shares								-	-	-	-
Distribution of Special Share Dividend									-		
Dividend distributed to Non-Controlling Interest									-	(490)	(490)
Balance as at 31.03.2019	201,188	-	-	-	13,464	-	-	161,726	376,378	38,801	415,179
Period ended 31 March 2018											
Balance as at 01.01.2018	201,188		-	-	13,464	108,577		37,171	360,400	35,939	396,339
Total comprehensive income for the period								2,468	2,468	471	2,939
Excess from resale of treasury shares									-	-	-
Distribution of Special Share Dividend									-	-	-
Dividend distributed to Non-Controlling Interest									-	(784)	(784)
Balance as at 31.03.2018	201,188	-	-	-	13,464	108,577	-	39,639	362,868	35,626	398,494

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Period	
	Current Year to date 31/03/2019 RM'000	Preceding Period Ended 31/03/2018 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	5,742	4,530
Adjustments for :		
Depreciation, amortisation and impairment losses	1,795	1,838
Interest income	(191)	(189)
Interest expenses	870	580
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	-	-
Write back of provision for doubtful debts	-	-
Write down of inventories	-	-
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	-	-
Asset written off	-	1
Operating profit before changes in working capital	8,216	6,760
Net change in current assets	(6,133)	3,475
Net change in current liabilities	635	(6,104)
Cash flow from operation	2,718	4,131
Taxes paid	(1,819)	(1,407)
Taxes refunded	190	-
Net Cash Flows From Operating Activities	1,089	2,724
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(491)	(4,340)
Purchase of freehold land	-	-
Purchased freehold land for property development	-	-
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary	-	-
Proceeds from sale of non-current assets	-	-
Increase/(Decrease) in deposit with licensed bank & short	-	5,644
term investments		
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	-	-
Net Cash Used in Investing Activities	(491)	1,304
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Treasury Shares as Special Dividend	-	-
Special Share Dividend distributed	-	-
Bank borrowings and other liabilities (Net)	(6,719)	1,446
Repayment of hire purchase obligations	(485)	(350)
Dividends paid to non-controlling interest in subsidiary company	(490)	(784)
Net Cash Flows From Financing Activities	(7,694)	312
Net Increase in Cash and Cash Equivalents	(7,096)	4,340
Cash and Cash Equivalents at the beginning of the year	42,002	36,289
Effects of changes in foreign exchange rates	(93)	(949)
Cash and Cash Equivalents at end of the period	34,813	39,680
Cash and cash equivalent comprise the following:-		
Bank and cash balances	15,028	13,929
Short-term investments and Deposit with license bank	19,785	25,751
	34,813	39,680

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL STATEMENT.**1. Basis of preparation and Accounting Policies.**

The interim financial statements are unaudited and has been prepared in accordance with the reporting requirements outlined in Financial Reporting Standards ("FRS") 134: "Interim Financial Reporting" and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa) Main Market Listing Requirements.

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018. It contains unaudited condensed consolidated financial statements and selected explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2018. 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).

1.1. Significant Accounting Policies

The significant accounting policies and method of computation adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 December 2018, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations by the Group. The significant accounting policies adopted in the preparation of this interim financial report are consistent with those in the audited financial statements for the year ended 31 December 2018.

The following new and amended FRSs and IC Interpretations mandatory for annual financial periods:-

(i) Effective for annual periods beginning on or after 1 January 2019

- Amendments to MFRS 128, Long-term Interests in Associates And Joint Ventures
- Amendments to MFRS 119, Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs Eligible for Capitalisation
- Amendments to MFRS 112, Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 9, Prepayment Features with Negative Compensation
- Amendments to MFRS 3 and MFRS 11, Previously Held Interest in a Joint Operation
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- MFRS 16, Leases

(ii) Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 134, Interim Financial Reporting
- Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 2, Share-Based Payments
- Amendments to MFRS 3, Business Combinations
- Amendments to MFRS 6, Exploration for Evaluation of Mineral Resources
- Amendments to MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates
- Amendments to MFRS 138, Intangible Assets
- Amendments to IC Interpretation 12, Service Concession Arrangements

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

- Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity
 - Amendments to IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
 - Amendments to IC Interpretation 132, Intangible Assets – Web Site Costs
- (iii) Effective for annual periods beginning on or after 1 January 2021**
- MFRS 17, Insurance Contracts
- (iv) Effective date yet to be determined**
- Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117, 'Leases', IC Interpretation 4, 'Determining Whether an Arrangement Contains a Lease', IC Interpretation 115, 'Operating Leases – Incentives' and IC Interpretation 127, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases of 12 months or less and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Directors of the Company acknowledge that the application of MFRS 16 will affect how leases are being reported and disclosed in the financial statements of the Group and of the Company. The Group and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 16 on the required effective date.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are generally affected negatively by the monsoon seasons and the major festive seasons namely Hari Raya Aidilfitri and Chinese New Year holidays. Such occasions not only undoubtedly limit our ability to undertake certain operational activities at our end; they do also, by and large, curtail demand from our customers, who are themselves also negatively impacted by these factors.

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

5. Changes In Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years which may have a material effect on the current interim period.

6. Issuances and Repayments of Debt and Equity Securities

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period ended 31 March 2019.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2019.

8. Segment Information

The Group's segment information for the financial period ended 31 March 2019 is as follows:-

	Timber Extraction RM'000	Timber Trading RM'000	Manufacturing RM'000	Services & Treatment RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Total RM'000
2019								
Revenue								
<i>External Sales</i>	-	37,072	29,256	8,724	-	51		75,103
<i>Inter segmental sales</i>	-	1,200	1,335	2,760	-	-		5,295
Total Revenue	-	38,272	30,591	11,484	-	51		80,398
Segments Profits/(Loss)								
Before Tax	(118)	1,201	1,932	2,768	(10)	(57)	26	5,742
Depreciation	61	289	879	565	-	1		1,795
Rental income of land and buildings	-	12	1,058	289	-	-	(129)	1,230
Net foreign exchange	-	(68)	(25)	-	-	-		(93)
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	226	610	34	-	-		870
Interest Income	-	5	123	13	15	35		191
Tax Expenses	-	308	632	776	-	36		1,752
Segments Assets	2,938	84,040	242,477	158,708	10,812	15,242	(1,377)	512,840
Other Investment								-
Total Segments Assets								512,840
Segment Liabilities	3,080	25,359	57,090	10,720	313	390	709	97,661

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

	Timber Extraction RM'000	Timber Trading RM'000	Manufacturing RM'000	Services & Treatment RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Total RM'000
2018								
Revenue								
External Sales	-	37,250	27,051	8,528	-	37		72,866
Inter segmental sales	-	788	1,144	2,353	-	-		4,285
Total Revenue	-	38,038	28,195	10,881	-	37	-	77,151
Segments Profits/(Loss) Before Tax	(209)	416	1,445	2,575	(1)	(32)	336	4,530
Depreciation	21	434	829	550	1	3		1,838
Rental income of land and buildings	-	11	899	325	-	-	(129)	1,106
Net foreign exchange	-	(667)	(282)	-	-	-		(949)
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	121	406	53	-	-	-	580
Interest Income	-	4	142	1	28	14		189
Tax Expenses	-	213	659	697	-	22		1,591
Segments Assets	3,711	76,933	217,279	156,089	12,732	13,385	(1,141)	478,988
Other Investment						725		725
Total Segments Assets								479,713
Segment Liabilities	3,674	22,298	39,354	13,273	2,123	497		81,219

9. Property, Plant, and Equipment.

Carrying Amount of Revalued Assets

The valuations of property, plant, and equipment have been brought forward without amendment from the financial statements for year ended 31 December 2018.

10. Material events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 31 March 2019 that have not been reflected in the related financial statements.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 March 2019.

12. Contingent Liabilities – Unsecured

As at 31 March 2019, the Company had contingent liabilities in the form of corporate guarantees given to financial institutions in respect of facilities granted to subsidiary companies amounting to RM95,200,000.00, of which an amount of RM44,233,355.00 were utilized.

13. Capital Commitments

There are no material capital commitments as at the date of this announcement.


INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

(The figures have not been audited)

14. Related Party Transactions.

The summary of related party transactions for current quarter and cumulative period to date is as follows:-

Related Party	Nature of Recurrent Transaction(s)	Recurrent Transaction with Minho or Subsidiary Company	Frequency of Transaction	Total Value (Transaction For The Year) 01/01/2019 to 31/3/2019 (RM ' 000)		Approved Value 09/06/2018 to 08/06/2019 (RM ' 000)		Balance due to / from the companies 31/03/2019 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		1,781		15,000		509
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱⁱ⁾	Monthly		677		4,500		12
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		11		800		37
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	103		3,500			
	Purchase of logs.	LTI	Monthly		2,682		5,000		1,289
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		-		20,000		-
MTI	^(a) Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		857		19,000		3
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		521		2,000		29
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		125		4,000		-
MTI	^(d) Purchase of timber.	Victory Enterprise Sdn Bhd ("VESB")	Monthly		-		800		-
Lucky Star Diversified Sdn Bhd ("LSDSB")	Sales of sawn timber	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	-		8,000			50
DMT Resources & Development Sdn. Bhd. ("DMT")	Purchase of logs	LTI	Monthly		437		6,000		37
Total				103	7,091	11,500	77,100	-	1,966

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**15. Review of Performance of the Company and its Principal Subsidiaries**

	3 MONTHS ENDED	
	YEAR-TO-DATE ENDED	
	Q1 2019	Q1 2018
	31/03/2019	31/03/2018
	RM'000	RM'000
Revenue		
Timber Extraction	-	-
Timber Trading	37,072	37,250
Manufacturing	29,256	27,051
Services & Treatment	8,724	8,528
Property Development	-	-
Others	51	37
	<u>75,103</u>	<u>72,866</u>
Segment Profit		
Timber Extraction	(118)	(209)
Timber Trading	1,201	416
Manufacturing	1,932	1,445
Services & Treatment	2,768	2,575
Property Development	(10)	(1)
Others	(57)	(32)
	<u>5,716</u>	<u>4,194</u>
Elimination	26	336
Profit before taxation	<u>5,742</u>	<u>4,530</u>
Taxation	<u>(1,752)</u>	<u>(1,591)</u>
Profit after taxation	<u>3,990</u>	<u>2,939</u>
Non-controlling interest	<u>(879)</u>	<u>(471)</u>
Net profit for the year	<u>3,111</u>	<u>2,468</u>

(a). Three months period and Year to date.

The Group disclosed total revenue of RM75.10 million for the current 3 months period ended 31 March 2019, RM2.24 million or 3% more than the RM72.87 million recorded in the corresponding 3 months period ended 31 March 2018. This growth was mainly attributed to the combined RM2.42 million increase in Manufacturing, Services & Treatment and Others segments. This was partially offset by the total decrease of RM178 thousand in the turnover for Timber Trading segment.

The group's pre-tax profit increased by RM1.21 million mainly due to the increase in pre-tax profit of RM785 thousand for the Timber Trading segment, RM487 thousand for the Manufacturing segment and RM193 thousand for the Services & Treatment segment.

Timber Extraction

No logging was carried out in the current 3 months period ended 31 March 2019 and corresponding 3 months period ended 31 March 2018. As such, no revenue was recorded for this segment, i.e. it incurred a pre-tax loss RM118 thousand.

Timber Trading

The turnover for this segment slightly decreased by RM178 thousand. However, the pre-tax profit for this segment increased by RM785 thousand from a pre-tax profit of RM416 thousand in the corresponding 3 months period ended 31 March 2018 to RM1.20 million for the current 3 months period ended 31 March 2019 due to higher gross profit and gain in foreign exchange.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

Manufacturing

Total turnover for this segment increased by RM2.20 million mainly attributed to the increase in the turnover for the manufacturing of industrial paper bags which increased by RM1.11 million due to higher demand for food related industries, while the turnover for manufacturing of timber and wood based products increased by RM1.09 million. Pre-tax profit for this market segment increased by RM487 thousand or 34%; from RM1.45 million in the corresponding 3 months period ended 31 March 2018 to RM1.93 million for the current 3 months period ended 31 March 2019. The growth in pre-tax profit was mainly attributed to higher profit registered by the manufacturing of industrial paper bags which increased by RM309 thousand as a result of higher revenue and lower other operating expenses. As for the manufacturing of timber and wood based products, the profit increased slightly by RM178 thousand.

Services & Treatment

The volume of timber for kiln drying increased by 12% but service charges rates decreased by 5% that resulted in an improvement of RM196 thousand in the gross turnover for this market segment. During this period, the management also focused on controlling cost. Hence, the pre-tax profit for this segment increased by RM193 thousand.

Property Development

There were no revenue registered for the current 3 months period ended 31 March 2019 similar to the corresponding 3 months period ended 31 March 2018. It reported a pre-tax loss of RM10 thousand due to lower other income received, compared to a pre-tax loss of RM1 thousand previously.

16. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Market Segments	Revenue		Segment Profit	
	<u>Q1 2019</u>	<u>Q4 2018</u>	<u>Q1 2019</u>	<u>Q4 2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Timber Extraction	-	-	(118)	(393)
Timber Trading	37,072	26,301	1,201	835
Manufacturing	29,256	26,325	1,932	620
Services & Treatment	8,724	9,147	2,768	2,327
Property Development	-	-	(10)	(65)
Others	51	48	(57)	3,750
	<u>75,103</u>	<u>61,821</u>	<u>5,716</u>	<u>7,074</u>
Elimination			26	(4,066)
Profit before taxation			5,742	3,008
Taxation			(1,752)	(587)
Profit after taxation			3,990	2,421
Non-controlling interest			(879)	(338)
Net profit for the year			3,111	2,083

The Group's turnover for the current quarter under review was RM75.10 million, which was RM13.28 million or 21.5% more than the RM61.82 million registered in the preceding quarter. All of the group's market segments recorded higher growth in their turnover except for the Services & Treatment segment. It recorded drop of RM423 thousand in turnover. This was offset by the combined increase of RM13.71 million recorded by the Timber Trading, Manufacturing and Others segments.

The Group posted a higher pre-tax profit of RM5.74 million for the current quarter against the preceding quarter figure of RM3.01 million. The major contributors to the RM2.73 million increase in pre-tax profit for the current quarter was the Timber Trading, Manufacturing and Services & Treatment segments.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

17. Prospects for Current Financial Year

The International Monetary Fund (“IMF”) in their latest publication of World Economic Outlook(WEO) Update April 2019 projected that after strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China’s growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened.

In view of the above, the Group will continue efforts to strengthen the cost control strategies and will also enhance its operation and marketing strategies in order to achieve higher production efficiency and to maximize profit margins.

18. Variance of Actual Profit from Forecast Profit

The disclosure requirements for explanatory notes on the variation of actual profit after tax and profit forecast and shortfall in profit guarantee are not applicable.

19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	31/03/2019	quarter	31/03/2019	period
	RM’000	31/03/2018	31/03/2018	31/03/2018
	RM’000	RM’000	RM’000	RM’000
Current taxation	1,752	1,591	1,752	1,591
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>1,752</u>	<u>1,591</u>	<u>1,752</u>	<u>1,591</u>
Our share of results of associated companies	-	-	-	-
	<u>1,752</u>	<u>1,591</u>	<u>1,752</u>	<u>1,591</u>

The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and also to certain expenses which are not deductible for tax purposes.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

20. Trade Receivables

	As at 31.3.2019 RM'000	As at 31.3.2018 RM'000
Trade receivables	42,522	44,048
Less: Allowance for impairment loss	(504)	(311)
	42,018	43,737

The ageing analysis of the Group's trade receivables is as follows:

	As at 31.3.2019 RM'000	As at 31.3.2018 RM'000
Neither past due nor impaired	22,984	22,892
Past due not impaired:		
< 30 days	8,615	9,631
31 - 60 days	3,910	4,544
> 60 days	7,013	7,138
Impaired	-	(157)
Gross trade receivables	42,522	44,048
Less: Allowance for impairment loss	(504)	(311)
	42,018	43,737

Trade receivables that are past due not impaired are creditworthy debtors. The Group has no significant concentration of credit risk that may arise from exposures to a single clearing participant or counterparty.

21. Disposal of Unquoted Investments and Properties

There were no disposals of investments and/or properties for the financial period under review.

22. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 31 March 2019.

23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 22 May 2019.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

24. Group Borrowings

Total Group borrowings as at 31 March 2019 were as follows:-

	As at 1st. Quarter ended 31 March 2019		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	12,002		12,002
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		44,173	44,173
Unsecured	-	-	-
	As at 1st. Quarter ended 31 March 2018		
Secured			
Property Loan	3,694		3,694
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		35,864	35,864
Unsecured	-	-	-

25. Off Balance Sheet Financial Instruments

There are no material financial instruments with off balance sheet risk as at the date of this report.

26. Material Litigation

As at 22 May 2019, the latest practicable date that is not earlier than 7 days from the issue of this quarterly report, the Group is not engaged in any material litigation.

27. Dividend

No dividend has been recommended by the Board for the period ended 31 March 2019 (2018: Nil).

28. Profit/(Loss) From Operations

The following items have been charged/ (credited) in arriving at profit/ (loss) from operations:

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	191	189	191	189
(b). Investment income	-	-	-	-
(c). Rental Income	1,230	1,106	1,230	1,106
(d). Interest expenses	(870)	(580)	(870)	(580)
(e). Depreciation & Amortisation	(1,795)	(1,838)	(1,795)	(1,838)
(f). Gain/(loss) on disposal of property, plant & equipment	-	-	-	-
(g). Property, plant & equipment written off	-	1	-	1
(h). Inventories write-down	-	-	-	-
(i). Provision for and write-off of receivables	-	-	-	-
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	(93)	(949)	(93)	(949)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

29. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Period Ended
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	3,111	2,468	3,111	2,468
Weighted average number of ordinary shares ('000)	340,538	219,702	340,538	219,702
Basic earnings/(loss) per share (sen)	0.91	1.12	0.91	1.12

(b) Diluted earnings per share
Not applicable**30. Authorisation for issue**

This interim financial information has been approved for issue in accordance with a resolution of the Board of Directors dated 29 May 2019.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 29 May 2019.