



# **MINHO (M) BERHAD**

Registration No. 199001009358 (200930-H)

## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE ICOME</b>	<b>1</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS</b>	<b>4</b>
<b>NOTES TO THE INTERIM FINANCIAL STATEMENTS</b>	<b>5 - 9</b>
<b>ADDITIONAL INFORMATION REQUIRED UNDER APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS.</b>	<b>10 - 15</b>

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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>31/12/2019</u>	<u>31/12/2018</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
<b>Continuing Operations:</b>				
<b>Revenue</b>	58,139	61,821	258,153	268,959
Cost of sales	(63,074)	(60,149)	(255,412)	(254,546)
Gross profit	(4,935)	1,672	2,741	14,413
Other operating income	2,886	2,258	8,661	7,551
Finance cost	(894)	(922)	(3,481)	(2,562)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	(2,943)	3,008	7,921	19,402
Income tax expense	(551)	(587)	(4,155)	(5,224)
<b>Profit for the period from continuing operations</b>	<b>(3,494)</b>	<b>2,421</b>	<b>3,766</b>	<b>14,178</b>
<b>Loss from discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>(3,494)</b>	<b>2,421</b>	<b>3,766</b>	<b>14,178</b>
<b>Other Comprehensive Income:</b>				
<b>Other Comprehensive Income net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>(3,494)</b>	<b>2,421</b>	<b>3,766</b>	<b>14,178</b>
<b>Net Profit/(loss) attributable to:</b>				
Owners of the Parent				
- income from continuing operations	(3,061)	2,083	2,568	11,845
- loss from discontinued operations				
Non-Controlling Interest	(433)	338	1,198	2,333
Profit for the period	(3,494)	2,421	3,766	14,178
Total comprehensive income attributable to:				
Owners of the Parent	(3,061)	2,083	2,568	11,845
Non-Controlling Interest	(433)	338	1,198	2,333
	(3,494)	2,421	3,766	14,178
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	(0.90)	0.61	0.75	3.48
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 FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As at 31/12/2019 RM'000</b>	<b>Audited As at 31/12/2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	137,556	145,866
Investment properties	141,220	141,739
Rights of use asset	24,344	-
Other Investment	-	-
	<b>303,120</b>	<b>287,605</b>
<b>Current Assets</b>		
Inventories	116,674	127,564
Property Development Cost	8,620	8,512
Trade receivables	37,141	35,489
Other receivables	5,163	12,121
Tax recoverable	2,170	1,427
Short-term investments	2,501	3,540
Derivative financial assets	78	54
Deposit with licensed banks	17,317	19,795
Cash and bank balances	18,012	18,667
	<b>207,676</b>	<b>227,169</b>
<b>TOTAL ASSETS</b>	<b>510,796</b>	<b>514,774</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owner of the parents</b>		
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)	157,267	158,615
	<b>371,919</b>	<b>373,267</b>
<b>Non-Controlling Interest</b>	<b>39,000</b>	<b>38,412</b>
<b>Total Equity</b>	<b>410,919</b>	<b>411,679</b>
<b>Non-current liabilities</b>		
Deferred Taxation	10,225	10,824
Lease liabilities	3,558	-
Hire Purchase obligations	11,302	3,370
Bank borrowings	12,354	14,918
	<b>37,439</b>	<b>29,112</b>
<b>Current Liabilities</b>		
Trade payables	16,129	10,660
Other payables	11,391	11,930
Provision for liabilities	2,073	2,073
Hire purchase obligations	3,708	1,799
Bank borrowings	25,796	47,511
Derivative financial liabilities	(133)	10
Lease liabilities	3,057	-
Tax Payable	417	-
	<b>62,438</b>	<b>73,983</b>
<b>Total Liabilities</b>	<b>99,877</b>	<b>103,095</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>510,796</b>	<b>514,774</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>1.09</b>	<b>1.10</b>

(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**<sub>199001009358(200930 – H)</sub>  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	Non-Controlling Interest	Total Equity
Share Premium			Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Losses)	RM'000	RM'000	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 31 December 2019</b>													
<b>Balance as at 01.01.2019</b>	201,188	-	-	-	13,464	-	-	158,615	373,267	38,412	411,679		
Total comprehensive income for the period						-		2,568	2,568	1,198	3,766		
Excess from resale of treasury shares								(3,916)	(3,916)	-	(3,916)		
Distribution of Dividends									-				
Dividend distributed to Non-Controlling Interest									-	(610)	(610)		
<b>Balance as at 31.12.2019</b>	201,188	-	-	-	13,464	-	-	157,267	371,919	39,000	410,919		
<b>Period ended 31 December 2018</b>													
<b>Balance as at 01.01.2018</b>	201,188	-	-	-	13,464	108,577		37,171	360,400	35,939	396,339		
Prior years adjustments - Opening balance adjustment in a subsidiary								758	758	1,065	1,823		
Balance as at 01.01.2018 restated								37,929	361,158	37,004	398,162		
Total comprehensive income for the period								11,845	11,845	2,333	14,178		
Excess from resale of treasury shares									-	-	-		
Distribution of Special Share Dividend									-	-	-		
Dividend distributed to Non-Controlling Interest									-	(1,084)	(1,084)		
<b>Balance as at 31.12.2018</b>	201,188	-	-	-	13,464	108,577	-	49,774	373,003	38,253	411,256		

(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 FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	31/12/2019 RM'000	31/12/2018 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(Loss) before taxation</b>	7,921	19,402
Adjustments for :		
Depreciation, amortisation and impairment losses	7,611	7,350
Interest income	(918)	(802)
Interest expenses	3,481	2,562
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	2,947	549
Write back of provision for doubtful debts	-	-
Write down of inventories	500	-
Write back of stock value	(27)	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(133)	(277)
Asset written off	122	2
Operating profit before changes in working capital	21,504	28,786
Net change in current assets	16,088	(12,315)
Net change in current liabilities	4,930	(4,802)
Cash flow from operation	42,522	11,669
Taxes paid	(6,808)	(6,873)
Taxes refunded	1,735	18
<b>Net Cash Flows From Operating Activities</b>	<b>37,449</b>	<b>4,814</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of PPE and investment property	(16,175)	(7,990)
Purchase of freehold land	-	(20,364)
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 term investments	-	(6)
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(16,175)</b>	<b>(28,360)</b>
<b>Cash Flows From Financing Activities:</b>		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Dividends	(3,916)	-
Special Share Dividend distributed	-	-
Bank borrowings and other liabilities (Net)	(17,580)	32,662
Repayment of hire purchase obligations	(3,176)	(1,487)
Dividends paid to non-controlling interest in subsidiary company	(610)	(1,084)
<b>Net Cash Flows From Financing Activities</b>	<b>(25,282)</b>	<b>30,091</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(4,008)</b>	<b>6,545</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>42,002</b>	<b>36,289</b>
<b>Effects of changes in foreign exchange rates</b>	<b>(164)</b>	<b>(832)</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>37,830</b>	<b>42,002</b>
<b>Cash and cash equivalent comprise the following:-</b>		
Bank and cash balances	18,012	18,667
Short-term investments and Deposit with license bank	19,818	23,335
	<b>37,830</b>	<b>42,002</b>

(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 FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 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 December 2019.

**7. Dividends Paid**

There were dividends declared and paid by the Company for the financial period ended 31 December 2019. Single-tier dividend of RM0.0115 per ordinary share were declared on 20 September 2019 and paid on 30 October 2019.

**8. Segment Information**

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

	<b>Timber Extraction RM'000</b>	<b>Timber Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Services &amp; Treatment RM'000</b>	<b>Property Development RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2019</b>								
<b>Revenue</b>								
<i>External Sales</i>	458	111,081	111,536	34,875	-	203		258,153
<i>Inter segmental sales</i>	-	5,865	6,676	8,573	-	2,125		23,239
<b>Total Revenue</b>	<b>458</b>	<b>116,946</b>	<b>118,212</b>	<b>43,448</b>	<b>-</b>	<b>2,328</b>		<b>281,392</b>
<b>Segments Profits/(Loss)</b>								
Before Tax	(33)	1,020	2,092	5,662	(95)	1,651	(2,376)	7,921
Depreciation	242	810	4,245	2,299	1	14		7,611
Rental income of land and buildings	-	55	4,231	1,248	-	-	(520)	5,014
Net foreign exchange	-	(3)	(161)	-	-	-		(164)
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	536	2,864	197	4	-	(120)	3,481
Interest Income	-	230	457	86	57	88		918
Tax Expenses	-	705	1,414	2,116	-	101	(181)	4,155
<b>Segments Assets</b>	<b>2,605</b>	<b>69,376</b>	<b>251,473</b>	<b>164,047</b>	<b>10,683</b>	<b>14,280</b>	<b>(1,668)</b>	<b>510,796</b>
Other Investment								-
<b>Total Segments Assets</b>								<b>510,796</b>
<b>Segment Liabilities</b>	<b>3,877</b>	<b>11,171</b>	<b>67,289</b>	<b>16,246</b>	<b>268</b>	<b>498</b>	<b>528</b>	<b>99,877</b>



**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	<b>Timber Extraction RM'000</b>	<b>Timber Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Services &amp; Treatment RM'000</b>	<b>Property Development RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2018</b>								
<b>Revenue</b>								
<i>External Sales</i>	1,647	124,985	107,000	35,133	-	194		268,959
<i>Inter segmental sales</i>	-	5,209	6,606	8,677	-	6,346		26,838
<b>Total Revenue</b>	<b>1,647</b>	<b>130,194</b>	<b>113,606</b>	<b>43,810</b>	<b>-</b>	<b>6,540</b>	<b>-</b>	<b>295,797</b>
<b>Segments Profits/(Loss) Before Tax</b>	396	3,308	5,990	9,998	(100)	6,082	(6,272)	19,402
Depreciation	177	1,407	3,451	2,300	1	14		7,350
Rental income of land and buildings	-	40	3,813	1,259	-	-	(519)	4,593
Net foreign exchange	-	(671)	(161)	-	-	-		(832)
Gain/(loss) on disposal of property, plant and equipment	-	47	16	-	-	214		277
Finance cost	-	444	1,870	169	79	-	-	2,562
Interest Income	-	22	591	8	128	53		802
Tax Expenses	-	882	1,749	2,496	-	97		5,224
<b>Segments Assets</b>	<b>3,705</b>	<b>85,403</b>	<b>241,449</b>	<b>158,010</b>	<b>12,382</b>	<b>16,471</b>	<b>(1,404)</b>	<b>516,016</b>
Other Investment						-		-
<b>Total Segments Assets</b>								<b>516,016</b>
<b>Segment Liabilities</b>	<b>3,302</b>	<b>27,617</b>	<b>59,919</b>	<b>11,615</b>	<b>1,872</b>	<b>435</b>		<b>104,760</b>

**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 December 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 December 2019.

**12. Contingent Liabilities – Unsecured**

As at 31 December 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 RM26,573,412.00 were utilized.

**13. Capital Commitments**

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


**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31/12/2019 ( RM ' 000)		Approved Value 13/06/2019 to 11/06/2020 ( RM ' 000)		Balance due to / from the companies 31/12/2019 ( RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		3,604		15,000		242
Minho Kilning (Klang) Sdn Bhd ("MKK")	<sup>(i)</sup> Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") <sup>(ii)</sup>	Monthly		3,155		4,500		121
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		27		800		35
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	413		4,000		-	
	Purchase of logs.	LTI	Monthly		9,867		10,000		137
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		-		20,000		-
MTI	<sup>(a)</sup> Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		2,975		19,000		-
MTI	<sup>(b)</sup> Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		521		3,500		-
MTI	<sup>(c)</sup> Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		477		5,500		-
MTI	<sup>(d)</sup> Purchase of timber.	Victory Enterprise Sdn Bhd ("VESB")	Monthly		-		1,000		-
Lucky Star Diversified Sdn Bhd ("LSDSB")	Sales of sawn timber	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	458		9,500		-	
DMT Resources & Development Sdn. Bhd. ("DMT")	Purchase of logs	LTI	Monthly		437		-		-
<b>Total</b>				<b>871</b>	<b>21,063</b>	<b>13,500</b>	<b>79,300</b>	<b>-</b>	<b>535</b>

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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**

	<b>3 MONTHS ENDED</b>		<b>12 MONTHS ENDED</b>	
			<b>YEAR-TO-DATE ENDED</b>	
	<b>Q4 2019</b>	<b>Q4 2018</b>	<b>Q4 2019</b>	<b>Q4 2018</b>
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Timber Extraction	458	-	458	1,647
Timber Trading	20,535	26,301	111,081	124,985
Manufacturing	28,016	26,325	111,536	107,000
Services & Treatment	9,084	9,147	34,875	35,133
Property Development	-	-	-	-
Others	46	48	203	194
	<u>58,139</u>	<u>61,821</u>	<u>258,153</u>	<u>268,959</u>
<b>Segment Profit</b>				
Timber Extraction	(91)	(393)	(33)	396
Timber Trading	(1,465)	835	1,020	3,308
Manufacturing	(575)	620	2,092	5,990
Services & Treatment	(555)	2,327	5,662	9,998
Property Development	(48)	(65)	(95)	(100)
Others	1,816	3,750	1,651	6,082
	<u>(918)</u>	<u>7,074</u>	<u>10,297</u>	<u>25,674</u>
Elimination	(2,025)	(4,066)	(2,376)	(6,272)
Profit before taxation	<u>(2,943)</u>	<u>3,008</u>	<u>7,921</u>	<u>19,402</u>
Taxation	(551)	(587)	(4,155)	(5,224)
Profit after taxation	<u>(3,494)</u>	<u>2,421</u>	<u>3,766</u>	<u>14,178</u>
Non-controlling interest	433	(338)	(1,198)	(2,333)
Net profit for the year	<u>(3,061)</u>	<u>2,083</u>	<u>2,568</u>	<u>11,845</u>

**(a). Three months period-Q4 2019.**

For the current quarter, the Group registered revenue of RM58.14 million, slightly lower than RM61.82 million for Q4 2018. This decrease was mainly attributed to the RM5.83 million total combined decreases in turnover for the Timber Trading and Services & Treatment market segments. This was partially offset by the decrease of RM2.15 million in the turnover for Timber Extraction and Manufacturing market segments.

The group's pre-tax profit decreased by RM5.95 million, i.e. from RM3.01 million to RM2.94 million of pre-tax loss. All of the Group's market segments recorded pre-tax loss except for Others segment which recorded RM1.81 million in pre-tax profit.

**(b). Year to date.**

The Group disclosed total revenue of RM258.15 million for the current 12 months period ended 31 December 2019, RM10.81 million or 4% less than the RM268.96 million recorded in the corresponding 12 months period ended 31 December 2018. This drop was mainly attributed to the combined RM15.35 million decrease in Timber Extraction, Timber Trading and Services & Treatment segments.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

This was partially offset by the total increase of RM4.54 million in the turnover for Manufacturing and Others segments.

The group's pre-tax profit decreased by RM11.48 million mainly due to the decrease in pre-tax profit of RM429 thousand for the Timber Extraction segment, RM2.29 million for the Timber Trading segment, RM3.90 million for the Manufacturing segment and RM4.33 million for the Services & Treatment segment.

**Timber Extraction**

A much smaller area of 131 acres logged in the current 12 months period ended 31 December 2019 compared to 439 acres logged in the corresponding 12 months period ended 31 December 2018. In line with smaller area logged, revenue decreased by RM1.19 million and incurred pre-tax loss RM33 thousand.

**Timber Trading**

The turnover for this segment decreased by RM13.9 million. The pre-tax profit for this segment also decreased by RM2.29 million from a pre-tax profit of RM3.31 million in the corresponding 12 months period ended 31 December 2018 to RM1.02 million for the current 12 months period ended 31 December 2019 due to provision doubtful debts and fixed assets written off.

**Manufacturing**

Total turnover for this segment increased by RM4.53 million mainly attributed to the increase in the turnover for the manufacturing of industrial paper bags which increased by RM8.71 million due to higher demand from food and chemical related industries, while the turnover for manufacturing of timber and wood based products decreased by RM4.17 million. Pre-tax profit for this market segment decreased by RM3.90 million or 65%; from RM5.99 million in the corresponding 12 months period ended 31 December 2018 to RM2.09 million for the current 12 months period ended 31 December 2019. The drop in pre-tax profit was mainly attributed to lower profit registered by the manufacturing of industrial paper bags which decreased by RM1.14 million as a result of higher cost of sales, depreciation and finance cost. As for the manufacturing of timber and wood based products, profit decreased by RM2.76 million due to higher labour cost, factory overhead, provision for slow moving stock and doubtful debts.

**Services & Treatment**

The turnover for this segment decreased by RM258 thousand. The pre-tax profit for this segment decreased by RM4.33 million from a pre-tax profit of RM9.99 million in the corresponding 12 months period ended 31 December 2018 to RM5.66 million for the current 12 months period ended 31 December 2019 due to higher factory overhead, labour cost, transportation charges, provision for doubtful debts, repair and maintenance of machinery.

**Property Development**

There were no revenue registered for the current 12 months period ended 31 December 2019 similar to the corresponding 12 months period ended 31 December 2018. It reported a pre-tax loss of RM95 thousand due to lower other income received, compared to a pre-tax loss of RM100 thousand previously.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

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

Market Segments	Revenue		Segment Profit	
	Q4 2019	Q3 2019	Q4 2019	Q3 2019
	RM'000	RM'000	RM'000	RM'000
Timber Extraction	458	-	(91)	306
Timber Trading	20,535	27,421	(1,465)	682
Manufacturing	28,016	27,116	(575)	133
Services & Treatment	9,084	8,712	(555)	1,597
Property Development	-	-	(48)	(15)
Others	46	42	1,816	14
	<u>58,139</u>	<u>63,291</u>	<u>(918)</u>	<u>2,717</u>
Elimination			(2,025)	43
<b>Profit before taxation</b>			<b>(2,943)</b>	<b>2,760</b>
Taxation			(551)	(753)
<b>Profit after taxation</b>			<b>(3,494)</b>	<b>2,007</b>
Non-controlling interest			433	(289)
<b>Net profit for the year</b>			<b>(3,061)</b>	<b>1,718</b>

The Group's turnover for the current quarter under review was RM58.14 million, which was RM5.15 million or 8.1% less than the RM63.29 million registered in the preceding quarter. The Timber Extraction, Manufacturing and Services & Treatment segments recorded higher growth in their turnover except for the Timber Trading segment. The Timber Extraction, Manufacturing and Services & Treatment recorded combined increase of RM1.73 million in their turnover. This was offset by the decrease of RM6.89 million recorded by the Timber Trading segment.

The Group posted a pre-tax loss of RM2.94 million for the current quarter against the preceding quarter pre-tax profit of RM2.76 million. This RM5.7 million difference was mainly due to fixed assets written off, provision doubtful debts and slow moving stock.

**17. Prospects for Current Financial Year**

According to the Statistics Department Report for 2019, Gross Domestic Product (GDP) expanded by 4.3% which was slower than the 4.7% in 2018. The growth in 2019 was the weakest since 2009. The manufacturing sector moderated to 3% as against 3.6% in the previous quarter of 2019. Central Bank highlighted that economic growth, particularly in the first quarter of 2020, will be affected by the coronavirus outbreak. However, the severity of the economic impact will depend on how the virus spreads and evolves.

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.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

**19. Taxation**

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	31/12/2019	quarter	31/12/2019	period
	RM'000	31/12/2018	31/12/2018	RM'000
	RM'000	RM'000	RM'000	RM'000
Current taxation	551	587	4,155	5,224
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	551	587	4,155	5,224
Our share of results of associated companies	-	-	-	-
	551	587	4,155	5,224

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.

**20. Trade Receivables**

	As at	As at
	31.12.2019	31.12.2018
	RM'000	RM'000
Trade receivables	40,314	36,800
Less: Allowance for impairment loss	(3,173)	(549)
	<b>37,141</b>	<b>36,251</b>

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

	As at	As at
	31.12.2019	31.12.2018
	RM'000	RM'000
Neither past due nor impaired	18,256	18,658
Past due not impaired:		
< 30 days	7,094	6,640
31 - 60 days	5,517	4,276
> 60 days	9,447	7,383
Impaired	-	(157)
Gross trade receivables	40,314	36,800
Less: Allowance for impairment loss	(3,173)	(549)
	<b>37,141</b>	<b>36,251</b>

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.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

**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 December 2019.

**23. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 21 February 2020.

**24. Group Borrowings**

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

	<b>As at 4th. Quarter ended 31 December 2019</b>		
	<b>Long Term</b>	<b>Short Term</b>	<b>Total borrowings</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Secured</b>			
Property Loan	12,354		12,354
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		25,796	25,796
<b>Unsecured</b>	-	-	-
	<b>As at 4th. Quarter ended 31 December 2018</b>		
<b>Secured</b>			
Property Loan	12,094		12,094
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		50,335	50,335
<b>Unsecured</b>	-	-	-

**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 21 February 2020, 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 December 2019 (2018: Nil).

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

**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
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	539	194	918	802
(b). Investment income	-	-	-	27
(c). Rental Income	2,517	1,210	5,014	4,593
(d). Interest expenses	(1,732)	(922)	(3,481)	(2,562)
(e). Depreciation & Amortisation	(3,823)	(1,929)	(7,611)	(7,350)
(f). Gain/(loss) on disposal of property, plant & equipment	133	260	133	277
(g). Property, plant & equipment written off	122	1	122	2
(h). Inventories write-down	(500)	-	(500)	-
(i). Provision for and write-off of receivables	(2,947)	408	(2,947)	549
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	(71)	21	(164)	(832)

**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
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	(3,061)	2,083	2,568	11,845
Weighted average number of ordinary shares ('000)	340,538	340,538	340,538	340,538
Basic earnings/(loss) per share (sen)	(0.90)	0.61	0.75	3.48

(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 28 February 2020.

**By order of the Board**

Klang, Selangor Darul Ehsan.

Dated: 28 February 2020.