



# **MINHO (M) BERHAD**

Registration No. 199001009358 (200930-H)

## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</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 - 8</b>
<b>ADDITIONAL INFORMATION REQUIRED UNDER APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS.</b>	<b>9 - 13</b>

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(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>31/3/2020</u> <u>(RM'000)</u>	<u>31/3/2019</u> <u>(RM'000)</u>	<u>31/3/2020</u> <u>(RM'000)</u>	<u>31/3/2019</u> <u>(RM'000)</u>
<b>Continuing Operations:</b>				
<b>Revenue</b>	51,649	75,103	51,649	75,103
Cost of sales	(52,695)	(70,265)	(52,695)	(70,265)
Gross profit	(1,046)	4,838	(1,046)	4,838
Other operating income	2,486	1,774	2,486	1,774
Finance cost	(664)	(870)	(664)	(870)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	776	5,742	776	5,742
Income tax expense	(814)	(1,752)	(814)	(1,752)
<b>Profit for the period from continuing operations</b>	<b>(38)</b>	<b>3,990</b>	<b>(38)</b>	<b>3,990</b>
<b>Loss from discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>(38)</b>	<b>3,990</b>	<b>(38)</b>	<b>3,990</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>(38)</b>	<b>3,990</b>	<b>(38)</b>	<b>3,990</b>
<b>Net Profit/(loss) attributable to:</b>				
Owners of the Parent				
- income from continuing operations	142	3,111	142	3,111
- loss from discontinued operations				
Non-Controlling Interest	(180)	879	(180)	879
Profit for the period	(38)	3,990	(38)	3,990
Total comprehensive income attributable to:				
Owners of the Parent	142	3,111	142	3,111
Non-Controlling Interest	(180)	879	(180)	879
	(38)	3,990	(38)	3,990
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.04	0.91	0.04	0.91
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 2019)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As at 31/03/2020 RM'000</b>	<b>Audited As at 31/12/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	136,092	137,482
Investment properties	141,785	141,218
Right of use assets	23,523	24,418
Other investment	-	-
	<b>301,400</b>	<b>303,118</b>
<b>Current Assets</b>		
Inventories	107,125	116,674
Property development cost	8,669	8,620
Trade receivables	35,010	37,134
Other receivables	6,563	5,333
Tax recoverable	2,463	1,746
Short-term investments	1,900	5,078
Derivative financial assets	-	211
Fixed deposit with licensed banks	23,681	14,740
Cash and bank balances	17,383	18,012
	<b>202,794</b>	<b>207,548</b>
<b>TOTAL ASSETS</b>	<b>504,194</b>	<b>510,666</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)	157,251	157,109
	<b>371,903</b>	<b>371,761</b>
<b>Non-controlling interest</b>	<b>38,078</b>	<b>38,993</b>
<b>Total Equity</b>	<b>409,981</b>	<b>410,754</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	10,375	10,374
Lease liabilities	14,748	14,827
Loan and borrowings	11,393	11,393
	<b>36,516</b>	<b>36,594</b>
<b>Current Liabilities</b>		
Trade payables	14,142	16,129
Other payables	9,664	11,560
Provision for liabilities	2,073	2,073
Lease liabilities	5,879	6,799
Loan and borrowings	25,797	26,757
Derivative financial liabilities	-	-
Tax Payable	142	-
	<b>57,697</b>	<b>63,318</b>
<b>Total Liabilities</b>	<b>94,213</b>	<b>99,912</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>504,194</b>	<b>510,666</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>1.09</b>	<b>1.09</b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019)



**MINHO (M) BERHAD** 199001009358(200930 – H)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**  
(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/(Los ses)					
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 March 2020</b>													
<b>Balance as at 01.01.2020</b>	201,188		-	-	13,464	-		157,109	371,761		38,993	410,754	
Total comprehensive income for the period						-		142	142		(180)	(38)	
Excess from resale of treasury shares								-	-		-	-	
Distribution of Special Share Dividend									-				
Dividend distributed to Non-Controlling Interest									-		(735)	(735)	
<b>Balance as at 31.03.2020</b>	201,188	-	-	-	13,464	-	-	157,251	371,903		38,078	409,981	
<b>Period ended 31 March 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								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)	
<b>Balance as at 31.03.2019</b>	201,188	-	-	-	13,464	-	-	161,726	376,378		38,801	415,179	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Cumulative Period	
	Current Year to date 31/3/2020 RM'000	Preceding Period Ended 31/3/2019 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(Loss) before taxation</b>	776	5,742
Adjustments for :		
Depreciation, amortisation and impairment losses	1,866	1,795
Interest income	(230)	(191)
Interest expenses	664	870
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	-	-
Operating profit before changes in working capital	3,076	8,216
Net change in current assets	10,394	(6,133)
Net change in current liabilities	(3,883)	635
Cash flow from operation	9,587	2,718
Taxes paid	(1,340)	(1,819)
Taxes refunded	-	190
<b>Net Cash Flows From Operating Activities</b>	<b>8,247</b>	<b>1,089</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of PPE and investment property	(115)	(491)
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 term investments	-	-
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(115)</b>	<b>(491)</b>
<b>Cash Flows From Financing Activities:</b>		
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)	(1,155)	(6,719)
Repayment of hire purchase obligations	(1,043)	(485)
Dividends paid to non-controlling interest in subsidiary company	(735)	(490)
<b>Net Cash Flows From Financing Activities</b>	<b>(2,933)</b>	<b>(7,694)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	5,199	(7,096)
<b>Cash and Cash Equivalents at the beginning of the year</b>	37,830	42,002
<b>Effects of changes in foreign exchange rates</b>	(65)	(93)
<b>Cash and Cash Equivalents at end of the period</b>	<b>42,964</b>	<b>34,813</b>
<b>Cash and cash equivalent comprise the following:-</b>		
Bank and cash balances	17,383	15,028
Short-term investments and Deposit with license bank	25,581	19,785
	<b>42,964</b>	<b>34,813</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(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 2019. 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 2019. 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 2019, 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 2019.

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 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
- 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

**(ii) Effective for annual periods beginning on or after 1 January 2021**

- MFRS 17, Insurance Contracts

**(iii) 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

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

**2. Auditors' Report On Preceding Annual Financial Statements**

The auditors' report of the audited financial statements for the financial year ended 31 December 2019 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.

**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 2020.

**7. Dividends Paid**

There were no dividends declared and paid by the Company for the financial period ended 31 March 2020.

**8. Segment Information**

The Group's segment information for the financial period ended 31 March 2020 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
<b>2020</b>								
<b>Revenue</b>								
External Sales	-	21,148	22,320	7,575	-	606		51,649
Inter segmental sales	-	101	497	1,673	-	114		2,385
Total Revenue	-	21,249	22,817	9,248	-	720		54,034
Segments Profits/(Loss) Before Tax	(425)	939	(151)	1,364	(15)	797	(1,733)	776
Depreciation and amortisation	61	39	1,078	484	1	203		1,866
Rental income of land and buildings	-	16	1,051	784	-	-	(140)	1,711
Net foreign exchange Gain/(loss) on disposal of property, plant and equipment	-	(52)	(13)	-	-	-		(65)
Finance cost	-	35	622	23	-	-	(16)	664
Interest Income	-	42	113	20	15	40		230
Tax Expenses	-	78	304	397	-	35		814
Segments Assets	2,662	123,551	168,343	162,936	10,642	37,565	(1,505)	504,194
Other Investment								-
Total Segments Assets								504,194
Segment Liabilities	593	25,978	45,126	15,844	242	5,902	528	94,213

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

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

**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 2020 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 2020.

**12. Contingent Liabilities – Unsecured**

As at 31 March 2020, 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 RM26,753,174.00 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 2020**

(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) 01/01/2020 to 31/3/2020 ( RM ' 000)		Approved Value 13/06/2019 to 28/08/2020 ( RM ' 000)		Balance due to / from the companies 31/03/2020 ( RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		1,247		15,000		510
Minho Kilning (Klang) Sdn Bhd ("MKK")	<sup>(i)</sup> Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") <sup>(ii)</sup>	Monthly		992		9,000		-
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		10		800		45
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	72		4,000		-	
	Purchase of logs.	LTI	Monthly		1,878		20,000		1,250
Pembinaan Infra E&J Sdn Bhd ("EI")	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		95		19,000		-
MTI	<sup>(b)</sup> Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		-		3,500		-
MTI	<sup>(c)</sup> Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		-		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	-		9,500		-	
<b>Total</b>				72	4,222	13,500	93,800	-	1,805

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(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>YEAR-TO-DATE ENDED</b>	
	<b>Q1 2020</b>	<b>Q1 2019</b>
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>		
Timber Extraction	-	-
Timber Trading	21,148	37,072
Manufacturing	22,320	29,256
Services & Treatment	7,575	8,724
Property Development	-	-
Others	606	51
	<u>51,649</u>	<u>75,103</u>
<b>Segment Profit</b>		
Timber Extraction	(425)	(118)
Timber Trading	939	1,201
Manufacturing	(151)	1,932
Services & Treatment	1,364	2,768
Property Development	(15)	(10)
Others	797	(57)
	<u>2,509</u>	<u>5,716</u>
Elimination	(1,733)	26
Profit before taxation	776	5,742
Taxation	(814)	(1,752)
Profit after taxation	(38)	3,990
Non-controlling interest	180	(879)
Net profit for the year	<u>142</u>	<u>3,111</u>

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

The Group disclosed total revenue of RM51.65 million for the current 3 months period ended 31 March 2020, RM23.45 million or 31% less than the RM75.10 million recorded in the corresponding 3 months period ended 31 March 2019. This drop was mainly attributed to the combined RM24.01 million decrease in Timber Trading, Manufacturing and Services & Treatment segments. This was partially offset by the total decrease of RM555 thousand in the turnover for Others segment.

The group's pre-tax profit decreased by RM4.97 million mainly due to the decrease in pre-tax profit of RM262 thousand for the Timber Trading segment, RM2.08 million for the Manufacturing segment and RM1.40 million for the Services & Treatment segment. Simultaneously, higher pre-tax loss of RM307 thousand for the Timber Extraction segment and RM5 thousand for the Property Development segment also has an impact.

**Timber Extraction**

No logging was carried out in the current 3 months period ended 31 March 2020 and corresponding 3 months period ended 31 March 2019. As such, no revenue was recorded for this segment, i.e. it incurred a pre-tax loss RM425 thousand.

**Timber Trading**

The turnover for this segment decreased by RM15.92 million. Hence, the pre-tax profit for this segment decreased by RM262 thousand from a pre-tax profit of RM1.20 million in the corresponding 3 months period ended 31 March 2019 to RM939 thousand for the current 3 months period ended 31 March 2020 due to lower demand from Europe after Covid-19 lockdown.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

**Manufacturing**

Total turnover for this segment decreased by RM6.94 million. The turnover for the manufacturing of industrial paper bags increased by RM729 thousand due to higher demand for food and chemical related industries, while the turnover for manufacturing of timber and wood based products decreased by RM7.67 million due to lower demand from Europe after Covid-19 lockdown. Pre-tax profit for this market segment decreased by RM2.08 million or 108%; from RM1.93 million in the corresponding 3 months period ended 31 March 2019 to pre tax-loss RM151 thousand for the current 3 months period ended 31 March 2020. The drop in pre-tax profit was mainly attributed to lower profit registered by the manufacturing of industrial paper bags which decreased by RM363 thousand as a result of higher cost of sales, depreciation and finance cost. As for the manufacturing of timber and wood based products, the profit decreased by RM1.72 million due to lower gross profit and higher fixed labour cost and administrative expenses.

**Services & Treatment**

The volume of timber for kiln drying decreased by 19% and service charges rates decreased by 1% that resulted in a drop of RM1.15 million in the gross turnover for this market segment due to global economic slowdown. The pre-tax profit for this segment decreased by RM1.41 million from a pre-tax profit of RM2.77 million in the corresponding 3 months period ended 31 March 2019 to RM1.36 million for the current 3 months period ended 31 March 2020. Higher factory overhead, labour cost, transportation charges, repair and maintenance of machinery per ton also have an impact.

**Property Development**

There were no revenue registered for the current 3 months period ended 31 March 2020 similar to the corresponding 3 months period ended 31 March 2019. It reported a pre-tax loss of RM15 thousand due to higher administrative expenses, compared to a pre-tax loss of RM10 thousand previously.

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

Market Segments	Revenue		Segment Profit	
	Q1 2020	Q4 2019	Q1 2020	Q4 2019
	RM'000	RM'000	RM'000	RM'000
Timber Extraction	-	458	(425)	(91)
Timber Trading	21,148	20,535	939	(1,465)
Manufacturing	22,320	28,016	(151)	(575)
Services & Treatment	7,575	9,084	1,364	(555)
Property Development	-	-	(15)	(48)
Others	606	46	797	1,816
	<u>51,649</u>	<u>58,139</u>	<u>2,509</u>	<u>(918)</u>
Elimination			(1,733)	(2,025)
<b>Profit before taxation</b>			<b>776</b>	<b>(2,943)</b>
Taxation			(814)	(551)
<b>Profit after taxation</b>			<b>(38)</b>	<b>(3,494)</b>
Non-controlling interest			180	433
<b>Net profit for the year</b>			<b>142</b>	<b>(3,061)</b>

The Group's turnover for the current quarter under review was RM51.65 million, which was RM6.49 million or 11.2% less than the RM58.14 million registered in the preceding quarter. All of the group's market segments recorded lower growth in their turnover except for the Timber Trading and Others segments. It recorded increase of RM1.17 million in turnover. This was offset by the combined decrease of RM7.66 million recorded by the Timber Extraction, Manufacturing and Services & Treatment segments.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

The Group posted a higher pre-tax profit of RM776 thousand for the current quarter against the preceding quarter figure of pre tax-loss RM2.94 million. The major contributors to the RM4.32 million increase in pre-tax profit for the current quarter was the Timber Trading and Services & Treatment segments.

**17. Prospects for Current Financial Year**

The International Monetary Fund (“IMF”) in their latest publication of World Economic Outlook(WEO) Update April 2020 projected that the COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the COVID-19 pandemic, the global economy is projected to contract sharply by 3 percent in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario which assumes that the COVID-19 pandemic fades in the second half of 2020 and containment efforts can be gradually unwound – the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support.

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 quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	RM'000	RM'000	RM'000	RM'000
Current taxation	814	1,752	814	1,752
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	814	1,752	814	1,752
Our share of results of associated companies	-	-	-	-
	814	1,752	814	1,752

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 2020**

(The figures have not been audited)

**20. Trade Receivables**

	As at 31.3.2020 RM'000	As at 31.3.2019 RM'000
Trade receivables	38,191	42,522
Less: Allowance for impairment loss	(3,181)	(504)
	<b>35,010</b>	<b>42,018</b>

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

	As at 31.3.2020 RM'000	As at 31.3.2019 RM'000
Neither past due nor impaired	23,129	22,984
Past due not impaired:		
< 30 days	5,126	8,615
31 - 60 days	3,299	3,910
> 60 days	6,637	7,013
Gross trade receivables	38,191	42,522
Less: Allowance for impairment loss	(3,181)	(504)
	<b>35,010</b>	<b>42,018</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.

**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 2020.

**23. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 22 June 2020.

**24. Group Borrowings**

Total Group borrowings as at 31 March 2020 were as follows:-

	As at 1st. Quarter ended 31 March 2020		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
<b>Secured</b>			
Property Loan	11,393		11,393
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		25,797	25,797
<b>Unsecured</b>	-	-	-
	As at 1st. Quarter ended 31 March 2019		
<b>Secured</b>			
Property Loan	12,002		12,002
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		44,173	44,173
<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.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

(The figures have not been audited)

**26. Material Litigation**

As at 22 June 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 March 2020 (2019: 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
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	230	191	230	191
(b). Investment income	-	-	-	-
(c). Rental Income	1,711	1,230	1,711	1,230
(d). Interest expenses	(664)	(870)	(664)	(870)
(e). Depreciation & Amortisation	(1,866)	(1,795)	(1,866)	(1,795)
(f). Gain/(loss) on disposal of property, plant & equipment	-	-	-	-
(g). Property, plant & equipment written off	-	-	-	-
(h). Inventories write-down	-	-	-	-
(i). Provision for and write-off of receivables	-	-	-	-
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	(65)	(93)	(65)	(93)

**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
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	142	3,111	142	3,111
Weighted average number of ordinary shares ('000)	340,538	340,538	340,538	340,538
Basic earnings/(loss) per share (sen)	0.04	0.91	0.04	0.91

(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 June 2020.

**By order of the Board**

Klang, Selangor Darul Ehsan.

Dated: 29 June 2020.