



MINHO (M) BERHAD

Registration No. 199001009358 (200930-H)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year to date</u>	<u>Preceding Period Ended</u>
	<u>30/6/2020</u>	<u>30/6/2019</u>	<u>30/6/2020</u>	<u>30/6/2019</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Continuing Operations:				
Revenue	47,362	61,620	99,011	136,723
Cost of sales	(48,074)	(60,672)	(100,769)	(130,937)
Gross profit	(712)	948	(1,758)	5,786
Other operating income	4,292	2,293	6,778	4,067
Finance cost	(416)	(879)	(1,080)	(1,749)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	3,164	2,362	3,940	8,104
Income tax expense	(647)	(1,099)	(1,461)	(2,851)
Profit for the period from continuing operations	2,517	1,263	2,479	5,253
Loss from discontinued operation	-	-	-	-
Profit for the period	2,517	1,263	2,479	5,253
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	2,517	1,263	2,479	5,253
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	2,300	800	2,442	3,911
- loss from discontinued operations				
Non-Controlling Interest	217	463	37	1,342
Profit for the period	2,517	1,263	2,479	5,253
Total comprehensive income attributable to:				
Owners of the Parent	2,300	800	2,442	3,911
Non-Controlling Interest	217	463	37	1,342
	2,517	1,263	2,479	5,253
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.68	0.23	0.72	1.15
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 SECOND QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	135,477	137,482
Investment properties	141,814	141,218
Right of use assets	22,887	24,418
Other investment	-	-
	300,178	303,118
Current Assets		
Inventories	99,941	116,674
Property development cost	8,722	8,620
Trade receivables	32,188	37,134
Other receivables	4,691	5,333
Tax recoverable	2,462	1,746
Short-term investments	1,612	5,078
Derivative financial assets	-	211
Fixed deposit with licensed banks	29,990	14,740
Cash and bank balances	15,132	18,012
	194,738	207,548
TOTAL ASSETS	494,916	510,666
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)	159,551	157,109
	374,203	371,761
Non-controlling interest	38,295	38,993
Total Equity	412,498	410,754
Non-current liabilities		
Deferred tax liabilities	10,375	10,374
Lease liabilities	14,203	14,827
Loan and borrowings	11,598	11,393
	36,176	36,594
Current Liabilities		
Trade payables	12,416	16,129
Other payables	9,350	11,560
Provision for liabilities	2,073	2,073
Lease liabilities	6,269	6,799
Loan and borrowings	16,078	26,757
Derivative financial liabilities	-	-
Tax Payable	56	-
	46,242	63,318
Total Liabilities	82,418	99,912
TOTAL EQUITY AND LIABILITIES	494,916	510,666
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.10	1.09

(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 SECOND QUARTER ENDED 30 JUNE 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 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 30 June 2020											
Balance as at 01.01.2020	201,188		-	-	13,464	-		157,109	371,761	38,993	410,754
Total comprehensive income for the period						-		2,442	2,442	37	2,479
Excess from resale of treasury shares								-	-	-	-
Distribution of Special Share Dividend									-		
Dividend distributed to Non-Controlling Interest									-	(735)	(735)
Balance as at 30.06.2020	201,188	-	-	-	13,464	-	-	159,551	374,203	38,295	412,498
Period ended 30 June 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								3,911	3,911	1,342	5,253
Excess from resale of treasury shares									-	-	-
Distribution of Special Share Dividend									-	-	-
Dividend distributed to Non-Controlling Interest									-	(490)	(490)
Balance as at 30.06.2019	201,188	-	-	-	13,464	-	-	162,526	377,178	39,264	416,442

(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 SECOND QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	30/6/2020 RM'000	30/6/2019 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	3,940	8,104
Adjustments for :		
Depreciation, amortisation and impairment losses	3,671	3,788
Interest income	(406)	(379)
Interest expenses	1,080	1,749
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	(2,570)	-
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	5,715	13,262
Net change in current assets	22,219	5,440
Net change in current liabilities	(5,923)	1,354
Cash flow from operation	22,011	20,056
Taxes paid	(2,121)	(3,328)
Taxes refunded	-	784
Net Cash Flows From Operating Activities	19,890	17,512
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(791)	(14,609)
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	-	-
Net Cash Used in Investing Activities	(791)	(14,609)
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)	(8,241)	(285)
Repayment of hire purchase obligations	(1,154)	(1,431)
Dividends paid to non-controlling interest in subsidiary company	(735)	(490)
Net Cash Flows From Financing Activities	(10,130)	(2,206)
Net Increase in Cash and Cash Equivalents	8,969	697
Cash and Cash Equivalents at the beginning of the year	37,830	42,002
Effects of changes in foreign exchange rates	(65)	(93)
Cash and Cash Equivalents at end of the period	46,734	42,606
Cash and cash equivalent comprise the following:-		
Bank and cash balances	15,132	19,010
Short-term investments and Deposit with license bank	31,602	23,596
	46,734	42,606

(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 SECOND QUARTER ENDED 30 JUNE 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 SECOND QUARTER ENDED 30 JUNE 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 30 June 2020.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 June 2020.

8. Segment Information

The Group's segment information for the financial period ended 30 June 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
2020								
Revenue								
External Sales	-	45,124	40,438	12,712	-	737		99,011
Inter segmental sales	-	166	1,881	3,463	-	180		5,690
Total Revenue	-	45,290	42,319	16,175	-	917		104,701
Segments Profits/(Loss) Before Tax	(492)	1,628	58	4,234	212	789	(2,489)	3,940
Depreciation and amortisation	-	21	2,156	968	1	525		3,671
Rental income of land and buildings	-	28	1,837	1,338	-	-	(237)	2,966
Net foreign exchange Gain/(loss) on disposal of property, plant and equipment	-	(52)	(13)	-	-	-		(65)
Finance cost	-	32	1,026	43	-	-	(21)	1,080
Interest Income	-	66	201	43	27	69		406
Tax Expenses	-	183	650	597	-	31		1,461
Segments Assets	2,612	120,599	159,150	164,997	10,643	38,203	(1,288)	494,916
Other Investment								-
Total Segments Assets								494,916
Segment Liabilities	595	18,775	41,165	15,418	15	5,921	529	82,418

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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
2019								
Revenue								
<i>External Sales</i>	-	63,125	56,404	17,079	-	115		136,723
<i>Inter segmental sales</i>	-	2,455	2,293	5,070	-	-		9,818
Total Revenue	-	65,580	58,697	22,149	-	115	-	146,541
Segments Profits/(Loss) Before Tax	(248)	1,803	2,534	4,620	(32)	(179)	(394)	8,104
Depreciation	121	577	1,955	1,133	-	2		3,788
Rental income of land and buildings	-	24	2,124	609	-	-	(260)	2,497
Net foreign exchange	-	(68)	(25)	-	-	-		(93)
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	383	1,297	66	3	-	-	1,749
Interest Income	-	12	224	36	31	76		379
Tax Expenses	-	489	1,027	1,309	-	26		2,851
Segments Assets	2,837	78,340	255,718	160,007	10,783	15,172	(1,798)	521,059
Other Investment								-
Total Segments Assets								521,059
Segment Liabilities	3,100	19,049	70,512	10,508	306	433	709	104,617

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 30 June 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 30 June 2020.

12. Contingent Liabilities – Unsecured

As at 30 June 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 RM17,535,339.00 were utilized.

13. Capital Commitments

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


INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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 30/6/2020 (RM ' 000)		Approved Value 13/06/2019 to 28/08/2020 (RM ' 000)		Balance due to / from the companies 30/06/2020 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		1,268		15,000		210
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		1,571		9,000		133
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	28		4,000		-	
	Purchase of logs.	LTI	Monthly		2,347		20,000		42
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		95		19,000		299
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		-		3,500		-
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		-		5,500		-
MTI	^(d) 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		-	
Lucky Star Diversified Sdn Bhd ("LSDSB")	⁽ⁱⁱ⁾ Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	12		9,500		-	
D M Timber Sdn Bhd ("DM")	⁽ⁱⁱⁱ⁾ Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	12		9,500		-	
			Total	52	5,291	32,500	93,800	-	729

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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**

	3 MONTHS ENDED		6 MONTHS ENDED	
			YEAR-TO-DATE ENDED	
	Q2 2020	Q2 2019	Q2 2020	Q2 2019
	30/06/2020	30/06/2019	30/6/2020	30/6/2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Timber Extraction	-	-	-	-
Timber Trading	23,976	26,053	45,124	63,125
Manufacturing	18,118	27,148	40,438	56,404
Services & Treatment	5,137	8,355	12,712	17,079
Property Development	-	-	-	-
Others	131	64	737	115
	<u>47,362</u>	<u>61,620</u>	<u>99,011</u>	<u>136,723</u>
Segment Profit				
Timber Extraction	(67)	(130)	(492)	(248)
Timber Trading	689	602	1,628	1,803
Manufacturing	209	602	58	2,534
Services & Treatment	2,870	1,852	4,234	4,620
Property Development	227	(22)	212	(32)
Others	(8)	(122)	789	(179)
	<u>3,920</u>	<u>2,782</u>	<u>6,429</u>	<u>8,498</u>
Elimination	(756)	(420)	(2,489)	(394)
Profit before taxation	<u>3,164</u>	<u>2,362</u>	<u>3,940</u>	<u>8,104</u>
Taxation	(647)	(1,099)	(1,461)	(2,851)
Profit after taxation	<u>2,517</u>	<u>1,263</u>	<u>2,479</u>	<u>5,253</u>
Non-controlling interest	(217)	(463)	(37)	(1,342)
Net profit for the year	<u>2,300</u>	<u>800</u>	<u>2,442</u>	<u>3,911</u>

(a). Three months period-Q2 2020.

For the current quarter, the Group registered revenue of RM47.36 million, lower than RM61.62 million for Q2 2019. This drop was mainly attributed to the RM14.33 million total combined decreases in turnover for the Timber Trading, Manufacturing and Services & Treatment market segments. This was partially offset by the increase of RM67 thousand in the turnover for Others market segment.

The group's pre-tax profit slightly increased by RM802 thousand, i.e. from RM2.36 million to RM3.16 million. Most of the Group's market segments recorded higher pre-tax profit. The Timber Trading, Services & Treatment and Property Development segments combined increase of RM1.35 million in the pre-tax profit was reduced by Manufacturing segment which recorded total decrease of RM393 thousand in pre-tax profit.

(b). Six months period and Year to date.

The Group disclosed total revenue of RM99.01 million for the current 6 months period ended 30 June 2020, RM37.71 million or 28% less than the RM136.72 million recorded in the corresponding 6 months period ended 30 June 2019. This drop was mainly attributed to the combined RM38.33 million

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

decrease in Timber Trading, Manufacturing and Services & Treatment segments. This was partially offset by the total increase of RM622 thousand in the turnover for Others segment.

The group's pre-tax profit decreased by RM4.16 million mainly due to the decrease in pre-tax profit of RM175 thousand for the Timber Trading segment, RM2.48 million for the Manufacturing segment and RM388 thousand for the Services & Treatment segment. Simultaneously, higher pre-tax loss of RM244 thousand for the Timber Extraction segment also had an impact.

Timber Extraction

No logging was carried out in the current 6 months period ended 30 June 2020 and corresponding 6 months period ended 30 June 2019. As such, no revenue was recorded for this segment, i.e. it incurred a pre-tax loss RM492 thousand.

Timber Trading

The turnover for this segment decreased by RM18 million. The pre-tax profit for this segment decreased by RM175 thousand from a pre-tax profit of RM1.80 million in the corresponding 6 months period ended 30 June 2019 to RM1.63 million for the current 6 months period ended 30 June 2020 due to lower demand from Europe after Covid-19 lockdown.

Manufacturing

Total turnover for this segment decreased by RM15.97 million. The turnover for the manufacturing of industrial paper bags decreased by RM2.16 million due to lower demand for food and chemical related industries, while the turnover for manufacturing of timber and wood based products decreased by RM13.81 million due to lower demand from Europe after Covid-19 lockdown. Pre-tax profit for this market segment decreased by RM2.48 million or 98%; from RM2.53 million in the corresponding 6 months period ended 30 June 2019 to pre tax-profit RM58 thousand for the current 6 months period ended 30 June 2020. The drop in pre-tax profit was mainly attributed to lower profit registered by the manufacturing of timber and wood based products, the profit decreased by RM2.82 million due to lower gross profit. The manufacturing of industrial paper bags increased by RM344 thousand resulting in lower cost of raw materials.

Services & Treatment

The volume of timber for kiln drying decreased by 27% and service charges rates increased only by 1% that resulted in a drop of RM5.97 million in the gross turnover for this market segment due to global economic slowdown. The pre-tax profit for this segment decreased by RM386 thousand from a pre-tax profit of RM4.62 million in the corresponding 6 months period ended 30 June 2019 to RM4.23 million for the current 6 months period ended 30 June 2020. Higher factory overhead, labour cost and transportation charges also have an impact.

Property Development

There were no revenue registered for the current 6 months period ended 30 June 2020 similar to the corresponding 6 months period ended 30 June 2019. Nevertheless, it reported a pre-tax profit of RM212 thousand due to higher other income, compared to a pre-tax loss of RM32 thousand previously.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

(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	
	Q2 2020	Q1 2020	Q2 2020	Q1 2020
	RM'000	RM'000	RM'000	RM'000
Timber Extraction	-	-	(67)	(425)
Timber Trading	23,976	21,148	689	939
Manufacturing	18,118	22,320	209	(151)
Services & Treatment	5,137	7,575	2,870	1,364
Property Development	-	-	227	(15)
Others	131	606	(8)	797
	<u>47,362</u>	<u>51,649</u>	<u>3,920</u>	<u>2,509</u>
Elimination			(756)	(1,733)
Profit before taxation			3,164	776
Taxation			(647)	(814)
Profit after taxation			2,517	(38)
Non-controlling interest			(217)	180
Net profit for the year			2,300	142

The Group's turnover for the current quarter under review was RM47.36 million, which was RM4.29 million or 8.3% less than the RM51.65 million registered in the preceding quarter. All of the group's market segments recorded lower growth in their turnover except for the Timber Trading segments. It recorded increase of RM2.83 million in turnover. This was offset by the combined decrease of RM7.12 million recorded by the Manufacturing, Services & Treatment and Others segments.

The Group posted a higher pre-tax profit of RM3.16 million for the current quarter against the preceding quarter figure of RM776 thousand. The major contributors to the RM2.38 million increase in pre-tax profit for the current quarter was the Manufacturing 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 June 2020 projected that global growth is expected at -4.9 percent in 2020, 1.9 percentage points below the April 2020 WEO forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent.

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 SECOND QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/6/2020 RM'000	30/6/2019 RM'000	30/6/2020 RM'000	30/6/2019 RM'000
Current taxation	647	1,099	1,461	2,851
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>647</u>	<u>1,099</u>	<u>1,461</u>	<u>2,851</u>
Our share of results of associated companies	-	-	-	-
	<u>647</u>	<u>1,099</u>	<u>1,461</u>	<u>2,851</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.

20. Trade Receivables

	As at 30.6.2020 RM'000	As at 30.6.2019 RM'000
Trade receivables	32,799	36,099
Less: Allowance for impairment loss	(611)	(504)
	<u>32,188</u>	<u>35,595</u>

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

	As at 30.6.2020 RM'000	As at 30.6.2019 RM'000
Neither past due nor impaired	20,149	15,029
Past due not impaired:		
< 30 days	1,777	8,113
31 - 60 days	3,355	4,944
> 60 days	7,518	8,013
Gross trade receivables	32,799	36,099
Less: Allowance for impairment loss	(611)	(504)
	<u>32,188</u>	<u>35,595</u>

Trade receivables that are past due but 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 30 June 2020.

23. Status of Corporate Proposals

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

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

24. Group Borrowings

Total Group borrowings as at 30 June 2020 were as follows:-

	As at 2nd. Quarter ended 30 June 2020		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	11,598		11,598
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		16,078	16,078
Unsecured	-	-	-
	As at 2nd. Quarter ended 30 June 2019		
Secured			
Property Loan	11,529		11,529
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		40,096	40,096
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 21 August 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 30 June 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
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	176	188	406	379
(b). Investment income	-	-	-	-
(c). Rental Income	1,255	1,267	2,966	2,497
(d). Interest expenses	(416)	(879)	(1,080)	(1,749)
(e). Depreciation & Amortisation	(1,805)	(1,993)	(3,671)	(3,788)
(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.	2,570	-	2,570	-
(k). Net foreign exchange gain/(loss)	-	-	(65)	(93)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

(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
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	2,300	800	2,442	3,911
Weighted average number of ordinary shares ('000)	340,538	340,538	340,538	340,538
Basic earnings/(loss) per share (sen)	0.68	0.23	0.72	1.15

(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 August 2020.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 28 August 2020.