



MINHO (M) BERHAD

Registration No. 199001009358 (200930-H)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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>30/9/2020</u>	<u>30/9/2019</u>	<u>30/9/2020</u>	<u>30/9/2019</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Continuing Operations:				
Revenue	58,792	63,291	157,803	200,014
Cost of sales	(58,278)	(61,401)	(159,047)	(192,338)
Gross profit	514	1,890	(1,244)	7,676
Other operating income	2,881	1,708	9,659	5,775
Finance cost	(361)	(838)	(1,441)	(2,587)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	3,034	2,760	6,974	10,864
Income tax expense	(532)	(753)	(1,993)	(3,604)
Profit for the period from continuing operations	2,502	2,007	4,981	7,260
Loss from discontinued operation	-	-	-	-
Profit for the period	2,502	2,007	4,981	7,260
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	2,502	2,007	4,981	7,260
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	1,674	1,718	4,116	5,629
- loss from discontinued operations				
Non-Controlling Interest	828	289	865	1,631
Profit for the period	2,502	2,007	4,981	7,260
Total comprehensive income attributable to:				
Owners of the Parent	1,674	1,718	4,116	5,629
Non-Controlling Interest	828	289	865	1,631
	2,502	2,007	4,981	7,260
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.49	0.50	1.21	1.65
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 THIRD QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/09/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	135,686	137,482
Investment properties	141,025	141,218
Right of use assets	22,136	24,418
Other investment	-	-
	298,847	303,118
Current Assets		
Inventories	95,907	116,674
Property development cost	8,784	8,620
Trade receivables	34,310	37,134
Other receivables	4,986	5,333
Tax recoverable	1,642	1,746
Short-term investments	1,620	5,078
Derivative financial assets	-	211
Fixed deposit with licensed banks	34,010	14,740
Cash and bank balances	21,880	18,012
	203,139	207,548
TOTAL ASSETS	501,986	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)	161,225	157,109
	375,877	371,761
Non-controlling interest	39,123	38,993
Total Equity	415,000	410,754
Non-current liabilities		
Deferred tax liabilities	10,375	10,374
Lease liabilities	14,092	14,827
Loan and borrowings	11,620	11,393
	36,087	36,594
Current Liabilities		
Trade payables	11,736	16,129
Other payables	9,146	11,560
Provision for liabilities	2,073	2,073
Lease liabilities	5,984	6,799
Loan and borrowings	21,899	26,757
Derivative financial liabilities	-	-
Tax Payable	61	-
	50,899	63,318
Total Liabilities	86,986	99,912
TOTAL EQUITY AND LIABILITIES	501,986	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 THIRD QUARTER ENDED 30 SEPTEMBER 2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to equity holders of the company →										
	← Non-distributable →							Distributable			
	Share Capital	Share Capital- Excess from resale of treasury shares	Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Losses)	Total	Non-Controlling Interest	Total Equity
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 September 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						-		4,116	4,116	865	4,981
Excess from resale of treasury shares								-	-	-	-
Distribution of Special Share Dividend									-		
Dividend distributed to Non-Controlling Interest									-	(735)	(735)
Balance as at 30.09.2020	201,188	-	-	-	13,464	-	-	161,225	375,877	39,123	415,000
Period ended 30 September 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								5,629	5,629	1,631	7,260
Excess from resale of treasury shares									-	-	-
Distribution of Special Share Dividend									-	-	-
Dividend distributed to Non-Controlling Interest									-	(490)	(490)
Balance as at 30.09.2019	201,188	-	-	-	13,464	-	-	164,244	378,896	39,553	418,449

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	30/9/2020 RM'000	30/9/2019 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	6,974	10,864
Adjustments for :		
Depreciation, amortisation and impairment losses	5,534	5,940
Interest income	(602)	(542)
Interest expenses	1,441	2,587
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	10,777	18,849
Net change in current assets	23,774	5,076
Net change in current liabilities	(6,807)	3,775
Cash flow from operation	27,744	27,700
Taxes paid	(2,421)	(5,306)
Taxes refunded	593	1,130
Net Cash Flows From Operating Activities	25,916	23,524
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(1,353)	(16,002)
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	(1,353)	(16,002)
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)	(2,057)	(19,638)
Repayment of hire purchase obligations	(2,026)	11,132
Dividends paid to non-controlling interest in subsidiary company	(735)	(490)
Net Cash Flows From Financing Activities	(4,818)	(8,996)
Net Increase in Cash and Cash Equivalents	19,745	(1,474)
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	57,510	40,435
Cash and cash equivalent comprise the following:-		
Bank and cash balances	21,880	20,695
Short-term investments and Deposit with license bank	35,630	19,740
	57,510	40,435

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2020.

7. Dividends Paid

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

8. Segment Information

The Group's segment information for the financial period ended 30 September 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	865	70,635	65,522	18,866	-	1,915		157,803
Inter segmental sales	-	760	4,725	4,639	-	318		10,442
Total Revenue	865	71,395	70,247	23,505	-	2,233		168,245
Segments Profits/(Loss) Before Tax	358	3,685	1,189	4,084	199	720	(3,261)	6,974
Depreciation and amortisation	222	32	3,287	1,430	1	562		5,534
Rental income of land and buildings	-	44	2,882	2,094	-	-	(377)	4,643
Net foreign exchange Gain/(loss) on disposal of property, plant and equipment	-	(52)	(13)	-	-	-		(65)
Finance cost	-	11	1,390	62	-	-	(22)	1,441
Interest Income	-	106	284	76	35	101		602
Tax Expenses	-	294	979	668	-	52		1,993
Segments Assets	2,601	126,372	158,646	166,138	10,622	38,273	(666)	501,986
Other Investment								-
Total Segments Assets								501,986
Segment Liabilities	523	22,469	42,676	15,550	7	5,233	528	86,986

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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								
External Sales	-	90,546	83,520	25,791	-	157	-	200,014
Inter segmental sales	-	3,330	4,468	7,001	-	-	-	14,799
Total Revenue	-	93,876	87,988	32,792	-	157	-	214,813
Segments Profits/(Loss) Before Tax	58	2,485	2,667	6,217	(47)	(165)	(351)	10,864
Depreciation	182	865	3,168	1,723	-	2	-	5,940
Rental income of land and buildings	-	39	3,171	929	-	-	(390)	3,749
Net foreign exchange	-	(55)	(25)	-	-	-	-	(80)
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Finance cost	-	479	2,006	99	3	-	-	2,587
Interest Income	-	22	339	58	6	117	-	542
Tax Expenses	-	727	1,104	1,735	-	38	-	3,604
Segments Assets	2,696	73,730	255,722	160,908	10,769	16,820	(1,755)	518,890
Other Investment								-
Total Segments Assets								518,890
Segment Liabilities	3,799	14,176	70,230	10,882	306	338	710	100,441

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 September 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 September 2020.

12. Contingent Liabilities – Unsecured

As at 30 September 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 RM90,313,000.00, of which an amount of RM23,243,905.00 were utilized.

13. Capital Commitments

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


INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30/9/2020 (RM ' 000)		Approved Value 28/08/2020 to 09/06/2021 (RM ' 000)		Balance due to / from the companies 30/09/2020 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		1,804		15,000		346
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		2,635		9,000		-
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		26		800		61
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	47		4,000		-	
	Purchase of logs.	LTI	Monthly		4,060		20,000		631
Pembinaan Infra E&J Sdn Bhd ("EI")	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		158		19,000		-
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		-		5,500		-
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	18		48		-	
D M Timber Sdn Bhd ("DM")	⁽ⁱⁱⁱ⁾ Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	18		48		-	
			Total	83	8,683	13,596	98,300	-	1,038

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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		9 MONTHS ENDED	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019
	30/09/2020	30/09/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Timber Extraction	865	-	865	-
Timber Trading	25,511	27,421	70,635	90,546
Manufacturing	25,084	27,116	65,522	83,520
Services & Treatment	6,154	8,712	18,866	25,791
Property Development	-	-	-	-
Others	1,178	42	1,915	157
	<u>58,792</u>	<u>63,291</u>	<u>157,803</u>	<u>200,014</u>
Segment Profit				
Timber Extraction	850	306	358	58
Timber Trading	2,057	682	3,685	2,485
Manufacturing	1,131	133	1,189	2,667
Services & Treatment	(150)	1,597	4,084	6,217
Property Development	(13)	(15)	199	(47)
Others	(69)	14	720	(165)
	<u>3,806</u>	<u>2,717</u>	<u>10,235</u>	<u>11,215</u>
Elimination	(772)	43	(3,261)	(351)
Profit before taxation	<u>3,034</u>	<u>2,760</u>	<u>6,974</u>	<u>10,864</u>
Taxation	(532)	(753)	(1,993)	(3,604)
Profit after taxation	<u>2,502</u>	<u>2,007</u>	<u>4,981</u>	<u>7,260</u>
Non-controlling interest	(828)	(289)	(865)	(1,631)
Net profit for the year	<u>1,674</u>	<u>1,718</u>	<u>4,116</u>	<u>5,629</u>

(a). Three months period-Q3 2020.

For the current quarter, the Group registered revenue of RM58.79 million, lower than RM63.29 million for Q3 2019. This drop was mainly attributed to the RM6.50 million total combined decreases in turnover for the Timber Trading, Manufacturing and Services & Treatment market segments. This was partially offset by the increase of RM2 million in the turnover for Timber Extraction and Others market segments.

The group's pre-tax profit slightly increased by RM274 thousand, i.e. from RM2.76 million to RM3.03 million. Most of the Group's market segments recorded higher pre-tax profit. The Timber Extraction, Timber Trading, Manufacturing and Property Development segments combined increase of RM2.92 million in the pre-tax profit was reduced by Services & Treatment and Others segments which recorded total decrease of RM1.83 million in pre-tax profit.

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

The Group disclosed total revenue of RM157.8 million for the current 9 months period ended 30 September 2020, RM42.21 million or 21% less than the RM200.01 million recorded in the corresponding 9 months period ended 30 September 2019. This drop was mainly attributed to the combined RM44.83 million decrease in Timber Trading, Manufacturing and Services & Treatment segments. This was partially offset by the total increase of RM2.62 million in the turnover for Timber Extraction and Others segments.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

The group's pre-tax profit decreased by RM3.89 million mainly due to the decrease in pre-tax profit of RM1.48 million for the Manufacturing segment and RM2.13 million for the Services & Treatment segment.

Timber Extraction

247 acres logged in the current 9 months period ended 30 September 2020 compared to 0 acres logged in the corresponding 9 months period ended 30 September 2019. In line with size area logged, revenue increased by RM865 thousand and incurred pre-tax profit RM358 thousand.

Timber Trading

The turnover for this segment decreased by RM19.91 million. The pre-tax profit for this segment increased by RM1.20 million from a pre-tax profit of RM2.48 million in the corresponding 9 months period ended 30 September 2019 to RM3.68 million for the current 9 months period ended 30 September 2020 due to lower demand from Europe after Covid-19 lockdown.

Manufacturing

Total turnover for this segment decreased by RM17.99 million. The turnover for the manufacturing of industrial paper bags decreased by RM3.82 million due to lower demand for food and chemical related industries, while the turnover for manufacturing of timber and wood based products decreased by RM14.17 million due to lower demand from Europe after Covid-19 lockdown. Pre-tax profit for this market segment decreased by RM1.48 million or 55%; from RM2.67 million in the corresponding 9 months period ended 30 September 2019 to pre tax-profit RM1.19 million for the current 9 months period ended 30 September 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 RM1.74 million due to lower gross profit. The manufacturing of industrial paper bags increased by RM263 thousand resulting in lower cost of raw materials.

Services & Treatment

The volume of timber for kiln drying decreased by 30% and service charges rates increased only by 3% that resulted in a drop of RM6.92 million in the gross turnover for this market segment due to global economic slowdown. The pre-tax profit for this segment decreased by RM2.13 million from a pre-tax profit of RM6.22 million in the corresponding 9 months period ended 30 September 2019 to RM4.08 million for the current 9 months period ended 30 September 2020. Higher factory overhead, labour cost and transportation charges also have an impact.

Property Development

There were no revenue registered for the current 9 months period ended 30 September 2020 similar to the corresponding 9 months period ended 30 September 2019. Nevertheless, it reported a pre-tax profit of RM199 thousand due to higher other income, compared to a pre-tax loss of RM47 thousand previously.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	
	<u>Q3 2020</u>	<u>Q2 2020</u>	<u>Q3 2020</u>	<u>Q2 2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Timber Extraction	865	-	850	(67)
Timber Trading	25,511	23,976	2,057	689
Manufacturing	25,084	18,118	1,131	209
Services & Treatment	6,154	5,137	(150)	2,870
Property Development	-	-	(13)	227
Others	1,178	131	(69)	(8)
	<u>58,792</u>	<u>47,362</u>	<u>3,806</u>	<u>3,920</u>
Elimination			(772)	(756)
Profit before taxation			3,034	3,164
Taxation			(532)	(647)
Profit after taxation			2,502	2,517
Non-controlling interest			(828)	(217)
Net profit for the year			1,674	2,300

The Group's turnover for the current quarter under review was RM58.79 million, which was RM11.43 million or 24% more than the RM47.36 million registered in the preceding quarter. All of the group's market segments recorded higher growth in their turnover.

The Group posted a lower pre-tax profit of RM3.03 million for the current quarter against the preceding quarter figure of RM3.16 million. The major contributors to the RM3.21 million increase in pre-tax profit for the current quarter was the Timber Extraction, Timber Trading and Manufacturing segments.

17. Prospects for Current Financial Year

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook(WEO) Update October 2020 projected that a glimpse of how difficult rekindling economic activity will be while the pandemic surges. During May and June, as many economies tentatively reopened from the Great Lockdown, the global economy started to climb from the depths to which it had plunged in April. But with the pandemic spreading and accelerating in places, many countries slowed reopening, and some are reinstating partial lockdowns. While the swift recovery in China has surprised on the upside, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks.

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 THIRD QUARTER ENDED 30 SEPTEMBER 2020**

(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
	30/9/2020	quarter	30/9/2020	period
	30/9/2019	30/9/2020	30/9/2019	
	RM'000	RM'000	RM'000	RM'000
Current taxation	532	753	1,993	3,604
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	532	753	1,993	3,604
Our share of results of associated companies	-	-	-	-
	532	753	1,993	3,604

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
	30.9.2020	30.9.2019
	RM'000	RM'000
Trade receivables	34,921	45,645
Less: Allowance for impairment loss	(611)	(504)
	34,310	45,141

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

	As at	As at
	30.9.2020	30.9.2019
	RM'000	RM'000
Neither past due nor impaired	19,591	19,906
Past due not impaired:		
< 30 days	6,199	11,119
31 - 60 days	3,195	4,657
> 60 days	5,936	9,963
Gross trade receivables	34,921	45,645
Less: Allowance for impairment loss	(611)	(504)
	34,310	45,141

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.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

(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 30 September 2020.

23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 November 2020.

24. Group Borrowings

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

	As at 3rd. Quarter ended 30 September 2020		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	11,620		11,620
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		21,899	21,899
Unsecured	-	-	-
	As at 3rd. Quarter ended 30 September 2019		
Secured			
Property Loan	11,081		11,081
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		35,113	35,113
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 23 November 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 except for the following which was reported previously:

(a.) Writ no: BL-A52-12-10/2020

On 27 October 2020, our wholly-owned subsidiary, Syarikat Minho Kilning Sdn Bhd (“SMKSB” or “Defendant”) received the sealed Writ of Summon and Statement of Claim from Messrs. Gerard Lazarus & Associates, the solicitors for Practrans Sdn Bhd (“PTS” or “Plaintiff”) and demanded for a payment of RM161,147.66 plus default interest at 4% per annum until the aforesaid is fully paid, failing which legal recovery actions will be taken against SMKSB.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

On 13 November 2020, Defendant's solicitors, Messrs Kamil Hashim Raj & Lim has filed its Defence and Counterclaim stipulating the Company's defences to PTS and counterclaims. Pursuant to the Defence and Counterclaim, SMKSB claims a total outstanding sum of RM404,720.00 and interest at the rate of 5% per annum from the date of judgement until the full realization date from Plaintiff.

Apart from the above, there is no other material litigation pending as at the date of this announcement.

27. Dividend

No dividend has been recommended by the Board for the period ended 30 September 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
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	196	163	602	542
(b). Investment income	-	-	-	-
(c). Rental Income	1,677	1,252	4,643	3,749
(d). Interest expenses	(361)	(838)	(1,441)	(2,587)
(e). Depreciation & Amortisation	(1,863)	(2,152)	(5,534)	(5,940)
(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	-
(k). Net foreign exchange gain/(loss)	-	-	(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
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	1,674	1,718	4,116	5,629
Weighted average number of ordinary shares ('000)	340,538	340,538	340,538	340,538
Basic earnings/(loss) per share (sen)	0.49	0.50	1.21	1.65

(b) Diluted earnings per share
Not applicable



INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020
(The figures have not been audited)

30. Authorisation for issue

This interim financial information has been approved for issue in accordance with a resolution of the Board of Directors dated 30 November 2020.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30 November 2020.