



MINHO (M) BERHAD

Registration No. 199001009358 (200930-H)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONTENTS	PAGE
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS	4
NOTES TO THE INTERIM FINANCIAL STATEMENTS	5 - 8
ADDITIONAL INFORMATION REQUIRED UNDER APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS.	9 - 14

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current Year</u>	<u>Preceding Year</u>	<u>Current Year</u>	<u>Preceding</u>
	<u>Quarter</u>	<u>Corresponding</u>	<u>to date</u>	<u>Period</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Ended</u>	<u>Ended</u>
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Continuing Operations:				
Revenue	44,030	58,139	201,833	258,153
Cost of sales	(47,851)	(63,074)	(206,898)	(255,412)
Gross profit	(3,821)	(4,935)	(5,065)	2,741
Other operating income	3,224	2,886	12,883	8,661
Finance cost	(1,078)	(894)	(2,519)	(3,481)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	(1,675)	(2,943)	5,299	7,921
Income tax expense	829	(551)	(1,164)	(4,155)
Profit for the period from continuing operations	(846)	(3,494)	4,135	3,766
Loss from discontinued operation	-	-	-	-
Profit for the period	(846)	(3,494)	4,135	3,766
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	(846)	(3,494)	4,135	3,766
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	(1,007)	(3,061)	3,109	2,568
- loss from discontinued operations				
Non-Controlling Interest	161	(433)	1,026	1,198
Profit for the period	(846)	(3,494)	4,135	3,766
Total comprehensive income attributable to:				
Owners of the Parent	(1,007)	(3,061)	3,109	2,568
Non-Controlling Interest	161	(433)	1,026	1,198
	(846)	(3,494)	4,135	3,766
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	(0.30)	(0.90)	0.91	0.75

(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 FOURTH QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	135,370	137,482
Investment properties	139,759	141,218
Right of use assets	20,183	24,418
Other investment	-	-
	295,312	303,118
Current Assets		
Inventories	99,830	116,674
Property development cost	8,996	8,620
Trade receivables	22,676	37,134
Other receivables	4,755	5,333
Tax recoverable	2,745	1,746
Short-term investments	14,402	5,078
Derivative financial assets	467	211
Fixed deposit with licensed banks	25,786	14,740
Cash and bank balances	20,440	18,012
	200,097	207,548
TOTAL ASSETS	495,409	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)	160,218	157,109
	374,870	371,761
Non-controlling interest	39,284	38,993
Total Equity	414,154	410,754
Non-current liabilities		
Deferred tax liabilities	9,545	10,374
Lease liabilities	11,085	14,827
Loan and borrowings	8,772	11,393
	29,402	36,594
Current Liabilities		
Trade payables	13,215	16,129
Other payables	9,209	11,560
Provision for liabilities	2,106	2,073
Lease liabilities	6,892	6,799
Loan and borrowings	20,431	26,757
Derivative financial liabilities	-	-
Tax Payable	-	-
	51,853	63,318
Total Liabilities	81,255	99,912
TOTAL EQUITY AND LIABILITIES	495,409	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 FOURTH QUARTER ENDED 31 DECEMBER 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			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)	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Period ended 31 December 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						-		3,109	3,109	1,026	4,135	
Distribution of Dividends								-	-	-	-	
Distribution of Special Share Dividend									-		-	
Dividend distributed to Non-Controlling Interest									-	(735)	(735)	
Balance as at 31.12.2020	201,188	-	-	-	13,464	-	-	160,218	374,870	39,284	414,154	
Period ended 31 December 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								2,568	2,568	1,198	3,766	
Distribution of Dividends								(3,916)	(3,916)	-	(3,916)	
Distribution of Special Share Dividend									-	-	-	
Dividend distributed to Non-Controlling Interest									-	(610)	(610)	
Balance as at 31.12.2019	201,188	-	-	-	13,464	-	-	157,267	371,919	39,000	410,919	

(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 FOURTH QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	31/12/2020 RM'000	31/12/2019 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	5,299	7,921
Adjustments for :		
Depreciation, amortisation and impairment losses	11,422	7,611
Interest income	(818)	(918)
Interest expenses	2,519	3,481
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	1,436	2,947
Write back of provision for doubtful debts	(2,703)	-
Write down of inventories	1,487	500
Write back of stock value	-	(27)
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	-	(133)
Asset written off	-	122
Operating profit before changes in working capital	18,642	21,504
Net change in current assets	31,504	16,088
Net change in current liabilities	(5,232)	4,930
Cash flow from operation	44,914	42,522
Taxes paid	(3,681)	(6,808)
Taxes refunded	627	1,735
Net Cash Flows From Operating Activities	41,860	37,449
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(2,062)	(16,175)
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	26	-
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	(2,036)	(16,175)
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Dividends	-	(3,916)
Special Share Dividend distributed	-	-
Bank borrowings and other liabilities (Net)	(14,026)	(17,580)
Repayment of hire purchase obligations	(3,108)	(3,176)
Dividends paid to non-controlling interest in subsidiary company	(735)	(610)
Net Cash Flows From Financing Activities	(17,869)	(25,282)
Net Increase in Cash and Cash Equivalents	21,955	(4,008)
Cash and Cash Equivalents at the beginning of the year	37,830	42,002
Effects of changes in foreign exchange rates	843	(164)
Cash and Cash Equivalents at end of the period	60,628	37,830
Cash and cash equivalent comprise the following:-		
Bank and cash balances	20,440	18,012
Short-term investments and Deposit with license bank	40,188	19,818
	60,628	37,830

(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 FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 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 December 2020.

7. Dividends Paid

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

8. Segment Information

The Group's segment information for the financial period ended 31 December 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	1,438	86,082	85,782	25,582	-	2,949		201,833
Inter segmental sales	-	1,062	6,797	6,351	-	445		14,655
Total Revenue	1,438	87,144	92,579	31,933	-	3,394		216,488
Segments Profits/(Loss) Before Tax	726	2,875	179	4,169	256	(28,811)	25,905	5,299
Depreciation and amortisation	300	159	4,889	5,374	-	700		11,422
Rental income of land and buildings	-	60	3,934	2,825	-	-	(516)	6,303
Net foreign exchange Gain/(loss) on disposal of property, plant and equipment	-	1,021	(178)	-	-	-		843
Finance cost	-	4	2,300	267	-	-	(52)	2,519
Interest Income	-	161	372	110	42	133		818
Tax Expenses	-	289	(66)	877	-	64		1,164
Segments Assets	2,417	125,780	156,288	165,462	10,683	37,470	(2,691)	495,409
Other Investment								-
Total Segments Assets								495,409
Segment Liabilities	471	21,609	39,969	15,427	12	4,873	(1,106)	81,255

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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>	458	111,081	111,536	34,875	-	203		258,153
<i>Inter segmental sales</i>	-	5,865	6,676	8,573	-	2,125		23,239
Total Revenue	458	116,946	118,212	43,448	-	2,328	-	281,392
Segments Profits/(Loss) Before Tax	(33)	1,020	2,092	5,662	(95)	1,651	(2,376)	7,921
Depreciation	242	810	4,245	2,299	1	14		7,611
Rental income of land and buildings	-	55	4,231	1,248	-	-	(520)	5,014
Net foreign exchange	-	(3)	(161)	-	-	-		(164)
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	536	2,864	197	4	-	(120)	3,481
Interest Income	-	230	457	86	57	88		918
Tax Expenses	-	705	1,414	2,116	-	101	(181)	4,155
Segments Assets	2,605	69,376	251,473	164,047	10,683	14,280	(1,668)	510,796
Other Investment								-
Total Segments Assets								510,796
Segment Liabilities	3,877	11,171	67,289	16,246	268	498	528	99,877

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 December 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 December 2020.

12. Contingent Liabilities – Unsecured

As at 31 December 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 RM19,735,405.00 were utilized.

13. Capital Commitments

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


INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31/12/2020 (RM ' 000)		Approved Value 28/08/2020 to 09/06/2021 (RM ' 000)		Balance due to / from the companies 31/12/2020 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		2,605		15,000		120
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		3,667		9,000		-
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		27		800		12
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	89		4,000		511	
	Purchase of logs.	LTI	Monthly		4,920		20,000		-
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		264		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	573		9,500		-	
Lucky Star Diversified Sdn Bhd ("LSDSB")	⁽ⁱⁱ⁾ Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	24		48		-	
D M Timber Sdn Bhd ("DM")	⁽ⁱⁱⁱ⁾ Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	24		48		-	
			Total	710	11,483	13,596	98,300	511	132

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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		12 MONTHS ENDED	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
Timber Extraction	573	458	1,438	458
Timber Trading	15,447	20,535	86,082	111,081
Manufacturing	20,260	28,016	85,782	111,536
Services & Treatment	6,716	9,084	25,582	34,875
Property Development	-	-	-	-
Others	1,034	46	2,949	203
	<u>44,030</u>	<u>58,139</u>	<u>201,833</u>	<u>258,153</u>
Segment Profit				
Timber Extraction	368	(91)	726	(33)
Timber Trading	(810)	(1,465)	2,875	1,020
Manufacturing	(1,010)	(575)	179	2,092
Services & Treatment	85	(555)	4,169	5,662
Property Development	57	(48)	256	(95)
Others	(29,531)	1,816	(28,811)	1,651
	<u>(30,841)</u>	<u>(918)</u>	<u>(20,606)</u>	<u>10,297</u>
Elimination	29,166	(2,025)	25,905	(2,376)
Profit before taxation	<u>(1,675)</u>	<u>(2,943)</u>	<u>5,299</u>	<u>7,921</u>
Taxation	829	(551)	(1,164)	(4,155)
Profit after taxation	<u>(846)</u>	<u>(3,494)</u>	<u>4,135</u>	<u>3,766</u>
Non-controlling interest	(161)	433	(1,026)	(1,198)
Net profit for the year	<u>(1,007)</u>	<u>(3,061)</u>	<u>3,109</u>	<u>2,568</u>

(a). Three months period-Q4 2020.

For the current quarter, the Group registered revenue of RM44.03 million, lower than RM58.14 million for Q4 2019. This drop was mainly attributed to the RM14.11 million total combined decreases in turnover for the Timber Trading, Manufacturing and Services & Treatment market segments. This was partially offset by the increase of RM1.1 million in the turnover for Timber Extraction and Others market segments.

The group's pre-tax loss decreased by RM1.27 million, i.e. from RM2.94 million to RM1.67 million. The Timber Extraction, Timber Trading, Services & Treatment and Property Development segments combined increase of RM1.86 million in the pre-tax profit was reduced by Manufacturing segments which recorded total increase of RM435 thousand in pre-tax loss. The pre-tax loss amounted RM29 million of Others segment due to impairment on investment in subsidiaries and eliminating the same amount in group consolidated accounts.

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

The Group disclosed total revenue of RM201.8 million for the current 12 months period ended 31 December 2020, RM56.32 million or 22% less than the RM258.15 million recorded in the corresponding 12 months period ended 31 December 2019. This drop was mainly attributed to the combined RM60.05 million decrease in Timber Trading, Manufacturing and Services & Treatment segments. This was partially offset by the total increase of RM3.73 million in the turnover for Timber Extraction and Others segments.

The group's pre-tax profit decreased by RM2.62 million mainly due to the decrease in pre-tax profit of RM1.91 million for the Manufacturing segment and RM1.49 million for the Services & Treatment segment.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

Timber Extraction

410.83 acres logged in the current 12 months period ended 31 December 2020 compared to 131 acres logged in the corresponding 12 months period ended 31 December 2019. In line with size area logged, revenue increased by RM980 thousand and incurred pre-tax profit RM726 thousand.

Timber Trading

The turnover for this segment decreased by RM25 million due to lower demand from Europe after Covid-19 lockdown. The pre-tax profit for this segment increased by RM1.85 million from a pre-tax profit of RM1.02 million in the corresponding 12 months period ended 31 December 2019 to RM2.87 million for the current 12 months period ended 31 December 2020 due to lesser provision of doubtful debts and inventory.

Manufacturing

Total turnover for this segment decreased by RM25.75 million. The turnover for the manufacturing of industrial paper bags decreased by RM4.82 million due to lower demand for food and chemical related industries, while the turnover for manufacturing of timber and wood based products decreased by RM20.93 million due to lower demand from Europe after Covid-19 lockdown. Pre-tax profit for this market segment decreased by RM1.91 million or 91%; from RM2.09 million in the corresponding 12 months period ended 31 December 2019 to pre-tax profit RM179 thousand for the current 12 months period ended 31 December 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 RM1.33 million due to lower gross profit. The manufacturing of industrial paper bags increased pre tax-loss by RM581 thousand due to impairment of inventory.

Services & Treatment

The volume of timber for kiln drying decreased by 29% and service charges rates increased only by 3% that resulted in a drop of RM11.5 million in the gross turnover for this market segment due to global economic slowdown. The pre-tax profit for this segment decreased by RM1.49 million from a pre-tax profit of RM5.66 million in the corresponding 12 months period ended 31 December 2019 to RM4.17 million for the current 12 months period ended 31 December 2020. Higher factory overhead, labour cost and transportation charges also have an impact.

Property Development

There were no revenue registered for the current 12 months period ended 31 December 2020 similar to the corresponding 12 months period ended 31 December 2019. Nevertheless, it reported a pre-tax profit of RM256 thousand due to higher other income, compared to a pre-tax loss of RM95 thousand previously.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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>Q4 2020</u>	<u>Q3 2020</u>	<u>Q4 2020</u>	<u>Q3 2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Timber Extraction	573	865	368	850
Timber Trading	15,447	25,511	(810)	2,057
Manufacturing	20,260	25,084	(1,010)	1,131
Services & Treatment	6,716	6,154	85	(150)
Property Development	-	-	57	(13)
Others	1,034	1,178	(29,531)	(69)
	<u>44,030</u>	<u>58,792</u>	<u>(30,841)</u>	<u>3,806</u>
Elimination			29,166	(772)
Profit before taxation			(1,675)	3,034
Taxation			829	(532)
Profit after taxation			(846)	2,502
Non-controlling interest			(161)	(828)
Net profit for the year			(1,007)	1,674

The Group's turnover for the current quarter under review was RM44.03 million, which was RM14.76 million or 25% less than the RM58.79 million registered in the preceding quarter. The Timber Extraction, Timber Trading, Manufacturing and Others segments recorded lower growth in their turnover except for the Services & Treatment segment. The Timber Extraction, Timber Trading, Manufacturing and Others recorded combined decrease of RM15.32 million in their turnover. This was partially offset by the increase of RM562 thousand recorded by the Services & Treatment segment.

The Group posted a pre-tax loss of RM1.67 million for the current quarter against the preceding quarter figure of pre-tax profit of RM3.03 million. The major contributors to the RM4.71 million decrease 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 January 2021 projected that although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies.

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

18. Variance of Actual Profit from Forecast Profit

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

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Current taxation	(297)	551	1,164	4,155
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	(297)	551	1,164	4,155
Our share of results of associated companies	-	-	-	-
	(297)	551	1,164	4,155

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 31.12.2020 RM'000	As at 31.12.2019 RM'000
Trade receivables	24,235	40,314
Less: Allowance for impairment loss	(1,559)	(3,173)
	22,676	37,141

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

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Neither past due nor impaired	10,056	18,256
Past due not impaired:		
< 30 days	5,133	7,094
31 - 60 days	3,749	5,517
> 60 days	5,297	9,447
Gross trade receivables	24,235	40,314
Less: Allowance for impairment loss	(1,559)	(3,173)
	22,676	37,141

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.

21. Disposal of Unquoted Investments and Properties

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

22. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 31 December 2020.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 31 December 2020.

24. Group Borrowings

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

	As at 4th. Quarter ended 31 December 2020		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	8,772		8,772
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		20,431	20,431
Unsecured	-	-	-
	As at 4th. Quarter ended 31 December 2019		
Secured			
Property Loan	12,354		12,354
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		25,796	25,796
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 12 March 2021, 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 Pracrans 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.

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.

On 1 March 2021, the mediation date for this case is fixed on 22 April 2021 at Shah Alam Sessions court Mediation Centre Negeri Selangor.

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 31 December 2020 (2019: Nil).

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

28. Profit/(Loss) From Operations

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

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	412	539	818	918
(b). Investment income	-	-	-	-
(c). Rental Income	3,337	2,517	6,303	5,014
(d). Interest expenses	(1,439)	(1,732)	(2,519)	(3,481)
(e). Depreciation & Amortisation	(7,751)	(3,823)	(11,422)	(7,611)
(f). Gain/(loss) on disposal of property, plant & equipment	-	133	-	133
(g). Property, plant & equipment written off	-	122	-	122
(h). Inventories write-down	(1,487)	(500)	(1,487)	(500)
(i). Provision for and write-off of receivables	(1,436)	(2,947)	(1,436)	(2,947)
(j). Provision for receivables write-back.	133	-	2,703	-
(k). Net foreign exchange gain/(loss)	908	(71)	843	(164)

29. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Period Ended
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	(1,007)	(3,061)	3,109	2,568
Weighted average number of ordinary shares ('000)	340,538	340,538	340,538	340,538
Basic earnings/(loss) per share (sen)	(0.30)	(0.90)	0.91	0.75

(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 19 March 2021.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 19 March 2021.