



MINHO (M) BERHAD

Registration No. 199001009358 (200930-H)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

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**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(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>30/6/2021</u> | <u>30/6/2020</u> | <u>30/6/2021</u> | <u>30/6/2020</u> |
| | <u>(RM'000)</u> | <u>(RM'000)</u> | <u>(RM'000)</u> | <u>(RM'000)</u> |
| Continuing Operations: | | | | |
| Revenue | 58,197 | 47,362 | 115,441 | 99,011 |
| Cost of sales | (58,465) | (48,074) | (114,856) | (100,769) |
| Gross profit | (268) | (712) | 585 | (1,758) |
| Other operating income | 2,503 | 4,292 | 6,047 | 6,778 |
| Finance cost | (430) | (416) | (830) | (1,080) |
| Gain/(loss) on financial assets measured at fair value | - | - | - | - |
| Share of profit/(loss) of associates | - | - | - | - |
| Profit before tax | 1,805 | 3,164 | 5,802 | 3,940 |
| Income tax expense | (1,035) | (647) | (2,370) | (1,461) |
| Profit for the period from continuing operations | 770 | 2,517 | 3,432 | 2,479 |
| Loss from discontinued operation | - | - | - | - |
| Profit for the period | 770 | 2,517 | 3,432 | 2,479 |
| Other Comprehensive Income: | | | | |
| Other Comprehensive Income net of tax | - | - | - | - |
| Total Comprehensive Income for the period | 770 | 2,517 | 3,432 | 2,479 |
| Net Profit/(loss) attributable to: | | | | |
| Owners of the Parent | | | | |
| - income from continuing operations | 225 | 2,300 | 2,622 | 2,442 |
| - loss from discontinued operations | | | | |
| Non-Controlling Interest | 545 | 217 | 810 | 37 |
| Profit for the period | 770 | 2,517 | 3,432 | 2,479 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Parent | 225 | 2,300 | 2,622 | 2,442 |
| Non-Controlling Interest | 545 | 217 | 810 | 37 |
| | 770 | 2,517 | 3,432 | 2,479 |
| Earnings/(Loss) per share (in sen) | | | | |
| Basic EPS (in sen) | 0.07 | 0.68 | 0.77 | 0.72 |

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As at 30/6/2021 RM'000 | Audited As at 31/12/2020 RM'000 |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 133,497 | 135,370 |
| Investment properties | 139,268 | 139,759 |
| Right of use assets | 19,301 | 20,183 |
| Other investment | - | - |
| | 292,066 | 295,312 |
| Current Assets | | |
| Inventories | 76,932 | 99,830 |
| Property development cost | 9,091 | 8,996 |
| Trade receivables | 23,913 | 22,676 |
| Other receivables | 6,336 | 4,755 |
| Tax recoverable | 1,591 | 2,745 |
| Short-term investments | 14,281 | 14,402 |
| Derivative financial assets | 109 | 467 |
| Fixed deposit with licensed banks | 26,048 | 25,786 |
| Cash and bank balances | 29,679 | 20,440 |
| | 187,980 | 200,097 |
| TOTAL ASSETS | 480,046 | 495,409 |
| 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) | 162,840 | 160,218 |
| | 377,492 | 374,870 |
| Non-controlling interest | 39,604 | 39,283 |
| Total Equity | 417,096 | 414,153 |
| Non-current liabilities | | |
| Deferred tax liabilities | 9,545 | 9,545 |
| Lease liabilities | 9,313 | 11,085 |
| Loan and borrowings | 1,689 | 8,773 |
| | 20,547 | 29,403 |
| Current Liabilities | | |
| Trade payables | 5,012 | 13,215 |
| Other payables | 7,987 | 9,209 |
| Provision for liabilities | 2,106 | 2,106 |
| Lease liabilities | 6,851 | 6,892 |
| Loan and borrowings | 20,386 | 20,431 |
| Derivative financial liabilities | - | - |
| Tax Payable | 61 | - |
| | 42,403 | 51,853 |
| Total Liabilities | 62,950 | 81,256 |
| TOTAL EQUITY AND LIABILITIES | 480,046 | 495,409 |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 1.11 | 1.10 |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020)



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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to equity holders of the company → | | | | | | | | | | | | |
|--|---|--|-----------------------|-----------------|--------------------------|----------------------------|--|----------------------------|---------|--------|---------|--------------------------|--------------|
| | Share Capital | Share Capital- Excess from resale of treasury shares | ← Non-distributable → | | | | Distributable | | | | Total | Non-Controlling Interest | Total Equity |
| | | | Share Premium | Treasury Shares | Reserve on consolidation | Asset revaluation reserves | Equity component from the replacement warrants | Retained Earnings/(Losses) | | | | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Period ended 30 June 2021 | | | | | | | | | | | | | |
| Balance as at 01.01.2021 | 201,188 | - | - | - | 13,464 | - | - | 160,218 | 374,870 | 39,284 | 414,154 | | |
| Total comprehensive income for the period | | | | | | - | | 2,622 | 2,622 | 810 | 3,432 | | |
| Distribution of Dividends | | | | | | | | - | - | - | - | | |
| Distribution of Special Share Dividend | | | | | | | | | - | | | | |
| Dividend distributed to Non-Controlling Interest | | | | | | | | | - | (490) | (490) | | |
| Balance as at 30.06.2021 | 201,188 | - | - | - | 13,464 | - | - | 162,840 | 377,492 | 39,604 | 417,096 | | |
| 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 | | |
| Distribution of Dividends | | | | | | | | - | - | - | - | | |
| 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 | | |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Cumulative Period | |
|--|--|--|
| | Current Year to date 30/6/2021 RM'000 | Preceding Period Ended 30/6/2020 RM'000 |
| Cash Flows From Operating Activities | | |
| Profit/(Loss) before taxation | 5,802 | 3,940 |
| Adjustments for : | | |
| Depreciation, amortisation and impairment losses | 3,433 | 3,671 |
| Interest income | (269) | (406) |
| Interest expenses | 927 | 1,080 |
| 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 | (1,049) | - |
| Asset written off | - | - |
| Operating profit before changes in working capital | 8,844 | 5,715 |
| Net change in current assets | 19,985 | 22,219 |
| Net change in current liabilities | (9,425) | (5,923) |
| Cash flow from operation | 19,404 | 22,011 |
| Taxes paid | (1,524) | (2,121) |
| Taxes refunded | 377 | - |
| Net Cash Flows From Operating Activities | 18,257 | 19,890 |
| Cash Flows From Investing Activities: | | |
| Purchase of PPE and investment property | (599) | (791) |
| 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 | 1,294 | - |
| 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 | 695 | (791) |
| Cash Flows From Financing Activities: | | |
| Issue of ordinary shares | - | - |
| Acquisition of treasury shares | - | - |
| Distribution of Dividends | - | - |
| Special Share Dividend distributed | - | - |
| Bank borrowings and other liabilities (Net) | (6,714) | (8,241) |
| Repayment of hire purchase obligations | (2,147) | (1,154) |
| Dividends paid to non-controlling interest in subsidiary company | (490) | (735) |
| Net Cash Flows From Financing Activities | (9,351) | (10,130) |
| Net Increase in Cash and Cash Equivalents | 9,601 | 8,969 |
| Cash and Cash Equivalents at the beginning of the year | 60,628 | 37,830 |
| Effects of changes in foreign exchange rates | (221) | (65) |
| Cash and Cash Equivalents at end of the period | 70,008 | 46,734 |
| Cash and cash equivalent comprise the following:- | | |
| Bank and cash balances | 29,679 | 15,132 |
| Short-term investments and Deposit with license bank | 40,329 | 31,602 |
| | 70,008 | 46,734 |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(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 2020. 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 2020. 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 2020, 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 2020.

The following new and amended MFRSs and IC Interpretations mandatory for annual financial periods:-

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

- Amendments to MFRS 4, Insurance Contracts – Interest Rate Benchmark Reform (Phase 2)
- Amendments to MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform (Phase 2)
- Amendments to MFRS 9, Financial Instruments – Interest Rate Benchmark Reform (Phase 2)
- Amendments to MFRS 16, Leases – Interest Rate Benchmark Reform (Phase 2)
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform (Phase 2)

(ii) Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards – Subsidiary as a First-time Adopter
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture – Taxation in Fair Value Measurements

(iii) Effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
 - Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies
 - Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors’ – Definition of Accounting Estimates
- (iv) Effective date yet to be determined**
- Amendments to MFRS 10, Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - Amendments to MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2020 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 2021.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 June 2021.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

8. Segment Information

The Group's segment information for the financial period ended 30 June 2021 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 |
|--|---|--------------------------------------|---------------------------------|--|--|--------------------------|-------------------------------|-------------------------|
| 2021 | | | | | | | | |
| Revenue | | | | | | | | |
| <i>External Sales</i> | - | 53,408 | 49,685 | 10,494 | - | 1,854 | | 115,441 |
| <i>Inter segmental sales</i> | - | 368 | 1,455 | 2,479 | - | 254 | (4,556) | - |
| Total Revenue | - | 53,776 | 51,140 | 12,973 | - | 2,108 | | 115,441 |
| Segments Profits/(Loss) Before Tax | (121) | 2,552 | 3,876 | (124) | (43) | (482) | 144 | 5,802 |
| Depreciation and amortisation | - | 360 | 1,725 | 835 | - | 513 | | 3,433 |
| Rental income of land and buildings | - | 1,280 | 1,099 | 1,620 | - | - | (265) | 3,734 |
| Net foreign exchange | - | (216) | (5) | - | - | - | | (221) |
| Gain/(loss) on disposal of property, plant and equipment | - | - | 1,007 | 42 | - | - | | 1,049 |
| Finance cost | - | 164 | 719 | 28 | - | 16 | (97) | 830 |
| Interest Income | - | 120 | 64 | 33 | 13 | 39 | | 269 |
| Tax Expenses | - | 709 | 995 | 592 | - | 74 | | 2,370 |
| Segments Assets | 424 | 101,553 | 166,811 | 163,064 | 10,628 | 39,627 | (2,061) | 480,046 |
| Other Investment | | | | | | | | - |
| Total Segments Assets | | | | | | | | 480,046 |
| Segment Liabilities | 23 | 10,500 | 33,793 | 13,712 | - | 6,028 | (1,106) | 62,950 |
| 2020 | | | | | | | | |
| Revenue | | | | | | | | |
| <i>External Sales</i> | - | 45,124 | 40,438 | 12,712 | - | 737 | | 99,011 |
| <i>Inter segmental sales</i> | - | 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 | - | (52) | (13) | - | - | - | | (65) |
| Gain/(loss) on disposal of property, plant and equipment | - | - | - | - | - | - | | - |
| 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 2021

(The figures have not been audited)

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 2020.

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 2021 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 2021.

12. Contingent Liabilities – Unsecured

As at 30 June 2021, 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 RM13,863,922.00 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 2021

(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) 1/1/2021 to 30/06/2021 (RM ' 000) | | Approved Value 28/08/2020 to 09/06/2021 (RM ' 000) | | Balance due to / from the companies 30/6/2021 (RM ' 000) | |
|---|---|--|--------------------------|---|--------------|--|---------------|---|------------|
| | | | | Receivables | Payables | Receivables | Payables | Receivables | Payables |
| D M Timber Sdn Bhd ("DM") | Purchase of timber. | Lionvest Timber Industries Sdn Bhd ("LTI") | Monthly | | 2,042 | | 15,000 | 244 | |
| Minho Kilning (Klang) Sdn Bhd ("MKK") | ⁽ⁱ⁾ Rental & Storage Charges | Syarikat Minho Kilning Sdn Bhd ("SMK") | Monthly | | 2,009 | | 9,000 | | 848 |
| Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd) | Insurance brokerage fee. | Syarikat Minho Kilning Sdn Bhd ("SMK") | Yearly | | 11 | | 800 | | 23 |
| Mahawangsa Timber Industries Sdn Bhd ("MTI") | Sales of sawn timber and its related products. | LTI | Monthly | 2 | | 4,000 | | - | |
| | Purchase of logs. | LTI | Monthly | | 604 | | 20,000 | 708 | - |
| 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 | | 725 | | 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 | | 45 | | 5,500 | | 45 |
| 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 | 12 | | 48 | | - | |
| D M Timber Sdn Bhd ("DM") | ⁽ⁱⁱⁱ⁾ Rental | Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB") | Monthly | 12 | | 48 | | - | |
| Total | | | | 26 | 5,436 | 13,596 | 98,300 | 952 | 916 |

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(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 | |
|--------------------------|-----------------------|------------------|-----------------------|------------------|
| | Q2 2021 | Q2 2020 | Q2 2021 | Q2 2020 |
| | 30/6/2021 | 30/6/2020 | 30/6/2021 | 30/6/2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| Timber Extraction | - | - | - | - |
| Timber Trading | 25,685 | 23,976 | 53,408 | 45,124 |
| Manufacturing | 27,210 | 18,118 | 49,685 | 40,438 |
| Services & Treatment | 4,262 | 5,137 | 10,494 | 12,712 |
| Property Development | - | - | - | - |
| Others | 1,040 | 131 | 1,854 | 737 |
| | <u>58,197</u> | <u>47,362</u> | <u>115,441</u> | <u>99,011</u> |
| Segment Profit | | | | |
| Timber Extraction | (40) | (67) | (121) | (492) |
| Timber Trading | 1,684 | 689 | 2,552 | 1,628 |
| Manufacturing | 1,450 | 209 | 3,876 | 58 |
| Services & Treatment | (559) | 2,870 | (124) | 4,234 |
| Property Development | (20) | 227 | (43) | 212 |
| Others | (929) | (8) | (482) | 789 |
| | <u>1,586</u> | <u>3,920</u> | <u>5,658</u> | <u>6,429</u> |
| Elimination | 219 | (756) | 144 | (2,489) |
| Profit before taxation | <u>1,805</u> | <u>3,164</u> | <u>5,802</u> | <u>3,940</u> |
| Taxation | (1,035) | (647) | (2,370) | (1,461) |
| Profit after taxation | <u>770</u> | <u>2,517</u> | <u>3,432</u> | <u>2,479</u> |
| Non-controlling interest | (545) | (217) | (810) | (37) |
| Net profit for the year | <u>225</u> | <u>2,300</u> | <u>2,622</u> | <u>2,442</u> |

(a). Three months period-Q2 2021.

For the current quarter, the Group registered revenue of RM58.19 million, lower than RM10.83 million for Q2 2020. This increase was mainly attributed to the RM11.71 million total combined increases in turnover for the Timber Trading, Manufacturing and Others market segments. This was partially offset by the decrease of RM875 thousand in the turnover for Services & Treatment market segment.

The group's pre-tax profit decreased by RM1.36 million, i.e. from RM3.16 million to RM1.80 million. Most of the Group's market segments recorded lower pre-tax profit. The Services & Treatment, Property Development and Others segments combined decrease of RM4.59 million in the pre-tax profit was increased by Timber Trading and Manufacturing segments which recorded total increase of RM2.24 million in pre-tax profit.

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

The Group disclosed total revenue of RM115.44 million for the current 6 months period ended 31 December 2021, RM16.43 million or 17% more than the RM99.01 million recorded in the corresponding 6 months period ended 31 December 2020. This increase was mainly attributed to the combined RM18.65 million increase in Timber Trading, Manufacturing and Others segments. This was partially offset by the decrease of RM2.22 million in the turnover for Services & Treatment segment.

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(The figures have not been audited)

The group's pre-tax profit increased by RM1.86 million mainly due to the increase in pre-tax profit of RM924 thousand for the Timber Trading segment and RM3.82 million for the Manufacturing segment.

Timber Extraction

No logging was carried out in the current 6 months period ended 31 December 2021 similar to the corresponding 6 months period ended 31 December 2020. Incurred pre-tax loss RM121 thousand.

Timber Trading

The turnover for this segment increased by RM8.28 million due to higher demand after some relief on port congestion globally. The pre-tax profit for this segment increased by RM924 thousand from a pre-tax profit of RM1.63 million in the corresponding 6 months period ended 31 December 2020 to RM2.55 million for the current 6 months period ended 31 December 2021 due to higher sales volume.

Manufacturing

Total turnover for this segment increased by RM9.25 million. The turnover for the manufacturing of industrial paper bags increased by RM2.36 million due to higher selling price in tandem with increasing raw materials price, while the turnover for manufacturing of timber and wood based products increased by RM6.89 million due to higher demand from Europe. Pre-tax profit for this market segment increased by RM3.82 million from pre-tax profit RM58 thousand in the corresponding 6 months period ended 31 December 2020 to pre-tax profit RM3.88 million for the current 6 months period ended 31 December 2021. The increase in pre-tax profit was mainly attributed to higher profit registered by the manufacturing of timber and wood based products, the profit increased by RM3.24 million due to higher sales and gain on disposal of fixed assets. The manufacturing of industrial paper bags increased pre-tax profit by RM579 thousand due to resume operations of construction materials industries.

Services & Treatment

Total turnover for this segment decreased by RM2.22 million. The pre-tax profit for this segment decreased by RM4.36 million from a pre-tax profit of RM4.23 million in the corresponding 6 months period ended 31 December 2020 to pre-tax loss of RM124 thousand for the current 6 months period ended 31 December 2021. Lower sales volume and higher factory overhead, labour cost and transportation charges per ton also have an impact.

Property Development

There were no revenue registered for the current 6 months period ended 31 December 2021 similar to the corresponding 6 months period ended 31 December 2020. It reported a pre-tax loss of RM43 thousand compared to a pre-tax profit of RM212 thousand previously.

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(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 2021 | Q1 2021 | Q2 2021 | Q1 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Timber Extraction | - | - | (40) | (81) |
| Timber Trading | 25,685 | 27,723 | 1,684 | 868 |
| Manufacturing | 27,210 | 22,475 | 1,450 | 2,426 |
| Services & Treatment | 4,262 | 6,232 | (559) | 435 |
| Property Development | - | - | (20) | (23) |
| Others | 1,040 | 814 | (929) | 447 |
| | <u>58,197</u> | <u>57,244</u> | <u>1,586</u> | <u>4,072</u> |
| Elimination | | | 219 | (75) |
| Profit before taxation | | | 1,805 | 3,997 |
| Taxation | | | (1,035) | (1,335) |
| Profit after taxation | | | 770 | 2,662 |
| Non-controlling interest | | | (545) | (265) |
| Net profit for the year | | | 225 | 2,397 |

The Group's turnover for the current quarter under review was RM58.19 million, which was RM953 thousand or 1.7% more than the RM57.24 million registered in the preceding quarter. The Manufacturing and Others segments recorded higher growth in their turnover except for the Timber Trading and Services & Treatment segments. The Manufacturing and Others recorded combined increase of RM4.96 million in their turnover. This was partially offset by the decrease of RM4.01 million recorded by the Timber Trading and Services & Treatment segments.

The Group posted a pre-tax profit of RM1.80 million for the current quarter against the preceding quarter figure of pre-tax profit of RM3.99 million. The major contributors to the RM3.35 million decrease in pre-tax profit for the current quarter was the Manufacturing, Services & Treatment and Others segments.

17. Prospects for Current Financial Year

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook(WEO) Update July 2021 projected that the global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group.

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 2021**

(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 |
| | 30/6/2021 | 30/6/2020 | 30/6/2021 | 30/6/2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current taxation | 1,035 | 647 | 2,370 | 1,461 |
| (Over)/Under provision in respect of prior years | - | - | - | - |
| Foreign Taxation | - | - | - | - |
| Deferred Taxation | - | - | - | - |
| | <u>1,035</u> | <u>647</u> | <u>2,370</u> | <u>1,461</u> |
| Our share of results of associated companies | - | - | - | - |
| | <u>1,035</u> | <u>647</u> | <u>2,370</u> | <u>1,461</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 30.6.2021 RM'000 | As at 30.6.2020 RM'000 |
|-------------------------------------|------------------------------|------------------------------|
| Trade receivables | 25,572 | 32,799 |
| Less: Allowance for impairment loss | (1,659) | (611) |
| | <u>23,913</u> | <u>32,188</u> |

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

| | As at 30.6.2021 RM'000 | As at 30.6.2020 RM'000 |
|-------------------------------------|------------------------------|------------------------------|
| Neither past due nor impaired | 5,350 | 20,149 |
| Past due not impaired: | | |
| < 30 days | 9,796 | 1,777 |
| 31 - 60 days | 3,842 | 3,355 |
| > 60 days | 6,584 | 7,518 |
| Gross trade receivables | 25,572 | 32,799 |
| Less: Allowance for impairment loss | (1,659) | (611) |
| | <u>23,913</u> | <u>32,188</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 2021.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 September 2021.

24. Group Borrowings

Total Group borrowings as at 30 June 2021 were as follows:-

| | As at 2nd. Quarter ended 30 June 2021 | | |
|--|---------------------------------------|------------|------------------|
| | Long Term | Short Term | Total borrowings |
| | RM | RM | RM |
| Secured | | | |
| Property Loan | 1,689 | | 1,689 |
| Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits) | | 20,386 | 20,386 |
| Unsecured | - | - | - |
| | As at 2nd. Quarter ended 30 June 2020 | | |
| Secured | | | |
| Property Loan | 11,598 | | 11,598 |
| Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits) | | 16,078 | 16,078 |
| 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 September 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.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

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 June 2021 (2020: 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 |
| | 30/6/2021 | 30/6/2020 | 30/6/2021 | 30/6/2020 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| (a). Interest income | 94 | 176 | 269 | 406 |
| (b). Investment income | - | - | - | - |
| (c). Rental Income | 1,857 | 1,255 | 3,734 | 2,966 |
| (d). Interest expenses | (430) | (416) | (830) | (1,080) |
| (e). Depreciation & Amortisation | (1,821) | (1,805) | (3,433) | (3,671) |
| (f). Gain/(loss) on disposal of property, plant & equipment | 81 | - | 1,049 | - |
| (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) | - | - | (221) | (65) |

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 |
| | 30/6/2021 | 30/6/2020 | 30/6/2021 | 30/6/2020 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Net earnings/(loss) attributable to the ordinary equity holders of the Company | 225 | 2,300 | 2,622 | 2,442 |
| Weighted average number of ordinary shares ('000) | 340,538 | 340,538 | 340,538 | 340,538 |
| Basic earnings/(loss) per share (sen) | 0.07 | 0.68 | 0.77 | 0.72 |

(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 30 September 2021.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30 September 2021.