



MINHO (M) BERHAD

Registration No. 199001009358 (200930-H)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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>30/9/2021</u>	<u>30/9/2020</u>	<u>30/9/2021</u>	<u>30/9/2020</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Continuing Operations:				
Revenue	29,543	58,792	144,984	157,803
Cost of sales	(31,728)	(58,278)	(146,584)	(159,047)
Gross profit	(2,185)	514	(1,600)	(1,244)
Other operating income	1,886	2,881	7,933	9,659
Finance cost	(369)	(361)	(1,199)	(1,441)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	(668)	3,034	5,134	6,974
Income tax expense	(27)	(532)	(2,397)	(1,993)
Profit for the period from continuing operations	(695)	2,502	2,737	4,981
Loss from discontinued operation	-	-	-	-
Profit for the period	(695)	2,502	2,737	4,981
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	(695)	2,502	2,737	4,981
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	(676)	1,674	1,946	4,116
- loss from discontinued operations				
Non-Controlling Interest	(19)	828	791	865
Profit for the period	(695)	2,502	2,737	4,981
Total comprehensive income attributable to:				
Owners of the Parent	(676)	1,674	1,946	4,116
Non-Controlling Interest	(19)	828	791	865
	(695)	2,502	2,737	4,981
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	(0.19)	0.49	0.55	1.21

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	133,143	135,370
Investment properties	139,003	139,759
Right of use assets	18,808	20,183
Other investment	-	-
	290,954	295,312
Current Assets		
Inventories	88,475	99,830
Property development cost	9,107	8,996
Trade receivables	24,787	22,676
Other receivables	6,697	4,755
Tax recoverable	2,128	2,745
Short-term investments	14,293	14,402
Derivative financial assets	109	467
Fixed deposit with licensed banks	21,414	25,786
Cash and bank balances	29,781	20,440
	196,791	200,097
TOTAL ASSETS	487,745	495,409
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share capital	206,368	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)	162,164	160,218
	381,996	374,870
Non-controlling interest	39,095	39,283
Total Equity	421,091	414,153
Non-current liabilities		
Deferred tax liabilities	9,545	9,545
Lease liabilities	8,504	11,085
Loan and borrowings	1,464	8,773
	19,513	29,403
Current Liabilities		
Trade payables	9,011	13,215
Other payables	9,616	9,209
Provision for liabilities	2,106	2,106
Lease liabilities	6,815	6,892
Loan and borrowings	19,581	20,431
Derivative financial liabilities	-	-
Tax Payable	12	-
	47,141	51,853
Total Liabilities	66,654	81,256
TOTAL EQUITY AND LIABILITIES	487,745	495,409
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.12	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 THIRD QUARTER ENDED 30 SEPTEMBER 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/(Los ses)					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Period ended 30 September 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						-	1,946	1,946	791	2,737			
Distribution of Dividends							-	-	-	-			
Issuance of ordinary shares pursuant to: - Exercise of warrants	5,180							5,180		5,180			
Dividend distributed to Non-Controlling Interest								-	(980)	(980)			
Balance as at 30.09.2021	206,368	-	-	13,464	-	-	162,164	381,996	39,095	421,091			
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			
Distribution of Dividends							-	-	-	-			
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			

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Period	
	Current Year to date 30/9/2021 RM'000	Preceding Period Ended 30/9/2020 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	5,134	6,974
Adjustments for :		
Depreciation, amortisation and impairment losses	5,119	5,534
Interest income	(503)	(602)
Interest expenses	1,353	1,441
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	(1,091)	-
Asset written off	-	-
Operating profit before changes in working capital	10,012	10,777
Net change in current assets	7,191	23,774
Net change in current liabilities	(3,797)	(6,807)
Cash flow from operation	13,406	27,744
Taxes paid	(2,147)	(2,421)
Taxes refunded	377	593
Net Cash Flows From Operating Activities	11,636	25,916
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(1,194)	(1,353)
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	100	(1,353)
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Dividends	-	-
Proceed from exercised of Warrants	5,180	-
Bank borrowings and other liabilities (Net)	(7,827)	(2,057)
Repayment of hire purchase obligations	(3,028)	(2,026)
Dividends paid to non-controlling interest in subsidiary company	(980)	(735)
Net Cash Flows From Financing Activities	(6,655)	(4,818)
Net Increase in Cash and Cash Equivalents	5,081	19,745
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	65,488	57,510
Cash and cash equivalent comprise the following:-		
Bank and cash balances	29,781	21,880
Short-term investments and Deposit with license bank	35,707	35,630
	65,488	57,510

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2021.

7. Dividends Paid

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

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

8. Segment Information

The Group's segment information for the financial period ended 30 September 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								
External Sales	-	63,303	65,290	13,917	-	2,474		144,984
Inter segmental sales	-	1,548	3,605	3,115	-	357	(8,625)	-
Total Revenue	-	64,851	68,895	17,032	-	2,831		144,984
Segments Profits/(Loss) Before Tax	(272)	2,753	5,234	(1,708)	(43)	(298)	(532)	5,134
Depreciation and amortisation	-	557	2,564	1,228	-	770		5,119
Rental income of land and buildings	-	1,924	1,513	2,194	-	-	(363)	5,268
Net foreign exchange Gain/(loss) on disposal of property, plant and equipment	-	(216)	(5)	-	-	-		(221)
Finance cost	-	242	1,049	37	-	24	(153)	1,199
Interest Income	-	198	106	96	19	84		503
Tax Expenses	-	776	1,510	-	-	111		2,397
Segments Assets	424	103,567	167,539	162,424	10,627	44,972	(1,808)	487,745
Other Investment								-
Total Segments Assets								487,745
Segment Liabilities	21	9,929	38,021	13,652	-	6,137	(1,106)	66,654
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 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 September 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 September 2021.

12. Contingent Liabilities – Unsecured

As at 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30/09/2021 (RM ' 000)		Approved Value 28/09/2021 to next AGM (RM ' 000)		Balance due to / from the companies 30/9/2021 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
DM Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		2,998		15,000		112
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		2,880		9,000		174
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		19		800		15
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	2		4,000		-	
	Purchase of logs.	LTI	Monthly		3,431		20,000	281	-
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		863		19,000	1	-
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		-
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		-	
DM Timber Sdn Bhd ("DM")	⁽ⁱⁱⁱ⁾ Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	18		48		-	
Total				38	10,236	13,596	98,300	282	301

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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		9 MONTHS ENDED	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	RM'000	RM'000	RM'000	RM'000
Revenue				
Timber Extraction	-	865	-	865
Timber Trading	9,895	25,511	63,303	70,635
Manufacturing	15,605	25,084	65,290	65,522
Services & Treatment	3,423	6,154	13,917	18,866
Property Development	-	-	-	-
Others	620	1,178	2,474	1,915
	<u>29,543</u>	<u>58,792</u>	<u>144,984</u>	<u>157,803</u>
Segment Profit				
Timber Extraction	(151)	850	(272)	358
Timber Trading	201	2,057	2,753	3,685
Manufacturing	1,358	1,131	5,234	1,189
Services & Treatment	(1,584)	(150)	(1,708)	4,084
Property Development	-	(13)	(43)	199
Others	184	(69)	(298)	720
	<u>8</u>	<u>3,806</u>	<u>5,666</u>	<u>10,235</u>
Elimination	(676)	(772)	(532)	(3,261)
Profit before taxation	<u>(668)</u>	<u>3,034</u>	<u>5,134</u>	<u>6,974</u>
Taxation	(27)	(532)	(2,397)	(1,993)
Profit after taxation	<u>(695)</u>	<u>2,502</u>	<u>2,737</u>	<u>4,981</u>
Non-controlling interest	19	(828)	(791)	(865)
Net profit for the year	<u>(676)</u>	<u>1,674</u>	<u>1,946</u>	<u>4,116</u>

(a). Three months period-Q3 2021.

For the current quarter, the Group registered revenue of RM29.54 million, lower than RM29.25 million for Q3 2020. This decrease was mainly attributed to the RM29.25 million total combined decreases in turnover for the Timber Extraction, Timber Trading, Manufacturing, Services & Treatment, Property Development and Others market segments.

The group's pre-tax profit decreased by RM3.7 million, i.e. from pre-tax profit RM3.03 million to pre-tax loss RM668 thousand. Most of the Group's market segments recorded lower pre-tax profit. The Timber Extraction, Timber Trading and Services & Treatment segments combined decrease of RM4.29 million in the pre-tax profit.

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

The Group disclosed total revenue of RM144.98 million for the current 9 months period ended 31 December 2021, RM12.82 million or 8% less than the RM157.80 million recorded in the corresponding 9 months period ended 31 December 2020. This decrease was mainly attributed to the combined RM13.38 million decrease in Timber Extraction, Timber Trading, Manufacturing and Services & Treatment segments.

The group's pre-tax profit decreased by RM1.84 million mainly due to the decrease in pre-tax profit of RM630 thousand for the Timber Extraction, RM932 thousand for the Timber Trading segment and RM5.79 million for the Services & Treatment segment.

Timber Extraction

No logging was carried out in the current 9 months period ended 31 December 2021 compared to 247 acres logged in the corresponding 9 months period ended 31 December 2020. Incurred pre-tax loss RM272 thousand.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

Timber Trading

The turnover for this segment decreased by RM7.33 million due to Malaysian Government has announced a Movement Control Order (MCO 3.0), which is a full lockdown beginning from 1 June 2021 to 31 August 2021. The pre-tax profit for this segment decreased by RM932 thousand from a pre-tax profit of RM3.68 million in the corresponding 9 months period ended 31 December 2020 to RM2.75 million for the current 9 months period ended 31 December 2021 due to lower sales volume.

Manufacturing

Total turnover for this segment decreased by RM232 thousand. The turnover for the manufacturing of industrial paper bags increased by RM2.28 million due to higher selling price in tandem with increasing raw materials price, while the turnover for manufacturing of timber and wood based products decreased by RM2.51 million due to MCO 3.0. Pre-tax profit for this market segment increased by RM4.04 million from pre-tax profit RM1.19 million in the corresponding 9 months period ended 31 December 2020 to pre-tax profit RM5.23 million for the current 9 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 RM2.27 million due to rental income and gain on disposal of fixed assets. The manufacturing of industrial paper bags increased pre-tax profit by RM1.77 million due to shortage of raw materials and panic stock up by customers.

Services & Treatment

Total turnover for this segment decreased by RM4.95 million. The pre-tax profit for this segment decreased by RM5.79 million from a pre-tax profit of RM4.08 million in the corresponding 9 months period ended 31 December 2020 to pre-tax loss of RM1.71 million for the current 9 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 9 months period ended 31 December 2021 similar to the corresponding 9 months period ended 31 December 2020. It reported a pre-tax loss of RM43 thousand compared to a pre-tax profit of RM199 thousand previously.

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

Market Segments	Revenue		Segment Profit	
	<u>Q3 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q2 2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Timber Extraction	-	-	(151)	(40)
Timber Trading	9,895	25,685	201	1,684
Manufacturing	15,605	27,210	1,358	1,450
Services & Treatment	3,423	4,262	(1,584)	(559)
Property Development	-	-	-	(20)
Others	620	1,040	184	(929)
	<u>29,543</u>	<u>58,197</u>	<u>8</u>	<u>1,586</u>
Elimination			(676)	219
Profit before taxation			(668)	1,805
Taxation			(27)	(1,035)
Profit after taxation			(695)	770
Non-controlling interest			19	(545)
Net profit for the year			(676)	225

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

The Group's turnover for the current quarter under review was RM29.54 million, which was RM28.65 million or 49% less than the RM58.19 million registered in the preceding quarter. All segments recorded lower growth in their turnover.

The Group posted a pre-tax loss of RM668 thousand for the current quarter against the preceding quarter figure of pre-tax profit of RM1.80 million. The major contributors to the RM2.71 million decrease in pre-tax profit for the current quarter was the Timber Extraction, Timber Trading, Manufacturing, Services & Treatment segments.

17. Prospects for Current Financial Year

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook(WEO) Update October 2021 projected that the global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022, 0.1 percentage point lower for 2021 than in the July forecast. The downward revision for 2021 reflects a downgrade for advanced economies in part due to supply disruptions and for low income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Policy choices have become more difficult, with limited room to maneuver.

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

18. Variance of Actual Profit from Forecast Profit

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

19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	RM'000	RM'000	RM'000	RM'000
Current taxation	27	532	2,397	1,993
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>27</u>	<u>532</u>	<u>2,397</u>	<u>1,993</u>
Our share of results of associated companies	-	-	-	-
	<u>27</u>	<u>532</u>	<u>2,397</u>	<u>1,993</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.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

20. Trade Receivables

	As at 30.9.2021 RM'000	As at 30.9.2020 RM'000
Trade receivables	26,446	34,921
Less: Allowance for impairment loss	(1,659)	(611)
	24,787	34,310

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

	As at 30.9.2021 RM'000	As at 30.9.2020 RM'000
Neither past due nor impaired	15,958	19,591
Past due not impaired:		
< 30 days	2,426	6,199
31 - 60 days	1,237	3,195
> 60 days	6,825	5,936
Gross trade receivables	26,446	34,921
Less: Allowance for impairment loss	(1,659)	(611)
	24,787	34,310

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 September 2021.

23. Status of Corporate Proposals

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

24. Group Borrowings

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

	As at 3rd. Quarter ended 30 September 2021		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	1,464		1,464
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		19,581	19,581
Unsecured	-	-	-
	As at 3rd. Quarter ended 30 September 2020		
Secured			
Property Loan	11,620		11,620
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		21,899	21,899
Unsecured	-	-	-

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

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 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 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.

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 30 September 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
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	234	196	503	602
(b). Investment income	-	-	-	-
(c). Rental Income	1,534	1,677	5,268	4,643
(d). Interest expenses	(369)	(361)	(1,199)	(1,441)
(e). Depreciation & Amortisation	(1,686)	(1,863)	(5,119)	(5,534)
(f). Gain/(loss) on disposal of property, plant & equipment	42	-	1,091	-
(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)	-	-	(221)	(65)

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

29. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Period Ended
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	(676)	1,674	1,946	4,116
Weighted average number of ordinary shares ('000)	356,724	340,538	356,724	340,538
Basic earnings/(loss) per share (sen)	(0.19)	0.49	0.55	1.21

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 2021.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30 November 2021.