



MINHO (M) BERHAD

Registration No. 199001009358 (200930-H)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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 - 9
ADDITIONAL INFORMATION REQUIRED UNDER APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS.	10 - 15

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(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>30/06/2022</u>	<u>30/06/2021</u>	<u>30/06/2022</u>	<u>30/06/2021</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Continuing Operations:				
Revenue	64,744	58,197	131,719	115,441
Cost of sales	(61,475)	(58,465)	(122,193)	(114,856)
Gross profit	3,269	(268)	9,526	585
Other operating income	2,843	2,503	5,648	6,047
Finance cost	(294)	(430)	(579)	(830)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	5,818	1,805	14,595	5,802
Income tax expense	(1,748)	(1,035)	(4,128)	(2,370)
Profit for the period from continuing operations	4,070	770	10,467	3,432
Loss from discontinued operation	-	-	-	-
Profit for the period	4,070	770	10,467	3,432
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	4,070	770	10,467	3,432
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	2,788	225	7,369	2,622
- loss from discontinued operations				
Non-Controlling Interest	1,282	545	3,098	810
Profit for the period	4,070	770	10,467	3,432
Total comprehensive income attributable to:				
Owners of the Parent	2,788	225	7,369	2,622
Non-Controlling Interest	1,282	545	3,098	810
	4,070	770	10,467	3,432
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.78	0.07	2.07	0.77

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2022 RM'000	Audited As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	139,887	134,559
Investment properties	137,778	138,304
Right of use assets	13,523	14,290
Other investment	-	-
	291,188	287,153
Current Assets		
Inventories	77,964	81,436
Property development cost	9,238	9,147
Trade receivables	26,599	32,002
Other receivables	3,989	6,257
Tax recoverable	938	2,287
Short-term investments	14,323	14,343
Derivative financial assets	109	369
Fixed deposit with licensed banks	30,823	26,386
Cash and bank balances	40,213	32,653
	204,196	204,880
TOTAL ASSETS	495,384	492,033
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share capital	206,368	206,368
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)	175,294	167,925
	395,126	387,757
Non-controlling interest	42,323	39,928
Total Equity	437,449	427,685
Non-current liabilities		
Deferred tax liabilities	9,129	9,129
Lease liabilities	2,849	4,626
Loan and borrowings	-	3,993
	11,978	17,748
Current Liabilities		
Trade payables	7,846	10,653
Other payables	9,346	10,852
Provision for liabilities	2,109	2,106
Lease liabilities	6,825	6,628
Loan and borrowings	18,389	15,995
Derivative financial liabilities	-	-
Tax Payable	1,442	366
	45,957	46,600
Total Liabilities	57,935	64,348
TOTAL EQUITY AND LIABILITIES	495,384	492,033
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.11	1.09

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021)



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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

(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
Share Premium			Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Losses)	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 30 June 2022											
Balance as at 01.01.2022	206,368	-	-	-	13,464	-	-	167,925	387,757	39,928	427,685
Total comprehensive income for the period						-		7,369	7,369	3,098	10,467
Non-controlling interest								-	-	32	32
Issuance of ordinary shares pursuant to:											
- Exercise of warrants		-							-		-
Dividend distributed to Non-Controlling Interest									-	(735)	(735)
Balance as at 30.6.2022	206,368	-	-	-	13,464	-	-	175,294	395,126	42,323	437,449
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 30.6.2021	201,188	-	-	-	13,464	-	-	162,840	377,492	39,604	417,096

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	30/6/2022 RM'000	30/6/2021 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	14,595	5,802
Adjustments for :		
Depreciation, amortisation and impairment losses	3,553	3,433
Interest income	(391)	(269)
Interest expenses	579	927
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	-	-
Write down of inventories	-	-
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(213)	(1,049)
Asset written off	2	-
Operating profit before changes in working capital	18,125	8,844
Net change in current assets	11,052	19,985
Net change in current liabilities	(4,310)	(9,425)
Cash flow from operation	24,867	19,404
Taxes paid	(1,588)	(1,524)
Taxes refunded	13	377
Net Cash Flows From Operating Activities	23,292	18,257
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(7,720)	(599)
Purchase of freehold land	-	-
Purchased freehold land for property development	-	-
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary	102	-
Proceeds from sale of non-current assets	283	1,294
Increase/(Decrease) in deposit with licensed bank & short term investments	-	-
Reclassed deposit with licensed bank to other investment	-	-
Dividend received	-	-
Net Cash Used in Investing Activities	(7,335)	695
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Dividends	-	-
Proceed from exercised of Warrants	-	-
Bank borrowings and other liabilities (Net)	(1,075)	(6,714)
Repayment of hire purchase obligations	(1,883)	(2,147)
Dividends paid to non-controlling interest in subsidiary company	(735)	(490)
Net Cash Flows From Financing Activities	(3,693)	(9,351)
Net Increase in Cash and Cash Equivalents	12,264	9,601
Cash and Cash Equivalents at the beginning of the year	73,382	60,628
Effects of changes in foreign exchange rates	(287)	(221)
Cash and Cash Equivalents at end of the period	85,359	70,008
Cash and cash equivalent comprise the following:-		
Bank and cash balances	40,213	29,679
Short-term investments and Deposit with license bank	45,146	40,329
	85,359	70,008

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2021)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(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 2021. 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 2021. 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 2021, 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 2021.

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 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

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

- MFRS 17 and Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 17 and MFRS 9, Insurance Contracts – Initial Application of MFRS 17 and Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction



INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

(The figures have not been audited)

(iii) 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 2021 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 2022.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 June 2022.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

8. Segment Information

The Group's segment information for the financial period ended 30 June 2022 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
2022								
Revenue								
<i>External Sales</i>	783	54,806	63,884	11,864	-	382		131,719
<i>Inter segmental sales</i>	-	254	3,398	3,215	-	875	(7,742)	-
Total Revenue	783	55,060	67,282	15,079	-	1,257		131,719
Segments Profits/(Loss) Before Tax	360	5,207	7,871	2,231	(74)	715	(1,715)	14,595
Depreciation and amortisation	258	484	1,799	814	-	198		3,553
Rental income of land and buildings	-	1,962	770	1,999	-	-	(279)	4,452
Net foreign exchange	-	(132)	(155)	-	-	-		(287)
Gain/(loss) on disposal of property, plant and equipment	-	170	43	-	-	-		213
Finance cost	-	91	522	16	-	14	(64)	579
Interest Income	-	194	97	65	1	34		391
Tax Expenses	-	1,314	2,076	715	-	23		4,128
Segments Assets	12,694	132,435	149,502	159,226	12,350	33,091	(3,914)	495,384
Other Investment								-
Total Segments Assets								495,384
Segment Liabilities	3,301	14,070	29,897	8,289	45	2,641	(308)	57,935
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	(4,556)	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



INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

(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 2021.

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 2022 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 2022.

12. Contingent Liabilities – Unsecured

As at 30 June 2022, 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 RM9,039,690.30 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 2022

(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) 1/1/2022 to 31/12/2022 (RM ' 000)		Approved Value 28/06/2022 to next AGM (RM ' 000)		Balance due to / from the companies 30/6/2022 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		2,442		15,000		819
Lucky Star Diversified Sdn Bhd ("LSDSB")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		501		20,000		-
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		1,741		9,000		-
Minho Kilning (Klang) Sdn Bhd ("MKK")	^(v) Renting of equipment	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		48		500		-
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		11		800		13
Ms. Loo Lay Hooi	^(iv) Rental	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		42		100		-
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	372		4,000		-	
	Purchase of logs.	LTI	Monthly		1,182		20,000		208
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		917		19,000		59
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		13		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	783		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	1,179	6,897	13,596	118,900	-	1,099

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(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 2022	Q2 2021	YEAR-TO-DATE ENDED	Q2 2021
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
Revenue				
Timber Extraction	783	-	783	-
Timber Trading	27,372	25,685	54,806	53,408
Manufacturing	30,736	27,210	63,884	49,685
Services & Treatment	5,658	4,262	11,864	10,494
Property Development	-	-	-	-
Others	195	1,040	382	1,854
	<u>64,744</u>	<u>58,197</u>	<u>131,719</u>	<u>115,441</u>
Segment Profit				
Timber Extraction	469	(40)	360	(121)
Timber Trading	2,269	1,684	5,207	2,552
Manufacturing	2,410	1,450	7,871	3,876
Services & Treatment	897	(559)	2,231	(124)
Property Development	(44)	(20)	(74)	(43)
Others	226	(929)	715	(482)
	6,227	1,586	16,310	5,658
Elimination	(409)	219	(1,715)	144
Profit before taxation	5,818	1,805	14,595	5,802
Taxation	(1,748)	(1,035)	(4,128)	(2,370)
Profit after taxation	4,070	770	10,467	3,432
Non-controlling interest	(1,282)	(545)	(3,098)	(810)
Net profit for the year	<u>2,788</u>	<u>225</u>	<u>7,369</u>	<u>2,622</u>

(a). Three months period-Q2 2022.

For the current quarter, the Group registered revenue of RM64.74 million, RM6.54 million higher as compared to Q2 2021. This increase was mainly attributed to the RM11.71 million total combined increases in turnover for the Timber Extraction, Timber Trading, Manufacturing and Services & Treatment market segments. This was partially offset by the decrease of RM845 thousand in the turnover for Others market segment.

The group's pre-tax profit increased by RM4.01 million, i.e. from RM1.80 million to RM5.81 million. Most of the Group's market segments recorded higher pre-tax profit. The Timber Extraction, Timber Trading, Manufacturing, Services & Treatment and Others segments combined increase of RM4.66 million in the pre-tax profit was reduced by Property Development segment which recorded total increase of RM24 thousand in pre-tax loss.

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

The Group disclosed total revenue of RM131.71 million for the current 6 months period ended 30 June 2022, RM16.27 million or 14% more than the RM115.44 million recorded in the corresponding 6 months period ended 30 June 2021. This increase was mainly attributed to the RM17.75 million increase in Timber Extraction, Timber Trading, Manufacturing and Services & Treatment segments. This was partially offset by the total decrease of RM1.47 million in the turnover for Others segment.

The group's pre-tax profit increased by RM8.79 million mainly due to the increase in pre-tax profit of RM481 thousand for the Timber Extraction segment, RM2.65 million for the Timber Trading segment, RM3.99 million for the Manufacturing segment, RM2.35 million for the Services & Treatment segment and RM1.19 million for the Others segment. However, there were higher pre-tax losses of RM31 thousand for the Property Development segment.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

Timber Extraction

223.6 acres logged in the current 6 months period ended 30 June 2022 compared to no area logged in the corresponding 6 months period ended 30 June 2021. Revenue was recorded RM783 thousand for this segment, i.e., it incurred a pre-tax profit of RM360 thousand.

Timber Trading

The turnover for this segment is increased by RM1.39 million. The pre-tax profit for this segment increased by RM2.65 million from a pre-tax profit of RM2.55 million in the corresponding 6 months period ended 30 June 2021 to RM5.20 million for the current 6 months period ended 30 June 2022 due to higher sales and rental income.

Manufacturing

Total turnover for this segment increased by RM14.19 million. The turnover for the manufacturing of industrial paper bags increased by RM4.03 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 RM10.16 million due to higher sales order from buyers. Pre-tax profit for this market segment increased by RM3.99 million from pre-tax profit RM3.87 million in the corresponding 6 months period ended 30 June 2021 to pre-tax profit RM7.87 million for the current 6 months period ended 30 June 2022. 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 RM2.38 million due to higher sales. The manufacturing of industrial paper bags increased its pre-tax profit by RM1.61 million due to higher gross profit.

Services & Treatment

The volume of timber for kiln drying decreased by 1% and service charges rates increased by 14% that resulted in a increase of RM1.37 million in the gross turnover for this market segment. The pre-tax profit for this segment increased by RM2.35 million from a pre-tax loss of RM124 thousand in the corresponding 6 months period ended 30 June 2021 to pre-tax profit of RM2.23 million for the current 6 months period ended 30 June 2022 due to higher gross profit and rental income.

Property Development

There were no revenue registered for the current 6 months period ended 30 June 2022 similar to the corresponding 6 months period ended 30 June 2021. It reported a pre-tax loss of RM74 thousand compared to a pre-tax loss of RM43 thousand previously.

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

Market Segments	Revenue		Segment Profit	
	Q2 2022	Q1 2022	Q2 2022	Q1 2022
	RM'000	RM'000	RM'000	RM'000
Timber Extraction	783	-	469	(109)
Timber Trading	27,372	27,434	2,269	2,938
Manufacturing	30,736	33,148	2,410	5,461
Services & Treatment	5,658	6,206	897	1,334
Property Development	-	-	(44)	(30)
Others	195	187	226	489
	<u>64,744</u>	<u>66,975</u>	<u>6,227</u>	<u>10,083</u>
Elimination			(409)	(1,306)
Profit before taxation			5,818	8,777
Taxation			(1,748)	(2,380)
Profit after taxation			4,070	6,397
Non-controlling interest			(1,282)	(1,816)
Net profit for the year			2,788	4,581

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

The Group's turnover for the current quarter under review was RM64.74 million, which was RM2.23 million or 3.3% less than the RM66.97 million registered in the preceding quarter. All of the group's market segments recorded lower growth in their turnover except for the Timber Extraction and Others segments. It recorded a decrease of RM3.02 million in turnover. This was offset by the increase of RM791 thousand recorded by the Timber Extraction and Others segments.

The Group posted a pre-tax profit of RM5.81 million for the current quarter against the preceding quarter figure of pre-tax profit of RM8.77 million. The major contributors to the RM4.42 million decrease in pre-tax profit for the current quarter were the Timber Trading, 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 2022 projected that lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spillovers. And in Europe, significant downgrades reflect spillovers from the war in Ukraine and tighter monetary policy. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances.

In view of the uncertainty in market conditions above, the Group adopts a prudent view going ahead. The Group intends to strengthen efficiency and minimize cost on its operations and activities so as to mitigate or minimize possible adverse economic conditions ahead.

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
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
Current taxation	(1,748)	(1,035)	(4,128)	(2,370)
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	(1,748)	(1,035)	(4,128)	(2,370)
Our share of results of associated companies	-	-	-	-
	(1,748)	(1,035)	(4,128)	(2,370)

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 SECOND QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

20. Trade Receivables

	As at 30.6.2022 RM'000	As at 30.6.2021 RM'000
Trade receivables	27,585	25,572
Less: Allowance for impairment loss	(986)	(1,659)
	26,599	23,913

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

	As at 30.6.2022 RM'000	As at 30.6.2021 RM'000
Neither past due nor impaired	15,527	5,350
Past due not impaired:		
< 30 days	6,719	9,796
31 - 60 days	2,730	3,842
> 60 days	2,609	6,584
Gross trade receivables	27,585	25,572
Less: Allowance for impairment loss	(986)	(1,659)
	26,599	23,913

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 2022.

23. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 August 2022.

24. Group Borrowings

Total Group borrowings as at 30 June 2022 were as follows:-

	As at 2nd. Quarter ended 30 June 2022		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	-		-
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		18,389	18,389
Unsecured	-	-	-
	As at 2nd. Quarter ended 30 June 2021		
Secured			
Property Loan	1,689		1,689
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		20,386	20,386
Unsecured	-	-	-

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(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 August 2022, 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 has been postponed and further postpone to 21 and 22 February 2022. The Plaintiff described their points to the judge on 22 February 2022 and the Defendant’s first witness and second witness will defend and counterclaims to the judge on 5 April 2022 and 5 July 2022 respectively.

The judge unable to attend the Court on 5 July 2022. Therefore, Defendant’s second witness will present his points to the judge on 18 October 2022.

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 2022 (2021: Nil).

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(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
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	203	94	391	269
(b). Investment income	-	-	-	-
(c). Rental Income	2,388	1,857	4,452	3,734
(d). Interest expenses	(294)	(430)	(579)	(830)
(e). Depreciation & Amortisation	(1,764)	(1,821)	(3,553)	(3,433)
(f). Gain/(loss) on disposal of property, plant & equipment	-	81	213	1,049
(g). Property, plant & equipment written off	-	-	2	-
(h). Inventories write-down	-	-	-	-
(i). Provision for and write-off of receivables	-	-	-	-
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	-	-	(287)	(221)

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
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	2,788	225	7,369	2,622
Weighted average number of ordinary shares ('000)	356,724	340,538	356,724	340,538
Basic earnings/(loss) per share (sen)	0.78	0.07	2.07	0.77

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 August 2022.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30 August 2022.