



# **MINHO (M) BERHAD**

Registration No. 199001009358 (200930-H)

## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>1</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS</b>	<b>4</b>
<b>NOTES TO THE INTERIM FINANCIAL STATEMENTS</b>	<b>5 - 9</b>
<b>ADDITIONAL INFORMATION REQUIRED UNDER APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS.</b>	<b>10 - 15</b>

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(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>30/6/2023</u>	<u>30/6/2022</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
<b>Continuing Operations:</b>				
<b>Revenue</b>	48,859	64,744	96,741	131,719
Cost of sales	(47,317)	(61,475)	(94,748)	(122,193)
Gross profit	1,542	3,269	1,993	9,526
Other operating income	4,479	2,843	8,251	5,648
Finance cost	(245)	(294)	(506)	(579)
Profit before tax	5,776	5,818	9,738	14,595
Income tax expense	(1,419)	(1,748)	(2,540)	(4,128)
<b>Profit for the period from continuing operations</b>	<b>4,357</b>	<b>4,070</b>	<b>7,198</b>	<b>10,467</b>
<b>Loss from discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>4,357</b>	<b>4,070</b>	<b>7,198</b>	<b>10,467</b>
<b>Other Comprehensive Income:</b>				
<b>Other Comprehensive Income net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>4,357</b>	<b>4,070</b>	<b>7,198</b>	<b>10,467</b>
<b>Net Profit/(loss) attributable to:</b>				
Owners of the Parent				
- income from continuing operations	3,583	2,788	5,899	7,369
- loss from discontinued operations				
Non-Controlling Interest	774	1,282	1,299	3,098
Profit for the period	4,357	4,070	7,198	10,467
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	3,583	2,788	5,899	7,369
Non-Controlling Interest	774	1,282	1,299	3,098
	4,357	4,070	7,198	10,467
<b>Earnings/(Loss) per share (in sen)</b>				
Basic EPS (in sen)	1.00	0.78	1.65	2.07

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As at 30/6/2023 RM'000</b>	<b>Audited As at 31/12/2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	132,152	125,838
Investment properties	163,644	160,162
Right of use assets	22,795	23,818
Land held for investment	2,500	2,500
	<b>321,091</b>	<b>312,318</b>
<b>Current Assets</b>		
Inventories	91,062	88,686
Property development cost	-	-
Trade receivables	21,670	22,551
Other receivables	5,091	5,790
Tax recoverable	1,376	1,900
Short-term investments	10,150	18,340
Derivative financial assets	109	126
Fixed deposit with licensed banks	24,010	28,274
Cash and bank balances	29,217	21,077
	<b>182,685</b>	<b>186,744</b>
<b>TOTAL ASSETS</b>	<b>503,776</b>	<b>499,062</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owner of the parents</b>		
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)	181,308	175,409
	<b>401,140</b>	<b>395,241</b>
<b>Non-controlling interest</b>	<b>40,337</b>	<b>40,623</b>
<b>Total Equity</b>	<b>441,477</b>	<b>435,864</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	11,489	11,489
Lease liabilities	10,048	11,745
Loan and borrowings	1,204	2,063
	<b>22,741</b>	<b>25,297</b>
<b>Current Liabilities</b>		
Trade payables	7,539	8,441
Other payables	8,506	10,148
Provision for liabilities	126	127
Lease liabilities	8,397	8,260
Loan and borrowings	14,502	10,585
Derivative financial liabilities	-	-
Tax Payable	488	340
	<b>39,558</b>	<b>37,901</b>
<b>Total Liabilities</b>	<b>62,299</b>	<b>63,198</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>503,776</b>	<b>499,062</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>1.12</b>	<b>1.11</b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022)



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

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(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 Equity
			Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Los ses)	Total	Non- Controlling Interest	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Period ended 30 June 2023</b>											
<b>Balance as at 01.01.2023</b>	206,368		-	-	13,464	-		175,409	395,241	40,623	435,864
Total comprehensive income for the period						-		5,899	5,899	1,299	7,198
Non-controlling interest								-	-	-	-
Issuance of ordinary shares pursuant to:											
- Exercise of warrants	-								-		-
Dividend distributed to Non-Controlling Interest									-	(1,585)	(1,585)
<b>Balance as at 30.6.2023</b>	206,368	-	-	-	13,464	-	-	181,308	401,140	40,337	441,477
<b>Period ended 30 June 2022</b>											
<b>Balance as at 01.01.2022</b>	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)
<b>Balance as at 30.6.2022</b>	206,368		-	-	13,464	-	-	175,294	395,126	42,323	437,449

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022)

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Cumulative Period	
	Current Year to date 30/6/2023 RM'000	Preceding Period Ended 30/6/2022 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(Loss) before taxation</b>	9,738	14,595
Adjustments for :		
Depreciation, amortisation and impairment losses	3,387	3,553
Interest income	(348)	(391)
Interest expenses	506	579
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	(508)	(213)
Asset written off	-	2
Operating profit before changes in working capital	12,775	18,125
Net change in current assets	427	11,052
Net change in current liabilities	(2,545)	(4,310)
Cash flow from operation	10,657	24,867
Taxes paid	(2,611)	(1,588)
Taxes refunded	740	13
<b>Net Cash Flows From Operating Activities</b>	<b>8,786</b>	<b>23,292</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of PPE and investment property	(7,141)	(7,720)
Purchase of freehold land	(6,468)	-
Purchased freehold land for property development	-	-
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary	(4,000)	102
Proceeds from sale of non-current assets	1,322	283
Increase/(Decrease) in deposit with licensed bank & short term investments	-	-
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(16,287)</b>	<b>(7,335)</b>
<b>Cash Flows From Financing Activities:</b>		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Dividends	-	-
Proceed from exercised of Warrants	-	-
Bank borrowings and other liabilities (Net)	6,860	(1,075)
Repayment of hire purchase obligations	(1,702)	(1,883)
Dividends paid to non-controlling interest in subsidiary company	(1,585)	(735)
<b>Net Cash Flows From Financing Activities</b>	<b>3,573</b>	<b>(3,693)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(3,928)</b>	<b>12,264</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>67,691</b>	<b>73,382</b>
<b>Effects of changes in foreign exchange rates</b>	<b>(386)</b>	<b>(287)</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>63,377</b>	<b>85,359</b>
<b>Cash and cash equivalent comprise the following:-</b>		
Bank and cash balances	29,217	40,213
Short-term investments and Deposit with license bank	34,160	45,146
	<b>63,377</b>	<b>85,359</b>

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2022)*

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(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 2022. 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 2022. 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 2022, 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 2022.

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 2023**

- MFRS 17 and Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 - 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

**(ii) Effective for annual periods beginning on or after 1 January 2024**

- Amendments to MFRS 16, Lease – Lease liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities and Covenants

**(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



**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

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**2. Auditors' Report On Preceding Annual Financial Statements**

The auditors' report of the audited financial statements for the financial year ended 31 December 2022 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 2023.

**7. Dividends Paid**

There were no dividends declared and paid by the Company for the financial period ended 30 June 2023.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

**8. Segment Information**

The Group's segment information for the financial period ended 30 June 2023 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
<b>2023</b>								
<b>Revenue</b>								
External Sales	1,927	37,839	43,499	12,852	-	624		96,741
Inter segmental sales	-	1,226	1,547	2,738	-	8,425	(13,936)	-
Total Revenue	1,927	39,065	45,046	15,590	-	9,049		96,741
Segments Profits/(Loss) Before Tax	1,279	4,265	2,770	1,892	100	8,170	(8,738)	9,738
Depreciation and amortisation	271	688	1,437	870	13	108		3,387
Rental income of land and buildings	-	3,873	533	2,920	180	-	(917)	6,589
Net foreign exchange	-	(93)	(293)	-	-	-		(386)
Gain/(loss) on disposal of property, plant and equipment	-	53	450	5	-	-		508
Finance cost	-	149	354	10	-	-	(7)	506
Interest Income	-	116	139	27	14	52	-	348
Tax Expenses	-	1,346	715	455	24	-		2,540
Segments Assets	17,201	150,804	123,387	174,124	12,127	30,109	(3,976)	503,776
Other Investment								-
Total Segments Assets								503,776
Segment Liabilities	1,774	14,452	23,930	21,954	98	656	(565)	62,299
<b>2022</b>								
<b>Revenue</b>								
External Sales	783	54,806	63,884	11,864	-	382		131,719
Inter segmental sales	-	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





**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

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**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 2022.

**10. Material events Subsequent to the End of the Interim Reporting Period**

There are no material events subsequent to the financial period ended 31 December 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 2023.

**12. Contingent Liabilities – Unsecured**

As at 30 June 2023, 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 RM6,818,567.38 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 2023**

(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) 1/1/2023 to 30/06/2023 ( RM ' 000)		Approved Value 28/06/2022 to next AGM ( RM ' 000)		Balance due to / from the companies 30/6/2023 ( RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivable	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		1,723		15,000		482
Lucky Star Diversified Sdn Bhd ("LSDSB")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		2,668		20,000		378
Minho Kilning (Klang) Sdn Bhd ("MKK")	<sup>(i)</sup> Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		2,669		9,000		-
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		11		800		14
Ms. Loo Lay Hooi	<sup>(iv)</sup> Rental	Syarikat Minho Kilning Sdn Bhd ("SMK")	Monthly		36		100		-
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	353		4,000		-	
	Purchase of logs.	LTI	Monthly		528		20,000		-
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		-		20,000		-
MTI	<sup>(a)</sup> Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		758		19,000		-
MTI	<sup>(c)</sup> Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		-		5,500		-
MTI	<sup>(d)</sup> 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	1,927		9,500		857	
Lucky Star Diversified Sdn Bhd ("LSDSB")	<sup>(ii)</sup> Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	12		48		-	
D M Timber Sdn Bhd ("DM")	<sup>(iii)</sup> Rental	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	12		48		-	
			Total	2,304	8,393	13,596	118,900	857	875

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(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**

	<b>3 MONTHS ENDED</b>		<b>3 MONTHS ENDED</b>	
	<b>Q2 2023</b>	<b>Q2 2022</b>	<b>Q2 2023</b>	<b>Q2 2022</b>
	<b>30/6/2023</b>	<b>30/6/2022</b>	<b>30/6/2023</b>	<b>30/6/2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Timber Extraction	1,927	783	1,927	783
Timber Trading	18,956	27,372	37,839	54,806
Manufacturing	21,233	30,736	43,499	63,884
Services & Treatment	6,354	5,658	12,852	11,864
Property Development	-	-	-	-
Others	389	195	624	382
	<b>48,859</b>	<b>64,744</b>	<b>96,741</b>	<b>131,719</b>
<b>Segment Profit</b>				
Timber Extraction	1,321	469	1,279	360
Timber Trading	1,908	2,269	4,265	5,207
Manufacturing	1,555	2,410	2,770	7,871
Services & Treatment	1,131	897	1,892	2,231
Property Development	53	(44)	100	(74)
Others	18	226	8,170	715
	5,986	6,227	18,476	16,310
Elimination	(210)	(409)	(8,738)	(1,715)
Profit before taxation	5,776	5,818	9,738	14,595
Taxation	(1,419)	(1,748)	(2,540)	(4,128)
Profit after taxation	4,357	4,070	7,198	10,467
Non-controlling interest	(774)	(1,282)	(1,299)	(3,098)
Net profit for the year	<b>3,583</b>	<b>2,788</b>	<b>5,899</b>	<b>7,369</b>

**(a). Three months period-Q2 2023.**

For the current quarter, the Group registered revenue of RM48.85 million, RM15.88 million lower as compared to Q2 2022. This decrease was mainly attributed to the RM17.91 million total combined decreases in turnover for the Timber Trading and Manufacturing market segments. This was partially offset by the increase of RM2.03 million in the turnover for the Timber Extraction, Services & Treatment and Others market segments.

The group's pre-tax profit decreased by RM42 thousand, i.e. from RM5.81 million to RM5.77 million. Most of the Group's market segments recorded lower pre-tax profit. The Timber Trading, Manufacturing and Others segments combined decrease of RM1.42 million in the pre-tax profit was raised by Timber Extraction, Services & Treatment and Property Development segments which recorded total increase of RM1.18 million in pre-tax profit.

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

The Group disclosed total revenue of RM96.74 million for the current 6 months period ended 30 June 2023, RM34.97 million or 27% less than the RM131.71 million recorded in the corresponding 6 months period ended 30 June 2022. This decrease was mainly attributed to the RM37.35 million decrease in Timber Trading and Manufacturing segments. This was partially offset by the total increase of RM2.37 million in the turnover for Timber Extraction, Services & Treatment and Others segments.

The group's pre-tax profit decreased by RM4.85 million mainly due to the decrease in pre-tax profit of RM942 thousand for the Timber Trading segment, RM5.10 million for the Manufacturing segment and RM339 thousand for the Services & Treatment segment.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

**Timber Extraction**

550.64 acres logging was carried out in the current 6 months period ended 30 June 2023 compared to 223.6 acres logged in the corresponding 6 months period ended 30 June 2022. As such, revenue was recorded RM1.92 million for this segment, i.e., it incurred a pre-tax profit of RM1.27 million.

**Timber Trading**

The turnover for this segment is decreased by RM16.96 million. The pre-tax profit for this segment decreased by RM942 thousand from a pre-tax profit of RM5.20 million in the corresponding 6 months period ended 30 June 2022 to RM4.26 million for the current 6 months period ended 30 June 2023 due to lower sales.

**Manufacturing**

Total turnover for this segment decreased by RM20.38 million. The turnover for the manufacturing of industrial paper bags increased by RM291 thousand 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 RM20.67 million due to lower sales order from buyers. Pre-tax profit for this market segment decreased by RM5.10 million from pre-tax profit RM7.87 million in the corresponding 6 months period ended 30 June 2022 to pre-tax profit RM2.77 million for the current 6 months period ended 30 June 2023. The decrease in pre-tax profit was mainly attributed to lower profit registered by the manufacturing of timber and wood based products. The profit decreased by RM3.37 million due to lower sales. The manufacturing of industrial paper bags decreased its pre-tax profit by RM1.73 million due to higher upkeep of plant and machinery and loss on foreign exchange.

**Services & Treatment**

The volume of timber for kiln drying decreased by 3% and service charges rates increased by 7% that resulted in a increase of RM988 thousand in the gross turnover for this market segment. The pre-tax profit for this segment decreased by RM339 thousand from a pre-tax profit of RM2.23 million in the corresponding 6 months period ended 30 June 2022 to pre-tax profit of RM1.89 million for the current 6 months period ended 30 June 2023 due to the increase in operation cost mainly relating to labour cost, repair and maintenance of machinery and rental expenses.

**Property Development**

There were no revenue registered for the current 6 months period ended 30 June 2023 similar to the corresponding 6 months period ended 30 June 2022. It reported a pre-tax profit of RM100 thousand due to higher rental income, compared to a pre-tax loss of RM74 thousand previously.

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

Market Segments	Revenue		Segment Profit	
	Q2 2023 RM'000	Q1 2023 RM'000	Q2 2023 RM'000	Q1 2023 RM'000
Timber Extraction	1,927	-	1,321	(42)
Timber Trading	18,956	18,883	1,908	2,357
Manufacturing	21,233	22,266	1,555	1,215
Services & Treatment	6,354	6,498	1,131	761
Property Development	-	-	53	47
Others	389	235	18	8,152
	<u>48,859</u>	<u>47,882</u>	<u>5,986</u>	<u>12,490</u>
Elimination			(210)	(8,528)
<b>Profit before taxation</b>			<b>5,776</b>	<b>3,962</b>
Taxation			(1,419)	(1,121)
<b>Profit after taxation</b>			<b>4,357</b>	<b>2,841</b>
Non-controlling interest			(774)	(525)
<b>Net profit for the year</b>			<b>3,583</b>	<b>2,316</b>

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(The figures have not been audited)

The Group's turnover for the current quarter under review was RM48.85 million, which was RM977 thousand or 2% more than the RM47.88 million registered in the preceding quarter. All of the group's market segments recorded higher growth in their turnover except for the Manufacturing and Services & Treatment segments. It recorded a increase of RM2.15 million in turnover. This was offset by the decrease of RM1.17 million recorded by the Manufacturing and Services & Treatment segments.

The Group posted a pre-tax profit of RM5.77 million for the current quarter against the preceding quarter figure of pre-tax profit of RM3.96 million. The major contributor to the RM1.52 million increase in pre-tax profit for the current quarter were the Timber Extraction, Manufacturing and Services & Treatment segments.

**17. Prospects for Current Financial Year**

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook(WEO) in July 2023 stated that global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024.

As such, given the fragile economic conditions, the Group will continue to adopt a prudent view moving forward. The Group intends to continue strengthening efficiency and minimizing costs in its operations and activities.

**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
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	RM'000	RM'000	RM'000	RM'000
Current taxation	(1,419)	(1,748)	(2,540)	(4,128)
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	(1,419)	(1,748)	(2,540)	(4,128)
Our share of results of associated companies	-	-	-	-
	(1,419)	(1,748)	(2,540)	(4,128)

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 2023**

(The figures have not been audited)

**20. Trade Receivables**

	As at 30.6.2023 RM'000	As at 30.6.2022 RM'000
Trade receivables	22,865	27,585
Less: Allowance for impairment loss	(1,195)	(986)
	<b>21,670</b>	<b>26,599</b>

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

	As at 30.6.2023 RM'000	As at 30.6.2022 RM'000
Neither past due nor impaired	11,823	15,527
Past due not impaired:		
< 30 days	6,383	6,719
31 - 60 days	3,449	2,730
> 60 days	1,210	2,609
Gross trade receivables	22,865	27,585
Less: Allowance for impairment loss	(1,195)	(986)
	<b>21,670</b>	<b>26,599</b>

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 2023.

**23. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at 23 August 2023.

**24. Group Borrowings**

Total Group borrowings as at 30 June 2023 were as follows:-

	As at 2nd. Quarter ended 30 June 2023		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
<b>Secured</b>			
Property Loan	1,204		1,204
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		14,502	14,502
<b>Unsecured</b>	-	-	-
	As at 2nd. Quarter ended 30 June 2022		
<b>Secured</b>			
Property Loan	-		-
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		18,389	18,389
<b>Unsecured</b>	-	-	-

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(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 2023, 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 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. However, the continued hearing on 18 October 2022 is postponed to 9 January 2023.

After all the hearings, the Court has fixed the Trial on 13 March 2023 and 17 March 2023.

Follow up on the above subject, Defendant is not satisfied with the Court's decision on 12 July 2023 for allowing the Writ and Statement of Claim dated 14 September 2020 filed by the Plaintiff with cost as per cause and dismissed the Counterclaim dated 13 November 2020 filed by the Defendant. The Defendant then applied for an appeal against the Court's decision made on 12 July 2023 and the Court has fixed the case management on 23 August 2023, which has now been fixed on 22 September 2023.

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 2023 (2022: Nil).

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

(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
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	208	203	348	391
(b). Investment income	-	-	-	-
(c). Rental Income	3,623	2,388	6,589	4,452
(d). Interest expenses	(245)	(294)	(506)	(579)
(e). Depreciation & Amortisation	(1,683)	(1,764)	(3,387)	(3,553)
(f). Gain/(loss) on disposal of property, plant & equipment	332	-	508	213
(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)	-	-	(386)	(287)

**29. Earning/ (Loss) Per Share**

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year to	Preceding
	Quarter	Corresponding Quarter	date	Period Ended
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	3,583	2,788	5,899	7,369
Weighted average number of ordinary shares ('000)	356,724	356,724	356,724	356,724
Basic earnings/(loss) per share (sen)	1.00	0.78	1.65	2.07

**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 2023.

**By order of the Board**

Klang, Selangor Darul Ehsan.

Dated: 30 August 2023.