



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER  
ENDED 30 JUNE 2014. (UNAUDITED)**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/06/2014 (RM'000)	Preceding Year Corresponding Quarter 30/06/2013 (RM'000)	Current Year to date 30/06/2014 (RM'000)	Preceding Period Ended 30/06/2013 (RM'000)
<b>Continuing Operations:</b>				
<b>Revenue</b>	65,720	55,215	118,205	117,317
Cost of sales	(61,229)	(52,903)	(113,473)	(113,974)
Gross profit	4,491	2,312	4,732	3,343
Other operating income	1,174	1,645	2,598	3,058
Finance cost	(664)	(733)	(1,289)	(1,487)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	5,001	3,224	6,041	4,914
Income tax expense	(1,276)	(998)	(2,135)	(2,086)
<b>Profit for the period from continuing operations</b>	<b>3,725</b>	<b>2,226</b>	<b>3,906</b>	<b>2,828</b>
<b>Loss from discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>3,725</b>	<b>2,226</b>	<b>3,906</b>	<b>2,828</b>
<b>Other Comprehensive Income:</b>				
Gain on revaluation of property, plant and equipment	-	-	-	-
<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>3,725</b>	<b>2,226</b>	<b>3,906</b>	<b>2,828</b>
<b>Net Profit/(loss) attributable to:</b>				
Owners of the Parent				
- income from continuing operations	3,033	1,532	3,014	1,495
- loss from discontinued operations	-	-	-	-
Non-Controlling Interest	692	694	892	1,333
Profit for the period	3,725	2,226	3,906	2,828
Total comprehensive income attributable to:				
Owners of the Parent	3,033	1,532	3,014	1,495
Non-Controlling Interest	692	694	892	1,333
	3,725	2,226	3,906	2,828
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	2.76	1.39	2.74	1.36
Fully diluted EPS (in sen)	N/A	N/A	N/A	N/A

**Note:-N/A – Not applicable**

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)**



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014.**

	Unaudited As at 30/06/2014 RM'000	Audited As at 31/12/2013 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	214,777	216,826
Investment properties	41,486	41,617
Investment in associated company	0	0
Other Investment	725	725
	<b>256,988</b>	<b>259,168</b>
<b>Current Assets</b>		
Inventories	105,901	107,956
Property Development Cost	12,964	7,870
Trade receivables	40,408	34,874
Other receivables	7,286	9,907
Tax recoverable	1,157	492
Short-term investments	17,429	18,429
Deposit with licensed banks	5,162	9,177
Cash and bank balances	11,842	11,770
	<b>202,149</b>	<b>200,475</b>
<b>TOTAL ASSETS</b>	<b>459,137</b>	<b>459,643</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owner of the parents</b>		
Share Capital	109,851	109,851
Reserves attributable to revenue		0
Other reserves	123,539	123,539
Retained earnings-profit/(loss)	(6,933)	(9,865)
	<b>318,888</b>	<b>315,956</b>
<b>Non-Controlling Interest</b>	<b>28,151</b>	<b>27,603</b>
<b>Total Equity</b>	<b>347,039</b>	<b>343,559</b>
<b>Non-current liabilities</b>		
Deferred Taxation	13,412	13,412
Hire Purchase obligations	672	1,242
Bank borrowings	10,605	15,656
	<b>24,689</b>	<b>30,310</b>
<b>Current Liabilities</b>		
Trade payables	10,684	8,749
Other payables	36,667	42,843
Provision for liabilities	2,273	2,273
Hire purchase obligations	973	803
Bank borrowings	34,693	30,686
Derivative financial instruments	420	420
Tax Payable	1,699	0
	<b>87,409</b>	<b>85,774</b>
<b>Total Liabilities</b>	<b>112,098</b>	<b>116,084</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>459,137</b>	<b>459,643</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>2.90</b>	<b>2.88</b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 JUNE 2014.**

	← Attributable to equity holders of the company →								
	← Non-distributable →					Distributable			
	Share Capital	Share Premium	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Losses	Total	Non- Controlling Interest	
RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	
<b>Period ended 30 June 2014</b>									
<b>Balance as at 01.01.2014</b>	109,851	92,431	13,464	108,577	1,498	(9,865)	315,956	27,603	343,559
Prior years adjustments - Opening balance adjustment in a subsidiary						(82)	(82)		(82)
Balance as at 01.01.2014 restated						(9,947)	315,874	27,603	343,477
Total comprehensive income for the period				-		3,014	3,014	892	3,906
Reversal due disposal of asset				-			-		-
Acquisition of additional equity in a subsidiary							-	-	-
Dividend distributed to Non- Controlling Interest							-	(343)	(343)
<b>Balance as at 30.06.2014</b>	109,851	92,431	13,464	108,577	1,498	(6,933)	318,888	28,152	347,040
<b>Period ended 30 June 2013</b>									
<b>Balance as at 01.01.2013</b>	109,851	92,431	13,464	108,577	1,498	(26,280)	299,541	26,263	325,804
Prior years adjustments						-	-		-
Total comprehensive income for the period						1,495	1,495	1,333	2,828
Acquisition of additional equity in a subsidiary							-	-	-
Impairment of property plant and equipment, motorvehicles and forklifts in subsidiaries							-		-
Dividend distributed to Non- Controlling Interest							-	(392)	(392)
<b>Balance as at 30.06.2013</b>	109,851	92,431	13,464	108,577	1,498	(24,785)	301,036	27,204	328,240

Note: Prior years adjustment-Doubtful debts for a subsidiary was twice provided by the auditors in Profit & Loss for year end 31-12-2013.

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)**



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2014.**

	Cumulative Period	
	Current Year to date 30/06/2014 RM'000	Preceding Period Ended 30/06/2013 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(Loss) before taxation</b>	6,041	4,914
Adjustments for :		
Depreciation, amortisation and impairment losses	4,556	4,435
Interest income	(146)	(119)
Interest expenses	1,264	1,518
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	(5)	
Write down of inventories	150	250
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(107)	(91)
Asset written off	-	261
Operating profit before changes in working capital	11,753	11,168
Net change in current assets	(5,952)	6,513
Net change in current liabilities	(4,241)	(9,700)
Cash flow from operation	1,560	7,981
Taxes paid	(1,492)	(4,278)
Taxes refund	4	
<b>Net Cash Flows From Operating Activities</b>	<b>72</b>	<b>3,703</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of PPE and investment property	(2,237)	(541)
Purchase of freehold land		
Purchased freehold land for property development		
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary company		
Proceeds from sale of non-current assets	107	272
Increase/(Decrease) in deposit with licensed bank	(4,015)	-
Dividend received	-	-
<b>Net Cash Used in Investing Activities</b>	<b>(6,145)</b>	<b>(269)</b>
<b>Cash Flows From Financing Activities:</b>		
Issue of ordinary shares	-	-
Bank borrowings and other liabilities (Net)	1,463	1,421
Repayment of hire purchase obligations	(512)	(347)
Dividends paid to non-controlling interest in subsidiary company	(343)	(392)
<b>Net Cash Flows From Financing Activities</b>	<b>608</b>	<b>682</b>
<b>Net Increase in Cash and Cash Equivalents</b>	(5,465)	4,116
<b>Cash and Cash Equivalents at the beginning of the year</b>	39,376	25,074
<b>Effects of changes in foreign exchange rates</b>	522	308
<b>Cash and Cash Equivalents at end of the period</b>	<b>34,433</b>	<b>29,498</b>
<b>Cash and cash equivalent comprise the following:-</b>		
Bank and cash balances	11,842	8,835
Short-term investments and Deposit with license bank	22,591	20,663
	<b>34,433</b>	<b>29,498</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)



**PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL STATEMENT.**

**1. Basis of preparation and Accounting Policies.**

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with the reporting requirements outlined in Financial Reporting Standards ("FRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa) Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. 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 2013. The condensed consolidated interim financial report and notes thereon do not include all of the information requires 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 2013, 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 2013.

The following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS12 and MFRS 127: Investment Entities	1 January 2014
MFRS 9 Financial Instruments	1 January 2015

The above MFRSs, Amendments to MFRSs and Interpretations are not anticipated to have any significant impact on the financial statements of the Group in the year of initial application.

**1.2. Malaysian Financial Reporting Standards.**

In November 2011, MASB published the Malaysian Financial Reporting Standards ('MFRS') Framework applicable to all non-private entities with effect from 1 January 2012, with the exception of entities that are within the scope of MFRS 141 'Agriculture' and IC Interpretation 15 'Agreement for the Construction of Real Estate', including their parents, significant investors and ventures' (herein referred as



“Transitioning Entities”). Transitioning Entities were given an option to apply the MFRS Framework effective from 1 January 2013.

On 30 June 2012, MASB decided to allow Transitioning Entities to defer the adoption of MFRS Framework for another year. However, on 7 August 2013, MASB further extended the effective date for the adoption of MFRS Framework by Transitioning Entities to 1 January 2015. Therefore, the Group as a Transitioning Entity will apply the MFRS Framework for the annual period beginning on 1 January 2015. As a result, the FRSs and amendments to FRS those are effective for annual period beginning on or after 1 January 2015 are not applicable to the Group.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

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

The auditors' report of the audited financial statements for the financial year ended 31 December 2013 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 2014.

## **7. Dividends Paid**

There were no dividends declared and paid by the Company for the financial period ended 30 June 2014.

## **8. Segment Information**

The Group's segment information for the financial period ended 30 June 2014 is as follows:-



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	<u>Timber Extraction RM'000</u>	<u>Timber Trading RM'000</u>	<u>Manufacturing RM'000</u>	<u>Services &amp; Treatment RM'000</u>	<u>Property Development RM'000</u>	<u>Others RM'000</u>	<u>Total RM'000</u>
<b>2014</b>							
<b>Revenue</b>							
<i>External Sales</i>	2,485	78,815	24,520	12,333	-	52	118,205
<i>Inter segmental sales</i>	-	5,891	2,859	3,671	-	-	12,421
Total Revenue	<u>2,485</u>	<u>84,706</u>	<u>27,379</u>	<u>16,004</u>	<u>-</u>	<u>52</u>	<u>130,626</u>
Segments Profits	2,360	1,388	376	1,985	(70)	359	6,398
Elimination							(357)
Taxation							<u>(2,135)</u>
Profit after taxation							3,906
Non-controlling interest							<u>(892)</u>
Net profit for the year							<u>3,014</u>
Segments Assets	6,990	101,928	167,182	159,186	17,412	5,713	458,411
Other Investment						725	725
							459,136
Segment Liabilities	4,465	37,797	33,307	26,449	9,305	775	112,098
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>2013</b>							
<b>Revenue</b>							
<i>External Sales</i>	-	59,769	25,392	12,509	19,595	52	117,317
<i>Inter segmental sales</i>	-	2,098	3,773	2,627	-	-	8,498
Total Revenue	<u>-</u>	<u>61,867</u>	<u>29,165</u>	<u>15,136</u>	<u>19,595</u>	<u>52</u>	<u>125,815</u>
Segments Profits	(105)	(25)	637	1,693	2,645	477	5,322
Elimination							(408)
Taxation							<u>(2,086)</u>
Profit after taxation							2,828
Non-controlling interest							<u>(1,333)</u>
Net profit for the year							<u>1,495</u>
Segments Assets	7,271	105,876	154,942	164,828	12,697	4,863	450,477
Other Investment						725	725
							451,202

## 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 2013.

## 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 2014 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 2014.



**12. Contingent Liabilities – Unsecured**

As at 30 June 2014, 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 RM118,424,576.71, of which an amount of RM30,167,108.00 were utilized.

**13. Capital Commitments**

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





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## 14. Related Party Transactions.

The summary of related party transactions for current quarter and cumulative period to date is as follows:-

Relationship with Minho Group	Nature of Recurrent Transaction	Recurrent Transaction with Minho or Subsidiary Company	Frequency of Transaction	Total Value (Transaction) 01/01/2014 to 3/31/2014 (RM ' 000) Q1 2014		Total Value (Transaction) 01/04/2014 to 6/30/2014 (RM ' 000) Q2 2014		Total Value (Transaction) 01/07/2013 to 6/30/2014 (RM ' 000)		Approved Value 01/07/2013 to 30/06/2014 (RM ' 000)		Balance of the approved amount as at 30/06/2014 (RM ' 000)		Balance due to / from the companies 6/30/2014 (RM ' 000)			Debtors Ageing as at 30/06/2014 (RM ' 000)			Creditors Ageing as at 30/06/2014 (RM'000)								
				Receivable		Payables		receivable		Payables		Receivables		Payables		Receivables		Payables		30days			60days			90days		
Dato' Loo Keng An, a director and major shareholder of Minho is also a director of D.M. Timber Sdn Bhd.	Purchase of timber.	Lionvest Timber Industries Sdn Bhd	Monthly		905		1,333		5,242		15,000		9,758		303									303				
Sykt. Minho Kilning (Klang) Sdn Bhd is wholly-owned subsidiary of Minho Holdings Sdn Bhd, a major shareholder of Minho	<sup>(i)</sup> Rental & Storage Charges.	Syarikat Minho Kilning S/B <sup>(ii)</sup>	Monthly		676		709		2,737		4,500		1,763		990									225	225	540		
Mr Loo Say Leng and Mr Ng Hoe Chang are directors of Indah Paper Industries Sdn Bhd and QR Printing Sdn Bhd.	Insurance brokerage fee.	Indah Paper Industries Sdn Bhd	Monthly		-		-		-		200		200															
Mr Loo Say Leng and Mr Ng Hoe Chang are directors of QR Printing Sdn Bhd and also directors of Minho which owned 100% shares in Syt Minho Kilning Sdn Bhd.	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd	Yearly		15		7		24		800		776		128									1		127		
Mr Eng Kin Hong is a major shareholder of Lionvest Timber Industries Sdn Bhd and Mahawangsa Timber Industries Sdn Bhd.	Purchase of logs.	Lionvest Timber Industries Sdn Bhd.	Monthly		77		257		2,281		5,000		2,719		798												798	
	Sales of sawntimber	Lionvest Timber Industries Sdn Bhd.	Monthly	27		345		783		800		17		203													203	
Mr Yap Nam Fee is major shareholder of Pembinaan Infra E&J S/B and also major shareholder of MS. Mr Yap Nam Fee is a director of EJ and MS	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd (MS)	Monthly		-		-		4,110		38,000		33,890															
<b>Total</b>				<b>27</b>	<b>1,673</b>	<b>345</b>	<b>2,306</b>	<b>783</b>	<b>14,394</b>	<b>800</b>	<b>63,500</b>	<b>17</b>	<b>49,106</b>	<b>1,001</b>	<b>1,421</b>	<b>1,001</b>	<b>-</b>	<b>-</b>	<b>529</b>	<b>225</b>	<b>667</b>							

**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			YEAR-TO-DATE ENDED		
	Q2 2014	Q2 2013	%	30/06/2014	30/06/2013	%
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>						
- Timber Extraction	2,485	-	0%	2,485	-	0%
- Timber Trading	42,885	28,910	48%	78,815	59,769	32%
- Manufacturing	14,087	13,831	2%	24,520	25,392	-3%
- Services & Treatment	6,236	6,421	-3%	12,333	12,509	-1%
- Property Development	-	6,027	-100%	-	19,595	-100%
- Others	27	25	8%	52	52	0%
	<u>65,720</u>	<u>55,214</u>	<u>19%</u>	<u>118,205</u>	<u>117,317</u>	<u>1%</u>
<b>Segment Profit</b>						
- Timber Extraction	2,413	(44)	5584%	2,360	(105)	2348%
- Timber Trading	789	304	160%	1,388	(25)	5652%
- Manufacturing	584	854	-32%	376	637	-41%
- Services & Treatment	1,310	890	47%	1,985	1,693	17%
- Property Development	(62)	1,201	-105%	(70)	2,645	-103%
- Others	(33)	19	-274%	359	477	-25%
	5,001	3,224	55%	6,398	5,322	20%
Elimination	-	-	0%	(357)	(408)	-13%
Profit before taxation	5,001	3,224	55%	6,041	4,914	23%
Taxation	(1,276)	(998)	28%	(2,135)	(2,086)	2%
Profit after taxation	3,725	2,226	67%	3,906	2,828	38%
Non-controlling interest	(692)	(694)	0%	(892)	(1,333)	-33%
Net profit for the year	<u>3,033</u>	<u>1,532</u>	<u>98%</u>	<u>3,014</u>	<u>1,495</u>	<u>102%</u>

**(a). Three months period-Q2 2014 against Q2 2013.**

For Q2 2014, the Group registered a turnover of RM65.72 million compared to RM55.21 million for Q2 2013, up RM10.51 million or 19%. This increase was mainly attributed to the combined improvement seen in nearly all of our market segments, the principal exception being our Property Development segment which did not record any activities for the quarter under review as it was awaiting approval from the authorities for its new development project.

In line with the higher turnover, the group's pre-tax profit improved by RM1.78 million, i.e. from RM3.22 million to RM5.00 million. The major contributor to pre-tax profit was the Timber Extraction segment which contributed RM2.41 million. The Timber Trading, Manufacturing and Services & Treatment segments contributed RM789 thousand, RM584 thousand and RM1.31 million respectively.

**(b). Year to date.**

The Group registered total revenue of RM118.21 million for the six month period of Q2 2014, RM890 thousand or 1% more than the RM117.32 million recorded in Q2 2013. The Group posted a pre-tax profit of RM6.04 million for the current quarter against the previous corresponding quarter figure of RM4.91 million mainly attributed to the RM2.36 million pre-tax profit contributed by Timber Extraction segment.



**Timber Extraction**

A total of 621 acres was logged in Q2 2014, producing 6,212 tons of logs and generating a pre-tax profit of RM2.36 million for this segment compared to a pre-tax loss for the previous corresponding period.

**Timber Trading**

The turnover for this segment improved by RM19.05 million mainly attributed to better demand from the Group’s main market i.e. the E.U. as some of its nations had showed signs of improvement in their economies. In line with higher turnover and with the operating cost remaining unchanged, this segment registered a pre-tax profit compared to a pre-tax loss in the previous corresponding quarter.

**Manufacturing**

Total turnover for this segment declined slightly by RM872 thousand. The manufacturing of timber and wood based products fell by RM223 thousand and manufacturing of industrial paper bags dropped by RM649 thousand. Similar to the trading segment, operating cost remained unchanged, especially labour and fixed overhead cost, the end result being that this market segment registered a pre-tax profit of RM376 thousand, 41% lower than pre-tax profit of RM637 thousand recorded in the previous corresponding quarter.

**Services & Treatment**

The volume of incoming timber for kiln drying and preservative treatment declined. However, due to the increase in service charges rates, this segment managed to maintain its turnover at RM12 million. Despite the increase in the service charges, the profit margin was reduced due to the increase in operating cost, especially for boiler fuel, diesel and bundling materials. It recorded a slightly higher pre-tax profit of RM1.98 million for the current quarter, compared to RM1.69 million for the previous corresponding quarter.

**Property Development**

This segment is currently waiting for approval from the authorities for its new development project, thus, there were no turnover registered in the current quarter. It incurred a pre-tax loss of RM70 thousand, compared to a pre-tax profit of RM2.65 million achieved for the previous corresponding period.

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

	<b>THREE MONTHS</b>		
	<b>Q2 2014</b>	<b>Q1 2014</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	
<b>Revenue</b>			
- Timber Extraction	2,485	-	100%
- Timber Trading	42,885	35,930	19%
- Manufacturing	14,087	10,433	35%
- Services & Treatment	6,236	6,097	2%
- Property Development	-	-	0%
- Others	27	25	8%
	<u>65,720</u>	<u>52,485</u>	25%



	<b>THREE MONTHS</b>		
	<u>Q2 2014</u>	<u>Q1 2014</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	
<b>Segment Profit</b>			
- Timber Extraction	2,413	(53)	4653%
- Timber Trading	789	599	32%
- Manufacturing	584	(208)	381%
- Services & Treatment	1,310	675	94%
- Property Development	(62)	(8)	-675%
- Others	(33)	392	-108%
	<u>5,001</u>	<u>1,397</u>	258%
Elimination	-	(357)	-100%
Profit before taxation	<u>5,001</u>	<u>1,040</u>	381%
Taxation	<u>(1,276)</u>	<u>(859)</u>	49%
Profit after taxation	<u>3,725</u>	<u>181</u>	1958%
Non-controlling interest	<u>(692)</u>	<u>(200)</u>	246%
Net profit for the year	<u><u>3,033</u></u>	<u><u>(19)</u></u>	-16063%

The Group's turnover for the current quarter under review was RM65.72 million, RM13.23 million or 25% higher than RM52.49 million registered in the preceding quarter. The Group's entire market segments showed an improvement in their turnover with major contributor to the increase being the Timber Trading segment with RM6.96 million. The Manufacturing segment and Timber Extraction segment contributed RM3.65 million and RM2.49 million respectively.

In tandem with improved turnover, the Group's posted a higher pre-tax profit went up by RM3.96 million, i.e. from RM1.04 million for first quarter 2014 to RM5.00 million. With the exception of the Property Development and Others segment, four of the group's market segments recorded a higher pre-tax profit i.e. Timber Extraction segment registered a pre-tax profit of RM2.41 million compared to a pre-tax loss of RM53 thousand; Timber Trading segment recorded a pre-tax profit of RM789 thousand, improved by RM190 thousand, from a pre-tax profit of RM599 thousand; Services & Treatment segment recorded a pre-tax profit of RM1.31 million, 94% or RM635 thousand more than a pre-tax profit of RM675 thousand for Q1 2014, mainly due to the increase in service charges; Manufacturing segment registered a pre-tax profit of RM584 thousand compared to pre-tax loss of RM208 thousand owing mainly to lower operating cost. The increase in the pre-tax profit recorded by all the above-mentioned segments was partially offset by the pre-tax loss of RM62 thousand and RM33 thousand registered by the Property Development segment and Others segment respectively.

#### 17. Prospects for Current Financial Year

The group performance for the third quarter of year 2014 is projected to be lower than the second quarter of year 2014. The group anticipated that there will be a reduction in the Timber Extraction segment profits as there will be no logging activities carried out in the next quarter.

#### 18. Variance of Actual Profit from Forecast Profit

Not applicable.



## 19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	quarter	quarter	to date	period
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,276	1,052	2,139	2,140
(Over)/Under provision in respect of prior years	-	(54)	(4)	(54)
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>1,276</u>	<u>998</u>	<u>2,135</u>	<u>2,086</u>
Our share of results of associated companies	-	-	-	-
	<u>1,276</u>	<u>998</u>	<u>2,135</u>	<u>2,086</u>

The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and also to certain expenses which are not deductible for tax purposes.

## 20. Disposal of Unquoted Investments and Properties

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

## 21. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 30 June 2014.

## 22. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 21 August 2014.

## 23. Group Borrowings

Total Group borrowings as at 30 June 2014 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	10,605
Unsecured	0
	<u>10,605</u>
Short Term Borrowings	
Secured	34,693
Unsecured	0
	<u>34,693</u>
<b>Total Borrowings</b>	<b><u>45,298</u></b>

## 24. Off Balance Sheet Financial Instruments

There are no material financial instruments with off balance sheet risk as at the date of this report.



## 25. Material Litigation

As at 21 August 2014, 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.

## 26. Dividend

No dividend has been recommended by the Board for the period ended 30 June 2014 (2013: Nil).

## 27. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

Basic earnings/ (loss) per share of the Group is calculated by dividing the net earnings/ (loss) attributable to shareholders for the financial periods under review by the number of ordinary shares on issue during the said financial periods.

(b) Diluted earnings per share

Not applicable

## 28. Realised and Unrealised Profit/Loss Disclosures

	<u>As at</u> <u>30/06/2014</u> RM'000	<u>As at</u> <u>30/06/2013</u> RM'000
Total retained losses of		
Minho (M) Berhad and its subsidiaries:		
- Realised	(2,942)	(21,464)
- Unrealised	<u>(3,991)</u>	<u>(3,320)</u>
	(6,933)	(24,784)
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained losses as per consolidated accounts	<u>(6,933)</u>	<u>(24,784)</u>

## 29. Authorisation for issue

This interim financial information has been approved for issue in accordance with a resolution of the Board of Directors dated 28 August 2014.

### By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 28 August 2014.