

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current</u> <u>Year</u> <u>Quarter</u> <u>31/03/2016</u> <u>(RM'000)</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31/03/2015</u> <u>(RM'000)</u>	<u>Current</u> <u>Year to</u> <u>date</u> <u>31/03/2016</u> <u>(RM'000)</u>	<u>Preceding</u> <u>Period</u> <u>Ended</u> <u>31/03/2015</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	79,728	75,226	79,728	75,226
Cost of sales	(71,647)	(62,063)	(71,647)	(62,063)
Gross profit	8,081	13,163	8,081	13,163
Other operating income	3,031	2,251	3,031	2,251
Finance cost	(666)	(542)	(666)	(542)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	10,446	14,872	10,446	14,872
Income tax expense	(1,921)	(2,232)	(1,921)	(2,232)
Profit for the period from continuing operations	8,525	12,640	8,525	12,640
Loss from discontinued operation	-	-	-	-
Profit for the period	8,525	12,640	8,525	12,640
Other Comprehensive Income:				
Gain on revaluation of property, plant and equipment	-	-	-	-
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	8,525	12,640	8,525	12,640
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	7,417	10,985	7,417	10,985
- loss from discontinued operations				
Non-Controlling Interest	1,108	1,655	1,108	1,655
Profit for the period	8,525	12,640	8,525	12,640
Total comprehensive income attributable to:				
Owners of the Parent	7,417	10,985	7,417	10,985
Non-Controlling Interest	1,108	1,655	1,108	1,655
	8,525	12,640	8,525	12,640
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	6.71	10.00	6.71	10.00
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 2015)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2016	Audited As at 31/12/2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	207,021	210,376
Investment properties	43,285	41,192
Investment in associated company	0	0
Other Investment	725	725
	251,031	252,293
Current Assets		
Inventories	109,726	111,518
Property Development Cost	11,283	9,713
Trade receivables	55,087	41,115
Other receivables	4,673	5,286
Tax recoverable	582	0
Short-term investments	13,860	14,860
Derivative financial assets	-	13
Deposit with licensed banks	15,763	12,364
Cash and bank balances	19,196	16,554
	230,170	211,423
TOTAL ASSETS	481,201	463,716
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	109,851	109,851
Share premium	92,431	92,431
Treasury Shares	(1,353)	(1,353)
Reserves attributable to revenue	0	0
Other reserves	122,041	122,041
Retained earnings-profit/(loss)	21,783	14,365
	344,753	337,335
Non-Controlling Interest	31,453	31,326
Total Equity	376,206	368,661
Non-current liabilities		
Deferred Taxation	13,189	13,189
Hire Purchase obligations	1,654	2,416
Bank borrowings	8,005	8,930
	22,848	24,535
Current Liabilities		
Trade payables	17,537	8,916
Other payables	14,381	19,700
Provision for liabilities	2,316	2,316
Hire purchase obligations	1,483	964
Bank borrowings	43,348	37,050
Derivative financial liabilities	0	49
Tax Payable	3,082	1,525
	82,147	70,520
Total Liabilities	104,995	95,055
TOTAL EQUITY AND LIABILITIES	481,201	463,716
Net assets per share attributable to ordinary equity holders of the parent (RM)	3.14	3.07

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)



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

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

←——— Attributable to equity holders of the company ———→
←——— Non-distributable ———→ Distributable

	Share Capital	Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Losses	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000
Period ended 31 March 2016										
Balance as at 01.01.2016	109,851	92,431	(1,353)	13,464	108,577		14,365	337,335	31,326	368,661
Total comprehensive income for the period					-		7,417	7,417	1,108	8,525
Acquisition of treasury shares							-	-	-	-
Dividend distributed to Non-Controlling Interest								-	(980)	(980)
Balance as at 31.03.2016	109,851	92,431	(1,353)	13,464	108,577	-	21,782	344,752	31,454	376,206
Period ended 31 March 2015										
Balance as at 01.01.2015	109,851	92,431	-	13,464	108,577		(2,652)	321,671	28,309	349,980
Prior years adjustments-Note (i)							23	23		23
Balance as at 01.01.2015 restated							(2,629)	321,694	28,309	350,003
Total comprehensive income for the period							10,985	10,985	1,655	12,640
Acquisition of additional equity in a subsidiary								-	-	-
Impairment of property plant and equipment, motorvehicles and forklifts in subsidiaries								-		
Dividend distributed to Non-Controlling Interest								-	(490)	(490)
Balance as at 31.03.2015	109,851	92,431	-	13,464	108,577	-	8,356	332,679	29,474	362,153

Note (i): Prior years adjustment-Additional tax provided for a subsidiary by the auditors in Profit & Loss for year end 31-12-2014.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT.

	Cumulative Period	
	Current Year to date 31/03/2016 RM'000	Preceding Period Ended 31/03/2015 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	10,446	14,872
Adjustments for :		
Depreciation, amortisation and impairment losses	1,810	1,771
Interest income	(86)	(46)
Interest expenses	665	542
Share of profit in associates		
Fair value gain of financial instruments measured at fair		
Provision:		
Provision for doubtful debts	5	
Write back of provision for doubtful debts	-	
Write down of inventories	1,030	-
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	-	166
Asset written off	133	-
Operating profit before changes in working capital	14,003	17,305
Net change in current assets	(13,137)	5,120
Net change in current liabilities	3,302	(10,243)
Cash flow from operation	4,168	12,182
Taxes paid	(1,748)	(991)
Taxes refund	776	-
Net Cash Flows From Operating Activities	3,196	11,191
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(873)	(125)
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	-	
Increase/(Decrease) in deposit with licensed bank & short	2,399	681
term investments		
Reclassified deposit with licensed bank to other investment		-
Dividend received	-	18
Net Cash Used in Investing Activities	1,526	574
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	
Bank borrowings and other liabilities (Net)	2,574	(8,929)
Repayment of hire purchase obligations	(347)	(286)
Dividends paid to non-controlling interest in subsidiary	(980)	(490)
company		
Net Cash Flows From Financing Activities	1,247	(9,705)
Net Increase in Cash and Cash Equivalents	5,969	2,060
Cash and Cash Equivalents at the beginning of the year	43,778	41,847
Effects of changes in foreign exchange rates	(928)	2,133
Cash and Cash Equivalents at end of the period	48,819	46,040
Cash and cash equivalent comprise the following:-		
Bank and cash balances	19,196	23,225
Short-term investments and Deposit with license bank	29,623	22,815
	48,819	46,040

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)



INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

(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 2014. 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 2014. 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 2014, 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 2014.

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

(i) Effective for annual periods beginning on or after 1 January 2016

- FRS 14, 'Regulatory Deferral Accounts'
- Amendments to FRS 5, 'Non-current Asset Held for Sale and Discontinued Operations'
- Amendments to FRS 7, 'Financial Instruments' – Disclosures
- Amendments to FRS 10, 'Consolidated Financial Statements', FRS 12, 'Disclosure of Interests in Other Entities' and FRS 128, 'Investments in Associates and Joint Ventures' – Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 11, 'Joint Arrangements' – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 101, 'Presentation of Financial Statements' – Disclosure Initiative
- Amendments to FRS 116, 'Property, Plant and Equipment' and FRS 138, 'Intangible Assets' – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 119, 'Employee Benefits'
- Amendments to FRS 127, 'Separate Financial Statements' – Equity Method in Separate Financial Statements
- Amendments to FRS 134, 'Interim Financial Reporting'

(ii) Effective for annual periods beginning on or after 1 January 2018

- MFRS 1, 'First-time Adoption of MFRS'
- MFRS 9, 'Financial Instruments'
- MFRS 15, 'Revenue from Contracts with Customers'



INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

(The figures have not been audited)

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").

On 8 September 2015, MASB issued a statement confirming that the effective date of MFRS 15-Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018, following the press release by the International Accounting Standards Board (IASB) confirming a one-year deferral of IFRS 15. As a result, the effective date for Transitioning Entities (TEs) to apply the Malaysian Financial Reporting Standards (MFRSs) will also be deferred to annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities (TEs) 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 2018. 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 2015 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 31 March 2016.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2016.

8. Segment Information

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

The Group's segment information for the financial period ended 31 March 2016 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
2016								
Revenue								
<i>External Sales</i>	2,867	43,251	26,425	7,174	-	11		79,728
<i>Inter segmental sales</i>	-	1,738	1,112	2,825	-	-		5,675
Total Revenue	2,867	44,989	27,537	9,999	-	11		85,403
Segments Profits	2,731	2,927	1,968	2,762	93	(35)		10,446
Depreciation	(10)	(428)	(806)	(562)	-	(4)		(1,810)
Rental income of land and buildings	-	8	953	286	36	-		1,283
Net foreign exchange	-	661	267	-	-	-		928
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	(249)	(235)	(182)	-	-		(666)
Interest Income	-	2	52	0	8	24		86
Tax Expenses	(15)	(715)	(517)	(634)	(23)	(17)		(1,921)
Segments Assets	4,566	90,584	203,730	155,452	15,246	10,897		480,475
Other Investment						725		725
								481,200
Segment Liabilities	4,685	30,020	41,663	22,432	5,805	390		104,995
2015								
Revenue								
<i>External Sales</i>	7,861	34,779	22,006	8,067	2,475	38		75,226
<i>Inter segmental sales</i>	-	2,067	1,897	2,592	-	-		6,556
Total Revenue	7,861	36,846	23,903	10,659	2,475	38		81,782
Segments Profits/(Loss) Before Tax	6,838	2,544	2,221	3,083	143	46,783	(46,740)	14,872
Depreciation	(18)	(428)	(801)	(508)	(19)	3		(1,771)
Rental income of land and buildings	-	4	928	240	-	-		1,172
Net foreign exchange	-	1,657	476	-	-	-		2,133
Gain/(loss) on disposal of property, plant and equipment	-	95	66	5	-	-		166
Finance cost	-	(78)	(224)	(239)	(1)	-		(542)
Interest Income	-	1	33	0	4	8		46
Tax Expenses	-	(692)	(618)	(862)	(36)	(24)		(2,232)
Segments Assets	7,627	68,502	177,351	156,047	16,946	13,818		440,291
Other Investment			15,105			725		15,830
								456,121
Segment Liabilities	17,021	5,681	37,397	24,695	8,591	583		93,968

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 2015.



INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

(The figures have not been audited)

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

There are no material events subsequent to the financial period ended 31 March 2016 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 31 March 2016.

12. Contingent Liabilities – Unsecured

As at 31 March 2016, 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 RM36,473,836.00 were utilized.

13. Capital Commitments

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

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) 01/01/2016 to 31/03/2016 (RM ' 000)		Total Value (Transaction For The Period) 01/06/2015 to 31/03/2016 # (RM ' 000)		Balance due to / from the companies 31/03/2016 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd	Monthly		488		3,149		312
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱⁱ⁾	Monthly		716		2,142		954
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		8		14		153
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	216		2,711		827	
	Purchase of logs.	LTI	Monthly		1,598		3,501		

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

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Related Party	Nature of Recurrent Transaction(s)	Recurrent Transaction with Minho or Subsidiary Company	Frequency of Transaction	Total Value (Transaction For The Year) 01/01/2016 to 31/3/2016 (RM ' 000)		Total Value (Transaction For The Period) 01/06/2015 to 31/03/2016 # (RM ' 000)		Balance due to / from the companies 31/03/2016 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		1,446		5,092		1,237
MTI	^(a) Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		1,088		6,860		49
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		122		734		-
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		135		1,642		-
MTI	^(d) Purchase of timber.	Victory Enterprise Sdn Bhd ("VESB")	Monthly		-		304		-
Total				216	5,601	2,711	23,438	827	2,705

Note:

Transactions (a), (b), (c) and (d), between Mahawangsa Timber Industries Sdn. Bhd. ("MTI") and the subsidiaries of the Group were announced to Bursa Malaysia Securities Berhad on 18 April 2016.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

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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		
	Q1 2016	Q1 2015	
	31/03/2016	31/03/2015	
	RM'000	RM'000	
Revenue			
Timber Extraction	2,867	7,861	-64%
Timber Trading	43,251	34,779	24%
Manufacturing	26,425	22,006	20%
Services & Treatment	7,174	8,067	-11%
Property Development	-	2,475	-100%
Others	11	38	-71%
	<u>79,728</u>	<u>75,226</u>	6%
Segment Profit			
Timber Extraction	2,731	6,838	-60%
Timber Trading	2,927	2,544	15%
Manufacturing	1,968	2,221	-11%
Services & Treatment	2,762	3,083	-10%
Property Development	93	143	-35%
Others	(35)	46,783	-100%
	10,446	61,612	-83%
Elimination	-	(46,740)	-100%
Profit before taxation	10,446	14,872	-30%
Taxation	(1,921)	(2,232)	-14%
Profit after taxation	8,525	12,640	-33%
Non-controlling interest	(1,108)	(1,655)	-33%
Net profit for the year	<u>7,417</u>	<u>10,985</u>	-32%

(a). Three months period and Year to date.

The Group disclosed total revenue of RM79.73 million for the three-month period of 2016, RM4.50 million or 6% more than the RM75.23 million recorded in 2015. This increase was mainly attributed to the RM12.89 million total combined improvements in the Timber Trading and Manufacturing segments. This was partially offset by the total combined decline of RM8.39 million in the turnover for Timber Extraction, Services & Treatment, Property Development and Others segments.

Despite the slight improvement in turnover, the group's pre-tax profit slid by RM4.43 million mainly due to the RM4.11 million decline in pre-tax profit for Timber Extraction segment.

Timber Extraction

A smaller area of 765 acres was logged in the current quarter of 2016 compared to 1,520 acres logged in the previous corresponding quarter. In line with smaller area logged, the revenue for this segment declined by RM4.99million and similarly, the pre-tax profit also declined by RM4.11 million.

Timber Trading

The turnover for this segment grew by RM8.47 million due to slight improvement in demand and higher average selling price for rough sawn timber. Despite the higher turnover, the pre-tax profit for this segment only improved by RM390 thousand from a pre-tax profit of RM2.54 million in the

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

previous corresponding quarter to RM2.93 million for the current quarter. This was mainly due to the higher operating cost as a result of higher cost of rough sawn timber purchased and the increase in finance cost.

Manufacturing

Total turnover for this segment grew by RM4.42 million mainly attributed to the improvement in the turnover for the manufacturing of timber and wood based products which increased by RM3.45 million, while the turnover for manufacturing of industrial paper bags increased slightly by RM973 thousand. In spite of the greater turnover, pre-tax profit for this market segment declined by RM253 thousand or 11%; from RM2.22 million in the previous corresponding quarter to RM1.97 million for the current quarter. Similar to the Timber Trading segment, the operating cost for this segment increased due to the higher cost of raw material consumed and the increase in finance cost.

Services & Treatment

The volume of incoming timber for kiln drying remained unchanged but service charges rates decreased by 8% that resulted in a decline of RM893 thousand in the turnover for this market segment. Corresponding directly to the decline in turnover, the pre-tax profit for this segment decreased by RM253 thousand.

Property Development

The Meru project has been fully completed and in the process of obtaining the certificates of completion from the Authorities. Hence, there was no revenue registered for the current quarter compared to RM2.48 million for the previous corresponding quarter. It reported a pre-tax profit of RM93 thousand due to rental and other income received, compared to a pre-tax profit of RM143 thousand previously.

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

Market Segments	Revenue			Segment Profit		
	Q1 2016 RM'000	Q4 2015 RM'000	Variances	Q1 2016 RM'000	Q4 2015 RM'000	Variances
Timber Extraction	2,867	-	100%	2,731	(951)	387%
Timber Trading	43,251	34,076	27%	2,927	565	418%
Manufacturing	26,425	25,541	3%	1,968	472	317%
Services & Treatment	7,174	6,728	7%	2,762	1,445	91%
Property Development	-	4,883	-100%	93	(311)	-130%
Others	11	19	-42%	(35)	(460)	-92%
	<u>79,728</u>	<u>71,247</u>	<u>12%</u>	<u>10,446</u>	<u>760</u>	<u>1274%</u>
Elimination				-	488	-100%
Profit before taxation				10,446	1,248	737%
Taxation				(1,921)	(1,062)	81%
Profit after taxation				8,525	186	4483%
Non-controlling interest				(1,108)	273	-506%
Net profit for the year				7,417	459	1516%

The Group's turnover for the current quarter under review was RM79.73 million, which was RM8.48 million or 12% more than the RM71.25 million registered in the preceding quarter. All of the group's market segments recorded a comfortable growth in their turnover except for the Property Development and Others segments. The Timber Extraction, Timber Trading, Manufacturing and Services & Treatment segments recorded combined growth of RM13.37 million in their turnover but were partially offset by the combined decline of RM4.89 million recorded by the Property Development and Others segments.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

In tandem with the higher turnover, the Group posted a higher pre-tax profit of RM10.45 million for the current quarter against the preceding quarter figure of RM1.25 million. The major contributor to the significant improvement in turnover and pre-tax profit for the current quarter was the Timber Extraction and Timber Trading segment.

17. Prospects for Current Financial Year

The International Monetary Fund (“IMF”) in their latest publication of World Economic Outlook April 2016, projected a modest global economic growth in 2016. The gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, lower prices for energy and other commodities, and a gradual tightening in monetary policy in the United States will continue to influence the global economy outlook. The recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize.

In view of the above, the Group will continue the efforts to strengthen the cost control strategies to mitigate the rising cost of raw material and labor. In addition, the Group will also enhance its operation and marketing strategies in order to achieve higher production efficiency and maximize its profit margin.

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 31/03/2016 RM'000	Preceding year corresponding quarter 31/03/2015 RM'000	Current year to date 31/03/2016 RM'000	Preceding year corresponding period 31/03/2015 RM'000
Current taxation	1,921	2,232	1,921	2,232
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>1,921</u>	<u>2,232</u>	<u>1,921</u>	<u>2,232</u>
Our share of results of associated companies	-	-	-	-
	<u>1,921</u>	<u>2,232</u>	<u>1,921</u>	<u>2,232</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.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

21. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 31 March 2016.

22. Status of Corporate Proposals

On 28 April 2016, the Company has announced of its intention to implement the following Proposals:

- (i) a share split involving the subdivision of every one (1) of the Company's existing ordinary share of RM1.00 each into two (2) new ordinary shares of RM0.50 each ("Subdivided Share" or "Minho Share" or "Share") ("**Proposed Share Split**");
- (ii) an issuance of up to 109,851,000 warrants ("Warrants") on the basis of one (1) Warrant for every two (2) Subdivided Shares, after the completion of the Proposed Share Split ("**Proposed Free Warrants Issue**");
- (iii) a private placement of up to ten percent (10%) of the Company's enlarged issued and paid-up share capital after the Proposed Share Split and Proposed Free Warrants Issue ("**Proposed Private Placement**"); and
- (iv) amendments to the Company's Memorandum and Articles of Association in order to facilitate the Proposed Share Split ("**Proposed Amendments**").

The Company further announced that the application in relation to the Proposed Share Split as well as the additional listing application for the Proposed Free Warrants Issue and Proposed Private Placement has been submitted to Bursa Securities on 29 April 2016.

Other than the above, there were no corporate proposals announced but not completed as at 20 May 2016.

23. Group Borrowings

Total Group borrowings as at 31 March 2016 were as follows:-

	RM'000
Long Term Borrowings	
Secured	8,005
Unsecured	0
	<hr/>
	8,005
Short Term Borrowings	
Secured	43,348
Unsecured	0
	<hr/>
	43,348
Total Borrowings	<hr/> 45,981 <hr/>

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

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

As at 20 May 2016, 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:-

- (i) Shah Alam High Court Originating Summons No. BA-24NCVC-70-03/2016

Victory Enterprise Sdn Bhd, a subsidiary of Minho had on 22 March 2016 commenced an action against Masdef (Malaysia) Sdn Bhd in the Shah Alam High Court claiming for the sum of RM1,709,756.90 being the outstanding rental and utilities due in relation to the letting of a single story factory with enclosed double story office building situated on the land held Geran 52365, Lot 6467, Mukim Kapar, Daerah Klang, Negeri Selangor by Victory Enterprise Sdn Bhd to Masdef (Malaysia) Sdn Bhd. The matter is pending for case management and the solicitor for Victory Enterprise Sdn Bhd is of the opinion that the order for distress is likely to be granted by the court in favor of Victory Enterprise Sdn Bhd

26. Dividend

No dividend has been recommended by the Board for the period ended 31 March 2016 (2015: Nil).

27. 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
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	86	46	86	46
(b). Investment income	-	18	-	18
(c). Rental Income	1,283	1,172	1,283	1,172
(d). Interest expenses	(665)	(542)	(665)	(542)
(e). Depreciation & Amortisation	(1,810)	(1,771)	(1,810)	(1,771)
(f). Gain/(loss) on disposal of property, plant & equipment	-	(166)	-	(166)
(g). Property, plant & equipment written off	(133)	-	(133)	-
(h). Inventories write-down	(1,030)	-	(1,030)	-
(i). Provision for and write-off of receivables	(5)	-	(5)	-
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	928	2,133	928	2,133

28. Earning/ (Loss) Per Share

- (a) Basic earnings/ (loss) per share

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding	Current Year to date	Preceding Period Ended
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	7,417	10,985	7,417	10,985
Weighted average number of ordinary shares ('000)	110,568	109,851	110,568	109,851
Basic earnings/(loss) per share (sen)	6.71	10.00	6.71	10.00

(b) Diluted earnings per share
Not applicable

29. Realised and Unrealised Profit/Loss Disclosures

	As at 31/03/2016	As at 31/03/2015
	RM'000	RM'000
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	24,341	12,345
- Unrealised	<u>(2,558)</u>	<u>(3,989)</u>
	21,783	8,356
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained profit/(losses) as per consolidated accounts	<u>21,783</u>	<u>8,356</u>

30. Authorisation for issue

This interim financial information has been approved for issue in accordance with a resolution of the Board of Directors dated 27 May 2016.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 27 May 2016.