

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u>	<u>Current</u> <u>Year to</u> <u>date</u>	<u>Preceding</u> <u>Period</u> <u>Ended</u>
	<u>30/06/2016</u> <u>(RM'000)</u>	<u>30/06/2015</u> <u>(RM'000)</u>	<u>30/06/2016</u> <u>(RM'000)</u>	<u>30/06/2015</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	69,300	69,845	149,028	145,071
Cost of sales	(65,314)	(67,671)	(136,961)	(129,734)
Gross profit	3,986	2,174	12,067	15,337
Other operating income	2,202	2,394	5,233	4,645
Finance cost	(663)	(587)	(1,329)	(1,129)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	5,525	3,981	15,971	18,853
Income tax expense	(1,571)	(1,380)	(3,492)	(3,612)
Profit for the period from continuing operations	3,954	2,601	12,479	15,241
Loss from discontinued operation	-	-	-	-
Profit for the period	3,954	2,601	12,479	15,241
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	3,954	2,601	12,479	15,241
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	2,738	1,624	10,155	12,609
- loss from discontinued operations				
Non-Controlling Interest	1,215	977	2,323	2,632
Profit for the period	3,953	2,601	12,478	15,241
Total comprehensive income attributable to:				
Owners of the Parent	2,739	1,624	10,156	12,609
Non-Controlling Interest	1,215	977	2,323	2,632
	3,954	2,601	12,479	15,241
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	2.50	1.47	9.28	11.42
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 SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2016 RM'000	Audited As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	219,573	210,376
Investment properties	43,183	41,192
Investment in associated company	0	0
Other Investment	725	725
	263,481	252,293
Current Assets		
Inventories	122,388	111,518
Property Development Cost	9,130	9,713
Trade receivables	49,555	41,115
Other receivables	5,839	5,286
Tax recoverable	990	0
Short-term investments	1,867	14,860
Derivative financial assets	-	13
Deposit with licensed banks	21,273	12,364
Cash and bank balances	17,071	16,554
	228,113	211,423
TOTAL ASSETS	491,594	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	(161)	(1,353)
Reserves attributable to revenue	0	0
Other reserves	122,041	122,041
Retained earnings-profit/(loss)	23,328	14,365
	347,490	337,335
Non-Controlling Interest	32,668	31,326
Total Equity	380,158	368,661
Non-current liabilities		
Deferred Taxation	13,189	13,189
Hire Purchase obligations	1,666	2,416
Bank borrowings	6,607	8,930
	21,462	24,535
Current Liabilities		
Trade payables	16,029	8,916
Other payables	13,772	19,700
Provision for liabilities	2,317	2,316
Hire purchase obligations	1,678	964
Bank borrowings	52,804	37,050
Derivative financial liabilities	0	49
Tax Payable	3,374	1,525
	89,974	70,520
Total Liabilities	111,436	95,055
TOTAL EQUITY AND LIABILITIES	491,594	463,716
Net assets per share attributable to ordinary equity holders of the parent (RM)	3.17	3.11

(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 SECOND QUARTER ENDED 30 JUNE 2016
(The figures have not been audited)

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 Earnings/(Lo sses)	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 30 June 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						-	10,155	10,155	2,323	12,478
Acquisition of treasury shares							-	-	-	-
Distribution of Special Share Dividend				1,192			(1,192)	-		
Dividend distributed to Non-Controlling Interest								-	(981)	(981)
Balance as at 30.06.2016	109,851	92,431	(161)	13,464	108,577	-	23,328	347,490	32,668	380,158
Period ended 30 June 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							12,609	12,609	2,632	15,241
Reversal due disposal of asset								-	-	-
Acquisition of treasury shares								(668)	-	(668)
Dividend distributed to Non-Controlling Interest								-	(490)	(490)
Balance as at 30.06.2015	109,851	92,431	(668)	13,464	108,577	-	9,980	333,635	30,451	364,086

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 SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT.

	Cumulative Period	
	Current Year to date 30/06/2016 RM'000	Preceding Period Ended 30/06/2015 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	15,971	18,853
Adjustments for :		
Depreciation, amortisation and impairment losses	3,617	3,550
Interest income	(173)	(89)
Interest expenses	1,328	1,129
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	-	(4)
Write down of inventories	680	-
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	-	(154)
Asset written off	134	-
Operating profit before changes in working capital	21,562	23,285
Net change in current assets	(19,280)	(144)
Net change in current liabilities	1,186	(6,972)
Cash flow from operation	3,468	16,169
Taxes paid	3,431	(2,033)
Taxes refund	776	-
Net Cash Flows From Operating Activities	7,675	14,136
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(1,143)	(592)
Purchase of freehold land	(11,763)	
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	-	179
Increase/(Decrease) in deposit with licensed bank & short term investments	(4,084)	5,911
Reclassified deposit with licensed bank to other investment		
Dividend received	15	18
Net Cash Used in Investing Activities	(16,975)	5,516
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	(668)
Distribution of Treasury Shares as Special Dividend	1,192	-
Special Share Dividend distributed	(1,192)	-
Bank borrowings and other liabilities (Net)	6,250	(14,288)
Repayment of hire purchase obligations	(720)	(451)
Dividends paid to non-controlling interest in subsidiary company	(981)	(490)
Net Cash Flows From Financing Activities	4,549	(15,897)
Net Increase in Cash and Cash Equivalents	(4,752)	3,755
Cash and Cash Equivalents at the beginning of the year	43,778	41,847
Effects of changes in foreign exchange rates	1,185	1,572
Cash and Cash Equivalents at end of the period	40,211	47,174
Cash and cash equivalent comprise the following:-		
Bank and cash balances	17,071	19,129
Short-term investments and Deposit with license bank	23,140	28,045
	40,211	47,174

(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 SECOND QUARTER ENDED 30 JUNE 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'

1.2. Malaysian Financial Reporting Standards.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

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

The status of treasury shares by the Company for the financial period ended 30 June 2016 is as below:-

Date of purchase	No of shares purchased	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	Purchase consideration (inclusive of transaction costs) (RM)
19/6/2015	375,200	0.88	0.90	0.88	331,834.37
22/6/2015	369,000	0.91	0.91	0.91	336,452.72
24/11/2015	90,000	1.34	1.36	1.35	122,189.97
25/11/2015	42,800	1.34	1.34	1.34	57,489.03
26/11/2015	10,000	1.34	1.34	1.34	13,432.46
27/11/2015	195,700	1.38	1.44	1.43	276,476.31

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

Date of purchase	No of shares purchased	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	Purchase consideration (inclusive of transaction (RM)
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25/5/2016 Transferred to dividend accounts at par value of RM1.00 per ord. shares based on the average price of share.

<u>No. of shares</u>	<u>Ave. Price</u>	<u>Value(RM)</u>
(1,086,041)	1.10	(1,192,363.23)

25/5/2016 Balance of treasury shares

<u>No. of shares</u>	<u>Ave. Price</u>	<u>Value(RM)</u>
146,659	1.10	161,016.76

7. Dividends Paid

The Company has declared a Special Share Dividend on the basis of 1 treasury shares for every 100 existing ordinary shares of RM1.00 each amounting to RM1,192,363.00 for the financial period ended 30 June 2016.

8. Segment Information

The Group's segment information for the financial period ended 30 June 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								
External Sales	2,867	76,734	53,030	13,861	2,441	95		149,028
Inter segmental sales	-	2,666	2,157	5,140	-	-		9,963
Total Revenue	2,867	79,400	55,187	19,001	2,441	95		158,991
Segments Profits	1,943	4,510	4,545	3,971	1,089	(88)		15,970
Depreciation	(24)	(855)	(1,609)	(1,121)	(63)	(7)		(3,679)
Rental income of land and buildings	-	16	1,937	577	72	-		2,602
Net foreign exchange	-	817	368	-	-	-		1,185
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	(504)	(481)	(345)	-	-		(1,330)
Interest Income	-	4	102	1	13	54		174
Tax Expenses	-	(869)	(1,221)	(1,074)	(276)	(52)		(3,492)
Segments Assets	4,251	96,056	209,418	154,871	15,033	11,240		490,869
Other Investment						725		725
								491,594
Segment Liabilities	4,785	35,162	45,397	20,769	4,849	475		111,437

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

(The figures have not been audited)

	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
2015								
Revenue								
<i>External Sales</i>	6,979	71,256	45,411	14,225	7,124	76		145,071
<i>Inter segmental sales</i>	-	2,714	3,800	4,366	-	-		10,880
Total Revenue	<u>6,979</u>	<u>73,970</u>	<u>49,211</u>	<u>18,591</u>	<u>7,124</u>	<u>76</u>	<u>-</u>	<u>155,951</u>
Segments Profits/(Loss) Before Tax	5,916	5,209	3,814	3,471	410	54,273	(54,240)	18,853
Depreciation	(3)	(892)	(1,640)	(969)	(39)	(7)		(3,550)
Rental income of land and buildings	-	20	1,869	472	-	-		2,361
Net foreign exchange	-	1,511	61	-	-	-		1,572
Gain/(loss) on disposal of property, plant and equipment	-	95	66	(12)	5	-		154
Finance cost	-	(125)	(451)	(462)	(92)	-	-	(1,130)
Interest Income	-	3	54	0	11	21		89
Tax Expenses	-	(1,265)	(1,158)	(1,039)	(102)	(48)		(3,612)
Segments Assets	8,329	69,736	181,548	152,430	20,229	14,052		446,324
Other Investment			15,105			725		15,830
								462,154
Segment Liabilities	6,881	14,165	40,451	24,204	11,673	549		97,923

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.

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 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 30 June 2016.

12. Contingent Liabilities – Unsecured

As at 30 June 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 RM42,361,396.00 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 2016

(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) 01/04/2016 to 30/6/2016 (RM '000) Q2 2016		Total Value (Transaction For The Year) 01/01/2016 to 30/6/2016 (RM '000)		Balance of the approved amount as at 30/06/2016 (RM '000)		Balance due to / from the companies 30/06/2016 (RM '000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd	Monthly		645		1,185		11,851		15
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱⁱ⁾	Monthly		716		1,432		2,358		716
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		11		19		786		120
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LT1	Monthly	143		359		789			
	Purchase of logs.	LT1	Monthly		1,007		2,605		1,499		275
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		-		1,496		14,908		1,287
Mahawangsa Timber Industries Sdn. Bhd. ("MTI")	^(a) Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		1,883		2,971		12,140	1,590	
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		356		478		1,266		99
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		900		1,035		2,358		269
MTI	^(d) Purchase of timber.	Victory Enterprise Sdn Bhd ("VESB")	Monthly		-		-		496		-
Total				143	5,518	359	11,221	789	47,662	1,590	2,781

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

(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**

	<u>Q2 2016</u>	<u>Q2 2015</u>		<u>Q2 2016</u>	<u>Q2 2015</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue						
Timber Extraction	-	(882)	-100%	2,867	6,979	-59%
Timber Trading	33,483	36,477	-8%	76,734	71,256	8%
Manufacturing	26,605	23,405	14%	53,030	45,411	17%
Services & Treatment	6,687	6,158	9%	13,861	14,225	-3%
Property Development	2,441	4,649	-47%	2,441	7,124	-66%
Others	84	38	121%	95	76	25%
	<u>69,300</u>	<u>69,845</u>	<u>-1%</u>	<u>149,028</u>	<u>145,071</u>	<u>3%</u>
Segment Profit						
Timber Extraction	(788)	(922)	15%	1,943	5,916	-67%
Timber Trading	1,583	2,665	41%	4,510	5,209	-13%
Manufacturing	2,577	1,593	62%	4,545	3,814	19%
Services & Treatment	1,209	388	212%	3,971	3,471	14%
Property Development	996	267	273%	1,089	410	166%
Others	(53)	7,490	-101%	(88)	54,273	-100%
	<u>5,524</u>	<u>11,481</u>	<u>-52%</u>	<u>15,970</u>	<u>73,093</u>	<u>-78%</u>
Elimination	-	(7,500)	-100%	-	(54,240)	-100%
Profit before taxation	<u>5,524</u>	<u>3,981</u>	<u>39%</u>	<u>15,970</u>	<u>18,853</u>	<u>-15%</u>
Taxation	<u>(1,571)</u>	<u>(1,380)</u>	<u>14%</u>	<u>(3,492)</u>	<u>(3,612)</u>	<u>-3%</u>
Profit after taxation	<u>3,953</u>	<u>2,601</u>	<u>52%</u>	<u>12,478</u>	<u>15,241</u>	<u>-18%</u>
Non-controlling interest	<u>(1,215)</u>	<u>(977)</u>	<u>24%</u>	<u>(2,323)</u>	<u>(2,632)</u>	<u>-12%</u>
Net profit for the year	<u>2,738</u>	<u>1,624</u>	<u>69%</u>	<u>10,155</u>	<u>12,609</u>	<u>-19%</u>

(a). Three months period-Q2 2016.

For the current quarter, the Group registered revenue of RM69.30 million, slightly lower than RM69.85 million for Q2 2015. This decrease was mainly attributed to the RM5.20 million total combined decline in the Timber Trading and Property Development market segments. This was partially offset by the total combined increase of RM4.66 million in the turnover for Timber Extraction, Manufacturing and Services & Treatment market segments.

Despite the minimal decline in turnover, the group's pre-tax profit improved by RM1.54 million, i.e. from RM3.98 million to RM5.52 million. The Timber Extraction, Manufacturing, Services & Treatment and Property Development segments registered increases of RM134 thousand, RM984 thousand, RM821 thousand and RM729 thousand respectively in their pre-tax profit. However, this was partially offset by the combined decline of RM1.08 million in the pre-tax profit for the Timber Trading segment. For Others segment the pre-tax profit went down by RM7.54 million mainly due to the huge decline of RM7.50 million in dividend income received from subsidiaries by the Investment Holdings.

(b). Year to date.

The Group registered total revenue of RM149.03 million for the six-month period of Q2 2016, RM3.96 million or 3% more than the RM145.07 million recorded in Q2 2015. The Timber Trading and

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Manufacturing segments were the major contributors to the increase in group's revenue; recorded a total combined increase of RM13.10 in their turnover. The improvement of RM7.62 million in the turnover for the Manufacturing segment was mainly attributed to the improved demand for timber mouldings products and also better demand for cement bags for the industrial paper bags manufacturing. Meanwhile, the increase of RM5.48 million in the turnover of the Timber Trading segment was as a result of improvement in the demand and average selling price of rough sawn timber. However, this was partially offset by the total combined decline of RM9.16 million in the revenue registered by the Timber Extraction, Services & Treatment and Property Development market segments.

Despite improvement in turnover, the group's pre-tax profit decreased by RM2.88 million, from RM18.85 million in the previous corresponding period to RM15.97 million for the current quarter. This was due to the decline in pre-tax profit of the Timber Extraction and Timber Trading segments.

Timber Extraction

A smaller area of 765 acres was logged in the current quarter of 2016 compared to 1,344 acres logged in the previous corresponding quarter. In line with smaller area logged, the revenue for this segment declined by RM4.11 million and similarly, the pre-tax profit also declined by RM3.97 million.

Timber Trading

The turnover for this segment increase by RM5.48 million due to the improvement in the demand from USA and some of the E.U. nations i.e. Netherland, Belgium and Italy. In line with higher demand, the average selling price for rough sawn timber also improved comfortably. Despite higher turnover, the pre-tax profit for this segment deteriorated by RM700 thousand from a pre-tax profit of RM5.21 million in the previous corresponding quarter to RM4.51 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 RM7.62 million as the turnover for the manufacturing of timber and wood based products and manufacturing of industrial paper bags increased by RM5 million and RM2.62 million respectively. In line with greater turnover, pre-tax profit for this market segment improved by RM731 thousand or 17%; from RM3.81 million in the previous corresponding quarter to RM4.55 million for the current quarter. The production cost for this segment increased due to the higher cost of raw material consumed due to the increase in the price of logs, sawn timber and paper. In addition, the operational costs was also higher due to the increase in the administration, selling and finance cost.

Services & Treatment

The volume of incoming timber for kiln drying increased but service charges rates dropped slightly by 2% that resulted in slight reduction of RM364 thousand in the turnover for this market segment. Despite, lower turnover, the pre-tax profit for this segment increased by RM500 thousand as cost of goods sold per unit went down by 5%.

Property Development

The Meru project has been fully completed and the certificates of completion from the Authorities were finally issued. Final billing to buyers amounting to RM2.44 million was accounted for as revenue for the current quarter compared to RM4.65 million for the previous corresponding quarter. It reported a pre-tax profit of RM1.09 million, compared to a pre-tax profit of RM410 thousand previously.

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

Market Segments	Revenue			Segment Profit		
	Q2 2016	Q1 2016	Variances	Q2 2016	Q1 2016	Variances
	RM'000	RM'000		RM'000	RM'000	
Timber Extraction	-	2,867	-100%	(788)	2,731	129%
Timber Trading	33,483	43,251	-23%	1,583	2,927	-46%
Manufacturing	26,605	26,425	1%	2,577	1,968	31%
Services & Treatment	6,687	7,174	-7%	1,209	2,762	-56%
Property Development	2,441	-	100%	996	93	971%
Others	84	11	664%	(53)	(35)	51%
	69,300	79,728	-13%	5,524	10,446	-47%
Elimination				-	-	-100%
Profit before taxation				5,524	10,446	-47%
Taxation				(1,571)	(1,921)	-18%
Profit after taxation				3,953	8,525	-54%
Non-controlling interest				(1,215)	(1,108)	10%
Net profit for the year				2,738	7,417	-63%

The Group's turnover for the current quarter under review was RM69.30 million, which was RM10.43 million or 13% less than the RM79.73 million registered in the preceding quarter. Only two market segments i.e. Manufacturing and Property Development segments have shown improvement in their turnover with a combined improvement of RM2.62 million. This improvement was; however, partially offset by the results of Timber Extraction, Trading segments and Services & Treatment segments which fell a total of RM13.12 million. The increase in the turnover for the Property Development segment was mainly attributed to the final billing to buyers that was recognized in the current quarter. There were no logging activities carried out in the current quarter as we were still awaiting logging licence approval from the relevant authority which led to the decline in the revenue for the Timber Extraction segment. The turnover for Timber Trading segment for the current quarter declined due to lower demand as most overseas customers are still wary of the uncertainties affecting the world economy.

With weaker turnover, the Group posted a lower pre-tax profit of RM5.52 million for the current quarter against the preceding quarter figure of RM10.45 million. With the exception of the increase in the pre-tax profit for Manufacturing (RM609 thousand) and Property Development segment (RM903 thousand); other market segments registered a total combined reduction of RM6.43 million in their pre-tax profit with the Timber Extraction segment being the major contributor with a decrease of RM3.52 million.

17. Prospects for Current Financial Year

The gradual slowdown and rebalancing of economic activity in China and a gradual tightening in monetary policy in the United States is expected to dampen the global economy.

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

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19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	30/06/2016	quarter	30/06/2016	period
	30/06/2015	30/06/2015	30/06/2015	
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,571	1,380	3,492	3,612
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>1,571</u>	<u>1,380</u>	<u>3,492</u>	<u>3,612</u>
Our share of results of associated companies	-	-	-	-
	<u>1,571</u>	<u>1,380</u>	<u>3,492</u>	<u>3,612</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 2016.

22. Status of Corporate Proposals

On 28 April 2016, the Company 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

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been submitted to Bursa Securities on 29 April 2016. On 30 May 2016, the Company announced that Bursa Securities had approved the Proposed Share Split, the Proposed Free Warrants Issue and Proposed Private Placement.

The Proposed Share Split, the Proposed Free Warrants Issue, Proposed Private Placement and Proposed Amendments were approved by the shareholders at the Extraordinary General Meeting that was convened on 12 July 2016 at Bilik Petaling, Kelab Shah Alam, Shah Alam, Selangor.

On 29 July 2016, the Company announced the completion of the Proposed Share Split and as at 5.00 pm on 29 July 2016 (“Entitlement Date”), 109,851,000 ordinary shares of RM1.00 each in the Company have been subdivided into 219,702,000 ordinary shares of RM0.50 each. The Subdivided Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 1 August 2016.

On 8 August 2016, the Company announced the completion of Proposed Free Warrants issue and the Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 8 August 2016.

Other than the above, the Proposed Private Placement has not been completed as at 23 August 2016.

23. Group Borrowings

Total Group borrowings as at 30 June 2016 were as follows:-

	RM'000
Long Term Borrowings	
Secured	6,607
Unsecured	0
	<u>6,607</u>
Short Term Borrowings	
Secured	52,804
Unsecured	0
	<u>52,804</u>
Total Borrowings	<u>59,411</u>

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 23 August 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 (“Victory”) a subsidiary of Minho had on 22 March 2016 commenced an action against Masdef (Malaysia) Sdn Bhd (“Masdef”) 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

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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.

Victory Enterprise Sdn. Bhd. has received and accepted the settlement proposal from Masdef (Malaysia) Sdn. Bhd. and Victory Enterprise Sdn Bhd will not proceed with the legal proceeding against Masdef (Malaysia) Sdn. Bhd.

26. Dividend

The Company has declared a Special Share Dividend on the basis of 1 treasury shares for every 100 existing ordinary shares of RM1.00 each amounting to RM1,192,363.00 for the financial period ended 30 June 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
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	87	43	173	89
(b). Investment income	15	-	15	18
(c). Rental Income	1,319	1,189	2,602	2,361
(d). Interest expenses	1,995	(588)	1,330	(1,130)
(e). Depreciation & Amortisation	(1,869)	(1,779)	(3,679)	(3,550)
(f). Gain/(loss) on disposal of property, plant & equipment	-	320	-	154
(g). Property, plant & equipment written off	(1)	-	(134)	-
(h). Inventories write-down	350	-	(680)	-
(i). Provision for and write-off of receivables	-	-	(5)	-
(j). Provision for receivables write-back.	-	4	-	4
(k). Net foreign exchange gain/(loss)	257	(561)	1,185	1,572

28. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding	Current Year to date	Preceding Period Ended
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	2,738	1,624	10,155	12,609
Weighted average number of ordinary shares ('000)	109,482	110,409	109,482	110,409
Basic earnings/(loss) per share (sen)	2.50	1.47	9.28	11.42

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- (b) Diluted earnings per share
Not applicable

29. Realised and Unrealised Profit/Loss Disclosures

	<u>As at</u> <u>30/06/2016</u>	<u>As at</u> <u>30/06/2015</u>
	RM'000	RM'000
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	25,886	13,968
- Unrealised	<u>(2,558)</u>	<u>(3,989)</u>
	23,328	9,979
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained profit/(losses) as per consolidated accounts	<u>23,328</u>	<u>9,979</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 30 August 2016.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30 August 2016.