

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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>30/09/2016</u> <u>(RM'000)</u>	<u>30/09/2015</u> <u>(RM'000)</u>	<u>30/09/2016</u> <u>(RM'000)</u>	<u>30/09/2015</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	63,035	64,155	212,063	209,226
Cost of sales	(61,803)	(57,463)	(198,764)	(187,197)
Gross profit	1,232	6,692	13,299	22,029
Other operating income	2,029	1,974	7,261	6,619
Finance cost	(825)	(542)	(2,154)	(1,671)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	2,436	8,124	18,406	26,977
Income tax expense	(1,200)	(2,330)	(4,692)	(5,942)
Profit for the period from continuing operations	1,236	5,794	13,714	21,035
Loss from discontinued operation	-	-	-	-
Profit for the period	1,236	5,794	13,714	21,035
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	1,236	5,794	13,714	21,035
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	1,109	4,366	11,264	16,975
- loss from discontinued operations				
Non-Controlling Interest	127	1,428	2,450	4,060
Profit for the period	1,236	5,794	13,714	21,035
Total comprehensive income attributable to:				
Owners of the Parent	1,109	4,366	11,264	16,975
Non-Controlling Interest	127	1,428	2,450	4,060
	1,236	5,794	13,714	21,035
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.50	3.96	5.13	15.40
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 THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/09/2016 RM'000	Audited As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	218,281	210,376
Investment properties	43,117	41,192
Investment in associated company	0	0
Other Investment	725	725
	262,123	252,293
Current Assets		
Inventories	131,087	111,518
Property Development Cost	8,182	9,713
Trade receivables	46,139	41,115
Other receivables	5,100	5,286
Tax recoverable	1,464	0
Short-term investments	1,875	14,860
Derivative financial assets	-	13
Deposit with licensed banks	23,430	12,364
Cash and bank balances	18,154	16,554
	235,431	211,423
TOTAL ASSETS	497,554	463,716
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	109,851	109,851
Share Capital-Excess from resale of treasury shares	98	
Share premium	92,431	92,431
Treasury Shares	0	(1,353)
Reserves attributable to revenue	0	0
Other reserves	122,041	122,041
Retained earnings-profit/(loss)	24,437	14,365
	348,858	337,335
Non-Controlling Interest	32,795	31,326
Total Equity	381,653	368,661
Non-current liabilities		
Deferred Taxation	13,189	13,189
Hire Purchase obligations	1,824	2,416
Bank borrowings	5,686	8,930
	20,699	24,535
Current Liabilities		
Trade payables	18,850	8,916
Other payables	13,672	19,700
Provision for liabilities	2,317	2,316
Hire purchase obligations	1,587	964
Bank borrowings	56,324	37,050
Derivative financial liabilities	0	49
Tax Payable	2,452	1,525
	95,202	70,520
Total Liabilities	115,901	95,055
TOTAL EQUITY AND LIABILITIES	497,554	463,716
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.59	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 THIRD QUARTER ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

	← Attributable to equity holders of the company →										
	Share Capital	Share Capital-Excess from resale of	← Non-distributable →					Distributable		Non-Controlling Interest	Total Equity
			Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Losses)	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 30 September 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						-		11,264	11,264	2,450	13,714
Excess from resale of treasury shares		98		161				-	259	-	259
Distribution of Special Share Dividend				1,192				(1,192)	-		
Dividend distributed to Non-Controlling Interest									-	(981)	(981)
Balance as at 30.09.2016	109,851	98	92,431	-	13,464	108,577	-	24,437	348,858	32,795	381,653
Period ended 30 September 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								16,975	16,975	4,060	21,035
Reversal due disposal of asset								-	-	-	-
Acquisition of treasury shares				(668)				(668)	-	-	(668)
Dividend distributed to Non-Controlling Interest									-	(490)	(490)
Balance as at 30.09.2015	109,851		92,431	(668)	13,464	108,577	-	14,346	338,001	31,879	369,880

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 THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT.

	Cumulative Period	
	Current Year to date 30/09/2016 RM'000	Preceding Period Ended 30/09/2015 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	18,406	26,977
Adjustments for :		
Depreciation, amortisation and impairment losses	5,493	5,254
Interest income	(259)	(162)
Interest expenses	2,069	1,671
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	-	(4)
Write down of inventories	357	260
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(1)	(251)
Asset written off	1	-
Operating profit before changes in working capital	26,066	33,745
Net change in current assets	(22,876)	(7,301)
Net change in current liabilities	3,907	(14,650)
Cash flow from operation	7,097	11,794
Taxes paid	5,990	(4,044)
Taxes refund	776	-
Net Cash Flows From Operating Activities	13,863	7,750
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(1,894)	(1,742)
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	480	283
Proceeds from insurance claims	481	-
Increase/(Decrease) in deposit with licensed bank & short	(1,919)	4,068
term investments		
Dividend received	133	46
Net Cash Used in Investing Activities	(14,482)	2,655
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	(668)
Excess from Sales of Treasury Shares	98	-
Distribution of Treasury Shares as Special Dividend	1,192	-
Special Share Dividend distributed	(1,192)	-
Bank borrowings and other liabilities (Net)	920	(9,749)
Repayment of hire purchase obligations	(1,157)	(692)
Dividends paid to non-controlling interest in subsidiary	(980)	(490)
company		
Net Cash Flows From Financing Activities	(1,119)	(11,599)
Net Increase in Cash and Cash Equivalents	(1,738)	(1,194)
Cash and Cash Equivalents at the beginning of the year	43,778	41,847
Effects of changes in foreign exchange rates	1,419	1,864
Cash and Cash Equivalents at end of the period	43,459	42,517
Cash and cash equivalent comprise the following:-		
Bank and cash balances	18,154	16,315
Short-term investments and Deposit with license bank	25,305	26,202
	43,459	42,517

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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

The status of treasury shares by the Company for the financial period ended 30 September 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 (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 THIRD QUARTER ENDED 30 SEPTEMBER 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))
30/11/2015	100,000	1.42	1.45	1.44	143,841.74
3/12/2015	50,000	1.37	1.37	1.37	68,663.39
TOTAL	1,232,700			1.10	1,353,379.99

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

22/7/2016 Resale of treasury shares

<u>No. of shares</u>	<u>Ave. Price</u>	<u>Value(RM)</u>
(100,000)	1.77	(177,430.00)

25/7/2016 Resale of treasury shares

<u>No. of shares</u>	<u>Ave. Price</u>	<u>Value(RM)</u>
(46,659)	1.76	(82,059.25)

25/7/2016 Excess from Resale of Treasury Shares **(98,472.49)**

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 September 2016.

8. Segment Information

The Group's segment information for the financial period ended 30 September 2016 is as follows:-

	<u>Timber Extraction RM'000</u>	<u>Timber Trading RM'000</u>	<u>Manufacturing RM'000</u>	<u>Services & Treatment RM'000</u>	<u>Property Development RM'000</u>	<u>Others RM'000</u>	<u>Elimination RM'000</u>	<u>Total RM'000</u>
2016								
Revenue								
External Sales	2,867	110,191	74,594	20,387	3,906	118		212,063
Inter segmental sales	-	3,602	2,968	7,811	-	-		14,381
Total Revenue	2,867	113,793	77,562	28,198	3,906	118		226,444
Segments Profits	1,845	4,942	4,927	5,669	1,150	(127)		18,406
Depreciation	(38)	(1,283)	(2,419)	(1,741)	-	(11)		(5,492)
Rental income of land and buildings	-	24	2,929	893	108	-	(346)	3,608
Net foreign exchange	-	1,019	400	-	-	-		1,419
Gain/(loss) on disposal of property, plant and equipment	-	-	1	-	-	-		1
Finance cost	-	(807)	(772)	(491)	(84)	-		(2,154)
Interest Income	-	5	130	2	25	96		258
Tax Expenses	-	(962)	(1,720)	(1,645)	(291)	(74)		(4,692)
Segments Assets	4,736	96,781	214,740	154,497	14,054	12,022		496,830
Other Investment						725		725
								497,555
Segment Liabilities	5,314	37,028	49,328	19,882	3,824	524		115,900

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	98,912	74,714	21,383	7,124	114		209,226
<i>Inter segmental sales</i>	-	3,746	4,981	7,157	-	-		15,884
Total Revenue	6,979	102,658	79,695	28,540	7,124	114		225,110
Segments Profits/(Loss) Before Tax	5,876	6,825	6,407	6,088	1,807	56,705	(56,730)	26,978
Depreciation	(5)	(1,333)	(2,397)	(1,469)	(39)	(11)		(5,254)
Rental income of land and buildings	-	28	2,822	708	60	-		3,618
Net foreign exchange	-	1,762	102	-	-	-		1,864
Gain/(loss) on disposal of property, plant and equipment	-	95	73	(12)	90	5		251
Finance cost	-	(216)	(693)	(669)	(93)	-	-	(1,671)
Interest Income	-	6	105	1	27	23		162
Tax Expenses	-	(1,778)	(1,578)	(2,062)	(452)	(72)		(5,942)
Segments Assets	7,740	74,992	179,727	153,882	18,191	12,111		446,643
Other Investment			15,105			725		15,830
								462,473
Segment Liabilities	4,631	21,317	35,579	23,761	8,588	520		94,396

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 September 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 September 2016.

12. Contingent Liabilities – Unsecured

As at 30 September 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 RM44,247,525.00 were utilized.

13. Capital Commitments

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



INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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) 01/07/2016 to 30/9/2016 (RM ' 000) Q3 2016		Total Value (Transaction For The Year) 01/01/2016 to 30/9/2016 (RM ' 000)		Balance of the approved amount as at 30/09/2016 (RM ' 000)		Balance due to / from the companies 30/09/2016 (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		867		2,052		14,075		
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱⁱ⁾	Monthly		716		2,148		3,545		716
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		3		22		797		74
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	568		927		2,932			
	Purchase of logs.	LTI	Monthly		847		3,452		3,688		186
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		346		1,842		19,653		1,287
MTI	^(a) Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		1,713		4,684		16,556	378	
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		183		661		1,645		-
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		600		1,635		2,895		23
Total				568	5,275	927	16,496	2,932	63,654	378	2,286

Notes :

(i) The rental & storage charges are paid on monthly basis for warehouse at Lot 6478 & Lot 6468, Lrg Sg Puluh, Batu 6, Off Jalan Kapar, 42100 Klang, Selangor. The size of the warehouse for Lot 6478 is 332,320 sq.ft & for Lot 6468 is 176,595 sq.ft

The estimated value are based on the budgeted sales prepared by the management of Minho for the years 2015 and 2016 and the actual amounts transacted may vary.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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**

	3 MONTHS ENDED			9 MONTHS ENDED YEAR-TO-DATE ENDED		
	Q3 2016	Q3 2015	%	Q3 2016	Q3 2015	%
	RM'000	RM'000		30/09/2016	30/09/2015	
				RM'000	RM'000	
Revenue						
Timber Extraction	-	-	0%	2,867	6,979	-59%
Timber Trading	33,457	34,309	-2%	110,191	105,565	4%
Manufacturing	21,564	22,650	-5%	74,594	68,061	10%
Services & Treatment	6,526	7,158	-9%	20,387	21,383	-5%
Property Development	1,465	-	100%	3,906	7,124	-45%
Others	23	38	-39%	118	114	4%
	<u>63,035</u>	<u>64,155</u>	<u>-2%</u>	<u>212,063</u>	<u>209,226</u>	<u>1%</u>
Segment Profit						
Timber Extraction	(98)	(41)	-139%	1,845	5,875	-69%
Timber Trading	432	2,336	-82%	4,942	7,545	-34%
Manufacturing	382	1,873	-80%	4,927	5,687	-13%
Services & Treatment	1,698	2,617	-35%	5,669	6,088	-7%
Property Development	61	1,397	-96%	1,150	1,807	-36%
Others	(39)	2,432	-102%	(127)	56,705	-100%
	<u>2,436</u>	<u>10,614</u>	<u>-77%</u>	<u>18,406</u>	<u>83,707</u>	<u>-78%</u>
Elimination	-	(2,490)	-100%	-	(56,730)	-100%
Profit before taxation	<u>2,436</u>	<u>8,124</u>	<u>-70%</u>	<u>18,406</u>	<u>26,977</u>	<u>-32%</u>
Taxation	(1,200)	(2,330)	-48%	(4,692)	(5,942)	-21%
Profit after taxation	<u>1,236</u>	<u>5,794</u>	<u>-79%</u>	<u>13,714</u>	<u>21,035</u>	<u>-35%</u>
Non-controlling interest	(127)	(1,428)	-91%	(2,450)	(4,060)	-40%
Net profit for the year	<u>1,109</u>	<u>4,366</u>	<u>-75%</u>	<u>11,264</u>	<u>16,975</u>	<u>-34%</u>

(a). Three months period-Q3 2016.

For the current quarter, the Group registered revenue of RM63.04 million, slightly lower than RM64.16 million for Q3 2015. All the market segments of the Group registered lower revenue with exception the Property Development segment which shown an improvement of RM1.46 million in their revenue. The increase in revenue of the Property Development segment was partially offset by RM2.59 million total combined decline in the Timber Trading, Manufacturing and Services & Treatment and Others market segments.

In line with lower revenue, the group's pre-tax profits weakened by RM5.68 million, i.e. from RM8.12 million to RM2.44 million.

(b). Year to date.

The Group disclosed total revenue of RM212.06 million for the nine-month period of Q3 2016, RM2.83 million or 1% more than the RM209.23 million recorded in Q3 2015. The Timber Trading and Manufacturing segments were the major contributors to the increase in group revenue. They recorded a total combined increase of RM11.16 in their turnover. The improvement of RM6.53 million in the turnover for the Manufacturing segment was mainly attributed to the improved demand for timber mouldings products and also to the better demand for cement bags. Meanwhile, the increase of RM4.63 million in the turnover of the Timber Trading segment was as a result of improvement in the demand and higher average selling price of rough sawn timber. However, this was partially offset

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

by the total combined decline of RM8.32 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 RM8.57 million, from RM26.98 million in the previous corresponding period to RM18.41 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 RM4.03 million.

Timber Trading

The turnover for this segment increase by RM4.63 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. Despite higher turnover, the pre-tax profit for this segment deteriorated by RM2.61 million from a pre-tax profit of RM7.55 million in the previous corresponding quarter to RM4.94 million for the current quarter. This was mainly due to the higher operating cost resulting from the higher cost of rough sawn timber purchased and the increase in finance cost.

Manufacturing

Total turnover for this segment grew by RM6.53 million as the turnover for the manufacturing of timber and wood based products and manufacturing of industrial paper bags increased by RM1.32 million and RM5.21 million respectively. Despite of higher turnover, pre-tax profit for this market segment weakened by RM760 thousand or 13%; from RM5.69 million in the previous corresponding quarter to RM4.93 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 were 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 4% that resulted in slight reduction of RM996 thousand in the turnover for this market segment. In line with lower turnover, the pre-tax profit for this segment dropped by RM419 thousand as operation cost increased by 3% mainly due to higher cost of repairs and maintenance for the kiln drying facilities incurred in the current quarter.

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 RM3.91 million was accounted for as revenue for the current quarter (compared to RM7.12 million for the previous corresponding quarter) It reported a pre-tax profit of RM1.15 million, compared to a pre-tax profit of RM1.81 million previously.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

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

Market Segments	Revenue			Segment Profit		
	Q3 2016	Q2 2016	Variances	Q3 2016	Q2 2016	Variances
	RM'000	RM'000		RM'000	RM'000	
Timber Extraction	-	-	0%	(98)	(788)	88%
Timber Trading	33,457	33,483	0%	432	1,583	-73%
Manufacturing	21,564	26,605	-19%	382	2,577	-85%
Services & Treatment	6,526	6,687	-2%	1,698	1,209	40%
Property Development	1,465	2,441	-40%	61	996	-94%
Others	23	84	-73%	(39)	(53)	-26%
	63,035	69,300	-9%	2,436	5,524	-56%
Elimination				-	-	0%
Profit before taxation				2,436	5,524	-56%
Taxation				(1,200)	(1,571)	-24%
Profit after taxation				1,236	3,953	-69%
Non-controlling interest				(127)	(1,215)	-90%
Net profit for the year				1,109	2,738	-59%

The Group's turnover for the current quarter under review was RM63.04 million, which was RM6.26 million or 9% less than the RM69.30 million registered in the preceding quarter. The whole of the Group's market segments disclosed weaker revenue. 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, Manufacturing of Timber products and Services & Treatment market segments for the current quarter declined due to lower demand as most overseas customers were still wary of the uncertainties affecting the world economy especially after the U.S. presidency election.

With weaker turnover, the Group posted a lower pre-tax profit of RM1.24 million for the current quarter against the preceding quarter figure of RM3.95 million. With the exception of the increase in the pre-tax profit for Services & Treatment segment (RM489 thousand) and the Other segment (RM14 thousand); other market segments registered a total combined reduction of RM3.22 million in their pre-tax profit with the Manufacturing segment being the major contributor with a decrease of RM2.20 million.

17. Prospects for Current Financial Year

The Group foresees difficult operating conditions and uncertain global economic environment. In view of that, the Group will continue its measures on cost control strategies to mitigate against the rising cost of raw material and labour. 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.

19. Taxation

Taxation comprises:-

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	30/09/2016	quarter	30/09/2016	period
	RM'000	30/09/2015	RM'000	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,217	2,046	4,709	5,658
(Over)/Under provision in respect of prior years	(17)	284	(17)	284
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>1,200</u>	<u>2,330</u>	<u>4,692</u>	<u>5,942</u>
Our share of results of associated companies	-	-	-	-
	<u>1,200</u>	<u>2,330</u>	<u>4,692</u>	<u>5,942</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 September 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 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.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

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 22 November 2016. On 24 November 2016, the Company announced that Bursa Malaysia Securities Berhad had, vide its letter dated 24 November 2016, resolved to grant the Company an extension of time of six (6) months until 25 May 2017 to complete the Private Placement.

23. Group Borrowings

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

	RM'000
Long Term Borrowings	
Secured	5,686
Unsecured	0
	<u>5,686</u>
Short Term Borrowings	
Secured	56,324
Unsecured	0
	<u>56,324</u>
Total Borrowings	<u>62,010</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 22 November 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

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

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 on 25 April 2016 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 September 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
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	86	73	259	162
(b). Investment income	118	28	133	46
(c). Rental Income	-	1,257	2,602	3,618
(d). Interest expenses	(3,399)	(541)	(2,069)	(1,671)
(e). Depreciation & Amortisation	(1,814)	(1,704)	(5,493)	(5,254)
(f). Gain/(loss) on disposal of property, plant & equipment	1	97	1	251
(g). Property, plant & equipment written off/ written back	133	-	(1)	-
(h). Inventories write-down/ write-back	323	(260)	(357)	(260)
(i). Provision for and write-off of receivables	-	-	(5)	-
(j). Provision for receivables write-back.	-	-	-	4
(k). Net foreign exchange gain/(loss)	234	292	1,419	1,864

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
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	1,109	4,366	11,264	16,975
Weighted average number of ordinary shares ('000)	219,702	110,223	219,702	110,223
Basic earnings/(loss) per share (sen)	0.50	3.96	5.13	15.40

(b) Diluted earnings per share
Not applicable

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

29. Realised and Unrealised Profit/Loss Disclosures

	As at 30/09/2016	As at 30/09/2015
	RM'000	RM'000
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	26,995	18,334
- Unrealised	<u>(2,558)</u>	<u>(3,989)</u>
	24,437	14,345
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained profit/(losses) as per consolidated accounts	<u>24,437</u>	<u>14,345</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 29 November 2016.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 29 November 2016.