

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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>31/12/2016</u> <u>(RM'000)</u>	<u>31/12/2015</u> <u>(RM'000)</u>	<u>31/12/2016</u> <u>(RM'000)</u>	<u>31/12/2015</u> <u>(RM'000)</u>
<b>Continuing Operations:</b>				
<b>Revenue</b>	66,437	71,247	278,500	280,473
Cost of sales	(66,606)	(73,720)	(265,370)	(260,917)
Gross profit	(169)	(2,473)	13,130	19,556
Other operating income	2,410	4,319	9,671	10,938
Finance cost	(826)	(598)	(2,980)	(2,269)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	1,415	1,248	19,821	28,225
Income tax expense	1,073	(1,062)	(3,619)	(7,004)
<b>Profit for the period from continuing operations</b>	<b>2,488</b>	<b>186</b>	<b>16,202</b>	<b>21,221</b>
<b>Loss from discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the period</b>	<b>2,488</b>	<b>186</b>	<b>16,202</b>	<b>21,221</b>
<b>Other Comprehensive Income:</b>				
<b>Other Comprehensive Income net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period</b>	<b>2,488</b>	<b>186</b>	<b>16,202</b>	<b>21,221</b>
<b>Net Profit/(loss) attributable to:</b>				
Owners of the Parent				
- income from continuing operations	1,552	459	12,816	17,434
- loss from discontinued operations				
Non-Controlling Interest	936	(273)	3,386	3,787
Profit for the period	2,488	186	16,202	21,221
Total comprehensive income attributable to:				
Owners of the Parent	1,552	459	12,816	17,434
Non-Controlling Interest	936	(273)	3,386	3,787
	2,488	186	16,202	21,221
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.71	0.42	5.83	15.81
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 FOURTH QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31/12/2016</b>	<b>As at 31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	216,735	210,376
Investment properties	42,777	41,192
Investment in associated company	0	0
Other Investment	725	725
	<b>260,237</b>	<b>252,293</b>
<b>Current Assets</b>		
Inventories	129,663	111,518
Property Development Cost	8,379	9,713
Trade receivables	46,273	41,115
Other receivables	6,019	5,286
Tax recoverable	1,786	0
Short-term investments	2,039	14,860
Derivative financial assets	-	13
Deposit with licensed banks	20,453	12,364
Cash and bank balances	13,033	16,554
	<b>227,645</b>	<b>211,423</b>
<b>TOTAL ASSETS</b>	<b>487,882</b>	<b>463,716</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owner of the parents</b>		
Share Capital	109,851	109,851
	0	0
Share premium	91,094	92,431
Treasury Shares	0	(1,353)
Reserves attributable to revenue	0	0
Other reserves	122,042	122,041
Retained earnings-profit/(loss)	27,181	14,365
	<b>350,168</b>	<b>337,335</b>
<b>Non-Controlling Interest</b>	<b>33,360</b>	<b>31,326</b>
<b>Total Equity</b>	<b>383,528</b>	<b>368,661</b>
<b>Non-current liabilities</b>		
Deferred Taxation	10,866	13,189
Hire Purchase obligations	1,894	2,416
Bank borrowings	5,047	8,930
	<b>17,807</b>	<b>24,535</b>
<b>Current Liabilities</b>		
Trade payables	15,264	8,916
Other payables	13,257	19,700
Provision for liabilities	2,073	2,316
Hire purchase obligations	1,959	964
Bank borrowings	51,004	37,050
Derivative financial liabilities	819	49
Tax Payable	2,171	1,525
	<b>86,547</b>	<b>70,520</b>
<b>Total Liabilities</b>	<b>104,354</b>	<b>95,055</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>487,882</b>	<b>463,716</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<b>1.59</b>	<b>3.11</b>

(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 FOURTH QUARTER ENDED 31 DECEMBER 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			Total	Non-Controlling Interest	Total Equity
			Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Losses)	RM'000			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Period ended 31 December 2016</b>												
<b>Balance as at 01.01.2016</b>	109,851		92,431	(1,353)	13,464	108,577		14,365	337,335	31,326	368,661	
Total comprehensive income for the period						-		12,816	12,816	3,386	16,202	
Excess from resale of treasury shares			98	161				-	259	-	259	
Distribution of Special Share Dividend			(1,192)	1,192					-		-	
Expenses incurred for the corporate exercise			(243)						(243)		(243)	
Dividend distributed to Non-Controlling Interest									-	(1,352)	(1,352)	
<b>Balance as at 31.12.2016</b>	109,851	-	91,094	-	13,464	108,577	-	27,181	350,167	33,360	383,527	
<b>Period ended 30 December 2015</b>												
<b>Balance as at 01.01.2015</b>	109,851		92,431	-	13,464	108,577		(2,652)	321,671	28,309	349,980	
Prior years adjustments-Note (i)								22	22		22	
Balance as at 01.01.2015 restated								(2,630)	321,693	28,309	350,002	
Total comprehensive income for the period								17,434	17,434	3,787	21,221	
Net excess from voluntary winding up of a dormant wholly owned subsidiary								23	23	-	23	
Acquisition of treasury shares				(1,353)					(1,353)	-	(1,353)	
Dividend distributed to Non-Controlling Interest									-	(885)	(885)	
<b>Balance as at 31.12.2015</b>	109,851		92,431	(1,353)	13,464	108,577	-	14,827	337,797	31,211	369,008	

**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 FOURTH QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT.**

	<b>Cumulative Period</b>	
	<b>Current Year</b>	<b>Preceding</b>
	<b>to date</b>	<b>Period Ended</b>
	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(Loss) before taxation</b>	19,821	28,225
Adjustments for :		
Depreciation, amortisation and impairment losses	7,328	7,596
Interest income	(385)	(417)
Interest expenses	2,980	2,269
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	82	684
Write back of provision for doubtful debts	(368)	(4)
Write down of inventories	718	108
Write back of stock value	(241)	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(229)	(234)
Asset written off	1	1
Operating profit before changes in working capital	29,707	38,228
Net change in current assets	(22,702)	(4,251)
Net change in current liabilities	(338)	(16,391)
Cash flow from operation	6,667	17,586
Taxes paid	(7,649)	(6,592)
Taxes refund	778	483
<b>Net Cash Flows From Operating Activities</b>	<b>(204)</b>	<b>11,477</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of PPE and investment property	(2,161)	(3,027)
Purchase of freehold land	(11,763)	-
Purchased freehold land for property development	-	-
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary company	(200)	-
Proceeds from sale of non-current assets	1,232	404
Proceeds from insurance claims	528	-
Increase/(Decrease) in deposit with licensed bank & short	(4,732)	5,065
term investments		
Dividend received	184	772
<b>Net Cash Used in Investing Activities</b>	<b>(16,912)</b>	<b>3,214</b>
<b>Cash Flows From Financing Activities:</b>		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	(1,353)
Excess from Sales of Treasury Shares	98	-
Bank borrowings and other liabilities (Net)	12,510	(7,432)
Repayment of hire purchase obligations	(1,246)	(1,005)
Dividends paid to non-controlling interest in subsidiary	(1,352)	(886)
company		
<b>Net Cash Flows From Financing Activities</b>	<b>10,010</b>	<b>(10,676)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(7,106)</b>	<b>4,015</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>43,778</b>	<b>41,847</b>
<b>Effects of changes in foreign exchange rates</b>	<b>(1,147)</b>	<b>(2,118)</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>35,525</b>	<b>43,744</b>
<b>Cash and cash equivalent comprise the following:-</b>		
Bank and cash balances	13,033	16,545
Short-term investments and Deposit with license bank	22,492	27,199
	<b>35,525</b>	<b>43,744</b>

(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 FOURTH QUARTER ENDED 31 DECEMBER 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 2015. 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 2015. 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 2015, 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 2015.

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.**

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

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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 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 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
<b>TOTAL</b>	<b>1,232,700</b>			1.10	<b>1,353,379.99</b>

**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 31 December 2016.

**8. Segment Information**

The Group's segment information for the financial period ended 31 December 2016 is as follows:-

	<u>Timber Extraction RM'000</u>	<u>Timber Trading RM'000</u>	<u>Manufacturing RM'000</u>	<u>Services &amp; Treatment RM'000</u>	<u>Property Development RM'000</u>	<u>Others RM'000</u>	<u>Elimination RM'000</u>	<u>Total RM'000</u>
<b>2016</b>								
<b>Revenue</b>								
External Sales	2,867	142,302	98,364	27,588	7,206	173	-	278,500
Inter segmental sales	-	4,293	5,847	9,258	-	-	-	19,398
Total Revenue	2,867	146,595	104,211	36,846	7,206	173	-	297,898
Segments Profits	2,200	4,431	5,648	7,838	1,659	(40)	(1,915)	19,821
Depreciation	(52)	(1,482)	(3,209)	(2,570)	-	(15)	-	(7,328)
Rental income of land and buildings	-	32	3,896	1,194	-	144	(462)	4,804
Net foreign exchange	-	848	299	-	-	-	-	1,147
Gain/(loss) on disposal of property, plant and equipment	-	-	34	(4)	-	199	-	229
Finance cost	-	(1,120)	(1,002)	(695)	(163)	-	-	(2,980)
Interest Income	-	19	183	10	37	136	-	385
Tax Expenses	-	(954)	(1,109)	(1,054)	(406)	(96)	-	(3,619)
Segments Assets	4,889	90,994	213,210	153,545	14,998	9,521	-	487,157
Other Investment	-	-	-	-	-	725	-	725
								<b>487,882</b>
Segment Liabilities	3,527	35,163	43,381	17,451	4,374	458	-	104,354

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	<b>Timber Extraction RM'000</b>	<b>Timber Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Services &amp; Treatment RM'000</b>	<b>Property Development RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>2015</b>								
<b>Revenue</b>								
<i>External Sales</i>	6,979	139,641	93,602	28,111	12,007	133		280,473
<i>Inter segmental sales</i>	-	4,547	6,042	9,599	-	-		20,188
<b>Total Revenue</b>	<b>6,979</b>	<b>144,188</b>	<b>99,644</b>	<b>37,710</b>	<b>12,007</b>	<b>133</b>		<b>300,661</b>
Segments Profits/(Loss) Before Tax	4,924	8,110	6,159	7,533	1,496	56,245	(56,242)	28,225
Depreciation	(7)	(1,793)	(3,299)	(2,443)	(40)	(14)		(7,596)
Rental income of land and buildings	-	37	3,774	955	96	-		4,862
Net foreign exchange	-	1,821	296	-	-	-		2,117
Gain/(loss) on disposal of property, plant and equipment	-	95	73	(29)	90	5		234
Finance cost	-	(397)	(823)	(868)	(181)	-	-	(2,269)
Interest Income	-	9	251	7	40	109		416
Tax Expenses	(71)	(1,763)	(2,433)	(2,274)	(372)	(91)		(7,004)
Segments Assets	6,196	85,734	191,898	154,942	15,330	9,495		463,595
Other Investment						725		725
								<b>464,320</b>
Segment Liabilities	4,702	27,966	32,666	23,588	5,964	426		<b>95,312</b>

**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 31 December 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 December 2016.

**12. Contingent Liabilities – Unsecured**

As at 31 December 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 RM40,152,384.00 were utilized.

**13. Capital Commitments**

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




**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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) 01/10/2016 to 31/12/2016 (RM '000) Q4 2016		Total Value transaction For The Year 01/01/2016 to 31/12/2016 (RM '000)		Total Value transaction For The Period 06/06/2016 to 31/12/2016 # (RM '000)		Balance of the approved amount as at 31/12/2016 (RM '000)		Balance due to / from the companies 31/12/2016 (RM '000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd	Monthly		552		2,604		1,477		13,523		252
Minho Kilning (Klang) Sdn Bhd ("MKK")	<sup>(i)</sup> Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") <sup>(ii)</sup>	Monthly		716		2,864		1,672		2,828		239
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		16		37		19		781		37
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	326		1,253		894		2,606			
	Purchase of logs.	LTI	Monthly		1,590		5,042		2,902		2,098		110
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	MySquares Development Sdn Bhd ("MS")	Monthly		-		1,842		347		19,653		347
MTI	<sup>(a)</sup> Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		1,670		6,354		4,115		14,885		1
MTI	<sup>(b)</sup> Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		305		966		660		1,340		-
MTI	<sup>(c)</sup> Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		491		2,126		1,596		2,404		4
<b>Total</b>				<b>326</b>	<b>5,340</b>	<b>1,253</b>	<b>21,835</b>	<b>894</b>	<b>12,786</b>	<b>2,606</b>	<b>58,314</b>	<b>-</b>	<b>990</b>

Notes :

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

# 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.

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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**

	<b>3 MONTHS ENDED</b>			<b>12 MONTHS ENDED</b>		
				<b>YEAR-TO-DATE ENDED</b>		
	<b>Q4 2016</b>	<b>Q4 2015</b>		<b>Q4 2016</b>	<b>Q4 2015</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
<b>Revenue</b>						
Timber Extraction	-	-	0%	2,867	6,979	-59%
Timber Trading	32,111	34,076	-6%	142,302	139,641	2%
Manufacturing	23,770	25,541	-7%	98,364	93,602	5%
Services & Treatment	7,201	6,728	7%	27,588	28,111	-2%
Property Development	3,300	4,883	-32%	7,206	12,007	-40%
Others	55	19	189%	173	133	30%
	<b>66,437</b>	<b>71,247</b>	<b>-7%</b>	<b>278,500</b>	<b>280,473</b>	<b>-1%</b>
<b>Segment Profit</b>						
Timber Extraction	355	(951)	137%	2,200	4,924	-55%
Timber Trading	(511)	565	-190%	4,431	8,110	-45%
Manufacturing	721	472	53%	5,648	6,159	-8%
Services & Treatment	2,169	1,445	50%	7,838	7,533	4%
Property Development	509	(311)	264%	1,659	1,496	11%
Others	87	(460)	-119%	(40)	56,245	-100%
	3,330	760	338%	21,736	84,467	-74%
Elimination	(1,915)	488	-492%	(1,915)	(56,242)	-97%
Profit before taxation	1,415	1,248	13%	19,821	28,225	-30%
Taxation	1,073	(1,062)	-201%	(3,619)	(7,004)	-48%
Profit after taxation	2,488	186	1238%	16,202	21,221	-24%
Non-controlling interest	(936)	273	-443%	(3,386)	(3,787)	-11%
Net profit for the year	1,552	459	238%	12,816	17,434	-26%

**(a). Three months period-Q4 2016.**

For Q4 2016, the Group registered a turnover of RM66.44 million, which was RM4.81 million or 7% lower than RM71.25 million for Q4 2015. All the market segments of the Group registered lower revenue with the exception of the Services & Treatment segment and Other segment which shown an improvement of RM473 thousand and RM40 thousand respectively in their revenue. The increase in revenue of the Manufacturing segment was partially offset by RM5.32 million total combined decline of the Timber Trading, Services & Treatment and Property Development market segments.

Despite the lower revenue, the group's pre-tax profits improved by RM170 thousand, i.e. from RM1.25 million to RM1.42 million. All the market segments of the Group shown improvement in their pre-tax profits with the exception of Timber Trading segment which registered a pre-tax loss of RM511 thousand as compared to a pre-tax profit of RM565 thousand.

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

The Group disclosed total revenue of RM278.50 million for the twelve-month period of 2016, RM1.97 million or 1% less than the RM280.47 million recorded in 2015. The Timber Trading and Manufacturing segments were the major contributors to the increase in group revenue. They recorded a total combined increase of RM7.42 million in their turnover. The improvement of RM4.76 million in the turnover for the Manufacturing segment was mainly attributed to the improved sales of cement bags. Meanwhile, the increase of RM2.66 million in the turnover of the Timber Trading segment was as a

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result of improvement in the demand and higher average selling price of rough sawn timber. However, this was partially offset by the total combined decline of RM9.44 million in the revenue registered by the Timber Extraction, Services & Treatment and Property Development market segments.

Despite a slight drop in turnover, the group's pre-tax profit decreased by RM8.40 million, from RM28.23 million in the previous corresponding period to RM19.82 million for the current quarter. This was mainly attributed to the significant decline in pre-tax profit of the Timber Extraction and Timber Trading segments.

**Timber Extraction**

A smaller area of 765 acres was logged in year 2016 compared to 1,344 acres logged in the previous corresponding quarter. In line with lesser area logged, the revenue for this segment declined by RM4.11 million, from RM6.98 million to only RM2.87 million. Similarly, the pre-tax profit also declined by RM2.72 million.

**Timber Trading**

The turnover for this segment increased by RM2.66 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 RM3.68 million from a pre-tax profit of RM8.11 million in the 12 months ending 31 December 2015 to RM4.43 million for 12 months ending 31 December 2017. This was mainly due to the higher operating cost resulting from the higher cost of rough sawn timber purchased which also resulted in higher financing cost for acquiring the rough sawn timber from local sawmillers.

**Manufacturing**

Total turnover for this segment grew by RM4.76 million as the turnover for the manufacturing of timber and wood based products and manufacturing of industrial paper bags increased by RM27 thousand and RM4.49 million respectively. Despite of higher turnover, pre-tax profit for this market segment weakened by RM511 thousand or 8%; from RM6.16 million in the previous corresponding quarter to RM5.65 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 costs.

**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 RM523 thousand in the turnover for this market segment. Despite the lower turnover, the pre-tax profit for this segment improved slightly by RM305 thousand attributed to higher rental income received. Meanwhile, operation profit was slightly down by 4% due to the increase of 3 % in operation cost. The increase was mainly attributed 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 2016 (RM12 million for the previous corresponding year). In addition, for year 2016, the company sold the last remaining factory unit for RM3.3 million. It reported a pre-tax profit of RM1.66 million, compared to a pre-tax profit of RM1.50 million previously.

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(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		
	Q4 2016	Q3 2016	Variances	Q3 2016	Q2 2016	Variances
	RM'000	RM'000		RM'000	RM'000	
Timber Extraction	-	-	0%	355	(98)	462%
Timber Trading	32,111	33,457	-4%	(511)	432	-218%
Manufacturing	23,770	21,564	10%	721	382	89%
Services & Treatment	7,201	6,526	10%	2,169	1,698	28%
Property Development	3,300	1,465	125%	509	61	734%
Others	55	23	139%	87	(39)	-323%
	<u>66,437</u>	<u>63,035</u>	<u>5%</u>	<u>3,330</u>	<u>2,436</u>	<u>37%</u>
Elimination				(1,915)	-	-
<b>Profit before taxation</b>				<b>1,415</b>	<b>2,436</b>	<b>-42%</b>
Taxation				1,073	(1,200)	-189%
<b>Profit after taxation</b>				<b>2,488</b>	<b>1,236</b>	<b>-69%</b>
Non-controlling interest				(936)	(127)	637%
<b>Net profit for the year</b>				<b>1,552</b>	<b>1,109</b>	<b>40%</b>

The Group's turnover for the current quarter under review was RM66.44 million, which was RM3.40 million or 5% more than the RM63.04 million registered in the preceding quarter. Most of the Group's market segments disclosed stronger revenue with the exception of a slight decrease in the turnover for Timber Trading segment which dropped by RM1.35 million or 4%. The turnover for Timber Trading, Manufacturing of Timber products and Services & Treatment market segments for the current quarter improved due to higher demand. The turnover for Property Development segment was higher attributed to the disposal of the last remaining factory unit.

The Group registered a gross pre-tax profit of RM3.33 million for the current quarter under review, which was RM890 thousand more than the gross pre-tax profit of RM2.44 million for the preceding quarter. However, due to elimination of RM1.92 million for the current quarter under review, the Group posted a lower pre-tax profit of RM1.42 million against the preceding quarter figure of RM2.44 million. This was mainly due to the year-end adjustment of RM1.92 million to eliminate inter-company profit margin in the value of closing inventory of rough sawn timber for Timber Trading segment.

**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 improving 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:-

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	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	quarter	quarter	period	period
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,678	1,790	6,387	7,448
(Over)/Under provision in respect of prior years	(428)	(184)	(445)	100
Foreign Taxation				
Deferred Taxation	(2,323)	(544)	(2,323)	(544)
	(1,073)	1,062	3,619	7,004
Our share of results of associated companies	-	-	-	-
	(1,073)	1,062	3,619	7,004

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 31 December 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

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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 20 February 2017. 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 31 December 2016 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	5,047
Unsecured	0
	<u>5,047</u>
Short Term Borrowings	
Secured	51,004
Unsecured	0
	<u>51,004</u>
<b>Total Borrowings</b>	<b><u>56,051</u></b>

**24. Off Balance Sheet Financial Instruments**

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

**25. Material Litigation**

As at 20 February 2017, 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,

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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.

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 31 December 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
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	126	255	385	417
(b). Investment income	51	726	184	772
(c). Rental Income	1,196	1,244	4,804	4,862
(d). Interest expenses	(826)	(598)	(2,980)	(2,269)
(e). Depreciation & Amortisation	(1,835)	(2,342)	(7,328)	(7,596)
(f). Gain/(loss) on disposal of property, plant & equipment	228	(17)	229	234
(g). Property, plant & equipment written off/ written back	-	(1)	(1)	(1)
(h). Inventories (write-down)/ write-back	(120)	152	(477)	(108)
(i). Provision for and write-off of receivables	(77)	(684)	(82)	(684)
(j). Provision for receivables write-back.	368	-	368	4
(k). Net foreign exchange gain/(loss)	(272)	(3,982)	1,147	(2,118)

**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
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	1,552	459	12,816	17,434
Weighted average number of ordinary shares ('000)	219,702	110,264	219,702	110,264
Basic earnings/(loss) per share (sen)	0.71	0.42	5.83	15.81

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- (b) Diluted earnings per share  
Not applicable

**29. Realised and Unrealised Profit/Loss Disclosures**

	<b>As at 31/12/2016</b>	<b>As at 31/12/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	28,772	17,385
- Unrealised	<u>(1,591)</u>	<u>(2,558)</u>
	27,181	14,827
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained profit/( losses) as per consolidated accounts	<u>27,181</u>	<u>14,827</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 February 2017.

**By order of the Board**

Klang, Selangor Darul Ehsan.

Dated: 27 February 2017.