



MINHO (M) BERHAD
(200930-H)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

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**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(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>31/03/2017</u> <u>(RM'000)</u>	<u>31/3/2016</u> <u>(RM'000)</u>	<u>31/03/2017</u> <u>(RM'000)</u>	<u>31/3/2016</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	78,075	79,728	78,075	79,728
Cost of sales	(73,055)	(71,647)	(73,055)	(71,647)
Gross profit	5,020	8,081	5,020	8,081
Other operating income	2,136	3,031	2,136	3,031
Finance cost	(694)	(666)	(694)	(666)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	6,462	10,446	6,462	10,446
Income tax expense	(1,748)	(1,921)	(1,748)	(1,921)
Profit for the period from continuing operations	4,714	8,525	4,714	8,525
Loss from discontinued operation	-	-	-	-
Profit for the period	4,714	8,525	4,714	8,525
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	4,714	8,525	4,714	8,525
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	3,337	7,417	3,337	7,417
- loss from discontinued operations				
Non-Controlling Interest	1,378	1,108	1,378	1,108
Profit for the period	4,715	8,525	4,715	8,525
Total comprehensive income attributable to:				
Owners of the Parent	3,337	7,417	3,337	7,417
Non-Controlling Interest	1,378	1,108	1,378	1,108
	4,715	8,525	4,715	8,525
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	1.52	6.71	1.52	6.71
Fully diluted EPS (in sen)	N/A	N/A	N/A	N/A
<i>Note:-N/A – Not applicable</i>				

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2017 RM'000	Audited As at 31/12/2016 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	217,929	203,218
Investment properties	42,700	56,294
Investment in associated company	0	0
Other Investment	725	725
	261,354	260,237
Current Assets		
Inventories	117,671	129,831
Property Development Cost	8,400	8,379
Trade receivables	47,309	45,110
Other receivables	5,548	6,698
Tax recoverable	775	0
Short-term investments	2,047	2,047
Derivative financial assets	-	-
Deposit with licensed banks	20,579	20,445
Cash and bank balances	13,979	13,033
	216,308	225,543
TOTAL ASSETS	477,662	485,780
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	109,851	109,851
Share Capital-Excess from resale of treasury shares		
Share premium	91,337	91,337
Treasury Shares	0	0
Reserves attributable to revenue	0	0
Other reserves	122,041	122,041
Retained earnings-profit/(loss)	30,343	27,006
	353,572	350,235
Non-Controlling Interest	33,954	33,361
Total Equity	387,526	383,596
Non-current liabilities		
Deferred Taxation	10,905	10,880
Hire Purchase obligations	1,509	2,822
Bank borrowings	4,011	4,800
	16,425	18,502
Current Liabilities		
Trade payables	14,434	14,511
Other payables	10,364	14,131
Provision for liabilities	2,073	2,073
Hire purchase obligations	2,442	1,099
Bank borrowings	43,034	51,252
Derivative financial liabilities	0	260
Tax Payable	1,364	356
	73,711	83,682
Total Liabilities	90,136	102,184
TOTAL EQUITY AND LIABILITIES	477,662	485,780
Net assets per share attributable to ordinary equity holders of the parent (RM)	3.22	3.19

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)



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

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017
(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 RM'000	Share Capital- Excess from resale of RM'000	Share Premium RM'000	Treasury Shares RM'000	Reserve on consolidation RM'000	Asset revaluation reserves RM'000	Equity component from the replacement warrants	Retained Earnings/(Lo sses) RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Period ended 31 March 2017											
Balance as at 01.01.2017	109,851		91,337	-	13,464	108,577		27,006	350,235	33,361	383,596
Total comprehensive income for the period						-		3,337	3,337	1,378	4,715
Excess from resale of treasury shares								-	-	-	-
Distribution of Special Share Dividend									-		
Dividend distributed to Non-Controlling Interest									-	(784)	(784)
Balance as at 31.03.2017	109,851	-	91,337	-	13,464	108,577	-	30,343	353,572	33,955	387,527
Period ended 31 March 2016											
Balance as at 01.01.2016	109,851		92,431	(1,353)	13,464	108,577		14,365	337,335	31,326	368,661
Total comprehensive income for the period								7,417	7,417	1,108	8,525
Reversal due disposal of asset								-	-	-	-
Acquisition of treasury shares				-				-	-	-	-
Dividend distributed to Non-Controlling Interest								-	-	(980)	(980)
Balance as at 31.03.2016	109,851		92,431	(1,353)	13,464	108,577	-	21,782	344,752	31,454	376,206

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT.

	Cumulative Period	
	Current Year to date 31/03/2017 RM'000	Preceding Period Ended 31/03/2016 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	6,462	10,446
Adjustments for :		
Depreciation, amortisation and impairment losses	1,824	1,810
Interest income	(167)	(86)
Interest expenses	728	665
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	5	5
Write back of provision for doubtful debts	-	-
Write down of inventories	-	1,030
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(111)	-
Asset written off	1	133
Operating profit before changes in working capital	8,742	14,003
Net change in current assets	11,090	(13,137)
Net change in current liabilities	(3,844)	3,302
Cash flow from operation	15,988	4,168
Taxes paid	(1,515)	(1,748)
Taxes refunded	351	776
Net Cash Flows From Operating Activities	14,824	3,196
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(2,942)	(873)
Purchase of freehold land	-	-
Purchased freehold land for property development	-	-
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary company	-	-
Proceeds from sale of non-current assets	-	-
Increase/(Decrease) in deposit with licensed bank & short term investments	134	2,399
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	24	-
Net Cash Used in Investing Activities	(2,784)	1,526
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Treasury Shares as Special Dividend	-	2,574
Special Share Dividend distributed	-	(347)
Bank borrowings and other liabilities (Net)	(10,161)	(980)
Repayment of hire purchase obligations	(613)	-
Dividends paid to non-controlling interest in subsidiary company	(980)	-
Net Cash Flows From Financing Activities	(11,754)	1,247
Net Increase in Cash and Cash Equivalents	286	5,969
Cash and Cash Equivalents at the beginning of the year	35,525	43,778
Effects of changes in foreign exchange rates	794	(928)
Cash and Cash Equivalents at end of the period	36,605	48,819
Cash and cash equivalent comprise the following:-		
Bank and cash balances	13,979	19,196
Short-term investments and Deposit with license bank	22,626	29,623
	36,605	48,819

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(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 2016. 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 2016. 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 2016, 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 2016.

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 2017

- Amendments to FRS 12, Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to FRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

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

- FRS 9, Financial Instruments (2014)
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140, Investment Property – Transfers of Investment Property

(iii) Effective date yet to be determined

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

- Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the abovementioned accounting standards, amendments and interpretations to existing standards, where applicable, are not expected to have any material impacts to the financial statements of the Group and of the Company except as follows:

FRS 9 - Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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 2016 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.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

5. Changes In Estimates of Amounts Reported Previously

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years which may have a material effect on the current interim period.

6. Issuances and Repayments of Debt and Equity Securities

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period ended 31 March 2017.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2017.

8. Segment Information

The Group's segment information for the financial period ended 31 March 2017 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
2017								
Revenue								
<i>External Sales</i>	-	43,894	26,783	7,365	-	33		78,075
<i>Inter segmental sales</i>	-	2,177	1,133	2,341	-	-		5,651
Total Revenue	-	46,071	27,916	9,706	-	33		83,726
Segments Profits	(586)	1,938	2,804	1,918	13	28	347	6,462
Depreciation	14	421	805	580	1	3		1,824
Rental income of land and buildings	-	8	957	301	36	-	(116)	1,186
Net foreign exchange	-	806	(12)	-	-	-		794
Gain/(loss) on disposal of property, plant and equipment	-	111	-	-	-	-		111
Finance cost	-	289	288	116	-	-		693
Interest Income	-	1	113	1	16	36		167
Tax Expenses	-	306	865	546	-	31		1,748
Segments Assets	3,307	85,998	213,508	152,282	14,346	5,581		475,022
Other Investment						725		725
Total Segments Assets								475,747
Segment Liabilities	3,527	29,551	37,576	15,373	3,709	400		90,136

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(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
2016								
Revenue								
<i>External Sales</i>	2,867	43,251	26,425	7,174	-	11		79,728
<i>Inter segmental sales</i>	-	1,738	1,112	2,825	-	-		5,675
Total Revenue	2,867	44,989	27,537	9,999	-	11	-	85,403
Segments Profits/(Loss) Before Tax	2,731	2,927	1,968	2,762	93	(35)		10,446
Depreciation	(10)	(428)	(806)	(562)	-	(4)		(1,810)
Rental income of land and buildings	-	8	953	286	36	-		1,283
Net foreign exchange	-	661	267	-	-	-		928
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	(249)	(235)	(182)	-	-	-	(666)
Interest Income	-	2	52	0	8	24		86
Tax Expenses	(15)	(715)	(517)	(634)	(23)	(17)		(1,921)
Segments Assets	4,566	90,584	203,730	155,452	15,246	10,897		480,475
Other Investment						725		725
Total Segments Assets								481,200
Segment Liabilities	4,685	30,020	41,663	22,432	5,805	390		104,995

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 2016.

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

There are no material events subsequent to the financial period ended 31 March 2017 that have not been reflected in the related financial statements.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 March 2017.

12. Contingent Liabilities – Unsecured

As at 31 March 2017, 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 RM47,045,359.00 were utilized.

13. Capital Commitments

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


INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

(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) 01/01/2017 to 31/3/2017 (RM '000) Q1 2017		Approved Value 06/06/2016 to 08/06/2017 (RM '000)		Balance due to / from the companies 31/03/2017 (RM '000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		210		15,000		18
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱⁱ⁾	Monthly		717		4,500		2
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		6		800		43
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	1,320		3,500			
	Purchase of logs.	LTI	Monthly		1,265		5,000		710
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		20		20,000		20
MTI	^(a) Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		1,362		19,000		-
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		184		2,000		-
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		317		4,000		44
Lucky Star Diversified Sdn Bhd ("LSDSB")	Sales of sawn timber	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	-		8,000		245	
Total				1,320	4,081	11,500	71,100	245	837

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(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		%
	YEAR-TO-DATE ENDED		
	Q1 2017	Q1 2016	
	31/03/2017	31/03/2016	
	RM'000	RM'000	
Revenue			
Timber Extraction	0	2,867	-100%
Timber Trading	43,894	43,251	1%
Manufacturing	26,783	26,425	1%
Services & Treatment	7,365	7,174	3%
Property Development	0	0	0%
Others	33	11	200%
	<u>78,075</u>	<u>79,728</u>	-2%
Segment Profit			
Timber Extraction	(586)	2,731	-121%
Timber Trading	1,938	2,927	-34%
Manufacturing	2,804	1,968	42%
Services & Treatment	1,918	2,762	-31%
Property Development	13	93	-86%
Others	28	(35)	-180%
	6,115	10,446	-41%
Elimination	347	-	0%
Profit before taxation	6,462	10,446	-38%
Taxation	(1,748)	(1,921)	-9%
Profit after taxation	4,714	8,525	-45%
Non-controlling interest	(1,378)	(1,108)	24%
Net profit for the year	<u>3,336</u>	<u>7,417</u>	-55%

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

The Group disclosed total revenue of RM78.08 million for the three-months period of 2017, RM1.65 million or 2% less than the RM79.73 million recorded in 2016. This drop was mainly attributed to the RM2.87 million decline in Timber Extraction. This was partially offset by the total combined increase of RM1.22 million in the turnover for Timber Trading, Manufacturing, Services & Treatment, Property Development and Others segments.

In line with the lower turnover, the group's pre-tax profit slid by RM4.33 million mainly due to the decline in pre-tax profit of RM3.32 million for Timber Extraction segment, RM989 thousand for the Timber Trading segment, RM844 thousand for Services & Treatment segment and RM80 thousand for the Property Development segment.

Timber Extraction

No logging was carried out in the current quarter of 2017 compared to 765 acres logged in the previous corresponding quarter. As such, no revenue was recorded for this segment, i.e. incurred a pre-tax loss of RM586 thousand.

Timber Trading

The turnover for this segment improved by RM643 thousand due to slight improvement in demand and average selling price for rough sawn timber. Despite the higher turnover, the pre-tax profit for this segment reduced by RM990 thousand from a pre-tax profit of RM2.93 million in the previous corresponding quarter to RM1.94 million for the current quarter. This was mainly due to the higher

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

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 improved by RM358 thousand mainly attributed to the improvement in the turnover for the manufacturing of industrial paper bags which increased by RM802 thousand, while the turnover for manufacturing of timber and wood based products weakened by RM444 thousand. Pre-tax profit for this market segment improved by RM830 thousand or 42%; from RM1.97 million in the previous corresponding quarter to RM2.80 million for the current quarter. The improvement in pre-tax profit was mainly attributed to higher profit registered by the manufacturing of industrial paper bags which increased by RM749 thousand as the result of higher profit margin. As for the manufacturing timber and wood based products, the profit improved very slightly as the operating cost increased due to the higher cost of raw material consumed and the increase in finance cost.

Services & Treatment

The volume of incoming timber for kiln drying increased slightly in spite of service charges rates decreased by 3% that resulted in a slight improvement of RM191 thousand in the gross turnover for this market segment. Despite the improvement in turnover, the pre-tax profit for this segment decreased by RM844 thousand due to the increase in operation cost especially for firewood, fuel, lubricants, electricity and labor cost.

Property Development

There was no revenue registered for the current quarter similar to the previous corresponding quarter. It reported a pre-tax profit of RM13 thousand due to rental and other income received, compared to a pre-tax profit of RM93 thousand previously.

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

Market Segments	Revenue			Segment Profit		
	<u>Q1 2017</u>	<u>Q4 2016</u>	<u>Variances</u>	<u>Q1 2017</u>	<u>Q4 2016</u>	<u>Variances</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Timber Extraction	0	0	0%	(586)	355	-265%
Timber Trading	43,894	32,111	37%	1,938	(511)	-479%
Manufacturing	26,783	23,770	13%	2,804	721	289%
Services & Treatment	7,365	7,201	2%	1,918	2,169	-12%
Property Development	-	3,300	-100%	13	509	-97%
Others	33	55	-40%	28	87	-68%
	<u>78,075</u>	<u>66,437</u>	<u>18%</u>	<u>6,115</u>	<u>3,330</u>	<u>84%</u>
Elimination				347	(1,915)	-118%
Profit before taxation				6,462	1,415	221%
Taxation				(1,748)	1,073	-263%
Profit after taxation				4,714	2,488	89%
Non-controlling interest				(1,378)	(936)	47%
Net profit for the year				3,336	1,552	115%

The Group's turnover for the current quarter under review was RM78.08 million, which was RM11.64 million or 18% more than the RM66.44 million registered in the preceding quarter. All of the group's market segments recorded comfortable growth in their turnover except for the Property Development and Others segments. The Timber Trading, Manufacturing and Services & Treatment segments recorded combined growth of RM14.97 million in their turnover but were partially offset by the combined decline of RM3.33 million recorded by the Property Development and Others segments.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

In tandem with the higher turnover, the Group posted a higher pre-tax profit of RM6.46 million for the current quarter against the preceding quarter figure of RM1.42 million. The major contributor to the significant improvement in turnover and pre-tax profit for the current quarter was the Timber Trading and Manufacturing segment which registered a total combined increase of RM4.53 million.

17. Prospects for Current Financial Year

The International Monetary Fund (“IMF”) in their latest publication of World Economic Outlook April 2017 projected that world economic growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance of risks that remains tilted to the downside, especially over the medium term, remain important challenges. Overall, this report stresses the need for credible strategies in advanced economies and emerging market and developing ones to tackle a number of common challenges in an integrated global economy.

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

18. Variance of Actual Profit from Forecast Profit

The disclosure requirements for explanatory notes on the variation of actual profit after tax and profit forecast and shortfall in profit guarantee are not applicable.

19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/03/2017 RM'000	Preceding year corresponding quarter 31/03/2016 RM'000	Current year to date 31/03/2017 RM'000	Preceding year corresponding period 31/03/2016 RM'000
Current taxation	1,748	1,921	1,748	1,912
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	1,748	1,921	1,748	1,912
Our share of results of associated companies	-	-	-	-
	1,748	1,921	1,748	1,912

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

20. Disposal of Unquoted Investments and Properties

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

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

21. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 31 March 2017.

22. Status of Corporate Proposals

On 28 April 2016, the Company announced 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.

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. The company announced on 25 May 2017, that the deadline for the Company to implement the Private Placement has lapsed and the Company does not wish to seek further extension of time for the Private Placement. No shares have been issued or placed out by the Company pursuant to the Private Placement.

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

23. Group Borrowings

Total Group borrowings as at 31 March 2017 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	4,011
Unsecured	0
	<u>4,011</u>
Short Term Borrowings	
Secured	43,034
Unsecured	0
	<u>43,034</u>
Total Borrowings	<u>47,045</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 19 May 2016, the latest practicable date that is not earlier than 7 days from the issue of this quarterly report, the Group is not engaged in any material litigation.

26. Dividend

No dividend has been recommended by the Board for the period ended 31 March 2017 (2016: Nil).

27. Profit/(Loss) From Operations

The following items have been charged/ (credited) in arriving at profit/ (loss) from operations:

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	167	86	167	86
(b). Investment income	24	-	24	
(c). Rental Income	1,186	1,283	1,186	1,283
(d). Interest expenses	(728)	(665)	(728)	(665)
(e). Depreciation & Amortisation	(1,824)	(1,810)	(1,824)	(1,810)
(f). Gain/(loss) on disposal of property, plant & equipment	(111)	-	(111)	-
(g). Property, plant & equipment written off	1	(133)	1	(133)
(h). Inventories write-down	-	(1,030)	-	(1,030)
(i). Provision for and write-off of receivables	-	(5)	-	(5)
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	794	928	794	928

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

(The figures have not been audited)

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
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	3,337	7,417	3,337	7,417
Weighted average number of ordinary shares ('000)	219,702	110,568	219,702	110,568
Basic earnings/(loss) per share (sen)	1.52	6.71	1.52	6.71

(b) Diluted earnings per share

Not applicable

29. Realised and Unrealised Profit/Loss Disclosures

	As at 31/03/2017	As at 31/03/2016
	RM'000	RM'000
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	30,527	24,341
- Unrealised	(84)	(2,558)
	<u>30,443</u>	<u>21,783</u>
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained profit/(losses) as per consolidated accounts	<u>30,443</u>	<u>21,783</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 26 May 2017.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 26 May 2017.