



MINHO (M) BERHAD
(200930-H)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 JUNE 2017**

CONTENTS	PAGE
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE ICOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS	4
NOTES TO THE INTERIM FINANCIAL STATEMENTS	5 - 9
ADDITIONAL INFORMATION REQUIRED UNDER APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS.	10 - 15

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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>30/06/2017</u> <u>(RM'000)</u>	<u>30/6/2016</u> <u>(RM'000)</u>	<u>30/06/2017</u> <u>(RM'000)</u>	<u>30/6/2016</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	70,927	69,300	149,002	149,028
Cost of sales	(66,888)	(65,314)	(139,943)	(136,961)
Gross profit	4,039	3,986	9,059	12,067
Other operating income	1,605	2,202	3,741	5,233
Finance cost	(650)	(663)	(1,344)	(1,329)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	4,994	5,525	11,456	15,971
Income tax expense	(1,310)	(1,571)	(3,058)	(3,492)
Profit for the period from continuing operations	3,684	3,954	8,398	12,479
Loss from discontinued operation	-	-	-	-
Profit for the period	3,684	3,954	8,398	12,479
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	3,684	3,954	8,398	12,479
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	3,087	2,739	6,424	10,155
- loss from discontinued operations				
Non-Controlling Interest	597	1,215	1,974	2,323
Profit for the period	3,684	3,954	8,398	12,479
Total comprehensive income attributable to:				
Owners of the Parent	3,087	2,739	6,424	10,156
Non-Controlling Interest	597	1,215	1,974	2,323
	3,684	3,954	8,398	12,479
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	1.41	2.50	2.92	9.28
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 2016)*

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/06/2017 RM'000	Audited As at 31/12/2016 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	217,474	203,218
Investment properties	42,609	56,294
Investment in associated company	0	0
Other Investment	725	725
	260,808	260,237
Current Assets		
Inventories	112,161	129,831
Property Development Cost	8,421	8,379
Trade receivables	42,826	45,110
Other receivables	8,363	6,698
Tax recoverable	1,094	0
Short-term investments	4,401	2,047
Derivative financial assets	-	-
Deposit with licensed banks	24,127	20,445
Cash and bank balances	12,759	13,033
	214,152	225,543
TOTAL ASSETS	474,960	485,780
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	201,188	109,851
Share Capital-Excess from resale of treasury shares		
Share premium	0	91,337
Treasury Shares	0	0
Reserves attributable to revenue	0	0
Other reserves	122,041	122,041
Retained earnings-profit/(loss)	33,430	27,006
	356,659	350,235
Non-Controlling Interest	34,550	33,361
Total Equity	391,209	383,596
Non-current liabilities		
Deferred Taxation	10,905	10,880
Hire Purchase obligations	1,376	2,822
Bank borrowings	3,473	4,800
	15,754	18,502
Current Liabilities		
Trade payables	13,773	14,511
Other payables	10,981	14,131
Provision for liabilities	2,073	2,073
Hire purchase obligations	2,373	1,099
Bank borrowings	37,022	51,252
Derivative financial liabilities	0	260
Tax Payable	1,775	356
	67,997	83,682
Total Liabilities	83,751	102,184
TOTAL EQUITY AND LIABILITIES	474,960	485,780
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.62	1.59

(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 SECOND QUARTER ENDED 30 JUNE 2017
(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 Equity
			Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants	Retained Earnings/(Losses)	Total	Non-Controlling Interest	
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 June 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						-		6,424	6,424	1,974	8,398
Reclassification pursuant to S618(2) of CA2016(Note 1)*	91,337		(91,337)					-	-	-	-
Distribution of Special Share Dividend									-		
Dividend distributed to Non-Controlling Interest									-	(784)	(784)
Balance as at 30.06.2017	201,188	-	-	-	13,464	108,577	-	33,430	356,659	34,551	391,210
Period ended 30 June 2016											
Balance as at 01.01.2016	109,851		92,431	(1,353)	13,464	108,577		14,365	337,335	31,326	368,661
Total comprehensive income for the period								10,155	10,155	2,323	12,478
Distribution of Special Share Dividend				1,192				(1,192)	-	-	-
Acquisition of treasury shares				-					-	-	-
Dividend distributed to Non-Controlling Interest									-	(981)	(981)
Balance as at 30.06.2016	109,851	-	92,431	(161)	13,464	108,577	-	23,328	347,490	32,668	380,158

Note 1:

The new Companies Act 2016 ("CA 2016"), which come into operation 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the CA 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Include in the share capital is share premium amounting to RM91,336,807.04 that is available to be utilised in accordance with Section 618(3) of CA 2016 on or before 30 January 2019 (24 months from commencement of Section 71).

(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 SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT.

	Cumulative Period	
	Current Year to date 30/06/2017 <u>RM'000</u>	Preceding Period Ended 30/06/2016 <u>RM'000</u>
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	11,456	15,971
Adjustments for :		
Depreciation, amortisation and impairment losses	3,670	3,617
Interest income	(350)	(173)
Interest expenses	1,521	1,328
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	-	5
Write back of provision for doubtful debts	-	-
Write down of inventories	-	680
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(111)	-
Asset written off	1	134
Operating profit before changes in working capital	16,187	21,562
Net change in current assets	18,247	(19,280)
Net change in current liabilities	(3,888)	1,186
Cash flow from operation	30,546	3,468
Taxes paid	(3,031)	3,431
Taxes refunded	351	776
Net Cash Flows From Operating Activities	27,866	7,675
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(4,147)	(1,143)
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	-	-
Increase/(Decrease) in deposit with licensed bank & short term investments	6,036	(4,084)
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	72	15
Net Cash Used in Investing Activities	1,961	(16,975)
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Treasury Shares as Special Dividend	-	1,192
Special Share Dividend distributed	-	(1,192)
Bank borrowings and other liabilities (Net)	(22,934)	6,250
Repayment of hire purchase obligations	(896)	(720)
Dividends paid to non-controlling interest in subsidiary company	(980)	(981)
Net Cash Flows From Financing Activities	(24,810)	4,549
Net Increase in Cash and Cash Equivalents	5,017	(4,751)
Cash and Cash Equivalents at the beginning of the year	35,525	43,778
Effects of changes in foreign exchange rates	745	1,185
Cash and Cash Equivalents at end of the period	41,287	40,211
Cash and cash equivalent comprise the following:-		
Bank and cash balances	12,759	17,071
Short-term investments and Deposit with license bank	28,528	23,140
	41,287	40,211

(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 SECOND QUARTER ENDED 30 JUNE 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 SECOND QUARTER ENDED 30 JUNE 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 SECOND QUARTER ENDED 30 JUNE 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 30 June 2017.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 June 2017.

8. Segment Information

The Group's segment information for the financial period ended 30 June 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>	788	80,703	53,123	14,322	-	66		149,002
<i>Inter segmental sales</i>	-	4,011	2,033	4,988	-	-		11,032
Total Revenue	788	84,714	55,156	19,310	-	66		160,034
Segments Profits	110	3,165	4,689	3,382	(50)	(66)	226	11,456
Depreciation	28	865	1,615	1,155	1	7		3,670
Rental income of land and buildings	-	17	1,919	602	74	-	(231)	2,381
Net foreign exchange	-	858	(112)	-	-	-		746
Gain/(loss) on disposal of property, plant and equipment	-	111	-	-	-	-		111
Finance cost	-	357	688	226	73	-	-	1,344
Interest Income	-	6	241	1	26	76		350
Tax Expenses	-	568	1,439	980	-	71		3,058
Segments Assets	3,539	80,201	216,353	152,611	14,126	9,194		476,024
Other Investment						725		725
Total Segments Assets								476,749
Segment Liabilities	3,529	21,507	39,670	15,110	3,550	384		83,750

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

	Timber Extraction	Timber Trading	Manufacturing	Services & Treatment	Property Development	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016								
Revenue								
<i>External Sales</i>	2,867	76,734	53,030	13,861	2,441	95		149,028
<i>Inter segmental sales</i>	-	2,666	2,157	5,140	-	-		9,963
Total Revenue	2,867	79,400	55,187	19,001	2,441	95	-	158,991
Segments Profits/(Loss) Before Tax	1,943	4,510	4,545	3,971	1,089	(88)		15,970
Depreciation	(24)	(855)	(1,609)	(1,121)	(63)	(7)		(3,679)
Rental income of land and buildings	-	16	1,937	577	72	-		2,602
Net foreign exchange	-	817	368	-	-	-		1,185
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-		-
Finance cost	-	(504)	(481)	(345)	-	-	-	(1,330)
Interest Income	-	4	102	1	13	54		174
Tax Expenses	-	(869)	(1,221)	(1,074)	(276)	(52)		(3,492)
Segments Assets	4,251	96,056	209,418	154,871	15,033	11,240		490,869
Other Investment						725		725
Total Segments Assets								491,594
Segment Liabilities	4,785	35,162	45,397	20,769	4,849	475		111,437

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 30 June 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 30 June 2017.

12. Contingent Liabilities – Unsecured

As at 30 June 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 RM40,494,829.00 were utilized.

13. Capital Commitments

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


INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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 For The Year) 01/01/2017 to 30/6/2017 (RM ' 000)		Balance of the approved amount as at 30/06/2017 (RM ' 000)		Balance due to / from the companies 30/06/2017 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		1,390		14,355		241
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱ⁾	Monthly		1,434		4,261		479
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		10		800		48
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	1,361		3,500			
	Purchase of logs.	LTI	Monthly		2,144		5,000		490
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		2,012		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		420		4,000		-
MTI	^(d) Purchase of timber.	Victory Enterprise Sdn Bhd ("VESB")	Monthly		-		800		-
Lucky Star Diversified Sdn Bhd ("LSDSB")	Sales of sawn timber	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	307		8,000		307	
Total				1,668	7,614	11,500	70,216	307	1,278

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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		6 MONTHS ENDED	
	Q2 2017	Q2 2016	Q2 2017	Q2 2016
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Revenue				
Timber Extraction	788	-	788	2,867
Timber Trading	36,809	33,483	80,703	76,734
Manufacturing	26,340	26,605	53,123	53,030
Services & Treatment	6,957	6,687	14,322	13,861
Property Development	-	2,441	0	2,441
Others	33	84	66	95
	<u>70,927</u>	<u>69,300</u>	<u>149,002</u>	<u>149,028</u>
Segment Profit				
Timber Extraction	696	(788)	110	1,943
Timber Trading	1,227	1,583	3,165	4,510
Manufacturing	1,885	2,577	4,689	4,545
Services & Treatment	1,464	1,209	3,382	3,971
Property Development	(63)	996	(50)	1,089
Others	(94)	(53)	(66)	(88)
	<u>5,115</u>	<u>5,524</u>	<u>11,230</u>	<u>15,970</u>
Elimination	(121)	-	226	-
Profit before taxation	<u>4,994</u>	<u>5,524</u>	<u>11,456</u>	<u>15,970</u>
Taxation	(1,310)	(1,571)	(3,058)	(3,492)
Profit after taxation	<u>3,684</u>	<u>3,953</u>	<u>8,398</u>	<u>12,478</u>
Non-controlling interest	(597)	(1,215)	(1,974)	(2,323)
Net profit for the year	<u>3,087</u>	<u>2,738</u>	<u>6,424</u>	<u>10,155</u>

(a). Three months period-Q2 2017.

For the current quarter, the Group registered revenue of RM70.93 million, slightly higher than RM69.30 million for Q2 2016. This improvement was mainly attributed to the RM4.39 million total combined increases in turnover for the Timber Extraction, Timber Trading and Services & Treatment market segments. This was partially offset by the total combined decrease of RM2.76 million in the turnover for Manufacturing, Property Development and Others market segments.

The group's pre-tax profit declined slightly by RM530 thousand, i.e. from RM5.52 million to RM4.99 million. Most of the Group's market segments recorded lower pre-tax profit with the exception of the Timber Extraction and Services & Treatment segments which recorded total combined increase of RM1.74 million in pre-tax profit. However, this was partially offset by the combined decline of RM2.15 million in the pre-tax profit for the Timber Trading, Manufacturing, Property Development and Others market segment.

(b). Year to date.

The Group disclosed total revenue of RM149.00 million for the six-month period of 2017, slightly less than RM149.03 million for 2016. The Timber Trading, Manufacturing and Services & Treatment segments registered total combined increase of RM4.52 million in their turnover but were partially

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

offset by the total combined decline of RM4.55 million in the turnover for the Timber Extraction, Property Development and Others segments.

Despite the slight decline in turnover, the group's pre-tax profit deteriorated by RM4.74 million mainly due to the decline in pre-tax profit of RM1.83 million for Timber Extraction segment, RM1.35 million for the Timber Trading segment, RM1.14 million for the Property Development segment and RM589 thousand for Services & Treatment segment.

Timber Extraction

A smaller area of 210 acres logged was carried out in the current quarter of 2017 compared to 765 acres logged in the previous corresponding quarter. In line with smaller area logged, the revenue segment declined by RM2.08 million and similarly, the pre-tax profit also declined by RM1.83 million.

Timber Trading

The turnover for this segment improved by RM3.97 million due to the improvement in the demand from USA and some of the E.U. nations, the volume of export grade treated rough sawn timber improved with slight improvement in the average selling price. Despite the higher turnover, the pre-tax profit for this segment declined by RM1.35 million from a pre-tax profit of RM4.51 million in the previous corresponding quarter to RM3.17 million for the current quarter. This was mainly due to the higher operating cost as a result of higher cost of rough sawn timber purchased and the increase in finance cost.

Manufacturing

Total turnover for this segment increased by RM93 thousand mainly attributed to the improvement in the turnover for the manufacturing of industrial paper bags which improved by RM414 thousand due to the increase in average selling price of bags sold. Meanwhile, the turnover for manufacturing of timber and wood-based products weakened by RM451 thousand due to slight decrease in the sales of finger jointed beam. Pre-tax profit for this market segment improved by RM144 thousand or 3%; from RM4.69 million in the previous corresponding quarter to RM4.55 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 RM707 thousand as the result of higher profit margin. For the manufacturing of timber and wood-based products, the profit declined by RM563 thousand due to increase in the operating cost attributed to higher cost of raw material consumed and increased finance cost.

Services & Treatment

The volume of incoming timber for kiln drying increased slightly but service charges rates decreased slightly by 2% that resulted in a slight improvement of RM461 thousand in the gross turnover for this market segment. Despite the improvement in turnover, the pre-tax profit for this segment decreased by RM589 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 compared to the RM2.44 million recorded in the previous corresponding quarter. It reported a pre-tax loss of RM50 thousand, compared to a pre-tax profit of RM1.09 million previously.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(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	
	Q2 2017	Q1 2017	Q2 2017	Q1 2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Timber Extraction	788	0	696	(586)
Timber Trading	36,809	43,894	1,227	1,938
Manufacturing	26,340	26,783	1,885	2,804
Services & Treatment	6,957	7,365	1,464	1,918
Property Development	-	-	(63)	13
Others	33	33	(94)	28
	<u>70,927</u>	<u>78,075</u>	<u>5,115</u>	<u>6,115</u>
Elimination			(121)	347
Profit before taxation			4,994	6,462
Taxation			(1,310)	(1,748)
Profit after taxation			3,684	4,714
Non-controlling interest			(597)	(1,378)
Net profit for the year			3,087	3,336

The Group's turnover for the current quarter under review was RM70.93 million, which was RM7.15 million or 9% less than the RM78.08 million registered in the preceding quarter. The entire market segments of the Group recorded lower turnover with the exception of the Timber Extraction Segment. The Timber Trading, Manufacturing and Services & Treatment segments recorded combined decline of RM7.93 million in their turnover due to lower demand as most overseas customers were still wary of the uncertainties affecting the world economy.

In tandem with the lower turnover, the Group posted a lower pre-tax profit of RM4.99 million for the current quarter against the preceding quarter figure of RM6.46 million. The whole market segments of the Group registered lower turnover and pre-tax profit with the exception of the Timber Extraction segment which registered a pre-tax profit of RM696 thousand, an improvement from a pre-tax loss of RM586 thousand.

17. Prospects for Current Financial Year

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook July 2017 reaffirms that the pickup in global growth anticipated in the April World Economic Outlook remains on track, with global output projected to grow by 3.5 percent in 2017 and 3.6 percent in 2018.

In view of the above, the Group will continue the efforts to strengthen the cost control strategies to mitigate the rising cost to maximize the Group's profits. For the Services & Treatment segment, to deal with the increase in transportation, fuel, machinery maintenance and labor cost, the Timber Kilning Association of Selangor has issued a circular to all members and the customers that new revised kiln drying and bundling charges will be effective from 1 June 2017. For the manufacturing of industrial paper bags segment, the company has installed new machinery should to increase the production capacity by 26%. Meanwhile, for the Property Development segment, the company is in the final stage of preparing the submission to relevant regulatory bodies for Development Approval to develop one (1) block of sixteen (16) storey building consisting of 82 units of condominium on Lot 1698, Mukim Kapar, Daerah Klang, Selangor. The Timber Trading segment still have outstanding orders for 5,670 tons of treated rough sawn timber worth RM26 million to be fulfilled in the third quarter of 2017.

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

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	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	30/06/2017	quarter	30/06/2017	period
	30/06/2016	30/06/2016	30/06/2016	
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,310	1,571	3,058	3,492
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	1,310	1,571	3,058	3,492
Our share of results of associated companies	-	-	-	-
	1,310	1,571	3,058	3,492

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

20. Disposal of Unquoted Investments and Properties

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

21. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 30 June 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

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

(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.

23. Group Borrowings

Total Group borrowings as at 30 June 2017 were as follows:-

	As at 2nd. Quarter ended 30 June 2017		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	3,473		3,473
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		37,022	37,022
Unsecured			0
	As at 2nd. Quarter ended 30 June 2016		
Secured			
Property Loan	6,607		6,607
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		52,804	52,804
Unsecured			0

24. Off Balance Sheet Financial Instruments

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

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

25. Material Litigation

As at 23 August 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.

26. Dividend

No dividend has been recommended by the Board for the period ended 30 June 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
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	183	87	350	173
(b). Investment income	48	15	72	15
(c). Rental Income	1,195	1,319	2,381	2,602
(d). Interest expenses	(793)	(663)	(1,521)	(1,328)
(e). Depreciation & Amortisation	(1,846)	(1,869)	(3,670)	(3,679)
(f). Gain/(loss) on disposal of property, plant & equipment	-	-	(111)	-
(g). Property, plant & equipment written off	-	(1)	1	(134)
(h). Inventories write-down	-	350	-	(680)
(i). Provision for and write-off of receivables	-	-	-	(5)
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	(49)	257	745	1,185

28. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding	Current Year to date	Preceding Period Ended
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	3,087	2,738	6,424	10,155
Weighted average number of ordinary shares ('000)	219,702	109,482	219,702	109,482
Basic earnings/(loss) per share (sen)	1.41	2.50	2.92	9.28

(b) Diluted earnings per share
Not applicable

**INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

29. Realised and Unrealised Profit/Loss Disclosures

	As at 30/06/2017	As at 30/06/2016
	RM'000	RM'000
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	33,514	25,886
- Unrealised	<u>(84)</u>	<u>(2,558)</u>
	33,430	23,328
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained profit/(losses) as per consolidated accounts	<u>33,430</u>	<u>23,328</u>

30. Authorisation for issue

This interim financial information has been approved for issue in accordance with a resolution of the Board of Directors dated 30 August 2017.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30 August 2017.