



MINHO (M) BERHAD
(200930-H)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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>30/09/2017</u> <u>(RM'000)</u>	<u>30/9/2016</u> <u>(RM'000)</u>	<u>30/09/2017</u> <u>(RM'000)</u>	<u>30/9/2016</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	70,765	63,035	219,767	212,063
Cost of sales	(66,249)	(61,803)	(206,192)	(198,764)
Gross profit	4,516	1,232	13,575	13,299
Other operating income	1,532	2,029	5,273	7,261
Finance cost	(353)	(825)	(1,697)	(2,154)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	5,695	2,436	17,151	18,406
Income tax expense	(1,680)	(1,200)	(4,738)	(4,692)
Profit for the period from continuing operations	4,015	1,236	12,413	13,714
Loss from discontinued operation	-	-	-	-
Profit for the period	4,015	1,236	12,413	13,714
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	4,015	1,236	12,413	13,714
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	3,355	1,109	9,779	11,264
- loss from discontinued operations				
Non-Controlling Interest	660	127	2,634	2,450
Profit for the period	4,015	1,236	12,413	13,714
Total comprehensive income attributable to:				
Owners of the Parent	3,355	1,109	9,779	11,264
Non-Controlling Interest	660	127	2,634	2,450
	4,015	1,236	12,413	13,714
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	1.53	1.01	4.45	10.29
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 THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/09/2017 RM'000	Audited As at 31/12/2016 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	220,223	203,218
Investment properties	47,541	56,294
Investment in associated company	0	0
Other Investment	725	725
	268,489	260,237
Current Assets		
Inventories	116,999	129,831
Property Development Cost	8,431	8,379
Trade receivables	41,721	45,110
Other receivables	4,706	6,698
Tax recoverable	1,732	0
Short-term investments	2,918	2,047
Derivative financial assets	-	-
Deposit with licensed banks	20,891	20,445
Cash and bank balances	10,447	13,033
	207,845	225,543
TOTAL ASSETS	476,334	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)	36,785	27,006
	360,014	350,235
Non-Controlling Interest	35,211	33,361
Total Equity	395,225	383,596
Non-current liabilities		
Deferred Taxation	10,905	10,880
Hire Purchase obligations	1,637	2,822
Bank borrowings	3,863	4,800
	16,405	18,502
Current Liabilities		
Trade payables	14,191	14,511
Other payables	11,633	14,131
Provision for liabilities	2,073	2,073
Hire purchase obligations	1,968	1,099
Bank borrowings	32,714	51,252
Derivative financial liabilities	0	260
Tax Payable	2,125	356
	64,704	83,682
Total Liabilities	81,109	102,184
TOTAL EQUITY AND LIABILITIES	476,334	485,780
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.64	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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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							-	9,779	9,779	2,634	12,413
Reclassification pursuant to S618(2) of CA2016 (Note1)*	91,337		(91,337)					-	-	-	-
Distribution of Special Share Dividend									-		
Dividend distributed to Non-Controlling Interest									-	(784)	(784)
Balance as at 30.09.2017	201,188	-	-	-	13,464	108,577	-	36,785	360,014	35,211	395,225
Period ended 30 September 2016											
Balance as at 01.01.2016	109,851		92,431	(1,353)	13,464	108,577		14,365	337,335	31,326	368,661
Total comprehensive income for the period								11,264	11,264	2,450	13,714
Excess from resale of treasury shares		98		161					259	-	259
Distribution of Special Share Dividend					1,192			(1,192)	-	-	-
Acquisition of treasury shares					-				-	-	-
Dividend distributed to Non-Controlling Interest									-	(981)	(981)
Balance as at 30.09.2016	109,851	98	92,431	-	13,464	108,577	-	24,437	348,858	32,795	381,653

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.

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT.

	Cumulative Period	
	Current Year to date 30/09/2017 RM'000	Preceding Period Ended 30/09/2016 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	17,151	18,406
Adjustments for :		
Depreciation, amortisation and impairment losses	5,544	5,493
Interest income	(576)	(259)
Interest expenses	1,697	2,154
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	-	-
Write back of provision for doubtful debts	-	-
Write down of inventories	-	357
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(204)	(1)
Asset written off	1	1
Operating profit before changes in working capital	23,613	26,151
Net change in current assets	18,161	(22,876)
Net change in current liabilities	(2,818)	3,907
Cash flow from operation	38,956	7,182
Taxes paid	(5,020)	(5,990)
Taxes refunded	385	776
Net Cash Flows From Operating Activities	34,321	1,968
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(8,363)	(1,894)
Purchase of freehold land	(5,013)	(11,763)
Purchased freehold land for property development	-	-
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary company	(5,300)	-
Proceeds from sale of non-current assets	204	961
Increase/(Decrease) in deposit with licensed bank & short term investments	425	(1,919)
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	110	133
Net Cash Used in Investing Activities	(17,937)	(14,482)
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Excess from Sales of treasury shares	-	98
Distribution of Treasury Shares as Special Dividend	-	1,192
Special Share Dividend distributed	-	(1,192)
Bank borrowings and other liabilities (Net)	(16,434)	12,815
Repayment of hire purchase obligations	(1,148)	(1,157)
Dividends paid to non-controlling interest in subsidiary company	(784)	(980)
Net Cash Flows From Financing Activities	(18,366)	10,776
Net Increase in Cash and Cash Equivalents	(1,982)	(1,738)
Cash and Cash Equivalents at the beginning of the year	35,525	43,778
Effects of changes in foreign exchange rates	713	1,419
Cash and Cash Equivalents at end of the period	34,256	43,459
Cash and cash equivalent comprise the following:-		
Bank and cash balances	10,447	18,154
Short-term investments and Deposit with license bank	23,809	25,305
	34,256	43,459

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2017.

7. Dividends Paid

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

8. Segment Information

The Group's segment information for the financial period ended 30 September 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>	1,038	114,393	81,361	22,877	-	98		219,767
<i>Inter segmental sales</i>	-	5,320	2,571	6,985	-	-		14,876
Total Revenue	1,038	119,713	83,932	29,862	-	98		234,643
Segments Profits	274	3,829	6,365	5,826	1	4,809	(3,953)	17,151
Depreciation	42	1,308	2,456	1,727	1	10		5,544
Rental income of land and buildings	-	28	2,701	902	87	-	(346)	3,372
Net foreign exchange	-	(1,034)	321	-	-	-		(713)
Gain/(loss) on disposal of property, plant and equipment	-	111	92	-	-	-		203
Finance cost	-	440	1,043	311	73	-	(171)	1,696
Interest Income	-	8	365	1	98	274	(171)	575
Tax Expenses	-	792	2,048	1,804	-	94		4,738
Segments Assets	3,337	79,405	218,250	153,182	12,923	10,051	(1,539)	475,609
Other Investment						725		725
Total Segments Assets								476,334
Segment Liabilities	3,522	20,778	40,438	13,718	2,311	342		81,109

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	110,191	74,594	20,387	3,906	118		212,063
<i>Inter segmental sales</i>	-	3,602	2,968	7,811	-	-		14,381
Total Revenue	2,867	113,793	77,562	28,198	3,906	118	-	226,444
Segments Profits/(Loss) Before Tax	1,845	4,942	4,927	5,669	1,150	(127)		18,406
Depreciation	(38)	(1,283)	(2,419)	(1,741)	-	(11)		(5,492)
Rental income of land and buildings	-	24	2,929	893	108	-	(346)	3,608
Net foreign exchange	-	1,019	400	-	-	-		1,419
Gain/(loss) on disposal of property, plant and equipment	-	-	1	-	-	-		1
Finance cost	-	(807)	(772)	(491)	(84)	-		(2,154)
Interest Income	-	5	130	2	25	96		258
Tax Expenses	-	(962)	(1,720)	(1,645)	(291)	(74)		(4,692)
Segments Assets	4,736	96,781	214,740	154,497	14,054	12,022		496,830
Other Investment						725		725
Total Segments Assets								497,555
Segment Liabilities	5,314	37,028	49,328	19,882	3,824	524		115,900

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 September 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 September 2017.

12. Contingent Liabilities – Unsecured

As at 30 September 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 RM36,577,273.00 were utilized.

13. Capital Commitments

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


INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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) 01/07/2017 to 30/9/2017 (RM ' 000)		Total Value Transaction For The Year 01/01/2017 to 30/9/2017 (RM ' 000)		Approved Value 08/06/2017 to 08/06/2018 (RM ' 000)		Balance of the approved amount as at 30/09/2017 (RM ' 000)		Balance due to / from the companies 30/09/2017 (RM ' 000)	
				Receivable	Payables	Receivable	Payables	Receivable	Payables	Receivable	Payables	Receivable	Payables
DM Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		498		1,888		15,000		13,857		298
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱⁱ⁾	Monthly		716		2,150		4,500		4,021		240
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		7		17		800		793		18
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly		841		2,202		3,500		2,659		52
	Purchase of logs.	LTI	Monthly		1,448		3,592		5,000		3,552		
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	MySquares Development Sdn Bhd ("MS")	Monthly		-		20		20,000		20,000		20
MTI	^(a) Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		4,437		6,449		19,000		14,563		628
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		151		335		2,000		1,849		-
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		760		1,180		4,000		3,240		282
MTI	^(d) Purchase of timber.	VictoryEnterprise Sdn Bhd ("VESB")	Monthly		47		47		800		753		47
Lucky Star Diversified Sdn Bhd ("LSDSB")	Sales of sawn timber	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly		-		307		8,000		8,000		157
Total				841	8,064	2,509	15,678	11,500	71,100	10,659	62,628	209	1,533

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

	<u>3 MONTHS ENDED</u>		<u>9 MONTHS ENDED</u>	
			<u>YEAR-TO-DATE ENDED</u>	
	<u>Q3 2017</u>	<u>Q3 2016</u>	<u>Q3 2017</u>	<u>Q3 2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>30/09/2017</u>	<u>30/09/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue				
Timber Extraction	250	-	1,038	2,867
Timber Trading	33,690	33,457	114,393	110,191
Manufacturing	28,238	21,564	81,361	74,594
Services & Treatment	8,555	6,526	22,877	20,387
Property Development	-	1,465	-	3,906
Others	32	23	98	118
	<u>70,765</u>	<u>63,035</u>	<u>219,767</u>	<u>212,063</u>
Segment Profit				
Timber Extraction	164	(98)	274	1,845
Timber Trading	664	432	3,829	4,942
Manufacturing	1,676	382	6,365	4,927
Services & Treatment	2,444	1,698	5,826	5,669
Property Development	51	61	1	1,150
Others	4,875	(39)	4,809	(127)
	<u>9,874</u>	<u>2,436</u>	<u>21,104</u>	<u>18,406</u>
Elimination	(4,179)	-	(3,953)	-
Profit before taxation	<u>5,695</u>	<u>2,436</u>	<u>17,151</u>	<u>18,406</u>
Taxation	(1,680)	(1,200)	(4,738)	(4,692)
Profit after taxation	<u>4,015</u>	<u>1,236</u>	<u>12,413</u>	<u>13,714</u>
Non-controlling interest	(659)	(127)	(2,634)	(2,450)
Net profit for the year	<u>3,356</u>	<u>1,109</u>	<u>9,779</u>	<u>11,264</u>

(a) Three months period Q3 2017.

For the current quarter, the Group registered revenue of RM70.77 million, RM7.73 million higher than RM63.04 million for Q3 2016. This improvement was mainly attributed to the RM6.67 million increase in the turnover for Manufacturing segment and also the increase of RM2.03 million in the Services & Treatment segment. This was offset by the decrease of RM1.47 million in the turnover for Property Development segment.

The group's pre-tax profit increased by RM3.26 million, i.e. from RM2.44 million to RM5.70 million. Most of Group's market segments recorded higher pre-tax profit. The Manufacturing and Services & Treatment segments combined increase of RM2.04 million in the pre-tax profit was reduced by Property Development which recorded decrease of RM10 thousand in pre-tax profit.

(b) Year to date.

The Group disclosed total revenue of RM219.77 million for the nine-month period of 2017, more than RM212.06 million for 2016. The Timber Trading, Manufacturing and Services & Treatment segments total combined increase of RM13.46 in their turnover were partially offset by the total combined decline of RM5.76 million in the turnover for the Timber Extraction, Property Development and Others segments.

In line with the increase in turnover, the group's pre-tax profit improved by RM2.70 million mainly due to the increase in pre-tax profit of RM1.44 million for Manufacturing segment, RM157 thousand for Services & Treatment and RM4.94 million for Others segment.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

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, revenue declined by RM1.83 million and similarly, pre-tax profit also declined by RM1.57 million.

Timber Trading

The turnover for this segment improved by RM4.20 million due to improvement in demand from USA and some of the E.U. nations. The volume of export grade treated rough sawn timber improved with the slight improvement in the average selling price. Despite the higher turnover, the pre-tax profit for this segment reduced by RM1.11 million from a pre-tax profit of RM4.94 million in the previous corresponding quarter to RM3.83 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 improved by RM6.77 million attributed to the improvement in the turnover for the manufacturing of timber and wood-based products and industrial paper bags which increased by RM5.52 and RM1.25 million respectively. Pre-tax profit for this market segment improved by RM1.44 million or 29%; from RM4.93 million in the previous corresponding quarter to RM6.37 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 RM650 thousand, the result of higher profit margin. For the manufacturing of timber and wood based products, the profit improved very slightly, owing to the increase in operating cost resulting from the higher cost of raw material consumed and the increase in finance cost.

Services & Treatment

The volume of incoming timber for kiln drying increased and the service charges rates also increased by 3% that resulted in the improvement of RM2.49 million in the gross turnover for this market segment. In line with the improvement in turnover, the pre-tax profit for this segment increased only slightly, i.e. by RM157 thousand due to the increase in operation cost especially for the chemical for preservative treatment, fuel and electricity.

Property Development

No revenue was registered for the current quarter compared to RM3.91 million previously. It reported a pre-tax profit of RM1 thousand, compared to a pre-tax profit of RM1.15 million previously.

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

Market Segments	Revenue		Segment Profit	
	Q3 2017 RM'000	Q2 2017 RM'000	Q3 2017 RM'000	Q2 2017 RM'000
Timber Extraction	250	788	164	696
Timber Trading	33,690	36,809	664	1,227
Manufacturing	28,238	26,340	1,676	1,885
Services & Treatment	8,555	6,957	2,444	1,464
Property Development	-	-	51	(63)
Others	32	33	4,875	(94)
	<u>70,765</u>	<u>70,927</u>	<u>9,874</u>	<u>5,115</u>
Elimination			(4,179)	(121)
Profit before taxation			5,695	4,994
Taxation			(1,680)	(1,310)
Profit after taxation			4,015	3,684
Non-controlling interest			(659)	(597)
Net profit for the year			3,356	3,087

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

The Group's turnover for the current quarter under review was RM70.77 million, which was RM162 thousand or 0.22% less than the RM70.93 million registered in the preceding quarter. The entire market segments of the Group recorded a lower turnover except for the Manufacturing and Services & Treatment Segment. The Timber Extraction, Timber Trading, and Others segments recorded combined decline of RM3.66 million in their turnover. The combined increase of RM3.50 million recorded by the Manufacturing and Services & Treatment segments partially offset this.

Despite slightly lower turnover, the Group posted a higher pre-tax profit of RM5.70 million for the current quarter against the preceding quarter figure of RM4.99 million. The improvement in pre-tax profit was mainly attributable to Services & Treatment segment which increased by RM980 thousand.

17. Prospects for Current Financial Year

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook October 2017 projected that the global upswing in economic activity is strengthening. Global growth is projected to rise 3.6 percent in 2017 and 3.7 percent in 2018. Growth is projected to rise over this year and next year in emerging market and developing economies, supported by improved external factors—a benign global financial environment and a recovery in some advanced economies. Where the notable 2017 growth pickup is broadly based, with stronger activity in United States and Canada, the euro zone and Japan. Prospects for medium-term growth are more subdued, however, as negative output gaps shrink and demographic and weak productivity will have a negative impact on potential growth. Overall, World Economic Outlook is generally positive but modest, with some meaningful changes for specific country groups and individual countries.

In view of the above, the Group will continue its efforts to strengthen the cost control strategies to mitigate the rising cost so as 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 are effective from 1 June 2017. For the manufacturing of industrial paper bags segment, the company plan to replace some old machinery with new more efficient machinery to improve the production capacity. 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 5,884 tons of treated rough sawn timber worth RM29 million to be fulfilled in the fourth quarter of 2017.

18. Variance of Actual Profit from Forecast Profit

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

19. Taxation

Taxation comprises:-

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	quarter	quarter	period	period
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,680	1,200	4,738	4,692
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	1,680	1,200	4,738	4,692
Our share of results of associated companies	-	-	-	-
	1,680	1,200	4,738	4,692

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

20. Disposal of Unquoted Investments and Properties

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

21. Quoted Securities

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

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

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 September 2017 were as follows:-

	As at 3rd. Quarter ended 30 September 2017		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	2,483		2,483
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		34,094	34,094
Unsecured			0
	As at 3rd. Quarter ended 30 September 2016		
Secured			
Property Loan	5,686		5,686
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		56,325	56,325
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.

25. Material Litigation

As at 21 November 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.

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

26. Dividend

No dividend has been recommended by the Board for the period ended 30 September 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
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	225	86	575	259
(b). Investment income	38	118	110	133
(c). Rental Income	991	1,006	3,372	3,608
(d). Interest expenses	(176)	(3,484)	(1,697)	(2,154)
(e). Depreciation & Amortisation	(1,874)	(1,814)	(5,544)	(5,493)
(f). Gain/(loss) on disposal of property, plant & equipment	315	1	204	1
(g). Property, plant & equipment written off	-	133	1	(1)
(h). Inventories write-down	-	323	-	(357)
(i). Provision for and write-off of receivables	-	-	-	(5)
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	(32)	234	713	1,419

28. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding	Current Year to date	Preceding Period Ended
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	3,355	1,109	9,779	11,264
Weighted average number of ordinary shares ('000)	219,702	109,482	219,702	109,482
Basic earnings/(loss) per share (sen)	1.53	1.01	4.45	10.29

(b) Diluted earnings per share
Not applicable

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

29. Realised and Unrealised Profit/Loss Disclosures

	As at 30/09/2017	As at 30/09/2016
	RM'000	RM'000
Total retained Profit /(Losses) of Minho (M) Berhad and its subsidiaries:		
- Realised	36,869	26,995
- Unrealised	<u>(84)</u>	<u>(2,558)</u>
	36,785	24,437
Add: Consolidated adjustments	<u>0</u>	<u>0</u>
Total group retained profit/(losses) as per consolidated accounts	<u>36,785</u>	<u>24,437</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 28 November 2017.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 28 November 2017.