



MINHO (M) BERHAD
(200930-H)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2018**

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**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	<u>Current</u> <u>Year</u> <u>Quarter</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u>	<u>Current</u> <u>Year to</u> <u>date</u>	<u>Preceding</u> <u>Period</u> <u>Ended</u>
	<u>31/12/2018</u> <u>(RM'000)</u>	<u>31/12/2017</u> <u>(RM'000)</u>	<u>31/12/2018</u> <u>(RM'000)</u>	<u>31/12/2017</u> <u>(RM'000)</u>
Continuing Operations:				
Revenue	61,821	66,756	268,959	286,523
Cost of sales	(60,149)	(64,392)	(254,546)	(270,584)
Gross profit	1,672	2,364	14,413	15,939
Other operating income	2,258	2,270	7,551	7,543
Finance cost	(922)	(523)	(2,562)	(2,220)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	3,008	4,111	19,402	21,262
Income tax expense	(587)	(1,032)	(5,224)	(5,770)
Profit for the period from continuing operations	2,421	3,079	14,178	15,492
Loss from discontinued operation	-	-	-	-
Profit for the period	2,421	3,079	14,178	15,492
Other Comprehensive Income:				
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	2,421	3,079	14,178	15,492
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	2,083	2,283	11,845	12,062
- loss from discontinued operations				
Non-Controlling Interest	338	796	2,333	3,430
Profit for the period	2,421	3,079	14,178	15,492
Total comprehensive income attributable to:				
Owners of the Parent	2,083	2,283	11,845	12,062
Non-Controlling Interest	338	796	2,333	3,430
	2,421	3,079	14,178	15,492
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.61	1.04	3.48	5.49
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 2017)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/12/2018 RM'000	Audited As at 31/12/2017 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	145,867	187,565
Investment properties	141,495	79,294
Investment in associated company	-	-
Other Investment	-	725
	287,362	267,584
Current Assets		
Inventories	127,564	117,119
Property Development Cost	8,512	8,444
Trade receivables	36,251	39,279
Other receivables	11,984	7,154
Tax recoverable	2,287	166
Short-term investments	3,540	3,034
Derivative financial assets	54	1,127
Deposit with licensed banks	19,795	17,073
Cash and bank balances	18,667	16,182
	228,654	209,578
TOTAL ASSETS	516,016	477,162
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	201,188	201,188
Share Capital-Excess from resale of treasury shares	-	-
Share premium	-	-
Treasury Shares	-	-
Reserves attributable to revenue	-	-
Other reserves	122,041	122,041
Retained earnings-profit/(loss)	49,774	37,171
	373,003	360,400
Non-Controlling Interest	38,253	35,939
Total Equity	411,256	396,339
Non-current liabilities		
Deferred Taxation	10,811	11,042
Hire Purchase obligations	2,712	2,732
Bank borrowings	12,094	3,040
	25,617	16,814
Current Liabilities		
Trade payables	11,447	12,271
Other payables	11,924	16,200
Provision for liabilities	2,371	2,073
Hire purchase obligations	2,336	1,324
Bank borrowings	50,335	32,141
Derivative financial liabilities	10	-
Tax Payable	720	-
	79,143	64,009
Total Liabilities	104,760	80,823
TOTAL EQUITY AND LIABILITIES	516,016	477,162
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.10	1.64

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)



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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

(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	Share Capital- Excess from resale of treasury shares	Share Premium	Treasury Shares	Reserve on consolidation	Asset revaluation reserves	Retained Earnings/(Losses)	Total	Non-Controlling Interest	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 December 2018										
Balance as at 01.01.2018	201,188	-	-	-	13,464	108,577	37,171	360,400	35,939	396,339
Prior years adjustments - Opening balance adjustment in a subsidiary							758	758	1,065	1,823
Balance as at 01.01.2018 restated							37,929	361,158	37,004	398,162
Total comprehensive income for the period							11,845	11,845	2,333	14,178
Proposed dividend							-	-	-	-
Effect of changes in non-controlling interests							-	-	-	-
Dividend distributed to non-controlling interest							-	-	(1,084)	(1,084)
Balance as at 31.12.2018	201,188	-	-	-	13,464	108,577	49,774	373,003	38,253	411,256
Period ended 31 December 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							12,062	12,062	3,430	15,492
Reclassification pursuant to S618(2) of CA2016	91,337		(91,337)				-	-	-	-
Proposed dividend							(1,648)	(1,648)	-	(1,648)
Effect of changes in non-controlling interests							(249)	(249)	249	-
Dividend distributed to non-controlling interest							-	-	(1,101)	(1,101)
Balance as at 31.12.2017	201,188	-	-	-	13,464	108,577	37,171	360,400	35,939	396,339

Note : Prior years adjustment – Reversal provision of doubtful debts provided for a subsidiary by the auditors in Profit & Loss for year end 31-12-2018.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	31/12/2018 RM'000	31/12/2017 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	19,402	21,262
Adjustments for :		
Depreciation, amortisation and impairment losses	7,350	7,753
Interest income	(802)	(764)
Interest expenses	2,562	2,220
Share of profit in associates	-	-
Fair value gain of financial instruments measured at fair	-	-
Provision:		
Provision for doubtful debts	549	37
Write back of provision for doubtful debts	-	-
Write down of inventories	-	77
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	(277)	(214)
Asset written off	2	1
Operating profit before changes in working capital	28,786	30,372
Net change in current assets	(12,315)	18,020
Net change in current liabilities	(4,802)	(172)
Cash flow from operation	11,669	48,220
Taxes paid	(6,873)	(6,378)
Taxes refunded	18	391
Net Cash Flows From Operating Activities	4,814	42,233
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(7,990)	(9,235)
Purchase of freehold land	(20,364)	(5,013)
Purchased freehold land for property development	-	-
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary	-	(5,300)
Proceeds from sale of non-current assets	-	215
Increase/(Decrease) in deposit with licensed bank & short term investments	(6)	583
Reclassified deposit with licensed bank to other investment	-	-
Dividend received	-	101
Net Cash Used in Investing Activities	(28,360)	(18,649)
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Acquisition of treasury shares	-	-
Distribution of Treasury Shares as Special Dividend	-	-
Special Share Dividend distributed	-	-
Bank borrowings and other liabilities (Net)	32,662	(21,535)
Repayment of hire purchase obligations	(1,487)	(1,458)
Dividends paid to non-controlling interest in subsidiary company	(1,084)	(1,101)
Net Cash Flows From Financing Activities	30,091	(24,094)
Net Increase in Cash and Cash Equivalents	6,545	(510)
Cash and Cash Equivalents at the beginning of the year	36,289	35,525
Effects of changes in foreign exchange rates	(832)	1,488
Cash and Cash Equivalents at end of the period	42,002	36,503
Cash and cash equivalent comprise the following:-		
Bank and cash balances	18,667	11,910
Short-term investments and Deposit with license bank	23,335	24,593
	42,002	36,503

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(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 2017. 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 2017. The condensed consolidated interim financial report and notes thereon do not include all of the information required 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 2017, 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 2017.

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 2018

- MFRS 9, Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)
- MFRS 15, Revenue from Contracts with Customers
- MFRS 15, Clarification to MFRS 15
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First time Adoption of Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

(ii) Effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments - Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long Term Interests in Associates and Joint Ventures
- IC Interpretation 23, Uncertainty over Income Tax Treatments

(iii) Effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

(iv) Effective date yet to be determined

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

The Group's and the Company's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). The Group and the Company fall within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

The subsequent adoption of the MFRS Framework would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2017, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This may result in a restatement of the financial statements for the financial year ended 31 December 2017 in accordance with MFRS, which would form the MFRS comparatives for the financial statements for the financial year ending 31 December 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 9 - Financial Instruments

MFRS 9 "Financial Instruments (as issued by International Accounting Standard Board in July 2014)" replaces the guidance in MFRS 139 that relates to the classification and measurement of financial instruments. MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in OCI, with only dividend income from the investment to be recognised in profit or loss.

For financial liabilities, there were no changes to classification and measurement except for liabilities designated at inception to be measured at FVTPL. For these, the portion of fair value changes caused by changes in an entity's own credit risk shall be recognised in OCI rather than in profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The application of MFRS 9 will not have a significant impact for the Group and Company on classification, measurement and recognition of financial assets and financial liabilities compared to current rules. It is expected that the Group's investments in unquoted debenture that are currently classified as available-for-sale and stated at cost less accumulated impairment losses will be measured at amortised cost (with option to measure at FVTPL) upon the adoption of MFRS 9. MFRS 9 also introduces the expected credit loss model (ECL) instead of the current incurred loss model to be applied to current and non-current receivables. The Group and Company are continuing to assess the impact of these and other accounting changes that will arise under MFRS 9 and cannot reasonably estimate the impact as at the date of this report. The Group expects to be in a position to estimate the impact of MFRS 9 when finalising reporting for first quarter of the year commencing 1 January 2018.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature of the Group's and Company's disclosures about its financial instruments particularly in the year of adoption of the new Standard. The Group and the Company will adopt the standard using the cumulative catch-up transition method and will therefore not restate comparative periods. Hence, the cumulative effect of initially applying the Standard will be recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018 and comparatives will not be restated.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are generally affected negatively by the monsoon seasons and the major festive seasons namely Hari Raya Aidilfitri and Chinese New Year holidays. Such occasions not only undoubtedly limit our ability to undertake certain operational activities at our end; they do also, by and large, curtail demand from our customers, who are themselves also negatively impacted by these factors.

4. Unusual Items

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

5. Changes In Estimates of Amounts Reported Previously

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

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

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 December 2018.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 December 2018.

8. Segment Information

The Group's segment information for the financial period ended 31 December 2018 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
2018								
Revenue								
<i>External Sales</i>	1,647	124,985	107,000	35,133	-	194		268,959
<i>Inter segmental sales</i>	-	5,209	6,606	8,677	-	6,346		26,838
Total Revenue	1,647	130,194	113,606	43,810	-	6,540		295,797
Segments Profits/(Loss)								
Before Tax	396	3,308	5,990	9,998	(100)	6,082	(6,272)	19,402
Depreciation	177	1,407	3,451	2,300	1	14		7,350
Rental income of land and buildings	-	40	3,813	1,259	-	-	(519)	4,593
Net foreign exchange	-	(671)	(161)	-	-	-		(832)
Gain/(loss) on disposal of property, plant and equipment	-	47	16	-	-	214		277
Finance cost	-	444	1,870	169	79	-	-	2,562
Interest Income	-	22	591	8	128	53		802
Tax Expenses	-	882	1,749	2,496	-	97		5,224
Segments Assets	3,705	85,403	241,449	158,010	12,382	16,471	(1,404)	516,016
Other Investment						-		-
Total Segments Assets								516,016
Segment Liabilities	3,302	27,617	59,919	11,615	1,872	435		104,760

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(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
2017								
Revenue								
<i>External Sales</i>	1,904	143,548	108,581	32,350	-	140	-	286,523
<i>Inter segmental sales</i>	-	5,642	2,965	8,611	-	-	-	17,218
Total Revenue	1,904	149,190	111,546	40,961	-	140	-	303,741
Segments Profits/(Loss)								
Before Tax	541	4,456	7,161	8,210	(2)	4,714	(3,818)	21,262
Depreciation	57	1,748	3,359	2,575	-	13	-	7,752
Rental income of land and buildings	-	39	3,424	1,212	87	-	(472)	4,290
Net foreign exchange	-	(1,736)	248	-	-	-	-	(1,488)
Gain/(loss) on disposal of property, plant and equipment	-	111	103	-	-	-	-	214
Finance cost	-	529	1,429	381	126	-	(245)	2,220
Interest Income	-	10	496	8	102	391	-	1,007
Tax Expenses	-	494	2,463	2,370	-	442	-	5,769
Segments Assets	3,771	78,880	215,627	155,865	12,862	12,075	(1,477)	477,603
Other Investment	-	-	-	-	-	725	-	725
Total Segments Assets								478,328
Segment Liabilities	3,128	21,817	37,996	14,654	2,253	2,140	-	81,988

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 2017.

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

There are no material events subsequent to the financial period ended 31 December 2018 that have not been reflected in the related financial statements.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 December 2018.

12. Contingent Liabilities – Unsecured

As at 31 December 2018, 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 RM97,700,000.00, of which an amount of RM48,168,671.00 were utilized.

13. Capital Commitments

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


INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

(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) 01/01/2018 to 31/12/2018 (RM ' 000)		Approved Value 09/06/2018 to 08/06/2019 (RM ' 000)		Balance due to / from the companies 31/12/2018 (RM ' 000)	
				Receivables	Payables	Receivables	Payables	Receivables	Payables
D M Timber Sdn Bhd ("DM")	Purchase of timber.	Lionvest Timber Industries Sdn Bhd ("LTI")	Monthly		802		15,000	373	
Minho Kilning (Klang) Sdn Bhd ("MKK")	⁽ⁱ⁾ Rental & Storage Charges	Syarikat Minho Kilning Sdn Bhd ("SMK") ⁽ⁱⁱ⁾	Monthly		2,772		4,500		-
Oak Three Sdn Bhd ("OT") (formerly known as QR Printing Sdn Bhd)	Insurance brokerage fee.	Syarikat Minho Kilning Sdn Bhd ("SMK")	Yearly		28		800		27
Mahawangsa Timber Industries Sdn Bhd ("MTI")	Sales of sawn timber and its related products.	LTI	Monthly	396		3,500		596	
	Purchase of logs.	LTI	Monthly		6,432		5,000		
Pembinaan Infra E&J Sdn Bhd ("EJ")	Construction cost for infrastructure & building works	My Squares Development Sdn Bhd ("MS")	Monthly		-		20,000		-
MTI	^(a) Purchase of timber.	Costraco Sdn Bhd ("CSB")	Monthly		4,821		19,000		-
MTI	^(b) Purchase of timber.	Indah Wood Products Sdn Bhd ("IWPSB")	Monthly		308		2,000		-
MTI	^(c) Purchase of timber.	Euro-CGA Sdn Bhd ("ECSB")	Monthly		1,041		4,000		124
MTI	^(d) Purchase of timber.	Victory Enterprise Sdn Bhd ("VESB")	Monthly		2,087		800		-
Lucky Star Diversified Sdn Bhd ("LSDSB")	Sales of sawn timber	Lionvest Corporation (Pahang) Sdn Bhd ("LCPSB")	Monthly	504		8,000			50
DMT Resources & Development Sdn. Bhd. ("DMT")	Purchase of logs	LTI	Monthly		2,608		6,000		164
Total				900	20,899	11,500	77,100	969	365

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(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		12 MONTHS ENDED	
			YEAR-TO-DATE ENDED	
	Q4 2018	Q4 2017	Q4 2018	Q4 2017
	RM'000	RM'000	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Revenue				
Timber Extraction	-	866	1,647	1,904
Timber Trading	26,301	29,155	124,985	143,548
Manufacturing	26,325	27,220	107,000	108,581
Services & Treatment	9,147	9,473	35,133	32,350
Property Development	-	-	-	-
Others	48	42	194	140
	<u>61,821</u>	<u>66,756</u>	<u>268,959</u>	<u>286,523</u>
Segment Profit				
Timber Extraction	(393)	267	396	541
Timber Trading	835	627	3,308	4,456
Manufacturing	620	796	5,990	7,161
Services & Treatment	2,327	2,384	9,998	8,210
Property Development	(65)	(3)	(100)	(2)
Others	3,750	(95)	6,082	4,714
	<u>7,074</u>	<u>3,976</u>	<u>25,674</u>	<u>25,080</u>
Elimination	(4,066)	135	(6,272)	(3,818)
Profit before taxation	<u>3,008</u>	<u>4,111</u>	<u>19,402</u>	<u>21,262</u>
Taxation	(587)	(1,031)	(5,224)	(5,769)
Profit after taxation	<u>2,421</u>	<u>3,080</u>	<u>14,178</u>	<u>15,493</u>
Non-controlling interest	(338)	(796)	(2,333)	(3,430)
Net profit for the year	<u>2,083</u>	<u>2,284</u>	<u>11,845</u>	<u>12,063</u>

(a). Three months period-Q4 2018.

For the current quarter, the Group registered revenue of RM61.82 million, lower than RM66.76 million for Q4 2017. The decrease was mainly attributed to the RM4.94 million total combined decreases in turnover for the Timber Extraction, Timber Trading, Manufacturing and Services & Treatment market segments.

The group's pre-tax profit decreased by RM1.10 million, i.e. from RM4.11 million to RM3.01 million. Most of the Group's market segments recorded lower pre-tax profit. The Timber Extraction, Manufacturing, Services & Treatment, Property Development and Others segments combined decrease of RM1.31 million in the pre-tax profit was positively offset by Timber Trading segment which recorded total increase of RM208 thousand in pre-tax profit.

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(The figures have not been audited)

(b). Year to date.

The Group disclosed total revenue of RM268.96 million for the current 12 months period ended 31 December 2018, RM17.56 million or 6% less than the RM286.52 million recorded in the corresponding 12 months period ended 31 December 2017. This drop was mainly attributed to the combined RM20.4 million decline in Timber Extraction, Timber Trading and Manufacturing segments. This was partially offset by the total combined increase of RM2.84 million in the turnover for Services & Treatment and Others segments.

The group's pre-tax profit decreased by RM1.86 million mainly due to the decrease in pre-tax profit of RM145 thousand for Timber Extraction segment, RM1.15 million for the Timber Trading segment, RM1.17 million for the Manufacturing segment and RM98 thousand for the Property Development segment.

Timber Extraction

A smaller area of 439 acres logged in the current 12 months period ended 31 December 2018 compared to 508 acres logged in the corresponding 12 months period ended 31 December 2017. In line with smaller area logged, revenue decreased by RM257 thousand and similarly, the pre-tax profit also decreased by RM145 thousand.

Timber Trading

The turnover for this segment decreased by RM18.56 million due to lower demand for flooring and rough sawn timber from oversea buyers. Besides that, there was strong competition among suppliers in the market. Hence, the pre-tax profit for this segment reduced by RM1.15 million from a pre-tax profit of RM4.46 million in the corresponding 12 months period ended 31 December 2017 to RM3.31 million for the current 12 months period ended 31 December 2018.

Manufacturing

Total turnover for this segment reduced by RM1.58 million mainly attributed to the decrease in the turnover for the manufacturing of industrial paper bags which decreased by RM2.85 million due to lower demand for cement packaging, while the turnover for manufacturing of timber and wood based products increased by RM1.27 million. Pre-tax profit for this market segment decreased by RM1.17 million or 16%; from RM7.16 million in the corresponding 12 months period ended 31 December 2017 to RM5.99 million for the current 12 months period ended 31 December 2018. The drop in pre-tax profit was mainly attributed to lower profit registered by the manufacturing of industrial paper bags which decreased by RM1.29 million as a result of lower gross profit. As for the manufacturing of timber and wood based products, the profit decreased slightly by RM119 thousand.

Services & Treatment

The volume of timber for kiln drying increased slightly and service charges rates increased by 6% that resulted in an improvement of RM2.78 million in the gross turnover for this market segment. During this period, the management also focused on controlling cost. Hence, the pre-tax profit for this segment increased by RM1.79 million.

Property Development

There were no revenue registered for the current 12 months period ended 31 December 2018 similar to the corresponding 12 months period ended 31 December 2017. It reported a pre-tax loss of RM100 thousand due to lower other income received, compared to a pre-tax loss of RM2 thousand previously.

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(The figures have not been audited)

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

Market Segments	Revenue		Segment Profit	
	<u>Q4 2018</u>	<u>Q3 2018</u>	<u>Q4 2018</u>	<u>Q3 2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Timber Extraction	-	804	(393)	257
Timber Trading	26,301	26,717	835	959
Manufacturing	26,325	26,944	620	1,460
Services & Treatment	9,147	8,433	2,327	2,164
Property Development	-	-	(65)	(24)
Others	48	40	3,750	15
	<u>61,821</u>	<u>62,938</u>	<u>7,074</u>	<u>4,831</u>
Elimination			(4,066)	(113)
Profit before taxation			3,008	4,718
Taxation			(587)	(1,250)
Profit after taxation			2,421	3,468
Non-controlling interest			(338)	(493)
Net profit for the year			2,083	2,975

The Group's turnover for the current quarter under review was RM61.82 million, which was RM1.12 million or 1.7% less than the RM62.94 million registered in the preceding quarter. All of the group's market segments recorded lower growth in their turnover except for the Services & Treatment and Others segments. The Services & Treatment and Others segments recorded growth of RM722 thousand in their turnover but were offset by the combined decline of RM1.84 million recorded by the Timber Extraction, Timber Trading and Manufacturing segments.

The Group posted a lower pre-tax profit of RM3.01 million for the current quarter against the preceding quarter figure of RM4.72 million. The major contributor to the RM1.71 million decrease in pre-tax profit for the current quarter was the Timber Extraction, Timber Trading, Manufacturing and Property Development segments.

17. Prospects for Current Financial Year

The International Monetary Fund ("IMF") in their latest publication of World Economic Outlook(WEO) Update January 2019 projected that the global growth forecast for 2019 and 2020 had already been revised downward in the last WEO, partly because of the negative effects of tariff increases reported in the United States and China earlier that year. The further downward revision since October in part reflects carry over from softer momentum in the second half of 2018. In Germany following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have also weighed on domestic demand. Weakening financial market sentiment as well as a contraction in Turkey are now projected to be deeper than anticipated.

In view of the above, the Group will continue efforts to strengthen the cost control strategies and will also enhance its operation and marketing strategies in order to achieve higher production efficiency and to maximize profit margins.

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.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	31/12/2018	quarter	31/12/2018	period
	RM'000	31/12/2017	31/12/2017	RM'000
	RM'000	RM'000	RM'000	RM'000
Current taxation	587	927	5,224	5,665
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	105	-	105
	587	1,032	5,224	5,770
Our share of results of associated companies	-	-	-	-
	587	1,032	5,224	5,770

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. Trade Receivables

	As at 31.12.2018 RM'000
Trade receivables	36,800
Less: Allowance for impairment loss	(549)
	36,251

The ageing analysis of the Group's trade receivables is as follows:

	As at 31.12.2018 RM'000
Neither past due nor impaired	18,658
Past due not impaired:	
< 30 days	6,640
31 - 60 days	4,276
> 60 days	7,383
Impaired	(157)
Gross trade receivables	36,800
Less: Allowance for impairment loss	(549)
	36,251

Trade receivables that are past due not impaired are creditworthy debtors. The Group has no significant concentration of credit risk that may arise from exposures to a single clearing participant or counterparty.

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

21. Disposal of Unquoted Investments and Properties

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

22. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 31 December 2018.

23. Status of Corporate Proposals

On 25 September 2018, the Company announced its intention to undertake a proposed bonus issue of up to 181,254,150 new Minho Shares on the basis of 11 Bonus Shares for every 20 existing Minho Shares.

The Company further announced that the application in relation to the Proposed Bonus Issue has been submitted to Bursa Securities on 5 October 2018. On 16 October 2018, the Company announced that Bursa Securities had approved the Proposed Bonus Issue.

The Proposed Bonus Issue was approved by the shareholders at the Extraordinary General Meeting that was convened on 29 November 2018 at Minho (M) Berhad, Board Room, Lot 6476, Lorong Sg. Pulu, Batu 6, Off Jalan Kapar, 42100 Klang, Selangor. At the same date, the Company announced that the Proposed Bonus Issue was approved by the shareholders.

On 19 December 2018, the Company announced that the Bonus Issue has been completed following the listing and quotation of 120,835,844 Bonus Shares pursuant to the Bonus Issue and 60,416,578 additional Warrants C arising from the adjustments as a result of the Bonus Issue on the Main Market of Bursa Securities with effect from 9.00 a.m. on 19 December 2018.

24. Group Borrowings

Total Group borrowings as at 31 December 2018 were as follows:-

	As at 4th. Quarter ended 31 December 2018		
	Long Term	Short Term	Total borrowings
	RM	RM	RM
Secured			
Property Loan	12,094		12,094
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		50,335	50,335
Unsecured	-	-	-
	As at 4th. Quarter ended 31 December 2017		
Secured			
Property Loan	1,909		1,909
Trading Facilities (Overdraft, Bankers Acceptance, Trust Receipts and Letter of Credits)		33,652	33,652
Unsecured	-	-	-

25. 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 FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

26. Material Litigation

As at 21 February 2019, 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.

27. Dividend

No dividend has been recommended by the Board for the period ended 31 December 2018 (2017: RM1,647,765.00).

28. Profit/(Loss) From Operations

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

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year	Preceding
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(a). Interest income	194	189	802	764
(b). Investment income	-	(9)	27	101
(c). Rental Income	1,210	919	4,593	4,291
(d). Interest expenses	(922)	(523)	(2,562)	(2,220)
(e). Depreciation & Amortisation	(1,929)	(2,209)	(7,350)	(7,753)
(f). Gain/(loss) on disposal of property, plant & equipment	260	11	277	215
(g). Property, plant & equipment written off	1	-	2	1
(h). Inventories write-down	-	(77)	-	(77)
(i). Provision for and write-off of receivables	408	(37)	549	(37)
(j). Provision for receivables write-back.	-	-	-	-
(k). Net foreign exchange gain/(loss)	21	775	(832)	1,488

29. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year to	Preceding
	Quarter	Corresponding	date	Period Ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings/(loss) attributable to the ordinary equity holders of the Company	2,083	2,283	11,845	12,062
Weighted average number of ordinary shares ('000)	340,538	219,702	340,538	219,702
Basic earnings/(loss) per share (sen)	0.61	1.04	3.48	5.49

(b) Diluted earnings per share

Not applicable



INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

(The figures have not been audited)

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 February 2019.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 28 February 2019.