

MINTYE INDUSTRIES BHD.

(Company No: 26870 D)
(Incorporated In Malaysia)

1ST QUARTERLY REPORT
on Group Results ended
30 April 2016

(The figures have not been audited)

Company No.

26870 D

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MINTYE INDUSTRIES BHD.

(Incorporated in Malaysia)

Unaudited interim financial report for the 1st financial quarter ended 30 April 2016

The Directors of Mintye Industries Bhd. are pleased to announce the unaudited interim financial report for the 1st financial quarter ended 30 April 2016.

This interim financial report is prepared in accordance with MFRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Listing Requirements and should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2016.

There was no qualification in the audit report in the most recent audited annual financial statements.

MINTYE INDUSTRIES BHD.

(Incorporated in Malaysia)

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As at	As at
	<u>30 April 2016</u>	<u>31 Jan 2016</u>
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,359	29,453
Capital work-in-progress	392	1,810
Available-for-sale investments	7,792	7,055
Deferred tax assets	195	200
	<u>38,738</u>	<u>38,518</u>
Current assets		
Inventories	31,886	29,137
Trade receivables	8,721	10,263
Other receivables, utility deposits and prepayments	2,077	2,595
Taxation	112	91
Short-term deposits with Malaysian licensed banks	11,540	16,640
Cash in hand and at Malaysian licensed banks	24,265	20,493
	<u>78,601</u>	<u>79,219</u>
TOTAL ASSETS	<u><u>117,339</u></u>	<u><u>117,737</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Issued share capital	60,800	60,800
Fair value reserves	1,857	1,120
Accumulated profits	46,408	47,194
	<u>109,065</u>	<u>109,114</u>
Non-controlling interests	<u>1,351</u>	<u>1,367</u>
Total equity	<u><u>110,416</u></u>	<u><u>110,481</u></u>

	Unaudited As at <u>30 April 2016</u> RM'000	Audited As at <u>31 Jan 2016</u> RM'000
Non-current liabilities		
Deferred tax liabilities	1,291	1,564
Current liabilities		
Trade payables	3,581	2,706
Other payables, refundable deposits and accruals	1,831	2,542
Taxation	220	444
	<u>5,632</u>	<u>5,692</u>
Total liabilities	<u>6,923</u>	<u>7,256</u>
TOTAL EQUITY AND LIABILITIES	<u>117,339</u>	<u>117,737</u>
	RM	RM
Net assets per share attributable to owners of the Company	<u>1.79</u>	<u>1.79</u>

The condensed Group statement of financial position should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2016.

MINTYE INDUSTRIES BHD.

(Incorporated in Malaysia)

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30 April		30 April	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales	10,958	11,485	10,958	11,485
Less:				
Cost of sales	<u>(9,400)</u>	<u>(9,157)</u>	<u>(9,400)</u>	<u>(9,157)</u>
Gross profit	1,558	2,328	1,558	2,328
Other operating income	<u>420</u>	<u>381</u>	<u>420</u>	<u>381</u>
	1,978	2,709	1,978	2,709
Less:				
EXPENSES				
Selling and distribution	(392)	(455)	(392)	(455)
Administration	(2,521)	(1,439)	(2,521)	(1,439)
Finance				
- Bank commitment and other charges	<u>(10)</u>	<u>(12)</u>	<u>(10)</u>	<u>(12)</u>
(Loss)/Profit from operations	(945)	803	(945)	803
Machinery and equipment written off	<u>-</u>	<u>(42)</u>	<u>-</u>	<u>(42)</u>
(LOSS)/PROFIT BEFORE TAXATION	(945)	761	(945)	761

	Individual quarter 3 months ended 30 April		Cumulative quarter 3 months ended 30 April	
	<u>2016</u> RM'000	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2015</u> RM'000
Add/Less:				
Taxation	143	(204)	143	(204)
(Loss)/Profit for the financial period	(802)	557	(802)	557
Other comprehensive income				
Available-for-sale investments				
- Fair value gain/(loss)	737	(43)	737	(43)
- Reclassification upon disposal	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD	<u>(65)</u>	<u>514</u>	<u>(65)</u>	<u>514</u>
(Loss)/Profit attributable to:				
Owners of the Company	(786)	554	(786)	554
Non-controlling interests	(16)	3	(16)	3
	<u>(802)</u>	<u>557</u>	<u>(802)</u>	<u>557</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(49)	511	(49)	511
Non-controlling interests	(16)	3	(16)	3
	<u>(65)</u>	<u>514</u>	<u>(65)</u>	<u>514</u>
	Sen	Sen	Sen	Sen
Earnings per share of (loss)/profit attributable to owners of the Company				
- Basic and diluted	<u>(1.29)</u>	<u>0.91</u>	<u>(1.29)</u>	<u>0.91</u>

The condensed Group statement of comprehensive income should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2016.

MINTYE INDUSTRIES BHD.

(Incorporated in Malaysia)

CONDENSED GROUP STATEMENT OF CASH FLOWS

<u>For the financial period ended</u>	Cumulative quarter 3 months ended 30 April	
	<u>2016</u> RM'000	<u>2015</u> RM'000
OPERATING ACTIVITIES		
Operations		
(Loss)/Profit from operating activities	(945)	803
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	793	825
Reversal of allowance for impairment of other receivables	(144)	-
Unrealised loss/(gain) on translation of foreign currencies	860	175
Unrealised (gain)/loss on translation of foreign receivables and payables	(9)	125
Dividend (gross) income	(57)	(51)
Interest income	(180)	(256)
Operating profit before changes in working capital	318	1,621
Changes in working capital:		
Inventories	(2,749)	2,607
Trade and other receivables	2,213	(1,427)
Trade and other payables	164	(1,561)
(Deficit in)/Surplus of revenue receipts net of expense payments from revenue-producing business transactions	(54)	1,240
Dividends (net) from available-for-sale investments received	57	51
Interest income received	180	256
Cash from operations before taxation	183	1,547
Income tax paid	(370)	(361)
Income tax refunded	-	968
Net cash (used in)/from operating activities	(187)	2,154

<u>For the financial period ended</u>	Cumulative quarter 3 months ended 30 April	
	<u>2016</u> RM'000	<u>2015</u> RM'000
INVESTING ACTIVITIES		
Additions in capital work-in-progress	(219)	(406)
Additions to plant and equipment	(62)	(22)
Net cash (used) in investing activities	(281)	(428)
CASH AND CASH EQUIVALENTS		
(Decrease)/Increase in the financial period	(468)	1,726
Unrealised (loss) on translation of foreign currencies	(860)	(175)
Net (decrease)/increase in the financial period	(1,328)	1,551
As at beginning of financial period	37,133	35,447
As at end of financial period	35,805	36,998
Represented by		
- Short-term deposits with Malaysian licensed banks	11,540	26,490
- Cash in hand and at Malaysian licensed banks	24,265	10,508
	35,805	36,998

The condensed Group statement of cash flows should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2016.

MINTYE INDUSTRIES BHD.

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT
for the 1st financial quarter ended 30 April 2016****Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Listing Requirements. The interim financial report also complies with IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

The interim financial report has been prepared on a condensed basis and as such it should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2016. The notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 January 2016.

MFRS 134 - Paragraph 16**M1. Accounting policies and methods**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited annual financial statements for the financial year ended 31 January 2016, except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and IC interpretations with effect from 1 February 2016:

Amendments to MFRSs (Annual Improvements 2012 - 2014 Cycle)

Amendments to MFRS 10, MFRS 12, MFRS 101, MFRS 116, and MFRS 127

The adoption of the above standards, amendments and interpretations did not have significant impact on the financial statements of the Group.

M2. Disclosure of audit report qualification and status of matters raised

There was no qualification in the audit report in the most recent audited annual financial statements.

M3. Seasonal or cyclical factors

The results of the operations of the Group for the current financial quarter and financial year-to-date were not significantly affected by seasonal or cyclical factors.

M4. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual in nature, size or incidence during the current interim period under review.

M5. Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial years, which have material effects on the financial position or performance in the current interim period under review.

M6. Changes in debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year-to-date.

M7. Dividends paid

There was no dividend paid during the current interim period under review.

M8. Segment information

The Group is principally involved in the manufacturing of automotive and industrial friction materials, namely brake linings, disc brake pads and bonded brake shoes.

Activities are all carried out in Malaysia

	Individual quarter 3 months ended <u>30 April 2016</u> RM'000	Cumulative quarter 3 months ended <u>30 April 2016</u> RM'000
REVENUE		
Manufacturing	6,348	6,348
Others	4,610	4,610
Total revenue	<u>10,958</u>	<u>10,958</u>
RESULTS		
Manufacturing	(920)	(920)
Others	(25)	(25)
(Loss) before taxation	(945)	(945)
Taxation	143	143
(Loss) for the financial period	<u>(802)</u>	<u>(802)</u>

	Unaudited as at <u>30 April 2016</u> RM'000	Audited as at <u>31 Jan 2016</u> RM'000
ASSETS		
Manufacturing	98,603	97,498
Others	18,736	20,239
Total assets	<u>117,339</u>	<u>117,737</u>
LIABILITIES		
Manufacturing	6,573	6,773
Others	350	483
Total liabilities	<u>6,923</u>	<u>7,256</u>

M9. Property, plant and equipment

There was no change to the valuation of property, plant and equipment brought forward from the most recent audited annual financial statements.

	Current financial quarter as at <u>30 April 2016</u> RM'000
<u>Cost</u>	
As at 1.2.2016	99,323
Additions	62
Transfer from capital work-in-progress	1,637
Disposals	-
Written off	-
As at 30.4.2016	<u>101,022</u>
<u>Accumulated depreciation and amortisation</u>	
As at 1.2.2016	69,870
Charge for the financial period	793
Disposals	-
Written off	-
As at 30.4.2016	<u>70,663</u>
<u>Net book value</u>	
As at 30.4.2016	<u>30,359</u>

M10. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current financial quarter under review.

M11. Changes in composition of the Group

There is no change in the composition of the Group during the current interim period under review.

M12. Contingent liabilities

The contingent liabilities within 7 days before the date of issue of this interim financial report are as follows:

	RM'000
<u>Unsecured</u>	
Bankers' guarantees for	
- Issuance of employment permits	130
- Electricity supplies	477
- Other	67
	<hr/>
	674
	<hr/> <hr/>

No loss is anticipated.

M13. Inventories

	Current financial quarter as at <u>30 April 2016</u> RM'000
<u>Stated at cost</u>	
Held for	
- Manufacture	
Raw materials	16,410
Packing materials and loose tools	1,426
Spare parts	628
Work-in-progress	3,128
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	21,592
- Sale	
Finished products	10,294
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	31,886
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M14. Capital commitments

Capital commitments authorised by the Directors and not provided for in the financial statements under review as at the date of this report are as follows:

	RM'000
Authorised and contracted	
- Machinery and equipment	<u>350</u>

M15. Extraordinary item

There was no extraordinary item.

M16. Related party transactions

The related party transactions of the Group have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

Other than intragroup transactions, the transactions with related parties of the Group are set out below:

	Individual quarter 3 months ended 30 April 2016 RM'000	Cumulative quarter 3 months ended 30 April 2016 RM'000
Revenue/(expense) transactions with:		
Minsoon Credit Corporation (M) Sdn. Bhd.		
- Upkeep of motor vehicles	<u>(4)</u>	<u>(4)</u>

Bursa Malaysia Listing Requirements (Part A of Appendix 9B)**B1. Review of financial performance of the Company and its subsidiaries**

	Current	Corresponding	(Decrease)	
	Cumulative quarter 3 months ended 30 April 2016	Cumulative quarter 3 months ended 30 April 2015	RM'000	%
Group turnover	10,958	11,485	(527)	(4.59)
Group (loss)/profit from operations	(945)	803	(1,748)	(217.68)
Group (loss)/profit before taxation	(945)	761	(1,706)	(224.18)
Group (loss)/profit for the financial period	(802)	557	(1,359)	(243.99)

The Group's turnover for the current quarter ended 30 April 2016 was at RM10.958 million compared to previous year corresponding quarter of RM11.485 million, a decrease of RM0.527 million or 4.59%. The decline is mainly due to shortage in labour, consequently inability to fulfill orders on hand.

The Group incurred a loss from operations for the current quarter of RM0.945 million compared to the profit from operations for the previous year corresponding quarter of RM0.803 million, a decrease of RM1.748 million. This is due to unrealised losses on foreign exchange and initial cost incurred on a technical centre in the current quarter.

B2. Comments on material changes in (loss)/profit before taxation in the current financial quarter as compared with the immediate preceding financial quarter

	Current financial quarter 3 months ended 30 April 2016	Preceding financial quarter 3 months ended 31 Jan 2016	(Decrease)/Increase	
	RM'000	RM'000	RM'000	%
Group turnover	10,958	13,171	(2,213)	(16.80)
Group (loss)/profit from operations	(945)	608	(1,553)	(255.43)
Group (loss)/profit before taxation	(945)	550	(1,495)	(271.82)
Group (loss)/profit for the financial period	(802)	269	(1,071)	(398.14)

The Group's turnover for the current quarter ended 30 April 2016 was at RM10.958 million compared to RM13.171 million in the preceding quarter, a decrease of RM2.213 million or 16.80%. The decline is mainly due to lower deliveries on account of shortage of labour and Chinese New Year.

The Group incurred a loss from operations for the current quarter of at RM0.945 million compared to the profit from operations for the preceding quarter of RM0.608 million, a decrease of RM1.553 million or 255.43%. This is due to lower turnover, unrealised losses on foreign exchange and initial cost incurred on a technical centre in the current quarter.

B3. Prospects

The business environment continues to be challenging with increasing costs impacting on the Group's profit. The minimum wage increase from RM900 to RM1,000 per month will lead to further increase in operating costs. The Group will continue its efforts to remain profitable by improving its production efficiencies and volume with gradual improvement in labour supplies. Barring any unforeseen circumstances, the Group is expected to achieve a satisfying results for the financial year ending 31 January 2017.

B4. Variance of actual profit from forecast profit

This is not applicable as no profit forecast or profit guarantee had been published.

B5. Taxation

	Individual quarter 3 months ended 30 April 2016 RM'000	Cumulative quarter 3 months ended 30 April 2016 RM'000
<u>Income tax</u>		
Current		
- For the current financial period	125	125
Deferred		
- Based on income		
- For the current financial period	(261)	(261)
- Based on reserves	(7)	(7)
	(268)	(268)
Total	(143)	(143)

The Group's effective tax rate for the financial year-to-date was lower than the prevailing statutory tax rate of 24% mainly due to certain income not taxable for tax purposes and losses of certain subsidiary not recognised as deferred tax assets in the financial statements.

B6. Profit/(Loss) on sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

B7. Quoted investments

	Individual quarter 3 months ended 30 April 2016 RM'000	Cumulative quarter 3 months ended 30 April 2016 RM'000
(a) (i) Total purchases	-	-
(ii) Total disposals		
- Disposal proceeds	-	-
- Profit on disposal	-	-
(iii) Reclassification of fair value gain previously recognised in other comprehensive income, to profit or loss upon disposal	-	-
(iv) Fair value gain recognised in other comprehensive income	737	737
(b) Investments in quoted securities held by the Group as at end of this reporting period, 30 April 2016 are as follows:		
(i) Cost	5,936	5,936
(ii) Carrying value	7,792	7,792
(iii) Market value	7,792	7,792

B8. Corporate proposal

As announced on 18 March 2016, the Company, Mintye Industries Bhd. ("Mintye") has entered into a conditional scheme agreement with Mintye Berhad ("MBG") to implement a proposed internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act 1965 ("Act") ("Proposed Internal Reorganisation") comprising the following proposals:

- (i) Proposed share exchange of the entire issued and fully paid-up share capital of Mintye comprising 60,800,000 ordinary shares of RM1.00 each in Mintye ("Mintye Share") with 60,800,000 new ordinary shares of RM1.00 each in MBG ("MBG Share") on the basis of one (1) new MBG Share for every one (1) existing Mintye Share held as at an entitlement date to be determined and announced by the Board ("Proposed Share Exchange"); and
- (ii) Proposed transfer of the listing status of Mintye to MBG and the admission of MBG to and withdrawal of Mintye from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for the entire MBG Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing").

The Proposed Share Exchange and Proposed Transfer of Listing have been approved by Bursa Securities, High Court of Malaya and shareholders of the Company on 25 April 2016, 27 April 2016 and 23 June 2016 respectively.

The director will take necessary step to ensure completion of the exercise.

B9. Borrowings

There was no borrowing or debt security as at the end of the current interim period.

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk within 7 days before the issue date of this interim report or entered into after the end of this interim period.

B11. Material litigation

There was no material litigation against the Group as at the reporting date.

B12. Dividends payable

No interim dividend has been proposed/declared during the current interim period under review.

B13. Earnings per share ("EPS")

	Current quarter 3 months ended 30 April		Cumulative quarter 3 months ended 30 April	
	<u>2016</u> RM'000	<u>2015</u> RM'000	<u>2016</u> RM'000	<u>2015</u> RM'000
(Loss)/Profit attributable to owners of the Company	<u>(786)</u>	<u>554</u>	<u>(786)</u>	<u>554</u>
	No.	No.	No.	No.
Number of ordinary shares in issue ('000)	60,800	60,800	60,800	60,800
	Sen	Sen	Sen	Sen
Basic and diluted EPS	<u>(1.29)</u>	<u>0.91</u>	<u>(1.29)</u>	<u>0.91</u>

Basic EPS for the current quarter and cumulative quarter are calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares in issue.

Diluted EPS is the same as basic EPS as the Company does not have any dilutive potential on ordinary shares.

B14. Profit before taxation

	Individual quarter 3 months ended 30 April 2016 RM'000	Cumulative quarter 3 months ended 30 April 2016 RM'000
Profit before taxation has been arrived at after charging/(crediting):		
Interest income	(180)	(180)
Gross dividend income from available-for-sale investments	(57)	(57)
Interest expense	-	-
Depreciation and amortisation of property, plant and equipment	793	793
Provision for and write off of receivables	(144)	(144)
Provision for and write off of inventories	-	-
(Gain) on disposal of available-for-sale investments	-	-
(Gain) on disposal of motor vehicle and equipment	-	-
Impairment of assets	-	-
Loss on foreign exchange		
- Realised	231	231
- Unrealised	851	851
(Gain)/loss on derivatives	-	-
Machinery and equipment written off	-	-
Exceptional items	-	-

B15. Realised and unrealised profits/(losses) disclosure

	As at 30 April 2016 RM'000	As at 31 Jan 2016 RM'000
The accumulated profits of the Company and its subsidiaries:		
- Realised	42,082	43,460
- Unrealised	(832)	(256)
	41,250	43,204
Add: Consolidation adjustments	5,158	3,990
Total Group accumulated profits	46,408	47,194

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits/(losses) is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

Company No.

26870 D

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Date of authorisation for issue

The Board of Directors authorised this interim financial report for issue on 24 June 2016.

By order of the Board

Foong Kai Ming
Company Secretary

Kuala Lumpur,
24 June 2016

MINTYE INDUSTRIES BHD.

(Incorporated in Malaysia)

QUARTERLY REPORT**Quarterly report on consolidated results for the 1st financial quarter ended 30 April 2016**

The figures have not been audited

SUMMARY OF KEY FINANCIAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current year quarter 30 April 2016 RM'000	Preceding year corresponding quarter 30 April 2015 RM'000	Current year to-date 30 April 2016 RM'000	Preceding year corresponding period 30 April 2015 RM'000
1. Revenue	10,958	11,485	10,958	11,485
2. (Loss)/Profit before taxation	(945)	761	(945)	761
3. (Loss)/Profit for the financial period	(802)	557	(802)	557
4. (Loss)/Profit attributable to owners of the Company	(786)	554	(786)	554
5. Basic earnings per share (Sen)	(1.29)	0.91	(1.29)	0.91
6. Proposed/Declared dividend per share (Sen)	-	-	-	-
	AS AT END OF CURRENT QUARTER 30 April 2016 RM		AS AT PRECEDING FINANCIAL YEAR END 31 January 2016 RM	
7. Net assets per ordinary share attributable to owners of the Company	1.79		1.79	

ADDITIONAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current year quarter 30 April 2016 RM'000	Preceding year corresponding quarter 30 April 2015 RM'000	Current year to-date 30 April 2016 RM'000	Preceding year corresponding period 30 April 2015 RM'000
1. Gross interest income	180	256	180	256
2. Gross interest expense	-	-	-	-