

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

Notes to the Accounts for the Financial Quarter Ended 30 June 2001

1. Accounting Policies

The accounts of the Group are prepared using the same accounting policies, method of computation and basis of consolidated as those used in the preparation of the most recent annual financial statement.

2. Exceptional Items

There were no extraordinary items for the financial periods under review.

3. Extraordinary Items

There were no extraordinary items for the financial periods under review.

4. Taxation

Taxation comprises the following:

	Current Quarter Ended 30.06.2001 RM'000	Current Year to Date 30.06.2001 RM'000
Malaysian taxation	987	1,528
Foreign taxation	25	62
	1,012	1,590
Malaysian taxation over / (under) provision in previous years	0	0
Deferred taxation	0	0
	1,012	1,590

5. Pre-acquisition profit

There were no pre-acquisition profits or losses for financial periods under review.

6. Profit on sales of investment and / or Properties.

There were no profits on sale of investment and / or properties outside the ordinary course of the Group's business for the financial periods under review.

7. Quoted Securities

There were no purchases or disposals of quoted securities for the current financial year to date.

8. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial year to date.

9. Status of Corporate Proposals

On 21 October 1999, Perwira Affin Merchant Bank Berhad (PAMB) has on behalf of the Company announced the following fund raising exercise and details of these proposals have been submitted to the Securities Commission on 28 February 2000:-

- (a) Proposed Private Placement of up to 10,985,000 new ordinary shares RM1.00 each;

(b) Proposed Special Issue of up to 10,985,000 new ordinary share RM1.00 each to Bumiputra investors to be approved /nominated by Ministry of International Trade and Industry ;

(c) Proposed Renounceable Two-Calls Rights Issue of up to 93,235,000 new ordinary shares of RM1.00 each at par on the basis of new ordinary share for every two ordinary shares of RM1.00 each held.

(d) Proposed Issue of New Warrants (“Replacement Warrants”) in Minho on the basis of one replacement warrant in substitution and upon the cancellation of one existing warrant held : and

As at to-date. Proposals under items (a) , (b) and (c) have been deferred until January 2002 whereas Prospectus for proposal under items (d) is currently being updated by PAMB.

10. Seasonal or Cyclical Factors

The business operation of the Group are generally affected by the monsoon seasons and also the major seasons namely Hari Raya Puasa and Chinese New Year celebrations.

11. Capital Issue and Dealings in Own Shares

There were no issuance and repayment of debts and equity securities, share buy-back and share cancellations during the financial year to date except for the transfer of the company shares to the Ministry of Finance pursuant to Section 29 of the Security Industry (Central Depositories) (Amendment) Act 1998 constituting of 128,632 ordinary shares and 188,915 warrants.

12. Group Borrowings and Debt Securities

Total group borrowings (secured) as at 30 June 2001 are as follows:-

	RM'000
<u>Short Term Bank Borrowing - Secured</u>	
Bank Overdraft	2,882
Bankers' Acceptance	19,138
Current Portion of Term Loan	69,854
<u>Long Term Bank Borrowing - Secured</u>	
Long Term Portion of Term Loan	36,565
Total	<u>128,439</u>

13. Contingent Liabilities

The Group does not have any contingent liabilities as at 28 August 2001, the latest practicable date which is not earlier than 7 days from the issue of this quarterly report.

14. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 23 August 2001, the latest practicable date which is not earlier than 7 days from the issue of this quarterly report.

15. Material Litigation

The Group does not have any pending material litigation as at 23 August 2001, the latest practicable date which is not earlier than 7 days from the issue of this quarterly report.

16. Segmental Reporting

	Turnover RM'000	Profit Before Taxation RM'000	Assets Employed RM'000
Timber Division	113,096	10,335	387,143

Non - Timber Division	5,940	894	36,817
Total	118,159	10,518	423,960

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

The operating profit before tax, minority interests and extraordinary items for the current year quarter is 62% lower compared to preceding year. This is mainly due to lower turnover as a result of the sluggish overseas and local demand for timber products. In line with the lower turnover, the group finance cost has reduced by 37% as a result of lower utilization of banking facilities.

18. Review of Performance of the Company and Its Principal Subsidiaries

Total net turnover for the group for the period under review amounted to RM 118 million, dropped by nearly 28% compared to the corresponding period. Almost all the companies in Minho Group recorded a reduction in pre-tax profit compared with the corresponding period except for Timber Mouldings Division which recorded an increased of RM 673 thousand in PBT compared to last year's corresponding period. The decline in both sales and profit of all the divisions was mainly due to the weak demand locally and overseas for the timber products. In comparison to the last corresponding period, our largest sales contributor, the sawn timber export division experienced a drop in sales from RM 86.7 million to only RM 59.17 million for the current year to date. Jengka Timber complex also experienced a lower sales by nearly half compared with the last corresponding period. However Lionvest Trading (UK) Ltd recorded an increased in sales compared with the last corresponding period.

19. Prospects for the Current Financial Year

Barring unforeseen circumstances, the Board of Directors expects that the Group performance for the next quarters will be improved.

20. Variance of Actual Profit from Forecast Profit

Not applicable.

21. Dividend

No interim dividend has been proposed by the Board of Directors.