



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT THREE MONTHS PERIOD ENDED 31 MARCH 2004

CONDENSED CONSOLIDATED INCOME STATEMENTS For Three Months Period Ended 31 March 2004

	2004 Current Quarter Ended 31-Mar <u>(RM'000)</u>	2003 Comparative Quarter Ended 31-Mar <u>(RM'000)</u>	2004 3 months Cumulative to date <u>(RM'000)</u>	2003 3 months Cumulative to date <u>(RM'000)</u>
Revenue	80,860	78,272	80,860	78,272
Operating expenses excluding depreciation, diminution and amortisation	(72,030)	(71,733)	(72,030)	(71,733)
Other operating income	924	835	924	835
Profit before depreciation, diminution and amortisation	9,754	7,374	9,754	7,374
Depreciation, diminution and amortisation	(2,010)	(10,283)	(2,010)	(10,283)
Profit/(Loss) from operations	7,744	(2,909)	7,744	(2,909)
Finance cost	(2,016)	(2,328)	(2,016)	(2,328)
Investing Results	0	0	0	0
Profit/(Loss) before taxation	5,728	(5,237)	5,728	(5,237)
Taxation	(2,181)	(1,494)	(2,181)	(1,494)
Profit/(Loss) after taxation	3,547	(6,731)	3,547	(6,731)
Minority interest	(520)	(294)	(520)	(294)
Profit/(Loss) after taxation and minority interest	3,027	(7,025)	3,027	(7,025)
Extraordinary item	0	0	0	0
Net Profit/(loss) attributable to shareholders of the Company	3,027	(7,025)	3,027	(7,025)
Earnings/(Loss) per RM1.00 share				
Basic (sen)	2.76	(6.40)	2.76	(6.40)
Fully diluted (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 2003)**



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CONDENSED CONSOLIDATED BALANCE SHEET As At 31 March 2004

	At 31 March 2004 RM'000	At 31 Dec 2003 (Audited) RM'000
Property, Plant and Equipment	181,279	180,914
Other Investment	750	750
Long Term Investment	0	0
Goodwill on Consolidation	9	9
Current Assets		
Inventories	68,086	77,159
Trade receivables	49,970	39,678
Other receivables	21,136	21,858
Amount due from affiliated company	323	323
Amount due from subsidiary companies	0	0
Deposit with licensed banks	3,035	6,063
Cash and bank balances	4,982	9,302
	147,532	154,383
Current Liabilities		
Trade payables	7,939	8,310
Other payables	18,779	19,434
Amount due to subsidiary companies	0	0
Hire purchase obligations	1,890	591
Amount due to directors	0	0
Bank borrowings	29,712	33,283
Provision for taxation	26,579	28,876
	84,899	90,494
Net Current Asset	62,633	63,889
	244,670	245,562
Financed by:		
Share Capital	109,851	109,851
Reserves	13,244	10,217
Shareholders' Funds	123,095	120,068
Minority Interest	10,817	11,779



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CONDENSED CONSOLIDATED BALANCE SHEET

As At 31 March 2004

	At 31 Mar 2004 RM'000	At 31 Dec 2003 (Audited) RM'000
Deferred and Long Term Liabilities		
Deferred Taxation	30,961	30,961
Hire Purchase obligations	608	565
Bank borrowings	79,189	82,189
	<hr/> 244,670	<hr/> 245,562
 Net Tangible Assets per RM1.00 sen share (RM)	 1.12	 1.09

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For Three Months Period Ended 31 March 2004

	Share Capital	Reserves attributable to Capital	Reserves attributable to Revenue	Retained Profit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2004	109,851	109,883		(99,666)	120,068
Prior year adjustments for opening retained profit in subsidiary				0	(0)
Profit/(Loss) for the period (cumulative)				3,027	3,027
Loss in the investment in subsidiary					
Additional investment in subsidiary					
Replacement of existing warrants with Replacement Warrants Being minority interest share of the acquisition profit/(loss) Difference in translation of net assets of overseas subsidiary					
At 31 March 2004	109,851	109,883		(96,639)	123,095
At 1 January 2003	109,851	109,883		(65,997)	153,737
Profit/(Loss) for the period (cumulative)				(33,669)	(33,669)
Loss in the investment in subsidiary					
Additional investment in subsidiary					
Replacement of existing warrants with Replacement Warrants Being minority interest share of the acquisition profit/(loss) Difference in translation of net assets of overseas subsidiary			-		-
At 31 December 2003	109,851	109,883		(99,666)	120,068

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Three Months Period Ended 31 March 2004

	2004 3 months ended 31 Mar RM'000	2003 3 months ended 31 Mar RM'000
Cash Flows From Operating Activities		
Loss before taxation	5,728	(5,237)
Adjustments for :		
Amortisation of goodwill	0	8,065
Bad debts written off	80	350
Depreciation of property, plant & equipment	2,010	2,218
Extraordinary item	0	0
Foreign exchange loss	44	31
Foreign exchange gain	(35)	(19)
Gain on disposal of property, plant & equipment	(91)	(62)
Interest income	(75)	(151)
Interest expense	1,973	2,159
Loss on disposal of property, plant & equipment	0	0
Provision for doubtful debts	0	10
Property, plant & equipment written off	5	0
Write down of inventories	117	95
Write back of provision for depreciation of property, plant & equipment	0	0
Write back of provision for doubtful debts	(9)	0
Operating profit before working capital changes	<u>9,747</u>	<u>7,459</u>
Inventories	9,073	(280)
Receivables	(9,570)	(3,929)
Payables	(1,028)	(7,136)
Cash generated from operations	<u>8,222</u>	<u>(3,886)</u>
Interest received	75	151
Interest paid	(1,973)	(2,159)
Income tax paid	(3,277)	(1,879)
Net cash used in operating activities	<u>3,047</u>	<u>(7,773)</u>



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Three Months Period Ended 31 March 2004

	2004 3 months ended 31 Mar RM'000	2003 3 months ended 31 Mar RM'000
Cash Flows From Investing Activities		
Dividend received from subsidiary company	1,692	514
Acquisition of other investment	0	(150)
Acquisition of property, plant and equipment	(2,460)	(266)
Decrease in deposits with licensed banks	3,028	916
Dividend paid by subsidiary company	(3,024)	(1,008)
Payment to holding and related companies	6,084	971
Proceeds from disposal of property, plant and equipment	214	62
Net cash used in investing activities	4,012	1,039
Cash Flows From Financing Activities		
Dividend paid to minority shareholders	(1,482)	0
Increase in bank borrowings	(6,250)	893
Drawdown of term loan	0	0
Repayment of term loan	(3,000)	0
Repayment/Increase of hire purchase obligations	(1,049)	(110)
Proceeds received from replacement warrants	0	0
Net cash used in financing activities	(5,531)	783
Net (decrease)/increase in cash and cash equivalents	(4,320)	(5,951)
Cash and cash equivalents at 1 January	9,302	9,872
Cash and cash equivalents at 31 March	4,982	(3,921)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003)



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NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO MASB 26

1. Basis of Preparation

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with MASB 26, "Interim Financial Reporting". The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003.

The same accounting policies, methods of computation and basis of consolidation adopted by the Group in this Interim Financial Report are consistent with those used in the preparation of the audited financial statements for the financial year ended 31 December 2003.

2. Auditors' Report

The auditors' report of the audited financial statements for the financial year ended 31 December 2003 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are generally affected by the monsoon seasons and the major festive seasons namely Hari Raya Aidilfitri and Chinese New Year holidays.

4. Unusual Items

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

5. Changes In Estimates of Amounts Reported Previously

There are 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 31 March 2004.



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7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2004.

8. Segment Information

The segmental analysis of the Group operations for the financial period ended 31 March 2004 is as follows:-

Business Segment	Revenue RM'000	PBT RM'000
Timber Extraction	3,940	2,111
Timber Trading	64,275	1,854
Manufacturing	14,553	1,553
Services and Treatment	8,442	1,708
Others	17	(1,497)
Less: Elimination of inter-company sales	(10,367)	
Elimination of inter-company dividend		
Consolidated	80,860	5,729

9. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. There are no valuations of land and buildings which have been brought forward without amendment from the previous annual report.

10. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 31 March 2004 that have not been reflected in the financial statements for the said period as at the date of this report.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2004.

12. Contingent Liabilities – Unsecured

Tax liabilities in relation to disputes on reinvestment allowances and double deduction of freight charges claimed amounted to RM2.79 million.



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13. Capital Commitments

The total amount of capital commitments approved and contracted for as at 31 March 2004 was RM3.497 million.

EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

1. Review of Performance of the Company and its Principal Subsidiaries

The Group posted total revenue of RM80.86 million in the three months ending 31 March 2004, compared with RM78.27 million in the corresponding period last year. Profit from operation increased significantly by RM10.65 million from a loss of RM2.91 million to a profit RM7.74 million. As goodwill, in respect of investment in a subsidiary, has been fully eliminated in year 2003 and with the increase in turnover, the Group registered a pre-tax profit of RM5.73 million, as compared with a pre-tax loss of RM7.03 million achieved over the same period last year.

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

Total Revenue for the first quarter of 2004 increased slightly by 2%, from RM79.63 million in the fourth quarter of 2003 to RM80.86 million mainly due lower elimination of inter company sales which declined from RM16.93 million for the fourth quarter of 2004 to RM7.78 million for the current quarter under review. Most divisions of the Company posted lower revenues for the current quarter under review except for the Overseas Trading Division and the Timber Export Division. Along with the increase in turnover and no further amortization of goodwill in the current quarter under review, the Group achieved a pre-tax profit of RM5.73 million as compared to a pre-tax loss of RM7.37 million for the fourth quarter of 2003.

3. Prospects for Current Financial Year

Group Performance for the second quarter of year 2004 is expected to remain positive as demand and prices for timber products is indicated to be firm throughout the next quarter. The Group plans to acquire additional timber concession areas in the next quarter in line with its objective to increase the Group's forest concession reserve.

4. Variance of Actual Profit from Forecast Profit

Not applicable.



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5. Taxation

Taxation comprises:-

	First Quarter		Cumulative 3 months	
	31 Mar 2004 RM'000	31 Mar 2003 RM'000	31 Mar 2004 RM'000	31 Mar 2003 RM'000
Current taxation	2,181	1,494	2,181	1,494
(Over)/Under provision in respect of prior years				
Foreign Taxation				
Deferred Taxation				
	2,181	1,494	2,181	1,494
Our share of results of associated companies	-	-	-	-
	2,181	1,494	2,181	1,494

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.

6. Profits on Disposal of Investments and/or Properties

There were no profits on disposal of investments and/or properties for the financial periods under review.

7. Quoted Securities

There were no purchases and disposals of quoted securities of the Group for the financial period ended 31 March 2004.

8. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 May 2004.



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9. Group Borrowings

Total Group borrowings as at 31 March 2004 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	79,189
Unsecured	0
	<hr/>
	79,189
Short Term Borrowings	
Secured	29,712
Unsecured	0
	<hr/>
	29,712
	<hr/>
Total Borrowings	37,630

10. Off Balance Sheet Financial Instruments

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

11. Material Litigation

There is no material litigation involving the Company as at the date of this report.

12. Dividend

No dividend has been recommended by Board for the period ended 31 March 2004 (2003: Nil).

13. Earning/ (Loss) Per Share

(a) Basic earnings/ (loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the net earnings/(loss) attributable to shareholders for the financial periods under review by the number of ordinary shares on issue during the said financial periods, i.e. 109,851,000 ordinary shares.

(b) Diluted earnings per share

Not applicable