



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT THREE MONTHS PERIOD ENDED 31 MARCH 2005

CONDENSED CONSOLIDATED INCOME STATEMENTS For Three Months Period Ended 31 March 2005

	2005 Current Quarter Ended 31-Mar (RM'000)	2004 Comparative Quarter Ended 31-Mar (RM'000)	2005 3 months Cumulative to date (RM'000)	2004 3 months Cumulative to date (RM'000)
Revenue	80,446	80,860	80,446	80,860
Operating expenses excluding depreciation, diminution and amortisation	(72,048)	(72,030)	(72,048)	(72,030)
Other operating income	952	924	952	924
Profit before depreciation, diminution and amortisation	9,350	9,754	9,350	9,754
Depreciation, diminution and amortisation	(1,907)	(2,010)	(1,907)	(2,010)
Profit/(Loss) from operations	7,443	7,744	7,443	7,744
Finance cost	(1,448)	(2,016)	(1,448)	(2,016)
Investing Results	-	-	-	-
Profit/(Loss) before taxation	5,995	5,728	5,995	5,728
Taxation	(1,925)	(2,181)	(1,925)	(2,181)
Profit/(Loss) after taxation	4,070	3,547	4,070	3,547
Minority interest	(739)	(520)	(739)	(520)
Profit/(Loss) after taxation and minority interest	3,331	3,027	3,331	3,027
Extraordinary item	-	-	-	-
Net Profit/(loss) attributable to shareholders of the Company	3,331	3,027	3,331	3,027
Earnings/(Loss) per RM1.00 share				
Basic (sen)	3.03	2.76	3.03	2.76
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 2004)



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CONDENSED CONSOLIDATED BALANCE SHEET

As At 31 March 2005

	As at 31 Mar 2005 RM'000	As at 31 Dec 2004 (Audited) RM'000
Property, Plant and Equipment	178,902	178,040
Other Investment	1250	750
Long Term Investment	0	0
Goodwill on Consolidation	9	9
Current Assets		
Inventories	89,335	96,605
Trade receivables	46,205	40,528
Other receivables	16,253	26,160
Tax recoverable	2,590	2,590
Amount due from affiliated company	323	323
Amount due from subsidiary companies	0	0
Deposit with licensed banks	5,306	1,962
Cash and bank balances	5,420	7,522
	165,432	175,690
Current Liabilities		
Trade payables	9,357	12,148
Other payables	21,603	25,818
Amount due to subsidiary companies	0	0
Hire purchase obligations	3,302	1041
Amount due to directors	0	0
Bank borrowings	36,596	40,836
Bank overdraft	3,891	2,025
Provision for taxation	27,366	29,436
	102,115	111,304
Net Current Asset	63,317	64,386
	243,478	243,185
Financed by:		
Share Capital	109,851	109,851
Reserves	18,742	15,575
Shareholders' Funds	128,593	125,426
Minority Interest	12,199	12,430



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CONDENSED CONSOLIDATED BALANCE SHEET

As At 31 March 2005

	As at 31 Mar 2005 RM'000	As at 31 Dec 2004 (Audited) RM'000
Deferred and Long Term Liabilities		
Deferred Taxation	29,717	29,717
Hire Purchase obligations	732	1375
Bank borrowings	72,237	74,237
	243,478	243,185
 Net Tangible Assets per RM1.00 sen share (RM)	 1.17	 1.14

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For Twelve Months Period Ended 31 March 2005

	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				-	-
At 1 January 2004(restated)	109,851	109,883	-	(99,666)	120,068
Profit/(Loss) for the period (cumulative)				3,027	3,027
Foreign exchange difference					
Loss in the investment in subsidiary					
Additional investment in subsidiary			-		-
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 2005	109,851	109,768	-	(94,193)	125,426
Prior year adjustments-opening balance				(164)	(164)
At 1 January 2005(restated)	109,851	109,768	-	(94,357)	125,262
Profit/(Loss) for the period (cumulative)				3,331	3,331
Foreign exchange difference					-
Loss in the investment in subsidiary					-
Additional investment in subsidiary					-
Being minority interest share of the acquisition profit/(loss)					-
Difference in translation of net assets of overseas subsidiary					-
At 31 March 2005	109,851	109,768	-	(91,026)	128,593



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(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Three Months Period Ended 31 March 2005

	2005	2003
	3 months	3 months
	ended 31 Mar	ended 31 Mar
	<u>RM'000</u>	<u>RM'000</u>
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	5,995	5,728
Adjustments for :		
Amortisation of goodwill	-	-
Bad debts written off	-	80
Depreciation of property, plant & equipment	1,907	2,010
Extraordinary item	-	-
Foreign exchange loss	-	44
Foreign exchange gain	(101)	(35)
Gain on disposal of property, plant & equipment	(11)	(91)
Interest income	(36)	(75)
Interest expense	1,386	1,973
Loss on disposal of property, plant & equipment	1	-
Provision for doubtful debts	-	-
Property, plant & equipment written off	-	5
Write down of inventories	924	117
Write back of provision for depreciation of property, plant & equipment	-	-
Write back of provision for doubtful debts	-	(9)
Operating profit before working capital changes	<u>10,065</u>	<u>9,747</u>
Inventories	7,270	9,073
Receivables	4,230	(9,570)
Payables	(7,006)	(1,028)
Cash generated from operations	<u>14,559</u>	<u>8,222</u>
Interest received	36	75
Interest paid	(1,386)	(1,973)
Income tax paid	(2,198)	(3,277)
Net cash used in operating activities	<u>11,011</u>	<u>3,047</u>



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Three Months Period Ended 31 March 2005

	2005	2004
	3 months	3 months
	ended 31 Mar	ended 31 Mar
	<u>RM'000</u>	<u>RM'000</u>
Cash Flows From Investing Activities		
Dividend received from subsidiary company	1,009	1,692
Acquisition of other investment	(500)	-
Acquisition of property, plant and equipment	(2,818)	(2,460)
(Increase)/decrease in deposits with licensed banks	(3,344)	3,028
Dividend paid by subsidiary company	(1,980)	(3,024)
Payment to holding and related companies	3,403	2,285
Proceeds from disposal of property, plant and equipment	71	214
Net cash used in investing activities	(4,159)	1,735
Cash Flows From Financing Activities		
Dividend paid to minority shareholders	(970)	(1,482)
Increase/(Decrease) in bank borrowings	(4,240)	(3,571)
Drawdown of term loan	-	-
Repayment of term loan	(2,000)	(3,000)
Repayment/Increase of hire purchase obligations	(1,744)	(1,049)
Proceeds received from replacement warrants	-	0
Net cash used in financing activities	(8,954)	(9,102)
Net (decrease)/increase in cash and cash equivalents	(2,102)	(4,320)
Cash and cash equivalents at 1 January	7,522	9,302
Cash and cash equivalents at 31 March	5,420	4,982

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)



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PART A - 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 2004.

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 2004.

2. Auditors' Report

The auditors' report of the audited financial statements for the financial year ended 31 December 2004 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 2005.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2005.



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8. Segment Information

The segmental analysis of the Group operations for the financial period ended 31 March 2005 is as follows:-

<u>Business Segment</u>	<u>Revenue RM'000</u>	<u>PBT RM'000</u>
Timber Extraction	3,253	1,487
Timber Trading	63,983	3,368
Manufacturing	15,019	790
Services and Treatment	8,256	2,671
Others	17	(919)
Less: Elimination of inter-company sales	(10,082)	
Elimination of inter-company dividend		(1,402)
Consolidated	80,446	5,995

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 2005 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 2005.

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.

13. Capital Commitments

The total amount of capital commitments approved and contracted for as at 31 March 2005 was RM8.441 million.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD



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

The Group posted total revenue of RM80.45 million for the three months ending 31 March 2005, compared with RM80.86 million in the corresponding period last year. Profit from operations decreased slightly from RM9.75 million to RM9.35 million. In spite of lower profit from operations, the Group registered an increase in pre-tax profit i.e. RM5.99 million, compared with RM5.73 million achieved over the same period last year. This was mainly attributed to lower finance cost.

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

Total revenue for the first quarter of 2005 increased by 25%, from RM64.15 million in the fourth quarter of 2004 to RM80.45 million for the current quarter under review mainly due to the reclassification of sales to a subsidiary in the fourth quarter of 2004. In line with the increased revenue, the Group recorded a pre-tax profit of RM5.99 million, compared to pre-tax loss of RM945,000 recorded in the fourth quarter of 2004.

16. Prospects for Current Financial Year

Group Performance for the second quarter of year 2005 is expected to remain steady as demand and prices for timber products are indicated to be firm throughout the next quarter.

17. Variance of Actual Profit from Forecast Profit

Not applicable.

18. Taxation

Taxation comprises:-

	First Quarter		Cumulative 3 months	
	31 Mar 2005	31 Mar 2004	31 Mar 2005	31 Mar 2004
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,925	2,181	1,925	2,181
(Over)/Under provision in respect of prior years				
Foreign Taxation				
Deferred Taxation				
	1,925	2,181	1,925	2,181
Our share of results of associated companies	-	-	-	-
	1,925	2,181	1,925	2,181

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



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taxable profits made by other subsidiaries, and also to certain expenses which are not deductible for tax purposes.

19. Profits on Disposal of Investments and/or Properties

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

20. Quoted Securities

There were no purchases and disposals of quoted securities of the Group for the financial period ended 31 March 2005.

21. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 May 2005.

22. Group Borrowings

Total Group borrowings as at 31 March 2005 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	72,237
Unsecured	0
	<hr/>
	72,237
Short Term Borrowings	
Secured	36,596
Unsecured	0
	<hr/>
	36,596
Total Borrowings	<hr/> 108,833 <hr/>

23. Off Balance Sheet Financial Instruments

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

24. Material Litigation

As previously reported in the last quarter, a subsidiary of the Company received a writ of summons from the Inland Revenue Board on 26 November 2004 for tax liabilities amounting to RM9.53 million. Legal advice has been sought to resolve this matter. Since then, our solicitors have filed a statement of defense.



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25. Dividend

No dividend has been recommended by Board for the period ended 31 March 2005 (2004: Nil).

26. 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