



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005

CONDENSED CONSOLIDATED INCOME STATEMENTS For Nine Months Period Ended 30 September 2005

	2005 Current Quarter Ended 30-Sep (RM'000)	2004 Comparative Quarter Ended 30-Sep (RM'000)	2005 9 months Cumulative to date (RM'000)	2004 9 months Cumulative to date (RM'000)
Revenue	86,139	86,586	246,812	247,487
Operating expenses excluding depreciation, diminution and amortisation	(79,136)	(80,605)	(224,678)	(224,385)
Other operating income	801	2,181	2,809	4,030
Profit before depreciation, diminution and amortisation	7,804	8,162	24,943	27,132
Depreciation, diminution and amortisation	(1,871)	(1,956)	(5,543)	(5,961)
Profit/(Loss) from operations	5,933	6,206	19,400	21,171
Finance cost	(2,187)	(2,265)	(5,111)	(5,593)
Investing Results	-	-	-	-
Profit/(Loss) before taxation	3,746	3,941	14,289	15,578
Taxation	(1,642)	(764)	(4,889)	(5,170)
Profit/(Loss) after taxation	2,104	3,177	9,400	10,408
Minority interest	(547)	(733)	(2,747)	(2,037)
Profit/(Loss) after taxation and minority interest	1,557	2,444	6,653	8,371
Extraordinary item	-	-	-	-
Net Profit/(loss) attributable to shareholders of the Company	1,557	2,444	6,653	8,371
Earnings/(Loss) per RM1.00 share				
Basic (sen)	1.42	2.22	6.06	7.62
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)**



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET As At 30 September 2005

	As at 30 Sep 2005	As at 31 Dec 2004 (Audited)
	RM'000	RM'000
Property, Plant and Equipment	190,542	178,040
Other Investment	1,250	750
Long Term Investment	0	0
Goodwill on Consolidation	9	9
Current Assets		
Inventories	91,826	96,605
Trade receivables	44,057	40,528
Other receivables	17,860	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	2,028	1,962
Cash and bank balances	5,479	7,522
	164,163	175,690
Current Liabilities		
Trade payables	8,600	12,148
Other payables	29,084	25,818
Amount due to subsidiary companies	0	0
Hire purchase obligations	6,274	1,041
Amount due to directors	0	0
Bank borrowings	43,090	40,836
Bank overdraft	1,099	2,025
Provision for taxation	24,073	29,436
	112,220	111,304
Net Current Asset	51,943	64,386
	243,744	243,185
Financed by:		
Share Capital	109,851	109,851
Reserves	22,037	15,575
Shareholders' Funds	131,888	125,426
Minority Interest	14,207	12,430



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET As At 30 September 2005

	As at 30 Sep 2005	As at 31 Dec 2004 (Audited)
	RM'000	RM'000
Deferred and Long Term Liabilities		
Deferred Taxation	29,717	29,717
Hire Purchase obligations	780	1,375
Bank borrowings	67,152	74,237
	<u>243,744</u>	<u>243,185</u>
Net Tangible Assets per RM1.00 sen share (RM)	1.20	1.14

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



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For Nine Months Period Ended 30 September 2005

	Share Capital	Reserves attributable to Capital	Reserves attributable to Revenue	Retained Losses	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)				8,371	8,371
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 30 September 2004	109,851	109,883	-	(91,295)	128,439
At 1 January 2005	109,851	109,768	-	(94,193)	125,426
Prior year adjustments-opening balance				(191)	(191)
At 1 January 2005(restated)	109,851	109,768	-	(94,384)	125,235
Profit/(Loss) for the period (cumulative)				6,653	6,653
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 30 September 2005	109,851	109,768	-	(87,731)	131,888

(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)



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Nine Months Period Ended 30 September 2005

	2005 9 months ended 30 Sept RM'000	2004 9 months ended 30 Sept RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	14,289	15,578
Adjustments for :		
Amortisation of goodwill	-	-
Bad debts written off	-	-
Depreciation of property, plant & equipment	5,543	5,962
Extraordinary item	-	-
Foreign exchange loss	3	137
Foreign exchange gain	(40)	(371)
Gain on disposal of property, plant & equipment	(193)	(357)
Interest income	(103)	(202)
Interest expense	4,823	5,425
Loss on disposal of property, plant & equipment	1	-
Provision for doubtful debts	-	-
Property, plant & equipment written off	-	5
Write down of inventories	490	265
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>24,813</u>	<u>26,433</u>
Inventories	4,779	(11,637)
Receivables	4,771	(13,686)
Payables	(283)	3,957
Cash generated from operations	<u>34,080</u>	<u>5,067</u>
Interest received	103	202
Interest paid	(4,823)	(5,425)
Income tax paid	(7,169)	(6,527)
Net cash used in operating activities	<u>22,191</u>	<u>(6,683)</u>



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Nine Months Period Ended 30 September 2005

	2005	2004
	9 months	9 months
	ended 30 Sept	ended 30 Sept
	<u>RM'000</u>	<u>RM'000</u>
Cash Flows From Investing Activities		
Dividend received from subsidiary company	1,010	2,142
Acquisition of other investment	(500)	-
Acquisition of property, plant and equipment	(18,209)	(4,869)
(Increase)/decrease in deposits with licensed banks	(66)	3,817
Dividend paid by subsidiary company	(1,980)	(3,024)
Payment to holding and related companies	(3,940)	1,502
Proceeds from disposal of property, plant and equipment	614	587
Net cash used in investing activities	(23,071)	155
Cash Flows From Financing Activities		
Dividend paid to minority shareholders	(970)	(494)
Increase/(Decrease) in bank borrowings	2,254	10,281
Drawdown of term loan	-	-
Repayment of term loan	(7,085)	(5,500)
Repayment/Increase of hire purchase obligations	4,638	(1,448)
Proceeds received from replacement warrants	-	0
Net cash used in financing activities	(1,163)	2,839
Net (decrease)/increase in cash and cash equivalents	(2,043)	(3,689)
Cash and cash equivalents at 1 January	7,522	9,302
Cash and cash equivalents at 30 Sept	5,479	5,613

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



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

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 30 September 2005.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 September 2005.



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

8. Segment Information

The segmental analysis of the Group operations for the financial period ended 30 September 2005 is as follows:-

<u>Business Segment</u>	<u>Revenue RM'000</u>	<u>PBT RM'000</u>
Timber Extraction	11,000	4,840
Timber Trading	175,825	6,019
Manufacturing	55,731	3,722
Services and Treatment	25,218	4,672
Others	50	(3,562)
Less: Elimination of inter-company sales	(21,012)	
Elimination of inter-company dividend		(1,402)
Consolidated	246,812	14,289

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 materials events subsequent to the financial period ended 30 September 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 30 September 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 30 September 2005 was RM8.441 million.

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



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

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

The Group posted total revenue of RM246.81 million for the nine months ending 30 September 2005, which is almost identical with the RM247.49 million recorded in the corresponding period last year. However, profit from operations decreased by RM1.77 million from RM21.17 million to RM19.40 million mainly due to lower other operating income. In line with lower profit from operations, the Group registered a lower pre-tax profit of RM14.29 million, compared with RM15.58 million achieved over the same period last year.

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

Despite total revenue for the third quarter of 2005 increasing by RM5.84 million, from RM80.30 million in the second quarter of 2005 to RM86.14 million for the current quarter under review, the Group recorded a lower pre-tax profit of RM3.75 million, compared to RM4.55 million recorded in the second quarter of 2005, owing to the RM5.32 million increase in cost of sales.

16. Prospects for Current Financial Year

Group Performance for the fourth quarter of year 2005 is expected to be slightly lower as demand for timber products from European buyers is expected to fall during the festive period. In addition, production and sales of logs are anticipated to be low due to the monsoon period which is expected to begin in November.

17. Variance of Actual Profit from Forecast Profit

Not applicable.

Reference:

18. Taxation

Taxation comprises:-

	Third Quarter		Cumulative 9 months	
	30 Sept 2005	30 Sept 2004	30 Sept 2005	30 Sept 2004
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,642	764	4,889	5,170
(Over)/Under provision in respect of prior years				
Foreign Taxation				
Deferred Taxation				
	1,642	764	4,889	5,170
Our share of results of associated companies	-	-	-	-
	1,642	3,941	14,607	15,578

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



MINHO (M) BERHAD

Company No : 200930 - H
(Incorporated in Malaysia)

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 30 September 2005.

21. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 22 November 2005.

22. Group Borrowings

Total Group borrowings as at 30 September 2005 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	67,152
Unsecured	0
	<hr/>
	67,152
Short Term Borrowings	
Secured	43,090
Unsecured	0
	<hr/>
	43,090
	<hr/>
Total Borrowings	116,242

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. The hearing date which was fixed on the 10 August 2005 has been adjourned to 27 December 2005.



MINHO (M) BERHAD

**Company No : 200930 - H
(Incorporated in Malaysia)**

25. Dividend

No dividend has been recommended by Board for the period ended 30 September 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