



# MINHO (M) BERHAD

Company No : 200930 - H  
(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2007.

### I. CONDENSED CONSOLIDATED INCOME STATEMENTS

	2007 Current Quarter Ended 31-Mar <u>(RM'000)</u>	2006 Comparative Quarter Ended 31-Mar <u>(RM'000)</u>	2007 3 months Cumulative to date <u>(RM'000)</u>	2006 3 months Cumulative to date <u>(RM'000)</u>
Revenue	92,243	90,624	92,243	90,624
Operating expenses excluding depreciation, diminution and amortisation	(81,791)	(83,863)	(81,791)	(83,863)
Other operating income	1,198	998	1,198	998
<b>Profit before depreciation, diminution and amortisation</b>	<b>11,650</b>	<b>7,759</b>	<b>11,650</b>	<b>7,759</b>
Depreciation, diminution and amortisation	(1,967)	(1,888)	(1,967)	(1,888)
<b>Profit/(Loss) from operations</b>	<b>9,683</b>	<b>5,871</b>	<b>9,683</b>	<b>5,871</b>
Finance cost	(1,270)	(1,467)	(1,270)	(1,467)
Investing Results				
Share of profit/(loss) of associates	327	156	327	156
<b>Profit/(Loss) before taxation</b>	<b>8,740</b>	<b>4,560</b>	<b>8,740</b>	<b>4,560</b>
Taxation	(2,609)	(1,615)	(2,609)	(1,615)
<b>Profit/(Loss) after taxation</b>	<b>6,131</b>	<b>2,945</b>	<b>6,131</b>	<b>2,945</b>
<b>Net Profit/(loss) attributable to :</b>				
Equity holders of the Company	5,142	1,969	5,142	1,969
Minority interest	989	976	989	976
Profit for the period	6,131	2,945	6,131	2,945
Earnings/(Loss) per RM1.00 share				
Basic (sen)	4.68	1.79	4.68	1.79
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 2006)**



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## II. CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 March 2007 RM'000	As at 31 Dec 2006 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	128,839	129,251
Prepaid lease payments	24,965	25,128
Investment properties	31,218	31,327
Investment in associated company	2,556	2,229
Other Investment	500	500
	<b>188,077</b>	<b>188,435</b>
<b>Current Assets</b>		
Inventories	110,215	113,695
Trade receivables	50,168	43,173
Other receivables	24,150	28,213
Tax recoverable	4,900	4,962
Deposit with licensed banks	10,624	6,619
Cash and bank balances	4,224	3,313
	<b>204,280</b>	<b>199,975</b>
<b>TOTAL ASSETS</b>	<b>392,357</b>	<b>388,410</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parents</b>		
Share Capital	109,851	109,851
Reserves attributable to capital	109,783	109,783
Reserves attributable to revenue		0
Retained earnings-profit/(loss)	(69,776)	(75,067)
	<b>149,858</b>	<b>144,567</b>
<b>Minority Interest</b>	<b>17,512</b>	<b>17,757</b>
<b>Total Equity</b>	<b>167,370</b>	<b>162,324</b>



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## II. CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31 Mar 2007 RM'000	As at 31 Dec 2006 (Audited) RM'000
<b>Non-current liabilities</b>		
Bank borrowings	45,660	33,626
Hire Purchase obligations	1,556	3,059
Deferred Taxation	30,113	30,113
	<b>77,329</b>	<b>66,798</b>
<b>Current Liabilities</b>		
Trade payables	17,349	14,480
Other payables	70,604	74,736
Provision for liabilities	4,238	4,238
Hire purchase obligations	4,086	3,055
Bank borrowings	31,989	44,167
Bank overdraft	0	0
Tax Payable	19,391	18,612
	<b>147,657</b>	<b>159,288</b>
<b>Total Liabilities</b>	<b>224,987</b>	<b>226,086</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>392,357</b>	<b>388,410</b>
		-
<b>Net Tangible Assets per RM1.00 sen share (RM)</b>	1.36	1.32

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)



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## III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← — — Attributable to equity holders of the company — — ▶							Total Equity
	Share Capital	Share Premium	Reserve on consolidation	Capital Reserve	Retained Losses	Total	Minority Interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2006</b>	109,851	92,431	13,759	3,387	(89,950)	129,478	14,722	144,200
Prior year adjustments						-	0	-
<b>At 1 January 2006(restated)</b>	109,851	92,431	13,759	3,387	(89,950)	129,478	14,722	144,200
Profit/(Loss) for the period (cumulative)					- 1,969	1,969	976	2,945
Foreign exchange difference					-	-		-
<b>Total recognised income and expenses for the period</b>	-	-	-	-	1,969	1,969	976	2,945
Dividend distributed to Minority Shareholders					-	-	(1,253)	(1,253)
<b>At 31 March 2006</b>	109,851	92,431	13,759	3,387	(87,981)	131,447	14,445	145,892
<b>At 1 January 2007</b>	109,851	92,431	13,965	3,387	(75,067)	144,567	17,757	162,324
Prior year adjustments-opening balance due to foreign currency translation						-	-	-
<b>At 1 January 2007(restated)</b>	109,851	92,431	13,965	3,387	(75,067)	144,567	17,757	162,324
Profit/(Loss) for the period (cumulative)					5,142	5,142	989	6,131
Foreign exchange difference					150	150	0	150
<b>Total recognised income and expenses for the period</b>	-	-	-	-	5,292	5,292	989	6,281
Dividend distributed to Minority Shareholders					-	-	(1,235)	(1,235)
<b>At 31 March 2007</b>	109,851	92,431	13,965	3,387	(69,775)	149,859	17,511	167,370

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)



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## IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended	
	31.03.2007	31.03.2006
	<u>RM'000</u>	<u>RM'000</u>
Net cash used in operating activities	9,788	4,553
Net cash used in investing activities	(3,962)	(10,162)
Net cash generated from financing activities	(895)	6,092
Net (decrease)/increase in cash and cash equivalents	<u>4,931</u>	<u>483</u>
Effects of exchange rate changes	(782)	(126)
Cash and cash equivalents at beginning of financial period	9,932	10,693
Cash and cash equivalents at end of financial period	<u>14,081</u>	<u>11,050</u>

Cash and cash equivalent comprise the following:-

	3 months ended	
	31.03.2007	31.03.2006
	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances	14,848	4,935
Bank Overdraft	-	-
	<u>14,848</u>	<u>4,935</u>

**(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)**



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## V. NOTES TO THE CONDENSED FINANCIAL STATEMENT.

### 1. Basis of Preparation

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with the reporting requirements outlined in Financial Reporting Standards ("FRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa) Listing Requirements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006.

### 2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2006 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 2006.

### 7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2007.

### 8. Segment Information

The segmental analysis of the Group operations for the financial period ended 31 March 2007 is as follows:-



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	3 months ended	
	31.03.2007	31.03.2006
	<u>RM'000</u>	<u>RM'000</u>
<b>Segment Revenue</b>		
Revenue from continuing operations:		
Timber Extraction	2,302	7,824
Trading of Timber & Other woodbased Products	66,542	60,072
Manufacturing of sawn timber, mouldings and sacks paper bags	17,159	18,949
Services and Treatment	10,256	7,604
Others	18	17
Total revenue including inter-company sales	96,277	94,466
Elimination of inter-segments sales	(4,034)	(3,842)
Total revenue from continuing operations	92,243	90,624
Revenue from discontinued operations:	-	-
Total	92,243	90,624

## Segment Results

Results from continuing operations:		
Timber Extraction	1,187	-220
Trading of Timber & Other woodbased Products	3,727	3,067
Manufacturing of sawn timber, mouldings and sacks paper bags	900	2,357
Services and Treatment	5,281	1,962
Others	(570)	(795)
Total revenue including inter-company sales	10,525	6,371
Eliminations	(1,785)	(1,811)
Total results from continuing operations	8,740	4,560
Results from discontinued operations:	-	-
Total	8,740	4,560

## 9. Carrying Amount of Revalued Assets

The valuations of property, plant, and equipment have been brought forward without amendment from the financial statements for year ended 31 December 2006.

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

There are no materials events subsequent to the financial period ended 31 March 2006 that have not been reflected in the financial statements for the said period as at the date of this report.



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### **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 2007.

### **12. Contingent Liabilities – Unsecured**

The Group does not have any contingent liabilities as at 23 May 2007, the latest practicable date which is not earlier than 7 days from the date of this quarter report.

### **13. Capital Commitments**

The total amount of capital commitments approved and contracted for as at 31 March 2007 was RM806, 000.00.

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

The Group posted total revenue of RM92.24 million for the three months ending 31 March 2007, improved slightly by RM1.6 million or 2% as compared to RM90.62 million recorded in the corresponding period last year. The growth was mainly contributed by turnover in Trading of Timber & Other Wood-based and Services & Treatment segment which recorded 10.8% and 34.9% growth respectively.

Profit from operations rose significantly from RM5.87 million to RM9.68 million mainly attributed to lower operating expenses. In line with higher profit from operations, the Group registered an increase in pre-tax profit i.e. RM8.74 million, compared with RM4.56 million achieved over the same period last year. This was mainly attributable to better profit achieved by Timber Extraction and Services & Treatment segment which improved by RM1.41 million and RM3.32 million respectively.

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

Total revenue for the first quarter of 2007 increased by 30%, from RM70.74 million in the fourth quarter of 2006 to RM92.24 million for the current quarter under review mainly due to higher turnover recorded by the Trading of Timber and Wood-based Products and Services & Treatment segment of the Group. The turnover for this two segment increase by 12% and 9% respectively. In line with the increased revenue, the Group recorded a pre-tax profit of RM8.74 million, compared to pre-tax loss of RM5.25 million recorded in the fourth quarter of 2006.

### **16. Prospects for Current Financial Year**

Performance for the second quarter of year 2007 for most of the Group's market segment will be fairly subdued owing to short supply of materials i.e. logs.





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### 17. Variance of Actual Profit from Forecast Profit

Not applicable.

### 18. Taxation

Taxation comprises:-

	First Quarter		Cumulative 3 months	
	31-Mar	31-Mar	31-Mar	31-Mar
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current taxation	2,609	1,615	2,609	1,615
(Over)/Under provision in respect of prior years				
Foreign Taxation				
Deferred Taxation				
	2,609	1,615	2,609	1,615
Our share of results of associated companies	-	-	-	-
	2,609	1,615	2,609	1,615

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.

### 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 2007.

### 21. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 May 2007.



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### 22. Group Borrowings

Total Group borrowings as at 31 March 2007 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	45,660
Unsecured	0
	<hr/> 45,660 <hr/>
Short Term Borrowings	
Secured	31,989
Unsecured	0
	<hr/> 31,989 <hr/>
<b>Total Borrowings</b>	<hr/> <b>77,649</b> <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. The hearing date which was fixed on the 11 May 2007 was rescheduled to 28 August 2007.

On 13 February 2007, the same subsidiary company received a writ of summons from Inland Revenue Board for tax due for year of assessment 2001 and 2002 amounting to RM3.19 million. Our solicitor has filed a statement of defense and still waiting for the hearing date.

Regarding Summons No.:63-43 year 2007 received from Ministry of Domestic Trade and Consumer Affairs as announced on 7 May 2007, the hearing date set on the 10 May 2007 was postponed to 25 May 2007 and subsequently postponed to a new date from 21 to 23 January 2008.

### 25. Dividend

No dividend has been recommended by Board for the period ended 31 March 2007 (2006: Nil).



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### **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