



# MINHO (M) BERHAD

Company No : 200930 - H  
(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2007.

### I. CONDENSED CONSOLIDATED INCOME STATEMENTS

	2007 Current Quarter Ended 30-Jun (RM'000)	2006 Comparative Quarter Ended 30-Jun (RM'000)	2007 6 months Cumulative to date (RM'000)	2006 6 months Cumulative to date (RM'000)
Revenue	81,623	91,158	173,866	181,782
Operating expenses excluding depreciation, diminution and amortisation	(71,268)	(86,123)	(153,059)	(169,986)
Other operating income	1,008	771	2,206	1,769
<b>Profit before depreciation, diminution and amortisation</b>	<b>11,363</b>	<b>5,806</b>	<b>23,013</b>	<b>13,565</b>
Depreciation, diminution and amortisation	(1,933)	(2,041)	(3,900)	(3,929)
<b>Profit/(Loss) from operations</b>	<b>9,430</b>	<b>3,765</b>	<b>19,113</b>	<b>9,636</b>
Finance cost	(1,596)	(1,858)	(2,865)	(3,325)
Investing Results				
Share of profit/(loss) of associates	184	185	511	341
<b>Profit/(Loss) before taxation</b>	<b>8,018</b>	<b>2,092</b>	<b>16,759</b>	<b>6,652</b>
Taxation	(2,723)	(1,205)	(5,332)	(2,820)
<b>Profit/(Loss) after taxation</b>	<b>5,295</b>	<b>887</b>	<b>11,427</b>	<b>3,832</b>
<b>Net Profit/(loss) attributable to :</b>				
Equity holders of the Company	4,926	(261)	10,069	1,708
Minority interest	369	1,148	1,358	2,124
Profit for the period	5,295	887	11,427	3,832
Earnings/(Loss) per RM1.00 share				
Basic (sen)	4.48	(0.24)	9.17	1.55
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 30 Jun 2007 RM'000	As at 31 Dec 2006 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	128,395	129,251
Prepaid lease payments	24,800	25,128
Investment properties	32,609	31,327
Investment in associated company	2,740	2,229
Other Investment	515	500
	<b>189,059</b>	<b>188,435</b>
<b>Current Assets</b>		
Inventories	113,262	113,695
Trade receivables	43,894	43,173
Other receivables	10,346	28,213
Tax recoverable	4,926	4,962
Deposit with licensed banks	9,445	6,619
Cash and bank balances	4,145	3,313
	<b>186,018</b>	<b>199,975</b>
<b>TOTAL ASSETS</b>	<b>375,077</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	109,874	109,783
Reserves attributable to revenue		0
Retained earnings-profit/(loss)	(64,939)	(75,067)
	154,786	144,567
<b>Minority Interest</b>	17,881	17,757
<b>Total Equity</b>	<b>172,667</b>	<b>162,324</b>



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## II. CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 Jun 2007 RM'000	As at 31 Dec 2006 (Audited) RM'000
<b>Non-current liabilities</b>		
Bank borrowings	33,026	33,626
Hire Purchase obligations	1,612	3,059
Deferred Taxation	30,048	30,113
	<b>64,686</b>	<b>66,798</b>
<b>Current Liabilities</b>		
Trade payables	14,221	14,480
Other payables	60,177	74,736
Provision for liabilities	4,341	4,238
Hire purchase obligations	3,685	3,055
Bank borrowings	35,045	44,167
Bank overdraft	0	0
Tax Payable	20,255	18,612
	<b>137,724</b>	<b>159,288</b>
<b>Total Liabilities</b>	<b>202,410</b>	<b>226,086</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>375,077</b>	<b>388,410</b>
<b>Net Tangible Assets per RM1.00 sen share (RM)</b>	<b>1.41</b>	<b>1.32</b>

(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 - - - →							
	Share Capital	Share Premium	Reserve on consolidation	Capital Reserve	Retained Losses	Total	Minority Interest	Total Equity
	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)				-	1,708	1,708	2124	3,832
Foreign exchange difference			-	-		-		-
<b>Total recognised income and expenses for the period</b>	-	-	-	-	1,708	1,708	2,124	3,832
Dividend distributed to Minority Shareholders					-	-	(1,253)	(1,253)
<b>At 30 June 2006</b>	109,851	92,431	13,759	3,387	(88,242)	131,186	15,593	146,779
<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)					10,069	10,069	1,358	11,427
Foreign exchange difference			-		150	150	0	150
<b>Total recognised income and expenses for the period</b>	-	-	-	-	10,219	10,219	1,358	11,577
Dividend distributed to Minority Shareholders					-	-	(1,235)	(1,235)
<b>At 30 June 2007</b>	109,851	92,431	13,965	3,387	(64,848)	154,786	17,880	172,667

(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

	6 months ended	
	30.06.2007	30.06.2006
	<u>RM'000</u>	<u>RM'000</u>
Net cash used in operating activities	20,537	23,278
Net cash used in investing activities	(4,977)	(1,811)
Net cash generated from financing activities	(11,127)	(24,343)
Net (decrease)/increase in cash and cash equivalents	4,433	(2,876)
Effects of exchange rate changes	(775)	(496)
Cash and cash equivalents at beginning of financial period	9,932	10,693
Cash and cash equivalents at end of financial period	13,590	7,321

Cash and cash equivalent comprise the following:-

	6 months ended	
	30.06.2007	30.06.2006
	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances	13,590	7,321
Bank Overdraft	-	-
	13,590	7,321

**(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 30 June 2007.

### 7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 30 June 2007.



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## 8. Segment Information

The segmental analysis of the Group operations for the financial period ended 30 June 2007 is as follows:-

	6 months ended	
	30.06.2007	30.06.2006
	<u>RM'000</u>	<u>RM'000</u>
<b>Segment Revenue</b>		
Revenue from continuing operations:		
Timber Extraction	8,689	8,772
Trading of Timber & Other woodbased Products	114,308	127,487
Manufacturing of sawn timber, mouldings and sacks paper bags	39,438	39,054
Services and Treatment	19,907	14,757
Others	36	33
Total revenue including inter-company sales	182,377	190,103
Elimination of inter-segments sales	(8,511)	(8,320)
Total revenue from continuing operations	173,866	181,783
Revenue from discontinued operations:	-	-
Total	173,866	181,783
<b>Segment Results</b>		
Results from continuing operations:		
Timber Extraction	5,643	-1,097
Trading of Timber & Other woodbased Products	5,169	7,107
Manufacturing of sawn timber, mouldings and sacks paper bags	1,822	3,168
Services and Treatment	7,372	1,374
Others	(1,462)	(2,089)
Total revenue including inter-company sales	18,544	8,463
Eliminations	(1,785)	(1,811)
Total results from continuing operations	16,759	6,652
Results from discontinued operations:	-	-
Total	16,759	6,652

## 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.



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

There are no materials events subsequent to the financial period ended 30 June 2007 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 June 2007.

## 12. Contingent Liabilities – Unsecured

The Group does not have any contingent liabilities as at 23 June 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 30 June 2007 was RM806,000.00.

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

The Group posted total revenue of RM173.87 million for the six months ending 30 June 2007, RM7.92 million or 4% less than the RM181.78 million recorded in the corresponding period last year. The decline was mainly contributed by the 10.3% drop in turnover from our Trading of Timber & Other Wood-based segments.

Profit from operations rose significantly from RM9.64 million to RM19.11 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. RM16.76 million, compared with RM6.65 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 RM6.74 million and RM5.99 million respectively.

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

Total revenue for the second quarter of 2007 decreased by 12%, from RM92.24 million in the first quarter of 2007 to RM81.62 million for the current quarter under review mainly due to lower turnover recorded by the Trading of Timber and Wood-based Products and by our Services & Treatment segment. The turnover for these two segments decreased by 28% and 6% respectively. Accordingly, Group pre-tax profit was also lower at RM8.02 million, (c.f. RM8.74 million for first quarter 2007).





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## 16. Prospects for Current Financial Year

Performance for the third quarter of year 2007 for most of the Group's market segments is expected to be fairly subdued owing to short supply of raw materials, mainly logs, and to the impact of unstable prices of sawn timber on customers' demand.

## 17. Variance of Actual Profit from Forecast Profit

Not applicable.

## 18. Taxation

Taxation comprises:-

	Second Quarter		Cumulative 6 months	
	30-Jun 2007	30-Jun 2006	30-Jun 2007	30-Jun 2006
	RM'000	RM'000	RM'000	RM'000
Current taxation	2,723	1,532	5,332	3,147
(Over)/Under provision in respect of prior years	-	327	-	327
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>2,723</u>	<u>1,205</u>	<u>5,332</u>	<u>2,820</u>
Our share of results of associated companies	-	-	-	-
	<u>2,723</u>	<u>1,205</u>	<u>5,332</u>	<u>2,820</u>

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 disposals of investments and/or properties for the financial period under review.

## 20. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 30 June 2007.



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## 21. Status of Corporate Proposals

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

## 22. Group Borrowings

Total Group borrowings as at 30 June 2007 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	33,026
Unsecured	0
	<hr/>
	33,026
Short Term Borrowings	
Secured	35,045
Unsecured	0
	<hr/>
	35,045
	<hr/>
<b>Total Borrowings</b>	<b>68,071</b>

## 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 (IRB) 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. Here again, we have, through our solicitors filed a statement of defense and are awaiting a response from the IRB.

Regarding Summons No.:63-43 year 2007 received from the 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 viz. from 21 to 23 January 2008.

On 2 August 2007, we received a writ of summons from the IRB for a subsidiary company viz. Syarikat Minho Kilning Sdn. Bhd. for outstanding taxes amounting to RM5.7 million. Our solicitors have filed a statement of defense.



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## 25. Dividend

No dividend has been recommended by the Board for the period ended 30 June 2007 (2006: 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