



APPROVED BY BOARD
OF DIRECTORS ON
28-5-2208

MINHO (M) BERHAD

Company No: 200930 - H
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT TWELVE MONTHS PERIOD ENDED 31 MARCH 2008

I. CONDENSED CONSOLIDATED INCOME STATEMENTS For Three Months Period Ended 31 March 2008.

	2008	2007	2008	2007
	Current	Comparative	3 months	3 months
	Quarter	Quarter	Cumulative	Cumulative
	Ended	Ended	to date	to date
	31-Mar	31-Mar		
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Revenue	79,595	92,243	79,595	92,243
Operating expenses excluding depreciation, diminution and amortisation	(73,194)	(81,791)	(73,194)	(81,791)
Other operating income	1,091	1,198	1,091	1,198
Profit before depreciation, diminution and amortisation	7,492	11,650	7,492	11,650
Depreciation, diminution and amortisation	(2,072)	(1,967)	(2,072)	(1,967)
Profit/(Loss) from operations	5,420	9,683	5,420	9,683
Finance cost	(1,350)	(1,270)	(1,350)	(1,270)
Investing Results	-	-	-	-
Share of profit/(loss) of associates	-	327	-	327
Profit/(Loss) before taxation	4,070	8,740	4,070	8,740
Taxation	(1,482)	(2,609)	(1,482)	(2,609)
Profit/(Loss) after taxation	2,588	6,131	2,588	6,131
Net Profit/(loss) attributable to :				
Equity holders of the Company	1,705	5,142	1,705	5,142
Minority interest	883	989	883	989
Profit for the period	2,588	6,131	2,588	6,131
Earnings/(Loss) per RM1.00 share				
Basic (sen)	1.55	4.68	1.55	4.68
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 2007)



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II. CONDENSED CONSOLIDATED BALANCE SHEET

As At 31 March 2008

	As at 31 Mar 2008 RM'000	As at 31 Dec 2007 (Audited) RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	126,614	127,862
Prepaid lease payments	24,308	24,472
Investment properties	32,278	32,387
Investment in associated company	0	0
Other Investment	500	500
	183,700	185,221
Current Assets		
Inventories	128,328	133,504
Trade receivables	44,437	38,336
Other receivables	10,459	13,711
Tax recoverable	5,628	5,351
Deposit with licensed banks	6,305	5,277
Cash and bank balances	6,211	5,255
	201,368	201,434
TOTAL ASSETS	385,068	386,655
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parents		
Share Capital	109,851	109,851
Reserves attributable to capital	109,934	109,934
Reserves attributable to revenue		0
Retained earnings-profit/(loss)	(64,327)	(66,328)
	155,458	153,457
Minority Interest	24,056	24,157
Total Equity	179,514	177,614



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II. CONDENSED CONSOLIDATED BALANCE SHEET As At 31 March 2008

	As at 31 Mar 2008 RM'000	As at 31 Dec 2007 (Audited) RM'000
Non-current liabilities		
Amount due to directors	0	1,000
Deferred Taxation	29,780	29,780
Hire Purchase obligations	1,278	1,786
Bank borrowings	27,153	14,652
	58,211	47,218
Current Liabilities		
Trade payables	12,350	11,449
Other payables	63,461	73,132
Provision for liabilities	3,925	4,021
Hire purchase obligations	2,286	2,626
Bank borrowings	52,280	56,371
Bank overdraft	0	0
Tax Payable	13,041	14,224
	147,343	161,823
Total Liabilities	205,554	209,041
TOTAL EQUITY AND LIABILITIES	385,068	386,655
		-
Net Tangible Assets per RM1.00 sen share (RM)	1.42	1.40

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)



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III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For Twelve Months Period Ended 31 March 2008

	← - - - 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
At 1 January 2007	109,851	92,431	13,965	3,387	(75,067)	144,567	17,757	162,324
Prior year adjustments						-	0	-
At 1 January 2007(restated)	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
Total recognised income and expenses for the period	-	-	-	-	5,292	5,292	989	6,281
Dividend distributed to Minority Shareholders						-	(1,235)	(1,235)
At 31 March 2007	109,851	92,431	13,965	3,387	(69,775)	149,859	17,511	167,370
At 1 January 2008	109,851	92,431	14,116	3,387	(66,328)	153,457	24,157	177,614
Prior years adjustment - tax overprovided						-	-	-
Prior years adjustment - Being reversal of share of profits in a JCE which become subsidiary						-	-	-
At 1 January 2008(restated)	109,851	92,431	14,116	3,387	(66,328)	153,457	24,157	177,614
Profit/(Loss) for the period (cumulative)					1,705	1,705	883	2,588
Foreign exchange difference					296	296	0	296
Acquisition of additional equity in JCE i.e. become subsidiary						-	0	-
Total recognised income and expenses for the period	-	-	-	-	2,001	2,001	883	2,884
Dividend distributed to Minority Shareholders						-	(984)	(984)
At 31 March 2008	109,851	92,431	14,116	3,387	(64,327)	155,458	24,056	179,514

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)



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IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Twelve Months Period Ended 31 March 2008

	3 months ended	
	31.03.2008	31.03.2007
	<u>RM'000</u>	<u>RM'000</u>
Net cash used in operating activities	(2,118)	9,818
Net cash used in investing activities	(2,704)	(3,195)
Net cash generated from financing activities	7,588	(895)
Net (decrease)/increase in cash and cash equivalents	2,766	5,728
Effects of exchange rate changes	(782)	(812)
Cash and cash equivalents at beginning of financial period	10,532	9,932
Cash and cash equivalents at end of financial period	12,516	14,848

Cash and cash equivalent comprise the following:-

	3 months ended	
	31.03.2008	31.03.2007
	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances	12,516	14,848
Bank Overdraft	-	-
	12,516	14,848

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)



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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 2007.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2007 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 2008.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2008.



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8. Segment Information

The segmental analysis of the Group operations for the financial period ended 31 March 2008 is as follows:-

	3 months ended	
	31.03.2008	31.03.2007
	<u>RM'000</u>	<u>RM'000</u>
Segment Revenue		
Revenue from continuing operations:		
Timber Extraction	2,135	2,302
Trading of Timber & Other woodbased Products	51,915	66,542
Manufacturing of sawn timber, mouldings and sacks paper bags	27,374	17,159
Services and Treatment	8,330	10,256
Others	20	18
Total revenue including inter-company sales	89,774	96,277
Elimination of inter-segments sales	(10,179)	(4,034)
Total revenue from continuing operations	79,595	92,243
Revenue from discontinued operations:	-	-
Total	79,595	92,243
Segment Results		
Results from continuing operations:		
Timber Extraction	1,832	1,187
Trading of Timber & Other woodbased Products	1,612	3,727
Manufacturing of sawn timber, mouldings and sacks paper bags	(128)	900
Services and Treatment	2,482	5,281
Others	(325)	(570)
Total revenue including inter-company sales	5,473	10,525
Eliminations	(1,403)	(1,785)
Total results from continuing operations	4,070	8,740
Results from discontinued operations:	-	-
Total	4,070	8,740

9. Property, Plant, and Equipment.

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 2007.



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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 31 March 2008 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 2008.

12. Contingent Liabilities – Unsecured

The Group does not have any contingent liabilities as at 21 May 2008, 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 but not contracted for as at 31 March 2008 was RM13,215,000.

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

The Group posted total revenue of RM79.59 million for the three months ending 31 March 2008, RM12.65 million or 14% less than the RM92.24 million recorded in the corresponding period last year. All the groups' market segments recorded lower turnover except for Manufacturing of sawn timber, mouldings and sacks paper bags segment which increased by RM10 million.

Profit from operations dropped from RM9.68 million to RM5.42 million in line with lower revenue and other operating income. With lower profit from operations, the Group pre-tax profit dropped to RM4.07 million, compared with RM8.74 million achieved over the same period last year. This was mainly due to lower profit by Trading of Timber & Other Wood based Products, Manufacturing of sawn timber, mouldings and sacks paper bags and services & treatment, reduced by RM2.11 million, RM1.03 million and RM2.79 million respectively.

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

Total revenue for the first quarter of 2008 increased to RM79.59 million, from RM68.38 million in the fourth quarter of 2007 or 16% mainly due to higher turnover recorded by all the groups' market segments and lower inter company sales which decreased by 84%. In tandem with higher revenue, the group recorded a profit before tax of RM4.07 million for the first quarter of 2008 as compared to a loss of RM3.62 million in the fourth quarter 2007, a turnaround of RM7.69 million or 212%.



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16. Prospects for Current Financial Year

Group Performance for the second quarter of year 2008 is expected to remain relatively subdued owing to uncertainties with the world economy.

17. Variance of Actual Profit from Forecast Profit

Not applicable.

18. Taxation

Taxation comprises:-

	First Quarter		Cumulative 3 months	
	31-Mar 2008	31-Mar 2007	31-Mar 2008	31-Mar 2007
	RM'000	RM'000	RM'000	RM'000
Current taxation	1,467	2,609	1,467	2,609
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	15	-	15	-
Deferred Taxation	-	-	-	-
	<u>1,482</u>	<u>2,609</u>	<u>1,482</u>	<u>2,609</u>
Our share of results of associated companies	-	-	-	-
	<u>1,482</u>	<u>2,609</u>	<u>1,482</u>	<u>2,609</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 31 March 2008.

21. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 May 2008.



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22. Group Borrowings

Total Group borrowings as at 31 March 2008 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	27,153
Unsecured	0
	<hr/> 27,153 <hr/>
Short Term Borrowings	
Secured	52,280
Unsecured	0
	<hr/> 52,280 <hr/>
Total Borrowings	<hr/> 79,433 <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 (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 6 March 2008 was rescheduled to 13 May 2008 and was postponed again to 5 August 2008.

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 in total. Here again, we have, through our solicitors, filed a statement of defense.

For the above 2 summonses, IRB, on 7 December 2007, have issued a letter to the company approving the company's earlier appeal, the content of the letter stated as follows:-

Total Claims - summon G/S MT3-21-220-2004	RM 9,525,846.92
Total Claims - summon G/S MT3-21-222-2006	<u>RM 3,188,835.06</u>
	RM12,714,681.98
Less: Payments received up to 30 November 2007	(RM 3,275,000.00)
Credit for Year 2005 & Year 2006	(RM 669,848.36)
Transfer of Tax Credit from Minho (M) Berhad	<u>(RM 3,460,160.72)</u>
Balance of Claims	<u>RM 5,299,672.90</u>



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IRB has approved that the balance of claims to be settled by 32 installments with condition that the company will enter and accept the judgment during the hearing on 6 March 2008. The company has written to IRB on 15 December 2007 accepting their proposed settlement but appealed to them to amend the installment amount while maintaining the pay back period of 32 months. IRB has replied on 3 April 2008 rejecting the company's appeal. The company has forwarded another appeal letter to the IRB on 30 April 2008 and was rejected by IRB vide their letter dated 9 May 2008. In view of the rejection by IRB, the company has written to the Minister of Finance on 13 May 2008 as a final attempt to resolve the matter.

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 8 to 9 September 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 on 25 September 2007.

25. Dividend

No dividend has been recommended by the Board for the period ended 31 March 2008 (2007: 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