



MINHO (M) BERHAD

Company No: 200930 - H
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT THREE MONTHS PERIOD ENDED 31 MARCH 2009

I. CONDENSED CONSOLIDATED INCOME STATEMENTS For Three Months Period Ended 31 March 2009.

	2009 Current Quarter Ended 31-Mar (RM'000)	2008 Comparative Quarter Ended 31-Mar (RM'000)	2009 3 months Cumulative to date (RM'000)	2008 3 months Cumulative to date (RM'000)
Revenue	53,969	79,595	53,969	79,595
Operating expenses excluding depreciation, diminution and amortisation	(50,205)	(73,194)	(50,205)	(73,194)
Other operating income	1,522	1,091	1,522	1,091
<i>Profit before depreciation, diminution and amortisation</i>	5,286	7,492	5,286	7,492
Depreciation, diminution and amortisation	(2,256)	(2,072)	(2,256)	(2,072)
<i>Profit/(Loss) from operations</i>	3,030	5,420	3,030	5,420
Finance cost	(809)	(1,350)	(809)	(1,350)
Investing Results	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
<i>Profit/(Loss) before taxation</i>	2,221	4,070	2,221	4,070
Taxation	(1,430)	(1,482)	(1,430)	(1,482)
<i>Profit/(Loss) after taxation</i>	791	2,588	791	2,588
<i>Net Profit/(loss) attributable to :</i>				
Equity holders of the Company	965	1,705	965	1,705
Minority interest	(174)	883	(174)	883
Profit for the period	791	2,588	791	2,588
Earnings/(Loss) per RM1.00 share				
Basic (sen)	0.88	1.55	0.88	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 2008)



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II. CONDENSED CONSOLIDATED BALANCE SHEET

As At 31 March 2009.

	As at 31 Mar 2009 RM'000	As at 31 Dec 2008 (Audited) RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	141,437	143,329
Prepaid lease payments	24,307	24,307
Investment properties	46,116	46,182
Investment in associated company	0	0
Other Investment	500	500
	212,360	214,318
Current Assets		
Inventories	106,301	120,835
Trade receivables	36,026	43,970
Other receivables	17,208	13,963
Tax recoverable	6,550	6,791
Deposit with licensed banks	13,290	10,158
Cash and bank balances	6,450	6,915
	185,825	202,632
TOTAL ASSETS	398,185	416,950
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parents		
Share Capital	109,851	109,851
Reserves attributable to capital	142,793	142,792
Reserves attributable to revenue		0
Retained earnings-profit/(loss)	(52,081)	(53,045)
	200,563	199,598
Minority Interest	25,351	26,069
Total Equity	225,914	225,667



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II. CONDENSED CONSOLIDATED BALANCE SHEET

As At 31 March 2009.

	As at 31 Mar 2009 RM'000	As at 31 Dec 2008 (Audited) RM'000
Non-current liabilities		
Amount due to directors	0	0
Deferred Taxation	17,846	17,847
Hire Purchase obligations	836	1,037
Bank borrowings	24,045	17,070
	42,727	35,954
Current Liabilities		
Trade payables	12,342	13,489
Other payables	60,918	76,300
Provision for liabilities	3,819	3,838
Hire purchase obligations	1,230	1,441
Bank borrowings	38,487	47,924
Tax Payable	12,748	12,337
	129,544	155,329
Total Liabilities	172,271	191,283
TOTAL EQUITY AND LIABILITIES	398,185	416,950
		-
Net Tangible Assets per RM1.00 sen share (RM)	1.83	1.82

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)



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III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For Three Months Period Ended 31 March 2009.

	← — — Attributable to equity holders of the company — — ▶						Total Minority Interest	Total Equity
	Share Capital	Share Premium	Reserve on consolidation	Capital Reserve	Retained Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2008	109,851	92,431	14,116	3,387	(66,328)	153,457	24,157	177,614
Reversal of reserve in relation to disposal of wholly owned subsidiary			(661)		-	(661)	0	(661)
Reversal of retained earnings in relation to the disposal of wholly owned subsidiary					404	404	0	404
Foreign currency translation					(36)	(36)	0	(36)
Reversal of share of profits in a jointly controlled entity which become a subsidiary			9		262	271	0	271
At 1 January 2008(restated)	109,851	92,431	13,464	3,387	(65,698)	153,435	24,157	177,592
Revaluation surplus:						-	2,118	2,118
Freehold land & buildings, office premises				18,047		18,047	0	18,047
Investment properties				15,463		15,463	5,516	20,979
Profit for the year					12,653	12,653	5,516	18,169
Dividend distributed to Minority Shareholders					-	-	(983)	(983)
At 31 December 2008(audited)	109,851	92,431	13,464	36,897	(53,045)	199,598	36,324	235,922
At 1 January 2009	109,851	92,431	13,464	36,897	(53,045)	199,598	36,324	235,922
Profit/(Loss) for the period					965	965	(174)	791
Revaluation reserved transferred to retained earnings for asset disposed between wholly owned subsidiary company			-		-	-	-	-
Foreign exchange difference			-		-	-	0	-
Acquisition of additional equity in JCE i.e. become subsidiary			-		-	-	0	-
Dividend distributed to Minority Shareholders					-	-	544	544
At 31 March 2009	109,851	92,431	13,464	36,897	(52,080)	200,563	36,694	237,257

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)



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IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENT For Three Months Period Ended 31 March 2009.

	3 months ended	
	31.03.2009	31.03.2008
	<u>RM'000</u>	<u>RM'000</u>
Net cash used in operating activities	6,484	(2,118)
Net cash used in investing activities	(3,735)	(2,704)
Net cash generated from financing activities	(1,118)	7,588
Net (decrease)/increase in cash and cash equivalents	1,631	2,766
Effects of exchange rate changes	1,036	(782)
Cash and cash equivalents at beginning of financial period	17,073	10,532
Cash and cash equivalents at end of financial period	19,740	12,516

Cash and cash equivalent comprise the following:-

	3 months ended	
	31.12.2009	31.12.2008
	<u>RM'000</u>	<u>RM'000</u>
Bank and cash balances	19,740	12,516
Bank Overdraft	-	-
	19,740	12,516

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)



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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 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2008 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 were no unusual items affecting assets, liabilities, equity, net income or cash flows.

5. Changes In Estimates of Amounts Reported Previously

There were 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 2009.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2009.

8. Segment Information

The segmental analysis of the Group operations for the financial period ended 31 March 2009 is as follows:-



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	3 months ended	
	31.03.2009	31.03.2008
	<u>RM'000</u>	<u>RM'000</u>
Segment Revenue		
Revenue from continuing operations:		
Timber Extraction	3,139	2,135
Trading of Timber & Other woodbased Products	37,339	51,915
Manufacturing of sawn timber, mouldings and sacks paper bags	12,860	27,374
Services and Treatment	7,348	8,330
Others	24	20
Total revenue including inter-company sales	60,710	89,774
Elimination of inter-segments sales	(6,741)	(10,179)
Total revenue from continuing operations	53,969	79,595
Revenue from discontinued operations:	-	-
Total	53,969	79,595
Segment Results		
Results from continuing operations:		
Timber Extraction	2,091	1,832
Trading of Timber & Other woodbased Products	(101)	1,612
Manufacturing of sawn timber, mouldings and sacks paper bags	(294)	(128)
Services and Treatment	1,224	2,482
Others	66	(325)
Total revenue including inter-company sales	2,986	5,473
Eliminations	(765)	(1,403)
Total results from continuing operations	2,221	4,070
Results from discontinued operations:	-	-
Total	2,221	4,070

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 2008.

10. Material events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 31 March 2009 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 2009.

12. Contingent Liabilities – Unsecured

As at 31 March 2009, the Company had contingent liabilities in the form of corporate guarantees given to financial institutions in respect of facilities granted to subsidiary companies amounting to RM124,582,542.51, of which an amount of RM53,832,265.00 were utilized.

13. Capital Commitments

The total amount of capital commitments approved but not contracted for as at 31 March 2009 was RM6,501,000.00.

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

The Group posted total revenue of RM53.97 million for the three months ending 31 March 2009, RM25.63 million or 32% less than the RM79.60 million recorded in the corresponding period last year. All the group's market segments recorded lower turnover except for the Timber Extraction segment which improved by RM1.0 million.

Profit from operations was reduced from RM5.42 million to RM3.03 million in line with lower revenue. With lower profit from operations, the Group pre-tax profit dropped to RM2.22 million, compared to RM4.07 million achieved over the same period last year. All the group's market segments experienced a significant drop in their pre-tax profit except for the Timber Extraction segment which increased slightly by RM269,000. The decline in pre-tax profit of the Group was mainly attributable to the shrinking in demand from overseas buyers especially from the E.U. nations, most of which are still weathering the global economic downturn.

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

Total revenue for the first quarter of 2009 decreased by RM5.49 million, from RM59.47 million in the fourth quarter of 2008, to RM53.97 million slightly down by 9%. Turnover recorded by the Trading, the Manufacturing and Services & Treatment market segments fell considerably by RM15.28 million. However, this huge decrease was offset by the increase of RM3.13 million in turnover for the Timber Extraction segment and also to the RM6.64 million reduction in the elimination of intra-company sales.

In line with the decline in turnover, the group registered a pre-tax profit of RM2.22 million for the first quarter of 2009. This represents a reasonable improvement from the pre-tax loss of RM1.36 million recorded in the fourth quarter of 2008.



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16. Prospects for Current Financial Year

Group Performance for the second quarter of year 2009 is expected to remain relatively subdued as the current global recession continues to have a negative impact on our economy.

17. Variance of Actual Profit from Forecast Profit

Not applicable.

18. Taxation

Taxation comprises:-

	First Quarter		Cumulative 3 months	
	31-Mar 2009	31-Mar 2008	31-Mar 2009	31-Mar 2008
	RM'000	RM'000	RM'000	RM'000
Current taxation	(1,430)	1,467	(1,430)	1,467
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	15	-	15
Deferred Taxation	-	-	-	-
	<u>(1,430)</u>	<u>1,482</u>	<u>(1,430)</u>	<u>1,482</u>
Our share of results of associated companies	-	-	-	-
	<u>(1,430)</u>	<u>1,482</u>	<u>(1,430)</u>	<u>1,482</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. The provision for deferred taxation for asset that was revalued has been written back due to the abolishment of the 5% RPGT.

20. Disposal of Unquoted Investments and Properties

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

21. Quoted Securities

There were no purchases and/or disposals of quoted securities of the Group for the financial period ended 31 March 2009.

22. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 March 2009.



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23. Group Borrowings

Total Group borrowings as at 31 March 2009 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	24,045
Unsecured	0
	<u>24,045</u>
Short Term Borrowings	
Secured	38,487
Unsecured	0
	<u>38,487</u>
Total Borrowings	<u>62,532</u>

24. Off Balance Sheet Financial Instruments

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

25. 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 19 March 2009 was rescheduled to 30 June 2009.

On 13 February 2007, the same subsidiary company received a writ of summons from the IRB 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, the IRB, on 7 December 2007, issued a letter to the company approving the company's earlier appeal. The pertinent contents of the letter are 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>

The IRB has approved that the balance of claims was to be settled by 32 installments with the condition that the company will enter and accept the judgment during the hearing on 6 March 2008. The company wrote to the IRB on 15 December 2007 accepting their proposed settlement but appealed to amend the installment amount while maintaining the



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pay back period of 32 months. The 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. This was rejected by the IRB vide their letter dated 9 May 2008. In view of the rejection by the IRB, the company wrote to the Minister of Finance on 13 May 2008 to resolve the matter. The IRB replied on 27 August 2008 again rejecting the company's appeal. It did approve, however, the balance of claims is to be settled by 24 installments for an amount totaling RM4,624,672.90. The company is currently in the process of forwarding the final appeal to the Minister of Finance as the last attempt to resolve this matter.

Regarding Summons No.:63-43 year 2007 received from the Ministry of Domestic Trade and Consumer Affairs as announced on 7 May 2007, we report that during the hearing on 19 May 2009, the case has been temporary suspended until further notice.

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. Here again, our solicitors have filed a statement of defense on 25 September 2007.

26. Dividend

No dividend has been recommended by the Board for the period ended 31 March 2009 (2008: Nil).

27. 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.

(b) Diluted earnings per share

Not applicable