



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2011.

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to date	Preceding Period Ended
	31/03/2011 <u>(RM'000)</u>	31/03/2010 <u>(RM'000)</u>	31/03/2011 <u>(RM'000)</u>	31/03/2010 <u>(RM'000)</u>
Continuing Operations:				
Revenue	57,047	55,731	57,047	55,731
Cost of sales	(55,062)	(56,106)	(55,062)	(56,106)
Gross profit	1,985	(375)	1,985	(375)
Other operating income	1,196	1,375	1,196	1,375
Finance cost	(665)	(741)	(665)	(741)
Gain/(loss) on financial assets measured at fair value	-	-	-	-
Share of profit/(loss) of associates	-	-	-	-
Profit before tax	2,516	259	2,516	259
Income tax expense	(842)	(700)	(842)	(700)
Profit for the period from continuing operations	1,674	(441)	1,674	(441)
Loss from discontinued operation	-	-	-	-
Profit for the period	1,674	(441)	1,674	(441)
Other Comprehensive Income:				
Gain on revaluation of property, plant and equipment				-
Other Comprehensive Income net of tax	-	-	-	-
Total Comprehensive Income for the period	1,674	(441)	1,674	(441)
Net Profit/(loss) attributable to:				
Owners of the Parent				
- income from continuing operations	859		859	
- loss from discontinued operations		(876)		(876)
Non-Controlling Interest	815	435	815	435
Profit for the period	1,674	(441)	1,674	(441)
Total comprehensive income attributable to:				
Owners of the Parent	859	(876)	859	(876)
Non-Controlling Interest	815	435	815	435
	1,674	(441)	1,674	(441)
Earnings/(Loss) per share (in sen)				
Basic EPS (in sen)	0.78	(0.80)	0.78	(0.80)
Fully diluted EPS (in 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 2010)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011.

	Unaudited As at 31/03/2011 RM'000	Audited As at 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, Plant and Equipment	254,598	255,462
Investment properties	45,327	45,393
Investment in associated company	0	0
Other Investment	500	500
	300,425	301,355
Current Assets		
Inventories	76,852	86,142
Trade receivables	38,132	36,580
Other receivables	10,083	11,210
Tax recoverable	2,661	2,753
Deposit with licensed banks	9,634	11,022
Cash and bank balances	6,013	7,920
	143,375	155,627
TOTAL ASSETS	443,800	456,982
EQUITY AND LIABILITIES		
Equity attributable to owner of the parents		
Share Capital	109,851	109,851
Share premium	222,900	92,431
Other reserves		130,469
Retained earnings-profit/(loss)	(50,583)	(51,442)
	282,168	281,309
Non-Controlling Interest	21,625	23,479
Total Equity	303,793	304,788
Non-current liabilities		
Amount due to directors	0	0
Deferred Taxation	31,843	31,843
Hire Purchase obligations	145	184
Bank borrowings	19,090	21,553
	51,078	53,580
Current Liabilities		
Trade payables	4,874	6,933
Other payables	48,266	49,392
Provision for liabilities	3,035	3,012
Hire purchase obligations	364	486
Bank borrowings	24,418	30,416
Tax Payable	7,972	8,375
	88,929	98,614
Total Liabilities	140,007	152,194
TOTAL EQUITY AND LIABILITIES	443,800	456,982
Net assets per share attributable to ordinary equity holders of the parent (RM)	2.57	2.56

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)



MINHO (M) BERHAD (200930 – H)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2011.

	← Attributable to equity holders of the company					Distributable		Non-Controlling Interest	Total Equity
	Non-distributable					Retained Losses	Total		
	Share Capital	Share Premium	Reserve on consolidation	Asset revaluation reserves	Equity component from the replacement warrants				
RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	
Period ended 31 March 2011									
Balance as at 01.01.2011	109,851	92,431	13,464	115,507	1,498	(51,442)	281,309	23,479	304,788
Prior years adjustments	-	-	-	-	-	-	-	-	-
As restated	109,851	92,431	13,464	115,507	1,498	(51,442)	281,309	23,479	304,788
Total comprehensive income for the period				-		859	859	815	1,674
Acquisition of additional equity in a subsidiary								-	-
Dividend distributed to Non-Controlling Interest								(2,669)	(2,669)
Balance as at 31.03.2011	109,851	92,431	13,464	115,507	1,498	(50,583)	282,168	21,625	303,793
Period ended 31 March 2010									
Balance as at 01.01.2010	109,851	92,431	13,464	35,399	1,498	(50,482)	202,161	25,906	228,067
Prior years adjustments						145	145		145
Total comprehensive income for the period						(876)	(876)	435	(441)
Acquisition of additional equity in a subsidiary								(286)	(286)
Dividend distributed to Non-Controlling Interest								(2,705)	(2,705)
Balance as at 31.03.2010	109,851	92,431	13,464	35,399	1,498	(51,213)	201,430	23,350	224,780

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2011.

	Cumulative Period	
	Current Year to date 31/03/2011 RM'000	Preceding Period Ended 31/03/2010 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	2,516	259
Adjustments for :		
Depreciation, amortisation and impairment losses	1,746	1,931
Interest income	(75)	(69)
Interest expenses	664	706
Share of profit in associates		
Fair value gain of financial instruments measured at fair value		
Provision:		
Provision for doubtful debts		
Write back of provision for doubtful debts	(4)	-
Write down of inventories	-	-
Write back of stock value	-	-
Other non-cash items		
(Gain)/loss on disposal of property, plant & equipment	-	-
Asset written off	-	-
Operating profit before changes in working capital	4,847	2,827
Net change in current assets	8,865	484
Net change in current liabilities	(3,162)	1,526
Cash flow from operation	10,550	4,837
Taxes paid	(1,126)	(635)
Net Cash Flows From Operating Activities	9,424	4,202
Cash Flows From Investing Activities:		
Purchase of PPE and investment property	(470)	(69)
Purchase of financial assets	-	-
Acquisition of additional investment in a subsidiary company	-	-
Proceeds from sale of non-current assets	356	-
Reclass other investment to deposit with licensed bank	-	-
Dividend received	-	-
Net Cash Used in Investing Activities	(114)	(69)
Cash Flows From Financing Activities:		
Issue of ordinary shares	-	-
Bank borrowings and other liabilities (Net)	(9,936)	(234)
Dividends paid to non controlling interest in subsidiary company	(2,670)	(2,705)
Net Cash Flows From Financing Activities	(12,606)	(2,939)
Net Increase in Cash and Cash Equivalents	(3,296)	1,194
Cash and Cash Equivalents at the beginning of the year	18,942	18,877
Effects of changes in foreign exchange rates	1	-198
Cash and Cash Equivalents at end of the period	15,647	19,873
Cash and cash equivalent comprise the following:-		
Bank and cash balances	6,013	6,691
Deposit with license bank	9,634	13,182
	15,647	19,873

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)



PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL STATEMENT.

1. Basis of preparation and Accounting Policies.

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 2010.

The statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

The significant accounting policies and method of computation adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations by the Group.

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Services Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers

The principal effects of the changes in presentation change in methods of computation and in accounting policies resulting from the adoption of new and revised FRSs, IC Interpretations and Amendments are set out below:

The above FRSs, Amendments to FRSs and Interpretations have no significant impact on the financial statements of the Group upon their initial application.

2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report of the audited financial statements for the financial year ended 31 December 2010 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 2011.

7. Dividends Paid

There were no dividends declared and paid by the Company for the financial period ended 31 March 2011.

8. Segment Information

The Group's segment information for the financial period ended 31 March 2011 is as follows:-

	Cumulative Period	
	Current Year to date	Preceding Period Ended
	31.03.2011	31.03.2010
	<u>RM'000</u>	<u>RM'000</u>
Segment Revenue		
Revenue from continuing operations:		
Timber Extraction	-	1,339
Timber Trading	39,042	40,339
Manufacturing	15,919	11,803
Services & Treatment	6,601	5,342
Others	24	24
Total revenue including inter-company sales	<u>61,586</u>	<u>58,847</u>
Elimination of inter-segment sales	(4,539)	(3,116)
Total revenue from continuing operations	<u>57,047</u>	<u>55,731</u>
Revenue from discontinued operations:	-	-
Total	<u>57,047</u>	<u>55,731</u>



	Cumulative Period	
	Current Year to date	Preceding Period Ended
Segment Results		
Results from continuing operations:		
Timber Extraction	(5)	256
Timber Trading	1,418	168
Manufacturing	1,636	966
Services & Treatment	(134)	(862)
Others	2,567	2,541
Total segment results	5,482	3,069
Eliminations inter-company dividend	(2,966)	(2,810)
Total results from continuing operations	2,516	259
Results from discontinued operations:	-	-
Total Segment Results	2,516	259
Taxation	(842)	(700)
Profit/(Loss) for the period from continuing operation	1,674	(441)
Non-Controlling Interest	815	435
Net profit for equity holders of the holding company	859	(876)

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 March 2011.

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 2011 that have not been reflected in the related financial statements.

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 2011.

12. Contingent Liabilities – Unsecured

As at 31 March 2011, 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 RM118,424,576.71, of which an amount of RM43,508,681 were utilized.



13. Capital Commitments

There are no material capital commitments as at the date of this announcement.

14. Related Party Transactions.

The summary of related party transactions for current quarter and cumulative period to date is as follows:-

Related Party	Relationship with Minho Group	Recurrent Transaction with Minho or Subsidiary Company	Nature of Recurrent Transaction	Total Transaction current quarter 31/03/2011 RM'000	Balance due to /(due from) as at 31/03/2011 RM'000
D.M. Timber Sdn. Bhd.	Dato' Loo Keng An, a director and major shareholder of Minho is also a director of D.M. Timber Sdn Bhd.	Lionvest Timber Industries Sdn Bhd	Purchase of timber.logs	849	329
Syarikat Minho Kilning (Klang) Sdn Bhd	Sykt. Minho Kilning (Klang) Sdn Bhd is a wholly-owned subsidiary of Minho Holdings Sdn Bhd, a major shareholder of Minho	Syarikat Minho Kilning Sdn Bhd	Rental & Storage Charges.	662	808
Oak Three Sdn Bhd (formerly known as QR Printing Sdn Bhd)	Mr Loo Say Leng and Mr Ng Hoe Chang are the directors of Indah Paper Industries Sdn Bhd and QR Printing Sdn Bhd.	Indah Paper Industries Sdn Bhd	Insurance brokerage fee.	0	3
		Syarikat Minho Kilning Sdn Bhd		12	92
Mahawangsa Timber Industries Sdn Bhd	Mr Eng Kin Hong and Mr Ng Chee Min are the directors and major shareholders of Lionvest Timber Industries Sdn Bhd and Mahawangsa Timber Industries Sdn Bhd.	Lionvest Timber Industries Sdn Bhd	Purchase of timber.logs	91	20
			Sales of sawntimber	39	(15)

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

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

The Group registered total revenue of RM57.05 million for the three months ending 31 March 2011, RM1.32 million or 2% more than the RM55.73 million recorded in the corresponding period last year. Two of the group's market segments i.e. Manufacturing and Services & Treatment recorded an increase of RM5.38 million in their turnover. The Manufacturing segment experienced higher demand for timber moulding products and improved selling price for the industrial sack kraft paper bags. In line with improved demand for sawn timber from domestic buyers, the incoming timber for kiln drying process increased, which resulted in higher turnover for Services & Treatment. However, this was offset by the



combined RM2.64 million decline in Timber Extraction and Timber Trading. For Timber Extraction segment, there was no logging activities carried out pending logging license approval and for Timber Trading segment; despite of better demand for sawn timber from domestic buyers, the demand for rough sawn timber from buyers in the Euro zone still remains low.

The Group pre-tax profit improved significantly i.e. from RM259,000 to RM2.52 million. The Group's entire market segment, with the exception of the Timber Extraction segment, registered combined RM2.67 million increases in pre-tax profit but this was offset by RM261,000 decline in the pre-tax profit recorded by the Timber Extraction segment. The increase in pre-tax profit is mainly the result of lower cost of sales which decline by RM1 million, from RM56 million recorded in the corresponding period last year to RM55 million for the three months ending 31 March 2011.

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

Total revenue for the first quarter of 2011 decreased slightly by RM469,000, from RM57.52 million in the fourth quarter of 2010, to RM57.05 million, down by 1%. Four of the Group's market segments registered a decline of RM5.63 million in their combined turnover but this was slightly offset by a small increase of RM475,000 in turnover recorded by the Service & Treatment segment.

Despite registering lower turnover, the Group recorded a pre-tax profit of RM2.52 million as compared to a pre-tax loss of RM2.36 million in the fourth quarter of 2010, up by RM4.88 million. This was attributed to lower cost of sales and decline in finance expenses. The cost of sales for the first quarter of 2011 decreased by RM2.23 million; to RM55.06 million from RM57.29 million for the fourth quarter of 2010. Finance expenses went down by RM765,000 from RM1.43 million for fourth quarter 2010 to RM665,000 for first quarter 2011.

17. Prospects for Current Financial Year

Group Performance for the second quarter of year 2011 is expected to remain relatively unchanged as there are no clear indications that the demand for timber and wood-based products will improve significantly in the next quarter.

18. Variance of Actual Profit from Forecast Profit

Not applicable.

19. Taxation

Taxation comprises:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31/03/2011 RM'000	31/03/2010 RM'000	31/03/2011 RM'000	31/03/2010 RM'000
Current taxation	(842)	(700)	(842)	(700)
(Over)/Under provision in respect of prior years	-	-	-	-
Foreign Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
	<u>(842)</u>	<u>(700)</u>	<u>(842)</u>	<u>(700)</u>
Our share of results of associated companies	-	-	-	-
	<u>(842)</u>	<u>(700)</u>	<u>(842)</u>	<u>(700)</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 on account of assets that were 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 2011.

22. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 23 May 2011.

23. Group Borrowings

Total Group borrowings as at 31 March 2011 were as follows:-

	<u>RM'000</u>
Long Term Borrowings	
Secured	19,090
Unsecured	0
	<u>19,090</u>
Short Term Borrowings	
Secured	24,418
Unsecured	0
	<u>24,418</u>
Total Borrowings	<u>43,508</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 at 23 May 2011, the latest practicable date that is not earlier than 7 days from the issue of this quarterly report, the Group is not engaged in any material litigation except for:

- (a). Summon no: G/S MT3-21-222-2006.

On 13 February 2007, a subsidiary of the 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. The company has made monthly payments to settle the amount outstanding even though the company's numerous applications for installment payment was rejected by the IRB and as at April 2011, the amount outstanding was reduced to RM2,738,835.06. The hearing that was scheduled on 28 April 2011 was postponed to 16 June 2011.



- (b). Summon No.:63-43 year 2007 from the Ministry of Domestic Trade and Consumer Affairs.

A subsidiary company received a summon from the Ministry of Domestic Trade and Consumer Affairs as announced on 7 May 2007. On 8 April 2011, the company received a letter from its solicitor explaining that the case was classified as Discharge Not Amounting to An Acquittal (“DNAA”) as the Court opined that the Prosecution was not ready to proceed with the case.

- (c). Summon No.: M3-87-5 year 2011 from the Ministry of Domestic Trade and Consumer Affairs.

On 31 March 2011, a subsidiary of the company and two (2) of its directors has been served with summons from the Ministry Of Domestic Trade and Consumer Affairs (“the Ministry”). This new summon is to replace summon no.: 63-43 year 2007 as explained in item (b) above. The Ministry has decided to institute fresh proceedings based on the same subject matter and offence by issuing a new summon. Kindly refer to the company announcement on 13 April 2011 for the details of the summon.

The company has engaged a legal firm i.e. Messrs. R.S. Vijay & Co., to represent the company and two (2) of its directors. The hearing is scheduled on 2 June 2011.

- (d). Summon No.: MT3-21-124-2007 and MT3-21-353-09.

On 2 August 2007, we received a writ of summon no.: MT3-21-124-2007 from the IRB for a subsidiary company viz. Syarikat Minho Kilning Sdn. Bhd. for outstanding taxes amounting to RM5.7 million. The same subsidiary company received another summon no.: MT3-21-353-09 from IRB for taxes outstanding for year of assessment 2000 amounting to RM4.3 million.

The company has made monthly payments to settle the amount outstanding. Despite the company’s numerous applications for installment payment, our appeal was rejected by the IRB and as at April 2011, the amount outstanding has been reduced to RM3,211,429.90 for summon no.: MT3-21-124-2007 and to RM3,562,133.33 for summon no.: MT3-21-353-09.

Our solicitors have filed a statement of defense with the court. The hearing for Summon No.: MT3-21-124-2007 that was scheduled on 4 May 2011 was postponed to 28 June 2011. As for Summon No.: MT3-21-353-09, the hearing that was scheduled on 9 May 2011 was postponed to 20 June 2011.

- (e). Summon No.: 2INCVC-53-2001

A subsidiary of the company, Syarikat Minho Kilning Sdn. Bhd. received a summon from the IRB on 15 April 2011 for tax outstanding for year of assessment 2006 and 2007 amounting to RM341,802.02. The amount claimed by the IRB comprises RM54,466.39 being the 10% tax penalty due under the tax estimate of CP204 for year 2006 and RM287,335.63 being the additional tax raised for year 2007 including penalty for late payment. Kindly refer to the company announcement on 19 April 2011 for the details of the summon.

The company has instructed its solicitors i.e. Messrs. P.H. Lee & Co., to submit the statement of defence.

Apart from the above, there is no other material litigation pending as at the date of this announcement.

26. Dividend

No dividend has been recommended by the Board for the period ended 31 March 2011 (2010: 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

28. Realised and Unrealised Profit/Loss Disclosures

	<u>As at</u> <u>31/03/2011</u> RM'000	<u>As at</u> <u>31/03/2010</u> RM'000
Total retained losses of		
Minho (M) Berhad and its subsidiaries:		
- Realised	(36,290)	(38,009)
- Unrealised	(14,337)	(13,349)
	<u>(50,627)</u>	<u>(51,358)</u>
Add: Consolidated adjustments	<u>0</u>	<u>145</u>
Total group retained losses as per consolidated accounts	<u>(50,627)</u>	<u>(51,213)</u>

29. Authorisation for issue

This interim financial information has been approved for issue in accordance with a resolution of the Board of Directors dated 30 May 2011.

By order of the Board

Klang, Selangor Darul Ehsan.

Dated: 30 May 2011.