



# MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET

	As At End Of Current Quarter 30/09/2004 (Unaudited) RM000	As At End Of 31/12/2003 (Audited) RM000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	54,814	55,315
Goodwill on consolidation	98,008	98,007
Deferred tax assets	31	1,422
	<u>152,853</u>	<u>154,744</u>
<b>CURRENT ASSETS</b>		
Inventories	23,227	17,980
Trade receivables	30,612	18,987
Other receivables	50,765	13,341
Short term investment	-	822
Fixed deposit with a licensed bank	-	2,600
Cash and bank balances	1,961	412
	<u>106,565</u>	<u>54,142</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	49,007	35,295
Trade payables	3,831	5,593
Other payables	20,205	10,079
	<u>73,043</u>	<u>50,967</u>
<b>NET CURRENT ASSETS</b>	33,522	3,175
	<u>186,375</u>	<u>157,919</u>
<b>FINANCED BY:</b>		
Share capital	105,050	102,550
Share premium	33,766	35,766
Other reserve	5,805	6,149
Retained profit	8,433	3,825
Shareholders' equity	<u>153,054</u>	<u>148,290</u>
Minority interest	1,545	1,420
	<u>154,599</u>	<u>149,710</u>
Borrowings	31,075	8,209
Deferred tax liabilities	701	-
	<u>31,776</u>	<u>8,209</u>
	<u>186,375</u>	<u>157,919</u>
<b>Net Tangible Assets Per Share (Sen)</b>	23.44	21.52

*The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2003*



## MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)  
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### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2004

#### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2004 RM000	Preceding Year Corresponding Quarter 30/09/2003 RM000	Current Year ToDate 30/09/2004 RM000	Preceding Year Corresponding Period 30/09/2003 RM000
REVENUE	24,094	12,122	59,633	12,122
COST OF SALES	(17,890)	(7,997)	(44,595)	(7,997)
<b>GROSS PROFIT</b>	<b>6,204</b>	<b>4,125</b>	<b>15,038</b>	<b>4,125</b>
OTHER INCOME	8	-	280	-
SELLING EXPENSES	(881)	(320)	(1,893)	(320)
ADMINISTRATIVE EXPENSES	(603)	(531)	(2,911)	(531)
<b>PROFIT FROM OPERATIONS</b>	<b>4,728</b>	<b>3,274</b>	<b>10,514</b>	<b>3,274</b>
INTEREST INCOME	-	-	2	-
INTEREST EXPENSE	(1,464)	(562)	(3,690)	(562)
<b>PROFIT BEFORE TAXATION</b>	<b>3,264</b>	<b>2,712</b>	<b>6,826</b>	<b>2,712</b>
TAXATION	(868)	(770)	(2,093)	(770)
<b>PROFIT AFTER TAXATION AND BEFORE MINORITY INTEREST</b>	<b>2,396</b>	<b>1,942</b>	<b>4,733</b>	<b>1,942</b>
MINORITY INTEREST	(60)	(50)	(125)	(50)
<b>PROFIT FOR THE PERIOD</b>	<b>2,336</b>	<b>1,892</b>	<b>4,608</b>	<b>1,892</b>
<b>EARNINGS PER SHARE (SEN)</b>				
- Basic	1.11	1.37	2.21	4.06
- Diluted	0.80	1.09	1.61	3.24

*The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statement of the Company for the year ended 31 December 2003*



# MAXTRAL INDUSTRY BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL RM000	Non-Distributable SHARE PREMIUM RM000	OTHER RESERVE RM000	Distributable (ACCUMULATED LOSSES)/ RETAINED PROFIT RM000	TOTAL RM000
AT 01/01/2003	*	-	-	(6)	(6)
ISSUE OF SHARES**	100,048	37,767	6,274	-	144,089
PROFIT FOR THE PERIOD	-	-	-	1,892	1,892
AT 30/9/2003	<u>100,048</u>	<u>37,767</u>	<u>6,274</u>	<u>1,886</u>	<u>145,975</u>
AT 01/01/2004	102,550	35,766	6,149	3,825	148,290
ISSUE OF SHARES***	2,500	(2,000)	(344)	-	156
PROFIT FOR THE PERIOD	-	-	-	4,608	4,608
AT 30/09/2004	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>8,433</u>	<u>153,054</u>

\* Denotes RM2.

\*\* Comprised of new issue of ordinary shares and Irredeemable Convertible Preference Shares ("ICPS") and conversion of ICPS into ordinary shares.

\*\*\* Conversion of ICPS into ordinary shares.

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2003*

**MAXTRAL INDUSTRY BERHAD**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Current Year Todate 30/09/2004 RM000	Preceding Year Corresponding Period 30/09/2003 RM000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,826	2,712
Adjustments for:		
Depreciation of property, plant and equipment	2,563	563
Gain on disposal of short term investment	(136)	-
Loss on disposal of property, plant and equipment	3	25
Goodwill recognised upon acquisition of subsidiary company	-	(2)
Interest income	(2)	-
Interest expense	3,690	562
Operating profit before working capital changes	<u>12,944</u>	<u>3,860</u>
Increase in inventories	(5,248)	(1,777)
Increase in receivables	(49,049)	(1,964)
Increase in payables	8,248	2,796
Cash used in operations	<u>(33,105)</u>	<u>2,915</u>
Interest paid	(3,594)	(562)
Net cash used in operating activities	<u>(36,699)</u>	<u>2,353</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash acquired	-	(6,771)
Proceed from disposal of property, plant and equipment	2	-
Proceed from disposal of short term investment	975	46
Purchase of property, plant and equipment	(1,924)	(382)
Interest income	2	-
Net cash used in investing activities	<u>(945)</u>	<u>(7,107)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from fixed deposit	2,600	-
Proceed from revolving credit loan	2,000	-
Proceed from term loans	37,383	-
Repayment of hire purchase liabilities	(534)	(103)
Repayment of term loans	(1,241)	(350)
Net movement in bankers' acceptance	(1,000)	-
Net cash generated from financing activities	<u>39,208</u>	<u>(453)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	1,564	(5,207)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	(1,759)	*
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	(195)	(5,207)

Note: \* Denotes RM2

*The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2003*



## **MAXTRAL INDUSTRY BERHAD**

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### **NOTES TO INTERIM FINANCIAL REPORT**

#### **1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MASB 26 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2003.

#### **2. Audit Report**

There was no audit qualification in the audit report of the preceding annual financial statements.

#### **3. Seasonal and Cyclical Factors**

Timbers industry is to a certain extent affected by weather conditions especially on the supply of logs.

#### **4. Unusual Items**

There were no items affecting the assets, liabilities, net income or cash flows that are unusual because of their nature, size or incidence.

#### **5. Changes in Estimates**

There were no changes in estimates that have a material effect in the current quarter.

#### **6. Debt and Equities Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter.

#### **7. Dividend Paid**

No dividend was paid during the financial quarter under review.

#### **8. Segmental Reporting**

The company is principally operating in one industry. As a result, no segmental reporting is disclosed.

## **MAXTRAL INDUSTRY BERHAD**

### **9. Valuations of Property, Plant and Equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the previous financial statements.

### **10. Subsequent Events**

There were no material events subsequent to the end of the financial period to-date.

### **11. Changes in Composition of the Group**

There were no change in the composition of the Group during the current quarter under review.

During the financial period todate, the Company had on 24 May 2004, reorganised the corporate structure within the Group to improve the organisational management, with the acquisition of 100% equity interest in Cergas Capital Sdn Bhd ("CKSB"), a dormant company, from Kin Yip Wood Industries Sdn Bhd ("KYWI"). Thereafter CKSB acquired approximately 0.01% of equity interest in KYWI from the Company. After the reorganisation, both CKSB and KYWI remain as subsidiaries of Maxtral Industry Berhad with no change in effective equity interest in KYWI while the effective equity interest in CKSB increased from 97.52% to 100%.

### **12. Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets at the date of this report.

### **13. Review of Performance**

The Group's revenue for the current financial period ended 30 September 2004 increased to RM59.63 million from RM12.12 million in the prior financial period ended 30 September 2003 while the profit before taxation increased to RM6.83 million from RM2.71 million for the respective periods. As the Group came into existence in the quarter ended 30 September 2003, the Group's revenue and profit before taxation in the prior financial period were significantly lower as it represented 2 months performance whereas the current financial period is represented by 9 months.

### **14. Variation of Result to Preceding Quarter**

The Group's profit before taxation for the current quarter ended 30 September 2004 of RM3.26 million represented an increase of RM1.82 million or 126% from the previous quarter ended 30 June 2004 of RM1.44 million. This is due mainly to increase in contribution from sales of logs as the Group managed to purchase logs exclusively from an area of 10,000 hectares situated in Kuamut Forest Reserve, Sabah. The Group's revenue for the current quarter has increased by RM6.82 million or 39% as compared to the previous quarter.

### **15. Company's Prospects**

The directors are of the opinion that the performance in following financial quarter is dependent on external factors affecting prices and demand for panel products, moulding and log.

## MAXTRAL INDUSTRY BERHAD

### 16. Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

### 17. Taxation

	Current Quarter 30/09/2004 RM000	Cumulative Year-To-Date 30/09/2004 RM000
Current taxation	-	-
Deferred taxation	868	2,093
	<u>868</u>	<u>2,093</u>

The effective tax rate for the current quarter is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

### 18. Profit or Loss on Sale of Unquoted Investment and/or Properties

As at the end of last financial year, the Company has investment in shares of MP Technology Berhad ("MPTR") which was unquoted as at 31 December 2003. MPTR was admitted to the Official List of Bursa Malaysia Securities Berhad on 10 February 2004. These shares were disposed of during the previous quarter as referred in Note 19 below.

### 19. Marketable Securities

There were no purchases of marketable securities and the disposal of marketable securities are as follows:

	Current Quarter 30/09/2004 RM000	Cumulative Year-To-Date 30/09/2004 RM000
Sales proceeds	-	957
Gain on disposal	-	136
	<u>-</u>	<u>136</u>

### 20. Corporate Proposals

There were no corporate proposal announced but not completed as at the date of this report.

## MAXTRAL INDUSTRY BERHAD

### 21. Borrowings

	Current Quarter 30/09/2004 RM000
Short term borrowings:	
Secured	<u>49,007</u>
	<u>49,007</u>
Long term borrowings:	
Secured	28,439
Unsecured	<u>2,636</u>
	<u>31,075</u>
	<u>80,082</u>

The unsecured long term borrowings represent the liability component of ICPS. There were no movements during the current period under review.

### 22. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

### 23. Material Litigation

There were no pending material litigations at the date of this report.

### 24. Dividend Declared

There was no dividend declared for the financial quarter under review.

### 25. Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date are calculated by dividing the net profit for the period/year-to-date by the weighted average number of ordinary shares in issue. For the purpose of calculating the diluted earnings per share, the net profit for the period/year-to-date and the weighted average number of ordinary shares in issue during the period have been adjusted for the effects of dilutive potential ordinary share from the conversion of ICPS.



## MAXTRAL INDUSTRY BERHAD

### 25. Earnings Per Share (Continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2004	Preceding Year Corresponding Quarter 30/09/2003	Current Year Todate 30/09/2004	Preceding Year Corresponding Period 30/09/2003
<b>Basic</b>				
Net profit for the period (RM000)	2,336	1,552	4,608	1,552
Weighted average number of ordinary shares in issue ('000)	210,100	113,525	208,111	38,258
Basic earnings per share (Sen)	1.11	1.37	2.21	4.06
<b>Diluted</b>				
Net profit for the period (RM000)	2,336	1,552	4,608	1,552
Adjustment for after-tax effect of interest expense on ICPS (RM000)	<u>22</u>	<u>340</u>	<u>96</u>	<u>340</u>
Adjusted net profit for the period (RM000)	<u>2,358</u>	<u>1,892</u>	<u>4,704</u>	<u>1,892</u>
Weighted average number of ordinary shares in issue ('000)	210,100	113,525	208,111	38,258
Adjustment for assumed conversion of ICPS	<u>84,415</u>	<u>59,524</u>	<u>84,415</u>	<u>20,059</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>294,515</u>	<u>173,049</u>	<u>292,526</u>	<u>58,317</u>
Diluted earnings per share (Sen)	0.80	1.09	1.61	3.24

### 26. Comparative Figures

The comparative figures for the condensed consolidated income statement are the Group's post acquisition results for the period from 4 August 2003 to 30 September 2003. The comparative figures for the condensed consolidated statement of changes in equity in relation to the ICPS have been reclassified to conform with current period's presentation.