



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2005

### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2005	Preceding Year Corresponding Quarter 31/03/2004	Current Year To date 31/03/2005	Preceding Year Corresponding Period 31/03/2004
	RM000	RM000	RM000	RM000
REVENUE	30,515	18,261	30,515	18,261
COST OF SALES	(24,703)	(13,858)	(24,703)	(13,858)
GROSS PROFIT	5,812	4,403	5,812	4,403
OTHER INCOME	90	142	90	142
SELLING EXPENSES	(2,213)	(585)	(2,213)	(585)
ADMINISTRATIVE EXPENSES	(891)	(1,075)	(891)	(1,075)
PROFIT FROM OPERATIONS	2,798	2,885	2,798	2,885
INTEREST INCOME	2	2	2	2
INTEREST EXPENSE	(1,333)	(768)	(1,333)	(768)
PROFIT BEFORE TAXATION	1,467	2,119	1,467	2,119
TAXATION	(405)	(782)	(405)	(782)
PROFIT AFTER TAXATION AND BEFORE MINORITY INTEREST	1,062	1,337	1,062	1,337
MINORITY INTEREST	(30)	(33)	(30)	(33)
PROFIT FOR THE PERIOD	<u>1,032</u>	<u>1,304</u>	<u>1,032</u>	<u>1,304</u>
EARNINGS PER SHARE (SEN)				
- Basic	0.49	0.64	0.49	0.64
- Diluted	0.36	0.45	0.36	0.45

*The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2004*



# MAXTRAL INDUSTRY BERHAD

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

## CONDENSED CONSOLIDATED BALANCE SHEET

	As At End Of Current Quarter 31/03/2005 <b>(Unaudited)</b> RM000	As At End Of 31/12/2004 <b>(Audited)</b> RM000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	53,125	53,973
Goodwill on consolidation	98,008	98,008
Deferred tax assets	10	-
	<u>151,143</u>	<u>151,981</u>
<b>CURRENT ASSETS</b>		
Inventories	24,147	25,003
Trade receivables	40,729	37,013
Other receivables	42,004	45,706
Cash and bank balances	1,406	1,718
	<u>108,286</u>	<u>109,440</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	50,120	49,450
Trade payables	2,986	3,561
Other payables	24,249	24,277
Tax payable	2	2
	<u>77,357</u>	<u>77,290</u>
<b>NET CURRENT ASSETS</b>	30,929	32,150
	<u>182,072</u>	<u>184,131</u>
<b>FINANCED BY:</b>		
Share capital	105,050	105,050
Share premium	33,766	33,766
Other reserve	5,805	5,805
Retained profit	10,735	9,703
Shareholders' equity	<u>155,356</u>	<u>154,324</u>
Minority interest	1,609	1,579
	<u>156,965</u>	<u>155,903</u>
Borrowings	23,812	27,348
Deferred tax liabilities	1,295	880
	<u>25,107</u>	<u>28,228</u>
	<u>182,072</u>	<u>184,131</u>
<b>Net Tangible Assets Per Share (Sen)</b>	24.53	24.04

*The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2004*



## MAXTRAL INDUSTRY BERHAD

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

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL RM000	SHARE PREMIUM RM000	OTHER RESERVE RM000	RETAINED PROFIT RM000	TOTAL RM000
AT 01/01/2004	102,550	35,766	6,149	3,823	148,288
PROFIT FOR THE PERIOD	-	-	-	1,304	1,304
AT 31/03/2004	<u>102,550</u>	<u>35,766</u>	<u>6,149</u>	<u>5,127</u>	<u>149,592</u>
AT 01/01/2005	105,050	33,766	5,805	9,703	154,324
PROFIT FOR THE PERIOD	-	-	-	1,032	1,032
AT 31/03/2005	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>10,735</u>	<u>155,356</u>

*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 2004*



# MAXTRAL INDUSTRY BERHAD

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

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To date 31/03/2005 RM000	Preceding Year Corresponding Period 31/03/2004 RM000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,467	2,119
Adjustments for:		
Depreciation of property, plant and equipment	866	849
Gain on disposal of short term investment	-	(136)
Interest income	(2)	(2)
Interest expense	1,333	768
Operating profit before working capital changes	<u>3,664</u>	<u>3,598</u>
Decrease / (increase) in inventories	856	(4,750)
(Increase) / decrease in receivables	(14)	564
(Decrease) / increase in payables	(634)	1,903
Cash generated from operations	<u>3,872</u>	<u>1,315</u>
Interest paid	(1,300)	(768)
Net cash generated from operating activities	<u>2,572</u>	<u>547</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of short term investment	-	957
Purchase of property, plant and equipment	(19)	(43)
Interest income	2	2
Net cash (used in) / generated from investing activities	<u>(17)</u>	<u>916</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from fixed deposit	-	2,600
Repayment of hire purchase liabilities	(197)	(168)
Repayment of term loans	(3,370)	(525)
Net movement in bankers' acceptance	-	(3,000)
Net movement in letter of credit	-	(77)
Net cash used in financing activities	<u>(3,567)</u>	<u>(1,170)</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,012)	293
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	(712)	(1,759)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	(1,724)	(1,466)

*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 2004*



# MAXTRAL INDUSTRY BERHAD

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

## 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 2004.

### 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 results.

### 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.

### 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.

# MAXTRAL INDUSTRY BERHAD

## 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.

## 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 31 March 2005 increased to RM30.51 million from RM18.26 million in the prior financial period ended 31 March 2004. This is mainly contributed from increase in sales of logs. On the other hand, the profit before taxation decreased to RM1.47 million from RM2.12 million for the respective periods. This is attributed to higher production costs mainly due to increase in raw materials and fuel prices.

## 14. Variation of Result to Preceding Quarter

The Group's profit before taxation for the current quarter ended 31 March 2005 of RM1.47 million represented a decrease of RM0.05 million or 3% from the previous quarter ended 31 December 2004 of RM1.52 million. On the other hand, the Group's revenue for the current quarter has decreased by RM10.21 million or 25% as compared to the previous quarter.

The decrease in the Group's revenue is mainly due to drop in production of logs in the festive and monsoon period. On the other hand, the Group's profit before taxation was not significantly affected by the above mainly due to higher margin as a result of improvement in commodity prices.

## 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.

## 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.

# MAXTRAL INDUSTRY BERHAD

## 17. Taxation

	Current Quarter 31/03/2005 RM000	Cumulative Year-To-Date 31/03/2005 RM000
Current taxation	-	-
Deferred taxation	405	405
	<u>405</u>	<u>405</u>

The effective tax rate for the current quarter is lower than the statutory tax rate principally due to certain expenses which are double deductible for tax purposes.

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

There were no sales of unquoted investments and properties during the current quarter under review.

## 19. Marketable Securities

There were no purchases or disposal of marketable securities during the current financial period.

## 20. Corporate Proposals

There were no corporate proposal announced but not completed as at the date of this report except for the following:

- a) On 17 December 2004, the Company announced its proposal to issue up to 88,354,466 new ordinary shares of RM0.50 each in the Company representing not more than 30% of the enlarged issued and paid-up share capital of the Company after full exercise of the Irredeemable Convertible Preference Shares to investors to be identified later and/or via a placement agent to be appointed later ("Proposed Private Placement"). On 31 January 2005, the Ministry of International Trade and Industry has no objection to the Proposed Private Placement subject to the Securities Commission's approval pursuant to the Foreign Investment Committee's Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests.

On 7 March 2005, the Securities Commission ("SC") has approved the Proposed Private Placement subject to certain terms and conditions imposed by the SC. The Proposed Private Placement is pending the approval in principle from Bursa Malaysia Securities Berhad for the listing of and quotation for the proposed new ordinary shares to be issued and the approval from the shareholders of the Company.

- b) On 17 December 2004, the Company announced its proposal to establish an Employees' Share Option Scheme ("ESOS") of up to 15% of the issued and paid-up share capital of the Company to the eligible employees, executive and non-executive directors of the Company and its subsidiaries ("Proposed ESOS"). The Proposed ESOS is conditional upon the approval from Bursa Securities and shareholders of the Company.

# MAXTRAL INDUSTRY BERHAD

## 21. Borrowings

	Current Quarter 31/03/2005 <b>RM000</b>
Short term borrowings:	
Secured	<u>50,120</u> <u>50,120</u>
Long term borrowings:	
Secured	21,176
Unsecured	<u>2,636</u> <u>23,812</u>
	<u>73,932</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 31/03/2005	Preceding Year Corresponding Quarter 31/03/2004	Current Year Todate 31/03/2005	Preceding Year Corresponding Period 31/03/2004
<b>Basic</b>				
Net profit for the period (RM000)	1,032	1,304	1,032	1,304
Weighted average number of ordinary shares in issue ('000)	210,100	205,100	210,100	205,100
Basic earnings per share (Sen)	0.49	0.64	0.49	0.64
<b>Diluted</b>				
Net profit for the period (RM000)	1,032	1,304	1,032	1,304
Adjustment for after-tax effect of interest expense on ICPS (RM000)	<u>33</u>	<u>35</u>	<u>33</u>	<u>35</u>
Adjusted net profit for the period (RM000)	<u>1,065</u>	<u>1,339</u>	<u>1,065</u>	<u>1,339</u>
Weighted average number of ordinary shares in issue ('000)	210,100	205,100	210,100	205,100
Adjustment for assumed conversion of ICPS	<u>84,415</u>	<u>89,415</u>	<u>84,415</u>	<u>89,415</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>294,515</u>	<u>294,515</u>	<u>294,515</u>	<u>294,515</u>
Diluted earnings per share (Sen)	0.36	0.45	0.36	0.45