



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2005

### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2005	Preceding Year Corresponding Quarter 30/06/2004	Current Year Todate 30/06/2005	Preceding Year Corresponding Period 30/06/2004
	RM000	RM000	RM000	RM000
REVENUE	35,185	17,278	65,700	35,539
COST OF SALES	(27,185)	(12,847)	(51,888)	(26,705)
<b>GROSS PROFIT</b>	<b>8,000</b>	<b>4,431</b>	<b>13,812</b>	<b>8,834</b>
OTHER OPERATING INCOME	8	130	98	272
SELLING AND MARKETING EXPENSES	(2,388)	(427)	(4,601)	(1,012)
ADMINISTRATIVE EXPENSES	(768)	(1,296)	(1,659)	(2,371)
<b>PROFIT FROM OPERATIONS</b>	<b>4,852</b>	<b>2,838</b>	<b>7,650</b>	<b>5,723</b>
INTEREST INCOME	4	-	6	2
FINANCE COSTS	(1,275)	(1,395)	(2,608)	(2,163)
<b>PROFIT BEFORE TAXATION</b>	<b>3,581</b>	<b>1,443</b>	<b>5,048</b>	<b>3,562</b>
TAXATION	(1,092)	(443)	(1,497)	(1,225)
<b>PROFIT AFTER TAXATION</b>	<b>2,489</b>	<b>1,000</b>	<b>3,551</b>	<b>2,337</b>
MINORITY INTERESTS	(64)	(32)	(94)	(65)
<b>NET PROFIT FOR THE PERIOD</b>	<b>2,425</b>	<b>968</b>	<b>3,457</b>	<b>2,272</b>
<b>EARNINGS PER SHARE (SEN)</b>				
- Basic	1.15	0.46	1.65	1.10
- Diluted	0.83	0.34	1.20	0.80

*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

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## CONDENSED CONSOLIDATED BALANCE SHEET

	As At End Of Current Quarter 30/06/2005 <b>(Unaudited)</b> RM000	As At End Of 31/12/2004 <b>(Audited)</b> RM000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	55,070	53,973
Goodwill on consolidation	98,008	98,008
Deferred tax assets	1	-
	<u>153,079</u>	<u>151,981</u>
<b>CURRENT ASSETS</b>		
Inventories	27,654	25,003
Trade receivables	37,550	37,013
Other receivables	34,843	45,706
Cash and bank balances	4,392	1,718
	<u>104,439</u>	<u>109,440</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	43,792	49,450
Trade payables	4,047	3,561
Other payables	18,305	24,277
Tax payable	2	2
	<u>66,146</u>	<u>77,290</u>
<b>NET CURRENT ASSETS</b>	38,293	32,150
	<u>191,372</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 profits	13,160	9,703
Shareholders' equity	<u>157,781</u>	<u>154,324</u>
Minority interests	1,673	1,579
	<u>159,454</u>	<u>155,903</u>
Borrowings	29,540	27,348
Deferred tax liabilities	2,378	880
Non-current liabilities	<u>31,918</u>	<u>28,228</u>
	<u>191,372</u>	<u>184,131</u>
<b>Net Tangible Assets Per Share (Sen)</b>	25.69	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

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL RM000	SHARE PREMIUM RM000	OTHER RESERVE RM000	RETAINED PROFIT RM000	TOTAL RM000
AT 1 JANUARY 2004	102,550	35,766	6,149	3,823	148,288
CONVERSION OF ICPS TO ORDINARY SHARES	2,500	(2,000)	(344)	-	156
NET PROFIT FOR THE PERIOD	-	-	-	2,272	2,272
AT 30 JUNE 2004	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>6,095</u>	<u>150,716</u>
AT 1 JANUARY 2005	105,050	33,766	5,805	9,703	154,324
NET PROFIT FOR THE PERIOD	-	-	-	3,457	3,457
AT 30 JUNE 2005	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>13,160</u>	<u>157,781</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

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year Todate 30/06/2005 RM000	Preceding Year Corresponding Period 30/06/2004 RM000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,048	3,562
Adjustments for:		
Depreciation of property, plant and equipment	1,733	1,704
Gain on disposal of short term investment	-	(136)
Interest income	(6)	(2)
Interest expense	2,608	2,226
Operating profit before working capital changes	<u>9,383</u>	<u>7,354</u>
Increase in inventories	(2,651)	(3,983)
Decrease / (increase) in receivables	10,326	(46,625)
(Decrease) / increase in payables	(5,552)	5,248
Cash generated from operations	<u>11,506</u>	<u>(38,006)</u>
Interest paid	(2,542)	(2,163)
Net cash generated from / (used in) operating activities	<u>8,964</u>	<u>(40,169)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of short term investment	-	975
Interest received	6	2
Purchase of property, plant and equipment	(1,143)	(1,795)
Net cash used in investing activities	<u>(1,137)</u>	<u>(818)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from fixed deposit	-	2,600
Drawdown from term loans	-	37,383
Repayment of hire purchase financing	(431)	(346)
Repayment of term loans	(7,669)	(1,055)
Net movement in bankers' acceptance	(2,000)	(1,000)
Net movement in export credit refinancing	2,931	-
Net movement in revolving credits	1,964	2,000
Net cash (used in) / generated from financing activities	<u>(5,205)</u>	<u>39,582</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,622	(1,405)
<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>	1,910	(3,164)

*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

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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 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 30 June 2005 increased to RM65.70 million from RM35.54 million in the prior financial period ended 30 June 2004. This is due to consistent supply of logs as a result of favourable weather conditions. The Group's profit before taxation has increased from RM3.56 million for the prior financial period ended 30 June 2004 to RM5.05 million for the current financial period ended 30 June 2005. This is mainly attributed to higher revenue achieved for the current financial period.

## 14. Variation of Result to Preceding Quarter

The Group's profit before taxation for the current quarter ended 30 June 2005 of RM3.58 million represented an increase of RM2.11 million or 144% from the previous quarter ended 31 March 2005 of RM1.47 million. Moreover, the Group's revenue increased to RM35.18 million from RM30.51 million for the respective periods.

The increase in the Group's revenue is mainly due to increase in sales of logs. This is due to consistent supply of logs as a result of favourable weather conditions. Moreover, the Group's profit before taxation increased significantly mainly attributed to higher margin as a result of improvement in commodity prices during the current 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.

## 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 30/06/2005 RM000	Cumulative Year-To-Date 30/06/2005 RM000
Current taxation	-	-
Deferred taxation	<u>1,092</u>	<u>1,497</u>
	<u>1,092</u>	<u>1,497</u>

The effective tax rate for the current quarter is higher than the statutory tax rate principally due to certain expenses which are disallowable 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 undertake a private placement of up to 88,354,466 new ordinary shares of RM0.50 each in the Company representing approximately 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 ("**Proposed Private Placement**").

The Proposed Private Placement is to enable the Company to raise additional working capital for the Group and also to comply with the Foreign Investment Committee ("FIC")'s equity condition, i.e. to attain 30% Bumiputra equity within three years from the date of listing of the Company on Bursa Malaysia Securities Berhad ("Bursa Securities"), i.e. on or before 20 August 2006.

The shareholders of the Company have on 30 June 2005 approved the Proposed Private Placement whereas the approval-in-principle from Bursa Securities for the listing of such number of new shares pursuant to the Proposed Private Placement was obtained on 14 July 2005.

As the approval from SC for the Proposed Private Placement will expire on 7 September 2005, the Company has on 19 August 2005 applied to the SC for an extension of additional 12 months to 6 September 2006 to implement the Proposed Private Placement.

- 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 shareholders of the Company have on 30 June 2005 approved the Proposed ESOS whereas the approval-in-principle from Bursa Securities for the listing of such number of new shares pursuant to the Proposed ESOS was obtained on 14 July 2005. The effective date of implementation of the ESOS is 15 July 2005.

As additional information, the Company has not offered or granted to any eligible employees or any eligible directors, options to subscribe for new ordinary shares of the Company under the ESOS, as at the date of this report.

# MAXTRAL INDUSTRY BERHAD

## 21. Borrowings

	Current Quarter 30/06/2005 <b>RM000</b>
Short term borrowings:	
Secured	<u>43,792</u>
	<u>43,792</u>
Long term borrowings:	
Secured	26,904
Unsecured	<u>2,636</u>
	<u>29,540</u>
	<u>73,332</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

	Notional amount as at 24/08/2005 <b>RM000</b>
Forward foreign exchange contract	
Within 1 year	<u>4,033</u>
	<u>4,033</u>

Credit risk, or the risk of counterparties defaulting, is controlled by limiting the Group's association to creditworthy financial institutions in Malaysia.

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

There are no significant credit and market risks posed by the above off balance sheet financial instruments.

## 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.



## MAXTRAL INDUSTRY BERHAD

### 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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2005	Preceding Year Corresponding Quarter 30/06/2004	Current Year Todate 30/06/2005	Preceding Year Corresponding Period 30/06/2004
<b>Basic</b>				
Net profit for the period (RM000)	2,425	968	3,457	2,272
Weighted average number of ordinary shares in issue ('000)	210,100	209,110	210,100	207,105
Basic earnings per share (Sen)	1.15	0.46	1.65	1.10
<b>Diluted</b>				
Net profit for the period (RM000)	2,425	968	3,457	2,272
Adjustment for after-tax effect of interest expense on ICPS (RM000)	<u>33</u>	<u>39</u>	<u>66</u>	<u>74</u>
Adjusted net profit for the period (RM000)	<u>2,458</u>	<u>1,007</u>	<u>3,523</u>	<u>2,346</u>
Weighted average number of ordinary shares in issue ('000)	210,100	209,110	210,100	207,105
Adjustment for assumed conversion of ICPS	<u>84,415</u>	<u>84,415</u>	<u>84,415</u>	<u>84,415</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>294,515</u>	<u>293,525</u>	<u>294,515</u>	<u>291,520</u>
Diluted earnings per share (Sen)	0.83	0.34	1.20	0.80