



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2005

### CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2005	Preceding Year Corresponding Quarter 31/12/2004	Current Year Todate 31/12/2005	Preceding Year Corresponding Period 31/12/2004 <b>(Audited)</b> RM000
	RM000	RM000	RM000	RM000
REVENUE	48,472	40,721	158,247	100,354
COST OF SALES	(36,338)	(34,434)	(121,208)	(79,029)
<b>GROSS PROFIT</b>	<b>12,134</b>	<b>6,287</b>	<b>37,039</b>	<b>21,325</b>
OTHER OPERATING INCOME	80	8	189	288
SELLING AND MARKETING EXPENSI	(4,991)	(2,655)	(13,198)	(4,548)
ADMINISTRATIVE EXPENSES	(1,112)	(641)	(3,438)	(3,552)
<b>PROFIT FROM OPERATIONS</b>	<b>6,111</b>	<b>2,999</b>	<b>20,592</b>	<b>13,513</b>
INTEREST INCOME	16	-	50	2
FINANCE COSTS	(945)	(1,482)	(4,782)	(5,172)
<b>PROFIT BEFORE TAXATION</b>	<b>5,182</b>	<b>1,517</b>	<b>15,860</b>	<b>8,343</b>
TAXATION	(1,397)	(212)	(4,039)	(2,305)
<b>PROFIT AFTER TAXATION</b>	<b>3,785</b>	<b>1,305</b>	<b>11,821</b>	<b>6,038</b>
MINORITY INTERESTS	(106)	(33)	(314)	(158)
<b>NET PROFIT FOR THE PERIOD</b>	<b>3,679</b>	<b>1,272</b>	<b>11,507</b>	<b>5,880</b>
<b>EARNINGS PER SHARE (SEN)</b>				
- Basic	1.75	0.61	5.48	2.83
- Diluted	1.26	0.44	3.95	2.05

*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 31/12/2005 <b>(Unaudited)</b> RM000	As At End Of 31/12/2004 <b>(Audited)</b> RM000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	59,806	53,973
Goodwill on consolidation	98,008	98,008
Deferred tax assets	49	-
	<u>157,863</u>	<u>151,981</u>
<b>CURRENT ASSETS</b>		
Inventories	31,821	25,003
Trade receivables	30,270	37,013
Other receivables	20,167	45,706
Fixed deposit with a licensed bank	2,964	-
Cash and bank balances	6,199	1,718
	<u>91,421</u>	<u>109,440</u>
<b>CURRENT LIABILITIES</b>		
Borrowings	34,509	49,450
Trade payables	12,702	3,561
Other payables	7,826	24,277
Tax payable	3,332	2
	<u>58,369</u>	<u>77,290</u>
<b>NET CURRENT ASSETS</b>	33,052	32,150
	<u>190,915</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	21,210	9,703
Shareholders' equity	<u>165,831</u>	<u>154,324</u>
Minority interests	1,893	1,579
	<u>167,724</u>	<u>155,903</u>
Borrowings	21,554	27,348
Deferred tax liabilities	1,637	880
Non-current liabilities	<u>23,191</u>	<u>28,228</u>
	<u>190,915</u>	<u>184,131</u>
<b>Net Assets Per Share (Sen)</b>	77.07	71.44

*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	-	-	-	5,880	5,880
AT 31 DECEMBER 2004	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>9,703</u>	<u>154,324</u>
AT 1 JANUARY 2005	105,050	33,766	5,805	9,703	154,324
NET PROFIT FOR THE PERIOD	-	-	-	11,507	11,507
AT 31 DECEMBER 2005	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>21,210</u>	<u>165,831</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 31/12/2005 <b>RM000</b>	Preceding Year Corresponding Period 31/12/2004 <b>RM000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	15,860	8,343
Adjustments for:		
Depreciation of property, plant and equipment	3,556	3,422
Gain on disposal of short term investment	-	(136)
Loss on disposal of property, plant and equipment	25	1
Interest income	(50)	(2)
Interest expense	4,782	5,172
Operating profit before working capital changes	<u>24,173</u>	<u>16,800</u>
Increase in inventories	(6,818)	(7,023)
Decrease / (increase) in receivables	32,281	(50,391)
(Decrease) / increase in payables	(7,442)	12,036
Cash generated from / (used in) operations	<u>42,194</u>	<u>(28,578)</u>
Interest paid	(4,650)	(5,043)
Tax Paid	(2)	-
Net cash generated from / (used in) operating activities	<u>37,542</u>	<u>(33,621)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of short term investment	-	957
Proceed from disposal of property, plant and equipment	105	9
Interest received	50	2
Purchase of property, plant and equipment	(7,542)	(1,947)
Net cash used in investing activities	<u>(7,387)</u>	<u>(979)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from fixed deposit	-	2,600
Drawdown from term loans	-	37,382
Repayment of hire purchase financing	(968)	(726)
Repayment of term loans	(15,492)	(4,609)
Net movement in bankers' acceptance	(2,000)	(1,000)
Net movement in export credit refinancing	6,114	-
Net movement in revolving credits	(7,934)	2,000
Net cash (used in) / generated from financing activities	<u>(20,280)</u>	<u>35,647</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	9,875	1,047
<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>	9,163	(712)

*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.

# 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.

## 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 December 2005 increased to RM158.25 million from RM100.35 million in the prior financial period ended 31 December 2004. This is due to consistent supply of logs and improvement in commodity prices during the current financial period as compared to last financial period. The group's profit before taxation has increased from RM8.34 million for the prior financial period ended 31 December 2004 to RM15.86 million for the current financial period ended 31 December 2005. This is mainly attributed to higher revenue achieved during the current financial period.

## 14. Variation of Result to Preceding Quarter

The Group's profit before taxation for the current quarter ended 31 December 2005 of RM5.18 million represented a decrease of RM0.45 million or 8% from the previous quarter ended 30 September 2005 of RM5.63 million. Moreover, the Group's revenue increased to RM48.47 million from RM44.07 million for the respective periods.

The increase in the Group's revenue is mainly due to increase in sales of logs and panel products. This is due to consistent supply of logs and stronger demand for plywood. On the other hand, the Group's profit before taxation decreased mainly attributed to slight decrease in plywood and moulded products 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.

# 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 31/12/2005 RM000	Cumulative Year-To-Date 31/12/2005 RM000
Current taxation	3,332	3,332
Deferred taxation	<u>(1,935)</u>	<u>707</u>
	<u>1,397</u>	<u>4,039</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:

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 ("**Private Placement**").

The 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.

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## 20. Corporate Proposals (Continued)

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

The Company has obtained the Securities Commission's approval on 24 August 2005 to extend the implementation of the Private Placement to 6 March 2006.

## 21. Borrowings

	Current Quarter 31/12/2005 <b>RM000</b>
Short term borrowings:	
Secured	<u>34,509</u>
	<u>34,509</u>
Long term borrowings:	
Secured	18,918
Unsecured	<u>2,636</u>
	<u>21,554</u>
	<u>56,063</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 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.



## 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 31/12/2005	Preceding Year Corresponding Quarter 31/12/2004	Current Year Todate 31/12/2005	Preceding Year Corresponding Period 31/12/2004
<b>Basic</b>				
Net profit for the period (RM000)	3,679	1,272	11,507	5,880
Weighted average number of ordinary shares in issue ('000)	210,100	210,100	210,100	208,111
Basic earnings per share (Sen)	1.75	0.61	5.48	2.83
<b>Diluted</b>				
Net profit for the period (RM000)	3,679	1,272	11,507	5,880
Adjustment for after-tax effect of interest expense on ICPS (RM000)	<u>33</u>	<u>33</u>	<u>132</u>	<u>129</u>
Adjusted net profit for the period (RM000)	<u>3,712</u>	<u>1,305</u>	<u>11,639</u>	<u>6,009</u>
Weighted average number of ordinary shares in issue ('000)	210,100	210,100	210,100	208,111
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>294,515</u>	<u>294,515</u>	<u>292,526</u>
Diluted earnings per share (Sen)	1.26	0.44	3.95	2.05