



MAXTRAL INDUSTRY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2006 RM000	Preceding Year Corresponding Quarter 31/03/2005 RM000	Current Year To Date 31/03/2006 RM000	Preceding Year Corresponding Period 31/03/2005 RM000
REVENUE	45,790	30,515	45,790	30,515
COST OF SALES	(36,427)	(24,703)	(36,427)	(24,703)
GROSS PROFIT	9,363	5,812	9,363	5,812
OTHER INCOME	201	90	201	90
SELLING AND MARKETING EXPENSES	(2,544)	(2,213)	(2,544)	(2,213)
ADMINISTRATIVE EXPENSES	(823)	(891)	(823)	(891)
PROFIT FROM OPERATIONS	6,197	2,798	6,197	2,798
INTEREST INCOME	40	2	40	2
FINANCE COSTS	(858)	(1,333)	(858)	(1,333)
PROFIT BEFORE TAXATION	5,379	1,467	5,379	1,467
TAXATION	(1,572)	(405)	(1,572)	(405)
PROFIT FOR THE PERIOD	<u>3,807</u>	<u>1,062</u>	<u>3,807</u>	<u>1,062</u>
Attributable to:				
Equity holders of the parent	3,707	1,032	3,707	1,032
Minority Interest	100	30	100	30
PROFIT FOR THE PERIOD	<u>3,807</u>	<u>1,062</u>	<u>3,807</u>	<u>1,062</u>
EARNINGS PER SHARE (SEN)				
- Basic	1.76	0.49	1.76	0.49
- Diluted	1.27	0.36	1.27	0.36

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2005



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) As At End Of Current Quarter 31/03/2006 RM000	(Audited) As At Preceding Financial Year End 31/12/2005 RM000
ASSETS		
Non-Current Assets		
Property, plant and equipment	60,170	59,806
Goodwill on consolidation	98,008	98,008
Deferred tax assets	49	49
	<u>158,227</u>	<u>157,863</u>
Current Assets		
Inventories	25,552	31,821
Trade receivables	40,573	30,270
Other receivables	15,942	20,162
Cash and bank balances	17,914	9,163
	<u>99,981</u>	<u>91,416</u>
TOTAL ASSETS	<u>258,208</u>	<u>249,279</u>
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share capital	105,050	105,050
Share premium	33,766	33,766
Other reserve	5,805	5,805
Retained earnings	24,911	21,204
	<u>169,532</u>	<u>165,825</u>
Minority Interest	1,993	1,893
Total Equity	<u>171,525</u>	<u>167,718</u>
Non-Current Liabilities		
Borrowings	17,420	21,555
Deferred tax liabilities	1,299	1,637
	<u>18,719</u>	<u>23,192</u>
Current Liabilities		
Borrowings	45,047	34,509
Trade payables	8,275	12,702
Other payables	9,399	7,826
Tax payable	5,243	3,332
	<u>67,964</u>	<u>58,369</u>
Total Liabilities	<u>86,683</u>	<u>81,561</u>
TOTAL EQUITY AND LIABILITIES	<u>258,208</u>	<u>249,279</u>
Net Assets Per Share (Sen)	78.88	77.06

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2005



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable To Equity Holders Of The Parent				MINORITY INTEREST	TOTAL EQUITY	
	SHARE CAPITAL RM000	Non-Distributable		Distributable RETAINED EARNINGS RM000			
		SHARE PREMIUM RM000	OTHER RESERVE RM000				TOTAL RM000
At 1 January 2005	105,050	33,766	5,805	9,703	154,324	1,579	155,903
Profit for the period	-	-	-	1,032	1,032	30	1,062
AT 31 March 2005	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>10,735</u>	<u>155,356</u>	<u>1,609</u>	<u>156,965</u>
At 1 January 2006	105,050	33,766	5,805	21,204	165,825	1,893	167,718
Profit for the period	-	-	-	3,707	3,707	100	3,807
AT 31 March 2006	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>24,911</u>	<u>169,532</u>	<u>1,993</u>	<u>171,525</u>

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2005



MAXTRAL INDUSTRY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 31/03/2006 RM000	Preceding Year Corresponding Period 31/03/2005 RM000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,379	1,467
Adjustments for:		
Depreciation of property, plant and equipment	1,218	866
Interest income	(40)	(2)
Interest expense	858	1,333
Operating profit before working capital changes	<u>7,415</u>	<u>3,664</u>
Decrease in inventories	6,269	856
Increase in receivables	(6,082)	(14)
Decrease in payables	(2,887)	(634)
Cash generated from operations	<u>4,715</u>	<u>3,872</u>
Interest paid	(825)	(1,300)
Net cash generated from operating activities	<u>3,890</u>	<u>2,572</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	3	-
Interest received	40	2
Purchase of property, plant and equipment	(1,585)	(19)
Net cash used in investing activities	<u>(1,542)</u>	<u>(17)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from export credit refinancing	8,595	-
Drawdown of revolving credits	14,930	-
Repayment of hire purchase liabilities	(184)	(197)
Repayment of term loans	(3,929)	(3,370)
Repayment of export credit refinancing	(8,009)	-
Repayment of revolving credits	(5,000)	-
Net cash generated from / (used in) financing activities	<u>6,403</u>	<u>(3,567)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,751	(1,012)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,163	(712)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17,914	(1,724)

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2005



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentations of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs does not have significant financial impact on the Group.

The Group has not elected for the early adoption of the following FRSs which were in issue but not yet effective at the date of issue of these interim financial statements.

FRS117	Leases
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding annual financial statements was not qualified.



MAXTRAL INDUSTRY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A4. Segmental Information

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

A5. Unusual Items due to their Nature, Size or Incidence

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

A6. Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the estimated useful lives of certain plant and machineries from twenty years to five or ten years with effect from 1 January 2006. The revisions were accounted for as a change in accounting estimates and as result, the depreciation charge for the current quarter ended 31 March 2006 have been increased by RM288,000.

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

A7. Seasonal and Cyclical Factors

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

A8. Dividend Paid

No dividend was paid during the financial quarter under review.

A9. Carrying Amount of Revalued Assets

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

A10. Debt and Equities Securities

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

A11. Changes in Composition of the Group

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



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A12. Contingent Liabilities and Contingent Assets

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

A13. Subsequent Events

There were no material events subsequent to the end of the current quarter ended 31 March 2006, except for the issuance of RM80.0 million Al Bai' Bithaman Ajil Debt Securities ("BaIDS") on 13 April 2006 by the Company as further detailed under Note B8(b) to this Interim Financial Report.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Review of Performance

The Group's revenue for the current financial period ended 31 March 2006 increased to RM45.79 million from RM30.52 million in the prior financial period ended 31 March 2005. This is due to higher demand for timber and wood based products from timber consuming countries in East Asia. The Group's profit before taxation has increased from RM1.47 million for the prior financial period ended 31 March 2005 to RM5.37 million for the current financial period ended 31 March 2006. This is mainly attributed to higher revenue achieved during the current financial period.

B2. Variation of Result to Immediate Preceding Quarter

The Group's profit before taxation for the current quarter ended 31 March 2006 of RM5.37 million which is comparable to the preceding quarter ended 31 December 2005 of RM5.18 million. However, the Group's revenue recorded a decrease of RM2.68 million to RM45.79 million from RM48.47 million for the respective quarters. The slight decrease in Group's revenue is due mainly to slower production and sales in the festive and monsoon period.

B3. 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.

B4. 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

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B5. Taxation

	Current Quarter 31/03/2006 RM000	Current Year To Date 31/03/2006 RM000
Current taxation	1,910	1,910
Deferred taxation	<u>(338)</u>	<u>(338)</u>
	<u>1,572</u>	<u>1,572</u>

The effective tax rate for the current quarter and current year to date is comparable to the statutory tax rate.

B6. 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.

B7. Quoted Securities

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

B8. Corporate Proposals

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

- a. The Group has in 2005 obtained all the necessary approvals to issue 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 Company had obtained the Securities Commission ("SC")'s approval on 24 August 2005 to extend the implementation of the Private Placement to 6 March 2006.

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'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, i.e. on or before 20 August 2006.

On 24 February 2006, a further six months extension of time from 6 March 2006 to 6 September 2006 for the Company to complete the Private Placement has been granted by the SC.

- b. The Company has on 27 February 2006 announced that the SC has on 24 February 2006 approved the proposed issuance of RM100.0 million Islamic Securities Facilities ("ISF") by the Company, comprising of:
- (i) RM80.0 million Al Bai' Bithaman Ajil Debt Securities ("BaIDS") Facility; and
 - (ii) RM20.0 million Murabahah Underwritten Notes Issuance Facility ("MUNIF") / Murabahah Medium Term Notes ("MMTN") Issuance Facility ("MUNIF/MMTN Facility").



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B8. Corporate Proposals (continued)

On 13 April 2006, the Company has issued the RM80.0 million BaIDS with tenures of 3 to 6 years from the date of issuance, to refinance and/or repay bank borrowings of the Group, to finance the Group's capital expenditures, working capital requirements which are Syariah-compliant and the related relevant ISF issuance expenses.

	RM000
Total proceeds from issuance of BaIDS	80,000
Utilised	<u>69,440</u>
Unutilised	<u><u>10,560</u></u>

The Company has yet to issue the MUNIF and/or MMTN.

B9. Borrowings

	As At 31/03/2006 RM000	As At 31/12/2005 RM000
Short term borrowings:		
Secured	<u>45,047</u>	<u>34,509</u>
	<u>45,047</u>	<u>34,509</u>
Long term borrowings:		
Secured	14,784	18,919
Unsecured	<u>2,636</u>	<u>2,636</u>
	<u>17,420</u>	<u>21,555</u>
	<u><u>62,467</u></u>	<u><u>56,064</u></u>

The unsecured long term borrowings represent the liability component of the Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS"). There were no movements in the ICPS during the current period under review.

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

There was no pending material litigation at the date of this report.

B12. Dividend Declared

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



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B13. Earnings Per Share

The basic earning per share amounts are calculated by dividing the profit for the period attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2006	Preceding Year Corresponding Quarter 31/03/2005	Current Year To Date 31/03/2006	Preceding Year Corresponding Period 31/03/2005
Basic				
Profit attributable to equity holders of the parent (RM000)	<u>3,707</u>	<u>1,032</u>	<u>3,707</u>	<u>1,032</u>
Weighted average number of ordinary shares in issue ('000)	<u>210,100</u>	<u>210,100</u>	<u>210,100</u>	<u>210,100</u>
Basic earnings per share (Sen)	1.76	0.49	1.76	0.49
Diluted				
Profit attributable to equity holders of the parent (RM000)	3,707	1,032	3,707	1,032
Adjustment for after-tax effect of interest expense on ICPS (RM000)	33	33	33	33
Adjusted profit attributable to equity holders of the parent (RM000)	<u>3,740</u>	<u>1,065</u>	<u>3,740</u>	<u>1,065</u>
Weighted average number of ordinary shares in issue ('000)	210,100	210,100	210,100	210,100
Adjustment for assumed conversion of ICPS ('000)	84,415	84,415	84,415	84,415
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)	1.27	0.36	1.27	0.36