



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2006 RM000	Preceding Year Corresponding Quarter 30/06/2005 RM000	Current Year To Date 30/06/2006 RM000	Preceding Year Corresponding Period 30/06/2005 RM000
REVENUE	56,387	35,185	102,177	65,700
COST OF SALES	(43,711)	(27,185)	(80,138)	(51,888)
GROSS PROFIT	12,676	8,000	22,039	13,812
OTHER INCOME	267	8	468	98
SELLING AND MARKETING EXPENSES	(5,243)	(2,388)	(7,787)	(4,601)
ADMINISTRATIVE EXPENSES	(1,879)	(768)	(2,702)	(1,659)
PROFIT FROM OPERATIONS	5,821	4,852	12,018	7,650
INTEREST INCOME	192	4	232	6
FINANCE COSTS	(1,574)	(1,275)	(2,432)	(2,608)
PROFIT BEFORE TAXATION	4,439	3,581	9,818	5,048
TAXATION	(1,273)	(1,092)	(2,845)	(1,497)
PROFIT FOR THE PERIOD	3,166	2,489	6,973	3,551
Attributable to:				
Equity holders of the parent	3,053	2,425	6,760	3,457
Minority Interest	113	64	213	94
PROFIT FOR THE PERIOD	3,166	2,489	6,973	3,551
EARNINGS PER SHARE (SEN)				
- Basic	1.45	1.15	3.22	1.65
- Diluted	1.05	0.83	2.32	1.20

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) As At End Of Current Quarter 30/06/2006 RM000	(Audited) As At Preceding Financial Year End 31/12/2005 RM000
ASSETS		
Non-Current Assets		
Property, plant and equipment	59,694	59,806
Goodwill on consolidation	98,008	98,008
Deferred tax assets	49	49
	<u>157,751</u>	<u>157,863</u>
Current Assets		
Inventories	26,452	31,821
Trade receivables	30,452	30,270
Other receivables	12,248	20,162
Short term investment	30,072	-
Cash and bank balances	17,864	9,163
	<u>117,088</u>	<u>91,416</u>
TOTAL ASSETS	<u>274,839</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	27,964	21,204
	<u>172,585</u>	<u>165,825</u>
Minority Interest	<u>2,106</u>	<u>1,893</u>
Total Equity	<u>174,691</u>	<u>167,718</u>
Non-Current Liabilities		
Borrowings	82,636	21,555
Deferred tax liabilities	7,712	1,637
	<u>90,348</u>	<u>23,192</u>
Current Liabilities		
Borrowings	31	34,509
Trade payables	3,918	12,702
Other payables	5,750	7,826
Tax payable	101	3,332
	<u>9,800</u>	<u>58,369</u>
Total Liabilities	<u>100,148</u>	<u>81,561</u>
TOTAL EQUITY AND LIABILITIES	<u>274,839</u>	<u>249,279</u>
Net Assets Per Share (Sen)	79.38	76.16

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable To Equity Holders Of The Parent				MINORITY INTEREST	TOTAL EQUITY	
	SHARE CAPITAL RM000	Non-Distributable		Distributable			
		SHARE PREMIUM RM000	OTHER RESERVE RM000	RETAINED EARNINGS 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	-	-	-	3,457	3,457	94	3,551
AT 30 June 2005	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>13,160</u>	<u>157,781</u>	<u>1,673</u>	<u>159,454</u>
At 1 January 2006	105,050	33,766	5,805	21,204	165,825	1,893	167,718
Profit for the period	-	-	-	6,760	6,760	213	6,973
AT 30 June 2006	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>27,964</u>	<u>172,585</u>	<u>2,106</u>	<u>174,691</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



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date 30/06/2006 RM000	Preceding Year Corresponding Period 30/06/2005 RM000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,818	5,048
Adjustments for:		
Depreciation of property, plant and equipment	2,301	1,733
Income from short term investment	(72)	-
Interest income	(232)	(6)
Interest expense	2,432	2,608
Operating profit before working capital changes	<u>14,247</u>	<u>9,383</u>
Decrease / (increase) in inventories	5,370	(2,651)
Decrease in receivables	7,732	10,326
Decrease in payables	(10,926)	(5,552)
Cash generated from operations	<u>16,423</u>	<u>11,506</u>
Interest paid	(2,366)	(2,542)
Tax paid	(2)	-
Net cash generated from operating activities	<u>14,055</u>	<u>8,964</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	3	-
Income from short term investment	72	-
Interest received	232	6
Purchase of property, plant and equipment	(2,192)	(1,143)
Net cash used in investing activities	<u>(1,885)</u>	<u>(1,137)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from BaIDS	80,000	-
Drawdown of bankers' acceptances	-	2,000
Drawdown of export credit refinancing	12,959	2,931
Drawdown of revolving credits	14,930	2,000
Repayment of hire purchase liabilities	(1,886)	(431)
Repayment of term loans	(33,332)	(7,669)
Repayment of revolving credits	(23,995)	(36)
Repayment of bankers' acceptance	-	(4,000)
Repayment of export credit refinancing	(22,073)	-
Net cash generated from / (used in) financing activities	<u>26,603</u>	<u>(5,205)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,773	2,622
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,163	(712)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	47,936	1,910

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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

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.

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 30 June 2006.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2006

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 30 June 2006 increased to RM102.18 million from RM65.70 million in the prior financial period ended 30 June 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 RM5.05 million for the prior financial period ended 30 June 2005 to RM9.82 million for the current financial period ended 30 June 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 30 June 2006 of RM4.44 million is lower by 17% compared to the preceding quarter ended 31 March 2006 of RM5.38 million, despite the Group's revenue recorded a increase of RM10.60 million to RM56.39 million from RM45.79 million for the respective quarters. This is due to higher selling, administrative and finance expenses incurred during the current quarter.

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.

B5. Taxation

	Current Year Quarter 30/06/2006 RM000	Current Year To Date 30/06/2006 RM000
Current taxation	(1,825)	85
Deferred taxation	6,413	6,075
Over provision in prior year	(3,315)	(3,315)
	<u>1,273</u>	<u>2,845</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.



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

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:

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 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 listing of the Company on Bursa Malaysia Securities Berhad, i.e. on or before 20 August 2006. The Company had on 25 July 2006 submitted an application to the FIC for the extension of time to comply with the equity condition. Meanwhile, the Company has been granted an extension of time to 6 March 2007 by the Securities Commission to complete the Private Placement.

B9. Borrowings

	As At 30/06/2006 RM000	As At 31/12/2005 RM000
Short term borrowings:		
Secured	<u>31</u>	<u>34,509</u>
	<u>31</u>	<u>34,509</u>
Long term borrowings:		
Secured	80,000	18,919
Unsecured	<u>2,636</u>	<u>2,636</u>
	<u>82,636</u>	<u>21,555</u>
	<u>82,667</u>	<u>56,064</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.



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

B12. Dividend Declared

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

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 30/06/2006	Preceding Year Corresponding Quarter 30/06/2005	Current Year To Date 30/06/2006	Preceding Year Corresponding Period 30/06/2005
Basic				
Profit attributable to equity holders of the parent (RM000)	<u>3,053</u>	<u>2,425</u>	<u>6,760</u>	<u>3,457</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)	1.45	1.15	3.22	1.65
Diluted				
Profit attributable to equity holders of the parent (RM000)	3,053	2,425	6,760	3,457
Adjustment for after-tax effect of interest expense on ICPS (RM000)	<u>33</u>	<u>33</u>	<u>66</u>	<u>66</u>
Adjusted profit attributable to equity holders of the parent (RM000)	<u>3,086</u>	<u>2,458</u>	<u>6,826</u>	<u>3,523</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)	<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>294,515</u>
Diluted earnings per share (Sen)	1.05	0.83	2.32	1.20