



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2007	Preceding Year Corresponding Quarter 30/09/2006	Current Year To Date 30/09/2007	Preceding Year Corresponding Period 30/09/2006
	RM'000	RM'000	RM'000	RM'000
REVENUE	21,897	63,665	77,194	165,842
COST OF SALES	(11,992)	(50,941)	(54,228)	(131,079)
<b>GROSS PROFIT</b>	<b>9,905</b>	<b>12,724</b>	<b>22,966</b>	<b>34,763</b>
OTHER INCOME	5,252	538	7,914	1,238
SELLING AND MARKETING EXPENSES	(758)	(3,681)	(4,068)	(11,468)
ADMINISTRATIVE EXPENSES	(989)	(3,020)	(2,993)	(5,722)
OTHER EXPENSES	(6,562)	-	(6,562)	-
<b>PROFIT FROM OPERATIONS</b>	<b>6,848</b>	<b>6,561</b>	<b>17,257</b>	<b>18,811</b>
FINANCE COSTS	(1,931)	(1,608)	(5,992)	(4,040)
<b>PROFIT BEFORE TAXATION</b>	<b>4,917</b>	<b>4,953</b>	<b>11,265</b>	<b>14,771</b>
INCOME TAX	(1,336)	(1,386)	(3,246)	208
<b>PROFIT FOR THE PERIOD</b>	<b>3,581</b>	<b>3,567</b>	<b>8,019</b>	<b>14,979</b>
<b>Attributable to:</b>				
Equity holders of the parent	3,473	3,470	7,746	14,559
Minority Interest	108	97	273	420
<b>PROFIT FOR THE PERIOD</b>	<b>3,581</b>	<b>3,567</b>	<b>8,019</b>	<b>14,979</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (SEN) :</b>				
- Basic	1.65	1.65	3.69	6.93
- Diluted	1.19	1.19	2.66	4.98

*The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.*



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

## CONDENSED CONSOLIDATED BALANCE SHEET

	As At 30/09/2007 RM'000 (Unaudited)	As At 31/12/2006 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	60,777	54,236
Prepaid land lease payments	16,976	7,315
Goodwill on consolidation	98,008	98,008
Deferred tax assets	49	49
	<u>175,810</u>	<u>159,608</u>
<b>Current Assets</b>		
Property development costs	9,865	-
Inventories	22,341	23,350
Trade receivables	30,199	27,981
Other receivables	58,829	9,293
Investment in money market instruments	-	33,713
Cash and bank balances	15,557	26,349
	<u>136,791</u>	<u>120,686</u>
<b>TOTAL ASSETS</b>	<b><u>312,601</u></b>	<b><u>280,294</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Share capital	105,050	105,050
Share premium	33,766	33,766
Other reserve	5,805	5,805
Retained earnings	41,896	34,150
	<u>186,517</u>	<u>178,771</u>
<b>Minority Interest</b>	<u>2,561</u>	<u>2,288</u>
<b>Total Equity</b>	<b><u>189,078</u></b>	<b><u>181,059</u></b>
<b>Non-Current Liabilities</b>		
Borrowings	82,868	82,636
Deferred tax liabilities	9,945	9,011
	<u>92,813</u>	<u>91,647</u>
<b>Current Liabilities</b>		
Borrowings	20,062	-
Trade payables	2,858	3,180
Other payables	5,504	4,373
Tax payable	2,286	35
	<u>30,710</u>	<u>7,588</u>
<b>Total Liabilities</b>	<b><u>123,523</u></b>	<b><u>99,235</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>312,601</u></b>	<b><u>280,294</u></b>
<b>Net Assets Per Share (Sen)</b>	86.01	82.33

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent					Minority Interest	Total Equity
	Non-Distributable		Distributable				
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	OTHER RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000		
<b>At 1 January 2006</b>	105,050	33,766	5,805	17,042	161,663	1,787	163,450
Profit for the period	-	-	-	14,559	14,559	420	14,979
<b>At 30 September 2006</b>	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>31,601</u>	<u>176,222</u>	<u>2,207</u>	<u>178,429</u>
<b>At 1 January 2007</b>	105,050	33,766	5,805	34,150	178,771	2,288	181,059
Profit for the period	-	-	-	7,746	7,746	273	8,019
<b>At 30 September 2007</b>	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>41,896</u>	<u>186,517</u>	<u>2,561</u>	<u>189,078</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 2006 and the accompanying explanatory notes attached to the interim financial statements.*



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended	
	30/09/2007	30/09/2006
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,265	14,771
Adjustments for:		
Depreciation of property, plant and equipment	3,696	3,408
Gain on disposal of property, plant and equipment	(175)	-
Property, plant and equipment written off	518	29
Bad debts written off	5	-
Income received from investment in money market instruments	(144)	(364)
Interest income	(946)	(356)
Finance costs	5,992	4,040
Operating profit before working capital changes	20,211	21,528
Decrease in inventories	1,009	7,238
(Increase) / decrease in receivables	(51,043)	12,561
Decrease in payables	(866)	(6,813)
Development costs incurred	(203)	-
Cash (used in) / generated from operations	(30,892)	34,514
Interest paid	(5,033)	(3,941)
Income tax paid	(60)	(25)
Net cash (used in) / generated from operating activities	(35,985)	30,548
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10,803)	(4,156)
Purchase of prepaid land lease payments	(9,798)	-
Purchase of land held for property development	(9,662)	-
Proceeds from disposal of property, plant and equipment	359	4
Interest received	946	356
Income received from investment in money market instruments	144	364
Net cash used in investing activities	(28,814)	(3,432)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceed from BaIDS / MUNIF	20,000	80,000
Proceed from hire purchase liabilities	297	-
Drawdown of export credit refinancing	-	12,959
Drawdown of revolving credits	-	14,930
Repayment of hire purchase liabilities	(3)	(1,909)
Repayment of term loans	-	(33,332)
Repayment of revolving credits	-	(23,995)
Repayment of export credit refinancing	-	(22,073)
Net cash generated from financing activities	20,294	26,580
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(44,505)	53,696
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	60,062	9,163
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	15,557	62,859

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 2006 and the accompanying explanatory notes attached to the interim financial statements.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

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### A. EXPLANATORY NOTES PURSUANT TO FRS 134

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#### 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 2006. 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 2006.

#### 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 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") for the first time :

FRS 117	Leases
FRS 124 :	Related Party Disclosures

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

FRS 139	Financial Instruments: Recognition and Measurement
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The adoption of FRS 117 and 124 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRS is discussed below :

FRS 117 : Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term. A lease of land and buildings is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortised revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed in Note A3, certain comparative amounts as at 31 December 2006 have been restated.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

### A. EXPLANATORY NOTES PURSUANT TO FRS 134

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#### A3. Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRS:

	Previously stated	Adjustment FRS 117 (Note A2)	Restated
	RM'000	RM'000	RM'000
<b>At 31 December 2006</b>			
Property, plant and equipment	61,551	(7,315)	54,236
Prepaid land lease payments	-	7,315	7,315

#### A4. Auditors' Report on Preceding Annual Financial Statements

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

#### A5. Segmental Information

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

#### A6. Unusual Items due to their Nature, Size or Incidence

During the financial period under review, a fire occurred in one of the designated storage areas of the factory in which inventories, minor machineries and storage area amounting to RM6.56 million was charged out in the income statement and the related insurance claim recoverable amounting to RM6.38 million was recognised in the income statement.

Save for the above, 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.

#### A7. Changes in Estimates

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

#### A8. Seasonal and Cyclical Factors

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



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

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### A. EXPLANATORY NOTES PURSUANT TO FRS 134

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#### A9. Dividend Paid

No dividend was paid during the financial quarter under review.

#### A10. Carrying Amount of Revalued Assets

There were no valuations of property, plant and equipment have been brought forward without amendment from the preceding annual financial statements.

#### A11. Debt and Equities Securities

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

#### A12. Changes in Composition of the Group

Save for the acquisition of the entire equity interest in Maxtral Builders Sdn Bhd on 15 March 2007 as reported in the previous quarter ended 30 June 2007, there were no other changes in the composition of the Group during the current quarter under review.

#### A13. Contingent Liabilities and Contingent Assets

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

#### A14. Subsequent Events

On 25 October 2007, the Company acquired the remaining 1,000,000 ordinary shares of RM1.00 each in Kin Yip Wood Industries Sdn Bhd ("KYWI") representing approximately 2.48% of the issued and paid-up capital of KYWI, which are not already owned by the Company for a total cash consideration of RM3,000,000. With the said acquisition, KYWI became a wholly owned subsidiary of the Company.

Save for the above, there were no material events subsequent to the end of the current quarter ended 30 September 2007.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

### **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 September 2007 decreased to RM77.19 million from RM165.84 million in the prior financial period ended 30 September 2006 due to continued raining season affecting log supply during the period under review.

The Group's profit before taxation has decreased from RM14.77 million for the prior financial period ended 30 September 2006 to RM11.27 million for the current financial period ended 30 September 2007, a decrease of 24% is mainly attributed to lower revenue achieved during the current financial period.

#### **B2. Variation of Result to Immediate Preceding Quarter**

For the current quarter ended 30 September 2007, the Group's revenue has decreased to RM21.90 million from RM29.81 million for the immediate preceding quarter ended 30 June 2007 due to continued raining season affecting log supply during the period under review.

However, the Group's profit before taxation has increased by 17% to RM4.92 million from RM4.20 million for the respective quarters due principally to the lower operating and administrative costs incurred during the current quarter.

#### **B3. Company's Prospects**

The directors are of the opinion that the performance for the remaining period to the end of financial year is dependent on external factors affecting prices and demand for panel products, moulding products and logs.

#### **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. Income tax**

	Current Quarter 30/09/2007 RM'000	Current Year To Date 30/09/2007 RM'000
Current taxation	1,776	2,366
Deferred taxation	(440)	934
Over provision in prior year	-	(54)
	<u>1,336</u>	<u>3,246</u>

The effective tax rate for the current quarter and current year to date is higher than the statutory tax rate due to certain expenses which are disallowable for tax purposes.





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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

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

#### **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:

The Group has in 2005 obtained approvals from Foreign Investment Committee ("FIC"), Securities Commission, shareholders of the Company and Bursa Malaysia Securities Berhad 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"). On 10 September 2007, the Securities Commission granted an extension of time from 7 September 2007 to 6 March 2008 to complete the 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. On 25 July 2006 Company submitted an application to the FIC for the extension of time. On 28 February 2007, the FIC had granted a further extension of time up to 30 June 2008 for the Company to meet the Bumiputra equity condition.

#### **B9. Borrowings**

	As At 30/09/2007 <b>RM'000</b>	As At 31/12/2006 <b>RM'000</b>
Short term borrowings:		
Secured	20,062	-
Long term borrowings:		
Secured	80,232	80,000
Unsecured	2,636	2,636
	82,868	82,636

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.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

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

#### **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.

#### **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 30/09/2007	Preceding Year Corresponding Quarter 30/09/2006	Current Year To Date 30/09/2007	Preceding Year Corresponding Period 30/09/2006
<b>Basic</b>				
Profit attributable to equity holders of the parent (RM'000)	<u>3,473</u>	<u>3,470</u>	<u>7,746</u>	<u>14,559</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)	1.65	1.65	3.69	6.93



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

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

#### B13. Earnings Per Share (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2007	Preceding Year Corresponding Quarter 30/09/2006	Current Year To Date 30/09/2007	Preceding Year Corresponding Period 30/09/2006
<b>Diluted</b>				
Profit attributable to equity holders of the parent (RM'000)	3,473	3,470	7,746	14,559
Adjustment for after-tax effect of interest expense on ICPS (RM'000)	33	33	99	99
Adjusted profit attributable to equity holders of the parent (RM'000)	<u>3,506</u>	<u>3,503</u>	<u>7,845</u>	<u>14,658</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)	1.19	1.19	2.66	4.98