



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2008	Preceding Year Corresponding Quarter 31/03/2007	Current Year To Date 31/03/2008	Preceding Year Corresponding Period 31/03/2007
	RM'000	RM'000	RM'000	RM'000
REVENUE	26,039	25,487	26,039	25,487
COST OF SALES	(21,461)	(19,372)	(21,461)	(19,372)
<b>GROSS PROFIT</b>	<b>4,578</b>	<b>6,115</b>	<b>4,578</b>	<b>6,115</b>
OTHER INCOME	147	491	147	491
SELLING AND MARKETING EXPENSES	(672)	(1,637)	(672)	(1,637)
ADMINISTRATIVE EXPENSES	(1,465)	(1,209)	(1,465)	(1,209)
<b>PROFIT FROM OPERATIONS</b>	<b>2,588</b>	<b>3,760</b>	<b>2,588</b>	<b>3,760</b>
FINANCE COSTS	(2,017)	(1,608)	(2,017)	(1,608)
<b>PROFIT BEFORE TAXATION</b>	<b>571</b>	<b>2,152</b>	<b>571</b>	<b>2,152</b>
INCOME TAX	(430)	(957)	(430)	(957)
<b>PROFIT FOR THE PERIOD</b>	<b>141</b>	<b>1,195</b>	<b>141</b>	<b>1,195</b>
<b>Attributable to:</b>				
Equity holders of the parent	141	1,133	141	1,133
Minority Interest	-	62	-	62
<b>PROFIT FOR THE PERIOD</b>	<b>141</b>	<b>1,195</b>	<b>141</b>	<b>1,195</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (SEN) :</b>				
- Basic	0.07	0.54	0.07	0.54
- Diluted	0.06	0.40	0.06	0.40

*The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.*



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

## CONDENSED CONSOLIDATED BALANCE SHEET

	As At 31/03/2008 (Unaudited) RM'000	As At 31/12/2007 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	87,564	80,201
Prepaid land lease payments	16,987	17,012
Biological assets	19	16
Goodwill on consolidation	98,426	98,426
Deferred tax assets	330	311
	<u>203,326</u>	<u>195,966</u>
<b>Current Assets</b>		
Property development costs	10,200	10,121
Inventories	25,005	19,965
Trade receivables	22,607	31,759
Other receivables	46,386	46,043
Cash and bank balances	15,941	19,513
	<u>120,139</u>	<u>127,401</u>
<b>TOTAL ASSETS</b>	<b><u>323,465</u></b>	<b><u>323,367</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	44,731	44,590
<b>Total Equity</b>	<b><u>189,352</u></b>	<b><u>189,211</u></b>
<b>Non-Current Liabilities</b>		
Borrowings	82,835	82,852
Deferred tax liabilities	10,088	9,608
	<u>92,923</u>	<u>92,460</u>
<b>Current Liabilities</b>		
Borrowings	21,768	27,433
Trade payables	2,903	1,158
Other payables	14,973	10,969
Tax payable	1,546	2,136
	<u>41,190</u>	<u>41,696</u>
<b>Total Liabilities</b>	<b><u>134,113</u></b>	<b><u>134,156</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>323,465</u></b>	<b><u>323,367</u></b>
<b>Net Assets Per Share (Sen)</b>	87.36	87.29

*The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.*



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent				TOTAL	Minority Interest	Total Equity
	Non-Distributable		Distributable				
	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVE	RETAINED EARNINGS			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2007</b>	105,050	33,766	5,805	34,150	178,771	2,288	181,059
Profit for the period	-	-	-	1,133	1,133	62	1,195
<b>At 31 March 2007</b>	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>35,283</u>	<u>179,904</u>	<u>2,350</u>	<u>182,254</u>
<b>At 1 January 2008</b>	105,050	33,766	5,805	44,590	189,211	-	189,211
Profit for the period	-	-	-	141	141	-	141
<b>At 31 March 2008</b>	<u>105,050</u>	<u>33,766</u>	<u>5,805</u>	<u>44,731</u>	<u>189,352</u>	<u>-</u>	<u>189,352</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 2007 and the accompanying explanatory notes attached to the interim financial statements.*



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended	
	31/03/2008	31/03/2007
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	571	2,152
Adjustments for:		
Depreciation of property, plant and equipment	1,249	1,180
Gain on disposal of property, plant and equipment	(14)	(6)
Income received from investment in money market instruments	-	(144)
Interest income	(133)	(222)
Finance costs	2,017	1,608
Operating profit before working capital changes	<u>3,690</u>	<u>4,568</u>
Increase in inventories	(5,040)	(1,715)
Decrease in receivables	8,489	630
Increase in payables	4,161	7,390
Development costs incurred	(79)	-
Cash generated from operations	<u>11,221</u>	<u>10,873</u>
Interest paid	(110)	-
Income tax paid	<u>(559)</u>	<u>(15)</u>
Net cash generated from operating activities	<u>10,552</u>	<u>10,858</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,658)	(818)
Purchase of prepaid land lease payments	-	(9,798)
Payment for planting expenditure	(1)	-
Proceeds from disposal of property, plant and equipment	83	141
Interest received	133	222
Income received from investment in money market instruments	-	144
Net cash used in investing activities	<u>(8,443)</u>	<u>(10,109)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase liabilities	(15)	-
Repayment of export credit refinancing	(5,666)	-
Net cash used in financing activities	<u>(5,681)</u>	<u>-</u>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,572)</u>	<u>749</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<u>19,513</u>	<u>60,062</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u>15,941</u>	<u>60,811</u>

*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 2007 and the accompanying explanatory notes attached to the interim financial statements.*



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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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 2007. 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 2007.

#### 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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS"), amendment to FRS and Interpretations effective for the financial period beginning on or after 1 July 2007 :

FRS 107 :	Cash Flow Statements
FRS 111 :	Construction Contracts
FRS 112 :	Income Taxes
FRS 118 :	Revenue
FRS 120 :	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 :	Interim Financial Reporting
FRS 137 :	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 :	The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1 :	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 :	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5 :	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6 :	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7 :	Applying the Restatement Approach under FRS 129 <sub>2004</sub> - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8 :	Scope of FRS 2

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 the above new/revised FRS, amendment to FRS and Interpretations does not have significant financial impact on the Group.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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### A. EXPLANATORY NOTES PURSUANT TO FRS 134

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#### A3. Auditors' Report on Preceding Annual Financial Statements

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

#### 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 unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review.

#### 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.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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### A. EXPLANATORY NOTES PURSUANT TO FRS 134

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#### A11. Changes in Composition of the Group

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

#### A12. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the current quarter as at 31 March 2008 is as follows:

	RM'000
Approved and contracted for	<u>1,106</u>

#### A13. Contingent Liabilities and Contingent Assets

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

#### A14. Subsequent Events

There were no material events subsequent to the end of the current quarter ended 31 March 2008.

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

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#### B1. Review of Performance

The Group's recorded revenue of RM26.0 million for the current financial period ended 31 March 2008 as compared to RM25.5 million in the prior financial period ended 31 March 2007.

However, the Group's profit before taxation has decreased from RM2.2 million for the prior financial period ended 31 March 2007 to RM0.6 million for the current financial period ended 31 March 2008, a decrease of 73% which is mainly attributed to higher operating and administrative costs incurred during the current financial period.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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

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

For the current quarter ended 31 March 2008, the Group's revenue has decreased to RM26.0 million from RM34.9 million for the immediate preceding quarter ended 31 December 2007 due to continued raining season affecting log supply during the current period under review.

Therefore, the Group's profit before taxation has decreased by 80% to RM0.6 million from RM3.0 million for the respective quarters due principally to lower revenue and higher 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 31/03/2008 RM'000	Current Year To Date 31/03/2008 RM'000
Current taxation	-	-
Deferred taxation	462	462
Over provision in prior year	(32)	(32)
	<u>430</u>	<u>430</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.

#### **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 year.





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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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

#### **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 5 March 2008, the Securities Commission granted an extension of time from 7 March 2008 to 30 June 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, which was subsequently extended to 30 June 2008. On 27 March 2008, the Company submitted an application to the FIC for the extension of time, and the FIC had vide its letter of 16 May 2008 granted a further extension of time up to 30 June 2011 for the Company to meet the Bumiputra equity condition.

#### **B9. Borrowings**

	As At 31/03/2008 RM'000	As At 31/12/2007 RM'000
Short term borrowings:		
Secured	<u>21,768</u>	<u>27,433</u>
Long term borrowings:		
Secured	80,199	80,216
Unsecured	<u>2,636</u>	<u>2,636</u>
	<u>82,835</u>	<u>82,852</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.

All the Group's borrowings are denominated in Ringgit 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.



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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 31/03/2008	Preceding Year Corresponding Quarter 31/03/2007	Current Year To Date 31/03/2008	Preceding Year Corresponding Period 31/03/2007
<b>Basic</b>				
Profit attributable to equity holders of the parent (RM'000)	<u>141</u>	<u>1,133</u>	<u>141</u>	<u>1,133</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)	0.07	0.54	0.07	0.54
<b>Diluted</b>				
Profit attributable to equity holders of the parent (RM'000)	141	1,133	141	1,133
Adjustment for after-tax effect of interest expense on ICPS (RM'000)	33	33	33	33
Adjusted profit attributable to equity holders of the parent (RM'000)	<u>174</u>	<u>1,166</u>	<u>174</u>	<u>1,166</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)	0.06	0.40	0.06	0.40