



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/3/2010	Preceding Year Corresponding Quarter 31/3/2009	Current Year To Date 31/3/2010	Preceding Year Corresponding Period 31/3/2009
	RM'000	RM'000	RM'000	RM'000
REVENUE	27,465	40,808	27,465	40,808
COST OF SALES	(27,099)	(36,930)	(27,099)	(36,930)
GROSS PROFIT	366	3,878	366	3,878
OTHER INCOME	106	269	106	269
SELLING AND MARKETING EXPENSES	(1,181)	(1,080)	(1,181)	(1,080)
ADMINISTRATIVE EXPENSES	(1,205)	(1,091)	(1,205)	(1,091)
(LOSS)/PROFIT FROM OPERATIONS	(1,914)	1,976	(1,914)	1,976
FINANCE COSTS	(1,437)	(1,948)	(1,437)	(1,948)
(LOSS)/PROFIT BEFORE TAXATION	(3,351)	28	(3,351)	28
INCOME TAX	659	86	659	86
(LOSS)/PROFIT FOR THE PERIOD REPRESENTS TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(2,692)	114	(2,692)	114
Attributable to: Owners of the parent	(2,692)	114	(2,692)	114
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN) :				
- Basic	(0.91)	0.04	(0.91)	0.04
- Diluted	(0.91)	0.04	(0.91)	0.04

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2009 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 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31/3/2010 RM'000 (Unaudited)	As At 31/12/2009 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	98,169	99,474
Biological assets	691	596
Goodwill on consolidation	98,425	98,425
	<u>197,285</u>	<u>198,495</u>
Current Assets		
Property development costs	11,032	10,843
Inventories	13,827	27,923
Trade receivables	8,651	4,601
Other receivables	42,494	41,816
Tax recoverable	624	620
Cash and bank balances	25,563	19,076
	<u>102,191</u>	<u>104,879</u>
TOTAL ASSETS	<u>299,476</u>	<u>303,374</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	105,050	105,050
Other reserves	38,120	38,120
Retained earnings	56,493	59,185
Total Equity	<u>199,663</u>	<u>202,355</u>
Non-Current Liabilities		
Borrowings	43,259	42,547
Deferred tax liabilities	10,805	11,464
	<u>54,064</u>	<u>54,011</u>
Current Liabilities		
Borrowings	40,836	40,832
Trade payables	3,510	3,745
Other payables	1,403	2,431
	<u>45,749</u>	<u>47,008</u>
Total Liabilities	<u>99,813</u>	<u>101,019</u>
TOTAL EQUITY AND LIABILITIES	<u>299,476</u>	<u>303,374</u>
Net Assets Per Share (Sen)	95.03	96.31

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent			TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	Non- Distributable OTHER RESERVES RM'000	Distributable RETAINED EARNINGS RM'000	
At 1 January 2009	105,050	39,571	54,200	198,821
Profit for the period	-	-	114	114
At 31 March 2009	<u>105,050</u>	<u>39,571</u>	<u>54,314</u>	<u>198,935</u>
At 1 January 2010	105,050	38,120	59,185	202,355
Loss for the period	-	-	(2,692)	(2,692)
At 31 March 2010	<u>105,050</u>	<u>38,120</u>	<u>56,493</u>	<u>199,663</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 2009 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 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	3 months ended	
	31/3/2010 RM'000	31/3/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(3,351)	28
Adjustments for:		
Depreciation of property, plant and equipment	1,305	1,310
Gain on disposal of property, plant and equipment	-	(77)
Interest income	(85)	(120)
Finance costs	1,437	1,948
Operating (loss)/profit before working capital changes	(694)	3,089
Decrease in inventories	14,095	5,323
Decrease in receivables	(4,727)	(1,618)
(Decrease)/increase in payables	(1,260)	7,315
Development costs incurred	(189)	(36)
Cash generated from operations	7,225	14,073
Interest paid	(576)	(24)
Income tax paid	(5)	(2)
Net cash generated from operating activities	6,644	14,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3)	(1)
Payment for planting expenditure	(94)	(80)
Proceeds from disposal of property, plant and equipment	-	77
Interest received	85	120
Net cash (used in)/generated from investing activities	(12)	116
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase liabilities	(144)	(120)
Net cash used in financing activities	(144)	(120)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,488	14,043
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	19,075	12,730
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	25,563	26,773

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Statements of the Company for the year ended 31 December 2009 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 2010

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 2009. 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 2009.

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 2009, except for the adoption of the following new Financial Reporting Standard (FRS) and Issues Committee interpretations (IC Interpretations) effective from 1 January 2010.

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First Time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment-Vesting Conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i - 3	Presentation of Financial Statements of Islamic Financial Institutions

Except for the application of FRS 101 and Amendment to FRS 117, the application of the above pronouncements did not result in any significant changes in the accounting policies and presentations of the financial statements of the Group.



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A. EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Changes in Accounting Policies (Cont'd)

(a) FRS 101 (revised) : Presentation of Financial Statements

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statements, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group presents the statement of comprehensive income in one single statement, and the adoption of this standard does not have any impact on the financial position and results of the Group.

(b) Amendment to FRS 117 : Leases

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the classification of leasehold land has been changed from operating to finance lease. The effect of the change is adjusted for retrospectively in accordance with the transitional provisions of the amendments.

The following comparative figures have been restated following the adoption of the amendment to FRS 117 :

31 December 2009	As previously reported	Reclassification	As restated
	RM'000	RM'000	RM'000
Prepaid land lease payments	16,810	(16,810)	-
Property, plant and equipment	82,664	16,810	99,474

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.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

A. EXPLANATORY NOTES PURSUANT TO FRS 134

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. Capital Commitments

There were no capital commitments for 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

There were no material events subsequent to the end of the current quarter ended 31 March 2010.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

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

B1. Review of Performance

The Group's recorded revenue of RM27.5 million for the current financial period ended 31 March 2010 as compared to RM40.8 million in the prior financial period ended 31 March 2009.

The Group's recorded loss before taxation of RM3.4 million for the current financial period ended 31 March 2010 as compare to profit before tax of RM0.3 million in the prior year financial period ended 31 March 2009. This is mainly due to lower demand of timber and timber products and the weakening of US Dollar against the Ringgit Malaysia during the current financial period.

B2. Variation of Result to Immediate Preceding Quarter

For the current quarter ended 31 March 2010, the Group's revenue has decreased to RM27.5 million from RM35.3 million for the immediate preceding quarter ended 31 December 2009 due to lower demand for timber and timber products during the current quarter.

The Group's recorded loss before taxation of RM3.4 million as compared to loss before taxation of RM1.9 million for respective quarters due to lower demand of timber and timber products and weakening of US Dollar against the Ringgit Malaysia 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 31/3/2010 RM'000	Current Year To Date 31/3/2010 RM'000
Deferred taxation	<u>659</u>	<u>659</u>

The effective tax rate for the current quarter and current year to date is lower than the statutory tax rate due to the utilisation of available allowances which can be set off against taxable profits.



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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.

B9. Borrowings

	As At 31/3/2010 RM'000	As At 31/12/2009 RM'000
Short term borrowings:		
Secured	<u>40,836</u>	<u>40,832</u>
Long term borrowings:		
Secured	42,185	41,473
Unsecured	<u>1,074</u>	<u>1,074</u>
	<u>43,259</u>	<u>42,547</u>

The unsecured long term borrowings represent the liability component of the Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS").

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 owners of the parent by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/3/2010	Preceding Year Corresponding Quarter 31/3/2009	Current Year To Date 31/3/2010	Preceding Year Corresponding Period 31/3/2009
Basic				
(Loss)/profit attributable to owners of the parent (RM'000)	<u>(2,692)</u>	<u>114</u>	<u>(2,692)</u>	<u>114</u>
Weighted average number of ordinary shares in issue ('000)	210,100	210,100	210,100	210,100
Assumed conversion of ICPS ('000)	<u>84,415</u>	<u>84,415</u>	<u>84,415</u>	<u>84,415</u>
Adjusted 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>
Basic (loss)/earnings per share (Sen)	(0.91)	0.04	(0.91)	0.04

Diluted

The Group has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share is presented as equal to basic earnings per share.