



MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/6/2010	Preceding Year Corresponding Quarter 30/6/2009	Current Year To Date 30/6/2010	Preceding Year Corresponding Period 30/6/2009
	RM'000	RM'000	RM'000	RM'000
REVENUE	16,964	60,287	44,429	101,095
COST OF SALES	(16,870)	(54,083)	(43,969)	(91,013)
GROSS PROFIT	94	6,204	460	10,082
OTHER INCOME	67	116	173	385
SELLING AND MARKETING EXPENSES	(831)	(998)	(2,012)	(2,078)
ADMINISTRATIVE EXPENSES	(938)	(1,042)	(2,143)	(2,133)
(LOSS)/PROFIT FROM OPERATIONS	(1,608)	4,280	(3,522)	6,256
FINANCE COSTS	(1,358)	(1,616)	(2,795)	(3,564)
(LOSS)/PROFIT BEFORE TAXATION	(2,966)	2,664	(6,317)	2,692
INCOME TAX	633	(796)	1,292	(710)
(LOSS)/PROFIT FOR THE PERIOD REPRESENTS TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(2,333)</u>	<u>1,868</u>	<u>(5,025)</u>	<u>1,982</u>
Attributable to: Owners of the parent	<u>(2,333)</u>	<u>1,868</u>	<u>(5,025)</u>	<u>1,982</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN) :				
- Basic	(0.79)	0.63	(1.71)	0.67
- Diluted	(0.79)	0.63	(1.71)	0.67

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 SECOND QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30/6/2010 RM'000 (Unaudited)	As At 31/12/2009 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	96,880	99,474
Biological assets	843	596
Goodwill on consolidation	98,425	98,425
	<u>196,148</u>	<u>198,495</u>
Current Assets		
Property development costs	11,200	10,843
Inventories	9,562	27,923
Trade receivables	5,051	4,601
Other receivables	45,152	41,816
Tax recoverable	11	620
Cash and bank balances	12,864	19,076
	<u>83,840</u>	<u>104,879</u>
TOTAL ASSETS	<u>279,988</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	54,160	59,185
Total Equity	<u>197,330</u>	<u>202,355</u>
Non-Current Liabilities		
Borrowings	21,482	42,547
Deferred tax liabilities	10,172	11,464
	<u>31,654</u>	<u>54,011</u>
Current Liabilities		
Borrowings	40,927	40,832
Trade payables	3,364	3,745
Other payables	6,713	2,431
	<u>51,004</u>	<u>47,008</u>
Total Liabilities	<u>82,658</u>	<u>101,019</u>
TOTAL EQUITY AND LIABILITIES	<u>279,988</u>	<u>303,374</u>
Net Assets Per Share (Sen)	93.92	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	-	-	1,982	1,982
At 30 June 2009	<u>105,050</u>	<u>39,571</u>	<u>56,182</u>	<u>200,803</u>
At 1 January 2010	105,050	38,120	59,185	202,355
Loss for the period	-	-	(5,025)	(5,025)
At 30 June 2010	<u>105,050</u>	<u>38,120</u>	<u>54,160</u>	<u>197,330</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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended	
	30/6/2010	30/6/2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(6,317)	2,692
Adjustments for:		
Depreciation of property, plant and equipment	2,609	2,607
Gain on disposal of property, plant and equipment	(15)	(108)
Interest income	(116)	(165)
Finance costs	2,795	3,564
Operating (loss)/profit before working capital changes	(1,044)	8,590
Decrease in inventories	18,361	9,111
(Increase)/decrease in receivables	(3,785)	9,598
Increase/(decrease) in payables	3,691	(2,544)
Development costs incurred	(358)	(114)
Cash generated from operations	16,865	24,641
Interest paid	(3,014)	(4,593)
Income tax refunded/(paid)	609	(4)
Net cash generated from operating activities	14,460	20,044
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(64)	(4)
Payment for planting expenditure	(244)	(314)
Proceeds from disposal of property, plant and equipment	60	200
Interest received	116	165
Net cash (used in)/generated from investing activities	(132)	47
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase liabilities	(292)	(246)
Repayment of BaIDs	(20,247)	(20,000)
Net cash used in financing activities	(20,539)	(20,246)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,211)	(155)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	19,075	12,730
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	12,864	12,575

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 SECOND QUARTER ENDED 30 JUNE 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 results 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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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 30 June 2010.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 RM44.4 million for the current financial period ended 30 June 2010 as compared to RM101.1 million in the prior financial period ended 30 June 2009.

The Group's recorded loss before taxation of RM6.3 million for the current financial period ended 30 June 2010 as compare to profit before tax of RM2.7 million in the prior year financial period ended 30 June 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 30 June 2010, the Group's revenue has decreased to RM17.0 million from RM27.5 million for the immediate preceding quarter ended 31 March 2010 due to lower demand for timber and timber products during the current quarter.

The Group's recorded loss before taxation of RM3.0 million as compared to RM3.4 million for respective quarters due to lower demand of timber and timber products 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 30/6/2010 RM'000	Current Year To Date 30/6/2010 RM'000
Deferred taxation	<u>633</u>	<u>1,292</u>

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



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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 30/6/2010 RM'000	As At 31/12/2009 RM'000
Short term borrowings:		
Secured	<u>40,927</u>	<u>40,832</u>
Long term borrowings:		
Secured	20,497	41,383
Unsecured	<u>985</u>	<u>1,164</u>
	<u>21,482</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 30/6/2010	Preceding Year Corresponding Quarter 30/6/2009	Current Year To Date 30/6/2010	Preceding Year Corresponding Period 30/6/2009
Basic				
(Loss)/profit attributable to owners of the parent (RM'000)	<u>(2,333)</u>	<u>1,868</u>	<u>(5,025)</u>	<u>1,982</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)	(0.79)	0.63	(1.71)	0.67

Diluted

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

B14. Comparative Figure

Comparative figure, where applicable, have been modified to conform with the current quarter's presentation.