



MAXTRAL INDUSTRY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------------------|---|---------------------------------------|--|
| | Current Year Quarter 31/12/2010 | Preceding Year Corresponding Quarter 31/12/2009 | Current Year To Date 31/12/2010 | Preceding Year Corresponding Period 31/12/2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | |
| Revenue | 7,622 | 35,333 | 61,464 | 200,670 |
| Cost of sales | (7,188) | (33,564) | (59,058) | (179,782) |
| Gross profit | 434 | 1,769 | 2,406 | 20,888 |
| Other operating income | 271 | 46 | 399 | 295 |
| Selling expenses | (522) | (909) | (3,128) | (3,851) |
| Administrative expenses | (3,163) | (1,183) | (6,312) | (4,256) |
| (Loss)/profit from operation | (2,980) | (277) | (6,635) | 13,076 |
| Interest income | 14 | 67 | 142 | 249 |
| Finance costs | (1,364) | (1,691) | (5,492) | (6,828) |
| (Loss)/profit before taxation from continuing operations | (4,330) | (1,901) | (11,985) | 6,497 |
| Income tax expense | 611 | 282 | 1,949 | (1,511) |
| (Loss)/profit from continuing operations, net of tax | (3,719) | (1,619) | (10,036) | 4,986 |
| Discontinued operation | | | | |
| (Loss)/profit from discontinued operation, net of tax | (3) | - | (3) | - |
| (Loss)/profit for the year represent total comprehensive (loss)/profit for the year | <u>(3,722)</u> | <u>(1,619)</u> | <u>(10,039)</u> | <u>4,986</u> |
| Attributable to: | | | | |
| Owners of the parent | <u>(3,722)</u> | <u>(1,619)</u> | <u>(10,039)</u> | <u>4,986</u> |
| (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (SEN) : | | | | |
| - Basic | (1.26) | (0.55) | (3.41) | 1.69 |
| - Diluted | (1.26) | (0.55) | (3.41) | 1.69 |

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 FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As At 31/12/2010 RM'000 (Unaudited) | As At 31/12/2009 RM'000 (Restated) |
|---|--|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 85,371 | 99,474 |
| Biological assets | - | 596 |
| Goodwill on consolidation | 98,423 | 98,425 |
| | <u>183,794</u> | <u>198,495</u> |
| Current Assets | | |
| Property development costs | 11,658 | 10,843 |
| Inventories | 11,808 | 27,923 |
| Trade receivables | 4,637 | 4,601 |
| Other receivables | 46,468 | 41,816 |
| Tax recoverable | 2 | 620 |
| Cash and bank balances | 2,370 | 19,076 |
| | <u>76,943</u> | <u>104,879</u> |
| Assets of disposal group classified as held for sale | 10,783 | - |
| | <u>87,726</u> | <u>104,879</u> |
| TOTAL ASSETS | <u>271,520</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 | 49,146 | 59,185 |
| Total Equity | <u>192,316</u> | <u>202,355</u> |
| Non-Current Liabilities | | |
| Borrowings | 21,512 | 42,547 |
| Deferred tax liabilities | 9,498 | 11,464 |
| | <u>31,010</u> | <u>54,011</u> |
| Current Liabilities | | |
| Borrowings | 40,897 | 40,832 |
| Trade payables | 3,567 | 3,745 |
| Other payables | 3,630 | 2,431 |
| Taxation | 18 | - |
| | <u>48,112</u> | <u>47,008</u> |
| Liabilities directly associated with disposal group classified as held for sale | 82 | - |
| | <u>48,194</u> | <u>47,008</u> |
| Total Liabilities | <u>79,204</u> | <u>101,019</u> |
| TOTAL EQUITY AND LIABILITIES | <u>271,520</u> | <u>303,374</u> |
| Net Assets Per Share (Sen) | 91.54 | 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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

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 | 54,199 | 198,820 |
| Total comprehensive income for the year | - | - | 4,986 | 4,986 |
| Deferred tax on equity component of ICPS | - | (1,451) | - | (1,451) |
| At 31 December 2009 | <u>105,050</u> | <u>38,120</u> | <u>59,185</u> | <u>202,355</u> |
| At 1 January 2010 | 105,050 | 38,120 | 59,185 | 202,355 |
| Total comprehensive loss for the year | - | - | (10,039) | (10,039) |
| At 31 December 2010 | <u>105,050</u> | <u>38,120</u> | <u>49,146</u> | <u>192,316</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 FOURTH QUARTER ENDED 31 DECEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | 12 months ended | |
|---|---------------------|----------------------|
| | 31/12/2010 | 31/12/2009 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/profit before tax from continuing operations | (11,985) | 6,497 |
| Loss before tax from discontinued operation | (3) | - |
| (Loss)/profit before taxation, total | <u>(11,988)</u> | <u>6,497</u> |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 5,229 | 5,222 |
| Loss on disposal of investment | 1 | - |
| Impairment loss on trade receivables | 817 | - |
| Impairment loss on other receivables | 325 | - |
| Gain/(loss) on disposal of property, plant and equipment | 87 | (38) |
| Interest income | (142) | (249) |
| Deposit written off | 62 | - |
| Finance costs | 5,492 | 6,828 |
| Operating (loss)/profit before working capital changes | <u>(117)</u> | <u>18,260</u> |
| Decrease in inventories | 16,116 | 8,881 |
| (Increase)/decrease in receivables | (6,021) | 15,353 |
| Increase/(decrease) in payables | 683 | (7,360) |
| Development costs incurred | (816) | (354) |
| Cash generated from operations | <u>9,845</u> | <u>34,780</u> |
| Interest paid | (5,403) | (7,158) |
| Income tax paid | (18) | (18) |
| Income tax refunded | 618 | - |
| Net cash generated from operating activities | <u>5,042</u> | <u>27,604</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (803) | (603) |
| Payment for planting expenditure | (287) | (506) |
| Disposal of subsidiary, net of cash disposed | (8) | - |
| Proceeds from disposal of property, plant and equipment | 87 | 217 |
| Interest received | 142 | 249 |
| Net cash used in investing activities | <u>(869)</u> | <u>(643)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of hire purchase liabilities | (599) | (527) |
| Repayment of BaIDs | (20,247) | (20,088) |
| Net cash used in financing activities | <u>(20,846)</u> | <u>(20,615)</u> |
| NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (16,673) | 6,346 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | 19,076 | 12,730 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | <u>2,403</u> | <u>19,076</u> |

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 FOURTH QUARTER ENDED 31 DECEMBER 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 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 127 | Consolidated and Separate Financial Statements |
| Amendment to FRS 132 | Financial Instruments: Presentation |
| Amendment to FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendment to IC Interpretation 9 | Reassessment of Embedded Derivatives |
| Improvements to FRS issued in 2009 | |
| 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 |

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions are not applicable to the Group or the Company.

Except for the application of FRS 101, 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.

(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.



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A. EXPLANATORY NOTES PURSUANT TO FRS 134

A2. Changes in Accounting Policies (Cont'd)

(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.

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.



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A. EXPLANATORY NOTES PURSUANT TO FRS 134

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

On 1 September 2010, the Company has disposed 100% equity interest in Cergas Kapital Sdn. Bhd. comprising of two (2) ordinary shares of RM1.00 each for cash consideration of RM2,000 only. The disposal is not expected to have any material effects on the earnings and net tangible assets of the Group for the financial year ended 31 December 2010.

Save for the above, there were no other changes 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 December 2010.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 RM61.5 million for the current financial year ended 31 December 2010 as compared to RM200.7 million in the prior financial year ended 31 December 2009.

The Group's recorded loss before taxation of RM12.0 million for the current financial year ended 31 December 2010 as compare to profit before tax of RM6.5 million in the prior financial year ended 31 December 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 year.

B2. Variation of Result to Immediate Preceding Quarter

For the current quarter ended 31 December 2010, the Group's revenue has decreased to RM7.6 million from RM9.4 million for the immediate preceding quarter ended 30 September 2010 due to lower demand for timber and timber products during the current quarter.

The Group's recorded loss before taxation of RM4.3 million as compared to RM1.3 million for respective quarters ended 30 September 2010.

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 31/12/2010 RM'000 | Current Year To Date 31/12/2010 RM'000 |
|-------------------|---|--|
| Current taxation | (18) | (18) |
| Deferred taxation | 629 | 1,967 |
| | <u>611</u> | <u>1,949</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 year.

B8. Corporate Proposals

There were no corporate proposal announced but not completed as at the date of this report.

B9. Borrowings

| | As At 31/12/2010 RM'000 | As At 31/12/2009 RM'000 |
|------------------------|--------------------------------------|--------------------------------------|
| Short term borrowings: | | |
| Secured | <u>40,897</u> | <u>40,832</u> |
| Long term borrowings: | | |
| Secured | 20,706 | 41,383 |
| Unsecured | <u>806</u> | <u>1,164</u> |
| | <u>21,512</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.

B12. Dividend Declared

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



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

B13. Earnings Per Share

The basic earning per share amounts are calculated by dividing the profit for the year attributable to the ordinary owners of the parent by the weighted average number of ordinary shares in issue during the year.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------------------|---|---------------------------------------|--|
| | Current Year Quarter 31/12/2010 | Preceding Year Corresponding Quarter 31/12/2009 | Current Year To Date 31/12/2010 | Preceding Year Corresponding Period 31/12/2009 |
| Basic | | | | |
| (Loss)/profit attributable to owners of the parent (RM'000) | <u>(3,722)</u> | <u>(1,619)</u> | <u>(10,039)</u> | <u>4,986</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) | (1.26) | (0.55) | (3.41) | 1.69 |

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. Breakdown of Realised and Unrealised Profits/Losses

The breakdown of the retained earnings of the Group into realised and unrealised profits/losses is as follows:

| | As At 31/12/2010 RM'000 | As At 30/09/2010 RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained earnings of the Company and its subsidiaries | | |
| - Realised | 58,644 | 62,995 |
| - Unrealised | <u>(9,498)</u> | <u>(10,127)</u> |
| Total Group retained earnings as per consolidated accounts | <u>49,146</u> | <u>52,868</u> |

B15. Comparative Figure

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