



MAXTRAL INDUSTRY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2011	Preceding Year Corresponding Quarter 31/12/2010	Current Year To Date 31/12/2011	Preceding Year Corresponding Period 31/12/2010
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	5,060	7,622	21,936	61,464
Cost of sales	(8,565)	(7,188)	(29,826)	(59,058)
Gross (loss)/profit	(3,505)	434	(7,890)	2,406
Other operating income	18	271	348	399
Selling expenses	(301)	(522)	(1,360)	(3,128)
Administrative expenses	(103,566)	(3,163)	(107,040)	(6,312)
Loss from operations	(107,354)	(2,980)	(115,942)	(6,635)
Interest income	9	14	136	142
Finance costs	(1,348)	(1,364)	(5,086)	(5,492)
Loss before taxation from continuing operations	(108,693)	(4,330)	(120,892)	(11,985)
Income tax expense	2,230	611	4,068	1,949
Loss from continuing operations, net of tax	(106,463)	(3,719)	(116,824)	(10,036)
Discontinued operations				
Loss from discontinued operations, net of tax	(821)	-	(823)	(3)
Total comprehensive loss for the period	<u>(107,284)</u>	<u>(3,719)</u>	<u>(117,647)</u>	<u>(10,039)</u>
Attributable to:				
Owners of the parent	<u>(107,284)</u>	<u>(3,719)</u>	<u>(117,647)</u>	<u>(10,039)</u>
Loss per share attributable to owners of the parent (Sen) :				
- Basic	(51.06)	(1.77)	(56.00)	(4.78)
- Diluted	(36.42)	(1.26)	(39.93)	(3.39)

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 2010 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 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31/12/2011 RM'000 (Unaudited)	As At 31/12/2010 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	76,778	85,371
Goodwill on consolidation	-	98,423
	<u>76,778</u>	<u>183,794</u>
Current Assets		
Property development costs	-	11,658
Inventories	11,568	11,808
Trade receivables	4,098	4,637
Other receivables	41,190	46,450
Tax recoverable	28	20
Cash and bank balances	1,123	2,370
	<u>58,007</u>	<u>76,943</u>
Assets of disposal group classified as held for sale	24,689	10,783
	<u>82,696</u>	<u>87,726</u>
TOTAL ASSETS	<u>159,474</u>	<u>271,520</u>
EQUITY AND LIABILITIES		
Equity Attributable to Owners of the Parent		
Share capital	105,050	105,050
Other reserves	38,120	38,120
(Accumulated losses)/Retained earnings	(68,501)	49,146
Total Equity	<u>74,669</u>	<u>192,316</u>
Non-Current Liabilities		
Borrowings	162	21,512
Deferred tax liabilities	5,408	9,498
	<u>5,570</u>	<u>31,010</u>
Current Liabilities		
Borrowings	60,901	40,897
Trade payables	5,613	3,567
Other payables	7,184	3,200
Amount due to directors	4,038	430
Taxation	-	18
	<u>77,736</u>	<u>48,112</u>
Liabilities directly associated with disposal group classified as held for sale	1,499	82
	<u>79,235</u>	<u>48,194</u>
Total Liabilities	<u>84,805</u>	<u>79,204</u>
TOTAL EQUITY AND LIABILITIES	<u>159,474</u>	<u>271,520</u>
Net Assets Per Share (Sen)	35.54	91.54

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 2010 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	Other Reserves RM'000	Retained Earnings RM'000	
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>
At 1 January 2011	105,050	38,120	49,146	192,316
Total comprehensive loss for the year	-	-	(117,647)	(117,647)
At 31 December 2011	<u>105,050</u>	<u>38,120</u>	<u>(68,501)</u>	<u>74,669</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 2010 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 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	12 months ended	
	31/12/2011	31/12/2010
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax from continuing operations	(120,892)	(11,985)
Loss before tax from discontinued operations	(802)	(3)
Loss before taxation, total	<u>(121,694)</u>	<u>(11,988)</u>
Adjustments for:		
Depreciation of property, plant and equipment	5,226	5,229
Impairment of property	3,251	-
Loss on disposal of investment	-	1
Impairment loss on trade receivables	-	817
Impairment loss on other receivables	1,830	325
Impairment of goodwill	98,423	-
(Gain) / loss on disposal of property, plant and equipment	(98)	87
Interest income	(136)	(142)
Deposit written off	-	63
Finance costs	<u>5,088</u>	<u>5,492</u>
Operating loss before working capital changes	<u>(8,110)</u>	<u>(116)</u>
Decrease in inventories	239	16,116
Decrease / (increase) in receivables	2,583	(6,021)
Increase in payables	6,478	253
Increase in amount due to directors	4,127	430
Development costs incurred	<u>(199)</u>	<u>(816)</u>
Cash generated from operations	5,118	9,846
Interest paid	(5,078)	(5,428)
Income tax refunded	-	618
Income tax paid	<u>(44)</u>	<u>(18)</u>
Net cash (used in) / generated from operating activities	<u>(4)</u>	<u>5,018</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(415)	(803)
Payment for planting expenditure	(327)	(287)
Disposal of subsidiary, net of cash disposed	-	(8)
Proceeds from disposal of property, plant and equipment	240	87
Interest received	<u>136</u>	<u>142</u>
Net cash used in investing activities	<u>(366)</u>	<u>(869)</u>
Cash flows from financing activities		
Drawdown of term loan	20,000	-
Repayment of hire purchase liabilities	(573)	(599)
Repayment of BaIDs	<u>(20,336)</u>	<u>(20,222)</u>
Net cash generated used in financing activities	<u>(909)</u>	<u>(20,821)</u>
Net decrease in cash and cash equivalents	(1,279)	(16,672)
Cash and cash equivalents at beginning of financial year	2,404	19,076
Cash and cash equivalents at end of financial year	<u>1,125</u>	<u>2,404</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 2010 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 2011

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 2010. 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 2010.

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 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Issues Committee Interpretations (IC Interpretations) effective from 1 January 2011.

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to :	
- FRS 1	First Time Adoption of Financial Reporting Standards
	- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
	- Additional Exemptions for First-time Adopters
- FRS 2	Share-based Payment
- FRS 2	Group Cash-settled Share-based Payment Transactions
- FRS 5	Non-current Assets Held for Sale and Discontinued Operations
- FRS 7	Improving Disclosures about Financial Instruments
- FRS 132	Financial Instruments: Presentation - Classification of Rights Issues
- FRS 138	Intangible Assets
- FRSs and IC Interpretation	Improvements to FRSs (2010)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-Cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to	
- IC Interpretation 9	Reassessment of Embedded Derivatives
- IC Interpretation 15	Agreements for the Construction of Real Estate

The adoption of the above FRSs, Amendments and IC Interpretations do not have any significant financial impact on the Group's results.

Following the issuance of Malaysian Financial Reporting Standards ("MFRS") Framework which consists of accounting standards that are in line with the International Financial Reporting Standards ("IFRS"), by Malaysian Accounting Standards Board on 19 November 2011, the Group's and the Company's next set of financial statements, i.e. for the year ending 31 December 2012, will be prepared in accordance with MFRS Framework. The change of the financial reporting framework, from FRS Framework to MFRS Framework, is not expected to have any significant impact on the financial statements of the Group and the Company.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

A. EXPLANATORY NOTES PURSUANT TO FRS 134

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

The timber 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 carrying value of land and buildings is based on a valuation carried out in the current financial quarter and financial year-to-date by independent qualified values using the comparison and depreciated cost of replacement method to reflect the market value. No valuations have been undertaken in the prior years.

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 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 2011.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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

B1. Review of Performance

The Group's recorded revenue of RM21.9 million for the current financial year ended 31 December 2011 as compared to RM61.5 million in the prior financial year ended 31 December 2010.

The Group's recorded loss before taxation of RM120.9 million for the current financial year ended 31 December 2011 as compared to RM12.0 million in the prior financial year ended 31 December 2010. This is mainly due to lower demand of timber and timber products and impairment of goodwill during the current financial year.

B2. Variation of Result to Immediate Preceding Quarter

For the current quarter ended 31 December 2011, the Group's revenue has increased to RM5.1 million from RM4.5 million for the immediate preceding quarter ended 30 September 2011.

The Group's recorded loss before taxation of RM108.7 million as compared to RM3.3 million for respective quarters ended 31 December 2011 and 30 September 2011. This is mainly due to decrease in production volume of timber products and impairment of goodwill during the current quarter period.

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 supply of 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. Loss before taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2011 RM'000	Preceding Year Corresponding Quarter 31/12/2010 RM'000	Current Year To Date 31/12/2011 RM'000	Preceding Year Corresponding Period 31/12/2010 RM'000
This has been arrived at after charging/(crediting):-				
Interest income	(8)	(13)	(136)	(141)
Other income	(42)	(233)	(257)	(333)
Interest expense	1,348	1,364	5,086	5,492
Depreciation of property, plant and equipment	1,302	1,312	5,226	5,229
Deposit written off	-	62	-	62
Impairment on goodwill	98,423	-	98,423	-
Loss on disposal of investment in subsidiary	-	-	-	1
Impairment of property	3,251	-	3,251	-
(Gain)/Loss on disposal of property, plant and equipment	(100)	102	(98)	87
Impairment loss on trade and other receivables	1,830	1,143	1,830	1,143
Realised foreign exchange loss/(gain)	40	(35)	(75)	(48)



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

B6. Income tax

	Current Quarter 31/12/2011 RM'000	Current Year To Date 31/12/2011 RM'000
Current taxation	15	-
Deferred taxation	2,215	4,068
	<u>2,230</u>	<u>4,068</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.

B7. 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.

B8. Quoted Securities

There were no purchases or disposal of quoted securities during the current financial period.

B9. Corporate Proposals

The Group received a proposal for the disposal of the majority shares in Steadmont Development Sdn. Bhd. ("SDSB"), a wholly owned subsidiary company of the Group, by way of a scheme of Management Buyout from the management of SDSB. However, the scheme of Management Buyout have been withdrawn.

B10. Borrowings

	As At 31/12/2011 RM'000	As At 31/12/2010 RM'000
Short term borrowings:		
Secured	60,483	40,897
Unsecured	418	-
	<u>60,901</u>	<u>40,897</u>
Long term borrowings:		
Secured	162	20,706
Unsecured	-	806
	<u>162</u>	<u>21,512</u>

The unsecured 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.

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments at the date of this report.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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

B12. Material Litigation

There was no pending material litigation at the date of this report.

B13. Dividend Declared

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

B14. Loss Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2011	Preceding Year Corresponding Quarter 31/12/2010	Current Year To Date 31/12/2011	Preceding Year Corresponding Period 31/12/2010
Basic				
Loss attributable to owners of the parent (RM'000)	<u>(107,284)</u>	<u>(3,719)</u>	<u>(117,647)</u>	<u>(10,039)</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 loss per share (Sen)	(51.06)	(1.77)	(56.00)	(4.78)
Diluted				
Loss attributable to owners of the parent (RM'000)	(107,284)	(3,719)	(117,647)	(10,039)
Interest expense on ICPS (RM'000)	9	16	35	64
Adjusted loss attributable to owners of the parent (RM'000)	<u>(107,275)</u>	<u>(3,703)</u>	<u>(117,612)</u>	<u>(9,975)</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 loss per share (Sen)	(36.42)	(1.26)	(39.93)	(3.39)



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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

B15. 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 31/12/2011 RM'000	As At 31/12/2010 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	(63,093)	58,644
- Unrealised	<u>(5,408)</u>	<u>(9,498)</u>
Total Group retained earnings as per consolidated accounts	<u>(68,501)</u>	<u>49,146</u>

B16. Comparative Figure

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