



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2012	Preceding Year Corresponding Quarter 30/06/2011	Current Year To Date 30/06/2012	Preceding Year Corresponding Period 30/06/2011
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	3,401	4,142	9,468	12,417
Cost of sales	(6,588)	(6,472)	(15,203)	(15,927)
<b>Gross loss</b>	(3,187)	(2,330)	(5,735)	(3,510)
Other operating income	84	96	222	250
Selling expenses	(217)	(362)	(540)	(752)
Administrative expenses	(1,067)	(915)	(2,245)	(2,621)
<b>Loss from operations</b>	(4,387)	(3,511)	(8,298)	(6,633)
Interest income	-	91	6	121
Finance costs	(1,139)	(1,312)	(2,434)	(2,378)
<b>Loss before taxation from continuing operations</b>	(5,526)	(4,732)	(10,726)	(8,890)
Income tax expense	1,309	321	2,111	1,013
<b>Loss from continuing operations, net of tax</b>	(4,217)	(4,411)	(8,615)	(7,877)
<b>Discontinued operations</b>				
Loss from discontinued operations, net of tax	-	-	-	(1)
<b>Total comprehensive loss for the period</b>	<u>(4,217)</u>	<u>(4,411)</u>	<u>(8,615)</u>	<u>(7,878)</u>
<b>Attributable to:</b>				
<b>Owners of the parent</b>	<u>(4,217)</u>	<u>(4,411)</u>	<u>(8,615)</u>	<u>(7,878)</u>
<b>Loss per share attributable to owners of the parent (Sen) :</b>				
- Basic and diluted	(2.01)	(2.10)	(4.10)	(3.75)

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 2011 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 2012

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30/06/2012 <b>RM'000</b> <b>(Unaudited)</b>	As At 31/12/2011 <b>RM'000</b> <b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	74,431	76,778
<b>Current Assets</b>		
Inventories	6,749	11,568
Trade receivables	3,874	3,825
Other receivables	40,906	41,462
Tax recoverable	28	28
Cash and bank balances	621	1,123
	52,178	58,006
Assets of disposal group classified as held for sale	23,461	24,668
	75,639	82,674
<b>TOTAL ASSETS</b>	<b>150,070</b>	<b>159,452</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	105,050	105,050
Other reserves	40,230	40,230
Accumulated losses	(77,713)	(69,098)
<b>Total Equity</b>	<b>67,567</b>	<b>76,182</b>
<b>Non-Current Liabilities</b>		
Borrowings	140	162
Deferred tax liabilities	1,759	3,874
	1,899	4,036
<b>Current Liabilities</b>		
Borrowings	61,796	60,901
Trade payables	3,831	5,613
Other payables	11,506	7,185
Amount due to directors	2,630	4,036
	79,763	77,735
Liabilities directly associated with disposal group classified as held for sale	841	1,499
	80,604	79,234
<b>Total Liabilities</b>	<b>82,503</b>	<b>83,270</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>150,070</b>	<b>159,452</b>
<b>Net Assets Per Share (Sen)</b>	32.16	36.26

*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 2011 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 2012

### 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 (Accumulated losses)/ Retained Earnings RM'000	
<b>At 1 January 2011</b>	105,050	38,120	49,146	192,316
Total comprehensive loss for the period	-	-	(7,878)	(7,878)
<b>At 30 June 2011</b>	<u>105,050</u>	<u>38,120</u>	<u>41,268</u>	<u>184,438</u>
<b>At 1 January 2012</b>	105,050	40,230	(69,098)	76,182
Total comprehensive loss for the period	-	-	(8,615)	(8,615)
<b>At 30 June 2012</b>	<u>105,050</u>	<u>40,230</u>	<u>(77,713)</u>	<u>67,567</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 2011 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 2012

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended	
	30/06/2012	30/06/2011
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	(10,726)	(8,890)
Loss before tax from discontinued operations	-	(1)
Loss before taxation, total	<u>(10,726)</u>	<u>(8,891)</u>
Adjustments for:		
Depreciation of property, plant and equipment	2,495	1,312
Gain on disposal of property, plant and equipment	(109)	-
Interest income	(6)	(121)
Finance costs	2,434	2,378
Operating loss before working capital changes	<u>(5,912)</u>	<u>(5,322)</u>
Decrease in inventories	4,818	2,973
(Decrease) / increase in receivables	1,770	573
Increase in payables	1,744	1,124
Decrease in amount due to directors	(1,612)	-
Development costs incurred	<u>(19)</u>	<u>(25)</u>
Cash generated from / (used in) operations	789	(677)
Interest paid	(858)	(535)
Income tax paid	<u>(5)</u>	<u>(4)</u>
Net cash used in operating activities	<u>(74)</u>	<u>(1,216)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(299)	(6)
Payment for planting expenditure	-	(25)
Proceeds from disposal of property, plant and equipment	292	-
Interest received	6	121
Net cash (used in) / generated from investing activities	<u>(1)</u>	<u>90</u>
<b>Cash flows from financing activities</b>		
Drawdown of term loan	30,000	20,000
Repayment of hire purchase liabilities	(9)	(165)
Repayment of BaIDs	(20,348)	-
Repayment of MUNIF / MMTN	<u>(10,000)</u>	<u>-</u>
Net cash (used in) / generated from financing activities	<u>(357)</u>	<u>19,835</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(432)	18,709
<b>Cash and cash equivalents at beginning of financial period</b>	1,125	2,404
<b>Cash and cash equivalents at end of financial period</b>	<u>693</u>	<u>21,113</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 2011 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 2012

### A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134

#### A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 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 2011. 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 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Groups first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

#### 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 2011. The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these MFRSs and IC Interpretations do not have any significant financial impact on the Group's results.

The Group has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation were in issued but not yet effective :-

		Effective Date
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to		
- MFRS 1	Government Loans	1 January 2013
- MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
- MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
- MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase Of a Surface Mine	1 January 2013

#### 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.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

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### A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134

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#### 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 valuations of property, plant and equipment have been brought forward without amendment from the previous 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 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 March 2012.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

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

#### B1. Review of Performance

The Group's recorded revenue of RM 9.5 million for the current financial period ended 30 June 2012 as compared to RM 12.4 million in the prior financial period ended 30 June 2011.

The Group's recorded loss before taxation of RM 10.7 million for the current financial period ended 30 June 2012 as compared to RM8.9 million in the prior financial period ended 30 June 2011. This is mainly due to lower demand and selling price of timber products during the current financial period.

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

For the current quarter ended 30 June 2012, the Group's revenue has decreased to RM3.4 million from RM 6.1 million for the immediate preceding quarter ended 31 March 2012.

The Group's recorded loss before taxation of RM 5.5 million as compared to RM 5.2 million for respective quarters ended 30 June 2012 and 31 March 2012. As the result of dampening market condition, the demand and selling price of timber products remained unprofitably low.

#### 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 30/06/2012 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year To Date 30/06/2012 RM'000	Preceding Year Corresponding Period 30/06/2011 RM'000
This has been arrived at after charging/(crediting):-				
Interest income	(6)	(121)	(6)	(121)
Other income	(222)	(250)	(222)	(250)
Interest expense	1,139	1,312	2,434	2,378
Depreciation of property, plant and equipment	2,495	1,312	2,495	1,312
Gain on disposal of property, plant and equipment	(98)	-	(98)	-
Realised foreign exchange loss/(gain)	11	(72)	11	(72)



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

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

#### B6. Income tax

	Current Quarter 30/06/2012 <b>RM'000</b>	Current Year To Date 30/06/2012 <b>RM'000</b>
Current taxation	-	-
Deferred taxation	1,309	2,115
	<u>1,309</u>	<u>2,115</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

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

#### B10. Borrowings

	As At 30/06/2012 <b>RM'000</b>	As At 31/12/2011 <b>RM'000</b>
Short term borrowings:		
Secured	61,557	60,483
Unsecured	239	418
	<u>61,796</u>	<u>60,901</u>
Long term borrowings:		
Secured	124	162
Unsecured	-	-
	<u>140</u>	<u>162</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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### 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

##### Basic

Basic loss per share amounts are calculated by dividing loss for the financial period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2012	Preceding Year Corresponding Quarter 30/06/2011	Current Year To Date 30/06/2012	Preceding Year Corresponding Period 30/06/2011
Loss attributable to owners of the parent (RM'000)	<u>(4,217)</u>	<u>(4,411)</u>	<u>(8,615)</u>	<u>(7,878)</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)	(2.01)	(2.10)	(4.10)	(3.75)

##### Diluted

Diluted loss per share amounts are calculated by dividing loss for the financial period, net of tax, attributable to owners of the parent (after adjusting for interest expenses on ICPS) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

As the conversion of all potential ordinary shares from ICPS are not dilutive, the diluted loss per shares is equal to the basis loss per share.

#### B15. Breakdown of Realised and Unrealised Profits/Losses

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

	As At 30/06/2012 RM'000	As At 31/12/2011 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(75,954)	(65,224)
- Unrealised	<u>(1,759)</u>	<u>(3,874)</u>
Total Group accumulated losses as per consolidated accounts	<u>(77,713)</u>	<u>(69,098)</u>

#### B16. Comparative Figure

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