



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2014	Preceding Year Corresponding Quarter 30/06/2013	Current Year To Date 30/06/2014	Preceding Year Corresponding Year 30/06/2013
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	250	433	288	1,644
Cost of sales	(98)	(2,815)	(303)	(5,786)
<b>Gross profit / (loss)</b>	152	(2,382)	(15)	(4,142)
Other operating income	47	24,879	106	24,882
Selling expenses	(9)	(11)	(9)	(94)
Administrative expenses	(93)	(2,572)	(172)	(2,670)
<b>Profit / (loss) from operations</b>	97	19,914	(90)	17,976
Interest income	2	3	4	3
Finance costs	(356)	(1,136)	(883)	(2,251)
<b>(Loss) / profit before taxation from continuing operations</b>	(257)	18,781	(969)	15,728
Income tax expense	-	141	-	707
<b>(Loss) / profit from continuing operations, net of tax</b>	(257)	18,922	(969)	16,435
<b>Discontinued operations</b>				
Profit from discontinued operations, net of tax	4,174	76	4,180	-
<b>Total comprehensive profit for the period</b>	<u>3,917</u>	<u>18,998</u>	<u>3,211</u>	<u>16,435</u>
<b>Attributable to:</b>				
<b>Owners of the parent</b>	<u>3,917</u>	<u>18,998</u>	<u>3,211</u>	<u>16,435</u>
<b>Profit per share attributable to owners of the parent (Sen) :</b>				
- Basic	1.33	9.04	1.09	7.82

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 2013 and the accompanying explanatory notes attached to the interim financial statements.



# MAXTRAL INDUSTRY BERHAD

(Company No. 584501-H)

(Incorporated in Malaysia)

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30/06/2014 <b>RM'000</b> <b>(Unaudited)</b>	As At 31/12/2013 <b>RM'000</b> <b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	-	76
<b>Current Assets</b>		
Trade receivables	-	18
Other receivables	105	7,928
Cash and bank balances	1,225	1,640
	<u>1,330</u>	<u>9,586</u>
Assets of disposal group classified as held for sale	13,877	9,466
	<u>15,207</u>	<u>19,052</u>
<b>TOTAL ASSETS</b>	<b><u>15,207</u></b>	<b><u>19,128</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Parent</b>		
Share capital	147,257	147,257
Accumulated losses	(174,216)	(177,427)
<b>Total Equity</b>	<b><u>(26,959)</u></b>	<b><u>(30,170)</u></b>
<b>Current Liabilities</b>		
Borrowings	26,694	33,910
Trade payables	3,765	3,781
Other payables	2,437	2,475
Amount due to directors	2,309	2,409
	<u>35,205</u>	<u>42,575</u>
Liabilities directly associated with disposal group classified as held for sale	6,961	6,723
	<u>42,166</u>	<u>49,298</u>
<b>Total Liabilities</b>	<b><u>42,166</u></b>	<b><u>49,298</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>15,207</u></b>	<b><u>19,128</u></b>
<b>Net Liabilities Per Share (Sen)</b>	(12.83)	(14.36)

*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 2013 and the accompanying explanatory notes attached to the interim financial statements.*



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent			
	Non-Distributable		Distributable	
	Share Capital RM'000	Other Reserves RM'000	Accumulated losses RM'000	Total Equity RM'000
<b>At 1 January 2013</b>	105,050	40,230	(110,504)	34,776
Total comprehensive profit for the period	-	-	16,435	16,435
<b>At 30 June 2013</b>	<u>105,050</u>	<u>40,230</u>	<u>(94,069)</u>	<u>51,211</u>
<b>At 1 January 2014</b>	147,257	-	(177,427)	(30,170)
Total comprehensive profit for the period	-	-	3,211	3,211
<b>At 30 June 2014</b>	<u>147,257</u>	<u>-</u>	<u>(174,216)</u>	<u>(26,959)</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 2013 and the accompanying explanatory notes attached to the interim financial statements.*



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended	
	30/06/2014	30/06/2013
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
(Loss) / profit before tax from continuing operations	(969)	15,728
Profit before tax from discontinued operations	4,180	-
Profit before taxation, total	<u>3,211</u>	<u>15,728</u>
Adjustments for:		
Depreciation of property, plant and equipment	3	2,232
Gain on disposal of property, plant and equipment	(4,220)	(24,153)
Plant and equipment written off	9	-
Property development costs written off	-	2,198
Interest income	(4)	(3)
Finance costs	883	2,251
Operating loss before working capital changes	<u>(118)</u>	<u>(1,747)</u>
Decrease in inventories	-	1,011
Increase in receivables	(6,004)	(33,121)
Increase / (decrease) in payables	178	(47)
(Decrease) / increase in amount due to directors	(83)	521
Cash used in operations	<u>(6,027)</u>	<u>(33,383)</u>
Interest paid	-	(5)
Income tax (paid) / refunded	(9)	25
Net cash used in operating activities	<u>(6,036)</u>	<u>(33,363)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	13,719	33,976
Interest received	4	3
Net cash generated from investing activities	<u>13,723</u>	<u>33,979</u>
<b>Cash flows from financing activities</b>		
Repayment of term loan	(8,100)	-
Repayment of hire purchase liabilities	-	(100)
Net cash used in financing activities	<u>(8,100)</u>	<u>(100)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(413)	516
<b>Cash and cash equivalents at beginning of financial year</b>	1,640	1,089
<b>Cash and cash equivalents at end of financial period</b>	<u>1,227</u>	<u>1,605</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 2013 and the accompanying explanatory notes attached to the interim financial statements.*



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### 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 2013. 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 2013.

#### 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 2013. 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 2014. 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 and Amendments to MFRSs were issued but not yet effective :-

	Effective Date
· MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in November 2009)	1 January 2015
· MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in October 2010)	1 January 2015

Amendments to MFRSs:

- MFRS 2 Annual Improvements 2010 – 2012 Cycle	1 July 2014
- MFRS 3 Annual Improvements 2010 – 2012 Cycle	1 July 2014
- MFRS 3 Annual Improvements 2011 – 2013 Cycle	1 July 2014
- MFRS 8 Annual Improvements 2010 – 2012 Cycle	1 July 2014
- MFRS 13 Annual Improvements 2011 – 2013 Cycle	1 July 2014
- MFRS 116 Annual Improvements 2010 – 2012 Cycle	1 July 2014
- MFRS 119 Defined Benefits Plans: Employee Contributions	1 July 2014
- MFRS 124 Annual Improvements 2010 – 2012 Cycle	1 July 2014
- MFRS 138 Annual Improvements 2010 – 2012 Cycle	1 July 2014
- MFRS 140 Annual Improvements 2011 – 2013 Cycle	1 July 2014

#### A3. Auditors' Report on Preceding Annual Financial Statements

Due to the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, Reports and Financial Statements for the Financial Year Ended 31 December 2013, the auditor, Messrs PKF had not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, the did not express an opinion on the financial statements.

Basis for Disclaimer of Opinion:

Going Concern

As disclosed in Note 1 to the financial statements, the financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of the going concern basis is based on the assumption that the Group and the Maxtral Industry Berhad ("MIB") will be able to realise their assets and fulfill their liabilities in the normal course of business.

With the disposal of the leasehold land held for development of Steadmont Development Sdn Bhd by the receivers and managers and that Kin Yip Wood Industries Sdn Bhd has entered into an Assets Sale agreement and also a Sale and Purchase agreement for the disposal of its plant and machinery and its long term leasehold land and buildings by the receivers and managers on 26 June 2013 and 30 December 2013 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's abilities to continue as going concern.

As announced by the Company on 21 December 2012, the Company is an Affected Listed Issuer pursuant to the Paragraph 8.04 and paragraph 2.1(b) of Practice Note 17 ("PN17") under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa"). The PN17 criteria was trigger as a consequences of the Company and its subsidiaries, i.e. Kin Yip Wood Industries Sdn. Bhd. and Steadmont Development Sdn. Bhd. have received the Notices of Appointment of Receives and Managers by OSK Investment Bank Berhad under the power of contained in the Debenture dated 12 March 2012 and 24 February 2011 and as the affected assets are accounted for more than 50% of the total assets employed of the Company on the consolidated basis based on the audited financial statements for the financial year ended 31 December 2011.



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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

#### **A3. Auditors' Report on Preceding Annual Financial Statements (Cont'd)**

Going Concern (Cont'd)

The Company is currently in the midst of preparing a regularisation plan with a view of reaching an agreement with its lenders to restructure the defaulted debts of the Group and of the Company and to regularise the Group's financial condition and business operations. The proposed regularisation plan is part of a restructuring exercise that the Company is currently formulating to address the Company's PN17 status.

The Company is required to submit a Regularisation Plan to the relevant authorities with Twelve (12) months from the date of the first announcement, 20 December 2012, i.e. on or before 20 December 2013, or the Company may face de-listing. As at the date of this report, the Company has not submitted any regularisation plan to address its PN17 status.

On 20 December 2013 and 28 January 2014, the Company had submitted an application to Bursa for an extension of time to submit its Regularisation Plan up to 31 March 2014. However, the application was rejected by Bursa on 19 February 2014. Subsequently, on 17 February 2014, the Company had further applied to Bursa for an extension of time up to 30 June 2014 to submit its regularisation plan.

In accordance with paragraph 8.04(5) of the MMLR, Bursa had issued a notice to the Company on 19 February 2014 to inform the Company that the trading in the securities of the Company will remain suspended until further notice and its securities will be de-listed and removed from the official list of Bursa on 3 March 2014 unless an appeal is submitted by the Company to Bursa on or before 26 February 2014. The Company had submitted an appeal against de-listing to Bursa on 25 February 2014 and requested for an oral hearing. Further to the deliberation on appeal against delisting of the securities of the Company held by Bursa on 13 March 2014, Bursa had decided to grant the Company an extension of time until 31 July 2014 to submit its regularisation plan on 11 April 2014. On the 25 July 2014, the company had submitted an application to Bursa Securities for extensions of Five (5) months from the submission of Proposed Regularisation Plan deadline of 31 July 2014 for Maxtral to finalise the Proposed Regularisation Plan prior to the submission the relevant authorities.

The ability of the Group and MIB to continue as going concerns is dependent upon:

- i. the timely and successful formulation, approval and implementation of a regularisation plan.
- ii. financial support from its lenders and shareholders; and
- iii. the future profitable operations of the Group and the Company to generate sufficient cash in the future to fulfill their obligations as and when they fall due.

#### **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 year 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.



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

---

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

---

#### 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 30 June 2014.

---

### 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 0.3 million for the current financial year ended 30 June 2014 as compared to RM 1.6 million in the prior financial year ended 30 June 2013.

The Group's recorded loss before taxation of RM 0.97 million for the current financial year ended 30 June 2014 as compared to profit of RM15.7 million in the prior financial year ended 30 June 2013. This is mainly due to cease operation during the current financial period.

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

For the current quarter ended 30 June 2014, the Group's revenue has increased to RM250 thousand from RM 38 thousand for the immediate preceding quarter ended 31 March 2014.

The Group's recorded loss before taxation of RM 0.3 million as compared to profit of RM 18.8 million for respective quarters ended 30 June 2014 and 31 March 2014 due to gain on disposal of property, plant and equipment during the financial previous financial 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.



# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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

#### B5. Loss before taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2014 RM'000	Preceding Year Corresponding Quarter 30/06/2013 RM'000	Current Year To Date 30/06/2014 RM'000	Preceding Year Corresponding Period 30/06/2013 RM'000
This has been arrived at after charging/(crediting):-				
Interest income	(2)	(3)	(4)	(3)
Rental income	(46)	(24,879)	(93)	(24,882)
Interest expense	356	1,136	883	2,251
Depreciation of property, plant and equipment	-	1,115	3	2,232
Gain on disposal of property, plant and equipment	(4,220)	(24,218)	(4,220)	(24,153)

#### B6. Income tax

	Current Quarter 30/06/2014 RM'000	Current Year To Date 30/06/2014 RM'000
Current taxation	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>

The variation noted is mainly due to reversal of taxable temporarily differences.

#### 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 30/06/2014 RM'000	As At 31/12/2013 RM'000
Short term borrowings:		
Secured	26,694	33,910
Unsecured	-	-
	<u>26,694</u>	<u>33,910</u>

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.





# MAXTRAL INDUSTRY BERHAD

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

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### 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. Profit Per Share

##### Basic

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2014	Preceding Year Corresponding Quarter 30/06/2013	Current Year To Date 30/06/2014	Preceding Year Corresponding Year 30/06/2013
Profit attributable to owners of the parent (RM'000)	<u>3,917</u>	<u>18,998</u>	<u>3,211</u>	<u>16,435</u>
Weighted average number of ordinary shares in issue ('000)	<u>294,514</u>	<u>210,100</u>	<u>294,514</u>	<u>210,100</u>
Basic profit per share (Sen)	1.33	9.04	1.09	7.82

##### Diluted

Diluted profit per share amounts are calculated by dividing profit for the financial year, 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 profit per shares is equal to the basis profit 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 30/06/2014 RM'000	As At 31/12/2013 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(174,216)	(177,427)
- Unrealised	-	-
Total Group accumulated losses as per consolidated accounts	<u>(174,216)</u>	<u>(177,427)</u>

#### B16. Comparative Figure

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