

CYMAO HOLDINGS BERHAD

(Company No.: 445931 – U)
(Incorporated in Malaysia)

INTERIM

FINANCIAL STATEMENTS

**FOR THE FOURTH
QUARTER ENDED**

31ST DECEMBER 2006

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31/12/2006 RM'000	31/12/2005 RM'000	31/12/2006 RM'000	31/12/2005 RM'000
Continuing Operations				
Revenue	46,621	78,232	254,449	245,809
Cost of sales	(35,851)	(67,238)	(197,417)	(196,071)
Gross profit	<u>10,770</u>	<u>10,994</u>	<u>57,032</u>	<u>49,738</u>
Other income	11	255	2,096	267
Administrative expenses	(2,085)	(2,469)	(9,167)	(6,386)
Selling and marketing expenses	(3,678)	(5,077)	(25,081)	(30,107)
Interest income	72	166	235	211
Finance costs	(991)	(298)	(1,385)	(334)
Profit before tax	<u>4,099</u>	<u>3,571</u>	<u>23,730</u>	<u>13,389</u>
Income tax expense	(1,635)	(46)	(2,135)	2,862
Profit for the period from continuing operations	<u>2,464</u>	<u>3,525</u>	<u>21,595</u>	<u>16,251</u>
Profit for the period	<u>2,464</u>	<u>3,525</u>	<u>21,595</u>	<u>16,251</u>
Attributable to:				
Equity holders of the parent	<u>2,464</u>	<u>3,525</u>	<u>21,595</u>	<u>16,251</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for the profit from continuing operations	3.29	4.70	28.79	21.67
Basic, for profit for the period	<u>3.29</u>	<u>4.70</u>	<u>28.79</u>	<u>21.67</u>

Note: The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

CYMAO HOLDINGS BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2006

	As At 31/12/2006 (Unaudited) RM'000	As At 31/12/2005 (Audited) RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	97,954	42,522
Deferred tax assets	3,531	2,684
	<u>101,485</u>	<u>45,206</u>
Current assets		
Inventories	65,592	35,900
Trade receivables	26,013	35,132
Other receivables	12,512	39,878
Tax refundable	379	23
Cash and bank balances	11,406	11,405
	<u>115,902</u>	<u>122,338</u>
TOTAL ASSETS	<u>217,387</u>	<u>167,544</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	75,000	60,000
Share premium	17,374	32,418
Treasury shares	(14)	-
Foreign currency translation reserve	(71)	-
Retained earnings	70,660	55,814
Total equity	<u>162,949</u>	<u>148,232</u>
Non-current liabilities		
Borrowings	8,979	6,329
Deferred tax liability	5,805	-
	<u>14,784</u>	<u>6,329</u>
Current liabilities		
Borrowings	18,233	4,536
Trade payables	9,332	3,632
Other payables	11,875	4,815
Tax payables	214	-
	<u>39,654</u>	<u>12,983</u>
Total liabilities	<u>54,438</u>	<u>19,312</u>
TOTAL EQUITY AND LIABILITIES	<u>217,387</u>	<u>167,544</u>
Net Assets Per Share (RM)	2.17	2.47

Note: The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006**

	Attributable to Equity Holders of the Parent					
	Non-Distributable			Distributable		
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000
At 1st January 2005	60,000	32,418	-	-	19,253	111,671
Net profit for the period	-	-	-	-	16,251	16,251
Dividend paid	-	-	-	-	(4,500)	(4,500)
At 31st December 2005	60,000	32,418	-	-	31,004	123,422
At 1st January 2006						
As previously stated	60,000	32,418	-	-	31,004	123,422
Effect of adopting FRS 3	-	-	-	-	24,810	24,810
At 1st January 2006 (restated)	60,000	32,418	-	-	55,814	148,232
Bonus Issue	15,000	(15,000)	-	-	-	-
Bonus shares listing expenses	-	(44)	-	-	-	(44)
Purchase of treasury shares	-	-	-	(14)	-	(14)
Exchange differences on translation of financial statement of a foreign entity	-	-	(71)	-	-	(71)
Profit for the period	-	-	-	-	21,595	21,595
Dividend paid	-	-	-	-	(6,749)	(6,749)
At 31st December 2006	75,000	17,374	(71)	(14)	70,660	162,949

Note: The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

CYMAO HOLDINGS BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

	Current Year To-date 31/12/2006 RM'000	Preceding Year Corresponding Period 31/12/2005 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,730	13,389
Adjustments for:		
Depreciation of property, plant and equipment	11,846	7,763
Equipment written off	-	11
Negative goodwill arising from business combination	(1,126)	-
Interest income	(235)	(211)
Finance costs	1,385	334
Bad debts written off	765	-
Operating profit before working capital changes	36,365	21,286
Increase in inventories	(23,545)	13,635
Decrease/(increase) in receivables	36,158	(39,140)
Decrease in payables	(9,884)	(1,327)
Cash generated from/(used in) operation	39,094	(5,546)
Interest paid	(1,385)	(334)
Taxes paid	(380)	(69)
Net cash generated from/(used in) operating activities	37,329	(5,949)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	(15,327)	(3)
Movement in fixed deposits under pledge	(470)	(43)
Purchase of property, plant and equipment	(24,282)	(3,336)
Proceeds from sales of equipment	7	2,962
Interest received	235	211
Net cash used in investing activities	(39,837)	(209)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loan drawn down	29,749	13,193
Bankers' acceptance drawn down	5,116	-
Export credit refinancing drawn down	12,223	-
Repayment of term loan	(34,554)	(2,328)
Repayment of bankers' acceptance	(3,616)	-
Payment of share issue expenses	(44)	-
Purchase of treasury shares	(14)	-
Dividend paid	(6,749)	(4,500)
Net cash generated from financing activities	2,111	6,365
Net decrease in cash and cash equivalents	(397)	207
Effects of exchange rate changes	(71)	-
Cash and cash equivalents at beginning of financial period	10,043	9,836
Cash and cash equivalents at end of financial period	9,575	10,043

CYMAO HOLDINGS BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

Cash and cash equivalents at the end of financial period comprise of the followings:

	As at 31/12/2006 RM'000	As at 31/12/2005 RM'000
Cash on hand and at bank	9,573	8,242
Deposit with a licensed bank	<u>1,833</u>	<u>3,163</u>
Cash and bank balances	11,406	11,405
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,831)</u>	<u>(1,362)</u>
	<u>9,575</u>	<u>10,043</u>

Note: The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

CYMAO HOLDINGS BERHAD

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134₂₀₀₄: Interim Financial Reporting and Appendix 9B 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 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2005.

2. Changes in the Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standard ("FRS") effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets

The adoption of FRS 101, 102, 108, 110, 116, 121, 127, 132 and 133 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

FRS 3: Business Combinations and FRS 136: Impairment of Assets

The new FRS 3 has resulted in consequential amendment to FRS 136.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to 1st January 2006, negative goodwill was presented separately in the balance sheet. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1st January 2006 of RM24,810,169 was derecognised with a corresponding increase in retained earnings.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

3. Comparative

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

	Previously Stated RM'000	Adjustment FRS 3 RM'000	Restated RM'000
As at 31 December 2005			
Retained earnings	31,004	24,810	55,814

4. Auditors' report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

5. Segmental Information

	12 months ended	
	31/12/2006 RM'000	31/12/2005 RM'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	12,500	5,087
Plywood manufacturing	360,649	245,801
Shipping services	2,633	1,015
Total revenue including inter-segment sales	375,782	251,903
Elimination of inter-segment sales	(121,333)	(6,094)
Total revenue from continuing operations	254,449	245,809
Segment Results		
Results from continuing operations:		
Investment holding	11,367	3,943
Plywood manufacturing	20,978	17,364
Shipping services	644	214
Others	1,126	-
Elimination	34,115	21,521
	(12,520)	(5,270)
Total results from continuing operations	21,595	16,251

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

6. Unusual Items due to their Nature, Size or Incident

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31st December 2006 except as disclosed in Note 2.

7. Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter results.

8. Comments about Seasonal or Cyclical Factors

The Group's business operation and performance are to a certain extent affected by weather conditions especially on the supply of logs.

9. Dividend Paid

A first interim tax exempt dividend of 5 sen per share amounting to RM3,750,000 was paid on 6 October 2006 in respect of financial year ended 31 December 2006.

10. Carrying Amount of Revalued Assets

There were no brought forward valuations of property, plant and equipment from the year ended 31 December 2005 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

11. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the interim period under review.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the reporting quarter.

13. Capital Commitments

There are no commitments not provided for the quarter ended 31 December 2006.

14. Changes in Contingent Liabilities or Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2005 and up to the date of this report except as disclosed below:

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

	Group RM '000	Company RM '000
Corporate guarantee issued to a financial institution for credit facilities granted to a subsidiary company	<u>-</u>	<u>21,000</u>

15. Material Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the 31st December 2006 and up to the date of this report.

16. Performance Review

Compared to the preceding corresponding period, revenue has decreased by 40% or RM31.6 million to RM46.6 million; however profit before tax increased by 15% or RM0.5 million to RM4.1 million. Reason for drop in revenue due to total volume shipped has fallen by 23,980m³ or 42% owing to delayed shipping schedules. However, a marked improvement in GP margin with an increase by 9% compared to the preceding correspondence as average plywood price has increased by 16%.

17. Variation of Results Against Preceding Quarter

Revenue fell by RM38.5million or 45% compared to the preceding quarter mainly due to volume shipped has dropped by 20,107m³ or 38% for the quarter under review. Besides, poor log quality during rainy season did not augur well on selling price resulted a drop by 2%. As a result, profit before taxation has dropped by RM6.6million or 62%.

18. Commentary on Prospects

In the year of 2006, the plywood industry has experienced a good year of price increase by nearly 30% at its peak. Such increase brought about by the demand and tight supply of logs which have driven the plywood price upward. As a result, the Group has registered a profit before taxation of RM23.7million represents an increase by 77% compared to previous financial year.

Going forward, plywood price in year 2007 is expected to hold firm and the demand is expected to be positive. However, log prices may further increase in first quarter of 2007 due to expected adverse weather condition in Sabah. Such cyclical factor is expected to taper off by second quarter. Barring any unforeseen circumstances, the Board expects the Group to be profitable for the financial year ending 2007.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

19. Profit Forecast/Profit Guarantee

The disclosure requirements for explanatory note for the variance of actual and forecast profit and for the shortfall in profit guarantee are not applicable as Group has not provided any profit forecast or profit guarantee for the period ended 31st December 2006.

20. Income Tax Expense

	Current Year Quarter ended 31/12/2006 RM'000	Current Year To-date 31/12/2006 RM'000
Income tax:		
Taxation	113	239
Deferred tax	1,522	1,896
	<u>1,635</u>	<u>2,135</u>

The effective tax rate for the current quarter was higher than the statutory tax rate principally due to reduction in deferred tax assets to reflect the reduction in corporate tax rate.

21. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the current quarter and financial year-to-date.

22. Purchases or Disposals of Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial year-to-date.

23. Corporate Proposals

As at the date of this report, there were no corporate proposals announced and not completed, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

24. Borrowings

	As at 31/12/2006 RM'000	As at 31/12/2005 RM'000
Short-term borrowings:		
Secured	16,169	4,536
Long-term borrowings:		
Secured	11,043	6,329
	<u>27,212</u>	<u>10,865</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency – United States Dollars	<u>3,284</u>	<u>11,599</u>

25. Off Balance Sheet Financial Instruments

During the quarter under review, the Group has fulfilled the obligations to deliver the outstanding forward foreign currency hedging amounting to USD2,540,000. As at the date of this report, there are no other off-balance sheet financial instruments being entered into by the Group.

26. Changes in Material Litigation

As at the date of this report, the Group has not engaged in any material litigation.

27. Dividend

The Board proposed to declare a final tax-exempt dividend of 5 sen per share on 75,000,000 ordinary shares amounting to RM3,750,000 in respect of the financial year ended 31 December 2006 subject to shareholders' approval in the forthcoming Annual General Meeting. If shareholders' approval is obtained for the proposed final tax-exempt dividend, together with the first interim tax-exempt dividend paid on 6 October 2006, a total of 10 sen per share on 75,000,000 ordinary shares of dividend would be made for the financial year ended 31 December 2006.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31ST DECEMBER 2006

28. Earnings Per Share

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	3 months ended		Year-To-Date Ended	
	31/12/06	31/12/05	31/12/06	31/12/05
Basic earnings per share:				
Profit attributable to ordinary equity holders of the parent (RM'000)	2,464	3,525	21,595	16,251
Weighted average number of shares in issue ('000)	74,993	75,000	74,997	75,000
Basic earnings per share (Sen)	3.29	4.70	28.79	21.67
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A