

# **CYMAO HOLDINGS BERHAD**

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

**INTERIM**

**FINANCIAL STATEMENTS**

**FOR THE FORTH  
QUARTER ENDED**

**31 DECEMBER 2007**

**CYMAO HOLDINGS BERHAD**

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2007 RM'000	Preceding Year Corresponding Quarter 31/12/2006 RM'000	Current Year To-date 31/12/2007 RM'000	Preceding Year Corresponding Period 31/12/2006 RM'000
<b>Continuing Operations</b>				
Revenue	37,134	58,164	179,033	265,992
Cost of sales	(31,225)	(47,394)	(161,990)	(209,225)
<b>Gross profit</b>	5,909	10,770	17,043	56,767
Other income	871	783	1,223	2,361
Other operating expenses	6	-	(6)	-
Administrative expenses	(2,091)	(3,520)	(7,740)	(9,167)
Selling and marketing expenses	(3,511)	(3,678)	(17,552)	(25,081)
Interest income	41	74	88	235
Finance costs	(194)	(330)	(1,180)	(1,385)
<b>(Loss)/profit before tax</b>	1,031	4,099	(8,124)	23,730
Income tax expense	385	(1,635)	2,468	(2,135)
<b>(Loss)/profit for the period from continuing operations</b>	1,416	2,464	(5,656)	21,595
<b>(Loss)/profit for the period</b>	1,416	2,464	(5,656)	21,595
Attributable to:				
Equity holders of the parent	1,465	2,464	(5,656)	21,595
Minority interest	(49)	-	- *	-
	1,416	2,464	(5,656)	21,595
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for the (loss)/profit from continuing operations	1.95	3.29	(7.54)	28.79
Basic, for (loss)/profit for the period	1.95	3.29	(7.54)	28.79

*Note:**\* Denotes RM200*

*The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.*

**CYMAO HOLDINGS BERHAD**

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	<b>As At 31/12/2007 (Unaudited) RM'000</b>	<b>As At 31/12/2006 (Audited &amp; Restated) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	76,908	84,254
Prepaid lease payments	13,566	13,700
Deferred tax assets	6,263	3,531
	<u>96,737</u>	<u>101,485</u>
<b>Current assets</b>		
Inventories	54,132	65,592
Trade receivables	9,481	26,013
Other receivables	10,601	12,244
Tax refundable	257	164
Cash and bank balances	8,930	11,406
	<u>83,401</u>	<u>115,419</u>
<b>TOTAL ASSETS</b>	<u>180,138</u>	<u>216,904</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(31)	(14)
Foreign currency translation reserve	(92)	(72)
Retained earnings	61,255	70,660
<b>Total equity</b>	<u>153,506</u>	<u>162,948</u>
<b>Non-current liabilities</b>		
Borrowings	4,856	8,979
Deferred tax liability	6,078	5,805
	<u>10,934</u>	<u>14,784</u>
<b>Current liabilities</b>		
Borrowings	3,836	17,965
Trade payables	6,427	9,332
Other payables	5,435	11,875
	<u>15,698</u>	<u>39,172</u>
<b>Total liabilities</b>	<u>26,632</u>	<u>53,956</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>180,138</u>	<u>216,904</u>
<b>Net Assets Per Share (RM)</b>	2.05	2.17

*Note:*

*The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.*

**CYMAO HOLDINGS BERHAD**

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

	Attributable to Equity Holders of the Parent								
	Non-Distributable				Distributable				
	Share Capital RM'000	Share Premium RM'000	Foreign Currency		Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
			Translation Reserve RM'000						
<b>At 1st January 2006</b>									
As previously stated	60,000	32,418	-	-	31,004	123,422	-	123,422	
Effect of adopting FRS 3	-	-	-	-	24,810	24,810	-	24,810	
<b>At 1st January 2006 (restated)</b>	<b>60,000</b>	<b>32,418</b>	<b>-</b>	<b>-</b>	<b>55,814</b>	<b>148,232</b>	<b>-</b>	<b>148,232</b>	
Bonus issue	15,000	(15,000)				-	-	-	
Bonus shares listing expenses		(44)				(44)	-	(44)	
Purchase of treasury shares				(14)		(14)	-	(14)	
Exchange differences on translation of financial statement of a foreign entity			(72)			(72)		(72)	
Net profit for the period	-	-	-	-	21,595	21,595	-	21,595	
Dividend paid	-	-	-	-	(6,749)	(6,749)	-	(6,749)	
<b>At 31st December 2006</b>	<b>75,000</b>	<b>17,374</b>	<b>(72)</b>	<b>(14)</b>	<b>70,660</b>	<b>162,948</b>	<b>-</b>	<b>162,948</b>	
<b>At 1st January 2007</b>									
Purchase of treasury shares	-	-	-	(17)	-	(17)	-	(17)	
Exchange differences on translation of financial statement of a foreign entity	-	-	(20)	-	-	(20)	-	(20)	
Loss for the period	-	-	-	-	(5,656)	(5,656)	*	(5,656)	
Minority interest on subsidiary acquired							*	*	
Dividend paid	-	-	-	-	(3,749)	(3,749)	-	(3,749)	
<b>At 31st December 2007</b>	<b>75,000</b>	<b>17,374</b>	<b>(92)</b>	<b>(31)</b>	<b>61,255</b>	<b>153,506</b>	<b>-</b>	<b>153,506</b>	

Note:

\* Denotes RM200

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 FORTH QUARTER ENDED 31 DECEMBER 2007**

	Current Year To-date 31/12/2007 RM'000	Preceding Year Corresponding Period 31/12/2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(8,124)	23,730
Adjustments for:		
Depreciation of property, plant and equipment	12,270	11,846
Bad debts written off	-	765
Equipment written off	189	-
Negative goodwill arising from business combination	-	(1,126)
Goodwill arising from business combination	7	-
Interest income	(78)	(235)
Finance costs	763	1,385
Operating profit before working capital changes	5,027	36,365
Decrease/(Increase) in inventories	11,460	(23,545)
Decrease in receivables	18,236	36,158
Decrease in payables	(9,378)	(9,884)
Cash generated from operation	25,345	39,094
Interest paid	(763)	(1,385)
Taxes recovery	170	-
Taxes paid	(254)	(380)
Net cash generated from operating activities	24,498	37,329
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash acquired	(6)	(15,327)
Movement in fixed deposits under pledge	(53)	(470)
Purchase of property, plant and equipment	(4,979)	(24,282)
Proceeds from sales of equipment	-	7
Interest received	78	235
Net cash used in investing activities	(4,960)	(39,837)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank loan drawn down	8,233	29,749
Bankers' acceptance drawn down	15,392	5,116
Export Credit Refinancing drawn down	4,644	12,223
Repayment of term loan	(13,539)	(34,554)
Repayment of bankers' acceptance	(16,149)	(3,616)
Repayment of export credit refinancing	(16,867)	-
Payment of share issue expenses	-	(44)
Purchase of treasury shares	(17)	(14)
Dividend paid	(3,749)	(6,749)
Net cash (used in)/generated from financing activities	(22,052)	2,111
Net decrease in cash and cash equivalents	(2,514)	(397)
Effects of exchange rate changes	(21)	(71)
Cash and cash equivalents at beginning of financial period	9,575	10,043
Cash and cash equivalents at end of financial period	7,040	9,575

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

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

	<b>As at 31/12/2007 R M'000</b>	<b>As at 31/12/2006 R M'000</b>
Cash on hand and at bank	2,789	9,573
Deposit with a licensed bank	<u>6,141</u>	<u>1,833</u>
Cash and bank balances	8,930	11,406
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,890)</u>	<u>(1,831)</u>
	<u>7,040</u>	<u>9,575</u>

*Note:*

*The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.*

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

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**1. Basis of Preparation**

The interim financial statements have been prepared on a historical cost basis.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134<sub>2004</sub>: 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 2006. 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 2006.

**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 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1<sup>st</sup> January 2007:

FRS 117	Leases
FRS 127	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective dates has been deferred.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group, other than the change discussed below:

**FRS 117: Lease**

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortized amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparative amount as at 31 December 2006 has been restated.

**3. Auditors' report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2006 was unqualified.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
 FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

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**4. Segmental Information**

	<b>12 months ended</b>	
	<b>31/12/2007</b>	<b>31/12/2006</b>
	<b>R M'000</b>	<b>R M'000</b>
<b>Segment Revenue</b>		
Revenue from continuing operations:		
Investment holding	22,740	12,500
Plywood manufacturing	263,323	360,910
Shipping services	1,230	2,632
Total revenue including inter-segment sales	287,293	376,042
Elimination of inter-segment sales	<u>(108,259)</u>	<u>(110,050)</u>
Total revenue from continuing operations	<u>179,034</u>	<u>265,992</u>
<b>Segment Results</b>		
Results from continuing operations:		
Investment holding	21,515	11,367
Plywood manufacturing	(3,673)	20,978
Shipping services	(201)	644
Others	(580)	1,126
Elimination	<u>(22,717)</u>	<u>(12,520)</u>
Total results from continuing operations	<u>(5,656)</u>	<u>21,595</u>

**5. 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 31 December 2007.

**6. Changes in Estimates**

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

**7. Comment 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.

**8. Dividend Paid**

There were no dividends recommended or paid by the Company during the current quarter.

**9. Carrying Amount of Revalued Assets**

There were no brought forward valuations of property, plant and equipment from the year ended 31 December 2006 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.



**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

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**10. Debt and Equity Securities**

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

**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the interim period under review.

**12. Capital Commitments**

There are no commitments not provided for at the quarter ended 31 December 2007.

**13. 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 2006 and up to the date of this report except as disclosed below:

	Group RM'000	Company RM'000
Corporate guarantee issue to a financial institution for credit facilities granted to a subsidiary company	-	33,000

**14. Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the end of the current quarter.

**15. Performance Review**

During the quarter under review, the Group registered revenue of RM37.1 million which is 36% decrease compared to previous year corresponding quarter. Total volume shipped for the quarter was 25,898m<sup>3</sup> which is 32% lower than that of the previous year corresponding quarter. Sales volume suffered due to slow down in US economy. The US economic slow down caused a drop in construction activities and led to plywood overstock positions for resellers. The drop in selling price of 12% and higher average log cost incurred of 24% compared to previous year corresponding quarter has resulted gross margin to drop by 3% to 16% compared to previous year. Overall, a profit before taxation of RM1.03 million was recorded.

**16. Variation of Results Against Preceding Quarter**

As a comparison against preceding quarter, although volume shipped has decreased by 11%, the improvement in selling price of 8% coupled with declining log cost result the Group to register a profit before taxation of RM1.03 million.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

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**17. Commentary on Prospects**

As at the last quarter, plywood prices began to recover and log cost trending downwards, these are expected to flow through to the next the financial year. Because of these and barring a US economic recession, the Board is optimistic about the Group's prospects for the coming year.

**18. 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 31 December 2007.

**19. Income Tax Expense**

	Current Year Quarter ended 31/12/2007 <b>R M'000</b>	Current Year To-date 31/12/2007 <b>R M'000</b>
Income tax:		
Taxation	(12)	(11)
Deferred tax	(373)	(2,457)
	<u>(385)</u>	<u>(2,468)</u>

The effective tax rate for the quarter under review was lower than the statutory tax rate principally due to unutilisation of capital allowances.

**20. Sales of Unquoted Investments and Properties**

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

**21. Purchases or Disposals of Quoted Securities**

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

**22. 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.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
 FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

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**23. Borrowings (Secured)**

	<b>As at 31/12/2007 RM'000</b>	<b>As at 31/12/2006 RM'000</b>
Short-term	3,836	17,965
Long-term	4,856	8,979
	<u>8,692</u>	<u>26,944</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>2,166</u>	<u>7,173</u>

**24. Off Balance Sheet Financial Instruments**

During the quarter under review, there were no off balance sheet financial instruments being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

**25. Changes in Material Litigation**

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

**26. Dividend**

No dividend has been recommended or paid for the quarter under review.

**27. 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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2007**

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	3 months ended		Year-To-Date Ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Basic earnings per share				
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	1,465	2,464	(5,656)	21,595
Weighted average number of shares in issue ('000)	74,981	74,993	74,981	74,997
Basic earnings per share (Sen)	1.95	3.29	(7.54)	28.79
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A