

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE FIRST
QUARTER ENDED**

31 MARCH 2008

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/3/2008 RM'000	Preceding Year Corresponding Quarter 31/3/2007 RM'000	Current Year To-date 31/3/2008 RM'000	Preceding Year Corresponding Period 31/3/2007 RM'000
Continuing Operations				
Revenue	32,511	49,466	32,511	49,466
Cost of sales	(28,679)	(39,956)	(28,679)	(39,956)
Gross profit	3,832	9,510	3,832	9,510
Other income	11	81	11	81
Other operating expenses	(1)	-	(1)	-
Administrative expenses	(1,794)	(1,797)	(1,794)	(1,797)
Selling and marketing expenses	(3,475)	(7,078)	(3,475)	(7,078)
Interest income	35	24	35	24
Finance costs	(165)	(650)	(165)	(650)
(Loss)/profit before tax	(1,557)	90	(1,557)	90
Income tax expense	-	207	-	207
(Loss)/profit for the period from continuing operations	(1,557)	297	(1,557)	297
(Loss)/profit for the period	(1,557)	297	(1,557)	297
Attributable to:				
Equity holders of the parent	(1,557)	297	(1,557)	297
Minority interest	- *	-	- *	-
	(1,557)	297	(1,557)	297
Earnings per share attributable to equity holders of the parent:				
Basic, for the (loss)/profit from continuing operations	(2.08)	0.40	(2.08)	0.40
Basic, for (loss)/profit for the period	(2.08)	0.40	(2.08)	0.40

*Note:*** Denotes RM200*

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 MARCH 2008**

	As At 31/3/2008 (Unaudited) RM'000	As At 31/12/2007 (Audited & Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,639	76,908
Prepaid lease payments	13,534	13,566
Deferred tax assets	<u>6,263</u>	<u>6,263</u>
	<u>94,436</u>	<u>96,737</u>
Current assets		
Inventories	54,810	54,132
Trade receivables	3,374	9,481
Other receivables	11,078	10,601
Tax refundable	283	257
Cash and bank balances	<u>10,170</u>	<u>8,930</u>
	<u>79,715</u>	<u>83,401</u>
TOTAL ASSETS	<u>174,151</u>	<u>180,138</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(31)	(31)
Foreign currency translation reserve	(84)	(92)
Retained earnings	<u>59,698</u>	<u>61,255</u>
Total equity	<u>151,957</u>	<u>153,506</u>
Non-current liabilities		
Borrowings	4,525	4,856
Deferred tax liability	<u>6,078</u>	<u>6,078</u>
	<u>10,603</u>	<u>10,934</u>
Current liabilities		
Borrowings	1,802	3,836
Trade payables	5,247	6,427
Other payables	<u>4,542</u>	<u>5,435</u>
	<u>11,591</u>	<u>15,698</u>
Total liabilities	<u>22,194</u>	<u>26,632</u>
TOTAL EQUITY AND LIABILITIES	<u>174,151</u>	<u>180,138</u>
Net Assets Per Share (RM)	2.03	2.05

Note:

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 FIRST QUARTER ENDED 31 MARCH 2008**

	Attributable to Equity Holders of the Parent							
	Non-Distributable				Distributable			
	Foreign Currency				Treasury Shares	Retained Earnings	Minority Interest	Total Equity
	Share Capital	Share Premium	Translation Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1st January 2007	75,000	17,374	(72)	(14)	70,660	162,948	-	162,948
Purchase of treasury shares				(17)		(17)	-	(17)
Exchange differences on translation of financial statement of a foreign entity			(47)			(47)		(47)
Net profit for the period	-	-	-	-	297	297	-	297
At 31st March 2007	75,000	17,374	(119)	(31)	70,957	163,181	-	163,181
At 1st January 2008	75,000	17,374	(92)	(31)	61,255	153,506	-	153,506
Exchange differences on translation of financial statement of a foreign entity	-	-	8	-	-	8	-	8
Loss for the period	-	-	-	-	(1,557)	(1,557)	*	(1,557)
Minority interest on subsidiary acquired							*	*
At 31st March 2008	75,000	17,374	(84)	(31)	59,698	151,957	-	151,957

*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 2007 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 FIRST QUARTER ENDED 31 MARCH 2008**

	Current Year To-date 31/3/2008 RM'000	Preceding Year Corresponding Period 31/3/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(1,557)	90
Adjustments for:		
Depreciation of property, plant and equipment	2,792	3,315
Interest income	(27)	(24)
Finance costs	165	650
Operating profit before working capital changes	1,373	4,031
Increase in inventories	(678)	(8,371)
Decrease in receivables	6,073	10,329
Decrease in payables	(2,040)	(2,216)
Cash generated from operation	4,728	3,773
Interest paid	(165)	(650)
Taxes recovery	-	11
Taxes paid	(26)	(42)
Net cash generated from operating activities	4,537	3,092
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledge	(20)	(19)
Purchase of property, plant and equipment	(490)	(818)
Interest received	27	24
Net cash used in investing activities	(483)	(813)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loan drawn down	-	8,009
Bankers' acceptance drawn down	-	4,026
Export Credit Refinancing drawn down	-	62
Repayment of term loan	(2,099)	(2,431)
Repayment of bankers' acceptance	(743)	(3,826)
Repayment of export credit refinancing	-	(12,284)
Purchase of treasury shares	-	(17)
Net cash used in financing activities	(2,842)	(6,461)
Net increase/(decrease) in cash and cash equivalents	1,212	(4,182)
Effects of exchange rate changes	8	(48)
Cash and cash equivalents at beginning of financial period	7,041	9,575
Cash and cash equivalents at end of financial period	8,261	5,345

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

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

	As at 31/3/2008 RM'000	As at 31/3/2007 RM'000
Cash on hand and at bank	6,861	4,343
Deposit with a licensed bank	<u>3,309</u>	<u>2,852</u>
Cash and bank balances	10,170	7,195
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,909)</u>	<u>(1,850)</u>
	<u>8,261</u>	<u>5,345</u>

Note:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
 FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

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 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 2007. 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 2007.

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 2007.

3. Auditors' report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2007 was unqualified.

4. Segmental Information

	3 months ended	
	31/3/2008	31/3/2007
	R M'000	R M'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	-	-
Plywood manufacturing	46,170	71,561
Shipping services	174	367
Total revenue including inter-segment sales	46,344	71,928
Elimination of inter-segment sales	(13,833)	(22,462)
Total revenue from continuing operations	<u>32,511</u>	<u>49,466</u>
Segment Results		
Results from continuing operations:		
Investment holding	(69)	(219)
Plywood manufacturing	(1,328)	570
Shipping services	(143)	(54)
Others	(17)	-
Elimination	-	-
Total results from continuing operations	<u>(1,557)</u>	<u>297</u>

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

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 2007 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

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 as at the quarter ended 31 March 2008.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

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 2007 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 RM33 million which is 34% poorer from the previous year's corresponding quarter. The Group's total sales volume was at 23,579m³ or 26% lower against the previous year corresponding quarter. The sales volumes suffered in line with US economic recession and continued uncertainties in global markets.

The softening of the US Dollar against Malaysian Ringgit was the main cause for the decline in gross profit margin when comparing with previous year corresponding quarter.

As a result, the Group recorded a loss before taxation of RM1.56 million.

16. Variation of Results Against Preceding Quarter

As a comparison against preceding quarter, the drop in the US Dollar and sales volume caused the Group to register a loss before taxation of RM1.56 million.

17. Commentary on Prospects

The Board opines the Group will face stiff challenges this year given the continued US economic recession as well as escalation of fuel prices and other related costs like glue and consumables. On the domestic front however, the Group expects a more favourable prospect especially in the construction sector, given Malaysia's progress works on regional development corridors, and the high-impact projects from the oil and gas, rail and water sectors. The local demand for plywood is expected to be buoyant.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

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 2008.

19. Income Tax Expense

	Current Year Quarter ended 31/3/2008 R M'000	Current Year To-date 31/3/2008 R M'000
Income tax:		
Taxation	-	-
Deferred tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

The Group estimates no income tax expenses in view of the losses incurred for the quarter under review.

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 FIRST QUARTER ENDED 31 MARCH 2008**

23. Borrowings (Secured)

	As at 31/03/2008 RM'000	As at 31/12/2007 RM'000
Short-term	1,802	3,836
Long-term	4,525	4,856
	<u>6,327</u>	<u>8,692</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>1,980</u>	<u>6,327</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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

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.

	3 months ended		Year-To-Date Ended	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007
Basic earnings per share				
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(1,557)	297	(1,557)	297
Weighted average number of shares in issue ('000)	74,980	74,987	74,980	74,987
Basic earnings per share (Sen)	(2.08)	0.40	(2.08)	0.40
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A