

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE SECOND
QUARTER ENDED**

30 JUNE 2008

CYMAO HOLDINGS BERHAD(Company No.:445931-U)
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/6/2008 RM'000	Preceding Year Corresponding Quarter 30/6/2007 RM'000	Current Year To-date 30/6/2008 RM'000	Preceding Year Corresponding Period 30/6/2007 RM'000
Continuing Operations				
Revenue	38,570	48,982	71,081	98,448
Cost of sales	(34,754)	(50,312)	(63,433)	(90,268)
Gross profit/(loss)	3,816	(1,330)	7,648	8,180
Other income	156	38	167	119
Other operating expenses	(67)	(12)	(68)	(12)
Administrative expenses	(1,704)	(2,096)	(3,498)	(3,893)
Selling and marketing expenses	(3,273)	(3,191)	(6,748)	(10,269)
Interest income	6	8	41	32
Finance costs	(118)	(102)	(283)	(752)
Loss before tax	(1,184)	(6,685)	(2,741)	(6,595)
Income tax expense	-	938	-	1,145
Loss for the period from continuing operations	(1,184)	(5,747)	(2,741)	(5,450)
Loss for the period	(1,184)	(5,747)	(2,741)	(5,450)
Attributable to:				
Equity holders of the parent	(1,184)	(5,708)	(2,741)	(5,411)
Minority interest	-	(39)	-	(39)
	(1,184)	(5,747)	(2,741)	(5,450)
Earnings per share attributable to equity holders of the parent:				
Basic, for the loss from continuing operations	(1.58)	(7.61)	(3.66)	(7.22)
Basic, for loss for the period	(1.58)	(7.61)	(3.66)	(7.22)

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 30 JUNE 2008**

	As At 30/6/2008 (Unaudited) RM'000	As At 31/12/2007 (Audited & Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	71,571	76,908
Prepaid lease payments	13,501	13,566
Deferred tax assets	6,263	6,263
	<u>91,335</u>	<u>96,737</u>
Current assets		
Inventories	50,896	54,132
Trade receivables	11,226	9,481
Other receivables	13,170	10,601
Tax refundable	306	257
Cash and bank balances	6,435	8,930
	<u>82,033</u>	<u>83,401</u>
TOTAL ASSETS	<u>173,368</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	105	(92)
Retained earnings	58,514	61,255
Total equity	<u>150,962</u>	<u>153,506</u>
Non-current liabilities		
Borrowings	4,647	4,856
Deferred tax liability	6,078	6,078
	<u>10,725</u>	<u>10,934</u>
Current liabilities		
Borrowings	2,145	3,836
Trade payables	4,638	6,427
Other payables	4,898	5,435
	<u>11,681</u>	<u>15,698</u>
Total liabilities	<u>22,406</u>	<u>26,632</u>
TOTAL EQUITY AND LIABILITIES	<u>173,368</u>	<u>180,138</u>
Net Assets Per Share (RM)	2.01	2.05

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(Company No.:445931-U)
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

	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	Minority Interest RM'000	Total Equity 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			84			84		84
Loss for the period	-	-	-	-	(5,411)	(5,411)	(33)	(5,444)
Dividend paid	-	-	-	-	(3,749)	(3,749)	-	(3,749)
At 30th June 2007	75,000	17,374	12	(31)	61,500	153,855	(33)	153,822
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	-	-	197	-	-	197	-	197
Loss for the period	-	-	-	-	(2,741)	(2,741)	-	(2,741)
At 30th June 2008	75,000	17,374	105	(31)	58,514	150,962	-	150,962

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 SECOND QUARTER ENDED 30 JUNE 2008**

	Current Year To-date 30/6/2008 RM'000	Preceding Year Corresponding Period 30/6/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,741)	(6,595)
Adjustments for:		
Depreciation of property, plant and equipment	5,657	6,665
Profit on disposal of equipment	(40)	-
Equipment written off	102	-
Goodwill arising from business combination	-	7
Interest income	(41)	(30)
Finance costs	283	607
Operating profit before working capital changes	3,220	654
Decrease/(Increase) in inventories	3,236	(266)
(Increase)/decrease in receivables	(3,871)	11,739
Decrease in payables	(2,293)	(3,741)
Cash generated from operation	292	8,386
Interest paid	(283)	(607)
Taxes recovery	-	11
Taxes paid	(50)	(85)
Net cash generated from operating activities	(41)	7,705
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	-	(6)
Movement in fixed deposits under pledge	(24)	(18)
Purchase of property, plant and equipment	(596)	(2,363)
Proceeds from sales of equipment	280	-
Interest received	41	30
Net cash used in investing activities	(299)	(2,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loan drawn down	-	9,036
Bankers' acceptance drawn down	933	11,338
Export Credit Refinancing drawn down	-	2,316
Repayment of term loan	(2,566)	(8,877)
Repayment of bankers' acceptance	(743)	(6,090)
Repayment of export credit refinancing	-	(14,539)
Purchase of treasury shares	-	(17)
Dividend paid	-	(3,749)
Net cash used in financing activities	(2,376)	(10,582)
Net decrease in cash and cash equivalents	(2,716)	(5,234)
Effects of exchange rate changes	197	83
Cash and cash equivalents at beginning of financial period	7,041	9,575
Cash and cash equivalents at end of financial period	4,522	4,424

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

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

	As at 30/6/2008 RM'000	As at 30/6/2007 RM'000
Cash on hand and at bank	4,521	4,423
Deposit with a licensed bank	<u>1,914</u>	<u>1,856</u>
Cash and bank balances	6,435	6,279
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,913)</u>	<u>(1,855)</u>
	<u>4,522</u>	<u>4,424</u>

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 SECOND QUARTER ENDED 30 JUNE 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

	6 months ended	
	30/6/2008	30/6/2007
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	-	5,400
Plywood manufacturing	98,314	136,901
Shipping services	347	798
Total revenue including inter-segment sales	98,661	143,099
Elimination of inter-segment sales	(27,580)	(44,651)
Total revenue from continuing operations	<u>71,081</u>	<u>98,448</u>
Segment Results		
Results from continuing operations:		
Investment holding	(455)	4,680
Plywood manufacturing	(1,994)	(4,604)
Shipping services	(258)	(65)
Others	(30)	(197)
Elimination	(2,737)	(186)
Total results from continuing operations	<u>(4)</u>	<u>(5,225)</u>
Total results from continuing operations	<u>(2,741)</u>	<u>(5,411)</u>

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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

On 20th June 2008, the Group acquired the remaining 4,000 ordinary shares of RM1.00 each representing 40% equity interest in Syabas Mujur Sdn. Bhd. ("SMSB") from Encik Said Bin Abd. Rahim and Cham Kim Min for 3,000 ordinary shares and 1,000 ordinary shares respectively, for a total cash consideration of RM4,000.

The principal activity of SMSB is intended to be a timber logging contractor and at present it has not commenced operation.

12. Capital Commitments

There are no commitments not provided for as at the quarter ended 30 June 2008.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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	-	43,000

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 RM39 million which is 21% poorer from the previous year's corresponding quarter. The Group's total sales volume was at 25,521m³ or 29% lower against the previous year corresponding quarter. The improvement in average selling price of 10% and drop in average log cost by 16% compared to previous year corresponding quarter resulted in healthier gross margin.

As a result, the Group recorded a loss before taxation of RM1.18 million.

16. Variation of Results Against Preceding Quarter

The Group's current quarter results registered a loss of RM1.18 million which is less than preceding quarter due to lower marketing expenses incurred from marketing higher proportions of products within Malaysia.

17. Commentary on Prospects

Plywood prices have begun to rebound and log cost has come down which would help in maintaining margins. The Board views the lack lustre demand in US and other major markets to continue for the rest of the year and consequently impact the Group's financial performance. However on the domestic front, plywood demand is expected to remain buoyant in view of the regional development corridors and this will mitigate the Group's performance to a certain extent.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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 30/6/2008 RM'000	Current Year To-date 30/6/2008 RM'000
Income tax:		
Taxation	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

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 SECOND QUARTER ENDED 30 JUNE 2008**

23. Borrowings (Secured)

	As at 30/06/2008 RM'000	As at 31/12/2007 RM'000
Short-term	2,145	3,836
Long-term	4,647	4,856
	<u>6,792</u>	<u>8,692</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>1,794</u>	<u>5,858</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.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
 FOR THE SECOND QUARTER ENDED 30 JUNE 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	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
Basic earnings per share				
Loss attributable to ordinary equity holders of the parent (RM'000)	(1,184)	(5,708)	(2,741)	(5,411)
Weighted average number of shares in issue ('000)	74,980	74,984	74,980	74,988
Basic earnings per share (Sen)	(1.58)	(7.61)	(3.66)	(7.22)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A