

# **CYMAO HOLDINGS BERHAD**

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

**INTERIM**

**FINANCIAL STATEMENTS**

**FOR THE THIRD  
QUARTER ENDED**

**30 SEPTEMBER 2008**

**CYMAO HOLDINGS BERHAD**

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/9/2008 RM'000	Preceding Year Corresponding Quarter 30/9/2007 RM'000	Current Year To-date 30/9/2008 RM'000	Preceding Year Corresponding Period 30/9/2007 RM'000
<b>Continuing Operations</b>				
Revenue	34,661	43,451	105,742	141,899
Cost of sales	<u>(32,346)</u>	<u>(40,497)</u>	<u>(95,779)</u>	<u>(130,765)</u>
<b>Gross profit</b>	2,315	2,954	9,963	11,134
Other income	341	233	508	352
Other operating expenses	-	-	(68)	(12)
Administrative expenses	(1,435)	(1,756)	(4,933)	(5,649)
Selling and marketing expenses	(2,921)	(3,772)	(9,669)	(14,041)
Interest income	9	15	50	47
Finance costs	<u>(136)</u>	<u>(234)</u>	<u>(419)</u>	<u>(986)</u>
<b>Loss before tax</b>	(1,827)	(2,560)	(4,568)	(9,155)
Income tax expense	<u>-</u>	<u>938</u>	<u>-</u>	<u>2,083</u>
<b>Loss for the period from continuing operations</b>	<u>(1,827)</u>	<u>(1,622)</u>	<u>(4,568)</u>	<u>(7,072)</u>
<b>Loss for the period</b>	<u>(1,827)</u>	<u>(1,622)</u>	<u>(4,568)</u>	<u>(7,072)</u>
Attributable to:				
Equity holders of the parent	(1,827)	(1,612)	(4,568)	(7,023)
Minority interest	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>(49)</u>
	<u>(1,827)</u>	<u>(1,622)</u>	<u>(4,568)</u>	<u>(7,072)</u>
<b>Earnings per share attributable</b>				
<b>to equity holders of the parent:</b>				
Basic, for the loss from continuing operations	(2.44)	(2.15)	(6.09)	(9.37)
Basic, for loss for the period	<u>(2.44)</u>	<u>(2.15)</u>	<u>(6.09)</u>	<u>(9.37)</u>

*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 SEPTEMBER 2008**

	<b>As At 30/9/2008 (Unaudited) RM'000</b>	<b>As At 31/12/2007 (Audited &amp; Restated) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	73,004	76,908
Prepaid lease payments	13,468	13,566
Deferred tax assets	6,263	6,263
	<u>92,735</u>	<u>96,737</u>
<b>Current assets</b>		
Inventories	52,094	54,132
Trade receivables	7,340	9,481
Other receivables	13,568	10,601
Tax refundable	318	257
Cash and bank balances	4,986	8,930
	<u>78,306</u>	<u>83,401</u>
<b>TOTAL ASSETS</b>	<u>171,041</u>	<u>180,138</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)	(31)
Foreign currency translation reserve	340	(92)
Retained earnings	56,687	61,255
<b>Total equity</b>	<u>149,370</u>	<u>153,506</u>
<b>Non-current liabilities</b>		
Borrowings	4,892	4,856
Deferred tax liability	6,078	6,078
	<u>10,970</u>	<u>10,934</u>
<b>Current liabilities</b>		
Borrowings	808	3,836
Trade payables	6,693	6,427
Other payables	3,200	5,435
	<u>10,701</u>	<u>15,698</u>
<b>Total liabilities</b>	<u>21,671</u>	<u>26,632</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>171,041</u>	<u>180,138</u>
<b>Net Assets Per Share (RM)</b>	1.99	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 THIRD QUARTER ENDED 30 SEPTEMBER 2008**

	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	Minority Interest RM'000	Total Equity RM'000
			Translation Reserve RM'000					
<b>At 1st January 2007</b>	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			(20)			(20)		(20)
Loss for the period	-	-	-	-	(7,023)	(7,023)	(43)	(7,066)
Dividend paid	-	-	-	-	(3,749)	(3,749)	-	(3,749)
<b>At 30th September 2007</b>	<b>75,000</b>	<b>17,374</b>	<b>(92)</b>	<b>(31)</b>	<b>59,888</b>	<b>152,139</b>	<b>(43)</b>	<b>152,096</b>
<b>At 1st January 2008</b>	75,000	17,374	(92)	(31)	61,255	153,506	-	153,506
Exchange differences on translation of financial statement of a foreign entity	-	-	432	-	-	432	-	432
Loss for the period	-	-	-	-	(4,568)	(4,568)	-	(4,568)
<b>At 30th September 2008</b>	<b>75,000</b>	<b>17,374</b>	<b>340</b>	<b>(31)</b>	<b>56,687</b>	<b>149,370</b>	<b>-</b>	<b>149,370</b>

*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**

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

	Current Year To-date 30/9/2008 RM'000	Preceding Year Corresponding Period 30/9/2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,568)	(9,155)
Adjustments for:		
Depreciation of property, plant and equipment	8,420	9,589
Profit on disposal of equipment	(40)	-
Equipment written off	102	59
Goodwill arising from business combination	-	7
Interest income	(38)	(37)
Finance costs	419	985
Operating profit before working capital changes	4,295	1,448
Decrease in inventories	2,039	11,059
(Increase)/decrease in receivables	(383)	13,969
Decrease in payables	(1,936)	(7,307)
Cash generated from operation	4,015	19,169
Interest paid	(419)	(985)
Taxes recovery	-	144
Taxes paid	(62)	(209)
Net cash generated from operating activities	3,534	18,119
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash acquired	-	(6)
Movement in fixed deposits under pledge	(29)	(1,859)
Purchase of property, plant and equipment	(4,759)	(3,658)
Proceeds from sales of equipment	280	-
Interest received	38	37
Net cash used in investing activities	(4,470)	(5,486)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank loan drawn down	-	8,233
Bankers' acceptance drawn down	1,434	14,752
Export Credit Refinancing drawn down	-	4,644
Repayment of term loan	(2,895)	(12,488)
Repayment of bankers' acceptance	(2,177)	(14,373)
Repayment of export credit refinancing	-	(16,867)
Purchase of treasury shares	-	(17)
Dividend paid	-	(3,749)
Net cash used in financing activities	(3,638)	(19,865)
Net decrease in cash and cash equivalents	(4,574)	(7,232)
Effects of exchange rate changes	432	(21)
Cash and cash equivalents at beginning of financial period	7,041	11,412
Cash and cash equivalents at end of financial period	2,899	4,159

**CYMAO HOLDINGS BERHAD**

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

---

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

	<b>As at 30/9/2008 RM'000</b>	<b>As at 30/9/2007 RM'000</b>
Cash on hand and at bank	3,068	4,158
Deposit with a licensed bank	1,918	1,860
Bank overdraft	<u>(170)</u>	<u>-</u>
Cash and bank balances	4,816	6,018
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,917)</u>	<u>(1,859)</u>
	<u>2,899</u>	<u>4,159</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 134<sup>2004</sup>: 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. Segmental Information**

	<b>9 months ended</b>	
	<b>30/9/2008</b>	<b>30/9/2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Revenue from continuing operations:		
Investment holding	-	22,740
Plywood manufacturing	143,597	209,344
Shipping services	561	1,048
	<hr/>	<hr/>
Total revenue including inter-segment sales	144,158	233,132
Elimination of inter-segment sales	(38,416)	(91,233)
Total revenue from continuing operations	<hr/>	<hr/>
	105,742	141,899
<b>Segment Results</b>		
Results from continuing operations:		
Investment holding	(861)	21,708
Plywood manufacturing	(3,307)	(5,542)
Shipping services	(353)	(129)
Others	(43)	(565)
	<hr/>	<hr/>
	(4,564)	15,472
Elimination	(4)	(22,495)
Total results from continuing operations	<hr/>	<hr/>
	(4,568)	(7,023)

**CYMAO HOLDINGS BERHAD**

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

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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. Debt and Equity Securities**

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

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

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

**11. Capital Commitments**

Save as disclosed below, there is no other material capital commitment since the last annual balance sheet date.

Amount approved and contracted for: RM9,250,000



**CYMAO HOLDINGS BERHAD**

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

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

---

**12. 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 R M'000	Company R M'000
Corporate guarantee issue to a financial institution for credit facilities granted to a subsidiary company	-	43,000

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

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

**14. Performance Review**

During the quarter under review, the Group registered revenue of RM35 million which is 20% poorer from the previous year's corresponding quarter. The Group's total sales volume was at 22,280m<sup>3</sup> or 28% lower against the previous year corresponding quarter. Although an improvement in selling price of 11% as compared to previous year corresponding quarter but the incremental was offset by higher log cost of 16% resulted in lower gross margin for the quarter.

As a result, the Group recorded a loss before taxation of RM1.83 million.

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

The Group's current quarter results registered a loss of RM1.83 million which is higher than preceding quarter due to increase in average log cost by 18% coupled with 15% drop in sales volume.

**16. Commentary on Prospects**

Due to the lack lustre demand in major markets coupled with high log cost, the Group will continue to operate in a very tight margin. Based on the foregoing, the Board is of the view that the Group will not expecting a positive earning for the financial year ending 2008.

**CYMAO HOLDINGS BERHAD**

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

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

---

**17. 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.

**18. Income Tax Expense**

	Current Year Quarter ended 30/9/2008 R M'000	Current Year To-date 30/9/2008 R M'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.

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

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

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

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

**21. Status of Corporate Proposals****(a) Proposed acquisition of Poly-Ply Industries Sdn. Bhd. ("PISB")**

On 4<sup>th</sup> September 2008, the Group announced that it had proposed to acquire 1,000,000 ordinary shares of RM1 each ("Sale Shares") being the entire issued and paid-up capital of PISB for a total cash consideration of RM2,000,000.

**CYMAO HOLDINGS BERHAD**

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

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

---

**(b) Proposed acquisition of property**

On 4<sup>th</sup> September 2008, the Group announced that it had entered into a Sale and Purchase Agreement ("SPA") with Hong Brothers Holdings Sdn. Bhd. ("HBSB") to acquire a parcel of land measuring 1.7654 hectares together with the plymill factory erected thereon situated at GM460, Lot 740, Mukim of Kapar, District of Klang, Selangor Darul Ehsan for a total cash purchase consideration of RM7,250,000.

The above proposals, the Group is in the final stage of completing the acquisition.

**22. Borrowings (Secured)**

	<b>As at 30/09/2008 RM'000</b>	<b>As at 31/12/2007 RM'000</b>
Short-term	808	3,836
Long-term	4,892	4,856
	<u>5,700</u>	<u>8,692</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>1,609</u>	<u>5,530</u>

**23. 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.

**24. Changes in Material Litigation**

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

**25. Dividend**

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

**CYMAO HOLDINGS BERHAD**

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

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008**

---

**26. 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	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
Basic earnings per share				
Loss attributable to ordinary equity holders of the parent (RM'000)	(1,827)	(1,612)	(4,568)	(7,023)
Weighted average number of shares in issue ('000)	74,980	74,982	74,980	74,984
Basic earnings per share (Sen)	(2.44)	(2.15)	(6.09)	(9.37)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A