

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE FIRST
QUARTER ENDED**

31 MARCH 2009

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2009 RM'000	Preceding Year Corresponding Quarter 31/03/2008 RM'000	Current Year To-date 31/03/2009 RM'000	Preceding Year Corresponding Period 31/03/2008 RM'000
Continuing Operations				
Revenue	20,191	32,511	20,191	32,511
Cost of sales	<u>(19,291)</u>	<u>(28,679)</u>	<u>(19,291)</u>	<u>(28,679)</u>
Gross profit	900	3,832	900	3,832
Other income	313	11	313	11
Other operating expenses	(926)	(1)	(926)	(1)
Administrative expenses	(1,325)	(1,794)	(1,325)	(1,794)
Selling and marketing expenses	(2,019)	(3,475)	(2,019)	(3,475)
Interest income	50	35	50	35
Finance costs	<u>(100)</u>	<u>(165)</u>	<u>(100)</u>	<u>(165)</u>
Loss before tax	<u>(3,107)</u>	<u>(1,557)</u>	<u>(3,107)</u>	<u>(1,557)</u>
Income tax expense	<u>(8)</u>	-	<u>(8)</u>	-
Loss for the period from continuing operations	<u>(3,115)</u>	<u>(1,557)</u>	<u>(3,115)</u>	<u>(1,557)</u>
Loss for the period	<u>(3,115)</u>	<u>(1,557)</u>	<u>(3,115)</u>	<u>(1,557)</u>
Attributable to:				
Equity holders of the parent	(3,115)	(1,557)	(3,115)	(1,557)
Minority interest	-	- *	-	- *
	<u>(3,115)</u>	<u>(1,557)</u>	<u>(3,115)</u>	<u>(1,557)</u>
Earnings per share attributable				
to equity holders of the parent:				
Basic, for the loss from continuing operations	<u>(4.15)</u>	<u>(2.08)</u>	<u>(4.15)</u>	<u>(2.08)</u>
Basic, for loss for the period	<u>(4.15)</u>	<u>(2.08)</u>	<u>(4.15)</u>	<u>(2.08)</u>

*Note:*** Denotes RM200*

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

CYMAO HOLDINGS BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 31 MARCH 2009**

	As At 31/3/2009 (Unaudited) RM'000	As At 31/12/2008 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,367	69,855
Prepaid lease payments	13,403	13,433
Deferred tax assets	6,263	6,263
	<u>87,033</u>	<u>89,551</u>
Current assets		
Inventories	35,634	37,647
Trade receivables	6,267	5,381
Other receivables	13,069	12,236
Tax refundable	220	310
Cash and bank balances	13,373	15,114
	<u>68,563</u>	<u>70,688</u>
TOTAL ASSETS	<u>155,596</u>	<u>160,239</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	333	203
Retained earnings	50,282	53,394
Total equity	<u>142,958</u>	<u>145,940</u>
Non-current liabilities		
Borrowings	2,744	2,438
Deferred tax liability	1,524	1,524
	<u>4,268</u>	<u>3,962</u>
Current liabilities		
Borrowings	1,769	2,497
Trade payables	1,130	3,374
Other payables	5,469	4,466
Tax payables	2	-
	<u>8,370</u>	<u>10,337</u>
Total liabilities	<u>12,638</u>	<u>14,299</u>
TOTAL EQUITY AND LIABILITIES	<u>155,596</u>	<u>160,239</u>
Net Assets Per Share (RM)	1.91	1.95

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009**

	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					
At 1st January 2008	75,000	17,374	(92)	(31)	61,255	153,506	-	153,506
Purchase of treasury shares	-	-	-	-	-	-	-	-
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
At 1st January 2009	75,000	17,374	203	(31)	53,397	145,943	-	145,943
Exchange differences on translation of financial statement of a foreign entity	-	-	130	-	-	130	-	130
Loss for the period	-	-	-	-	(3,115)	(3,115)	-	(3,115)
At 31st March 2009	75,000	17,374	333	(31)	50,282	142,958	-	142,958

*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 2008 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 2009**

	Current Year	Preceding
	To-date	Year
	31/3/2009	Correspondi
	RM'000	ng Period
		31/3/2008
		RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,107)	(1,557)
Adjustments for:		
Depreciation of property, plant and equipment	2,424	2,792
Profit on disposal of equipment	(4)	-
Equipment written off	94	-
Interest income	(50)	(27)
Finance costs	99	165
Operating (loss)/profit before working capital changes	(544)	1,373
Decrease/(increase) in inventories	2,013	(678)
(Increase)/decrease in receivables	(1,716)	6,073
Decrease in payables	(1,241)	(2,040)
Cash (used in)/generated from operation	(1,488)	4,728
Interest paid	(99)	(165)
Taxes recovery	93	-
Taxes paid	(10)	(26)
Net cash (used in)/generated from operating activities	(1,504)	4,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	312	(20)
Purchase of property, plant and equipment	-	(490)
Proceeds from sales of equipment	4	-
Interest received	50	27
Net cash generated from/(used in) investing activities	366	(483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(422)	(2,099)
Repayment of bankers' acceptance	-	(743)
Net cash used in financing activities	(422)	(2,842)
Net (decrease)/increase in cash and cash equivalents	(1,560)	1,212
Effects of exchange rate changes	130	8
Cash and cash equivalents at beginning of financial period	13,289	7,041
Cash and cash equivalents at end of financial period	11,859	8,261

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

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

	As at 31/3/2009 RM'000	As at 31/3/2008 RM'000
Cash on hand and at bank	6,958	6,861
Deposit with a licensed bank	6,415	3,309
Cash and bank balances	<u>13,373</u>	<u>10,170</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,514)</u>	<u>(1,909)</u>
	<u>11,859</u>	<u>8,261</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009**

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 2008. 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 2008.

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 2008.

3. Auditors' report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was unqualified.

4. Segmental Information

	3 months ended	
	31/3/2009	31/3/2008
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	-	-
Plywood manufacturing	25,843	46,170
Shipping services	152	174
	<hr/>	<hr/>
Total revenue including inter-segment sales	25,995	46,344
Elimination of inter-segment sales	(5,804)	(13,833)
Total revenue from continuing operations	<hr/> 20,191	<hr/> 32,511
Segment Results		
Results from continuing operations:		
Investment holding	(1,016)	(69)
Plywood manufacturing	(1,946)	(1,328)
Shipping services	(132)	(143)
Others	(21)	(17)
	<hr/>	<hr/>
	(3,115)	(1,557)
Elimination	-	-
Total results from continuing operations	<hr/> (3,115)	<hr/> (1,557)

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

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 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 2008 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 quarter under review.

12. 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: RM2,000,000

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

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 2008 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	-	<u>43,000</u>

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 RM20 million which is 39% poorer from the previous year's corresponding quarter. The Group's total sales volume was at 14,189m³ or 39% lower against the previous year corresponding quarter. Although an improvement in average selling price of 1% coupled with declining average log cost by 4% compared to previous year corresponding quarter but the poorer demand from the major customers coupled with major products sold at lower margin, it's resulted 8% gross margin dropped for the current quarter compared to the previous year's corresponding quarter.

As a result, the Group recorded a loss before taxation of RM3.1 million.

16. Variation of Results Against Preceding Quarter

The Group's current quarter results registered a loss before taxation of RM3.1 million. This is mainly due to the drop in average selling price and sales volume by 3% and 19% respectively as compared to the preceding quarter. In addition, the forfeiture of RM725,000 on the down payment for the proposed acquisition of land and plymill factory ("the property") arising from the determination of the conditional Sale and Purchase Agreement due to unsuccessful procurement of end financing within the stipulated timeframe resulted in the lapsing of the Agreement. This forfeited amount had been dealt with under Other Operating Expenses in the Consolidated Income Statements. The Vendor has indicated to let the property to Cymao Holdings Berhad for the continuation of its existing daily operation.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

17. Commentary on Prospects

In view of global financial and economic down turn, the Directors expect the Group's operating environment for the year ending 31 December 2009 to be challenging.

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 the Group has not provided any profit forecast or profit guarantee for the year ending 31 December 2009.

19. Income Tax Expense

	Current Year Quarter ended 31/03/2009 RM'000	Current Year To-date 31/03/2009 RM'000
Income tax:		
Current Taxation	8	8
	<u>8</u>	<u>8</u>

The current taxation charge is in respect of interest income, which is assessed separately.

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

On 31st March 2009, the Company has announced that it is in the midst of negotiating and proposes to enter into a Supplemental Sale and Purchase Agreement in relation to the proposed acquisition of a new subsidiary, Poly-Ply Industries Sdn Bhd.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009**

(b) Proposed acquisition of property

On 31st March 2009, The Board of Directors of Cymao Holdings Berhad ("Cymao") has announced that the conditional Sale and Purchase Agreement dated 3 September 2008 ("the Agreement") entered between Hong Brothers Holdings Sdn Bhd and Cymao in relation to the proposed acquisition of land and plymill factory has been terminated as explained in Note 16.

23. Borrowings (Secured)

	As at 31/03/2009 RM'000	As at 31/12/2008 RM'000
Short-term	1,769	2,497
Long-term	2,744	2,438
	<u>4,513</u>	<u>4,935</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>1,238</u>	<u>4,513</u>

24. 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 US\$2,000,000. As at the date of this report, there were no other off-balance sheet financial instruments being entered into by the Group.

25. Changes in Material Litigation

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

26. Dividend Payable

No dividend has been recommended for the quarter under review.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009****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	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
Basic earnings per share				
Loss attributable to ordinary equity holders of the parent (RM'000)	(3,115)	(1,557)	(3,115)	(1,557)
Weighted average number of shares in issue ('000)	74,980	74,980	74,980	74,980
Basic earnings per share (Sen)	(4.15)	(2.08)	(4.15)	(2.08)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A