

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE SECOND
QUARTER ENDED**

30 JUNE 2009

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2009 RM'000	Preceding Year Corresponding Quarter 30/06/2008 RM'000	Current Year To-date 30/06/2009 RM'000	Preceding Year Corresponding Period 30/06/2008 RM'000
Continuing Operations				
Revenue	26,829	38,570	47,020	71,081
Cost of sales	<u>(25,591)</u>	<u>(34,754)</u>	<u>(44,882)</u>	<u>(63,433)</u>
Gross profit	1,238	3,816	2,138	7,648
Other income	122	156	435	167
Other operating expenses	-	(67)	(926)	(68)
Administrative expenses	(1,458)	(1,704)	(2,783)	(3,498)
Selling and marketing expenses	(2,073)	(3,273)	(4,092)	(6,748)
Interest income	23	6	73	41
Finance costs	<u>(136)</u>	<u>(118)</u>	<u>(236)</u>	<u>(283)</u>
Loss before tax	<u>(2,284)</u>	<u>(1,184)</u>	<u>(5,391)</u>	<u>(2,741)</u>
Income tax expense	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>-</u>
Loss for the period from continuing operations	<u>(2,284)</u>	<u>(1,184)</u>	<u>(5,399)</u>	<u>(2,741)</u>
Loss for the period	<u>(2,284)</u>	<u>(1,184)</u>	<u>(5,399)</u>	<u>(2,741)</u>
Attributable to:				
Equity holders of the parent	(2,284)	(1,184)	(5,399)	(2,741)
Minority interest	-	-	-	-
	<u>(2,284)</u>	<u>(1,184)</u>	<u>(5,399)</u>	<u>(2,741)</u>
Earnings per share attributable				
to equity holders of the parent:				
Basic, for the loss from continuing operations	<u>(3.05)</u>	<u>(1.58)</u>	<u>(7.20)</u>	<u>(3.66)</u>
Basic, for loss for the period	<u>(3.05)</u>	<u>(1.58)</u>	<u>(7.20)</u>	<u>(3.66)</u>

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 30 JUNE 2009**

	As At 30/6/2009 (Unaudited) RM'000	As At 31/12/2008 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	65,006	69,855
Prepaid lease payments	13,366	13,433
Deferred tax assets	6,263	6,263
	<u>84,635</u>	<u>89,551</u>
Current assets		
Inventories	31,649	37,647
Trade receivables	7,333	5,381
Other receivables	17,800	12,236
Tax refundable	214	310
Cash and bank balances	11,269	15,114
	<u>68,265</u>	<u>70,688</u>
TOTAL ASSETS	<u>152,900</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	239	203
Retained earnings	47,998	53,394
Total equity	<u>140,580</u>	<u>145,940</u>
Non-current liabilities		
Borrowings	2,632	2,438
Deferred tax liability	1,524	1,524
	<u>4,156</u>	<u>3,962</u>
Current liabilities		
Borrowings	1,069	2,497
Trade payables	1,504	3,374
Other payables	5,591	4,466
Tax payables	-	-
	<u>8,164</u>	<u>10,337</u>
Total liabilities	<u>12,320</u>	<u>14,299</u>
TOTAL EQUITY AND LIABILITIES	<u>152,900</u>	<u>160,239</u>
Net Assets Per Share (RM)	1.87	1.95

Note:

*Denotes RM397

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 SECOND QUARTER ENDED 30 JUNE 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	Total 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	
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	
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	-	-	36	-	-	36	-	36	
Loss for the period	-	-	-	-	(5,399)	(5,399)	-	(5,399)	
At 30th June 2009	75,000	17,374	239	(31)	47,998	140,580	-	140,580	

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 SECOND QUARTER ENDED 30 JUNE 2009**

	Current Year-To- Date 30/6/2009 RM'000	Preceding Year Corresponding Period 30/6/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,391)	(2,741)
Adjustments for:		
Depreciation of property, plant and equipment	4,823	5,657
Profit on disposal of equipment	(4)	(40)
Equipment written off	94	102
Interest income	(73)	(41)
Finance costs	236	283
Operating (loss)/profit before working capital changes	(315)	3,220
Decrease in inventories	5,999	3,236
Increase in receivables	(7,514)	(3,871)
Decrease in payables	(746)	(2,293)
Cash (used in)/generated from operation	(2,576)	292
Interest paid	(236)	(283)
Taxes recovery	93	-
Taxes paid	(5)	(50)
Net cash used in operating activities	(2,724)	(41)
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	306	(24)
Purchase of property, plant and equipment	-	(596)
Proceeds from sales of equipment	4	280
Interest received	73	41
Net cash generated from/(used in) investing activities	383	(299)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	-	933
Repayment of term loan	(1,234)	(2,566)
Repayment of bankers' acceptance	-	(743)
Net cash used in financing activities	(1,234)	(2,376)
Net decrease in cash and cash equivalents	(3,575)	(2,716)
Effects of exchange rate changes	36	197
Cash and cash equivalents at beginning of financial period	13,289	7,041
Cash and cash equivalents at end of financial period	9,750	4,522

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

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

	As at 30/6/2009 RM'000	As at 30/6/2008 RM'000
Cash on hand and at bank	3,750	4,521
Deposit with a licensed bank	7,519	1,914
Cash and bank balances	<u>11,269</u>	<u>6,435</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,519)</u>	<u>(1,913)</u>
	<u>9,750</u>	<u>4,522</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 SECOND QUARTER ENDED 30 JUNE 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 shall 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

	6 months ended	
	30/6/2009	30/6/2008
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	-	-
Plywood manufacturing	58,186	98,314
Shipping services	348	347
	<hr/>	<hr/>
Total revenue including inter-segment sales	58,534	98,661
Elimination of inter-segment sales	(11,514)	(27,580)
Total revenue from continuing operations	<hr/> 47,020	<hr/> 71,081
Segment Results		
Results from continuing operations:		
Investment holding	(1,047)	(455)
Plywood manufacturing	(4,084)	(1,994)
Shipping services	(226)	(258)
Others	(42)	(30)
	<hr/>	<hr/>
	(5,399)	(2,737)
Elimination	-	(4)
Total results from continuing operations	<hr/> (5,399)	<hr/> (2,741)

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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: RM8,525,000

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 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 RM27 million which is 30% lower than the previous year's corresponding quarter. The Group's total sales volume was 19,188m³ or 27% lower compared with the previous year corresponding quarter.

Even though the average log cost remained constant, the average selling price declined by 5% due to the soft market. This resulted in a lower gross margin as compared with the corresponding quarter.

As a result, the Group recorded a loss before taxation of RM2.3million.

16. Variation of Results Against Preceding Quarter

The Group's current quarter results registered a loss before taxation of RM2.3 million. This is mainly due to the declining in the average selling price by 2% as compared to the preceding quarter. However, the volume shipped has increased by 35% and the average log cost remained constant compared to the preceding quarter resulted in a better gross margin.

17. Commentary on Prospects

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

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

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 30/06/2009 RM'000	Current Year To-date 30/06/2009 RM'000
Income tax:		
Current Taxation	-	8
	<u>-</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 had announced that it was 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. The Group is in the final stage of completing the acquisition.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

(b) Proposed acquisition of property

On 31st March 2009, The Board of Directors of Cymao Holdings Berhad ("Cymao") 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 had been terminated.

On 4th June 2009, The Board of Directors of Cymao further announced that its wholly-owned subsidiary, Inovwood Sdn Bhd ("ISB") has entered into a Sale and Purchase Agreement ("Agreement") with Hong Brothers Holdings Sdn Bhd ("HBSB") to acquire the same property that is a parcel of land measuring 1.7654 hectares together with the plymill factory erected thereon situated at GM 460, Lot 740, Mukim of Kapar, District of Klang, Selangor Darul Ehsan for a cash consideration of RM6,525,000.

23. Borrowings (Secured)

	As at 30/06/2009 RM'000	As at 31/12/2008 RM'000
Short-term	1,069	2,497
Long-term	2,632	2,438
	<u>3,701</u>	<u>4,935</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>1,052</u>	<u>3,701</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 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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

26. Dividend Payable

No dividend has been recommended 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.

	3 months ended		Year-To-Date	
	30/06/2009	30/06/2008	Ended	Ended
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
Basic earnings per share				
Loss attributable to ordinary equity holders of the parent (RM'000)	(2,284)	(1,184)	(5,399)	(2,741)
Weighted average number of shares in issue ('000)	74,980	74,980	74,980	74,980
Basic earnings per share (Sen)	(3.05)	(1.58)	(7.20)	(3.66)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A