

# **CYMAO HOLDINGS BERHAD**

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

**INTERIM**

**FINANCIAL STATEMENTS**

**FOR THE THIRD  
QUARTER ENDED**

**30 SEPTEMBER 2009**

**CYMAO HOLDINGS BERHAD**

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current Year Quarter 30/09/2009 <b>RM'000</b>	Preceding Year Corresponding Quarter 30/09/2008 <b>RM'000</b>	Current Year To-date 30/09/2009 <b>RM'000</b>	Preceding Year Corresponding Period 30/09/2008 <b>RM'000</b>
<b>Continuing Operations</b>				
Revenue	42,002	34,661	89,022	105,742
Cost of sales	<u>(36,149)</u>	<u>(32,346)</u>	<u>(81,031)</u>	<u>(95,779)</u>
<b>Gross profit</b>	5,853	2,315	7,991	9,963
Other income	165	341	600	508
Other operating expenses	(207)	-	(1,133)	(68)
Administrative expenses	(1,973)	(1,435)	(4,756)	(4,933)
Selling and marketing expenses	(2,996)	(2,921)	(7,088)	(9,669)
Interest income	15	9	88	50
Finance costs	<u>(83)</u>	<u>(136)</u>	<u>(319)</u>	<u>(419)</u>
<b>Profit/(Loss) before tax</b>	774	(1,827)	(4,617)	(4,568)
Income tax expense	<u>10</u>	<u>-</u>	<u>2</u>	<u>-</u>
<b>Profit/(Loss) for the period from continuing operations</b>	<u>784</u>	<u>(1,827)</u>	<u>(4,615)</u>	<u>(4,568)</u>
<b>Profit/(Loss) for the period</b>	<u>784</u>	<u>(1,827)</u>	<u>(4,615)</u>	<u>(4,568)</u>
Attributable to:				
Equity holders of the parent	784	(1,827)	(4,615)	(4,568)
Minority interest	-	-	-	-
	<u>784</u>	<u>(1,827)</u>	<u>(4,615)</u>	<u>(4,568)</u>
<b>Earnings per share attributable</b>				
<b>to equity holders of the parent:</b>				
Basic, for the profit/(loss) from continuing operations	<u>1.05</u>	<u>(2.44)</u>	<u>(6.15)</u>	<u>(6.09)</u>
Basic, for profit/(loss) for the period	<u>1.05</u>	<u>(2.44)</u>	<u>(6.15)</u>	<u>(6.09)</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**

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 30 SEPTEMBER 2009**

	<b>As At 30/9/2009 (Unaudited) RM'000</b>	<b>As At 31/12/2008 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	62,408	69,855
Prepaid lease payments	13,332	13,433
Deferred tax assets	6,263	6,263
	<u>82,003</u>	<u>89,551</u>
<b>Current assets</b>		
Inventories	35,950	37,647
Trade receivables	12,499	5,381
Other receivables	21,834	12,236
Tax refundable	275	310
Cash and bank balances	9,396	15,114
	<u>79,954</u>	<u>70,688</u>
<b>TOTAL ASSETS</b>	<u>161,957</u>	<u>160,239</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	199	203
Retained earnings	48,782	53,394
<b>Total equity</b>	<u>141,324</u>	<u>145,940</u>
<b>Non-current liabilities</b>		
Borrowings	2,632	2,438
Deferred tax liability	1,528	1,524
	<u>4,160</u>	<u>3,962</u>
<b>Current liabilities</b>		
Borrowings	370	2,497
Trade payables	6,215	3,374
Other payables	9,888	4,466
	<u>16,473</u>	<u>10,337</u>
<b>Total liabilities</b>	<u>20,633</u>	<u>14,299</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>161,957</u>	<u>160,239</u>
<b>Net Assets Per Share (RM)</b>	1.88	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 THIRD QUARTER ENDED 30 SEPTEMBER 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 Total Interest RM'000	Total Equity RM'000
			Translation Reserve RM'000					
<b>At 1 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 30 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>
<b>At 1 January 2009</b>	75,000	17,374	203	(31)	53,397	145,943	-	145,943
Exchange differences on translation of financial statement of a foreign entity	-	-	(4)	-	-	(4)	-	(4)
Loss for the period	-	-	-	-	(4,615)	(4,615)	-	(4,615)
<b>At 30 September 2009</b>	<b>75,000</b>	<b>17,374</b>	<b>199</b>	<b>(31)</b>	<b>48,782</b>	<b>141,324</b>	<b>-</b>	<b>141,324</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 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 THIRD QUARTER ENDED 30 SEPTEMBER 2009**

	Current Year-To- Date 30/9/2009 <b>RM'000</b>	Preceding Year Corresponding Period 30/9/2008 <b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,617)	(4,568)
Adjustments for:		
Depreciation of property, plant and equipment	7,492	8,420
Profit on disposal of equipment	(4)	(40)
Equipment written off	94	102
Goodwill arising from business combination	208	-
Interest income	(88)	(38)
Finance costs	319	419
Operating profit before working capital changes	3,404	4,295
Decrease in inventories	4,022	2,039
Increase in receivables	(15,157)	(383)
Increase/(decrease) in payables	5,473	(1,936)
Cash (used in)/generated from operation	(2,258)	4,015
Interest paid	(319)	(419)
Taxes recovery	93	-
Taxes paid	(13)	(62)
Net cash (used in)/generated from operating activities	(2,497)	3,534
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash acquired	(1,350)	-
Movement in fixed deposits under pledged	303	(29)
Purchase of property, plant and equipment	(27)	(4,759)
Proceeds from sales of equipment	4	280
Interest received	88	38
Net cash used in investing activities	(982)	(4,470)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bankers' acceptance drawn down	-	1,434
Repayment of term loan	(1,933)	(2,895)
Repayment of bankers' acceptance	-	(2,177)
Net cash used in financing activities	(1,933)	(3,638)
Net decrease in cash and cash equivalents	(5,412)	(4,574)
Effects of exchange rate changes	(4)	432
Cash and cash equivalents at beginning of financial period	13,289	7,041
Cash and cash equivalents at end of financial period	7,873	2,899

**CYMAO HOLDINGS BERHAD**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

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

	<b>As at 30/9/2009 RM'000</b>	<b>As at 30/9/2008 RM'000</b>
Cash on hand and at bank	7,872	3,068
Deposit with a licensed bank	1,524	1,918
Bank overdraft	-	(170)
Cash and bank balances	<u>9,396</u>	<u>4,816</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,523)</u>	<u>(1,917)</u>
	<u>7,873</u>	<u>2,899</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 134<sub>2004</sub>: 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. The 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**

	<b>9 months ended</b>	
	<b>30/9/2009</b>	<b>30/9/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Segment Revenue</b>		
Revenue from continuing operations:		
Investment holding	-	-
Plywood manufacturing	114,126	143,597
Shipping services	531	561
	<hr/>	<hr/>
Total revenue including inter-segment sales	114,657	144,158
Elimination of inter-segment sales	(25,635)	(38,416)
Total revenue from continuing operations	<hr/> <b>89,022</b>	<hr/> <b>105,742</b>
<b>Segment Results</b>		
Results from continuing operations:		
Investment holding	(1,183)	(861)
Plywood manufacturing	(2,790)	(3,307)
Shipping services	(348)	(353)
Others	(86)	(43)
	<hr/>	<hr/>
	(4,407)	(4,564)
Elimination	(208)	(4)
Total results from continuing operations	<hr/> <b>(4,615)</b>	<hr/> <b>(4,568)</b>

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

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**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**

**Acquisition of a Subsidiary**

On 30 July 2009, the Group completed the acquisition in 100% equity interest in Poly-Ply Industries Sdn. Bhd. ("Poly-Ply"), comprising of 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,000,000 satisfied by cash. Accordingly, the results of Poly-Ply have been consolidated in the financial period ended 30<sup>th</sup> September 2009.

**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: RM6,525,000



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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

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**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>-</u>	<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 RM42 million which is 21% higher than the previous year's corresponding quarter. The Group's total sales volume was 32,132m<sup>3</sup> or 44% higher compared with the previous year corresponding quarter.

However, the declining in the average log cost by 21% coupled with higher volume shipped resulted in a higher gross margin and positive result was recorded as compared with the corresponding quarter.

As a result, the Group recorded a profit before taxation of RM0.8million.

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

The Group's current quarter results registered a profit before taxation of RM0.8 million. This is mainly due to the improvement in the volume shipped by 67% coupled with the stable log cost and selling price compared to the preceding quarter. As a result, the Group recorded a higher gross margin as compare to the preceding quarter.

**17. Commentary on Prospects**

The Board expects the operation environment for the year ending 31 December 2009 to be challenging. The present slow and bumpy recovery on the sluggish economic coupled with the weaken US currency and assuming this trend continues, will inevitably reduce the margin of sales in the fourth quarter as the Group's export sales are mainly denoted in US currency. On the other hand should the US currency become stronger, it may leave a positive impact on the Group's performance.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

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**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 30/09/2009 RM'000	Current Year To-date 30/09/2009 RM'000
Income tax:		
Current Taxation	(10)	(2)
	<u>(10)</u>	<u>(2)</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****Proposed acquisition of property**

On 31<sup>st</sup> 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 4<sup>th</sup> 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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**
**23. Borrowings (Secured)**

	As at 30/09/2009 RM'000	As at 31/12/2008 RM'000
Short-term	370	2,497
Long-term	2,632	2,438
	3,002	4,935
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	866	3,002

**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.

**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 Ended	
	30/09/2009	30/09/2008	30/09/2009	30/09/2008
Basic earnings per share				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	784	(1,827)	(4,615)	(4,568)
Weighted average number of shares in issue ('000)	74,980	74,980	74,980	74,980
Basic earnings per share (Sen)	1.05	(2.44)	(6.15)	(6.09)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A