

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE FOURTH
QUARTER ENDED**

31 DECEMBER 2009

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2009 RM'000	Preceding Year Corresponding Quarter 31/12/2008 RM'000	Current Year To-date 31/12/2009 RM'000	Preceding Year Corresponding Period 31/12/2008 RM'000
Continuing Operations				
Revenue	35,141	24,960	124,163	130,702
Cost of sales	<u>(32,269)</u>	<u>(27,812)</u>	<u>(113,300)</u>	<u>(123,591)</u>
Gross profit/(loss)	2,872	(2,852)	10,863	7,111
Other income	101	924	701	1,432
Other operating expenses	(205)	(2,176)	(1,338)	(2,244)
Administrative expenses	(2,086)	(1,467)	(6,842)	(6,400)
Selling and marketing expenses	(1,865)	(2,436)	(8,953)	(12,105)
Interest income	31	51	119	101
Finance costs	<u>(21)</u>	<u>119</u>	<u>(340)</u>	<u>(300)</u>
Loss before tax	(1,173)	(7,837)	(5,790)	(12,405)
Income tax expense	<u>(164)</u>	<u>51</u>	<u>(162)</u>	<u>51</u>
Loss for the period from continuing operations	<u>(1,337)</u>	<u>(7,786)</u>	<u>(5,952)</u>	<u>(12,354)</u>
Loss for the period	<u>(1,337)</u>	<u>(7,786)</u>	<u>(5,952)</u>	<u>(12,354)</u>
Attributable to:				
Equity holders of the parent	(1,337)	(7,786)	(5,952)	(12,354)
Minority interest	-	-	-	-
	<u>(1,337)</u>	<u>(7,786)</u>	<u>(5,952)</u>	<u>(12,354)</u>
Earnings per share attributable				
to equity holders of the parent:				
Basic, for the loss from continuing operations	(1.78)	(10.38)	(7.94)	(16.48)
Basic, for loss for the period	<u>(1.78)</u>	<u>(10.38)</u>	<u>(7.94)</u>	<u>(16.48)</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 31 DECEMBER 2009**

	As At 31/12/2009 (Unaudited) RM'000	As At 31/12/2008 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	60,601	69,855
Prepaid lease payments	13,299	13,433
Timber concession right	6,863	-
Other receivables	3,382	8,649
Deferred tax assets	6,234	6,263
	<u>90,379</u>	<u>98,200</u>
Current assets		
Inventories	33,760	37,647
Trade receivables	14,349	5,381
Other receivables	9,869	3,587
Tax refundable	176	310
Cash and bank balances	4,615	15,114
	<u>62,769</u>	<u>62,039</u>
TOTAL ASSETS	<u>153,148</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	173	203
Retained earnings	47,445	53,397
Total equity	<u>139,961</u>	<u>145,943</u>
Non-current liabilities		
Borrowings	-	2,438
Deferred tax liability	1,528	1,524
	<u>1,528</u>	<u>3,962</u>
Current liabilities		
Borrowings	2,332	2,497
Trade payables	3,295	3,374
Other payables	5,948	4,463
Tax payables	84	-
	<u>11,659</u>	<u>10,334</u>
Total liabilities	<u>13,187</u>	<u>14,296</u>
TOTAL EQUITY AND LIABILITIES	<u>153,148</u>	<u>160,239</u>

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 FOURTH QUARTER ENDED 31 DECEMBER 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 1 January 2008	75,000	17,374	(92)	(31)	65,751	158,002	-	158,002	
Exchange differences on translation of financial statement of a foreign entity	-	-	295	-	-	295	-	295	
Loss for the period	-	-	-	-	(12,354)	(12,354)	-	(12,354)	
At 31 December 2008	75,000	17,374	203	(31)	53,397	145,943	-	145,943	
At 1 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	-	-	(30)	-	-	(30)	-	(30)	
Loss for the period	-	-	-	-	(5,952)	(5,952)	-	(5,952)	
At 31 December 2009	75,000	17,374	173	(31)	47,445	139,961	-	139,961	

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.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

	Current Year-To- Date 31/12/2009 RM'000	Preceding Year Corresponding Period 31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,790)	(12,405)
Adjustments for:		
Depreciation of property, plant and equipment	10,775	11,243
(Profit)/loss on disposal of equipment	(4)	361
Equipment written off	-	64
Goodwill arising from business combination	258	-
Net unrealised foreign exchange losses	-	677
Bad debts written off	46	1,124
Interest income	(119)	(101)
Finance costs	340	300
Operating profit before working capital changes	5,506	1,263
Decrease in inventories	6,211	16,485
(Increase)/decrease in receivables	(8,465)	1,426
Decrease in payables	(1,400)	(4,022)
Cash generated from operation	1,852	15,152
Interest paid	(340)	(300)
Taxes recovery	140	-
Taxes paid	(18)	(60)
Net cash generated from operating activities	1,634	14,792
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	(1,387)	-
Acquisition of timber concession right	(6,863)	-
Movement in fixed deposits under pledged	272	(51)
Purchase of property, plant and equipment	(1,375)	(4,864)
Proceeds from sales of equipment	4	382
Interest received	119	101
Net cash used in investing activities	(9,230)	(4,432)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	-	2,507
Repayment of term loan	(2,602)	(3,014)
Repayment of bankers' acceptance	-	(3,250)
Placement of fixed deposit	-	116
Net cash used in financing activities	(2,602)	(3,641)
Net (decrease)/increase in cash and cash equivalents	(10,198)	6,719
Effects of exchange rate changes	(30)	(471)
Cash and cash equivalents at beginning of financial year	13,289	7,041
Cash and cash equivalents at end of financial year	3,061	13,289

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

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

	As at 31/12/2009 RM'000	As at 31/12/2008 RM'000
Cash on hand and at bank	3,060	13,288
Deposit with a licensed bank	<u>1,555</u>	<u>1,826</u>
Cash and bank balances	4,615	15,114
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,554)</u>	<u>(1,825)</u>
	<u>3,061</u>	<u>13,289</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 FOURTH QUARTER ENDED 31 DECEMBER 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. 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

	12 months ended	
	31/12/2009	31/12/2008
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	-	-
Plywood manufacturing	163,536	178,752
Shipping services	724	708
	<u>164,260</u>	<u>179,460</u>
Total revenue including inter-segment sales	164,260	179,460
Elimination of inter-segment sales	(40,097)	(48,758)
Total revenue from continuing operations	<u>124,163</u>	<u>130,702</u>
Segment Results		
Results from continuing operations:		
Investment holding	(1,720)	(1,951)
Plywood manufacturing	(3,902)	(9,921)
Shipping services	(511)	(424)
Others	(189)	(54)
	<u>(6,322)</u>	<u>(12,350)</u>
Elimination	370	(4)
Total results from continuing operations	<u>(5,952)</u>	<u>(12,354)</u>

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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: RM10,525,000

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 RM35 million which is 41% higher than the previous year's corresponding quarter. The Group's total sales volume was 21,087m³ or 20% higher compared with the previous year corresponding quarter.

An improvement in the plywood price by 14% coupled with higher volume shipped resulted in a higher gross margin as compared with the corresponding quarter of the preceding year. The Group recorded a loss before taxation of RM1.17 million as compared with RM7.837 million loss suffered in the corresponding quarter of the preceding year.

16. Variation of Results Against Preceding Quarter

The Group's current quarter results registered a loss before taxation of RM1.17 million as compared with a profit of RM774,000 in the preceding quarter. The loss is mainly due to the write down of its inventories to Net Realisable Value amounting to RM1.147 million and the weak USD exchange rates during the fourth quarter resulting in a drop in gross margin by 6% compared to the preceding quarter.

17. Commentary on Prospects

The demand and pricing of the plywood have slightly improved in the year 2009. In December 2009, a subsidiary of Cymao has been successfully awarded the logging licensee to extract for timber logs for 2 years by the State Government and is expected to commence operations in next financial year. With its own timber concession, the cost of raw material is expected to be lower and coupled with the increasing demand and favourable pricing of our

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

products amidst the improving world economy in general and the USA in particular. Barring unforeseen circumstances, the Board is confident that the Group's performance will be positive for the financial year ending 2010.

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 ended 31 December 2009.

19. Income Tax Expense

	Current Year Quarter ended 31/12/2009 RM'000	Current Year To-date 31/12/2009 RM'000
Income tax:		
Current Taxation	164	162
	<u>164</u>	<u>162</u>

The current taxation charge is made up of tax charged on the statutory business income and interest income.

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 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

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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. RM2,025,000 was paid as deposit upon signing of the Sale and Purchase Agreement and the balance of RM4.5 million is to be paid by 12 monthly instalments of RM375,000 each. The acquisition is due to be completed by June 2010.

b) Proposed acquisition of Malsa Wood Products Sdn. Bhd. ("MWPSB")

On 29 December 2009, the Company has announced that it had entered into a Sale and Purchase of Shares Agreement to acquire 100% equity interest comprising of 1,500,000 ordinary shares of RM1 each ("Sale Shares") being the entire issued and paid-up capital of Malsa Wood Products Sdn Bhd ("MWPSB") for a total purchase consideration of RM2,000,000 plus part of MWPSB's liabilities amounting to RM2,000,000 for which the vendors have agreed to take over the RM2,000,000 liabilities upon signing of the Sale and Purchase of Shares Agreement. The acquisition was completed in January 2010.

23. Borrowings (Secured)

	As at 31/12/2009 RM'000	As at 31/12/2008 RM'000
Short-term	2,332	2,497
Long-term	-	2,438
	<u>2,332</u>	<u>4,935</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>681</u>	<u>2,332</u>

24. Off Balance Sheet Financial Instruments

At the date of this report, the Group has entered into the following forward foreign currency hedging contracts to hedge against export sales proceeds:

<u>Foreign currency</u>	<u>Contract amount</u>	<u>Maturity date</u>
USD	500,000	19 January 2010

As the foreign currency hedging contracts are to hedge the Group's export sales proceeds in the United States Dollar, the contracted rates will be used to convert the foreign currency amounts into Ringgit Malaysia on or before the maturity dates. The Group does not foresee any credit and market risks associated with the hedging contracts being entered into.

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There is no cash requirement for the above hedging instrument.

Any gains or losses arising from the hedging contracts will be recognised as exchange gains or losses in the income statement.

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	
	31/12/2009	31/12/2008	Ended 31/12/2009	31/12/2008
Basic earnings per share				
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	(1,337)	(7,786)	(5,952)	(12,354)
Weighted average number of shares in issue ('000)	74,980	74,980	74,980	74,980
Basic earnings per share (Sen)	(1.78)	(10.38)	(7.94)	(16.48)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A