

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE THIRD
QUARTER ENDED**

30 SEPTEMBER 2007

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/9/2007 RM'000	30/9/2006 RM'000	30/9/2007 RM'000	30/9/2006 RM'000
Continuing Operations				
Revenue	43,451	85,097	141,899	207,828
Cost of sales	(40,497)	(63,170)	(130,765)	(161,831)
Gross profit	2,954	21,927	11,134	45,997
Other income	233	(62)	352	1,578
Other operating expenses	-	-	(12)	-
Administrative expenses	(1,756)	(2,427)	(5,649)	(5,647)
Selling and marketing expenses	(3,772)	(8,821)	(14,041)	(21,403)
Interest income	15	42	47	161
Finance costs	(234)	(5)	(986)	(1,055)
(Loss)/profit before tax	(2,560)	10,654	(9,155)	19,631
Income tax expense	938	(989)	2,083	(500)
(Loss)/profit for the period from continuing operations	(1,622)	9,665	(7,072)	19,131
(Loss)/profit for the period	(1,622)	9,665	(7,072)	19,131
Attributable to:				
Equity holders of the parent	(1,612)	9,665	(7,023)	19,131
Minority interest	(10)	-	(49)	-
	(1,622)	9,665	(7,072)	19,131
Earnings per share attributable to equity holders of the parent:				
Basic, for the (loss)/profit from continuing operations	(2.15)	12.89	(9.37)	25.51
Basic, for (loss)/profit for the period	(2.15)	12.89	(9.37)	25.51

Note:

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 2007**

	As At 30/9/2007 (Unaudited) RM'000	As At 31/12/2006 (Audited & Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	78,401	84,254
Prepaid lease payments	13,561	13,700
Deferred tax assets	5,584	3,531
	<u>97,546</u>	<u>101,485</u>
Current assets		
Inventories	54,533	65,592
Trade receivables	13,304	26,013
Other receivables	11,254	12,244
Tax refundable	229	164
Cash and bank balances	6,018	11,406
	<u>85,338</u>	<u>115,419</u>
TOTAL ASSETS	<u>182,884</u>	<u>216,904</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)	(14)
Foreign currency translation reserve	(92)	(72)
Retained earnings	59,888	70,660
	<u>152,139</u>	<u>162,948</u>
Minority interest	<u>(43)</u>	<u>-</u>
Total equity	<u>152,096</u>	<u>162,948</u>
Non-current liabilities		
Borrowings	8,095	8,979
Deferred tax liability	5,775	5,805
	<u>13,870</u>	<u>14,784</u>
Current liabilities		
Borrowings	3,020	17,965
Trade payables	8,037	9,332
Other payables	5,863	11,875
	<u>16,920</u>	<u>39,172</u>
Total liabilities	<u>30,790</u>	<u>53,956</u>
TOTAL EQUITY AND LIABILITIES	<u>182,886</u>	<u>216,904</u>
Net Assets Per Share (RM)	2.03	2.17

Note:

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 2007**

	Attributable to Equity Holders of the Parent								
	Non-Distributable				Distributable				
	Share Capital	Share Premium	Foreign Currency		Treasury Shares	Retained Earnings	Total	Minority Interest	Total Equity
			Translation Reserve						
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1st January 2006									
As previously stated	60,000	32,418	-	-	31,004	123,422	-	123,422	
Effect of adopting FRS 3	-	-	-	-	24,810	24,810	-	24,810	
At 1st January 2006 (restated)	60,000	32,418	-	-	55,814	148,232	-	148,232	
Bonus issue	15,000	(15,000)				-	-	-	
Bonus shares listing expenses		(44)				(44)	-	(44)	
Purchase of treasury shares				(14)		(14)	-	(14)	
Exchange differences on translation of financial statement of a foreign entity			36			36	-	36	
Net profit for the period	-	-	-	-	19,131	19,131	-	19,131	
Dividend paid	-	-	-	-	(3,000)	(3,000)	-	(3,000)	
At 30th September 2006	75,000	17,374	36	(14)	71,945	164,341	-	164,341	
At 1st January 2007	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)	
At 30th September 2007	75,000	17,374	(92)	(31)	59,888	152,139	(43)	152,096	

Note:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 2007**

	Current Year To-date 30/9/2007 RM'000	Preceding Year Corresponding Period 30/9/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(9,155)	19,631
Adjustments for:		
Depreciation of property, plant and equipment	9,589	8,609
Goodwill arising from business combination	7	-
Negative goodwill arising from business combination	-	(1,126)
Equipment written-off	59	-
Interest income	(37)	(161)
Finance costs	985	1,055
Operating profit before working capital changes	<u>1,448</u>	<u>28,008</u>
Decrease/(Increase) in inventories	11,059	(8,179)
Decrease in receivables	13,969	12,822
Decrease in payables	<u>(7,307)</u>	<u>(9,358)</u>
Cash generated from operation	19,169	23,293
Interest paid	(985)	(1,055)
Taxes recovery	144	-
Taxes paid	<u>(209)</u>	<u>(17)</u>
Net cash generated from operating activities	<u>18,119</u>	<u>22,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	(6)	(16,000)
Movement in fixed deposits under pledge	(1,859)	(1,784)
Purchase of property, plant and equipment	(3,658)	(14,202)
Proceeds from sales of equipment	-	3
Interest received	<u>37</u>	<u>161</u>
Net cash used in investing activities	<u>(5,486)</u>	<u>(31,822)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loan drawn down	8,233	30,035
Bankers' acceptance drawn down	14,752	-
Export Credit Refinancing drawn down	4,644	-
Repayment of term loan	(12,488)	(24,474)
Repayment of bankers' acceptance	(14,373)	-
Repayment of export credit refinancing	(16,867)	-
Payment of share issue expenses	-	(44)
Purchase of treasury shares	(17)	(14)
Dividend paid	<u>(3,749)</u>	<u>(3,000)</u>
Net cash (used in)/generated from financing activities	<u>(19,865)</u>	<u>2,503</u>
Net decrease in cash and cash equivalents	(7,232)	(7,098)
Effects of exchange rate changes	(21)	36
Cash and cash equivalents at beginning of financial period	<u>11,412</u>	<u>12,078</u>
Cash and cash equivalents at end of financial period	<u>4,159</u>	<u>5,016</u>
Cash and cash equivalents at the end of financial period comprise of the followings:		
Cash on hand and at bank	4,158	5,015
Deposit with a licensed bank	<u>1,860</u>	<u>1,785</u>
Cash and bank balances	6,018	6,800
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,859)</u>	<u>(1,784)</u>
	<u>4,159</u>	<u>5,016</u>

Note:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

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 2006. 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 2006.

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 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1st January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective dates has been deferred.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group, other than the change discussed below:

FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortized amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparative amount as at 31 December 2006 has been restated.

3. Auditors' report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 was unqualified.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

4. Segmental Information

	9 months ended	
	30/9/2007	30/9/2006
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	22,740	3,500
Plywood manufacturing	209,344	283,356
Shipping services	1,048	1,975
Total revenue including inter-segment sales	<u>233,132</u>	<u>288,831</u>
Elimination of inter-segment sales	<u>(91,233)</u>	<u>(81,003)</u>
Total revenue from continuing operations	<u>141,899</u>	<u>207,828</u>
Segment Results		
Results from continuing operations:		
Investment holding	21,708	1,467
Plywood manufacturing	(5,542)	18,334
Shipping services	(129)	578
Others	<u>(565)</u>	<u>1,126</u>
	15,472	21,505
Elimination	<u>(22,495)</u>	<u>(2,374)</u>
Total results from continuing operations	<u>(7,023)</u>	<u>19,131</u>

5. Unusual Items due to their Nature, Size or Incident

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2007.

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. Carrying Amount of Revalued Assets

There were no brought forward valuations of property, plant and equipment from the year ended 31 December 2006 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

9. Debt and Equity Securities

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

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

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

There are no commitments not provided for at the quarter ended 30 September 2007.

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 2006 and up to the date of this report except as disclosed below:

	Group RM'000	Company RM'000
Corporate guarantee issue to a financial institution for credit facilities granted to a subsidiary company	-	33,000

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's turnover recorded at RM43million which is 49% lower than that of previous year corresponding quarter. Total volume shipped for the quarter was 31,290m³ and 42% lower than the corresponding period. The fall in turnover is due to demand for plywood in the US market is weak coupled with 12% lower plywood prices compared to previous year corresponding quarter. Overall, a loss before taxation of RM2.56 million is recorded.

15. Variation of Results Against Preceding Quarter

The Group's turnover and volume shipped for the quarter under review are 11% and 16% lower compared to preceding quarter respectively. However, the average selling price is 5% higher and average log cost is 11% lower compared to preceding quarter resulted a better gross margin is recorded. The demand for plywood remains weak in the US market; however, the plywood price has been stable from its lows experienced in the preceding quarter and thus giving rise to a lower loss recorded in the quarter under review.

16. Commentary on Prospects

Demand for plywood in the US market is not expected to rebound in near term due to the slow down in US economy; however the supply and demand have reached an equilibrium level and plywood prices are expected to be stable. Other markets in UK, Europe, Middle East and South Korea have, to a certain extent, helped to make up for the drop in demand in the

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

US market. Nonetheless, due to the weak selling price, strengthening of Ringgit and high fuel price, 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 be profitable for the financial year ending 2007.

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 30 September 2007.

18. Income Tax Expense

	Current Year Quarter ended 30/9/2007 RM'000	Current Year To-date 30/9/2007 RM'000
Income tax:		
Taxation	1	1
Deferred tax	(939)	(2,084)
	<u>(938)</u>	<u>(2,083)</u>

The effective tax rate for the quarter under review was lower than the statutory tax rate principally due to unutilisation of capital allowances.

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. Corporate Proposals

As at the date of this report, there were no corporate proposals announced and not completed, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**

22. Borrowings (Secured)

	As at 30/09/2007 RM'000	As at 31/12/2006 RM'000
Short-term	3,086	17,965
Long-term	8,028	8,979
	<u>11,114</u>	<u>26,944</u>
	USD '000	RM '000 equivalent
Borrowings denominated in foreign currency:		
United States Dollar	<u>2,351</u>	<u>8,173</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

There were no dividends recommended or paid by the Company during the current quarter.

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	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
Basic earnings per share				
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(1,612)	9,665	(7,023)	19,131
Weighted average number of shares in issue ('000)	74,982	74,996	74,984	74,999
Basic earnings per share (\$ en)	(2.15)	12.89	(9.37)	25.51
Diluted earnings per share (\$ en)	N/A	N/A	N/A	N/A