

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE FIRST
QUARTER ENDED**

31 MARCH 2011

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2011 - UNAUDITED**

	3 months ended		3 months ended	
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	27,894	35,396	27,894	35,396
Cost of sales	(26,474)	(32,552)	(26,474)	(32,552)
Gross profit	1,420	2,844	1,420	2,844
Other income	100	119	100	119
Other operating expenses	(51)	(268)	(51)	(268)
Administrative expenses	(1,975)	(1,607)	(1,975)	(1,607)
Selling and marketing expenses	(1,304)	(1,953)	(1,304)	(1,953)
Interest income	9	11	9	11
Finance costs	(39)	(98)	(39)	(98)
Loss before tax	(1,840)	(952)	(1,840)	(952)
Income tax expense	(46)	-	(46)	-
Loss for the period	(1,886)	(952)	(1,886)	(952)
Other comprehensive loss, net of tax				
Currency translation differences arising from consolidation	(388)	(118)	(388)	(118)
Total comprehensive loss attributable to:				
Owners of the Company	(2,274)	(1,070)	(2,274)	(1,070)
Loss attributable to:				
Owners of the Company	(1,886)	(952)	(1,886)	(952)
Minority interest	-	-	-	-
Loss for the period	(1,886)	(952)	(1,886)	(952)
Total comprehensive loss attributable to:				
Owners of the Company	(2,274)	(1,070)	(2,274)	(1,070)
Minority interest	-	-	-	-
Total comprehensive loss for the period	(2,274)	(1,070)	(2,274)	(1,070)
Basic earnings per ordinary share (sen):				
Loss from continuing operations	(2.52)	(1.27)	(2.52)	(1.27)
	(2.52)	(1.27)	(2.52)	(1.27)

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 FINANCIAL POSITION
AS AT 31 MARCH 2011**

	As At 31/3/2011 (Unaudited) RM'000	As At 31/12/2010 (Audited) RM'000
ASSETS		
Property, plant and equipment	77,112	75,087
Timber concession right	1,999	2,714
Other receivables	5,319	7,204
Deferred tax assets	6,100	6,100
Total non-current assets	90,530	91,105
Inventories	31,171	37,974
Trade receivables	11,646	9,439
Other receivables	3,525	5,095
Tax refundable	1,486	746
Derivatives	-	11
Cash and bank balances	7,011	6,258
Total current assets	54,839	59,523
Total assets	145,369	150,628
Equity		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(40)	(40)
Foreign currency translation reserve	(270)	118
Retained earnings	41,397	43,283
Total equity	133,461	135,735
Liabilities		
Borrowings - Long term	1,900	-
Deferred tax liability	1,656	1,656
Total non-current liabilities	3,556	1,656
Borrowings - Short term	694	-
Trade payables	1,895	3,984
Other payables	5,763	9,252
Tax payables	-	1
Total current liabilities	8,352	13,237
Total liabilities	11,908	14,893
Total equity and liabilities	145,369	150,628
Net assets per share attributable to equity holders of the Company (RM)	1.78	1.81

The Condensed Consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 THREE MONTHS ENDED 31 MARCH 2011**

	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 2011	75,000	17,374	118	(40)	43,283	135,735	-	135,735	
Purchase of treasury shares	-	-	-	-	-	-	-	-	
Exchange differences on translation of financial statement of a foreign entity	-	-	(388)	-	-	(388)	-	(388)	
Loss for the period	-	-	-	-	(1,886)	(1,886)	-	(1,886)	
At 31 March 2011	75,000	17,374	(270)	(40)	41,397	133,461	-	133,461	
At 1 January 2010	75,000	17,374	173	(31)	47,438	139,954	-	139,954	
Purchase of treasury shares	-	-	-	(6)	-	(6)	-	(6)	
Exchange differences on translation of financial statement of a foreign entity	-	-	(118)	-	-	(118)	-	(118)	
Loss for the period	-	-	-	-	(952)	(952)	-	(952)	
At 31 March 2010	75,000	17,374	55	(37)	46,486	138,878	-	138,878	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 CASH FLOW
FOR THE THREE MONTHS ENDED 31 MARCH 2011 – UNAUDITED**

	Three months ended	
	31/3/2011	31/3/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,840)	(952)
Adjustments for:		
Depreciation of property, plant and equipment	3,281	2,752
Depletion of forest crop	715	322
Interest income	(8)	(11)
Finance costs	36	98
Operating profit before working capital changes	2,184	2,209
Decrease in inventories	6,803	3,073
Decrease in receivables	1,259	3,034
Decrease in payables	(5,579)	(4)
Cash generated from operation	4,667	8,312
Interest paid	(36)	(98)
Taxes paid	(782)	(2)
Net cash generated from operating activities	3,849	8,212
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	-	(2,006)
Timber concession right	-	(80)
Movement in fixed deposits under pledged	41	(1)
Purchase of property, plant and equipment	(5,307)	(85)
Interest received	8	11
Net cash used in investing activities	(5,258)	(2,161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loan drawn down	2,000	-
Bankers' acceptance drawn down	1,294	4,053
Repayment of term loan	(700)	(717)
Repayment of bankers' acceptance	-	(994)
Purchase of treasury shares	-	(6)
Net cash generated from financing activities	2,594	2,336
Net increase in cash and cash equivalents	1,185	8,387
Effects of exchange rate changes	(388)	(118)
Cash and cash equivalents at beginning of financial period	4,618	3,061
Cash and cash equivalents at end of financial period	5,415	11,330

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2011**

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

	As at 31/3/2011 RM'000	As at 31/3/2010 RM'000
Cash on hand and at bank	5,414	11,329
Deposit with a licensed bank	<u>1,597</u>	<u>1,555</u>
Cash and bank balances	7,011	12,884
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,596)</u>	<u>(1,554)</u>
	<u>5,415</u>	<u>11,330</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

1. Basis of Preparation

The interim financial statements, other than for financial instruments, have been prepared under the historical cost convention. Financial instruments have been fair valued in accordance to FRS 139 Financial Instruments: Recognition and Measurement.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market 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 2010. 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 31 December 2010.

2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standard (FRSs), Amendments to FRSs and IC interpretations which are applicable for the Group's financial period beginning 1 January 2011.

2.1 Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash – Settled Share-based Payment Transactions
FRS 3	Business Combinations (revised)
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 132	Financial Instruments: Presentation (paragraphs 11, 16 and 97E relating to classification of Right Issues)
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining whether an Arrangement Contains a Lease
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers
Improvements to FRSs (2010)	
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Technical Release 3:	Guidance on Disclosures of Transition to IFRSs
Technical Release 4:	Shariah Compliant Sale Contracts

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any significant effect on the financial performance, position or presentation of financial information of the Group, other than the enhanced disclosures about fair value measurement and liquidity risk required by Amendments to FRS 7 "Improving Disclosures about Financial Instruments". Such enhanced disclosures will be presented in the audited financial statements of the Group for the financial year ending 31 December 2011.

3. Auditors' Report

The auditors' report of the Company's preceding annual financial statements was not qualified.

4. Seasonality of operations

The Group's business operation and performance are to a certain extent affected by weather conditions especially on the supply of logs.

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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011****6. Changes in Estimates**

There were no changes in estimates that have a material effect in the current quarter's results.

7. Dividend Paid

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

8. Carrying Amount of Revalued Assets

There were no brought forward valuations of property, plant and equipment from the year ended 31 December 2010 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

9. Segmental Information

	3 months ended	
	31/3/2011	31/3/2010
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Investment holding	-	-
Plywood manufacturing	38,435	48,175
Timber extraction	3,543	2,943
Shipping services	294	247
	<hr/>	<hr/>
Total revenue including inter-segment sales	42,272	51,365
Elimination of inter-segment sales	(14,378)	(15,969)
Total revenue from continuing operations	<hr/>	<hr/>
	27,894	35,396
Segment Results		
Results from continuing operations:		
Investment holding	(40)	3
Plywood manufacturing	(973)	(1,258)
Shipping services	(464)	(192)
Timber extraction	(241)	754
Others	(37)	(9)
	<hr/>	<hr/>
	(1,755)	(702)
Elimination	(131)	(250)
Total results from continuing operations	<hr/>	<hr/>
	(1,886)	(952)

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 reporting quarter.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

12. Capital Commitments

There were no capital commitments provided for the quarter ended 31 March 2011.

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 2010 and up to the date of this report except as disclosed below:

	Group RM'000	Company RM'000
Corporate guarantee issued to a financial institution for credit facilities granted to a subsidiary company	-	43,000

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 RM27.9 million which is 21% lower than the corresponding quarter of the preceding year. The Group's total sales volume was 19,027m³ including the timber logs of 1,509m³, the plywood sales volume is 17,518m³ or 19% lower than the corresponding quarter of the preceding financial year.

During the quarter under review, the normal production capacity was severely affected due to the pro-long raining season. Certain direct costs were not reduced in proportion with the production output, as a result gross profit margin for the quarter dropped by 3% as compared with the corresponding quarter of the preceding year. In addition, the fluctuating and downward trend of the United States Dollar ("USD") vis-à-vis the Malaysian Ringgit indirectly reduced the exported plywood price by 4%.

The Group suffered a loss before taxation of RM1.84 million as compared with RM0.95 million loss in the corresponding quarter of the preceding year.

16. Variation of Results Against Preceding Quarter

The Group's current quarter registered a loss before taxation of RM1.84 million as compared with RM5.5 million loss in the preceding quarter. The improvement is mainly due to the sales volume increased by 16% as compared with the preceding quarter whilst the plywood pricing remained the same during the two quarters.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

17. Commentary on Prospects

Following the earthquake and tsunami calamity in Japan on 11 March 2011, the demand and pricing of plywood is rising and expected to increase to a more favourable level for the next quarter and beyond. Japan would need a huge volume of plywood to re-build the destroyed infrastructure and building. The Group is actively seeking for market opportunity in Japan.

The Group is also continuously seeking for new timber concession which is crucial for the Group to ensure a steady supply of logs for its plywood production.

All export sales are denominated in the United States Dollar (“USD”) which rates are fluctuating and trending downward vis-à-vis the Malaysian Ringgit. The management has taken the necessary steps to hedge the currency to minimise the conversion loss in exchange. Barring any unforeseen circumstances, the Board remains confident it may leave a positive impact on the Group’s performance for the year ending 2011.

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 2011.

19. Income Tax Expense

	Current Year Quarter ended 31/3/2011 RM’000	Current Year To-date 31/3/2011 RM’000
Income tax:		
Current Taxation	46	46
	<u>46</u>	<u>46</u>

The effective tax rate for the current quarter was higher than the statutory tax rate principally due to income arising from the logging extraction. Even though the plywood manufacturing and shipping services have their respective adjusted taxable profit, each company has unutilised capital allowances and unabsorbed tax losses brought forward for offset against such taxable profits. Provision for income tax is not required.

20. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the current quarter.

21. Purchases or Disposals of Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

22. Status of Corporate Proposals

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

23. Borrowings (Secured)

	As at 31/03/2011 RM'000	As at 31/12/2010 RM'000
Short-term	694	-
Long-term	1,900	-
	2,594	-

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\$500,000. 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.

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	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Basic earnings per share				
Loss attributable to ordinary equity holders of the parent (RM'000)	(1,886)	(952)	(1,886)	(952)
Weighted average number of shares in issue ('000)	74,966	74,974	74,966	74,974
Basic earnings per share (Sen)	(2.52)	(1.27)	(2.52)	(1.27)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A