

Reply for Bursa Securities queries

1. The negative net assets of RM127,420 is unaudited. The latest audited negative net assets as at 30 September 2008 amounting to RM1,031,154.
- 2, 4 & 5. The net book value of the 3 parcels of land based on the latest audited financial statements as at 30 September 2008, the age of the buildings erected thereon and tenure of the respective land are as follows:

Properties list of Malsa Wood Products Sdn Bhd

Title Nos.	Type of land use	Area (Acre)	Lease Period	Age of the properties	Tenure	Remaining lease period	NBV @ 30.09.2008	Per CH William Valuation Report	Remarks
TL 077529447	A log pond	6.29	20 years		From 01.01.1975 to 31.12.1995	N/A	1	-	To obtain extension for another 10 years from the Registrar
			10 years		From 01.01.1995 to 31.12.2005	N/A			
TL 077523678	Industrial building	1.52	99 years		From 01.01.1970 to 31.12.2068	60 years	504,049	920,000	N/A
TL 077523687	Industrial building	2.84	99 years		From 01.01.1970 to 31.12.2068	60 years	944,966	1,494,000	N/A
Buildings, sawmill, road, drainage system, jetty &				15 - 21 years			406,497	1,136,000	
Grand Total							1,855,513	3,550,000	

3. The total liabilities of Malsa Wood Products Sdn Bhd based on the latest management financial statement as at 24 December 2009 are as below:

	RM
Abedon Sdn. Bhd.	300,000
Sri Peri Sdn. Bhd.	1,700,000

	2,000,000
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6. Basis and justification in deriving at the total purchase consideration of RM4 million.

The Board of Directors of Cymao is of the opinion that the total purchase consideration of RM4,000,000 is reasonable after having taken the following factors into consideration :

- (i) Cymao had been a tenant to the land and buildings of Malsa Wood Products Sdn Bhd since July 2003. The Vendors of Sale Shares in Malsa Wood Products Sdn Bhd decided to let go of the properties. Cymao would see this opportunity to acquire the properties comprising of 3 parcels of land and buildings that are in close proximity to to the Cymao Group's operation in particular its subsidiary, Inovwood Sdn Bhd which will allow for future expansion. The Proposed Acquisition will solve the problem of present space constrain faced by Cymao.
- (ii) the infrastructure of Malsa Wood Products Sdn Bhd especially the road and jetty will ease loading and transporting of logs from the log pond to the factory for further processing.

The industrial buildings which are in fairly good condition will provide for storage for the Cymao Group's finished products.

7. Salient terms of the Sale and Purchase of Share Agreement ("the Agreement")

(a) Purchase Consideration

The cash purchase consideration of RM2 million is for the entire issued and paid up share capital of 1.5 million ordinary shares of par value RM1 each while a further RM2 million in cash for the Vendors to settle the liabilities as reflected in the management accounts as at 24 December 2009.

(b) Warranties by the Vendors

- (i) The audited financial statements for the financial year ended 30 September 2008 will be read together with the management account dated 24 December 2009.
- (ii) The total liabilities of RM2,000,000 as stated in the management accounts shall be settled by the Vendors from the Consideration.
- (iii) Any other liabilities including contingent which are not covered by the accounts shall be the responsibility of the Vendors.
- (iv) The Vendors warrant that they shall waive in writing all the directors and shareholders advances to Malsa Wood Products Sdn Bhd

8. The highest percentage ratio applicable to the Proposed Acquisition is 3.52%.