CYMAO Holdings Berhad (445931-U)

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9.1 KM, Jalan Batu Sapi,
Locked Bag No. 13,
90009 Sandakan,
Sabah, East Malaysia

Tel : 6089 612 2333 (5 Lines)
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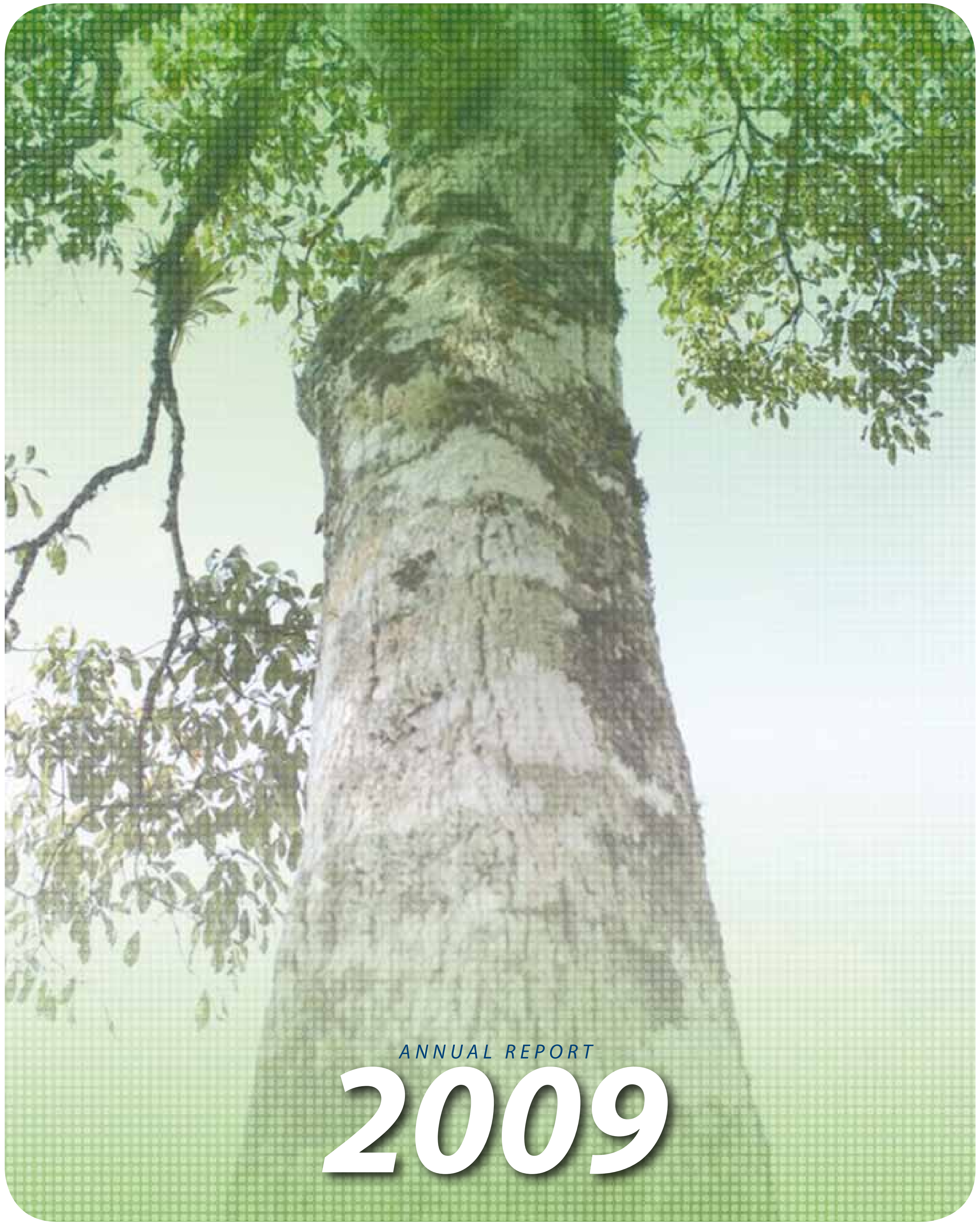
CYMAO HOLDINGS BERHAD
445931-U



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Mission Statement

Our Vision

To be a world class supplier of construction materials, through sound business practices, that is profitable, sustainable and socially responsible to all our stakeholders.

Our Mission

Sustainable profitability through vertical integration, capacity expansion and product offerings.

Corporate Information

BOARD OF DIRECTORS

Datuk Mohd. Zain Bin Omar
Chairman /Independent Non-Executive Director

Lin, Tsai-Rong
Managing Director

Lin, Kai-Min
Executive Director

Lin, Kai-Hsuan
Executive Director

Lin Hsu, Li-Chu
Non-Independent Non-Executive Director

Hiew Seng
Independent Non-Executive Director

AUDIT COMMITTEE

Hiew Seng
Chairman, Independent Non-Executive Director

Datuk Mohd. Zain Bin Omar
Member, Independent Non-Executive Director

Lin Hsu, Li-Chu
Member, Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Datuk Mohd. Zain Bin Omar
Chairman, Independent Non-Executive Director

Hiew Seng
Member, Independent Non-Executive Director

Lin Hsu, Li-Chu
Member,Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Mohd. Zain Bin Omar
Chairman, Independent Non-Executive Director

Hiew Seng
Member, Independent Non-Executive Director

Lin Hsu, Li-Chu
Member, Non-Independent Non- Executive Director

COMPANY SECRETARY

Katherine Chung Mei Ling (MAICSA 7007310)

REGISTERED OFFICE

MPT 4604, 3rd Floor
Lot 15-16, Block B, Bandaran Baru
Jalan Baru, 91000 Tawau
Sabah, Malaysia

Tel : +06(89) 767-600
Fax : +06(89) 766-100

CORPORATE OFFICE

9.1 KM, Jalan Batu Sapi
Locked Bag No. 13
90009 Sandakan, Sabah

Tel : +06(89) 612-233
Fax : +06(89) 612-607

AUDITORS

Ernst & Young
Chartered Accountants
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan, Sabah

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

OCBC Bank (Malaysia) Berhad

Public Bank Berhad

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Tel : +06(03) 7841-8000
Fax : +06(03) 7841-8008

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

Stock Short Name : CYMAO
Stock Code : 5082

Group Structure

Kupiano Forest Products (PNG) Limited
(Incorporated in Papua New Guinea)
(1-57260)
100%

Poly-Ply Industries Sdn. Bhd.
(31892-A)
100%

Cymao Plywood Sdn. Bhd.
(196313-M)
100%

Inovwood Sdn. Bhd.
(585609-D)
100%

CYMAO

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Billion Apex Sdn. Bhd.
(683097-U)
100%

Malsa Wood Products Sdn. Bhd.
(238949-T)
100%

Syabas Mujur Sdn. Bhd.
(728141-A)
100%

Xuzhou Richwood Co., Ltd.
(Incorporated in People Republic of China)
100%

Directors' Profile

DATUK MOHD. ZAIN BIN OMAR

(Chairman/Independent Non-Executive Director)

Chairman of Nomination Committee and Remuneration Committee
Member of Audit Committee

Malaysian, aged 68, was appointed to the Board of Cymao Holdings Berhad ("Cymao") on 13 November 2003. He graduated from Maktab Latihan Harian, Pulau Pinang and began his career as a teacher from 1963 to 1982. Subsequently, he entered politics and became a Member of State Assembly for the Constituency of Bayan Lepas and State Executive Committee as well as Chairman of Cultural, Youth and Sport Committee from 1982 to 1986. From 1986 to 1990, he became a Member of State Assembly for the Constituency of Teluk Kumbar and State Executive Committee as well as Chairman of Infrastructure Committee. From 1990 to 1995, he served as a Member of State Assembly for the Constituency of Teluk Kumbar for the second term as well as Chairman of Audit Committee of State of Pulau Pinang. He was a Member of Parliament for the Constituency of Balik Pulau until 2004.

He is an Executive Chairman of Seal Incorporated Berhad which listed on Bursa Malaysia Securities Berhad ("Bursa Securities"). He also sits on the Board of Lembaga Tabung Haji and several private limited companies.

LIN, TSAI-RONG

(Managing Director)

Taiwanese, aged 74, was appointed to the Board of Cymao on 13 November 2003. He obtained a Bachelor of Science majoring in Plant Pathology from National Chong Hsien University, Taiwan, in 1958. He started his career in wood-based industries with Cyma Plywood and Lumber Co. Ltd, Taiwan ("CPLC") in 1962 and worked his way up from being the Production Line Foreman, Supervisor, Section Chief, Production Manager, Factory Manager, Director of Research and Development ("R&D") to Vice President of CPLC. He has in-depth and comprehensive knowledge of running an efficient and innovative wood-based company. In 1991, He founded Cymao Plywood Sdn Bhd ("CPSB") and built the company into what it is today. Being the Managing Director of CPSB, he commands very strong and loyal support from the production workforce necessary to ensure the success of the business.

LIN, KAI-MIN

(Executive Director)

Taiwanese, aged 40, was appointed to the Board of Cymao on 13 November 2003. He graduated from Fu-Jen University, Taiwan, with a Bachelor of Science majoring in Accounting in 1993. He joined CPSB in 1994 as a Production Line Foreman and was given extensive production training. He became the Log Purchasing Manager from 1997 to 1998 in CPSB and subsequently headed its Finance Department. Armed with extensive training and experience from all aspects of production, raw materials and accounting, he is now heading the Finance and Marketing Department.

LIN, KAI-HSUAN

(Executive Director)

Taiwanese, aged 42, was appointed to the Board of Cymao on 13 November 2003. He graduated from University of California Los Angeles, USA, with a Bachelor of Science in Applied Mathematics and a minor in economics in 1991. He subsequently obtained a Master of Science in Forest Science with emphasis in Expert System from A & M University, Texas, USA 1993. He joined CPSB in 1994 as the Quality Controller, then took on the job of R&D Coordinator in 1997 and was involved in setting up the Technical Support Department, Material Handling Vehicle Management System, Operator Selection and Training System and Process Improvement Committee in 1999. He was promoted to Factory Manager of CPSB in 2000 and to Vice President in 2001.

Directors' Profile (cont'd.)

LIN HSU, LI-CHU
(Non-Independent Non-Executive Director)

Member of Audit Committee
Member of Nomination Committee and Remuneration Committee

Taiwanese, aged 67, was appointed to the Board of Cymao on 13 November 2003. She was a teacher at Hsi-Chih Primary School from 1960 to 1981 after earning her Diploma in Education from National Taipei Teachers' College in 1961.

HIEW SENG
(Independent Non-Executive Director)

Chairman of Audit Committee
Member of Remuneration and Nomination Committee

Malaysian, aged 59, was appointed to the Board of Cymao on 25 February 2004. He is Chartered Accountant by training. He is a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants. He began his accountancy training as an articled clerk in 1974 with a firm of Chartered Accountants in London, United Kingdom. Upon his qualification as a Chartered Accountant, he joined The New Straits Times Press (Malaysia) Berhad as Internal Auditor heading the Internal Audit Department for five and a half years (5½) and was promoted to Manager, Organisition & Method, a department created to conduct efficiency and productivity study during the economic crisis in 1986. He held the position for three (3) years. Thereafter, he joined an advertisement production house as a finance consultant for four (4) years before he joined Messrs. SK Hiew & Associates in 1996, where he became the Principal-In-Charged of the Kajang Branch of the firm. He is also a director of Ecofuture Berhad, a company listed on the Ace Market of Bursa Securities.

OTHER INFORMATION OF DIRECTORS

Family Relationship of Directors

Save as disclosed for Lin, Tsai-Rong is the father of Lin, Kai-Hsuan and Lin, Kai-Min and Lin Hsu, Li-Chu is the wife of Lin, Tsai-Rong, none of the other Directors has any family relationship with any Directors and/or substantial shareholders of the Company.

Conflict of Interest

None of the Directors has any conflict of interest with the Company.

Conviction of Offence

None of the Directors has been convicted of any offence within the past ten (10) years.

Shareholdings

The particulars of the Directors' shareholdings are set out on page 70 of this Annual Report.

Directors' Profile (cont'd.)

Attendance of the Board

There were a total of four (4) Board of Directors' Meetings held during the financial year ended 31 December 2009.

Name of Directors	Attendance
Datuk Mohd Zain Bin Omar	4/4
Lin, Tsai-Rong	4/4
Lin, Kai-Min	4/4
Lin, Kai- Hsuan	4/4
Lin Hsu, Li-Chu	4/4
Hiew Seng	4/4

Directors' Training

The seminars attended by each Director during the financial year ended 31 December 2009 are shown below:-

Name of Directors	Title of Seminars	Number of Days
Datuk Mohd Zain Bin Omar	Budget 2010 & cash and earnings enhancement tax seminar	1
Lin, Tsai-Rong	Corporate Governance Guide – Towards Boardroom Excellence	1
Lin, Kai-Min	Corporate Governance Guide – Towards Boardroom Excellence	1
Lin, Kai-Hsuan	Corporate Governance Guide – Towards Boardroom Excellence	1
Lin Hsu, Li-Chu	Corporate Governance Guide – Towards Boardroom Excellence	1
Hiew Seng	National Tax Conference 2009	2
	Risk Action Planning: The Missing Elements in an ERM Framework	1/2

Chairman's Statement

It is my pleasure to present to you the financial statements of Cymao Holdings Berhad (the "Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2009.

PERFORMANCE REVIEW

For the financial year ended 2009, the Group recorded a turnover of RM124 million and a loss before taxation of RM5.9 million compared to the previous year's financial results of RM131 million in turnover and a loss before taxation of RM12.4 million. The Group's sales volume was recorded at 86,596m^3 and it was reduced by 3% compared to the last financial year under review. The drop in demand was most pronounced in the first half of the financial year. In line with the decrease in demand level, the plywood prices recorded a decrease of 3% compared to the preceding financial year. This was mainly due to lower prices achieved in the first half of the financial year under review. The weakening of the US Dollar in the second half of the year also had further trimmed the Group's revenue and operating margin.

The Group continued to focus on operational efficiency as operating costs for plywood had significantly increased due to the impact of higher diesel, glue and lubricant prices as well as the impact of the fixed production cost being allocated over a lower production volume.

CORPORATE DEVELOPMENT

On 30 July 2009, the Company completed the acquisition of 100% equity interest in Poly-Ply Industries Sdn. Bhd. ("PISB"), comprising of 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,000,000 satisfied by cash.

On 7 December 2009, Syabas Mujur Sdn. Bhd. a wholly owned subsidiary of the Company, has been successfully awarded with a Log Extraction Licence by the Forestry Department of Sabah to harvest forest produce of commercial value at the designated area of approximately 5,454 hectares at the locality of Sungai Klagan, Bonggaya Forest Reserve, Beluran, Sandakan. The logging operation has commenced at the beginning of the financial year ending 31 December 2010. This new business is expected to contribute positively to the Group's bottom line.

On 29 December 2009, the Company 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 purchase consideration of RM2,000,000 plus part of MWPSB's liabilities amounting to RM2 million for which the vendors agreed to take over the RM2,000,000 liabilities upon signing of the Sale and Purchase of Shares Agreement. The acquisition of MWPSB would solve the present space constraint faced by the Group. The land of MWPSB and the industrial buildings erected thereon were in close proximity to the Group's operation in particular, Inovwood Sdn. Bhd. that could be utilized for storage purpose and future room for expansion of its business operation.

DIVIDEND

In the view of the financial results, the Board of Directors does not recommend any dividend for the financial year ended 31 December 2009.

OUTLOOK AND PROSPECTS

The Group will remain cautious on the impact of economic slowdown and will continuously to enhance productivity and cost controlling and as well as profitability of its products in this challenging environment. In respond to this, the Group will continue to expand its growth and extend the market opportunities. In addition, the Group will further strengthen its competitive advantage in term of quality, recovery rate and operational efficiency.

Barring any unforeseen circumstances, the Board remains confident it may leave a positive impact on the Group's performance in the financial year ending 31 December 2010.

Chairman's Statement (cont'd.)

APPRECIATION

On behalf of the Board, I wish to convey my sincere appreciation to the Directors, management and employees of the Group for continued diligence and commitment.

I also wish to express my gratitude to valued customers, suppliers and business associates for their support and confidence in us.

Lastly, to our shareholders, I wish to express my heartfelt appreciation for placing your confidence in the future of the Group.

DATUK MOHD ZAIN BIN OMAR
Chairman

20 March 2010

Corporate Governance Statement

The Board of Directors of Cymao Holdings Berhad ("the Board") recognises the importance in achieving high standard of corporate governance and observes the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance ("the Code"). The Code is observed throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and financial performance of the Group.

It is a continuing task of the Board to evaluate the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code in their operation towards achieving the optimal governance framework.

The statements below set out the manner in which the Company has applied the Principles of the Code (revised 2007) and the extend of compliance with the Best Practices of the good corporate governance as set in Part 1 and part 2 of the Code.

BOARD OF DIRECTORS

Board Composition and Balance

The Group is led by an effective and experienced Board comprising of members drawn from a wide spectrum of experience in relevant fields such as production, engineering, economics, accounting, finance, marketing, management and business administration. Together they bring a broad range of skills, experience and knowledge required to successfully direct, supervise and manage the Group's business, which are vital to the success of the Group and enhancement of long term shareholders' value.

The Board currently has six (6) Directors, comprises of one (1) Independent Non-Executive Chairman, one (1) Managing Director, two (2) Executive Directors, and two (2) Non-Executive Directors, one (1) of whom is an independent director. The Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires that at least two (2) or one-third (1/3) of the Board Members, whichever is higher, to be Independent Directors.

The profiles of the members of the Board are set out on pages 5 to 7 of the Annual Report.

The Board of Directors' Meetings are presided by the Chairman whose role is clearly separated from the role of the Managing Director to ensure a balance of power and authority.

The Executive Directors are responsible for implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. The Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgement and play an important role in ensuring that the strategies proposed by the management are objectively evaluated, thus provide a capable check and balance for the Executive Directors.

Board Meetings

The Board meets at least four (4) times a year which is scheduled at quarterly basis with additional meetings convened as necessary.

The Board held four (4) meetings during the financial year ended 31 December 2009. Details of the attendance of the Directors are disclosed on page 7 of the Annual Report.

Board Committees

The Board is assisted by the Audit Committee, the Nomination Committee and the Remuneration Committee in discharging its responsibilities and duties. Each Committee is operated within defined terms of reference which have been approved by the Board. These Committees will address issues and risks that will affect the operation of the Group and to recommend measures to the Board on mitigate such risks.

Corporate Governance Statement (cont'd.)

(i) **Audit Committee**

The composition, terms of reference and activities of the Audit Committee are presented on pages 13 to 15 of the Annual Report.

(ii) **Nomination Committee**

The Nomination Committee at present is comprised of three (3) Non-Executive Directors, majority of whom are independent.

The Nomination Committee held one (1) meeting during the financial year ended 31 December 2009 to propose to the Board on re-election and re-appointment of retiring Directors, to review the mix of skills of the Board, to assess the effectiveness of the Board as a whole, its committees and the contribution of each individual Director.

(iii) **Remuneration Committee**

The Remuneration Committee is currently made up of three (3) Non-Executive Directors, a majority of whom are independent.

The primary duty of the Remuneration Committee is to review and recommend the remuneration packages of Executive Directors are sufficiently attractive to retain such persons of high caliber, drawing from outside advice, if necessary. The Board as a whole determines the remuneration of Non-Executive Directors, and each Director is not allow to participate in discussion of his/her own remuneration.

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2009 to review the remuneration packages for Executive Directors and Non-Executive Directors.

Supply of Information

Notice of meetings, setting out the agenda and accompanied by the Board papers are given to all Directors prior to each Board Meeting to enable the Directors to peruse, obtain further information and/or seek further clarification on the matters to be deliberated.

All information within the Group is accessible to the Directors in furtherance of their duties and every Director has unhindered access to the advice and services of the Company Secretary. They are also entitled to seek independent professional advice, where necessary and in appropriate circumstances at the Group's expense.

Directors' Training

The Group acknowledges that continuous education is vital for the Board member to gain insight into the state of economy, technological advances, regulatory updates and management strategies. As at todate, all the Directors completed the Mandatory Accreditation Programme (MAP) conducted by Research Institute of Investment Analyst Malaysia (RIIAM) in compliance with the Listing Requirements.

During the financial year, the Directors attended training programmes accredited by Bursa Securities as part of their obligation to constantly stay update with current issues and changes which will assist them to discharge their duties effectively. Details of the training programme attended by the Board members are disclosed on page 7 of the Annual Report.

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge, where relevant, and to keep abreast with the new regulatory development and Listing Requirements of the Bursa Securities.

Corporate Governance Statement (cont'd.)

Re-election of Directors

In accordance with the Company's Articles of Association, at least one-third (1/3) or nearest to one-third (1/3) of the Directors, shall retire by rotation at each annual general meeting provided that all Directors shall retire from office once in every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed to the Board during the financial year are subject to re-election by shareholders at the annual general meeting following their appointment.

A director who is over seventy (70) years of age is required to submit himself for re-appointment and re-election annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Remuneration

The Directors' remuneration is determined at level which enables the Company to attract and retain Directors with the relevant experience and expertise to assist in managing the Group effectively. The aggregate of remuneration received by the Directors from the Company and its subsidiaries for the financial year ended 31 December 2009, are categorized into appropriate components as disclosed under Note 9 of the Financial Statements on page 48 of the Annual Report.

SHAREHOLDERS AND INVESTORS

The Group always recognises the importance of communications with shareholders and investors. In this respect, the Group disseminates information to its shareholders and investors through its Annual Report, timely public announcement and the quarterly financial results released by the Company to the Bursa Securities will provide the shareholders and investors with an overview of the Group's performances and operations.

The Board recognises the use of the Annual General Meeting as a principal forum for dialogue and to communicate with shareholders. Extraordinary General Meetings are held as and when required.

The Company has maintained a website at www.cymao.com for the access of shareholders and the general public to retrieve information of the Group. Investors and members of the public who wish channel queries on matters relating to the Group may email to info@cymao.com.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors consider the presentation of the financial statements and that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Audit Committee assists the Board by scrutinizing the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on page 21 to 69 of the Annual Report and the Directors' Responsibilities Statement pursuant to Paragraph 15.27(a) of the Listing Requirements of the Bursa Securities is set out on page 18 of the Annual Report.

Internal Control

The Board acknowledges their responsibility for the Group's system of internal controls which cover not only financial controls but also controls in relation to operations, compliance and risk management. A Statement on Internal Control of the Company is set out on page 17 of the Annual Report.

Relationships with Auditors

The external auditors, on completion of their annual audit, express an opinion on the annual financial statements. The Board and the Audit Committee have established a formal and transparent relationship with the external auditors. The external auditors may from time to time throughout the financial year highlight to the Audit Committee and the Board on matters that require the Board's attention.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITEE

Committee Chairman	:	**Hiew Seng** (Independent Non-Executive Director)
Committee Members	:	**Datuk Mohd Zain Bin Omar** (Independent Non-Executive Director)
	:	**Lin Hsu, Li-Chu** (Non-Independent Non-Executive Director)

TERMS OF REFERENCE

1. Composition Of The Audit Committee

1.1 The Audit Committee shall be appointed by the Board of Directors from amongst its members who fulfill the following requirements:

(a) the Audit Committee Members shall be non-executive directors and no fewer than three (3) members;

(b) a majority of the Audit Committee shall be Independent Non-Executive Directors of the Company or its related corporation;

(c) all Audit Committee Members should be financially literate with at least a member of the Audit Committee

- must be a member of Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience, and
  (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967;
- fulfils such other requirements as prescribed by Bursa Securities that,
  (a) he has a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
  (b) he has at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management for the financial affairs of a corporation; or
- fulfils such other requirements as approved by Bursa Securities relating to the financial-related qualifications and experience.

(d) no alternate director shall be appointed as a member of the Audit Committee.

1.2 The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director.

1.3 In the event of any vacancy in the Audit Committee resulting in the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

1.4 The Board of Directors shall review the terms of office of Committee members at least once every three (3) years.

Audit Committee Report (cont'd.)

2. Objectives

The main objectives of the Audit Committee are to:

2.1 Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities, particularly in relation to the accounting and management controls and financial reporting of the Company and the Group; and

2.2 Provide greater emphasis to audit functions performed by internal and external auditors by serving as a focal point of communication between Board of Directors, the external auditor, the internal auditor and the management by means of a forum for discussion that is independent of the management.

3. Authority Of The Audit Committee

The Audit Committee shall have the authority to:

3.1 investigate any matter within its terms of reference;

3.2 have the resources which are reasonable required to enable to perform its duties;

3.3 have full and unrestricted access to any information pertaining to the Company and the Group;

3.4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

3.5 obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise where necessary; and

3.6 convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

4. Functions

The functions of the Audit Committee should be to review and report to the Board on the following matters:-

4.1 the nomination, appointment and re-appointment of external auditor, the audit fee and any questions of resignation and dismissal.

4.2 the external auditors' audit plan, the nature and scope of audit, the evaluation of the system of internal controls of the Company and the Group, the external auditors' management letter and management's response.

4.3 the external auditors' audit reports, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management if necessary).

4.4 the extent of co-operation and assistance given by the employees to the external auditors.

4.5 in relation to the internal audit function,

- review the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Audit Committee Report (cont'd.)

4.6 any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

4.7 the Group's quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

- o changes in or implementation of major accounting policy changes;
- o significant adjustment arising from audit and unusual events;
- o the going concern assumption; and
- o compliance with accounting standards and other legal requirements;

4.8 any additional duties as may from time to time prescribed by the Board.

5. Reporting of breaches to Bursa Securities

The Audit Committee shall report promptly to the Bursa Securities on any matters reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

6. Meetings And Reporting Procedures

6.1 The Audit Committee may regulate its own procedures and in particular, the calling of the meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such minutes.

6.2 A quorum for meeting of the Audit Committee meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

6.3 The Audit Committee shall meet as often as the Chairman deems necessary but not less than four (4) times a year. The finance director, the head of internal audit and a representative of the external auditors should normally attend the meeting of Audit Committee.

6.4 The Audit Committee should meet with the external auditors without executive directors present at least twice a year. The Chairman shall also convene a meeting if requested by the external auditors to consider any matter within the scope and responsibilities of the Audit Committee.

6.5 Other directors and employees shall attend any particular audit committee's meeting only at the invitation of the Audit Committee, whenever deemed necessary.

6.6 The Company Secretary shall be the secretary of the Audit Committee.

6.7 The Secretary shall circulate the minutes of the meeting of the Committee to all members of the Board.

Audit Committee Report (cont'd.)

MEETINGS ATTENDANCE

There were four (4) Audit Committee meetings held during the financial year ended 31 December 2009. The numbers of meetings attended by the Committee Members are as follow:-

Audit Committee Members	Number of Meetings Attended
Hiew Seng	4/4
Datuk Mohd Zain Bin Omar	4/4
Lin Hsu, Li-Chu	4/4

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year, the main activities carried out by Audit Committee are as follows:-

- Reviewed the Group's quarterly financial results with the management and recommended to the Board of Directors for approval prior to release to the Bursa Securities.
- Reviewed the audited financial statements of the Group prior to submission to the Board for their consideration and approval. The review was to ensure that these financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Approved Accounting Standards.
- Reviewed the Audit Committee Report and the Statement on Internal Control and recommended to the Board for inclusion in the Annual Report.
- Evaluated the performance of the External Auditors and made recommendations to the Board of Directors on their re-appointment and audit fees.
- Reviewed the Internal Audit Reports to ensure that all risk areas were covered and corrective actions were taken by the management on audit findings.
- Reviewed and approved Internal Audit Plan Memorandum.
- Reviewed and discussed the scope of audit plan with the external auditors.

INTERNAL AUDIT FUNCTION

The Group's in-house Internal Audit Department reports to the Audit Committee, assists in monitoring and updating risks and adequacy of the internal control system. Its role is to undertake independent regular and systematic reviews of internal controls, so as to provide the Audit Committee with independent and objective feedback and reports that the internal controls continue to operate satisfactorily and effectively.

The Internal Auditor had adopted a risk-based approach towards the planning and conduct of audits that are consistent with the Group's established framework in designing, implementing and monitoring of its control systems.

The activities carried out by the internal auditor during the financial year ended 31 December 2009 are as follows:-

- Conducted internal audit reviews according to the internal audit plan and presented the results of the audit reviews to the Audit Committee for approval; and

- Followed up on the implementation of audit recommendations and management action plans, and reported to the Audit Committee the status of their implementation at the quarterly meetings of the Audit Committee.

The cost incurred for the Group's internal audit function during the year is approximately RM42,000.

Statement on Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control.

A set of policies and procedures is in place to ensure that assets are adequately protected against unauthorized use or disposal and that the interests of shareholders are safeguarded. The systems in place are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The process of identification, evaluation and management of significant risks faced by the Group is carried out as part of the Group's normal business operation and management activities. These processes are led by the Executive Directors and supported by the senior management. Within the Group management team, the management organization structure and approval authority are defined outlining the respective management areas of responsibility and authority limits.

The Executive Directors and senior management team conduct meeting every week. These weekly meetings serve as monitoring and communication procedures for reporting and feedback to all level of management, whereby, changes in business environment and operations are reviewed while operation performance is assessed with detailed corrective actions being identified, discussed and aligned to the corporate plan.

The Board established the Internal Audit Department during the year to provide independent assurance on the adequacy of internal control and governance systems. The Internal Audit Department reports to the Audit Committee. Regular reviews are carried out on the business processes to monitor compliance with the Group's procedures, assess the effectiveness of internal controls and recommend corrective changes.

Effective monitoring and review are the essential components of a sound system of internal control. The Board's review of the system of internal control of the Group is currently addressed by the Audit Committee with the assistance of the Internal Auditors. In addition, the Audit Committee reviews the financial results and statements with the assistance of the management. These reviews complement the Audit Committee assessment on the management's system of internal control and understanding of the financial performance of the Group. Matters reviewed at the Audit Committee meeting are communicated at the Board meeting to ensure all Board members are kept abreast of the state of the internal control and financial performance of the Group.

The Audit Committee, together with Internal Auditors and senior management, reviews the effectiveness of the internal financial and operating control environment of the Group. The Audit Committee holds regular meetings and reviews reports from internal and external auditors covering such matters. Significant issues are brought to the attention of the Board.

Directors' Responsibility Statement

The Directors are required to issue a statement explaining their responsibility for preparing the annual audited financial statements.

It is required by law that the Directors to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of the results and cash flow of the Group and of the Company for the financial year then ended.

While the financial statements of Cymao Holdings Berhad were prepared for the financial year ended 31 December 2009 on pages 21 to 69 of the printed version of this Annual Report, the Directors believe the Company has applied appropriate accounting policies consistently and supported by reasonable and prudent judgements and estimates. The Directors also believe that all applicable approved accounting standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

It is the Directors' responsibility to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enable that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The auditors' responsibilities are stated in their report to the shareholders.

Additional Compliance Information

(a) Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year.

(b) Share Buy-Back

The shareholders of the Company, by an ordinary resolution in the last Annual General Meeting held on 24 April 2009 approved the Company's Proposed Renewal Share Buy-Back Scheme ("Share Buy-Back") to purchase up to 10% of its own issued and paid-up ordinary share capital of RM1.00 each.

The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy-Back is in the best interest of the Company and its shareholders.

There were no shares bought back during the financial year.

As at 31 December 2009, the total 20,000 Shares bought back are held as treasury shares and none of the treasury shares held were resold or cancelled during the financial year.

(c) Options, Warrants or Convertible Securities

No options, warrants or convertible securities in the Company were issued or exercised during the financial year.

(d) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programmes during the financial year.

(e) Sanctions and/or Penalties

There were no sanctions or penalties imposed by any regulatory bodies on the Company or its subsidiaries, or on the Directors or management of the Company or its subsidiaries during the financial year.

(f) Non-Audit Fees

The non-audit fees of RM23,800 were paid by the Group to the external auditors during the financial year.

(g) Variation in Results

There was no material variance between the audited results for the financial year ended 31 December 2009 and the unaudited results released for the quarter ended 31 December 2009 for the Group.

(h) Profit Guarantee

During the financial year, there was no profit guarantee given by the Company and its subsidiaries.

(i) Material Contracts

here were no material contracts, including contract relating to loan, entered into by the Company and/or its subsidiaries involving Directors and major shareholders that are still subsisting at the end of the financial year or since the end of the previous financial year.

(j) Revaluation Policy on Landed Properties

The Company did not adopt any revaluation policy on landed properties.

(k) Recurrent Related Party Transactions

There were no related party transactions of a revenue or trading nature entered into between the Company and its subsidiaries with the Directors, major shareholders or persons connected with such Directors or major shareholders during the financial year.

Corporate Social Responsibility Statement

The Board recognizes the importance of playing its role as a socially responsible corporate citizen on the workplace, community, environment and marketplace. The good corporate governance through practising accountability, honesty, transparency coupled with effective adoption of corporate social responsibility will ensure sustainability in the competitive corporate world and positive influence on the Group's business strategy and performance in the short-term and long-term. The Corporate Social Responsibility accentuated by Cymao Group is broadly divided into four (4) focal areas as follows:

1. The Workplace

Cymao Group places an importance to its human capital as the most valuable asset. The Group has conducted various in-house training programmes which are job-related in nature for the required skills, knowledge and experience. Cymao also provides a safe and healthy conducive working condition for its employees and factory workers. Preventive actions and risk mitigation measures such as fire drills, factory safety site briefings are conducted from time to time. The Board believes in continuous learning and human capital development will produce effective performance, high commitment in all levels of employees and ultimately contributes an added value to Group as a whole.

2. The Community

The Group plays its role actively in creating employment and job opportunities for fresh graduates and other skill workers which help the government in reducing the unemployment.

During the financial year, the Group sponsored plywood to cover the drains around the pitch for the IRB Asian Rugby Sevens Series & International Club Sevens 2009 at Likas Stadium, Kota Kinabalu.

3. The Environment

The Group identifies the importance in preserving environment and has taken efforts on waste recycle. Cymao reuses its wood waste and combined with resin turn into composite material suitable for use disposables in construction, temporary flooring and packing material.

4. The Marketplace

At the marketplace, Cymao Group operates in tandem with its vision through sound business practices, good corporate governance and effective management with the aim to enhance the stakeholders' value.

As a socially responsible corporate citizen, the Group's efforts are evident in its products certificates accorded such as the FSC Chain-of-Custody Certificate issued by SGS South Africa (Pty) Ltd, an independent certification body from South Africa for the products compliance with the rules of Forest Stewardship Council, and the CE Certificate of Factory Production Control issued by BM Trada Certification Ltd, an independent UK certification body certifies on the structural plywood manufactured by Cymao Group are in compliance with the EU Construction Product Directive.

Cymao complies with the Japanese Agriculture Standard (JAS) as certified by the Registered Overseas Certifying Bodies under the PT MutuAgung Lestari, an independent certification body from Indonesia. With this certification, the Cymao Group will have a more competitive edge to market its products in Japan.

The Cymao Group obtained another certification from PT MutuAgung (TP–6) for the CARB (California Air Resources Board) certificate as it complies with the new regulation of the CARB-ATCM (Air Toxic Contaminant Measure) for our composite wood products.

financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principle activities of the subsidiaries are manufacturing and sale of veneer, plywood, decorative plywood, engineering wood flooring, layon and wooden musical component, provision of barge hiring services, trading of decorative plywood and timber logging concessionaire.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year	(5,958,980)	(1,720,425)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

SIGNIFICANT EVENTS

(i) On 1 June 2009, Inovwood Sdn. Bhd., its subsidiary company entered into an agreement to acquire a parcel of land measuring 1.7654 hectares together with the plymill factory erected thereon situated at GM460, Lot 740, Mukim of Kapar, District of Klang, Selangor Darul Ehsan for a total cash purchase consideration of RM6,525,000.

(ii) On 29 December 2009, the Company entered into a share sale and purchase agreement to acquire the entire issued and paid-up share capital of Malsa Wood Products Sdn. Bhd for a total cash consideration of RM4,000,000.

The proposed acquisitions are expected to be completed in the next financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Mohd Zain Bin Omar
Lin, Tsai-Rong
Lin, Kai-Min
Lin, Kai-Hsuan
Lin Hsu, Li-Chu
Hiew Seng

Directors' Report (cont'd.)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.1.2009	**Acquired**	**Sold**	**31.12.2009**
Direct Interest:				
Datuk Mohd Zain Bin Omar	250,000	–	(150,000)	100,000
Lin, Tsai-Rong	21,100,000	–	–	21,100,000
Lin, Kai-Min	1,773,750	4,150,000	–	5,923,750
Lin, Kai-Hsuan	847,500	400,000	–	1,247,500
Lin Hsu, Li-Chu	222,500	–	–	222,500
Hiew Seng	62,500	–	–	62,500
Indirect Interest:				
Lin, Tsai-Rong	50,000	–	–	50,000
Lin Hsu, Li-Chu	50,000	–	–	50,000

Lin, Tsai-Rong by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

TREASURY SHARES

As at 31 December 2009, the Company held as treasury shares a total of 20,000 of its 75,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM30,625 and further relevant details are disclosed in Note 19 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report (cont'd.)

OTHER STATUTORY INFORMATION (cont'd.)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 March 2010.

LIN, TSAI-RONG **LIN, KAI-MIN**

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, **LIN, TSAI-RONG** and **LIN, KAI-MIN**, being two of the Directors of **CYMAO HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 28 to 69 are drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and the cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 March 2010.

LIN, TSAI-RONG

LIN, KAI-MIN

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **LIN, KAI-MIN**, being the Director primarily responsible for the financial management of **CYMAO HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 69 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **LIN, KAI-MIN** at Sandakan in the State of Sabah on 9 April 2010

LIN, KAI-MIN

Before me,

RAMSAH BINTI MOHD TAHA
Commissioner for Oaths
S-029

Independent Auditors' Report

to the members of Cymao Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **CYMAO HOLDING BERHAD**, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 69.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

Independent Auditors' Report (cont'd.)

to the members of Cymao Holdings Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd.)

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YONG VOON KAR
1769/04/10 (J/PH)
Chartered Accountant

Kuching, Malaysia
9 April 2010

Income Statement

for the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	3	124,160,008	130,702,026	–	–
Cost of sales	4	(112,659,142)	(123,590,975)	–	–
Gross profit		11,500,866	7,111,051	–	–
Other operating income	5	1,159,043	1,533,498	226,670	337,879
Administrative expenses		(7,011,097)	(6,400,220)	(912,983)	(655,940)
Selling and marketing expenses		(9,589,949)	(12,105,155)	–	–
Other operating expenses		(1,733,734)	(2,244,193)	(918,656)	(1,363,936)
Operating loss		(5,674,871)	(12,105,019)	(1,604,969)	(1,681,997)
Finance costs	6	(115,456)	(299,761)	(115,456)	(268,868)
Loss before tax	7	(5,790,327)	(12,404,780)	(1,720,425)	(1,950,865)
Income tax expense	10	(168,653)	50,366	–	–
Loss for the year		(5,958,980)	(12,354,414)	(1,720,425)	(1,950,865)

	Note	Group 2009	Group 2008
Loss per share attributable to equity holders of the Company (sen):			
Basic, for loss for the year	11	(7.95)	(16.5)
Diluted, for loss for the year	11	–	–

The accompanying notes form an integral part of the financial statements.

Balance Sheet

as at 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Non-Current Assets					
Property, plant and equipment	12	60,600,897	69,855,601	110,029	113,833
Prepaid land lease payments	13	13,299,169	13,432,729	–	–
Investments in subsidiaries	14	–	–	97,297,490	95,020,190
Deferred tax assets	22	6,234,303	6,262,629	–	–
Other receivables	16	9,657,376	8,649,018	2,000,000	–
Timber concessions	17	6,862,709	–	–	–
		96,654,454	98,199,977	99,407,519	95,134,023
Current Assets					
Inventories	15	33,760,476	37,647,369	–	–
Trade and other receivables	16	17,943,088	8,967,510	21,044,775	25,549,280
Tax refundable		172,069	309,965	–	500
Cash and bank balances	18	4,615,079	15,114,573	413,696	1,545,597
		56,490,712	62,039,417	21,458,471	27,095,377
Total Assets		153,145,166	160,239,394	120,865,990	122,229,400
Equity attributable to equity holders of the Company					
Share capital	19	75,000,000	75,000,000	75,000,000	75,000,000
Share premium	19	17,374,387	17,374,387	17,374,387	17,374,387
Treasury shares	19	(30,625)	(30,625)	(30,625)	(30,625)
Foreign currency translation reserve	20	172,896	202,732	–	–
Retained earnings	21	47,438,047	53,397,027	19,617,948	21,338,373
Total equity		139,954,705	145,943,521	111,961,710	113,682,135

Balance Sheet (cont'd.)

as at 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Non-current liabilities					
Borrowings	22	–	2,437,703	–	2,437,703
Deferred tax liabilities	23	1,528,463	1,524,463	–	–
		1,528,463	3,962,166	–	2,437,703
Current liabilities					
Borrowings	22	2,332,161	2,496,983	2,332,161	2,496,983
Trade and other payables	24	9,242,806	7,836,724	6,572,119	3,612,579
Provision for taxation		87,031	–	–	–
		11,661,998	10,333,707	8,904,280	6,109,562
Total liabilities		13,190,461	14,295,873	8,904,280	8,547,265
Total equity and liabilities		153,145,166	160,239,394	120,865,990	122,229,400

The accompanying notes form an integral part of the financial statements.

Consolidated Statements of Changes in Equity

for the year ended 31 December 2009

		Attributable to equity holders of the Company					
	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Foreign Currency translation Reserve RM	Retained Earnings RM	Total RM
Group							
At 1 January 2008		75,000,000	17,374,387	(30,625)	(92,398)	65,751,441	158,002,805
Foreign currency translation	20	–	–	–	295,130	–	295,130
Loss for the year		–	–	–	–	(12,354,414)	(12,354,414)
At 31 December 2008		75,000,000	17,374,387	(30,625)	202,732	53,397,027	145,943,521
Foreign currency translation	20	–	–	–	(29,836)	–	(29,836)
Loss for the year		–	–	–	–	(5,958,980)	(5,958,980)
At 31 December 2009		75,000,000	17,374,387	(30,625)	172,896	47,438,047	139,954,705

The accompanying notes form an integral part of the financial statements.

Company Statements of Changes in Equity

for the year ended 31 December 2009

	Share Capital RM	Non-Distributable Share Premium RM	Treasury Shares RM	Distributable Retained Earnings RM	Total RM
Company					
At 1 January 2008	75,000,000	17,374,387	(30,625)	23,289,238	115,633,000
Loss for the year	–	–	–	(1,950,865)	(1,950,865)
At 31 December 2008	75,000,000	17,374,387	(30,625)	21,338,373	113,682,135
Loss for the year	–	–	–	(1,720,425)	(1,720,425)
At 31 December 2009	75,000,000	17,374,387	(30,625)	19,617,948	111,961,710

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from Operating Activities					
Loss before tax		(5,790,327)	(12,404,780)	(1,720,425)	(1,950,865)
Adjustments for:					
Interest income	5	(119,318)	(101,297)	(25)	(697)
Finance costs	6	115,456	299,761	115,456	268,868
Goodwill written off	7	258,151	–	–	–
(Gain)/loss on disposal of property, plant and equipment	5	(69,821)	360,783	–	–
Property, plant and equipment written off	7	–	63,599	–	63,599
Depreciation of property, plant and equipment	7	10,721,230	11,109,928	3,804	22,774
Amortisation of prepaid land lease payments	7	133,560	133,562	–	–
Net unrealised foreign exchange (gain)/losses		(35,844)	44,767	–	–
Bad debts written off	7	45,721	1,124,327	–	574,033
Operating profit/(loss) before working capital changes		5,258,808	630,650	(1,601,190)	(1,022,288)
Decrease in inventories		6,211,474	16,484,830	-	-
(Increase)/decrease in trade and other receivables		(8,230,988)	5,225,069	2,504,505	2,057,845
Increase/(decrease) in trade and other payables		847,843	(4,021,833)	2,959,540	2,597,010
Cash generated from operations		4,087,137	18,318,716	3,862,855	3,632,567
Interest paid		(115,456)	(299,761)	(115,456)	(268,868)
Income tax refunded/(paid)		122,258	(59,815)	500	(225)
Net cash generated from operating activities		4,093,939	17,959,140	3,747,899	3,363,474
Cash Flows from Investing Activities					
Payment for timber concessions		(3,063,709)	(3,799,000)	–	–
Deposit for acquisition of a subsidiary		(2,000,000)	–	(2,000,000)	–
Deposit for acquisition of leasehold land		(4,275,000)	–	–	–
Purchase of property, plant and equipment		(1,493,350)	(4,864,000)	–	(6,500)
Proceeds from disposal of plant and equipment		108,600	382,382	–	64,998
Acquisition of a subsidiary		(1,387,161)	–	(2,037,300)	–
Additional investment in subsidiary		–	–	(240,000)	(4,000)
Placement of fixed deposits		(51,721)	(51,257)	–	–
Interest received		119,318	101,297	25	697
Net cash (used in)/generated from investing activities		(12,043,023)	(8,230,578)	(2,277,275)	55,195

Cash Flow Statements (cont'd.)

for the year ended 31 December 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash Flows From Financing Activities					
Repayment of term loans		(2,602,525)	(3,014,364)	(2,602,525)	(2,236,781)
Drawdown of bankers' acceptances		–	2,507,000	–	–
Repayment of bankers acceptances		–	(3,250,000)	–	–
Withdrawal of fixed deposit		322,943	115,788	–	–
Net cash used in financing activities		(2,279,582)	(3,641,576)	(2,602,525)	(2,236,781)
Net (decrease)/increase in cash and cash equivalents		(10,228,666)	6,086,968	(1,131,901)	1,181,888
Effects of foreign exchange rate changes		394	161,813	–	–
Cash and cash equivalents at beginning of year		13,289,440	7,040,641	1,545,597	363,709
Cash and cash equivalents at end of year	18	3,061,168	13,289,440	413,696	1,545,597

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at MPT 4604, 3rd Floor, Lot 15 - 16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah. The principal place of business of the Company is located at 9.1 KM, Jalan Batu Sapi, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and sale of veneer, plywood, decorative plywood, engineering wood flooring, layon and wooden musical component, provision of barge hiring services, trading of decorative plywood and timber logging contractor. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 March 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRS") in Malaysia.

The financial statements of the Company have been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd.)

(a) Subsidiaries and Basis of Consolidation (cont'd.)

(ii) Basis of Consolidation (cont'd.)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	5% - 10%
Plant and machinery	7% - 20%
Motor vehicles	20%
Furniture, fixtures and equipment	7% - 33%
Renovations	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The differences between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

Constructions-in-progress are not depreciated as these assets are not available for use.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd.)

(c) Impairment of Non-Financial Assets

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises costs of purchase. The cost of finished goods and work-in-progress comprises costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd.)

(e) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd.)

(f) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases – the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(b).

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd.)

(g) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Timber Concessions

Timber concessions are stated at cost. They are amortised based on the proportion of timber volume logged for the period over the estimated volume of extractable timber from the concession areas.

The estimated volume of extractable timber is reviewed periodically and any material adjustment arising therefrom is dealt with through the amortisation account.

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd.)

(k) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(l) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Summary of Significant Accounting Policies (cont'd.)

(l) Foreign Currencies (cont'd.)

(ii) Foreign Currency Transactions (cont'd.)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised net of sales taxes and upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Revenue from Services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.3 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 July 2009
- FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010
- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010
- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation I5: 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

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.3 Standards and Interpretations Issued but Not Yet Effective (cont'd.)

The Malaysian Accounting Standards Board also issued "Improvements to FRSs (2009)" which contain amendments to twenty two FRSs and are effective for financial periods beginning on or after 1 January 2010.

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

(a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(b) FRS 8: Operating Segment

FRS 8 replaces FRS 1142004: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

(c) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

Notes to the Financial Statements (cont'd.)

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.3 Standards and Interpretations Issued but Not Yet Effective (cont'd.)

(d) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

2.4 Significant accounting estimates and judgements

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, capital and reinvestment allowances of the Group was RM59,510,904 (2008: RM57,982,661) and the unrecognised tax losses, capital and reinvestment allowances of the Group was RM21,948,264 (2008: RM16,287,236).

Notes to the Financial Statements (cont'd.)

31 December 2009

3. REVENUE

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Sale of decorative plywood	3,713,025	12,573,723	–	–
Sale of plywood	120,171,636	117,884,555	–	–
Sale of veneer	146,646	174,417	–	–
Barge hiring income	128,701	69,331	–	–
	124,160,008	130,702,026	–	–

4. COST OF SALES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cost of inventories sold	112,443,958	123,475,205	–	–
Cost of services rendered	215,184	115,770	–	–
	112,659,142	123,590,975	–	–

5. OTHER INCOME

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Interest from:				
Fixed deposits	63,179	84,820	25	697
Currency accounts	1,300	180	–	–
Repos	54,839	16,297	–	–
	119,318	101,297	25	697
Gain on disposal property, plant and equipment	69,821	–	–	–
Gain on foreign exchange				
- realised	734,857	1,142,968	226,645	337,182
- unrealised	35,844	97,543	–	–
Insurance claim received	161,583	165,873	–	–
Sale of wood waste	–	7,000	–	–
Miscellaneous	37,620	18,817	–	–
	1,159,043	1,533,498	226,670	337,879

6. FINANCE COSTS

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Interest on:				
Bankers' acceptances	–	15,065	–	–
Bank overdraft	–	1,732	–	–
Others	–	5,816	–	–
Term loans	115,456	277,148	115,456	268,868
	115,456	299,761	115,456	268,868

Notes to the Financial Statements (cont'd.)

31 December 2009

7. LOSS BEFORE TAX

The following amounts have been included in arriving at loss before tax:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Employee benefits expense (Note 8)	12,270,913	13,855,839	31,500	97,285
Non-executive directors' remuneration (Note 9)	96,000	96,000	96,000	96,000
Auditors' remuneration:				
- statutory audits				
- current year	83,895	61,500	20,000	20,000
- overprovision in prior year	(6,500)	–	(5,000)	–
- other services	23,800	22,250	5,500	3,500
Bad debts written off	45,721	1,124,327	–	574,033
Goodwill written off	258,151	–	-	–
Depreciation of property, plant and equipment (Note 12)	10,721,230	11,109,928	3,804	22,774
Amortisation of prepaid land lease payments (Note 13)	133,560	133,562	–	–
Property, plant and equipment written off	–	63,599	–	63,599
Rental of premises	6,000	71,606	–	60,706
Rental of warehouse	307,800	307,800	–	–
Rental of factory facilities	59,400	239,400	–	–
Loss on disposal of property, plant and equipment	–	360,783	–	–
Loss on foreign exchange				
- realised	388,317	650,379	193,656	632,695
- unrealised	–	44,767	–	–

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries, wages and allowances	12,091,611	13,708,587	31,500	89,167
Contributions to defined contribution plan	153,684	126,725	–	7,495
Social security contributions	25,618	20,527	–	623
	12,270,913	13,855,839	31,500	97,285

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM847,000 (2008: RM938,000) and RM118,000 (2008: RM101,000) respectively as further disclosed in Note 9.

Notes to the Financial Statements (cont'd.)

31 December 2009

9. DIRECTORS' REMUNERATION

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Executive directors' remuneration (Note 8):				
Fees	118,000	101,000	118,000	101,000
Salaries and other emoluments	729,000	837,000	–	–
	847,000	938,000	118,000	101,000
Non-executive directors' remuneration (Note 7):				
Fees	96,000	96,000	96,000	96,000
Total directors' remuneration	943,000	1,034,000	214,000	197,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors 2009	Number of directors 2008
Executive directors:		
RM150,001 - RM200,000	2	2
RM300,001 - RM400,000	1	1
Non-executive directors:		
Below RM50,000	3	3

10. INCOME TAX

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current income tax:				
Provision for the year	140,790	6,515	–	–
Overprovided in prior years	(2,463)	–	–	–
	138,327	6,515	–	–
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	(209,255)	(80,159)	–	–
Relating to changes in tax rates	239,781	23,677	–	–
Overprovided in prior years	(200)	(399)	–	–
	30,326	(56,881)	–	–
	168,653	(50,366)	–	–

Notes to the Financial Statements (cont'd.)

31 December 2009

10. INCOME TAX (cont'd.)

Current income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	:	20%
In excess of RM500,000 of chargeable income	:	26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Loss before tax	(5,790,327)	(12,404,780)	(1,720,425)	(1,950,865)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(1,447,581)	(3,225,243)	(430,106)	(507,225)
Effect of changes in tax rates	239,781	23,677	–	–
Effect of income not subject to tax	-	–	430,106	507,225
Effect of expenses not deductible for tax purposes	749,378	1,886,102	–	–
Expenses eligible for double deduction	(563,844)	(1,442,110)	–	–
Derecognised of previously recognised unutilised tax losses and unabsorbed capital allowances	28,326	–	–	–
Deferred tax assets not recognised on tax losses, unabsorbed capital allowances and reinvestment allowances	1,165,256	2,707,607	–	–
Overprovision of tax expense in prior years	(2,463)	–	–	–
Overprovision of deferred tax in prior years	(200)	(399)	–	–
	168,653	(50,366)	–	–

Notes to the Financial Statements (cont'd.)

31 December 2009

11. LOSS PER SHARE

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2009 RM	2008 RM
Loss attributable to ordinary equity holders of the Company (RM)	(5,958,980)	(12,354,414)
Weighted average number of ordinary shares in issue	74,980,000	74,980,000
Basic loss per share (Sen)	(7.95)	(16.5)

(b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore diluted loss per share has not been presented.

Notes to the Financial Statements (cont'd.)

31 December 2009

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings* RM	Plant and machinery RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Construction-in-progress RM	Total RM
Group						
At 31 December 2009						
Cost						
At 1 January 2009	18,614,151	139,178,566	6,119,709	1,290,806	298,302	165,501,534
Additions	–	1,025,246	429,963	38,141	–	1,493,350
Acquisition of subsidiary	–	1,464,640	101,142	57,094	–	1,622,876
Disposals	–	(2,169,141)	(556,718)	(4,194)	–	(2,730,053)
At 31 December 2009	18,614,151	139,499,311	6,094,096	1,381,847	298,302	165,887,707
Accumulated depreciation						
At 1 January 2009	8,829,742	80,728,258	5,077,004	1,010,929	–	95,645,933
Depreciation charge for the year (Note 7)	978,818	9,018,354	541,556	182,502	–	10,721,230
Acquisition of subsidiary	–	1,455,555	101,140	54,227	–	1,610,922
Disposals	–	(2,169,141)	(520,469)	(1,664)	–	(2,691,274)
At 31 December 2009	9,808,560	89,033,026	5,199,231	1,245,993	–	105,286,810
Net carrying amount						
At 31 December 2009	8,805,591	50,466,285	894,865	135,854	298,302	60,600,897
At 31 December 2008						
At 1 January 2008	18,676,498	135,353,283	6,384,709	1,410,790	357,210	162,182,490
Additions	–	4,717,786	–	102,456	43,758	4,864,000
Disposals/write-off	(165,013)	(892,503)	(265,000)	(222,440)	–	(1,544,956)
Reclassifications	102,666	–	–	–	(102,666)	–
At 31 December 2008	18,614,151	139,178,566	6,119,709	1,290,806	298,302	165,501,534
Accumulated depreciation						
At 1 January 2008	7,956,269	71,640,889	4,733,670	943,369	–	85,274,197
Depreciation charge for the year (Note 7)	983,469	9,301,706	608,333	216,420	–	11,109,928
Disposals/Write-off	(109,996)	(214,337)	(264,999)	(148,860)	–	(738,192)
At 31 December 2008	8,829,742	80,728,258	5,077,004	1,010,929	–	95,645,933
Net carrying amount						
At 31 December 2008	9,784,409	58,450,308	1,042,705	279,877	298,302	69,855,601

Notes to the Financial Statements (cont'd.)

31 December 2009

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

*** Buildings of the Group comprises:**

	Buildings RM	Renovation RM	Total RM
At 31 December 2009			
Cost			
At 1 January and 31 December 2009	18,509,244	104,907	18,614,151
Accumulated depreciation			
At 1 January 2009	8,829,742	–	8,829,742
Depreciation charge for the year	978,818	–	978,818
At 31 December 2009	9,808,560	–	9,808,560
Net carrying amount			
At 31 December 2009	8,700,684	104,907	8,805,591
At 31 December 2008			
Cost			
At 1 January 2008	18,406,578	269,920	18,676,498
Write-off	–	(165,013)	(165,013)
Reclassification	102,666	–	102,666
At 31 December 2008	18,509,244	104,907	18,614,151
Accumulated depreciation			
At 1 January 2008	7,854,520	101,749	7,956,269
Depreciation charge for the year	975,222	8,247	983,469
Write-off	–	(109,996)	(109,996)
At 31 December 2008	8,829,742	–	8,829,742
Net carrying amount			
At 31 December 2008	9,679,502	104,907	9,784,409

Notes to the Financial Statements (cont'd.)

31 December 2009

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

	Furniture, fixtures and equipment RM	Renovation RM	Total RM
Company			
At 31 December 2009			
Cost			
At 1 January and 31 December 2009	16,100	104,907	121,007
Accumulated depreciation			
At 1 January 2009	7,174	–	7,174
Depreciation charge for the year (Note 7)	3,804	–	3,804
At 31 December 2009	10,978	–	10,978
Net carrying amount			
At 31 December 2009	5,122	104,907	110,029
At 31 December 2008			
Cost			
At 1 January 2008	232,040	269,920	501,960
Additions	6,500	–	6,500
Disposals/write-off	(222,440)	(165,013)	(387,453)
At 31 December 2008	16,100	104,907	121,007
Accumulated depreciation			
At 1 January 2008	141,507	101,749	243,256
Depreciation charge for the year (Note 7)	14,527	8,247	22,774
Disposals/write-off	(148,860)	(109,996)	(258,856)
At 31 December 2008	7,174	–	7,174
Net carrying amount			
At 31 December 2008	8,926	104,907	113,833

Notes to the Financial Statements (cont'd.)

31 December 2009

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

The net carrying amount of property, plant and equipment pledged as securities for borrowings (Note 22) are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Buildings	7,278,528	8,178,112	–	–
Plant and machinery	47,645,152	56,069,647	–	–
Motor vehicles	656,160	669,531	–	–
Furniture, fixtures and equipment	115,330	260,657	–	–
Construction-in-progress	298,302	298,302	–	–
	55,993,472	65,476,249	–	–

13. PREPAID LAND LEASE PAYMENTS

	Group	
	2009 RM	2008 RM
At 1 January	13,432,729	13,566,291
Amortisation for the year (Note 7)	(133,560)	(133,562)
At 31 December	13,299,169	13,432,729
Analysed as:		
Long term leasehold land	13,299,169	13,432,729

Leasehold land with an aggregate carrying value of RM13,299,169 (2008: RM13,432,729) are pledged as securities for borrowings (Note 22).

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	97,297,490	95,016,190

Notes to the Financial Statements (cont'd.)

31 December 2009

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Held by the Company:				
Cymao Plywood Sdn. Bhd.*	Malaysia	Manufacturing and sale of veneer, plywood, decorative plywood, engineering wood flooring, layon and wooden musical component	100	100
Billion Apex Sdn. Bhd.*	Malaysia	Provision of barge hiring services	100	100
Inovwood Sdn. Bhd.*	Malaysia	Manufacturing and sale of veneer, plywood and trading of decorative plywood	100	100
Xuzhou Richwood Co. Ltd.**	People's Republic of China	Manufacturing and sale of plywood	100	100
Kupiano Forest Products (PNG) Limited*	Papua New Guinea	Dormant	100	100
Syabas Mujur Sdn. Bhd.*	Malaysia	Timber logging concessionaire	100	100
Poly-Ply Industries Sdn. Bhd.**	Malaysia	Manufacturing of decorative plywood	100	–

* Audited by Ernst & Young, Malaysia
** Audited by firms other than Ernst & Young

Investment in subsidiary of the Company with carrying amount of RM16,000,002 (2008: RM16,000,002) are pledged as security for borrowings (Note 22).

Notes to the Financial Statements (cont'd.)

31 December 2009

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

(a) Acquisition of subsidiary

On 3 June 2009, the company acquired 100% equity interest in Poly-Ply Industries Sdn. Bhd., a company incorporated in Malaysia and is involved in the manufacturing of decorative plywood.

	2009 RM
The cost of acquisition comprised of the following:	
Purchase consideration satisfied by cash	2,000,000
Costs attributable to the acquisition, paid in cash	37,300
Total cost of acquisition	2,037,300
The acquired subsidiary has contributed the following results of the Group:	
Revenue	10,158,424
Profit for the year	292,588

	Fair value recognised on acquisition RM	Acquiree's carrying amount RM
The assets and liabilities arising from the acquisition are as follows:		
Property, plant and equipment (Note 12)	11,954	11,954
Inventories	2,324,582	2,324,582
Trade and other receivables	1,561,358	1,561,582
Cash and bank balances	650,139	650,139
Tax refundable	35,658	35,658
	4,583,691	4,583,691
Trade and other payables	(2,802,542)	(2,802,542)
Deferred tax liabilities (Note 23)	(2,000)	(2,000)
	(2,804,542)	(2,804,542)
Fair value of net assets	1,779,149	
Goodwill on acquisition (Note 7)	258,151	
Total cost of acquisition	2,037,300	

Notes to the Financial Statements (cont'd.)

31 December 2009

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

(a) Acquisition of subsidiary (cont'd.)

	2009 RM
The cost outflow on acquisition is as follows:	
Purchase consideration satisfied by cash	2,000,000
Costs attributable to the acquisition, paid in cash	37,300
Total cash outflow of the Company	2,037,300
Cash and cash equivalents of subsidiary acquired	(650,139)
Net cash outflow of the Group	1,387,161

15. INVENTORIES

	Group	
	2009 RM	2008 RM
Cost		
Raw materials	6,640,098	3,973,033
Work-in-progress	4,989,785	2,779,418
Finished goods	16,055,361	21,836,504
Materials and supplies	3,811,318	3,428,096
	31,496,562	32,017,051
Net realisable value		
Finished goods	2,263,914	5,630,318
	33,760,476	37,647,369

Notes to the Financial Statements (cont'd.)

31 December 2009

16. TRADE AND OTHER RECEIVABLES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Current				
Trade receivables				
Third parties	14,381,240	5,380,683	–	–
Other receivables				
Amounts due from subsidiaries	–	–	20,917,681	24,109,677
Deposits for log supplies	1,487,381	686,252	–	–
Prepayments	811,471	1,554,875	90,592	1,014,376
Staff advances	122,257	135,071	–	–
Sundry deposits	537,427	213,001	30,950	30,950
Other receivables	603,312	997,628	5,552	394,277
	3,561,848	3,586,827	21,044,775	25,549,280
	17,943,088	8,967,510	21,044,775	25,549,280
Non-Current				
Other receivables				
Deposits for acquisition of machineries	3,382,376	3,850,018	–	–
Prepayments	–	4,799,000	–	–
Deposit for acquisition of a subsidiary company	2,000,000	–	2,000,000	–
Deposit for acquisition of leasehold land	4,275,000	–	–	–
	9,657,376	8,649,018	2,000,000	–

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's normal trade credit term ranges from 45 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Notes to the Financial Statements (cont'd.)

31 December 2009

16. TRADE AND OTHER RECEIVABLES (cont'd.)

(c) Deposits for log supplies

Deposits for log supplies represent advances paid to log suppliers for logs to be purchased.

(d) Prepayments (non-current)

Included in prepayments (non-current) of the previous year was an amount of RM3,799,000 representing deposits and incidental expenses paid by a subsidiary company to secure a timber concession rights.

Other information on financial risks of receivables is disclosed in Note 26.

17. TIMBER CONCESSIONS

	2009 RM	2008 RM
Group		
At 1 January	–	–
Addition	6,862,709	–
At 31 December	6,862,709	–

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks	3,061,168	13,289,440	413,696	1,545,597
Deposits with a licensed bank	1,553,911	1,825,133	–	–
Cash and bank balances	4,615,079	15,114,573	413,696	1,545,597
Less: Deposits with a licensed bank pledged for bank guarantees	(1,553,911)	(1,825,133)	–	–
Cash and cash equivalents	3,061,168	13,289,440	413,696	1,545,597

Included in deposits with a licensed bank of the Group are deposits amounting to RM1,553,911 (2008: RM1,825,133) pledged to a bank to secure bank guarantees granted to a subsidiary.

Other information on financial risks of cash and cash equivalents are disclosed in Note 26.

Notes to the Financial Statements (cont'd.)

31 December 2009

19. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary shares of RM 1 each		Amount			
	Share capital	Treasury shares	Share capital RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1 January 2009 and 31 December 2009	75,000,000	(20,000)	75,000,000	17,374,387	92,374,387	(30,625)

	Number of Ordinary Shares of RM1 Each 2009 RM	2008 RM	Amount 2009 RM	2008 RM
Authorised share capital				
At 1 January and 31 December	100,000,000	100,000,000	100,000,000	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

This amount relates to the acquisition cost of treasury shares.

Of the total 75,000,000 (2008: 75,000,000) issued and fully paid ordinary shares as at 31 December 2009, 20,000 (2008: 20,000) are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue after the setoff is therefore 74,980,000 (2008: 74,980,000) ordinary shares of RM1 each.

20. FOREIGN CURRENCY TRANSLATION RESERVE

	Group 2009 RM	2008 RM
At 1 January	202,732	(92,398)
Foreign currency translation	(29,836)	295,130
At 31 December	172,896	202,732

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements (cont'd.)

31 December 2009

21. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("Single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2009 and 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009 and 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

22. BORROWINGS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term borrowings				
Secured: US Dollars loan	2,332,161	2,496,983	2,332,161	2,496,983
Long term borrowing				
Secured: US Dollars loan	–	2,437,703	–	2,437,703
Total borrowings				
US Dollars loan	2,332,161	4,934,686	2,332,161	4,934,686

The US Dollars loan is secured by the following:

(a) first party and third party second fixed legal charge over the leasehold land, buildings and plant and machinery of the subsidiaries;

(b) charge over 9,500,000 ordinary shares of a subsidiary;

(c) negative pledged over all the present and future assets of a subsidiary; and

(d) debenture incorporating a second fixed and floating charge over certain assets of a subsidiary.

Other information on financial risks of borrowings is disclosed in Note 26.

Notes to the Financial Statements (cont'd.)

31 December 2009

23. DEFERRED TAX

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	(4,738,166)	(4,681,285)	–	–
Recognised in income statement (Note 10)	30,326	(56,881)	–	–
Acquisition of subsidiaries	2,000	–	–	–
At 31 December	(4,705,840)	(4,738,166)	–	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	(14,877,726)	(6,262,629)	–	–
Deferred tax liabilities	10,171,886	1,524,463	–	–
	(4,705,840)	(4,738,166)	–	–

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM
At 1 January 2009	10,337,326
Recognised in income statement	(167,440)
Acquisition of subsidiaries	2,000
At 31 December 2009	10,171,886
At 1 January 2008	9,792,593
Recognised in income statement	544,733
At 31 December 2008	10,337,326

Notes to the Financial Statements (cont'd.)

31 December 2009

23. DEFERRED TAX (cont'd.)

Deferred tax assets of the Group:

	Tax Losses and Unabsorbed Allowances RM
At 1 January 2009	(15,075,492)
Recognised in income statement	197,766
At 31 December 2009	(14,877,726)
At 1 January 2008	(14,473,878)
Recognised in income statement	(601,614)
At 31 December 2008	(15,075,492)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 RM	2008 RM
Unused tax losses	15,874,040	13,015,338
Unabsorbed capital allowances	776,988	159,552
Unutilised reinvestment allowances	4,410,540	3,112,346
	21,061,568	16,287,236

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current				
Trade payables				
Third parties	3,295,165	3,374,517	–	–
Other payables				
Amount due to a subsidiary	–	–	6,098,052	3,100,778
Accruals	2,400,584	1,448,345	264,996	272,719
Deposits received	1,877,783	577,926	–	–
Other payables	1,669,274	2,435,936	209,071	239,082
	5,947,641	4,462,207	6,572,119	3,612,579
	9,242,806	7,836,724	6,572,119	3,612,579

Notes to the Financial Statements (cont'd.)

31 December 2009

24. TRADE AND OTHER PAYABLES (Cont'd.)

(a) Trade payables

The payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 60 days.

(b) Amount due to a subsidiary

Amount due to a subsidiary is non-interest bearing and is repayable on demand. This amount is unsecured and is to be settled in cash.

Other information on financial risks of payables is disclosed in Note 26.

25. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2009 RM	2008 RM
Group		
Salaries and bonus paid to a daughter of Managing Director, Lin, Tsai-Rong	49,000	60,000

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	943,000	1,034,000	214,000	197,000

Included in the total key management personnel are:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors' remuneration (Note 9)	943,000	1,034,000	214,000	197,000

Notes to the Financial Statements (cont'd.)

31 December 2009

26. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its commodity price risk, interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Commodity Price Risk

The Group's earnings are affected by changes in the prices of its raw materials and its manufactured products.

(c) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly place in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Notes to the Financial Statements (cont'd.)

31 December 2009

26. FINANCIAL INSTRUMENTS (cont'd.)

(c) Interest Rate Risk (cont'd.)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	1 - 2 years RM	Total RM
At 31 December 2009					
Group					
Floating rate					
US Dollars loan	22	6.6	(2,332,161)	–	(2,332,161)
Company					
Floating rate					
US Dollars loan	22	6.6	(2,332,161)	–	(2,332,161)
At 31 December 2008					
Group					
Floating rate					
Deposits with a licensed bank	18	3.5	1,825,133	–	1,825,133
US Dollars loan	22	6.6	(2,496,983)	(2,437,703)	(4,934,686)
Company					
Floating rate					
US Dollars loan	22	6.6	(2,496,983)	(2,437,703)	(4,934,686)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans and floating rate loans which are repriced annually. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risk.

Notes to the Financial Statements (cont'd.)

31 December 2009

26. FINANCIAL INSTRUMENTS (cont'd.)

(d) Foreign Currency Risk

The Group is exposed to transactional currency risk primarily through sales that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollars (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial assets held in non-functional currency United States Dollars RM
Functional currency of the Group companies	
At 31 December 2009	
Ringgit Malaysia	7,186,657
At 31 December 2008	
Ringgit Malaysia	5,045,646

As at balance sheet date, the Company had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Within 1 year RM	Total notional amount RM
At 31 December 2009			
Forwards used to hedge anticipated sales	USD	500,000	500,000
At 31 December 2008			
Forwards used to hedge anticipated sales	USD	6,849,000	6,849,000

Notes to the Financial Statements (cont'd.)

31 December 2009

26. FINANCIAL INSTRUMENTS (cont'd.)

(e) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(f) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(g) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

	Note	Carrying amount RM	Fair value RM
At 31 December 2009			
Forward foreign exchange contracts	26(d)	–	8,750
At 31 December 2008			
Forward foreign exchange contracts	26(d)	–	(86,000)

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

Forward foreign exchange contracts

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

Notes to the Financial Statements (cont'd.)

31 December 2009

27. SEGMENTAL REPORTING

No segmental information has been presented as the Group is principally involved in the production of plywood in Malaysia.

28. CAPITAL COMMITMENT

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Approved and contracted for:				
Capital expenditure	4,250,000	9,250,000	–	–
Acquisition of a subsidiary company	–	–	2,000,000	9,250,000

29. SIGNIFICANT EVENTS

(i) On 1 June 2009, Inovwood Sdn. Bhd., its subsidiary company entered into an agreement to acquire a parcel of land measuring 1.7654 hectares together with the plymill factory erected thereon situated at GM460, Lot 740, Mukim of Kapar, District of Klang, Selangor Darul Ehsan for a total cash purchase consideration of RM6,525,000.

(ii) On 29 December 2009, the Company entered into a share sale and purchase agreement to acquire the entire issued and paid-up share capital of Malsa Wood Products Sdn. Bhd for a total cash consideration of RM4,000,000.

The proposed acquisitions are expected to be completed in the next financial year end.

Analysis of Shareholdings

as at 31 March 2010

Authorised share capital			:	RM100,000,000
Issued and fully paid shares			:	RM75,000,000 inclusive of 30,000 treasury shares
Class of shares			:	Ordinary shares of RM1.00 each
Voting rights	:	On show of hands	:	One vote for every member present
	:	On poll	:	One vote for each ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Holdings	No. of Shareholders	%	No. of Shares Held	%
1 to 99	59	1.98	2,728	0.00
100 to 1,000	890	29.89	347,072	0.46
1,001 to 10,000	1,489	50.00	6,727,825	8.98
10,001 to 100,000	479	16.08	13,520,775	18.03
100,001 to less than 5% of issued shares	58	1.95	23,627,850	31.50
5% and above of issued shares	3	0.10	30,773,750	41.03
Total	2,978	100.00	75,000,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest	%	Deemed Interest	%
1. Lin, Tsai-Rong	21,100,000	28.14	–	–
2. Lin, Kai-Min	5,923,750	7.90	–	–
3. Lembaga Tabung Haji	3,250,000	5.00	–	–

Note:
Excluding 30,000 Cymao shares bought back by the Company and retained as treasury shares as at 31 March 2010.

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Director	Direct Interest	%	Deemed Interest	%
Datuk Mohd Zain Bin Omar	100,000	0.13	–	–
Lin, Tsai-Rong	21,100,000	28.14	650,000 *	0.87
Lin, Kai-Min	5,923,750	7.90	–	–
Lin, Kai-Hsuan	1,247,500	1.66	–	–
Lin Hsu, Li-Chu	222,500	0.30	650,000 *	0.87
Hiew Seng	62,500	0.08	–	–

Note:
* *Indirect interest by virtue of the shares held by his/her daughter.*
Excluding 30,000 Cymao shares bought back by the Company and retained as treasury shares as at 31 March 2010.

Analysis of Shareholdings (cont'd.)

as at 31 March 2010

TOP 30 SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Lin, Tsai-Rong	21,100,000	28.14
2.	Lin, Kai-Min	5,923,750	7.90
3.	Lembaga Tabung Haji	3,750,000	5.00
4.	Addeen Equity Sdn Bhd	2,000,000	2.67
5.	Hsu, How-Tong	1,854,000	2.47
6.	Henry Liang	1,369,000	1.83
7.	Public Nominees (Tempatan) Sdn Bhd *[Pledged securities account for Cheah Chee Choong]*	1,250,000	1.67
8.	Lin, Kai-Hsuan	1,247,500	1.66
9.	Public Invest Nominees (Tempatan) Sdn Bhd *[Pledged securities account for Lee Sai Lim]*	1,242,000	1.66
10.	Zulkifli Bin Hussain	800,000	1.07
11.	Zulkifli Bin Hussain	800,000	1.07
12.	Citigroup Nominees (Asing) Sdn Bhd *[Citigroup GM Inc for SC Fundamental Value Fund LP]*	755,624	1.01
13.	Public Nominees (Tempatan) Sdn Bhd *[Pledged securities account for Su Ming Yaw]*	716,400	0.96
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd *[Pledged securities account for Cheah Chee Choong]*	700,000	0.93
15.	Lin, Kai-Wen	650,000	0.87
16.	Hsu, Hao-Huang	618,000	0.82
17.	A.A. Anthony Nominees (Tempatan) Sdn Bhd *[Pledged securities account for Cheah Chee Choong]*	605,000	0.81
18.	Mayban Nominees (Tempatan) Sdn Bhd *[Wong Chon Shuan]*	516,400	0.69
19.	Citigroup Nominees (Asing) Sdn Bhd *[Citigroup GM Inc for SC Fundamental Value BVI Ltd]*	475,350	0.63
20.	Citigroup Nominees (Asing) Sdn Bhd *[Citigroup GM Inc for SC Asian Opportunity Fund LP]*	382,626	0.51
21.	Public Nominees (Asing) Sdn Bhd *[Pledged securities account for Chen Huang, Kuei-Liang]*	351,500	0.47
22.	Goh Beng Choo	334,700	0.45
23.	Kenanga Nominees (Tempatan) Sdn Bhd *[Pledged securities account for Ling Chuo Hua]*	324,100	0.43
24.	Chan Kai Lum	295,000	0.39
25.	Cheong Chee Hong	292,100	0.39
26.	Tay Ying Lim @ Tay Eng Lim	279,900	0.37
27.	Gan Chin Huat	270,000	0.36
28.	Citigroup Nominees (Asing) Sdn Bhd *[CGML IPB for South Shore Capital]*	255,200	0.34
29.	Public Nominees (Tempatan) Sdn Bhd *[Pledged securities account for Chen Siong Ping]*	250,000	0.33
30.	Willy Ming Chuang	246,000	0.33

Group's Properties

as at 31 December 2009

	Properties held by	Location	Land Area (acres)	Description and Existing Use	Built-up Area (Sq. ft.)	Lease Tenure	Approximate Age of Building	NBV as at 31/12/2009	Revaluation Date
1	Cymao Plywood Sdn Bhd	TL 077565434 9.1KM, Jalan Batu Sapi 90000 Sandakan Sabah	8.10	Industrial land with plywood factory and ancillary buildings	352,713	Leasehold 99 years (expiring 31.12.2068)	17	4,650,321	June 2008
2	Cymao Plywood Sdn Bhd	TL 077574200 9.1KM, Jalan Batu Sapi 90000 Sandakan Sabah	4.85	Industrial land with log conditioning shed and temporary labour quarters	211,187	Leasehold 99 years (expiring 31.12.2096)	17	655,910	June 2008
3	Inovwood Sdn Bhd	TL 077517081 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	5.91	Industrial land with plywood factory and ancillary buildings	257,345	Leasehold 99 years (expiring 31.12.2073)	21	5,945,098	May 2008
4	Inovwood Sdn Bhd	TL 077526599 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	4.37	Industrial land with plywood factory and ancillary buildings	190,287	Leasehold 99 years (expiring 31.12.2068)	21	4,428,844	May 2008
5	Inovwood Sdn Bhd	TL 077528039 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	0.73	Industrial land with plywood factory and ancillary buildings	31,787	Leasehold 99 years (expiring 31.12.2068)	21	740,438	May 2008
6	Inovwood Sdn Bhd	TL 077537841 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah	7.18	Industrial land with log conditioning shed	312,646	Leasehold 59 years (expiring 31.12.2033)	–	2,782,508	May 2008

Group's Properties (cont'd.)

as at 31 December 2009

	Properties held by	Location	Land Area (acres)	Description and Existing Use	Built-up Area (Sq. ft.)	Lease Tenure	Approximate Age of Building	NBV as at 31/12/2009	Revaluation Date
7	Inovwood Sdn Bhd	LEASE NO:077521183 LEASE NO:077521192 LEASE NO:077521209 LEASE NO:077521218 LEASE NO:077521281 LEASE NO:077521290 LEASE NO:077521361 LEASE NO:077521370 LEASE NO:077521389 LEASE NO:077521398 LEASE NO:077521405 LEASE NO:077521414 LEASE NO:077521423 LEASE NO:077521432 LEASE NO:077521441 LEASE NO:077521450 LEASE NO:077521469 LEASE NO:077521478 LEASE NO:077521487 LEASE NO:077521496 LEASE NO:077521503 LEASE NO:077521512 LEASE NO:077521763 LEASE NO:077521772 LEASE NO:077521781 LEASE NO:077521790 LEASE NO:077521807 LEASE NO:077521816 LEASE NO:077521825 LEASE NO:077521834 LEASE NO:077521843 LEASE NO:077521852 LEASE NO:077521861 LEASE NO:077521870 LEASE NO:077521889 LEASE NO:077521898 LEASE NO:077521905 LEASE NO:077521914 LEASE NO:077521923 LEASE NO:077521932 LEASE NO:077521941 LEASE NO:077521950 LEASE NO:077521969 LEASE NO:077521978 LEASE NO:077521987 LEASE NO:077521996 LEASE NO:077522000 LEASE NO:077522019 LEASE NO:077522028 LEASE NO:077522037	10.32	Vacant	–	Leasehold 99 years (expiring 24.05.2034)	–	1,374,576	November 2006

Group's Properties (cont'd.)

as at 31 December 2009

	Properties held by	Location	Land Area (acres)	Description and Existing Use	Built-up Area (Sq. ft.)	Lease Tenure	Approximate Age of Building	NBV as at 31/12/2009	Revaluation Date
7	Inovwood Sdn Bhd	LEASE NO:077522046 LEASE NO:077522055 LEASE NO:077522064 LEASE NO:077522073 LEASE NO:077522082 LEASE NO:077522091 LEASE NO:077522108 LEASE NO:077522117 LEASE NO:077522126 LEASE NO:077522135 LEASE NO:077522144 LEASE NO:077522153 LEASE NO:077522162 LEASE NO:077522171 LEASE NO:077522180 LEASE NO:077522199 LEASE NO:077522206 LEASE NO:077522215 LEASE NO:077522224 LEASE NO:077522233 LEASE NO:077522242 LEASE NO:077522251 LEASE NO:077522260 LEASE NO:077522279 LEASE NO:077522288 LEASE NO:077522297 LEASE NO:077522304 LEASE NO:077522313 8.4KM, Jalan Batu Sapi 90000 Sandakan Sabah							
8	Xuzhou Richwood Co. Ltd.	Zhao Dun Town, Ming Zhu Industrial Park Area Pizhou City, Xuzhou, Jiangsu 221300 People's Republic of China	Not applicable	Factory and ancillary buildings	Not available	Not applicable	6	1,417,830	August 2006

Notice of Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be convened and held at Sanbay Hotel, Conference Room, Mile 1¼ Jalan Leila, Sandakan, Sabah on Friday, 21 May 2010 at 10.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.

2. To approve payment of Directors' fees in respect of the financial year ended 31 December 2009. **Resolution 1**

3. To re-elect the following Directors who retire in accordance to Article 130 of the Company's Articles of Association:

   (a) Mdm Lin Hsu, Li-Chu **Resolution 2**
   (b) Mr Lin, Kai-Hsuan **Resolution 3**

4. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "**THAT** Mr Lin, Tsai-Rong, being over the age of 70 years and retiring pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting" **Resolution 4**

5. To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorize the Board of Directors to fix their remuneration. **Resolution 5**

6. As Special Business:

   To consider and if thought fit, pass the following resolution:

   Ordinary Resolution **Resolution 6**
   Proposed renewal of authority for purchase of own shares by the Company

   "**THAT** subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Articles of Association and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorized to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through Bursa Securities subject further to the following:

   (i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten percent (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;

   (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained earnings and the share premium of the Company. As of 31st December 2009, the audited retained earnings and share premium of the Company were RM19,617,948 and RM17,374,387 respectively.

Notice of Twelfth Annual General Meeting (cont'd.)

(iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever is earlier, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event , in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authority; and

(iv) upon completion of the purchase(s) of the Shares, the Directors of the Company be and are hereby authorized to deal with the Shares in the following manner:

(a) retain the Shares so purchase as treasury shares; or
(b) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorized to take all such steps as are necessary and/or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

7. To transact any other business of which notice shall have been given.

BY ORDER OF THE BOARD

KATHERINE CHUNG MEI LING
(MAICSA 7007310)
Company Secretary

Tawau
Dated: 29 April 2010

Notice of Twelfth Annual General Meeting (cont'd.)

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) proxy or two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at MPT 4604, 3rd Floor, Lot 15-16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

5. ***EXPLANATORY NOTE ON SPECIAL BUSINESS***

   Resolution No. 6

   The proposed Resolution No. 6 is in relation to proposed renewal of authority for purchase of own shares by the Company, if passed, will empower the Company to purchase and /or hold up to ten percent (10%) of the issued and paid-up share capital of the Company pursuant to Section 67A of the Company Act, 1965. The authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

   Please refer to Share Buy Back Statement dated 29 April 2010 for further information.

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CYMAO

CYMAO HOLDINGS BERHAD

Company No. 445931-U
(Incorporated in Malaysia)

Number of shares held

PROXY FORM

I/We, ...

of ....

being a member(s) of **CYMAO HOLDINGS BERHAD** hereby appoint ....

of .... or * THE CHAIRMAN OF THE MEETING or

failing him/her, ... of ....,

as my/our proxy(ies), to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Sanbay Hotel, Conference Room, Mile 1¼ Jalan Leila, Sandakan, Sabah on Friday, 21 May 2010 at 10.00 a.m. and at any adjournment thereof.

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name(s) of the person(s) desired.

Please indicate you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/Our proxy(ies) is/are to vote as indicated below:

		For	Against
Resolution 1	Payment of Directors' fees		
Resolution 2	Re-election of Mdm Lin Hsu, Li-Chu		
Resolution 3	Re-election of Mr Lin, Kai-Hsuan		
Resolution 4	Re-appointment of Mr Lin, Tsai-Rong		
Resolution 5	Re-appointment of Auditors		
Resolution 6	Proposed renewal of authority for purchase of own shares by the Company		

Dated this .... day of 2010

....
[Signature(s)/Common Seal of Shareholder(s)]
[*Delete if not applicable]

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) proxy or two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company, the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of any officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at MPT 4604, 3rd Floor, Lot 15-16, Block B, Bandaran Baru, Jalan Baru, 91000 Tawau, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

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AFFIX
STAMP

The Secretary
Cymao Holdings Berhad (445931-U)
MPT 4604, 3rd Floor, Lot 15-16
Block B, Bandaran Baru
Jalan Baru
91000 Tawau
Sabah

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