

# **CYMAO HOLDINGS BERHAD**

(Company No. 445931 - U)  
(Incorporated in Malaysia)

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE SECOND  
QUARTER ENDED**

**30TH JUNE 2014**

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 - UNAUDITED**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>	<b>30/06/2014</b>	<b>30/06/2013</b>
	<b>RM`000</b>	<b>RM`000</b>	<b>RM`000</b>	<b>RM`000</b>
<b>Continuing Operations</b>				
Revenue	27,517	31,149	57,909	57,193
Cost of sales	(26,651)	(29,866)	(54,870)	(54,922)
<b>Gross profit</b>	<b>866</b>	<b>1,283</b>	<b>3,039</b>	<b>2,271</b>
Other income	182	582	488	1,079
Other operating expenses	(102)	(362)	(181)	(566)
Administrative expenses	(2,105)	(1,987)	(4,211)	(4,082)
Selling and marketing expenses	(902)	(1,639)	(2,017)	(2,780)
Interest income	6	5	26	17
Finance costs	(51)	(86)	(102)	(175)
<b>Loss before tax</b>	<b>(2,106)</b>	<b>(2,204)</b>	<b>(2,958)</b>	<b>(4,236)</b>
Income tax expenses	-	(213)	-	(426)
<b>Loss for the period</b>	<b>(2,106)</b>	<b>(2,417)</b>	<b>(2,958)</b>	<b>(4,662)</b>
<b>Other comprehensive loss, net of tax</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences arising from consolidation	-	151	-	225
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(2,106)	(2,266)	(2,958)	(4,437)
<b>Loss attributable to:</b>				
Owners of the Company	(2,106)	(2,417)	(2,958)	(4,662)
Non-controlling interest	-	-	-	-
<b>Loss for the period</b>	<b>(2,106)</b>	<b>(2,417)</b>	<b>(2,958)</b>	<b>(4,662)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(2,106)	(2,266)	(2,958)	(4,437)
Non-controlling interest	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(2,106)</b>	<b>(2,266)</b>	<b>(2,958)</b>	<b>(4,437)</b>
<b>Basic loss per ordinary share (sen):</b>				
Loss from continuing operations	(2.86)	(3.22)	(4.00)	(6.22)

The above Condensed Consolidated Income Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014 - UNAUDITED**

	As AT 30/06/2014	As AT 31/12/2013 ( Audited )
	RM'000	RM'000
<b>ASSETS</b>		
Property, plant and equipment	48,159	50,002
Land use right	1,007	1,015
Other receivables	1,733	1,630
Deferred tax assets	1,700	1,700
<b>Total non-current assets</b>	<u>52,599</u>	<u>54,347</u>
Inventories	24,347	30,721
Trade receivables	11,404	10,686
Other receivables	9,761	8,079
Tax refundable	190	50
Fixed deposit with licensed bank	1,825	1,807
Cash and bank balances	7,468	5,169
<b>Total current assets</b>	<u>54,995</u>	<u>56,512</u>
<b>Total assets</b>	<u>107,594</u>	<u>110,859</u>
<b>Equity</b>		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(630)	(183)
Retained earnings	570	3,528
<b>Total equity</b>	<u>92,314</u>	<u>95,719</u>
<b>LIABILITIES</b>		
Borrowings - Long term	1,723	1,681
Deferred tax liability	1,776	1,776
<b>Total non-current liabilities</b>	<u>3,499</u>	<u>3,457</u>
Borrowings - Short term	3,322	4,473
Trade payables	3,881	3,295
Other payables	4,561	3,838
Tax payables	17	77
<b>Total current liabilities</b>	<u>11,781</u>	<u>11,683</u>
<b>Total liabilities</b>	<u>15,280</u>	<u>15,140</u>
<b>Total equity and liabilities</b>	<u>107,594</u>	<u>110,859</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>1.23</u>	<u>1.28</u>

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 - UNAUDITED**

	Attributable to Equity Holders if the Parent					
	Non-Distributable			Distributable		
	Share Capital RM'000	Share Premium RM'000	Foreign Currency	Treasury Shares RM'000	Retained Earnings RM'000	Total Equity RM'000
			Translation Reserve RM'000			
<b>At 1 January 2013</b>	75,000	17,374	10	(40)	9,965	102,309
Total comprehensive loss for the 6-month period	-	-	225	-	(4,662)	(4,437)
<b>At 30 June 2013</b>	<u>75,000</u>	<u>17,374</u>	<u>235</u>	<u>(40)</u>	<u>5,303</u>	<u>97,872</u>
<b>At 1 January 2014</b>	75,000	17,374	-	(183)	3,528	95,719
Total comprehensive loss for the 6-month period	-	-	-	-	(2,958)	(2,958)
Purchase of treasury shares	-	-	-	(447)	-	(447)
<b>At 30 June 2014</b>	<u>75,000</u>	<u>17,374</u>	<u>-</u>	<u>(630)</u>	<u>570</u>	<u>92,314</u>

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and accompanying explanatory notes attached to these interim financial statements.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 - UNAUDITED**

	6 months ended	
	30/06/2014	30/06/2013
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,958)	(4,236)
Adjustments for:		
Depreciation of property, plant and equipment	4,690	4,704
Loss on disposal of plant and equipment	-	38
Amortisation of land use right	4	-
Net unrealised foreign exchange losses	(32)	-
Gain on disposal of plant and equipment	(62)	(47)
Interest income	(26)	(16)
Finance costs	102	175
Operating profit before working capital changes	1,718	618
Decrease/(increase) in inventories	6,374	287
Increase in receivables	(2,471)	(883)
(Decrease)/ increase in payables	1,309	(423)
Cash generated from/(used in) operation	6,930	(401)
Interest paid	(102)	(175)
Net tax paid	(200)	(55)
Net cash generated from/(used in) operating activities	6,628	(631)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Movement in fixed deposits under pledged	(18)	-
Purchase of property, plant and equipment	(3,204)	(1,584)
Purchase of treasury shares	(447)	-
Proceeds from sales of plant and equipment	423	1,119
Interest received	26	17
Net cash used in investing activities	(3,220)	(448)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bankers' acceptance drawn down	4,980	12,630
Repayment of term loan	(47)	(44)
Repayment of bankers' acceptance	(6,273)	(10,773)
Net cash (used in )/generated from financing activities	(1,340)	1,813
Net increase in cash and cash equivalents	2,068	734
Effects of exchange rate changes	-	225
Cash and cash equivalents at beginning of financial period	4,856	3,189
Cash and cash equivalents at end of financial period	6,924	4,148

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS ENDED 30 JUNE 2014 - UNAUDITED**

---

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

	<b>As at 30/06/2014 RM'000</b>	<b>As at 30/06/2013 RM'000</b>
Cash in hand and at bank	7,468	4,454
Bank overdraft	(544)	(306)
Fixed deposit with a licensed bank	1,825	1,769
Cash and bank balances	<u>8,749</u>	<u>5,917</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,825)</u>	<u>(1,769)</u>
	<u><u>6,924</u></u>	<u><u>4,148</u></u>

The above Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and accompanying explanatory notes attached to these interim financial statements.

## **CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014 - (UNAUDITED)**

---

#### **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 principle activities of the subsidiaries are manufacturing and sale of veneer, plywood, decorative plywood, blockboard, provision of barge hiring services, and sale and extraction of log timbers. There have been no significant changes in the nature of these principal activities during the financial year.

#### **2 Basis of Preparation**

These condensed consolidated interim financial statements (Condensed Report), have been prepared under the historical cost convention.

This condensed report also has been prepared in accordance with the requirements of *MFRS 134: Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. These condensed consolidated financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013. The explanatory notes attached to the condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

#### **3 Significant Accounting Policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2013, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

Effective for the financial periods beginning on or after 1 January 2014:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC interpretation 21: Levies

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 - (UNAUDITED)**

---

**3 Significant Accounting Policies**

Effective for financial periods beginning on or after 1 July 2014:

Amendment to MFRS 119 : Defined Benefit Plans: Employee Contributions

Annual Improvements to IC Interpretations and MFRSs 2010 - 2012 Cycle

Annual Improvements to IC Interpretations and MFRSs 2011 - 2013 Cycle

Effective for financial periods beginning on or after 1 January 2015:

MFRS 9: Financial Instruments

The adoption of the above revised MFRSs, IC Interpretation and Amendment do not have any significant financial impact on the Group's financial statements.

**4 Auditors' Report**

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

**5 Seasonality of operations**

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

**6 Unusual Items due to their Nature, Size or Incident**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

**7 Changes in Estimates**

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

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 - (UNAUDITED)**

---

**8 Dividend Paid**

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

**9 Carrying Amount of Revalued Assets**

There were no brought forward valuations of property, plant and equipment from the year ended 31 December 2013 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

**10 Debt and Equity Securities**

For the period ended 30 June 2014, 1,100,000 ordinary shares of RM1 each were repurchased in the open market value at an arrange price of RM0.442 per share. The total consideration paid for the share buy-back including transaction cost amounted to RM0.445 per share were financed by internally generated fund. The shares repurchased are retained as treasury shares of the company.

For the period ended 30 June 2014, 80,000 ordinary shares of RM1 each were sold in the open market value at an average price of RM0.483 per share. The total consideration for sold of share minus transaction cost incurred amounted to RM0.478 per share.

**11 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the reporting quarter.

**12 Segmental Information**

No segmental information has been presented as the Group activities are predominantly in Malaysia.

**13 Capital Commitments**

There were no capital commitments for the quarter ended 30 June 2014.

**14 Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2013 and up to the date of this report.

The contingent liabilities of the Group and of the Company are as follow:

	Group RM' 000	Company RM' 000
Corporate guarantee issued to a financial institution for credit facilities granted to a subsidiary company	-	10,000

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 - (UNAUDITED)****15 Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the end of the current quarter.

**16 Performance Review**

Sales revenue for the quarter total RM 27 million which is 12% lower than the corresponding quarter of the preceding year. The Group recorded a loss before taxation of RM 2.10 million compared with RM 2.20 million in the corresponding quarter of the preceding year. The achievement was mainly due to improved efficiency and productivity in production.

**17 Variation of Result Against Preceding Quarter**

The Group's current quarter registered a loss before taxation of RM2.10 million which is less than the preceding quarter due to improvement in productivity resulting higher margin.

**18 Commentary on Prospects**

The Group is consciously endeavouring to strengthen its competitive advantage in term of quality, recovery rate and operational efficiency to improve the margin of our products. The Group has signed a logs supply agreement with a timber concessionaire on the supply of logs to the Group at a fixed price for the next few years. The price of logs is more favourable as compared with sourcing externally.

Barring unforeseen circumstances, the Board of Directors remains confident in the long term's prospects of the timber industry and feasibility of the Group's business.

**19 Profit Forecast/Profit Guarantee**

The disclosure requirements for the variance of actual and forecast profit and for the shortfall in profit guarantee are not applicable as the Group has not provided any profit forecast or profit guarantee for the year ending 31 December 2013.

**20 Additional disclosure - Loss before tax**

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM' 000	RM' 000	RM' 000	RM' 000
Loss before tax is arrived at after charging/(crediting):				
Amortisation and depreciation	2,458	2,067	4,694	4,704
Interest expense	52	86	102	175
Interest income	(6)	(4)	(26)	(16)
Gain on disposal of plant and equipment	(62)	-	(62)	(9)

There were no impairment loss on receivables, gain or loss on disposal of quoted or unquoted investment and other exceptional items for the current quarter under review and financial year-to-date.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 - (UNAUDITED)****21 Income Tax expense**

	<b>Current quarter 3 months ended 30/06/2014 RM' 000</b>	<b>Year To-date 6 months ended 30/06/2014 RM' 000</b>
Income tax:		
Current Taxation	-	-
Deferred Tax	-	-
	<u>-</u>	<u>-</u>

The current tax charge is in respect of interest income which is assessed separately.

**22 Retained Earnings**

	<b>As at 30/06/2014 RM' 000</b>	<b>As at 30/06/2013 RM' 000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	18,010	27,600
- Unrealised	(1,448)	(1,193)
	<u>16,562</u>	<u>26,407</u>
Less : Consolidation adjustments	(15,992)	(21,104)
Total Group retained earnings as per consolidated financial statements	<u>570</u>	<u>5,303</u>

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

**23 Status of Corporate Proposals**

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

**24 Borrowings (Secured)**

	<b>As at 30/06/2014 RM' 000</b>	<b>As at 30/06/2013 RM' 000</b>
Bank Overdraft	544	306
Short-term loan	2,778	6,706
Long-term loan	1,723	1,685
	<u>5,045</u>	<u>8,697</u>

All the borrowings are denominated in Ringgit Malaysia.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014 - (UNAUDITED)****25 Changes in Material Litigation**

As at the date of this report, the Group has not engaged in any material litigation.

**26 Dividend Payable**

No dividend has been recommended for the quarter under review.

**27 Loss per share**

Basic loss per share is calculated by dividing loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Current quarter 3 months ended		Year-To-Date 6 months ended	
	As at 30/06/2014	As at 30/06/2013	As at 30/06/2014	As at 30/06/2013
Basic earning/(loss) per share				
Earning/(loss) attributable to ordinary equity holders of the parent (RM' 000)	<u>(2,106)</u>	<u>(2,417)</u>	<u>(2,958)</u>	<u>(4,662)</u>
Weighted average number of shares in issue issue (' 000)	<u>73,636</u>	<u>74,964</u>	<u>73,980</u>	<u>74,964</u>
Basic loss per share (Sen)	<u>(2.86)</u>	<u>(3.22)</u>	<u>(4.00)</u>	<u>(6.22)</u>
Diluted loss per share (Sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>