

CYMAO HOLDINGS BERHAD

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

INTERIM FINANCIAL STATEMENTS

**FOR THE SECOND
QUARTER ENDED**

30TH JUNE 2020

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED**

	Individual Period (2nd Quarter)		Changes Amount	Changes (%)	Cumulative Period Unaudited		Changes Amount	Changes (%)
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000			Current Year To- date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000		
	Revenue	4,211	11,835	(7,624)	(64.42)	19,418	22,220	(2,802)
Cost of sales	(5,725)	(15,512)	9,787	(63.09)	(21,964)	(27,560)	5,596	(20.30)
Gross profit/(loss)	(1,514)	(3,677)	2,163	(58.83)	(2,546)	(5,340)	2,794	(52.32)
Other income	348	9,391	(9,043)	(96.29)	554	9,722	(9,168)	(94.30)
Other operating expenses	(7)	48	(55)	(114.58)	(18)	(23)	5	(21.74)
Administrative expenses	(645)	(1,256)	611	(48.65)	(1,584)	(2,719)	1,135	(41.74)
Selling and marketing expenses	(255)	(747)	492	(65.86)	(787)	(1,226)	439	(35.81)
Interest income	4	184	(180)	(97.83)	5	190	(185)	(97.37)
Finance costs	(44)	(130)	86	(66.15)	(86)	(225)	139	(61.78)
Profit/(Loss) before tax	(2,113)	3,813	(5,926)	(155.42)	(4,462)	379	(4,841)	(1,277.31)
Income tax expenses	-	-	-	-	-	-	-	-
Profit/(Loss) net of tax	(2,113)	3,813	(5,926)	(155.42)	(4,462)	379	(4,841)	(1,277.31)
Total comprehensive profit/(loss) attributable to:								
Owners of the Company	(2,113)	3,813	(5,926)	(155.42)	(4,462)	379	(4,841)	(1,277.31)
Profit/(Loss) attributable to:								
Owners of the Company	(2,113)	3,813	(5,926)	(155.42)	(4,462)	379	(4,841)	(1,277.31)
Non-controlling interest	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	(2,113)	3,813	(5,926)	(155.42)	(4,462)	379	(4,841)	(1,277.31)
Total comprehensive profit/(loss) attributable to:								
Owners of the Company	(2,113)	3,813	(5,926)	(155.42)	(4,462)	379	(4,841)	(1,277.31)
Non-controlling interest	-	-	-	-	-	-	-	-
Total comprehensive profit/(loss) for the period	(2,113)	3,813	(5,926)	(155.42)	(4,462)	379	(4,841)	(1,277.31)
Basic Profit/(Loss) per ordinary share (sen):								
Profit/(Loss) from continuing operations	(2.88)	5.20	(8.08)	(155.42)	(6.08)	0.52	(6.60)	(1,277.31)

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

CYMAO HOLDINGS BERHAD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED**

	Current Quarter 30.06.2020	Immediate Preceding Quarter 31.03.2020	Changes Amount	Changes (%)
Revenue	4,211	15,207	(10,996)	-72.31%
Operating (Loss)	(2,113)	(2,349)	236	-10.05%
(Loss) Before Interest and Tax	(2,113)	(2,349)	236	-10.05%
(Loss) Before Tax	(2,113)	(2,349)	236	-10.05%
(Loss) After Tax	(2,113)	(2,349)	236	-10.05%
(Loss) Attributable to Ordinary Equity Holders of the Parent	(2.88)	(3.20)	0	-10.00%

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 - UNAUDITED**

	As at 30.06.2020 (Unaudited) RM'000	As at 31.12.2019 (Audited) RM'000
ASSETS		
Property, plant and equipment	23,330	22,213
Land use right	-	-
Total non-current assets	<u>23,330</u>	<u>22,213</u>
Inventories	21,235	29,245
Trade receivables	5,012	5,674
Other receivables	2,910	9,163
Tax refundable	674	445
Cash and bank balances	2,886	1,374
	<u>32,717</u>	<u>45,901</u>
Total assets	<u>56,047</u>	<u>68,114</u>
Equity		
Share capital	92,374	92,374
Treasury shares	(694)	(694)
Accumulated losses	(48,980)	(44,518)
Total equity	<u>42,700</u>	<u>47,162</u>
LIABILITIES		
Borrowings - Long term	1,658	1,583
Deferred tax liabilities	664	664
Total non-current liabilities	<u>2,322</u>	<u>2,247</u>
Borrowings - Short term	5,910	8,111
Trade payables	1,994	3,647
Other payables	3,121	6,947
Tax payables	-	-
Total current liabilities	<u>11,025</u>	<u>18,705</u>
Total liabilities	<u>13,347</u>	<u>20,952</u>
Total equity and liabilities	<u>56,047</u>	<u>68,114</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.58</u>	<u>0.64</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

	Attributable to Equity Holders of the Company			
	Non-Distributable	Distributable		
	Share Capital RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2019	92,374	(694)	(33,414)	58,266
Total comprehensive loss for the 12-month period	-	-	(11,104)	(11,104)
At 31 December 2019	<u>92,374</u>	<u>(694)</u>	<u>(44,518)</u>	<u>47,162</u>
At 1 January 2020	92,374	(694)	(44,518)	47,162
Total comprehensive loss for the 6-month period	-	-	(4,462)	(4,462)
At 30 June 2020	<u>92,374</u>	<u>(694)</u>	<u>(48,980)</u>	<u>42,700</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 2019 and accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

	6 months ended	
	30.06.2020 (Unaudited) RM'000	31.12.2019 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(4,462)	(11,958)
Adjustments for:		
Depreciation of property, plant and equipment	889	2,964
Gain on disposal of property, plant and equipment	-	(161)
Gain on disposal of assets held for sale	-	(9,073)
Allowance for slow moving inventories	-	795
Impairment on receivable	-	82
Impairment on property, plant & machinery	-	6,682
Interest income	(5)	(25)
Finance costs	86	455
Inventories written down	-	1,918
Loss on damage of material	-	203
Property, Plant & Equipment written off	-	188
Operating cash flow before working capital changes	<u>(3,492)</u>	<u>(7,930)</u>
Decrease/(Increase) in inventories	8,010	(2,683)
Decrease in receivables	6,915	491
(Decrease) in payables	<u>(5,479)</u>	<u>(1,231)</u>
Cash generated from (used in) operations	5,954	(11,353)
Interest paid	(86)	(455)
Net tax paid	<u>(229)</u>	<u>517</u>
Net cash generated (used in) operating activities	<u>5,639</u>	<u>(11,291)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,006)	(1,124)
Proceeds from disposal of property, plant and equipment	-	209
Proceeds from disposal of assets held for sale	-	12,000
Interest received	5	25
Net cash generated from/(used in) investing activities	<u>(2,001)</u>	<u>11,110</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	4,030	24,435
Short Term Loan	(46)	(157)
Repayment of term loan	(88)	(157)
Repayment of bankers' acceptance	<u>(5,733)</u>	<u>(25,151)</u>
Net cash (used in) financing activities	<u>(1,837)</u>	<u>(1,030)</u>
Net (decrease) in cash and cash equivalents	1,801	(1,211)
Cash and cash equivalents at beginning of financial period	<u>1,085</u>	<u>2,296</u>
Cash and cash equivalents at end of financial period	<u><u>2,886</u></u>	<u><u>1,085</u></u>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

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

	As at 30.06.2020 (Unaudited) RM'000	As at 31.12.2019 (Audited) RM'000
Cash in hand and at bank	2,886	1,374
Bank overdraft	-	(289)
Cash and bank balances	<u>2,886</u>	<u>1,085</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 2019 and accompanying explanatory notes attached to these interim financial statements.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - 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 Suite 10.02, Level 10, The Gardens South Tower Mid Valley, Lingkaran Syed Putra, Kuala Lumpur. The principal place of business of the Company is located at 8.7 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, blockboard 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) for the period ended 30 June 2020, have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134 "*Interim Financial Reporting*" and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

The accounting policies used in the preparation of interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

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 2019, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

MFRS 15: Revenue from Contracts with Customers

MFRS 9: Financial Instruments

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED

3 Significant Accounting Policies

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16 : Leases

IC interpretation 23 uncertainty over income tax treatments

Amendments to MFRS 112 (Annual improvement to MFRS standard 2015 - 2017 cycle)

Effective for financial periods beginning on or after 1 January 2020:

Destination of material (Amendments to MFRS 101 and MFRS 108)

Destination of a Business (Amendments to MFRS 3)

Revised Conceptual Framework for Financial Reporting

Sale or contribution of assets between an investor and its associate or joint venture -

Amendments to MFRS 10 and MFRS 128

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

4 Auditors' Report on preceding annual financial statements

The auditors have expressed an unqualified opinion with an emphasis of matter on material uncertainty relating to going concern. In view of the current economic condition and Covid-19 pandemic, in respect of Cymao's financial statements for the financial year ended 31-12-2019 in their report dated the 18th June 2020. The Emphasis of Matter by Independent Auditors are as follows:

The auditors' report on the financial statements of the Group for the financial year ended 31 December 2019 contain a material uncertainty related to going concern which indicates that the group incurred a gross loss of RM8,482,034, a total comprehensive loss of RM11,104,291 and negative net operating cash flows of RM11,291,153 during the financial year ended 31 December 2019, and the outbreak of coronavirus disease 2019 (COVID-19) and the Movement Control Order (MCO) imposed by the Government subsequent to the year end and is likely to adversely impact the Group's cash flows. These events or conditions along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty event that may cast significant doubt on the Group's ability to continue as a going concern. The auditors' opinion is not modified in respect of this matter.

In the spirit to address the issue described in the Material Uncertainty Relating to Going Concern section above, the Company is committed to undertake the following:-

- (i) Complete the Proposed Disposal of its subsidiary, Poly-Ply Industries Sdn Bhd for a cash consideration of RM9.1 million ("Proposed Disposal") to raise fund to expand the profitable operations and to build up the cash reserve of the group so the operation can be more nimble.
- (ii) Cost-rationalization activities as Directors, management and administrative staff have taken a 10%-40% pay cut based on the pay scale. Overtime is not encouraged unless necessary, repairs and renewals are strictly monitored.
- (iii) Boost revenue of the Group through improvised marketing efforts. Relentless Contact with previous customers has produced in more sale and this effort will be intensified as the response is positive.

The Company expects to complete the Proposed Disposal in the fourth quarter of 2020. As for the cost-rationalization activities and marketing efforts, the Company has already initiated its efforts and will update the shareholders on quarterly basis.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED

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 was no estimation of amount used in the preceding reporting having a material effect in the current reporting quarter.

8 Dividend Paid

There was no dividend paid by the Group 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 2019 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

10 Debt and Equity Securities

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

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED**

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 2020.

14 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last statement of financial position as at 31 December 2019 and up to the date of this report.

15 Subsequent Events

On the 8th July 2020, the company made the announcement that it has entered a Sale Share Agreement with Zinton Sdn Bhd to dispose of its entire shares in Polyply Industries Sdn Bhd, a wholly-owned subsidiary for RM9.1million. The sale is subject to the approvals from the relevant authorities.

16 Trade Receivables

The trade receivable turnover is 47 days which is within the industry average. Export sales are through Letter of Credit. The Group has not experienced any debt issues with the customers as the customers are long established and reliable.

There are no write down of debts during the quarter.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED

17 Performance Review

The overall performance for this quarter is affected by the Movement Control Order of which the Group operations have to shutdown for most of April and May. This resulted in lesser production and sales thus affecting the performance unproportionately as compared to other quarters.

Turnover

The quarter registered a turnover of RM4,211 million a decrease in turnover of RM7,624 million as compared to preceding year corresponding period of RM11,835 million last year. The decrease in turnover is mainly due to covid-19 MCO that stopped the operations and the weak market and low pricing for both export sales and local demand. The average sales volume of 627 m³ per month this quarter is 61.2% less than 1,616 m³ average sale volume for 2019 same same quarter. Production volume for plywood and veneer decreased by 4,085 m³ from 5,135m³ to 1,050 m³, a decrease of 79.6% for this quarter as compared to the preceding year corresponding quarter.

(Loss) before Tax

The Group registered a loss of RM2.113 million as compared to a profit before tax of RM3,813 million in the preceding year corresponding quarter. The loss is mainly due to less demand on international export market and local domestic demand and low pricing and the effects of Covid-19 MCO. The profit for 2019 same period is due to a gain on sale of land and buildings amounting to RM9 million in Sandakan.

The results of the operations-Profit/(Loss):

	30.06.2020	30.06.2019
	RM'000	RM'000
Sandakan	(1,437)	4,661
Poly-Ply Klang	332	(250)
Cymao Klang	(941)	(461)
Other Companies	(67)	(137)
Group profit/(loss)	<u>(2,113)</u>	<u>3,813</u>

The operation loss is due to lower export and local sales and production especially in Sandakan during MCO. The profit in Polyply Klang is from its operations on lamination fee received and on value add products sold and rental received. Cymao Klang on trading of plywood still incurred a loss due to poor local market demand and high stock cost.

Comparison with immediate preceding quarter's result:

Despite a decrease in revenue of RM10,996 million as compared to the immediate preceding quarter, the sales for both quarter were very low due to less export and local sales. The loss for the quarter is mainly due to less sale during MCO period with low pricing against the production cost which has not reduced correspondingly. The loss for this quarter of RM2.113 million is RM0.236million less than the immediate preceding quarter due to cost rationalisation as the mills were shutdown.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED****17 Performance Review****Comparison with immediate preceding quarter's result:**

The changes in sales volumes can be analyzed as follows:

	30.06.2020	31.03.2020	Net change
Sandakan mills : Export (m3)	775	5,024	(4,249)
: Local (m3)	203	688	(485)
	<u>978</u>	<u>5,712</u>	<u>(4,734)</u>
Poly-Ply at Klang : Export (m3)	140	397	(257)
: Local (m3)	-	-	-
	<u>140</u>	<u>397</u>	<u>(257)</u>
Cymao at Klang : Export (m3)	-	-	-
: Local (m3)	764	1,268	(504)
	<u>764</u>	<u>1,268</u>	<u>(504)</u>

Sandakan recorded a decrease of 4,734 m3 sales and Polyply Klang recorded a decrease of 257 m3 sales for this quarter as compared to the immediate preceding quarter. Sandakan incurred a loss as it made a gross loss before other expenses. Cymao Klang recorded a decrease in sale of 504 m3, it registered a loss as it incurred gross loss also. Polyply made a profit as its gross margin improved in the quarter and with the rental income.

Group's Prospect:

The adverse effect of Covid-19 pandemic will be felt going forward. As during the Movement Control Order, the mills have to shutdown and only commenced operation in June. Fortunately, the sales order are still intact for the group to fulfil once commenced operations.

The logs supply has dropped in the this quarter in Sandakan and both the export and local prices and demand have decreased due to Covid-19 pandemic thus resulting in Sandakan making a loss even with improved quality. The international export market has shown signs of weakness with the reduced pricing as the export buyer countries are affected by the pandemic. Local market sale is still slow in the quarter. The Group is focusing more on export sales to capture the better margin.

Klang operation is improving due to a better demand for value-added plywood products. The challenge is for the Klang operation management to put more efforts to capture more customers and to manage the cost to bring the Klang operation to better profitability. It is focusing on providing lamination services also to contain the operation costs.

Cymao Plywood Sdn Bhd after taking over the stock from Jengka will trade plywood in Klang focusing on West Malaysia local market under Cymao Klang operation. It is focusing on clearing the stock taken over from Jengka operation and is still incurring a loss due to higher stock cost.

Overall, the prospect for the Group is very challenging as export plywood demand and prices have decreased and local market demand is very slow with low pricing with the effects of Covid-19. The Group is therefore focusing on capturing more export sales and with concerted efforts to contain the production cost and to improve quality. The Group will focus on Sandakan and Klang with no more expansion plan. The Group will focus on plywood production in Sandakan as logs supply is more stable and logs prices also stabilising which is positive. Klang will focus on selling to local market and lamination boards production and servicing.

The fund raising exercise of disposing Polyply will raise RM9.1million. The emphasis with the fund is to expand the more profitable operations by buying better quality logs to produce higher quality products to fetch better export price. Some machinery will be procured for Klang's lamination operation which will be taken over by Cymao Plywood Sdn Bhd after the completed sale of Poly-ply. The directors, management and administrative staff have taken pay cut of between 10%-40% depending on the scale. Overtime pay is being stopped unless justified to reduce cost to ride through this uncertainty and tough economic condition.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 - UNAUDITED****18 Bank Borrowing**

The total banking facilities of the Group approved remained at RM14 million comprising of trade facilities of RM10 million, overdraft of RM2 million and loan of RM2 million.

The average interest rate charged by the banks were 4.50% - 7.50%

Borrowings (Secured)

As at 2nd quarter ended 2020						
	Long Term		Short Term		Total Borrowings	
	Foreign denomination ^	RM denomination	Foreign denomination ^	RM denomination	Foreign denomination ^	RM denomination
Secured						
Banker Acceptance	-	-	-	5,791	-	5,791
Term Loan	-	1,397	-	-	-	1,397
Hire Purchase	-	-	-	379	-	379
Bank Overdraft	-	-	-	-	-	-
Unsecured						
Banker Acceptance	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-
As at 2nd quarter ended 2019						
	Long Term		Short Term		Total Borrowings	
	Foreign denomination ^	RM denomination	Foreign denomination ^	RM denomination	Foreign denomination ^	RM denomination
Secured						
Banker Acceptance	-	-	-	8,124	-	8,124
Term Loan	-	1,554	-	-	-	1,554
Hire Purchase	-	-	-	344	-	344
Bank Overdraft	-	-	-	1,525	-	1,525
Unsecured						
Banker Acceptance	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-

All the borrowings are denominated in Ringgit Malaysia.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
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The valuation for the fixed assets of the Group amounted to RM44,720 million as at 31 December 2016 and the net book value is RM23,330 million as at 30 June 2020. Therefore, there is no impairment provision required for this quarter. Impairment for the year ended 31-12-2019 has been provided in the accounts as at 31-12-2019.

20 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 its products. In addition, the Group has managed to secure its timber supply rights of logs extraction, with the ban of logs export in Sabah, logs supply situation has improved. However, with the reduce demand in export and local market and the weak prices, the prospect is very challenging especially with the Covid-19 pandemic impact. Management has to focus on fixing these challenges as the core operation of the Group is still in plywood manufacturing. The fund raising exercise of disposing Polyply will raise RM9.1 million to expand into more profitable operation. The Group is also taking cost rationalisation exercise to reduce cost. These measures will strengthen the Group's prospect in view of the challenges lying ahead.

Marketing strategy

The Group will continue to focus on USD export market to take advantage of the Dollar value and the higher price. With the improved quality and raw material sourcing, it is expected this strategy will accrue more benefit to the Group.

Business opportunity

The Group will continue to explore positive business opportunities to enhance the core performance of the Group. In the short to medium term, the Group will focus on consolidating the two operations of the Group-Sandakan and Klang.

21 Profit Forecast/Profit Guarantee

Not applicable as the Group has not provided any profit forecast or profit guarantee for the quarter ended 30 June 2020.

22 Additional disclosure - Profit/(Loss) before tax

	Current quarter		Cumulative quarter	
	6 months ended		6 months ended	
	(Unaudited) 30.06.2020 RM' 000	(Unaudited) 30.06.2019 RM' 000	(Unaudited) 30.06.2020 RM' 000	(Unaudited) 30.06.2019 RM' 000
Profit/(Loss) before tax is arrived at after				
Amortisation and depreciation	353	651	889	1,424
Gain on disposal of plant and equipment	-	-	-	-
Interest expense	44	130	86	225
Interest income	4	184	5	190

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

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED**

23 Income Tax expense

	Current quarter 6 months ended 30.06.2020 (Unaudited) RM' 000	Year To-date 6 months ended 30.06.2019 (Unaudited) RM' 000
Income tax:		
Current Taxation	-	-
Deferred Tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

24 Status of Corporate Proposals

As stated under subsequent event, the company made an announcement to dispose of its wholly-owned subsidiary Polyply Industries Sdn Bhd to Zinton Sdn Bhd for a consideration of RM9.1million. The sale is subject to approvals from the relevant authorities.

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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2020 - UNAUDITED**

27 Profit/(Loss) per share

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

	Current quarter 6 months ended		Year-To-Date 6 months ended	
	(Unaudited) As at 30.06.2020	(Unaudited) As at 30.06.2019	(Unaudited) As at 30.06.2020	(Unaudited) As at 30.06.2019
Profit/(Loss) attributable to ordinary equity holders of the parent (RM' 000)	<u>(2,113)</u>	<u>3,813</u>	<u>(4,462)</u>	<u>379</u>
Weighted average number of shares in issue (' 000)	<u>73,335</u>	<u>73,335</u>	<u>73,335</u>	<u>73,335</u>
Basic profit/(loss) per share (Sen)	<u>(2.88)</u>	<u>5.20</u>	<u>(6.08)</u>	<u>0.52</u>
Diluted profit/(loss) per share (Sen)	<u>(2.88)</u>	<u>5.20</u>	<u>(6.08)</u>	<u>0.52</u>