

CYMAO HOLDINGS BERHAD

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

INTERIM FINANCIAL STATEMENTS

**FOR THE SECOND
QUARTER ENDED**

30TH JUNE 2016

CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - UNAUDITED**

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				(Unaudited)
Revenue	26,237	33,425	60,022	64,135
Cost of sales	(25,909)	(31,383)	(56,176)	(59,365)
Gross profit	328	2,042	3,846	4,770
Other income	483	813	669	1,068
Other operating expenses	(336)	(168)	(744)	(599)
Administrative expenses	(2,151)	(2,584)	(4,159)	(4,561)
Selling and marketing expenses	(836)	(1,103)	(1,764)	(2,297)
Interest income	87	-	89	2
Finance costs	(111)	(71)	(198)	(134)
Loss before tax	(2,536)	(1,071)	(2,261)	(1,751)
Income tax expenses	(94)	(78)	(242)	(156)
Loss net of tax	(2,630)	(1,149)	(2,503)	(1,907)
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss attributable to:				
Owners of the Company	(2,630)	(1,149)	(2,503)	(1,907)
Loss attributable to:				
Owners of the Company	(2,630)	(1,149)	(2,503)	(1,907)
Non-controlling interest	-	-	-	-
Loss for the period	(2,630)	(1,149)	(2,503)	(1,907)
Total comprehensive loss attributable to:				
Owners of the Company	(2,630)	(1,149)	(2,503)	(1,907)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	(2,630)	(1,149)	(2,503)	(1,907)
Basic loss per ordinary share (sen):				
Loss from continuing operations	(3.58)	(1.56)	(3.40)	(2.59)

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 STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2016 - UNAUDITED**

	As at 30.06.2016 (Unaudited) RM'000	As at 31.12.2015 (Audited) RM'000
ASSETS		
Property, plant and equipment	33,350	35,973
Land use right	901	909
Other receivables	1,647	1,647
Total non-current assets	35,898	38,529
Inventories	36,997	26,696
Trade receivables	10,554	17,423
Other receivables	9,700	9,162
Tax refundable	0	0
Fixed deposit with licensed bank	1,171	1,861
Cash and bank balances	6,250	5,905
Total current assets	64,672	61,047
Total assets	100,570	99,576
Equity		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(631)	(631)
Accumulated losses	(16,688)	(14,185)
Total equity	75,055	77,558
LIABILITIES		
Borrowings - Long term	1,518	1,486
Deferred tax liabilities	1,853	1,853
Total non-current liabilities	3,371	3,339
Borrowings - Short term	8,502	7,175
Trade payables	7,892	5,818
Other payables	5,648	5,491
Tax payables	102	195
Total current liabilities	22,144	18,679
Total liabilities	25,515	22,018
Total equity and liabilities	100,570	99,576
Net assets per share attributable to owners of the Company (RM)	1.00	1.03

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 2015 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 2016 - UNAUDITED**

	Attributable to Equity Holders of the Company				Total Equity RM'000
	Non-Distributable		Distributable		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	
At 1 January 2015	75,000	17,374	(631)	(12,116)	79,627
Total comprehensive loss for the 6-month period	-	-	-	(1,907)	(1,907)
At 30 June 2015	<u>75,000</u>	<u>17,374</u>	<u>(631)</u>	<u>(14,023)</u>	<u>77,720</u>
At 1 January 2016	75,000	17,374	(631)	(14,185)	77,558
Total comprehensive loss for the 6-month period	-	-	-	(2,503)	(2,503)
At 30 June 2016	<u>75,000</u>	<u>17,374</u>	<u>(631)</u>	<u>(16,688)</u>	<u>75,055</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 2015 and accompanying explanatory notes attached to these interim financial statements.

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2016 - UNAUDITED**

	6 months ended	
	30.06.2016 (Unaudited) RM'000	30.06.2015 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(2,261)	(1,751)
Adjustments for:		
Depreciation of property, plant and equipment	2,730	3,872
Amortisation of land use right	8	8
Interest income	(89)	(1)
Finance costs	198	134
Operating profit before working capital changes	586	2,262
(Increase)/Decrease in inventories	(10,301)	8,905
Decrease/(Increase) in receivables	6,331	(1,347)
Increase/(Decrease) in payables	2,230	(42)
Net cash (used in)/generated from operations	(1,154)	9,778
Interest paid	(198)	(134)
Net tax paid	(335)	(165)
Net cash generated from/(used in) operating activities	(1,687)	9,479
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	690	-
Acquisition of property, plant and equipment	(107)	(327)
Purchase of treasury shares	-	-
Proceeds from disposal of plant and equipment	-	-
Proceeds return from investment in subsidiary company	-	-
Interest received	89	1
Net cash generated from/(used in) investing activities	672	(326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	15,203	7,526
Repayment of term loan	(66)	(47)
Repayment of bankers' acceptance	(13,627)	(9,608)
Net cash generated from/(used in) financing activities	1,510	(2,129)
Net increase in cash and cash equivalents	495	7,024
Cash and cash equivalents at beginning of financial period	5,755	1,991
Cash and cash equivalents at end of financial period	6,250	9,015

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2016 - UNAUDITED**

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

	As at 30.06.2016 (Unaudited) RM'000	As at 30.06.2015 (Unaudited) RM'000
Cash in hand and at bank	6,250	9,048
Bank Overdraft	-	(33)
Fixed deposit with a licensed bank	1,171	1,859
Cash and bank balances	<u>7,421</u>	<u>10,874</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,171)</u>	<u>(1,859)</u>
	<u><u>6,250</u></u>	<u><u>9,015</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 2015 and accompanying explanatory notes attached to these interim financial statements.

CYMAO HOLDINGS BERHAD

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - (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) for the period ended 30 June 2016, 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 2015.

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 2015. 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 2015.

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 2015, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

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

Amendments to MFRS 119: Defined Benefit Plans : Employee Contributions

Annual Improvements to MFRSs 2010 - 2012 Cycle

Annual Improvements to MFRSs 2011 - 2013 Cycle

Effective for financial periods beginning on or after 1 January 2016 :

Amendments to MFRS 11: Accounting for Acquisition of the Interests in Joint Operations

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Method Depreciation and Amortisation

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its

Associate or Joint Venture

CYMAO HOLDINGS BERHAD

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - (UNAUDITED)

3 Significant Accounting Policies

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities : Applying the Consolidation Exception

Annual Improvements to MFRSs 2012 - 2014 Cycle

MFRS 14: Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2017:

MFRS 15: Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9: Financial Instruments

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

4 Auditors' Report

The auditors' report on the financial statements of the Group for the year ended 31 December 2015 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 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 2015 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - (UNAUDITED)**

10 Debt and Equity Securities

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

11 Changes in the Composition of the Group

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

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 31 December 2015.

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 2015 and up to the date of this report.

15 Subsequent Events

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

16 Performance Review

For this quarter under review, the Group recorded a revenue of RM26.24 million, a decrease of RM7.19 million as compared with the preceding year corresponding quarter. The Group recorded a loss before tax of RM2.54 million for this quarter compared with a loss of RM1.07 million suffered in the preceding year corresponding quarter. The current year quarter loss was due to down turn of economic market and very sluggish demand of plywoods especially in the months of April and May.

17 Variation of Result Against Immediate Preceding Quarter

The loss before tax of RM2.54 million for the quarter under review as compared to the profit before tax of RM0.275 million in the immediate preceding quarter is due mainly to very sluggish demand of plywoods especially in the months of April and May.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - (UNAUDITED)****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 its products. Barring any unforeseen circumstances, the Group is confident to achieve better results in the future.

19 Profit Forecast/Profit Guarantee

Not applicable as the Group has not provided any profit forecast or profit guarantee for the year ending 31 December 2016.

20 Additional disclosure - Profit/(Loss) before tax

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	(Unaudited) 30.06.2016 RM' 000	(Unaudited) 30.06.2015 RM' 000	(Unaudited) 30.06.2016 RM' 000	(Unaudited) 30.06.2015 RM' 000
Profit/(Loss) before tax is arrived at after				
Amortisation and depreciation	1,344	1,930	2,738	3,880
Interest expense	111	71	198	134
Interest income	87	-	89	(1)

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.

21 Income Tax expense

	Current quarter 3 months ended 30.06.2016 (Unaudited) RM' 000	Year To-date 6 months ended 30.06.2016 (Unaudited) RM' 000
Income tax:		
Current Taxation	94	242
Deferred Tax	-	-
	<u>94</u>	<u>242</u>

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2016 - (UNAUDITED)****22 Accumulated Losses**

	As at 30.06.2016 (Unaudited) RM' 000	As at 31.12.2015 (Audited) RM' 000
Total Accumulated Losses of the Group		
- Realised	(13,017)	(10,234)
- Unrealised	1,853	1,853
	<u>(11,164)</u>	<u>(8,381)</u>
Less : Consolidation adjustments	(5,524)	(5,804)
Total Group accumulated losses as per consolidated financial statements	<u><u>(16,688)</u></u>	<u><u>(14,185)</u></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)

	As at 30.06.2016 (Unaudited) RM' 000	As at 31.12.2015 (Audited) RM' 000
Short-term loan	8,502	7,175
Long-term loan	1,518	1,486
	<u>10,020</u>	<u>8,661</u>

All the borrowings are denominated in Ringgit Malaysia.

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 2016 - (UNAUDITED)**

27 Loss per share

Basic loss per share is calculated by dividing the 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 3 months ended		Year-To-Date 6 months ended	
	(Unaudited) As at	(Unaudited) As at	(Unaudited) As at	(Unaudited) As at
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Loss attributable to ordinary equity holders of the parent (RM' 000)	<u>(2,630)</u>	<u>(1,149)</u>	<u>(2,503)</u>	<u>(1,907)</u>
Weighted average number of shares in issue (' 000)	<u>73,535</u>	<u>73,535</u>	<u>73,535</u>	<u>73,535</u>
Basic loss per share (Sen)	<u>(3.58)</u>	<u>(1.56)</u>	<u>(3.40)</u>	<u>(2.59)</u>
Diluted loss per share (Sen)	<u>(3.58)</u>	<u>(1.56)</u>	<u>(3.40)</u>	<u>(2.59)</u>