

# **CYMAO HOLDINGS BERHAD**

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

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE THIRD  
QUARTER ENDED**

**30TH SEPTEMBER 2015**

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 - UNAUDITED**

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	(Unaudited) 30-09-2015 RM'000	(Unaudited) 30-09-2014 RM'000	(Unaudited) 30-09-2015 RM'000	(Unaudited) 30-09-2014 RM'000
<b>Continuing Operations</b>				
Revenue	32,538	28,906	96,673	86,815
Cost of sales	(28,983)	(27,815)	(88,348)	(82,685)
<b>Gross profit</b>	<b>3,555</b>	<b>1,091</b>	<b>8,325</b>	<b>4,130</b>
Other income	568	236	1,636	724
Other operating expenses	(96)	(84)	(695)	(265)
Administrative expenses	(2,353)	(1,880)	(6,914)	(6,091)
Selling and marketing expenses	(802)	(966)	(3,099)	(2,983)
Interest income	-	6	2	32
Finance costs	(61)	(61)	(195)	(163)
<b>Profit/(Loss) before tax</b>	<b>811</b>	<b>(1,658)</b>	<b>(940)</b>	<b>(4,616)</b>
Income tax expenses	(120)	(500)	(276)	(500)
<b>Profit/(Loss) net of tax</b>	<b>691</b>	<b>(2,158)</b>	<b>(1,216)</b>	<b>(5,116)</b>
<b>Other comprehensive loss, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	691	(2,158)	(1,216)	(5,116)
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	691	(2,158)	(1,216)	(5,116)
Non-controlling interest	-	-	-	-
<b>Profit/(Loss) for the period</b>	<b>691</b>	<b>(2,158)</b>	<b>(1,216)</b>	<b>(5,116)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Company	691	(2,158)	(1,216)	(5,116)
Non-controlling interest	-	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>691</b>	<b>(2,158)</b>	<b>(1,216)</b>	<b>(5,116)</b>
<b>Basic earning/(loss) per ordinary share (sen):</b>				
Profit/(Loss) from continuing operations	0.94	(2.88)	(1.65)	(6.88)

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**

(Company No. 445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2015 - UNAUDITED**

	<b>As AT 30-09-2015 (Unaudited) RM'000</b>	<b>As AT 31-12-2014 (Audited) RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	36,699	41,878
Land use right	950	962
Other receivables	1,645	1,645
<b>Total non-current assets</b>	<b>39,294</b>	<b>44,485</b>
Inventories	19,993	31,407
Trade receivables	16,499	13,380
Other receivables	9,922	5,566
Tax refundable	107	96
Fixed deposit with licensed bank	1,859	1,859
Cash and bank balances	8,025	2,808
<b>Total current assets</b>	<b>56,405</b>	<b>55,116</b>
<b>Total assets</b>	<b>95,699</b>	<b>99,601</b>
<b>Equity</b>		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(631)	(631)
Accumulated losses	(13,332)	(12,116)
<b>Total equity</b>	<b>78,411</b>	<b>79,627</b>
<b>LIABILITIES</b>		
Borrowings - Long term	1,599	1,589
Deferred tax liabilities	1,783	1,783
<b>Total non-current liabilities</b>	<b>3,382</b>	<b>3,372</b>
Borrowings - Short term	5,359	7,387
Trade payables	3,147	4,518
Other payables	5,400	4,696
Tax payables	-	1
<b>Total current liabilities</b>	<b>13,906</b>	<b>16,602</b>
<b>Total liabilities</b>	<b>17,288</b>	<b>19,974</b>
<b>Total equity and liabilities</b>	<b>95,699</b>	<b>99,601</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.05</b>	<b>1.06</b>

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 2014 and the accompanying explanatory notes attached to these interim financial statements.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 - UNAUDITED**

	Attributable to Equity Holders of the Company				
	Non-Distributable		Distributable		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Earnings (Accumulated Losses)/ RM'000	Total Equity RM'000
<b>At 1 January 2014</b>	75,000	17,374	(183)	3,528	95,719
Total comprehensive loss for the 9-month period	-	-	-	(5,116)	(5,116)
Purchase of treasury shares	-	-	(448)	-	(448)
<b>At 30 September 2014</b>	<u>75,000</u>	<u>17,374</u>	<u>(631)</u>	<u>(1,588)</u>	<u>90,155</u>
<b>At 1 January 2015</b>	75,000	17,374	(631)	(12,116)	79,627
Total comprehensive loss for the 9-month period	-	-	-	(1,216)	(1,216)
<b>At 30 September 2015</b>	<u>75,000</u>	<u>17,374</u>	<u>(631)</u>	<u>(13,332)</u>	<u>78,411</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 2014 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 NINE MONTHS ENDED 30 SEPTEMBER 2015 - UNAUDITED**

	9 months ended	
	30-09-2015 (Unaudited) RM'000	30-09-2014 (Unaudited) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(940)	(4,616)
Adjustments for:		
Depreciation of property, plant and equipment	5,506	6,953
Amortisation of land use right	12	12
Net unrealised foreign exchange gain	-	(32)
Gain on disposal of plant and equipment	-	(65)
Interest income	(2)	(32)
Finance costs	195	163
Operating profit before working capital changes	4,771	2,383
Increase in inventories	11,414	865
Decrease in receivables	(7,475)	(3,956)
(Decrease)/increase in payables	(666)	3,490
Net cash generated from operations	8,044	2,782
Interest paid	(195)	(163)
Net tax paid	(288)	(402)
Net cash generated from operating activities	7,561	2,217
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Movement in fixed deposits under pledged	-	(17)
Acquisition of property, plant and equipment	(327)	(3,666)
Purchase of treasury shares	-	(448)
Proceeds from disposal of plant and equipment	-	426
Interest received	2	32
Net cash used in investing activities	(325)	(3,673)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bankers' acceptance drawn down	11,792	9,477
Repayment of term loan	(80)	(69)
Repayment of bankers' acceptance	(12,914)	(9,421)
Net cash used in financing activities	(1,202)	(13)
<b>Net increase/(decrease) in cash and cash equivalents</b>	6,034	(1,469)
<b>Cash and cash equivalents at beginning of financial period</b>	1,991	4,856
<b>Cash and cash equivalents at end of financial period</b>	8,025	3,387

**CYMAO HOLDINGS BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 - UNAUDITED**

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

	<b>As at 30-09-2015 (Unaudited) RM'000</b>	<b>As at 30-09-2014 (Unaudited) RM'000</b>
Cash in hand and at bank	8,025	3,387
Bank Overdraft	-	-
Fixed deposit with a licensed bank	<u>1,859</u>	<u>1,824</u>
Cash and bank balances	<u>9,884</u>	<u>5,211</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,859)</u>	<u>(1,824)</u>
	<u><u>8,025</u></u>	<u><u>3,387</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 2014 and accompanying explanatory notes attached to these interim financial statements.

## **CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporated in Malaysia)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 - (UNAUDITED)**

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#### **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 September 2015, 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 2014.

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 2014. 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 2014.

#### **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 2014, 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**

(Company No. 445931-U)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 - (UNAUDITED)**

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**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 2014 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 2014 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.



**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 - (UNAUDITED)**

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**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 30 September 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 2014 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 RM32.5 million, an increase of RM3.6 million as compared with the preceding year corresponding quarter. The Group recorded a profit before tax of RM0.81 million for this quarter compared with a loss of RM1.65 million suffered in the preceding year corresponding quarter. The improved result is mainly due to increase in sales volume and more favourable US Dollar exchange rate.

**17 Variation of Result Against Immediate Preceding Quarter**

The increase in profit before tax of RM0.81 million for the quarter under review as compared to the loss before tax of RM1.07 million in the immediate preceding quarter resulted from the more favourable US Dollar exchange rate.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 - (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 our products. The Group maintains the logs supply agreement with a timber concessionaire for 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. Following this, the Group continues to source for future feedstock supplies to improve the operation of the Group.

Barring any 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**

Not applicable as the Group has not provided any profit forecast or profit guarantee for the year ending 31 December 2014.

**20 Additional disclosure - Profit/(Loss) before tax**

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarter 9 months ended</b>	
	<b>(Unaudited) 30-09-2015 RM' 000</b>	<b>(Unaudited) 30-09-2014 RM' 000</b>	<b>(Unaudited) 30-09-2015 RM' 000</b>	<b>(Unaudited) 30-09-2014 RM' 000</b>
Profit/(Loss) before tax is arrived at after				
Amortisation and depreciation	1,638	2,271	5,518	6,965
Interest expense	61	61	195	163
Interest income	-	(6)	(2)	(32)
Gain on disposal of plant and equipment	-	(3)	-	(65)
Net unrealised foreign exchange gain	-	-	-	(32)

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**

	<b>Current quarter 3 months ended 30-09-2015 (Unaudited) RM' 000</b>	<b>Year To-date 9 months ended 30-09-2015 (Unaudited) RM' 000</b>
Income tax:		
Current Taxation	120	276
Deferred Tax	-	-
	<u>120</u>	<u>276</u>

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 - (UNAUDITED)**

**22 Accumulated Losses**

	<b>As at 30-09-2015 (Unaudited) RM' 000</b>	<b>As at 31-12-2014 (Audited) RM' 000</b>
Total Accumulated Losses of the Group		
- Realised	(7,809)	(6,109)
- Unrealised	-	(484)
	<u>(7,809)</u>	<u>(6,593)</u>
Less : Consolidation adjustments	(5,523)	(5,523)
Total Group accumulated losses as per consolidated financial statements	<u><u>(13,332)</u></u>	<u><u>(12,116)</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)**

	<b>As at 30-09-2015 (Unaudited) RM' 000</b>	<b>As at 31-12-2014 (Audited) RM' 000</b>
Short-term loan	5,359	7,387
Long-term loan	1,599	1,589
	<u>6,958</u>	<u>8,976</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 THIRD QUARTER ENDED 30 SEPTEMBER 2015 - (UNAUDITED)**

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**27 Earning/(Loss) per share**

Basic earning/(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.

	<b>Current quarter 3 months ended</b>		<b>Year-To-Date 9 months ended</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>30-09-2015</b>	<b>30-09-2014</b>	<b>30-09-2015</b>	<b>30-09-2014</b>
Earning/(Loss) attributable to ordinary equity holders of the parent (RM' 000)	<u>691</u>	<u>(2,158)</u>	<u>(1,216)</u>	<u>(5,116)</u>
Weighted average number of shares in issue issue (' 000)	<u>73,756</u>	<u>73,636</u>	<u>73,756</u>	<u>74,328</u>
Basic earning/( loss) per share (Sen)	<u>0.94</u>	<u>(2.93)</u>	<u>(1.65)</u>	<u>(6.88)</u>
Diluted earning/(loss) per share (Sen)	<u>0.94</u>	<u>(2.93)</u>	<u>(1.65)</u>	<u>(6.88)</u>