

CYMAO HOLDINGS BERHAD

(Company No. 445931 - U)

(Incorporated in Malaysia)

INTERIM

FINANCIAL STATEMENTS

**FOR THE FIRST
QUARTER ENDED**

31ST MARCH 2020

**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE FIRST QUARTER ENDED 31 MARCH 2020 - UNAUDITED**

| | Individual Period (1st Quarter) | | Changes Amount | Changes (%) | Cumulative Period Unaudited | | Changes Amount | Changes (%) |
|---|--|--|-------------------|----------------|---|---|-------------------|----------------|
| | Current Year Quarter 31.03.2020 RM'000 | Preceding Year Corresponding Quarter 31.03.2019 RM'000 | | | Current Year To- date 31.03.2020 RM'000 | Preceding Year Corresponding Period 31.03.2019 RM'000 | | |
| | Revenue | 15,207 | 10,385 | 4,822 | 46.43 | 15,207 | 10,385 | 4,822 |
| Cost of sales | (16,239) | (12,048) | (4,191) | 34.79 | (16,239) | (12,048) | (4,191) | 34.79 |
| Gross profit/(loss) | (1,032) | (1,663) | 631 | (37.94) | (1,032) | (1,663) | 631 | (37.94) |
| Other income | 206 | 331 | (125) | (37.76) | 206 | 331 | (125) | (37.76) |
| Other operating expenses | (11) | (71) | 60 | (84.51) | (11) | (71) | 60 | (84.51) |
| Administrative expenses | (939) | (1,463) | 524 | (35.82) | (939) | (1,463) | 524 | (35.82) |
| Selling and marketing expenses | (532) | (479) | (53) | 11.06 | (532) | (479) | (53) | 11.06 |
| Interest income | 1 | 6 | (5) | (83.33) | 1 | 6 | (5) | (83.33) |
| Finance costs | (42) | (95) | 53 | (55.79) | (42) | (95) | 53 | (55.79) |
| Profit/(Loss) before tax | (2,349) | (3,434) | 1,085 | (31.60) | (2,349) | (3,434) | 1,085 | (31.60) |
| Income tax expenses | - | - | - | - | - | - | - | - |
| Profit/(Loss) net of tax | (2,349) | (3,434) | 1,085 | (31.60) | (2,349) | (3,434) | 1,085 | (31.60) |
| Total comprehensive profit/(loss) attributable to: | | | | | | | | |
| Owners of the Company | (2,349) | (3,434) | 1,085 | (31.60) | (2,349) | (3,434) | 1,085 | (31.60) |
| Profit/(Loss) attributable to: | | | | | | | | |
| Owners of the Company | (2,349) | (3,434) | 1,085 | (31.60) | (2,349) | (3,434) | 1,085 | (31.60) |
| Non-controlling interest | - | - | - | - | - | - | - | - |
| Profit/(Loss) for the period | (2,349) | (3,434) | 1,085 | (31.60) | (2,349) | (3,434) | 1,085 | (31.60) |
| Total comprehensive profit/(loss) attributable to: | | | | | | | | |
| Owners of the Company | (2,349) | (3,434) | 1,085 | (31.60) | (2,349) | (3,434) | 1,085 | (31.60) |
| Non-controlling interest | - | - | - | - | - | - | - | - |
| Total comprehensive profit/(loss) for the period | (2,349) | (3,434) | 1,085 | (31.60) | (2,349) | (3,434) | 1,085 | (31.60) |
| Basic Profit/(Loss) per ordinary share (sen): | | | | | | | | |
| Profit/(Loss) from continuing operations | (3.20) | (4.68) | 1.48 | (31.60) | (3.20) | (4.68) | 1.48 | (31.60) |

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

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(Company No. 445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2020 - UNAUDITED**

| | Current Quarter 31.03.2020 | Immediate Preceding Quarter 31.12.2019 | Changes Amount | Changes (%) |
|---|----------------------------------|--|-------------------|----------------|
| Revenue | 15,207 | 11,913 | 3,294 | 27.65% |
| Operating (Loss) | (2,349) | (5,109) | 2,760 | -54.02% |
| (Loss) Before Interest and Tax | (2,350) | (5,110) | 2,760 | -54.01% |
| (Loss) Before Tax | (2,349) | (5,109) | 2,760 | -54.02% |
| (Loss) After Tax | (2,349) | (4,779) | 2,430 | -50.85% |
| (Loss) Attributable to Ordinary Equity Holders of the Parent | (3.20) | (6.52) | 3 | -50.92% |

CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020 - UNAUDITED**

| | As at 31.03.2020 (Unaudited) RM'000 | As at 31.12.2019 (Audited) RM'000 |
|--|--|--|
| ASSETS | | |
| Property, plant and equipment | 22,370 | 22,213 |
| Land use right | - | - |
| Total non-current assets | <u>22,370</u> | <u>22,213</u> |
| Inventories | 21,419 | 29,245 |
| Trade receivables | 5,217 | 5,674 |
| Other receivables | 3,429 | 9,163 |
| Tax refundable | 561 | 445 |
| Cash and bank balances | 3,613 | 1,374 |
| | <u>34,239</u> | <u>45,901</u> |
| Total assets | <u>56,609</u> | <u>68,114</u> |
| Equity | | |
| Share capital | 92,374 | 92,374 |
| Treasury shares | (694) | (694) |
| Accumulated losses | (46,867) | (44,518) |
| Total equity | <u>44,813</u> | <u>47,162</u> |
| LIABILITIES | | |
| Borrowings - Long term | 1,710 | 1,583 |
| Deferred tax liabilities | 664 | 664 |
| Total non-current liabilities | <u>2,374</u> | <u>2,247</u> |
| Borrowings - Short term | 4,169 | 8,111 |
| Trade payables | 2,260 | 3,647 |
| Other payables | 2,993 | 6,947 |
| Tax payables | - | - |
| Total current liabilities | <u>9,422</u> | <u>18,705</u> |
| Total liabilities | <u>11,796</u> | <u>20,952</u> |
| Total equity and liabilities | <u>56,609</u> | <u>68,114</u> |
| Net assets per share attributable to owners of the Company (RM) | <u>0.61</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 THREE MONTHS ENDED 31 MARCH 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 3-month period | - | - | (2,349) | (2,349) |
| At 31 March 2020 | <u>92,374</u> | <u>(694)</u> | <u>(46,867)</u> | <u>44,813</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 THREE MONTHS ENDED 31 MARCH 2020 - UNAUDITED**

| | 3 months ended | |
|---|-------------------------------------|---------------------------------|
| | 31.03.2020 (Unaudited) RM'000 | 31.12.2019 Audited RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | (2,349) | (11,958) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 536 | 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 | (1) | (25) |
| Finance costs | 42 | 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>(1,772)</u> | <u>(7,930)</u> |
| Increase/(Decrease) in inventories | 7,826 | (2,683) |
| Decrease in receivables | 6,191 | 491 |
| Decrease in payables | <u>(5,341)</u> | <u>(1,231)</u> |
| Cash (used in) operations | 6,904 | (11,353) |
| Interest paid | (42) | (455) |
| Net tax paid | <u>(115)</u> | <u>517</u> |
| Net cash (used in) operating activities | <u>6,747</u> | <u>(11,291)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (693) | (1,124) |
| Proceeds from disposal of property, plant and equipment | - | 209 |
| Proceeds from disposal of assets held for sale | - | 12,000 |
| Interest received | 1 | 25 |
| Net cash generated from/(used in) investing activities | <u>(692)</u> | <u>11,110</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Bankers' acceptance drawn down | 1,346 | 24,435 |
| Short Term Loan | (39) | (157) |
| Repayment of term loan | (44) | (157) |
| Repayment of bankers' acceptance | <u>(5,343)</u> | <u>(25,151)</u> |
| Net cash (used in)/ generated from financing activities | <u>(4,080)</u> | <u>(1,030)</u> |
| Net (decrease) in cash and cash equivalents | 1,975 | (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>3,060</u></u> | <u><u>1,085</u></u> |

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDED 31 MARCH 2020 - UNAUDITED**

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

| | As at 31.12.2019 (Unaudited) RM'000 | As at 31.12.2018 (Audited) RM'000 |
|--------------------------|--|--|
| Cash in hand and at bank | 3,613 | 1,374 |
| Bank overdraft | (553) | (289) |
| Cash and bank balances | <u>3,060</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.

CYMAO HOLDINGS BERHAD

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 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 31 March 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 THREE MONTHS ENDED 31 MARCH 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

The auditors' report on the financial statements of the Group for the year ended 31 December 2019 was not qualified.

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 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") as part of its Group re-structuring plan to optimize the Group's performance.
- (ii) Cost-rationalization activities.
- (iii) Boost revenue of the Group through improvised marketing efforts.

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
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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 THREE MONTHS ENDED 31 MARCH 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 31 March 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

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

16 Trade Receivables

The trade receivable turnover is 51 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 THREE MONTHS ENDED 31 MARCH 2020 - UNAUDITED

17 Performance Review

Turnover

The quarter registered a turnover of RM15,207 million an increase in turnover of RM4,822 million as compared to preceding year corresponding period of RM10,385 million last year. The increase in turnover is mainly due to higher export sales and local domestic demand but with a drop in pricing. The average sales volume of 2,459 m3 per month this quarter is 98.78% more than 1,237 m3 average sale volume for 2019 same quarter. Production volume for plywood and veneer decreased by 2,511 m3 from 5,414m3 to 2,904 m3, a decrease of 46.38% for this quarter as compared to the preceding year corresponding quarter.

Profit/(Loss) before Tax

The Group registered a loss of RM2.349 million as compared to a loss before tax of RM3,434 million in the preceding year corresponding quarter. The loss is mainly due to less demand on international export market and local domestic demand and drop in pricing.

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

| | 31.03.2020 | 31.03.2019 |
|---------------------|----------------|----------------|
| | RM'000 | RM'000 |
| Sandakan | (1,915) | (1,237) |
| Poly-Ply Klang | 180 | (566) |
| Cymao Klang | (545) | (1,588) |
| Other Companies | (69) | (43) |
| Group profit/(loss) | <u>(2,349)</u> | <u>(3,434)</u> |

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

Comparison with immediate preceding quarter's result:

Despite an increase in revenue of RM3,294 million as compared to the immediate preceding quarter, the sales for both quarter were very low due to less export and local sales and lower prices. The loss for the quarter is mainly due to lower selling prices while the production cost has not reduced correspondingly.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2020 - UNAUDITED****17 Performance Review****Comparison with immediate preceding quarter's result:**

The changes in sales volumes can be analyzed as follows:

| | 31.03.2020 | 31.12.2019 | Net change |
|---------------------------------|--------------|--------------|--------------|
| Sandakan mills : Export (m3) | 5,024 | 3,218 | 1,806 |
| : Local (m3) | 688 | 450 | 238 |
| | <u>5,712</u> | <u>3,668</u> | <u>2,044</u> |
| Poly-Ply at Klang : Export (m3) | 397 | 176 | 221 |
| : Local (m3) | - | 4 | (4) |
| | <u>397</u> | <u>180</u> | <u>217</u> |
| Cymao at Klang : Export (m3) | - | - | - |
| : Local (m3) | 1,268 | 1,182 | 86 |
| | <u>1,268</u> | <u>1,182</u> | <u>86</u> |

Sandakan recorded an increase of 2,044 m3 sales and Polyply Klang recorded an increase of 217 m3 sales for this quarter as compared to the immediate preceding quarter. Even the sales have improved in Sandakan, it also incurred a loss as it made a gross loss before other expenses. Cymao Klang recorded an increase in sale of 86 m3, it registered a loss as it incurred gross loss also. Polyply made a profit as its gross margin improved in the quarter.

Group's Prospect:

The logs supply has dropped in this quarter in Sandakan and both the export and local prices have decreased thus resulting in Sandakan making a loss even with improved quality and recovery. The international export market has showed signs of weakness with the reduced pricing. Local market sale is still slow in the quarter with price reducing. The Group is focusing more on export sales to capture the better margin.

Klang operation has improved 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. Couple reduced demand with the reduced pricing, the operation is going to be very challenging. 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 adverse effect of Covid-19 pandemic will be felt going forward. As during the Movement Control Order, the mill has to shutdown. Fortunately, the sales orders are still intact for the group to fulfil once MCO is lifted.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
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The total banking facilities of the Group 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 1st quarter ended 2020 | | | | | | |
|------------------------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|
| | Long Term | | Short Term | | Total Borrowings | |
| | Foreign denomination ^ | RM denomination | Foreign denomination ^ | RM denomination | Foreign denomination ^ | RM denomination |
| Secured | | | | | | |
| Banker Acceptance | - | - | - | 3,498 | - | 3,498 |
| Term Loan | - | 1,710 | - | - | - | 1,710 |
| Hire Purchase | - | - | - | 118 | - | 118 |
| Bank Overdraft | - | - | - | 553 | - | 553 |
| Unsecured | | | | | | |
| Banker Acceptance | - | - | - | - | - | - |
| Term Loan | - | - | - | - | - | - |
| Bank Overdraft | - | - | - | - | - | - |
| As at 1st quarter ended 2019 | | | | | | |
| | Long Term | | Short Term | | Total Borrowings | |
| | Foreign denomination ^ | RM denomination | Foreign denomination ^ | RM denomination | Foreign denomination ^ | RM denomination |
| Secured | | | | | | |
| Banker Acceptance | - | - | - | 7,058 | - | 7,058 |
| Term Loan | - | 1,598 | - | - | - | 1,598 |
| Hire Purchase | - | - | - | 370 | - | 370 |
| Bank Overdraft | - | - | - | 1,200 | - | 1,200 |
| 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
FOR THE THREE MONTHS ENDED 31 MARCH 2020 - UNAUDITED****19 Impairment**

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 RM22,370 million as at 31 March 2020. Therefore, there is no impairment provision required for this quarter.

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 rights 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.

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 31 March 2020.

22 Additional disclosure - Profit/(Loss) before tax

| | Current quarter | | Cumulative quarter | |
|--|------------------------|--------------------|---------------------------|--------------------|
| | 3 months ended | | 3 months ended | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | 31.03.2020 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Profit/(Loss) before tax is arrived at after | | | | |
| Amortisation and depreciation | 536 | 773 | 536 | 773 |
| Gain on disposal of plant and equipment | - | - | - | - |
| Interest expense | 42 | 95 | 42 | 95 |
| Interest income | <u>1</u> | <u>6</u> | <u>1</u> | <u>6</u> |

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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2020 - UNAUDITED**

23 Income Tax expense

| | Current quarter 3 months ended 31.12.2019 (Unaudited) RM' 000 | Year To-date 3 months ended 31.12.2019 (Unaudited) RM' 000 |
|------------------|--|---|
| Income tax: | | |
| Current Taxation | - | - |
| Deferred Tax | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |

24 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.

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.

CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 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 3 months ended | | Year-To-Date 3 months ended | |
|---|---|---|---|---|
| | (Unaudited) As at 31.03.2020 | (Unaudited) As at 31.03.2019 | (Unaudited) As at 31.03.2020 | (Unaudited) As at 31.03.2019 |
| Profit/(Loss) attributable to ordinary equity holders of the parent (RM' 000) | <u>(2,349)</u> | <u>(3,434)</u> | <u>(2,349)</u> | <u>(3,434)</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>(3.20)</u> | <u>(4.68)</u> | <u>(3.20)</u> | <u>(4.68)</u> |
| Diluted profit/(loss) per share (Sen) | <u>(3.20)</u> | <u>(4.68)</u> | <u>(3.20)</u> | <u>(4.68)</u> |