

CYMAO HOLDINGS BERHAD

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

INTERIM FINANCIAL STATEMENT

**FOR THE FIRST
QUARTER ENDED**

31ST MARCH 2015

CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2015 - UNAUDITED**

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	30,710	30,392	30,710	30,392
Cost of sales	(27,982)	(28,219)	(27,982)	(28,219)
Gross profit	2,728	2,173	2,728	2,173
Other income	255	306	255	306
'	(431)	(79)	(431)	(79)
Administrative expenses	(1,977)	(2,106)	(1,977)	(2,106)
Selling and marketing expenses	(1,194)	(1,115)	(1,194)	(1,115)
Interest income	2	20	2	20
Finance costs	(63)	(51)	(63)	(51)
Loss before tax	(680)	(852)	(680)	(852)
Income tax expenses	(78)	-	(78)	-
Loss net of tax	(758)	(852)	(758)	(852)
Other comprehensive loss, net of tax	-	-	-	-
Total comprehensive loss attributable to:				
Owners of the Company	(758)	(852)	(758)	(852)
Loss attributable to:				
Owners of the Company	(758)	(852)	(758)	(852)
Non-controlling interest	-	-	-	-
Loss for the period	(758)	(852)	(758)	(852)
Total comprehensive loss attributable to:				
Owners of the Company	(758)	(852)	(758)	(852)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	(758)	(852)	(758)	(852)
Basic loss per ordinary share (sen):				
Loss from continuing operations	(1.01)	(1.14)	(1.01)	(1.15)

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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(Incorporate in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 MARCH 2015 - UNAUDITED**

	As AT 31-03-2015 (Unaudited) RM'000	As AT 31-12-2014 (Audited) RM'000
ASSETS		
Property, plant and equipment	40,256	41,878
Land use right	958	962
Other receivables	1,645	1,645
Total non-current assets	42,859	44,485
Inventories	23,099	31,407
Trade receivables	12,296	13,380
Other receivables	7,563	5,566
Tax refundable	102	96
Fixed deposit with licensed bank	1,859	1,859
Cash and bank balances	7,583	2,808
Total current assets	52,502	55,116
Total assets	95,361	99,601
Equity		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(631)	(631)
Accumulated Losses	(12,874)	(12,116)
Total equity	78,869	79,627
LIABILITIES		
Borrowings - Long term	1,655	1,589
Deferred tax liability	1,783	1,783
Total non-current liabilities	3,438	3,372
Borrowings - Short term	4,151	7,387
Trade payables	3,404	4,518
Other payables	5,499	4,696
Tax payables	-	1
Total current liabilities	13,054	16,602
Total liabilities	16,492	19,974
Total equity and liabilities	95,361	99,601
Net assets per share attributable to owners of the Company (RM)	1.05	1.06

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2015 - UNAUDITED**

	<u>Attributable to Equity Holders if the Parent</u>				Total Equity RM'000
	<u>Share Capital RM'000</u>	<u>Non-Distributable Foreign Currency Share Premium RM'000</u>	<u>Treasury Shares RM'000</u>	<u>Distributable (Accumulated Losses)/ Retained Earnings RM'000</u>	
At 1 January 2014	75,000	17,374	(183)	3,528	95,719
Total comprehensive loss for the 3-month period	-	-	-	(852)	(852)
Purchase of treasury shares	-	-	(186)	-	(186)
At 31 March 2014	<u>75,000</u>	<u>17,374</u>	<u>(369)</u>	<u>2,676</u>	<u>94,681</u>
At 1 January 2015	75,000	17,374	(631)	(12,116)	79,627
Total comprehensive loss for the 3-month period	-	-	-	(758)	(758)
At 31 March 2015	<u>75,000</u>	<u>17,374</u>	<u>(631)</u>	<u>(12,874)</u>	<u>78,869</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 THREE MONTHS ENDED 31 MARCH 2015 - UNAUDITED**

	3 months ended	
	31-03-2015	31-03-2014
	(Unaudited)	(Unaudited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(680)	(852)
Adjustments for:		
Depreciation of property, plant and equipment	1,946	2,232
Amortisation of land use right	4	4
Net unrealised foreign exchange losses	-	(32)
Interest income	-	(20)
Finance costs	63	50
Operating profit before working capital changes	1,333	1,382
Decrease in inventories	8,308	6,059
Decrease in receivables	(913)	(349)
Decrease in payables	(311)	(338)
Net cash generated from operations	8,417	6,754
Interest paid	(63)	(50)
Net tax paid	(84)	(120)
Net cash generated from operating activities	8,270	6,584
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	-	(13)
Purchase of property, plant and equipment	(324)	(2,360)
Purchase of treasury shares	-	(186)
Proceeds from sales of plant and equipment	-	433
Interest received	-	20
Net cash used in investing activities	(324)	(2,106)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	3,911	2,050
Repayment of term loan	(24)	(23)
Repayment of bankers' acceptance	(6,790)	(3,721)
Net cash used in financing activities	(2,903)	(1,694)
Net increase in cash and cash equivalents	5,042	2,784
Cash and cash equivalents at beginning of financial period	1,992	4,856
Cash and cash equivalents at end of financial period	7,034	7,640

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDED 31 MARCH 2015 - UNAUDITED**

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

	As at 31-03-2015 (Unaudited) RM'000	As at 31-03-2014 (Unaudited) RM'000
Cash in hand and at bank	7,034	7,640
Fixed deposit with a licensed bank	1,859	1,820
Cash and bank balances	8,893	9,460
Less: Deposit with a licensed bank pledged for bank guarantees	(1,859)	(1,820)
	<u>7,034</u>	<u>7,640</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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015 - (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 31 March 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 16 and MFRS 6 138: 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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2015 - (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 18: 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 2018:

MFRS 9: Financial Instruments

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

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 FIRST QUARTER ENDED 31 MARCH 2015 - (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 March 2015.

14 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual 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 RM30 million, slight increase of RM0.318 million as compared to the preceding year corresponding quarter. The Group recorded a loss before tax of RM0.68 million for this quarter under review which is a decrease in loss by RM0.17 million from the preceding year corresponding quarter due to increase in sales volume by 12%.

17 Variation of Result Against Preceding Quarter

The loss before tax in this quarter under review is lower at RM0.68 million as compare to RM0.85 million in the corresponding quarter due to improve in productivity resulting higher margin.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 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 has signed a logs supply agreement with a timber concessionaire on the supply of logs to the Group at a fixed price for the next few years. The price of logs is more favourable as compared with sourcing externally.

Barring 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 - Loss before tax

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	(Unaudited) 30-03-2015 RM' 000	(Unaudited) 31-03-2014 RM' 000	(Unaudited) 31-03-2015 RM' 000	(Unaudited) 31-03-2014 RM' 000
Loss before tax is arrived at after charging/(crediting):				
Amortisation and depreciation	1,950	2,236	1,950	2,236
Interest expense	63	50	63	50
Interest income	-	(20)	-	(20)

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 31-03-2015		Year To-date 3 months ended 31-03-2015	
	(Unaudited) RM' 000	(Unaudited) RM' 000	(Unaudited) RM' 000	(Unaudited) RM' 000
Income tax:				
Current Taxation		78		78
Deferred Tax		-		-
		<u>78</u>		<u>78</u>

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

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2015 - (UNAUDITED)****22 Accumulated Losses**

	As at 31-03-2015 (Unaudited) RM' 000	As at 31-12-2014 (Audited) RM' 000
Total Accumulated Losses of the Group		
- Realised	(7,350)	(6,109)
- Unrealised	-	(484)
	<u>(7,350)</u>	<u>(6,593)</u>
Less : Consolidation adjustments	(5,524)	(5,523)
Total Group accumulated losses as per consolidated financial statements	<u><u>(12,874)</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)

	As at 31-03-2015 (Unaudited) RM' 000	As at 31-12-2014 (Audited) RM' 000
Short-term loan	4,151	7,387
Long-term loan	1,655	1,589
	<u><u>5,806</u></u>	<u><u>8,976</u></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.

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
 FOR THE FIRST QUARTER ENDED 31 MARCH 2015 - (UNAUDITED)**

27 Loss per share

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

	Current quarter		Year-To-Date	
	3 months ended		3 months ended	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	As at	As at	As at	As at
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Loss attributable to ordinary equity holders of the parent (RM' 000)	<u>(758)</u>	<u>(852)</u>	<u>(758)</u>	<u>(852)</u>
Weighted average number of shares in issue (' 000)	<u>75,000</u>	<u>74,328</u>	<u>75,000</u>	<u>74,328</u>
Basic loss per share (Sen)	<u>(1.01)</u>	<u>(1.15)</u>	<u>(1.01)</u>	<u>(1.15)</u>
Diluted loss per share (Sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>