

CYMAO HOLDINGS BERHAD

(Company No.: 445931 – U)
(Incorporated in Malaysia)

INTERIM

FINANCIAL STATEMENTS

**FOR THE Fourth
QUARTER ENDED**

31 DECEMBER 2012

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012 - UNAUDITED**

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Continuing Operations				
Revenue	28,805	35,513	120,335	118,304
Cost of sales	(30,781)	(38,334)	(120,949)	(112,296)
Gross (loss)/profit	(1,976)	(2,821)	(614)	6,008
Other income	-	384	1,770	1,204
Other operating expenses	(1,530)	(2,586)	(3,015)	(2,810)
Administrative expenses	(2,160)	(1,672)	(8,296)	(8,387)
Selling and marketing expenses	(1,418)	(1,695)	(5,851)	(6,421)
Interest income	32	-	57	51
Finance costs	(51)	(51)	(208)	(141)
Loss before tax	(7,103)	(8,441)	(16,157)	(10,496)
Income tax expense	720	(983)	(1,585)	(3,616)
Loss for the period	(6,383)	(9,424)	(17,742)	(14,112)
Other comprehensive loss, net of tax				
Currency translation differences arising from consolidation	(69)	73	(115)	111
Total comprehensive loss attributable to:				
Owners of the Company	(6,452)	(9,351)	(17,857)	(14,001)
Loss attributable to:				
Owners of the Company	(6,383)	(9,424)	(17,742)	(14,112)
Non-controlling interest	-	-	-	-
Loss for the period	(6,383)	(9,424)	(17,742)	(14,112)
Total comprehensive loss attributable to:				
Owners of the Company	(6,452)	(9,351)	(17,857)	(14,001)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	(6,452)	(9,351)	(17,857)	(14,001)
Basic earnings per ordinary share (sen):				
Loss from continuing operations	(8.51)	(12.57)	(23.67)	(18.82)

The above Condensed Consolidated Income Statements 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 31 DECEMBER 2012**

	As At 31/12/2012 RM'000	As At 31/12/2011 (restated) RM'000	As At 1/1/2011 (restated) RM'000
ASSETS			
Property, plant and equipment	59,601	71,906	73,912
Land use right	1,069	1,122	1,175
Timber concession right	-	-	2,715
Other receivables	584	52	7,204
Deferred tax assets	1,700	3,081	6,100
Total non-current assets	62,954	76,161	91,106
Inventories	33,510	38,633	37,974
Trade receivables	15,907	14,111	9,439
Other receivables	8,077	6,849	5,095
Tax refundable	7	581	746
Derivatives	-	-	11
Cash and bank balances	5,134	8,231	6,258
Total current assets	62,635	68,405	59,523
Total assets	125,589	144,566	150,629
Equity			
Share capital	75,000	75,000	75,000
Share premium	17,374	17,374	17,374
Treasury shares	(40)	(40)	(40)
Foreign currency translation reserve	(4)	111	-
Retained earnings	11,547	29,289	43,401
Total equity	103,877	121,734	135,735
LIABILITIES			
Borrowings - Long term	1,775	1,861	-
Deferred tax liability	1,731	1,618	1,656
Total non-current liabilities	3,506	3,479	1,656
Borrowings - Short term	4,993	2,166	-
Trade payables	5,651	4,910	3,984
Other payables	7,559	12,276	9,253
Tax payables	3	1	1
Total current liabilities	18,206	19,353	13,238
Total liabilities	21,712	22,832	14,894
Total equity and liabilities	125,589	144,566	150,629
Net assets per share attributable to owners of the Company (RM)	1.39	1.62	1.81

* Upon the adoption of the MFRS framework, the consolidated statement of financial position as at 31 December 2011 has been restated.

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

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2012**

	Attributable to Equity Holders of the Parent					Total Equity RM'000
	Non-Distributable			Distributable		
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	
At 1 January 2011 (restated)	75,000	17,374	-	(40)	43,401	135,735
Total comprehensive loss for the period	-	-	111	-	(14,112)	(14,001)
At 31 December 2011 (restated)	75,000	17,374	111	(40)	29,289	121,734
At 1 January 2012 (restated)	75,000	17,374	111	(40)	29,289	121,734
Total comprehensive loss for the period	-	-	(115)	-	(17,742)	(17,857)
At 31 December 2012	75,000	17,374	(4)	(40)	11,547	103,877

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

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2012 – UNAUDITED**

	Twelve months ended	
	31/12/2012	31/12/2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(16,157)	(10,496)
Adjustments for:		
Depreciation of property, plant and equipment	13,201	12,827
Depletion of forest crop	-	2,715
Loss on disposal of property, plant and equipment	657	2,325
Amortisation of land use right	16	53
Net unrealised foreign exchange losses	32	46
Bad debts written off	1	9
Interest income	(135)	(51)
Finance costs	208	140
Operating (loss)/profit before working capital changes	(2,177)	7,568
Decrease/(Increase) in inventories	6,352	(658)
Increase in receivables	(4,803)	(6,441)
(Decrease)/increase in payables	(4,532)	3,949
Cash (used in)/generated from operation	(5,160)	4,418
Interest paid	(208)	(140)
Net Tax paid	486	(470)
Net cash (used in)/generated from operating activities	(4,882)	3,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	(86)	9
Purchase of property, plant and equipment	(2,324)	(6,146)
Proceeds from sales of equipment	1,747	202
Interest received	135	51
Net cash used in investing activities	(528)	(5,884)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loan drawn down	-	2,000
Bankers' acceptance drawn down	14,553	7,735
Repayment of term loan	(84)	(57)
Repayment of bankers' acceptance	(11,768)	(5,800)
Net cash generated from financing activities	2,701	3,878
Net (decrease)/increase in cash and cash equivalents	(2,709)	1,802
Effect of exchange rate changes on cash and cash equivalents	(359)	30
Cash and cash equivalents at beginning of financial period	6,450	4,618
Cash and cash equivalents at end of financial period	3,382	6,450

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2012**

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

	As at 12/31/2012 RM'000	As at 12/31/2011 RM'000
Cash in hand and at bank	3,382	5,530
Bank overdraft	-	(149)
Deposit with a licensed bank	<u>1,752</u>	<u>2,700</u>
Cash and bank balances	5,134	8,081
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,752)</u>	<u>(1,631)</u>
	<u>3,382</u>	<u>6,450</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

1. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS)

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with *MFRS 134: Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. This Condensed Report also complies with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board (IASB). For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

This Condensed Report is the Group's first MFRS compliant Condensed Report and hence *MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards* (MFRS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2.1 below.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Business combination

MFRS1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combination under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at the date of transition to MFRS, the cumulative foreign currency translation differences of RM118,302 (RM118,302; 31 December 2011: RM118,302) were adjusted to retained earnings.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**
Reconciliation of equity as at 1 January 2011

RM'000	FRS as at 01.01.2011	Reclassification	MFRS as at 01.01.2011
Equity			
Foreign currency translation reserve	118	(118)	-
Retained earnings	43,283	118	43,401

Reconciliation of equity as at 31 December 2011

RM'000	FRS as at 31.12.2011	Reclassification	MFRS as at 31.12.2011
Equity			
Foreign currency translation reserve	229	(118)	111
Retained earnings	29,171	118	29,289

2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

3. Auditors' Report

The auditors' report of the Company's preceding annual financial statements was not qualified.

4. 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.

5. 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.

6. Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter's results.

7. Dividend Paid

There were no dividends paid by the Company during the current quarter.

8. Carrying Amount of Revalued Assets

There were no brought forward valuations of property, plant and equipment from the year ended 31 December 2011 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

9. Segmental Information

The Group's main business activities are manufacturing and sale of plywood products which are principally located in Malaysia and Taiwan Republic of China.

Performance is measured based on segment loss before tax as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

	Malaysia	Taiwan Republic of China	Others	Elimination on inter- segment transactions and balance	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment loss	(12,578)	(2,998)	-	(581)	(16,157)
Included in the measure of segment profit/(loss) are:					
Revenue from external customers	108,740	11,595	-	-	120,335
Inter-segment revenue	61,690	1,125	-	(62,815)	-
Depreciation/Amortisation	10,886	1,980	-	351	13,217
Segment assets	270,728	3,870	-	(149,008)	125,590
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments	2,726	414	-	(816)	2,324
Segment liabilities	70,858	6,529	-	(55,675)	21,712

10. Debt and Equity Securities

There were no issuances, cancellations, repurchases, 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. Capital Commitments

There were no capital commitments for the quarter ended 31 December 2012.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

13. Changes in Contingent Liabilities or Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2011 and up to the date of this report except as disclosed below:

	Group RM'000	Company RM'000
Corporate guarantee issued to a financial institution for credit facilities granted to a subsidiary company	-	10,000

14. Material Events Subsequent to the Balance Sheet Date

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

15. Performance Review

The Group recorded a revenue of RM29 million which is 19% lower than the corresponding quarter of the preceding year of RM35.5 million.

For the quarter under review, the group recorded a gross loss of RM1.9 million mainly due to the effect arose from the write down of its finished products to its net realizable value by RM1.4 million and loss of RM0.40 million arising from clearance of old stock below its cost by Hanswoold Corporation, a subsidiary incorporated in Taiwan Republic of China.

The group suffered a loss before tax of RM7.1 million compared with RM8.4 million for the corresponding quarter of the preceding year.

16. Variation of Results Against Preceding Quarter

The Group's current quarter registered a loss before taxation of RM7.1 million which is higher than the preceding quarter. This is mainly due to write down the inventories of finished products to Net Realisable Value by RM1.4 million. In addition, the fluctuating and downward trending of the USD vis-à-vis the Malaysian Ringgit coupled with the high operation cost incurred have further dampened the current quarter results.

17. 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. Barring any unforeseen circumstances, the Board remain confident in the long term prospects of the timber industry and feasibility of the Group's business.

18. Profit Forecast/Profit Guarantee

The disclosure requirements for the variance of actual and forecast profit and for the shortfall in profit guarantee are not applicable as the Group has not provided any profit forecast or profit guarantee for the year ending 31 December 2012.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**
19. Additional disclosure – Loss before tax

	3 months ended		12 months ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Loss/(profit) before tax is arrived at after charging/(crediting):				
Amortisation and depreciation	3,529	3,198	13,217	15,595
Bad debts written off	1	9	1	9
Interest expense	52	50	208	140
Interest income	(110)	-	(135)	(51)
Loss on disposal of plant and equipment	623	2,325	657	2,325
Net unrealized foreign exchange loss	32	46	32	46

There were no impairment loss on receivables, provision for and write off of inventories, 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.

20. Tax Expense

	Current Year	Current Year
	Quarter ended	To-date
	31/12/2012	31/12/2012
	RM'000	RM'000
Income tax:		
Current Taxation	72	90
Deferred tax	(792)	1,495
	<u>(720)</u>	<u>1,585</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 FOURTH QUARTER ENDED 31 DECEMBER 2012****21. Retained Earnings**

	As at 31/12/2012	As at 31/12/2011 (restated)
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	39,532	51,715
- Unrealised	(1,574)	(1,603)
	<u>37,958</u>	<u>50,112</u>
Less: Consolidation adjustments	<u>(26,411)</u>	<u>(20,823)</u>
Total Group retained earnings as per consolidated financial statements	<u>11,547</u>	<u>29,289</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.

22. 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.

23. Borrowings (Secured)

	As at 31/12/2012	As at 31/12/2011
	RM'000	RM'000
Short-term	4,993	2,166
Long-term	1,775	1,861
	<u>6,768</u>	<u>4,027</u>

24. Changes in Material Litigation

As at the date of this report, the Group has not engaged in any material litigation.

25. 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 FOURTH QUARTER ENDED 31 DECEMBER 2012****26. Earnings Per Share**

Basic earnings per share is calculated by dividing profit 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.

	3 months ended		Year-To-Date	
	31/12/2012	31/12/2011	Ended 31/12/2012	31/12/2011
Basic earnings per share				
Loss attributable to ordinary equity holders of the parent (RM'000)	(6,383)	(9,424)	(17,742)	(14,112)
Weighted average number of shares in issue ('000)	74,964	74,964	74,964	74,964
Basic earnings per share (Sen)	(8.51)	(12.57)	(23.67)	(18.83)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A