

CYMAO HOLDINGS BERHAD

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

INTERIM

FINANCIAL STATEMENTS

**FOR THE FIRST
QUARTER ENDED**

31 MARCH 2013

CYMAO HOLDINGS BERHAD

(Company No.:445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2013 - UNAUDITED**

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Continuing Operations				
Revenue	26,044	33,434	26,044	33,434
Cost of sales	(25,056)	(31,048)	(25,056)	(31,048)
Gross profit	988	2,386	988	2,386
Other income	497	436	497	436
Other operating expenses	(204)	(162)	(204)	(162)
Administrative expenses	(1,141)	(2,457)	(1,141)	(2,457)
Selling and marketing expenses	(2,095)	(1,336)	(2,095)	(1,336)
Interest income	12	1	12	1
Finance costs	(89)	(123)	(89)	(123)
Loss before tax	(2,032)	(1,255)	(2,032)	(1,255)
Income tax expense	(213)	(762)	(213)	(762)
Loss for the period	(2,245)	(2,017)	(2,245)	(2,017)
Other comprehensive loss, net of tax				
Currency translation differences arising from consolidation	74	(34)	74	(34)
Total comprehensive loss attributable to:				
Owners of the Company	(2,171)	(2,051)	(2,171)	(2,051)
Loss attributable to:				
Owners of the Company	(2,245)	(2,017)	(2,245)	(2,017)
Non-controlling interest	-	-	-	-
Loss for the period	(2,245)	(2,017)	(2,245)	(2,017)
Total comprehensive loss attributable to:				
Owners of the Company	(2,171)	(2,051)	(2,171)	(2,051)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	(2,171)	(2,051)	(2,171)	(2,051)
Basic earnings per ordinary share (sen):				
Loss from continuing operations	(2.99)	(2.69)	(2.99)	(2.69)

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 MARCH 2013 - UNAUDITED**

	As At 31/3/2013 RM'000	As At 31/12/2012 (restated) RM'000	As At 1/1/2012 (restated) RM'000
ASSETS			
Property, plant and equipment	55,904	57,995	71,906
Land use right	327	1,069	1,122
Other receivables	584	509	52
Deferred tax assets	1,488	1,700	3,081
Total non-current assets	58,303	61,273	76,161
Inventories	34,613	33,511	38,633
Trade receivables	14,094	15,907	14,111
Other receivables	11,262	8,172	6,849
Tax refundable	1	7	581
Cash and bank balances	4,924	5,150	8,231
Total current assets	64,894	62,747	68,405
Total assets	123,197	124,020	144,566
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	84	10	111
Retained earnings	7,720	9,965	29,289
Total equity	100,138	102,309	121,734
LIABILITIES			
Borrowings - Long term	1,685	1,774	1,861
Deferred tax liability	1,688	1,731	1,618
Total non-current liabilities	3,373	3,505	3,479
Borrowings - Short term	5,998	4,994	2,166
Trade payables	5,687	5,651	4,910
Other payables	7,854	7,558	12,276
Tax payables	147	3	1
Total current liabilities	19,686	18,206	19,353
Total liabilities	23,059	21,711	22,832
Total equity and liabilities	123,197	124,020	144,566
Net assets per share attributable to owners of the Company (RM)	1.34	1.36	1.62

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 2012 and the accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2013**

	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 2012 (restated)	75,000	17,374	111	(40)	29,289	121,734
Total comprehensive income for the year	-	-	(34)	-	(2,017)	(2,051)
At 31 March 2012 (restated)	75,000	17,374	77	(40)	27,272	119,683
At 1 January 2013	75,000	17,374	10	(40)	9,965	102,309
Total comprehensive income for the year	-	-	74	-	(2,245)	(2,171)
At 31 March 2013	75,000	17,374	84	(40)	7,720	100,138

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 2012 and 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 THREE MONTHS ENDED 31 MARCH 2013 – UNAUDITED**

	Three months ended	
	3/31/2013	31/3/2012
	RM'000	RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,032)	(1,255)
Adjustments for:		
Depreciation of property, plant and equipment	2,637	3,960
Loss on disposal of plant and equipment	38	-
Profit on disposal of plant and equipment	(47)	-
Interest income	(12)	(1)
Interest expenses	89	123
Operating profit before working capital changes	673	2,827
Increase in inventories	(1,103)	(117)
Increase in receivables	(1,588)	(32)
Increase/(Decrease) in payables	570	(4,396)
Cash used in operation	(1,448)	(1,718)
Interest paid	(89)	(123)
Net tax refunded	106	-
Net cash used in operating activities	(1,431)	(1,841)
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	(185)	129
Purchase of property, plant and equipment	(915)	(530)
Proceeds from sales of plant and equipment	1,119	-
Interest received	12	1
Net cash generated from/(used in) investing activities	31	(400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	6,221	1,645
Repayment of term loan	(22)	(21)
Repayment of bankers' acceptance	(5,095)	(1,935)
Net cash generated from/(used in) financing activities	1,104	(311)
Net decrease in cash and cash equivalents	(296)	(2,552)
Effects of exchange rate changes	74	(34)
Cash and cash equivalents at beginning of financial period	3,382	6,204
Cash and cash equivalents at end of financial period	3,160	3,618

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2013**

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

	As at 3/31/2013 RM'000	As at 31/3/2012 RM'000
Cash on hand and at bank	3,422	3,617
Bank overdraft	(262)	-
Deposit with a licensed bank	<u>1,764</u>	<u>1,700</u>
Cash and bank balances	4,924	5,317
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,764)</u>	<u>(1,699)</u>
	<u>3,160</u>	<u>3,618</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 2012 and the accompanying explanatory notes attached to these interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

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

This condensed consolidated interim financial statements (Condensed Report), other than for financial instruments and retirement benefit obligations, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to Malaysian Financial Reporting Standards (MFRS) 139 *Financial Instruments: Recognition and Measurement*, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 Employee Benefits.

This condensed report also has been prepared in accordance with the requirements of *MFRS 134: Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012. The explanatory notes attached to the condensed report 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 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Adoption of Standards, Amendments and Issues Committee (IC) Interpretations and changes in accounting policies

Adoption of Standards, Amendments and IC Interpretations

The Group adopted the following Standards, Amendments and IC Interpretations:-

MFRS 3	Business Combinations
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 (revised)
MFRS 127	Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income

Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group, except for the amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net losses or gains on AFS financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).

The adoption of this amendment affects presentation only and has no financial impact on the Group's financial statements.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Standards issued but not yet effective

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

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 2012 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 FIRST QUARTER ENDED 31 MARCH 2013****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 profit 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.

	Malaysia RM'000	Taiwan Republic of China RM'000	Others RM'000	Elimination on inter- segment transactions and balance RM'000	Consolidated RM'000
Segment loss	2,190	(316)	-	(3,906)	(2,032)
Included in the measure of segment profit/(loss) are:					
Revenue from external customers	25,518	526	-	-	26,044
Inter-segment revenue	12,581	-	-	(12,581)	-
Depreciation/Amortisation	2,550	-	-	88	2,638
Segment assets	249,865	701	-	(127,369)	123,197
Included in the measure of segment assets are:					
Additions to non-current assets other than financial instruments	915	-	-	-	915
Segment liabilities	57,599	4,782	-	(39,322)	23,059

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.

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EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

12. Capital Commitments

There were no capital commitments for the quarter ended 31 March 2013.

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 2012 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

Sales revenue for the quarter total RM26 million which is 22% lower than the corresponding quarter of the preceding year. Total sales volume is 15,592m³ or 18% lower than the previous year corresponding quarter. Plywood prices also declined by an average of 5% resulted in 3.35% decrease in the gross profit margin. The Group recorded a loss before taxation of RM2 million compared with RM1.26 million in 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 RM2 million which is less than the preceding quarter due to the high operation cost incurred in the preceding quarter.

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. Baring any unforeseen circumstances, the Board remains 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 2013.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**
19. Additional disclosure – Loss before tax

	3 months ended		3 months ended	
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging/(crediting):				
Amortisation and depreciation	2,637	3,960	2,637	3,960
Interest expense	89	124	89	124
Interest income	(12)	(1)	(12)	(1)
Profit on disposal of plant and equipment	(9)	-	(9)	-

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
	31/3/2013	31/3/2013
	RM'000	RM'000
Income tax:		
Current Taxation	1	1
Deferred tax	212	212
	<u>213</u>	<u>213</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 2013****21. Retained Earnings**

	As at 31/03/2013	As at 31/12/2012 (restated)
	RM'000	RM'000
Total retained earning of the Company and its subsidiaries		
- Realised	30,264	39,532
- Unrealised	(1,405)	(1,574)
	<u>28,859</u>	<u>37,958</u>
Less: Consolidation adjustments	(21,139)	(26,411)
	<u>7,720</u>	<u>11,547</u>
Total Group retained earnings as per consolidated financial statements	<u>7,720</u>	<u>11,547</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 31/03/2013	As at 31/12/2012
	RM'000	RM'000
Short-term	5,998	4,994
Long-term	1,685	1,774
	<u>7,683</u>	<u>6,768</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 FIRST QUARTER ENDED 31 MARCH 2013****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	
	31/03/2013	31/03/2012	Ended 31/03/2013	31/03/2012
Basic earnings per share				
Loss attributable to ordinary equity holders of the parent (RM'000)	(2,032)	(2,017)	(2,032)	(2,017)
Weighted average number of shares in issue ('000)	74,964	74,964	74,964	74,964
Basic earnings per share (Sen)	(2.71)	(2.69)	(2.71)	(2.69)
Diluted earnings per share (Sen)	N/A	N/A	N/A	N/A