

CYMAO HOLDINGS BERHAD

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

INTERIM FINANCIAL STATEMENTS

**FOR THE SECOND
QUARTER ENDED**

30TH JUNE 2013

CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2013 - UNAUDITED**

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	43,722	27,164	69,766	60,598
Cost of sales	(42,439)	(27,319)	(67,495)	(58,367)
Gross profit/(loss)	1,283	(155)	2,271	2,231
Other income	582	980	1,079	1,416
Other operating expenses	(362)	(711)	(566)	(873)
Administrative expenses	(1,987)	(1,850)	(4,082)	(4,306)
Selling and marketing expenses	(1,639)	(1,154)	(2,780)	(2,490)
Interest income	5	1	17	2
Finance costs	(86)	(13)	(175)	(137)
Loss before tax	(2,204)	(2,902)	(4,236)	(4,157)
Income tax expenses	(213)	(781)	(426)	(1,543)
Loss for the period	(2,417)	(3,683)	(4,662)	(5,700)
Other comprehensive loss, net of tax				
Currency translation differences arising from consolidation	151	(142)	225	(176)
Total comprehensive loss attributable to:				
Owners if the Company	(2,266)	(3,825)	(4,437)	(5,876)
Loss attributable to:				
Owners of the Company	(2,417)	(3,683)	(4,662)	(5,700)
Non-controlling interest	-	-	-	-
Loss for the period	(2,417)	(3,683)	(4,662)	(5,700)
Total comprehensive loss attributable to:				
Owners of the Company	(2,266)	(3,825)	(4,437)	(5,876)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	(2,266)	(3,825)	(4,437)	(5,876)
Basic earnings per ordinary share (sen):				
Loss from continuing operations	(3.22)	(4.91)	(6.22)	(7.60)

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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2013**

	As AT 30/6/2013	As AT 31/12/2012
	RM'000	RM'000
ASSETS		
Property, plant and equipment	54,637	57,995
Land use right	197	1,069
Other receivables	584	509
Deferred tax assets	1,275	1,700
Total non-current assets	56,693	61,273
Inventories	33,224	33,511
Trade receivables	14,612	15,907
Other receivables	10,275	8,172
Tax refundable	17	7
Cash and bank balances	6,223	5,150
Total current assets	64,351	62,747
Total assets	121,044	124,020
Equity		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(40)	(40)
Foreign currency translation reserve	235	10
Retained earnings	5,303	9,965
Total equity	97,872	102,309
LIABILITIES		
Borrowings - Long term	1,685	1,774
Deferred tax liability	1,688	1,731
Total non-current liabilities	3,373	3,505
Borrowings - Short term	7,012	4,994
Trade payables	6,026	5,651
Other payables	6,760	7,558
Tax payables	1	3
Total current liabilities	19,799	18,206
Total liabilities	23,172	21,711
Total equity and liabilities	121,044	124,020
Net assets per share attributable to owners of the Company (RM)	1.30	1.36

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 EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	Attributable to Equity Holders if the Parent					
	Non-Distributable			Distributable		
	Foreign Currency					
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2012	75,000	17,374	111	(40)	29,289	121,734
Total comprehensive loss for the year	-	-	(176)	-	(5,700)	(5,876)
At 30 June 2012	<u>75,000</u>	<u>17,374</u>	<u>(65)</u>	<u>(40)</u>	<u>23,589</u>	<u>115,858</u>
At 1 January 2013	75,000	17,374	10	(40)	9,965	102,309
Total comprehensive loss for the year	-	-	225	-	(4,662)	(4,437)
At 30 June 2013	<u>75,000</u>	<u>17,374</u>	<u>235</u>	<u>(40)</u>	<u>5,303</u>	<u>97,872</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 2012 and accompanying explanatory notes attached to these interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2013 - UNAUDITED**

	Six months ended	
	30/6/2013 RM'000	30/6/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,236)	(4,157)
Adjustments for:		
Depreciation of property, plant and equipment	4,704	6,873
Loss on disposal of plant and equipment	38	-
Gain on disposal of plant and equipment	(47)	-
Equipment written off	-	405
Interest income	(16)	(2)
Finance costs	175	137
Operating profit before working capital changes	618	3,256
Decrease/(increase) in inventories	287	(5,119)
Increase in receivables	(883)	(739)
Decrease in payables	(423)	(1,113)
Cash used in operation	(401)	(3,715)
Interest paid	(175)	(137)
Net tax (paid)/refunded	(55)	68
Net cash used in operating activities	(631)	(3,784)
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	-	178
Purchase of property, plant and equipment	(1,584)	(783)
Proceeds from sales of plant and equipment	1,119	-
Interest received	17	2
Net cash used in investing activities	(448)	(603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	12,630	4,650
Repayment of term loan	(44)	(42)
Repayment of bankers' acceptance	(10,773)	(2,614)
Net cash generated from financing activities	1,813	1,994
Net increase/(decrease) in cash and cash equivalents	734	(2,393)
Effects of exchange rate changes	225	(176)
Cash and cash equivalents at beginning of financial period	3,189	6,204
Cash and cash equivalents at end of financial period	4,148	3,635

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2013 - UNAUDITED**

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

	As at 30/6/2013 RM'000	As at 30/6/2012 RM'000
Cash in hand and at bank	4,454	3,635
Bank overdraft	(306)	-
Deposit with a licensed bank	<u>1,769</u>	<u>1,701</u>
Cash and bank balances	5,917	5,336
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,769)</u>	<u>(1,701)</u>
	<u><u>4,148</u></u>	<u><u>3,635</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 2012 and accompanying explanatory notes attached to these interim financial statements.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SECOUND QUARTER ENDED 30 JUNE 2013**

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

These condensed consolidated interim financial statements (Condensed Report), other than for financial instruments and retirement benefit obligations, have been prepared under the historical cost convention.

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. These condensed consolidated financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

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

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

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)
Amendment to MFRS 1	First-time Adoption to Malaysian Financial Reporting Standards
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangements : Transition Guidance
Amendments to MFRS 12	Disclosure of Interest 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

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SEOND QUARTER ENDED 30 JUNE 2013**

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 in defined benefit plans).

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

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 Divident 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 SECOND QUARTER ENDED 30 JUNE 2013****9 Debt and Equity Securities**

For the period ended 30 June 2013, 1,000 ordinary shares of RM1 each were repurchase in the open market value at an arrange price of RM0.33 per share. The total consideration paid for the repurchase including transaction cost amounted to RM0.37 were financed by internally generated fund. The share repurchase are retained as treasury share of the company.

Save as disclosed above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the reporting quarter.

11 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/(loss) before tax as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entitles that operate within this industry.

	Malaysia RM'000	Taiwan Republic of China RM'000	Elimination on Inter- segment transactions and balance RM'000	Consolidated RM'000
Segment loss	(3,899)	(337)	-	(4,236)
Included in the measure of segment loss are:				
Revenue from external customers	69,240	526	-	69,766
Depreciation/Amortisation	4,704	-	-	4,704
Segment assets	120,942	102	-	121,044
Segment liabilities	19,118	4,054	-	23,172

12 Capital Commitments

There were no capital commitments for the quarter ended 30 June 2013.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SEOND QUARTER ENDED 30 JUNE 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	<u>-</u>	<u>10,000</u>

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

Comparing to the corresponding quarter of the preceding year, the revenue for this quarter has been improved from 27.16 million to 43.72 million due to improvement in both productivity and sales of higher margin products that contributed to better performance despite of slight increase in log costs. The group managed to reduce loss before taxation from 2.90 million of the corresponding quarter of preceding year to 2.20 million for the current quarter.

16 Variation of Result Against Preceding Quarter

The Group's current quarter registered a loss before taxation of RM2.20 million, or an increase of 8.5% as compared to the preceding quarter loss of RM2.03 million due to increase in higher operation cost in the current 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. 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 external sourcing.

Barring 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.

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 SEOND QUARTER ENDED 30 JUNE 2013****19 Additional disclosure - Loss before tax**

	3 months ended		6 months ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM' 000	RM' 000	RM' 000	RM' 000
Loss before tax is arrived at after charging/(crediting):				
Amortisation and depreciation	2,067	2,913	4,704	6,873
Interest expense	86	13	175	137
Interest income	(4)	(1)	(16)	(2)
Gain on disposal of plant and equipment	-	-	(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	30/6/2013	To-date	30/6/2013
	RM' 000		RM' 000	
Income tax:				
Current Taxation	O/S	-	O/S	1
Deferred Tax		213		425
	O/S	213	O/S	426

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

21 Retained Earnings

	As at	As at
	30/06/2013	31/12/2012
	RM' 000	RM' 000
Total retained earnings of the Company and its subsidiaries		
- Realised	27,600	33,179
- Unrealised	(1,193)	(5,103)
	26,407	28,076
Less : Consolidation adjustments	(21,104)	(18,111)
Total Group retained earnings as per consolidated financial statements	5,303	9,965

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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE SEOND QUARTER ENDED 30 JUNE 2013**

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 30/06/2013 RM' 000	As at 31/12/2012 RM' 000
Bank overdraft	306	-
Short-term loan	6,706	4,994
Long-term loan	1,685	1,774
	<u>8,697</u>	<u>6,768</u>

All the borrowings are denominated in Ringgit Malaysia.

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 SEOND QUARTER ENDED 30 JUNE 2013****26 Loss Per Share**

Basic earnings 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.

	3 months ended		Year-To-Date Ended	
	As at	As at	As at	As at
	30/06/2013	31/06/2012	30/06/2013	31/06/2012
Basic loss per share				
Loss attributable to ordinary equity holders of the parent (RM' 000)	(2,417)	(3,683)	(4,662)	(5,700)
Weighted average number of shares in issue (' 000)	74,964	74,964	74,964	74,964
Basic loss per share (Sen)	(3.22)	(4.91)	(6.22)	(7.60)
Diluted loss per share (Sen)	N/A	N/A	N/A	N/A

27 COMPARATIVE FIGURES

Certain Comparative figures has been restated to conform with Current Quarter Presentation

	As Previously State		As restated	
	Current quarter		Current quarter	
	3 months ended		3 months ended	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012
Administrative expenses	(1,141)	(2,457)	(2,095)	(2,457)
Selling and marketing expenses	(2,095)	(1,336)	(1,141)	(1,336)