

CYMAO HOLDINGS BERHAD

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

INTERIM FINANCIAL STATEMENTS

**FOR THE THIRD
QUARTER ENDED**

30TH SEPTEMBER 2013

CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

(Incorporate in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013 - UNAUDITED**

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	39,886	30,932	109,652	91,530
Cost of sales	(39,266)	(31,801)	(106,761)	(90,168)
Gross profit/(loss)	620	(869)	2,891	1,362
Other income	942	354	2,021	1,770
Other operating expenses	(382)	(612)	(948)	(1,485)
Administrative expenses	(1,984)	(1,830)	(6,066)	(6,136)
Selling and marketing expenses	(1,100)	(1,943)	(3,880)	(4,433)
Interest income	5	23	22	25
Finance costs	(80)	(20)	(255)	(157)
Loss before tax	(1,979)	(4,897)	(6,215)	(9,054)
Income tax expenses	(212)	(762)	(638)	(2,305)
Loss for the period	(2,191)	(5,659)	(6,853)	(11,359)
Other comprehensive loss, net of tax				
Currency translation differences arising from consolidation	(426)	130	(201)	(46)
Total comprehensive loss attributable to:				
Owners of the Company	(2,617)	(5,529)	(7,054)	(11,405)
Loss attributable to:				
Owners of the Company	(2,191)	(5,659)	(6,853)	(11,359)
Non-controlling interest	-	-	-	-
Loss for the period	(2,191)	(5,659)	(6,853)	(11,359)
Total comprehensive loss attributable to:				
Owners of the Company	(2,617)	(5,529)	(7,054)	(11,405)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the period	(2,617)	(5,529)	(7,054)	(11,405)
Basic earnings per ordinary share (sen):				
Loss from continuing operations	(2.92)	(7.55)	(9.14)	(15.15)

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)

(Incorporate in Malaysia)

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

	As AT 30/9/2013	As AT 31/12/2012
	RM'000	RM'000
ASSETS		
Property, plant and equipment	52,644	57,995
Land use right	185	1,069
Other receivables	190	509
Deferred tax assets	1,063	1,700
Total non-current assets	54,082	61,273
Inventories	34,462	33,511
Trade receivables	12,824	15,907
Other receivables	9,991	8,172
Tax refundable	40	7
Fixed deposit with licensed bank	1,774	1,720
Cash and bank balances	4,358	3,430
Total current assets	63,449	62,747
Total assets	117,531	124,020
Equity		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(40)	(40)
Foreign currency translation reserve	(191)	10
Retained earnings	3,112	9,965
Total equity	95,255	102,309
LIABILITIES		
Borrowings - Long term	1,792	1,774
Deferred tax liability	1,688	1,731
Total non-current liabilities	3,480	3,505
Borrowings - Short term	5,735	4,994
Trade payables	4,624	5,651
Other payables	8,434	7,558
Tax payables	3	3
Total current liabilities	18,796	18,206
Total liabilities	22,276	21,711
Total equity and liabilities	117,531	124,020
Net assets per share attributable to owners of the Company (RM)	1.27	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 NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Attributable to Equity Holders if 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	75,000	17,374	111	(40)	29,289	121,734
Total comprehensive loss for the 9-month period	-	-	(46)	-	(11,359)	(11,405)
At 30 Sep 2012	<u>75,000</u>	<u>17,374</u>	<u>65</u>	<u>(40)</u>	<u>17,930</u>	<u>110,329</u>
At 1 January 2013	75,000	17,374	10	(40)	9,965	102,309
Total comprehensive loss for the 9-month period	-	-	(201)	-	(6,853)	(7,054)
At 30 Sep 2013	<u>75,000</u>	<u>17,374</u>	<u>(191)</u>	<u>(40)</u>	<u>3,112</u>	<u>95,255</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.

CYMAO HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 - UNAUDITED**

	Nine months ended	
	30/9/2013	30/9/2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,215)	(9,054)
Adjustments for:		
Depreciation of property, plant and equipment	7,413	9,688
(Gain)/loss on disposal of plant and equipment	(9)	34
Interest income	(21)	(25)
Finance costs	254	157
Operating profit before working capital changes	1,422	800
(Increase)/decrease in inventories	(951)	3,274
Decrease/(increase) in receivables	1,583	(3,308)
Decrease in payables	(151)	(6,035)
Cash generated/(used in) operation	1,903	(5,269)
Interest paid	(254)	(157)
Net tax (paid)/refunded	(77)	174
Net cash generated from/(used in) operating activities	1,572	(5,252)
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	(21)	159
Purchase of property, plant and equipment	(2,289)	(1,261)
Proceeds from sales of plant and equipment	1,119	1,393
Interest received	21	25
Net cash (used in)/ generated from investing activities	(1,170)	316
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	18,130	7,342
Repayment of term loan	(67)	(63)
Repayment of bankers' acceptance	(17,114)	(5,456)
Net cash generated from financing activities	949	1,823
Net increase/(decrease) in cash and cash equivalents	1,351	(3,113)
Effects of exchange rate changes	(201)	(45)
Cash and cash equivalents at beginning of financial period	3,208	6,204
Cash and cash equivalents at end of financial period	4,358	3,046

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 - UNAUDITED**

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

	As at 30/9/2013 RM'000	As at 30/9/2012 RM'000
Cash in hand and at bank	4,358	3,077
Bank overdraft	0	(31)
Deposit with a licensed bank	1,774	1,720
Cash and bank balances	<u>6,132</u>	<u>4,766</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,774)</u>	<u>(1,720)</u>
	<u><u>4,358</u></u>	<u><u>3,046</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 THIRD QUARTER ENDED 30 SEPTEMBER 2013

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, trading of decorative plywood, 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), 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.

3 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)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

3 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:-

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

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.

4 Auditors' Report

The auditors' report of the Company's preceding annual financial statements 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 were no changes in estimates that have a material effect in the current quarter's results.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****8 Dividend Paid**

There were no dividends paid by the Company 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 2012 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

10 Debt and Equity Securities

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

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

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)/profit 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)/profit	(6,365)	150	-	(6,215)
Included in the measure of segment loss are:				
Revenue from external customers	109,127	526	-	109,653
Depreciation/Amortisation	7,413	-	-	7,413
Segment assets	117,450	81	-	117,531
Segment liabilities	18,305	3,971	-	22,276

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

13 Capital Commitments

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

14 Changes in Contingent Liabilities or Contingent 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>

15 Material Events Subsequent to the Balance Sheet Date

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

16 Performance Review

Comparing with the corresponding quarter of the preceding year, the revenue for this quarter increased from RM30.93 million to RM39.89 million due to improvement in both productivity and sales of higher margin products that contributed to better performance despite of the slight increase in log costs. The group managed to reduce loss before taxation from RM4.89 million of the corresponding quarter of the preceding year to RM1.98 million for the current quarter.

17 Variation of Result Against Preceding Quarter

The Group managed to reduce loss from RM2.2 million of the preceding quarter to RM1.98 million of current quarter, or a reduction of 10% due to improvement in productivity resulting in higher margin despite slight increase in log price.

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 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

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 THIRD QUARTER ENDED 30 SEPTEMBER 2013****20 Additional disclosure - Loss before tax**

	3 months ended		9 months ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM' 000	RM' 000	RM' 000	RM' 000
Loss before tax is arrived at after charging/(crediting):				
Amortisation and depreciation	2,709	2,815	7,413	9,688
Interest expense	79	20	254	156
Interest income	(5)	(23)	(21)	(25)
Provision for written off of inventories	715	-	1,747	-
Foreign exchange loss	180	113	308	62
Loss/(gain) on disposal of plant and equipment	-	34	(9)	34

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.

21 Income Tax expense

	Current Year	Current Year
	Quarter ended	To-date
	30/9/2013	30/9/2013
	RM' 000	RM' 000
Income tax:		
Current Taxation	-	44
Deferred Tax	212	594
	<u>212</u>	<u>638</u>

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

22 Retained Earnings

	As at	As at
	30/09/2013	31/12/2012
	RM' 000	RM' 000
Total retained earnings of the Company and its subsidiaries		
- Realised	21,550	33,179
- Unrealised	(980)	(5,103)
	<u>20,570</u>	<u>28,076</u>
Less : Consolidation adjustments	(17,458)	(18,111)
Total Group retained earnings as per consolidated financial statements	<u>3,112</u>	<u>9,965</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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

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 30/09/2013 RM' 000	As at 31/12/2012 RM' 000
Short-term loan	5,735	4,994
Long-term loan	1,792	1,774
	<u>7,527</u>	<u>6,768</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.

27 Significant Events

For the period ended 30 September 2013, the group has written down certain inventories to net realisable value (NRV) by RM1.75 millions.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****28 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
	30/09/2013	31/09/2012	30/09/2013	31/09/2012
Basic loss per share				
Loss attributable to ordinary equity holders of the parent (RM' 000)	(2,191)	(5,659)	(6,853)	(11,359)
Weighted average number of shares in issue (' 000)	74,964	74,964	74,964	74,964
Basic loss per share (Sen)	(2.92)	(7.55)	(9.14)	(15.15)
Diluted loss per share (Sen)	N/A	N/A	N/A	N/A

29 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)