

# **CYMAO HOLDINGS BERHAD**

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

## **INTERIM FINANCIAL STATEMENT**

**FOR THE FOURTH  
QUARTER ENDED**

**31ST DECEMBER 2014**

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 - UNAUDITED**

|  | Current quarter |            | Cumulative quarter |            |
|--|-----------------|------------|--------------------|------------|
|  | 3 months ended  |            | 12 months ended    |            |
|  | 31/12/2014      | 31/12/2013 | 31/12/2014         | 31/12/2013 |
|  | RM'000          | RM'000     | RM'000             | RM'000     |
| <b>Continuing Operations</b>   |                 |            |                    |            |
| Revenue  | 28,549          | 33,891     | 115,364            | 115,266    |
| Cost of sales  | (29,152)        | (31,390)   | (111,837)          | (109,874)  |
| <b>Gross profit</b>  | (603)           | 2,501      | 3,527              | 5,392      |
| Other income   | 198             | 603        | 922                | 2,624      |
| Other operating expenses   | (3,498)         | 62         | (3,763)            | (886)      |
| Administrative expenses  | (2,703)         | (1,195)    | (8,794)            | (7,261)    |
| Selling and marketing expenses                                       | (973)           | (1,825)    | (3,956)            | (5,705)    |
| Interest income  | 33              | 34         | 65                 | 56         |
| Finance costs  | (89)            | (62)       | (252)              | (317)      |
| <b>Loss before tax</b>   | (7,635)         | 118        | (12,251)           | (6,097)    |
| Income tax expenses  | (1,746)         | 299        | (2,246)            | (339)      |
| <b>Loss for the period</b>   | (9,381)         | 417        | (14,497)           | (6,436)    |
| <b>Other comprehensive loss, net of tax</b>                          |                 |            |                    |            |
| <b>Items that may be reclassified subsequently to profit or loss</b> |                 |            |                    |            |
| Currency translation differences arising from consolidation          | -               | 191        | -                  | (10)       |
| <b>Total comprehensive loss attributable to:</b>                     |                 |            |                    |            |
| Owners of the Company  | (9,381)         | 608        | (14,497)           | (6,446)    |
| <b>Loss attributable to:</b>   |                 |            |                    |            |
| Owners of the Company  | (9,381)         | 417        | (14,497)           | (6,436)    |
| Non-controlling interest   | -               | -          | -                  | -          |
| <b>Loss for the period</b>   | (9,381)         | 417        | (14,497)           | (6,436)    |
| <b>Total comprehensive loss attributable to:</b>                     |                 |            |                    |            |
| Owners of the Company  | (9,381)         | 608        | (14,497)           | (6,446)    |
| Non-controlling interest   | -               | -          | -                  | -          |
| <b>Total comprehensive loss for the period</b>                       | (9,381)         | 608        | (14,497)           | (6,446)    |
| <b>Basic loss per ordinary share (sen):</b>                          |                 |            |                    |            |
| Loss from continuing operations                                      | (12.76)         | 0.56       | (19.66)            | (8.59)     |

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**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014 - UNAUDITED**

|  | As AT<br>31/12/2014 | As AT<br>31/12/2013<br>( Audited ) |
|--|---------------------|------------------------------------|
|  | RM'000              | RM'000                             |
| <b>ASSETS</b>  |                     |                                    |
| Property, plant and equipment  | 41,912              | 50,002                             |
| Land use right   | 999                 | 1,015                              |
| Other receivables  | 1,645               | 1,630                              |
| Deferred tax assets  | -                   | 1,700                              |
| <b>Total non-current assets</b>  | <u>44,556</u>       | <u>54,347</u>                      |
| Inventories  | 31,766              | 30,721                             |
| Trade receivables  | 13,422              | 10,686                             |
| Other receivables  | 6,530               | 8,079                              |
| Tax refundable   | 164                 | 50                                 |
| Fixed deposit with licensed bank   | 1,858               | 1,807                              |
| Cash and bank balances   | 2,223               | 5,169                              |
| <b>Total current assets</b>  | <u>55,963</u>       | <u>56,512</u>                      |
| <b>Total assets</b>  | <u>100,519</u>      | <u>110,859</u>                     |
| <b>Equity</b>  |                     |                                    |
| Share capital  | 75,000              | 75,000                             |
| Share premium  | 17,374              | 17,374                             |
| Treasury shares  | (631)               | (183)                              |
| (Accumulated Losses)/Retained earnings                                     | (10,969)            | 3,528                              |
| <b>Total equity</b>  | <u>80,774</u>       | <u>95,719</u>                      |
| <b>LIABILITIES</b>   |                     |                                    |
| Borrowings - Long term   | 1,679               | 1,681                              |
| Deferred tax liability   | 1,793               | 1,776                              |
| <b>Total non-current liabilities</b>                                       | <u>3,472</u>        | <u>3,457</u>                       |
| Borrowings - Short term  | 6,714               | 4,473                              |
| Trade payables   | 4,311               | 3,295                              |
| Other payables   | 4,899               | 3,838                              |
| Tax payables   | 349                 | 77                                 |
| <b>Total current liabilities</b>   | <u>16,273</u>       | <u>11,683</u>                      |
| <b>Total liabilities</b>   | <u>19,745</u>       | <u>15,140</u>                      |
| <b>Total equity and liabilities</b>  | <u>100,519</u>      | <u>110,859</u>                     |
| <b>Net assets per share attributable to owners<br/>of the Company (RM)</b> | <u>1.08</u>         | <u>1.28</u>                        |

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 2013 and the accompanying explanatory notes attached to these interim financial statements.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY  
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 - UNAUDITED**

|   | Attributable to Equity Holders if the Parent |                            |                                  |                              |  | Total<br>Equity<br>RM'000 |
|---|--|----------------------------|----------------------------------|------------------------------|--|---------------------------|
|   | Non-Distributable                            |                            |                                  | Distributable                |  |                           |
|   | Share<br>Capital<br>RM'000                   | Share<br>Premium<br>RM'000 | Foreign<br>Currency              | Treasury<br>Shares<br>RM'000 | (Accumulated<br>Losses)/<br>Retained<br>Earnings<br>RM'000 |                           |
|   |  |                            | Translation<br>Reserve<br>RM'000 |                              |  |                           |
| <b>At 1 January 2013</b>                            | 75,000                                       | 17,374                     | 10                               | (40)                         | 9,964  | 102,308                   |
| Total comprehensive loss for<br>the 12-month period | -  | -                          | (10)                             | (143)                        | (6,436)  | (6,589)                   |
| <b>At 31 December 2013</b>                          | <u>75,000</u>                                | <u>17,374</u>              | <u>-</u>                         | <u>(183)</u>                 | <u>3,528</u>   | <u>95,719</u>             |
| <b>At 1 January 2014</b>                            | 75,000                                       | 17,374                     | -                                | (183)                        | 3,528  | 95,719                    |
| Total comprehensive loss for<br>the 12-month period | -  | -                          | -                                | -                            | (14,497)   | (14,497)                  |
| Purchase of treasury shares                         | -  | -                          | -                                | (448)                        | -  | (448)                     |
| <b>At 31 December 2014</b>                          | <u>75,000</u>                                | <u>17,374</u>              | <u>-</u>                         | <u>(631)</u>                 | <u>(10,969)</u>  | <u>80,774</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 2013 and accompanying explanatory notes attached to these interim financial statements.

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 - UNAUDITED**

|  | 12 months ended |            |
|--|-----------------|------------|
|  | 31/12/2014      | 31/12/2013 |
|  | RM'000          | RM'000     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                 |            |
| Loss before taxation                                       | (12,251)        | (6,097)    |
| Adjustments for:   |                 |            |
| Depreciation of property, plant and equipment              | 9,108           | 9,794      |
| Amortisation of land use right                             | 16              | 53         |
| Net unrealised foreign exchange losses                     | (32)            | (30)       |
| Gain on disposal of plant and equipment                    | (65)            | (392)      |
| Gain on disposal of subsidiary company                     | (165)           | (699)      |
| Bad debts written off                                      | 3,743           | -          |
| Equipment written off                                      | 4               | -          |
| Interest income  | (65)            | (56)       |
| Finance costs  | 253             | 317        |
| Operating profit before working capital changes            | 546             | 2,890      |
| (Increase)/Decrease in inventories                         | (1,045)         | 2,789      |
| (Decrease)/ increase in receivables                        | (4,921)         | 4,210      |
| Increase/ (decrease) in payables                           | 2,081           | (6,076)    |
| Net cash (used in)/generated from operations               | (3,339)         | 3,813      |
| Interest paid  | (253)           | (317)      |
| Net tax paid   | (370)           | (263)      |
| Net cash (used in)/ generated from operating activities    | (3,962)         | 3,233      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |                 |            |
| Movement in fixed deposits under pledged                   | (50)            | (55)       |
| Purchase of property, plant and equipment                  | (4,294)         | (2,583)    |
| Purchase of treasury shares                                | (448)           | (143)      |
| Proceeds from sales of plant and equipment                 | 426             | 1,570      |
| Proceeds from disposal of investment in subsidiary company | 3,080           | -          |
| Capital return from investment in subsidiary company       | -               | 308        |
| Interest received  | 65              | 56         |
| Net cash used in investing activities                      | (1,221)         | (847)      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |                 |            |
| Bankers' acceptance drawn down                             | 16,552          | 16,798     |
| Repayment of term loan                                     | (91)            | (89)       |
| Repayment of bankers' acceptance                           | (14,142)        | (17,447)   |
| Net cash generated from/(used in) financing activities     | 2,319           | (738)      |

**CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 - UNAUDITED**

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

|  | <b>As at<br/>31/12/2014<br/>RM'000</b> | <b>As at<br/>31/12/2013<br/>RM'000</b> |
|--|--|--|
| Net (decrease)/increase in cash and cash equivalents           | (2,864)                                | 1,648                                  |
| Cash and cash equivalents at beginning of financial period     | <u>4,856</u>                           | <u>3,208</u>                           |
| Cash and cash equivalents at end of financial period           | <u><u>1,992</u></u>                    | <u><u>4,856</u></u>                    |
| <br>   |  |  |
| Cash in hand and at bank                                       | 1,992                                  | 4,856                                  |
| Fixed deposit with a licensed bank                             | <u>1,858</u>                           | <u>1,807</u>                           |
| Cash and bank balances   | 3,850                                  | 6,663                                  |
| Less: Deposit with a licensed bank pledged for bank guarantees | <u>(1,858)</u>                         | <u>(1,807)</u>                         |
|  | <u><u>1,992</u></u>                    | <u><u>4,856</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 2013 and accompanying explanatory notes attached to these interim financial statements.

## **CYMAO HOLDINGS BERHAD**

(Company No. 445931-U)

(Incorporate in Malaysia)

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 - (UNAUDITED)**

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#### **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), 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 2013. 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 2013.

#### **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 2013, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

Effective for the financial periods beginning on or after 1 January 2014:

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC interpretation 21: Levies

**CYMAO HOLDINGS BERHAD**

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(Incorporate in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 - (UNAUDITED)**

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**3 Significant Accounting Policies**

Effective for financial periods beginning on or after 1 July 2014:

Amendment to MFRS 119 : Defined Benefit Plans: Employee Contributions

Annual Improvements to IC Interpretations and MFRSs 2010 - 2012 Cycle

Annual Improvements to IC Interpretations and MFRSs 2011 - 2013 Cycle

Effective for financial periods beginning on or after 1 January 2015:

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'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.



**CYMAO HOLDINGS BERHAD**

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(Incorporate in Malaysia)

**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 - (UNAUDITED)**

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**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 2013 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 quarter ended 31 December 2014, 1,100,000 ordinary shares of RM1 each were repurchased in the open market valued at an average price of RM0.442 per share. The total consideration paid for the share buy-back including transaction cost amounted to RM0.445 per share which were financed by internally generated fund. The shares repurchased are retained as treasury shares of the company.

During the same period ended 31 December 2014, 80,000 ordinary shares of RM1 each were sold in the open market valued at an average price of RM0.483 per share. The consideration for sale of share less transaction cost incurred average RM0.478 per share.

**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 December 2014.

**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 2013 and up to the date of this report.

The contingent liabilities of the Group and of the Company are as follow:

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

**CYMAO HOLDINGS BERHAD**

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 - (UNAUDITED)**

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**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**

Sales revenue for the quarter total RM28 million which is 15.76% lower than the corresponding quarter of the preceding year. The Group recorded a loss before taxation of RM 7.6 million compared with a gain of RM0.12 million in the corresponding quarter of the preceding year. The loss was due to writing off bad debts RM3.7 million and the reduction of deferred tax assets of RM1.70 million.

**17 Variation of Result Against Preceding Quarter**

The Group's current quarter registered a loss before taxation of RM7.6 million which is higher than the preceding quarter due to bad debts written off and deferred tax assets.

**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**

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.

**CYMAO HOLDINGS BERHAD**

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 - (UNAUDITED)****20 Additional disclosure - Loss before tax**

|   | Current quarter |            | Cumulative quarter |            |
|---|-----------------|------------|--------------------|------------|
|   | 3 months ended  |            | 12 months ended    |            |
|   | 30/12/2014      | 31/12/2013 | 31/12/2014         | 31/12/2013 |
|   | RM' 000         | RM' 000    | RM' 000            | RM' 000    |
| Loss before tax is arrived at after charging/(crediting): |                 |            |                    |            |
| Amortisation and depreciation                             | 2,159           | 2,434      | 9,124              | 9,847      |
| Interest expense  | 90              | 62         | 253                | 317        |
| Interest income   | (33)            | (34)       | (65)               | (56)       |
| Gain on disposal of plant and equipment                   | -               | (383)      | (65)               | (392)      |

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 | Year To-date    |
|------------------|-----------------|-----------------|
|                  | 3 months ended  | 12 months ended |
|                  | 31/12/2014      | 31/12/2014      |
|                  | RM' 000         | RM' 000         |
| Income tax:      |                 |                 |
| Current Taxation | -               | -               |
| Deferred Tax     | 1,200           | 1,700           |
|                  | <u>1,200</u>    | <u>1,700</u>    |

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

**22 (Accumulated Losses)/Retained Earnings**

|   | As at           | As at         |
|---|-----------------|---------------|
|   | 31/12/2014      | 31/12/2013    |
|   | RM' 000         | RM' 000       |
| Total retained earnings of the Company and its subsidiaries                                 |                 |               |
| - Realised  | 6,507           | 24,063        |
| - Unrealised  | (1,448)         | (1,448)       |
|   | <u>5,059</u>    | <u>22,615</u> |
| Less : Consolidation adjustments  | (16,028)        | (19,045)      |
| Total Group (accumulated losses)/retained earnings as per consolidated financial statements | <u>(10,969)</u> | <u>3,570</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 FOURTH QUARTER ENDED 31 DECEMBER 2014 - (UNAUDITED)****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)**

|                 | <b>As at<br/>31/12/2014<br/>RM' 000</b> | <b>As at<br/>31/12/2013<br/>RM' 000</b> |
|-----------------|---|---|
| Short-term loan | 6,714                                   | 4,473                                   |
| Long-term loan  | 1,679                                   | 1,681                                   |
|                 | <u>8,393</u>                            | <u>6,154</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 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.

|   | <b>Current quarter<br/>3 months ended</b> |                             | <b>Year-To-Date<br/>12 months ended</b> |                             |
|---|---|-----------------------------|---|-----------------------------|
|   | <b>As at<br/>31/12/2014</b>               | <b>As at<br/>31/12/2013</b> | <b>As at<br/>31/12/2014</b>             | <b>As at<br/>31/12/2013</b> |
| Basic (loss)/earning per share<br>(Loss)/earning attributable to ordinary equity<br>holders of the parent (RM' 000) | <u>(9,381)</u>                            | <u>417</u>                  | <u>(14,497)</u>                         | <u>(6,436)</u>              |
| Weighted average number of shares in issue<br>issue (' 000)   | <u>73,535</u>                             | <u>74,964</u>               | <u>73,756</u>                           | <u>74,964</u>               |
| Basic (loss)/earning per share (Sen)  | <u>(12.76)</u>                            | <u>0.56</u>                 | <u>(19.66)</u>                          | <u>(8.59)</u>               |
| Diluted loss per share (Sen)  | <u>N/A</u>                                | <u>N/A</u>                  | <u>N/A</u>                              | <u>N/A</u>                  |