

CYMAO HOLDINGS BERHAD

(Company No. 445931 - U)

(Incorporated in Malaysia)

INTERIM

FINANCIAL STATEMENTS

**FOR THE THIRD
QUARTER ENDED**

30TH SEPTEMBER 2016

CYMAO HOLDINGS BERHAD

(Company No. 445931-U)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016 - UNAUDITED**

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				(Unaudited)
Revenue	26,058	32,538	86,080	96,673
Cost of sales	(26,029)	(28,983)	(82,205)	(88,348)
Gross profit	29	3,555	3,875	8,325
Other income	846	568	1,515	1,636
Other operating expenses	(133)	(96)	(877)	(695)
Administrative expenses	(1,633)	(2,353)	(5,792)	(6,914)
Selling and marketing expenses	(1,209)	(802)	(2,973)	(3,099)
Interest income	9	-	98	2
Finance costs	(87)	(61)	(285)	(195)
(Loss)/Profit before tax	(2,178)	811	(4,439)	(940)
Income tax expenses	-	(120)	(242)	(276)
(Loss)/Profit net of tax	(2,178)	691	(4,681)	(1,216)
Other comprehensive (loss)/profit, net of tax	-	-	-	-
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	(2,178)	691	(4,681)	(1,216)
(Loss)/Profit attributable to:				
Owners of the Company	(2,178)	691	(4,681)	(1,216)
Non-controlling interest	-	-	-	-
(Loss)/Profit for the period	(2,178)	691	(4,681)	(1,216)
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	(2,178)	691	(4,681)	(1,216)
Non-controlling interest	-	-	-	-
Total comprehensive (loss)/profit for the period	(2,178)	691	(4,681)	(1,216)
Basic (loss)/earning per ordinary share (sen):				
(Loss)/Profit from continuing operations	(2.96)	0.94	(6.37)	(1.65)

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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016 - UNAUDITED**

	As at 30.09.2016 (Unaudited) RM'000	As at 31.12.2015 (Audited) RM'000
ASSETS		
Property, plant and equipment	31,692	35,973
Land use right	897	909
Other receivables	1,647	1,647
Total non-current assets	34,236	38,529
Inventories	32,282	26,696
Trade receivables	12,084	17,423
Other receivables	10,929	9,162
Tax refundable	40	-
Fixed deposit with licensed bank	1,178	1,861
Cash and bank balances	3,527	5,905
Total current assets	60,040	61,047
Total assets	94,276	99,576
Equity		
Share capital	75,000	75,000
Share premium	17,374	17,374
Treasury shares	(631)	(631)
Accumulated losses	(18,866)	(14,185)
Total equity	72,877	77,558
LIABILITIES		
Borrowings - Long term	1,935	1,486
Deferred tax liabilities	1,853	1,853
Total non-current liabilities	3,788	3,339
Borrowings - Short term	7,592	7,175
Trade payables	3,759	5,818
Other payables	6,221	5,491
Tax payables	39	195
Total current liabilities	17,611	18,679
Total liabilities	21,399	22,018
Total equity and liabilities	94,276	99,576
Net assets per share attributable to owners of the Company (RM)	0.97	1.03

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 2015 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 2016 - UNAUDITED**

	Attributable to Equity Holders of the Company				Total Equity RM'000
	Non-Distributable		Distributable		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	
At 1 January 2015	75,000	17,374	(631)	(12,116)	79,627
Total comprehensive loss for the 9-month period	-	-	-	(1,216)	(1,216)
At 30 September 2015	<u>75,000</u>	<u>17,374</u>	<u>(631)</u>	<u>(13,332)</u>	<u>78,411</u>
At 1 January 2016	75,000	17,374	(631)	(14,185)	77,558
Total comprehensive loss for the 9-month period	-	-	-	(4,681)	(4,681)
At 30 September 2016	<u>75,000</u>	<u>17,374</u>	<u>(631)</u>	<u>(18,866)</u>	<u>72,877</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 2015 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 2016 - UNAUDITED**

	9 months ended	
	30.09.2016 (Unaudited) RM'000	30.09.2015 (Unaudited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(4,439)	(940)
Adjustments for:		
Depreciation of property, plant and equipment	3,867	5,506
Amortisation of land use right	12	12
Gain on disposal of plant and equipment	(199)	-
Interest income	(98)	(2)
Finance costs	285	195
Operating (loss)/profit before working capital changes	(572)	4,771
(Increase)/Decrease in inventories	(5,586)	11,414
Decrease/(Increase) in receivables	3,572	(7,475)
Decrease in payables	(1,329)	(666)
Net cash (used in)/generated from operations	(3,915)	8,044
Interest paid	(285)	(195)
Net tax paid	(438)	(288)
Net cash (used in)/generated from operating activities	(4,638)	7,561
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in fixed deposits under pledged	683	-
Acquisition of property, plant and equipment	(337)	(327)
Proceeds from disposal of plant and equipment	950	-
Interest received	98	2
Net cash generated from/(used in) investing activities	1,394	(325)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bankers' acceptance drawn down	21,575	11,792
Term Loan drawn down	450	-
Repayment of term loan	(100)	(80)
Repayment of bankers' acceptance	(20,909)	(12,914)
Net cash generated from/(used in) financing activities	1,016	(1,202)
Net (decrease)/increase in cash and cash equivalents	(2,228)	6,034
Cash and cash equivalents at beginning of financial period	5,755	1,991
Cash and cash equivalents at end of financial period	3,527	8,025

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 - UNAUDITED**

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

	As at 30.09.2016 (Unaudited) RM'000	As at 30.09.2015 (Unaudited) RM'000
Cash in hand and at bank	3,527	8,025
Bank Overdraft	-	-
Fixed deposit with a licensed bank	1,178	1,859
Cash and bank balances	<u>4,705</u>	<u>9,884</u>
Less: Deposit with a licensed bank pledged for bank guarantees	<u>(1,178)</u>	<u>(1,859)</u>
	<u><u>3,527</u></u>	<u><u>8,025</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 2015 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 2016 - (UNAUDITED)

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 principal 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) for the period ended 30 June 2016, have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134 "*Interim Financial Reporting*" and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

The accounting policies used in the preparation of interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements 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 2015.

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 2015, except for the adoption of the following new/revised MFRSs and amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2016:

Amendments to MFRS 11: Accounting for Acquisition of the Interests in Joint Operations

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Method Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture & Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities : Applying the Consolidation Exception
Annual Improvements to MFRSs 2012 - 2014 Cycle

MFRS 14: Regulatory Deferral Accounts

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 - (UNAUDITED)**

3 Significant Accounting Policies

Effective for financial periods beginning on or after 1 January 2017:

Amendments to MFRS 107 : Disclosure Initiative

Amendments to MFRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018:

MFRS 15: Revenue from Contracts with Customers

Amendments to MFRS 2 : Classification and Measurement of Share - based Payment Transaction

MFRS 9: Financial Instruments

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16 : Leases

Deferred

Amendments to MFRS 10 and MFRS 128 : Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above revised MFRSs, and Amendment do not have any significant financial impact on the Group.

4 Auditors' Report

The auditors' report on the financial statements of the Group for the year ended 31 December 2015 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 was no estimation of amount used in the preceding reporting having a material effect in the current reporting quarter.

8 Dividend Paid

There was no dividend paid by the Group during the current quarter.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 - (UNAUDITED)**

9 Carrying Amount of Revalued Assets

There were no brought forward valuations of property, plant and equipment from the year ended 31 December 2015 and there were no valuations of property, plant and equipment carried out during the current financial year-to-date.

10 Debt and Equity Securities

There were no issuances, cancellations, repurchase, 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

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 2015.

14 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last statement of financial position as at 31 December 2015 and up to the date of this report.

15 Subsequent Events

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

16 Performance Review

For this quarter under review, the Group recorded a revenue of RM26.058 million, a decrease of RM6.48 million as compared with the preceding year corresponding quarter. The Group recorded a loss before tax of RM2.178 million for this quarter compared with a profit of RM0.691 million in the preceding year corresponding quarter. The current year quarter loss was due to down turn of economic market and very sluggish demand of plywoods with depressed price.

17 Variation of Result Against Immediate Preceding Quarter

The loss before tax of RM2.178 million for the quarter under review as compared to the loss before tax of RM2.536 million in the immediate preceding quarter is due mainly to continued sluggish demand of plywoods with depressed price.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 - (UNAUDITED)****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 its products. In addition, the Group has managed to secure continuous logs supply at favourable terms.

Barring any unforeseen circumstances, the Group is confident to achieve better results in the future.

19 Profit Forecast/Profit Guarantee

Not applicable as the Group has not provided any profit forecast or profit guarantee for the year ending 31 December 2016.

20 Additional disclosure - (Loss)/Profit before tax

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	(Unaudited) 30.09.2016	(Unaudited) 30.09.2015	(Unaudited) 30.09.2016	(Unaudited) 30.09.2015
	RM' 000	RM' 000	RM' 000	RM' 000
(Loss)/Profit before tax is arrived at after				
Amortisation and depreciation	1,141	1,638	3,879	5,518
(Gain)/Loss on disposal of plant and equipment	(199)	-	(199)	-
Interest expense	87	61	285	195
Interest income	(9)	-	(98)	(2)

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 3 months ended 30.09.2016 (Unaudited) RM' 000	Year To-date 9 months ended 30.09.2016 (Unaudited) RM' 000
Income tax:		
Current Taxation	-	242
Deferred Tax	-	-
	<u>-</u>	<u>242</u>

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 - (UNAUDITED)****22 Accumulated Losses**

	As at 30.09.2016 (Unaudited) RM' 000	As at 31.12.2015 (Audited) RM' 000
Total Accumulated Losses of the Group		
- Realised	(14,915)	(10,234)
- Unrealised	1,853	1,853
	<u>(13,062)</u>	<u>(8,381)</u>
Less : Consolidation adjustments	(5,804)	(5,804)
Total Group accumulated losses as per consolidated financial statements	<u><u>(18,866)</u></u>	<u><u>(14,185)</u></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.

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 30.09.2016 (Unaudited) RM' 000	As at 31.12.2015 (Audited) RM' 000
Short-term loan	7,592	7,175
Long-term loan	1,935	1,486
	<u>9,527</u>	<u>8,661</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.

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**EXPLANATORY NOTES TO THE QUARTERLY FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 - (UNAUDITED)**

27 Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary equity holders of the owner by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Current quarter 3 months ended		Year-To-Date 9 months ended	
	(Unaudited) As at 30.09.2016	(Unaudited) As at 30.09.2015	(Unaudited) As at 30.09.2016	(Unaudited) As at 30.09.2015
(Loss)/Profit attributable to ordinary equity holders of the parent (RM' 000)	<u>(2,178)</u>	<u>691</u>	<u>(4,681)</u>	<u>(1,216)</u>
Weighted average number of shares in issue (' 000)	<u>73,535</u>	<u>73,535</u>	<u>73,535</u>	<u>73,535</u>
Basic (loss)/earning per share (Sen)	<u>(2.96)</u>	<u>0.94</u>	<u>(6.37)</u>	<u>(1.65)</u>
Diluted (loss)/earning per share (Sen)	<u>(2.96)</u>	<u>0.94</u>	<u>(6.37)</u>	<u>(1.65)</u>