



MIECO CHIPBOARD BERHAD (12849-K)

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2015

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 March 2015 RM'000	Preceding year quarter to 31 March 2014 RM'000	Current year to 31 March 2015 RM'000	Preceding year to 31 March 2014 RM'000
Revenue	80,276	75,552	80,276	75,552
Other (expenses)/income	(464)	629	(464)	629
Operating profit before finance cost, depreciation and amortisation, income tax and minority interests	8,910	3,090	8,910	3,090
Depreciation and amortisation	(3,757)	(3,713)	(3,757)	(3,713)
Profit/(loss) from operations	5,153	(623)	5,153	(623)
Finance costs	(1,913)	(2,281)	(1,913)	(2,281)
Profit/(loss) before taxation	3,240	(2,904)	3,240	(2,904)
Tax expense	(18)	(270)	(18)	(270)
Net profit/(loss) for the period	3,222	(3,174)	3,222	(3,174)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign subsidiaries	(2)	-	(2)	-
Total comprehensive income/(loss) for the period	3,220	(3,174)	3,220	(3,174)
Net profit/(loss) for the period attributable to owners of the Company	3,222	(3,174)	3,222	(3,174)
Total comprehensive income/(loss) attributable to owners of the Company	3,220	(3,174)	3,220	(3,174)
Basic earnings/(loss) per share (sen)	1.53	(1.51)	1.53	(1.51)
Diluted profit/(loss) per share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (12849-K)

Condensed Consolidated Statement of Financial Position as at 31 March 2015

The figures have not been audited.

	(Unaudited) As at 31 March 2015 RM'000	(Audited) As at 31 December 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	397,472	400,868
Current assets		
Inventories	48,579	47,143
Tax recoverable	762	479
Trade receivables	57,511	54,727
Other receivables	4,011	2,859
Short term deposits	528	520
Cash and bank balances	5,735	5,799
	<u>117,126</u>	<u>111,527</u>
TOTAL ASSETS	<u>514,598</u>	<u>512,395</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	210,000	210,000
Reserves		
Share premium	5,866	5,866
Foreign currency reserve	(45)	(43)
Retained earnings	60,966	57,744
Total equity	<u>276,787</u>	<u>273,567</u>
Non-current liabilities		
Unfunded post employment benefit obligation	11,266	10,956
Borrowings	221	380
Amount due to immediate holding company	45,323	44,874
	<u>56,810</u>	<u>56,210</u>
Current liabilities		
Trade payables	44,228	45,366
Other payables and provisions	35,229	31,151
Borrowings	96,687	100,880
Derivative financial instruments	864	1,328
Amount due to immediate holding company	3,993	3,893
	<u>181,001</u>	<u>182,618</u>
TOTAL EQUITY AND LIABILITIES	<u>514,598</u>	<u>512,395</u>
Net assets per share attributable to equity holders of the Company (RM)	1.32	1.30

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (12849-K)

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2015

The figures have not been audited.

	← Attributable to equity holders of the Company →				
	Share capital	Share premium	Foreign currency reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	210,000	5,866	(43)	57,744	273,567
Comprehensive income:					
- Net profit for the financial period	-	-	-	3,222	3,222
Other comprehensive loss:					
- Exchange differences on translating foreign subsidiaries	-	-	(2)	-	(2)
Balance as at 31 March 2015	210,000	5,866	(45)	60,966	276,787
Balance as at 1 January 2014	210,000	5,866	(43)	39,019	254,842
Comprehensive loss:					
- Net loss for the financial period	-	-	-	(3,174)	(3,174)
Balance as at 31 March 2014	210,000	5,866	(43)	35,845	251,668

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (12849-K)

Condensed Consolidated Statement of Cash Flow for the financial period ended 31 March 2015

The figures have not been audited.

	Current year to 31 March 2015	Preceding year to 31 March 2014
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
– Profit/(loss) after tax	3,222	(3,174)
– Adjustments for non-cash and non-operating items		
• Taxation	18	270
• Other non-cash and non-operating items	6,196	6,644
	<hr/>	<hr/>
	9,436	3,740
– Changes in working capital		
• Increase in inventories	(1,243)	(2,060)
• Increase in receivables	(4,141)	(1,004)
• Increase in payables	2,936	944
• Increase in intercompany balances	100	101
	<hr/>	<hr/>
	7,088	1,721
– Payment of staff retirement benefits	0	(47)
– Net income tax paid	(301)	(193)
	<hr/>	<hr/>
Net cash flows from operating activities	6,787	1,481
<u>Cash flows from investing activities</u>		
– Purchases of property, plant and equipment	(364)	(179)
– Interest income received	2	0
– Proceeds from sales of property, plant, and equipment	0	2,300
	<hr/>	<hr/>
Net cash flows (used in)/from investing activities	(362)	2,121
<u>Cash flows from financing activities</u>		
– Repayment of term loans	(802)	(4,238)
– Repayment of hire purchase creditor	(12)	0
– (Repayment)/proceeds from bankers acceptances/trade financing	(4,560)	9,592
– Financing expenses	(1,872)	(1,721)
	<hr/>	<hr/>
Net cash flows (used in)/from financing activities	(7,246)	3,633
Net (decrease)/increase in cash and cash equivalents	(821)	7,235
Cash and cash equivalents at 1 January	6,319	(881)
Effects of exchange rate changes	4	24
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	5,502	6,378
<u>Cash and cash equivalents comprise:</u>		
Bank overdraft	(761)	(2,079)
Short term deposits	528	520
Cash and bank balances	5,735	7,937
	<hr/>	<hr/>
	5,502	6,378
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The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the explanatory notes attached to this interim financial report.



PART A: Explanatory Notes of MFRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for derivative financial instruments.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014. 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 2014.

2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2014 except for the adoption of the following standards which are applicable to its financial statements and effective for annual periods beginning on or after 1 January 2015:

Amendments to the following MFRSs:

MFRS 1:	First-time Adoption of Financial Reporting Standards (Annual Improvements 2010-2012 Cycle)
MFRS 2:	Share-based Payment(Annual Improvements 2010-2012 Cycle)
MFRS 3:	Business Combinations(Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
MFRS 8:	Operating Segments(Annual Improvements 2010-2012 Cycle)
MFRS 13:	Fair Value Measurement(Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
MFRS 116:	Property, Plant and Equipment(Annual Improvements 2010-2012 Cycle)
MFRS 119:	Defined Benefits Plans : Employee Contributions
MFRS 124:	Related Party Disclosures(Annual Improvements 2010-2012 Cycle)
MFRS 138:	Intangible Assets(Annual Improvements 2010-2012 Cycle)
MFRS 140:	Investment Property(Annual Improvements 2011-2013 Cycle)

The adoption of the above standards and interpretations are not expected to have any significant impact on the financial statements of the Group in the year of initial application.



3. Audit report of preceding annual financial statements for financial year ended 31 December 2014

The audit report of the Group's financial statements for the financial year ended 31 December 2014 was not qualified.

4. Seasonality or cyclicity of interim operations

Demand for particleboard and related products are generally seasonal and are also affected by national as well as global economic conditions.

5. Exceptional items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2015.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 31 March 2015.

7. Issuance and repayment of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period ended 31 March 2015.

8. Dividends paid

There were no dividends paid for the financial period ended 31 March 2015.

9. Segmental reporting

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 March 2015 RM'000	Preceding year to 31 March 2014 RM'000	As at 31 March 2015 RM'000	As at 31 March 2014 RM'000	Current year to 31 March 2015 RM'000	Preceding year to 31 March 2014 RM'000
Malaysia	61,731	52,446	514,595	527,214	364	179
South East Asia	7,267	8,077	3	23	-	-
Middle East and South Asia	5,290	7,437	-	-	-	-
Hong Kong and China	2,932	5,696	-	-	-	-
Others	3,056	1,896	-	-	-	-
	<u>80,276</u>	<u>75,552</u>	<u>514,598</u>	<u>527,237</u>	<u>364</u>	<u>179</u>

10. Valuations of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss.

11. Material events subsequent to the financial period ended 31 March 2015

There were no material events subsequent to the end of the current financial period ended 31 March 2015.

12. Changes in the composition of the Group during the financial period ended 31 March 2015

There were no changes in the composition of the Group during the financial period ended 31 March 2015.



13. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities and contingent assets since the last statement of financial position as at 31 December 2014.

14. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2015 were as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted	4,050
Approved but not contracted	9,220
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	13,270
	<hr/>



PART B: Explanatory Notes of Bursa Malaysia Listing Requirements

1. Review of performance

Quarter on quarter review

Group revenue rose to RM80.3 million in the first quarter of this year, up 6% quarter on quarter on the back of sustained domestic demand with increased selling prices and more delivery of higher margin products.

The Group achieved a pre-tax profit of RM3.2 million against the pre-tax loss of RM2.9 million in the same quarter last year. The improved performance is attributable to higher selling prices and lower raw material costs.

2. Material change in profit before taxation for the quarter against the immediate preceding quarter

Profit before tax for the Group reduced from RM15.4 million in the preceding quarter to RM3.2 million for the first quarter 2015 mainly due to the gain on sale of land and buildings in Semambu in the preceding quarter.

3. Prospects

Amid patchy recovery in the US and sluggish global growth, the Group is cautiously optimistic of continuing to improve its performance to turn satisfactory profits in the current financial year by increasing sales of higher margin products and management of key input costs, whilst developing new designs, improving quality and enhancing customer service and experience.

The Directors wish to report receipt of most of the approvals required for relocation of the Group's Semambu plant and when complete, will then proceed to commence ground work for the new buildings.

4. Variance of actual profit from forecast profit

The Group did not provide any profit forecast in a public document and therefore, this note is not applicable.



5. Profit/(loss) before tax

	Current year quarter to 31 March 2015 RM'000	Preceding year quarter to 31 March 2014 RM'000	Current year to 31 March 2015 RM'000	Preceding year to 31 March 2014 RM'000
Profit/(loss) before tax is arrived at after charging/(crediting):-				
Interest expense	1,883	2,251	1,883	2,251
Loan facility fees	30	30	30	30
Depreciation and amortisation	3,757	3,713	3,757	3,713
Net realised foreign exchange loss/(gain)	524	(158)	524	(158)
Net unrealised foreign exchange loss	700	138	700	138
Fair value gain on derivative financial instruments	(464)	(448)	(464)	(448)

6. Tax expense

	Current quarter to 31 March 2015 RM'000	Current year to 31 March 2015 RM'000
In respect of current year		
- Malaysia income tax	(18)	(18)
- Deferred tax	0	0
	<u>(18)</u>	<u>(18)</u>
In respect of previous year		
- Malaysia income tax	0	0
	<u>(18)</u>	<u>(18)</u>

The Group's effective tax rate for the current quarter and the year under review were lower than statutory tax rate mainly due to utilisation of previously unrecognised deferred tax assets.



7. Retained earnings

	As at 31 March 2015	As at 31 December 2014
Total retained earnings of the Company and its subsidiaries	RM'000	RM'000
- Realised	56,279	52,641
- Unrealised	5,884	6,288
	<hr/> 62,163	<hr/> 58,929
Add: Consolidation adjustments	(1,197)	(1,185)
	<hr/> <hr/> 60,966	<hr/> <hr/> 57,744

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.

8. Status of corporate proposals

There are no corporate proposals announced but not completed as at the date of this report.



9. Borrowings and debt securities

The Group's borrowings are all denominated in Ringgit Malaysia except for a USD3.474 million term loan. The details of the Group's borrowings as at 31 March 2015 were as follows:-

	Current		Non-current	Total
	RM'000	USD'000	RM'000	RM'000
Term loan (secured)	33,872	-	-	33,872
Term loan in USD (secured)	12,874	3,474	-	12,874
Term loans (unsecured)	600	-	200	800
Bankers acceptance and revolving credit (secured)	13,998	-	-	13,998
Bankers acceptance and trade financing (unsecured)	34,548	-	-	34,548
Bank overdraft (unsecured)	761	-	-	761
Hire purchase obligation	34	-	21	55
	<u>96,687</u>	<u>3,474</u>	<u>221</u>	<u>96,908</u>

Term loans (secured) amounting to RM20.3 million which are not due for repayment within a year are classified as current liabilities as at 31 March 2015 in accordance with MFRS 101 – Presentation of Financial Statements due to non-compliance of a financial ratio covenant under the loan agreements. Save for this, the Company has to date complied with all payment obligations and other covenants under the loan agreements.

10. Changes in material litigation

As at the date of this report, there were no changes in material litigation since the last statement of financial position as at 31 December 2014.

11. Dividend

The directors do not recommend the payment of dividend for the financial period ended 31 March 2015. No dividend was declared for the same period last year.



12. Profit/(loss) per share

	Current year quarter to 31 March 2015	Preceding year quarter to 31 March 2014	Current year to 31 March 2015	Preceding year to 31 March 2014
a) Basic				
Profit/(loss) for the period (RM'000)	3,222	(3,174)	3,222	(3,174)
Weighted average number of ordinary shares in issue ('000)	210,000	210,000	210,000	210,000
Profit/(loss) per share (sen)	1.53	(1.51)	1.53	(1.51)
b) Diluted	N/A	N/A	N/A	N/A

BY ORDER OF THE BOARD
MIECO CHIPBOARD BERHAD

Ho Swee Ling
Yap Choon Fon
Company Secretaries
Kuala Lumpur

22 May 2015