



**MIECO CHIPBOARD BERHAD (12849-K)**

**Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2016**

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 March 2016 RM'000	Preceding year quarter to 31 March 2015 RM'000	Current year to 31 March 2016 RM'000	Preceding year to 31 March 2015 RM'000
Revenue	61,394	85,515	61,394	85,515
Other income/(expenses)	873	(464)	873	(464)
Operating profit before finance cost, depreciation and amortisation, income tax and minority interests	1,380	8,892	1,380	8,892
Depreciation and amortisation	(3,713)	(3,757)	(3,713)	(3,757)
Gain on disposal of subsidiary	35,000	-	35,000	-
Profit from operations	32,667	5,135	32,667	5,135
Finance costs	(1,465)	(1,913)	(1,465)	(1,913)
Profit before taxation	31,202	3,222	31,202	3,222
Tax expense	(7)	-	(7)	-
Net profit for the period	31,195	3,222	31,195	3,222
Other comprehensive loss:				
Exchange differences on translating foreign subsidiaries	-	(2)	-	(2)
Total comprehensive income for the period	31,195	3,220	31,195	3,220
Net profit attributable to owners of the Company	31,195	3,222	31,195	3,222
Total comprehensive profit attributable to owners of the Company	31,195	3,220	31,195	3,220
Basic profit per share (sen)	14.85	1.53	14.85	1.53
Diluted profit 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 2015 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 2016**

The figures have not been audited.

	(Unaudited) As at 31 March 2016 RM'000	(Audited) As at 31 December 2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	401,097	402,018
<b>Current assets</b>		
Inventories	58,120	52,251
Tax recoverable	567	823
Trade receivables	39,429	61,190
Other receivables	10,772	8,527
Derivative assets	401	-
Short term deposits	935	929
Cash and bank balances	21,073	10,682
	<u>131,297</u>	<u>134,402</u>
<b>TOTAL ASSETS</b>	<u>532,394</u>	<u>536,420</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	210,000	210,000
Reserves		
Share premium	5,866	5,866
Foreign currency reserve	(44)	(44)
Retained earnings	107,582	76,387
<b>Total equity</b>	<u>323,404</u>	<u>292,209</u>
<b>Non-current liabilities</b>		
Unfunded post employment benefit obligation	12,422	12,044
Amount due to immediate holding company	47,147	46,694
	<u>59,569</u>	<u>58,738</u>
<b>Current liabilities</b>		
Trade payables	61,669	60,273
Other payables and provisions	30,345	40,491
Borrowings	52,991	80,319
Derivative financial instruments	-	79
Amount due to immediate holding company	4,416	4,311
	<u>149,421</u>	<u>185,473</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>532,394</u>	<u>536,420</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>1.54</u>	<u>1.39</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016**

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 2016	210,000	5,866	(44)	76,387	292,209
Comprehensive income:					
- Net profit for the financial period	-	-	-	31,195	31,195
Balance as at 31 March 2016	<u>210,000</u>	<u>5,866</u>	<u>(44)</u>	<u>107,582</u>	<u>323,404</u>
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	<u>210,000</u>	<u>5,866</u>	<u>(45)</u>	<u>60,966</u>	<u>276,787</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016**

The figures have not been audited.

	<b>Current year to 31 March 2016</b>	<b>Preceding year to 31 March 2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Cash flows from operating activities</u>		
– Profit after tax	31,195	3,222
– Adjustments for non-cash and non-operating items		
• Taxation	7	0
• Other non-cash and non-operating items	5,148	6,196
• Gain on disposal of subsidiary	(35,000)	0
	<u>1,350</u>	<u>9,418</u>
– Changes in working capital		
• Increase in inventories	(5,855)	(1,243)
• Decrease/(Increase) in receivables	18,741	(4,141)
• (Decrease)/Increase in payables	(8,683)	2,930
• Increase in intercompany balances	105	100
	<u>5,658</u>	<u>7,064</u>
– Net income tax refund/(paid)	248	(283)
Net cash flows from operating activities	<u>5,906</u>	<u>6,781</u>
<u>Cash flows from investing activities</u>		
– Purchase of property, plant and equipment	(2,792)	(364)
– Interest income received	29	2
– Proceeds from disposal of subsidiary	35,000	0
Net cash flows from/(used in) investing activities	<u>32,237</u>	<u>(362)</u>
<u>Cash flows from financing activities</u>		
– Repayment of term loans	(6,997)	(802)
– Repayment of hire purchase liabilities	(10)	(12)
– Repayment of bankers acceptances/revolving credit	(15,614)	(4,560)
– Financing expenses	(1,442)	(1,872)
– (Repayment)/drawdown of overdraft facility	(3,689)	761
Net cash flows used in financing activities	<u>(27,752)</u>	<u>(6,485)</u>
Net increase in cash and cash equivalents	10,391	(66)
Cash and cash equivalents at 1 January	10,682	5,797
Effects of exchange rate changes	0	4
Cash and cash equivalents at 31 March	<u>21,073</u>	<u>5,735</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 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.

### **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 2015 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 2016:

#### Amendments to the following MFRSs:

MFRS 10:	Consolidated Financial Statements
MFRS 11:	Joint Arrangements
MFRS 12:	Disclosure of Interest in Other Entities
MFRS 14:	Regulatory Deferral Accounts
MFRS 101:	Presentation of Financial Statements
MFRS 116:	Property, Plant and Equipment
MFRS 127:	Consolidated and Separate Financial Statements (Annual Improvement 2012 – 2014 Cycle)
MFRS 128:	Investment in Associates and Joint Ventures
MFRS 138:	Intangible Assets
MFRS 141:	Agriculture

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 2015**

The audit report of the Group's financial statements for the financial year ended 31 December 2015 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 2016.

**6. Change in estimates**

There were no changes in estimates that have had a material effect for the financial period ended 31 March 2016.

**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 2016.

**8. Dividends paid**

There were no dividends paid for the financial period ended 31 March 2016.

**9. Segmental reporting**

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 March 2016 RM'000	Preceding year to 31 March 2015 RM'000	As at 31 March 2016 RM'000	As at 31 March 2015 RM'000	Current year to 31 March 2016 RM'000	Preceding year to 31 March 2015 RM'000
Malaysia	48,644	64,272	532,393	514,595	2,792	364
South East Asia	3,161	8,414	1	3	-	-
Middle East and South Asia	5,079	6,234	-	-	-	-
Hong Kong and China	1,836	3,345	-	-	-	-
Others	2,674	3,250	-	-	-	-
	<u>61,394</u>	<u>85,515</u>	<u>532,394</u>	<u>514,598</u>	<u>2,792</u>	<u>364</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 2016**

There were no material events subsequent to the end of the current financial period ended 31 March 2016.

**12. Changes in the composition of the Group during the financial period ended 31 March 2016**

The sale of Mico Wood Products Sdn Bhd (MWP) was completed on 15 March 2016 and accordingly, MWP has ceased to be a subsidiary of the Group.

**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 2015.

**14. Capital commitments**

Capital commitments not provided for in the financial statements as at 31 March 2016 were as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted	2,739
Approved but not contracted	5,270
	<hr/>
	<u>8,009</u>



## **PART B: Explanatory Notes of Bursa Malaysia Listing Requirements**

### **1. Review of performance**

#### **Quarter on quarter review**

For the first quarter of 2016, Group revenue of RM61.4 million decreased 28% against RM85.5 million a year ago mainly due to lower production output at the Lipis Plant due to a fire that damaged certain machinery. An insurance claim has been submitted for these losses.

Group profit before tax jumped to RM31.2 million from RM3.2 million a year ago after inclusion of gain of RM35.0 million on sale of wholly-owned subsidiary, Mieco Wood Products Sdn Bhd.

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

The profit before taxation for the first quarter of 2016 was RM31.2 million as compared to RM2.5 million in the immediate preceding quarter mainly attributable to the earlier mentioned gain on sale of Mieco Wood Products Sdn Bhd.

### **3. Prospects**

The Group is cautiously optimistic that the domestic economic growth will stabilise and show signs of rebound in the later half of the year, notwithstanding uncertain global economic conditions prevailing. The Group hopes to maintain positive financial results for the year with continued strong focus on value added products with higher margin and responding to customer needs for more complex and high quality products.

### **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 before tax

	Current year quarter to 31 March 2016 RM'000	Preceding year quarter to 31 March 2015 RM'000	Current year to 31 March 2016 RM'000	Preceding year to 31 March 2015 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Interest income	(29)	0	(29)	0
Interest expense	1,435	1,883	1,435	1,883
Loan facility fees	30	30	30	30
Depreciation and amortisation	3,713	3,757	3,713	3,757
Net realised foreign exchange (gain)/loss	(422)	524	(422)	524
Net unrealised foreign exchange loss	115	700	115	700
Fair value gain on derivative financial instruments	(480)	(464)	(480)	(464)
Gain on disposal of subsidiary	(35,000)	0	(35,000)	0

## 6. Tax expense

	Current quarter to 31 March 2016 RM'000	Current year to 31 March 2016 RM'000
In respect of current year		
- Malaysia income tax	(7)	(7)
- Deferred tax	<u>0</u>	<u>0</u>
	(7)	(7)
In respect of previous year		
- Malaysia income tax	<u>0</u>	<u>0</u>
	<u>(7)</u>	<u>(7)</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 2016	As at 31 December 2015
Total retained earnings of the Company and its subsidiaries	RM'000	RM'000
- Realised	103,291	72,446
- Unrealised	5,410	5,136
	<u>108,701</u>	<u>77,582</u>
Add: Consolidation adjustments	(1,119)	(1,195)
	<u>107,582</u>	<u>76,387</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.

## 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 USD1.514 million term loan. The details of the Group's borrowings as at 31 March 2016 as follows:-

	Current		Total
	RM'000	USD'000	RM'000
Term loan (secured)	14,715	-	14,715
Term loan in USD (secured)	5,937	1,514	5,937
Term loan (unsecured)	200	-	200
Bankers acceptance and revolving credit (secured)	10,690	-	10,690
Bankers acceptance and trade financing (unsecured)	21,428	-	21,428
Hire purchase obligation	21	-	21
	<u>52,991</u>	<u>1,514</u>	<u>52,991</u>



## 10. Derivative financial instruments

The Group's open forward contracts entered into are as follows:

	Currency to be received	RM'000 equivalent	31.03.2016 Average contractual rate
Hedged items			
Trade receivables	US Dollar 1.517 million	6,401	4.2183

  

	Currency to be received	RM'000 equivalent	31.12.2015 Average contractual rate
Hedged items			
Trade receivables	US Dollar 1.196 million	5,107	4.2714

The settlement dates of the above open forward contracts range between 1 and 6 months.

Forward foreign currency exchange contracts are entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of its export sales by establishing the rate at which foreign currency assets will be settled.

These contracts are executed with credit-worthy/reputable financial institutions in Malaysia. As such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts are minimal.

## 11. 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 2015.

## 12. Dividend

The Directors do not recommend the payment of dividend for the financial period ended 31 March 2016. No dividend was declared for the same period last year.



### 13. Profit per share

	Current year quarter to 31 March 2016	Preceding year quarter to 31 March 2015	Current year to 31 March 2016	Preceding year to 31 March 2015
a) Basic				
Profit for the year (RM'000)	31,195	3,222	31,195	3,222
Weighted average number of ordinary shares in issue ('000)	210,000	210,000	210,000	210,000
Profit per share (sen)	14.85	1.53	14.85	1.53
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

27 May 2016