



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

**Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2013**

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 March 2013 RM'000	Preceding year quarter to 31 March 2012 RM'000	Current year to 31 March 2013 RM'000	Preceding year to 31 March 2012 RM'000
Revenue	66,279	73,694	66,279	73,694
Other income	319	2,048	319	2,048
Operating (loss)/profit before finance cost, depreciation and amortisation, income tax and minority interests	(1,446)	5,380	(1,446)	5,380
Depreciation and amortisation	(4,221)	(4,530)	(4,221)	(4,530)
(Loss)/profit from operations	(5,667)	850	(5,667)	850
Finance costs	(2,392)	(2,677)	(2,392)	(2,677)
Loss before taxation	(8,059)	(1,827)	(8,059)	(1,827)
Tax credit/(expense)	2,149	(87)	2,149	(87)
Net loss/Total comprehensive loss for the period	(5,910)	(1,914)	(5,910)	(1,914)
Net loss for the period attributable to owners of the Company	(5,910)	(1,914)	(5,910)	(1,914)
Total comprehensive loss attributable to owners of the Company	(5,910)	(1,914)	(5,910)	(1,914)
Basic loss per share (sen)	(2.81)	(0.91)	(2.81)	(0.91)
Diluted 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 2012 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 2013**

The figures have not been audited.

	(Unaudited) As at 31 March 2013 RM'000	(Audited) As at 31 December 2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	474,726	477,423
Deferred tax assets	534	517
	<u>475,260</u>	<u>477,940</u>
<b>Current assets</b>		
Inventories	53,572	59,901
Tax recoverable	1,038	1,074
Trade receivables	42,474	45,900
Other receivables	2,226	2,214
Short term deposits	1,385	1,351
Cash and bank balances	6,645	8,067
Derivative financial instruments	103	62
	<u>107,443</u>	<u>118,569</u>
<b>TOTAL ASSETS</b>	<u><u>582,703</u></u>	<u><u>596,509</u></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	96,734	102,644
<b>Total equity</b>	<u>312,556</u>	<u>318,466</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,539	4,795
Unfunded post employment benefit obligation	10,046	10,086
Borrowings	1,400	1,550
Amount due to immediate holding company	41,666	41,218
	<u>55,651</u>	<u>57,649</u>
<b>Current liabilities</b>		
Trade payables	50,293	49,361
Other payables and provisions	15,205	15,015
Borrowings	145,807	151,648
Amount due to immediate holding company	3,191	4,370
	<u>214,496</u>	<u>220,394</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>582,703</u></u>	<u><u>596,509</u></u>
Net assets per share attributable to equity holders of the Company (RM)	1.49	1.52

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013**

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 2013	210,000	5,866	(44)	102,644	318,466
Total comprehensive loss for the period	-	-	-	(5,910)	(5,910)
Balance as at 31 March 2013	210,000	5,866	(44)	96,734	312,556
Balance as at 1 January 2012	210,000	5,866	(36)	110,653	326,483
Total comprehensive loss for the period	-	-	-	(1,914)	(1,914)
Balance as at 31 March 2012	210,000	5,866	(36)	108,739	324,569

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013**

The figures have not been audited.

	<b>Current year to 31 March 2013</b>	<b>Preceding year to 31 March 2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Cash flows from operating activities</u>		
– Loss after tax	(5,910)	(1,914)
– Adjustments for non-cash and non-operating items		
• Taxation	(2,149)	87
• Other non-cash and non-operating items	6,759	6,638
	<u>(1,300)</u>	<u>4,811</u>
– Changes in working capital		
• Decrease/(Increase) in inventories	6,329	(6,654)
• Decrease in receivables	3,596	5,194
• Increase/(Decrease) in payables	43	(1,926)
• Increase in intercompany balances	102	100
	<u>8,770</u>	<u>1,525</u>
– Payment of staff retirement benefits	(321)	(252)
– Net income tax paid	(88)	(89)
Net cash flows from operating activities	<u>8,361</u>	<u>1,184</u>
<u>Cash flows from investing activities</u>		
– Purchases of property, plant and equipment	(1,688)	(1,068)
– Interest income received	14	14
– Proceeds from sales of property, plant, and equipment	156	-
Net cash flows used in investing activities	<u>(1,518)</u>	<u>(1,054)</u>
<u>Cash flows from financing activities</u>		
– Repayment of term loans	(17,400)	(10,581)
– Proceeds from bankers acceptances	6,453	8,015
– Financing expenses	(2,389)	(2,416)
– Repayment of hire purchase creditor	-	(46)
Net cash flows used in financing activities	<u>(13,336)</u>	<u>(5,028)</u>
Net decrease in cash and cash equivalents	(6,493)	(4,898)
Cash and cash equivalents at 1 January	7,935	6,456
Effects of exchange rate changes	32	(63)
Cash and cash equivalents at 31 March	<u>1,474</u>	<u>1,495</u>
Cash and cash equivalents comprise:		
Bank overdraft	(6,556)	(7,010)
Short term deposits	1,385	1,335
Cash and bank balances	6,645	7,170
	<u>1,474</u>	<u>1,495</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2012. 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 2012.

### **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 2012 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 2013:

MFRS 10:	Consolidated Financial Statements
MFRS 12:	Disclosures of Interests in Other Entities
MFRS 13:	Fair Value Measurement
Revised MFRS 127:	Separate Financial Statements
Revised MFRS 128:	Investments in Associates and Joint Ventures
Amendment to MFRS 101:	Presentation of Items of Other Comprehensive Income
Amendment to MFRS 7:	Financial Instruments: Disclosures

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 2012**

The audit report of the Group's financial statements for the financial year ended 31 December 2012 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 2013.

**6. Change in estimates**

There were no changes in estimates that have had a material effect for the financial period ended 31 March 2013.

**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 2013.

**8. Dividends paid**

There were no dividends paid for the financial period ended 31 March 2013.

**9. Segmental reporting**

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 March 2013 RM'000	Preceding year to 31 March 2012 RM'000	As at 31 March 2013 RM'000	As at 31 March 2012 RM'000	Current year to 31 March 2013 RM'000	Preceding year to 31 March 2012 RM'000
Malaysia	42,687	48,621	582,672	595,285	1,688	1,068
Middle East and South Asia	6,612	8,368	-	-	-	-
South East Asia	8,889	7,916	31	68	-	-
Hong Kong and China	4,704	5,334	-	1	-	-
Others	3,387	3,455	-	-	-	-
	<u>66,279</u>	<u>73,694</u>	<u>582,703</u>	<u>595,354</u>	<u>1,688</u>	<u>1,068</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 2013**

There were no material events subsequent to the end of the current financial period ended 31 March 2013.

**12. Changes in the composition of the Group during the financial period ended 31 March 2013**

There were no changes in the composition of the Group during the financial period ended 31 March 2013.



### 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 2012.

### 14. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2013 were as follows:-

	RM'000
Approved and contracted	406
Approved but not contracted	8,866
	<hr/>
	9,272
	<hr/>
Analysed as follows:-	
Property, plant and equipment	<hr/> <hr/> 9,272



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

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

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

For the first quarter of 2013, Group revenue of RM66.3 million decreased 10% against RM73.7 million a year ago as a result of weak selling prices and slower domestic demand for particleboard. Production at the Gebeng plant ceased temporarily from mid February to end March for scheduled replacement of major plant components to improve press efficiency and lower cost.

Arising from the above factors and after accounting for lower unrealised foreign exchange gains, the Group suffered a pre-tax loss of RM8.1 million in the first quarter of 2013 against a lower pre-tax loss of RM1.8 million a year ago.

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

As a result of weak plainboard prices and the Gebeng plant shutdown, pre-tax loss for the Group widened to RM8.1 million for the quarter under review against RM0.9 million loss in the immediate preceding quarter.

### **3. Prospects**

Demand for particleboard is still weak with competition intensifying from anticipated new capacity. Notwithstanding this, the Group hopes to see economic recovery in the US and Japan and post general election, the domestic housing market to improve due to sustained public spending. With steady improvement in production efficiency and reduced input cost of key raw materials, the Group hopes to achieve better performance in the remaining year as compared to the first quarter, supported by a solid MIECO brand and steadfast business partners.

### **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. Loss before tax

	Current year quarter to 31 March 2013 RM'000	Preceding year quarter to 31 March 2012 RM'000	Current year to 31 March 2013 RM'000	Preceding year to 31 March 2012 RM'000
Loss before tax is arrived at after charging/(crediting):-				
Interest income	(7)	(7)	(7)	(7)
Interest expense	2,362	2,647	2,362	2,647
Loan facility fees	30	30	30	30
Depreciation and amortisation	4,221	4,530	4,221	4,530
Write back of inventories	0	(11)	0	(11)
Net realised foreign exchange gain	(303)	(603)	(303)	(603)
Net unrealised foreign exchange gain	(64)	(606)	(64)	(606)
Fair value gain on derivative financial instruments	(41)	(433)	(41)	(433)

## 6. Tax credit/(expense)

	Current quarter to 31 March 2013 RM'000	Current year to 31 March 2013 RM'000
In respect of current year		
- Malaysia income tax	(124)	(124)
- Deferred tax	2,273	2,273
Tax credit	<u>2,149</u>	<u>2,149</u>

The Group's effective tax rate for the current quarter differs from the statutory tax rate mainly due to recognition of deferred tax assets which were previously not recognised.



## 7. Retained earnings

	As at 31 March 2013	As at 31 December 2012
Total retained earnings of the Company and its subsidiaries	RM'000	RM'000
- Realised	89,758	98,022
- Unrealised	5,892	3,538
	<u>95,650</u>	<u>101,560</u>
Add: Consolidation adjustments	1,084	1,084
	<u>96,734</u>	<u>102,644</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 USD6.345 million term loan. The details of the Group's borrowings as at 31 March 2013 were as follows:-

	Current		Non- current	
	RM'000	Foreign Currency USD'000	RM'000	Foreign Currency USD'000
Term loans (unsecured)	82,102	6,345	1,400	-
Bankers acceptance and trade financing (unsecured)	52,149	-	-	-
Revolving credit (unsecured)	5,000	-	-	-
Bank overdraft (unsecured)	6,556	-	-	-
	<u>145,807</u>	<u>6,345</u>	<u>1,400</u>	<u>-</u>

Term loans amounting to RM65 million which are not due for repayment in 2013 have been reclassified as current liabilities as at 31 March 2013 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 2012.

## 11. Dividend

The directors do not recommend the payment of dividend for the financial period ended 31 March 2013. No dividend was declared for the same period last year.

## 12. Earnings/(loss) per share

	Current year quarter to 31 March 2013	Preceding year quarter to 31 March 2012	Current year to 31 March 2013	Preceding year to 31 March 2012
a) Basic				
Loss for the period (RM'000)	(5,910)	(1,914)	(5,910)	(1,914)
Weighted average number of ordinary shares in issue ('000)	210,000	210,000	210,000	210,000
Loss per share (sen)	(2.81)	(0.91)	(2.81)	(0.91)
b) Diluted	N/A	N/A	N/A	N/A

BY ORDER OF THE BOARD  
**MIECO CHIPBOARD BERHAD**

Ho Swee Ling  
Company Secretary  
Kuala Lumpur

22 May 2013