



MIECO CHIPBOARD BERHAD (12849-K)

Condensed Consolidated Statement of Comprehensive Income for the financial period ended 31 March 2014

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 March 2014 RM'000	Preceding year quarter to 31 March 2013 RM'000	Current year to 31 March 2014 RM'000	Preceding year to 31 March 2013 RM'000
Revenue	<u>75,552</u>	<u>66,279</u>	<u>75,552</u>	<u>66,279</u>
Other income	<u>629</u>	<u>319</u>	<u>629</u>	<u>319</u>
Operating profit/(loss) before finance cost, depreciation and amortisation, income tax and minority interests	3,090	(1,446)	3,090	(1,446)
Depreciation and amortisation	(3,713)	(4,221)	(3,713)	(4,221)
Loss from operations	(623)	(5,667)	(623)	(5,667)
Finance costs	(2,281)	(2,392)	(2,281)	(2,392)
Loss before taxation	(2,904)	(8,059)	(2,904)	(8,059)
Tax (expense)/credit	(270)	2,149	(270)	2,149
Net loss/Total comprehensive loss for the period	<u>(3,174)</u>	<u>(5,910)</u>	<u>(3,174)</u>	<u>(5,910)</u>
Net loss for the period attributable to owners of the Company	<u>(3,174)</u>	<u>(5,910)</u>	<u>(3,174)</u>	<u>(5,910)</u>
Total comprehensive loss attributable to owners of the Company	<u>(3,174)</u>	<u>(5,910)</u>	<u>(3,174)</u>	<u>(5,910)</u>
Basic loss per share (sen)	(1.51)	(2.81)	(1.51)	(2.81)
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 2013 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 2014

The figures have not been audited.

	(Unaudited) As at 31 March 2014 RM'000	(Audited) As at 31 December 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	408,723	412,258
Deferred tax assets	424	386
	<u>409,147</u>	<u>412,644</u>
Current assets		
Inventories	47,493	45,631
Tax recoverable	3	118
Trade receivables	53,774	51,110
Other receivables	1,958	3,925
Short term deposits	520	515
Cash and bank balances	7,937	3,465
	<u>111,685</u>	<u>104,764</u>
Non-current assets classified as held for sale	6,405	6,405
	<u>118,090</u>	<u>111,169</u>
TOTAL ASSETS	<u><u>527,237</u></u>	<u><u>523,813</u></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	(43)	(43)
Retained earnings	35,845	39,019
Total equity	<u>251,668</u>	<u>254,842</u>
Non-current liabilities		
Unfunded post employment benefit obligation	10,825	10,516
Borrowings	800	950
Amount due to immediate holding company	43,486	43,038
	<u>55,111</u>	<u>54,504</u>
Current liabilities		
Trade payables	50,438	58,617
Other payables and provisions	29,480	18,107
Borrowings	136,746	134,007
Derivative financial instruments	203	245
Amount due to immediate holding company	3,591	3,491
	<u>220,458</u>	<u>214,467</u>
TOTAL EQUITY AND LIABILITIES	<u><u>527,237</u></u>	<u><u>523,813</u></u>
Net assets per share attributable to equity holders of the Company (RM)	1.20	1.21

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

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 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
Balance as at 1 January 2013	210,000	5,866	(44)	102,644	318,466
Comprehensive loss:					
- Net loss for the financial period	-	-	-	(5,910)	(5,910)
Balance as at 31 March 2013	210,000	5,866	(44)	96,734	312,556

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

The figures have not been audited.

	Current year to 31 March 2014	Preceding year to 31 March 2013
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
– Loss after tax	(3,174)	(5,910)
– Adjustments for non-cash and non-operating items		
• Taxation	270	(2,149)
• Other non-cash and non-operating items	6,644	6,759
	<u>3,740</u>	<u>(1,300)</u>
– Changes in working capital		
• (Increase)/Decrease in inventories	(2,060)	6,329
• (Increase)/Decrease in receivables	(1,004)	3,596
• Increase in payables	944	43
• Increase in intercompany balances	101	102
	<u>1,721</u>	<u>8,770</u>
– Payment of staff retirement benefits	(47)	(321)
– Net income tax paid	(193)	(88)
Net cash flows from operating activities	<u>1,481</u>	<u>8,361</u>
<u>Cash flows from investing activities</u>		
– Purchases of property, plant and equipment	(179)	(1,688)
– Interest income received	0	14
– Proceeds from sales of property, plant, and equipment	2,300	156
Net cash flows from/(used in) investing activities	<u>2,121</u>	<u>(1,518)</u>
<u>Cash flows from financing activities</u>		
– Repayment of term loans	(4,238)	(17,400)
– Proceeds from bankers acceptances/trade financing	9,592	6,453
– Financing expenses	(1,721)	(2,389)
Net cash flows from/(used in) financing activities	<u>3,633</u>	<u>(13,336)</u>
Net increase/(decrease) in cash and cash equivalents	7,235	(6,493)
Cash and cash equivalents at 1 January	(881)	7,935
Effects of exchange rate changes	24	32
Cash and cash equivalents at 31 March	<u>6,378</u>	<u>1,474</u>
Cash and cash equivalents comprise:		
Bank overdraft	(2,079)	(6,556)
Short term deposits	520	1,385
Cash and bank balances	7,937	6,645
	<u>6,378</u>	<u>1,474</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013. 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 2013.

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 2013 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 2014:

Amendment to MFRS 10:	Consolidated Financial Statements
Amendment to MFRS 12:	Disclosures of Interests in Other Entities
Amendment to MFRS 127:	Separate Financial Statements
Amendment to MFRS 132:	Financial Instruments: Presentation

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 2013

The audit report of the Group's financial statements for the financial year ended 31 December 2013 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 2014.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 31 March 2014.

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 2014.

8. Dividends paid

There were no dividends paid for the financial period ended 31 March 2014.

9. Segmental reporting

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 March 2014 RM'000	Preceding year to 31 March 2013 RM'000	As at 31 March 2014 RM'000	As at 31 March 2013 RM'000	Current year to 31 March 2014 RM'000	Preceding year to 31 March 2013 RM'000
Malaysia	52,446	42,687	527,214	582,672	179	1,688
South East Asia	8,077	8,889	23	31	-	-
Middle East and South Asia	7,437	6,612	-	-	-	-
Hong Kong and China	5,696	4,704	-	-	-	-
Others	1,896	3,387	-	-	-	-
	<u>75,552</u>	<u>66,279</u>	<u>527,237</u>	<u>582,703</u>	<u>179</u>	<u>1,688</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 2014

There were no material events subsequent to the end of the current financial period ended 31 March 2014.

12. Changes in the composition of the Group during the financial period ended 31 March 2014

There were no changes in the composition of the Group during the financial period ended 31 March 2014.



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 2013.

14. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2014 were as follows:-

	RM'000
Approved and contracted	0
Approved but not contracted	0
	<hr/>
	0
	<hr/> <hr/>
Analysed as follows:-	
Property, plant and equipment	0
	<hr/> <hr/>



PART B: Explanatory Notes of Bursa Malaysia Listing Requirements

1. Review of performance

Quarter on quarter review

The Group has carried its sales momentum from the fourth quarter last year into the new financial year with first quarter 2014 revenue of RM75.6 million, up 14% from RM66.3 million a year ago on the back of higher domestic sales volume and slightly improved plainboard selling prices.

The Group reported first quarter 2014 loss before tax of RM2.9 million as compared to a loss of RM8.1 million in the same quarter last year due to improving core markets and plant productivity.

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

Loss before tax for the Group reduced from RM52.7 million in the preceding quarter to RM2.9 million for the first quarter of 2014 mainly due to the non-cash impairment loss of RM45.8 million on Lipis plant and the shutdown of Gebeng plant for operational maintenance in the preceding quarter.

3. Prospects

Amid an uncertain global economic outlook, the Group has been able to increase selling prices albeit marginally, which has helped to partially recoup higher raw material and utility costs. At the same time, the Group has been continuously strengthening plant operations and efficiency to reduce manufacturing costs. Hence, the Group is cautiously optimistic of improving its results in the current financial year.

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 2014 RM'000	Preceding year quarter to 31 March 2013 RM'000	Current year to 31 March 2014 RM'000	Preceding year to 31 March 2013 RM'000
Loss before tax is arrived at after charging/(crediting):-				
Interest income	0	(7)	0	(7)
Interest expense	2,251	2,362	2,251	2,362
Loan facility fees	30	30	30	30
Depreciation and amortisation	3,713	4,221	3,713	4,221
Net realised foreign exchange gain	(158)	(303)	(158)	(303)
Net unrealised foreign exchange loss/(gain)	138	(64)	138	(64)
Fair value gain on derivative financial instruments	(448)	(41)	(448)	(41)

6. Tax expense

	Current quarter to 31 March 2014 RM'000	Current year to 31 March 2014 RM'000
In respect of current year		
- Malaysia income tax	(308)	(308)
- Deferred tax	38	38
	<u>(270)</u>	<u>(270)</u>
In respect of previous year		
- Malaysia income tax	0	0
	<u>(270)</u>	<u>(270)</u>

The Group's effective tax rate for the current quarter and the year under review differs from the statutory tax rate mainly due to deferred tax assets not recognised and expenses not deductible for tax.



7. Retained earnings

	As at 31 March 2014	As at 31 December 2013
Total retained earnings of the Company and its subsidiaries	RM'000	RM'000
- Realised	27,815	30,906
- Unrealised	6,925	7,008
	<u>34,740</u>	<u>37,914</u>
Add: Consolidation adjustments	1,105	1,105
	<u>35,845</u>	<u>39,019</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 USD5.353 million term loan. The details of the Group's borrowings as at 31 March 2014 were as follows:-

	Current		Non- current	
	RM'000	Foreign Currency USD'000	RM'000	Foreign Currency USD'000
Term loans (secured)	69,666	5,353	-	-
Term loans (unsecured)	600	-	800	-
Bankers acceptance and trade financing (unsecured)	59,401	-	-	-
Revolving credit (unsecured)	5,000	-	-	-
Bank overdraft (unsecured)	2,079	-	-	-
	<u>136,746</u>	<u>5,353</u>	<u>800</u>	<u>-</u>

The Group has successfully restructured its term loan obligations to extend the repayment period by another 2 years up to 2017.

However, even with term loan restructuring, term loans amounting to RM51 million which are not due for repayment within a year are classified as current liabilities as at 31 March 2014 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 2013.

11. Dividend

The directors do not recommend the payment of dividend for the financial period ended 31 March 2014. No dividend was declared for the same period last year.

12. Loss per share

	Current year quarter to 31 March 2014	Preceding year quarter to 31 March 2013	Current year to 31 March 2014	Preceding year to 31 March 2013
a) Basic				
Loss for the period (RM'000)	(3,174)	(5,910)	(3,174)	(5,910)
Weighted average number of ordinary shares in issue ('000)	210,000	210,000	210,000	210,000
Loss per share (sen)	(1.51)	(2.81)	(1.51)	(2.81)
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

23 May 2014