



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

**Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2015**

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to	Preceding year quarter to	Current year to	Preceding year to
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RM'000	RM'000	RM'000	RM'000
Revenue	81,215	82,663	252,056	246,258
Other income	2,194	544	1,530	2,085
Operating profit before finance cost, depreciation and amortisation, income tax and minority interests	11,606	9,544	32,883	22,066
Depreciation and amortisation	(3,708)	(3,712)	(11,223)	(11,200)
Profit from operations	7,898	5,832	21,660	10,866
Finance costs	(1,732)	(2,267)	(5,485)	(6,797)
Profit before taxation	6,166	3,565	16,175	4,069
Tax credit/(expense)	-	19	(53)	(632)
Net profit for the period	6,166	3,584	16,122	3,437
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translating foreign subsidiaries	-	-	(2)	0
Total comprehensive income for the period	6,166	3,584	16,120	3,437
Net profit for the period attributable to owners of the Company	6,166	3,584	16,122	3,437
Total comprehensive income attributable to owners of the Company	6,166	3,584	16,120	3,437
Basic earnings per share (sen)	2.94	1.71	7.68	1.64
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 2014 and the explanatory notes attached to this interim financial report.



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

**Condensed Consolidated Statement of Financial Position as at 30 September 2015**

The figures have not been audited.

	(Unaudited) As at 30 September 2015 RM'000	(Audited) As at 31 December 2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	390,945	400,868
<b>Current assets</b>		
Inventories	53,842	47,143
Tax recoverable	828	479
Trade receivables	67,948	54,727
Other receivables	3,356	2,859
Short term deposits	930	520
Cash and bank balances	15,174	5,799
	<u>142,078</u>	<u>111,527</u>
<b>TOTAL ASSETS</b>	<u>533,023</u>	<u>512,395</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	(45)	(43)
Retained earnings	73,866	57,744
<b>Total equity</b>	<u>289,687</u>	<u>273,567</u>
<b>Non-current liabilities</b>		
Unfunded post employment benefit obligation	11,719	10,956
Borrowings	3	380
Amount due to immediate holding company	46,235	44,874
	<u>57,957</u>	<u>56,210</u>
<b>Current liabilities</b>		
Trade payables	63,138	45,366
Other payables and provisions	28,599	31,151
Borrowings	89,438	100,880
Derivative financial instruments	-	1,328
Amount due to immediate holding company	4,204	3,893
	<u>185,379</u>	<u>182,618</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>533,023</u>	<u>512,395</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>1.38</u>	<u>1.30</u>

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 30 September 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	-	-	-	16,122	16,122
Other comprehensive loss:					
- Exchange differences on translating foreign subsidiaries	-	-	(2)	-	(2)
Balance as at 30 September 2015	<u>210,000</u>	<u>5,866</u>	<u>(45)</u>	<u>73,866</u>	<u>289,687</u>
Balance as at 1 January 2014	210,000	5,866	(43)	39,019	254,842
Comprehensive income:					
- Net profit for the financial period	-	-	-	3,437	3,437
Balance as at 30 September 2014	<u>210,000</u>	<u>5,866</u>	<u>(43)</u>	<u>42,456</u>	<u>258,279</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 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 30 September 2015**

The figures have not been audited.

	<b>Current year to 30 September 2015</b>	<b>Preceding year to 30 September 2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Cash flows from operating activities</u>		
– Profit after tax	16,122	3,437
– Adjustments for non-cash and non-operating items		
• Taxation	53	632
• Other non-cash and non-operating items	17,595	19,654
	<hr/>	<hr/>
	33,770	23,723
– Changes in working capital		
• Increase in inventories	(6,945)	(4,758)
• Increase in receivables	(12,030)	(12,176)
• Increase in payables	15,333	9,997
• Increase in intercompany balances	311	302
	<hr/>	<hr/>
	30,439	17,088
– Payment of staff retirement benefits	(325)	(107)
– Net income tax paid	(403)	(1,276)
	<hr/>	<hr/>
Net cash flows from operating activities	29,711	15,705
<u>Cash flows from investing activities</u>		
– Purchases of property, plant and equipment	(1,305)	(1,123)
– Interest income received	1	1
– Proceeds from sales of property, plant, and equipment	2	2,335
	<hr/>	<hr/>
Net cash flows (used in)/from investing activities	(1,302)	1,213
<u>Cash flows from financing activities</u>		
– Repayment of term loans	(14,242)	(12,722)
– (Repayment)/proceeds from bankers acceptances/trade financing	(1,848)	5,106
– Financing expenses	(4,236)	(5,577)
	<hr/>	<hr/>
Net cash flows used in financing activities	(20,326)	(13,193)
Net increase in cash and cash equivalents	8,083	3,725
Cash and cash equivalents at 1 January	6,319	(881)
Effects of exchange rate changes	2	3
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	14,404	2,847
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise:		
Bank overdraft	(1,700)	(2,635)
Short term deposits	930	522
Cash and bank balances	15,174	4,960
	<hr/>	<hr/>
	14,404	2,847
	<hr/> <hr/>	<hr/> <hr/>

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 30 September 2015.

**6. Change in estimates**

There were no changes in estimates that have had a material effect for the financial period ended 30 September 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 30 September 2015.

**8. Dividends paid**

There were no dividends paid for the financial period ended 30 September 2015.

**9. Segmental reporting**

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 30 September 2015 RM'000	Preceding year to 30 September 2014 RM'000	As at 30 September 2015 RM'000	As at 30 September 2014 RM'000	Current year to 30 September 2015 RM'000	Preceding year to 30 September 2014 RM'000
Malaysia	203,178	182,428	533,022	532,951	1,305	1,123
South East Asia	13,663	18,287	1	1	-	-
Middle East and South Asia	20,882	22,115	-	-	-	-
Hong Kong and China	8,661	16,298	-	-	-	-
Others	5,672	7,130	-	-	-	-
	<u>252,056</u>	<u>246,258</u>	<u>533,023</u>	<u>532,952</u>	<u>1,305</u>	<u>1,123</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 30 September 2015**

There were no material events subsequent to the end of the current financial period ended 30 September 2015.



## 12. Changes in the composition of the Group during the financial period ended 30 September 2015

There were no changes in the composition of the Group during the financial period ended 30 September 2015, except as follows:

On 25 September 2015, the Company entered into a conditional Sale and Purchase Agreement (SPA) with Anjakan Kekal Sdn Bhd for the proposed sale of its wholly-owned subsidiary, Mieco Wood Products Sdn Bhd (MWP) for a cash consideration of RM35 million.

The completion of the proposed sale of MWP is pending fulfilment of conditions precedent set out in the SPA.

## 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 30 September 2015 were as follows:-

	RM'000
Property, plant and equipment:	
Approved and contracted	22,146
Approved but not contracted	6,214
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	28,360
	<hr/>



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

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

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

Group revenue for third quarter this year was RM81.2 million, lower by 2%, when compared to RM82.7 million a year ago. The slight reduction in revenue is mainly due to lower export sales but mitigated by the continued strong selling prices of plainboard in the domestic market and higher sales of value-added products.

The Group posted pre-tax profit of RM6.2 million, up 73% against RM3.6 million a year ago, attributable to higher selling prices, favourable sales mix and lower input costs for raw materials and energy.

#### **Year on year review**

Group revenue for the nine months under review rose 2% to RM252.1 million against RM246.3 million a year ago due to more sales of value-added products and increased plainboard selling prices. Group pre-tax profit jumped to RM16.2 million from RM4.1 million for the same period last year due to better margins from higher selling prices, more value-added sales and favourable raw materials and energy prices.

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

Group profit before tax decreased to RM6.2 million from RM6.8 million in the preceding quarter mainly due to relocation cost and lower production output.

### **3. Prospects**

The Group is optimistic of achieving improved results in the current financial year. Notwithstanding the slowing and uneven global growth including the strengthening of the US dollar, the Group's focus remains in responding quickly to market changes backed by strong after sales support, lowering production costs and improving productivity.

The Directors wish to report that the relocation of the Group's Semambu plant is well under way according to the timeline set with the first phase comprising construction of a new warehouse building and relocation of existing melamine impregnation line, anticipated to be completed by year end.

### **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 30 September 2015 RM'000	Preceding year quarter to 30 September 2014 RM'000	Current year to 30 September 2015 RM'000	Preceding year to 30 September 2014 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Interest income	(1)	-	(1)	(1)
Interest expense	1,732	2,266	5,455	6,766
Loan facility fees	-	-	30	30
Depreciation and amortisation	3,708	3,712	11,223	11,200
Write off of inventories	16	-	73	-
Net realised foreign exchange loss/(gain)	37	(800)	684	(1,364)
Net unrealised foreign exchange (gain)/loss	(1)	(269)	883	(296)
Fair value (gain)/loss on derivative financial instruments	(864)	925	(1,328)	167

## 6. Tax expense

	Current quarter to 30 September 2015 RM'000	Current year to 30 September 2015 RM'000
In respect of current year		
- Malaysia income tax	0	(53)
- Deferred tax	0	0
	<u>0</u>	<u>(53)</u>
In respect of previous year		
- Malaysia income tax	0	0
	<u>0</u>	<u>(53)</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 30 September 2015	As at 31 December 2014
Total retained earnings of the Company and its subsidiaries	RM'000	RM'000
- Realised	68,348	52,641
- Unrealised	6,715	6,288
	<hr/> 75,063	<hr/> 58,929
Add: Consolidation adjustments	(1,197)	(1,185)
	<hr/> <hr/> 73,866	<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 USD2.494 million term loan. The details of the Group's borrowings as at 30 September 2015 as follows:-

	Current		Non-current	Total
	RM'000	USD'000	RM'000	RM'000
Term loan (secured)	24,294	-	-	24,294
Term loan in USD (secured)	11,083	2,494	-	11,083
Term loans (unsecured)	500	-	-	500
Bankers acceptance and revolving credit (secured)	13,999	-	-	13,999
Bankers acceptance and trade financing (unsecured)	37,828	-	-	37,828
Bank overdraft (unsecured)	1,700	-	-	1,700
Hire purchase obligation	34	-	3	37
	<u>89,438</u>	<u>2,494</u>	<u>3</u>	<u>89,441</u>

Term loans (secured) amounting to RM7.5 million which are not due for repayment within a year are classified as current liabilities as at 30 September 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 30 September 2015. No dividend was declared for the same period last year.



## 12. Profit/(loss) per share

	Current year quarter to 30 September 2015	Preceding year quarter to 30 September 2014	Current year to 30 September 2015	Preceding year to 30 September 2014
a) Basic				
Profit for the period (RM'000)	6,166	3,584	16,122	3,437
Weighted average number of ordinary shares in issue ('000)	210,000	210,000	210,000	210,000
Profit per share (sen)	2.94	1.71	7.68	1.64
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

20 November 2015