



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial period ended 31 March 2023

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 March 2023 RM'000	Preceding year quarter to 31 March 2022 RM'000	Current year to 31 March 2023 RM'000	Preceding year to 31 March 2022 RM'000
Revenue	59,228	102,467	59,228	102,467
Other income	21,475	1,323	19,731	1,323
Operating (loss)/profit before finance costs, depreciation and amortisation, income tax and non-controlling interests	(1,394)	10,628	(1,394)	10,628
Gain on acquisition of subsidiary	20,221	-	20,221	-
Depreciation and amortisation	(7,615)	(7,130)	(7,615)	(7,130)
Profit from operations	11,212	3,498	11,212	3,498
Finance costs	(2,380)	(2,312)	(2,380)	(2,312)
Profit before taxation	8,832	1,186	8,832	1,186
Tax expense	(51)	(9)	(51)	(9)
Net profit for the period	8,781	1,177	8,781	1,177
Total comprehensive income for the period	8,781	1,177	8,781	1,177
Net profit attributable to owners of the Company	8,781	1,177	8,781	1,177
Total comprehensive income attributable to owners of the Company	8,781	1,177	8,781	1,177
Basic earnings per share (sen)	0.88	0.12	0.88	0.12
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))
Condensed Consolidated Statement of Financial Position as at 31 March 2023
The figures have not been audited.

	(Unaudited) As at 31 March 2023 RM'000	(Audited) As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	357,851	296,003
Investment properties	24,325	17,000
Deferred tax assets	7,034	7,034
Right-of-use assets	156,067	149,516
Biological asset	5,592	0
Intangible asset	1,951	0
	552,820	469,553
Current assets		
Inventories	94,382	55,440
Trade receivables	36,985	28,846
Other receivables	25,641	14,770
Tax recoverable	145	4
Derivative financial instruments	0	0
Deposits with licensed banks	13,055	9,755
Cash and bank balances	6,970	58,116
	177,178	166,931
TOTAL ASSETS	729,998	636,484
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	276,666	276,666
Reserves		
Foreign currency reserve	(54)	(54)
Retained earnings	123,774	114,993
Total equity	400,386	391,605
Non-current liabilities		
Bank borrowings	65,532	65,230
Lease liabilities	10,681	9,130
Employee defined benefit plan	8,607	8,884
Deferred income tax liability	2,209	0
	87,029	83,244
Current liabilities		
Trade payables	55,463	34,597
Other payables	91,651	33,584
Lease liabilities	3,682	2,779
Bank borrowings	91,588	90,424
Tax payable	199	251
	242,583	161,635
TOTAL EQUITY AND LIABILITIES	729,998	636,484
Net assets per share attributable to equity holders of the Company (RM)	0.40	0.39

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2023

The figures have not been audited.

	Attributable to equity holders of the Company			Total equity RM'000
	Share capital	Foreign currency reserve	Retained earnings	
	RM'000	RM'000	RM'000	
As at 1 January 2023	276,666	(54)	114,993	391,605
Total comprehensive income for the financial period:				
- Profit for the financial period	-	-	8,781	8,781
As at 31 March 2023	276,666	(54)	123,774	400,386
As at 1 January 2022	276,666	(35)	146,682	423,313
Total comprehensive income for the financial period:				
- Profit for the financial period	-	-	1,177	1,177
Balance as at 31 March 2022	276,666	(35)	147,859	424,490

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

Condensed Consolidated Statement of Cash Flow for the financial period ended 31 March 2023

The figures have not been audited.

	Current year to 31 March 2023 RM'000	Preceding year to 31 March 2022 RM'000
<u>Cash flows from operating activities</u>		
– Profit before tax	8,832	1,186
– Adjustments for non-cash and non-operating items		
• Other non-cash and non-operating items	(10,039)	9,858
	<u>(1,207)</u>	<u>11,044</u>
– Changes in working capital		
• Increase in inventories	(2,063)	(3,769)
• (Increase)/Decrease in receivables	(14,572)	7,647
• Increase/(Decrease) in payables	34,907	(4,661)
	<u>17,065</u>	<u>10,261</u>
– Payment of staff retirement benefits	(510)	(327)
– Net income tax paid	(103)	(23)
Net cash from operating activities	<u>16,452</u>	<u>9,911</u>
<u>Cash flows (used in)/from investing activities</u>		
– Net acquisition of subsidiary	(47,816)	-
– Purchase of property, plant and equipment	(6,088)	(1,632)
– Interest income received	157	72
– Withdrawal of fixed deposits with licensed banks	(16)	(3)
Net cash used in investing activities	<u>(53,763)</u>	<u>(1,563)</u>
<u>Cash flows (used in)/from financing activities</u>		
– Repayment of term loan	(3,664)	(2,482)
– Repayment of lease liabilities	(21)	(21)
– Repayment of bankers acceptances/invoice financing	(7,608)	(25,215)
– Financing expenses	(2,379)	(2,312)
– (Repayment)/Proceeds of overdraft facility	(1,344)	(755)
– Drawdown/(Repayment) of hire purchase liabilities	1,181	(81)
Net cash used in financing activities	<u>(13,835)</u>	<u>(30,866)</u>
Net (decrease)/increase in cash and cash equivalents	(51,146)	(22,518)
Cash and cash equivalents at 1 January	58,116	78,952
Effect of exchange translation differences on cash and cash equivalents	0	0
Cash and cash equivalents at 31 March	<u>6,970</u>	<u>56,434</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial period ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

PART A: Explanatory Notes of MFRS 134

1. Basis of preparation

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 2022. 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 2022.

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 financial year ended 31 December 2022 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 2023:

MFRS 17	:	Insurance Contracts
Amendments to MFRS 17	:	Insurance Contracts
Amendments to MFRS 17	:	Initial Application of
Amendments to MFRS 101	:	MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 108	:	Definition of Accounting Estimates
Amendments to MFRS 112	:	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3. Auditors' report of preceding annual financial statements for financial year ended 31 December 2022

The audit report of the Group's financial statements for the financial year ended 31 December 2022 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 2023.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 31 March 2023.

7. Issuance and repayment of debt and equity securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the financial period ended 31 March 2023.

8. Dividends paid

There were no dividends paid for the financial period ended 31 March 2023.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

9. Segmental reporting

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 March 2023 RM'000	Preceding year to 31 March 2022 RM'000	As at 31 March 2023 RM'000	As at 31 March 2022 RM'000	Current year to 31 March 2023 RM'000	Preceding year to 31 March 2022 RM'000
Malaysia	55,249	91,641	729,998	703,744	6,088	1,632
South East Asia	3,062	2,478	-	-	-	-
Middle East and South Asia	341	2,702	-	-	-	-
Hong Kong and China	-	4,242	-	-	-	-
Others	576	1,404	-	-	-	-
	<u>59,228</u>	<u>102,467</u>	<u>729,998</u>	<u>703,744</u>	<u>6,088</u>	<u>1,632</u>

10. Valuation of property, plant and equipment

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

11. Material events subsequent to the financial period ended 31 March 2023

There were no material subsequent events as at 26 May 2023, being the latest practicable date, which shall not be earlier than 7 days from the date of issuance of this interim financial report.

12. Changes in the composition of the Group during the financial period ended 31 March 2023

The Company had on 6 October 2021, entered into conditional share sale agreement (“SSA”) with SYF Resources Berhad (“SYF”) for the acquisition of the entire equity interest in Seng Yip Furniture Sdn. Bhd. (“Seng Yip Furniture”), a wholly-owned subsidiary of SYF, for a purchase consideration of RM50,000,000 to be satisfied entirely via cash (“Proposed Acquisition”).

The acquisition had been completed on 14 March 2023 and consequently Seng Yip Furniture became a wholly-owned subsidiary of the Company.

13. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since the last statement of financial position as at 31 December 2022.

14. Capital commitments

Capital commitments not provided for in the interim financial report as at 31 March 2023 were as follows:-

	RM'000
<i>Approved and contracted</i>	
Property, plant equipment	<u>3,017</u>



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

15. Significant related party transactions

The Group had the following transactions with related parties during the financial year-to-date:

RM'000

Transaction with the company(ies) in which two Directors of the Company are also directors and one of whom has substantial financial interest

Sales	1,534
Purchases	2,392
Rental received	114
Commission	0
Rental paid	24
	<hr/>



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

PART B: Explanatory Notes of Bursa Malaysia Listing Requirements

1. Review of performance

Quarter on quarter review

The Group's has recorded a revenue of RM59.2 million in the first quarter of 2023, lowered by 42% from RM102.5 million in the preceding year corresponding quarter. The sharp decline in revenue due primarily to the drop in both sales volume and average selling price caused by continuous soft market condition in current quarter.

The Group reported a net profit of RM8.8 million as compared to RM1.2 million in the same quarter last year. The increase of net profit in the current quarter mainly attributable to a gain of approximately RM20.2 million based on the initial assessment from the acquisition of a subsidiary, namely Seng Yip Furniture Sdn Bhd ("Seng Yip Furniture") which was completed on 14 March 2023.

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

The Group's revenue for the current quarter was lower by 10% to RM59.2 million from RM65.6 million in the preceding quarter mainly resulted by the lower sales volume due to festive holidays in the first quarter.

The Group posted a profit after tax of RM8.8 million against loss after tax of RM27.3 million in preceding quarter. The improved results mainly attributable to the above mentioned RM20.2 million gain from the acquisition of subsidiary. Whereby the higher loss after tax in the preceding quarter was due primarily to the recognition of a non-cash impairment loss of RM15.1 million on the plants and deferred tax asset written down of RM2.8 million.

3. Prospects

The outlooks for the Group's businesses remain challenging as our board products are expected to experience continued market volatility from the on-going economic uncertainty. Additionally, elevated operating cost arising from high raw material cost and utility coupled with the new minimum wages will continue to post challenges to our profit margin.

Given the current challenges in the global economic market, we anticipate a slowdown in demand for our products due to the prevailing market conditions.

Despite these uncertainties, the Group continues to enhance the efficiency of the production processes and improve the competitiveness of our products, as well as rationalising and streamlining of our production facilities. The Group remains cautiously optimistic that it will be able to navigate through the current headwinds.

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.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

5. Profit/(Loss) before tax

	Current year quarter to 31 March 2023 RM'000	Preceding year quarter to 31 March 2022 RM'000	Current year to 31 March 2023 RM'000	Preceding year to 31 March 2022 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Interest income	(157)	(37)	(157)	(37)
Interest expense	2,380	2,312	2,380	2,312
Depreciation and amortisation	7,615	7,130	7,615	7,130
Net realised foreign exchange gain	(15)	(354)	(15)	(354)
Net unrealised foreign exchange loss	(44)	(59)	(44)	(59)
Fair value loss on derivative financial instruments	0	32	0	32
Allowance for doubtful debts – trade receivables	0	21	0	21

6. Tax credit/(expense)

	Current quarter to 31 March 2023 RM'000	Current year to 31 March 2023 RM'000
In respect of current year		
- Malaysia income tax	(51)	(51)
- Real property gains tax	0	0
- Deferred tax	0	0
	<u>(51)</u>	<u>(51)</u>
In respect of previous year		
Malaysia income tax	0	0
Deferred tax	0	0
	<u>(51)</u>	<u>(51)</u>

The Group's effective tax rate for the current year under review were lower than statutory tax rate mainly due to other taxable income and recognition of deferred tax assets.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

7. Status of corporate proposals

As at the date of this report, being the latest practicable date, there are no corporate proposals announced and pending completions.

8. Borrowings and debt securities

The Group's borrowings are all denominated in Ringgit Malaysia. The details of the Group's borrowings as at 31 March 2023 as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
Bankers acceptance and revolving credit (secured)	74,321	-	74,321
Term loan (secured)	9,821	65,532	75,353
Invoice financing (secured)	7,446	-	7,446
	<u>91,588</u>	<u>65,532</u>	<u>157,120</u>

9. Derivative financial instruments

As at 31 March 2023, the outstanding foreign currency forward contracts are as follows:

Type of derivatives	Contract/ Notional value RM'000	Fair value liabilities RM'000
Foreign exchange forward contract - Less than 1 year, USD denominated	<u>-</u>	<u>-</u>

Forward foreign currency exchange contracts were entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of the 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.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

10. Fair value changes of financial instruments

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

- Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : Inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 : Inputs are unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
<u>As at 31 March 2023</u>				
Derivative financial liabilities	-	-	-	-
<u>As at 31 March 2022</u>				
Derivative financial liabilities	-	(25)	-	(25)

11. Changes in material litigation

As at the date of this report, there were no material litigation since the last statement of financial position as at 31 December 2022.

12. Dividend

The Directors do not recommend the payment of dividend for the financial period ended 31 March 2023. No dividend was declared for the same period last year.



MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))

13. Earnings/(Loss) per share

	Current year quarter to 31 March 2023	Preceding year quarter to 31 March 2022	Current year to 31 March 2023	Preceding year to 31 March 2022
a) Basic earnings/(loss) per share				
Net profit/(loss) for the financial year attributable to the owners of the Company (RM'000)	8,781	1,177	8,781	1,177
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings/(Loss) per share (sen)	0.88	0.12	0.88	0.12
b) Diluted earnings/(loss) per share ⁽¹⁾	0.88	0.12	0.88	0.12

⁽¹⁾ Diluted earnings/(loss) per share is equivalent to the basic earnings/(loss) per share as there are no dilutive potential ordinary shares as at the reporting date.

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

Ng Geok Lian
Company Secretary
Selangor

29 May 2023