



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

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial period ended 30 June 2022**

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 30 June 2022 RM'000	Preceding year quarter to 30 June 2021 RM'000	Current year to 30 June 2022 RM'000	Preceding year to 30 June 2021 RM'000
Revenue	85,531	81,202	187,997	179,534
Other income	3,418	705	4,741	1,346
Operating profit before finance cost, depreciation and amortisation, income tax and minority interests	7,796	10,984	18,424	27,216
Depreciation and amortisation	(7,309)	(7,419)	(14,439)	(14,780)
Profit from operations	487	3,565	3,985	12,436
Finance costs	(2,166)	(2,364)	(4,478)	(4,797)
(Loss)/Profit before taxation	(1,679)	1,201	(493)	7,639
Tax expense	(143)	0	(152)	0
Net (loss)/profit for the period	(1,822)	1,201	(645)	7,639
Total comprehensive (loss)/income for the period	(1,822)	1,201	(645)	7,639
Net (loss)/profit attributable to owners of the Company	(1,822)	1,201	(645)	7,639
Total comprehensive (loss)/income attributable to owners of the Company	(1,822)	1,201	(645)	7,639
Basic (loss)/earnings per share (sen)	(0.18)	0.14	(0.06)	0.91
Diluted (loss)/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 2021 and the explanatory notes attached to this interim financial report.



**MIECO CHIPBOARD BERHAD (Registration No. 197201001235 (12849-K))**  
**Condensed Consolidated Statement of Financial Position as at 30 June 2022**  
The figures have not been audited.

	(Unaudited) As at 30 June 2022 RM'000	(Audited) As at 31 December 2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	319,570	330,017
Investment properties	17,000	17,000
Deferred tax assets	9,873	9,873
Right-of-use assets	146,269	141,019
	<u>492,712</u>	<u>497,909</u>
<b>Current assets</b>		
Inventories	75,853	62,414
Trade receivables	46,493	67,982
Other receivables	20,894	18,812
Tax recoverable	73	44
Derivative financial instruments	0	8
Deposits with licensed banks	9,597	9,593
Cash and bank balances	56,153	78,952
	<u>209,063</u>	<u>237,805</u>
<b>TOTAL ASSETS</b>	<u><u>701,775</u></u>	<u><u>735,714</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	276,666	276,666
Reserves		
Foreign currency reserve	(35)	(35)
Retained earnings	146,037	146,682
<b>Total equity</b>	<u>422,668</u>	<u>423,313</u>
<b>Non-current liabilities</b>		
Other payables	0	2,149
Bank borrowings	75,272	80,699
Lease liabilities	6,242	1,174
Employee defined benefit plan	16,237	16,049
	<u>97,751</u>	<u>100,071</u>
<b>Current liabilities</b>		
Trade payables	64,676	60,718
Other payables	25,931	35,098
Lease liabilities	1,746	413
Bank borrowings	88,529	115,965
Derivative liability	199	0
Tax payable	275	136
	<u>181,356</u>	<u>212,330</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>701,775</u></u>	<u><u>735,714</u></u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.42</u>	<u>0.42</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 30 June 2022**

The figures have not been audited.

	Attributable to equity holders of the Company			Total equity RM'000
	Share capital RM'000	Foreign currency reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2022	276,666	(35)	146,682	423,313
Total comprehensive loss for the financial period:				
- Net loss for the financial period	-	-	(645)	(645)
Balance as at 30 June 2022	<u>276,666</u>	<u>(35)</u>	<u>146,037</u>	<u>422,668</u>
Balance as at 1 January 2021	215,866	(43)	119,177	335,000
Total comprehensive income for the financial period:				
- Net profit for the financial period	-	-	7,639	7,639
Balance as at 30 June 2021	<u>215,866</u>	<u>(43)</u>	<u>126,816</u>	<u>342,639</u>

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 2021 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 30 June 2022**

The figures have not been audited.

	<b>Current year to 30 June 2022</b>	<b>Preceding year to 30 June 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Cash flows from operating activities</u>		
– (Loss)/Profit after tax	(645)	7,639
– Adjustments for non-cash and non-operating items		
• Taxation	152	0
• Other non-cash and non-operating items	19,542	16,963
	<u>19,049</u>	<u>24,602</u>
– Changes in working capital		
• (Increase)/Decrease in inventories	(13,439)	91
• Decrease in receivables	19,285	15,849
• Decrease in payables	(7,328)	(6,570)
	<u>17,567</u>	<u>33,972</u>
– Payment of staff retirement benefits	(566)	(324)
– Net income tax paid	(42)	(31)
Net cash flows from operating activities	<u>16,959</u>	<u>33,617</u>
<u>Cash flows (used in)/from investing activities</u>		
– Purchase of property, plant and equipment	(2,592)	(5,596)
– Purchase of right-of-use assets	(6,700)	(38)
– Interest income received	478	77
– (Placement)/Withdrawal of fixed deposit with licensed bank	(4)	9
Net cash flows used in investing activities	<u>(8,818)</u>	<u>(5,548)</u>
<u>Cash flows (used in)/from financing activities</u>		
– Repayment of term loan	(4,964)	(4,443)
– Proceeds/(Repayment) of lease liabilities	6,401	(295)
– Repayment of bankers acceptances/invoice financing	(27,121)	(12,938)
– Financing expenses	(4,477)	(4,797)
– Repayment of overdraft facility	(779)	0
– Net cash flows used in financing activities	<u>(30,940)</u>	<u>(22,473)</u>
Net increase in cash and cash equivalents	(22,799)	5,596
Cash and cash equivalents at 1 January	78,952	8,637
Effects of exchange rate changes	0	0
Cash and cash equivalents at 30 Jun	<u>56,153</u>	<u>14,233</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2021. 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 2021.

**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 2021 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 2022:

Amendments to MFRS 3	:	Reference to the Conceptual Framework
Amendments to MFRS 116	:	Property, Plant and Equipment – Proceed before Intended Use
Amendments to MFRS 137	:	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 1, MFRS 9, MFRS 16, MFRS 141	:	Annual Improvement to MFRS standards 2018-2020

**3. Audit report of preceding annual financial statements for financial year ended 31 December 2021**

The audit report of the Group's financial statements for the financial year ended 31 December 2021 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 June 2022.

**6. Change in estimates**

There were no changes in estimates that have had a material effect for the financial period ended 30 June 2022.

**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 30 June 2022.

**8. Dividends paid**

There were no dividends paid for the financial period ended 30 June 2022.



**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 30 June 2022 RM'000	Preceding year to 30 June 2021 RM'000	As at 30 June 2022 RM'000	As at 30 June 2021 RM'000	Current year to 30 June 2022 RM'000	Preceding year to 30 June 2021 RM'000
Malaysia	172,159	164,357	701,775	630,357	9,292	5,634
South East Asia	4,640	8,852	-	-	-	-
Middle East and South Asia	3,897	2,303	-	-	-	-
Hong Kong and China	4,802	708	-	-	-	-
Others	2,499	3,314	-	-	-	-
	<u>187,997</u>	<u>179,534</u>	<u>701,775</u>	<u>630,357</u>	<u>9,292</u>	<u>5,634</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 June 2022**

There were no material subsequent events as at 24 August 2022, 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 30 June 2022**

There were no changes in the composition of the Group during the financial period ended 30 June 2022.

**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 2021.

**14. Capital commitments**

Capital commitments not provided for in the financial statements as at 30 June 2022 were as follow:-

	RM'000
<i>Approved and contracted</i>	
Property, plant equipment	<u>6,675</u>



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

**15. Significant related parties transactions**

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

	RM'000
<u>Transaction with the company(ies) in which two Directors of the Company are also directors and one of whom has substantial financial interest</u>	
Sales	2,185
Purchases	5,423
Rental received	228
Commission	2
Rental paid	48
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**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 recorded a revenue of RM85.5 million in the second quarter ended 30 June 2022, marginally increased by 5% from RM81.2 million in the corresponding quarter last year. The increase in revenue was mainly attributable to higher average selling price offset by lower sales volume in current quarter.

Despite the higher revenue, the Group registered a net loss of RM1.8 million, compared to a net profit of RM1.2 million in preceding year correspondence quarter. The loss was mainly due to increase in raw material costs coupled with lower sales volume as a result of soft market conditions.

**Year on year review**

For the first half of 2022, Group revenue rose to RM188.0 million, which was 5% higher against RM179.5 million a year ago. The higher revenue was mainly due to higher average selling price.

The Group registered a marginal loss after tax of RM0.6 million for the cumulative six months in 2022 when compared to a profit after tax of RM7.6 million in the previous year corresponding period. The decline in performance was mainly due to lower sales volume and the increase in raw material costs.

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

The Group's revenue for the current quarter fell by 17% to RM85.5 million from RM102.5 million in the preceding quarter as both sales volume and average selling price were lower due to weaker market conditions.

The Group posted a loss after tax of RM1.8 million against profit after tax of RM1.2 million in preceding quarter, due to the decrease in revenue and higher raw material costs.

**3. Prospects**

The operating environment will likely remain challenging with uncertainties continuing to cloud global and local markets. These include, among others, a weaker-than-expected global growth, the further escalation of geopolitical conflicts, continuous supply chain disruptions and very volatile commodity prices.

Amidst this backdrop, the Group will continue to focus on improving the manufacturing operations and concurrently reviewing our customer and product mix so as to manage the challenges ahead.

**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 30 June 2022 RM'000	Preceding year quarter to 30 June 2021 RM'000	Current year to 30 June 2022 RM'000	Preceding year to 30 June 2021 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Interest income	(440)	(39)	(478)	(77)
Interest expense	2,166	2,364	4,478	4,797
Depreciation and amortisation	7,309	7,419	14,439	14,780
Net realised foreign exchange gain	(2,248)	(364)	(2,602)	(509)
Net unrealised foreign exchange gain	(13)	(142)	(72)	(137)
Fair value loss/(gain) on derivative financial instruments	175	(5)	207	104
Reversal for doubtful debts – trade receivables	0	0	0	(3,240)
Allowance for doubtful debts – trade receivables	0	0	21	0

**6. Tax expense**

	Current quarter to 30 June 2022 RM'000	Current year to 30 June 2022 RM'000
In respect of current year		
- Malaysia income tax	143	152
- Deferred tax	<u>0</u>	<u>0</u>
	143	152
In respect of previous year		
Malaysia income tax	<u>0</u>	<u>0</u>
	<u>143</u>	<u>152</u>

The Group's effective tax rate for the current quarter and the year under review were lower than statutory tax rate mainly due utilisation of deferred tax assets.



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

### 7. Status of corporate proposals

#### **(A) ACQUISITION EXERCISE**

There were no material corporate proposals announced and not completed as at the 24 August 2022 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), other than as disclosed below:

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

The said Acquisition Exercise had obtained shareholders’ approval at the extraordinary general meeting held on 14 December 2021.

On 28 January 2022, the Company and SYF (the “Parties”) of the SSA had mutually agreed to extend the conditional period of the SSA dated 6 October 2021 until 5 May 2022 (“Extension”). Subsequently on 20 April 2022, the Parties mutually agreed via an extension letter to further extend the conditional period of the SSA dated 6 October 2021 until 5 November 2022 (“Second Extension”). The Second Extension was made in order to grant the Parties an additional 6 months to fulfil the conditions precedent of the SSA.

As at the date of this report, the Acquisition Exercise is still pending for completion.

#### **(B) STATUS OF UTILISATION OF PROCEEDS**

On 6 October 2021, the Company proposed to undertake private placement of up to 20% of total number of issued shares of the Company to independent third party investors. The Private Placement was completed on 23 December 2021 following the listing and quotation of 160,000,000 placement shares on the Main Market of Bursa Securities, raising RM60,800,000-00 for the Company.

The status of the utilization of the proceeds arising from the Private Placement is set out below :-

Description	Proceeds raised (RM'000)	Actual utilization (RM'000)	Balance unutilized (RM'000)	Intended timeframe for utilization from the receipt of Placement Funds
Purchase Consideration for the Acquisition	50,000	0	50,000	Upon completion of the Acquisition
Working Capital	10,270	10,270	0	Within 12 months
Estimated expenses in relation the Corporate Exercises	530	350	180	Upon completion
<b>Total</b>	<b>60,800</b>	<b>10,620</b>	<b>50,180</b>	



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

**8. Borrowings and debt securities**

The Group's borrowings are all denominated in Ringgit Malaysia. The details of the Group's borrowings as at 30 June 2022 are as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
Bankers acceptance and revolving credit (secured)	69,933	-	69,933
Bankers acceptance and revolving credit (unsecured)	6,636	-	6,636
Term loan (secured)	10,781	75,200	85,981
Term loan (unsecured)	1,179	72	1,251
	88,529	75,272	163,801

**9. Derivative financial instruments**

As at 30 June 2022, 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	6,669	199

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.

**10. Fair value changes of financial instruments**

The Group use 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 30 June 2022</u>				
Derivative financial liabilities		(199)		(199)
<u>As at 30 June 2021</u>				
Derivative financial liabilities		(58)		(58)



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

**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 2021.

**12. Dividend**

The Directors do not recommend the payment of dividend for the financial period ended 30 June 2022. No dividend was declared for the same period last year.

**13. Earnings/(Loss) per share**

	Current year quarter to 30 June 2022	Preceding year quarter to 30 June 2021	Current year to 30 June 2022	Preceding year to 30 June 2021
<b>a) Basic earnings/(loss) per share</b>				
Net (loss)/profit for the financial year attributable to the owners of the Company (RM'000)	(1,822)	1,201	(645)	7,639
Weighted average number of ordinary shares in issue ('000)	1,000,000	840,000	1,000,000	840,000
(Loss)/Earning per share (sen)	<u>(0.18)</u>	<u>0.14</u>	<u>(0.06)</u>	<u>0.91</u>
<b>b) Diluted earnings/(loss) per share <sup>(1)</sup></b>	<u>(0.18)</u>	<u>0.14</u>	<u>(0.06)</u>	<u>0.91</u>

<sup>(1)</sup> 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

25 August 2022