



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

**Condensed Consolidated Statement of Comprehensive Income for the financial period ended 30 September 2022**

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 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Revenue	74,636	58,283	262,633	237,817
Other income	1,661	1,140	6,403	2,486
Operating profit before finance cost, depreciation and amortisation, income tax and minority interests	4,702	2,320	23,126	29,536
Depreciation and amortisation	(8,052)	(7,961)	(22,491)	(22,741)
(Loss)/Profit from operations	(3,350)	(5,641)	635	6,795
Finance costs	(2,251)	(2,605)	(6,728)	(7,402)
Loss before taxation	(5,601)	(8,246)	(6,093)	(607)
Tax expense	(145)	0	(298)	0
Net loss for the period	(5,746)	(8,246)	(6,391)	(607)
Total comprehensive loss for the period	(5,746)	(8,246)	(6,391)	(607)
Net loss attributable to owners of the Company	(5,746)	(8,246)	(6,391)	(607)
Total comprehensive loss attributable to owners of the Company	(5,746)	(8,246)	(6,391)	(607)
Basic loss per share (sen)	(0.57)	(0.98)	(0.64)	(0.07)
Diluted profit/(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 2021 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 2022**

The figures have not been audited.

	(Unaudited) As at 30 September 2022 RM'000	(Audited) As at 31 December 2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	315,122	330,017
Investment properties	17,000	17,000
Deferred tax assets	9,873	9,873
Right-of-use assets	149,514	141,019
	<u>491,509</u>	<u>497,909</u>
<b>Current assets</b>		
Inventories	69,214	62,414
Trade receivables	37,142	67,982
Other receivables	19,780	18,812
Tax recoverable	87	44
Derivative financial instruments	0	8
Deposits with licensed banks	9,630	9,593
Cash and bank balances	50,197	78,952
	<u>186,050</u>	<u>237,805</u>
<b>TOTAL ASSETS</b>	<u><u>677,559</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	140,291	146,682
<b>Total equity</b>	<u>416,922</u>	<u>423,313</u>
<b>Non-current liabilities</b>		
Other payables	0	2,149
Lease liabilities	9,923	1,174
Bank borrowings	67,808	80,699
Employee defined benefit plan	15,136	16,049
	<u>92,867</u>	<u>100,071</u>
<b>Current liabilities</b>		
Trade payables	47,416	60,718
Other payables	26,135	35,098
Lease liabilities	2,776	413
Bank borrowings	90,987	115,965
Derivative financial instruments	42	0
Tax payable	414	136
	<u>167,770</u>	<u>212,330</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>677,559</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 year ended 31 December 2021 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 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	-	-	(6,391)	(6,391)
Balance as at 30 September 2022	276,666	(35)	140,291	416,922
Balance as at 1 January 2021	215,866	(43)	119,177	335,000
Total comprehensive loss for the financial period:				
- Net loss for the financial period	-	-	(607)	(607)
Balance as at 30 September 2021	215,866	(43)	118,570	334,393

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022**

The figures have not been audited.

	<b>Current year to 30 September 2022</b>	<b>Preceding year to 30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Cash flows from operating activities</u>		
– Loss after tax	(6,391)	(607)
– Adjustments for non-cash and non-operating items		
• Taxation	298	0
• Other non-cash and non-operating items	29,712	27,782
	<u>23,619</u>	<u>27,175</u>
– Changes in working capital		
• (Increase)/Decrease in inventories	(6,800)	(11,451)
• Decrease/(Increase) in receivables	29,695	12,921
• (Decrease)/Increase in payables	(24,383)	(3,961)
	<u>22,131</u>	<u>24,684</u>
– Payment of staff retirement benefits	(2,044)	(324)
– Net income tax paid	(63)	(49)
Net cash flows from operating activities	<u>20,024</u>	<u>24,311</u>
<u>Cash flows (used in)/from investing activities</u>		
– Purchase of property, plant and equipment	(5,027)	(7,856)
– Purchase of right-of-use assets	(10,988)	(255)
– Interest income received	757	74
– Withdrawal/(Placement) of fixed deposit with licensed bank	(37)	2,745
Net cash flows (used in)/from investing activities	<u>(15,295)</u>	<u>(5,292)</u>
<u>Cash flows (used in)/from financing activities</u>		
– Repayment of term loan	(12,472)	(6,677)
– Proceeds/(Repayment) of hire purchase liabilities	11,180	(335)
– (Repayment)/Proceeds of bankers acceptances/invoice financing	(24,618)	(4,287)
– Financing expenses	(6,728)	(7,402)
– (Repayment)/Proceeds of overdraft facility	(779)	969
– Repayment of lease liabilities	(67)	(63)
– Repayment of former immediate holding company	0	0
Net cash flows (used in)/generated from financing activities	<u>(33,484)</u>	<u>(17,795)</u>
Net (decrease)/increase in cash and cash equivalents	(28,755)	1,224
Cash and cash equivalents at 1 January	78,952	8,637
Effects of exchange rate changes	0	0
Cash and cash equivalents at 30 Sep	<u>50,197</u>	<u>9,861</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 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 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 September 2022.

### **6. Change in estimates**

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

### **8. Dividends paid**

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



**9. Segmental reporting**

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 30 Sep 2022 RM'000	Preceding year to 30 Sep 2021 RM'000	As at 30 Sep 2022 RM'000	As at 30 Sep 2021 RM'000	Current year to 30 Sep 2022 RM'000	Preceding year to 30 Sep 2021 RM'000
Malaysia	243,731	215,277	677,559	632,272	16,015	8,111
South East Asia	5,770	15,080	-	-	-	-
Middle East and South Asia	5,190	2,824	-	-	-	-
Hong Kong and China	4,825	708	-	-	-	-
Others	3,117	3,928	-	-	-	-
	<u>262,633</u>	<u>237,817</u>	<u>677,559</u>	<u>632,272</u>	<u>16,015</u>	<u>8,111</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 2022**

There were no material subsequent events as at 23 November 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 September 2022**

There were no changes in the composition of the Group during the financial period ended 30 September 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 September 2022 were as follow:-

	RM'000
Approved and contracted Property, plant equipment	<u>5,510</u>



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	2,799
Purchases	7,664
Rental received	342
Commission	2
Rental paid	<u>72</u>



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

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

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

For the third quarter of 2022, the Group revenue increased by 28% or RM16.3 million to RM74.6 million from RM58.3 million in the corresponding quarter last year.

In the same quarter of the previous year, the lower revenue was mainly due to the implementation of blanket containment measures, notably the Full Movement Control Order (FMCO) in 1 June last year to curb the resurgence of Covid-19 cases in our country and the subsequent prolonged tight containment measures which has adversely affected the Group operational activities.

The Group registered a net loss of RM5.7 million in the current quarter, a marginal improvement compared to a net loss of RM8.2 million in preceding year corresponding quarter that mainly attributable to the higher revenue in current quarter.

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

For the cumulative nine months of 2022, the Group revenue increased by 10% to RM262.6 million from RM237.8 million a year ago. The current year revenue was a non-disrupted full 9 months revenue compared to approximately 7 months revenue recorded in the previous year corresponding period due to the implementation of movement restrictions as mentioned above.

Notwithstanding the higher revenue, the Group registered a loss after tax of RM6.4 million for the cumulative nine months in 2022 when compared to a loss after tax of RM0.6 million in the previous year corresponding period. The decline in performance was due primarily to the overall soft market conditions and higher operating costs.

### **2. Material change to the result of the immediate preceding quarter**

The Group revenue for the current quarter decreased by 13% to RM74.6 million from RM85.5 million in the preceding quarter as both sales volume and average selling price were lower due to weaker market conditions.

Consequently, the Group loss after tax was widened to RM5.7 million against RM1.8 million in the preceding quarter. The decline in performance was due primarily to lower revenue, lower plant utilisation rate and coupled with higher operating costs which affected the profit margin in the current quarter under review.

### **3. Prospects**

As we move into the final leg of the year, the operating environment will likely remain challenging with uncertainties continuing to cloud the global and local markets. The challenges 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.





## 5. Profit/(Loss) before tax

	Current year quarter to 30 September 2022 RM'000	Preceding year quarter to 30 September 2021 RM'000	Current year to 30 September 2022 RM'000	Preceding year to 30 September 2021 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Interest income	(280)	3	(757)	(74)
Interest expense	2,251	2,605	6,728	7,402
Depreciation and amortisation	8,052	7,961	22,491	22,741
Net realised foreign exchange gain	0	(103)	(2,602)	(613)
Net unrealised foreign exchange loss/(gain)	(55)	(88)	(127)	(226)
Fair value (gain)/loss on derivative financial instruments	(157)	(36)	50	68
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 Sep 2022 RM'000	Current year to 30 Sep 2022 RM'000
In respect of current year		
- Malaysia income tax	145	298
- Real property gain tax	0	0
- Deferred tax	0	0
	<u>0</u>	<u>0</u>
In respect of previous year		
Malaysia income tax	0	0
	<u>145</u>	<u>298</u>

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



## 7. Status of corporate proposals

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

There were no material corporate proposals announced and not completed as at the 23 November 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. Mico 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.

Pursuant to the SSA and the addendum to the SSA dated 26 November 2021 entered into between the Parties pertaining to the Acquisition, the conditions precedent of the SSA shall be satisfied or waived by the Vendor 3 months after the date of the SSA with an automatic extension of 1 month from the last day of the said 3 months, i.e. 5 February 2022.

Following this, the Parties had, on 28 January 2022, mutually agreed to the Extension, and subsequently on 20 April 2022 mutually agreed to the Second Extension.

On 1 November 2022, the Parties had mutually agreed via an extension letter dated 1 November 2022 to further extend the conditional period of the SSA dated 6 October 2021 until **5 February 2023** ("**Third Extension**"). The Third Extension was made in order to grant the Parties an additional 3 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 :-

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



**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 September 2022 as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
Bankers acceptance and revolving credit (secured)	70,133	-	70,133
Bankers acceptance and revolving credit (unsecured)	6,389	-	6,389
Invoice financing (unsecured)	2,550	-	2,550
Term loan (secured)	11,025	67,733	78,758
Term loan (unsecured)	890	75	965
	90,987	67,808	158,795

**9. Derivative financial instruments**

As at 30 September 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	1,280	(42)

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 Sep 2022</u>				
Derivative financial liabilities		(42)		(42)
<u>As at 30 Sep 2021</u>				
Derivative financial liabilities		(22)		(22)



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 September 2022. No dividend was declared for the same period last year.

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

	Current year quarter to 30 September 2022	Preceding year quarter to 30 September 2021	Current year to 30 September 2022	Preceding year to 30 September 2021
a) Basic				
Loss for the period (RM'000)	(5,746)	(8,246)	(6,391)	(607)
Weighted average number of ordinary shares in issue ('000)	1,000,000	840,000	1,000,000	840,000
Loss per share (sen)	(0.57)	(0.98)	(0.64)	(0.07)
b) Diluted	(0.57)	(0.98)	(0.64)	(0.07)

(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

24 November 2022