



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 September 2023

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 30 September 2023 RM'000	Preceding year quarter to 30 September 2022 RM'000	Current year to 30 September 2023 RM'000	Preceding year to 30 September 2022 RM'000
Revenue	99,094	74,636	248,876	262,633
Other income	1,658	1,661	23,857	6,403
Operating profit before finance costs, depreciation and amortisation, income tax and non-controlling interests	5,033	4,702	3,990	23,126
Gain on acquisition of a subsidiary	-	-	20,221	-
Depreciation and amortisation	(8,412)	(8,052)	(24,398)	(22,491)
Impairment losses on property, plant and equipment	(38,930)	-	(38,930)	-
(Loss)/Profit from operations	(42,309)	(3,350)	(39,117)	635
Finance costs	(3,670)	(2,251)	(9,267)	(6,728)
Loss before taxation	(45,979)	(5,601)	(48,384)	(6,093)
Tax credit/(expense)	86	(145)	(55)	(298)
Net loss for the period	(45,893)	(5,746)	(48,439)	(6,391)
Total comprehensive loss for the period	(45,893)	(5,746)	(48,439)	(6,391)
Net loss attributable to owners of the Company	(45,893)	(5,746)	(48,439)	(6,391)
Total comprehensive loss attributable to owners of the Company	(45,893)	(5,746)	(48,439)	(6,391)
Basic loss per share (sen)	(4.59)	(0.57)	(4.84)	(0.64)
Diluted loss 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 30 September 2023
The figures have not been audited.

	(Unaudited) As at 30 September 2023 RM'000	(Audited) As at 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	301,508	296,003
Investment properties	25,255	17,000
Deferred tax assets	7,034	7,034
Right-of-use assets	114,882	149,516
Biological assets	10,082	-
Intangible assets	1,930	-
	460,691	469,553
Current assets		
Inventories	91,115	55,440
Trade receivables	46,155	28,846
Other receivables	16,972	14,770
Tax recoverable	355	4
Deposits with licensed banks	13,096	9,755
Cash and bank balances	14,049	58,116
	181,742	166,931
Assets held for sale	43,553	-
	225,295	166,931
TOTAL ASSETS	685,986	636,484
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	276,666	276,666
Reserves		
Foreign currency translation reserve	(54)	(54)
Retained earnings	66,554	114,993
Total equity	343,166	391,605
Non-current liabilities		
Bank borrowings	102,869	65,230
Lease liabilities	10,686	9,130
Employee defined benefit plan	8,563	8,884
Deferred tax liability	2,209	-
	124,327	83,244
Current liabilities		
Trade payables	44,455	34,597
Other payables	55,513	33,584
Lease liabilities	3,872	2,779
Bank borrowings	114,572	90,424
Tax payable	81	251
	218,493	161,635
TOTAL EQUITY AND LIABILITIES	685,986	636,484
Net assets per share attributable to equity holders of the Company (RM)	0.34	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 30 September 2023

The figures have not been audited.

	Attributable to equity holders of the Company			
	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2023	276,666	(54)	114,993	391,605
Total comprehensive loss for the financial period	-	-	(48,439)	(48,439)
As at 30 September 2023	276,666	(54)	66,554	343,166
As at 1 January 2022	276,666	(35)	146,682	423,313
Total comprehensive loss for the financial period	-	-	(6,391)	(6,391)
As at 30 September 2022	276,666	(35)	140,291	416,922

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 30 September 2023

The figures have not been audited.

	Current year to 30 September 2023 RM'000	Preceding year to 30 September 2022 RM'000
<u>Cash flows from operating activities</u>		
– Loss before tax	(48,384)	(6,093)
– Adjustments for non-cash and non-operating items		
• Other non-cash and non-operating items	53,296	29,712
	<u>4,912</u>	<u>23,619</u>
– Changes in working capital		
• Decrease / (Increase) in inventories	1,387	(6,800)
• (Increase)/ Decrease in receivables	(14,921)	29,695
• Decrease in payables	(12,373)	(24,383)
	<u>(20,995)</u>	<u>22,131</u>
– Payment of staff retirement benefits	(1,021)	(2,044)
– Income tax paid	(435)	(63)
Net cash (used in)/from operating activities	<u>(22,451)</u>	<u>20,024</u>
<u>Cash flows (used in)/from investing activities</u>		
– Net acquisition of a subsidiary	(47,816)	-
– Purchase of property, plant and equipment and other non-current asset	(13,993)	(16,015)
– Interest income received	456	757
– Withdrawal of fixed deposits with licensed banks	(57)	(37)
Net cash used in investing activities	<u>(61,410)</u>	<u>(15,295)</u>
<u>Cash flows (used in)/from financing activities</u>		
– Proceeds/(Repayment) of term loans	36,094	(12,472)
– Repayment of lease liabilities	(1,003)	(67)
– Proceeds/(Repayment) of bankers acceptances/invoice financing	9,358	(24,618)
– Finance costs	(9,267)	(6,728)
– Proceeds/(Repayment) of overdraft facilities	2,253	(779)
– Drawdown/(Repayment) of lease liabilities	2,359	11,180
Net cash from/(used in) financing activities	<u>39,794</u>	<u>(33,484)</u>
Net decrease in cash and cash equivalents	(44,067)	(28,755)
Cash and cash equivalents at 1 January	58,116	78,952
Cash and cash equivalents at 30 September	<u>14,049</u>	<u>50,197</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 2022 and the accompanying explanatory notes attached to this interim financial report.



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

PART A: Explanatory Notes pursuant to Malaysian Financial Reporting Standard (“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 Main Market 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 MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	:	Disclosure of Accounting Policies
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 domestic and 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 2023.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 30 September 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 30 September 2023.

8. Dividends paid

There were no dividends paid for the financial period ended 30 September 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 30 September 2023	Preceding year to 30 September 2022	As at 30 September 2023	As at 30 September 2022	Current year to 30 September 2023	Preceding year to 30 September 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	221,089	243,731	685,986	677,559	13,993	16,015
South East Asia	7,679	5,770	-	-	-	-
Middle East and South Asia	5,563	5,190	-	-	-	-
Hong Kong and China	7,265	4,825	-	-	-	-
Others	7,280	3,117	-	-	-	-
	<u>248,876</u>	<u>262,633</u>	<u>685,986</u>	<u>677,559</u>	<u>13,993</u>	<u>16,015</u>

10. Valuation of property, plant and equipment

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

11. Material events subsequent to the financial period ended 30 September 2023

There were no material subsequent events as at 22 November 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 30 September 2023

The Company had on 6 October 2021, entered into a conditional share sale agreement with SYF Resources Berhad for the acquisition of the entire equity interest in Seng Yip Furniture Sdn. Bhd. ("Seng Yip Furniture"), for a purchase consideration of RM50.0 million to be satisfied entirely via cash.

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 as at the date of this interim financial report.

14. Capital commitments

Capital commitments not provided for in the interim financial report as at 30 September 2023 were as follows:-

	RM'000
<i>Approved and contracted</i>	
Property, plant equipment	<u>3,031</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

Transactions 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
Lease expenses paid	<u>72</u>

Transaction with a Director

Lease expenses paid	<u>95</u>
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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 RM99.1 million for the third quarter of 2023, as compared to RM74.6 million a year ago, the increase of 33% was mainly resulting from the inclusion of revenue from a new subsidiary.

Despite the higher revenue, the Group suffered a loss after tax of RM45.9 million as compared to RM5.7 million loss in the same quarter last year. The higher loss in the current quarter was mainly due to one-off impairment losses on plant and machinery of RM38.9 million, as a result of relocation of Gebeng plant to consolidate with Lipis plant. This is in line with the Group business strategy to rationalise and streamline its operations.

Year on year review

The Group's revenue for the cumulative nine months of 2023 declined marginally by 5% to RM248.9 million against RM262.6 million a year ago. The decline was mainly due to drop in both sales volume and average selling price resulted from the continuous soft market conditions and implementation of rationalisation plan in the current year.

The Group recorded a loss after tax of RM48.4 million for the cumulative nine months in 2023 as compared to loss of RM6.4 million in the previous year corresponding period. The higher loss was mainly due to the impairment losses and lower sales as mentioned above, coupled with higher operating costs.

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

The Group's revenue for the current quarter was higher at RM99.1 million, which was 9% higher compared to RM90.6 million in the preceding quarter mainly due to increment in sales volume.

Despite the higher revenue, the Group's loss after tax was widened to RM45.9 million against RM11.3 million in the preceding quarter, this was mainly due to the impairment losses on plant and machinery of RM38.9 million as mentioned above.

3. Prospects

The industry outlook remains challenging as current market conditions weigh on demand. Aligned with the ongoing and new geopolitical tensions, coupled with the inflationary factors, the Group expects market sentiments to be status-quo and remain cautious for the remainder of the year.

Given the current fragile economy and challenging operating environment, the Group will persevere with its ongoing strategy to improve the efficiency of the production processes and the competitiveness of the products while pursuing various alternative actions to improve its financial position. 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.



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5. Profit/(Loss) before tax

	Current year quarter to 30 September 2023 RM'000	Preceding year quarter to 30 September 2022 RM'000	Current year to 30 September 2023 RM'000	Preceding year to 30 September 2022 RM'000
Loss before tax is arrived at after charging/(crediting):-				
Interest income	(249)	(280)	(456)	(757)
Interest expense	3,670	2,251	9,267	6,728
Depreciation and amortisation	8,412	8,052	24,398	22,491
Realised foreign exchange gain	(366)	-	(652)	(2,602)
Unrealised foreign exchange loss/(gain)	-	(55)	111	(127)
Fair value gain/ (loss) on derivative financial instruments	-	(157)	-	50

6. Tax credit/(expense)

	Current quarter to 30 September 2023 RM'000	Current year to 30 September 2023 RM'000
Income tax		
- Current year	258	117
- Overprovision in prior year	(172)	(172)
	<u>86</u>	<u>(55)</u>

The Group's effective tax rate for the current period under review was lower than statutory tax rate mainly due to most of the subsidiaries were in loss position or have sufficient unutilised business losses.



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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 completion.

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 2023 are as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured</u>			
Bank overdrafts	3,597	-	3,597
Bankers acceptance and invoice financing	84,735	-	84,735
Revolving credit	14,000	-	14,000
Term loans	12,240	102,869	115,109
	<u>114,572</u>	<u>102,869</u>	<u>217,441</u>

9. Derivative financial instruments

There was no outstanding foreign currency forward contracts as at 30 September 2023.

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 30 September 2023</u>				
Derivative financial liabilities	-	-	-	-
<u>As at 30 September 2022</u>				
Derivative financial liabilities	-	(42)	-	(42)



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11. Changes in material litigation

There was no material litigation as at the date of this interim financial report.

12. Dividend

The Directors do not propose any dividend for the financial period ended 30 September 2023. No dividend was declared for the same period last year.

13. Earnings/(Loss) per share

	Current year quarter to 30 September 2023	Preceding year quarter to 30 September 2022	Current year to 30 September 2023	Preceding year to 30 September 2022
a) Basic loss per share				
Net loss for the financial year attributable to the owners of the Company (RM'000)	(45,893)	(5,746)	(48,439)	(6,391)
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
Loss per share (sen)	<u>(4.59)</u>	<u>(0.57)</u>	<u>(4.84)</u>	<u>(0.64)</u>

b) Diluted loss per share

There is no dilution effect to the loss per share as at the reporting date.

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

Ng Geok Lian
Company Secretary
Selangor

23 November 2023