



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 2024

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 30 June 2024 RM'000	Preceding year quarter to 30 June 2023 RM'000	Current year to 30 June 2024 RM'000	Preceding year to 30 June 2023 RM'000
Revenue	88,220	90,554	188,018	149,782
Other income	1,159	2,468	1,083	22,199
Operating profit/(loss) before finance costs, depreciation and amortisation, income tax and non-controlling interests	6,522	351	14,237	(1,043)
Bargain purchase gain on acquisition of a subsidiary	-	-	-	20,221
Depreciation and amortisation	(7,056)	(8,371)	(13,869)	(15,986)
(Loss)/Profit from operations	(534)	(8,020)	368	3,192
Finance costs	(3,764)	(3,217)	(7,492)	(5,597)
Loss before tax	(4,298)	(11,237)	(7,124)	(2,405)
Tax expense	(69)	(89)	(138)	(140)
Net loss for the financial period	(4,367)	(11,326)	(7,262)	(2,545)
Total comprehensive loss for the financial period	(4,367)	(11,326)	(7,262)	(2,545)
Net loss attributable to owners of the Company	(4,367)	(11,326)	(7,262)	(2,545)
Total comprehensive loss attributable to owners of the Company	(4,367)	(11,326)	(7,262)	(2,545)
Basic loss per share (sen)	(0.44)	(1.13)	(0.73)	(0.25)
Diluted loss per share (sen)	(0.44)	(1.13)	(0.73)	(0.25)

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 2023 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 June 2024

The figures have not been audited.

	(Unaudited) As at 30 June 2024 RM'000	(Audited) As at 31 December 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	277,213	300,140
Investment properties	25,375	25,405
Right-of-use assets	106,606	113,790
Deferred tax assets	4,986	4,986
Biological assets	12,776	11,325
Intangible assets	1,898	1,919
Other financial assets	725	725
	<u>429,579</u>	<u>458,290</u>
Current assets		
Inventories	89,022	76,659
Trade receivables	41,736	50,881
Other receivables	13,431	14,706
Tax recoverable	1,039	748
Fixed deposits with licensed banks	13,426	13,320
Cash and bank balances	7,286	5,365
	<u>165,940</u>	<u>161,679</u>
Assets held for sale	63,268	42,454
	<u>229,208</u>	<u>204,133</u>
TOTAL ASSETS	<u>658,787</u>	<u>662,423</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	276,666	276,666
Reserves		
Foreign currency reserve	(78)	(78)
Retained earnings	42,632	49,894
Total equity	<u>319,220</u>	<u>326,482</u>
Non-current liabilities		
Other payables	13,500	20,800
Bank borrowings	91,466	99,864
Lease liabilities	8,349	9,968
Employee defined benefit plan	5,774	7,603
Deferred tax liability	1,395	1,395
	<u>120,484</u>	<u>139,630</u>
Current liabilities		
Trade payables	43,581	53,362
Other payables	25,512	27,155
Lease liabilities	3,968	3,654
Bank borrowings	146,012	112,140
Tax payable	10	-
	<u>219,083</u>	<u>196,311</u>
TOTAL EQUITY AND LIABILITIES	<u>658,787</u>	<u>662,423</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.32</u>	<u>0.33</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 2023 and the 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 2024

The figures have not been audited.

	Attributable to equity holders of the Company			Total equity RM'000
	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	
As at 1 January 2024	276,666	(78)	49,894	326,482
Total comprehensive loss for the financial period	-	-	(7,262)	(7,262)
As at 30 June 2024	276,666	(78)	42,632	319,220
As at 1 January 2023	276,666	(54)	114,993	391,605
Total comprehensive loss for the financial period	-	-	(2,545)	(2,545)
As at 30 June 2023	276,666	(54)	112,448	389,060

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 2023 and the accompanying explanatory notes attached to this interim financial report.



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

Condensed Consolidated Statement of Cash Flows for the financial period ended 30 June 2024

The figures have not been audited.

	Current year to 30 June 2024 RM'000 (Unaudited)	Preceding year to 30 June 2023 RM'000 (Audited)
<u>Cash flows (used in)/from operating activities</u>		
– Loss before tax	(7,124)	(2,405)
– Adjustments for non-cash and non-operating items		
• Other non-cash and non-operating items	22,048	1,592
	<u>14,924</u>	<u>(813)</u>
– Changes in working capital		
• Increase in inventories	(12,363)	(3,856)
• Decrease/(Increase) in receivables	10,107	(8,494)
• Decrease in payables	(18,723)	(13,772)
	<u>(6,055)</u>	<u>(26,935)</u>
– Payment of defined benefit plan	(2,320)	(629)
– Income tax paid	(419)	(203)
– Interest income received	120	207
Net cash used in operating activities	<u>(8,674)</u>	<u>(27,560)</u>
<u>Cash flows used in investing activities</u>		
– Net acquisition of a subsidiary	-	(47,816)
– Purchase of property, plant and equipment and right-of-use assets	(4,525)	(7,953)
– Purchase of biological assets	(1,451)	-
Net cash used in investing activities	<u>(5,976)</u>	<u>(55,769)</u>
<u>Cash flows from/(used in) financing activities</u>		
– (Repayment)/ Drawdown of term loans	(5,264)	25,531
– (Repayment)/Proceeds of lease liabilities	(1,306)	2,240
– Increase of fixed deposits with licensed banks	(106)	(28)
– Net proceeds/(Repayment) of bankers' acceptance/invoice financing	27,097	12,604
– Financing expenses	(7,492)	(5,597)
– Proceeds of overdraft facility	3,642	419
Net cash from financing activities	<u>16,571</u>	<u>35,169</u>
Net increase/(decrease) in cash and cash equivalents	1,921	(48,160)
Cash and cash equivalents at 1 January	5,365	58,116
Cash and cash equivalents at 30 June	<u><u>7,286</u></u>	<u><u>9,956</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 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 2023. 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 2023.

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 2023 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 2024:

Amendments to MFRS 16	:	Lease Liability in a Sale and Lease Back
Amendments to MFRS 101	:	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	:	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	:	Supplier Finance Arrangements

3. Auditors' report of preceding annual financial statements for financial year ended 31 December 2023

The audit report of the Group's financial statements for the financial year ended 31 December 2023 was not qualified.

4. Seasonality or cyclicity of interim operations

Demand for particleboard, rubberwood 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 June 2024.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 30 June 2024.

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 2024.

8. Dividends paid

There were no dividends paid for the financial period ended 30 June 2024.



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 2024 RM'000	Preceding year to 30 June 2023 RM'000	As at 30 June 2024 RM'000	As at 30 June 2023 RM'000	Current year to 30 June 2024 RM'000	Preceding year to 30 June 2023 RM'000
Malaysia	173,519	133,869	658,787	722,528	4,525	7,953
South East Asia	4,546	5,038	-	-	-	-
Middle East and South Asia	3,969	2,547	-	-	-	-
Hong Kong and China	1,098	4,314	-	-	-	-
Others	4,886	4,014	-	-	-	-
	<u>188,018</u>	<u>149,782</u>	<u>658,787</u>	<u>722,528</u>	<u>4,525</u>	<u>7,953</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 30 June 2024

There were no material events subsequent to the financial period ended 30 June 2024.

12. Changes in the composition of the Group during the financial period ended 30 June 2024

There were no changes in the composition of the Group during the financial period ended 30 June 2024, other than the following:

On 5 December 2023, Tudor Capital Sdn Bhd (“TCSB”), a wholly-owned subsidiary of the Company has submitted an application to the Suruhanjaya Syarikat Malaysia (“SSM”) to strike its name off the Register pursuant to Section 550 of the Companies Act 2016 (“the Act”).

Subsequently, on 4 June 2024, SSM had approved and gazetted that TCSB was struck off from the Register pursuant to Section 549 of the Act. The striking off does not have any material financial effect to the Group.

13. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at the date of the financial report.

14. Capital commitments

Capital commitments not provided for in the interim financial report as at 30 June 2024 were as follows:-

	RM'000
<i>Approved and contracted</i>	
Property, plant and equipment	<u>2,978</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 period ended 30 June 2024:

RM'000

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

Lease expenses paid

48

Transaction with a Director

Lease expenses paid

95



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 revenue of RM88.2 million in the second quarter of this financial year, down marginally by RM2.4 million or 3% from RM90.6 million recorded in the preceding year corresponding quarter. The lower revenue was mainly due to lower particle board demand resulted from the spike in sea freight cost which affected the furniture export activities.

The Group reported a net loss of RM4.4 million in current quarter as compared to RM11.3 million in same period last year. The loss lowered by RM6.9 was mainly attributable to the improved product margin arising from better productivity and cost efficiency achieved during the period.

Year on year review

For the first half of 2024, the Group's revenue increased by 26% or RM38.2 million to RM188.0 million, against RM149.8 million in 2023. The higher revenue was mainly attributed to inclusion of revenue from a new subsidiary acquired at the end of the first quarter last year.

Despite higher revenue and improved product margin, the Group net loss widened to RM7.3 million for the first six months of 2024, from RM2.5 million, mainly due to recognition of bargain purchase gain of RM20.2 million through acquisition of a subsidiary in the same period last year.

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

The Group's revenue for the current quarter declined by 12% from RM99.8 million to RM88.2 million in the immediate preceding quarter as a result of lower sales volume due to the abovementioned spike in sea freight cost which affected the furniture export activities.

As a result of lower revenue, the Group's loss after taxation increased to RM4.4 million against RM2.9 million in the preceding quarter.

3. Prospects

Despite of the industry outlook remains challenging, however, the Group expects the revenue to grow with increased selling price. There were some positive trends on the orders and upward movement in selling prices since the end of 2023, which is an encouraging sign.

The Group is cautiously optimistic of achieving a more sustainable performance and satisfactory results in the current financial year. The synergistic benefit of acquisition of Seng Yip Furniture Sdn Bhd and consolidation of operations of our Pahang plants which were completed during 2023 are expected to be fully crystalised, this would significantly improve the Group production efficiency and elimination of duplicate resources and costs.

The Group will continue to persevere with its on-going strategy to improve the production efficiency and products competitiveness while pursuing various alternative actions to improve its financial position.

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. (Loss)/Profit before tax

	Current year quarter to 30 June 2024 RM'000	Preceding year quarter to 30 June 2023 RM'000	Current year to 30 June 2024 RM'000	Preceding year to 30 June 2023 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):-				
Interest income	(62)	(50)	(120)	(207)
Interest expense	3,764	3,217	7,492	5,597
Depreciation and amortisation	7,056	8,371	13,869	15,986
Realised foreign exchange gain	(234)	(271)	(505)	(286)
Unrealised foreign exchange loss	-	155	313	111

6. Tax credit/(expense)

	Current quarter to 30 June 2024 RM'000	Current year to 30 June 2024 RM'000
In respect of current year		
- Malaysian income tax	<u>(69)</u>	<u>(138)</u>

The Group's effective income tax rate for the current year 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 and capital allowances.



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 completion.

8. Borrowings and debt securities

The Group's bank borrowings are all denominated in Ringgit Malaysia. The details of the Group's bank borrowings as at 30 June 2024 are as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured</u>			
Bank overdrafts	5,555	-	5,555
Bankers' acceptance and invoice financing	110,116	-	110,116
Revolving credit	14,000	-	14,000
Term loans	16,341	91,466	110,944
	<u>146,012</u>	<u>91,466</u>	<u>237,478</u>

9. Derivative financial instruments

There was no outstanding foreign currency forward contract as at 30 June 2024.

10. Fair value changes of financial instruments

The Group did not enter into any derivatives during the current financial quarter and financial year-to-date.

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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>As at 30 June 2024</u>				
Derivative financial assets	-	-	-	-
<u>As at 30 June 2023</u>				
Derivative financial assets	-	-	-	-



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

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 June 2024. No dividend was declared last year.

13. (Loss)/Earnings per share

	Current year quarter to 30 June 2024	Preceding year quarter to 30 June 2023	Current year to 30 June 2024	Preceding year to 30 June 2023
(a) Basic (loss)/earnings per share				
Net loss attributable to the owners of the Company (RM'000)	(4,367)	(11,326)	(7,262)	(2,545)
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>(0.44)</u>	<u>(1.13)</u>	<u>(0.73)</u>	<u>(0.25)</u>

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings 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

21 August 2024