



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 2022

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 March 2022 RM'000	Preceding year quarter to 31 March 2021 RM'000	Current year to 31 March 2022 RM'000	Preceding year to 31 March 2021 RM'000
Revenue	102,467	98,332	102,467	98,332
Other income	1,323	641	1,323	641
Operating profit before finance costs, depreciation and amortisation, income tax and non-controlling interests	10,628	16,232	10,628	16,232
Depreciation and amortisation	(7,130)	(7,361)	(7,130)	(7,361)
Profit from operations	3,498	8,871	3,498	8,871
Finance costs	(2,312)	(2,433)	(2,312)	(2,433)
Profit before taxation	1,186	6,438	1,186	6,438
Tax expense	(9)	0	(9)	0
Net profit for the period	1,177	6,438	1,177	6,438
Total comprehensive income for the period	1,177	6,438	1,177	6,438
Net profit attributable to owners of the Company	1,177	6,438	1,177	6,438
Total comprehensive income attributable to owners of the Company	1,177	6,438	1,177	6,438
Basic earnings per share (sen)	0.12	0.77	0.12	0.77
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 2021 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 2022
The figures have not been audited.

	(Unaudited) As at 31 March 2022 RM'000	(Audited) As at 31 December 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	324,890	330,017
Investment properties	17,000	17,000
Deferred tax assets	9,873	9,873
Right-of-use assets	140,649	141,019
	<u>492,412</u>	<u>497,909</u>
Current assets		
Inventories	66,183	62,414
Trade receivables	56,823	67,982
Other receivables	22,237	18,812
Tax recoverable	59	44
Derivative financial instruments	0	8
Deposits with licensed banks	9,596	9,593
Cash and bank balances	56,434	78,952
	<u>211,322</u>	<u>237,805</u>
TOTAL ASSETS	<u>703,744</u>	<u>735,714</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	276,666	276,666
Reserves		
Foreign currency reserve	(35)	(35)
Retained earnings	147,859	146,682
Total equity	<u>424,490</u>	<u>423,313</u>
Non-current liabilities		
Other payables	0	2,149
Bank borrowings	78,598	80,699
Lease liabilities	1,193	1,174
Employee defined benefit plan	16,099	16,049
	<u>95,890</u>	<u>100,071</u>
Current liabilities		
Trade payables	62,224	60,718
Other payables	30,951	35,098
Lease liabilities	413	413
Bank borrowings	89,615	115,965
Derivative liability	25	0
Tax payable	136	136
	<u>183,364</u>	<u>212,330</u>
TOTAL EQUITY AND LIABILITIES	<u>703,744</u>	<u>735,714</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 31 March 2022

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 2022	276,666	(35)	146,682	423,313
Total comprehensive income for the financial period:				
- Profit for the financial period	-	-	1,177	1,177
As at 31 March 2022	276,666	(35)	147,859	424,490
As at 1 January 2021	215,866	(43)	119,177	335,000
Total comprehensive income for the financial period:				
- Profit for the financial period	-	-	6,438	6,438
Balance as at 31 March 2021	215,866	(43)	125,615	341,438

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 31 March 2022

The figures have not been audited.

	Current year to 31 March 2022 RM'000	Preceding year to 31 March 2021 RM'000
<u>Cash flows from operating activities</u>		
– Profit before tax	1,186	6,438
– Adjustments for non-cash and non-operating items		
• Other non-cash and non-operating items	9,858	6,998
	<u>11,044</u>	<u>13,436</u>
– Changes in working capital		
• Increase in inventories	(3,769)	(4,599)
• Decrease in receivables	7,647	7,540
• Decrease in payables	(4,661)	(3,639)
	<u>10,261</u>	<u>12,738</u>
– Payment of staff retirement benefits	(327)	(135)
– Net income tax paid	(23)	(15)
Net cash from operating activities	<u>9,911</u>	<u>12,588</u>
<u>Cash flows (used in)/from investing activities</u>		
– Purchase of property, plant and equipment	(1,632)	(2,639)
– Interest income received	72	38
– Placement of fixed deposits with licensed banks	(3)	(44)
Net cash used in investing activities	<u>(1,563)</u>	<u>(2,645)</u>
<u>Cash flows (used in)/from financing activities</u>		
– Repayment of term loan	(2,482)	(2,212)
– Repayment of lease liabilities	(21)	(5)
– Repayment of bankers acceptances/invoice financing	(25,215)	(2,609)
– Financing expenses	(2,312)	(2,433)
– (Repayment)/Proceeds of overdraft facility	(755)	350
– Repayment of hire purchase liabilities	(81)	(174)
Net cash used in financing activities	<u>(30,866)</u>	<u>(7,083)</u>
Net (decrease)/increase in cash and cash equivalents	(22,518)	2,860
Cash and cash equivalents at 1 January	78,952	8,637
Effect of exchange translation differences on cash and cash equivalents	0	0
Cash and cash equivalents at 31 March	<u>56,434</u>	<u>11,497</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 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. Auditors' 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 31 March 2022.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 31 March 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 31 March 2022.

8. Dividends paid

There were no dividends paid for the financial period ended 31 March 2022.



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9. Segmental reporting

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 March 2022 RM'000	Preceding year to 31 March 2021 RM'000	As at 31 March 2022 RM'000	As at 31 March 2021 RM'000	Current year to 31 March 2022 RM'000	Preceding year to 31 March 2021 RM'000
Malaysia	91,641	89,606	703,744	644,904	1,632	2,639
South East Asia	2,478	5,434	-	-	-	-
Middle East and South Asia	2,702	932	-	-	-	-
Hong Kong and China	4,242	351	-	-	-	-
Others	1,404	2,009	-	-	-	-
	<u>102,467</u>	<u>98,332</u>	<u>703744</u>	<u>644,904</u>	<u>1,632</u>	<u>2,639</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 2022

There were no material subsequent events as at 25 May 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 31 March 2022

There were no changes in the composition of the Group during the financial period ended 31 March 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 interim financial report as at 31 March 2022 were as follows:-

	RM'000
<i>Approved and contracted</i>	
Property, plant equipment	13,465
Proposed acquisition of 100% equity interest in Seng Yip Furniture Sdn Bhd	<u>50,000</u>
	<u><u>63,465</u></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	1,685
Purchases	2,864
Rental received	114
Commission	2
Rental paid	24
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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's has recorded a revenue of RM102.5 million in the first quarter of 2022, a marginal increase of 4% from RM98.3 million in the preceding year corresponding quarter. The increase in revenue was mainly attributable to higher average selling price that offset with lower sales volume in current quarter.

Despite of higher revenue, the Group's net profit has decreased to RM1.2 million compared to RM6.4 million in preceding year correspondence quarter. The lower net profit was due to a lower gross margin mainly as a result of lower production volume that increased the costs per unit of products. The lower production volume for the quarter was due to wood shortages and machinery maintenance stoppages. An increase in raw material prices also contributed to increased costs during the quarter.

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 24% to RM102.5 million from RM134.8 million in the preceding quarter mainly resulted by the lower sales volume due to festive holidays in the first quarter which is traditionally a low season for demand, coupled with wood shortage and maintenance stoppage.

The Group posted a profit after tax of RM1.2 million against profit after tax of RM28.1 million in preceding quarter. The lower net profit was largely resulted by the lower of sales and production volume. Whereby the higher profit in the preceding quarter was due primarily to the net reversal of impairment loss of RM8.1 million on the plants and recognition of deferred tax assets of RM4.7 million.

3. Prospects

The instability caused by the geopolitical conflicts and the renewed lockdowns in China which led to supply chain disruptions and the increased commodity prices are dampening the overall economic outlook. The growth outlook will also be further dampened by the increase in the minimum wages and other inflationary pressures.

In light of the current economic situation, the Group will focus on the operational efficiency and continues to work closely with both the customers and suppliers 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.



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5. Profit/(Loss) before tax

	Current year quarter to 31 March 2022 RM'000	Preceding year quarter to 31 March 2021 RM'000	Current year to 31 March 2022 RM'000	Preceding year to 31 March 2021 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-				
Interest income	(37)	(38)	(37)	(38)
Interest expense	2,312	2,433	2,312	2,433
Depreciation and amortisation	7,130	7,361	7,130	7,361
Net realised foreign exchange gain	(354)	(145)	(354)	(145)
Net unrealised foreign exchange loss	(59)	4	(59)	4
Fair value loss on derivative financial instruments	32	109	32	109
Reversal for doubtful debts – trade receivables	0	(3,240)	0	(3,240)
Allowance for doubtful debts – trade receivables	21	0	21	0

6. Tax credit/(expense)

	Current quarter to 31 March 2022 RM'000	Current year to 31 March 2022 RM'000
In respect of current year		
- Malaysia income tax	(9)	(9)
- Real property gains tax	0	0
- Deferred tax	0	0
	<u>(9)</u>	<u>(9)</u>
In respect of previous year		
Malaysia income tax	0	0
Deferred tax	0	0
	<u>0</u>	<u>0</u>
	<u>(9)</u>	<u>(9)</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.



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7. Status of corporate proposals

(A) ACQUISITION EXERCISE

There were no material corporate proposals announced and not completed as at the 25 May 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.

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	-	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	300	230	Upon completion
Total	60,800	10,570	50,230	



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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 2022 as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
Bank overdraft (secured)	24	-	24
Bankers acceptance and revolving credit (secured)	71,720	-	71,720
Bankers acceptance and revolving credit (unsecured)	6,755	-	6,755
Term loan (secured)	9,956	78,225	88,181
Term loan (unsecured)	1,160	373	1,533
	<u>89,615</u>	<u>78,598</u>	<u>168,213</u>

9. Derivative financial instruments

As at 31 March 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	<u>2,356</u>	<u>25</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.

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 2022</u>				
Derivative financial liabilities	-	(25)	-	
<u>As at 31 March 2021</u>				
Derivative financial liabilities	-	(63)	-	



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

13. Earnings/(Loss) per share

	Current year quarter to 31 March 2022	Preceding year quarter to 31 March 2021	Current year to 31 March 2022	Preceding year to 31 March 2021
a) Basic earnings/(loss) per share				
Net profit/(loss) for the financial year attributable to the owners of the Company (RM'000)	1,177	6,438	1,177	6,438
Weighted average number of ordinary shares in issue ('000)	1,000,000	840,000	1,000,000	840,000
Earnings/(Loss) per share (sen)	<u>0.12</u>	<u>0.77</u>	<u>0.12</u>	<u>0.77</u>
b) Diluted earnings/(loss) per share ⁽¹⁾	<u>0.12</u>	<u>0.77*</u>	<u>0.12</u>	<u>0.77*</u>

(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.

(2) *For comparative purpose, the earnings per share for the quarter and year to date ended 31 March 2021 has been adjusted to reflect the bonus issue of 3 for every 5 existing ordinary shares which was completed on 16 April 2021.

BY ORDER OF THE BOARD
MIECO CHIPBOARD BERHAD

Ng Geok Lian
Company Secretary
Selangor

26 May 2022