



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 2024

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 March 2024 RM'000	Preceding year quarter to 31 March 2023 RM'000	Current year to 31 March 2024 RM'000	Preceding year to 31 March 2023 RM'000
Revenue	99,798	59,228	99,798	59,228
Other (expense)/income	(76)	19,731	(76)	19,731
Operating profit/(loss) before finance costs, depreciation and amortisation, income tax and non-controlling interests	7,715	(1,394)	7,715	(1,394)
Bargain purchase gain on acquisition of a subsidiary	-	20,221	-	20,221
Depreciation and amortisation	(6,813)	(7,615)	(6,813)	(7,615)
Profit from operations	902	11,212	902	11,212
Finance costs	(3,728)	(2,380)	(3,728)	(2,380)
(Loss)/Profit before tax	(2,826)	8,832	(2,826)	8,832
Tax expense	(69)	(51)	(69)	(51)
Net (loss)/profit for the financial period	(2,895)	8,781	(2,895)	8,781
Total comprehensive (loss)/income for the financial period	(2,895)	8,781	(2,895)	8,781
Net (loss)/profit attributable to owners of the Company	(2,895)	8,781	(2,895)	8,781
Total comprehensive (loss)/income attributable to owners of the Company	(2,895)	8,781	(2,895)	8,781
Basic (loss)/earnings per share (sen)	(0.29)	0.88	(0.29)	0.88
Diluted (loss)/earnings per share (sen)	(0.29)	0.88	(0.29)	0.88

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 31 March 2024

The figures have not been audited.

	(Unaudited) As at 31 March 2024 RM'000	(Audited) As at 31 December 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	290,674	300,140
Investment properties	25,375	25,405
Right-of-use assets	113,266	113,790
Deferred tax assets	4,986	4,986
Biological assets	11,849	11,325
Intangible assets	1,909	1,919
Other financial assets	725	725
	448,784	458,290
Current assets		
Inventories	77,571	76,659
Trade receivables	48,918	50,881
Other receivables	13,519	14,706
Tax recoverable	937	748
Fixed deposits with licensed banks	13,339	13,320
Cash and bank balances	7,495	5,365
	161,779	161,679
Assets held for sale	48,298	42,454
	210,077	204,133
TOTAL ASSETS	658,861	662,423
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	46,999	49,894
Total equity	323,587	326,482
Non-current liabilities		
Other payables	20,800	20,800
Bank borrowings	96,183	99,864
Lease liabilities	9,259	9,968
Employee defined benefit plan	6,688	7,603
Deferred tax liability	1,395	1,395
	134,325	139,630
Current liabilities		
Trade payables	47,479	53,362
Other payables	22,142	27,155
Lease liabilities	4,089	3,654
Bank borrowings	127,229	112,140
Tax payable	10	-
	200,949	196,311
TOTAL EQUITY AND LIABILITIES	658,861	662,423
Net assets per share attributable to equity holders of the Company (RM)	0.32	0.33

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 year ended 31 March 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	-	-	(2,895)	(2,895)
As at 31 March 2024	276,666	(78)	46,999	323,587
As at 1 January 2023	276,666	(54)	114,993	391,605
Total comprehensive income for the financial period	-	-	8,781	8,781
As at 31 March 2023	276,666	(54)	123,774	400,386

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 31 March 2024

The figures have not been audited.

	Current year to 31 March 2024 RM'000 (Unaudited)	Preceding year to 31 March 2023 RM'000 (Audited)
<u>Cash flows (used in)/from operating activities</u>		
– (Loss)/Profit before tax	(2,826)	8,832
– Adjustments for non-cash and non-operating items		
• Other non-cash and non-operating items	11,043	(10,039)
	<u>8,217</u>	<u>(1,207)</u>
– Changes in working capital		
• Increase in inventories	(913)	(2,063)
• Decrease/(Increase) in receivables	2,838	(14,572)
• (Decrease)/Increase in payables	(10,894)	34,907
	<u>(752)</u>	<u>17,065</u>
– Payment of defined benefit plan	(1,161)	(510)
– Income tax paid	(248)	(103)
– Interest income received	58	157
Net cash (used in)/ from operating activities	<u>(2,103)</u>	<u>16,609</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	(2,629)	(6,088)
– Purchase of biological assets	(524)	-
Net cash used in investing activities	<u>(3,153)</u>	<u>(53,904)</u>
<u>Cash flows from/(used in) financing activities</u>		
– Repayment of term loans	(2,129)	(3,664)
– (Repayment)/Proceeds of lease liabilities	(274)	1,160
– Increase of fixed deposits with licensed banks	(19)	(16)
– Net proceeds/(Repayment) of bankers' acceptance/invoice financing	11,771	(7,608)
– Financing expenses	(3,728)	(2,380)
– Proceeds/(Repayment) of overdraft facility	1,765	(1,343)
Net cash from/(used in) financing activities	<u>7,386</u>	<u>(13,851)</u>
Net increase/(decrease) in cash and cash equivalents	2,130	(51,146)
Cash and cash equivalents at 1 January	5,365	58,116
Cash and cash equivalents at 31 March	<u>7,495</u>	<u>6,970</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 31 March 2024.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 31 March 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 31 March 2024.

8. Dividends paid

There were no dividends paid for the financial period ended 31 March 2024.



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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 2024 RM'000	Preceding year to 31 March 2023 RM'000	As at 31 March 2024 RM'000	As at 31 March 2023 RM'000	Current year to 31 March 2024 RM'000	Preceding year to 31 March 2023 RM'000
Malaysia	91,786	55,249	658,861	729,998	2,629	6,088
South East Asia	2,047	3,062	-	-	-	-
Middle East and South Asia	2,265	341	-	-	-	-
Hong Kong and China	769	-	-	-	-	-
Others	2,931	576	-	-	-	-
	<u>99,798</u>	<u>59,228</u>	<u>658,861</u>	<u>729,998</u>	<u>2,629</u>	<u>6,088</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 2024

On 7 May 2024, Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Ecobuild Engineering Sdn. Bhd. for disposal of a freehold land and building held under GM653, Lot No. 13091, Pekan Batu 23, Sungai Lalang, District of Hulu Langat, Selangor and a leasehold land held under H.S.(M). 10170, PT No. 47608, Mukim Semenyih, District of Hulu Langat, Selangor for a total consideration of RM12.15 million.

The disposal is yet to be completed as at the date of this report.

12. Changes in the composition of the Group during the financial period ended 31 March 2024

On 8 May 2024, Tudor Capital Sdn. Bhd, a wholly-owned subsidiary of the Company received notice of 308(1)/551(1) of the Companies Act 2016. The strike off process is pending completion as at the date of this report.

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 31 March 2024 were as follows:-

	RM'000
<i>Approved and contracted</i>	
Property, plant and equipment	<u>2,978</u>



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15. Significant related party transactions

The Group had the following transactions with related parties during the financial period ended 31 March 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

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Transaction with a Director

Lease expenses paid

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PART B: Explanatory Notes of Bursa Malaysia Listing Requirements

1. Review of performance

Quarter on quarter review

The Group recorded revenue of RM99.8 million in the first quarter of this financial year, increased by RM40.6 million or 69% from RM59.2 million recorded in the preceding year quarter. The higher revenue was mainly due to inclusion of revenue from a new subsidiary acquired at the end of the first quarter last year coupled with increase of sales volume.

Despite the higher revenue, the Group suffered a net loss of RM2.9 million as compared to RM8.8 million net profit in the preceding year quarter mainly attributable to recognition of RM20.2 million bargain purchase gain on acquisition of a subsidiary in the comparative quarter.

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 9% from RM110.0 million to RM99.8 million in the immediate preceding quarter as a result of lower sales volume due to festive holidays during the current quarter.

The Group's loss before taxation narrowed to RM2.8 million against RM14.3 million in the preceding quarter primarily attributable to improved average selling price and production output.

3. Prospects

Despite the industry outlook remains challenging, 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 crystallised, 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.



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5. (Loss)/Profit before tax

	Current year quarter to 31 March 2024 RM'000	Preceding year quarter to 31 March 2023 RM'000	Current year to 31 March 2024 RM'000	Preceding year to 31 March 2023 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):-				
Interest income	(58)	(157)	(58)	(157)
Interest expense	3,728	2,380	3,728	2,380
Depreciation and amortisation	6,813	7,615	6,813	7,615
Realised foreign exchange gain	(271)	(15)	(271)	(15)
Unrealised foreign exchange loss/(gain)	313	(44)	313	(44)

6. Tax credit/(expense)

	Current quarter to 31 March 2024 RM'000	Current year to 31 March 2024 RM'000
In respect of current year		
- Malaysian income tax	<u>(69)</u>	<u>(69)</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.



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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 bank borrowings are all denominated in Ringgit Malaysia. The details of the Group's bank borrowings as at 31 March 2024 are as follows:-

	Current RM'000	Non-current RM'000	Total RM'000
<u>Secured</u>			
Bank overdrafts	3,678	-	3,678
Bankers' acceptance and invoice financing	94,790	-	94,790
Revolving credit	14,000	-	14,000
Term loans	14,761	96,183	110,944
	<u>127,229</u>	<u>96,183</u>	<u>223,412</u>

9. Derivative financial instruments

There was no outstanding foreign currency forward contract as at 31 March 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 31 March 2024</u>				
Derivative financial assets	-	-	-	-
<u>As at 31 March 2023</u>				
Derivative financial assets	-	-	-	-



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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 31 March 2024. No dividend was declared last year.

13. (Loss)/Earnings per share

	Current year quarter to 31 March 2024	Preceding year quarter to 31 March 2023	Current year to 31 March 2024	Preceding year to 31 March 2023
(a) Basic (loss)/earnings per share				
Net (loss)/profit attributable to the owners of the Company (RM'000)	(2,895)	8,781	(2,895)	8,781
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000	1,000,000	1,000,000
(Loss)/Earnings per share (sen)	<u>(0.29)</u>	<u>0.88</u>	<u>(0.29)</u>	<u>0.88</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

28 May 2024