



MIECO CHIPBOARD BERHAD (12849-K)
Condensed Consolidated Balance Sheet as at 31 December 2009

	(Unaudited) As at 31 December 2009 RM'000	(Audited) As at 31 December 2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	486,039	507,003
Investment properties	-	7,417
Prepaid lease rentals	17,149	17,385
Deferred tax assets	446	455
	<u>503,634</u>	<u>532,260</u>
Current assets		
Inventories	40,578	74,282
Tax recoverable	1,633	1,047
Trade receivables	31,392	47,615
Other receivables	1,501	4,742
Marketable securities	49	36
Short term deposits	2,549	25,131
Cash and bank balances	2,588	10,211
	<u>80,290</u>	<u>163,064</u>
TOTAL ASSETS	<u>583,924</u>	<u>695,324</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	210,000	210,000
Reserves		
Share premium	5,866	5,866
Warrant reserve account	-	13,979
Foreign currency reserve	(26)	(401)
Retained earnings	100,448	101,148
Total equity	<u>316,288</u>	<u>330,592</u>
Non-current liabilities		
Deferred tax liabilities	7,580	9,430
Unfunded post employment benefit obligation	8,288	8,618
Borrowings	144,372	138,741
Hire purchase creditor	246	410
Amount due to holding company	35,759	20,000
	<u>196,245</u>	<u>177,199</u>
Current liabilities		
Trade payables	20,535	49,408
Other payables and provisions	12,371	27,827
Borrowings	33,686	105,690
Amount due to holding company	2,577	2,348
Hire purchase creditor	164	164
Current tax payable	2,058	2,096
	<u>71,391</u>	<u>187,533</u>
TOTAL EQUITY AND LIABILITIES	<u>583,924</u>	<u>695,324</u>
Net assets per share attributable to equity holders of the Company (RM)	1.51	1.57

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (12849-K)

Condensed Consolidated Income Statement for the financial year ended 31 December 2009

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 31 December 2009 RM'000	Preceding year quarter to 31 December 2008 RM'000	Current year to 31 December 2009 RM'000	Preceding year to 31 December 2008 RM'000
Revenue	47,783	66,148	185,739	370,216
Investment income	1	-	2	2
Other income/(expense)	2,082	(6,414)	(1,253)	(5,063)
Operating profit/(loss) before finance costs, depreciation and amortisation, income tax and minority interests	9,682	(15,300)	14,011	(3,623)
Depreciation and amortisation	(4,803)	(5,993)	(19,075)	(18,219)
Profit/(loss) from operations	4,879	(21,293)	(5,064)	(21,842)
Finance costs	(2,643)	(3,775)	(11,452)	(14,419)
Profit/(loss) before taxation	2,236	(25,068)	(16,516)	(36,261)
Tax credit	1,253	5,466	1,837	8,308
Profit/(loss) after taxation	3,489	(19,602)	(14,679)	(27,953)
Minority interest	-	-	-	-
Net profit/(loss) for the year attributable to equity holders of the Company	3,489	(19,602)	(14,679)	(27,953)
Earning/(loss) per share – Basic (sen)	1.66	(9.33)	(6.99)	(13.31)
Earnings per share – Diluted (sen) [See Part B Note 13(b)]	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 year ended 31 December 2009

The figures have not been audited.

	← Attributable to equity holders of the Company →					Total equity RM'000
	← Non - distributable →			Distributable		
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Foreign currency reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2009	210,000	5,866	13,979	(401)	101,148	330,592
Foreign currency translation, representing net expense recognised directly in equity	-	-	-	375	-	375
Expiry of warrant	-	-	(13,979)	-	13,979	-
Loss for the financial year	-	-	-	-	(14,679)	(14,679)
Total recognised income and expense for the year	-	-	(13,979)	375	(700)	(14,304)
Balance as at 31 December 2009	210,000	5,866	-	(26)	100,448	316,288
Balance as at 1 January 2008	210,000	5,866	13,979	(722)	129,101	358,224
Foreign currency translation, representing net expense recognised directly in equity	-	-	-	321	-	321
Loss for the financial year	-	-	-	-	(27,953)	(27,953)
Total recognised income and expense for the year	-	-	-	321	(27,953)	(27,632)
Balance as at 31 December 2008	210,000	5,866	13,979	(401)	101,148	330,592

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the explanatory notes attached to this interim financial report.



MIECO CHIPBOARD BERHAD (12849-K)

Condensed Consolidated Cash Flow Statement for the financial year ended 31 December 2009

The figures have not been audited.

	Current year to 31 December 2009	Preceding year to 31 December 2008
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
– Loss after taxation	(14,679)	(27,953)
– Adjustments for non-cash and non-operating items	34,680	43,914
	<u>20,001</u>	<u>15,961</u>
– Changes in working capital		
• Decrease/(increase) in inventories	30,377	(27,501)
• Decrease in receivables	19,076	26,291
• (Decrease)/increase in payables	(43,360)	640
• Increase in intercompany balances	477	297
	<u>26,571</u>	<u>15,688</u>
– Payment of staff retirement benefits	(1,147)	(551)
– Net income tax	(628)	726
Net cash flows from operating activities	<u>24,796</u>	<u>15,863</u>
<u>Cash flows from investing activities</u>		
– Purchases of property, plant and equipment	(578)	(17,693)
– Interest income received	23	42
– Dividend income received	2	2
– Proceeds from sales of investment property	7,069	-
– Proceeds from sales of property, plant and equipment	411	153
– Proceeds from disposal of marketable securities	-	1,440
Net cash flows from/(used in) investing activities	<u>6,927</u>	<u>(16,056)</u>
<u>Cash flows from financing activities</u>		
– Drawdown of revolving credit	-	3,000
– Drawdown of promissory notes	-	8,341
– Loan from holding company	14,000	20,000
– Repayment of term loan	(14,328)	(13,130)
– (Repayment)/proceeds from bankers acceptance financing	(46,880)	759
– Financing expenses	(10,020)	(14,563)
– Repayment of hire purchase creditor	(182)	(163)
– Repayment of revolving credit	(3,000)	-
– Repayment of promissory notes	(8,341)	-
Net cash flows (used in)/from financing activities	<u>(68,751)</u>	<u>4,244</u>
Net (decrease)/increase in cash and cash equivalents	(37,028)	4,051
Cash and cash equivalents at 1 January	35,342	31,321
Effects of exchange rate changes	(8)	(30)
Cash and cash equivalents at 31 December	<u>(1,694)</u>	<u>35,342</u>
Cash and cash equivalents comprise:		
Bank overdraft	(6,831)	-
Short term deposits	2,549	25,131
Cash and bank balances	2,588	10,211
	<u>(1,694)</u>	<u>35,342</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the explanatory notes attached to this interim financial report.



PART A: Explanatory Notes Pursuant to FRS 134

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for investment properties, which are stated at fair values.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 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 year ended 31 December 2008. 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 2008.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

3. Audit report of preceding annual financial statements for financial year ended 31 December 2008

The audit report of the Group's financial statements for the financial year ended 31 December 2008 was not qualified.

4. Seasonality or cyclicity of interim operations

Demand for particleboard and related products is generally seasonal and is 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 year ended 31 December 2009.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial year ended 31 December 2009.

7. Issuance and repayment of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the financial year ended 31 December 2009 except for the expiry of Warrants 2004/2009 which lapsed on 21 April 2009 without any warrants being exercised.

8. Dividends paid

There were no dividends paid for the financial year ended 31 December 2009.



9. Segmental reporting

Primary reporting – business segment

There is no disclosure of segment information by business segment as required by FRS 114, Segment Reporting as the Group operates principally within one industry that is, manufacturing and sales of particleboard and related products.

Secondary reporting – geographical segment

The Group operates in the following geographical areas:

	Revenue		Total assets		Capital expenditure	
	Current year to 31 December 2009 RM'000	Preceding year to 31 December 2008 RM'000	As at 31 December 2009 RM'000	As at 31 December 2008 RM'000	Current year to 31 December 2009 RM'000	Preceding year to 31 December 2008 RM'000
Malaysia	185,739	324,428	583,503	690,020	536	17,687
Hong Kong and China	-	45,788	108	160	42	6
Other	-	-	313	5,144	-	-
	<u>185,739</u>	<u>370,216</u>	<u>583,924</u>	<u>695,324</u>	<u>578</u>	<u>17,693</u>

10. Valuations of property, plant and equipment

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

11. Material events subsequent to the financial year ended 31 December 2009

There were no material events subsequent to the end of the current year ended 31 December 2009.

12. Changes in the composition of the Group during the financial year ended 31 December 2009

There were no changes in the composition of the Group during the financial year ended 31 December 2009.

13. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities and contingent assets since the last annual balance sheet on 31 December 2008 to the date of this report.

14. Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2009 were as follows:

	RM'000
Authorised and contracted	26
Authorised but not contracted	<u>5,552</u>
	<u>5,578</u>
Analysed as follows:	
Property, plant and equipment	<u>5,578</u>



PART B: Explanatory Notes Pursuant to Bursa Malaysia Listing Requirements

1. Review of performance

Quarter on Quarter review

Group revenue in the final quarter of 2009 fell 28% to RM47.8 million from RM66.1 million a year ago due to lower selling prices and sales volume of particleboard and related products, though partially mitigated by favourable sales mix.

Although sales were lower, the Group registered a pre-tax profit of RM2.2 million as compared to a loss of RM25.1 million a year ago mainly due to reduced raw material prices and operational costs. In addition, the Group incurred RM7.2 million allowance for doubtful debts and RM5.9 million loss on disposal of plant and equipment in the last quarter of 2008.

Year on Year review

Group revenue of RM185.7 million decreased by 50% as compared to RM370.2 million a year ago mainly attributable to decreased selling prices and lower sales volume of particleboard and related products, despite better sales mix.

However, the Group recorded a lower pre-tax loss of RM16.5 million for 2009 against RM36.3 million in 2008 due to reduced operational costs and raw material prices.

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

The Group registered a pre-tax profit of RM2.2 million in the quarter under review as compared to RM1.1 million profit in the immediate preceding quarter. The higher profit in the current quarter is partly due to inclusion of non operational gains.

3. Prospects for the current financial year

Although demand has picked up in the particleboard industry, business and operating conditions remain very challenging. The Directors hope to continue to better the Group's financial performance with more cost reduction efforts and by spurring operational efficiency.

4. Variance of actual profit from forecast profit

The Group did not provide any profit forecast in a public document.



5. Tax credit

	Current quarter to 31 December 2009 RM'000	Current year to 31 December 2009 RM'000
In respect of current year		
- Malaysian income tax	2	(8)
- Foreign tax	6	(9)
- Deferred tax	1,250	3,530
	<u>1,258</u>	<u>3,513</u>
In respect of prior year		
- Malaysian income tax	-	(9)
- Foreign tax	4	22
- Deferred tax	(9)	(1,689)
	<u>(5)</u>	<u>(1,676)</u>
Tax credit	<u>1,253</u>	<u>1,837</u>

The Group's effective tax rate for the quarter under review differs from the statutory tax rate mainly due to utilisation of business losses which were not recognised as deferred tax asset previously.

The Group's effective tax rate for the year under review differs from the statutory tax rate mainly due to over provision of deferred tax assets in prior year and expenses not deductible for tax purposes.

6. Sale of unquoted investments and / or properties

There were no sales of unquoted investments or properties outside the ordinary course of business for the financial year ended 31 December 2009.

7. Marketable securities

a) There were no purchases and sales of marketable securities for the financial year ended 31 December 2009.

b) Total investment in marketable securities as at 31 December 2009:

	As at 31 December 2009 RM'000
Total investment at cost	66
Total investment at carrying value (after allowance for impairment loss)	49
Market value	49

8. Status of corporate proposals

There are no corporate proposals announced but not completed as at the date of this report.

9. Borrowing and debt securities

The Group's borrowings are all denominated in Ringgit Malaysia except for a USD11.4 million term loan. The details of the Group's borrowings as at 31 December 2009 were as follows:

	Current RM'000	Non-current RM'000
Term loan (unsecured)	6,239	144,372
Bankers acceptance (unsecured)	20,616	-
Bank overdraft (unsecured)	6,831	-
	<u>33,686</u>	<u>144,372</u>



10. Off balance sheet financial instruments

As at 15 February 2010, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

Hedged item	RM'000 equivalent	Average contractual rate
Trade payables Euro 0.400 million	2,014	1 EURO = RM 5.035
Future purchases Euro 0.094 million	474	1 EURO = RM 5.035
Trade receivables USD 1.130 million	3,831	1 USD = RM 3.3901
Future sales USD 1.890 million	6,459	1 USD = RM 3.4360

The settlement dates of the above open forward contracts range between 1 to 6 months.

The unrecognised gain as at 15 February 2010 on open contracts which hedge anticipated future foreign currency sales amounted to RM0.032 million. The unrecognised loss on open contract which hedge anticipated future foreign currency purchases amounted to RM0.171 million. These exchange gain and loss are deferred until the related sales and purchases are transacted, at which time they are included in the measurement of such transactions.

11. Changes in material litigation

As at the date of this report, there were no changes in material litigation since the last annual report balance sheet date of 31 December 2008.

12. Dividend

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2009. No dividend was declared for the financial year ended 31 December 2008.

13. Earnings per share

	Current year quarter to 31 December 2009	Preceding year quarter to 31 December 2008	Current year to 31 December 2009	Preceding year to 31 December 2008
a) Basic				
Profit/(loss) for the year (RM'000)	3,489	(19,602)	(14,679)	(27,953)
Weighted average number of ordinary shares in issue ('000)	210,000	210,000	210,000	210,000
Earnings/(loss) per share (sen)	1.66	(9.33)	(6.99)	(13.31)
b) Diluted	N/A	N/A	N/A	N/A

Diluted earnings per share for 2009 and 2008 are not presented due to expired Warrants on 21 April 2009 and the effects of the assumed exercise of Warrants were antidilutive respectively.

BY ORDER OF THE BOARD
MIECO CHIPBOARD BERHAD

Ho Swee Ling
Company Secretary
Kuala Lumpur

22 February 2010