



MIECO CHIPBOARD BERHAD (12849-K)
Condensed Consolidated Balance Sheet as at 30 September 2009

	(Unaudited) As at 30 September 2009 RM'000	(Audited) As at 31 December 2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	492,313	507,003
Investment properties	-	7,417
Prepaid lease rentals	17,208	17,385
Deferred tax assets	440	455
	<u>509,961</u>	<u>532,260</u>
Current assets		
Inventories	44,608	74,282
Tax recoverable	1,154	1,047
Trade receivables	27,679	47,615
Other receivables	2,213	4,742
Marketable securities	57	36
Short term deposits	1,757	25,131
Cash and bank balances	4,464	10,211
	<u>81,932</u>	<u>163,064</u>
TOTAL ASSETS	<u><u>591,893</u></u>	<u><u>695,324</u></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	(397)	(401)
Retained earnings	96,959	101,148
Total equity	<u>312,428</u>	<u>330,592</u>
Non-current liabilities		
Deferred tax liabilities	8,816	9,430
Unfunded post employment benefit obligation	8,456	8,618
Borrowings	144,897	138,741
Hire purchase creditor	286	410
Amount due to holding company	35,300	20,000
	<u>197,755</u>	<u>177,199</u>
Current liabilities		
Trade payables	33,491	49,408
Other payables and provisions	10,656	27,827
Borrowings	32,895	105,690
Amount due to holding company	2,435	2,348
Hire purchase creditor	164	164
Current tax payable	2,069	2,096
	<u>81,710</u>	<u>187,533</u>
TOTAL EQUITY AND LIABILITIES	<u><u>591,893</u></u>	<u><u>695,324</u></u>
Net assets per share attributable to equity holders of the Company (RM)	1.49	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 period ended 30 September 2009

The figures have not been audited.

	Individual Quarter		Cumulative Quarter	
	Current year quarter to 30 September 2009 RM'000	Preceding year quarter to 30 September 2008 RM'000	Current year to 30 September 2009 RM'000	Preceding year to 30 September 2008 RM'000
Revenue	47,120	108,546	137,956	304,068
Investment income	1	1	1	2
Other income/(expense)	905	(798)	(3,335)	1,351
Operating profit before finance cost, depreciation and amortisation, income tax and minority interests	8,617	6,619	4,329	11,676
Depreciation and amortisation	(4,815)	(4,273)	(14,272)	(12,225)
Profit/(loss) from operations	3,802	2,346	(9,943)	(549)
Finance costs	(2,684)	(3,549)	(8,809)	(10,644)
Profit/(loss) before taxation	1,118	(1,203)	(18,752)	(11,193)
Tax (expense)/credit	(2,692)	405	584	2,842
Loss after taxation	(1,574)	(798)	(18,168)	(8,351)
Minority interest	-	-	-	-
Net loss for the period attributable to equity holders of the Company	(1,574)	(798)	(18,168)	(8,351)
Loss per share – Basic (sen)	(0.75)	(0.38)	(8.65)	(3.98)
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 period ended 30 September 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 income recognised directly in equity	-	-	-	4	-	4
Expiry of warrant	-	-	(13,979)	-	13,979	-
Loss for the financial period	-	-	-	-	(18,168)	(18,168)
Total recognised income and expense for the period	-	-	(13,979)	4	(4,189)	(18,164)
Balance as at 30 September 2009	210,000	5,866	-	(397)	96,959	312,428
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	-	-	-	(162)	-	(162)
Loss for the financial period	-	-	-	-	(8,351)	(8,351)
Total recognised income and expense for the period	-	-	-	(162)	(8,351)	(8,513)
Balance as at 30 September 2008	210,000	5,866	13,979	(884)	120,750	349,711

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 period ended 30 September 2009

The figures have not been audited.

	Current year to 30 September 2009	Preceding year to 30 September 2008
	RM'000	RM'000
<u>Cash flows from operating activities</u>		
– Loss after taxation	(18,168)	(8,351)
– Adjustments for non-cash and non-operating items	26,026	21,639
	<u>7,858</u>	<u>13,288</u>
– Changes in working capital		
• Decrease/(increase) in inventories	28,054	(19,196)
• Decrease in receivables	22,063	6,272
• (Decrease)/increase in payables	(31,167)	6,916
• Increase in intercompany balances	335	280
	<u>27,143</u>	<u>7,560</u>
– Payment of staff retirement benefits	(1,011)	(379)
– Net income tax	(636)	912
Net cash flows from operating activities	<u>25,496</u>	<u>8,093</u>
<u>Cash flows from investing activities</u>		
– Purchases of property, plant and equipment	(251)	(9,886)
– Interest income received	23	35
– Dividend income received	1	2
– Proceeds from sales of investment property	7,069	-
– Proceeds from sales of property, plant, and equipment	405	39
– Proceeds from disposal of marketable securities	-	1,440
Net cash flows from/(used in) investing activities	<u>7,247</u>	<u>(8,370)</u>
<u>Cash flows from financing activities</u>		
– Loan from holding company	14,000	17,000
– Repayment of term loan	(14,328)	(13,130)
– Repayment of bankers acceptance financing	(44,369)	(6,403)
– Repayment of revolving credit financing	(3,000)	-
– Repayment of promissory note financing	(8,341)	-
– Financing expenses	(9,187)	(10,637)
– Repayment of hire purchase creditor	(138)	(137)
Net cash flows used in financing activities	<u>(65,363)</u>	<u>(13,307)</u>
Net decrease in cash and cash equivalents	(32,620)	(13,584)
Cash and cash equivalents at 1 January	35,342	31,321
Effects of exchange rate changes	(8)	(39)
Cash and cash equivalents as at 30 September	<u>2,714</u>	<u>17,698</u>
Cash and cash equivalents comprise:		
Overdraft	(3,507)	-
Short term deposits	1,757	8,566
Cash and bank balances	4,464	9,132
	<u>2,714</u>	<u>17,698</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 of 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 the revised 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 period ended 30 September 2009.

6. Change in estimates

There were no changes in estimates that have had a material effect for the financial period ended 30 September 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 period ended 30 September 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 period ended 30 September 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 30 September 2009 RM'000	Preceding year to 30 September 2008 RM'000	As at 30 September 2009 RM'000	As at 30 September 2008 RM'000	Current year to 30 September 2009 RM'000	Preceding year to 30 September 2008 RM'000
Malaysia	137,956	262,821	591,446	695,299	209	9,885
Hong Kong and China	-	41,247	121	1,893	42	1
Other	-	-	326	6,086	-	-
	<u>137,956</u>	<u>304,068</u>	<u>591,893</u>	<u>703,278</u>	<u>251</u>	<u>9,886</u>

10. Valuations of property, plant and equipment

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

11. Material events subsequent to the financial period ended 30 September 2009

There were no material events subsequent to the end of the current period ended 30 September 2009.

12. Changes in the composition of the Group during the financial period ended 30 September 2009

There were no changes in the composition of the Group during the financial period ended 30 September 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 30 September 2009 were as follow:

	RM'000
Authorised and contracted	111
Authorised but not contracted	<u>4,031</u>
	<u>4,142</u>
Analysed as follow:	
Property, plant and equipment	<u>4,142</u>



PART B: Explanatory Notes of Bursa Malaysia Listing Requirements

1. Review of performance

Quarter on Quarter review

Group revenue in the third quarter of 2009 fell 57% to RM47.1 million from RM108.5 million a year ago as the global economic downturn still affected sales volume and selling prices of particleboard and related products, though this was partially mitigated by favourable sales mix.

Although sales were lower, the Group registered a pre-tax profit of RM1.1 million as compared to a loss of RM1.2 million a year ago mainly due to reduced prices of raw materials and operational costs.

Year on Year review

Group revenue of RM138.0 million decreased by 55% as compared to RM304.1 million a year ago mainly attributable to lower sales volume and decreased selling prices of particleboard and related products, despite better sales mix.

The Group suffered a higher pre-tax loss of RM18.8 million against RM11.2 million a year ago due to lower sales and RM4.5 million foreign exchange loss.

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

The Group registered a pre-tax profit of RM1.1 million in the quarter under review, increased by RM0.9 million as compared to RM0.2 million in the immediate preceding quarter, mainly attributable to higher selling prices and favourable sales mix of chipboard and related products, though partially offset by lower sales quantity.

3. Prospects for the current financial year

Although demand has improved since the second quarter, the Directors anticipate an overall loss in the current financial year as a result of the large first-quarter loss and the temporary cessation of Plant 3 operations in Kechau Tui, Pahang.

4. Variance of actual profit from forecast profit

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

5. Tax (expense)/credit

	Current quarter to 30 September 2009 RM'000	Current year to 30 September 2009 RM'000
In respect of current year		
- Malaysia income tax	(6)	(10)
- Foreign tax	(3)	(15)
- Deferred tax	(1,045)	2,280
	<u>(1,054)</u>	<u>2,255</u>
In respect of prior year		
- Malaysia income tax	(9)	(9)
- Foreign tax	20	18
- Deferred tax	(1,649)	(1,680)
	<u>(1,638)</u>	<u>(1,671)</u>
Tax (expense)/credit	<u>(2,692)</u>	<u>584</u>

The Group's effective tax rate for the quarter and period under review differs from the statutory tax rate mainly due to over provision of deferred tax assets in prior year and effect of current year's tax losses not recognised.



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 period ended 30 September 2009.

7. Marketable securities

a) There were no purchases and sales of marketable securities for the financial period ended 30 September 2009.

b) Total investment in marketable securities as at 30 September 2009:

	As at 30 September 2009 RM'000
Total investment at cost	66
Total investment at carrying value (after allowance for impairment loss)	57
Market value	57

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 30 September 2009 were as follows:

	Current RM'000	Non- current RM'000
Term loan (unsecured)	6,261	144,897
Bankers acceptance (unsecured)	23,127	-
Bank overdraft (unsecured)	3,507	-
	<u>32,895</u>	<u>144,897</u>

10. Off balance sheet financial instruments

As at 13 November 2009, 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 0.205 million	1,027	1 EURO = RM 5.0115
Trade receivables USD 1.047 million	3,564	1 USD = RM 3.4043
Future sales USD 0.571 million	1,926	1 USD = RM 3.3722

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

The unrecognised gains as at 13 November 2009 on open contracts which hedge anticipated future foreign currency purchases and sales amounted to gains of RM0.007 million and RM0.031 million respectively. These exchange gains are deferred until the related purchases and sales 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 dividend for the financial period ended 30 September 2009. No dividend was declared for the same period last year.

13. Earnings per share

	Current year quarter to 30 September 2009	Preceding year quarter to 30 September 2008	Current year to 30 September 2009	Preceding year to 30 September 2008
a) Basic				
Loss for the period (RM'000)	(1,574)	(798)	(18,168)	(8,351)
Weighted average number of ordinary shares in issue ('000)	210,000	210,000	210,000	210,000
Loss per share (sen)	(0.75)	(0.38)	(8.65)	(3.98)
b) Diluted	N.A.	N.A.	N.A.	N.A.

Diluted earnings per share for 2009 and 2008 are not presented due to Warrants expired 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

20 November 2009