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Corporate Profile

Mieco Chipboard Berhad ("Mieco"), the manufacturing division of the Bandar Raya Developments Berhad Group of Companies, was incorporated in 1972 and commissioned its first chipboard production line in 1976. Mieco was successfully listed on the Main Board of the Kuala Lumpur Stock Exchange on 26 May 1998.

With the advantage of being Malaysia's pioneer company in the production of chipboard using Rubberwood, and moisture-resistant chipboards which conform to British Standards BS 5669 Type III, and its continual emphasis on research and development, Mieco is today Malaysia's market leader in this industry. In 1998, Mieco was accorded the internationally accredited ISO 9002 Quality Management System Certification by SIRIM QAS in recognition of its quality policy of continuous improvement philosophy.

Mieco today has two chipboard production plants with a total capacity of 230,000 cubic metres per annum whilst Mieco's melamine impregnated paper plant, set up to produce high quality melamine impregnated paper, produces 18 million square metres of melamine impregnated paper per annum. Mieco's latest RM156 million chipboard plant, located at the Gebeng Industrial Estate on the outskirts of Kuantan and which came on stream in early-1995, has a capacity of 200,000 cubic metres per annum - making it the single largest chipboard production plant in Malaysia.

After establishing itself in the domestic market with its wide and innovative range of complementary products, Mieco expanded into the export sector in 1995 and has since set up distribution channels in developed markets such as Japan, Korea, China, Taiwan, Singapore, South East Asia and in emerging markets such as India, Pakistan, New Zealand, Australia, Sweden, United States of America, Mauritius, Thailand and Sri Lanka. One representative office in Guangzhou has been set up last year and one subsidiary office in Hong Kong has been incorporated in year 2000 to strengthen the company's presence in the international market.

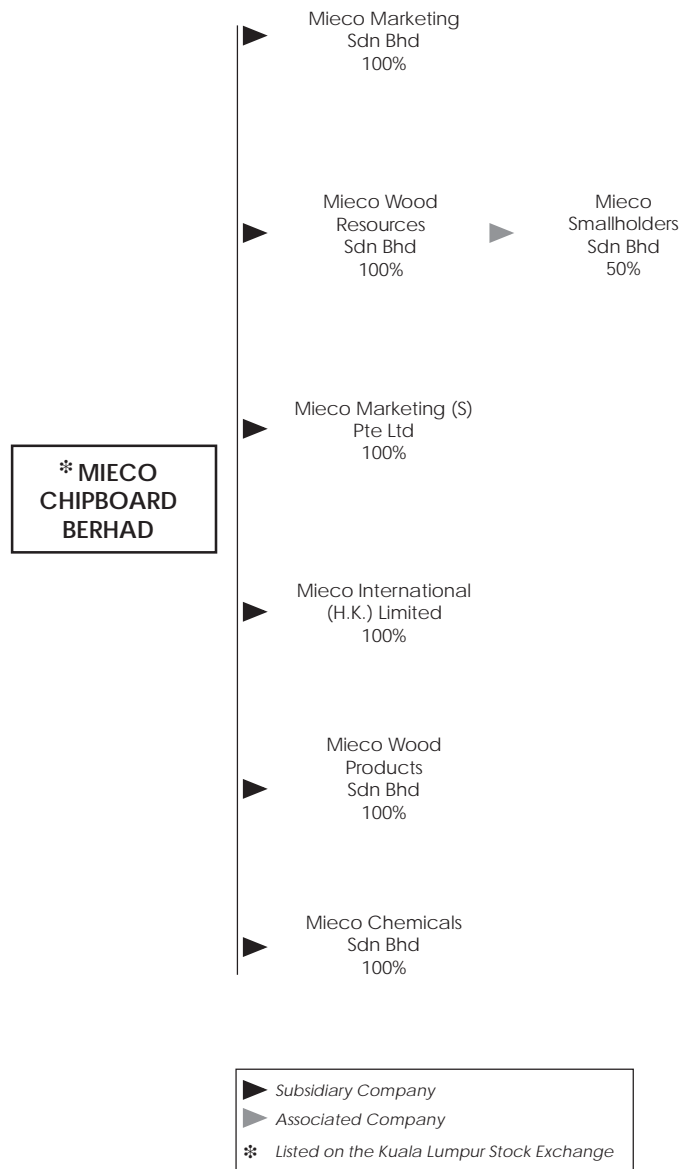
With the inroads that it has made into new markets and armed with new products, Mieco's ongoing objectives are to achieve better operating margins and diversify its markets whilst continuously upgrading operational efficiency and productivity.



The chipboard plant at Gebeng, Kuantan

Group Corporate Structure

as at 28 April 2000



Corporate Information

Board of Directors

Tan Sri Dato' Md Khir Johari *Chairman, PMN, DPMS, DHMS*

Yong Seng Yeow *Executive Director*

Jaganath Derek Steven Sabapathy

Lt. Gen. (R) Dato' Seri Mohamed Daud

Bin Abu Bakar *SPTS, SPPK, DPSK, PSAT, JMN, kpk, rcds(UK), psc(UK)*

Low Kim Seng

Dr Amarjit Singh a/l Santokh Singh

Dr Chan Chin Cheung *JMN*

Secretaries

Ho Swee Ling *MAICSA NO 7009936*

Han Monk Tek *MAICSA NO 7006476*

Registered Office

31st Floor, Menara Multi-Purpose

Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur, Malaysia

Tel: 603-294 6622 Fax: 603-294 1922

Registrars

Multi-Purpose Holdings Berhad

37th Floor, Menara Multi-Purpose

Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur, Malaysia

Tel: 603-294 8333 Fax: 603-294 8571

KLSE Stock Number

MIECO 5001

International Securities Identification Number (ISIN)

MYL500100002

Reuters Code

MIEC.KL

Auditors

Messrs Ernst & Young

Bankers

Malayan Banking Berhad

Multi-Purpose Bank Berhad

RHB Bank Berhad

Audit Committee

The Audit Committee comprises the following directors :-

Chairman

Lt. Gen. (R) Dato' Seri Mohamed Daud Bin Abu Bakar
(Independent Non-Executive Director)

Members

Yong Seng Yeow

(Non-Independent Executive Director)

Dr Armarjit Singh a/I Santokh Singh

(Independent Non-Executive Director)

Policy

It is the policy of Mico Chipboard Berhad to establish an Audit Committee to ensure that internal and external audit functions are properly conducted, and that audit recommendations are being carried out effectively.

Objectives

The objectives of this policy are :-

- (a) to comply with Sections 15A and 344A of the Kuala Lumpur Stock Exchange Listing Manual;
- (b) to relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audit activities, and yet ensure that audit findings are brought up to the highest level for consideration.

Members of Audit Committee

The Audit Committee shall be appointed by the Directors from among their number (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than 3 members of whom a majority shall not be :-

- (a) executive directors of the company or any related corporation;

- (b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the company or of any related corporation; or

- (c) any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who is not an executive director or employee of the company or any related corporation.

The Secretary of the company shall act as the Secretary of the Audit Committee.

Functions of Audit Committee

The functions of the Audit Committee shall be :-

(a) to review :-

- (i) with the auditor, the audit plan;
- (ii) with the auditor, his evaluation of the system of internal accounting controls;
- (iii) with the auditor, his audit report;
- (iv) the assistance given by the company's officers to the auditor;
- (v) the scope and results of the internal audit procedures; and
- (vi) the balance-sheet and profit and loss account of the company and, if it is a holding company, the consolidated balance-sheet and profit and loss account, submitted to it by the company or the holding company, and thereafter to submit them to the directors of the company or the holding company;

Audit Committee

- (vii) any related party transactions that may arise within the company or group; and
- (b) to nominate a person or persons as auditors, together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.
- (b) The Chairman shall be entitled, where deemed appropriate, to invite any person(s) to meetings of the Committee.
- (c) The Secretary is responsible for :-
 - (i) sending out notices of meetings; and
 - (ii) preparing and keeping minutes of meetings.

Authority

The Committee is authorised by the Board to :-

- (a) investigate any activity within the scope of the Committee's duties;
- (b) obtain any information it requires from any employee(s); and
- (c) obtain outside legal or independent professional advice.
- (d) The Committee meeting minutes are to be extended to the Chairman of Mieco Chipboard Berhad who will report to the Board of Directors.

Quorum

Any two members of the Committee present at the meeting shall constitute a quorum.

Meetings and Reporting Procedures

- (a) The Committee shall meet as the Chairman deems necessary but not less than two times a year.

Group Corporate Calendar

24 JUNE 1999

Twenty-Sixth Annual General Meeting of Mieco.

24 JUNE 1999

Retirement of Tam Cheok Wing as Director of Mieco and resignation as member of the Audit Committee of Mieco.

28 JUNE 1999

Launching of Representative Office in Guangzhou, China.

6 JULY 1999

Contribution of RM10,000 for Japanese Encephalitis (JE) Humanitarian Fund.

12 AUGUST 1999

Payment of first and final tax exempt dividend of 5% for the year ended 31 December 1998.

7-10 SEPTEMBER 1999

Participation in the WoodmacAsia 99 / FurnitekAsia 99 at Singapore Expo, Singapore.



Participation in the WoodmacAsia 99 / FurnitekAsia 99 at Singapore



Launching of Representative Office in Guangzhou, China

Group Corporate Calendar

15 SEPTEMBER 1999

Appointment of Jaganath Derek Steven Sabapathy as Director of Mieco.

16 SEPTEMBER 1999

Resignation of Dato' Lim Sze Guan @ Lim Kim Wah as Director of Mieco.

17 SEPTEMBER 1999

Appointment of Edwin Madarang Yang as Director of Mieco.

20 JANUARY 2000

Signing of Sales & Marketing and Technology Transfer Agreements with Kunz Holding GmbH & Co. KG in Germany.

1 MARCH 2000

Completion of SAP/R3 Phase 2 (final phase) implementation which consists of Payroll, Production Planning, Product Costing and Plant Maintenance modules.

7-11 MARCH 2000

Participation in the 6th Malaysia International Furniture Fair (MIFF) at PWTC, Kuala Lumpur.

9 MARCH 2000

Mieco Customers' Day in Crown Princess Hotel, Kuala Lumpur.

1 APRIL 2000

Revitalisation of Line 1 production in Semambu factory.

19 APRIL 2000

Resignation of Edwin Madarang Yang as Director of Mieco.

26 APRIL 2000

Incorporation of Mieco International (H.K.) Limited, a wholly-owned subsidiary of Mieco.



Recent participation at MIFF 2000.

Financial Highlights

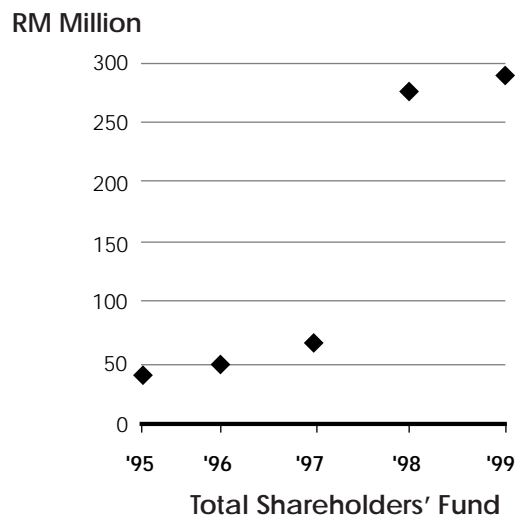
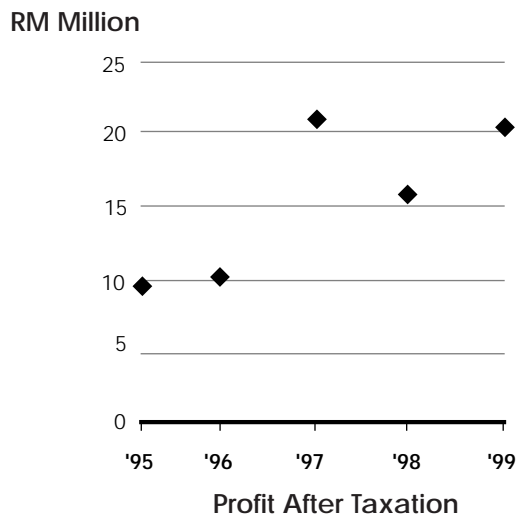
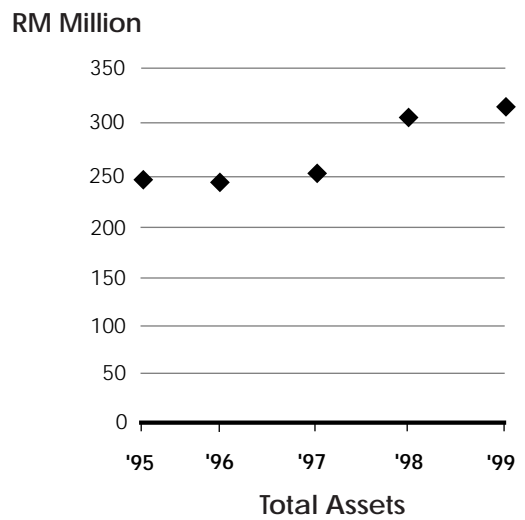
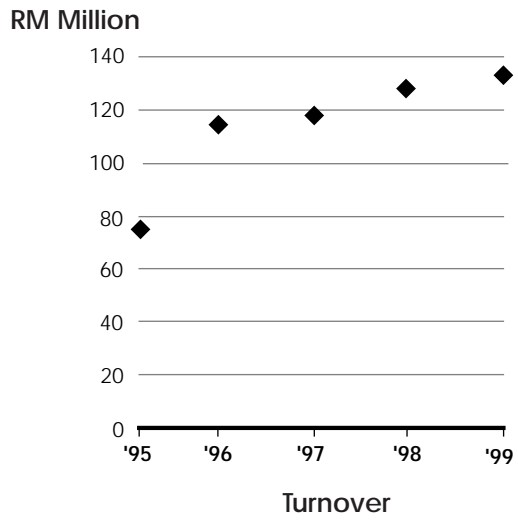
Five Years Group Financial Statistics

	1999	1998	1997	1996	1995
	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP TOTAL ASSETS					
Fixed assets	171,509	178,528	180,238	180,136	192,519
Intangible assets	-	-	20	20	19
Associated companies	318	281	189	-	-
Net current assets/(liabilities)	119,089	98,455	46,905	44,182	(16,548)
FINANCED BY					
Share capital	210,000	210,000	15,000	15,000	15,000
Reserves	80,900	67,248	55,912	34,686	24,501
Long term liabilities	16	16	46	156	74,151
Amount due to holding company	-	-	156,394	174,496	62,338
GROUP RESULTS					
Turnover	134,439	127,841	118,595	115,672	75,407
Profit before exceptional items	21,011	17,237	21,389	14,912	9,456
* Exceptional items	-	-	-	(4,727)	-
Profit before taxation	21,011	17,237	21,389	10,185	9,456
Taxation	-	(1,276)	(163)	-	4
Profit after taxation	21,011	15,961	21,226	10,185	9,460
Dividend	7,350	10,500	-	-	-
Retained profit	13,661	5,461	21,226	10,185	9,460
SELECTED RATIOS					
Earnings per share (sen)	10.01	9.20	141.51	67.90	63.07
Gross dividend per share (%)	3.50	5.00	-	-	-
Net tangible assets per share (RM)	1.39	1.32	4.73	3.31	2.63

* For comparative purposes, extraordinary items from 1995 to 1998 have been restated as exceptional items to be in line with 1999's presentation which is in accordance with International Accounting Standard 8 (Revised).

Financial Highlights

Five Years Group Financial Statistics



Chairman's Statement

On behalf of the Board of Directors of Mieco Chipboard Berhad ("the Company" or "Mieco"), I am pleased to present the Annual Report and Accounts of the Company and the Mieco Group ("the Group") for the financial year ended 31 December 1999.

FINANCIAL PERFORMANCE

Driven by an increase in domestic demand coupled with a rise in the sales of value-added products, the Group recorded a higher turnover of RM134.44 million for the year under review, an increase of 5.16% from the RM127.84 million recorded in the previous year. Shareholders would also be pleased to know that, due to better profit margins on value-added products coupled with lower production costs as a result of various cost savings and productivity efficiency initiatives, the Group's profit before taxation climbed 22% to RM21.01 million (1998: RM17.24 million). After accounting for taxation and minority interests, the Group's profit attributable to shareholders settled at RM21.01 million (1998: RM15.96 million) translating into earnings per share of 10.01 sen (1998: 9.20 sen). Meanwhile, the Group's net tangible assets per share increased 7 sen to RM1.39 (1998: RM1.23).



Assembly of the Schelling Panel Sizer for downstream manufacturing expansion

DIVIDEND

Although the financial results recorded for the year under review was a commendable achievement, your Board believes that it is in the Company's best interest to conserve some cash resources and, as such, is declaring a slightly lower dividend of 3.5% for the financial year ended 31 December 1999 (1998: 5%). As no interim dividend was paid during the year, total net dividend payout for the year will amount to RM7.35 million (1998: RM10.5 million) subject to shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORATE

Dato' Lim Sze Guan @ Lim Kim Wah resigned as Director on 16 September 1999. On behalf of the Board, I would like to thank him for his contribution to the Company and the Mieco Group during his tenure of service.

It is my honour to welcome Mr Jaganath Derek Steven Sabapathy who was appointed to the Board on 15 September 1999. Mr Edwin Madarang Yang, who was appointed to the Board on 17 September 1999, resigned as a Director of Mieco on 19 April 2000.

PROSPECTS

With the Malaysian economy rebounding impressively as evidenced by its Gross Domestic Product growth rate of 5.4% for 1999 from the economic contraction in the previous year, the outlook for the current year remains encouraging and should have a positive impact on your Group's core business of the manufacturing and trading of particleboard and related products. Coupled with the Group's commitment in striving for more innovative product development,

Penyata Pengerusi

Mewakili Ahli Lembaga Pengarah Mieco Chipboard Berhad ("Syarikat" atau "Mieco"), saya amat berbesar hati membentangkan Laporan Tahunan dan Penyata Akaun bagi Syarikat dan Kumpulan Mieco ("Kumpulan") yang berakhir pada 31hb. Disember 1999.

PRESTASI KEWANGAN

Hasil peningkatan daripada jualan domestik dan peningkatan dalam nilai tambah produk, telah mencatatkan peningkatan jualan yang tinggi iaitu sebanyak RM 134.44 juta berbanding RM 127.84 juta pada tahun sebelumnya. Oleh itu perbezaan peningkatan jualan diantara kedua-duanya adalah sebanyak 5.16%. Para pemegang saham turut berpuas hati dengan peningkatan keuntungan hasil daripada meningkatnya nilai tambah produk dan penurunan dalam kos pengeluaran, akibat daripada pelbagai aktiviti penjimatan kos serta peningkatan dalam kecekapan pengeluaran. Dengan itu keuntungan Kumpulan sebelum cukai telah meningkat sebanyak 22% yang berjumlah RM 21.01 juta (RM 17.24 million 1998). Setelah ditolak cukai dan kepentingan minoriti, keuntungan Kumpulan yang diberikan kepada pemegang saham ialah sebanyak RM 21.01 juta (RM 15.96 juta 1998) yang menyamai pendapatan 10.01 sen saham seunit (9.20 sen 1998). Sementara itu aset ketara Kumpulan bagi seunit saham telah meningkat daripada 7 sen seunit kepada RM1.39 seunit (RM 1.32 seunit 1998)

DIVIDEN

Walaupun kedudukan kewangan yang dicatatkan pada tahun lalu memberangsangkan, Ahli Lembaga Pengarah percaya bahawa Syarikat perlu menyimpan sebahagian daripada keuntungan yang diperolehi. Maka dengan ini, Syarikat mengistiharkan dividen yang lebih rendah iaitu sebanyak 3.5% bagi tahun kewangan berakhir 31hb. Disember 1999 (5% 1998). Oleh kerana tiada dividen perantara yang diberikan dalam tahun ini, jumlah dividen bersih yang akan dibayar ialah sebanyak RM7.35 juta (RM10.5 juta 1998) bergantung kepada kelulusan Mesyuarat Agung Tahunan yang akan datang.

PENGARAH

Dato' Lim Sze Guan @ Lim Kim Wah telah meletakkan jawatan sebagai Pengarah Syarikat pada 16hb. September 1999. Mewakili Ahli Lembaga Pengarah yang lain, saya ingin mengucapkan terima kasih atas sumbangan yang telah beliau berikan kepada Syarikat dan Kumpulan Mieco sepanjang perkhidmatan beliau.

Adalah dengan ini saya memberi penghormatan dan mengucapkan selamat datang kepada En. Jaganath Derek Steven Sabapathy yang dilantik menjadi Pengarah Syarikat pada 15 September 1999. Bagi En Edwin Madarang Yang juga telah dilantik sebagai Pengarah Syarikat pada 17 September 1999, bagaimanapun

Chairman's Statement

greater global market penetration and efficient planning; your Board is confident that the current year will be another profitable one for the Company and the Mieco Group.

APPRECIATION

On behalf of the Board, I would like to extend my unreserved appreciation to the management and staff of Mieco Chipboard Berhad and its subsidiaries for their continued contribution, commitment and dedication. I would also like to take this opportunity to thank all our shareholders, business associates, customers and the relevant government authorities for their invaluable support and confidence throughout the year. Finally, I would like to place on record my gratitude to fellow colleagues on the Board for their valued guidance and insights.

TAN SRI DATO' MD KHIR JOHARI

Chairman

Kuala Lumpur

28 April 2000



Cooling section



Homag Edge Bander in Gebeng Factory

Penyata Pengerusi

beliau telah meletakkan jawatan sebagai Pengarah Syarikat pada 19hb. April 1999.

PROSPEK

Perkembangan ekonomi Malaysia yang memberangsangkan terbukti melalui peningkatan Keluaran Dalam Negara Kasar sebanyak 5.4% bagi tahun 1999 berbanding dengan penurunan pada tahun sebelumnya. Tinjauan semasa amat mengalakkan dan akan memberi kesan positif kepada kegiatan utama Kumpulan iaitu penjualan papan serpai dan produk yang berkaitan. Sewajar dengan komitmen Kumpulan yang berikhtiar menuju kearah pembangunan produk yang berinovatif, penembusan pasaran yang lebih global dan perancangan yang cekap, Ahli Lembaga Pengarah yakin dari masa ke semasa akan menjamin keuntungan bagi Syarikat dan Kumpulan Mieco.

PENGHARGAAN

Mewakili Ahli Lembaga Pengarah yang lain, saya ingin melahirkan penghargaan kepada pihak pengurusan dan kakitangan Mieco Chipboard Berhad dan anak syarikat bagi sumbangan mereka yang berterusan, komitmen dan sikap dedikasi mereka. Saya juga ingin mengambil peluang ini untuk mengucapkan terima kasih kepada semua pemegang saham, rakan niaga, para pelanggan dan jabatan kerajaan berkaitan kerana sokongan dan keyakinan yang diberikan sepanjang tahun. Akhir sekali, saya ingin

merakamkan ucapan terima kasih kepada semua Ahli Lembaga Pengarah atas tunjuk ajar yang amat berharga serta pandangan jauh mereka.

TAN SRI DATO' MD KHIR JOHARI

Pengerusi

Kuala Lumpur
28 April 2000.



New value-added processing facilities

Executive Director's Review Of Operations



Signing of a Sales & Marketing and Technology Transfer agreement with Kunz Holding GmbH & Co. KG in Germany

On behalf of the Board of Directors of Mieco Chipboard Berhad ("the Company" or "Mieco"), it gives me great pleasure to present an overview of the Mieco Group's ("the Group") activities and operations for the year ended 31 December 1999.

In line with the national economic recovery, the Group's turnover for the year ended 31 December 1999 recorded an improvement of 5.16% to RM134.44 million from the RM127.84 million recorded a year ago. This increase in turnover was contributed by a rise in domestic sales which registered an increase of 14% from the previous year. Domestic sales, which constituted 48% of the Group's total sales in 1999, is expected to remain encouraging during the current year. Meanwhile, export sales constituted 52% of the Group's total sales turnover in 1999.

The Group's profit before taxation climbed to RM21.01 million in 1999, a 22% rise from the RM17.24 million recorded in 1998. This was primarily due to higher profit margins on value-added products coupled with lower production expenses.

PRODUCTION OVERVIEW

Good progress was made where transfer of technology is concerned. In January this year, the Group teamed up with Kunz Holding GmbH & Co. KG of Germany, a leading particleboard manufacturer in Europe, whereby a five-year

Technology Transfer Agreement for the Polymeric Methylene Diphenylene 4,4' - Diisocyanate ("PMDI") board and a Sales & Marketing Co-operation Agreement covering the sales in the Asian and Asia Pacific Regions were signed. With this strategic alliance, the Group aspires to be the leading chipboard manufacturer of PMDI E-Zero emission boards in the Asian and Asia Pacific Regions.

The Group has also been quick to take advantage of the rising demand for panel boards by reactivating its production Line 1. While the Group has already profited from its increased productivity output this year, reactivation of this Line 1 will further equipped the Group with an annual additional capacity of 30,000 m³.

PRODUCT & MARKET DEVELOPMENT

Since the introduction of the Group's flooring line in March 1998, a total of approximately 100 projects have already been completed to date. An Agreement has also been signed with a local distributor to further promote the Group's *Miecomine Flooring* range of products. For its export concerns, the Group also adopts the policy of promoting its flooring products on a "contract manufacturing" basis.

With aggressive overseas promotion activities, the Group has successfully penetrated its range of products into new markets such as Mauritius, United States of America, Australia, New Zealand, Ethiopia, Sweden, UAE, India, Pakistan, Sri Lanka and Thailand for both commercial and residential markets.

The Group has also made evident progress in its development of Do-It-Yourself ('DIY') products. Articles produced under this range continue to increase during the year. Driven by the uphill

Executive Director's Review Of Operations

demand for such products, the Group is now studying the acquisition of new machinery to enhance its manufacturing capabilities.

Furthermore, the Group has also reorganised its marketing management structure to place it in a more competitive position especially in view of the formation of the ASEAN Free Trade Area ("AFTA") by 1 January 2002.

PUBLICITY & PROMOTIONS

In its effort to explore new global markets, the Group intends to capitalise on the popularity of the Internet by marketing its wide range of wood-based products through this medium. Toward this end, the Group is developing a website to not only create greater awareness of its products and services available, but to also establish a more efficient communication network with existing and potential customers.

The Group continued to participate in high-profile furniture exhibitions like the *Woodmac/Furnitek Asia 1999* held in Singapore and the *Malaysian International Furniture Fair 2000*. The Group has also signed a promotion plan with MATRADE for a year long product display at the latter's Export Exhibition Centre.



Miecomine Flooring



Mieco towards the new era

To secure a physical presence in identified markets, the Group has incorporated a new subsidiary office in Hong Kong in line with its objective of expanding its market share in the fast growing international market.

TECHNOLOGY DEVELOPMENT

During the year, the Group implemented the second phase of its SAP/R3 business integration system, which links the modules of Payroll, Production Planning, Product Costing and Plant Maintenance system. This has resulted in increased efficiency through speedier and more accurate information exchange to enhance management control effectiveness.

YONG SENG YEOW

Executive Director

Kuala Lumpur

28 April 2000

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Directors' Report

The Directors have pleasure in presenting their report and the audited accounts of the Company and of the Group for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the manufacturing of chipboards and related products.

The principal activities of the Group including the associated company consist of:-

- investment holding
- selling and marketing of chipboards and related products
- procurement of rubberwood
- reforestation, harvesting, extraction and supply of rubberwood

There have been no significant changes in the nature of these activities during the year.

ACCOUNTS

	<u>GROUP</u> <u>RM'000</u>	<u>COMPANY</u> <u>RM'000</u>
Profit before taxation	21,011	19,644
Taxation	-	-
Profit after taxation	21,011	19,644
Dividend- tax exempt	(7,350)	(7,350)
Retained profit for the year	<u>13,661</u>	<u>12,294</u>

DIVIDEND

During the year, the Company paid a first and final tax exempt dividend of 5%, amounting to RM10,500,000 in respect of the financial year ended 31 December 1998.

The Directors propose that a first and final tax exempt dividend of 3.5%, amounting to RM7,350,000 be paid in respect of the financial year under review.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:-

Tan Sri Dato' Md Khir Johari

Mr Yong Seng Yeow

Mr Low Kim Seng

Lt. Gen (R) Dato' Seri Mohamed Daud

Bin Abu Bakar

Dr Amarjit Singh A/L Santokh Singh

Dr Chan Chin Cheung

Mr Jaganath Derek Steven Sabapathy

(Appointed on 15 September 1999)

Mr Edwin Madarang Yang

(Appointed on 17 September 1999)

Dato' Lim Sze Guan @ Lim Kim Wah

(Resigned on 16 September 1999)

Mr Tam Cheok Wing

(Retired on 24 June 1999)

Directors' Report

DIRECTORS (CONTD.)

In accordance with Section 129(2) of the Companies Act, 1965, Tan Sri Dato' Md Khir Johari retires, having attained the age of seventy. The Board of Directors recommends that he be re-appointed in accordance with Section 129(6) of the Companies Act, 1965.

In accordance with Article 80 of the Company's Articles of Association, Mr Low Kim Seng and Lt. Gen (R) Dato' Seri Mohamed Daud Bin Abu Bakar retire by rotation and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

In accordance with Article 87 of the Company's Articles of Association, Mr Jaganath Derek Steven Sabapathy and Mr Edwin Madarang Yang retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, and/or debentures of, the Company or any other body corporate.

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares and/or options of the Company and the holding company, as stated below:-

Name of Directors of this Company	Name of Company in which interest is held	No. of Ordinary Shares of RM1 each			As at 31.12.99
		As at 1.1.99/ Date of appointment	Bought During the year	Sold	
Direct Interest:	Mieco Chipboard Berhad				
Tan Sri Dato' Md Khir Johari	- Ordinary shares of RM1 each	10,000	-	5,000	5,000
Mr Yong Seng Yeow	- Ordinary shares of RM1 each	2,000	-	-	2,000
Lt. Gen (R) Dato' Seri Mohamed Daud Bin Abu Bakar	- Ordinary shares of RM1 each	16,000	-	-	16,000
Mr Low Kim Seng	- Ordinary shares of RM1 each	10,000	-	-	10,000
Dr. Amarjit Singh A/L Santokh Singh	- Ordinary shares of RM1 each	10,000	-	-	10,000

Directors' Report

DIRECTORS (CONTD.)

Name of Directors of this Company	Name of Company in which interest is held	No. of Ordinary Shares of RM1 each			As at 31.12.99
		As at 1.1.99/ Date of appointment	Bought During the year	Sold	
Direct Interest:	Bandar Raya Developments Berhad				
Mr Low Kim Seng	- Ordinary shares of RM1 each	22,000	-	-	22,000

Name of Directors of this Company	Employees' Share Options over Shares of RM1 each in Bandar Raya Developments Berhad			As at 31.12.99
	As at 1.1.99	Granted	Exercised	
Mr Low Kim Seng	360,000	-	-	360,000

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

OTHER STATUTORY INFORMATION

- (a) Before the profit and loss account and balance sheet of the Company and of the Group were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts;
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Company and of the Group inadequate to any substantial extent;
 - (ii) the values attributed to current assets in the accounts of the Company and of the Group misleading.

Directors' Report

OTHER STATUTORY INFORMATION (CONTD.)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or accounts of the Company and of the Group which would render any amount stated in the accounts and consolidated accounts misleading.
- (e) As at the date of this report, there does not exist:-
- (i) any charge on the assets of the Company and of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Company and of the Group which have arisen since the end of the financial year.
- (f) In the opinion of the Directors:-
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company and of the Group to meet its obligations as and when they fall due;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

AUDITORS

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,

TAN SRI DATO' MD KHIR JOHARI)
)
)
) DIRECTORS
)
YONG SENG YEOW)

Kuala Lumpur, Malaysia
30 March 2000

Profit And Loss Accounts

for the year ended 31 December 1999

	Note	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
TURNOVER	2	134,439	127,841	128,079	126,907
COST OF SALES		95,827	95,446	95,801	95,446
PROFIT BEFORE TAXATION	3	21,011	17,237	19,644	23,166
TAXATION	4	-	(1,276)	-	(1,276)
PROFIT AFTER TAXATION		21,011	15,961	19,644	21,890
DIVIDEND - tax exempt	5	(7,350)	(10,500)	(7,350)	(10,500)
RETAINED PROFIT FOR THE YEAR	17	13,661	5,461	12,294	11,390
EARNINGS PER SHARE (RM)	6	0.10	0.09	0.09	0.13

The annexed notes form an integral part of these accounts.

Balance Sheets

as at 31 December 1999

	Note	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	7	171,509	178,528	170,816	177,446
SUBSIDIARY COMPANIES	8	-	-	18,126	21,661
ASSOCIATED COMPANY	9	318	281	-	-
CURRENT ASSETS					
Stocks	10	33,618	36,024	33,616	36,024
Trade debtors	11	19,814	23,039	11,134	14,729
Other debtors		849	1,539	613	1,193
Amount due from related companies		-	49	-	49
Short term deposits	12	90,681	64,840	90,577	64,840
Cash and bank balances		866	2,948	662	1,170
		145,828	128,439	136,602	118,005
CURRENT LIABILITIES					
Trade creditors		12,666	13,043	12,666	13,043
Other creditors	13	4,810	4,862	3,751	4,411
Amount due to affiliated company		292	118	292	118
Amount due to holding company	14	180	20	180	20
Taxation		1,441	1,441	1,439	1,439
Proposed dividend		7,350	10,500	7,350	10,500
		26,739	29,984	25,678	29,531
NET CURRENT ASSETS		119,089	98,455	110,924	88,474
		290,916	277,264	299,866	287,581
FINANCED BY:-					
SHARE CAPITAL	15	210,000	210,000	210,000	210,000
SHARE PREMIUM	16	5,866	5,875	5,866	5,875
RESERVE ON CONSOLIDATION		3	3	-	-
RETAINED PROFITS	17	75,031	61,370	84,000	71,706
		290,900	277,248	299,866	287,581
DEFERRED TAXATION		16	16	-	-
		290,916	277,264	299,866	287,581

The annexed notes form an integral part of these accounts.

Consolidated Cash Flow Statement

for the year ended 31 December 1999

	1999 RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	21,011	17,237
Adjustments for:		
Share of loss in associated company	8	32
Fixed assets written off	734	-
Depreciation of fixed assets	16,085	14,954
Intangible assets written off	-	20
Loss on disposal of fixed assets	2	7
Provision for obsolete stocks	2,588	-
Provision for doubtful debts	2,408	4,079
Interest expense	4	6
Interest income	(4,192)	(4,557)
	38,648	31,778
Changes in working capital:		
Stocks	21	(4,806)
Debtors	1,507	(116)
Creditors	(403)	(7,920)
Intercompany balances	223	250
	39,996	19,186
Interest paid	(4)	(6)
Net cash flows from operating activities	39,992	19,180

Consolidated Cash Flow Statement

for the year ended 31 December 1999

	1999 RM'000	1998 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,005)	(13,273)
Advances to associated company	(45)	(124)
Interest income	4,192	4,557
Proceeds from sale of fixed assets	-	22
Net cash flows used in investing activities	(5,858)	(8,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Right Issue	-	180,000
Proceeds from Public Issue	-	22,500
Dividend paid	(10,500)	-
Listing expenses	(9)	(1,625)
Advances from / (Repayment to) holding company	160	(156,374)
Repayment of finance lease facilities	(26)	(115)
Net cash flows generated from financing activities	(10,375)	44,386
Net increase in cash and cash equivalents	23,759	54,748
Cash and cash equivalents at beginning of year (Note A)	67,788	13,040
Cash and cash equivalents at end of year (Note A)	91,547	67,788
Note A : Cash and cash equivalents of the Group is made up of the following:-		
Short term deposits	90,681	64,840
Cash and bank balances	866	2,948
	91,547	67,788

Notes To The Accounts

31 December 1999

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention and comply with approved accounting standards issued by the Malaysian Accounting Standards Board.

(b) Subsidiary Companies

The consolidated accounts incorporate the accounts of the Company and all its subsidiary companies for the year ended 31 December.

Goodwill or reserve on consolidation represents the difference between the consideration paid for the shares in the subsidiary companies and the value of attributable net assets acquired as applicable. Goodwill is not amortised but write-offs are made where, in the opinion of the Directors, a permanent diminution in value has occurred.

(c) Associated Companies

Associated companies are those companies in which the Group has a long term interest of not less than 20% and not more than 50% of the equity capital and in which it exercises significant influence over the financial and operating policies through Board representation.

The Group's share of results and reserves of associated companies acquired or disposed of is included in the consolidated accounts from the date of acquisition or up to the date of disposal. For this purpose, audited or management accounts for the year to 31 December are used.

(d) Fixed Assets

Depreciation is computed on a straight line basis to write off the cost of the assets over the estimated useful lives. No depreciation is provided on capital work-in-progress.

The principal annual rates of depreciation used are as follows:-

Leasehold land and buildings	Amortised over period of lease
Plant, machinery and equipment	7.5 - 33.3%
Motor vehicles	20%
Furniture and fittings	10%
Office renovations	10%

(e) Stocks

Stocks are stated at the lower of cost and net realisable value and cost is determined according to the category of stocks concerned on the first-in first-out or weighted average basis. Cost includes the actual cost of materials and incidentals in bringing the stocks into store and for manufactured stocks and work-in-progress, cost includes in addition, labour and attributable production overheads. In arriving at net realisable value, due allowance is made for all obsolete and slow-moving items.

Notes To The Accounts

31 December 1999

1. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Retirement Benefits

Provision for retirement benefits is made in respect of eligible employees.

(g) Foreign Currency Translation

Transactions in foreign currencies are recorded in Malaysian Ringgit at the rates of exchange ruling at the date of transaction or at contracted rates where applicable.

Foreign currency assets and liabilities at balance sheet date are translated into Malaysian Ringgit at the rates ruling or at contracted rates.

All exchange differences are included in the profit and loss account.

(h) Deferred Taxation

Deferred taxation is provided under the liability method in respect of all timing differences except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future.

No account is taken of any debit balance arising on deferred taxation account.

(i) Borrowing Costs

Borrowing costs incurred on expenditure on assets that require a substantial period of time to get ready for their intended use are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

(j) Year 2000 Compliance Costs

Year 2000 compliance costs are costs specifically associated with existing internal-use software for the Year 2000. Year 2000 compliance costs are expensed to the profit and loss account as and when these costs are incurred except that costs which represent an enhancement of the existing software and related hardware beyond its originally assessed standard of performance are capitalised as part of the related asset if such costs can be measured reliably.

2. TURNOVER

Turnover represents the invoiced value of goods sold less returns and excludes, in respect of the group, intra-group transactions.

Notes To The Accounts

31 December 1999

3. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
This is stated after charging/(crediting):-				
Auditors' remuneration	36	37	18	18
Directors' remuneration:				
- fees	31	15	31	15
- emoluments	437	168	365	89
- benefits-in-kind	8	-	8	-
Interest expense	4	6	4	6
Management fee payable to				
- holding company	300	300	300	300
- affiliated company	292	118	292	118
Intangible assets written off	-	20	-	-
Fixed assets written off	734	-	548	-
Depreciation of fixed assets	16,085	14,954	15,899	14,800
Provision for obsolete stocks	2,588	-	2,588	-
Share of loss in associated company	8	32	-	-
Provision for bad and doubtful debts	2,408	4,079	1,533	914
Rental of building	752	679	37	25
Hire of equipment	43	-	43	-
Loss/(Gain) on disposal of fixed assets	2	7	-	(2)
Gain on foreign exchange	(400)	(86)	(400)	(86)
Interest income				
- short term deposits	(4,048)	(4,557)	(4,048)	(4,557)
- loan to holding company	(144)	-	(144)	-

4. TAXATION

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Malaysian taxation based on results for the year				
- Current taxation	-	1,276	-	1,276

(i) No provision for taxation has been made in the current year as income earned in basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999.

(ii) The low effective tax rate in the previous year is attributed to the utilisation of unabsorbed capital allowances.

Notes To The Accounts

31 December 1999

4. TAXATION (CONTD.)

(iii) The estimated unabsorbed capital allowances, tax losses and reinvestment allowances available for utilisation in the future, subject to finalisation by the tax authorities, amount to:

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unabsorbed capital allowances	-	5,027	-	4,717
Unrelieved tax losses	9,819	17,403	-	6,117
Reinvestment allowances	70,128	78,019	70,128	78,019
5. DIVIDEND				
Proposed first and final tax exempt dividend of 3.5% (1998 : 5%)	7,350	10,500	7,350	10,500

6. EARNINGS PER SHARE

The earnings per share is calculated based on the profit after taxation of RM21,011,000 (1998: RM15,961,000) for the Group and RM19,644,000 (1998: RM21,890,000) for the Company and on the weighted average number of 210,000,000 (1998: 173,465,753) ordinary shares in issue during the year.

7. FIXED ASSETS

GROUP	Long leasehold	Short	Plant and machinery	Furniture and fittings, office renovation and equipment	Motor vehicles	Total	
	land and building	leasehold land		RM'000	RM'000	RM'000	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COST							
As at 1 January	50,773	-	191,896	7,137	3,496	253,302	240,083
Additions	565	7,294	65	1,621	460	10,005	13,273
Disposals	(10)	-	(1,305)	(1,747)	(106)	(3,168)	(54)
As at 31 December	51,328	7,294	190,656	7,011	3,850	260,139	253,302
ACCUMULATED DEPRECIATION							
As at 1 January	4,678	-	65,522	2,066	2,508	74,774	59,845
Charge for the year	592	9	13,863	1,089	532	16,085	14,954
Disposals	49	-	(1,096)	(1,123)	(59)	(2,229)	(25)
As at 31 December	5,319	9	78,289	2,032	2,981	88,630	74,774
NET BOOK VALUE							
At 31 December 1999	46,009	7,285	112,367	4,979	869	171,509	-
At 31 December 1998	46,095	-	126,374	5,071	988	-	178,528

Notes To The Accounts

31 December 1999

7. FIXED ASSETS (CONTD.)

COMPANY	Long leasehold	Short	Plant and	Furniture and	Motor	Total	
	land and	leasehold		machinery		renovation and	1999
	building	land		equipment	vehicles	1999	1998
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
COST							
As at 1 January	50,773	-	191,896	5,659	3,450	251,778	238,939
Additions	565	7,294	65	1,658	460	10,042	12,850
Disposals	(10)	-	(1,305)	(1,477)	(106)	(2,898)	(11)
As at 31 December	51,328	7,294	190,656	5,840	3,804	258,922	251,778
ACCUMULATED DEPRECIATION							
As at 1 January	4,678	-	65,522	1,670	2,462	74,332	59,542
Charge for the year	592	9	13,863	904	531	15,899	14,800
Disposals	49	-	(1,096)	(1,020)	(58)	(2,125)	(10)
As at 31 December	5,319	9	78,289	1,554	2,935	88,106	74,332
NET BOOK VALUE							
At 31 December 1999	46,009	7,285	112,367	4,286	869	170,816	-
At 31 December 1998	46,095	-	126,374	3,989	988	-	177,446

a) Included in the fixed assets of the Group and the Company are the following:-

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
At cost:				
Motor vehicle and plant and machinery				
- under lease	-	203	-	203

b) Included in fixed assets of the Group and Company as at 31 December 1999 are Year 2000 compliance costs capitalised of RM 3.004 million (1998 : RM 2.359 million).

Notes To The Accounts

31 December 1999

8. SUBSIDIARY COMPANIES

	COMPANY	
	1999 RM'000	1998 RM'000
Unquoted shares, at cost	80	80
Provision for diminution in value	(50)	(50)
	30	30
Amount due from subsidiary companies	18,096	21,631
	18,126	21,661

The subsidiary companies are as follows:-

Name of Company	Effective Interest		Principal Activities
	1999 %	1998 %	
Mieco Marketing Sdn. Bhd.	100	100	Marketing of chipboard
Mieco Marketing (S) Pte. Ltd.	100	100	Marketing of chipboard
Mieco Chemicals Sdn. Bhd.	100	100	Dormant
Mieco Wood Products Sdn. Bhd.	100	100	Dormant
Mieco Wood Resources Sdn. Bhd.	100	100	Investment holding and procurement of rubberwood

All the subsidiary companies are incorporated in Malaysia, except for Mieco Marketing (S) Pte. Ltd. which is incorporated in Singapore.

All the subsidiary companies are audited by Ernst & Young except for Mieco Marketing (S) Pte. Ltd.

9. ASSOCIATED COMPANY

	GROUP	
	1999 RM'000	1998 RM'000
Unquoted share, at cost	*	*
Amount due from associated company	358	313
Share of loss in associated company	(40)	(32)
	318	281

* 1 ordinary share of RM1 each

Notes To The Accounts

31 December 1999

9. ASSOCIATED COMPANY (CONTD.)

(i) The associated company which is incorporated in Malaysia is as follows:-

Name of Company	Effective Interest		Principal Activities
	1999 %	1998 %	
Mieco Smallholders Sdn. Bhd.	50	50	reforestation, harvesting, extraction and supply of rubberwood

(ii) The amount due from associated company is unsecured, interest free and has no fixed term of repayment.

10. STOCKS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Finished goods	17,744	15,163	17,742	15,163
Raw materials	9,119	14,352	9,119	14,352
Spares and consumables	9,287	6,995	9,287	6,995
	36,150	36,510	36,148	36,510
Less: Provision for stocks obsolescence	(2,532)	(486)	(2,532)	(486)
	33,618	36,024	33,616	36,024
11. TRADE DEBTORS				
Trade debtors	29,598	30,418	14,328	16,390
Less: Provision for doubtful debts	(9,784)	(7,379)	(3,194)	(1,661)
	19,814	23,039	11,134	14,729

Notes To The Accounts

31 December 1999

12. SHORT TERM DEPOSITS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Deposits placed with:-				
- affiliated licensed bank	38,369	-	38,265	-
- other licensed banks	2,962	19,600	2,962	19,600
- licensed finance company	2,000	45,240	2,000	45,240
- discount house	47,350	-	47,350	-
	90,681	64,840	90,577	64,840

13. OTHER CREDITORS

Hire purchase and lease creditors	-	30	-	30
Less: Interest in suspense	-	(4)	-	(4)
	-	26	-	26
Other creditors	4,810	4,836	3,751	4,385
	4,810	4,862	3,751	4,411

14. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is unsecured, interest-free and has no fixed term of repayment. The holding company is Bandar Raya Developments Berhad, a company incorporated in Malaysia.

15. SHARE CAPITAL

	GROUP/COMPANY	
	1999 RM'000	1998 RM'000
Authorised: Shares of RM1 each		
At 1 January	1,000,000	100,000
Increase in the year	-	900,000
At 31 December	1,000,000	1,000,000
Issued and fully paid: Ordinary shares of RM1 each		
At 1 January	210,000	15,000
Rights Issue	-	180,000
Public Issue	-	15,000
At 31 December	210,000	210,000

Notes To The Accounts

31 December 1999

16. SHARE PREMIUM

	GROUP/COMPANY	
	1999	1998
	RM'000	RM'000
At 1 January	5,875	-
Arising from Public Issue	-	7,500
Listing expenses	(9)	(1,625)
At 31 December	5,866	5,875

17. RETAINED PROFITS

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Retained profits:				
At 1 January	61,370	55,909	71,706	60,316
Retained profit for the year	13,661	5,461	12,294	11,390
At 31 December	75,031	61,370	84,000	71,706

- (i) Based on estimated tax credits available and subject to agreement of the tax authorities, the retained profits of the Company can be distributed by way of dividends up to RM5,100,000 (1998 : RM5,100,000) without incurring additional tax liability. However, the ability of the Company to distribute its retained earnings is subject to restrictions contained in Section 365 of the Companies Act, 1965. In general (unless exempted), the Company is allowed to declare dividends (after making deductions for income tax, if any) for a financial year of an amount not exceeding the after-tax profit of that financial year or not exceeding the average dividends declared in respect of the two financial years immediately preceeding that financial year, whichever is the greater. In addition, any unappropriated profit for any financial year commencing on or after 1 July 1997 may be accumulated and distributed as dividends in subsequent financial years.
- (ii) The Company has a tax exempt account balance of RM16.15 million (1998: RM23.5 million) available for distribution as tax exempt dividends subject to agreement of the tax authorities.

Notes To The Accounts

31 December 1999

18. COMMITMENTS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
a) Capital expenditure - Approved but not contracted for	10,298	16,188	10,295	16,056
b) Year 2000 compliance - Approved and contracted for	-	327	-	327

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Management fee payable to holding company	300	300	300	300
Management fee payable to affiliated company	292	118	292	118
Rental and service charges payable to an affiliated company	549	523	-	-
Sales to subsidiary companies	-	-	30,065	31,438

The above transactions have been entered into in the normal course of business based on negotiated and mutually agreed terms.

20. SEGMENT INFORMATION

There is no disclosure of Segment Information as required by International Accounting Standard No.14, Reporting Financial Information by Segment, as the Group operates within one industry and principally within one country.

21. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

Statement By Directors

We, TAN SRI DATO' MD KHIR JOHARI and YONG SENG YEOW, being two of the Directors of MIECO CHIPBOARD BERHAD, do hereby state that in the opinion of the Directors, the accounts set out on pages 22 to 35 are drawn up in accordance with approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Company and of the Group as at 31 December 1999 and of the results of the Company and of the Group for the year ended on that date; and
- (ii) the cash flows of the Group for the year ended 31 December 1999.

On behalf of the Board,

TAN SRI DATO' MD KHIR JOHARI)
)
)
) DIRECTORS
)
)
YONG SENG YEOW)

Kuala Lumpur, Malaysia
30 March 2000

Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act, 1965

I, YONG SENG YEOW, the Director primarily responsible for the financial management of MIECO CHIPBOARD BERHAD, do solemnly and sincerely declare that the accounts set out on pages 22 to 35 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed **YONG SENG YEOW**
at Kuala Lumpur in the
Federal Territory on 30 March 2000

YONG SENG YEOW

Before me,
T. Thandonee Rajagopal
Commissioner for Oaths
Kuala Lumpur, Malaysia

Auditors' Report To The Members Of Mieco Chipboard Berhad

We have audited the accounts set out on pages 22 to 35. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the accounts are properly drawn up in accordance with the provisions of the Companies Act 1965 and approved accounting standards in Malaysia so as to give a true and fair view of:-
 - i) the state of affairs of the Company and of the Group as at 31 December 1999 and of the results of the Company and of the Group and the cash flows of the Group for the year then ended; and
 - ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the accounts and consolidated accounts.
- b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the Auditors' Report of the subsidiary for which we have not acted as auditors, as indicated in Note 8 to the accounts, being accounts which are included in the consolidated accounts.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act 1965.

ERNST & YOUNG AF: 0039
Public Accountants

Yeo Eng Seng 1212/12/00(J)
Partner

Kuala Lumpur, Malaysia
30 March 2000

List Of Properties

as at 31 December 1999

Location	Tenure	Land area	Description	Approximate age of building (Years)	Net book value RM'000
PAHANG					
(i) Lot 77-83, Semambu Industrial Estate, 25720 Kuantan Pahang Darul Makmur	66 year lease expiring 27.10.2041	609,840 sq.ft.	Chipboard factory	5- 25	8,740
(ii) Lot 74, Gebeng Industrial Area 26080 Kuantan Pahang Darul Makmur	99 year lease expiring 22.02.2097	1,254,528 sq.ft.	Chipboard factory	1 - 5	37,269
(iii) Lot 73, Gebeng Industrial Area 26080 Kuantan Pahang Darul Makmur	66 year lease expiring 18.08.2048	653,670 sq.ft.	Industrial Land		7,285

Analysis Of Shareholdings

as at 14 April 2000

Class of share : Ordinary share of RM1.00 each

Voting right : 1 vote per share

	No. of Holders	% of Holders	No. of Shares	% of Shares
LARGEST SHAREHOLDERS	20	0.14	130,781,998	62.28

SIZE OF HOLDINGS

1 - 499	2	0.01	2	0.00
500 - 5,000	11,010	79.03	25,863,000	12.32
5,001 - 10,000	1,622	11.64	14,200,000	6.76
10,001 - 100,000	1,241	8.91	33,652,000	16.02
100,001 - 1,000,000	51	0.37	10,629,027	5.06
Above 1,000,000	5	0.04	125,655,971	59.84
Total	13,931	100.00	210,000,000	100.00

LOCATION OF SHAREHOLDERS

Malaysia	13,843	99.37	208,106,000	99.09
Singapore	50	0.36	746,000	0.36
Foreign	38	0.27	1,148,000	0.55
Total	13,931	100.00	210,000,000	100.00

CATEGORY OF SHAREHOLDERS

Chinese Individuals	10,880	78.10	66,703,027	31.76
Bumiputra Individuals	1,003	7.20	3,568,000	1.70
Other Individuals	393	2.82	2,501,000	1.19
Nominee Companies	1,412	10.14	13,090,000	6.23
M'sian Co. / Govt. Bodies Inst.	155	1.11	122,243,973	58.21
Singaporeans	50	0.36	746,000	0.36
Foreigners	38	0.27	1,148,000	0.55
Total	13,931	100.00	210,000,000	100.00

Analysis Of Shareholdings

as at 14 April 2000

Twenty (20) Major Shareholders

	NAME	SHAREHOLDING	%
1.	Bandar Raya Developments Berhad	118,193,971	56.28
2.	Poo Choo @ Ong Poo Chooi	2,478,000	1.18
3.	Chan Wan Moi	2,475,000	1.18
4.	Ong Poh Geok	1,439,000	0.69
5.	Lim Lee Ling	1,070,000	0.51
6.	Poo Choo @ Ong Poo Chooi	719,000	0.34
7.	Lai Miao Fong	520,000	0.25
8.	Ke-Zan Nominees (Tempatan) Sdn Bhd (Kim Eng Securities (Private) Limited For Wong Thiam Meng)	500,000	0.24
9.	Lee Sui Hee	350,000	0.17
10.	Multi-Purpose Bank Berhad	333,000	0.16
11.	Alliedban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Wong Wah Peng (128A K1183))	320,000	0.15
12.	Malaysian Assurance Alliance Berhad	300,000	0.14
13.	Kueh Ooi Voon	300,000	0.14
14.	Tan Kim Eng	298,027	0.14
15.	Chang Joo Chiang	265,000	0.13
16.	Wong Lee Yun	264,000	0.13
17.	OSK Nominess (Tempatan) Berhad (OSK Capital Sdn Bhd For Ahmad Azari Bin Mohd Daud)	250,000	0.12
18.	HSBC Nominess (Asing) Sdn Bhd (CSFB Zurich For Eagers Financial Corporation (036860))	250,000	0.12
19.	Koperasi Setia Malaysia Berhad	237,000	0.11
20.	Tee Kheng Sheng	220,000	0.10
	TOTAL	130,781,998	62.28

SUBSTANTIAL SHAREHOLDINGS

Shareholders	Direct Interest		Indirect Interest		Bare Trustee	
	No. of shares	%	No. of shares	%	No. of shares	%
Malaysian Plantations Berhad	-	-	118,193,971	56.28 (a)	-	-
Kamunting Corporation Berhad	-	-	118,193,971	56.28 (b)	-	-
Multi-Purpose Holdings Berhad	-	-	118,193,971	56.28 (c)	-	-
Bandar Raya Developments Berhad	118,193,971	56.28	-	-	-	-

Notes :-

- (a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Kamunting Corporation Berhad.
 (b) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Multi-Purpose Holdings Berhad.
 (c) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Bandar Raya Developments Berhad and Magnum Corporation Berhad.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of Mieco Chipboard Berhad will be held at Multi-Purpose Hall, 25th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur on Friday, 9 June 2000 at 10.00 a.m.

AGENDA

1. To receive and consider the Report of the Directors and the Audited Accounts for the year ended 31 December 1999 together with the Report of the Auditors thereon.
2. To declare a first and final tax exempt dividend of 3.5% in respect of the year ended 31 December 1999.
3. To approve the payment of Directors' fees of RM31,288/= in respect of the year ended 31 December 1999.
4. To re-elect Directors retiring in accordance with Article 80 and Article 87 of the Company's Articles of Association :-

Article 80

- (a) Low Kim Seng
- (b) Lt. Gen. (R) Dato' Seri Mohamed Daud Bin Abu Bakar

Article 87

- (a) Jaganath Derek Steven Sabapathy

5. To consider and if thought fit, to pass the following resolution pursuant to Section 129 of the Companies Act, 1965 :-

"**THAT** Tan Sri Dato' Md Khir Johari who retires in accordance with Section 129 of the Companies Act, 1965 after having attained the age of seventy years, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

6. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS :-

7. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution :-

"**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) per centum of the total issued capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

Notice Of Annual General Meeting

NOTICE OF BOOKS CLOSURE

Subject to the approval of the shareholders at the Annual General Meeting, the first and final 3.5% tax exempt dividend will be paid on 28 July 2000 to shareholders whose names appear on the Register of Members and the Record of Depositors at the close of business on 3 July 2000.

NOTICE IS HEREBY GIVEN that the Share Transfer Books, the Register of Members and the Record of Depositors of the Company will be closed from 4 July 2000 to 6 July 2000 (both dates inclusive) to determine shareholders' entitlements to the dividend payment.

A depositor shall qualify for entitlement to the final dividend only in respect of :-

- (a) shares deposited into the Depositor's Securities Account before 12.30 p.m. on 29 June 2000 (in respect of shares which are exempted from mandatory deposit);
- (b) shares transferred into the Depositor's Securities Account before 12.30 p.m. on 3 July 2000 in respect of ordinary transfers;
- (c) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No.2) Act, 1998 which came into effect on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, the dividend for such undeposited shares will be paid to MOF.

BY ORDER OF THE BOARD

HO SWEE LING

HAN MONK TEK

Company Secretaries

Kuala Lumpur
22 May 2000

Notes :-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid the form of proxy must be deposited at the registered office of the Company at 31st Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than 48 hours before the time set for holding the meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
5. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
6. Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No.2) Act, 1998 which came into effect on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the meeting in respect of such undeposited shares.

EXPLANATORY NOTE ON ITEM 7 OF THE AGENDA

Item 7 of the Agenda

The Ordinary Resolution proposed under item (7), if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Form Of Proxy

I / We (full name in block capitals) _____

NRIC No. / Company No. _____ of _____

being a member / members of **MIECO CHIPBOARD BERHAD**, hereby appoint _____

of _____

or failing him _____

of _____

as my / our proxy to vote on my / our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at Multi-Purpose Hall, 25th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur on Friday, 9 June 2000 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	*FOR	*AGAINST
1) To adopt the audited accounts		
2) To declare a first and final tax exempt dividend of 3.5%		
3) To approve the payment of Directors' fees		
4) To re-elect the following Directors retiring under Article 80 and Article 87 of the Company's Articles of Association : - Article 80 (a) Low Kim Seng (b) Lt. Gen. (R) Dato' Seri Mohamed Daud Bin Abu Bakar		
Article 87 (a) Jaganath Derek Steven Sabapathy		
5) To re-appoint Tan Sri Dato' Md Khir Johari as Director in accordance with Section 129 of the Companies Act, 1965		
6) To re-appoint Messrs Ernst & Young as auditors of the Company		
7) To authorise Directors to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965		

*Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my / our hand(s) this _____ day of _____, 2000.

Signature(s) of Shareholder / Joint Shareholders

Signature of Witness

Number of Shares held

Name of Witness

Notes : -

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid the form of proxy must be deposited at the registered office of the Company at 31st Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than 48 hours before the time set for holding the meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149 (1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
5. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.