



**Tiasa** **SIIBUR**  
*Holdings Berhad* 341792-W



## *Financial Statements*

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## Directors' Report



The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2007.

### Principal Activities

The principal activities of the Company are investment holding, extraction and sale of logs and manufacturing of sawn timber.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group during the financial year.

### Results

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	71,682,160 =====	43,781,583 =====

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### Dividends

The amount of dividends declared and paid by the Company since 31 July 2006 were as follows:

In respect of the financial year ended 31 July 2006 as reported in the directors' report of that year:

Interim dividends comprise 5 sen per share, tax exempt and 3 sen per share less 28% taxation on 180,000,000 ordinary shares, declared on 26 June 2006 and paid on 16 August 2006	12,888,000 =====
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At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2007, of 3% less 27% taxation, to be payable on 26 February 2008 to the shareholders whose names appear in the Record of Depositors on 28 January 2008 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2008.



## Directors' Report [contd.]

### 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:

YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai  
 YBhg. Datuk William Lau Kung Hui  
 YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh  
 YBhg. Dato' Tiong Ing  
 Tiong Kiong King  
 Ngu Woo Hieng

### Directors' Benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 26(b) to the financial statements.

### Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.8.2006	Acquired	Sold	31.7.2007
<b>Direct Interest:</b>				
YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai	10,000	-	-	10,000
YBhg. Datuk William Lau Kung Hui	10,000	-	-	10,000
YBhg. Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh	300,000	-	2,100	297,900
YBhg. Dato' Tiong Ing	782,656	627,500	-	1,410,156
Tiong Kiong King	1,123,304	-	32,500	1,090,804
Ngu Woo Hieng	20,000	-	-	20,000
<b>Indirect Interest:</b>				
YBhg. Dato' Tiong Ing	35,000	391,500	-	426,500



## Directors' Report [contd.]



### Treasury Shares

As at 31 July 2007, the Company held as treasury shares a total of 20,000,000 of its 200,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM53,570,468 and further relevant details are disclosed in Note 23 to the financial statements.

### Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company 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; and
  - (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 had 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 financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.





## *Directors' Report [contd.]*

### **Other Statutory Information (contd.)**

- (f) In the opinion of the directors:
- (i) no contingent 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 Group or of the Company to meet their obligations when they fall due; and
  - (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 Group or of the Company for the financial year in which this report is made.

### **Significant Events**

Significant events are disclosed in Note 29 to the financial statements.

### **Subsequent Event**

The subsequent event is disclosed in Note 30 to the financial statements.

### **Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 November 2007.

**Dato' Tiong Ing**

**Tiong Kiong King**

## *Statement by Directors*

*Pursuant to Section 169(15) of the Companies Act, 1965*



We, **Dato' Tiong Ing** and **Tiong Kiong King**, being two of the directors of **Subur Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 121 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 November 2007.

**Dato' Tiong Ing**

**Tiong Kiong King**

## *Statutory Declaration*

*Pursuant to Section 169(16) of the Companies Act, 1965*

I, **Yeo Eng Siang**, being the officer primarily responsible for the financial management of **Subur Tiasa Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 121 are in my opinion 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 **Yeo Eng Siang**  
at Sibü in the State of Sarawak  
on 19 November 2007

**Yeo Eng Siang**

Before me,

**Belinda Hii Tai King**  
**Commissioner for Oaths (Q 064)**  
**Sibu, Malaysia**





## *Report of the Auditors to the Members of Subur Tiasa Holdings Berhad (Incorporated in Malaysia)*

We have audited the financial statements set out on pages 43 to 121. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 July 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

*Report of the Auditors  
to the Members of Subur Tiasa Holdings Berhad  
(Incorporated in Malaysia) [contd.]*



We have considered the financial statements and the auditors' report thereon of the subsidiaries of which we have not acted as auditors as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

**CHIN MUI KHIONG PETER**  
No. 1881/03/08 (J)  
Partner

Kuching, Malaysia  
Date: 19 November 2007





## *Income Statements*

### *For the Year Ended 31 July 2007*

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
<b>Revenue</b>	3	550,865,032	508,387,585	348,003,711	301,325,948
Cost of sales		(368,845,962)	(324,601,356)	(220,272,796)	(153,351,972)
<b>Gross Profit</b>		182,019,070	183,786,229	127,730,915	147,973,976
Other income		5,093,707	3,421,685	1,075,242	800,940
Administrative expenses		(30,871,012)	(33,785,851)	(23,633,494)	(22,926,043)
Selling and distribution expenses		(45,995,732)	(40,903,766)	(25,275,918)	(18,587,383)
Other expenses		(20,320,301)	(16,110,753)	(13,723,268)	(18,723,267)
<b>Operating Profit</b>		89,925,732	96,407,544	66,173,477	88,538,223
Finance cost	4	(1,329,004)	(3,284,735)	(1,151,890)	(2,783,010)
<b>Profit Before Tax</b>	5	88,596,728	93,122,809	65,021,587	85,755,213
Income tax expense	8	(16,914,568)	(18,965,901)	(21,240,004)	(22,609,118)
<b>Profit for the Year attributable to equity holders of the Company</b>		71,682,160	74,156,908	43,781,583	63,146,095
<b>Earnings Per Share Attributable to Equity Holders of the Company (sen)</b>					
- Basic, for profit for the year	9(a)	39.8	40.7		
- Diluted, for profit for the year	9(b)	N/A	N/A		

The accompanying notes form an integral part of the financial statements.



## Balance Sheets as at 31 July 2007



	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	11	385,800,654	271,170,569	154,417,032	64,558,249
Investment properties	12	19,226,325	11,828,217	-	-
Investment in subsidiaries	13	-	-	192,538,830	192,538,814
Intangible assets	14	99,487,173	121,708,894	79,097,377	92,820,645
Long term receivables	15	17,656,391	19,396,473	17,656,391	19,396,473
Deferred tax assets	25	568,000	665,000	-	-
		<b>522,738,543</b>	<b>424,769,153</b>	<b>443,709,630</b>	<b>369,314,181</b>
<b>Current Assets</b>					
Inventories	16	115,379,639	62,065,821	20,948,846	12,847,943
Trade and other receivables	17	46,248,132	22,777,914	25,491,629	8,162,156
Amounts due from subsidiaries	18	-	-	52,383,669	33,692,854
Tax recoverable		1,733,771	526,163	-	-
Cash and bank balances	19	86,945,010	99,458,451	29,023,281	20,824,663
		<b>250,306,552</b>	<b>184,828,349</b>	<b>127,847,425</b>	<b>75,527,616</b>
<b>TOTAL ASSETS</b>		<b>773,045,095</b>	<b>609,597,502</b>	<b>571,557,055</b>	<b>444,841,797</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	23	200,000,000	200,000,000	200,000,000	200,000,000
Share premium		59,679,744	59,679,744	59,679,744	59,679,744
Treasury shares	23	(53,570,468)	(53,570,468)	(53,570,468)	(53,570,468)
Retained earnings	24	324,492,923	241,276,948	121,464,473	77,682,890
Reserve on consolidation	14	-	11,533,815	-	-
<b>Total Equity</b>		<b>530,602,199</b>	<b>458,920,039</b>	<b>327,573,749</b>	<b>283,792,166</b>

## Balance Sheets as at 31 July 2007

[contd.]

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>Non-Current Liabilities</b>					
Borrowings	20	69,655,861	10,596,000	38,568,261	-
Deferred tax liabilities	25	20,705,779	20,981,119	5,329,000	3,014,000
Land premium payable		-	657,545	-	-
		90,361,640	32,234,664	43,897,261	3,014,000
<b>Current Liabilities</b>					
Borrowings	20	14,331,284	38,493,591	13,421,284	33,977,591
Trade and other payables	22	136,193,927	65,072,259	81,168,166	31,219,082
Amounts due to subsidiaries	18	-	-	104,221,658	78,109,749
Tax payables		1,556,045	1,953,365	1,274,937	1,805,625
Dividends payable		-	12,923,584	-	12,923,584
		152,081,256	118,442,799	200,086,045	158,035,631
<b>Total Liabilities</b>		242,442,896	150,677,463	243,983,306	161,049,631
<b>TOTAL EQUITY AND LIABILITIES</b>		773,045,095	609,597,502	571,557,055	444,841,797

The accompanying notes form an integral part of the financial statements.



# Consolidated Statements of Changes in Equity For the Year Ended 31 July 2007



	Note	← Non-Distributable →			Distributable	Total RM
		Share capital (Note 23) RM	Share premium RM	Treasury shares (Note 23) RM	Retained profits (Note 24) RM	
<b>At 1 August 2005</b>		200,000,000	59,679,744	(41,336,555)	180,008,040	398,351,229
Purchase of treasury shares		-	-	(12,233,913)	-	(12,233,913)
Profit for the year		-	-	-	74,156,908	74,156,908
Dividends	10	-	-	-	(12,888,000)	(12,888,000)
<b>At 31 July 2006</b>		200,000,000	59,679,744	(53,570,468)	241,276,948	447,386,224
Effect of adopting FRS 3	2.3(a)(ii)	-	-	-	11,533,815	11,533,815
Profit for the year		-	-	-	71,682,160	71,682,160
<b>At 31 July 2007</b>		200,000,000	59,679,744	(53,570,468)	324,492,923	530,602,199



## *Company Statements*

### *of Changes in Equity For the Year Ended 31 July 2007*

	Note	← Non-Distributable →			Distributable	Total RM
		Share capital (Note 22) RM	Share premium RM	Treasury shares (Note 23) RM	Retained profits (Note 24) RM	
<b>At 1 August 2005</b>		200,000,000	59,679,744	(41,336,555)	27,424,795	245,767,984
Purchase of treasury shares		-	-	(12,233,913)	-	(12,233,913)
Profit for the year		-	-	-	63,146,095	63,146,095
Dividends	10	-	-	-	(12,888,000)	(12,888,000)
<b>At 31 July 2006</b>		200,000,000	59,679,744	(53,570,468)	77,682,890	283,792,166
Profit for the year		-	-	-	43,781,583	43,781,583
<b>At 31 July 2007</b>		200,000,000	59,679,744	(53,570,468)	121,464,473	327,573,749

The accompanying notes form an integral part of the financial statements.



# Cash Flow Statements

## For the Year Ended 31 July 2007



	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>Cash Flows from Operating Activities</b>					
Profit before tax		88,596,728	93,122,809	65,021,587	85,755,213
Adjustments for:					
Amortisation of reserve on consolidation		-	(6,479,105)	-	-
Amortisation of intangible assets		20,821,721	22,358,745	13,723,268	13,723,268
Bad debts written off		-	89,178	-	-
Depreciation of property, plant and equipment		33,457,269	27,635,267	9,949,217	6,102,659
Depreciation of investment properties		460,860	-	-	-
Impairment loss on property, plant and equipment		-	923,545	-	-
Property, plant and equipment written off		70,188	15,126	644	527
Impairment loss in value of investment in a subsidiary		-	-	-	4,999,999
Reversal of allowance for doubtful debts		-	(7,101)	-	(7,101)
Gain on disposal of property, plant and equipment		(206,216)	(76,254)	(63,751)	(56,494)
Interest expense		1,329,004	3,284,735	1,151,890	2,783,010
Interest income		(2,055,756)	(2,121,496)	(102,524)	(130,176)
Impairment loss on timber rights		1,400,000	1,209,000	-	-
Operating profit before working capital changes		143,873,798	139,954,449	89,680,331	113,170,905
(Increase)/decrease in inventories		(53,313,818)	13,656,731	(8,100,903)	(7,510,493)
(Increase)/decrease in trade and other receivables		(21,730,136)	4,484,088	(15,589,391)	16,690,199
Increase in trade and other payables		70,429,437	16,338,160	49,914,399	13,909,260
Increase/(decrease) in amount due to subsidiaries		-	-	7,516,914	(16,473,697)
Cash generated from operations		139,259,281	174,433,428	123,421,350	119,786,174



## *Cash Flow Statements*

*For the Year Ended 31 July 2007*  
*[contd.]*

	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>Cash Flows from Operating Activities (contd.)</b>					
Interest paid		(2,057,192)	(3,677,156)	(1,151,890)	(2,783,010)
Tax paid		(18,997,461)	(20,656,132)	(19,455,692)	(22,386,715)
Tax refund		299,625	15,517	-	-
Net cash generated from operating activities		118,504,253	150,115,657	102,813,768	94,616,449
<b>Cash Flows from Investing Activities</b>					
Acquisition of subsidiaries		-	-	(16)	(4)
Additional investment in subsidiaries		-	-	-	(6,089,996)
Purchase of investment properties		(7,858,968)	-	-	-
Purchase of property, plant and equipment		(102,422,506)	(97,667,547)	(54,603,579)	(26,451,250)
Proceeds from disposal of property, plant and equipment		640,368	675,001	203,865	2,683,551
Interest received		2,055,756	2,121,496	102,524	130,176
Net cash used in investing activities		(107,585,350)	(94,871,050)	(54,297,206)	(29,727,523)



# Cash Flow Statements

For the Year Ended 31 July 2007  
[contd.]



	Note	Group		Company	
		2007 RM	2006 RM (Restated)	2007 RM	2006 RM (Restated)
<b>Cash Flows from Financing Activities</b>					
Repayment of hire purchase liabilities		(1,545,821)	-	(1,545,821)	-
Proceeds from drawdown of term loan		28,585,966	10,596,000	8,094,366	-
Proceeds from drawdown of bankers' acceptances		910,000	-	-	-
Repayment of term loan		(36,516,000)	(32,636,000)	(32,000,000)	(26,000,000)
Acquisition of treasury shares	23	-	(12,233,913)	-	(12,233,913)
Dividends paid		(12,888,898)	(11,343,192)	(12,888,898)	(11,343,192)
Net cash used in financing activities		(21,454,753)	(45,617,105)	(38,340,353)	(49,577,105)
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		(10,535,850)	9,627,502	10,176,209	15,311,821
<b>Cash and Cash Equivalents at Beginning of Year</b>		97,480,860	87,853,358	18,847,072	3,535,251
<b>Cash and Cash Equivalents at End of Year</b>	19	86,945,010	97,480,860	29,023,281	18,847,072

The accompanying notes form an integral part of the financial statements.





# Notes to the Financial Statements

## - 31 July 2007

### 1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities. The registered office of the Company is located at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C. D. T. 123, 96000 Sibul, Sarawak, Malaysia.

The principal activities of the Company are investment holding, extraction and sale of logs, manufacturing and sale of sawn timber. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 November 2007.

### 2. Significant Accounting Policies

#### 2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis. The financial statements are presented in Ringgit Malaysia (RM).

#### 2.2 Summary of Significant Accounting Policies

##### (a) Subsidiaries and Basis of Consolidation

###### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit and loss.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (a) Subsidiaries and Basis of Consolidation (contd.)

##### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (b) Intangible Assets

##### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

##### Rights in Timber Licence

Rights in timber licence are expenditure incurred in respect of acquisition of timber licences and are amortised on a straight line basis over the remaining tenure of the licence periods, which range from 7 to 15 years.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (b) Intangible Assets (contd.)

##### (ii) Other Intangible Assets (contd.)

###### Computer Softwares and Licences

The computer software and licences cost are amortised using the straight-line method over their estimated useful lives of 10 years.

#### (c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Capital work-in-progress is not depreciated until they are put into use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Long leasehold land	60 - 185 years
Short leasehold land	26 - 31 years
Buildings	2% - 10%
Watercrafts, tractors, trucks and motor vehicles	10% - 25%
Plant and machinery	7.5% - 20%
Infrastructure facilities	5% - 10%
Furniture, fittings and equipment	5% - 20%
Computer hardware	10% - 20%

New planting expenditure incurred on land clearing, planting, upkeep of immature oil palms, direct administrative expenses and financing costs up to maturity are capitalised under plantation development expenditure and is amortised on a straight-line basis over 25 years, the expected useful life of oil palms. Oil palm is considered mature 36 months after the month of planting. Upon maturity, all subsequent maintenance expenditure is charged to the income statement.

Replanting expenditure is also capitalised as oil palm development expenditure and amortised on the same basis.



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (c) Property, Plant and Equipment, and Depreciation (contd.)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Leasehold lands are depreciated over the period of the leases which range from 5 years to 908 years.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties.

An item of investment properties is derecognised upon disposal or when no future economic benefits are expected from its use of disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit and loss.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (e) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and general stores is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, labour costs and production overheads based on normal level of activity. The standard cost is adjusted to actual cost by prorating the price variance between actual and standard cost into finished goods and work-in-progress.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred on marketing, selling and distribution.

#### (f) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

##### (i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (f) Leases (contd.)

##### (ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

#### (g) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (h) Employee Benefits

##### (i) Short term benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

#### (i) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### (i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (ii) Revenue from supply of electricity

Revenue from supply of electricity is recognised upon the transmission of electricity.

##### (iii) Contract fee

Contract fee from timber extraction and reforestation operations are recognised in the income statement based on the volume of logs extracted and area planted respectively.





# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (i) Revenue Recognition (contd.)

##### (iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (v) Revenue from towage and transportation

Revenue from towage and transportation are recognised net of discount as and when the services are performed.

#### (j) Foreign Currencies

##### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

##### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (k) Impairment of Non-Financial Assets

The carrying amounts of assets, other than investment property, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (l) Borrowing Costs

Borrowings cost on specific and identifiable borrowings used to finance the plantation development expenditure in respect of the period up to the maturity of the palm tree is capitalised as cost of development of plantation. Other borrowing costs incurred in connection with borrowings are charged to the income statement as an expense in the period in which they are incurred.

#### (m) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Cash and Cash Equivalents

For the purposes of cash flow statements, cash and cash equivalents include cash and bank balance, deposits at call and short-term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

#### (ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.2 Summary of Significant Accounting Policies (contd.)

#### (m) Financial Instruments (contd.)

##### (iv) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

##### (v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

##### (vi) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts:

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 August 2006, the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, FRS 5, FRS 101, FRS 102, FRS 108, FRS 110, FRS 116, FRS 121, FRS 127, FRS 128, FRS 131, FRS 132, FRS 133, does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and the effect of the adoption of the other revised FRS are discussed below:

#### (a) FRS 3: Business Combination, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 August 2006.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (contd.)

#### (a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets (contd.)

##### (i) Goodwill

Prior to 1 August 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 10 years and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating unit in which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 August 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 August 2006 amounting to RM11,653,508 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 August 2006 of RM2,602,055 ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods. The effects on the consolidated balance sheet as at 31 July 2007, and consolidated income statement for the year ended 31 July 2007 are set out in Note 2.3(c)(i) and Note 2.3(c)(ii) respectively. This change has no impact on the Company's financial statements.

##### (ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as reserves on consolidation)

Prior to 1 August 2006, reserves on consolidation was amortised over the estimated useful life of 10 years. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. In accordance with transitional provisions of FRS 3, the reserve of consolidation as at 1 August 2006 of RM11,533,815 was derecognised with a corresponding increase in retained earnings.



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (contd.)

#### (a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets (contd.)

##### (ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as reserves on consolidation) (contd.)

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods. The effects on the consolidated balance sheet as at 31 July 2007 and consolidated income statement for the year ended 31 July 2007 are set out in Note 2.3(c)(i) and Note 2.3(c)(ii) respectively. This change has no impact on the Company's financial statements.

##### (iii) Reclassification

To conform with the scope and definition of intangible assets under FRS 138, the Group's comparative carrying amount of computer software of RM6,364,279 which were previously classified under property, plant and equipment have been reclassified as intangible assets. The computer software continued to be amortised on a straight-line basis over the estimated useful life of 10 years, subject to annual review for any impairment in its carrying amount. In addition, the Group's comparative amounts of rights in timber licences of RM112,742,560 have been reclassified under intangible assets. The rights in timber licence continued to be amortised on a straight-line basis over the remaining tenure of the licence periods, which ranged between 7 and 15 years, subject to annual review for any impairment in its carrying amount.

The change in classification was effected retrospectively and consequently results in a reclassification of intangible assets for the comparative year as disclosed in Note 2.3(d). The effects on the consolidated balance sheet as at 31 July 2006 are set out in Note 2.3(d). There were no effects on the consolidated income statement for the year ended 31 July 2006 and the Company's financial statements.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (contd.)

#### (b) FRS 140: Investment Property

To conform with the scope and definition of investment under FRS 140, some of the Group's long and short leasehold land previously classified under property, plant and equipment, with a carrying amount of RM11,828,217 as at 31 July 2006 have been reclassified as investment properties. The investment properties continued to be depreciated on a straight-line basis to write off the cost to its residual value over the remaining leasehold period ranging between 5 years and 908 years.

The change in classification was effected retrospectively and consequently resulted in a reclassification of investment properties for the comparative year as disclosed in Note 2.3(d). The effects on the consolidated balance sheet as at 31 July 2006 are set out in Note 2.3(d). There were no effects on the consolidated income statement for the year ended 31 July 2006 and the Company's financial statements.

#### (c) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following table provides estimates of the extent to which each of the items in the balance sheet and income statement for the year ended 31 July 2007 is higher or lower than it would have been had the previous policies applied in the current year.

##### (i) Effect on balance sheets as at 31 July 2007

Description of changes	← Increase/(decrease) →				Total RM
	FRS 3 Note 2.3 (a)(i) RM	FRS 3 Note 2.3 (a)(ii) RM	FRS 138 Note 2.3 (a)(iii) RM	FRS 140 Note 2.3 (b) RM	
<b>Group</b>					
Intangible assets	1,221,633	-	96,885,118	-	98,106,751
Property, plant and equipment	-	-	(4,462,848)	(19,226,325)	(23,689,173)
Investment properties	-	-	-	19,226,325	19,926,325
Retained earnings	1,221,633	11,533,815	-	-	12,755,448
Rights in timber licences	-	-	(92,422,270)	-	(92,422,270)



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (contd.)

#### (c) Summary of effects of adopting new and revised FRSs on the current year's financial statements (contd.)

##### (ii) Effects on income statements for the year ended 31 July 2007

Description of changes	← Increase/(decrease) →		Total RM
	FRS 3 Note 2.3 (a)(i) RM	FRS 3 Note 2.3 (a)(ii) RM	
<b>Group</b>			
Other expenses	(1,221,633)	-	(1,221,633)
Other income	-	(6,479,105)	(6,479,105)
Profit before tax	1,221,633	(6,479,105)	(5,257,472)
Profit for the year	1,221,633	(6,479,105)	(5,257,472)
Basic Earnings per share (sen)	0.7	(3.6)	(2.9)



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (contd.)

#### (d) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously stated RM	Increase/(decrease)		Restated RM
		FRS 138 Note 2(a)(iii) RM	FRS 140 Note 2(b) RM	
<b>At 31 July 2006</b>				
<b>Group</b>				
Property, plant and equipment	289,363,065	(6,364,279)	(11,828,217)	271,170,569
Investment properties	-	-	11,828,217	11,828,217
Goodwill on consolidation	2,602,055	(2,602,055)	-	-
Rights in timber licences	112,742,560	(112,742,560)	-	-
Intangible assets	-	121,708,894	-	121,708,894
<b>Company</b>				
Intangible assets	-	92,820,645	-	92,820,645
Rights in timber licences	92,820,645	(92,820,645)	-	-

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 2. Significant Accounting Policies (contd.)

### 2.4 Standards and Interpretation issued but not yet effective

At the date of authorisation of these financial statements, the Group has not adopted the following FRSs, amendments to FRSs and Interpretations which have effective dates as follows:

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 117: Leases	1 October 2006
FRS 124: Related Party Transactions	1 October 2006
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 <sub>2004</sub> : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The effect of Changes in Foreign Exchange Rates - Net investments in a Foreign Operation	1 July 2007
Revised FRS 107: Cash Flow Statements	1 July 2007
Revised FRS 111: Construction Contracts	1 July 2007
Revised FRS 112: Income Taxes	1 July 2007
Revised FRS 118: Revenue	1 July 2007
Revised FRS 120: Accounting for Government Grant and Disclosure of Government Assistances	1 July 2007
Revised FRS 134: Interim Financial Reporting	1 July 2007
Revised FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 2. Significant Accounting Policies (contd.)

### 2.4 Standards and Interpretation issued but not yet effective (contd.)

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
IC Interpretation 7: Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007
FRS 139: Financial Instruments - Recognition and Measurement	Effective date deferred

The adoption of FRS 6, Revised FRSs 107, 111, 118, 120, 134, 137, Amendment to FRS 121, FRS 119<sub>2004</sub>, IC Interpretations 1, 2, 5, 6, 7 and 8 are not expected to have any significant effects on the financial statements of the Group and the Company for the years ending 31 July 2008 and 2009. The Group is exempted from disclosing the potential impact, if any, to the financial statements upon the initial application of FRS 117, FRS 124 and FRS 139. Adoption of Revised FRS 112 for the year ending 31 July 2008 will allow the Group to recognise unutilised investment tax allowances and reinvestment allowances, to the extent it is probable that future taxable profit will be available against which unutilised investment tax allowances and reinvestment allowances can be utilised.

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 3. Revenue

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sale of logs	179,072,288	192,453,029	275,712,816	232,698,603
Sale of plywood	217,570,744	199,498,455	-	-
Sale of raw and laminated particleboard	60,572,379	63,663,345	-	-
Sale of sawn timber, finger joint moulding and by-products	57,974,610	44,568,158	13,223,683	4,088,117
Contract fee from timber extraction and reforestation	33,858,086	7,957,251	13,062,029	1,817,403
Dividend income	-	-	46,005,183	62,721,825
Others	1,816,925	247,347	-	-
	<u>550,865,032</u>	<u>508,387,585</u>	<u>348,003,711</u>	<u>301,325,948</u>

## 4. Finance Cost

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expense on:				
Bank borrowings	1,777,369	3,677,156	872,067	2,783,010
Hire purchase liabilities	279,823	-	279,823	-
	<u>2,057,192</u>	<u>3,677,156</u>	<u>1,151,890</u>	<u>2,783,010</u>
Less: Interest capitalised in plantation development expenditure (Note 11)	(728,188)	(392,421)	-	-
Net interest expense	<u>1,329,004</u>	<u>3,284,735</u>	<u>1,151,890</u>	<u>2,783,010</u>



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 5. Profit Before Tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Employee benefits expense (Note 6)	45,436,823	35,353,680	19,970,058	13,355,030
Non-executive directors' remuneration (Note 7)				
- fees	172,000	166,000	170,000	140,000
- other emoluments	288,000	264,000	240,000	240,000
Auditors' remuneration				
- current year	124,900	76,500	35,000	20,000
Amortisation of intangible assets (Note 14)	20,821,721	22,358,745	13,723,268	13,723,268
Bad debts written off	-	89,178	-	-
Depreciation of property, plant and equipment (Note 11)	33,457,269	27,635,267	9,949,217	6,102,659
Depreciation of investment properties (Note 12)	460,860	-	-	-
Property, plant and equipment written off	70,188	15,126	644	527
Inventory write down	-	3,119,654	-	-
Rental of				
- buildings	128,420	153,360	7,300	8,910
- land	262,167	261,000	116,667	114,000
- equipment and vehicles	6,283,057	164,818	6,081,972	78,639
Impairment loss on property, plant and equipment	-	923,545	-	-
Impairment loss in value of investment in a subsidiary	-	-	-	4,999,999
Impairment loss on timber rights (Note 14)	1,400,000	1,209,000	-	-
Unrealised foreign exchange (gain)/loss	(93,578)	121,311	(2,070)	-
Amortisation of reserve on consolidation (Note 14)	-	(6,479,105)	-	-
Reversal of inventory write down	(1,743,197)	-	-	-
Reversal of allowance for doubtful debts	-	(7,101)	-	(7,101)

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 5. Profit Before Tax (cont.)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest income	(2,055,756)	(2,121,496)	(102,524)	(130,176)
Net realised foreign exchange (gain)/loss	(1,781,399)	(323,763)	(516,710)	22,296
Gain on disposal of property, plant and equipment	(206,216)	(76,254)	(63,751)	(56,494)
Rental income - building	(400,533)	(386,418)	(320,560)	(235,200)
	=====	=====	=====	=====

## 6. Employee Benefits Expense

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages, salaries and bonus	33,341,236	27,132,970	16,977,154	11,828,447
Contribution to defined contribution plan	3,442,730	2,579,244	1,900,379	1,217,506
Other benefits	8,652,857	5,641,466	1,092,525	309,077
	=====	=====	=====	=====
	45,436,823	35,353,680	19,970,058	13,355,030
	=====	=====	=====	=====

Included in employee benefits expense of the Group and of the Company is an executive director's remuneration amounting to RM2,623,800 (2006: RM2,170,360) and RM2,566,800 (2006: RM2,114,360) respectively as further disclosed in Note 7.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 7. Directors' Remuneration

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Director of the Company:</b>				
Executive directors' remuneration (Note 6)				
- fees	63,000	57,000	30,000	25,000
- salaries, bonus and other emoluments	2,289,000	1,889,500	2,265,000	1,865,500
- contribution to defined contribution plan	271,800	223,860	271,800	223,860
	<u>2,623,800</u>	<u>2,170,360</u>	<u>2,566,800</u>	<u>2,114,360</u>
Non-executive directors' remuneration				
- fees	197,000	166,000	170,000	140,000
- other emoluments	264,000	264,000	240,000	240,000
	<u>461,000</u>	<u>430,000</u>	<u>410,000</u>	<u>380,000</u>
<b>Directors of subsidiaries:</b>				
Non-executive directors' remuneration (Note 5)				
- fees	81,000	103,000	-	-
- other remuneration	90,000	96,000	-	-
	<u>171,000</u>	<u>199,000</u>	<u>-</u>	<u>-</u>
Total	<u>3,255,800</u>	<u>2,799,360</u>	<u>2,976,800</u>	<u>2,494,360</u>

The number of directors of the Company whose total remuneration received from the Group during the financial year fell within the following bands is analysed below:





# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 7. Directors' Remuneration (contd.)

	Number of directors	
	2007	2006
<b>Executive director:</b>		
RM2,150,001 - RM2,200,000	-	1
RM2,600,001 - RM2,650,000	1	-
<b>Non-executive directors:</b>		
Less than RM50,000	3	3
RM50,001 - RM100,000	1	1
RM250,001 - RM300,000	1	1
	=====	=====

## 8. Income Tax Expense

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Income tax:				
Current year provision	17,417,601	16,953,625	19,363,000	22,488,000
(Over)/under provision in prior year	(324,693)	130,451	(437,996)	42,118
	17,092,908	17,084,076	18,925,004	22,530,118
Deferred tax (Note 25):				
- Relating to origination and reversal of temporary differences	2,013,378	2,285,825	2,308,000	281,000
- (Over)/under provided in prior year	(1,207,689)	(404,000)	123,000	(202,000)
- Relating to changes in tax rates	(984,029)	-	(116,000)	-
	(178,340)	1,881,825	2,315,000	79,000
	16,914,568	18,965,901	21,240,004	22,609,118
	=====	=====	=====	=====

Current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 July 2007 has reflected these changes.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 8. Income Tax Expense (contd.)

An explanation of the relationship between tax expense/(income) and accounting profit can also be presented in the form of a numerical reconciliation between the average effective tax rate and the applicable tax rate as follows:

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Statutory tax rate	27	28	27	28
Effect of tax at lower rate	(1)	-	-	-
Effect of income not subject to tax	-	(2)	-	(8)
Effect of expenses not deductible for tax purposes	7	5	6	6
Effect of expenses qualified for double deduction	(6)	(2)	-	-
Effect of utilisation of previously unrecognised unutilised reinvestment allowances	(7)	(6)	-	-
Effect of utilisation of current year's reinvestment allowances	-	(3)	-	-
Overprovision of deferred tax expense in prior years	(1)	-	-	-
Average effective tax rate	19	20	33	26

## 9. Earnings Per Share

### (a) Basic

Basic earnings per share amount is calculated by dividing the profit of the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company:

	2007	2006
Profit for the year (RM)	71,682,160	74,156,908
Weighted average number of ordinary shares in issue	180,000,000	182,180,325
Basic earnings per share (sen)	39.8	40.7



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 9. Earnings Per Share (contd.)

### (b) Diluted

The Group has no potential ordinary shares in issue for the year under review, therefore diluted earnings per share has not been presented.

## 10. Dividends

	Dividends in respect of Year		Dividends Recognised in Year	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Recognised during the year:</b>				
Interim dividend for 2006:				
5 sen per share, tax exempt and 3 sen per share, less 28% taxation on 180,000,000 ordinary shares	-	12,888,000	-	12,888,000
	=====		=====	

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2007, of 3% less 27% taxation, to be payable on 26 February 2008 to the shareholders whose names appear in the Record of Depositors on 28 January 2008 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2008.



# Notes to the Financial Statements

## - 31 July 2007

[contd.]

### 11. Property, Plant and Equipment

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plantation development and expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
<b>At 31 July 2007</b>											
<b>Cost</b>											
At 1 August 2006	36,819,437	10,108,014	115,220,769	17,171,723	50,160,582	296,146,626	42,546,683	13,904,573	23,879,893	6,584,362	612,542,662
Transfer to:											
- Intangible asset	-	-	-	-	-	-	-	-	(19,014,264)	-	(19,014,264)
- Investment properties	(6,043,857)	(5,785,038)	-	-	-	-	-	-	-	-	(11,828,895)
<b>At 1 August 2006 (restated)</b>	30,775,580	4,322,976	115,220,769	17,171,723	50,160,582	296,146,626	42,546,683	13,904,573	4,865,629	6,584,362	581,699,503
Additions	-	-	560,448	18,909,956	100,773,693	1,844,540	1,511,896	398,446	407,610	25,026,205	149,432,794
Disposals	-	-	-	-	(945,931)	(204,390)	-	(5,925)	(810)	-	(1,157,056)
Written off	-	-	-	-	(10,000)	(94,832)	-	(23,699)	-	(55,654)	(184,185)
Transfer	-	-	3,001,002	-	7,601,132	2,936,702	35,196	(13,620)	(1,720)	(13,558,692)	-
<b>At 31 July 2007</b>	30,775,580	4,322,976	118,782,219	36,081,679	157,579,476	300,628,646	44,093,775	14,259,775	5,270,709	17,996,221	729,791,056
<b>Accumulated Depreciation and Impairment Losses</b>											
At 1 August 2006:											
Accumulated depreciation	2,165,911	1,291,814	60,402,293	-	24,350,931	188,795,077	18,380,206	6,535,327	16,089,098	-	318,010,657
Accumulated impairment losses	-	-	-	-	-	5,168,940	-	-	-	-	5,168,940
Transfer to:											
- Intangible asset	-	-	-	-	-	-	-	-	(12,649,985)	-	(12,649,985)
- Investment properties	(678)	-	-	-	-	-	-	-	-	-	(678)
<b>At 1 August 2006 (restated)</b>	2,165,233	1,291,814	60,402,293	-	24,350,931	193,964,017	18,380,206	6,535,327	3,439,113	-	310,528,934

# Notes to the Financial Statements

- 31 July 2007  
[contd.]

## 11. Property, Plant and Equipment (contd.)

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plantation development and expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
Depreciation charge for the year	276,459	145,074	3,704,476	-	7,143,380	17,905,374	3,378,699	1,259,863	485,044	-	34,298,369
Charge to income statement (Note 5)	224,774	142,249	3,704,476	-	7,143,380	17,120,252	3,378,699	1,258,395	485,044	-	33,457,269
Capitalised in plantation development expenditure	51,685	2,825	-	-	-	785,122	-	1,468	-	-	841,100
Disposals	-	-	-	-	(516,414)	(204,389)	-	(2,088)	(13)	-	(722,904)
Written off	-	-	-	-	(9,999)	(94,829)	-	(9,169)	-	-	(113,997)
Transfer	-	-	-	-	-	-	-	(95)	95	-	-
At 31 July 2007	2,441,692	1,436,888	64,106,769	-	30,967,898	211,570,173	21,758,905	7,783,838	3,924,239	-	343,990,402
Analysed as:											
Accumulated depreciation	2,441,692	1,436,888	64,106,769	-	30,967,898	206,401,233	21,758,905	7,783,838	3,924,239	-	338,821,462
Accumulated impairment losses	-	-	-	-	-	5,168,940	-	-	-	-	5,168,940
At 31 July 2007	2,441,692	1,436,888	64,106,769	-	30,967,898	211,570,173	21,758,905	7,783,838	3,924,239	-	343,990,402
<b>Net Carrying Amount</b>	28,333,888	2,886,088	54,675,450	36,081,679	126,611,578	89,058,473	22,334,870	6,475,937	1,346,470	17,996,221	385,800,654



# Notes to the Financial Statements

## - 31 July 2007

[contd.]

### 11. Property, Plant and Equipment (contd.)

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plantation development and expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
<b>At 31 July 2006</b>											
<b>Cost</b>											
At 1 August 2005	29,345,436	4,239,879	110,884,207	844,941	30,167,495	260,512,823	36,187,844	13,231,575	23,253,846	5,190,129	513,858,175
Transfer to intangible asset	-	-	-	-	-	-	-	-	(19,014,264)	-	(19,014,264)
<b>At 1 August 2005</b>											
(restated)	29,345,436	4,239,879	110,884,207	844,941	30,167,495	260,512,823	36,187,844	13,231,575	4,239,582	5,190,129	494,843,911
Additions	7,474,001	5,868,135	1,479,145	16,326,782	8,948,005	5,563,326	6,226,604	716,677	660,861	46,275,665	99,539,201
Disposals	-	-	-	-	(633,840)	-	-	(4,866)	(34,814)	(119,938)	(793,478)
Written off	-	-	-	-	-	(6,540)	-	(54,577)	-	(119)	(61,236)
Transfer	-	-	2,857,417	-	11,678,922	30,077,017	132,235	15,784	-	(44,761,375)	-
Transfer to investment properties	(6,043,857)	(5,785,038)	-	-	-	-	-	-	-	-	(11,828,895)
<b>At 31 July 2006</b>											
	30,775,580	4,322,976	115,220,769	17,171,723	50,160,582	296,146,626	42,546,683	13,904,573	4,865,629	6,584,362	581,699,503
<b>Accumulated Depreciation and Impairment Losses</b>											
At 1 August 2005:											
Accumulated depreciation	1,888,774	1,148,388	56,462,215	-	20,893,581	171,965,896	15,834,761	5,338,827	13,703,125	-	287,235,567
Accumulated impairment losses	-	-	-	-	-	4,245,395	-	-	-	-	4,245,395
Transfer to intangible asset	-	-	-	-	-	-	-	-	(10,748,554)	-	(10,748,554)
<b>At 1 August 2005 (restated)</b>											
	1,888,774	1,148,388	56,462,215	-	20,893,581	176,211,291	15,834,761	5,338,827	2,954,571	-	280,732,408

# Notes to the Financial Statements

- 31 July 2007  
[contd.]

## 11. Property, Plant and Equipment (contd.)

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plantation development and expenditure RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in-progress RM	Total RM
Accumulated Depreciation and Impairment Losses (contd.)											
Depreciation charge for the year	277,137	143,426	3,940,101	-	3,612,755	16,835,715	2,542,881	1,239,175	523,310	-	29,114,500
Charge to income statement (Note 5)	225,452	142,249	3,939,920	-	3,612,755	15,409,692	2,542,881	1,239,008	523,310	-	27,635,267
Capitalised in plantation development expenditure	51,685	1,177	181	-	-	1,426,023	-	167	-	-	1,479,233
Impairment losses for the year	-	-	-	-	-	923,545	-	-	-	-	923,545
Disposals	-	-	-	-	(155,405)	-	-	(558)	(38,768)	-	(194,731)
Written off	-	-	-	-	-	(6,534)	-	(39,576)	-	-	(46,110)
Transfer	-	-	(23)	-	-	-	2,564	(2,541)	-	-	-
Transfer to investment properties	(678)	-	-	-	-	-	-	-	-	-	(678)
At 31 July 2006	2,165,233	1,291,814	60,402,293	-	24,350,931	193,964,017	18,380,206	6,535,327	3,439,113	-	310,528,934
Analysed as:											
Accumulated depreciation	2,165,233	1,291,814	60,402,293	-	24,350,931	188,795,077	18,380,206	6,535,327	3,439,113	-	305,359,994
Accumulated impairment losses	-	-	-	-	-	5,168,940	-	-	-	-	5,168,940
At 31 July 2006	2,165,233	1,291,814	60,402,293	-	24,350,931	193,964,017	18,380,206	6,535,327	3,439,113	-	310,528,934
Net Carrying Amount	28,610,347	3,031,162	54,818,476	17,171,723	25,809,651	102,182,609	24,166,477	7,369,246	1,426,516	6,584,362	271,170,569



*Notes to the Financial Statements*  
*- 31 July 2007*  
*[contd.]*

11. Property, Plant and Equipment (contd.)

Company	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in- progress RM	Total RM
<b>At 31 July 2007</b>								
<b>Cost</b>								
At 1 August 2006	16,813,714	21,479,712	1,689,213	26,248,820	8,884,558	1,562,686	2,494,753	79,173,456
Additions	129,602	94,443,209	703,019	1,108,450	205,526	400,598	3,054,175	100,044,579
Disposals	-	(507,412)	-	-	(5,580)	(810)	-	(513,802)
Written off	-	-	-	-	(789)	-	-	(789)
Transfer	2,696,473	-	-	33,496	1,720	(1,720)	(2,729,969)	-
At 31 July 2007	19,639,789	115,415,509	2,392,232	27,390,766	9,085,435	1,960,754	2,818,959	178,703,444
<b>Accumulated Depreciation</b>								
At 1 August 2006	1,506,617	3,852,945	150,451	5,032,161	3,518,707	554,326	-	14,615,207
Depreciation charge for the year (Note 5)	445,354	5,160,166	198,629	2,908,575	910,759	325,734	-	9,949,217
Disposals	-	(277,247)	-	-	(607)	(13)	-	(277,867)
Written off	-	-	-	-	(145)	-	-	(145)
At 31 July 2007	1,951,971	8,735,864	349,080	7,940,736	4,428,714	880,047	-	24,286,412
<b>Net Carrying Amount</b>								
At 31 July 2007	17,687,818	106,679,645	2,043,152	19,450,030	4,656,721	1,080,707	2,818,959	154,417,032



# Notes to the Financial Statements

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[contd.]

## 11. Property, Plant and Equipment (contd.)

Company	Buildings RM	Watercrafts, tractors, trucks and motor vehicles RM	Plant and machinery RM	Infrastructure facilities RM	Furniture, fittings and equipment RM	Computer hardware and software RM	Capital work-in- progress RM	Total RM
<b>At 31 July 2006</b>								
<b>Cost</b>								
At 1 August 2005	14,727,400	8,737,525	678,958	19,950,084	8,320,905	951,522	2,592,600	55,958,994
Additions	446,187	4,586,398	26,916	6,217,847	537,476	611,164	14,025,262	26,451,250
Disposals	-	(3,207,795)	-	-	(28,353)	-	-	(3,236,148)
Written off	-	-	-	-	(521)	-	(119)	(640)
Transfer	1,640,127	11,363,584	983,339	80,889	55,051	-	(14,122,990)	-
At 31 July 2006	16,813,714	21,479,712	1,689,213	26,248,820	8,884,558	1,562,686	2,494,753	79,173,456
<b>Accumulated Depreciation</b>								
At 1 August 2005	1,120,650	1,995,422	13,885	3,015,453	2,647,424	328,918	-	9,121,752
Depreciation charge for the year (Note 5)	385,967	2,462,337	136,566	2,016,708	875,673	225,408	-	6,102,659
Disposals	-	(604,814)	-	-	(4,277)	-	-	(609,091)
Written off	-	-	-	-	(113)	-	-	(113)
At 31 July 2006	1,506,617	3,852,945	150,451	5,032,161	3,518,707	554,326	-	14,615,207
<b>Net Carrying Amount</b>								
At 31 July 2006	15,307,097	17,626,767	1,538,762	21,216,659	5,365,851	1,008,360	2,494,753	64,558,249

# Notes to the Financial Statements

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[contd.]



## 11. Property, Plant and Equipment (contd.)

- (a) Certain buildings of the Group with net carrying amount of RM3,283,903 (2006: RM3,460,773) are situated on land which is held by a company in which a director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.
- (b) The net carrying amount of the property, plant and equipment of the Group and of the Company which the title have yet to be registered under the name of the Company and its subsidiary are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Tractor and trucks	7,766,325	-	7,708,275	-
Long leasehold land	1,430,143	1,430,143	-	-
Building	13,595,408	12,420,957	13,595,408	12,420,957
	22,791,876	13,851,100	21,303,683	12,420,957

- (c) The net carrying amount of long leasehold land with plantation and buildings of the Group pledged for borrowing as referred in Note 20 to the financial statement is RM51,926,623 (2006: RM33,111,488).
- (d) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM149,432,794 (2006: RM99,539,201) and RM100,044,579 (2006: RM26,451,250) respectively of which RM45,441,000 (2006: Nil) were acquired by means of hire purchase arrangements. Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group & Company	
	2007 RM	2006 RM
Tractors, trucks and motor vehicles	50,659,485	-

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 21.

# Notes to the Financial Statements

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[contd.]

## 11. Property, Plant and Equipment (contd.)

- (e) Included in plantation development expenditure of the Group are the following expenses incurred and capitalised during the financial year:

	Group	
	2007 RM	2006 RM
Depreciation	841,100	1,479,233
Staff costs	299,282	241,678
Interest expenses (Note 4)	728,188	392,421
	=====	

## 12. Investment Properties

Group	Long leasehold land RM	Short leasehold land RM	Total RM
<b>At 31 July 2007</b>			
<b>Cost</b>			
At 1 August 2006:			
As previously stated	-	-	-
Transfer from property, plant and equipment - FRS 140 (Note 2.3(b))	6,043,857	5,785,038	11,828,895
At 1 August 2006 (restated)	6,043,857	5,785,038	11,828,895
Additions	3,796,084	4,062,884	7,858,968
At 31 July 2007	9,839,941	9,847,922	19,687,863
<b>Accumulated Depreciation</b>			
At 1 August 2006:			
As previously stated	-	-	-
Transfer from property, plant and equipment - FRS 140 (Note 2.3(b))	678	-	678
At 1 August 2006 (restated)	678	-	678
Depreciation charge for the year (Note 5)	9,202	451,658	460,860
At 31 July 2007	9,880	451,658	461,538
<b>Net Carrying Amount</b>	9,830,061	9,396,264	19,226,325
	=====		



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 12. Investment Properties (contd.)

Group	Long leasehold land RM	Short leasehold land RM	Total RM
<b>At 31 July 2006</b>			
<b>Cost</b>			
At 1 August 2005	-	-	-
Additions	-	-	-
Transfer from property, plant and equipment - FRS 140	6,043,857	5,785,038	11,828,895
At 31 July 2006 (restated)	6,043,857	5,785,038	11,828,895
<b>Accumulated Depreciation</b>			
At 1 August 2005	-	-	-
Depreciation charge for the year	-	-	-
Transfer from property, plant and equipment - FRS 140 (Note 2.3(b))	678	-	678
At 31 July 2006 (restated)	678	-	678
<b>Net Carrying Amount</b>	6,043,179	5,785,038	11,828,217

The fair value of the investment properties as at 31 July 2007 is approximately RM19,688,000 (2006: RM11,829,000).

## 13. Investment in Subsidiaries

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	197,538,829	197,538,813
Less: Accumulated impairment loss	(4,999,999)	(4,999,999)
	192,538,830	192,538,814



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 13. Investment in Subsidiaries (contd.)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows: (contd.)

Name of subsidiaries	Equity interest held (%)		Principal activities
	2007	2006	
Subur Tiasa Plywood Sdn. Bhd.	100	100	Manufacture and sale of plywood and veneer
Subur Tiasa Particleboard Sdn. Bhd.	100	100	Manufacture and sale of particleboard
R H Timber Processing Industries Sdn. Bhd.	100	100	Manufacture and sale of sawn timber
Trimogreen Sdn. Bhd.	100	100	Manufacture and sale of sawn timber and finger joint moulding
Subur Tiasa Forestry Sdn. Bhd.	100	100	Forest plantation contractor
Sarawak Plywood (M) Sdn. Bhd.	100	100	Logging, sawmilling and marketing of logs and sawn timber
Homet Raya Sdn. Bhd.	100	100	Supply of electricity
Palmlyn Sdn. Bhd. *	100	100	Cultivation of oil palm
T. Q. Oriental Sdn. Bhd.	100	100	Operation of a grocery store
Supreme Standard Development Sdn. Bhd.	100	100	Property holding and development
Allied Asiatic Sdn. Bhd.	100	100	Towage and transportation services
Joyful Realty Sdn. Bhd.	100	-	Property holding and development
Diamond Plywood Sdn. Bhd.	100	-	Dormant
AA Plywood Sdn. Bhd.	100	-	Dormant



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 13. Investment in Subsidiaries (contd.)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows: (contd.)

Name of subsidiaries	Equity interest held (%)		Principal activities
	2007	2006	
Excelle Timber Sdn. Bhd.	100	-	Dormant
Victory Round Sdn. Bhd.	100	-	Dormant
Infrapalm Sdn. Bhd. *	100	-	Dormant
JPH Enterprise Sdn. Bhd.	100	-	Dormant
Blessings Realty Sdn. Bhd.	100	-	Dormant

\* Audited by a firm of auditors other than Ernst & Young

On 31 October 2006, the Company acquired 100% equity interest in Diamond Plywood Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 4 December 2006, the Company acquired 100% equity interest in AA Plywood Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 2 March 2007, the Company acquired 100% equity interest in Excelle Timber Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 13 April 2007, the Company acquired 100% equity interest in Victory Round Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 25 April 2007, the Company acquired 100% equity interest in Infrapalm Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 8 May 2007, the Company acquired 100% equity interest in Joyful Realty Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 8 May 2007, the Company acquired 100% equity interest in JPH Enterprise Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 13. Investment in Subsidiaries (contd.)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows: (contd.)

On 12 June 2007, the Company acquired 100% equity interest in Blessings Realty Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

### Acquisition of subsidiary

The acquisition had the following effect on the Group's financial results for the year:

	2007 RM	2006 RM
Loss for the year	145,293	9,067
	=====	=====

The acquisition had the following effect on the financial position of the Group as at the end of the year:

	2007 RM	2006 RM
Property, plant and equipment	6,053,262	18,474,878
Trade debtors	-	17,616
Cash and bank balances	-	4,716,847
Trade and other payables	(6,198,539)	(17,218,408)
	-----	-----
Group's share of net (liabilities)/assets	(145,277)	5,990,933
	=====	=====



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 14. Intangible Assets

Group	Rights in timber licences RM	Goodwill on consolidation RM	Computer software & licences RM	Total RM
<b>Costs</b>				
At 1 August 2005	-	14,255,563	-	14,255,563
Transfer from:				
- right in timber licence	224,330,460	-	-	224,330,460
- property, plant and equipment				
FRS 138 (Note 2.3(a)(iii))	-	-	19,014,264	19,014,264
At 31 July 2006 (restated)	224,330,460	14,255,563	19,014,264	257,600,287
Effect of adopting FRS 3 (Note 2.3(a)(i))	-	(11,653,508)	-	(11,653,508)
At 31 July 2007	224,330,460	2,602,055	19,014,264	245,946,779
<b>Accumulated amortisation and impairment losses</b>				
At 1 August 2005	-	10,431,875	-	10,431,875
Transfer from:				
- right in timber licence	91,143,219	-	-	91,143,219
- property, plant and equipment				
FRS 138 (Note 2.3(a)(iii))	-	-	10,748,554	10,748,554
Amortisation (Note 5)	19,235,681	1,221,633	1,901,431	22,358,745
Impairment loss recognised in profit and loss (Note 5)	1,209,000	-	-	1,209,000
At 31 July 2006 (restated)	111,587,900	11,653,508	12,649,985	135,891,393
Effect of adopting FRS 3 (Note 2.3(a)(i))	-	(11,653,508)	-	(11,653,508)
Amortisation (Note 5)	18,920,290	-	1,901,431	20,821,721
Impairment loss recognised in profit and loss (Note 5)	1,400,000	-	-	1,400,000
At 31 July 2007	131,908,190	-	14,551,416	146,459,606



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 14. Intangible Assets (contd.)

Group	Rights in timber licences RM	Goodwill on consolidation RM	Computer software & licences RM	Total RM
<b>Net carrying amount</b>				
At 31 July 2007	92,422,270	2,602,055	4,462,848	99,487,173
At 31 July 2006	112,742,560	2,602,055	6,364,279	121,708,894
<b>Company</b>			<b>Rights in timber licences</b>	
			<b>2007</b>	<b>2006</b>
			RM	RM
<b>Costs</b>				
At 1 August			183,446,732	183,446,732
Addition			-	-
At 31 July			183,446,732	183,446,732
<b>Accumulated amortisation</b>				
At 1 August			90,626,087	76,902,819
Amortisation (Note 5)			13,723,268	13,723,268
At 31 July			104,349,355	90,626,087
<b>Net carrying amount</b>			79,097,377	92,820,645
			<b>Group</b>	
			<b>2007</b>	<b>2006</b>
			RM	RM
<b>Reserve on consolidation:</b>				
At 1 August			64,791,069	64,791,069
Effect of adopting FRS 3 (Note 2.3(a)(iii))			(64,791,069)	-
At 31 July			-	64,791,069



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 14. Intangible Assets (contd.)

	Group	
	2007	2006
<b>Accumulated amortisation:</b>		
At 1 August	53,257,254	46,778,149
Amortisation (Note 5)	-	6,479,105
Effect of adopting FRS 3 (Note 2.3(a)(iii))	(53,257,254)	-
At 31 July	-	53,257,254
<b>Net carrying amount</b>	-	11,533,815

## 15. Long Term Receivables

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Advanced payment for purchase of timber logs	17,656,391	19,396,473	17,656,391	19,396,473

An advanced payment was made to a third party in respect of purchase of all the merchantable timber logs from a forest concession for a period of twenty years. This amount will be set-off against the amount payable for future purchases of timber logs.

## 16. Inventories

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
<b>At cost</b>				
Raw materials:				
- Logs	26,939,219	17,690,875	17,817,253	11,225,745
- Waste timber	451,277	377,734	-	-
Finished goods				
- Finger joint moulding	488,362	422,415	-	-
- Particleboard	3,044,985	2,761,253	-	-
- Plywood and veneer	50,165,251	9,315,672	-	-
- Sawn timber	5,705,617	4,275,005	965,734	1,309,568
Work-in-progress	8,436,542	8,752,975	1,290,893	-
General stores	20,148,386	18,469,892	874,966	312,630
	115,379,639	62,065,821	20,948,846	12,847,943



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 17. Trade and Other Receivables

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Trade receivables</b>				
Third parties	19,265,033	21,021,359	10,618,806	5,103,830
Related companies	4,286,273	-	876,865	1,025,545
Less: Allowances for doubtful debts				
Third parties	(1,629,579)	(1,642,122)	(18,074)	(18,074)
	21,921,727	19,379,237	11,477,597	6,111,301
<b>Other receivables</b>				
Third parties	10,179,049	1,373,958	8,926,422	618,235
Related companies	980,000	980,000	-	-
Less: Allowance for doubtful debts				
Third parties	(1,000,000)	(1,000,000)	-	-
	10,159,049	1,353,958	8,926,422	618,235
Deposits	8,342,968	270,883	3,216,520	13,620
Prepayments	5,824,388	1,773,836	1,871,090	1,419,000
	24,326,405	3,398,677	14,014,032	2,050,855
	46,248,132	22,777,914	25,491,629	8,162,156

### (a) Amount Due from Related Companies

Amount due from related companies represent companies in which certain directors and substantial shareholders of the Company have financial interests. These amounts are unsecured, interest-free and have no fixed terms of repayment.

### (b) Credit Risk

The Group's normal trade credit terms range from payment in advance to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

Except as disclosed above, the Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Further details on related party transaction are disclosed in Note 26.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 18. Amount Due from/(to) Subsidiaries

	Company	
	2007 RM	2006 RM
Amounts due from subsidiaries	57,576,388	38,885,573
Less: Allowance for doubtful debts	(5,192,719)	(5,192,719)
	<u>52,383,669</u>	<u>33,692,854</u>
Amounts due to subsidiaries	(104,221,658)	(50,709,749)
Advances from a subsidiary	-	(27,400,000)
	<u>(104,221,658)</u>	<u>(78,109,749)</u>

Amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

## 19. Cash and Cash Equivalents

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at banks	14,210,890	20,388,084	5,574,281	924,663
Deposits with licensed banks	72,734,120	79,070,367	23,449,000	19,900,000
Cash and bank balances	<u>86,945,010</u>	<u>99,458,451</u>	<u>29,023,281</u>	<u>20,824,663</u>
Bank overdraft (Note 20)	-	(1,977,591)	-	(1,977,591)
Cash and cash equivalents	<u>86,945,010</u>	<u>97,480,860</u>	<u>29,023,281</u>	<u>18,847,072</u>

Other information on financial risks of cash and cash equivalents are disclosed in Note 31.

# Notes to the Financial Statements

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[contd.]

## 20. Borrowings

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Short term borrowings</b>				
Secured:				
Hire purchase liabilities (Note 21)	13,421,284	-	13,421,284	-
Unsecured:				
Bankers' acceptances	910,000	-	-	-
Bank overdraft	-	1,977,591	-	1,977,591
Term loans	-	36,516,000	-	32,000,000
	910,000	38,493,591	-	33,977,591
	14,331,284	38,493,591	13,421,284	33,977,591
<b>Long term borrowings</b>				
Secured:				
Term loans	31,087,600	10,596,000	-	-
Hire purchase liabilities (Note 21)	30,473,895	-	30,473,895	-
	61,561,495	10,596,000	30,473,895	-
Unsecured term loan	8,094,366	-	8,094,366	-
	69,655,861	10,596,000	38,568,261	-
<b>Total Borrowings</b>				
Bankers' acceptances	910,000	-	-	-
Bank overdraft (Note 19)	-	1,977,591	-	1,977,591
Term loans	39,181,966	47,112,000	8,094,366	32,000,000
Hire purchase liabilities	43,895,179	-	43,895,179	-
	83,987,145	49,089,591	51,989,545	33,977,591

The secured term loan of the Group are secured against the long leasehold land with plantation and buildings as referred in Note 11 to the financial statement and corporate guarantee of the Group and of the Company.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 20. Borrowings (contd.)

The unsecured term loans in year 2006 are secured against corporate guarantee of the Company and against a negative pledge. These term loans contain covenants that require the Group to maintain minimum revenue and shareholders' equity, and limit the gearing ratio, cash interest cover ratio and debt service cover ratio.

Other information on financial risk of borrowings are disclosed in Note 31.

## 21. Hire Purchase Liabilities

	Group and Company	
	2007 RM	2006 RM
<b>Future hire purchase payments:</b>		
Not later than 1 year	15,414,576	-
Later than 1 year and not later than 2 years	15,414,576	-
Later than 2 years and not later than 5 years	16,844,520	-
	<hr/>	
Total future minimum lease payments	47,673,672	-
Less: Future finance charges	(3,778,493)	-
	<hr/>	
Present value of finance lease liabilities (Note 20)	43,895,179	-
	<hr/>	
<b>Analysis of present value of hire purchase liabilities:</b>		
Not later than 1 year	13,421,284	-
Later than 1 year and not later than 2 years	14,179,727	-
Later than 2 years and not later than 5 years	16,294,168	-
	<hr/>	
	43,895,179	-
Less: Amount due within 12 months (Note 20)	(13,421,284)	-
	<hr/>	
Amount due after 12 months (Note 20)	30,473,895	-
	<hr/>	

Other information on financial risks of hire purchase liabilities are disclosed in Note 31.

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 22. Trade and Other Payables

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Trade payables</b>				
Third parties	63,117,664	49,691,342	30,778,250	11,171,341
Related companies	52,895,468	-	35,098,284	16,193,469
	116,013,132	49,691,342	65,876,534	27,364,810
<b>Other payables</b>				
Accruals	16,714,101	6,107,273	14,528,920	3,333,899
Deposits	232,034	215,609	58,800	58,800
Other payables	3,234,660	9,058,035	703,912	461,573
	20,180,795	15,380,917	15,291,632	3,854,272
	136,193,927	65,072,259	81,168,166	31,219,082

### (a) Trade Payables

The normal trade credit terms granted to the Group range from cash term to credit of 180 days.

### (b) Amount Due to Related Companies

Amount due to related companies are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transaction are disclosed in Note 26.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 23. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid	200,000,000	200,000,000	200,000,000	200,000,000

### Treasury Shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 21 December 2006, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. As treasury shares, the right attached as to voting, dividends and participation in other distribution is suspended. There were no purchase and sales of treasury shares during the financial year. None of the treasury shares repurchased has been sold as at 31 July 2007.

Of the total 200,000,000 (2006: 200,000,000) issued and fully paid ordinary shares as at 31 July 2007, 20,000,000 (2006: 20,000,000) ordinary shares are held as treasury shares by the Company. As at 31 July 2007, the number of outstanding ordinary shares in issue and fully paid is therefore 180,000,000 (2006: 180,000,000) ordinary shares of RM1 each.

## 24. Retained Earnings

As at 31 July 2007, the Company has tax exempt profits available for distribution of approximately RM31,003,000 (2006: RM40,003,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 July 2007.





# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 25. Deferred Tax

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 August 2006	20,316,119	18,434,294	3,014,000	2,935,000
Recognised in income statement (Note 8)	(178,340)	1,881,825	2,315,000	79,000
At 31 July 2007	20,137,779	20,316,119	5,329,000	3,014,000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(568,000)	(665,000)	-	-
Deferred tax liabilities	20,705,779	20,981,119	5,329,000	3,014,000
	20,137,779	20,316,119	5,329,000	3,014,000

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment	Intangible assets: Rights in timber licences	Total
	RM	RM	RM
At 1 August 2006	20,092,290	5,578,136	25,670,426
Recognised in income statement	(276,577)	(2,113,666)	(2,390,243)
At 31 July 2007	19,815,713	3,464,470	23,280,183
At 1 August 2005	17,993,162	7,460,132	25,453,294
Recognised in income statement	2,099,128	(1,881,996)	217,132
At 31 July 2006	20,092,290	5,578,136	25,670,426



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 25. Deferred Tax (contd.)

Deferred tax assets of the Group:

	Unused tax losses and unutilised capital allowances RM	Property, plant and equipment RM	Allowance of inventories RM	Accrued liabilities RM	Total RM
At 1 August 2006	(2,475,000)	(625,000)	(1,647,707)	(606,600)	(5,354,307)
Recognised in income statement	1,207,000	97,000	691,303	216,600	2,211,903
At 31 July 2007	(1,268,000)	(528,000)	(956,404)	(390,000)	(3,142,404)
At 1 August 2005	(5,773,000)	(585,000)	(661,000)	-	(7,019,000)
Recognised in income statement	3,298,000	(40,000)	(986,707)	(606,600)	1,664,693
At 31 July 2006	(2,475,000)	(625,000)	(1,647,707)	(606,600)	(5,354,307)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM	Dividend receivable RM	Total RM
At 1 August 2006	3,371,000	-	3,371,000
Recognised in income statement	2,204,000	-	2,204,000
At 31 July 2007	5,575,000	-	5,575,000
At 1 August 2005	1,775,000	1,160,000	2,935,000
Recognised in income statement	1,596,000	(1,160,000)	436,000
At 31 July 2006	3,371,000	-	3,371,000

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 25. Deferred Tax (contd.)

Deferred tax assets of the Company:

	Accrued liabilities	
	2007	2006
	RM	RM
At 1 August	(357,000)	-
Recognised in income statement	111,000	(357,000)
At 31 July	(246,000)	(357,000)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2007	2006
	RM	RM
Unutilised investment tax allowances	68,271,000	84,267,000
Unutilised reinvestment allowances	-	7,537,000
Deductible temporary differences on property, plant and equipment	3,723,000	3,932,000
Unused tax losses	7,190,775	7,059,992
Unutilised capital allowances	5,182,000	5,485,001
	84,366,775	108,280,993



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 26. Significant Related Party Transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below have been entered into in the normal course of business and have been established under terms negotiated between the parties concerned.

### (a) Transactions with subsidiaries:

	Company	
	2007	2006
	RM	RM
Freight and handling charges paid/payable to:		
- Allied Asiatic Sdn. Bhd.	2,996,890	117,916
Sales of logs to:		
- Allied Asiatic Sdn. Bhd.	92,375	-
- Subur Tiasa Plywood Sdn. Bhd.	103,006,238	70,963,458
- Trimogreen Sdn. Bhd.	18,049,014	14,231,980
Sales of sawn timber to:		
- Sarawak Plywood (M) Sdn. Bhd.	66,821	168,095
- Trimogreen Sdn. Bhd.	5,358,487	2,199,247
Sale of waste wood to:		
- Subur Tiasa Particleboard Sdn. Bhd.	-	14,998
Sales of property, plant and equipment to:		
- Allied Asiatic Sdn. Bhd.	-	2,144,597
- Sarawak Plywood (M) Sdn. Bhd.	-	113,000
Purchase of grocery stock from:		
- T. Q. Oriental Sdn. Bhd.	319,573	293,239
Purchase of sawn timber from:		
- Trimogreen Sdn. Bhd.	267,594	2,121
- Sarawak Plywood (M) Sdn. Bhd.	313,403	40,867
Purchase of plywood from:		
- Subur Tiasa Plywood Sdn. Bhd.	61,951	13,974
Purchase of logs from:		
- Sarawak Plywood (M) Sdn. Bhd.	-	329,974

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 26. Significant Related Party Transactions (contd.)

### (a) Transactions with subsidiaries: (contd.)

	Company	
	2007	2006
	RM	RM
Purchase of property, plant and equipment from:		
- Subur Tiasa Forestry Sdn. Bhd.	-	395,954
Purchase of consumable stores from:		
- Subur Tiasa Forestry Sdn. Bhd.	-	10,678
	=====	=====

### (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Air tickets charges paid/ payable to:				
- R.H. Tours and Travel Agency Sdn. Bhd.*@	297,998	254,220	134,729	119,603
Freight and handling charges paid/payable to:				
- Caswan Jaya Sdn. Bhd.	1,062,383	1,364,512	-	-
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	187,475	311,951	-	-
- Jaras Sdn. Bhd.*	691,806	269,466	691,806	269,466
- Jaya Tiasa Holdings Berhad*	-	516,056	-	516,056
- Laut Sepakat Sdn. Bhd.	320,411	714,642	320,411	714,642
- Onward Shipping Sdn. Bhd.#	1,689,413	2,012,227	-	-
- Syarikat Perkapalan C. H. Ling Sdn. Bhd.#	5,772,412	6,774,518	-	-
- Taman Logging Sdn. Bhd.*@	3,149,246	2,393,813	3,149,246	2,393,813
- Tenaga Bangsawan Sdn. Bhd.	505,020	611,795	505,020	611,795



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 26. Significant Related Party Transactions (contd.)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (contd.)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Helicopter charter charges paid/payable to:				
- Jaya Tiasa Aviation Sdn. Bhd.*@	837,781	515,813	837,781	515,813
Insurance charges paid/payable to:				
- Evershine Agency Sdn. Bhd.**^#	117,934	105,847	92,427	80,014
- Harmony Agencies Sdn. Bhd.**^+	-	25,075	-	-
Logging contract fee paid/payable to:				
- Baram Lumber Development Sdn. Bhd.*@^+	9,572,892	21,261,445	9,572,892	21,261,445
- Borneo Tunas Sdn. Bhd.*@	1,829,665	14,496,706	1,829,665	14,496,706
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	5,210,889	22,724,424	-	-
- Millennium Midland Sdn. Bhd.**	32,843,468	6,827,167	32,843,468	6,827,167
- Pertumbuhan Kekal Sdn. Bhd.*	6,211,867	-	6,211,867	-
- Sovereign Hill Sdn. Bhd.*@^+	-	7,876,516	-	6,820,675
- Sunplus Resources Sdn. Bhd.*@	19,922,876	40,919,422	19,922,876	40,919,422
- Taman Logging Sdn. Bhd.*@	382,742	272,860	-	-

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 26. Significant Related Party Transactions (contd.)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (contd.)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Purchase of property, plant and equipment from:				
- Baram Lumber Development Sdn. Bhd.*@^*	520,000	562,500	520,000	562,500
- Borneo Tunas Sdn. Bhd.*@	1,171,000	1,989,325	1,171,000	1,989,325
- Comserv (Sarawak) Sdn. Bhd.*	388,428	603,994	376,632	548,690
- Pan Sarawak Company Sdn. Bhd.	150,200	182,759	-	78,819
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	310,000	215,000	220,000	215,000
- Ocean Shores Development Sdn. Bhd.*@	1,040,000	-	1,040,000	-
- Rimbulan Hijau Sdn. Bhd.*@	2,020,000	-	2,020,000	-
- Sovereign Hill Sdn. Bhd.*@^+	2,750,000	-	2,750,000	-
- Taman Logging Sdn. Bhd.*@	3,086,000	-	3,086,000	-
- Sunplus Resources Sdn. Bhd.*@	-	1,815,000	-	1,815,000
- Rimbulan Hijau General Trading Sdn. Bhd.*@	88,295	124,810	-	9,980
- Tiong Toh Siong & Sons Sdn. Bhd.*@	1,090,000	515,000	1,090,000	515,000



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 26. Significant Related Party Transactions (contd.)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (contd.)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Marketing fee paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	959,752	1,034,603	959,752	1,034,603
Purchase of consumable stores from:				
- Comserv (Sarawak) Sdn. Bhd.*	-	28,079	-	15,393
- Gunong Mulu Lumber Development Co. Sdn. Bhd.*@	771,525	1,158,205	-	-
- Pan Sarawak Company Sdn. Bhd.	1,156,617	425,244	206,594	157,370
- Rejang Green Agriculture Supplies Sdn. Bhd.*	383,101	50,830	-	-
Purchase of consumable stores from:				
- Rimbunan Hijau General Trading Sdn. Bhd.*@	6,741,352	1,905,635	4,939,012	456,511
- Taman Logging Sdn. Bhd.*@	2,038,079	-	2,038,079	-
- Tiong Toh Siong & Sons Sdn. Bhd.*@	4,465,017	356,822	4,380,490	-
Purchase of electricity from:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	711,484	680,408	-	-



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 26. Significant Related Party Transactions (contd.)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (contd.)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Purchase of logs from:				
- Jaya Tiasa Holdings Berhad*	8,152,779	6,887,426	-	-
- Lukutan Enterprises Sdn. Bhd.*@	10,819,293	3,726,076	10,819,293	3,726,076
- Rejang Height Sdn. Bhd.*@	46,485,917	9,478,013	46,485,917	9,478,013
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	559,183	2,901,377	-	-
- Sarica Enterprise Sdn. Bhd.*	2,128,817	-	-	-
- Supreme Timber Products Sdn. Bhd.*	311,646	-	-	-
- Twinfield Sdn. Bhd.*	934,642	-	682,589	-
Purchase of raw materials from:				
- Petanak Enterprises Sdn. Bhd.*	33,470,319	26,306,290	-	-
Purchase of waste timber from:				
- Borneo Lumber Industries Sdn. Bhd.	64,260	-	-	-
- Unique Wood Sdn. Bhd.	199,531	236,854	-	-
Rental of land paid/payable to:				
- Rimbunan Hijau Sdn. Bhd.*@	120,000	120,000	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@^+	10,200	10,200	-	-
Rental income from:				
- Perpuhuan Jaya Sdn. Bhd.*#	31,250	34,800	-	-
- Tiong Toh Siong Holdings Sdn. Bhd.*@^+	235,200	235,200	235,200	235,200



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 26. Significant Related Party Transactions (contd.)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (contd.)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Supply of electricity to:				
- Jaya Tiasa Holdings Berhad*	35,292	39,031	-	-
Rental of machinery paid/ payable to:				
- Borneo Tunas Sdn. Bhd.*@	3,871,000	-	3,871,000	-
- Sunplus Resources Sdn. Bhd.*@	1,925,000	-	1,925,000	-
Sales of logs to:				
- Borneo Lumber Industries Sdn. Bhd.	2,037,391	-	2,037,391	-
- Rimbunan Hijau Southeast Asia Sdn. Bhd.*@	-	854,777	-	-
Sales of waste timber to:				
- Jaya Tiasa Timber Products Sdn. Bhd.*@	123,900	59,160	-	-
Sales of sawn timber to:				
- Perpuluhan Jaya Sdn. Bhd.*#	286,764	181,783	-	-
Towage and handling income:				
- Jaya Tiasa Holdings Berhad*	136,291	-	-	-



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 26. Significant Related Party Transactions (contd.)

- (b) Transactions with companies in which certain directors and substantial shareholders of the Company have financial interests: (contd.)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Contract fee income from:				
- Borneo Tunas Sdn. Bhd.*@	7,167,991	-	7,167,991	-
- Rejang Height Sdn. Bhd.*	23,295,050	6,139,848	2,498,994	-
- Ocean Shores Development Sdn. Bhd.*@	3,395,044	1,817,403	3,395,044	1,817,403
	=====	=====	=====	=====

- \* These are companies in which Tan Sri Datuk Diong Hiew King @ Tiong Hiew King, a substantial shareholder of the Company and a director of certain subsidiaries, Rejang Green Agriculture Supplies Sdn. Bhd. and Pertumbuhan Kekal Sdn. Bhd. has interest, both direct and/or indirect interest.

- @ These are companies in which Tan Sri Datuk Diong Hiew King @ Tiong Hiew King and Datuk Tiong Thai King are directors.

- # These are companies in which Tiong Chiong Ong, a member of the family of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King and a director of Subur Tiasa Particleboard Sdn. Bhd., Subur Tiasa Plywood Sdn. Bhd., Trimogreen Sdn. Bhd., Subur Tiasa Forestry Sdn. Bhd., Petanak Enterprises Sdn. Bhd., R.H. Tours & Travel Agency Sdn. Bhd., Rimbunan Hijau Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd., has interest, either direct or indirect interest.

- ^ These are companies in which Tiong Chiong Ie, a director of Rimbunan Hijau Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Supreme Timber Products Sdn. Bhd. and Sarawak Plywood (M) Sdn. Bhd., has indirect interest.

- + These are companies in which Datuk Tiong Thai King, a director of Sarawak Plywood (M) Sdn. Bhd., Jaras Sdn. Bhd., Harmony Agencies Sdn. Bhd., Supreme Timber Products Sdn. Bhd., Sarica Enterprise Sdn. Bhd., Perpuluhan Jaya Sdn. Bhd. and Millennium Midland Sdn. Bhd., has interest, both direct and/or indirect interest.



# Notes to the Financial Statements

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[contd.]



## 26. Significant Related Party Transactions (contd.)

The nature and extent of the interest of the directors concerned are as set out below:

### (a) Tiong Kiong King

A member of the family of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King.

Director of the following companies:

- Rimbunan Hijau Sdn. Bhd.; and
- Tiong Toh Siong Holdings Sdn. Bhd.

Has substantial interest either direct or indirect interest in the following companies:

- Baram Lumber Development Sdn. Bhd.;
- Sovereign Hill Sdn. Bhd.;
- Tiong Toh Siong Holdings Sdn. Bhd.;
- Harmony Agencies Sdn. Bhd.; and
- Taman Logging Sdn. Bhd.

A family member of Tiong Kiong King has substantial interest in Evershine Agency Sdn. Bhd.

### (b) Dato' Tiong Ing

A member of the family of Tan Sri Datuk Diong Hiew King @ Tiong Hiew King.

Director of the following companies:

- Comserv (Sarawak) Sdn. Bhd.;
- Petanak Enterprises Sdn. Bhd.;
- Allied Asiatic Sdn. Bhd.;
- T. Q. Oriental Sdn. Bhd.;
- Subur Tiasa Particleboard Sdn. Bhd.;
- Sarawak Plywood (M) Sdn. Bhd.;
- Subur Tiasa Forestry Sdn. Bhd.;
- Subur Tiasa Plywood Sdn. Bhd.; and
- Trimogreen Sdn. Bhd.

Has substantial interest in Tenaga Bangsawan Sdn. Bhd.

Deemed interested in Caswan Jaya Sdn. Bhd. and Tenaga Bangsawan Sdn. Bhd. by virtue of her substantial interest in Jet Holdings Sdn. Bhd.

# Notes to the Financial Statements

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[contd.]

## 26. Significant Related Party Transactions (contd.)

### (b) Dato' Tiong Ing (contd.)

Deemed interested in Laut Sepakat Sdn. Bhd., Borneo Lumber Industries Sdn. Bhd. and Unique Wood Sdn. Bhd. by virtue of her substantial interest in Unique Wood Holdings Sdn. Bhd.

A family member of Tiong Ing is deemed interested in Pan Sarawak Company Sdn. Bhd. by virtue of his substantial interest in Pan Sarawak Holdings Sdn. Bhd.

## 27. Commitments

### (a) Capital commitment:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Approved and contracted for:				
Property, plant and equipment	90,329,269	1,785,570	58,517,250	-
Long-term receivables	8,000,000	8,000,000	8,000,000	8,000,000
Acquisition of subsidiary	4,800,000	-	4,800,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	103,129,269	9,785,570	71,317,250	8,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
Approved but not contracted for:				
Property, plant and equipment	-	4,201,626	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	4,201,626	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	103,129,269	13,987,196	71,317,250	8,000,000
	<hr/>	<hr/>	<hr/>	<hr/>



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 27. Commitments (contd.)

### (b) Operating lease commitments:

	Group	
	2007 RM	2006 RM
Not later than 1 year	264,600	264,600
Later than 1 year and not later than 5 years	529,200	529,200
	793,800	793,800
	793,800	793,800

The above lease payment relate to the non-cancellable operating lease of land.

## 28. Contingent Liabilities

	Company	
	2007 RM	2006 RM
Unsecured:		
Corporate guarantees given to banks for banking facilities granted to subsidiaries	31,997,600	16,181,600
	31,997,600	16,181,600
	31,997,600	16,181,600

## 29. Significant Events

On 31 October 2006, the Company acquired 100% equity interest in Diamond Plywood Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 4 December 2006, the Company acquired 100% equity interest in AA Plywood Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 2 March 2007, the Company acquired 100% equity interest in Excelle Timber Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 13 April 2007, the Company acquired 100% equity interest in Victory Round Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 25 April 2007, the Company acquired 100% equity interest in Infrapalm Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 29. Significant Events (contd.)

On 8 May 2007, the Company acquired 100% equity interest in Joyful Realty Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 8 May 2007, the Company acquired 100% equity interest in JPH Enterprise Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

On 12 June 2007, the Company acquired 100% equity interest in Blessings Realty Sdn. Bhd., a company incorporated in Malaysia for a total cash consideration of RM2.

## 30. Subsequent Event

On 1 August 2007, the Company completed the acquisition of 2,500,000 ordinary shares of RM1 each, which represented 100% equity interest of Borneo Lumber Industries Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM8,000,000 upon the fulfillment of all conditions precedent in the Sale and Purchase Agreement dated 3 May 2007 entered into with Mr Cheng Sung Tsung and a related party, Unique Wood Holdings Sdn. Bhd.

On 11 September 2007, the wholly owned subsidiary of the Company, Infrapalm Sdn. Bhd., ("ISB") had issued additional 4,998 ordinary shares of RM1.00 each of which the Company subscribed for 2,748 ordinary shares of RM1.00 each at par for cash. Subsequent to the subscription of new shares, the Company's equity interest in ISB has diluted from 100% to 55%. Thus, ISB becomes a 55% owned subsidiary of the Company.

## 31. Financial Instruments

### (a) Financial Risk Management Objectives and Policies

The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group's overall financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign currency, interest, liquidity and credit risks. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies.

The Group uses derivative financial instrument on a short term basis such as forward foreign exchange contracts to hedge on confirmed receipts and payments of business transactions when it is deemed necessary. It does not engage in speculative transactions.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 31. Financial Instruments (contd.)

### (b) Interest Rate Risk

The Group's income and operating cash flows are affected by changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at balance sheet date and the remaining maturities of the Group's and the Company's financial statements that are exposed to interest rate risk:

	Note	WAEIR	Within 1 Year RM	1-2 Years RM	2-5 Years RM	Total RM
<b>At 31 July 2007 Group</b>						
<b>Fixed rate</b>						
Hire purchase liabilities	21	5.34	13,421,284	14,179,727	16,294,168	43,895,179
Deposits with licensed banks	19	3.37	72,734,120	-	-	72,734,120
<b>Floating rate</b>						
Bankers' acceptances	20	4.41	910,000	-	-	910,000
Term loans	20	5.1	-	2,023,716	37,158,250	39,181,966
<b>At 31 July 2007 Company</b>						
<b>Fixed rate</b>						
Hire purchase liabilities	21	5.34	13,421,284	14,179,727	16,294,168	43,895,179
Deposits with licensed banks	19	3.34	23,449,000	-	-	23,449,000
<b>Floating rate</b>						
Term loans	20	4.7	-	2,023,716	6,070,650	8,094,366



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 31. Financial Instruments (contd.)

### (b) Interest Rate Risk (contd.)

	Note	WAEIR	Within 1 Year RM	1-2 Years RM	2-5 Years RM	Total RM
<b>At 31 July 2006</b>						
<b>Group</b>						
<b>Fixed rate</b>						
Deposits with licensed banks	19	3.1	79,070,367	-	-	79,070,367
Term loans	20	6.5	32,000,000	-	-	32,000,000
<b>Floating rate</b>						
Bank overdrafts	20	7.75	1,977,591	-	-	1,977,591
Term loans	20	5.59	4,516,000	-	10,596,000	15,112,000
<b>Company</b>						
<b>Fixed rate</b>						
Deposits with licensed banks	19	2.96	19,900,000	-	-	19,900,000
Term loans	20	6.5	32,000,000	-	-	32,000,000
<b>Floating rate</b>						
Bank overdrafts	20	7.75	1,977,591	-	-	1,977,591



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 31. Financial Instruments (contd.)

### (c) Foreign Currency Risk

The Group is exposed to currency risk as a result of the foreign currency transactions, mainly in United States Dollars, Japanese Yen, Singapore Dollar and Euro Dollar. The Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receipts and payments, when it is deemed necessary.

The currency exposure profile of trade receivables and trade payables are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables:				
Ringgit Malaysia	12,814,009	12,284,962	5,545,968	3,589,098
US Dollar	10,737,297	8,736,397	5,949,703	2,540,277
	<u>23,551,306</u>	<u>21,021,359</u>	<u>11,495,671</u>	<u>6,129,375</u>
Trade payables:				
Ringgit Malaysia	106,439,305	47,964,889	65,876,534	27,364,810
US Dollar	9,169,021	259,394	-	-
Euro	340,472	36,854	-	-
Japanese Yen	31,700	2,052	-	-
Singapore Dollar	32,634	1,428,153	-	-
	<u>116,013,132</u>	<u>49,691,342</u>	<u>65,876,534</u>	<u>27,364,810</u>

As the balance sheet date, the Group and the Company had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Maturities Within 1 Year
<b>At 31 July 2007</b>		
Forwards used to hedge anticipated sales	USD	<u>18,911,303</u>



# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 31. Financial Instruments (contd.)

### (d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. Its overall prudent liquidity risk management is to maintain sufficient levels of cash to meet its working capital requirements and maintain flexibility in funding by keeping committed credit lines available.

### (e) Credit risk

The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

### (f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values except for the followings:

	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>				
Long term receivables	17,656,391	11,304,285	19,396,473	13,116,113
	=====	=====	=====	=====
<b>Company</b>				
Long term receivables	17,656,391	11,304,285	19,396,473	13,116,113
	=====	=====	=====	=====

The fair values of the long term receivables and term loans are estimated by discounting the future contractual cash flows at the current interest rate available to the Group for similar financial instruments.



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 32. Segment Reporting

### (a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### (b) Business Segment

The Group comprises the following main business segments:

- |                    |   |  |
|--------------------|---|--|
| (i) Logs trading   | - | Extraction and sale of logs  |
| (ii) Manufacturing | - | Manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger joint moulding and supply of electricity            |
| (iii) Others       | - | Tree planting (reforestation) and oil palm plantation, sales of grocery, provision of towage transportation services, property holding and development |

### (c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

### (d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on the term negotiated in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 32. Segment Reporting (contd.)

### (d) Allocation basis and transfer pricing (contd.)

#### Business Segments

	Logs Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
<b>31 July 2007</b>					
<b>Revenue</b>					
External revenue	192,134,319	336,153,024	22,577,689	-	550,865,032
Inter-segment sales	128,796,249	92,729	3,330,847	(132,219,825)	-
Total revenue	320,930,568	336,245,753	25,908,536	(132,219,825)	550,865,032
<b>Result</b>					
Segment results	21,491,978	69,271,283	(1,543,171)	705,642	89,925,732
Finance costs					(1,329,004)
Taxation					(16,914,568)
Profit for the year					71,682,160
<b>Assets</b>					
Segment assets	360,993,242	470,338,409	105,437,079	(166,025,406)	770,743,324
Unallocated assets					2,301,771
Consolidated total assets					773,045,095
<b>Liabilities</b>					
Segment liabilities	243,356,637	65,699,523	94,255,760	(183,130,848)	220,181,072
Unallocated liabilities					22,261,824
Consolidated total liabilities					242,442,896



# Notes to the Financial Statements

- 31 July 2007

[contd.]



## 32. Segment Reporting (contd.)

### (d) Allocation basis and transfer pricing (contd.)

#### Business Segments (contd.)

	Logs Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
<b>31 July 2007</b>					
<b>Other Information</b>					
Capital expenditure	96,802,071	12,368,885	40,790,433	(1,369,695)	148,591,694
Depreciation	9,112,188	23,158,546	1,186,535	-	33,457,269
Impairment losses	1,400,000	-	-	-	1,400,000
Amortisation of intangible assets	18,920,290	1,901,431	-	-	20,821,721
=====					
<b>31 July 2006</b>					
<b>Revenue</b>					
External revenue	194,270,432	307,768,990	6,348,163	-	508,387,585
Inter-segment sales	90,648,789	33,034	411,155	(91,092,978)	-
Total revenue	284,919,221	307,802,024	6,759,318	(91,092,978)	508,387,585
=====					
<b>Result</b>					
Segment results	40,121,510	59,845,925	(1,868,079)	(1,691,812)	96,407,544
Finance costs					(3,284,735)
Taxation					(18,965,901)
Profit for the year					74,156,908
=====					
<b>Assets</b>					
Segment assets	288,615,776	366,787,828	76,563,241	(123,560,506)	608,406,339
Unallocated assets					1,191,163
Consolidated total assets					609,597,502
=====					

# Notes to the Financial Statements

- 31 July 2007

[contd.]

## 32. Segment Reporting (contd.)

### (d) Allocation basis and transfer pricing (contd.)

#### Business Segments (contd.)

	Logs Trading RM	Manufacturing RM	Others RM	Eliminations RM	Consolidated RM
<b>31 July 2006</b>					
<b>Liabilities</b>					
Segment liabilities	153,662,616	50,083,682	51,058,093	(127,061,412)	127,742,979
Unallocated liabilities					22,934,484
Consolidated total liabilities					150,677,463
<b>Other Information</b>					
Capital expenditure	22,899,220	37,144,093	40,797,932	(2,781,277)	98,059,968
Depreciation	5,903,075	21,440,868	291,324	-	27,635,267
Impairment losses	1,209,000	923,545	-	-	2,132,545
Amortisation of intangible assets	19,235,681	2,863,337	259,727	-	22,358,745

#### Geographical Segments

The following table provides an analysis of the Group's revenue by geographical segment:

	2007 RM	2006 RM
South Korea	68,016,113	69,453,038
Malaysia	119,887,090	87,750,675
Japan	29,137,667	30,008,090
India	59,803,580	73,251,120
Taiwan	120,274,071	114,215,073
Vietnam	24,469,745	27,978,937
Other countries	129,276,766	105,730,652
	550,865,032	508,387,585



## List of Properties as at 31 July 2007

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Net Book Value as at 31.07.2007 (RM)	Date of Acquisition
Lot 47, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	5,000	Oil palm plantation, office, store, quarters	-	52,047,533	30.09.2004
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24,054	Factories, office, welfare Building	13 -18 years	41,757,204	31.03.1989-30.12.1994
Lot 854-866, Block 10, Sibu Town District	Pending issuance of land title	0.2123	Office building	6 years	13,595,408	01.06.2001
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2025	2.261	Vacant	-	5,521,302	05.06.2006
Country Lease No. 015146139, Kota Kinabalu	Leasehold land expiring on 01.03.2916	1.3597	Vacant	-	3,795,040	10.05.2007
Lot 10, Section 43, Kuching Town Land District	Leasehold land expiring on 13.05.2816	0.7406	Vacant	-	3,504,775	15.03.2006
Concession Land, Garu, Kapit	-	-	Factory, office, welfare building	2 years	3,317,850	31.07.2005
Lot 12, Section 43, Kuching Town Land District	Leasehold land expiring on 31.12.2794	0.5342	Vacant	-	2,530,244	15.03.2006
Planted Forest Concession Land, Ng. Dap, near Kanowit	-	-	Nursery, office, welfare building	3 years	2,409,783	27.07.2004
Country Lease No. 015006390, Kota Kinabalu	Leasehold land expiring on 20.07.2012	0.8579	Vacant	-	2,258,222	10.05.2007





## *Analysis of Shareholdings*

### *as at 6 November 2007*

Authorised Share Capital	:	RM1,000,000,000.00 divided into 1,000,000,000 ordinary shares of RM1.00 each
Paid-up Share Capital	:	RM 200,000,000.00 divided into 200,000,000 ordinary shares of RM1.00 each
Class of Share	:	Ordinary Shares of RM1.00 each
Voting Right	:	1 vote per Ordinary Share

#### Distribution schedule of ordinary shares

Holdings	No. of Holders	Total Holdings	%
less than 100	15	430	#
100 to 1,000	1,754	1,724,181	0.96
1,001 to 10,000	1,064	3,973,944	2.21
10,001 to 100,000	132	4,162,242	2.31
100,001 to less than 5% of issued shares	54	48,750,412	27.08
5% and above of issued shares	6	121,388,791	67.44
Total	3,025	180,000,000 *	100.00 *

# Negligible

\* Excluding 20,000,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 6 November 2007



## List of Thirty Largest Securities Accounts Holders as at 6 November 2007



Name	No. of ordinary shares of RM1.00 each	Percentage %*
1. Tiong Toh Siong Holdings Sdn. Bhd.	59,000,000	32.78
2. Kinta Hijau Sdn. Bhd.	16,130,983	8.96
3. Raya Abadi Sdn. Bhd.	15,880,984	8.82
4. Twintop Sdn. Bhd.	10,497,424	5.83
5. Mayban Nominees (Tempatan) Sdn. Bhd. - DBS Bank for Twintop Sdn. Bhd. (2007821)	10,000,000	5.56
6. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Credit Suisse (SG BR-TST-ASING)	9,879,400	5.49
7. Bahagia Abadi Timber Industries Sdn. Bhd.	7,200,983	4.00
8. CitiGroup Nominees (Asing) Sdn. Bhd. - UBS AG Singapore	4,000,000	2.22
9. CitiGroup Nominees (Asing) Sdn. Bhd. - Exempt AN for UBS AG Singapore (Foreign)	3,499,000	1.94
10. Tiong Toh Siong & Sons Sdn. Bhd.	3,340,012	1.86
11. Teck Sing Lik Enterprise Sdn. Bhd.	3,272,121	1.82
12. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for JPMorgan Chase Bank, National Association (JPMINTL BK LTD)	2,826,501	1.57
13. Serrano Group Limited	2,513,800	1.40
14. Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Thai King	1,292,591	0.72
15. Teck Sing Lik Enterprise Sdn. Bhd.	1,185,000	0.66
16. TA Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Ing	1,153,556	0.64
17. Nustinas Sdn. Bhd.	1,139,000	0.63
18. AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tiong Kiong King	1,079,689	0.60
19. HLB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Bahagia Abadi Timber Industries Sdn. Bhd. (SBU 4499-3)	1,000,000	0.56
20. Tiong Toh Siong Enterprises Sdn. Bhd.	1,000,000	0.56
21. Diong Hiew King @ Tiong Hiew King	900,584	0.50
22. CitiGroup Nominees (Asing) Sdn. Bhd. - UBS AG Singapore for Novel Investment Group Limited	815,700	0.45
23. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for The Hongkong and Shanghai Banking Corporation Limited (HBFS-B CLT 500)	751,700	0.42
24. Mayban Nominees (Tempatan) Sdn. Bhd. - Malaysia National Insurance Berhad (Life Par Fund)	676,700	0.38
25. UOBM Nominees (Asing) Sdn. Bhd. - United Oversea Bank Nominees (Pte) Ltd for Gold Rise Holdings Investment Limited	652,100	0.36
26. Tiong Chiong Ong	551,058	0.31
27. Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Koperasi Polis Diraja Malaysia Bhd. (514011315674)	532,560	0.30
28. Mayban Nominees (Asing) Sdn. Bhd. - DBS Bank for Bloomswick Ltd (200890)	506,000	0.28
29. HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for KAS Bank Effectenbewaarbedrijf N.V.	476,500	0.26
30. CitiGroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Fund	438,600	0.24
<b>Total</b>	<b>162,192,546</b>	<b>90.12</b>

\* Excluding 20,000,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 6 November 2007



## *List of Substantial Shareholders*

*as at 6 November 2007*

Name	No. of Shares		
	Direct Interest (registered in own name)	Direct Interest (held through Nominees)	Deemed Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	59,000,000 (32.78%#)	-	23,837,436 <sup>*1</sup> (13.24%#)
2. Kinta Hijau Sdn. Bhd.	16,130,983 (8.96%#)	-	-
3. Raya Abadi Sdn. Bhd.	15,880,984 (8.82%#)	-	-
4. Twintop Sdn. Bhd.	10,497,424 (5.83%#)	10,000,000 (5.56%#)	-
5. Teck Sing Lik Enterprise Sdn. Bhd.	4,457,121 (2.48%#)	-	83,837,436 <sup>*2</sup> (46.58%#)
6. Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	1,056,305 (0.59%#)	-	88,294,557 <sup>*3</sup> (49.05%#)

<sup>\*1</sup> Deemed interested by virtue of substantial shareholdings in Twintop Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

<sup>\*2</sup> Deemed interested by virtue of substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Twintop Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd. and Tiong Toh Siong & Sons Sdn. Bhd.

<sup>\*3</sup> Deemed interested by virtue of substantial shareholdings in Twintop Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd., Tiong Toh Siong & Sons Sdn. Bhd. and Teck Sing Lik Enterprise Sdn. Bhd.

# Excluding 20,000,000 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares as at 6 November 2007



## Appendix A

### - - Details of the proposed amendments to the Company's Articles of Association



This is the Appendix A referred to in Agenda 8 (Resolution No. 11) of the notice of Twelfth Annual General Meeting dated 28 November 2007 as set out in the Annual Report 2007.

The Company's Articles of Association be altered, modified, added and deleted in the following manner :-

1. THAT the existing interpretation of "Approved Market Place" in Article 2 of the Company's Articles of Association be deleted in its entirety.
2. THAT the following new interpretations be inserted in Article 2 of the Company's Articles of Association :-

<i>Word</i>	<i>Meaning</i>
<i>convertible securities</i>	<i>Securities which are convertible or exercisable by the holders, or automatically, by their terms of issue, into shares or stocks.</i>
<i>securities</i>	<i>Shall have the meaning given in Section 2 of the <b>Capital Markets and Services Act, 2007.</b></i>

3. THAT the following existing interpretations in Article 2 of the Company's Articles of Association be deleted in its entirety and replaced with the following new interpretations :-

<i>Existing Interpretation</i>	<i>New Interpretation</i>
<i>"Bursa Securities" means Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) and includes, if appropriate, any other stock exchange to the official list whereof the Company is admitted and on which the shares of the Company are quoted.</i>	<i>"Bursa Securities/<b>Securities Exchange</b>" means Bursa Malaysia Securities Berhad <b>or by whatever name from time to time called</b> and includes, if appropriate, any other stock exchange to the official list whereof the Company is admitted and on which the <b>securities/shares</b> of the Company are quoted.</i>
<i>"Depositor" means a holder of securities account.</i>	<i>"Depositor" means a holder of <b>a securities account established by the Depository.</b></i>
<i>"Deposited Security" means a security or securities in the Company standing to the credit of a Securities Account of the Depositor subject to the provisions of the Central Depositories Act and the Rules.</i>	<i>"Deposited Security" <b>shall have the meaning given in Section 2 of the Central Depositories Act.</b></i>

## *Appendix A*

### *- Details of the proposed amendments to the Company's Articles of Association [contd.]*

3. THAT the following existing interpretations in Article 2 of the Company's Articles of Association be deleted in its entirety and replaced with the following new interpretations :- (contd.)

<i>Existing Interpretation</i>	<i>New Interpretation</i>
<i>"Member" means any person for the time being holding shares in the Company and whose name appear in the Register of Members (but shall exclude the Depository or its nominee company in whose name the Deposited Security is registered) including a Depositor whose name appear on the Record of Depositors.</i>	<i>"Member" means any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Bursa Malaysia Depository Nominees Sdn. Bhd. or by whatever name from time to time called) including a Depositor whose name appears on the Record of Depositors.</i>
<i>"Record of Depositors" means a record provided by the Depository to the Company under Chapter 24.0.</i>	<i>"Record of Depositors" means a record provided by the Depository to the Company or its registrars pursuant to an application under Chapter 24.0 of the Rules.</i>
<i>"Securities Account" means an account established by a Depository for the Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor as permitted by under the Central Depositories Act and/or the rules.</i>	<i>"Securities Account" means an account established by the Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor.</i>

4. THAT the existing Article 4(b) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 4(b) :-

*no director shall participate in a **share scheme for employees** unless shareholders in general meeting have approved **of** the specific allotment to be made to such director and unless he holds office in an executive capacity;*

5. THAT the following existing Article 4(c) of the Company's Articles of Association be deleted in its entirety :-

*no issue of preference shares shall be made which would result in the total nominal value of issued preference shares exceeding the total nominal value of issued ordinary shares at any time;*

6. THAT the existing Article 4(d) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 4(d) :-

*the rights attaching to shares of a class other than ordinary shares shall be **expressed** at the time of issue in the resolution creating the same;*



## Appendix A

### - Details of the proposed amendments to the Company's Articles of Association [contd.]



7. THAT the existing Article 5 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 5 :-

*Subject to **Article 7**, the Company shall have the power with the sanction of an ordinary resolution, to issue preference shares which may carry a right of redemption out of profits or liable to be redeemed at the option of the Company or to issue preference shares ranking equally with, or in priority to, preference shares already issued and the directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner either at par or at a premium as they may think fit.*

8. THAT the existing Article 6 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 6 :-

*The repayment of **preference capital** other than redeemable preference **capital** or any other alteration of preference **shareholders'** rights, may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths ( $\frac{3}{4}$ ) of the preference **capital** concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.*

9. THAT the following existing Article 8(2) of the Company's Articles of Association be deleted in its entirety :-

*The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the company is wound up.*

AND THAT the existing Article 8(3) of the Company's Articles of Association be renumbered as Article 8(2).

10. THAT the existing Article 15 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 15 :-

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue securities/**shares**, despatch notices of allotment to the successful **applicants/allottees** and make an application for the quotation of such securities/**shares** :-*

- (a) *within **fifteen (15)** market days of the final **applications date** for an issue of securities or such other period as may be prescribed by Bursa Securities for issues of securities to the public;*
- (b) *within **eight (8)** market days **after the final applications closing date for a rights issue or such other period as may be prescribed or allowed by Bursa Securities;***
- (c) *within **eight (8)** market days **after** the date of receipt of a notice of the exercise of an employee share option together with the requisite payment or such other period as may be prescribed **or allowed** by Bursa Securities;*

## *Appendix A*

### *- Details of the proposed amendments to the Company's Articles of Association [contd.]*

10. THAT the existing Article 15 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 15 :- (contd.)

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue securities/shares, despatch notices of allotment to the successful **applicants/allottees** and make an application for the quotation of such securities/shares :- (contd.)*

- (d) *within **eight (8)** market days **after the date of receipt of a subscription form together with the requisite payment in respect of warrant or other convertible securities, or such other period as may be prescribed or allowed** by Bursa Securities;*
- (e) *within **four (4)** market days of the books closing date for the proposed subdivision, which is not on a stand-alone basis or not conditional upon a concurrent bonus issue, or such other period as may be prescribed by Bursa Securities. "stand-alone basis" shall have the same meaning as defined in the Listing Requirements.*

11. THAT the existing Article 17 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 17 :-

***Company's lien on shares and dividends***

***The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the member or deceased member.***

12. THAT the existing Article 21 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 21 :-

***With the exception of Depositors whose name appear on the Record of Depositors, no member shall be entitled to receive any dividend or to exercise any privilege as a member until his name shall have been entered in the Register of Members and he shall have paid all calls and other moneys for the time being due and payable on every share held by him, together with interest and expenses (if any).***

13. THAT the following new Article 28A be inserted immediately after the existing Article 28 :-

***Capital paid on shares in advance of calls***

*Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.*

## Appendix A

### - Details of the proposed amendments to the Company's Articles of Association [contd.]



14. THAT the existing Article 30A of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 30A :-

#### **Transfer of securities**

*The transfer of any **listed security** or class of **listed security** of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of **the listed securities**.*

15. THAT the following existing Article 35 of the Company's Articles of Association be deleted in its entirety :-

*Subject to these Articles, the Rules, the Central Depositories Act, the Listing Requirements and Rules of Bursa Securities, any member may transfer all or any of his shares by instrument in writing in the form prescribed and approved by Bursa Securities, the Act, and/or the Central Depositories Act as the case may be.*

16. THAT the existing Article 37 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 37 :-

***The transfer books and the Record of Depositors and debentures holders** may be closed **for such period** as the Directors may from time to time determine PROVIDED ALWAYS THAT it shall not be closed for more than thirty (30) **market** days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. Such notice shall state the books closing date, which shall be at least **ten (10)** market days after the date of notification to Bursa Securities. The transfer books and Record of Depositors may be closed for the purpose of determining persons entitled to dividends, interest, or new securities, or rights to a priority of application for issue of securities. The Company shall request the Depository in accordance with the Rules to issue a Record of Depositors as at **the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the occurrence of the related event.***

17. THAT the existing Article 38 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 38 :-

#### **Death of member**

***In the case of the death of a member, the executors or administrators of the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares.***



## *Appendix A*

### *- Details of the proposed amendments to the Company's Articles of Association [contd.]*

18. THAT the existing Article 43A of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 43A :-

***Transmission of securities***

*Where :-*

- (a) *the **securities** of the Company are listed on **another stock exchange**; and*
- (b) *the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such securities,*

*the Company shall, upon request of a **securities** holder, permit a transmission of **securities** held by such **securities** holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the **other stock exchange**, to the register of holders maintained by the registrar of the Company in Malaysia **and vice versa provided that there shall be no change in the ownership of such securities.***

19. THAT the existing Article 58(e) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 58(e) :-

*At least fourteen (14) days' notice or twenty-one (21) days' notice **in the case where any special resolution is proposed or where it is an annual general meeting**, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.*

20. THAT the existing Article 59 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 59 :-

- (a) *The Company shall request the Depository in accordance with the Rules, to **issue** a Record of Depositors to whom notices of general meetings shall be given by the Company.*
- (b) *The Company shall **also** request the Depository in accordance with the Rules, to **issue** a Record of Depositors, as at **the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors")**.*
- (c) *Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable), a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.*



## Appendix A

### - Details of the proposed amendments to the Company's Articles of Association [contd.]



21. THAT the existing Article 70 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 70 :-

*Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative, and on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present and entitled to vote shall be entitled to one (1) vote and on a poll, every such member present in person shall have one (1) vote for each share he holds. A person entitled to more than one (1) vote need not cast all his votes in the same way. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.*

22. THAT the following existing Article 73 of the Company's Articles of Association be deleted in its entirety :-

*A member shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls or other moneys due to the Company have been paid.*

23. THAT the subject of the existing Article 74 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new subject :-

*Voting rights of shares of different monetary denominations*

24. THAT the existing Article 77A of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 77A :-

*Appointment of at least one (1) proxy*

*Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

25. THAT the existing Article 89 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 89 :-

*Notice of intention to appoint director*

*No person, not being a retiring director, shall be eligible for election to the office of director at any general meeting unless a member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office, a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him for election, PROVIDED THAT in the case of a person recommended by the directors for election, nine (9) clear days' notice shall be necessary, and notice of each and every candidature for election to the board of directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.*

## *Appendix A*

### *- Details of the proposed amendments to the Company's Articles of Association [contd.]*

26. THAT the existing Article 92(a) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 92(a) :-

*fees payable to non-executive directors shall be **by a fixed sum and not by a commission on or percentage of turnover**;*

27. THAT the existing Article 93(b)(i) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 93(b)(i) :-

*a non-executive director shall not include a commission on or percentage **of turnover**;*

28. THAT the existing Article 94(b) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 94(b) :-

*becomes bankrupt or makes any arrangement or composition with his creditors generally **during his term of office**;*

29. THAT the existing Article 94(d) of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 94(d) :-

*becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder **during his term of office**;*

30. THAT the following existing Article 94(f) of the Company's Articles of Association be deleted in its entirety :-

*is absent from more than half of the total board of directors' meeting held during a financial year; or*

AND THAT the existing Articles 94(e) and (g) be amended as follows :-

*(e) resigns **from** his office by depositing at the Office a written notice to the Company to such effect; **or***

*(f) is removed by the Company pursuant to Article 91.*

31. THAT the existing Article 112 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 112 :-

*The **remaining** directors may **continue to** act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles, the **remaining** directors may, except in an emergency, act only for the purpose of increasing the number of directors to such minimum number, or to summon a general meeting of the Company, but for no other purpose.*



## *Appendix A*

### *- Details of the proposed amendments to the Company's Articles of Association [contd.]*



32. THAT the existing Article 118 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 118 :-

*Every director who is in any way personally interested, directly or indirectly, in any contract or arrangement or proposed contract or arrangement with the Company, shall declare his interest to the board of directors in accordance with the provisions of the Act as soon as he becomes aware of such contract or arrangement or proposed contract or arrangement and such director shall not participate in deliberations concerning such contract. A director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.*

33. THAT the existing Article 149 of the Company's Articles of Association be deleted in its entirety and to substitute in lieu hereof with the following new Article 149 :-

#### *Liquidator's commission*

*On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been approved by shareholders.. The amount of such payment shall be notified to all shareholders at least seven (7) days prior to the meeting at which the commission or fee is to be considered.*

# Subur Tiasa Holdings Berhad

(Company No. 341792-W)

(Incorporated in Malaysia)

## FORM OF PROXY

I/We ..... (Name in full) ..... (IC/Passport/Company No.)  
of ..... (Address) being a member/  
members of the abovenamed Company hereby appoint ..... (Name in full)  
of ..... (Address) or failing him/her, the  
Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company  
to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000  
Sibu, Sarawak on Friday, 28 December 2007 at 11.30 am and any adjournment thereof.

*Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.*

My/our proxy is to vote as indicated below :-

No.	Resolutions	For	Against
1	Declaration of a first and final dividend.		
2	Approval of the directors' fees for the financial year ended 31 July 2007.		
3	Approval of the increase of directors' fees for the financial year ending 31 July 2008.		
4	Re-election of YBhg. Datuk William Lau Kung Hui as Director.		
5	Re-election of YBhg. Dato' Tiong Ing as Director.		
6	Re-appointment of YABhg. Datuk Patinggi Tan Sri Dr. Wong Soon Kai as Director.		
7	Re-appointment of Messrs. Ernst & Young as auditors.		
	<b>Special business</b>		
8	<b>Ordinary Resolution No. 1</b> Proposed renewal of and new shareholders' mandates for recurrent related party transactions of a revenue or trading nature.		
9	<b>Ordinary Resolution No. 2</b> Proposed renewal of authority for purchase of own shares by the Company.		
10	<b>Ordinary Resolution No. 3</b> Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
11	<b>Special Resolution No. 1</b> Proposed amendments to the Company's Articles of Association.		

Shareholding Represented by Proxy

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

\_\_\_\_\_  
Signature of shareholder(s)/common seal

### Notes :-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one proxy to attend the said meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Affix Stamp  
Here

The Secretary  
**Subur Tiasa Holdings Berhad**

No 66-78, Pusat Suria Permata  
Jalan Upper Lanang, C.D.T. No 123  
96000 Sibu, Sarawak  
Malaysia



**SUBUR TIASA HOLDINGS BERHAD**

341792-W

No. 66-78, Pusat Suria Permata, Jalan Upper Lanang,  
C.D.T. No. 123, 96000 Sibul, Sarawak, Malaysia.

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