Financial Report

for the financial year ended 31 December 2007

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of manufacturing and trading of particleboards and wood-related products and investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP	THE COMPANY
	RM'000	RM'000
Profit after taxation attributable to equity shareholders of the Company	6,817	3,094

DIVIDENDS

Since the end of the previous financial year, the Company, in the current financial year paid a final dividend of RM0.05 per ordinary share less 27% tax amounting to RM2,920,000 in respect of the previous financial year as proposed in the directors' report of that financial year.

The directors propose a final tax-exempt dividend of RM0.03 per ordinary share amounting RM2,400,000 in respect of the current financial year. The proposed dividend is subject to the approval of the shareholders at the forthcoming annual general meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

WARRANTS

The Company issued 40,000,000 Warrants for no consideration to all entitled shareholders of the Company in conjunction with the listing of the Company. The Warrants were issued on the basis of 1 Warrant for every 2 ordinary shares held on 31 December 2004, being the entitlement date. The Warrants are constituted under a Deed Poll executed on 10 December 2004, and each Warrant entitles the registered holder the right at any time during the exercise period from 31 December 2006 to 31 December 2009 to subscribe in cash for one new ordinary share at the exercise price of RM2 each.

No Warrants were exercised during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company, save for the Warrants issued pursuant to the listing of the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstance that would further require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 35 to the financial statements. At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that 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 and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Y. Bhg. Tan Sri Dato' Seri Mohamed Bin Rahmat
Yoong Tein Seng @ Yong Kian Seng
Y. Bhg. Dato' Loo Swee Chew
Yoong Hau Chun
Y. Bhg. Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak
Lim Kah Poon
Bailey Policarpio

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM1 Each			
	At 1.1.2007	Bought	Sold	At 31.12.2007
THE COMPANY				
DIRECT INTERESTS				
Y. Bhg. Tan Sri Dato' Seri Mohamed Bin Rahmat	950,000	-	-	950,000
Yoong Tein Seng @ Yong Kian Seng	150,000	-	-	150,000
Y. Bhg. Dato' Loo Swee Chew	150,000	-	-	150,000
Yoong Hau Chun	150,000	-	-	150,000
Lim Kah Poon	50,000	-	-	50,000
Bailey Policarpio	-	25,000*	-	25,000

	Number Of Ordinary Shares Of RM1 Each			
	At 1.1.2007	Bought	Sold	At 31.12.2007
THE COMPANY				
INDIRECT INTERESTS				
Y. Bhg. Tan Sri Dato' Seri Mohamed Bin Rahmat	-	7,485,000^	(367,000)	7,118,000(1)
Yoong Tein Seng @ Yong Kian Seng	34,989,500(2)	26,500^	-	35,016,000(2)
Y. Bhg. Dato' Loo Swee Chew	29,804,500(3)	151,600^	-	29,956,100(3)
Yoong Hau Chun	34,989,500(4)	10,000^	-	34,999,500(4)
Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	-	63,000^	-	63,000(5)
Lim Kah Poon	-	21,000^	-	21,000(6)
Bailey Policarpio	-	56,000^	-	56,000(7)

	Number Of Warrants			
	At 1.1.2007	Bought	Sold	At 31.12.2007
DIRECT INTERESTS				
Yoong Tein Seng @ Yong Kian Seng	75,000	-	-	75,000
Y. Bhg. Dato' Loo Swee Chew	75,000	-	-	75,000
Yoong Hau Chun	75,000	-	-	75,000
Lim Kah Poon	25,000	-	-	25,000
Bailey Policarpio	-	20,000*	-	20,000
INDIRECT INTERESTS				
Y. Bhg. Tan Sri Dato' Seri Mohamed Bin Rahmat	-	1,702,500^	-	1,702,500(1)
Yoong Tein Seng @ Yong Kian Seng	18,962,500(2)	12,500^ 50,000	-	19,025,000(2)
Y. Bhg. Dato' Loo Swee Chew	13,537,500(3)	56,800^ 50,000	-	13,644,300(3)
Yoong Hau Chun	18,962,500(4)	50,000	-	19,012,500(4)
Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	-	12,500^	-	12,500(5)
Bailey Policarpio	-	25,000^	-	25,000(7)

*Appointed as Director with effect from 8 March 2007.
^Disclosure pursuant to Section 134 (12)(c) of the Companies (Amendment) Act 2007.

(1) Deemed interested by virtue of his relationship with Nur Jazman bin Mohamed, his son and by virtue of his sons' substantial shareholdings in Sanur Sdn. Bhd.

(2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 (" the Act") (shareholdings held through Tenson Holdings Sdn Bhd, a substantial shareholder of HeveaWood Industries Sdn Bhd) and by virtue of his relationship with Yoong Hau Chun, his son, Yoong Li Yen and Yoong Li Mian, his daughters and deemed interested by virtue of HeveaWood Industries Sdn Bhd being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn Bhd.

(3) Deemed interested by virtue of his substantial shareholdings in HeveaWood Industries Sdn Bhd pursuant to Section 6A of the Act, deemed interested by virtue of HeveaWood Industries Sdn Bhd being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn Bhd and by virtue of his relationship with Loo Chin Meng (Lu Zhenming), his son.

(4) Deemed interested by virtue of his relationship with Yoong Tein Seng @ Yong Kian Seng, his father, Tan Ya Ling, his spouse and Yoong Li Yen, his sister and deemed interested by virtue of HeveaWood Industries Sdn Bhd being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn Bhd.

(5) Deemed interested by virtue of his relationship with Dato' Philip Chan Hon Keong, his son.

(6) Deemed interested by virtue of his relationship with Chua Sew Yin @ Chuah Chai Ean, his spouse.

(7) Deemed interested by virtue of his relationship with Yoong Li Yen, his spouse.

By virtue of their shareholdings in the Company, Yoong Tein Seng @ Yong Kian Seng, Y. Bhg. Dato' Loo Swee Chew and Yoong Hau Chun are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which a director has a substantial financial interest as disclosed in Note 36 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year of the Group is disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 22 APRIL 2008

Yoong Tein Seng @ Yong Kian Seng

Dato' Loo Swee Chew

Statement by Directors

We, Yoong Tein Seng @ Yong Kian Seng and Dato' Loo Swee Chew, being two of the directors of HeveaBoard Berhad, state that, in the opinion of the directors, the financial statements set out on pages 37 to 74 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 22 APRIL 2008

YOONG TEIN SENG @ YONG KIAN SENG

DATO' LOO SWEE CHEW

STATUTORY DECLARATION

I, Yoong Tein Seng @ Yong Kian Seng, I/C No. 470602-05-5065, being the director primarily responsible for the financial management of HeveaBoard Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 74 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Yoong Tein Seng @ Yong Kian Seng
I/C No. 470602-05-5065,
at Kuala Lumpur in the Federal Territory
on this 22 April 2008

YOONG TEIN SENG @ YONG KIAN SENG

Before me
DATIN HAJAH RAIHELA WANCHIK (NO. W-275)

Report of the Auditors

to the members of HeveaBoard Behad

We have audited the financial statements set out on pages 37 to 74. The preparation of the financial statements is 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 conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-

  (i) the state of affairs of the Group and of the Company at 31 December 2007 and their results and cash flows for the financial year ended on that date; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 6 to the financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants
22 April 2008
Kuala Lumpur

Onn Kien Hoe
Approval No: 1772/11/08 (J/PH)
Partner

Balance Sheets at 31 December 2007

		THE GROUP		THE COMPANY	
		2007	2006	2007	2006
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	40,960	40,960
Property, plant and equipment	7	347,892	347,309	290,290	296,643
Prepaid lease payments	8	10,914	11,121	3,885	3,929
Other investment	9	15	15	15	15
Goodwill on consolidation	10	2,946	2,946	-	-
		361,767	361,391	335,150	341,547
CURRENT ASSETS					
Inventories	11	38,410	42,993	19,034	19,288
Trade receivables	12	33,176	27,911	12,148	8,300
Other receivables, deposits and prepayments		6,944	5,033	3,293	1,866
Amount owing by subsidiaries	13	-	-	13,374	8,765
Tax refundable		944	2,675	1,180	2,255
Cash and bank balances		1,937	1,992	56	33
		81,411	80,604	49,085	40,507
TOTAL ASSETS		443,178	441,995	384,235	382,054
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	80,000	80,000	80,000	80,000
Share premium	15	12,886	12,886	12,886	12,886
Retained profits	16	37,002	33,105	20,494	20,320
TOTAL EQUITY		129,888	125,991	113,380	113,206
NON-CURRENT LIABILITIES					
Long-term borrowings	18	153,273	155,326	139,520	145,681
Provision for retirement benefits	19	970	779	629	521
Deferred tax liabilities	20	7,759	15,006	3,959	12,959
		162,002	171,111	144,108	159,161

		THE GROUP		THE COMPANY	
		2007	2006	2007	2006
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
CURRENT LIABILITIES					
Trade payables	21	24,313	25,321	15,968	12,477
Other payables and accruals	22	42,378	40,108	34,231	33,814
Amount owing to subsidiaries	13	-	-	6,446	7,268
Amount owing to related parties	23	10,574	7,986	9,839	6,952
Short-term borrowings	24	61,877	62,390	50,253	42,237
Bank overdrafts	27	12,129	9,082	10,010	6,939
Provision for taxation		17	6	-	-
		151,288	144,893	126,747	109,687
TOTAL LIABILITIES		313,290	316,004	270,855	268,848
TOTAL EQUITY AND LIABILITIES		443,178	441,995	384,235	382,054
NET ASSETS PER SHARE (SEN)	28	1.62	1.57		

Income Statements

for the financial year ended 31 December 2007

		THE GROUP		THE COMPANY	
		2007	2006	2007	2006
	NOTE	RM'000	RM'000	RM'000	RM'000
REVENUE	29	262,238	163,125	149,395	59,625
COST OF SALES		(240,050)	(141,988)	(142,684)	(49,410)
GROSS PROFIT		22,188	21,137	6,711	10,215
OTHER INCOME		10,495	7,279	9,027	8,292
		32,683	28,416	15,738	18,507
SELLING AND DISTRIBUTION EXPENSES		(3,132)	(1,879)	(1,938)	(807)
ADMINISTRATIVE EXPENSES		(13,804)	(10,274)	(6,589)	(3,692)
FINANCE COSTS		(13,729)	(4,267)	(11,966)	(2,832)
OTHER EXPENSES		(1,883)	(2,615)	(1,144)	(1,029)
PROFIT/(LOSS) BEFORE TAXATION	30	135	9,381	(5,899)	10,147
INCOME TAX EXPENSE	31	6,682	(1,625)	8,993	(1,165)
PROFIT AFTER TAXATION		6,817	7,756	3,094	8,982
ATTRIBUTABLE TO :					
Equity holders of the Company		6,817	7,756	3,094	8,982
EARNINGS PER SHARE (SEN):					
BASIC	32	8.5	9.7		
DILUTED	32	N/A	N/A		

Statements of Changes in Equity

for the financial year ended 31 December 2007

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	NEGATIVE GOODWILL RM'000	RETAINED PROFIT RM'000	TOTAL RM'000
THE GROUP						
Balance at 1.1.2006		80,000	12,886	670	26,407	119,963
Effect of adopting FRS 3	10	-	-	(670)	670	-
Profit after taxation		-	-	-	7,756	7,756
Dividend paid	17	-	-	-	(1,728)	(1,728)
Balance at 31.12.2006 / 1.1.2007		80,000	12,886	-	33,105	125,991
Profit after taxation		-	-	-	6,817	6,817
Dividend paid	17	-	-	-	(2,920)	(2,920)
Balance at 31.12.2007		80,000	12,886	-	37,002	129,888

	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED PROFIT RM'000	TOTAL RM'000
THE COMPANY					
Balance at 1.1.2006		80,000	12,886	13,066	105,952
Profit after taxation		-	-	8,982	8,982
Dividend paid	17	-	-	(1,728)	(1,728)
Balance at 31.12.2006/1.1.2007		80,000	12,886	20,320	113,206
Profit after taxation		-	-	3,094	3,094
Dividend paid	17	-	-	(2,920)	(2,920)
Balance at 31.12.2007		80,000	12,886	20,494	113,380

Cash Flow Statements

for the financial year ended 31 December 2007

		THE GROUP		THE COMPANY	
		2007	2006	2007	2006
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		135	9,381	(5,899)	10,147
Adjustments for:-					
Allowance for doubtful debts		11	9	-	-
Amortisation of prepaid lease payments		207	208	44	44
Bad debts written off		15	1,066	-	-
Depreciation of property, plant and equipment		23,194	10,101	18,182	5,746
Dividend income		-	-	-	(1,490)
Buildings written off		301	-	-	-
Interest expense		13,729	4,267	11,966	2,832
Inventories written off		661	-	-	-
Interest income		(62)	(36)	(28)	(22)
Provision for retirement benefits		167	148	108	94
Provision for claims		-	214	-	214
Loss/(Gain) on disposal of property, plant and equipment		5	(147)	5	(141)
Unrealised gain on foreign exchange		(8,541)	(6,473)	(8,541)	(6,473)
Operating profit before working capital changes		29,822	18,738	15,837	10,951
Decrease/(Increase) in inventories		3,922	(17,565)	254	(10,148)
(Increase)/Decrease in trade and other receivables		(7,202)	(6,129)	(5,275)	2,831
Increase/(Decrease) in trade and other payables		2,016	39,931	4,638	32,924
Increase in amount owing by subsidiaries		-	-	(8,298)	(817)
Increase in amount owing to subsidiaries		-	-	822	857
CASH FROM OPERATIONS		28,558	34,975	7,978	36,598
Income tax refunded/(paid)		1,177	(417)	1,068	-
Interest paid		(13,729)	(4,267)	(11,966)	(2,832)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		16,006	30,291	(2,920)	33,766
CASH FLOWS FOR INVESTING ACTIVITIES					
Interest received		62	36	28	22
Proceeds from disposal of equipment		35	330	35	265
Purchase of property, plant and equipment	33	(10,866)	(125,456)	(8,149)	(120,419)
NET CASH FOR INVESTING ACTIVITIES		(10,769)	(125,090)	(8,086)	(120,132)
BALANCE CARRIED FORWARD		5,237	(94,799)	(11,006)	(86,366)

	NOTE	THE GROUP 2007 RM'000	THE GROUP 2006 RM'000	THE COMPANY 2007 RM'000	THE COMPANY 2006 RM'000
BALANCE BROUGHT FORWARD		5,237	(94,799)	(11,006)	(86,366)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid		(2,920)	(1,728)	(2,920)	(1,728)
Net advances from/(repayment to) related parties		2,588	(2,209)	2,887	(841)
Net advances from subsidiaries		-	-	2,045	(1,578)
Net drawdown of bankers' acceptances		6,795	8,295	15,932	2,838
Drawdown of export credit refinancing		62	5,065	-	-
Repayment of hire purchase obligations		(6,123)	(5,431)	(2,147)	(712)
Drawdown of term loans		-	88,694	-	85,895
Repayment of term loans		(8,741)	(603)	(7,839)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(8,339)	92,083	7,958	83,874
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,102)	(2,716)	(3,048)	(2,492)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(7,090)	(4,374)	(6,906)	(4,414)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	(10,192)	(7,090)	(9,954)	(6,906)

Notes to the Financial Statements

for the financial year ended 31 December 2007

1. GENERAL INFORMATION

   The Company is a public company limited by shares listed on the Main Board of Bursa Malaysia and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	C15-1, Level 15, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur.
Principal place of business	:	Lot 1941 & 1942, Batu 3, Jalan Tampin, 73400 Gemas, Negeri Sembilan.

   The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 April 2008

2. PRINCIPAL ACTIVITIES

   The Company is principally engaged in the businesses of manufacturing and trading of particleboards and wood-related products and investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

   The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:

   (a) Market Risk

   (i) Foreign Currency Risk

   The Group is exposed to foreign exchange risk arising mainly from normal trading transactions as the majority of its products are sold in foreign currency. The term loans, substantially taken to finance the construction of the Second Particleboard plant are denominated in United States ("US") Dollar.

   The Group's foreign currency transactions and balances are denominated in US Dollar. Foreign currency risk is monitored closely and managed to an acceptable level.

   (ii) Interest Rate Risk

   The Group's exposure to interest rate risk arises mainly from bank borrowings and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

   The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

   Any surplus funds of the Group will be placed with licensed financial institutions at the most favourable interest rate to generate interest income.

   (iiI) Price Risk

   The selling prices of the Group's products are transacted at prevailing market prices.

   The Group manages the sale of finished goods and procurement of its raw materials closely to minimise the impact on the Group.

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the carrying amounts of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Company's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

The Group's policy on liquidity and cash flow risk management is to maintain sufficient cash and have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

4. BASIS OF ACCOUNTING

(a) Basis of Preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

In the previous financial year, the Group had elected to adopt Financial Reporting Standards ("FRS") 117 - Leases issued by the Malaysian Accounting Standards Board ("MASB") in advance of their effective date.

During the current financial year, the Group and the Company have adopted the following new and revised Financial Reporting Standards ("FRSs") issued by the MASB which are relevant to its operations:-

(a) FRS issued and effective for financial periods beginning on or after 1 October 2006:

FRS 124 Related Party Disclosures

(b) FRS issued and effective for financial periods beginning on or after 1 January 2007:

FRS 119_{2004} Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and losses, Group Plans and Disclosures

The adoption of these new and revised FRS does not have any material effects on the financial statements of the Group except for FRS 124 which only impact the form and content of disclosures presented in the financial statements

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This framework sets out the concepts that underline the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosures presented in the financial statements. The Group and the Company have applied this framework for the financial year ended 31 December 2007 onwards.

4. BASIS OF ACCOUNTING (CONT'D)

(a) Basis of Preparation (cont'd)

FRS 6 – Exploration for and Evaluation of Mineral Resource has been issued and is effective for financial periods beginning on or after 1 January 2007. This standard is not relevant to the Group's operations.

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group and the Company's financial year ending 31 December 2008:

FRS 107 Cash Flow Statements
FRS 111 Construction Contracts
FRS 112 Income Taxes
FRS 118 Revenue
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards (" IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group will apply these FRSs from the financial year ending 31 December 2008 onwards.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRS with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group will apply this FRS from the financial year ending 31 December 2008 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation have been issued and are effective for financial periods beginning on or after 1 July 2007. The amendments resulted in exchange differences arising from a monetary item that forms part of the entity's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the entity or any of its subsidiaries. Previously, exchange differences arising from such transactions between the entity and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. This standard is not relevant to the Group and the Company's operations.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 137_{2004} and an increase that reflects the passage of time. The interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

4. BASIS OF ACCOUNTING (CONT'D)

(a) Basis of Preparation (cont'd)

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group and the Company's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in access of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Group will apply this interpretation from the financial year ending 31 December 2008 onwards.

(b) Going Concern

The Group and the Company have net current liabilities of RM69,877,000 (2006 – RM64,289,000) and RM77,662,000 (2006 – RM69,179,000) respectively at the balance sheet.

The financial statements of the Group and of the Company are prepared on the basis of accounting principles applicable to a going concern as the directors, in preparing the financial statements, have taken into account all information that could reasonably be expected to be available, including the measures taken in Note 43 to the financial statements. In addition, the directors of the Group and of the Company are of the opinion that their creditors and financial institutions will continue to provide financial support to the Group and the Company in the foreseeable future.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (cont'd)

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Group is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(b) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, 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 charged directly to 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign Currencies

(i) Functional and Presentation Currency

The functional currency of the Group is measured using the currency of the primary economic environment in which the Group operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the parent's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2007.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessments, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments

(i) Investments in Subsidiaries

Investments in subsidiaries is stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(ii) Other Investments

Other investments held on a long-term basis are stated at cost less allowance for permanent diminution in value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(g) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any, and is not depreciated.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% to 5%
Plant, machinery and equipment	5% to 10%
Furniture and fittings	10%
Motor vehicles	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date 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 the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of Assets

The carrying value of assets other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(i) Prepaid Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the lease terms.

(j) Assets under Hire Purchase

Equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(g) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income over the periods of the respective hire purchase agreements.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the cost of materials and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes cost of materials, labour and an appropriate proportion of production overheads.

Net realisable valve represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(l) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(n) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(o) Income Taxes

Income taxes for the year comprise 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 or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantially 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 charged or credited directly to 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 excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(p) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are charged to the income statement as an expenses in the period in which they are incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(r) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, prepaid lease payments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

(s) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Unfunded Defined Benefits Scheme

The Group and the Company operate an unfunded defined benefits scheme in respect of key personnel.

The Group and the Company's obligations under the scheme are calculated using the Projected Unit Credit Method. The benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised as income and expense over the expected average remaining working lives of the participating employees when the cumulative actuarial gains or losses for the scheme exceeded 10% of the unfunded defined benefit obligation. Past service costs are recognised immediately to the extent that the benefits are already vested, or otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested. The Group and the Company's obligations under the scheme will be reviewed on a regular basis.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, if any.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(v) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(iii) Dividend Income

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

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2007	2006
	RM'000	RM'000
Unquoted shares, at cost	40,960	40,960

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2007	2006	
HeveaPac Sdn. Bhd.	100%	100%	Manufacturing and trading of ready-to-assemble furniture.
HeveaMart Sdn. Bhd.*	100%	100%	Trading of particleboards and other panel boards.
BocoWood Sdn. Bhd.*	100%	100%	Distribution and marketing of ready-to-assemble furniture.
Hevea OSB Sdn. Bhd.*	100%	100%	Dormant.

* Not audited by Messrs. Horwath

7. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2007	RECLASSI-FICATION	ADDITIONS	WRITTEN OFF*/ ADJUSTMENT#/ DISPOSAL	DEPRECIATION CHARGE	AT 31.12.2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
THE GROUP						
NET BOOK VALUE						
Freehold land	4,722	-	2,740	-		7,462
Buildings	49,481	1,325	5,149	(301)*	(1,276)	54,378
Plant, machinery and equipment	290,417	(1,325)	15,978	(730)#	(21,125)	283,215
Furniture and fittings	1,506	-	236	-	(214)	1,528
Motor vehicles	1,183	-	745	(40)	(579)	1,309
	347,309	-	24,848	(1071)	(23,194)	347,892

	AT COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
	RM'000	RM'000	RM'000
AT 31.12.2007			
Freehold land	7,462	-	7,462
Buildings	59,241	(4,863)	54,378
Plant, machinery and equipment	353,839	(70,624)	283,215
Furniture and fittings	2,570	(1,042)	1,528
Motor vehicles	5,033	(3,724)	1,309
	428,145	(80,253)	347,892
AT 31.12.2006			
Freehold land	4,722	-	4,722
Buildings	53,044	(3,563)	49,481
Plant, machinery and equipment	339,947	(49,530)	290,417
Furniture and fittings	2,334	(828)	1,506
Motor vehicles	4,353	(3,170)	1,183
	404,400	(57,091)	347,309