

Notes to the Financial Statements for the financial year ended 31 December 2007

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT 1.1.2007	ADDITIONS	ADJUSTMENT*/ DISPOSAL	DEPRECIATION CHARGE	AT 31.12.2007
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
THE COMPANY					
NET BOOK VALUE					
Freehold land	3,294	2,740	-	-	6,034
Buildings	23,860	3,052	-	(554)	26,358
Plant, machinery and equipment	268,717	5,999	(730)	(17,311)	256,675
Furniture and fittings	214	67	-	(38)	243
Motor vehicles	558	741	(40)*	(279)	980
	296,643	12,599	(770)	(18,182)	290,290

	AT COST	ACCUMULATE DEPRECIATION	TOTAL
	RM' 000	RM' 000	RM' 000
AT 31.12.2007			
Freehold land	6,034	-	6,034
Buildings	29,219	(2,861)	26,358
Plant, machinery and equipment	310,728	(54,053)	256,675
Furniture and fittings	578	(335)	243
Motor vehicles	2,809	(1,829)	980
	349,368	(59,078)	290,290
AT 31.12.2006			
Freehold land	3,294	-	3,294
Buildings	26,166	(2,306)	23,860
Plant, machinery and equipment	305,459	(36,742)	268,717
Furniture and fittings	512	(298)	214
Motor vehicles	2,132	(1,574)	558
	337,563	(40,920)	296,643

Notes to the Financial Statements for the financial year ended 31 December 2007

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The net book value of property, plant and equipment of the Group and of the Company which have been pledged as security to financial institutions for bank borrowings granted to the Group and the Company are as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Freehold land	7,462	4,722	6,034	3,294
Buildings	54,378	49,481	26,358	23,860
Property, plant and equipment	256,169	268,398	256,169	268,398
Furniture and fittings	137	85	137	85
	318,146	322,686	288,698	295,637

Included in the net book value of property, plant and equipment are the following plant and equipment acquired under hire purchase terms:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Plant and equipment	24,438	22,545	14,012	9,750
Motor vehicles	334	746	178	136
	24,772	23,291	14,190	9,886

8. PREPAID LEASE PAYMENTS

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Cost	11,590	11,590	4,061	4,061
Accumulated amortisation	(676)	(469)	(176)	(132)
Net book value	10,914	11,121	3,885	3,929
Accumulated amortisation:-				
At 1.1.2007/2006	469	261	132	88
Amortisation for the financial year	207	208	44	44
At 31.12.2007/2006	676	469	176	132
Analysed as :-				
Long leasehold land	4,606	4,649	3,885	3,929
Short leasehold land	6,308	6,472	-	-
	10,914	11,121	3,885	3,929

The leasehold land has been pledged as security to licensed financial institutions for bank borrowings granted to the Group and the Company.

Notes to the Financial Statements for the financial year ended 31 December 2007

9. OTHER INVESTMENT

	THE GROUP/THE COMPANY	
	2007	2006
	RM' 000	RM' 000
At cost:- Club memberships	15	15
At market value	14	12

No allowance is made for the diminution in value of the club memberships as the directors are of the opinion that they are held for long-term purposes and that the diminution is not permanent.

10. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2007	2006
	RM' 000	RM' 000
Goodwill on consolidation	2,946	2,946

During the financial year, the Group assessed the recoverable amount of the goodwill, and determined that the goodwill is not impaired.

(a) Key assumptions for value-in-use calculations

(i) Growth rate

The growth rates used ranged from 10% to 17% based on the planned capacity and forecasted demands.

(ii) Gross margin

The budgeted gross margins used ranged from 10% to 27% based on the estimated selling prices and the fixed and variable costs, adjusted for market conditions and economic conditions and internal resource efficiency.

(iii) Discount rate

The discount rates used is 6.75% which approximated the base lending rate and risk factor.

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
At Cost:-				
Raw materials	13,813	16,794	1,601	3,047
Work-in-progress	1,866	1,498	-	-
Finished goods	18,891	22,089	13,594	13,629
Spare parts and consumables	3,840	2,612	3,839	2,612
	38,410	42,993	19,034	19,288

None of the inventories is carried at net realisable value.

Notes to the Financial Statements for the financial year ended 31 December 2007

12. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Trade receivables	33,220	27,944	12,148	8,300
Allowance for doubtful debts:-				
At 1 January	(33)	(33)	-	-
Additions during the year	(11)	-	-	-
At 31 December	(44)	(33)	-	-
	33,176	27,911	12,148	8,300

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
US Dollar	23,552	18,001	9,450	6,106

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2007	2006
	RM' 000	RM' 000
Amount owing by subsidiaries		
- Trade	13,252	4,954
- Non-trade	122	3,811
	13,374	8,765
Amount owing to subsidiaries		
- Trade	(1,679)	(857)
- Non-trade	(4,767)	(6,411)
	(6,446)	(7,268)

The normal trade credit term is 90 days.

The non-trade amounts owing are unsecured, interest-free and not subject to fixed terms of repayment.

Notes to the Financial Statements for the financial year ended 31 December 2007

14. SHARE CAPITAL

	THE COMPANY			
	2007	2006	2007	2006
	NUMBER OF SHARES ('000)		RM' 000	RM' 000
AUTHORISED ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	500,000	500,000	500,000	500,000
ISSUED AND FULLY PAID-UP	80,000	80,000	80,000	80,000

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.

As at 31 December 2007, none of the 40,000,000 Warrants was exercised. Details of the Warrants as at 31 December 2007 are as follows:-

Exercise Period	Exercise Price	Number of Warrants
31 December 2006 to 31 December 2009	RM2	40,000,000

15. SHARE PREMIUM

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965.

16. RETAINED PROFITS

Subject to agreement with the tax authorities, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income to frank the payment of dividends out of its entire retained profits at the balance sheet date without incurring additional tax liabilities.

17. DIVIDENDS

	THE GROUP/THE COMPANY	
	2007	2006
	RM' 000	RM' 000
<i>Paid:-</i>		
Final dividend of RM0.05 (2006 - RM0.03) per ordinary share less 27% (2006 - 28%) tax	2,920	1,728
<i>Proposed:-</i>		
Final tax-exempt dividend of RM0.03 per ordinary share	2,400	-
Final dividend of RM0.05 per ordinary share less 27% tax	-	2,920

The directors propose a final tax-exempt dividend for financial year ended 31 December 2007 of RM0.03 per ordinary share (2006 - RM0.05 per ordinary share less 27% tax) amounting to RM2,400,000 (2006 - RM2,920,000). The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

Notes to the Financial Statements for the financial year ended 31 December 2007

18. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Hire purchase payables (Note 25)	13,139	6,857	7,242	5,835
Term loans (Note 26)	140,134	148,469	132,278	139,846
	153,273	155,326	139,520	145,681

19. PROVISION FOR RETIREMENT BENEFITS

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
At 1 January	779	631	521	427
Reclassified from accruals	24	-	-	-
Charge for the financial Year	167	148	108	94
At 31 December	970	779	629	521
The retirement benefit obligations are expected to be settled as follows:-				
Non-current				
- later than 2 years and not later than 5 years	327	285	327	285
- later than 5 years	643	494	302	236
	970	779	629	521

The amounts recognised in the income statements are as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Current service costs	89	81	58	50
Interest costs	26	18	22	15
Past service costs	855	680	549	456
	970	779	629	521

The Group and the Company established an unfunded defined benefit plan for key personnel during the financial year ended 31 December 2004. Under the scheme, eligible employees are entitled to retirement benefits of one month salary for every completed year of service, calculated from the date of probationary appointment until the date of resignation, termination, retrenchment, retirement, death or incapability of personnel.

Retirement benefits charged for the financial year have been included in administrative expenses. Of this amount, approximately RM64,000 (2006 – RM58,000) was in respect of retirement benefits for executive directors.

Notes to the Financial Statements for the financial year ended 31 December 2007

19. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

The principal actuarial assumptions used are as follows:

	THE GROUP/THE COMPANY	
	2007	2006
	%	%
Discount rate	5	5
Expected rate of salary increases	3 to 5	3 to 5

20. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
At 1 January	15,006	11,468	12,959	10,150
Recognised in income statement (Note 31)	(7,247)	3,538	(9,000)	2,809
At 31 December	7,759	15,006	3,959	12,959

The components of the deferred tax asset and liability are as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Deferred tax liability:				
- Accelerated capital allowances	38,774	16,328	34,919	14,192
Deferred tax assets:				
- Provision for retirement benefits	(224)	(192)	(169)	(146)
- Provision for compensation	-	(60)	-	(60)
- Unrealised foreign exchange loss	-	(31)	-	(31)
- Unutilised tax losses	(125)	-	(125)	-
- Unabsorbed capital allowances	(30,666)	(1,039)	(30,666)	(996)
	7,759	15,006	3,959	12,959

Notes to the Financial Statements for the financial year ended 31 December 2007

21. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company range from 30 to 90 days.

The foreign currency exposure profile of the trade payables is as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
US Dollar	2,255	2,245	437	142
Swiss Franc	51	-	51	-
Euro	12	800	12	800
	2,318	3,045	500	942

22. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group and of the Company is an amount owing to creditors of approximately RM15 million (2006 - RM15 million) for the supply, installation and commissioning of a plant for the production of particleboard.

The foreign currency exposure profile of the other payables and accruals is as follows:-

	THE GROUP/THE COMPANY	
	2007	2006
	RM' 000	RM' 000
US Dollar	434	356
Euro	690	8
	1,124	364

23. AMOUNT OWING TO RELATED PARTIES

The amounts owing are unsecured, interest-free and not subject to fixed terms of repayment.

The nature of the related party relationship and details of the transactions involved are disclosed in Note 36 to the financial statements.

Notes to the Financial Statements for the financial year ended 31 December 2007

24. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Bankers' acceptances	35,307	28,512	33,078	17,146
Export credit refinancing	5,127	5,065	-	-
Hire purchase payables (Note 25)	5,934	4,357	2,515	1,619
Term loans (Note 26)	15,509	24,456	14,660	23,472
	61,877	62,390	50,253	42,237

The weighted average interest rates at the balance sheet date for the short-term borrowings were as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	%	%	%	%
Bankers' acceptances	5.06	4.30	5.05	3.82
Export credit refinancing	4.50	4.50	-	-
Term loans	6.43	5.77	6.51	5.78

The bankers' acceptances, export credit refinancing and term loans are secured by way of:-

- (i) fixed charges over certain property, plant and equipment of the Group and of the Company;
- (ii) fixed charges over certain properties of a substantial corporate shareholder; and
- (iii) corporate guarantee from the Company.

25. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Future minimum hire purchase payments:				
- not later than one year	6,953	5,101	3,118	2,095
- later than one year and not later than five years	14,362	7,718	7,658	6,563
- later than five year	334	-	334	-
	21,649	12,819	11,110	8,658
Future finance charges	(2,576)	(1,605)	(1,353)	(1,204)
Present value of hire purchase payables	19,073	11,214	9,757	7,454

Notes to the Financial Statements for the financial year ended 31 December 2007

25. HIRE PURCHASE PAYABLES (CONT'D)

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Current:				
- not later than one year (Note 24)	5,934	4,357	2,515	1,619
Non-current (Note 18):				
- later than one year and not later than five years	12,812	6,857	6,915	5,835
- later than five years	327	-	327	-
	13,139	6,857	7,242	5,835
	19,073	11,214	9,757	7,454

The effective interest rates per annum at the balance sheet date were as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	%	%	%	%
Hire purchase payables	5.4 to 10.7	5.4 to 10.7	5.4 to 10.7	5.5 to 8.7

The Group has hire purchase contracts for certain plant and equipment as disclosed in Note 7 to the financial statements. There are no restrictions imposed on the Group by the hire purchase arrangements and the Group has not entered into any arrangements for contingent rent payments.

26. TERM LOANS

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Current portion:				
- repayable within one year (Note 24)	15,509	24,456	14,660	23,472
Non-current portion (Note 18):				
- repayable between one and two years	38,056	32,915	37,099	31,995
- repayable between two and five years	98,347	87,925	95,179	84,682
- repayable after five years	3,731	27,629	-	23,169
	140,134	148,469	132,278	139,846
	155,643	172,925	146,938	163,318

The term loans of the Group and of the Company were secured in the same manner as the short-term borrowings as disclosed in Note 24 to the financial statements.

Notes to the Financial Statements for the financial year ended 31 December 2007

26. TERM LOANS (CONT'D)

Details of the repayment terms are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENT	MONTHLY INSTALMENT AMOUNTS RM' 000	COMMENCEMENT DATE OF REPAYMENT	AMOUNT OUTSTANDING			
				THE GROUP		THE COMPANY	
				2007 RM' 000	2006 RM' 000	2007 RM' 000	2006 RM' 000
1	180	22 to 26	26 October 2004	2,560	2,688	-	-
2	120	58	1 March 2005	3,751	4,140	-	-
3	36	36	18 August 2008	19,986	19,986	19,986	19,986
4	28 (quarterly)	4,345 (quarterly)	1 May 2007	117,391	129,745	117,391	129,745
5	8 (quarterly)	1,592 (quarterly)	1 January 2007	9,561	13,587	9,561	13,587
6	84	27 to 29	29 December 2006	1,729	1,979	-	-
7	60	16	26 January 2007	665	800	-	-
				155,643	172,925	146,938	163,318

Term loans 4 and 5 are denominated in US Dollar.

Kreditanstalt für Wiederaufbau ("KfW"), the principal banker financing the Second Particleboard Plant had consented to reschedule the repayment of the two term loans facilities under KfW amounting to approximately RM127 million at 31 December 2007. The initial term of the term loans, namely term loan 4 and term loan 5, are repayable on a quarterly basis with principal sums of RM4.35 million and RM1.59 million payable per quarter respectively. KfW vide its letter dated 17 October 2007 confirmed the new repayment terms, whereby term loan 4 is repayable in 1 installment for the financial year ended 31 December 2007 and 2 installments in financial year ending 31 December 2008, and term loan 5 is repayable in 2 installments for the financial year ended 31 December 2007 and 2 installments for the financial year ending 31 December 2008. Thereafter both term loans will resume repayment on a quarterly basis according to the Loan Agreement dated 6 July 2005.

27. BANK OVERDRAFTS

The bank overdrafts of the Group and of the Company bear effective interest at between 7.92% and 7.91% (2006 - 7.78% and 7.88%) per annum and are secured in the same manner as the short-term borrowings as disclosed in Note 24 to the financial statements.

28. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value at the balance sheet date of RM129,888,000 (2006 - RM125,991,000) divided by the number of ordinary shares in issue at the balance sheet date of 80,000,000 (2006 - 80,000,000) ordinary shares.

29. REVENUE

Revenue of the Group and of the Company represents the invoiced value of the goods sold less returns and trade discounts.

Notes to the Financial Statements for the financial year ended 31 December 2007

30. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for doubtful debts	11	9	-	-
Amortisation of prepaid lease payments	207	208	44	44
Audit fee				
- for the financial year	57	59	23	23
- overprovision in the previous financial year	-	(2)	-	-
Bad debts written off	15	1,066	-	-
Building written off	301	-	-	-
Depreciation of property, plant and equipment	23,194	10,101	18,182	5,746
Directors' fees	227	190	227	190
Directors' non-fee emoluments	917	789	917	789
Interest expense:				
- bankers' acceptances	2,035	1,156	1,560	813
- hire purchase	1,112	546	674	106
- overdrafts	664	458	604	388
- term loans	9,782	1,949	9,128	1,525
- export credit refinancing	136	158	-	-
Inventories written off	661	-	-	-
Provision for claims	-	214	-	214
Provision for retirement benefits				
- directors	64	58	64	58
- others	103	90	44	36
Realised loss on foreign exchange	154	-	625	156
Rental of equipment	250	5	235	5
Rental of premises	257	262	238	47
Staff costs	30,617	22,302	10,971	5,934
Dividend income	-	-	-	(1,490)
Insurance compensation	(961)	-	-	-
Loss/(Gain) on disposal of equipment	5	(147)	5	(141)
Gain on foreign Exchange				
- realized	-	(154)	-	-
- unrealized	(8,541)	(6,473)	(8,541)	(6,473)
Interest income	(62)	(36)	(28)	(22)

The benefits-in-kind received by the directors of the Group and of the Company was RM59,000 (2006 - RM53,000).

Notes to the Financial Statements for the financial year ended 31 December 2007

31. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Current tax expense				
- for the financial year	647	301	7	168
- over provision in the previous financial year	(82)	(2,214)	-	(1,812)
	565	(1,913)	7	(1,644)
Deferred tax expense				
- relating to origination and reversal of temporary differences	(3,671)	3,538	(4,760)	2,809
- overprovision in the previous financial year	(3,576)	-	(4,240)	-
	(7,247)	3,538	(9,000)	2,809
	(6,682)	1,625	(8,993)	1,165

A reconciliation of the income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to the income tax expense at the effective tax rates of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Profit/(loss) before taxation	135	9,381	(5,899)	10,147
Tax at the statutory tax rate of 27% (2006 - 28%)	36	2,627	(1,593)	2,841
Tax effects of:				
Non-deductible expenses	1,062	2,049	379	1,197
Non-taxable income	(3,811)	(1,566)	(3,539)	(1,922)
Difference in tax rates	(61)	-	-	-
Deferred tax assets not recognised	9	861	-	861
Utilisation of reinvestment allowance	(259)	(126)	-	-
Overprovision in previous financial years				
- current taxation	(82)	(2,214)	-	(1,812)
- deferred taxation	(3,576)	-	(4,240)	-
Others	-	(6)	-	-
	(6,682)	1,625	(8,993)	1,165

Notes to the Financial Statements for the financial year ended 31 December 2007

31. INCOME TAX EXPENSE (CONT'D)

Subject to agreement with the tax authorities, the Group has unabsorbed capital allowances, unabsorbed reinvestment allowances and unabsorbed investment tax allowances available at the balance sheet date to be carried forward for offset against future taxable business income as follows:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Unutilised tax losses	464	-	464	-
Unabsorbed capital allowances	113,563	3,713	113,563	3,559
Unabsorbed reinvestment allowances	2,654	3,372	-	-
Unabsorbed investment tax allowances	233,205	251,503	233,205	251,503
Unabsorbed allowance for exports increase	39,934	39,934	-	-
	389,820	298,522	347,232	255,062

32. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit after taxation of RM6,817,000 (2006 - RM7,756,000) by the number of ordinary shares in issue during the financial year of 80,000,000 (2006 - 80,000,000).

The diluted earnings per share is not applicable as the effect of potential ordinary shares from the warrants conversion is anti-dilutive.

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Cost of property, plant and equipment purchased	24,848	134,937	12,599	128,264
Amount financed through hire purchase	(13,982)	(9,481)	(4,450)	(7,845)
Cash disbursed for the purchase of property, plant and equipment	10,866	125,456	8,149	120,419

34. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Cash and bank balances	1,937	1,992	56	33
Bank overdrafts	(12,129)	(9,082)	(10,010)	(6,939)
	(10,192)	(7,090)	(9,954)	(6,906)

Notes to the Financial Statements for the financial year ended 31 December 2007

35. CONTINGENT LIABILITY - UNSECURED

	THE GROUP/THE COMPANY	
	2007	2006
	RM' 000	RM' 000
Corporate guarantees given to financial institutions for banking facilities granted to subsidiaries	34,290	14,624

36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

- (i) the Company has controlling related party relationship with its subsidiaries as disclosed in Note 6 to the financial statements;
- (ii) the directors who are the key management personnel;
- (iii) entity controlled by certain key management personnel, directors and/or substantial shareholders.

(b) The Group and the Company carried out the following transactions with related parties during the financial year:

(i) Subsidiaries

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Dividend received from:				
- HeveaPac Sdn Bhd	-	-	-	1,490
Sales to:				
- HeveaPac Sdn Bhd	-	-	36,070	13,807
- HeveaMart Sdn Bhd	-	-	3,365	4,110
Amount owing by/(to):				
- HeveaPac Sdn Bhd	-	-	13,374	8,765
- HeveaMart Sdn Bhd	-	-	(1,711)	(2,530)
- HeveaOSB Sdn Bhd	-	-	(4,735)	(4,738)

(ii) Key management personnel

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Short-term employee benefits payable to directors (Note 38)	1,144	979	1,144	979

Notes to the Financial Statements for the financial year ended 31 December 2007

36. RELATED PARTY DISCLOSURES (CONT'D)

(iii) Entity controlled by key management personnel, directors and/or substantial shareholders

	NOTE	THE GROUP		THE COMPANY	
		2007 RM' 000	2006 RM' 000	2007 RM' 000	2006 RM' 000
Construction cost of property charged by:					
- Fizwah Pembinaan Sdn. Bhd.		2,909	11,556	2,909	10,774
- Firlama Holdings Sdn Bhd		237	-	237	-
Purchase of equipment from:					
- Firlama Engineering Sdn Bhd		64	153	64	153
Amount owing to					
HeveaWood Industries Sdn Bhd	(a)	5,493	3,203	4,982	3,203
NuBoard-Mah Fah JV Sdn Bhd	(b)	3,212	2,991	2,988	2,991
Fizwah Pembinaan Sdn Bhd	(c)	1,765	524	1,765	524
Firlama Engineering Sdn Bhd		64	-	64	-
Firlama Holdings Sdn Bhd	(d)	40	119	40	189
Sanur Sdn Bhd	(e)	-	45	-	45

(a) HeveaWood Industries Sdn. Bhd. is a substantial shareholder of the Company. Certain directors of HeveaWood Industries Sdn. Bhd. namely Yoong Tein Seng @ Yong Kian Seng, Y. Bhg. Dato' Loo Swee Chew, and Yoong Hau Chun are also directors of the Company and the amount owing is mainly due to dividend payable.

(b) NuBoard-Mah Fah JV Sdn. Bhd. is a subsidiary of HeveaWood Industries Sdn. Bhd. A director of NuBoard-Mah Fah JV Sdn. Bhd. namely Yoong Tein Seng @ Yong Kian Seng is also a director of the Company and the amount owing is due to the outstanding purchase consideration of the short leasehold land.

(c) Wan Hassan Bin Wan Abdul Rahman, who was also a substantial shareholder of the Company, is also a substantial shareholder and director of Fizwah Pembinaan Sdn. Bhd. In addition, Yoong Tein Seng @ Yong Kian Seng, a substantial shareholder and director of the Company is also deemed interested in Fizwah Pembinaan Sdn. Bhd. by virtue of his relationship with his brother-in-law, who is a substantial shareholder and director of Fizwah Pembinaan Sdn. Bhd. The amount owing is due to the construction cost of the property.

(d) Firlama Holdings Sdn.Bhd. is a substantial shareholder of the Company. A director of Firlama Holdings Sdn.Bhd. namely Yoong Tein Seng @ Yong Kian Seng is also a director of the Company and the amount owing is mainly due to dividend payable.

(e) Sanur Sdn. Bhd. is a substantial shareholder of the Company and the directors of Sanur Sdn. Bhd. are sons of a director of the Company, namely Tan Sri Dato' Seri Mohamed Bin Rahmat and the amount owing is mainly due to dividend payable.

Notes to the Financial Statements for the financial year ended 31 December 2007

37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 17 March 2007, a fire occurred at the factory of a subsidiary, HeveaPac Sdn. Bhd. which damaged the building and certain finished goods which were estimated at approximately RM963,000. The subsidiary received an amount of RM961,000 as compensation from the insurance company on 25 June 2007.

38. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the Directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP/THE COMPANY	
	2007	2006
	RM' 000	RM' 000
Directors of the Company:-		
Executive directors:-		
- salaries, bonus and EPF	917	789
Non-Executive directors:-		
- fees	227	190
	1,144	979
Retirement benefits for executive directors	64	58

The details of director's emoluments received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP/THE COMPANY	
	2007	2006
	RM' 000	RM' 000
Executive directors		
RM250,001 - RM300,000	1	1
RM550,001 – RM600,000	1	1
	2	2
Non-Executive directors:-		
Below RM50,000	4	3
RM50,001 - RM100,000	1	1
	7	6

39. CAPITAL COMMITMENT

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000
Plant and equipment:				
- Approved but not contracted for	3,000	2,130	-	-
- Approved and contracted for	-	9,869	-	-
	3,000	11,999	-	-

Notes to the Financial Statements for the financial year ended 31 December 2007

40. SEGMENTAL INFORMATION

	MANUFACTURING		TRADING		OTHERS		ELIMINATIONS		GROUP	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue										
Total revenue	293,227	170,595	27,409	27,692	-	-	(58,398)	(35,162)	262,238	163,125
Results:										
Segment results	12,927	14,854	894	317	(3)	(5)	46	(1,518)	13,864	13,648
Finance costs									(13,729)	(4,267)
Profit before taxation									135	9,381
Taxation									6,682	(1,625)
Profit after taxation									6,817	7,756
Other information										
Segment assets #	488,277	481,105	8,701	9,709	6,164	6,167	(60,908)	(57,661)	442,234	439,320
Unallocated corporate assets									944	2,675
									443,178	441,995
Segment liabilities *	149,256	129,346	4,939	6,552	22	21	(23,419)	(19,066)	130,798	116,853
Unallocated corporate liabilities									182,492	199,151
									313,290	316,004
Capital expenditure	24,841	134,743	7	177	-	17	-	-	24,848	134,937
Depreciation and amortisation	23,360	10,271	41	38	-	-	-	-	23,401	10,309

The Group operates wholly in Malaysia.

- Segment assets comprise total current and non-current assets, less tax refundable.

* - Segment liabilities comprise total current and non-current liabilities, less bank borrowings and tax payable.

Notes to the Financial Statements for the financial year ended 31 December 2007

41. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the balance sheet date are as follows:-

	THE GROUP/THE COMPANY	
	2007	2006
	RM' 000	RM' 000
United States Dollar	3.31	3.53
Euro	4.88	4.65

42. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

(a) Hire Purchase Payables/Long-Term Loan

The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

(b) Bank Balances and Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

(c) Contingent Liabilities

The nominal amount and net fair value of the financial instruments not recognised in the balance sheet of the Company are as follows:

	NOTE	THE COMPANY	
		Nominal Amount	Net Fair Value
		RM' 000	RM' 000
At 31 December 2007			
Corporate guarantees	35	34,290	*

	NOTE	THE COMPANY	
		Nominal Amount	Net Fair Value
		RM' 000	RM' 000
At 31 December 2006			
Corporate guarantees	35	14,624	*

* The net fair value of the contingent liabilities is estimated to be minimal as the subsidiaries are expected to fulfill their obligations to repay their borrowings.

43. CORPORATE PROPOSAL

The corporate proposals during the financial year are as follows:-

(a) Proposed Exemption

On 30 October 2007, OSK Investment Bank Berhad (formerly known as OSK Securities Berhad) announced on behalf the Company, that the Securities Commission ("SC") had via its letter dated 29 October 2007 approved the proposed exemption to HeveaWood Industries Sdn Bhd ("HW") and parties acting-in-concert ("PAC") from the obligation to undertake a mandatory offer for the remaining ordinary shares of the Company not already owned by HW and PAC upon the exercise of warrants owned by HW and PAC ("Proposed Exemption"), subject to the compliance with certain terms and conditions. Pursuant to the approval by the SC, no take-over offer would arise on full exercise of the warrants by HW and PAC for the period up to 31 December 2009, being the expiry date of the warrants

Based on the above Proposed Exemption, the Company had expected to raise additional capital funds through the conversion of warrants. However, in view of the prevailing market sentiments, HW and PAC have yet to decide on the date for the conversion of the 23,108,900 warrants held by HW and PAC at the balance sheet date.

(b) Proposed Private Placement

The Company had applied to the SC to undertake a proposed private placement of 8,000,000 new ordinary shares of RM1.00 each for up to 10% of the Company's issued and paid-up share capital. The application of the proposed private placement was approved by the SC on 14 February 2008. The Ministry of International Trade and Industry ("MITI") had vide its letter dated 3 March 2008 approved the proposed private placement subject to terms and conditions imposed by the SC in their letter dated 14 February 2008. The Company is currently in the process of negotiating with a few potential placees to take up the private placement shares.

List of Properties

Registered Owner	Location	Description/ existing use	Tenure of Land	Land Area	Audited Net Book Value as at 31st December 2007
HeveaBoard	Lot 1941 & 1942, Batu Tiga, Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Factory, Office and Warehouse	Freehold	47,255 sq. m	11,938
	Lot 4577/8, Batu Tiga, Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Factory and Warehouse	Leasehold (Expires on 13-8-2095)	81,824 sq. m	21,486
	Lot 4184, 4185 & 4186 Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Storage Yard for logs and wood slabs	Freehold	33,194 sq. m	2,853
	PT 2584/2585/2586/2587 Mukim of Gemas daerah Tampin Negeri Sembilan Darul Khusus	Staff Quarters (Expires on 21-2-2090)	Leasehold	1,104 sq. m	262
Hevea OSB	Lot 1943, Batu Tiga Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Vacant Land	Freehold	20,283 sq.m	1,429
HeveaPac	PT 414, Kawasan Perindustrian Sg. Gadut, KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan	Factory Buildings and Office Blocks	Leasehold (Expires on 22-1-2047)	39,659 sq. m	12,895
	PT 406, Kawasan Perindustrian Sg. Gadut, KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Factory Buildings and Office Blocks	Leasehold (Expires on 24-3-2046)	40,468 sq. m	16,640
	PT 403, Kawasan Perindustrian Sg. Gadut, KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Warehouse Hostel	Leasehold (Expires on 21-3-2045)	21,044sq.m	4,147

Analysis of Shareholdings

- A. Authorised Share Capital : RM500,000,000.00
 Issued and fully paid up Capital : RM80,000,000.00
 Class of Shares : Ordinary shares of RM1.00 each
 Voting Rights : Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held

B. DISTRIBUTION OF SHAREHOLDINGS AS AT 23 APRIL 2008

Size of Shareholdings	No. of Holders	%	No of Shares	%
Less than 100	1	0.09	50	0.00
100 - 1,000	684	61.96	210,600	0.26
1,001 - 10,000	273	24.73	1,190,250	1.49
10,001 - 100,000	91	8.24	2,892,200	3.62
100,001 - 3,999,999 (less than 5% of issued shares)	51	4.62	38,019,900	47.52
4,000,000 (5% of issued shares) and above	4	0.36	37,687,000	47.11
Total	1,104	100.00	80,000,000	100.00

C. Substantial Shareholders as at 23 APRIL 2008

Name	Direct No. of Shares	%	Indirect No. of Shares	%	
1. HeveaWood Industries Sdn Bhd	27,075,000	33.84	2,729,500	3.41	@
2. Sanur Sdn Bhd	7,068,000	8.84	-	-	
3. Fیرama Holdings Sdn Bhd	4,979,000	6.22	29,804,500	37.26	*
4. Liang Chong Wai	188,600	0.24	29,804,500	37.26	*
5. Yoong Tein Seng @ Yong Kian Seng	150,000	0.19	34,989,500	43.74	***
6. Yoong Hau Chun	150,000	0.19	34,989,500	43.74	#
7. Dato' Seri Yong Tu Sang	150,000	0.19	29,804,500	37.26	@@
8. Dato' Loo Swee Chew	150,000	0.19	29,804,500	37.26	*
9. Nur Jazman bin Mohamed	50,000	0.06	7,068,000	8.84	##
10. Tenson Holdings Sdn Bhd	-	-	34,783,500	43.48	**
11. Mah Fah Victor Group Sdn Bhd	-	-	34,783,500	43.48	~
12. Sung Lee Timber Trading Sdn Bhd	-	-	29,804,500	37.26	*
13. Datuk Nur Jazlan bin Mohamed	-	-	7,118,000	8.90	###
14. Nur Jasni bin Mohamed	-	-	7,118,000	8.90	###

@ Deemed interested by virtue of HeveaWood Industries Sdn Bhd being entitled to control the exercise of 100 percent of the votes attached to the voting shares in Gemas Ria Sdn Bhd.

@@ Deemed interested by virtue of Section 6A of the Companies Act, 1965 ("the Act") (shareholdings held through Sung Lee Timber Trading Sdn Bhd, a substantial shareholder of HeveaWood Industries Sdn Bhd) 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.

* Deemed interested by virtue of its/his substantial shareholdings in HeveaWood Industries Sdn Bhd pursuant to Section 6A of the Act 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.

** Deemed interested by virtue of its substantial shareholdings in HeveaWood Industries Sdn Bhd and Fیرama Holdings Sdn Bhd pursuant to Section 6A the Act 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.

Analysis of Shareholdings

- *** Deemed interested by virtue of Section 6A of 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 and Yoong Li Yen, his daughter 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.
- # Deemed interested by virtue of his relationship with Yoong Tein Seng @ Yong Kian Seng, his father 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.
- ## Deemed interested by virtue of his shareholdings in Sanur Sdn Bhd pursuant to Section 6A of the Act.
- ### Deemed interested by virtue of his shareholdings in Sanur Sdn Bhd pursuant to Section 6A of the Act and by virtue of his relationship with Nur Jazman bin Mohamed, his brother.
- ~ Deemed interested by virtue of its substantial shareholdings in Firama Holdings Sdn Bhd 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.

D. DIRECTORS' SHAREHOLDINGS AS AT 23 APRIL 2008

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Tan Sri Dato' Seri Mohamed bin Rahmat	950,000	1.19	7,118,000 ⁽¹⁾	8.90
2. Yoong Tein Seng @ Yong Kian Seng	150,000	0.19	35,016,000 ⁽²⁾	43.77
3. Yoong Hau Chun	150,000	0.19	34,999,500 ⁽³⁾	43.75
4. Dato' Loo Swee Chew	150,000	0.19	29,956,100 ⁽⁴⁾	37.45
5. Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	-	-	63,000 ⁽⁵⁾	0.08
6. Lim Kah Poon	50,000	0.06	21,000 ⁽⁶⁾	0.03
7. Bailey Policarpio	25,000	0.03	56,000 ⁽⁷⁾	0.07

- (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 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 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.
- (4) 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.
- (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.

Analysis of Shareholdings

E. List of THIRTY (30) Largest Shareholders as at 23 APRIL 2008

Name	No. of Shares Held	%
1. HeveaWood Industries Sdn Bhd	18,075,000	22.59
2. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for HeveaWood Industries Sdn Bhd (Banking)	9,000,000	11.25
3. OSK Nominees (Tempatan) Sdn Berhad - OSK Capital Sdn Bhd for Sanur Sdn Bhd	5,633,000	7.04
4. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Firama Holdings Sdn Bhd	4,979,000	6.22
5. Timeless Image Sdn Bhd	3,900,000	4.88
6. TCL Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Kiew @ Yap Chin Fook	3,028,500	3.79
7. HSBC Nominees (Asing) Sdn Bhd - Exempt an for Morgan Stanley & Co. Incorporated	2,874,800	3.59
8. EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Gemas Ria Sdn Bhd (SFC)	1,984,600	2.48
9. Syed Mohd Yusof Bin Tun Syed Nasir	1,600,000	2.00
10. HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Wan Abdul Rahman (M02)	1,485,400	1.86
11. Sanur Sdn Bhd	1,435,000	1.79
12. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mak Sze Ling	1,375,500	1.72
13. Yee Kong Yin	1,296,900	1.62
14. Liau Choon Hwa & Sons Sdn Bhd	1,220,000	1.53
15. Ah Kayu Moy @ Lee Kay Moy	1,000,000	1.25
16. CIMB Group Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for A.A. Anthony Securities Sdn Bhd	1,000,000	1.25
17. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Fizwah Pembinaan Sdn Bhd (40-00094-000)	1,000,000	1.25
18. Multi-Purpose Insurans Bhd	1,000,000	1.25
19. Syed Mohd Yusof Bin Tun Syed Nasir	1,000,000	1.25
20. OSK Nominees (Tempatan) Sdn Berhad - OSK Capital Sdn Bhd for Mohamed Bin Rahmat	950,000	1.19
21. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Makeson Enterprise Sdn Bhd	900,200	1.13
22. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Wan Abdul Rahman (MGN-WHW0003M)	899,100	1.12
23. Lancar Indah Sdn Bhd	882,000	1.10
24. Gemas Ria Sdn Bhd	744,900	0.93
25. Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Islamic Opportunities Fund	726,900	0.91
26. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Liau Thai Min (40-00088-000)	720,000	0.90
27. Peh Ju Chai	648,000	0.81
28. Y.A.M. Tunku Imran Ibni Tuanku Ja'afar	580,000	0.73
29. BIMB Musyarakah Satu Sdn Bhd	500,000	0.63
30. Yen Woon @ Low Sau Chee	500,000	0.63
	70,938,800	88.67

Analysis of Warrantholdings

A. DISTRIBUTION OF WARRANTHOLDINGS AS AT 23 APRIL 2008

Size of Warrantholdings	No. of Holders	%	No of Warrants	%
Less than 100	23	7.32	1,150	0.00
100 - 1,000	128	40.76	84,800	0.21
1,001 - 10,000	90	28.66	400,500	1.00
10,001 - 100,000	48	15.30	1,594,494	3.99
100,001 - 1,999,999 (less than 5% of issued warrants)	18	5.73	7,438,256	18.60
2,000,000 (5% of issued warrants) and above	7	2.23	30,480,800	76.20
Total	314	100.00	40,000,000	100.00

B. LIST OF THIRTY (30) LARGEST WARRANTHOLDERS AS AT 23 APRIL 2008

Name	No. of Warrants Held	%
1. HeveaWood Industries Sdn Bhd	13,537,500	33.84
2. Liang Chong Wai	3,858,900	9.65
3. Firama Engineering Bhd	3,150,000	7.88
4. TCL Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Kiew @ Yap Chin Fook	2,957,200	7.39
5. Mak Sze Ling	2,915,900	7.29
6. KPF Equities Holdings Sdn Bhd	2,036,300	5.09
7. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Firama Holdings Sdn Bhd	2,025,000	5.06
8. OSK Nominees (Tempatan) Sdn Berhad - OSK Capital Sdn Bhd for Sanur Sdn Bhd	1,677,500	4.19
9. HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Kiew @ Yap Chin Fook (M07)	813,500	2.03
10. Liau Choon Hwa & Sons Sdn Bhd	625,000	1.56
11. Y.A.M. Tunku Imran Ibni Tuanku Ja'afar	540,000	1.35
12. Ah Kayu Moy @ Lee Kay Moy	500,000	1.25
13. Mak Sze Ling	500,000	1.25
14. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Wan Abdul Rahman (MGN-WHW0003M)	411,000	1.03
15. Yap Kiew @ Yap Chin Fook	379,300	0.95
16. Fizwah Pembinaan Sdn Bhd	355,000	0.89
17. Liau Thai Min	340,150	0.85
18. Yap Kiew @ Yap Chin Fook	263,300	0.66
19. Keoy Hun Eng	215,000	0.54
20. HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Wan Abdul Rahman (M02)	173,500	0.43
21. Wan Mahyumi Binti Wan Mohd Fizi	150,006	0.38
22. Wan Hassan Bin Wan Abdul Rahman	150,000	0.38
23. Mak Meow Hoo	130,000	0.33
24. Mak Chee Weng	110,000	0.28

Analysis of Warrantholdings

B. LIST OF THIRTY (30) LARGEST WARRANTHOLDERS AS AT 23 APRIL 2008 (Cont'D)

Name	No. of Warrants Held	%
25. Raden Corporation Sdn Bhd	105,000	0.26
26. Ng Wen Li	99,000	0.25
27. Yee Kong Yin	82,300	0.21
28. EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Yong Kian Seng @ Yoong Tein Seng (SMB-SFC)	75,000	0.19
29. EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Loo Swee Chew (SMB-SFC)	75,000	0.19
30. EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Yong Tu Sang (SMB-SFC)	75,000	0.19
	38,325,356	95.81

C. DIRECTORS' WARRANTHOLDINGS AS AT 23 APRIL 2008

Name	Direct No. of Warrants	%	Indirect No. of Warrants	%
1. Tan Sri Dato' Seri Mohamed bin Rahmat	-	-	1,702,500 ⁽¹⁾	4.26
2. Yoong Tein Seng @ Yong Kian Seng	75,000	0.19	19,025,000 ⁽²⁾	47.56
3. Yoong Hau Chun	75,000	0.19	19,012,500 ⁽³⁾	47.53
4. Dato' Loo Swee Chew	75,000	0.19	13,644,300 ⁽⁴⁾	34.11
5. Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	-	-	12,500 ⁽⁵⁾	0.03
6. Lim Kah Poon	25,000	0.06	-	-
7. Bailey Policarpio	20,000	0.05	25,000 ⁽⁶⁾	0.06

- (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 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 relationship with Yoong Tein Seng @ Yong Kian Seng, his father 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.
- (4) 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.
- (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 Yoong Li Yen, his spouse.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth (14th) Annual General Meeting of **HeveaBoard Berhad** will be held at Hotel Equatorial, Anggerik Room, 4th Floor, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 18 June 2008 at 10.00 a.m., for the purpose of considering the following businesses:

AGENDA

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon.
2. To declare a final tax-exempt dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2007. Ordinary Resolution 1
3. To approve the payment of Directors' fees of RM227,473.00 for the financial year ended 31 December 2007. Ordinary Resolution 2
4. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association, and being eligible, offering themselves for re-election:
 - (i) Yoong Tein Seng @ Yong Kian Seng, retiring pursuant to Article 123 of the Articles of Association Ordinary Resolution 3
 - (ii) Dato' Loo Swee Chew, retiring pursuant to Article 123 of the Articles of Association Ordinary Resolution 4
5. To re-appoint the following Directors who, being over the age of seventy (70) years, are retiring pursuant to Section 129 (6) of the Companies Act, 1965, and being eligible, offering themselves for re-appointment:
 - (i) Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak Ordinary Resolution 5
 - (ii) Tan Sri Dato' Seri Mohamed bin Rahmat Ordinary Resolution 6
6. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 7

Special Business

To consider and if thought fit, pass the following resolution:

7. Ordinary Resolution
Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965
"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed 10% of the issued capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued, subject to the Companies Act, 1965, the Articles of Association of the Company and approval from the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary." Ordinary Resolution 8

Notice of Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Fourteenth (14th) Annual General Meeting of the Company, a final tax-exempt dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2007 will be paid on 11 July 2008 to Depositors whose names appear in the Record of Depositors on 30 June 2008.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2008 in respect of transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)
LEE WAI KIM (MAICSA 7036446)
Company Secretaries

Kuala Lumpur
22 May 2008

Notes:

1. *Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*
2. *The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
3. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at C15-1 Level 15 Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Wilayah Persekutuan at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
4. *Explanatory Note on Special Business*
 - (i) *Authority to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965*

The proposed Ordinary Resolution 8, if passed, will give flexibility to the Directors of the Company to issue shares and allot upto a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election or re-appointment are set out in the Profile of Directors appearing on pages 4 to 6 of the Annual Report.

Number Of Shares Held

PROXY FORM

HeveaBoard Berhad (275512-A)
(Incorporated in Malaysia)

I/We _____
(full name in block letters)

of (full address) _____

_____ being a member of **HeveaBoard Berhad**, hereby appoint
(full name) _____

of (full address) _____

or failing him/her, (full name) _____

of (full address) _____

or failing which, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fourteenth (14th) Annual General Meeting of the Company to be held at Hotel Equatorial, Anggerik Room, 4th Floor, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 18 June 2008 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Ordinary Resolutions	For	Against
1. Declaration of a final tax-exempt dividend of 3 sen per ordinary share		
2. Approval of Directors' Fees		
3. Re-election of Mr Yoong Tein Seng @ Yong Kian Seng as Director		
4. Re-election of Dato' Loo Swee Chew as Director		
5. Re-appointment of Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak as Director		
6. Re-appointment of Tan Sri Dato' Seri Mohamed bin Rahmat as Director		
7. Re-appointment of Messrs Horwath as Auditors		
8. Special Business Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965		

* if you wish to appoint any person other than the Chairman of the Meeting to be your proxy, kindly delete the words "the Chairman of the Meeting" and insert the name of the person desired.

(Please indicate with a cross (X) in the space provided, how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Signed this _____ day of _____ 2008

Signature/Common Seal of Shareholder

Notes:

- Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at C15-1 Level 15 Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Wilayah Persekutuan at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

HeveaBoard Berhad (275512-A)

C15-1 Level 15 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

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