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Factory

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Laporan Tahunan 2004 Annual Report

HeveaBoard

HeveaBoard Berhad

(275512-A)
(Incorporated in Malaysia)



HeveaBoard Berhad (275512-A)

LAPORAN TAHUNAN **2004** ANNUAL REPORT



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CERTIFIED TO MS ISO 9001 : 2000
REGISTRATION NO. AR2045

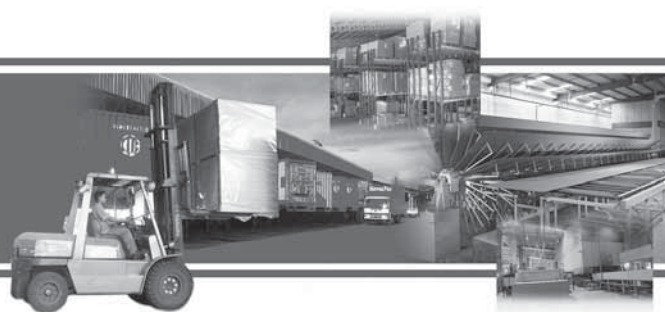


074



ID no. WP.MY 03 01

1st JIS Certified Particleboard Manufacturer In Malaysia



NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of **HeveaBoard Berhad** will be held at The Royal Adelphi, Lenggeng Room, Jalan Dato' A. S. Dawood, 70100 Seremban, Negeri Sembilan Darul Khusus on Wednesday, 11 May 2005 at 10.00 a.m., for the purpose of considering the following businesses:

AGENDA

Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2004 together with the Reports of the Directors and the Auditors thereon.
Ordinary Resolution 1
2. To approve the payment of Directors' fees of RM105,000 for the financial year ended 31 December 2004.
Ordinary Resolution 2
3. To re-elect the following Directors who are retiring by rotation pursuant to Article 124 of the Company's Articles of Association, and being eligible, offering themselves for re-election:
 - (i) Yoong Tein Seng @ Yong Kian Seng
Ordinary Resolution 3
 - (ii) Yoong Hau Chun
Ordinary Resolution 4
4. To re-elect Lim Kah Poon who is retiring pursuant to Article 129 of the Company's Articles of Association, and being eligible, offering himself for re-election.
Ordinary Resolution 5
5. To re-appoint Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak, the Director who, being over the age of seventy (70) years, is retiring pursuant to Section 129 of the Companies Act, 1965, and being eligible, offering himself for re-appointment.
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 shares in the Company, at any time 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



pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being 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 on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 8

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)

KIM YI HWA (MAICSA 7029686)

Company Secretaries

Kuala Lumpur

19 April 2005

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 Lot 683, 5th Miles, Kuala Pilah Road, 70400 Seremban, Negeri Sembilan Darul Khusus at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
4. Explanatory Note on Special Business

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 percentum (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.

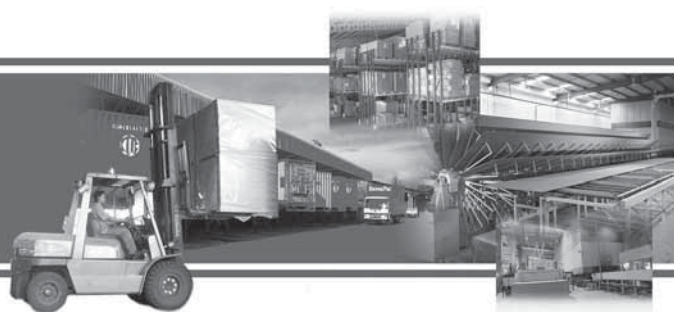
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING



1. Directors who are standing for re-election or re-appointment at the Eleventh Annual General Meeting of the Company to be held at The Royal Adelphi, Lenggeng Room, Jalan Dato' A. S. Dawood, 70100 Seremban, Negeri Sembilan Darul Khusus on Wednesday, 11 May 2005 at 10.00 a.m. are as follows:
 - (i) Yoong Tein Seng @ Yong Kian Seng
 - (ii) Yoong Hau Chun
 - (iii) Lim Kah Poon
 - (iv) Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak

Further details of the Directors standing for re-election or re-appointment are set out in the Profile of Directors appearing on pages 8 to 10 of the Annual Report.

2. During the financial year ended 31 December 2004, three (3) Board meetings were held. Details of attendance of each Director are set out in the Statement on Corporate Governance appearing on page 16 of the Annual Report.



BOARD OF DIRECTORS

Tan Sri Dato' Seri Mohamed bin Rahmat	<i>Non-Independent Non-Executive Chairman</i>
Yoong Tein Seng @ Yong Kian Seng	<i>Group Managing Director</i>
Yoong Hau Chun	<i>Executive Director</i>
Dato' Seri Yong Tu Sang	<i>Non-Independent Non-Executive Director</i>
Dato' Loo Swee Chew	<i>Non-Independent Non-Executive Director</i>
Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	<i>Independent Non-Executive Director</i>
Lim Kah Poon	<i>Independent Non-Executive Director</i>

AUDIT COMMITTEE

Lim Kah Poon	<i>Chairman</i>
Yoong Tein Seng @ Yong Kian Seng	
Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	

NOMINATION COMMITTEE

Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	<i>Chairman</i>
Tan Sri Dato' Seri Mohamed bin Rahmat	
Lim Kah Poon	

REMUNERATION COMMITTEE

Tan Sri Dato' Seri Mohamed bin Rahmat	<i>Chairman</i>
Yoong Tein Seng @ Yong Kian Seng	
Dato' Seri Yong Tu Sang	

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
Kim Yi Hwa (MAICSA 7029686)



REGISTERED OFFICE

Lot 683, 5th Mile, Kuala Pilah Road
70400 Seremban, Negeri Sembilan Darul Khusus
Tel : 06-678 2829 Fax : 06-677 7167

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
(Company no. 50164-V)
Lot 10 The Highway Centre, Jalan 51/205
46050 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7784 3922 Fax : 03-7784 1988

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad (Company no. 295400-W)
Malayan Banking Berhad (Company no. 3813-K)

AUDITORS

Horwath (AF1018)
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2166 0000 Fax : 03-2166 1000

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Short Name : Hevea
Stock Code : 5095
Warrant Code : 5095wa



HeveaBoard

HeveaBoard Berhad

(275512-A)



◆ HeveaPac Sdn Bhd (100%)

RTA Furniture
Manufacturer / Exporter

◆ BocoWood Sdn Bhd (100%)

RTA Furniture Marketing, Distribution
& Trading in The Domestic Market

◆ HeveaMart Sdn Bhd (100%)

Particleboard Retail and MDF Export Sales

◆ Hevea OSB Sdn Bhd (100%)

Proposed Second Manufacturing Line



TAN SRI DATO' SERI MOHAMED
BIN RAHMAT

TAN SRI DATO' SERI MOHAMED BIN RAHMAT, a Malaysian aged 67, was appointed as Non-Independent Non-Executive Chairman of HeveaBoard Berhad on 28 July 2000. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee of HeveaBoard Berhad. His career includes holding various prominent positions in the Malaysian Government that spanned a period of 40 years. He was both the former Secretary General of the Barisan Nasional (ruling government coalition) from 1993 to 2003 and UMNO between 1988 and 1996, and was also a Member of Parliament for Pulai for 30 years up to 1999. Tan Sri Dato' Seri Mohamed bin Rahmat held the position as Minister of Information from 1978 to 1982 and from 1988 to 1999. The other significant positions held during his tenure with the Government include the Political Secretary for Transport, the Parliamentary Secretary for Health and Education, the Deputy Minister of Finance, the Deputy Minister of Public Enterprise and the Ambassador of Malaysia to Indonesia.

He is the father to Datuk Nur Jazlan bin Mohamed, Nur Jazman bin Mohamed and Nur Jasni bin Mohamed who are all directors and shareholders of Sanur Sdn Bhd with substantial interest in HeveaBoard Berhad.



YOONG TEIN SENG @ YONG KIAN SENG

YOONG TEIN SENG @ YONG KIAN SENG, a Malaysian aged 58, is the Group Managing Director for HeveaBoard Group and was appointed to the Board on 3 September 1993. He is a member of the Audit Committee and the Remuneration Committee of HeveaBoard Berhad. He had worked in a financial institution for two (2) years before undertaking training in FRIM to qualify as a registered Timber Grader for Malaysian hardwood. In 1969 he returned to assist in his family owned pre-war sawmill business by extending the sawmill with modern machinery and started timber export.

He has been actively involved in large scale logging operations and engineering businesses, including heavy equipment import and reconditioning, fabrication and assembling of transport vehicles, buses and coaches, and the design of particleboard manufacturing plants.

He is the father of Yoong Hau Chun, an Executive Director in HeveaBoard Berhad.



YOONG HAU CHUN

YOONG HAU CHUN, a Malaysian aged 29, was appointed as Executive Director to HeveaBoard Berhad on 21 July 2000. He obtained a First Class Honours Degree in Mechanical Engineering with Business Management from Sussex University, UK and a MSc in Wood Industries Technology from UPM. He has attended various training programmes in Germany, in relation to the latest technology and process systems in particleboard manufacturing and related industries. He is responsible for the particleboard operation, leading the engineering team and the planning of the second manufacturing line.

He is the son of Yoong Tein Seng @ Yong Kian Seng who is the Group Managing Director for HeveaBoard Group.



DATO' SERI YONG TU SANG

DATO' SERI YONG TU SANG, a Malaysian aged 59, is one of the founding members of HeveaBoard Berhad and was appointed as a Non-Independent Non-Executive Director of HeveaBoard Berhad on 24 December 1993. He is a member of the Remuneration Committee of HeveaBoard Berhad. He is actively involved in timber logging, sawmilling and plywood manufacturing businesses. He is currently the Managing Director of BTM Resources Berhad, a company listed on the Second Board of Bursa Malaysia Securities Berhad.



DATO' LOO SWEE CHEW

DATO' LOO SWEE CHEW, a Malaysian aged 57, is another founding member of HeveaBoard Berhad and was appointed as a Non-Independent Non-Executive Director of HeveaBoard Berhad on 21 October 1997. He has also been in the timber industry for the past 30 years. He is actively involved in timber logging, sawmill and plywood, and is one of the leading timber exporters based in Kuantan, Pahang Darul Makmur.



TAN SRI DATO' CHAN CHOONG TACK
@ CHAN CHOONG TAK

TAN SRI DATO' CHAN CHOONG TACK @ CHAN CHOONG TAK, a Malaysian aged 72, was appointed as an Independent Non-Executive Director of HeveaBoard Berhad on 1 October 2004. He is a member of the Audit Committee and the Chairman of the Nomination Committee of HeveaBoard Berhad. A qualified Normal Class and Kirby trained teacher as well as a Barrister-at-Law, he holds a Certificate in Teacher Training, a Teachers Trainers' Certificate, an LL.B Degree with Honours, from the University of London, a Certificate of Barrister-at-Law, Lincoln's Inn and a Corporate Masters Business Administration (CMBA) Degree from Ohio University, USA. He has served as a teacher, a headmaster, the Secretary General of Parti Gerakan Rakyat Malaysia, a senator as well as the President of the Senate in Malaysia. On the corporate side he has served as an independent non-executive director of Tenaga Nasional Berhad as well as a director of a few of its subsidiaries. Currently he is also a director of a few private limited companies.



LIM KAH POON

LIM KAH POON, a Malaysian aged 56, was appointed as an Independent Non-Executive Director of HeveaBoard Berhad on 1 October 2004. He is the Chairman of the Audit Committee and a member of the Nomination Committee of HeveaBoard Berhad. He is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Malaysian Institute of Accountants (MIA).

Mr Lim spent the early part of his career with Ernst and Whinney (now known as Ernst and Young) and PriceWaterhouse (now known as PricewaterhouseCoopers) in Dublin and in Kuala Lumpur/Penang respectively, for approximately 12 years. He joined Malaysian Tobacco Company Berhad (now known as British American Tobacco (M) Berhad) in 1983, where he held various senior finance positions over a 15 year-period, with the last one and a half years involving in audit and risk assessment vis-à-vis the control environment within the group companies in the Asia Pacific Region.

In 1997, he joined a local company, also quoted on Bursa Malaysia Securities Berhad, as its Chief Financial Officer. He left his last company in September 2001 in order to focus on his business advisory and consultancy work.

None of the Directors has :

- * *Any conflict of interest with HeveaBoard Berhad*
- ** *Any conviction for offences within the past 10 years other than traffic offences.*



On behalf of the Board of Directors, it is my pleasure to present the Annual Report and audited Financial Statements of the Company and the Group for the financial year ended 31 December 2004, the first Annual Report of the HeveaBoard Group to be presented since its debut on the Main Board of Bursa Malaysia Securities Berhad on 12 January 2005.

Corporate Exercise

The HeveaBoard Group recorded a significant milestone in its corporate history with the successful listing of HeveaBoard Berhad on the Main Board of Bursa Malaysia Securities Berhad on 12 January 2005. The Company increased its issued and paid-up share capital from 64.96 million to 80.00 million ordinary shares of RM1.00 each by way of a Public Issue of 15.04 million new ordinary shares of RM1.00 each at an issue price of RM2.00 per share. The Public Issue was fully subscribed and the portion of 4.0 million ordinary shares allocated for the Malaysian public was oversubscribed by 18 times. It was indeed an overwhelming achievement and a tremendous demonstration of the public confidence in the Company.

As part of the listing scheme of HeveaBoard Berhad, an allotment of 40.00 million warrants at no consideration was also made to all entitled shareholders of the Company on the basis of one (1) new warrant for every two (2) ordinary shares held as at the entitlement date.

Performance Review

For the financial year ended 31 December 2004, the Group continued to register healthy growth in turnover and profit. The Group achieved a turnover of RM157.04 million, an increase of 46.98% or RM50.19 million over the financial year ended 31 December 2003. This significant increase in turnover was mainly contributed by its wholly-owned subsidiary, HeveaPac Sdn Bhd ("HeveaPac") which increased its turnover by 68.38% over the preceding year. HeveaPac manufactures and distributes RTA furniture. It exports 70% of its products mainly to USA, UK, France, Japan and Australia and its customers are world-renowned hypermarkets and supermarkets.

In tandem with the higher turnover, the Group achieved a pre-tax profit of RM21.31 million, an increase of 20.80% or RM3.67 million over the preceding year. The net profit after taxation/profit attributable to shareholders amounted to RM17.29 million, an increase of 31.28% or RM4.12 million over RM13.17 million achieved in the preceding year.



The financial performance of the Group is a reflection of its continued steadfast commitment to product quality, reliability of supply and innovative designs in its manufacturing operations, which ensure that its products are well received by all customers. This commitment is supported by the continued investment by the Group in Research and Development and Manpower Training. The award of Japanese Industrial Standard (JIS) mark certification for its Super E0 and E0 particleboard product range in February 2004 marks yet another achievement by HeveaBoard Group in the field of product quality assurance.

HeveaBoard is the first particleboard manufacturer in Malaysia to obtain the JIS mark certification. With this, we are able to achieve product certification for customers who require higher standard products thus enabling us to secure higher value orders for these products.

Dividends

The Board of Directors had declared an interim dividend of 4.5 sen per ordinary share less 28% tax for registered shareholders as at 30 June 2004 and a special dividend of 8 sen per ordinary share less 28% for registered shareholders as at 15 September 2004 and no further dividend was proposed for the year.

Future Prospects

HeveaBoard has embarked on a second manufacturing line at a cost of RM225 million with the state-of-art features and advance technology that will increase the current production capacity from 120,000 m³ to 525,000 m³ per annum which is more than 3 times the current capacity. The Company expects the completion of the second manufacturing line in the 2nd quarter 2006.

In anticipation of the increased particleboard production when the second manufacturing line commences in 2006, HeveaMart Sdn Bhd, the subsidiary involved in the marketing of particleboard has already established representative offices in Republic of Korea, the Phillipines and Taiwan to foster closer working relationships with existing and potential customers in these regions.

MESSAGE FROM GROUP MANAGING DIRECTOR (CONT'D)



HeveaPac acquired two (2) parcels of factory premises of about 10 acres each, known as Factory 1 and 2, during the year. The current manufacturing capacity is about twice the capacity in 2004. Factory 2, which was constructed during the year commenced production since the last quarter of 2004. In line with our continued focus on innovative designs, HeveaPac has also strengthened its Computer Aided Design ("CAD") department and invested in a number of advance Computer Numerical Control Workstations to develop and manufacture components and parts for Ready-To-Assemble ("RTA") furniture that would enhance the profit margin to the business.

Barring unforeseen circumstances, we anticipate the Group's performance to improve in this financial year.

Appreciation

On behalf of the board, I would like to convey our sincere appreciation to the management team and staff of the HeveaBoard Group for their commitment and efforts rendered. In addition to the outstanding performance achieved, I thank the management of HeveaBoard for making the Company the first particleboard manufacturer in Malaysia to be awarded the prestigious JIS mark certification. I am also honoured that HeveaPac was awarded the Industry Excellence Awards 2004 (Export Excellence Award-Merchandise) by the Ministry of International Trade and Industry Malaysia ("MITI").

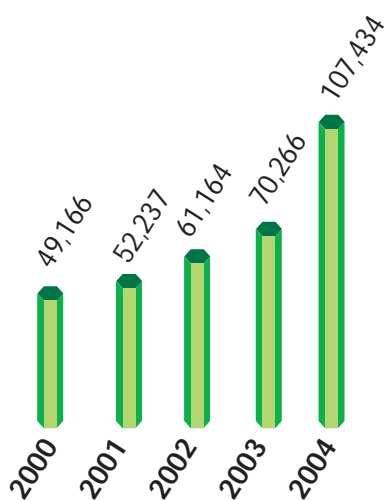
Our appreciation is also extended to our valued customers, suppliers, bankers, Government authorities and other business associates for their support and assistance.

I would also like to extend my appreciation to our shareholders for their continued support to our HeveaBoard Group and to my fellow Directors for the advice and services rendered.

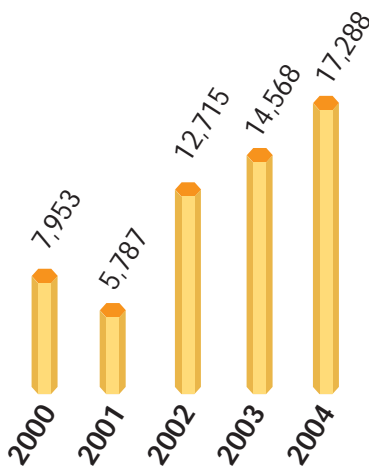
Tenson Yoong
Group Managing Director



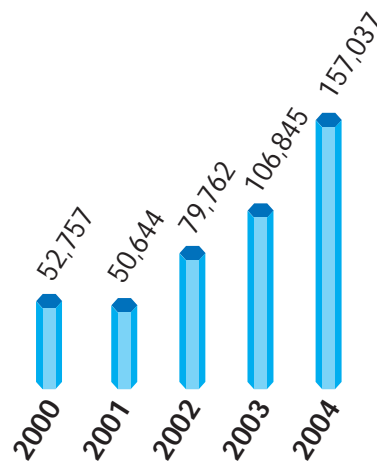
5 YEARS FINANCIAL HIGHLIGHTS



NET TANGIBLE ASSET
RM'000



PROFIT AFTER TAX
RM'000



TURNOVER
RM'000

	2004	2003	2002	2001	2000
Turnover (RM'000)	157,037	106,845	79,762	50,644	52,757
Profit before tax (RM'000)	21,311	17,637	15,858	9,031	11,951
Tax (RM'000)	(4,023)	(3,069)	(3,143)	(3,244)	3,998
Profit after tax (RM'000)	17,288	14,568	12,715	5,787	7,953
Profit attributable to shareholders (RM'000)	17,288	13,169	12,002	5,655	7,953
Share Capital (RM'000)	80,000	64,960	50,833	50,833	50,833
Net Tangible asset (RM'000)	107,434	70,266	61,164	52,237	49,166
Net Tangible asset per share *	1.34	1.08	1.20	1.03	1.02
Interim dividend (sen per ordinary share of RM1.00 each)	4.50	-	6.25	8.00	-
Special dividend (sen per ordinary share of RM1.00 each)	8.00	-	20.00	-	-
Final dividend (sen per ordinary share of RM1.00 each)	-	6.00	-	-	-
Net Earnings per share**	26.60	21.58	19.68	9.27	13.17

* The net tangible assets per share of the Group is calculated based on the net tangible assets value at the balance sheet date divided by the number of ordinary shares in issue at the balance sheet date.

** The net earnings per share is arrived at by dividing the Group's profit attributable to shareholders by the assumed weighted average number of ordinary shares in issue during the financial year.

MILESTONES



FEBRUARY 2004

HeveaBoard obtained the **Japanese Industrial Standard (JIS) Mark Certification** for its Super E0 (F★★★★) and E0 (F★★★★) particleboard product range, making it the first particleboard manufacturer in Malaysia to be awarded the JIS certification which is one of the most recognized industrial standards in the world.

JULY 2004

HeveaPac achieved a record sales turnover of RM11.5 million for the month of July.

AUGUST 2004

HeveaBoard celebrated its 10th year anniversary with its entire Group of Companies, having more than 1000 employees from the Group participated in this special event.

SEPTEMBER 2004

HeveaPac second 10-acre factory located adjacent to its existing factory commenced operations.

OCTOBER 2004

Embarked on the construction of the second particleboard manufacturing line which would increase HeveaBoard plant capacity from the current 120,000 m3 to 525,000 m3 per annum.



NOVEMBER 2004

HeveaBoard obtained the final approval from the Securities Commission to list on the Main Board of Bursa Malaysia Securities Berhad.

DECEMBER 2004

HeveaBoard launched its prospectus with a Public Issue of 15.04 million new ordinary shares of RM1.00 each at an issue price of RM2.00 per share and an allocation of 40.00 million warrants at no consideration to all entitled shareholders of HeveaBoard on the basis of one new warrant for every two ordinary shares held as at the entitlement date.

DECEMBER 2004

HeveaBoard Group achieved a turnover of RM157 million, an increase of 46.98% over the previous financial year.

JANUARY 2005

The Public Issue was fully subscribed and the portion of 4.0 million ordinary shares allocated for the Malaysian public was oversubscribed by 18 times. HeveaBoard was officially listed on the **Main Board of Bursa Malaysia Securities Berhad** under the category of **Industrial Product**.

JANUARY 2005

HeveaPac successfully obtained the **ISO 9001:2000 Quality Management System** certification under the scope of Marketing, Design and Development, Manufacturing of Ready-To-Assemble (RTA) furniture.

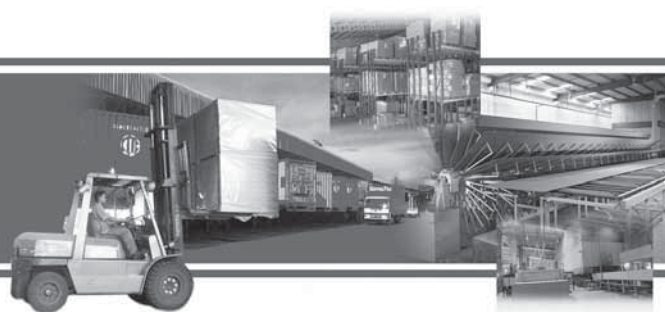
MARCH 2005

HeveaPac received the **Export Excellence Award (Merchandise)** at the Industry Excellence Awards organized by the Ministry of International Trade and Industry (MITI).

MARCH 2005

HeveaBoard was selected as a winner for the Business of the Year Award 2004 under the category of "Excellent Company" organised by Asia-Pacific Centre for SMEs.





INTRODUCTION

The Board of Directors is pleased to report that the Board is committed towards ensuring appropriate standards of corporate governance are maintained throughout the Company and its subsidiaries.

The Board subscribes to the belief that good corporate governance practices are pivotal to enhancing shareholders' value. Hence, the Board is fully dedicated to continuously evaluate the Group's corporate governance practices and procedures with a view to ensure the principles and best practices in corporate governance as promulgated by the Malaysian Code on Corporate Governance ("the Code") are applied and adhered to in the best interests of stakeholders.

This disclosure statement sets out the manner in which the Group has applied the Principles of the Code and the extent of compliance with Best Practices advocated therein pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements ("LR").

DIRECTORS

I. The Board

HeveaBoard Berhad is led and controlled by an effective Board comprising members who have a diverse range of skills, experience and knowledge relevant to directing and managing the Group's businesses. The Board recognises the key role in charting the strategic direction, development and control of the Group and has taken steps to adopt the specific responsibilities as listed by the Code, which facilitate the discharge of the Board's stewardship responsibilities.

The Board has delegated certain specific responsibilities to three (3) committees, namely the Audit, Nomination and Remuneration Committees, all of which were established on 1 October 2004 and have their terms of reference to govern their responsibilities. The Committees will deliberate on and examine issues within their terms of reference and report to the Board on a periodic basis.

Board Meetings

All Directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Bursa Securities LR. During the financial year under review, the Board met three (3) times and the attendance record for each Director is as follows:

	Total Meetings Attended
Tan Sri Dato' Seri Mohamed bin Rahmat	3/3
Mr Yoong Tein Seng @ Yong Kian Seng	3/3
Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak (appointed on 1/10/2004)	1/1
Dato' Seri Yong Tu Sang	2/3
Dato' Loo Swee Chew	3/3
Mr Lim Kah Poon (appointed on 1/10/2004)	1/1
Mr Yoong Hau Chun	3/3

To ensure the Group is managed effectively, additional meetings are convened by the Board, when necessary.



Agenda and most of the Board papers are circulated to the Board prior to the Board meetings so as to give the Directors time to consider and deliberate on the issues to be raised at Board meetings.

Directors' Training

Only Dato' Seri Yong Tu Sang and Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak had attended and successfully completed the Mandatory Accreditation Programme ("MAP"). All the other members of the Board are scheduled to attend the MAP on 8 and 9 June 2005.

II. Board Balance

The Board currently has seven (7) members, comprising Two (2) Executive Directors, Three (3) Non-Executive Directors and Two (2) Independent Non-Executive Directors. Combined, the Directors bring wide business, regulatory, industry and financial experience relevant to the direction of the Group. The profile of each Director is presented on pages 8 to 10 of this Annual Report.

The presence of Independent Non-Executive Directors on the Board provides objectivity and they are of the calibre necessary to advise the Board on its decisions. The current composition of the Board is in compliance with the Bursa Securities LR.

There is a clear division of responsibilities between the Chairman and Group Managing Director to ensure that there is a balance of power and authority. In ensuring this balance, the positions of the Chairman and Group Managing Director are held by separate members of the Board. The Chairman is responsible for the orderly conduct and working of the Board and for ensuring that members have access to relevant information on a timely manner, whilst the Group Managing Director is responsible for overseeing the day to day management of the Group's business operations and implementation of Board decisions.

Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak is the Senior Independent Non-Executive Director to whom concerns may be conveyed.

III. Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs, and information necessary for the discharge of its responsibilities. All Directors are provided with the agenda together with most of the Board papers prior to each Board meeting to enable them to consider the issues and facilitate informed decision making.

All Directors, whether as a full Board or in their individual capacity, have access to the advice and services of Company Secretaries, management representative and, if deemed necessary, other independent professionals at the expense of the Company in the furtherance of their duties.



IV. Appointment to the Board

The adoption of a formal procedure for appointments to the Board, with a nomination committee making recommendations to the full board, is recognised as a good practice by the Code. The Nomination Committee ("NC") comprises exclusively of non-executive directors, a majority of whom are independent. The members of the NC are as follows:

- i. Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak (Chairman)
- ii. Tan Sri Dato' Seri Mohamed bin Rahmat
- iii. Lim Kah Poon

The NC is responsible for proposing candidates for directorship to the Board and for assessing directors on an on-going basis. The Board through the NC reviews annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board. Since the formation of the NC, there has yet to be any meeting convened.

V. Re-election

In accordance with the Company's Articles of Association, one-third (1/3) of the directors or if the number is not three (3) or a multiple of three (3) then the number nearest one-third (1/3) shall retire from office at each Annual General Meeting. However, the retiring director shall be eligible for re-election.

DIRECTORS' REMUNERATION

I. The Level and Make-up of Remuneration

The Company's remuneration policy for Directors is tailored to support the Company's overall objective of attracting and retaining Directors needed to run the Group effectively. The remuneration policy for Directors is also designed to support the Company's aspiration of delivering long-term value to its shareholders.

II. Remuneration Procedures

The Remuneration Committee consists of :

- i. Tan Sri Dato' Seri Mohamed bin Rahmat (Chairman)
- ii. Yong Tein Seng @ Yong Kian Seng
- iii. Dato' Seri Yong Tu Sang

is responsible for recommending the remuneration policy for Directors, with advice from external consultants where necessary. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. None of the Executive Directors participate in any way in determining their individual remuneration packages. The remuneration of Non-Executive Directors is determined by the Board as a whole with the individual Directors concerned abstaining from discussing their own remuneration.

The Remuneration Committee met twice since its formation to formally review and determine the individual director's remuneration based on the individual's roles and responsibilities.



III. Directors' Remuneration

Details of Directors' Remuneration for the financial year ended 31 December 2004, distinguishing between Executive and Non-Executive Directors, categorised according to the following appropriate components are as follows:

Categories of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Salary & Other Emolument	681,616	-
Fee & Allowance	-	105,000
Total	681,616	105,000

The number of Directors in each successive band is set out below :

Remuneration Band	Number of Directors		
	Executive	Non-Executive	Total
RM50,000 and below	-	5	5
RM200,001 to RM250,000	1	-	1
RM450,001 to RM500,000	1	-	1
Total	2	5	7

SHAREHOLDERS

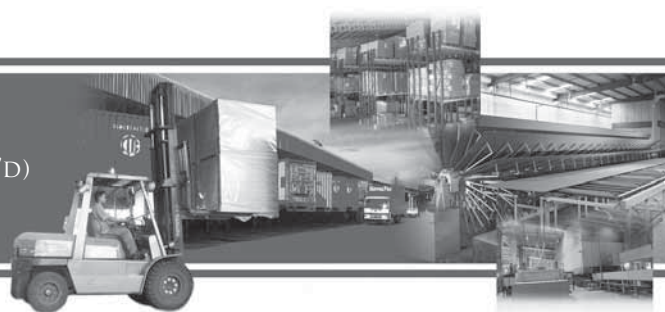
I. Dialogue between Company and Investors

The Board acknowledges the need for shareholders to be informed of all major developments affecting the Group. Information is disseminated to shareholders and investors through various disclosures and announcements to Bursa Securities which include quarterly financial results, annual reports as well as, where appropriate, circulars and press releases. On an ad-hoc basis, the Company also holds dialogues with financial analysts and investors on the corporate objectives and the performances of the Group.

The Board will regularly review the information disseminated to ensure that consistent and accurate information is provided to the shareholders of the Group.

II. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with shareholders and investors. Shareholders have direct access to the Directors and are provided with sufficient opportunity and time to participate in the question and answer session on the prospects, performance of the Group and other matters of concern. Members of the Board are present to answer questions raised at the meeting.



ACCOUNTABILITY AND AUDIT

I. Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual report and quarterly announcement of results to shareholders. The Audit Committee assists the Board in overseeing the Group's financial reporting processes and the accuracy, adequacy and completeness of its financial reporting.

II. Internal Control

On 13 January 2005, the Board outsourced the Group's internal audit function to a professional service provider firm with global affiliation. The objective of the internal audit function is to assist the Audit Committee in the review of the adequacy and integrity of the Group's internal control system.

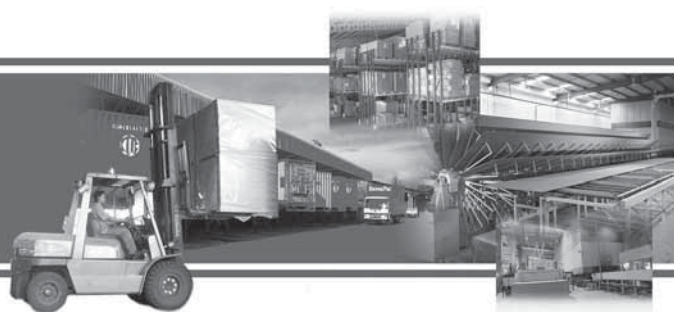
The Statement on Internal Control as set out on pages 24 and 25 of this Annual Report provides an overview of the Group's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

III. Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 21 to 23 of this Annual Report.

MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by HeveaBoard and its subsidiaries involving directors' and major shareholder's interests which were subsisting as at 31 December 2004.



INTRODUCTION

The Audit Committee (“the Committee”) was established on 1 October 2004. No Audit Committee Meeting was held during the financial year under review as the Company was listed on 12 January 2005. The first Audit Committee Meeting for the year 2005 was held on 5 January 2005 and the details of the attendance of the Audit Committee members at the Committee Meeting are set out as follows:

COMPOSITION OF THE AUDIT COMMITTEE

Name	Attendance
Mr Lim Kah Poon (Chairman) Independent Non-Executive Director	1/1
Tan Sri Dato’ Chan Choong Tack @ Chan Choong Tak Independent Non-Executive Director	1/1
Mr Yoong Tein Seng @ Yong Kian Seng Group Managing Director	1/1

Details of the members of the Committee are contained in the Profile of Directors as set out on pages 8 to 10 of this Annual Report.

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

2. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.



4. Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors may appear at any meeting at the invitation of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

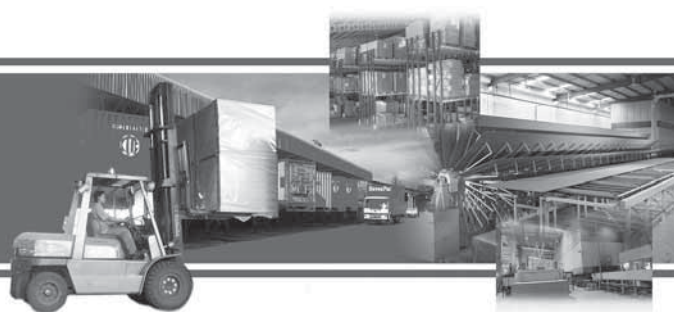
5. Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary;
- (g) promptly report to the BursaSecurities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice;
- (j) have the Chairman call for a meeting upon the request of the External Auditors.

6. Duties

- (a) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and system of internal accounting control within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.
- (c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.



- (d) To review the internal audit programme, and results of the internal audit, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (e) To review with management:
- audit reports and management letters issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (f) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
 - significant and / or unusual matters arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - major areas.
- (h) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

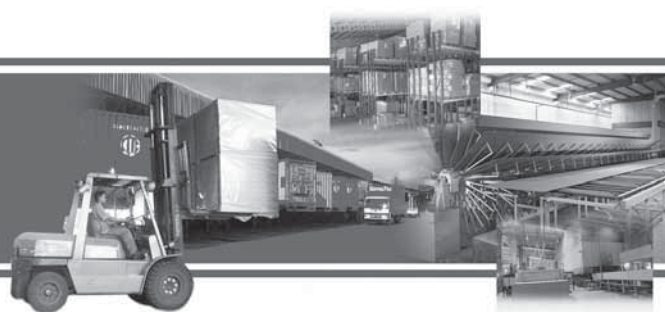
SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

Since the establishment of the Audit Committee, the activities undertaken include:-

- (a) Reviewed the unaudited quarterly report on the consolidated results of the Group;
- (b) Reviewed the audit plan of the external auditors;
- (c) Reviewed the annual audited financial statements, external auditors' reports and their audit findings;
- (d) Approved the outsource and appointment of a professional service provider firm to assume the role of the internal audit function.

INTERNAL AUDIT FUNCTION

Details pertaining to internal audit function are set out in the Statement of Internal Control on pages 24 and 25 of this Annual Report



INTRODUCTION

This Statement on Internal Control is made pursuant to Paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. The Board of Directors is pleased to present below its Statement on Internal Control as a group for the financial year under review, prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"). The statement below outlines the nature and scope of internal control of the Group during the financial year.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control and risk management which include the establishment of an appropriate control environment and framework as well as reviewing the adequacy and integrity of the internal control system. Due to the inherent limitations in any system of internal control, the system put in place within the Group can only manage rather than eliminate all risks that may impede the achievement of the Group's business objectives. Accordingly, the internal control system established can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board maintains an on-going commitment to strengthen the Group's control environment and processes as well as its risk management framework. To this end, as at 13 January 2005, the Board has engaged a professional service provider firm to assist the Group in the development of the Group's key risk profile and a risk management framework that is responsive to changes in the business and operating environment. Following the appointment of the professional firm, a facilitated workshop on risk management was conducted on 21 March 2005 and was attended by Directors and key management personnel. Key business risks would be categorised to highlight the sources of the risks and scorings that reflect the impact of the risks and their likelihood of occurrence would be determined. The assessment would take into account all aspects of the businesses and its internal control framework, including the control environment and control activities, information and communication and monitoring procedures.

Apart from the above mentioned exercises, the on-going Board and management meetings discuss, deliberate and address risks which are associated with strategic, financial and operational issues as part of the decision making processes. This is the manner adopted by the Group for identifying and managing risks prior to the implementation of a structured risk management framework as mentioned above.

INTERNAL CONTROL MECHANISM

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee which was established on 1 October 2004. The Audit Committee, in turn, assesses the adequacy and integrity of the internal control system through independent reviews conducted on reports it receives from external auditors, the outsourced internal audit function and management.

As part of the process, the external auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Further, any areas of improvement identified during the course of the statutory audit by the external auditors are being brought to the attention of the Audit Committee through Audit Review Memorandum, and this process will be maintained in the future.



On 13 January 2005, the Group outsourced its internal audit function to a professional service provider firm with global affiliation. Based on the initial assessment of principal risks of the Group, the internal audit function has identified certain key areas of internal audit focus and these areas identified for internal audit have been incorporated into an internal audit plan. The plan includes periodic internal audit visits to review the adequacy and integrity of the Group's system of internal control and to monitor compliance with the Group's procedures.

OTHER KEY FEATURES OF INTERNAL CONTROL SYSTEM

The other key elements of the Group's internal control system are described below:

- Clear organisation structure with delineated reporting lines;
- Scheduled operational and management meetings;
- Employment of qualified and capable work force;
- Active participation by certain members of the Board in the day-to-day running of the operations;
- Regular dialogues on operational matters are conducted by the Executive Directors;
- Quarterly reviews of the performance of the Group by the Board;
- Monthly monitoring of actual performances against budgets with major variances identified and followed-up as and when necessary;
- The outsourced internal audit function provides objective and independent reviews on the adequacy and effectiveness of the Group's internal control system.

SUMMARY

During the year under review, the Board is not aware of any issues which would result in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report. Notwithstanding this, the Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group. The Board also recognises the fact that the system of internal control and risk management practices must continuously evolve to support the type of business and size of operations of the Group. As such, the Board will, when necessary, put in place appropriate action plans to ensure that the Group's system of internal control and risk management practices can continuously adapt to prevail in the changing and challenging business environment.

STATEMENT ON DIRECTORS RESPONSIBILITIES



The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the income statement and cash flows of the Company and of the Group for the financial year.

The Directors consider that, in preparing the financial statements of the Company and Group for the year ended 31 December 2004, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have also considered that all applicable accounting standards have been followed and confirmed that the financial statements have been prepared on the going concern basis.

The Directors are responsible to ensure that the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Company and Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors have also general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group.





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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 2004.

CONVERSION OF NAME

Pursuant to an Extraordinary General Meeting held on 10 February 2004, the Company was converted to a public company and accordingly changed its name from HeveaBoard Sdn. Bhd. to HeveaBoard Berhad.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of manufacturing and trading of particleboards and wood-related products and investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	<u>17,288</u>	<u>10,522</u>

DIVIDENDS

Since the end of the previous financial year, the Company paid part of the final dividend of 6 sen per ordinary share less 28% tax amounting to RM601,560 as at 31 December 2004 in respect of the previous financial year as proposed in that financial year's report.

The directors declared the following dividends during the current financial year:-

- (a) an interim dividend of 4.5 sen per ordinary share less 28% tax amounting to RM2,104,704 to the registered shareholders as at 30 June 2004; and
- (b) a special dividend of 8 sen per ordinary share less 28% tax amounting to RM3,741,696 to the registered shareholders as at 15 September 2004.

The above dividends are payable to entitled shareholders of the Company prior to the Public Issue undertaken by the Company pursuant to its listing on the Main Board of the Bursa Malaysia Securities Berhad.

The directors do not recommend the payment of any further dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.



ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there was no increase in the authorised share capital of the Company. On 10 February 2004, the Company's existing 100,000,000 Redeemable Convertible Cumulative Preference Shares of RM0.50 each were reclassified to 50,000,000 ordinary shares of RM1 each. Upon the reclassification, the authorised share capital of the Company is RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each;
- (b) the Company increased its issued and paid-up share capital from RM64,960,000 to RM80,000,000 on 31 December 2004 by way of a Public Issue of 15,040,000 new ordinary shares of RM1 each at an issue price of RM2 per share, in conjunction with the Company's listing on the Main Board of Bursa Malaysia Securities Berhad. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- (c) 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 as the Warrants are not entitled to be exercised prior to 31 December 2006.

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 circumstances that would further require the writing off of bad debts, or 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 so 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 of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have 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 37 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
Y. BHG. DATO' SERI YONG TU SANG
YOONG HAU CHUN
TAN SRI DATO' CHAN CHOONG TACK @ CHAN CHOONG TAK (APPOINTED ON 1 OCTOBER 2004)
LIM KAH POON (APPOINTED ON 1 OCTOBER 2004)

Pursuant to Article 124 of the Articles of Association of the Company, Yoong Tein Seng @ Yong Kian Seng and Yoong Hau Chun retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Article 129 of the Articles of Association of the Company, Lim Kah Poon who was appointed since the last annual general meeting, retires at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak, who is over the age of seventy years old, retires at the forthcoming annual general meeting and offers himself for re-election.



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 1.1.2004	ALLOTMENT	SOLD	AT 31.12.2004
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
Y. BHG. DATO' SERI YONG TU SANG	-	150,000	-	150,000
YOONG HAU CHUN	-	150,000	-	150,000
LIM KAH POON	-	50,000	-	50,000

INDIRECT INTERESTS

YOONG TEIN SENG @ YONG KIAN SENG	30,455,000	200,000	-	30,655,000
Y. BHG. DATO' LOO SWEE CHEW	27,075,000	-	-	27,075,000
Y. BHG. DATO' SERI YONG TU SANG	27,075,000	-	-	27,075,000
YOONG HAU CHUN	30,455,000	200,000	-	30,655,000

	NUMBER OF WARRANTS			
	AT 1.1.2004	ALLOTMENT	SOLD	AT 31.12.2004
DIRECT INTERESTS				
Y. BHG. TAN SRI DATO' SERI MOHAMED BIN RAHMAT	-	475,000	-	475,000
YOONG TEIN SENG @ YONG KIAN SENG	-	75,000	-	75,000
Y. BHG. DATO' LOO SWEE CHEW	-	75,000	-	75,000
Y. BHG. DATO' SERI YONG TU SANG	-	75,000	-	75,000
YOONG HAU CHUN	-	75,000	-	75,000
LIM KAH POON	-	25,000	-	25,000

INDIRECT INTERESTS

YOONG TEIN SENG @ YONG KIAN SENG	-	15,327,500	-	15,327,500
Y. BHG. DATO' LOO SWEE CHEW	-	13,537,500	-	13,537,500
Y. BHG. DATO' SERI YONG TU SANG	-	13,537,500	-	13,537,500
YOONG HAU CHUN	-	15,327,500	-	15,327,500



The other director holding office at the end of the financial year did not have any interest in shares or warrants in the Company and its related corporations during the financial year.

By virtue of their shareholdings in the Company, Yoong Tein Seng @ Yong Kian Seng, Y. Bhg. Dato' Seri Yong Tu Sang, 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 39 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements 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 EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

The significant events during and subsequent to the financial year are disclosed in Note 45 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 25 MARCH 2005

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 36 to 72 are drawn up in accordance with applicable approved accounting 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 2004 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 25 MARCH 2005

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 36 to 72 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 25 March 2005

Yoong Tein Seng @ Yong Kian Seng

Before me

Haron Hashim (W128)
Commissioner for Oaths
25 Marh 2005

REPORT OF THE AUDITORS TO THE MEMBERS OF HEVEABOARD BERHAD



We have audited the financial statements set out on pages 36 to 72. 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 accounting 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 2004 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 7 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 audit 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

Kuala Lumpur
25 March 2005

Onn Kien Hoe
Approval No: 1772/11/06 (J/PH)
Partner

BALANCE SHEETS
AS AT 31 DECEMBER 2004



	NOTE	THE GROUP		THE COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
NON-CURRENT ASSETS					
Investment in subsidiaries	7	-	-	40,960	21,060
Property, plant and equipment	8	122,355	85,010	66,705	60,377
Other investments	9	15	95	15	95
Goodwill on consolidation	10	2,844	3,412	-	-
		<u>125,214</u>	<u>88,517</u>	<u>107,680</u>	<u>81,532</u>
CURRENT ASSETS					
Inventories	11	27,254	13,851	8,659	6,599
Trade receivables	12	20,201	17,763	6,432	5,111
Other receivables, deposits and prepayments	13	33,029	2,370	30,331	1,398
Amount owing by subsidiaries	14	-	-	8,153	13,030
Tax refundable		47	21	-	-
Fixed deposits with a financial institution	15	-	1,500	-	-
Cash and bank balances		1,125	1,765	113	1,137
		<u>81,656</u>	<u>37,270</u>	<u>53,688</u>	<u>27,275</u>
CURRENT LIABILITIES					
Trade payables	16	14,803	9,948	7,417	5,627
Other payables and accruals		17,155	5,631	11,908	2,219
Amount owing to a subsidiary	14	-	-	397	18
Amount owing to related parties	17	11,159	4,788	7,856	4,307
Short term borrowings	18	17,288	10,935	9,641	9,626
Bank overdrafts	19	14,170	-	13,249	-
Provision for taxation		778	1,754	768	1,492
		<u>75,353</u>	<u>33,056</u>	<u>51,236</u>	<u>23,289</u>
NET CURRENT ASSETS		<u>6,303</u>	<u>4,214</u>	<u>2,452</u>	<u>3,986</u>
		<u>131,517</u>	<u>92,731</u>	<u>110,132</u>	<u>85,518</u>
FINANCED BY:-					
Share capital	20	80,000	64,960	80,000	64,960
Share premium	21	12,925	-	12,925	-
Retained profits	22	17,353	5,911	5,589	913
Dividend proposed		-	2,806	-	2,806
SHAREHOLDERS' EQUITY		<u>110,278</u>	<u>73,677</u>	<u>98,514</u>	<u>68,679</u>
NON-CURRENT LIABILITIES	23	8,807	6,498	504	4,728
DEFERRED TAXATION	24	12,432	12,556	11,114	12,111
		<u>131,517</u>	<u>92,731</u>	<u>110,132</u>	<u>85,518</u>
NET TANGIBLE ASSETS PER SHARE (RM)	25	<u>1.34</u>	<u>1.08</u>		

INCOME STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2004



	NOTE	THE GROUP		THE COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
TURNOVER	26	157,037	106,844	59,976	54,444
COST OF SALES		(123,817)	(77,778)	(43,028)	(38,937)
GROSS PROFIT		33,220	29,066	16,948	15,507
OTHER OPERATING INCOME		1,335	527	2,278	354
		34,555	29,593	19,226	15,861
ADMINISTRATIVE EXPENSES		(9,002)	(6,753)	(4,258)	(2,875)
SELLING EXPENSES		(1,097)	(1,431)	(458)	(412)
OTHER OPERATING EXPENSES		(1,145)	(1,351)	(159)	(156)
PROFIT FROM OPERATIONS		23,311	20,058	14,351	12,418
FINANCE COSTS		(2,000)	(2,421)	(1,248)	(2,132)
PROFIT BEFORE TAXATION	27	21,311	17,637	13,103	10,286
TAXATION	28	(4,023)	(3,069)	(2,581)	(2,078)
PROFIT AFTER TAXATION		17,288	14,568	10,522	8,208
MINORITY INTERESTS		-	(1,399)	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		17,288	13,169	10,522	8,208
EARNINGS PER SHARE - BASIC AND FULLY DILUTED	29	26.6 sen	21.6 sen		

STATEMENTS OF CHANGES IN EQUITY FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2004



THE GROUP	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	DIVIDEND PROPOSED RM'000	TOTAL RM'000
Balance at 1.1.2003		50,833	500	5,215	7,320	63,868
Profit attributable to shareholders		-	-	13,169	-	13,169
Bonus issue		10,167	(500)	(9,667)	-	-
Issuance of shares		3,960	-	-	-	3,960
Dividend paid		-	-	-	(7,320)	(7,320)
Final dividend	30	-	-	(2,806)	2,806	-
<hr/>						
Balance at 31.12.2003/ 1.1.2004		64,960	-	5,911	2,806	73,677
Profit attributable to shareholders		-	-	17,288	-	17,288
Dividend paid		-	-	-	(601)	(601)
Dividends declared	30	-	-	(5,846)	-	(5,846)
Transfer to dividend payable		-	-	-	(2,205)	(2,205)
Issuance of shares		15,040	15,040	-	-	30,080
Listing expenses set off against share premium		-	(2,115)	-	-	(2,115)
<hr/>						
Balance at 31.12.2004		80,000	12,925	17,353	-	110,278
<hr/>						
THE COMPANY						
Balance at 1.1.2003		50,833	500	5,178	7,320	63,831
Profit attributable to shareholders		-	-	8,208	-	8,208
Bonus issue		10,167	(500)	(9,667)	-	-
Issuance of shares		3,960	-	-	-	3,960
Dividend paid		-	-	-	(7,320)	(7,320)
Final dividend	30	-	-	(2,806)	2,806	-
<hr/>						
Balance at 31.12.2003/ 1.1.2004		64,960	-	913	2,806	68,679
Profit attributable to shareholders		-	-	10,522	-	10,522
Dividend paid		-	-	-	(601)	(601)
Dividends declared	30	-	-	(5,846)	-	(5,846)
Transfer to dividend payable		-	-	-	(2,205)	(2,205)
Issuance of shares		15,040	15,040	-	-	30,080
Listing expenses set off against share premium		-	(2,115)	-	-	(2,115)
<hr/>						
Balance at 31.12.2004		80,000	12,925	5,589	-	98,514

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2004



	NOTE	THE GROUP		THE COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		21,311	17,637	13,103	10,286
Adjustments for:-					
Allowance for doubtful debts		147	157	147	157
Amortisation of goodwill		568	452	-	-
Bad debts written off		23	237	7	-
Depreciation of property, plant and equipment		7,047	5,754	4,247	3,958
Equipment written off		-	20	-	-
Impairment loss on property		-	676	-	-
Bad debts recovered		-	(79)	-	(75)
Dividend income		(7)	(5)	(1,007)	(5)
Waiver of outstanding amount by a financial institution		(1,000)	-	(1,000)	-
Interest expense		1,432	2,096	1,131	1,981
Interest income		(5)	(9)	(4)	(2)
Provision for retirement benefits		469	-	340	-
Loss on disposal of investment		5	-	5	-
Gain on disposal of equipment		-	(2)	-	(2)
Operating profit before working capital changes		29,990	26,934	16,969	16,298
(Increase)/Decrease in inventories		(13,403)	(966)	(2,060)	1,317
(Increase)/Decrease in trade and other receivables *		(5,302)	(8,253)	(2,443)	2,550
Increase in trade and other payables		8,327	4,868	3,428	2,808
Increase in amount owing by subsidiaries		-	-	(1,369)	-
CASH FROM OPERATIONS		19,612	22,583	14,525	22,973
Income tax paid		(5,148)	(2,926)	(4,022)	(2,592)
Interest paid		(1,432)	(2,096)	(1,131)	(1,981)
NET CASH FROM OPERATING ACTIVITIES		13,032	17,561	9,372	18,400
CASH FLOWS FOR INVESTING ACTIVITIES					
Dividend received		7	5	727	5
Interest received		5	9	4	2
Proceeds from disposal of equipment		-	14	-	14
Proceeds from disposal of investment		76	-	76	-
Purchase of additional shares in a subsidiary		-	-	(19,900)	(2,400)
Purchase of property, plant and equipment	31	(36,075)	(4,456)	(10,575)	(4,963)
NET CASH FOR INVESTING ACTIVITIES		(35,987)	(4,428)	(29,668)	(7,342)
BALANCE CARRIED FORWARD		(22,955)	13,133	(20,296)	11,058

CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2004 (CONT'D)



	NOTE	THE GROUP		THE COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
BALANCE BROUGHT FORWARD		(22,955)	13,133	(20,296)	11,058
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid		(601)	(7,320)	(601)	(7,320)
Net advances from related parties		6,373	10,940	3,549	10,325
Net (advances to)/repayment from subsidiaries		-	-	6,625	4,645
Net drawdown/(repayment) of bankers' acceptances		7,661	(1,884)	3,786	(1,884)
Proceeds from issuance of shares to minority shareholders by a subsidiary		-	600	-	-
Repayment of hire purchase obligations		(2,749)	(971)	(336)	(195)
Drawdown of term loan		3,000	-	-	-
Repayment of term loans		(7,039)	(4,489)	(7,000)	(4,489)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		6,645	(3,124)	6,023	1,082
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(16,310)	10,009	(14,273)	12,140
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,265	(6,744)	1,137	(11,003)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32	(13,045)	3,265	(13,136)	1,137

* As at the balance sheet date, the Company has not received the proceeds from Public Issue amounting to RM30,080,000 from the issuing house (refer also to Note 13). This amount has been excluded in arriving at the cash flow movement for trade and other receivables for the current financial year.



1. GENERAL INFORMATION

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

Registered office : Lot 683, 5th Mile, Kuala Pilah Road,
70400 Seremban, Negeri Sembilan.

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 25 March 2005.

2. CONVERSION OF NAME

Pursuant to an Extraordinary General Meeting held on 10 February 2004, the Company was converted to a public company and accordingly changed its name from HeveaBoard Sdn. Bhd. to HeveaBoard Berhad.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of manufacturing and trading of particleboards and wood-related products and investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. 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 foreign currency, interest rate, market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:

(a) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales, purchases and purchases of plant that are denominated in foreign currencies.

The Group's primary exposure is in United States Dollar. Foreign currency risk is managed to an acceptable level.

(b) Interest Rate Risk

The Group obtains financing through bank borrowings and hire purchase. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with reputable financial institutions at the most favourable interest rates.



4. RISK MANAGEMENT POLICIES (CONT'D)

(c) Market Risk

The Group's principal exposure to market risks arises mainly from changes in quoted equity prices. The Group does not use derivative instruments to manage equity risk.

(d) 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 total carrying amount 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 investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(e) Liquidity and Cash Flow Risk

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

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

5. 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 accounting standards in Malaysia and the provisions of the Companies Act, 1965.

6. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2004.

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



6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (cont'd)

All subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, 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 value of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

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.

(b) Goodwill On Consolidation

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

Goodwill on consolidation is stated net of negative goodwill, and the net carrying amount of goodwill is amortised on a straight-line basis to write off the amount of the net goodwill over the period of 10 to 20 years.

The carrying amount of goodwill is reviewed annually, and is written down for impairment where it is considered necessary. The impairment value of goodwill written off is taken to the income statement.

(c) Investments

(i) Investments in shares in corporations, other than subsidiaries, associates and joint ventures, held for long-term purposes are stated at cost less allowance for permanent diminution in value.

(ii) Investments in subsidiaries, associates and joint ventures are 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.

(d) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group or the Company 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 expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.



6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Financial instruments are offset when the Group or the Company 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.

(e) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation or amortisation and impairment losses, if any.

Freehold land is stated at cost less impairment losses, if any, and is not depreciated. Depreciation or amortisation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Long leasehold land	over the remaining lease period of 90 to 92 years
Short leasehold land	over the remaining lease period of 42 years
Buildings	2% to 5%
Plant, machinery and equipment	5% to 10%
Furniture and fittings	10%
Motor vehicles	20%

Capital work-in-progress represents assets under construction which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and will be transferred to the relevant category of long term 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 specifically to finance the construction or acquisition of the assets.

(f) Capitalisation of Borrowing Costs

Interest incurred on borrowings specifically taken to finance the capital work-in-progress is capitalised and included as part of the cost of the capital assets until they are ready for their intended use, after which such expense is charged to the income statement.

(g) Impairment of Assets

The carrying amounts of assets, other than those to which MASB 23 - 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.

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.



6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment of Assets (cont'd)

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.

(h) 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.

In arriving at net realisable value, due allowance is made for obsolete, slow-moving and defective inventories.

(i) 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.

(j) 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.

(k) 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(e) 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 statement over the periods of the respective hire purchase agreements.

(l) Interest-bearing Borrowings

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

Borrowing costs directly attributable to the acquisition 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.



6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Interest-bearing Borrowings (cont'd)

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

(m) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

(n) Taxation

Taxation for the year comprises current and deferred tax.

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

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax 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 negative goodwill. 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 taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(o) 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 and of the Company.



6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee Benefits (cont'd)

(ii) Defined Contribution Plans

The Group's and the Company'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 and the Company have no further liabilities in respect of the defined contribution plans.

(iii) Unfunded Defined Benefits Scheme

The Group and the Company also 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.

(p) 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.

(q) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange ruling at transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling as of that date. All exchange differences are taken to the income statement.

(r) 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.

(iii) Dividend Income

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



7. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	RM'000	RM'000
Unquoted shares, at cost:-		
At 1 January	21,060	14,700
Additions during the financial year	19,900	6,360
At 31 December	40,960	21,060

The details of subsidiaries, which are all incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2004	2003	
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, intended manufacturing of particleboards and laminated oriented strand board.

* Not audited by Horwath



8. PROPERTY, PLANT AND EQUIPMENT

	AT 1.1.2004 RM'000	RECLASSIFICATION RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2004 RM'000
THE GROUP					
NET BOOK VALUE					
Freehold land	4,745	(61)	10	-	4,694
Short leasehold land	-	-	6,810	(12)	6,798
Long leasehold land	4,632	61	88	(44)	4,737
Buildings	12,764	-	8,532	(448)	20,848
Plant, machinery and equipment	59,030	-	12,093	(5,605)	65,518
Furniture and fittings	911	-	400	(129)	1,182
Motor vehicles	2,928	-	326	(809)	2,445
Capital work-in-progress	-	-	16,133	-	16,133
	85,010	-	44,392	(7,047)	122,355

	AT ACCUMULATED COST RM'000	DEPRECIATION RM'000	TOTAL RM'000
AT 31.12.2004			
Freehold land	4,694	-	4,694
Short leasehold land	6,810	(12)	6,798
Long leasehold land	4,781	(44)	4,737
Buildings	22,977	(2,129)	20,848
Plant, machinery and equipment	100,444	(34,926)	65,518
Furniture and fittings	1,645	(463)	1,182
Motor vehicles	4,228	(1,783)	2,445
Capital work-in-progress	16,133	-	16,133
	161,712	(39,357)	122,355
AT 31.12.2003			
Freehold land	4,745	-	4,745
Long leasehold land	4,632	-	4,632
Buildings	14,445	(1,681)	12,764
Plant, machinery and equipment	88,351	(29,321)	59,030
Furniture and fittings	1,245	(334)	911
Motor vehicles	3,902	(974)	2,928
	117,320	(32,310)	85,010



8. 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	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Freehold land	4,694	4,745	3,294	3,355
Short leasehold land	6,798	-	-	-
Long leasehold land	4,649	4,632	4,017	4,000
Buildings	20,432	12,764	9,312	9,305
Furniture and fittings	183	188	183	188
	<u>36,756</u>	<u>22,329</u>	<u>16,806</u>	<u>16,848</u>

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	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Plant and machinery	12,440	3,909	-	-
Motor vehicles	1,938	2,707	792	1,277
	<u>14,378</u>	<u>6,616</u>	<u>792</u>	<u>1,277</u>

In the previous financial year, the buildings of a subsidiary with a net book value of RM3,458,777 were situated on a piece of land belonging to a company in which a director has substantial financial interests. The land was acquired by the subsidiary during the current financial year as disclosed in Note 39 to the financial statements.

9. OTHER INVESTMENTS

	THE GROUP/THE COMPANY	
	2004 RM'000	2003 RM'000
At cost:-		
Quoted shares	-	80
Club membership	15	15
	<u>15</u>	<u>95</u>
Quoted shares, at market value	-	64



10. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2004 RM'000	2003 RM'000
Negative goodwill	(670)	(670)
Goodwill on consolidation:-		
At 1 January	5,855	4,696
Goodwill from acquisition of additional shares in a subsidiary during the financial year	-	1,159
	<u>5,855</u>	<u>5,855</u>
	5,185	5,185
Accumulated amortisation		
At 1 January	(1,773)	(1,321)
Amortisation during the financial year	(568)	(452)
	<u>(2,341)</u>	<u>(1,773)</u>
At 31 December	<u>2,844</u>	<u>3,412</u>

11. INVENTORIES

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
AT COST:-				
Raw materials	9,178	3,463	1,316	520
Work-in-progress	1,771	680	-	-
Finished goods	13,653	7,221	4,691	3,592
Spare parts and consumables	2,652	2,487	2,652	2,487
	<u>27,254</u>	<u>13,851</u>	<u>8,659</u>	<u>6,599</u>

None of the inventories is carried at net realisable value.



12. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	20,201	18,138	6,432	5,486
Allowance for doubtful debts:-				
At 1 January	(375)	(613)	(375)	(613)
Additions	(147)	(157)	(147)	(157)
Written off	522	395	522	395
At 31 December	-	(375)	-	(375)
	<u>20,201</u>	<u>17,763</u>	<u>6,432</u>	<u>5,111</u>

The Group and the Company's normal trade credit terms for trade receivables 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 trade receivables is as follows:-

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
United States Dollar	9,141	7,669	3,925	2,479

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	THE GROUP/THE COMPANY	
	2004 RM'000	2003 RM'000
United States Dollar	-	375

Included in other receivables, deposits and prepayments is an amount of RM30,080,000 receivable from an issuing house in respect of the proceeds from the Public Issue of 15,040,000 new ordinary shares of RM1 each at an issue price of RM2 per share. The amount was received by the Company subsequent to the balance sheet date.



13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The utilisation of proceeds as at 25 March 2005 are as follow :-

	Proposed Utilisation RM'000	Utilisation as at 25 March 2005 RM'000	Balance RM'000
Repayment of bank borrowings	10,000	10,000	-
Balance of 15% down payment for the second manufacturing line	17,080	17,080	-
Listing expenses	3,000	2,122	878
	30,080	29,202	878

14. AMOUNT OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2004 RM'000	2003 RM'000
Amount owing by subsidiaries		
- Trade	8,130	6,761
- Non-trade	23	6,269
	8,153	13,030
Amount owing to a subsidiary		
- Non-trade	(397)	(18)
	(397)	(18)

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.

15. FIXED DEPOSITS WITH A FINANCIAL INSTITUTION

The weighted average effective interest rate of fixed deposits of the Group at the balance sheet date in respect of the previous financial year was 2.8% per annum. The fixed deposits of the Group in respect of the previous financial year had maturity periods ranging from 7 to 30 days.

16. 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 trade payables is as follows:-

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
United States Dollar	1,170	900	411	371
	1,170	900	411	371



17. AMOUNT OWING TO RELATED PARTIES

These 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 39 to the financial statements.

18. SHORT TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Bankers' acceptances	13,258	5,597	9,383	5,597
Hire purchase payables (Note 33)	3,879	1,645	258	336
Term loan (Note 34)	151	3,693	-	3,693
	<u>17,288</u>	<u>10,935</u>	<u>9,641</u>	<u>9,626</u>

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

	THE GROUP		THE COMPANY	
	2004 %	2003 %	2004 %	2003 %
Bankers' acceptances	4.9	5.2	5.0	5.2
Term loan	6.8	8.4	-	8.4

The bankers' acceptances and term loan 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) a corporate guarantee from a substantial corporate shareholder.

19. BANK OVERDRAFTS

The bank overdrafts of the Group and of the Company bear interest at 6.87% (2003 - 8.2%) per annum and were secured in the same manner as the bankers' acceptances and term loan as disclosed in Note 18 to the financial statements.



20. SHARE CAPITAL

	THE COMPANY			
	2004 NUMBER OF SHARES ('000)	2003	2004 RM'000	2003 RM'000
AUTHORISED ORDINARY SHARES OF RM1 EACH:-				
At 1 January	450,000	450,000	450,000	450,000
Reclassification	50,000	-	50,000	-
At 31 December	<u>500,000</u>	<u>450,000</u>	<u>500,000</u>	<u>450,000</u>
ISSUED AND FULLY PAID-UP ORDINARY SHARES OF RM1 EACH:-				
At 1 January	64,960	50,833	64,960	50,833
Bonus issue	-	10,167	-	10,167
Issuance of shares	15,040	3,960	15,040	3,960
At 31 December	<u>80,000</u>	<u>64,960</u>	<u>80,000</u>	<u>64,960</u>
REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES OF RM0.50 EACH:-				
AUTHORISED				
At 1 January	100,000	100,000	50,000	50,000
Reclassification	(100,000)	-	(50,000)	-
At 31 December	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>50,000</u>

On 10 February 2004, the Company's existing authorised capital of 100,000,000 Redeemable Convertible Cumulative Preference Shares of RM0.50 each were reclassified to 50,000,000 ordinary shares of RM1.00 each.

On 31 December 2004, the Company increased its issued and paid-up share capital from RM64,960,000 to RM80,000,000 by way of a Public Issue of 15,040,000 new ordinary shares of RM1 each at an issue price of RM2 per share in conjunction with the Company's listing on the Main Board of Bursa Malaysia Securities Berhad. The new shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The Public Issue included an allotment of 40,000,000 Warrants at no consideration to all entitled shareholders of the Company on the basis of one new warrant for every two ordinary shares held on the date of entitlement.



20. SHARE CAPITAL (CONT'D)

As at 31 December 2004, none of the 40,000,000 Warrants was exercised. Details of the Warrants as at 31 December 2004 are as follows:-

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

21. SHARE PREMIUM

	THE GROUP/THE COMPANY	
	2004 RM'000	2003 RM'000
At 1 January	-	-
Premium arising from Public Issue	15,040	-
Listing expenses set off against share premium	(2,115)	-
	<hr/>	<hr/>
At 31 December	12,925	-
	<hr/>	<hr/>

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.

Included in the listing expenses was an amount of approximately RM215,000 paid to the auditors in respect of services provided other than statutory audit.

22. RETAINED PROFITS

Based on estimated Section 108 tax credits and tax-exempt income available and subject to agreement with the tax authorities, the Company's retained profits are wholly distributable by way of dividends without the Company incurring further tax liabilities.

23. NON-CURRENT LIABILITIES

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Hire purchase payables (Note 33)	5,526	2,191	164	421
Term loan (Note 34)	2,812	4,307	-	4,307
Provision for retirement benefits (Note 35)	469	-	340	-
	<hr/>	<hr/>	<hr/>	<hr/>
	8,807	6,498	504	4,728
	<hr/>	<hr/>	<hr/>	<hr/>



24. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	12,556	12,711	12,111	12,711
Transfer from/(to) income statement	89	145	(651)	(300)
	<u>12,645</u>	<u>12,856</u>	<u>11,460</u>	<u>12,411</u>
Overprovision in previous financial year	(213)	(300)	(346)	(300)
	<u>12,432</u>	<u>12,556</u>	<u>11,114</u>	<u>12,111</u>

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

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax liability Accelerated capital allowances	13,138	13,300	11,283	12,111
Deferred tax assets Provision for retirement benefits	(202)	-	(169)	-
Unutilised tax losses	(504)	(744)	-	-
	<u>12,432</u>	<u>12,556</u>	<u>11,114</u>	<u>12,111</u>

25. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share of the Group is calculated based on the net tangible assets value at the balance sheet date of RM107,433,999 (2003 - RM70,265,558) divided by the number of ordinary shares in issue at the balance sheet date of 80,000,000 (2003 - 64,960,000).

26. TURNOVER

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



27. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Allowance for doubtful debts	147	157	147	157
Amortisation of goodwill	568	452	-	-
Audit fee	62	53	18	18
Bad debts written off	23	237	7	-
Depreciation of property, plant and equipment	7,047	5,754	4,247	3,958
Directors' fees	105	50	105	30
Directors' non-fee emoluments	682	635	682	635
Equipment written off	-	20	-	-
Interest expense:				
- bankers' acceptances	400	362	400	362
- hire purchase	312	147	43	32
- overdrafts	376	721	376	721
- term loan	339	866	307	866
- trade bills	5	-	5	-
Impairment loss on property	-	676	-	-
Loss on foreign exchange - realised	17	24	17	24
Loss on disposal of investment	5	-	5	-
Provision for retirement benefits	469	-	340	-
Rental of factory	162	180	-	-
Rental of premises	112	49	-	-
Staff costs	22,458	12,378	6,116	5,124
Bad debts recovered	(3)	(79)	-	(75)
Dividend income (gross)	(7)	(5)	(1,007)	(5)
Gain on foreign exchange - realised	(10)	(67)	-	-
Gain on disposal of equipment	-	(2)	-	(2)
Interest income	(5)	(9)	(4)	(2)
Waiver of outstanding amount by a financial institution	(1,000)	-	(1,000)	-

The benefits-in-kind received by the directors of the Group and of the Company was RM56,000 (2003 - RM28,000).



28. TAXATION

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current taxation	4,485	4,096	3,953	3,550
Deferred taxation	89	145	(651)	(300)
	<hr/>	<hr/>	<hr/>	<hr/>
	4,574	4,241	3,302	3,250
Overprovision in previous financial years				
- current tax	(338)	(872)	(375)	(872)
- deferred tax	(213)	(300)	(346)	(300)
	<hr/>	<hr/>	<hr/>	<hr/>
	4,023	3,069	2,581	2,078
	<hr/>	<hr/>	<hr/>	<hr/>

A reconciliation of the income tax expense applicable to the profit 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	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit before taxation	21,311	17,637	13,103	10,286
	<hr/>	<hr/>	<hr/>	<hr/>
Tax at the corporate tax rate of 28%	5,967	4,938	3,669	2,880
Tax effects of:				
Non-deductible expenses	446	895	190	446
Non-taxable income	(2)	-	(2)	-
Double deductions	(485)	-	(485)	-
Pioneer status tax- exempt income	(1,237)	(606)	-	-
Utilisation of previously unrecognised deferred tax assets	-	(817)	-	-
Utilisation of reinvestment allowance	(90)	(76)	(90)	(76)
Overprovision in previous financial years				
- current tax	(338)	(872)	(375)	(872)
- deferred tax	(213)	(300)	(346)	(300)
Others	(25)	(93)	20	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,023	3,069	2,581	2,078
	<hr/>	<hr/>	<hr/>	<hr/>



28. TAXATION (CONT'D)

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

	THE GROUP	
	2004	2003
	RM'000	RM'000
Unutilised tax losses	1,801	2,658
Unutilised reinvestment allowance	2,603	2,063
	4,404	4,721

These amounts have not been recognised as deferred tax assets in the financial statements of the Group.

29. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM17,288,260 (2003 - RM13,168,769) by the weighted average number of ordinary shares in issue during the financial year of approximately 65,001,205 (2003 - 61,010,849).

The fully diluted earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM17,288,260 (2003 - RM13,168,769) by the assumed weighted average number of ordinary shares in issue during the financial year of approximately 65,001,205 (2003 - 61,010,849) adjusted for all the unissued shares upon exercise of outstanding warrants at year end.

30. DIVIDENDS

	THE GROUP/THE COMPANY	
	2004	2003
	RM'000	RM'000
Dividends declared and payable during the current financial year:		
(i) Interim dividend of 4.5 sen per ordinary share less 28% tax to the registered shareholders as at 30 June 2004.	2,105	-
(ii) Special dividend of 8 sen per ordinary share less 28% tax to the registered shareholders as at 15 September 2004.	3,741	-
(iii) Final dividend of 6 sen per ordinary share less 28% tax	-	2,806
	5,846	2,806

The interim and special dividends declared during the financial year are payable to the shareholders of the Company existing as of the date of the declaration of the dividends.



31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cost of property, plant and equipment purchased	44,392	7,345	10,575	5,433
Amount financed through hire purchase	(8,317)	(2,889)	-	(470)
Cash disbursed for the purchase of property, plant and equipment	36,075	4,456	10,575	4,963

32. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash and bank balances	1,125	1,765	113	1,137
Fixed deposits	-	1,500	-	-
Bank overdrafts	(14,170)	-	(13,249)	-
	(13,045)	3,265	(13,136)	1,137



33. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Future minimum hire purchase payments:				
- not later than one year	4,508	1,852	295	378
- later than one year and not later than five years	5,866	2,467	187	482
	<u>10,374</u>	<u>4,319</u>	<u>482</u>	<u>860</u>
Future finance charges	(969)	(483)	(60)	(103)
	<u>9,405</u>	<u>3,836</u>	<u>422</u>	<u>757</u>
Present value of hire purchase payables				
Current:				
- not later than one year (Note 18)	3,879	1,645	258	336
Non-current:				
- later than one year and not later than five years (Note 23)	5,526	2,191	164	421
	<u>9,405</u>	<u>3,836</u>	<u>422</u>	<u>757</u>

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

	THE GROUP		THE COMPANY	
	2004 %	2003 %	2004 %	2003 %
Hire purchase payables	5.9 to 10.7	3.2 to 8.7	6.2 to 8.7	6.2 to 8.7



34. TERM LOAN

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current portion:				
- repayable one year (Note 18)	151	3,693	-	3,693
Non-current portion (Note 23):				
- repayable between one and two years	154	4,307	-	4,307
- repayable between two and five years	437	-	-	-
- repayable later than five years	2,221	-	-	-
	2,812	4,307	-	4,307
	<u>2,963</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>

The term loan of the Group and of the Company was secured in the same manner as the short term borrowings as disclosed in Note 18 to the financial statements.

Details of the repayment terms are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENT	MONTHLY INSTALMENT AMOUNTS RM'000	COMMENCEMENT DATE OF REPAYMENT
1	180	22 to 26	26 October 2004



35. PROVISION FOR RETIREMENT BENEFITS

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	-	-	-	-
Charge for the financial year	469	-	340	-
At 31 December	469	-	340	-
The retirement benefit obligations are expected to be settled as follows:-				
Current:				
- within one year	-	-	-	-
Non-current (Note 23):				
- later than 1 year and not later than 2 years	-	-	-	-
- later than 2 years and not later than 5 years	196	-	196	-
- later than 5 years	273	-	144	-
	469	-	340	-

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

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current service cost	117	-	73	-
Interest cost	11	-	9	-
Past service costs	341	-	258	-
	469	-	340	-

During the financial year, the Group and the Company established an unfunded defined benefit plan for key personnel. Under the scheme, eligible employees are entitled to retirement benefits of one month salary for every completed year of employment, 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 RM238,000 was in respect of retirement benefits for executive directors.

The present value of the unfunded defined benefit obligations of the Group and of the Company at the balance sheet date are not materially different from the provisions recorded in the financial statements of the Group and of the Company.



35. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

The principal actuarial assumptions used are as follows:

	THE GROUP/THE COMPANY	
	2004	2003
	%	%
Discount rate	5	-
Expected rate of salary increases	3 - 5	-

36. 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	
	2004	2003
	RM'000	RM'000
United States Dollar	3.80	3.80
Euro	5.17	N/A

37. CONTINGENT LIABILITY - UNSECURED

	THE COMPANY	
	2004	2003
	RM'000	RM'000
Corporate guarantee given to financial institutions for banking facilities granted to a subsidiary	27,497	875

38. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	THE COMPANY	
	2004	2003
	RM'000	RM'000
Sales to subsidiaries:		
- HeveaPac Sdn. Bhd.	12,090	17,144
- HeveaMart Sdn. Bhd.	7,437	5,597
Dividend income from a subsidiary:		
- HeveaMart Sdn. Bhd.	1,000	-
Purchase of long leasehold land from a subsidiary:		
- Hevea OSB Sdn. Bhd.	-	4,000



39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

<u>Nature of transactions</u>	THE GROUP	
	2004 RM'000	2003 RM'000
Purchase of short leasehold land from a related party: - NuBoard-Mah Fah JV Sdn. Bhd.	7,500	-
Rental paid/payable to a related party: - NuBoard-Man Fah JV Sdn. Bhd.	162	180
Construction of property by a related party : - Fizwah Pembinaan Sdn Bhd	5,892	-

	NOTE	THE GROUP		THE COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Balances as at balance sheet date					
HeveaWood Industries Sdn. Bhd.	(a)	867	4,788	356	4,307
NuBoard-Mah Fah JV Sdn. Bhd.	(b)	7,500	-	7,500	-
Fizwah Pembinaan Sdn. Bhd.	(c)	2,792	-	-	-
		<u>11,159</u>	<u>4,788</u>	<u>7,856</u>	<u>4,307</u>

- (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, Y. Bhg. Dato' Seri Yong Tu Sang and Yoong Hau Chun are also directors of the Company.
- (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.
- (c) Fizwah Pembinaan Sdn. Bhd. is a company in which a substantial shareholder of the Company, Wan Hassan Bin Wan Abdul Rahman is also a substantial shareholder and director of Fizwah Pembinaan Sdn. Bhd. In addition, Yoong Tein Seng @ Yong Kian Seng, a 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.

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business on terms mutually agreed between the parties.



40. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Approved but not contracted for	34,707	400	33,000	-
Approved and contracted for	185,000 *	315	185,000 *	-

* The Group has embarked on an expansion plan involving the establishment of a second manufacturing line located adjacent to its current existing particleboard plant in Gemas. The second manufacturing line entails a total investment cost of approximately RM225 million and is expected to be completed in the year 2006. The contract for the design, supply, installation and commissioning of the particleboard plant was entered into on 6 October 2004, between the Company and a third party. The supply contract is valued at Euro 37.8 million (or equivalent to approximately RM195 million based on the exchange rate of RM5.17 : Euro 1), of which a deposit of RM10 million has been paid as at the balance sheet date.

41. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year were as follows:-

	THE GROUP/THE COMPANY	
	2004 RM1000	2003 RM1000
Directors of the Company:-		
Executive directors:-		
- salaries, bonus and EPF	682	495
Non-Executive directors:-		
- salaries, bonus and EPF	-	140
- fees	105	30
	105	170
	787	665



41. DIRECTORS' REMUNERATION (CONT'D)

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

	THE GROUP/THE COMPANY	
	2004	2003
Executive directors		
RM100,001 - RM150,000	-	1
RM200,001 - RM250,000	1	-
RM350,001 - RM400,000	-	1
RM450,001 - RM500,000	1	-
	<hr/>	<hr/>
	2	2
Non-Executive directors:-		
Below RM50,000	5	2
RM50,001 - RM100,000	-	2
	<hr/>	<hr/>
	7	6
	<hr/>	<hr/>

42. NUMBER OF EMPLOYEES

The number of employees of the Group and of the Company at the balance sheet date were 1,447 (2003 - 862) and 212 (2003 - 230) respectively.



43. SEGMENTAL INFORMATION

	MANUFACTURING		TRADING		OTHERS		ELIMINATIONS		GROUP	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Turnover	157,517	112,207	30,028	28,202	-	-	(30,508)	(33,565)	157,037	106,844
Results:										
Segment results	23,669	20,025	1,138	1,046	(5)	(1,313)	(1,491)	300	23,311	20,058
Finance costs	(1,998)	(2,419)	(2)	(2)	-	-	-	-	(2,000)	(2,421)
Profit from ordinary activities before taxation									21,311	17,637
Taxation									(4,023)	(3,069)
Profit from ordinary activities after taxation									17,288	14,568
Minority interest									-	(1,399)
Net profit for the year									17,288	13,169
Other information										
Segment assets	243,131	146,686	5,758	6,321	6,196	6,181	(48,215)	(33,401)	206,870	125,787
Segment liabilities	103,588	64,003	3,536	4,236	43	23	(10,575)	(16,152)	96,592	52,110
Capital expenditure	44,352	11,214	3	11	37	120	-	(4,000)	44,392	7,345
Depreciation and amortisation	7,009	5,717	38	37	-	-	-	-	7,047	5,754
Goodwill written off	-	-	-	-	-	-	568	452	568	452

The Group operates wholly in Malaysia.



44. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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) Bank Balances and Other Liquid and Short Term Receivables

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

(b) Short Term Borrowings and Other Current Liabilities

The carrying amounts approximated the fair values because of the short period to maturity of these instruments.

(c) Long Term Borrowings

The carrying amounts approximated the fair values as these instruments bear interest at variable rates.

(d) Other Investments

The fair values of quoted investments are estimated based on quoted market prices for these investments.

For unquoted investments, it is not practicable to estimate the fair values because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable amount.

(e) Hire Purchase Payables

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.

(f) Amounts Owning By/To Subsidiaries/Related Parties

It is not practicable to determine the fair values of amounts owing by/to subsidiaries/related parties due principally to a lack of fixed repayment terms. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

(g) Contingent Liabilities

It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.



45. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

During and subsequent to the financial year, the Company undertook the following corporate exercise in conjunction with its listing on the Main Board of Bursa Malaysia Securities Berhad:-

- (a) the Public Issue of 15,040,000 new ordinary shares of RM1 each at an issue price of RM2 per share. The Public Issue was completed on 31 December 2004;
- (b) the issue of 40,000,000 warrants of RM1 each to the entitled shareholders on the basis of one warrant for every two ordinary shares held on 31 December 2004; and
- (c) the Company was officially listed on the Main Board of Bursa Malaysia Securities Berhad on 12 January 2005; and
- (d) the Group has embarked on an expansion plan involving the establishment of a second manufacturing line located adjacent to its current existing particleboard plant in Gemas. The second manufacturing line entails a total investment cost of approximately RM225 million and is expected to be completed in the year 2006. The contract for the design, supply, installation and commissioning of the particleboard plant was entered into on 6 October 2004, between the Company and a third party. The supply contract is valued at Euro 37.8 million (or equivalent to approximately RM195 million based on the exchange rate of RM5.17 : Euro 1).

46. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current financial year's presentation:-

	THE GROUP		THE COMPANY	
	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000	AS RESTATED RM'000	AS PREVIOUSLY REPORTED RM'000
BALANCE SHEET (EXTRACT):-				
Non-current and deferred liabilities	-	19,054	-	16,839
Non-current liabilities	6,498	-	4,728	-
Deferred taxation	12,556	-	12,111	-
	<hr/>	<hr/>	<hr/>	<hr/>



A. ANALYSIS OF SHAREHOLDINGS

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 MARCH 2005

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	1	0.13	50	0.00
100 - 1,000	224	29.44	206,050	0.26
1,001 - 10,000	388	50.99	1,711,300	2.14
10,001 - 100,000	95	12.48	2,994,501	3.74
100,001 - 3,999,999 (less than 5% of issued shares)	50	6.57	35,846,099	44.81
4,000,000 (5% of issued shares) and above	3	0.39	39,242,000	49.05
Total	761	100.00	80,000,000	100.00



C. SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2005

Name	Direct		Indirect		
	No. of Shares	%	No. of Shares	%	
1. HeveaWood Industries Sdn Bhd	27,075,000	33.84	-	-	
2. Sanur Sdn Bhd	7,867,000	9.83	-	-	
3. Wan Hassan bin Wan Abdul Rahman	6,305,000	7.88	-	-	
4. Dato' Seri Yong Tu Sang	150,000	0.19	27,075,000	33.84	@
5. Firama Holdings Sdn Bhd	3,380,000	4.22	27,075,000	33.84	*
6. Liang Chong Wai	150,000	0.19	27,075,000	33.84	*
7. Sung Lee Timber Trading Sdn Bhd	-	-	27,075,000	33.84	*
8. Dato' Loo Swee Chew	150,000	0.19	27,075,000	33.84	*
9. Tenson Holdings Sdn Bhd	-	-	30,455,000	38.07	**
10. Yoong Tein Seng @ Yong Kian Seng	150,000	0.19	30,655,000	38.32	***
11. Yoong Hau Chun	150,000	0.19	30,655,000	38.32	#
12. Nur Jazman bin Mohamed	50,000	0.06	7,867,000	9.83	##
13. Datuk Nur Jazlan bin Mohamed	-	-	7,917,000	9.89	###
14. Nur Jasni bin Mohamed	-	-	7,917,000	9.89	###
15. Mah Fah Victor Group Sdn Bhd	-	-	30,455,000	38.07	~

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

* Deemed interested by virtue of substantial shareholdings in HeveaWood Industries Sdn Bhd pursuant to Section 6A of Companies Act, 1965.

** Deemed interested by virtue of its substantial shareholdings in HeveaWood Industries Sdn Bhd and Firama Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

*** Deemed interested by virtue of Section 6A of the Companies Act, 1965 (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.

Deemed interested by virtue of his relationship with Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister

Deemed interested by virtue of his shareholdings in Sanur Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Deemed interested by virtue of his shareholdings in Sanur Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 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.



D. DIRECTORS' SHAREHOLDINGS AS AT 23 MARCH 2005

Name	Direct		Indirect		
	No. of Shares	%	No. of Shares	%	
1. Tan Sri Dato' Seri Mohamed bin Rahmat	950,000	1.19	-	-	
2. Yoong Tein Seng @ Yong Kian Seng	150,000	0.19	30,655,000	38.32	*
3. Yoong Hau Chun	150,000	0.19	30,655,000	38.32	#
4. Dato' Seri Yong Tu Sang	150,000	0.19	27,075,000	33.84	^
5. Dato' Loo Swee Chew	150,000	0.19	27,075,000	33.84	~
6. Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	-	-	-	-	
7. Lim Kah Poon	50,000	0.06	-	-	

* Deemed interested by virtue of Section 6A of the Companies Act, 1965 (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.

Deemed interested by virtue of his relationship with Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister.

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

~ Deemed interested by virtue of his substantial shareholdings in HeveaWood Industries Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.



E. LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 23 MARCH 2005

Name	No. of Shares Held	%
1. HeveaWood Industries Sdn Bhd	27,075,000	33.84
2. OSK Nominees (Tempatan) Sdn Berhad -OSK Capital Sdn Bhd for Sanur Sdn Bhd	6,167,000	7.70
3. OSK Nominees (Tempatan) Sdn Berhad -OSK Capital Sdn Bhd for Wan Hassan Bin Wan Abdul Rahman	6,000,000	7.50
4. Timeless Image Sdn Bhd	3,500,000	4.37
5. Firama Holdings Sdn Bhd	3,380,000	4.22
6. HSBC Nominees (Asing) Sdn Bhd -MSCO NY for Tiedemann Global Emerging Markets L.P.	2,161,899	2.70
7. Amanah Raya Nominees (Tempatan) Sdn Bhd -Public Smallcap Fund	2,025,400	2.53
8. Sanur Sdn Bhd	1,700,000	2.12
9. Media Zone Sdn Bhd	1,438,000	1.80
10. Yap Kiew @ Yap Chin Fook	1,319,000	1.65
11. Yee Kong Yin	1,305,000	1.63
12. Liau Choon Hwa & Sons Sdn Bhd	1,250,000	1.56
13. Mak Sze Ling	1,084,000	1.36
14. Y.A.M. Tunku Imran Ibni Tuanku Ja'afar	1,080,000	1.35
15. Ah Kayu Moy @ Lee Kay Moy	1,000,000	1.25
16. Amanah Raya Nominees (Tempatan) Sdn Bhd -Amanah Saham Malaysia	1,000,000	1.25
17. Multi-Purpose Insurans Bhd	1,000,000	1.25
18. OSK Nominees (Tempatan) Sdn Berhad -OSK Capital Sdn Bhd for Mohamed Bin Rahmat	950,000	1.19
19. Bank Pembangunan dan Infrastruktur Malaysia Berhad	900,000	1.13
20. Mayban Nominees (Tempatan) Sdn Bhd -Mayban Trustees Berhad for Public Industry Fund (N14011930270)	897,000	1.12
21. Fizwah Pembinaan Sdn Bhd	720,000	0.90
22. Peh Ju Chai	700,000	0.88
23. OSK Nominees (Tempatan) Sdn Berhad -OSK Capital Sdn Bhd for Othman Bin Mohamed Said	630,000	0.79
24. Amanah Raya Nominees (Tempatan) Sdn Bhd Permodalan Nasional Berhad -Amanah Saham Wawasan 2020	500,000	0.63
25. BIMB Musyarakah Satu Sdn Bhd	500,000	0.63
26. Liau Thai Min	428,000	0.54
27. Citicorp Nominees (Asing) Sdn Bhd -Goldman Sachs International	425,000	0.53
28. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Tan Mui Pow (D18)	400,000	0.50
29. Yoong Hoi Yen	400,000	0.50
30. Mak Meow Hoo	320,000	0.40
	70,255,299	87.82



F. DISTRIBUTION OF WARRANTHOLDINGS AS AT 23 MARCH 2005

Size of Warrantholdings	No. of Holders	%	No. of Warrants	%
Less than 100	20	4.08	1,000	0.00
100 - 1,000	222	45.31	153,300	0.38
1,001 - 10,000	169	34.49	762,400	1.91
10,001 - 100,000	48	9.80	1,611,894	4.03
100,001 - 1,999,999 (less than 5% of issued warrants)	27	5.51	12,991,506	32.48
2,000,000 (5% of issued warrants) and above	4	0.81	24,479,900	61.20
Total	490	100.00	40,000,000	100.00



G. LIST OF THIRTY (30) LARGEST WARRANTHOLDERS AS AT 23 MARCH 2005

Name	No. of Warrants Held	%
1. HeveaWood Industries Sdn Bhd	13,537,500	33.84
2. OSK Nominees (Tempatan) Sdn Berhad -OSK Capital Sdn Bhd for Sanur Sdn Bhd	4,083,500	10.21
3. Liang Chong Wai	3,858,900	9.65
4. OSK Nominees (Tempatan) Sdn Berhad -OSK Capital Sdn Bhd for Wan Hassan Bin Wan Abdul Rahman	3,000,000	7.50
5. Firlama Holdings Sdn Bhd	1,690,000	4.23
6. Yap Kiew @ Yap Chin Fook	1,631,000	4.07
7. Mak Sze Ling	1,502,900	3.76
8. Yap Kiew @ Yap Chin Fook	813,500	2.03
9. Liau Choon Hwa & Sons Sdn Bhd	625,000	1.56
10. Y.A.M. Tunku Imran Ibni Tuanku Ja'afar	540,000	1.35
11. Ah Kayu Moy @ Lee Kay Moy	500,000	1.25
12. Mak Sze Ling	500,000	1.25
13. Peh Ju Chai	486,000	1.21
14. OSK Nominees (Tempatan) Sdn Berhad -OSK Capital Sdn Bhd for Mohamed Bin Rahmat	475,000	1.19
15. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	450,000	1.12
16. Permodalan Nasional Berhad	375,000	0.94
17. Amanah Raya Nominees (Tempatan) Sdn Bhd -Amanah Saham Malaysia	365,400	0.91
18. Fizwah Pembinaan Sdn Bhd	355,000	0.89
19. Yee Kong Yin	352,800	0.88
20. Liau Thai Min	335,150	0.84
21. Peh Ju Chai	248,500	0.62
22. HSBC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yap Kiew @ Yap Chin Fook	245,300	0.61
23. Chong Ching Yee	245,100	0.61
24. Keoy Hun Eng	215,000	0.54
25. PM Nominees (Tempatan) Sdn Bhd - PCB Asset Management Sdn Bhd for Ng Faai @ Ng Yoke Pei (Sban)	207,850	0.52
26. Wan Mahyumi Binti Wan Mohd Fizi	150,006	0.38
27. Mak Chee Weng	150,000	0.38
28. Mak Meow Hoo	150,000	0.38
29. Wan Hassan Bin Wan Abdul Rahman	150,000	0.38
30. Loo Chin Ming (Lu ZhenMing)	128,000	0.32
	37,366,406	93.42



H. DIRECTORS' WARRANTHOLDINGS AS AT 23 MARCH 2005

Name	Direct No. of Warrants	%	Indirect No. of Warrants	%	
1. Tan Sri Dato' Seri Mohamed bin Rahmat	475,000	1.19	-	-	
2. Yoong Tein Seng @ Yong Kian Seng	75,000	0.19	15,327,500	38.32	*
3. Yoong Hau Chun	75,000	0.19	15,327,500	38.32	#
4. Dato' Seri Yong Tu Sang	75,000	0.19	13,537,500	33.84	^
5. Dato' Loo Swee Chew	75,000	0.19	13,537,500	33.84	~
6. Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak	-	-	-	-	
7. Lim Kah Poon	25,000	0.06	-	-	

* Deemed interested by virtue of Section 6A of the Companies Act, 1965 (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.

Deemed interested by virtue of his relationship with Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister.

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

~ Deemed interested by virtue of his substantial shareholdings in HeveaWood Industries Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

LIST OF PROPERTIES



Location	Description/ Existing Use	Tenure	Land Area	Approximate age of Building/ Year of Acquisition	Net Book Value (RM'000)
Lot 1941 & 1942, Batu Tiga, Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Factory, Office and Warehouse	Freehold	47,255 sq. m	9 years/ 1994	12,660
Lot 4577/8, Batu Tiga, Jalan Tampin 73400 Gemas Negeri Sembilan Darul Khusus	Vacant Land	Leasehold (Expires on 13-8-2095)	81,824 sq. m	N/A 1996	4,017
PT 2584/2585/2586/2587 Mukim of Gemas Daerah Tampin Negeri Sembilan Darul Khusus	Staff Quarters	Leasehold (Expires on 21-2-2090)	1,104 sq. m	9 years/ 1994	284
Lot 1943, Batu Tiga Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Vacant Land	Freehold	20,283 sq.m	N/A 1999	1,400
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	1 to 15 years/ 2004	11,593
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	1 to 15 years/ 2004	6,325

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 Eleventh Annual General Meeting of the Company to be held at The Royal Adelphi, Lenggeng Room, Jalan Dato' A. S. Dawood, 70100 Seremban, Negeri Sembilan Darul Khusus on Wednesday, 11 May 2005 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolutions	For	Against
1. Adoption of Audited Financial Statements for the financial year ended 31 December 2004		
2. Approval of Directors' Fees		
3. Re-election of Yoong Tein Seng @Yong Kian Seng as Director		
4. Re-election of Yoong Hau Chun as Director		
5. Re-election of Lim Kah Poon as Director		
6. Re-appointment of Tan Sri Dato' Chan Choong Tack @ Chan Choong Tak 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 2005

.....
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 Lot 683, 5th Miles, Kuala Pilah Road, 70400 Seremban, Negeri Sembilan Darul Khusus at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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Affix
Stamp

HeveaBoard Berhad (275512-A)
Lot 683, 5th Mile, Jalan Kuala Pilah,
70400 Seremban,
Negeri Sembilan Darul Khusus,
Malaysia.

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