

annual report



Jaya Tiasa Holdings Berhad (3751-V)

No. 1-9, Pusat Suria Permata,
Jalan Upper Lanang,
96000 Sibu, Sarawak.
Tel : 084-213255
Fax : 084-213855
E-mail : jayatiasa@jthsibu.po.my



Annual Report 2002



2002



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Key Information



Forest Concessions

Area

1,760,535 acres

Location

Sarawak, Malaysia

Main Species

Meranti, Kapor, Keruing,
Selangan Batu, Jelutong,
Melapi, Mersawa, Nyatoh
and Arau

Annual Production Capacity

Malaysia

	Jaya Tiasa Plywood Sdn Bhd	Rimbunan Hijau Plywood Sdn Bhd	Jaya Tiasa Timber Products Sdn Bhd	Total
Plywood (cubic metre)	180,000	120,000	60,000	360,000
Veneer (cubic metre)	300,000	–	–	300,000
Sawntimber (cubic metre)	70,000	–	–	70,000
Blockboard (cubic metre)	–	12,000	–	12,000
Film-Overlay Plywood (cubic metre)	–	6,000	–	6,000
Sliced-Veneer (square metre)	–	–	6,000,000	6,000,000

Brazil

	Maginco Verde Ltda	Selvaplac Verde SA	Total
Plywood (cubic metre)	67,200	48,000	115,200
Sawntimber (cubic metre)	19,200	–	19,200

Corporate Information

Board of Directors

Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid - Chairman

Tiong Chiong Hoo - Managing Director

Dr. Tiong Ik King

Tuan Haji Wan Alshagaf bin Tuanku Esim

Tiong Choon

Tiong Chiong Hee

Tuan Haji Ashaari @ Asahari bin Shebli

John Leong Chung Loong

Registrars

Signet Share Registration Services Sdn Bhd
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-21454337
Fax : 03-21421353

Audit Committee

Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid - Chairman
- Independent Non-Executive Director

Tiong Chiong Hoo - Managing Director

Tuan Haji Wan Alshagaf bin Tuanku Esim
- Independent Non-Executive Director

John Leong Chung Loong - Independent Non-Executive Director

Auditors

Ernst & Young

Company Secretaries

Ngu Ung Huong

Lim Phooi Kee

Ng Yim Kong

Principal Bankers

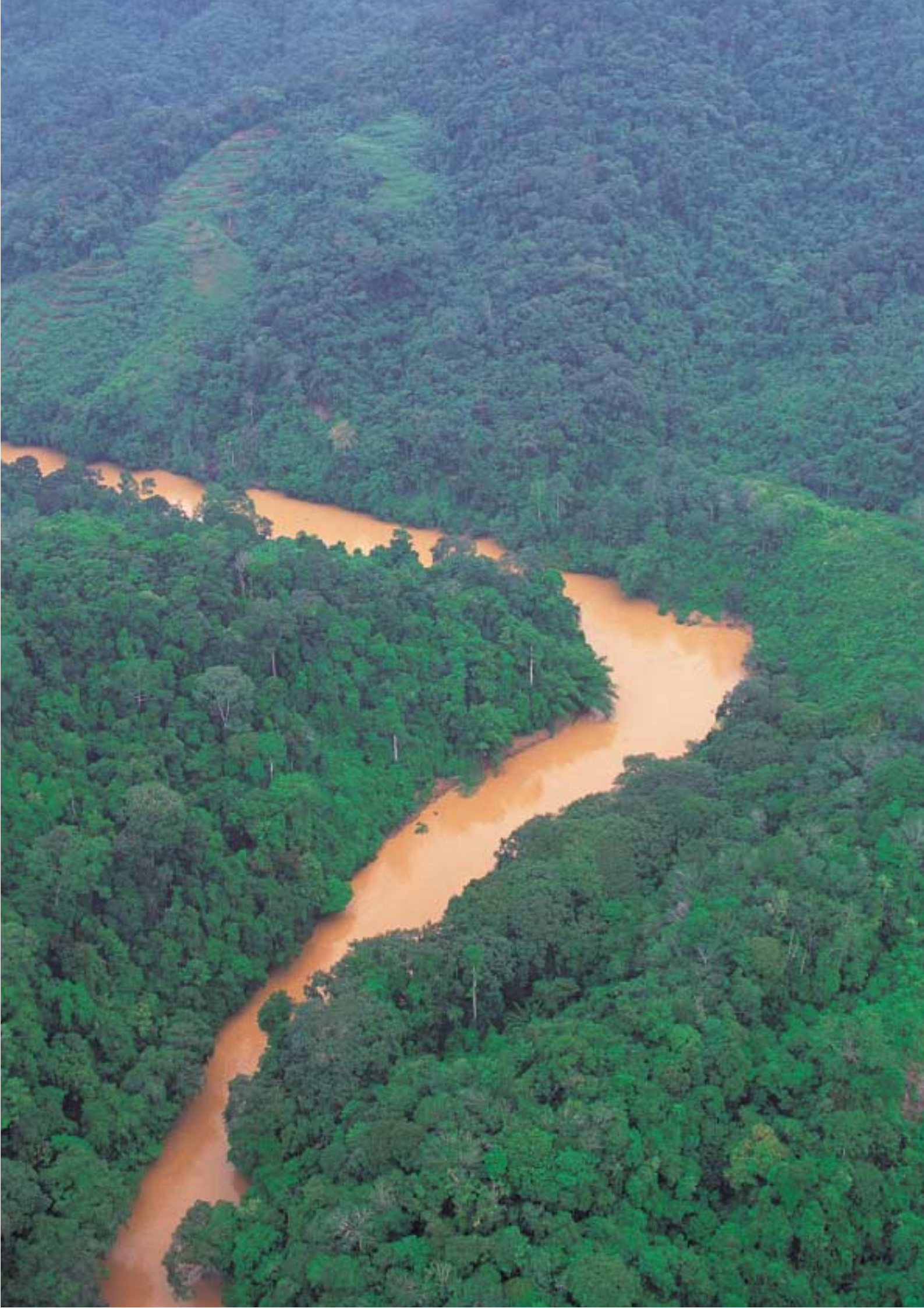
HSBC Bank Malaysia Berhad
Citibank Berhad
RHB Bank Berhad
Bank Utama (Malaysia) Berhad

Registered Office

No. 1-9, Pusat Suria Permata
Jalan Upper Lanang
96000 Sibul, Sarawak
Tel : 084-213255
Fax : 084-213855
E-mail : jayatiasa@jthsibu.po.my

Stock Exchange Listing

The Kuala Lumpur Stock Exchange
- Main Board



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of the Company will be held at Perdana Room, Kingwood Hotel, No.12, Lorong Lanang 4, 96000 Sibul, Sarawak on Thursday, 26 September 2002 at 11:30 a.m. for the following purposes:-

Agenda

1. To receive the Audited Financial Statements of the Company for the year ended 30 April 2002 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve payment of Directors' Fees for the year ended 30 April 2002. **Resolution 2**
3. To declare a First and Final Dividend of 3% less tax for the year ended 30 April 2002. **Resolution 3**
4. To re-elect the following directors :-
 - i. John Leong Chung Loong **Resolution 4**
 - ii. Tiong Choon **Resolution 5**
 - iii. Tiong Chiong Hee **Resolution 6**
5. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**
6. As Special Business
To consider and, if thought fit, to pass the following Ordinary Resolution:-
Authority for Directors to Allot and Issue Shares **Resolution 8**
"THAT, subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued capital of the Company at the time of issue and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT the First and Final Dividend of 3% less tax for the financial year ended 30 April 2002, if approved at the Forty-Second Annual General Meeting, will be paid on 2 December 2002 to Depositors registered in the Record of Depositors at the close of business on 20 November 2002.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares deposited into the depositors securities account before 12.30 p.m. on 18 November 2002 in respect of shares which are exempted from mandatory deposit;
- b) Shares transferred into the depositors securities account before 12.30 p.m. on 20 November 2002 in respect of ordinary transfers; and
- c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board
JAYA TIASA HOLDINGS BERHAD
NGU UNG HUONG
LIM PHOOI KEE
NG YIM KONG
Company Secretaries

Sibu, Sarawak
4 September 2002

Notes on Appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies in his/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at No.1-9, Pusat Suria Permata, Jalan Upper Lanang 96000 Sibul, Sarawak not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
4. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.

Notes on Special Business

The Proposed Ordinary Resolution, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

Statement Accompanying Notice of Annual General Meeting

1. Directors who are standing for re-election at the Forty-Second Annual General Meeting of the Company and their shareholdings in the Company.

Name of Directors

John Leong Chung Loong
Tiong Choon
Tiong Chiong Hee

2. Details of Directors who are standing for re-election
Details of John Leong Chung Loong, Tiong Choon and Tiong Chiong Hee are set out in the Directors' Profile on pages 18 and 19 of the Annual Report 2002.
3. Details of attendance of Directors at board meetings held during the financial year ended 30 April 2002.

Four (4) Board of Directors Meetings were held during the financial year ended 30 April 2002. Details of attendance of directors at board meetings are as follows:-

Name Directors	Date of meeting				Total Attendance
	27-06-2001	26-09-2001	27-12-2001	28-03-2002	
Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid	✓	✓	✓	✓	4/4
Tiong Chiong Hoo	✓	✓	✓	✓	4/4
Dr Tiong Ik King	✓	✓	✓	✓	4/4
Tuan Haji Wan Alshagaf bin Tuanku Esim	✓	✓	✓	✓	4/4
Tiong Choon	✓	✓	✓	✓	4/4
Tiong Chiong Hee	✗	✓	✓	✓	3/4
Tuan Haji Ashaari @ Asahari Bin Shebli	✓	✓	✓	✓	4/4

John Leong Chung Loong
(Appointed on 28 March 2002) Not applicable

Notes: ✓ - Present ✗ - Absent

4. Place, date and hour of Forty-Second Annual General Meeting:
The Forty-Second Annual General Meeting of the Company will be held at Perdana Room, Kingwood Hotel, No.12, Lorong Lanang 4, 96000 Sibul, Sarawak on Thursday, 26 September 2002 at 11:30 a.m.

Statement on Corporate Governance

As advocated by The Malaysian Code on Corporate Governance

The Board of Directors believes in the principles of good corporate governance and supports the Malaysian Code on Corporate Governance ("the Code").

The Board has taken steps to comply with the requirements of the Code and is pleased to set out below the manner in which it has applied the principles and complied with best practices of the Code.

Board of Directors

Board Balance

Jaya Tiasa Group is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields required to successfully direct and supervise the company's business activities, which are vital to the success of the Group.

The Board has eight (8) members comprising an Independent Non-Executive Chairman, a Group Managing Director, three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The profiles of the members of the Board are as shown on pages 18 and 19 of this Report. The Board is of the opinion that its current composition and size constitutes an effective Board to the Company.

The Group practices a clear demarcation of responsibilities while maintaining balance of power and authority. The positions of the Chairman and the Managing Director are individually held by two persons. The Chairman is primarily responsible for the orderly conduct and working of the Board. The Board reviews the financial performance and the business operations of the Group, the adequacy of the management and internal controls. The day-to-day responsibilities of overseeing the overall Group's financial and operational matters lies with the Executive Management under the direction of the Group Managing Director to ensure that the Group is managed in an efficient manner. The Managing Director is also responsible for the implementation of Board policies and the making of operational decisions.

The roles and responsibilities of the Executive Director and senior management are clearly outlined. Adequate support is in place to ensure continuity in the absence of key executives.

The Board recognises the importance and contribution of its Independent Non-Executive Directors. This ensures the balance of power in the exercise of objective and independent judgement at Board level, to safeguard the interests of the major stakeholders and minority shareholders respectively.

The Board has identified Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid as the Senior Independent Non-Executive Director to whom concerns of shareholders, management and others may be conveyed.

Board Meetings

The Board holds at least four (4) regular scheduled meetings annually, with additional meetings convened as and when necessary. There were four (4) Board meetings held during this financial year. All conclusions of the Board are duly recorded in Board minutes.

The attendance of the Board of Directors on all four (4) Board Meeting can be found on page 7 of the Annual Report in the Statement accompanying Notice of Annual General Meeting ("AGM").

Supply of Information

The Board and its Committees are provided with timely and relevant information which include quarterly and annual financial statements, board papers for business and corporate proposals, minutes of meetings as well as reports from independent advisers/ consultants to assist them in discharging their duties and responsibilities.

Statement on Corporate Governance (cont'd)

Supply of Information (cont'd)

The Board ensures that any potential conflict of interest is avoided by requesting the Director(s) concerned to declare his/their interests and abstain from the decision-making process.

All Directors have access to the advice of the Company Secretaries, independent professional advisers, and internal or external auditors at the Company's expense.

Re-election

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire and be eligible for re-election by rotation at each Annual General Meeting. All directors are to retire from office at least once in three years.

Audit Committee

The Board welcomes Mr. John Leong Chung Loong, a member of the Malaysian Institute of Accountants, who was appointed on 28 March 2002. With this appointment, the Audit Committee currently comprises three (3) Independent Non-Executive Directors, with Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid as the Chairman and one (1) Executive Director; i.e. the Managing Director.

The Audit Committee met four times during the financial year under review. The Audit Committee Report is set out separately on pages 20 to 22 of the Annual Report.

Nomination Committee

The Board set up the Nomination Committee on 27 December 2001 comprising Non-Executive Directors, a majority of whom are Independent Non-Executive Directors.

The following Directors are members of the Nomination Committee:

- (1) Tuan Haji Wan Alshagaf bin Tuanku Esim (Chairman)
- (2) Tuan Haji Ashaari @ Asahari bin Shebli
- (3) Dr Tiong Ik King

The Nomination Committee is tasked with the following responsibilities

- To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- To propose, identify and recommend new nominees for appointment to the Board of Directors and Board Committees. This includes candidates for directorships proposed by the Managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To review the Board's mix of skills and experience and other qualities including core competencies, which non-executive Directors should bring to the Board and to determine whether or not, a Director is Executive, Non-Executive or Independent on an annual basis.
- To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.
- To orientate and educate new Directors on the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

During the year ended 30 April 2002, the committee recommended Mr. John Leong Chung Loong, a new independent non-executive Director to join the Board.

All members of the Board have attended the Mandatory Accreditation Training Programme prescribed by the Kuala Lumpur Stock Exchange. In addition, the newly appointed director has been given necessary materials, information and updates pertaining to the Company upon appointment. Further, all directors will continue to be given updates on a regular basis.

Statement on Corporate Governance (cont'd)

Remuneration Committee

The Board set up the Remuneration Committee on 27 December 2001 comprising Non-Executive Directors, a majority of whom are Independent Non-Executive Directors.

The following Directors are members of the Remuneration Committee:

- (1) Tuan Haji Ashaari @ Asahari bin Shebli (Chairman)
- (2) Tuan Haji Wan Alshagaf bin Tuanku Esim
- (3) Dr. Tiong Ik King

The Remuneration Committee is tasked with the following functions:

- to recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.
- to recommend to the Board any performance related pay schemes for Executive Directors.
- to review Executive Directors' scope of service contracts.
- to consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions

Remuneration package of Executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

Directors' Remuneration

The Remuneration Committee met once after the financial year end to review the level of remuneration for the Managing Director. This was then recommended to the Board of Directors.

Presently, the fees of all Directors are recommended by the Board for approval by the shareholders of the company at the AGM.

During the financial year ended 30 April 2002, the remuneration of the Executive Directors and Non-Executive Directors were as follows:

Directors' remuneration	Executive Director(s) RM	Non-Executive Director(s) RM
Fee(s)	30,000	182,500
Salary (including EPF)	384,720	-
Bonus & Allowances	70,000	48,000
Total	484,720	230,500

Directors' remuneration	Executive Director	Non-Executive Directors
RM450,001 to RM500,000	1	-
RM50,001 to RM100,000	-	1
RM50,000 and Below	-	6

Shareholders

Information pertaining to the activities and performance of the Jaya Tiasa Group is communicated to shareholders and other stakeholders through the following:

- the Annual Report;
- disclosures and announcements made to the Kuala Lumpur Stock Exchange including the quarterly and annual financial statements;
- the Company website at <http://www.jayatiasa.com>; and
- periodic dialogues with shareholders, research analysts, fund managers and institutional investors on the financial results and statements, Group's strategies as well as other significant corporate events as and when required.

Statement on Corporate Governance (cont'd)

Shareholders (cont'd)

The Company's AGM serves as a principal forum for dialogue with shareholders. Extraordinary General Meetings are also held as and when required.

The Company endeavours to provide as much information as possible to its shareholders and stakeholders whilst ensuring adherence to prevailing regulatory and statutory requirements.

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. These financial statements are drawn-up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board (MASB).

The Audit Committee assists the Board in ensuring accuracy and adequacy of information by reviewing and recommending certain information for public disclosure.

Internal Control

Details on the Statement on Internal Control can be found on pages 12 and 13 of the Annual Report.

Relationship with the Auditors

The external auditors, on completion of their annual audit, would report their findings to the Company. This report is included in the Company's yearly financial statements. The Company has established a transparent arrangement with the auditors in line with the auditors' professional requirements.

The auditors may from time to time throughout the financial year, highlight to the Audit Committee and the Board on matters that require the Board's attention. The relationship between the Board and the External Auditors is also formalized through the Audit Committee's terms of reference.

This statement is made in accordance with a resolution of directors dated 22 August 2002.

Statement on Internal Control

Pursuant to para 15.27(b) of the KLSE Revamped Listing Requirements

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can only provide reasonable assurance and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

During the financial year, the Board has undertaken steps in reviewing the Group's system of internal control against the requirements outlined in the Statement on Internal Control: Guidance for Directors of Public Listed Companies (the Guidance) issued by the KLSE's Task Force on Internal Control.

As an integral part of the system of internal control, the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The following elements of a sound system of internal control were present in the Group throughout the financial year and up to date of this report unless otherwise mentioned: -

Risk Assessment

The Group conducted a specific exercise in June 2002 to evaluate its readiness in making this statement. In carrying out the action plans identified during the evaluation process, the Group also undertook a Strategic Risk Assessment exercise to identify the principal risks facing the Group. The external environment and industry in which the Group operates were considered in addition to the internal environment, which includes the financial and non-financial risks (operational, legal risks, etc). The principal risks identified are ranked in the order of their impact and likelihood and risk owners are clearly identified. Action plans are formulated to improve and enhance the current system of internal control. This assessment was undertaken by all the operating units and top management. Management is tasked with the responsibility to ensure the effectiveness of the current control strategies in mitigating the risks identified.

Subsequently, risk assessments will be carried out by the respective operating unit's management at least once a year to identify and evaluate any emerging new risks, update the business risks profiles that have previously been identified, and follow up with the implementation of the action plans. The findings from the risk assessment exercise will be reported to the Board.

Based on the results of the risk assessment exercise, the Board will be presented with the key risks inherent in the Group's business and the system of internal control necessary to manage such risks.

Control Environment and Activities

There is a comprehensive system of financial reporting to the Board, based on quarterly results and annual budgets. In addition, monthly management reports, including key performance indicators are prepared and discussed at the monthly management meetings. In addition, there are also Continuous Improvement Meetings held on a monthly basis to discuss, among others, the matters in relation to the improvements in business processes and enhancement on the functionalities of the SAP system.

The Company has in place a system to ensure there are adequate financial and operational policies, procedures and rules relating to delegation of authority.

Assurance Function

Internal Audit independently reviews the adequacy and integrity of the system of internal control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where any significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; with follow-up audits by Internal Audit to assess the status of implementation thereof by Management.

In carrying out its work, Internal Audit focuses on areas of priority as determined by risk analysis and in accordance with the annual audit plan approved each year by the Audit Committee.

Statement on Internal Control (cont'd)

Boad Review

The Board is taking continuous steps to assess and enhance the effectiveness of the system of internal control. The Audit Committee reviews the reports from the Internal Audit function and reports to the Board on key findings, recommendations and status of corrective actions.

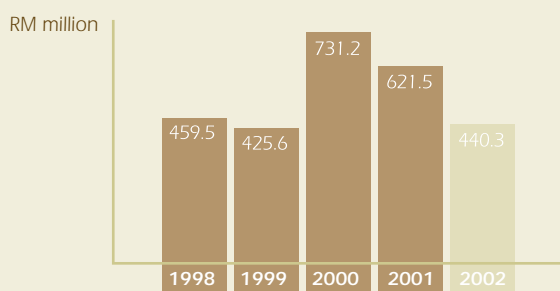
The Board is pleased to report that there were no significant material internal control weaknesses noted during the period under review and to the date of approval of the annual report and accounts.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 August 2002.

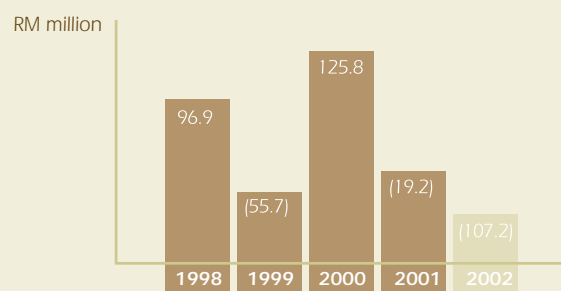
Corporate Structure



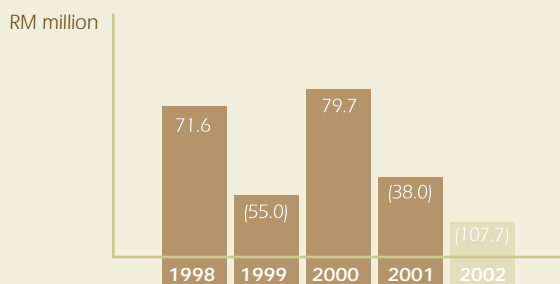
5-Year Financial Highlights



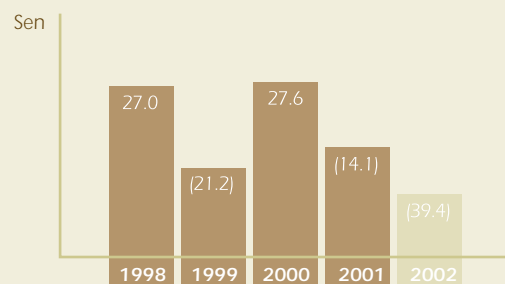
Turnover



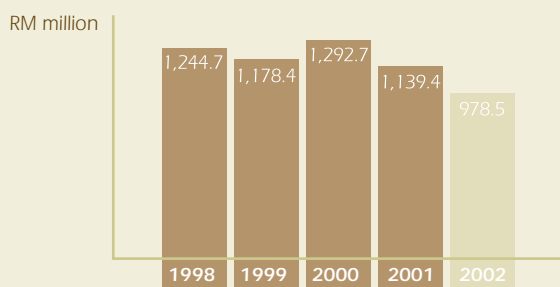
Profit/(Loss) Before Tax



Profit/(Loss) After Tax



Net Earnings/(Loss) Per Share

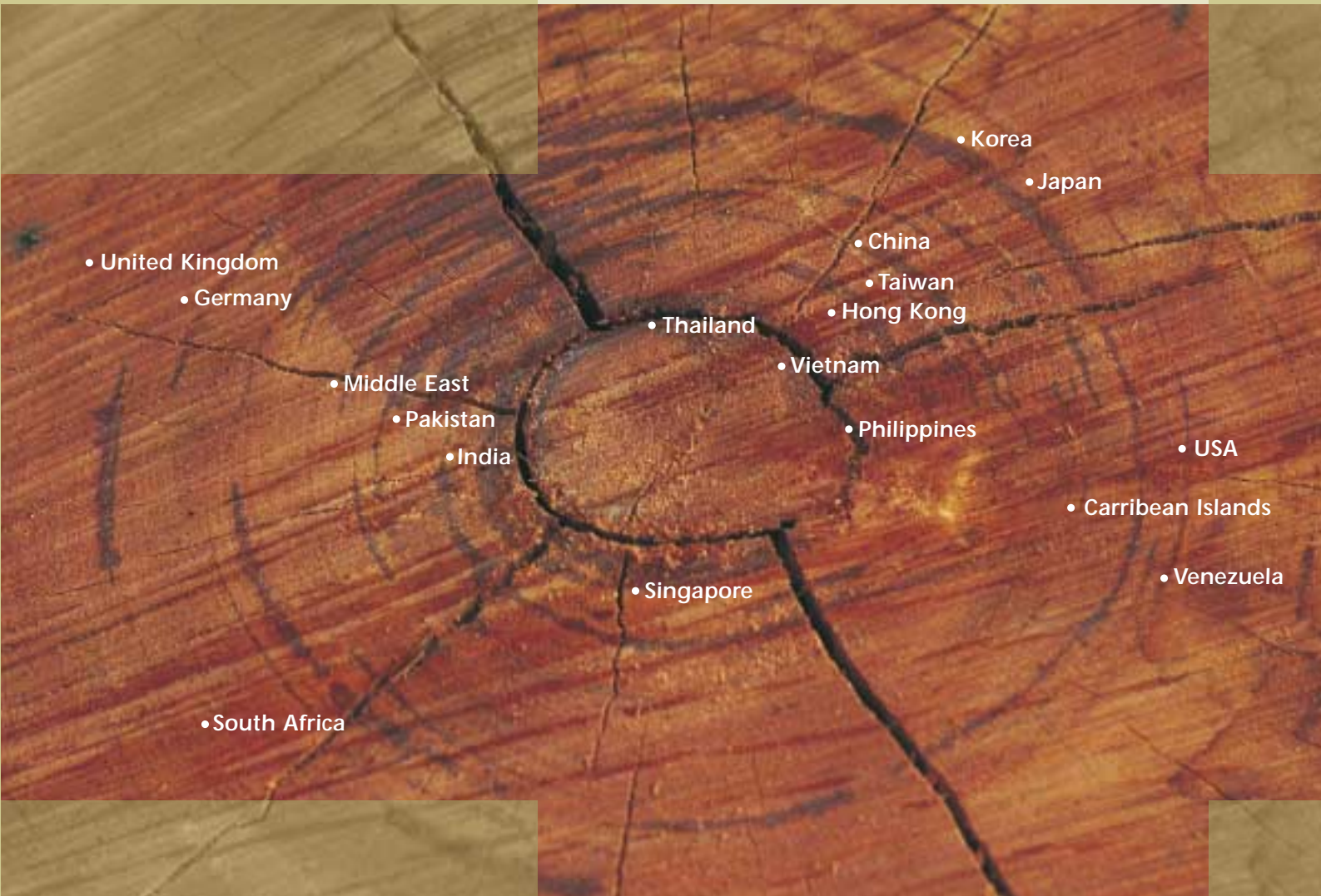


Total Assets



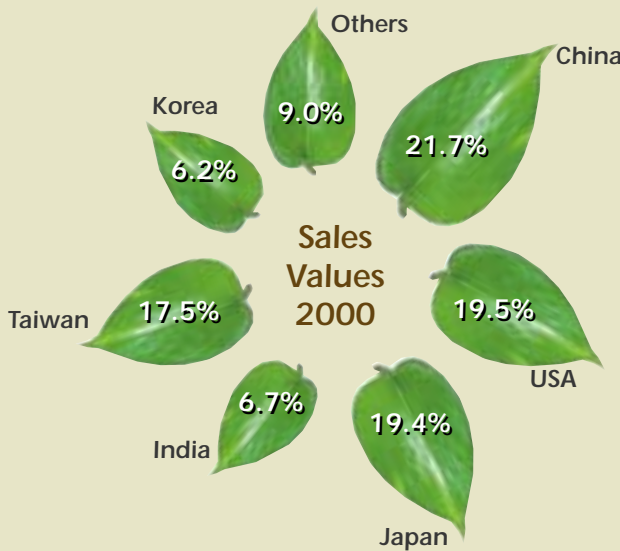
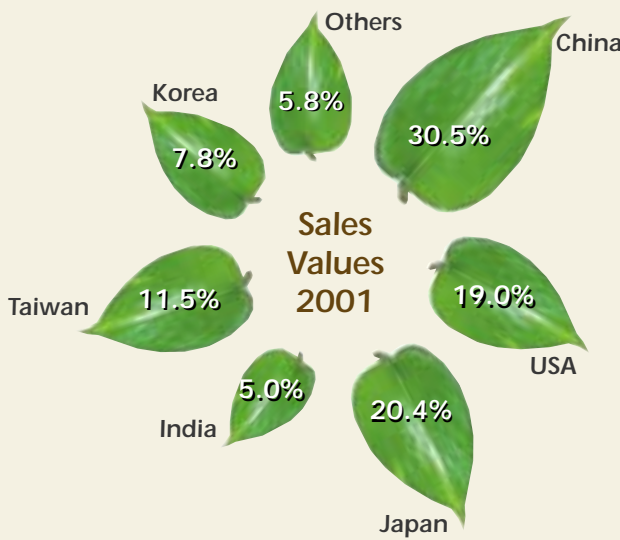
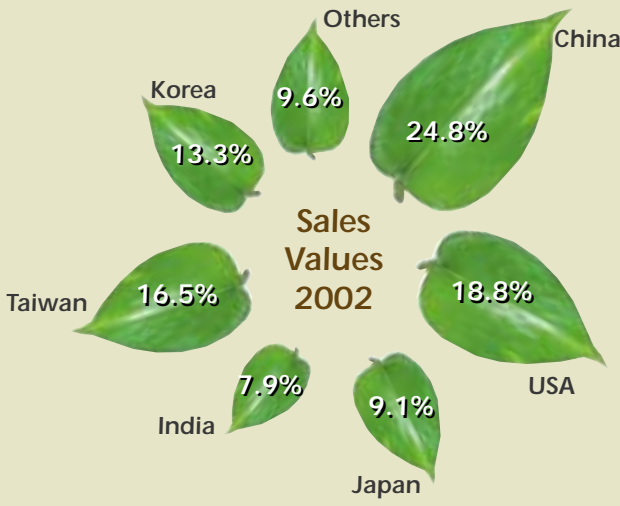
Net Tangible Assets Per Share

Export Market



Percentage of Export Sales

	Year ended		
	30 April 2002	30 April 2001	30 April 2000
Logs	48.5%	51.8%	46.0%
Plywood	33.1%	33.2%	37.7%
Veneer	12.1%	12.2%	12.1%
Others	6.3%	2.8%	4.2%
	100.0%	100.0%	100.0%



Directors' Profile

Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid

64 years of age, Malaysian

Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid, Independent Non-Executive Director, was appointed to the Board on 27 March 1995. He is the chairman of the Board and Audit Committee. He is a graduate of the Royal Military College, Malaysia and Army Staff College, Camberley, United Kingdom. From 1958 to 1994, he served in various capacities and appointments in the Malaysian Armed Forces. He was the Chief of the Malaysian Army and Defence Force between 1992 and 1994 and was the Acting Governor of Penang in 1994. Presently, he is the Chairman of Perbadanan Perwira Harta Malaysia, a subsidiary of Lembaga Tabung Angkatan Tentera ("LTAT"), a provident fund in Malaysia involved mainly in property development and construction. He is also the chairman and director of a few other multinational and private companies established in Malaysia. He attended all the four board meetings held during the financial year ended 30 April 2002.

Tiong Chiong Hoo

42 years of age, Malaysian

Tiong Chiong Hoo, the Group Managing Director and a member of the Audit Committee, was appointed to the Board on 27 March 1995. He holds a Bachelor of Law and a Bachelor of Economics degrees from Monash University, Australia and is a registered barrister. He was instrumental in the setting up of the manufacturing operations of the Group and has more than eighteen years of experience in timber industry. He is the son of Tan Sri Datuk Tiong Hiew King, a major shareholder of the Company. He attended all the four board meetings held during the financial year ended 30 April 2002.

Dr Tiong Ik King

52 years of age, Malaysian

Dr Tiong Ik King, Non-Independent and Non-Executive Director and a member of the Remuneration and Nomination Committees, joined the Board on 27 March 1995. He graduated with M.B.B.S from the National University of Singapore in 1975 and obtained M.R.C.P from Royal College of Physicians, United Kingdom in 1977. He joined Rimbunan Hijau Group in 1982. Currently, he sits on the board of EON Bank Berhad, EON Finance Berhad and several private companies. Dr Tiong Ik King and Tan Sri Datuk Tiong Hiew King are brothers. He attended all the four board meetings held during the financial year ended 30 April 2002.

Tuan Haji Wan Alshagaf Bin Tuanku Esim

57 years of age, Malaysian

Tuan Haji Wan Alshagaf Bin Tuanku Esim, Independent Non-Executive Director, joined the Board on 10 March 1999. He is the Chairman of Nomination Committee and a member of Audit and Remuneration Committees. He holds a Masters in Business Administration, United Kingdom. He had held various senior positions in Sarawak Economic Development Corporation from 1972 till 1992 and was a member of Public Service Commission from 1992 to 1998. Currently, he is also the director of a few private companies. He attended all the four board meetings held during the financial year ended 30 April 2002.

Tiong Choon

33 years of age, Malaysian

Tiong Choon, Non-Independent and Non-Executive Director, was appointed to the Board on 3 May 1999. She graduated with a Bachelor of Economics Degree from Monash University, Australia in 1990 and has more than ten years of managerial experience in various capacities. Presently, she sits on the board of several private companies. Tiong Choon is the daughter of Tan Sri Datuk Tiong Hiew King and sister of Tiong Chiong Hoo. She attended all the four board meetings held during the financial year ended 30 April 2002.

Tiong Chiong Hee

29 years of age, Malaysian

Tiong Chiong Hee, Non-Independent and Non-Executive Director, was appointed to the Board on 14 May 1999. He obtained a Bachelor of Commerce Degree from University of Melbourne, Australia in 1995 and has more than five years of experience in logging and oil palm operations in Sarawak and overseas. Currently, he is the Executive Director of several private companies. Tiong Chiong Hee is the nephew of Tan Sri Datuk Tiong Hiew King and Dr Tiong Ik King. He attended three out of the four board meetings held during the financial year ended 30 April 2002.

Tuan Haji Ashaari @ Asahari Bin Shebli

64 years of age, Malaysian

Tuan Haji Ashaari @ Asahari Bin Shebli, an Independent Non-Executive, joined the Board on 2 October 2000. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee. He had been in the government and public services for more than twenty years before venturing into his own business in 1992. Currently, he sits on the board of a few private companies. He attended all the four board meetings held during the financial year ended 30 April 2002.

John Leong Chung Loong

55 years of age, Malaysian

John Leong Chung Loong, an Independent Non-Executive Director and a member of the Audit Committee was appointed to the Board on 28 March 2002. He holds a Bachelor of Economics degree majoring in Accounting from Sydney University, NSW, Australia. He is an Approved Company Auditor and a member of several professional bodies, including the Certified Practising Accountants Australia, Australian Institute of Taxation (Fellow), Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Taxation (Associate). He started his career as an Accountant in Tractors Malaysia Berhad, Sandakan Branch in 1972 and left in 1973 to join John Liaw & Co as an audit manager. He was a partner of Liaw, Leong, Wong & Co. from 1986 to 1997 and a partner of Ernst & Young from 1997 to 2001. He does not hold any directorship in any other company.

Other Information

Family Relationship

Save as disclosed above, none of the Directors have any family relationship with any director and/or major shareholder of the Company.

Conflict of Interest

The Company had entered into recurrent related party transactions with related parties in which the major shareholders of the Company, Tiong Toh Siong Holdings Sdn Bhd and Tan Sri Datuk Tiong Hiew King have controlling interests. Dr Tiong Ik King, Tiong Chiong Hoo, Tiong Choon and Tiong Chiong Hee are deemed interested in the transactions by virtue of their family relationship with Tan Sri Datuk Tiong Hiew King and their interests, direct and/or indirect, in the related parties. Details of these transactions are disclosed on pages 64 and 65 of the Annual Report. Approval will be sought from shareholders to renew recurrent related party transactions at the forthcoming AGM.

Save as disclosed above, none of the other Directors have any conflict of interest with the Company.

Conviction of Offences Other than Traffic Offences

None of the Directors have any conviction for offences within the past 10 years.

Audit Committee Report

Members

Gen (RTD) Tan Sri Abdul Rahman Bin Abdul Hamid
Chairman - Independent Non-Executive Director

Tiong Chiong Hoo
Member - Managing Director

Tuan Haji Wan Alshagaf Bin Tuanku Esim
Member - Independent Non-Executive Director

John Leong Chung Loong
Member - Independent Non-Executive Director

Terms of Reference

1. Size and Composition

- 1.1 The Audit Committee shall be appointed by the Board of Directors from among their number and shall be composed of not less than three members, a majority of whom must be independent directors. At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants or person who meets the requirements set out in Paragraph 15.10(c)(ii) of the Kuala Lumpur Stock Exchange Listing Requirements. No alternate director shall be appointed as member of the Audit Committee.
- 1.2 The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
- 1.3 The term of office of each member shall be subject to review every three years.
- 1.4 If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Authority and Rights

- 2.1 The Committee wherever necessary and reasonable for the performance of its duties, shall in accordance with the procedure determined by the Board and at the cost of the Company:-
 - (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 relevant to its activities;
 - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity ;
 - (e) be able to obtain external legal or other independent professional advice if it considers this necessary; and
 - (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Audit Committee Report (cont'd)

Terms of Reference (cont'd)

3. Functions and Duties

The Committee shall, amongst others, discharge the following functions:

- 3.1 to assess the adequacy and effectiveness of the systems of internal control and the efficiency of the Group's operations.
- 3.2 to review the following and report the same to the board of directors of the Company:-
 - (a) with the external auditors:-
 - (i) the audit plan;
 - (ii) his evaluation of the system of internal controls;
 - (iii) his audit report;
 - (iv) the assistance given by the employees of the Company to the auditors;
 - (b) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (c) the internal audit programme, processes, the results of the audit programme, processes or investigation under taken and whether or not appropriate action is taken on the recommendations of the internal audit function ;
 - (d) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) changes in or implementation of major accounting policies and practices;
 - (ii) significant and unusual events;
 - (iii) the going concern assumption ; and
 - (iv) compliance with accounting standards and other legal requirements;
 - (e) any related party transaction and conflict of interest situation that may arise within the Company or Group; and
 - (f) any letter of resignation from the external auditors of the Company;
- 3.3 to consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal.
- 3.4 to promptly report to Kuala Lumpur Stock Exchange on matters which result in a breach of Listing Requirements.
- 3.5 to submit to the Board on a periodic basis a Report on the summary of activities of the Audit Committee in the discharge of its functions and duties in respect of each financial quarter and the financial year.

4. Procedure of Audit Committee

- 4.1 The Audit Committee shall meet not less than four times in a year. Additional meetings may be called at any time if so requested by any Committee member, management or the internal or external auditors.
- 4.2 A quorum shall consist of a majority of independent directors.
- 4.3 Other Directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.
- 4.4 Procedures in relation to giving of notice, voting and proceedings of meeting of the Committee shall be governed by the relevant provisions contained in the Articles of Association of the Company.
- 4.4 The Company Secretary shall act as secretary of the Audit Committee.

Audit Committee Report (cont'd)

Meeting and Attendance

Name of Directors	Date of meeting				Total Attendance
	27-06-2001	26-09-2001	27-12-2001	27-03-2002	
Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid	✓	✓	✓	✓	4/4
Tiong Chiong Hoo	✓	✓	✓	✓	4/4
Tuan Haji Wan Alshagaf bin Tuanku Esim	✓	✓	✓	✓	4/4
John Leong Chung Loong (Appointed on 28 March 2002)	Not applicable				

Summary of Audit Committee Activities

The activities of the Audit Committee during the financial year ended 30 April 2002 were as follows:-

- Reviewed the quarterly financial statements.
- Reviewed and approved the scope of internal audit and audit plan.
- Reviewed with internal auditors on their findings, recommendations and appraised management's follow up actions.
- Reviewed and approved the scope of external audit and audit plan.
- Determined the review procedures for recurrent related party transactions and ascertained that the procedures established to monitor the transactions were adhered to.
- Evaluated on the status of compliance with the Code of Corporate Governance.
- Reviewed and approved the new terms of reference of the Audit Committee.

Summary of Internal Audit Activities

The internal audit function of the Group during the financial year ended 30 April 2002 was carried out by the Group Internal Audit Department. It maintained its impartiality, proficiency and due professional care by having its plans and reports directly under the purview of the Audit Committee.

The internal audit was undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control systems in anticipating potential risk exposures in relation to key business processes within the Company and the Group. The main audit activities carried out during the year included the following:-

- Reviewing and appraising the soundness, adequacy and application of accounting, financial, operational and other controls, recommending and promoting effective control in the Company and the Group at reasonable cost;
- Ascertaining the extent of compliance with established policies, procedures and statutory requirement;
- Ascertaining the extent to which the Company's and Group's resources are accounted for and safeguarded from losses;
- Appraising the efficiency and effectiveness whereby the Group's resources are employed and anticipate, identify and assess risk to these resources;
- Appraising the reliability and integrity of information generated for management reporting purposes;
- Attending half-yearly and year-end stock counts of finished goods, raw materials and spare parts;
- Reviewing related party transactions carried out by the Company and the Group; and
- Carrying out special review requested by management and continuously identifying opportunities for improvement in the operations of business processes of the Company and the Group.

Directors' Responsibility Statement on Annual Audited Financial Statements

In preparing the annual financial statements of the Company and the Group, the Directors are collectively responsible for ensuring that these financial statements have been prepared to give a true and fair view of the financial position of the Company and the Group at the end of the financial year and the results and cash flows of the Company and the Group are in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of the Kuala Lumpur Stock Exchange.

In preparing the financial statements for the year ended 30 April, 2002 set out on pages 33 to 63 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are reasonable and prudent.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 August 2002

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Financial Statements of Jaya Tiasa Holdings Berhad for the financial year ended 30 April 2002.

Financial Performance

The timber industry experienced tremendous challenges during the financial year under review. The market conditions that have already been plagued by the ongoing global economic slowdown were further dampened by the deflationary effect from the September 11 terrorist attack in USA and the subsequent war on terror. Demand was sluggish as compared to the previous financial year whilst considerable built-up of cheaper logs inventory in large timber importing countries has also led to the considerable decline in our export prices achieved.

Against this background, the Group recorded a loss before taxation of RM107.2 million for the financial year ended 30 April 2002, compared to a loss before taxation of RM19.2 million posted in the previous financial year. Turnover decreased by 29.2% to RM 440.3 million as compared to RM621.5 million last year.





Operations Review

For the financial year under review, the Group's average selling prices of round logs declined drastically to approximately US\$80 per cubic meter whilst plywood prices plunged to US\$220 per cubic meter. Volume of log export decreased by 22% and plywood volume was down by 18% as compared to previous year. Although the Indonesian government announced the log export ban in October 2001 which would have regulated the supply and stabilised prices, the impact was not felt yet during the remaining period of the financial year as volume of stocks piled up previously were released to the market in big quantities.

USA and China remained our largest plywood market during the year whilst our most significant logs market were China and India. Consumption of timber products in China continues to expand, as its construction and housing activities have been very resilient due to the robust economy and various reforms and de-regulations implemented. However, the prices of our logs faced downward pressure as cheaper logs from other large timber producing countries flooded the market. In addition, producers in China have taken advantage of the availability of cheap raw materials to produce cheaper plywood, hence obliterating the need to import from us and causing plywood prices to fall further. Nevertheless, the strong housing starts in the USA enabled us to generate significant sale of plywood into that market to help defray fixed production overheads albeit at lower plywood prices.

Due to weaker demand, our production capacity of plywood and veneer were not utilised at desired optimal level to fully benefit from the economy of scale. As the market deteriorated further, the Group sold plywood stock at below cost as it was more prudent to realize cash rather than holding on to inventory which would be subject to risk of decay if carried over a longer period. Whilst we lost some market share to cheaper alternative suppliers, we managed to leverage on our strength of consistent supply and speedy delivery to trade with customers that needed these requirements.

Various cost cutting measures were introduced during the year to control and reduce cost for the Group to persevere under these difficult market conditions. Hence, although the Group suffered a setback in its financial performance for the financial year, the Group remained financially sound with low gearing and healthy shareholders' funds, which stood at RM748.7 million as at 30 April 2002.



Share Buy-backs

Pursuant to the mandate given by the shareholders on 28 September 2000 and 27 September 2001, the Company purchased a total of 3,652,000 of its own shares as detailed below during the financial year ended 30 April 2002.

Month	No. Of Shares	Price		Average Cost	Total Cost
		Highest	Lowest		
		RM	RM	RM	RM
May 2001	472,000	2.80	2.60	2.75	1,298,822
June 2001	166,000	2.85	2.58	2.74	455,601
July 2001	170,000	2.62	2.40	2.55	434,212
August 2001	22,000	2.65	2.60	2.64	58,053
September 2001	80,000	2.40	2.13	2.32	185,208
October 2001	215,000	2.20	2.08	2.15	462,638
November 2001	126,000	2.08	2.03	2.06	259,018
December 2001	262,000	2.10	2.00	2.09	548,097
January 2002	1,346,000	2.10	2.02	2.06	2,771,508
February 2002	606,000	2.02	1.95	2.00	1,209,627
March 2002	186,000	2.05	1.96	2.01	374,263
April 2002	1,000	2.02	2.02	2.04	2,039
	3,652,000				8,059,086

All the shares purchased above are retained as treasury shares. None of the shares purchased has been resold or cancelled as at 30 April 2002.

Other Developments

In January 2002, the Group moved its headquarters in Sibul previously housed in congested rented premises, to its own centralised premise. The headquarters now accommodate all the essential departments of the Group's operations, which enable better work co-ordination and also provide a more conducive working environment for the staff.

Subsequent to the financial year under review, as announced on 9 May 2002, the Group disposed of Carolina Industria Ltda, a wholly owned subsidiary in Brazil. The disposal is in line with the intention of the Group to divest its Brazilian operations in view of continuing losses incurred and unclear prospect of recovery in Brazil.



Dividends

The Board of Directors has recommended a final dividend of 3% less 28% income tax for the current financial year ended 30 April 2002.

Outlook

Subsequent to the financial year under review, prices of logs and plywood have recovered quite significantly, averaging 30% above the level achieved during the year. We believe that depleting inventory and curtailed log supply as a result of the log export ban by Indonesia contributed toward this recovery. The proactive steps taken by large timber producing nations in combating illegal logging and stricter enforcement are indeed very encouraging for the creation of a stable and sustainable timber market. Under a fairer level of competition, the Group is well positioned to regain some market share of the industry. The current weakness of the US Dollar would enhance our export competitiveness.

China's robust economic growth has led to rapid expansion in demand for timber products. The on-going massive housing and construction activities would provide a strong impetus for the demand of timber products. The gradual reduction of import tariff following China's ascension into WTO is expected to provide greater opportunities for our timber products.

Although the Japanese economy remains weak, its annual housing starts still exceed one million units, which will translate into significant plywood consumption. In addition, healthy economic growth projection for the Asia Pacific economies such as Korea and Taiwan would add to provide the stability needed for the industry.

The US residential building industry has not been affected much by the September 11 incident and remains strong. Prospective house buyers have been taking advantage of the 40-year low in mortgage rates in the USA. Furthermore, with the recent severe down trend in the stock market, homeownership has been classified as the soundest consumer investment which would provide added stability to the demand for plywood.

With the current improved market conditions and barring unforeseen circumstances, the Group is optimistic to achieve better results for the next financial year.

Appreciation

On behalf of the Board of Directors, I wish to express our sincere appreciation to the management and staff of the Group for their contribution and commitment. I would also like to thank our customers, bankers, business associates and shareholders of the Group for their continuous and strong support. The Board would also like to record its gratitude to the relevant authorities and members of the community for their invaluable assistance and advice. I would also like to take this opportunity to welcome John Leong Chung Loong to the Board .

**Gen. (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid
Chairman**

Analysis of Shareholdings

as at 12 August 2002

Class of share : Ordinary Share of RM1 each
 Voting Rights : 1 vote per Ordinary Share

Distribution of Shareholdings

Size of Holdings	No. of Holders	No. of Shares	%
1 - 999	188	60,720	0.02
1000 - 10000	2,191	5,767,814	2.18
10001 - 100000	232	7,606,348	2.87
100001 - 13,226,473 (*)	114	143,212,539	54.14
13,226,474 and above (**)	4	107,882,078	40.79
Total	2,729	264,529,499**	100.00

* 5% of issued and paid-up shares less treasury shares.

** the number of 264,529,499 ordinary shares was arrived at after deducting 17,999,000 treasury shares retained by the company from the issued and paid-up share capital of 282,528,499 ordinary shares.

Top 30 Shareholders as at 12 August 2002

No.	Name	Shareholdings	%
1	Tiong Toh Siong Holdings Sdn Bhd	38,956,867	14.73
2	HSBC Nominees (Asing) Sdn Bhd HSBC Sg Ltd For Genine Chain Limited	31,762,711	12.01
3	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Amanas Sdn Bhd	19,162,500	7.24
4	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Asanas Sdn Bhd	18,000,000	6.80
5	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Toh Siong Holdings Sdn Bhd	13,000,000	4.91
6	Employees Provident Fund Board	10,515,000	3.97
7	Asanas Sdn Bhd	9,250,000	3.50
8	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Asanas Sdn Bhd	8,412,500	3.18
9	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledge Securities Account For Nustinas Sdn Bhd	8,212,500	3.10
10	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledge Securities Account For Insan Anggun Sdn Bhd	8,212,500	3.10

Analysis of Shareholdings as at 12 August 2002 (cont'd)

Top 30 Shareholders as at 12 August 2002 (cont'd)

No.	Name	Shareholdings	%
11	DB (Malaysia) Nominee (Asing) Sdn Bhd UBS Ag Singapore For Pacific Investment Fund	7,847,304	2.97
12	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	7,736,880	2.92
13	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Toh Siong Holdings Sdn Bhd	7,250,000	2.74
14	Cartaban Nominees (Asing) Sdn Bhd Credit Suisse Singapore For Double Universal Limited	6,169,342	2.33
15	Mayban Nominees (Asing) Sdn Bhd DBS Bank For Bloomswick Ltd	5,076,419	1.92
16	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Thai King	3,758,759	1.42
17	Mayban Nominees (Tempatan) Sdn Bhd DBS Bank For Tiong Hiew King	2,621,911	0.99
18	Cartaban Nominees (Tempatan) Sdn Bhd Credit Suisse Singapore For Gold Palace Profits Limited	2,599,026	0.98
19	HSBC Nominees (Asing) Sdn Bhd JPMorgan Chase Bank For Roxton Investments Limited	2,322,333	0.88
20	Marabong Lumber Sendirian Berhad	1,850,435	0.70
21	Ke-Zan Nominees (Tempatan) Sdn Bhd Kim Eng Ong Asia Securities Pte Ltd For Wong Thiam Meng	1,480,000	0.56
22	Lembaga Tabung Haji	1,360,000	0.51
23	Lembaga Tabung Haji	1,352,000	0.51
24	AM Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	1,296,000	0.49
25	Tiong Chiong Ong	1,200,889	0.45
26	Azerina Mohd Arip @ Gertie Chong Soke Hoon	1,000,000	0.38
27	HSBC Nominees (Asing) Sdn Bhd HSBC IT (S) Ltd For Numbley Assets Limited	1,000,000	0.38
28	Lembaga Amanah Kebajikan Darul Falah	1,000,000	0.38
29	Mayban Nominees (Tempatan) Sdn Bhd DBS Bank For Tiong Chiong Hoo	1,000,000	0.38
30	Ke-Zan Nominees (Asing) Sdn Bhd Kim Eng Ong Asia Securities Pte Ltd For Sapporo Company Limited	947,000	0.36

Analysis of Shareholdings as at 12 August 2002 (cont'd)

Substantial Shareholders according to the Register of Substantial Shareholders as at 12 August 2002

Name	Direct	%	Indirect	%
Tiong Toh Siong Holdings Sdn Bhd	59,206,867	22.38	2,135,711 (a)	0.81
Asanas Sdn Bhd	35,662,500	13.48		
Genine Chain Limited	31,762,711	12.01		
Amanas Sdn Bhd	19,162,500	7.24		
Tan Sri Datuk Tiong Hiew King	2,682,212	1.01	61,342,578 (b)	23.19
Teck Sing Lik Enterprise Sdn Bhd			61,342,578 (c)	23.19
Dato' Zulkifli Bin Ali			19,162,500 (d)	7.24
Cheung Pak Keung			31,762,711 (e)	12.01
Chang Meng			31,762,711 (e)	12.01
Datuk Kenneth Kanyan Temenggong Koh			19,162,500 (f)	7.24

Notes:

- (a) Deemed interested by virtue of its shareholding of 42.00% in Marabong Lumber Sdn Bhd and being the holding company of Tiong Toh Siong & Sons Sdn Bhd.
- (b) Deemed interested by virtue of his shareholding of 84% in Teck Sing Lik Enterprise Sdn Bhd.
- (c) Deemed interested by virtue of its shareholding of 15.51% in Tiong Toh Siong Holdings Sdn Bhd.
- (d) Deemed interested by virtue of his shareholding of 99.99% in Asanas Sdn Bhd.
- (e) Deemed interested by virtue of their shareholdings of 50.00% each in Genine Chain Limited.
- (f) Deemed interested by virtue of his shareholding of 99.99% in Amanas Sdn Bhd.

Directors' Shareholdings as per the Register of Directors' Shareholdings as at 12 August 2002

Names	Direct No. of Shares	Percentage (%)	Indirect No. of Shares	Percentage (%)
Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid	-	-	-	-
Tiong Chiong Hoo	1,013,889	0.38	-	-
Dr. Tiong Ik king	103,339	0.04	-	-
Tuan Haji Wan Alshagaf bin Tuanku Esim	-	-	-	-
Tiong Choon	-	-	-	-
Tiong Chiong Hee	5,000	@	-	-
Tuan Haji Ashaari @ Asahari bin Shebli	-	-	-	-
John Leong Chung Loong	-	-	-	-

@ Negligible

Directors' Report

The directors present their report together with the audited financial statements of the company and of the group for the year ended 30th April, 2002.

Principal activities

The principal activities of the company are investment holding, provision of management services, extraction and sale of logs. There have been no significant changes in the nature of these activities during the year. The principal activities of the subsidiary companies are set out in Note 2 to the financial statements.

Financial results

	Group RM'000	Company RM'000
Loss after taxation	(107,662)	(49,110)
Minority interests	1,908	-
Loss attributable to the shareholders of the company	(105,754)	(49,110)
Transfer from retained profit	111,513	54,869
	5,759	5,759
Dividends	(5,759)	(5,759)
	-	-
	-----	-----

In the opinion of the directors, the results of the operations of the company and of the group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than those disclosed in the financial statements.

Reserves and provisions

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

Share buy-backs

Pursuant to the authorities granted by the shareholders of the company to the directors at the Extraordinary General Meetings held on 28th September, 2000 and 27th September, 2001, the company purchased during the year a total of 3,652,000 of its issued shares from the open market for a total cost of RM8,059,086. The average cost paid for the shares purchased during the year was RM2.21 per share. Subsequent to the balance sheet date and up to 9th August, 2002, being the last practicable date prior to the printing of this report, the company purchased an additional 2,131,000 shares for a total cost of RM6,452,591. The average cost paid for the shares purchased during the period was RM3.03 per share.

The above purchases were financed from the company's internal funds. The shares purchased are held as treasury shares. As at 9th August, 2002, the issued and paid up capital of the company comprises 282,528,499 ordinary shares of RM1.00 each, of which 18,028,000 ordinary shares are held as treasury shares.

Directors' Report (cont'd)

Movements on share buy-backs

	No. of shares	RM'000	Average price per share RM
As at 1st May, 2001	12,245,000	41,515	3.39
Purchased during the year ended 30th April, 2002	3,652,000	8,059	2.21
As at 30th April, 2002	15,897,000	49,574	3.12
Purchased subsequent to 30th April, 2002	2,131,000	6,452	3.03
As at 9th August, 2002	18,028,000	56,026	3.11

The directors of the company are committed to enhancing the value of the company to its shareholders and believe that the share buy-backs plan can be applied in the best interests of the company and its shareholders.

Dividends

During the year, the company paid a final dividend of 3%, less tax, amounting to RM5,804,341 in respect of the previous financial year as proposed in the Directors' Report for that year.

The directors now propose a final dividend of 3%, less tax, amounting to RM5,759,240 be paid in respect of the current financial year.

Subsequent event

The subsequent event is as disclosed in Note 29 to the financial statements.

Directors

The names of the directors of the company in office since the date of the last report and at the date of this report are:

General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	Chairman
Tiong Chiong Hoo	Managing Director
Dr. Tiong Ik King	
Tuan Haji Wan Alshagaf Bin Tuanku Esim	
Tiong Choon	
Tiong Chiong Hee	
Tuan Haji Ashaari @ Asahari Bin Shebli	
John Leong Chung Loong	(Appointed on 28.3.2002)

Directors' benefits

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

Directors' interests in shares

None of the directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares and/or debentures of the company and its subsidiary companies, except as stated below:

Ordinary shares of RM1.00 each As at 1.5.2001 and 30.4.2002

The company

Tiong Chiong Hoo - direct	1,013,889
Dr. Tiong Ik King - direct	103,339
Tiong Chiong Hee - direct	5,000

Directors' Report (cont'd)

Directors' interests in shares (cont'd)

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 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 required to be disclosed by Section 169(8) of the Companies Act, 1965, except for those benefits which may be deemed to have arisen by virtue of those contracts, agreements and transactions (either as a supplier, agent or contractor) in respect of trading and other services, entered into in the ordinary course of business between the company and its subsidiaries and companies in which certain directors are deemed to have a substantial financial interest.

Other statutory information

- (a) Before the income statements and balance sheets of the company and of the group were made out, the directors took reasonable steps:
- (i) to ascertain that proper action has 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; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written-down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts of the company and of the group inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the company and of the group misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the company and of the group misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the company and of the group which would render any amount stated in the financial statements and consolidated financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the company or of the group which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the company or of the group which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the company or of the group to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the company or of the group for the financial year in which this report is made.

Auditors

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

On behalf of the Board,

General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid

Chairman

Tiong Chiong Hoo

Managing Director

22 August 2002

Statement By Directors

We, **General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid** and **Tiong Chiong Hoo**, being two of the directors of **Jaya Tiasa Holdings Berhad**, state that in the opinion of the directors, the financial statements set out on pages 38 to 63 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the financial position of the company and of the group as at 30th April, 2002 and of the results of the business of the company and of the group for the year ended on that date; and
- (ii) the cash flows of the company and of the group for the year ended 30th April, 2002.

On behalf of the Board,

General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid
Chairman

Tiong Chiong Hoo
Managing Director
22 August 2002

Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Tiong Chiong Hoo**, being the director primarily responsible for the financial management of **Jaya Tiasa Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 38 to 63 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.

Tiong Chiong Hoo

Subscribed and solemnly declared
by the abovenamed **Tiong Chiong Hoo**
at Sibu in the State of Sarawak
on 22 August 2002

Before me,

Belinda Hii Tai King
(Q064)
Commissioner for Oaths

Auditors' Report

Report of the auditors to the members of Jaya Tiasa Holdings Berhad

We have audited the financial statements set out on pages 38 to 63. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that 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 financial position of the company and of the group as at 30th April, 2002 and of the results and the cash flows of the company and of the group for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements.
- (b) the accounting and other records and the registers required by the Act to be kept by the company and by its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the Auditors' Reports of the subsidiaries for which we have not acted as auditors, as indicated in Note 2 to the financial statements, being financial statements which are included in the consolidated 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 purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

ERNST & YOUNG

AF: 0039

Chartered Accountants

YONG VOON KAR

1769/04/04 (J/PH)

Partner

Kuching, Malaysia.

22 August 2002

Income Statements

For The Year Ended 30th April, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	3	440,295	621,471	235,019	326,857
Cost of sales		(493,419)	(545,881)	(269,395)	(269,941)
Gross (loss)/profit		(53,124)	75,590	(34,376)	56,916
Other operating income		55,218	11,630	17,694	19,630
Selling expenses		(19,611)	(41,228)	-	-
Administrative expenses		(79,656)	(36,509)	(27,675)	(45,522)
Other operating expenses		-	(6,286)	-	-
(Loss)/profit from operations		(97,173)	3,197	(44,357)	31,024
Finance costs		(10,069)	(8,622)	(1,416)	(1,135)
(Loss)/profit before exceptional item	4	(107,242)	(5,425)	(45,773)	29,889
Exceptional item	5	-	(13,732)	-	-
(Loss)/profit before taxation		(107,242)	(19,157)	(45,773)	29,889
Taxation	6	(420)	(18,814)	(3,337)	(16,359)
(Loss)/profit after taxation		(107,662)	(37,971)	(49,110)	13,530
Minority interests		1,908	(1,131)	-	-
(Loss)/profit attributable to the shareholders of the company		(105,754)	(39,102)	(49,110)	13,530
Loss per share (sen)	7	(39.4)	(14.1)		
Dividend per share (sen)	8				
- Gross dividend (sen)		3.0	3.0	3.0	3.0
- Net of tax (sen)		2.2	2.2	2.2	2.2

The notes on pages 43 to 63 form an integral part of the financial statements.

Balance Sheets

As At 30th April, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Non-current assets					
Property, plant and equipment	9	367,227	364,568	63,494	53,320
Investment in subsidiary companies	10	-	-	379,009	331,981
Investment in associated company	11	-	1,965	-	4,400
Other investments	12	2	2	2	2
Rights in timber licences	13	220,654	236,933	196,733	211,244
Goodwill on consolidation	14	76,484	76,453	-	-
Current assets					
Inventories	15	73,784	116,564	8,184	10,867
Trade receivables		163,867	237,918	16,694	6,000
Other receivables, deposits and prepayments		27,461	38,270	967	14,016
Amount due from related companies	16	-	2,600	147,215	324,679
Cash and bank balances		48,983	64,080	7,142	7,205
		<u>314,095</u>	<u>459,432</u>	<u>180,202</u>	<u>362,767</u>
Current liabilities					
Amount due to bankers	17	106,992	67,033	39,233	-
Trade payables		68,487	77,547	23,188	29,974
Other payables and accruals	18	18,889	52,597	10,290	1,979
Lease payables	19	7,083	9,062	3,851	2,423
Amount due to related companies	16	-	-	136,427	258,854
Current tax liabilities		13,289	32,196	11,301	16,324
Proposed dividend		5,759	5,838	5,759	5,838
		<u>220,499</u>	<u>244,273</u>	<u>230,049</u>	<u>315,392</u>
Net current assets/(liabilities)		<u>93,596</u>	<u>215,159</u>	<u>(49,847)</u>	<u>47,375</u>
		<u>757,963</u>	<u>895,080</u>	<u>589,391</u>	<u>648,322</u>
Financed by:					
Share capital	20	282,529	282,529	282,529	282,529
Reserves	21	515,700	648,761	352,439	407,308
Less: Cost of treasury shares		(49,574)	(41,515)	(49,574)	(41,515)
Shareholders' funds		<u>748,655</u>	<u>889,775</u>	<u>585,394</u>	<u>648,322</u>
Minority interests		<u>3,058</u>	<u>4,967</u>	<u>-</u>	<u>-</u>
Long-term and deferred liability					
Lease payables	19	6,250	338	3,997	-
		<u>757,963</u>	<u>895,080</u>	<u>589,391</u>	<u>648,322</u>

The notes on pages 43 to 63 form an integral part of the financial statements.

Statements Of Changes In Equity

For The Year Ended 30th April, 2002

	Note	Share capital RM'000	Treasury shares RM'000	Exchange reserve RM'000	Share premium reserve RM'000	Capital redemption reserve RM'000	Capital reserve on consolidation RM'000	Retained profit RM'000	General reserve RM'000	Staff retirement reserve RM'000	Total RM'000
Group											
As at 1st May, 2000		282,529	-	(9,875)	322,726	3,684	11,749	365,322	1,113	500	977,748
Loss for the year		-	-	-	-	-	-	(39,102)	-	-	(39,102)
Purchase for treasury shares		-	(41,515)	-	-	-	-	-	-	-	(41,515)
Dividends	8	-	-	-	-	-	-	(5,650)	-	-	(5,650)
Transfer between reserves		-	-	-	-	-	-	1,613	(1,113)	(500)	-
Arising from translation of foreign subsidiary companies		-	-	(1,706)	-	-	-	-	-	-	(1,706)
As at 30th April, 2001		282,529	(41,515)	(11,581)	322,726	3,684	11,749	322,183	-	-	889,775
Changes in Group's interest		-	-	(10,923)	-	-	(11,749)	-	-	-	(22,672)
Loss for the year		-	-	-	-	-	-	(105,754)	-	-	(105,754)
Purchase of treasury shares		-	(8,059)	-	-	-	-	-	-	-	(8,059)
Dividends	8	-	-	-	-	-	-	(5,759)	-	-	(5,759)
Arising from translation of foreign subsidiary companies		-	-	1,124	-	-	-	-	-	-	1,124
As at 30th April, 2002		282,529	(49,574)	(21,380)	322,726	3,684	-	210,670	-	-	748,655
Company											
As at 1st May, 2000		282,529	-	-	322,726	3,684	-	71,405	1,113	500	681,957
Profit for the year		-	-	-	-	-	-	13,530	-	-	13,530
Purchase of treasury shares		-	(41,515)	-	-	-	-	-	-	-	(41,515)
Dividends	8	-	-	-	-	-	-	(5,650)	-	-	(5,650)
Transfer between reserves		-	-	-	-	-	-	1,613	(1,113)	(500)	-
As at 30th April, 2001		282,529	(41,515)	-	322,726	3,684	-	80,898	-	-	648,322
Loss for the year		-	-	-	-	-	-	(49,110)	-	-	(49,110)
Purchase of treasury shares		-	(8,059)	-	-	-	-	-	-	-	(8,059)
Dividends	8	-	-	-	-	-	-	(5,759)	-	-	(5,759)
As at 30th April, 2002		282,529	(49,574)	-	322,726	3,684	-	26,029	-	-	585,394

The notes on pages 43 to 63 form an integral part of the financial statements.

Cash Flow Statements

For The Year Ended 30th April, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash flows from operating activities					
(Loss)/profit before taxation and exceptional item		(107,242)	(5,425)	(45,773)	29,889
Adjustments for:					
Amortisation of timber rights		16,279	16,548	14,511	14,383
Bad debts written-off		38,010	-	492	-
Depreciation of property, plant and equipment		47,815	48,983	6,332	4,707
Deferred expenditure written-off		1,827	233	-	-
Dividend income		-	-	(12,000)	(12,000)
Interest expense		6,149	7,666	1,249	1,013
Gain on disposal of a subsidiary company		(42,472)	-	-	-
Gain on disposal of property, plant and equipment		(3,769)	(1,640)	-	-
Loss on disposal of property, plant and equipment		41	-	39	-
Property, plant and equipment written-off		200	-	-	-
Allowance for diminution in value of investment		1,965	435	4,400	9
Allowance for advances due from subsidiary companies		-	-	-	24,975
Allowance for doubtful debts		2,600	-	2,600	-
Allowance for inventory obsolescence		-	401	-	-
Inventory written back		-	(1,365)	-	-
Interest income		(1,436)	(2,750)	(480)	(1,179)
Operating (loss)/profit before working capital changes		(40,033)	63,086	(28,630)	61,797
Decrease/(increase) in inventories		42,486	50,792	2,683	(9,301)
Decrease in receivables		64,962	53,932	2,355	34,541
(Decrease)/increase in payables		(37,873)	(17,255)	1,491	1,654
(Increase)/decrease in amount due from related companies		-	(2,600)	51,945	31,713
Cash generated from operations		29,542	147,955	29,844	120,404
Interest received		1,436	2,750	480	1,179
Interest paid		(6,149)	(7,666)	(1,249)	(1,013)
Taxation paid		(19,325)	(37,894)	(5,000)	(21,194)
Deferred expenditure paid		(1,827)	(233)	-	-
Effect of exchange translation		3,985	9,398	-	-
Net cash from operating activities		7,662	114,310	24,075	99,376

Cash Flow Statements

For The Year Ended 30th April, 2002 (cont'd)

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash flows from investing activities					
Net cash flow arising from disposal of a subsidiary company	22(b)	184	-	-	-
Net cash flow arising from acquisition of a subsidiary company	23(b)	-	(12,842)	-	-
Dividend received		-	-	8,640	8,640
Investment in subsidiary companies		-	-	(47,028)	(9,127)
Additional incidental costs incurred on acquisition of a subsidiary company		(31)	-	-	-
Other investments		-	(2)	-	(2)
Investment in associated company		-	(2,400)	-	(2,400)
Purchase of own shares		(8,059)	(41,515)	(8,059)	(41,515)
Purchase of property, plant and equipment		(45,306)	(34,001)	(8,727)	(19,195)
Proceeds from disposal of property, plant and equipment		6,749	3,088	182	151
Net cash used in investing activities		<u>(46,463)</u>	<u>(87,672)</u>	<u>(54,992)</u>	<u>(63,448)</u>
Cash flows from financing activities					
Dividend paid		(5,804)	(9,983)	(5,804)	(9,983)
Net repayments of loans and lease payables		(10,451)	(17,089)	(2,575)	(13,416)
Net proceeds/(repayments) of bankers' acceptances		35,478	(14,321)	38,400	-
Net cash from/(used in) financing		<u>19,223</u>	<u>(41,393)</u>	<u>30,021</u>	<u>(23,399)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(19,578)</u>	<u>(14,755)</u>	<u>(896)</u>	<u>12,529</u>
Cash and cash equivalents at the beginning of the year		<u>55,275</u>	<u>70,030</u>	<u>7,205</u>	<u>(5,324)</u>
Cash and cash equivalents at the end of the year	24	<u>35,697</u>	<u>55,275</u>	<u>6,309</u>	<u>7,205</u>

The notes on pages 43 to 63 form an integral part of the financial statements.

Notes To The Financial Statements

- 30th April, 2002

1. Significant accounting policies

(a) Basis of accounting

The financial statements of the company and of the group are prepared under the historical cost convention, unless as otherwise indicated in the significant accounting policies, and comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary companies made up to 30th April, 2002. The results of the subsidiary companies are included in the consolidated financial statements from the date of acquisition or up to the date of disposal, as applicable.

All significant intercompany balances and transactions have been eliminated and the consolidated financial statements reflect external transactions only.

Where the acquisition method is adopted the difference between the aggregate cost of investments in subsidiary companies and the fair values of net assets at the date of acquisition is retained in the consolidated balance sheet as goodwill or reserve on consolidation as appropriate. The recoverable amount of goodwill is estimated at least at each balance sheet date and impairment losses, if any, are recognised in the consolidated income statement.

Acquisitions of subsidiary companies which meet the criteria for merger accounting under the Malaysian Accounting Standards No. 2, 'Accounting for Acquisitions and Mergers' are accounted for using merger accounting principles. Where the merger method is used, the difference between the cost of investment and the nominal value of the share capital of the subsidiary company is treated as merger reserve or deficit arising on consolidation, as the case may be. The results of subsidiary companies acquired are accounted for on a full year basis.

(c) Subsidiary companies

Subsidiary companies are companies in which the group owns, directly or indirectly, more than 50% of the equity share capital and has control over their financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies are stated at cost. Allowance is made for any diminution in the value of investment which is considered to be permanent.

Dividend income from subsidiary companies is included in the income statement of the company when declared or proposed.

(d) Associated companies

Associated companies are defined as companies in which the group has a long-term interest of not less than 20% and not more than 50% of the equity capital and in whose financial and operating policy decisions the group exercises significant influence. The group's share of the results of associated companies is included in the consolidated income statement.

Shares in associated companies are stated in the balance sheet of the group at cost and allowance made for permanent impairment in values.

Dividend income from associated companies is included in the income statement of the company as and when received.

(e) Other investments

Quoted and unquoted investments are stated at cost. Allowance is made for any diminution in value which is considered to be permanent.

Dividend income from investments is included in the income statement as and when received.

(f) Share buy-backs

Shares bought back are held as treasury shares, cancelled or a combination of both, as determined upon execution and are accounted for by the cost method. Should such shares be cancelled, their nominal amounts are eliminated, and the differences between their cost and nominal amounts will be taken to reserves as appropriate.

Notes To The Financial Statements - 30th April, 2002 (cont'd)

1. Significant accounting policies (cont'd)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred.

Freehold land is not amortised. Leasehold land is amortised over the period of the respective leases.

Plantation development expenditure, consisting of land clearing and upkeep of trees to maturity is amortised over 25 years representing the economic useful lives of the crops.

Depreciation of other property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Factory, buildings and quarters	- 10 to 25 years
Watercraft, motor vehicles, plant and machinery	- 5 to 10 years
Roads and bridges	- 5 to 10 years
Office renovation, furniture, fittings and equipment	- 2 to 10 years

Capital work-in-progress is not depreciated until the property, plant and equipment is fully completed and brought into use.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(h) Rights in timber licences

Rights in timber licences are stated at cost and are amortised on a straight-line basis over the remaining tenure of the licence period.

(i) Inventories

Logs, plywood, sawn timber, veneer and blockboard inventories are stated at the lower of average cost of production and net realisable value. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items.

General stores are valued at cost on a first-in-first-out basis.

Cost of finished goods and work-in-progress include the cost of raw materials, direct labour and an appropriate proportion of fixed and variable factory overheads.

(j) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end. Bad debts are written-off during the year in which they are identified.

(k) Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange ruling at the dates of transactions; monetary assets and liabilities at the balance sheet date are reported at year end rates of exchange. All exchange differences thus arising are dealt with in the income statement.

Assets and liabilities of the foreign subsidiaries at balance sheet date are translated at the rates ruling at that date. Income statement items are translated at the average rate ruling during the year. Share capital and reserves are translated at historical rates and the resultant differences arising on translation are shown in the Exchange reserve.

Notes To The Financial Statements - 30th April, 2002 (cont'd)

1. Significant accounting policies (cont'd)

(k) Foreign currencies (cont'd)

The principal closing rates used in the translation of foreign currencies were as follows:

	2002 RM	2001 RM
Foreign currencies		
1 USD	3.800	3.800
1 Reais	1.673	1.738
	-----	-----

(l) Deferred taxation

Deferred taxation is provided using the liability method for the tax effects of all material timing differences except to the extent that such timing differences can be expected to continue in the foreseeable future.

(m) Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statement represent cash and bank balances and short-term, highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short-term borrowings repayable on demand.

(n) Lease payables

Assets under finance lease that give rights approximating to ownership are capitalised in the financial statements and the corresponding obligation treated as a liability. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. The total interest, being the difference between the total instalments payable and the capitalised amount, is charged to the income statement over the period of the lease on the sum-of-digits method.

Leases, which do not meet such criteria, are classified as operating leases and the related rentals are charged to the income statement as incurred.

(o) Revenue recognition

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

- (i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.
- (ii) Interest and rental
Revenue is recognised as the interest and rental accrue unless collectibility is in doubt.
- (iii) Dividends
Revenue is recognised when the shareholders' right to receive the payment is established.
- (iv) Management fees
Revenue is recognised as the management fees accrue unless collectibility is in doubt.
- (v) Provision of services
Revenue from provision of services is recognised when the services are rendered.

Notes To The Financial Statements - 30th April, 2002 (cont'd)

2. General

The company is a public limited liability company, incorporated and domiciled in Malaysia and its principal activities are investment holding, provision of management services, extraction and sale of logs. There have been no significant changes in the nature of these activities during the year. The financial statements of the company and the group are expressed in Ringgit Malaysia.

Details of subsidiary companies as at 30th April, 2002 and their principal activities are shown below:

Name of company	Principal activities	Country of incorporation	Group equity interest	
			2002	2001
Direct subsidiaries of the company				
Rimbunan Hijau Plywood Sdn. Bhd.	Manufacturing and sale of sawn timber, blockboard and plywood	Malaysia	100%	100%
Jaya Tiasa Plywood Sdn. Bhd. *	Manufacturing and sale of veneer, plywood and sawn timber	Malaysia	100%	100%
Guanaco Sdn. Bhd. *	Extraction and sale of timber	Malaysia	100%	100%
Hak Jaya Sdn. Bhd.	Extraction and sale of logs	Malaysia	100%	100%
Maxiwealth Holdings Sdn. Bhd. *	Extraction and sale of timber	Malaysia	100%	100%
Kunari Timber Sdn. Bhd. *	Extraction and sale of timber	Malaysia	100%	100%
Jaras Sdn. Bhd.	Extraction, purchase and sale of logs	Malaysia	100%	100%
Maujaya Sdn. Bhd. *	Extraction and sale of timber	Malaysia	100%	100%
Mantan Sdn. Bhd.	Extraction and sale of logs	Malaysia	100%	100%
Curiah Sdn. Bhd.	Extraction and sale of logs	Malaysia	70%	70%
Jaya Tiasa Plantations Sdn. Bhd.	Dormant	Malaysia	100%	100%
Sericahaya Sdn. Bhd.	Extraction and sale of logs	Malaysia	70%	70%
Bonhin Sdn. Bhd.	Providing air transportation services	Malaysia	100%	100%
Eastern Timber Ltd.	Offshore trading agent	Federal Territory of Labuan, Malaysia	100%	100%
Eastern Green Company, Inc.	Importation and sale of wood products	U.S.A.	100%	100%
Jaya Tiasa Timber Products Sdn. Bhd.*	Manufacturing and sale of veneer, sawn timber and plywood	Malaysia	100%	100%
Simalau Plantation Sdn. Bhd.	Oil palm and tree plantation	Malaysia	90%	90%

Notes To The Financial Statements - 30th April, 2002 (cont'd)

2. General (cont'd)

Name of company	Principal activities	Country of incorporation	Group equity interest	
			2002	2001
Direct subsidiaries of the company (cont'd)				
Jaya Tiasa Aquaculture Sdn. Bhd.	Dormant	Malaysia	100%	-
Atlantic Evergreen Holdings	Investment holding	Cayman Islands	100%	100%
Atlantic Timber Holdings Limited	Investment holding	Cayman Islands	100%	100%
Pacific Timber Holdings Limited	Investment holding	Cayman Islands	100%	100%
Subsidiary of Atlantic Evergreen Holdings				
Western Timber Resources Limited	Investment holding	Cayman Islands	100%	100%
Subsidiary of Atlantic Timber Holdings Limited				
Maginco Verde Ltda.	Investment holding	Brazil	100%	100%
Subsidiary of Pacific Timber Holdings Limited				
Verde Para Sempre Ltda.	Investment holding	Brazil	100%	100%
Subsidiary of Western Timber Resources Limited				
Carolina Industria Ltda.	Manufacturing and sale of laminated wood and plywood	Brazil	-	100%
Subsidiary of Verde Para Sempre Ltda.				
Selvaplac Verde S.A.	Manufacturing and sale of plywood and other wood related products	Brazil	99.92%	99.92%

* not audited by Ernst & Young or their associates.

3. Revenue

Revenue of the group comprises services supplied or provided net of discounts and commissions, invoiced value of goods sold less discounts or claims and interest income.

Revenue of the company comprises management fee derived from subsidiary companies and log sales.

The significant categories of revenue recognised during the year are as follow:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Sale of timber and related products	438,716	618,887	234,899	326,617
Management fee	-	-	120	240
Chartering services income	6	185	-	-
Interest income	1,573	2,399	-	-
	<u>440,295</u>	<u>621,471</u>	<u>235,019</u>	<u>326,857</u>

Notes To The Financial Statements - 30th April, 2002 (cont'd)

4. (a) (Loss)/profit before exceptional item

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
This is stated after charging:				
Amortisation of timber rights	16,279	16,548	14,511	14,383
Auditors' remuneration				
- statutory audit	156	335	36	36
- fee in respect of other services	85	85	85	85
Bad debts written-off	38,010	-	492	-
Deferred expenditure written-off	1,827	233	-	-
Depreciation of property, plant and equipment	47,815	48,983	6,332	4,707
Directors' remuneration				
- fees	308	398	212	197
- other emoluments	503	626	503	597
Hiring charges	-	423	2,400	2,400
Interest expense	6,149	7,666	1,249	1,013
Loss on disposal of property, plant and equipment	41	-	39	-
Property, plant and equipment written-off	200	-	-	-
Allowance for diminution in value of investment	1,965	435	4,400	9
Allowance for advances due from subsidiary companies	-	-	-	24,975
Allowance for doubtful debts	2,600	-	2,600	-
Allowance for inventory obsolescence	-	401	-	-
Realised foreign exchange loss	30	61	-	-
Rental expense	370	404	96	80
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and after crediting:				
Gain on disposal of property, plant and equipment	3,769	1,640	-	-
Gain on disposal of a subsidiary company	42,472	-	-	-
Gross dividend income from unquoted subsidiary companies	-	-	12,000	12,000
Hiring income	385	-	319	420
Interest income	1,436	2,750	480	1,179
Management fee income	120	240	120	240
Realised foreign exchange gain	17	170	-	-
Rental income	5,047	5,645	4,973	5,436
Inventory written-back	-	1,365	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes To The Financial Statements - 30th April, 2002 (cont'd)

4. (b) Employee Information

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Staff costs	<u>28,381</u>	<u>30,534</u>	<u>5,360</u>	<u>4,968</u>
Number of employees at the end of the year (including Executive director)	<u>2,715</u>	<u>2,769</u>	<u>243</u>	<u>102</u>

5. Exceptional item

	Group	
	2002 RM'000	2001 RM'000
Write down of idle plant and equipment of the Brazilian subsidiaries	<u>-</u>	<u>13,732</u>

6. Taxation

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Based on results for the year	583	21,695	-	16,360
Under/(over) provision in prior years	<u>(163)</u>	<u>(2,881)</u>	<u>3,337</u>	<u>(1)</u>
	<u>420</u>	<u>18,814</u>	<u>3,337</u>	<u>16,359</u>

The disproportionate taxation charge of the group for the current year is mainly due to the absence of group relief for losses suffered by certain subsidiary companies.

Subject to agreement by the Inland Revenue Board, estimated tax losses and capital allowances available to be set off against future assessable income amounted to RM30.6 million (2001: RM16.3 million). The income tax benefit in respect thereof will only be realised if the company derives future assessable income of a nature and of sufficient amount to enable the benefit to be realised, and existing legislation does not change in a manner which would adversely affect the company's ability to realise the benefit.

7. Loss per share

The loss per share has been calculated based on the consolidated loss after taxation and minority interests of RM105,754,000 (2001: RM39,102,000) and the weighted average number of ordinary shares in issue during the financial year of 268,518,999 (2001: 277,384,749), excluding the number of shares purchased and held as treasury shares.

Notes To The Financial Statements - 30th April, 2002 (cont'd)

8. Dividends

	Group/Company			
	2002		2001	
	sen per share (gross)	RM'000 (net)	sen per share (gross)	RM'000 (net)
Proposed final dividend, net of tax	3.0	5,759	3.0	5,838
Adjustment for overprovision of prior years final dividend arising from the share buy-backs	-	-	-	(188)
	<u>3.0</u>	<u>5,759</u>	<u>3.0</u>	<u>5,650</u>

9. Property, plant and equipment

	Land, factory, buildings and quarters RM'000	Watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Plantation development expenditure RM'000	Capital work -in- progress RM'000	Total RM'000
Group							
Cost							
At 1st May, 2001	168,439	459,692	44,770	24,474	-	8,979	706,354
Exchange translation	(1,559)	(2,498)	-	(53)	-	(284)	(4,394)
Amount restated at 1st May, 2001	166,880	457,194	44,770	24,421	-	8,695	701,960
Reclassification	10	-	-	-	-	(10)	-
Disposal of a subsidiary company	(4,096)	(5,669)	-	(227)	-	(192)	(10,184)
Additions	13,804	24,726	16,588	3,208	1,364	-	59,690
Written-off	-	-	-	(515)	-	-	(515)
Disposals	(632)	(5,599)	-	(645)	-	(208)	(7,084)
At 30th April, 2002	<u>175,966</u>	<u>470,652</u>	<u>61,358</u>	<u>26,242</u>	<u>1,364</u>	<u>8,285</u>	<u>743,867</u>
Accumulated depreciation							
Charge for 2001	8,953	37,114	1,753	1,163	-	-	48,983
At 1st May, 2001	50,665	259,797	25,065	6,259	-	-	341,786
Exchange translation	(424)	(1,074)	-	(35)	-	-	(1,533)
Amount restated at 1st May, 2001	50,241	258,723	25,065	6,224	-	-	340,253
Charge for the year	8,889	33,191	3,358	2,377	-	-	47,815
Disposal of a subsidiary company	(2,600)	(4,250)	-	(200)	-	-	(7,050)
Disposals	-	(3,505)	-	(558)	-	-	(4,063)
Written-off	-	-	-	(315)	-	-	(315)
At 30th April, 2002	<u>56,530</u>	<u>284,159</u>	<u>28,423</u>	<u>7,528</u>	<u>-</u>	<u>-</u>	<u>376,640</u>

Notes To The Financial Statements - 30th April, 2002 (cont'd)

9. Property, plant and equipment (cont'd)

	Land, factory, buildings and quarters RM'000	Watercraft, motor vehicles, plant and machinery RM'000	Roads and bridges RM'000	Office renovation, furniture, fittings and equipment RM'000	Plantation development expenditure RM'000	Capital work -in- progress RM'000	Total RM'000
(Group cont'd)							
Net book value							
At 30th April, 2002	119,436	186,493	32,935	18,714	1,364	8,285	367,227
At 30th April, 2001	117,774	199,895	19,705	18,215	-	8,979	364,568
Company							
Cost							
At 1st May, 2001	1,443	33,473	11,435	13,925			60,276
Additions	164	10,554	2,379	707			13,804
Disposals	-	(271)	-	(614)			(885)
At 30th April, 2002	1,607	43,756	13,814	14,018			73,195
Accumulated depreciation							
Charge for 2001	54	3,307	1,048	298			4,707
At 1st May, 2001	54	7,810	1,048	1,045			9,957
Charge for the year	84	3,507	1,377	1,364			6,332
Disposals	-	(124)	-	(540)			(664)
At 30th April, 2002	138	11,193	2,425	1,869			15,625
Net book value							
At 30th April, 2002	1,469	32,563	11,389	12,149			57,570
Add: Incomplete capital expenditure							5,924
							63,494
At 30th April, 2001	1,389	25,663	10,387	12,880			50,319
Add: Incomplete capital expenditure							3,001
							53,320

Notes To The Financial Statements - 30th April, 2002 (cont'd)

9. Property, plant and equipment (cont'd)

Land, factory, building and quarters stated at cost, comprises:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Freehold land	2,973	4,138	623	623
Long leasehold land	5,377	5,353	-	-
Short leasehold land	2,565	2,549	-	-
Factory, buildings and quarters	165,051	156,399	984	820
	<u>175,966</u>	<u>168,439</u>	<u>1,607</u>	<u>1,443</u>

Included in plant and machinery of the group are assets acquired under instalment plans with a net book value of RM21,502,892 (2001: RM32,050,919).

During the year, the group and the company acquired property, plant and equipment by the following means:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash	45,306	34,001	8,727	19,195
Lease instalment arrangements	14,384	2,358	8,000	-
	<u>59,690</u>	<u>36,359</u>	<u>16,727</u>	<u>19,195</u>

10. Investment in subsidiary companies

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost		
At 1st May	331,999	322,872
Arising from acquisition of a subsidiary company	-	9,127
Arising from further subscription of shares in a subsidiary company	47,028	-
At 30th April	<u>379,027</u>	<u>331,999</u>
Allowance for diminution in value of investment	(18)	(18)
	<u>379,009</u>	<u>331,981</u>

On 9th May, 2002, the company disposed its entire equity interest in Carolina Industria Ltda. ("Carolina") for a total consideration of USD50,000.

As the company has effectively ceased control over the operations of Carolina, the disposal of this subsidiary is deemed to be effected on the last day of the financial year ended 30th April, 2002.

Notes To The Financial Statements - 30th April, 2002 (cont'd)

11. Investment in associated company

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unquoted shares, at cost				
- ordinary shares	2,000	2,000	2,000	2,000
- redeemable non-cumulative preference shares	2,400	2,400	2,400	2,400
	<u>4,400</u>	<u>4,400</u>	<u>4,400</u>	<u>4,400</u>
Allowance for diminution in value of investment	(2,400)	(435)	(4,400)	-
	<u>2,000</u>	<u>3,965</u>	<u>-</u>	<u>4,400</u>
Share of post-acquisition losses	(2,000)	(2,000)	-	-
	<u>-</u>	<u>1,965</u>	<u>-</u>	<u>4,400</u>

The groups interest in the associated company is as follows:

	Group	
	2002 RM'000	2001 RM'000
Groups share of net tangible assets	(335)	(335)
Premium on acquisition	335	335
	<u>-</u>	<u>-</u>

The associated company, which is incorporated in Malaysia, is:

Name of company	Principal activities	Financial year-end	Percentage of equity held	
			2002	2001
Mafrica Trading Sdn. Bhd.*	General trading and heli-logging services	28.2.2002	40%	40%

* Not audited by Ernst & Young or their associates.

12. Other investments

	Group/Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	<u>2</u>	<u>2</u>

Notes To The Financial Statements - 30th April, 2002 (cont'd)

13. Rights in Timber licences

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost	298,447	298,447	247,724	247,724
Provision for amortisation				
At 1st May	61,514	44,966	36,480	22,097
Amortisation during the year	16,279	16,548	14,511	14,383
At 30th April	77,793	61,514	50,991	36,480
	<u>220,654</u>	<u>236,933</u>	<u>196,733</u>	<u>211,244</u>

In 1998, the company acquired nine timber licensee companies and the rights to two timber licences. Apart from one licence expiring in the year 2011, all the other licences will expire in the year 2015.

14. Goodwill on consolidation

	Company	
	2002 RM'000	2001 RM'000
At 1st May, at cost	76,453	67,336
Arising from acquisition of a subsidiary company	-	9,117
Arising from incidental charges incurred on acquisition of a subsidiary company	31	-
At 30th April	<u>76,484</u>	<u>76,453</u>

15. Inventories

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Plywood	25,497	30,516	-	-
Veneer	13,082	25,253	-	-
Blockboard	971	3,093	-	-
General stores	16,126	18,657	81	-
Logs	15,680	31,603	8,103	10,867
Goods-in-transit	-	1,162	-	-
Sawn timber	2,066	3,669	-	-
Work-in-progress	763	3,012	-	-
	<u>74,185</u>	<u>116,965</u>	<u>8,184</u>	<u>10,867</u>
Allowance for inventory obsolescence	(401)	(401)	-	-
	<u>73,784</u>	<u>116,564</u>	<u>8,184</u>	<u>10,867</u>
The carrying amount of inventories is stated as follows:				
At cost	53,616	85,185	8,184	10,867
At net realisable value	20,168	31,379	-	-
	<u>73,784</u>	<u>116,564</u>	<u>8,184</u>	<u>10,867</u>

Notes To The Financial Statements - 30th April, 2002 (cont'd)

16. Amount due from/(to) related companies

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Amount due from subsidiary companies	-	-	187,750	362,614
Allowance for doubtful debts	-	-	(40,535)	(40,535)
	-	-	147,215	322,079
Amount due from associated company	2,600	2,600	2,600	2,600
Allowance for doubtful debts	(2,600)	-	(2,600)	-
	-	2,600	-	2,600
	-	2,600	147,215	324,679
Amount due to subsidiary companies	-	-	(136,427)	(258,854)

The amounts due from/(to) related companies are unsecured, interest-free and have no fixed term of repayment.

17. Amount due to bankers

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Bankers' acceptances	83,706	48,228	38,400	-
Bank overdrafts	13,286	8,805	833	-
Revolving loan	10,000	10,000	-	-
	106,992	67,033	39,233	-

The amount due to bankers is unsecured and bears interest at various rates ranging between 7.00% to 8.05% (2001: 7.50% to 8.50%) per annum.

18. Other payables and accruals

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Exchange contract advances	2,174	6,399	-	-
Agency commissions payables	-	2,377	-	-
Export prepayment financing	-	29,021	-	-
Other payables and accruals	16,715	14,800	10,290	1,979
	18,889	52,597	10,290	1,979

Notes To The Financial Statements - 30th April, 2002 (cont'd)

19. Lease payables

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Minimum lease payments:				
Repayable within one year	7,914	9,464	4,342	2,491
Repayable after one year but within five years	6,483	340	4,159	-
Future finance charges on finance leases	(1,064)	(404)	(653)	(68)
Present value of finance lease liabilities	<u>13,333</u>	<u>9,400</u>	<u>7,848</u>	<u>2,423</u>
Present value of finance lease liabilities:				
Repayable within one year (shown under current liabilities)	7,083	9,062	3,851	2,423
Repayable after one year but within five years (shown under long-term and deferred liability)	6,250	338	3,997	-
	<u>13,333</u>	<u>9,400</u>	<u>7,848</u>	<u>2,423</u>

20. Share capital

	Group/Company	
	2002 RM'000	2001 RM'000
Authorised:		
Ordinary shares of RM1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1.00 each	<u>282,529</u>	<u>282,529</u>

Share buy-backs

Pursuant to the authorities granted by the shareholders of the company to the directors at the Extraordinary General Meetings held on 28th September, 2000 and 27th September, 2001, the company purchased during the year a total of 3,652,000 of its issued shares from the open market for a total cost of RM8,059,086. The average cost paid for the shares purchased during the year was RM2.21 per share. Subsequent to the balance sheet date and up to 9th August, 2002, being the last practicable date prior to the printing of this report, the company purchased an additional 2,131,000 shares for a total cost of RM6,452,591. The average cost paid for the shares purchased during the period was RM3.03 per share.

The above purchases were financed from the company's internal funds. The shares purchased are held as treasury shares. As at 9th August, 2002, the issued and paid up capital of the company comprises 282,528,499 ordinary shares of RM1.00 each, of which 18,028,000 ordinary shares are held as treasury shares.

Notes To The Financial Statements - 30th April, 2002 (cont'd)

20. Share capital (cont'd)

Movements on share buy-backs

	No. of shares	RM'000	Average price per share RM
As at 1st May, 2001	12,245,000	41,515	3.39
Purchased during the year ended 30th April, 2002	3,652,000	8,059	2.21
As at 30th April, 2002	15,897,000	49,574	3.12
Purchased subsequent to 30th April, 2002	2,131,000	6,452	3.03
As at 9th August, 2002	18,028,000	56,026	3.11

The directors of the company are committed to enhancing the value of the company to its shareholders and believe that the share buy-backs plan can be applied in the best interests of the company and its shareholders.

21. Reserves

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Distributable reserves:				
Retained profit	210,670	322,183	26,029	80,898
Non-distributable reserves:				
Exchange reserve	(21,380)	(11,581)	-	-
Share premium reserve	322,726	322,726	322,726	322,726
Capital redemption reserve	3,684	3,684	3,684	3,684
Capital reserve on consolidation	-	11,749	-	-
	305,030	326,578	326,410	326,410
Total	515,700	648,761	352,439	407,308

Movements in reserves are shown in the Statements of Changes in Equity.

Based on the estimated tax credits available, the entire retained profit of the company is available for distribution by way of dividends without incurring additional tax liability. In addition, the company has tax exempt credit estimated at RM2 million (2001: RM2 million) which is available for distribution as tax exempt dividends. These amounts are subject to agreement by the Inland Revenue Board.

Notes To The Financial Statements - 30th April, 2002 (cont'd)

22. Disposal of subsidiary company

The effect of the disposal of the subsidiary company on the Consolidated Income Statement and the Consolidated Balance Sheet are as follows:

	2002 RM'000	2001 RM'000
(a) Consolidated Income Statement		
Revenue	2	4,381
Cost of sales	(1,710)	(6,960)
Gross loss	(1,708)	(2,579)
Other operating income	554	370
Selling and distribution costs	(60)	(602)
Administrative expenses	(1,099)	(8,743)
Other operating expenses	-	(6,272)
Gain on disposal of subsidiary	42,472	-
Profit/(loss) from operations	40,159	(17,826)
Finance costs	(2,996)	(793)
Profit/(loss) for the year	<u>37,163</u>	<u>(18,619)</u>
(b) Consolidated Balance Sheet		
Property, plant and equipment	3,134	9,078
Current assets	19,776	8,953
Current liabilities	(42,520)	(43,158)
Net liabilities	(19,610)	<u>(25,127)</u>
Reclassification from shareholders' equity		
Foreign currency exchange reserve	(10,923)	
Capital reserve consolidation	(11,749)	
Proceeds from disposal	(190)	
Gain on disposal of a subsidiary company	<u>(42,472)</u>	
Proceeds from disposal	190	
Less : Cash and cash equivalents of subsidiary disposed of	(6)	
Net cash inflow on disposal of a subsidiary company	<u>184</u>	

Notes To The Financial Statements - 30th April, 2002 (cont'd)

23. Acquisition of a subsidiary company

The effect of the acquisition of a subsidiary company on the Consolidated Income Statement and the Consolidated Balance Sheet are as follows:

(a) Consolidated Income Statement

	2001 RM'000
Administrative expenses	17
Loss after taxation and minority interests	<u>17</u>

(b) Consolidated Balance Sheet

Property, plant and equipment	3,717
Current assets	18
Current liabilities	(3,725)
Minority interest	(1)
	<u>9</u>
Goodwill arising on consolidation	9,117
Net assets acquired	<u>9,126</u>

The fair value of net assets of the subsidiary company acquired were as follows:

Property, plant and equipment	3,717
Current assets	18
Current liabilities	(3,725)
Minority interest	(1)
	<u>9</u>
Share of net assets acquired	9
Goodwill arising on consolidation	9,117
	<u>9,126</u>
Total purchase consideration	9,126
Less: Cash and cash equivalents of the subsidiary company acquired	(1)
	<u>9,125</u>
Add: Amount due to holding company	3,717
Net cash outflow on acquisition of a subsidiary company	<u>12,842</u>

Notes To The Financial Statements - 30th April, 2002 (cont'd)

24. Cash and cash equivalents

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and bank balances	48,983	64,080	7,142	7,205
Bank overdrafts	(13,286)	(8,805)	(833)	-
	<u>35,697</u>	<u>55,275</u>	<u>6,309</u>	<u>7,205</u>

25. Segmental reporting

No segmental information is presented as the group is principally involved in the timber industry.

26. Significant related party transactions

Significant related party transactions entered into by the group and company are as follows:

(a) Transactions with subsidiary companies

	Company	
	2002 RM'000	2001 RM'000
Hiring charges paid to a subsidiary company	2,400	2,400
Hiring charges received from subsidiary companies	319	420
Dividend received from a subsidiary company	12,000	12,000
Interest received from a subsidiary company	480	480
Management fee received from subsidiary companies	120	240
Purchase from subsidiary companies	6,590	21,023
Sales to subsidiary companies	190,939	320,855
Road access charges received from a subsidiary company	-	594
	<u> </u>	<u> </u>

(b) Transactions with companies in which certain directors of the company and their close family members have a substantial financial interest and/or are directors:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Income				
(i) Sale of logs				
Lukutan Enterprises Sdn. Bhd.	-	221	-	-
Subur Tiasa Group*	8,528	5,589	7,107	1,525
(ii) Sale of power				
Subur Tiasa Group*	816	1,178	-	-

Notes To The Financial Statements - 30th April, 2002 (cont'd)

26. Significant related party transactions (cont'd)

- (b) Transactions with companies in which certain directors of the company and their close family members have a substantial financial interest and/or are directors (cont'd):

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Income (cont'd)				
(iii) Rental of equipment				
Hose Mountains Logging Sdn. Bhd.	33	231	33	231
Taman Logging Sdn. Bhd.	4,710	4,776	4,710	4,776
Tiong Toh Siong & Sons Sdn. Bhd.	228	363	162	363
Expenditure				
(i) Purchase of logs				
Binamewah Sdn. Bhd.	11,599	8,244	4,537	636
Lasuria Sdn. Bhd.	-	2,485	-	-
Lukutan Enterprises Sdn. Bhd.	3,079	434	1,201	-
Rimbunan Hijau Sdn. Bhd.	-	858	-	-
Rejang Logging Co. Sdn. Bhd.	156	989	-	-
Subur Abadi Sdn. Bhd.	152	1,197	-	-
Subur Tiasa Group*	718	914	18	-
Timbunan Hijau Sdn. Bhd.	-	402	-	-
(ii) Purchase of raw material				
Petanak Enterprises Sdn. Bhd.	8,376	7,765	-	-
(iii) Contract fee for logs harvesting				
Hose Mountains Logging Sdn. Bhd.	26,608	26,458	-	-
Meli-Mujong Logging Sdn. Bhd.	19,465	17,937	-	-
Rimbunan Hijau Sdn. Bhd.	11,153	11,295	-	-
Taman Logging Sdn. Bhd.	36,795	37,081	36,795	37,081
Tiong Toh Siong & Sons Sdn. Bhd.	116,579	112,174	115,188	109,926
(iv) Purchase of spare parts, fuel and lubricants				
Rimbunan Hijau General Trading Sdn. Bhd.	647	559	94	31
(v) Towage and freight charges				
Globular Sdn. Bhd.	1,993	1,700	1,324	184
Onward Shipping Sdn. Bhd.	1,013	-	-	-
Rimbunan Hijau Sdn. Bhd.	2,441	375	2,329	7
Transport Resources Sdn. Bhd.	1,886	1,717	1,146	116
(vi) Insurance charges				
Evershine Agency Sdn. Bhd.	422	782	119	107
Harmony Agencies Sdn. Bhd.	510	1,351	15	192
(vii) Purchase of air tickets				
RH Tours and Travel Agency Sdn. Bhd.	108	304	62	263

Notes To The Financial Statements - 30th April, 2002 (cont'd)

26. Significant related party transactions (cont'd)

- (b) Transactions with companies in which certain directors of the company and their close family members have a substantial financial interest and/or are directors (cont'd):

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Expenditure (cont'd)				
(ix) Purchase of computer hardware and related products				
Comserv (Sarawak) Sdn. Bhd.	125	618	123	538

* Subur Tiasa Group include Subur Tiasa Holdings Bhd and its wholly owned subsidiaries, namely, Subur Tiasa Plywood Sdn Bhd, Homet Raya Sdn Bhd and R.H. Timber Processing Industries Sdn Bhd

The directors are of the opinion that the above transactions were entered into in the normal course of business and were transacted on normal commercial terms.

(c) Directors remuneration

The aggregate remuneration of the directors of the group and of the company categorised into appropriate components are as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Executive Directors				
- fees	30	30	30	30
- salaries and other emoluments	455	549	455	549
	<u>485</u>	<u>579</u>	<u>485</u>	<u>579</u>
Non-Executive Directors				
- fees	278	368	182	167
- other emoluments	48	77	48	48
	<u>326</u>	<u>445</u>	<u>230</u>	<u>215</u>

The remuneration paid to the directors of the company, analysed into bands of RM100,000 are as follows:

Range of remuneration	Number of directors	
	Executive	Non-Executive
Below 100,000	-	7
RM100,001 - RM200,000	-	-
RM200,001 - RM300,000	-	-
RM300,001 - RM400,000	-	-
RM400,001 - RM500,000	1	-
	<u>1</u>	<u>7</u>

Notes To The Financial Statements - 30th April, 2002 (cont'd)

27. Contingent liabilities, unsecured

	Company	
	2002 RM'000	2001 RM'000
Bankers' guarantees issued to third parties on behalf of subsidiary companies	2,700	4,730
Corporate guarantees issued to bankers on behalf of subsidiary companies	6,036	314,143
	<u>8,736</u>	<u>318,873</u>

28. Capital commitments

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Authorised capital expenditure not provided for in the financial statements:				
- approved and contracted for	6,931	8,603	-	439
	<u>6,931</u>	<u>8,603</u>	<u>-</u>	<u>439</u>

29. Subsequent event

On 18th June, 2002, Jaya Tiasa Holdings Berhad entered into an agreement with Assar Plantations Holdings Sdn. Bhd. to acquire the remaining 1,000 ordinary shares of RM1.00 each representing 10% of the issued and paid-up share capital of Simalau Plantation Sdn. Bhd. for a total cash consideration of RM2,250,000.

The abovementioned acquisition was completed on 29th June, 2002 and Simalau Plantation Sdn. Bhd. is now a wholly-owned subsidiary of Jaya Tiasa Holdings Berhad.

Other Corporate Information

1. Recurrent Related Party Transactions of A Revenue or Trading Nature

On 27 September 2001, Jaya Tiasa Holdings Berhad obtained approval from the shareholders for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("recurrent transactions") with persons who are considered to be "Related Party" as defined in Chapter 10 of the Listing Requirements. A breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year under review are set out below:-

	RM'000
i) Contract for the harvesting of logs from timber concessions:	
- Hose Mountains Logging Sdn. Bhd.	26,608
- Meli-Mujong Logging Sdn. Bhd.	19,465
- Rimbunan Hijau Sdn. Bhd.	11,153
- Taman Logging Sdn. Bhd.	36,795
- Tiong Toh Siong & Sons Sdn. Bhd.	116,579
ii) Sale of logs:	
- Subur Tiasa Group*	8,528
iii) Purchase of logs:	
- Binamewah Sdn. Bhd.	11,599
- Lukutan Enterprises Sdn. Bhd.	3,079
- Subur Tiasa Group*	718
iv) Purchase of raw material (glue):	
- Petanak Enterprises Sdn. Bhd.	8,376
v) Procurement of towage and freight services:	
- Globular Sdn. Bhd.	1,993
- Onward Shipping Sdn. Bhd.	1,013
- Rimbunan Hijau Sdn. Bhd.	2,441
- Transport Resources Sdn. Bhd.	1,886
vi) Rental of equipment:	
- Hose Mountains Logging Sdn. Bhd.	33
- Taman Logging Sdn. Bhd.	4,710
- Tiong Toh Siong & Sons Sdn. Bhd.	228
vii) Procurement of insurance brokerage services:	
- Evershine Agency Sdn. Bhd.	422
- Harmony Agencies Sdn. Bhd.	510
viii) Supply of power:	
- Subur Tiasa Group*	816
ix) Purchase of spare parts, fuel and lubricants:	
- Rimbunan Hijau General Trading Sdn. Bhd.	647
x) Purchase of computer hardware and computer products:	
- Comserv (Sarawak) Sdn. Bhd.	125
xi) Procurement of air tickets and travel agency services:	
- RH Tours & Travel Agency Sdn. Bhd.	108

Other Corporate Information (cont'd)

1. Recurrent Related Party Transactions of A Revenue or Trading Nature (cont'd)

Relationship with Related Parties

Names of Related Party	Relationship
Binamewah Sdn. Bhd.	40% associated company of Tiong Toh Siong Holdings Sdn Bhd ("TTSH"), a major shareholder of JTH.
Comserv (Sarawak) Sdn. Bhd.	A company in which major shareholders, TTSH and Tan Sri Datuk Tiong Hiew King, have controlling interests.
Evershine Agency Sdn. Bhd.	A company in which major shareholder of JTH, Tan Sri Datuk Tiong Hiew King and persons connected with him have controlling interests.
Globular Sdn. Bhd.	A wholly-owned subsidiary of Rimbunan Hijau Holdings Sdn Bhd, a company in which Tan Sri Datuk Tiong Hiew King and persons connected with him have controlling interests.
Harmony Agencies Sdn. Bhd.	55% owned subsidiary of TTSH.
Hose Mountains Logging Sdn. Bhd.	49.1% associated company of TTSH.
Lukutan Enterprises Sdn. Bhd.	90.83% owned subsidiary of TTSH.
Meli-Mujong Logging Sdn. Bhd.	49.1% associated company of TTSH.
Onward Shipping Sdn. Bhd.	A company in which Tiong Chiong Ong, a person connected with Tan Sri Datuk Tiong Hiew King (major shareholder of JTH) and Tiong Chiong Hoo (managing director of JTH), has 16.33% interest.
Petanak Enterprises Sdn. Bhd.	A company in which TTSH has an indirect interest of 51%.
Rimbunan Hijau General Trading Sdn. Bhd.	31.08% associated company of TTSH.
RH Tours & Travel Agency Sdn. Bhd.	23.75% associated company of TTSH.
Rimbunan Hijau Sdn. Bhd.	58.65% owned-subsiary of TTSH
Subur Tiasa Group*	30.84% associated company of TTSH.
Taman Logging Sdn. Bhd.	42.33 % associated company of TTSH.
Transport Resources Sdn Bhd	A company in which major shareholders TTSH and Tan Sri Datuk Tiong Hiew King have controlling interests.
Tiong Toh Siong & Sons Sdn. Bhd.	A wholly-owned subsidiary of TTSH.

Notes :

* Subur Tiasa Group include Subur Tiasa Holdings and its wholly owned subsidiaries, namely, Subur Tiasa Plywood Sdn Bhd, Homet Raya Sdn Bhd and R.H. Timber Processing Industries Sdn Bhd

2. During the financial year under review, there were no:-

- i) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programmes sponsored by the Company.
- ii) sanctions and or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority.
- iii) profit estimates, forecasts or projections or unaudited results announced which differed by 10% or more.
- iv) profit guarantee given.
- v) material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests.
- vi) revaluation policy on landed properties.
- vii) utilisation of proceeds raised from any proposal.
- viii) options, warrants or convertible securities exercised.

List Of Properties

For The Year Ended 30th April,2002

Malaysia

Description

Tenure

Existing Use

Land Area

Approx. Age Of Building

Net Book Value As At 30 April 2002 (RM'000)

Tanjung Ensurai, Sibul

Sibu Grant No. 2311 and 2403 and Sibu O.T. 17718

Leasehold land expiring on 31.12.2018

Sibu O.T. 838

Leasehold land expiring on 31.12.2024

Sibu O.T. 4504

Leasehold land expiring on 31.12.2025

Factory, warehouse and staff quarter

141,298 sq. metres

15 years

6,662

Sibu O.T. 22642

Leasehold land expiring on 31.12.2031

Sibu Grant No. 467 and Sibu O.T.17720 and 23282

Leasehold land expiring on 31.12.2911

Sibu Grant No. 2383 2404, 2418, 2419 2458, 2549, 2550 2551 and Sibu O.T. 19775 and 19776

Leasehold land expiring on 31.12.2018

Lot 134 Engkilo L.D.

Leasehold land expiring on 31.12.2019

Factory, warehouse and staff quarter

136,326 sq. metres

10 years

9,772

Sibu O.T. 655 and 837

Leasehold land expiring on 31.12.2024

Lot 133 Engkilo L.D.

Leasehold land expiring on 31.12.2911

Sibu O.T. 12262

Leasehold land expiring on 13.6.2027

Vacant Agriculture land

16,183 sq. metres

–

238

Putai, Kapit

Concession land

Factory, warehouse and staff quarter

10 years

24,125

Upper Lanang Rd, Sibul

Sibu Town District Blk 10 Lot 169

Leasehold land expiring on 01.3.2050

Detached residential house

832 sq. metres

12 years

36

Salim, Sibul

Seduan L.D. Blk 16 Lot 1393

Leasehold land expiring on 31.12.2915

warehouse

19,981 sq. metres

4 years

4,422

Malaysia
Description

Description	Tenure	Existing Use	Land Area	Approx. Age Of Building	Net Book Value As At 30 April 2002 (RM'000)
Ulu Oya Road, Sibul Seduan L.D. Blk 10 Lot 1161	Leasehold land expiring on 7.8.2054	semi-detached residential house	430.2 sq. metres	5 years	240
Tanjung Manis, Sarikei Sare L.D. Blk 3, Lot 25	Rented land expiring on 22.9.2052	Factory, warehouse and staff quarter	250,717 sq. metres	4 years	44,582
Sare L.D. Blk 3, Lot 71, 86 and 87	Freehold land	Vacant Agriculture land	40,961 sq. metres	–	306
Sare L.D. Blk 3, Lot 53, 54, 56, 57, 58, 59, 60 and 61	Freehold land	Vacant Agriculture land	230,747 sq. metres	–	623
Sungei Terus, Niah, Miri Lot 161, Suai Land District	Provisional leasehold expiring on 06.12.2060	Vacant Agriculture land	23,629,286 sq. metres	–	1,765
Lot 934, Niah Land District	Provisional leasehold expiring on 06.12.2060	Vacant Agriculture land	26,369,203 sq. metres	–	1,970

List Of Properties

For The Year Ended 30th April,2002

Brazil

Municipality/State
Freehold Land

Maginco Verde Ltda

Description	Tenure	Existing Use	Land Area	Approx. Age Of Building (Year)	Net Book Value As At 30 April 2002 (RM'000)
Sao Felix do Xingu, Para Lote n. 44-D	Freehold	Forest Land	2,275.745 hectares	-	4
Sao Felix do Xingu, Para Lote n. 35-E	Freehold	Forest Land	2,393.587 hectares	-	3
Sao Felix do Xingu, Para Lote n. 36-E, M-12060	Freehold	Forest Land	2,440.310 hectares	-	2
Sao Felix do Xingu, Para Lote n. 28-E	Freehold	Forest Land	2,815.882 hectares	-	2
Sao Felix do Xingu, Para Reg. 4496 Pg 234	Freehold	Forest Land	4,356.000 hectares	-	3
Sao Felix do Xingu, Para Reg. 4496 Pg 232	Freehold	Forest Land	4,356.000 hectares	-	80
Sao Felix do Xingu, Para Lote n. 24-E	Freehold	Forest Land	2,985.052 hectares	-	127
Sao Felix do Xingu, Para Lote n. 25-E	Freehold	Forest Land	2,902.378 hectares	-	42
Sao Felix do Xingu, Para Lote n. 26-E	Freehold	Forest Land	2,989.808 hectares	-	127
Sao Felix do Xingu, Para Lote n. 27-E	Freehold	Forest Land	2,998.449 hectares	-	72
Sao Felix do Xingu, Para Lote n. 42-D	Freehold	Forest Land	2,464.510 hectares	-	63
Ananindeus, Para Enroll no. 289	Freehold	Factory Building	138,084 sq. metres	18	8,416
Ananindeus, Para Enroll no. 1722	Freehold	Urban Land	20,000 sq. metres	-	60
Ananindeus, Para Land at Br-316 km 10	Freehold	Urban Land	37,820 sq. metres	-	76
Ananindeus, Para Lote nbr. 322	Freehold	Urban Land	2,301 sq. metres	-	6
Ananindeus, Para Lote nbr. 344-C	Freehold	Urban Land	1,926 sq. metres	-	2
Ananindeus, Para Lote nbr. 342	Freehold	Urban Land	4,820 sq. metres	-	6
Ananindeus, Para Lote nbr. 342-A	Freehold	Urban Land	5,184 sq. metres	-	6
Ananindeus, Para Lote nbr. 344-B	Freehold	Urban Land	5,184 sq. metres	-	6
Ananindeus, Para Lote nbr. 306	Freehold	Urban Land	1,221 sq. metres	-	3
Ananindeus, Para Lote nbr. 362	Freehold	Urban Land	3,804 sq. metres	-	15
Ananindeus, Para Lote nbr. 312	Freehold	Urban Land	4,569 sq. metres	-	11
Ananindeus, Para Lote nbr. 342-A	Freehold	Urban Land	600 sq. metres	-	1
Ananindeus, Para Lote nbr. 340	Freehold	Urban Land	2,102 sq. metres	-	11
Ananindeus, Para Lote nbr. 366	Freehold	Urban Land	36 sq. metres	-	18
Ananindeus, Para Lote nbr. 368-A	Freehold	Urban Land	5,000 sq. metres	-	15
Ananindeus, Para Lote nbr. 390	Freehold	Urban Land	1,512 sq. metres	-	35
Carauari, Amazonas Seringal Nazare	Freehold	Forest Land	8,679.924 hectares	-	12
Carauari, Amazonas Seringal Pupunha I	Freehold	Forest Land	3,441.455 hectares	-	5
Carauari, Amazonas Seringal Pupunha II	Freehold	Forest Land	830.345 hectares	-	1
Carauari, Amazonas Seringal Pupunha III	Freehold	Forest Land	2,300.037 hectares	-	3
Nova Timboteu, Para Lotes 1010-A/1056/1058/1060/1062/1064/18/1048/10/12/16/14	Freehold	Reforestation	715.865 hectares	-	803

Selvaplac Verde SA

Moju, Para M. 4199, F.99, L.2-AV	Freehold	Rural Land	1,160.000 hectares	-	
Portel, Para M. 951, F.99, L.2	Freehold	Forest Land	7,090.000 hectares	-	
Icoaraci, Para Ind. Plant (M.473, L.2-AM)	Freehold	Factory Building	47,076 sq. hectares	19	
Icoaraci, Para M.236, F.236, L.2-GV, M.47, F.47, L.2-GX	Freehold	Urban Land	106,323 sq. hectares	-	

Proxy Form

Number of shares held _____

I / We _____ NRIC No. _____
(Full name in capital letters)

of _____
(Address)

being a member / members of JAYA TIASA HOLDINGS BERHAD hereby appoint _____

_____ NRIC No. _____
(Full name in capital letters)

of _____
(Address)

or failing him _____ NRIC No. _____
(Full name in capital letters)

of _____
(Address)

as my / our proxy to vote for me / us and on my / our behalf at the Forty-second Annual General Meeting of the Company to be held at Perdana Room, Kingwood Hotel, No.12, Lorong Lanang 4, 96000 Sibul, Sarawak on Thursday, 26 September 2002 at 11:30 a. m. and at any adjournment thereof.

Resolution	For	Against
No. 1 Receive the Audited Financial Statements for the year ended 30 April 2002 together with the Directors' and Auditors' Reports thereon.	<input type="checkbox"/>	<input type="checkbox"/>
No. 2 Approval of Directors' Fees for the year ended 30 April 2002.	<input type="checkbox"/>	<input type="checkbox"/>
No. 3 Declaration of a First and Final Dividend of 3% less tax for the year ended 30 April 2002.	<input type="checkbox"/>	<input type="checkbox"/>
No. 4 Re-election of John Leong Chung Loong.	<input type="checkbox"/>	<input type="checkbox"/>
No. 5 Re-election of Tiong Choon.	<input type="checkbox"/>	<input type="checkbox"/>
No. 6 Re-election of Tiong Chiong Hee.	<input type="checkbox"/>	<input type="checkbox"/>
No. 7 Re-appointment of Auditors.	<input type="checkbox"/>	<input type="checkbox"/>
No. 8 Authority for the directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate with (x) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his / her discretion

Dated this _____ day of _____ 2002

Signature / Common Seal of Shareholder (s)

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies in his/her stead. Where a member appoints two (2) or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at No. 1-9, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
4. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.

