

No. 1-9, Pusat Suria Permata  
Lorong Upper Lanang 10A  
96000 Sibu, Sarawak

Tel : 084-213 255  
Fax : 084-213 855  
Email: [inquiry@jayatiasa.net](mailto:inquiry@jayatiasa.net)



ANNUAL REPORT 2005



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## CORPORATE INFORMATION

FOR FINANCIAL YEAR ENDED 30 APRIL 2005

### BOARD OF DIRECTORS

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

**Mr Tiong Chiong Hoo**  
Managing Director

**Dr. Tiong Ik King**  
Non-Independent Non-Executive Director

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

**Mr John Leong Chung Loong**  
Independent Non-Executive Director

**Mdm Tiong Choon**  
Non-Independent Non-Executive Director

**Mr Tiong Chiong Hee**  
Non-Independent Non-Executive Director

### COMPANY SECRETARIES

Ngu Ung Huong  
Lim Phooi Kee

### AUDITORS

Ernst & Young  
Chartered Accountants

### SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi Purpose, Capital Square,  
No.8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia  
Tel : 03-2721 2222 Fax : 03-2721 2530/2721 2531

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad- Main Board

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
RHB Bank Berhad  
Citibank Berhad

### REGISTERED OFFICE

No.1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibul, Sarawak  
Tel : 084-213255 Fax : 084-213855 E-mail: [inquiry@jayatiasa.net](mailto:inquiry@jayatiasa.net)

### WEBSITE ADDRESS

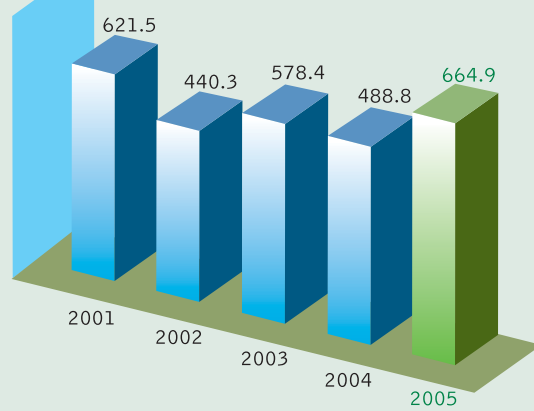
[www.jayatiasa.net](http://www.jayatiasa.net)

## 5-YEAR FINANCIAL HIGHLIGHTS

FOR FINANCIAL YEAR ENDED 30 APRIL 2005

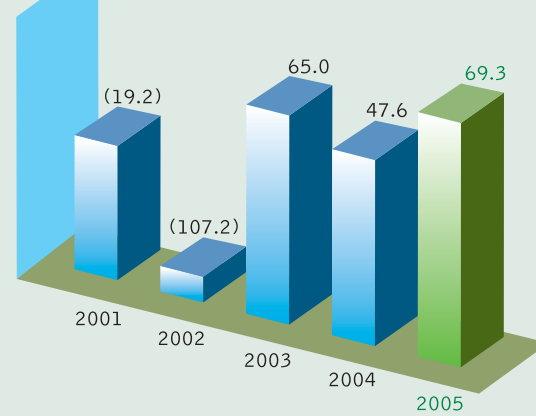
### Turnover

RM million



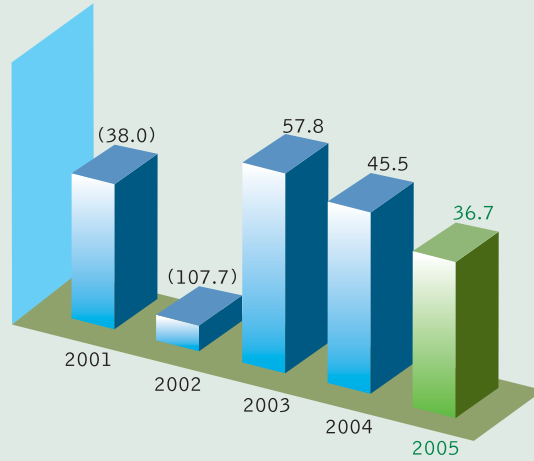
### Profit / (Loss) Before Tax

RM million



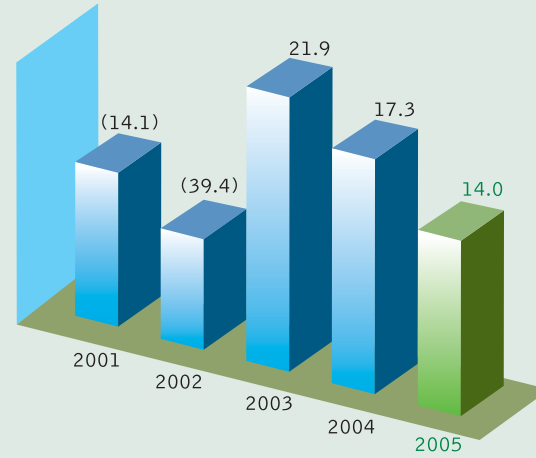
### Profit / (Loss) After Tax

RM million



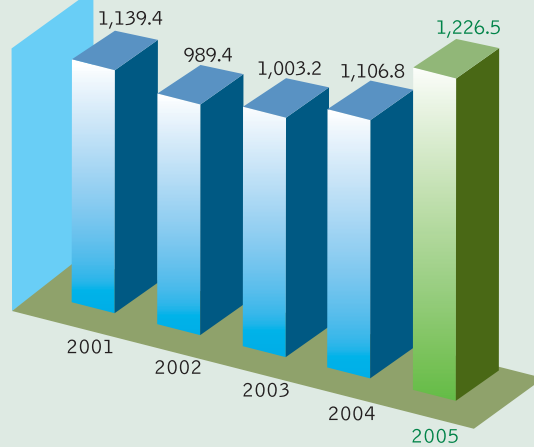
### Net Earnings / (Loss) Per Share

Sen



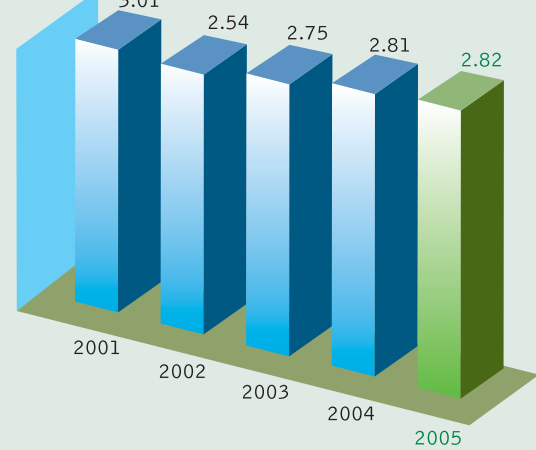
### Total Assets

RM million



### Net Tangible Assets Per Share

RM





# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting of the Company will be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibul, Sarawak on Thursday, 29 September 2005 at 11.45 a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 April 2005 together with the Reports of the Directors and Auditors thereon. Resolution 1
2. To declare a First and Final Dividend of 3% less tax for the financial year ended 30 April 2005. Resolution 2
3. To re-elect the following directors: -
  - i. Mr John Leong Chung Loong Resolution 3
  - ii. Mr Tiong Chiong Hee Resolution 4
4. To approve the payment of Directors' Fees for the financial year ended 30 April 2005. Resolution 5
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 6

### AS SPECIAL BUSINESS

6. To consider and if thought fit, pass the following Ordinary Resolution:- Resolution 7

#### Authority for Directors to Allot and Issue Shares

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory 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 consider and if thought fit, pass the following Ordinary Resolution:- Resolution 8

#### Proposed Shareholders' Mandate for Recurrent Related Party Transaction

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 2.2 of the Circular to Shareholders dated 7 September 2005 provided that such arrangements and/or transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations; and
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders

(the "Mandate");

And that the Mandate, unless revoked or varied by the Company in a general meeting, shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act);

And further that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

8. 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 2005, if approved at the Forty-Fifth Annual General Meeting, will be paid on 23 November 2005 to Depositors whose names appear in the Record of Depositors on 28 October 2005.

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

- a) Securities deposited into the Depositor's securities account before 12.30 p.m. on 26 October 2005 in respect of securities exempted from mandatory deposit;
- b) Securities transferred into the Depositor's securities account before 4.00 p.m. on 28 October 2005 in respect of transfers; and
- c) Securities bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board

**JAYA TIASA HOLDINGS BERHAD**

NGU UNG HUONG  
LIM PHOOI KEE  
Company Secretaries

Sibu, Sarawak  
7 September 2005

### NOTES ON APPOINTMENT OF PROXY

1. A member of the Company entitled to attend and vote at the meeting is also 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 Companies Act, 1965 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, Lorong Upper Lanang 10A, 96000 Sibu, 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.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

- (a) Authority for Directors to Allot and Issue Shares

The Proposed Ordinary Resolution No. 7 if passed, will give the Directors of the Company 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, without having to convene a general meeting. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

- (b) Shareholders' Mandate for Recurrent Related Party Transaction

The Proposed Ordinary Resolution No. 8 if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature necessary for the Group's day-to-day operations and the transactions being carried out are in the ordinary course of business on terms not to the detriment of the minority shareholders of the Company.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### 1. Forty-Fifth Annual General Meeting

Date : 29 September 2005

Time : 11.45 a.m.

Venue : Auditorium, Ground Floor,  
No.62, Lorong Upper Lanang 10A  
96000 Sibu, Sarawak

### 2. The Directors standing for re-election are:-

- (a) Mr John Leong Chung Loong
- (b) Mr Tiong Chiong Hee

Details of directors who are standing for re-election are set out in their respective Profiles on page 12. They do not hold any shares in both the Company and the subsidiaries of the Company. Their attendance at Board meetings can be found in the Statement on Corporate Governance on page 21.





# 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

## Oil Palm Development

Area : 83,480 hectares  
Location : Sarawak, Malaysia

## Reforestation

Area : 235,795 hectares  
Location : Sarawak, Malaysia

## Annual Production Capacity

	Jaya Tiasa Plywood Sdn Bhd	Rimbunan Hijau Plywood Sdn Bhd	Jaya Tiasa Timber Products Sdn Bhd	Total
Plywood <i>(cubic metre)</i>	180,000	120,000	60,000	360,000
Veneer <i>(cubic metre)</i>	324,000	-	-	324,000
Sawntimber <i>(cubic metre)</i>	98,400	-	9,600	108,000
Blockboard <i>(cubic metre)</i>	-	12,000	-	12,000
Film-Overlay Plywood <i>(cubic metre)</i>	-	6,000	-	6,000
Sliced-Veneer <i>(square metre)</i>	-	-	6,000,000	6,000,000





## BOARD OF DIRECTORS



Mr John Leong Chung Loong

Mr Tiong Chiong Hoo

Gen (Rtd) Tan Sri Abdul Rahman  
Bin Abdul Hamid



Dr Tiong Ik King

Tuan Haji Wan Alshagaf  
Bin Tuanku Esim

Mr Tiong Chiong Hee

Mdm Tiong Choon





## DIRECTORS' PROFILES

### **GEN (RTD) TAN SRI ABDUL RAHMAN BIN ABDUL HAMID**

Independent Non-Executive Chairman

Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid, aged 67, was appointed to the Board on 27 March 1995. He serves as Chairman of the Board and the Audit Committee.

He is a graduate of the Royal Military College, Malaysia and Army Staff College, Camberlay, 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 DVM Technology Bhd, an ICT company listed on MESDAQ and Perbadanan Perwira Harta Malaysia, a property development subsidiary of Lembaga Tabung Angkatan Tentera. He sits on the Board of Composite Technologies Research Malaysia, an aerospace company which produces aircraft products made from composite materials. He is also the Chairman and Director of a few other multinational and private companies established in Malaysia.

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business transaction with the Company.

### **MR TIONG CHIONG HOO**

Group Managing Director

Mr Tiong Chiong Hoo, aged 45, was appointed Executive Director on 27 March 1995 and subsequently re-designated as Managing Director on 26 April 1995. He is the Chairman of the Risk Management Committee and a member of the Audit Committee.

He holds a Bachelor of Law and a Bachelor of Economics degrees from Monash University, Australia and is a registered barrister. He has more than twenty-one (21) years of experience in the timber industry.

He is the son of Tan Sri Datuk Tiong Hiew King, a major shareholder of the Company. His uncle Dr Tiong Ik King, sister Mdm Tiong Choon and cousin brother Mr Tiong Chiong Hee are also members of the Board. He is deemed interested in the related party transactions entered into in the ordinary course of business disclosed in Note 32 to the Financial Statements on pages 80 to 83. Saved as disclosed therein, he has no personal interest in any other business transaction with the Company.



## DIRECTORS' PROFILES

### **DR TIONG IK KING**

Non-Independent Non-Executive Director

Dr Tiong Ik King, aged 55, joined the Board on 27 March 1995. He is a member of the Remuneration Committee and the Nomination Committee.

He graduated with a degree in M.B.B.S from the National University of Singapore in 1975 and subsequently obtained his M.R.C.P. from the Royal College of Physicians, UK in 1977. He joined Rimbunan Hijau Group in 1982 where he oversees the operations which include newspaper publishing in Malaysia and overseas, information technology, timber harvesting, timber processing, tree plantation and oil palm plantation. Other Malaysian public companies in which he is a Director are EON Capital Berhad and Sin Chew Media Corporation Bhd.

He is the brother of Tan Sri Datuk Tiong Hiew King, a major shareholder of the Company. His nephews, Mr Tiong Chiong Hoo and Mr Tiong Chiong Hee and his niece Mdm Tiong Choon are also members of the Board. He is deemed interested in the related party transactions entered into in the ordinary course of business disclosed in Note 32 to the Financial Statements on pages 80 to 83. Saved as disclosed therein, he has no personal interest in any other business transaction with the Company.

### **TUAN HAJI WAN ALSHAGAF BIN TUANKU ESIM**

Independent Non-Executive Director

Tuan Haji Wan Alshagaf bin Tuanku Esim, aged 60, joined the Board on 10 March 1999. He serves as the Chairman of the Nomination Committee and is a member of the Audit Committee and Remuneration Committee.

He holds a PhD in Business Administration & Management from University of Newcastle, USA. 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. He was the first President of Persatuan Alumni Universiti Teknologi Mara Sarawak ("MITSA").

Currently, he serves as the Vice-President of Persatuan Pesara Kerajaan Negeri Sarawak and Patron of Executive Committee of Arr-Rahmah Mosque at RPR Batu Kawa, Kuching. He is also active in social activities.

He has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business transaction with the Company.





## DIRECTORS' PROFILES

### MR JOHN LEONG CHUNG LOONG

Independent Non-Executive Director

Mr John Leong Chung Loong, aged 58, was appointed to the Board on 28 March 2002. He serves as the Chairman of the Remuneration Committee and is a member of the Audit Committee and Nomination Committee.

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 Australian Society of Certified Practising Accountants, 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 has no family relationship with any Director and/or major shareholder of the Company, nor any personal interest in any business transaction with the Company.

### MDM TIONG CHOON

Non-Independent Non-Executive Director

Mdm Tiong Choon, aged 36, 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 fourteen (14) years of managerial experience in various capacities.

She is the daughter of Tan Sri Datuk Tiong Hiew King, a major shareholder of the Company. Her uncle Dr Tiong Ik King, brother Mr Tiong Chiong Hoo and cousin brother Mr Tiong Chiong Hee are also members of the Board. She is deemed interested in the related party transactions entered into in the ordinary course of business disclosed in Note 32 to the Financial Statements on pages 80 to 83. Saved as disclosed therein, she has no personal interest in any other business transaction with the Company.

### MR TIONG CHIONG HEE

Non-Independent Non-Executive Director

Mr Tiong Chiong Hee, aged 32, 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 nine (9) years of managerial experience in logging and oil palm operations in Sarawak and overseas.

He is the nephew of Tan Sri Datuk Tiong Hiew King, a major shareholder of the Company. His uncle Dr Tiong Ik King, cousin brother Mr Tiong Chiong Hoo and cousin sister Mdm Tiong Choon are also members of the Board. He is deemed interested in the related party transactions entered into in the ordinary course of business disclosed in Note 32 to the Financial Statements on pages 80 to 83. Saved as disclosed therein, he has no personal interest in any other business arrangement with the Company.

#### Notes:

1. None of the Directors has any conviction for offences within the past 10 years.
2. All the Directors of the Company are Malaysian citizen.

# CORPORATE STRUCTURE

## JAYA TIASA HOLDINGS BERHAD







## CHAIRMAN'S STATEMENT

**On behalf of the Board of Directors, it is my great pleasure to present to you the Annual Report and Financial Statements of Jaya Tiasa Holdings Berhad for the financial year ended 30 April 2005.**

The remarkable turnaround of the timber prices, which began in the beginning of the calendar year of 2004, had largely maintained its momentum as the Group ushered itself into the financial year under review. This favorable phenomenon was mainly attributed to the robust economic growth experienced in China and India, and the sustained economic growth in the developed nations, which generated an unyielding demand for timber and wood-based products along with other commodities in the world market. Tighter supply due to more stringent regulation and enforcement against illegal logging in the major tropical timber producing countries had also contributed positively to the resilience of the timber prices. However, towards the end of the first half of the financial year under review, the market sentiment was dampened by the crude oil price hitting its then record high and its imminent threat to the global economic growth. The third quarter did not see much improvement in the sentiment as the US Dollar further weakened, raising concern over the sustainability of the US economy. Nevertheless, timber prices regained their strength in the final quarter as the log supply was curtailed significantly as a result of the Indonesian Government's intensified enforcement effort in cracking down on illegal logging.

### FINANCIAL PERFORMANCE

Against this background, the revenue of the Group for the financial year under review rose to RM664.9 million from RM488.8 million recorded in the previous financial year, representing an increase of RM176.1 million or 36%. Profit before tax also grew by RM21.7 million or 46% to RM69.3 million from RM47.6 million in the previous financial year despite a one-off loss of RM16.6 million incurred on the disposal of a foreign subsidiary during the financial year under review.

However, profit after tax of the Group declined by RM8.8 million or 19% to RM36.7 million from RM45.5 million posted in the previous financial year. This translated into lower earnings per share of 14.0 sen for the financial year under review as compared to 17.3 sen in the previous financial year.

Riding on the profitability achieved for the financial year under review, shareholders' funds of the Group increased from RM833.3 million as at the end of the previous financial year to RM873.6 million. As at the end of the financial year under review, net tangible assets per share of the Group stood at RM2.82 as compared to RM2.81 as at the end of the previous financial year.



## OPERATIONS REVIEW

### Plywood

Plywood division emerged as the top earner of the Group for the financial year under review, contributing about 52% to the Group's total revenue. The average selling price of plywood for the Group improved by 14% while its export volume increased by 12% as compared to the previous financial year.

USA remained as the major export market, making up 47% of the Group's total plywood export value, followed by Middle East and Korea, which contributed 18% and 17%, respectively. It is also worth mentioning that the Middle East has emerged as a significant market for the Group's plywood export for the financial year under review. This underlines the success of the Group's effort in developing new market to diversify its export base.

During the financial year, Jaya Tiasa Plywood Sdn Bhd, a wholly owned subsidiary of the Group, was awarded CE Marking Certification by BM TRADA Certification Ltd for its hardwood plywood for structural/external use. With this certification indicating conformity with the Construction Product Directive, Jaya Tiasa Plywood Sdn Bhd will be able to sell its hardwood plywood to the markets in the European Economic Area. This development is again in tandem with the Group's diversification strategy to mitigate its market concentration risk.

### Logging

For the financial year under review, the average selling price and export volume for the round logs of the Group increased by about 11% and 52%, respectively, as compared to the previous financial year. With the improved average selling price and export volume, the logging division contributed about 36% to the Group's total revenue.

Japan and Taiwan continued to be the leading export market for the round logs, contributing 37% and 31% respectively of the total log export value of the Group. Trailing behind, India took up a significant 22% of the total log export of the Group. However, export of logs to China continued to remain low as a result of stiff competition from Russian softwood.



# CHAIRMAN'S STATEMENT

## Oil Palm Plantation

Although oil palm plantation has not contributed to the Group's earnings, its strategic importance to the Group's future growth was exemplified by the significant development activities and capital expenditures undertaken by the Group in this division during the financial year under review.

On 27th July 2004, the Group entered into a joint venture agreement with Wealth Houses Development Sdn Bhd to develop and cultivate 6,000 hectares of land into oil palm plantations at Pulau Bruit, Daro, Sarawak.

On 6th January 2005, the Group completed the acquisition of the entire issued and paid up capital of Eastern Eden Sdn Bhd and Poh Zhen Sdn Bhd, which owns 10,000 hectares and 5,000 hectares of plantation land respectively at Pulau Bruit, Daro, Sarawak.

With the new joint venture project and acquisitions, the total oil palm plantation land bank has increased from 62,480 hectares to 83,480 hectares as at the end of the financial year.

Development works and planting of oil palms are ongoing at five plantation sites with a total land area of 38,430 hectares. These plantation sites are scattered in the central region of Sarawak. The total planted area as at the end of the financial year was 5,400 hectares with 900 hectares expected to mature in the second half of the current financial year.

The Group will continue to accelerate the pace of oil palm plantation development and planting in the next few years with the view to achieve a sizable hectareage of matured plantations in the medium term. This will in due course contribute positively to the earnings and strategic growth of the Group.







## Reforestation

Likewise, reforestation division has not made significant contribution to the earnings of the Group for the financial year under review. Nevertheless, its strategic importance to the Group shall not be judged solely by its financial performance as embarking on such projects will ensure a sustainable wood supply for the Group's timber manufacturing operations in the long run. Sustainable forest management will then give the wood products of the Group a green label, which will enable it to compete favorably in the international market.

During the financial year under review, the reforestation project had been progressing smoothly. Plantation nurseries, camp and office complex were constructed for the respective sites of the Licenses For Planted Forest (LPF).

High technology driven seedling production system was also set up in the seedling nurseries of the Group, whereby seedlings were raised in root trainer trays and motorised boom irrigation was utilized to ensure the production of higher quality seedlings.

Two types of reforestation system are being used by the Group, namely Island Corridor Planting (ICP) and Industrial Tree Planting (ITP).

Due to the steep terrain of the LPF area, the major planting method will be ICP. Seedlings of indigenous tree species are planted along tractor tracks' shoulders and gaps left by logs harvesting. There will be no clear felling, the existing pole size trees and wildlings are left to regenerate and become part of next harvest cycle in approximately 15 years time. ICP mimics natural gap dynamics and protects the soil by maintaining vegetation on site while at the same time minimising soil erosion. ICP has been used for the restoration of logged over forest and for increasing the wood volume and economic value of such forests to sustain the future production of Mixed Tropical Hardwood.

ITP is applied only for the rehabilitation of severely degraded forestland where the remaining ecosystem is grassland and bushes. The site is clear felled, and replanted with fast growing species. The rehabilitation of such degraded land creates a monoculture plantation aimed at re-establishing the flora and fauna of the forest. ITP only applies to area below 25-degree gradient.





## CHAIRMAN'S STATEMENT

### Reforestation (cont'd)

The major plantation species are Kelampayan and Eucalyptus. Kelampayan is a fast growing indigenous species suitable for face veneer whereas Eucalyptus Deglupta, also a fast growing species, is suitable for sawn timber and veneer.

### OTHER DEVELOPMENTS

On 12th January 2005, the Group disposed of Maginco Verde 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.

### DIVIDEND

The Board of Directors has recommended a final dividend of 3% less income tax of 28% for the financial year ended 30 April 2005.

### OUTLOOK

The visibility of the global economic outlook continues to be clouded by the surging crude oil prices, rising interest rates and the revived threat of terrorist attacks following the recent bombings in London. However, in the foreseeable near term, emerging economies such as China and India are expected to continue to provide the much-needed impetus to the growth of the world economy. The fiscal tightening by the Chinese government seems to have delivered some desirable results as the predominant fear over the possible hard landing of the China's red-hot economy did not materialize in the financial year under review. Although these economies have shown some signs of slowing down, the pace of growth is expected to remain firm in view of the tremendous backlog of the infrastructural development in these economies.

The sustained growth of the global economy will continue to bolster the demand for the log and timber based products. This, coupled with the tight log supply condition, is expected to augur well for the timber market. In view of this, the outlook of the timber industry, though challenging, is envisaged to remain promising.

While the trend of the price of timber products will remain a major factor affecting the Group's performance, sustainable resource management will become increasingly important to the long-term growth of the Group. The Group's three pronged strategy, i.e. improving operational efficiency, securing continuous and sustainable supply of raw material through reforestation and diversifying into oil palm plantation, will ensure that the Group is steered towards achieving this strategic goal and thus, on its path to nurturing the long-term growth in shareholder value.

Barring any unforeseen circumstances, the Board is optimistic that the Group will deliver a satisfactory set of financial results for the current financial year.

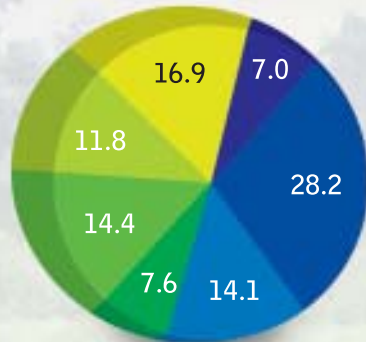
### APPRECIATION

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.

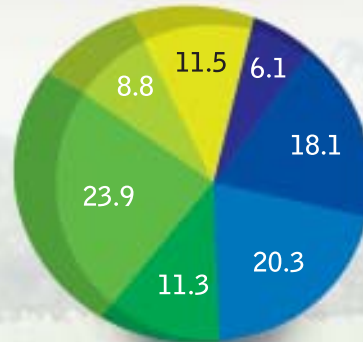


## EXPORT MARKET

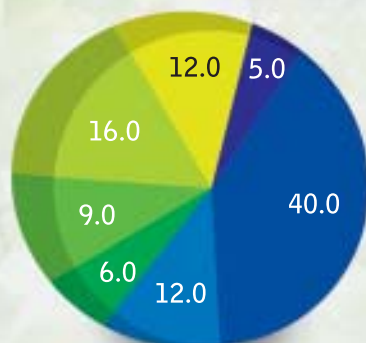
SALES VALUE 2005 (%)



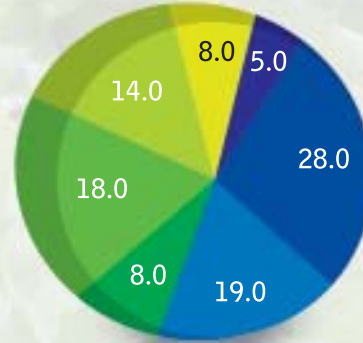
SALES VOLUME 2005 (%)



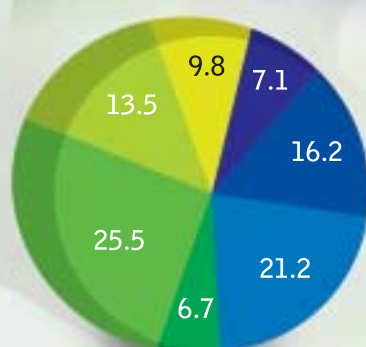
SALES VALUE 2004 (%)



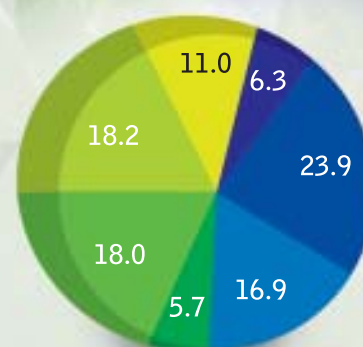
SALES VOLUME 2004 (%)



SALES VALUE 2003 (%)



SALES VOLUME 2003 (%)



CHINA USA JAPAN INDIA TAIWAN KOREA OTHERS

### PERCENTAGE OF EXPORT SALES

YEAR ENDED	LOGS	PLYWOOD	VENEER	OTHERS	
30 April 2005	34.7%	59.5%	4.0%	1.8%	100%
30 April 2004	29.2%	64.3%	4.0%	2.5%	100%
30 April 2003	45.8%	44.7%	6.2%	3.3%	100%





## STATEMENT ON CORPORATE GOVERNANCE

The Finance Committee on Corporate Governance had on March 2000 issued the Malaysian Code on Corporate Governance ("the Code") which sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Jaya Tiasa Holdings Berhad ("JTH" or "the Company") is committed to ensuring that the highest standards of corporate governance is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of JTH.

The Board of JTH is pleased to make a disclosure to shareholders on the manner in which it has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code.

### BOARD OF DIRECTORS

The Board retains effective control of the Group and is responsible for the Group's overall strategic plans, annual budget, business performance and operations, succession planning, risk management, investor relations, internal control and management information systems.

#### Board Balance

The Group is led and managed by an experienced Board comprising members with a wide range of business, financial, legal and technical 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 currently has seven (7) members, comprising six (6) non-executive Directors (including the Chairman) and one (1) executive Director. Three (3) of the seven (7) Directors are independent Directors, which is in excess of Bursa Malaysia Securities Berhad's requirement of one-third. The Board is of the opinion that its current mix of skills, experience and expertise constitutes an effective Board to the Company. The profiles of the members of the Board are as shown on pages 10 to 12.

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 day-to-day responsibilities of overseeing the overall Group's financial and operational matters lie 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 regularly scheduled meetings annually, with additional meetings to be convened as and when necessary. A total of five (5) Board of Directors Meetings were held in the financial year ended 30 April 2005.

# STATEMENT ON CORPORATE GOVERNANCE



## Board Meetings (cont'd)

Details of the attendance of the members are as follows: -

Name of Directors	Number of Meetings Attended
Gen (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid	5/5
Mr Tiong Chiong Hoo	5/5
Dr Tiong Ik King	4/5
Tuan Haji Wan Alshagaf Bin Tuanku Esim	4/5
Mr John Leong Chung Loong	5/5
Mdm Tiong Choon	4/5
Mr Tiong Chiong Hee	5/5

## Supply of Information

The Directors have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties and responsibilities.

The agenda for each Board Meeting together with relevant board papers which include annual budgets, quarterly and annual financial statements, operational reports, business and corporate proposals, minutes of meetings as well as reports from independent advisers/consultants are forwarded to each Director for their perusal well in advance of the date of Board Meeting to facilitate informed decision making.

Senior management staff may be invited to attend Board Meetings to furnish the Board with explanation and comments on the relevant agenda items tabled at the Board Meeting or to provide clarification on issue that may be raised by any Director.

All conclusions of the Board are duly recorded in Board minutes. Minutes of every Board Meeting are circulated to each Director for their perusal prior to confirmation of the same at the following Board Meeting.

All Directors have direct access to the advice of the Company Secretaries. The Directors also have the liberty to seek external professional advice if so required by them at the Company's expense.

## COMMITTEES

The following Board Committees have been established to assist the Board in the execution of its duties and responsibilities. The functions and terms of reference of the committees as well as authority delegated by the Board to these Committees are clearly defined.

### a. Audit Committee

The Audit Committee Report is presented separately on pages 25 to 27.

### b. Nomination Committee

The Nomination Committee is made up entirely of Non-Executive Directors, of whom two-third (2/3) are independent.

The following Directors are members of the Nomination Committee:-

Chairman - Tuan Haji Wan Alshagaf Bin Tuanku Esim (*Independent Non-Executive Director*)

Members - Mr John Leong Chung Loong (*Independent Non-Executive Director*)  
- Dr. Tiong Ik King (*Non-Independent Non-Executive Director*)

The Nomination Committee has been charged with the following:-

- identifying and recommending new nominees to the Board as well as committees of the Board. However, all decisions on appointments are made by the Board after considering the recommendations of the Committee.



## STATEMENT ON CORPORATE GOVERNANCE

### b. Nomination Committee (cont'd)

- reviewing the required mix of skills, experience and other qualities of Board members, evaluating the performance and contribution of each Director, evaluating the effectiveness of the Board as a whole and identifying areas for improvement.

The Nomination Committee meets at least once a year.

### c. Remuneration Committee

The Remuneration Committee is made up entirely of Non-Executive Directors, of whom two-third (2/3) are independent.

The following Directors are members of the Remuneration Committee:-

Chairman - Mr John Leong Chung Loong (*Independent Non-Executive Director*)

Members - Tuan Haji Wan Alshagaf Bin Tuanku Esim (*Independent Non-Executive Director*)  
- Dr. Tiong Ik King (*Non-Independent Non-Executive Director*)

The Remuneration Committee is responsible for the following:-

- to recommend to the Board the framework, remuneration package and performance related pay schemes for Executive Director; and
- to review Executive Director's scope of service contracts.

Remuneration packages of both Executive Directors and Non-Executive Directors are 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.

The Remuneration Committee meets at least once a year.

### d. Risk Management Committee

The Managing Director, Mr Tiong Chiong Hoo is the Chairman of the Risk Management Committee. He is authorized by the Board to appoint members to support him in his role in leading the management in the risk management activities. Currently, his team members are from the senior management.

The salient terms of reference of the Risk Management Committee are as follows:-

- to establish a risk management framework and execute an annual risk assessment. The framework should provide a consistent approach to risk and facilitate an accurate perception of acceptable risk by all employees. The annual risk assessment will characterize the full range of corporate risk exposures, including risk impacts such as harm to employees and the public, environmental harm, and damage to corporate reputation;
- as part of the annual business planning process, to review the defined risk/return parameters, risk appetite and risk management standards;
- to report annually to the Board of Directors on risk assessment results and report at least half-yearly to the Board on the risk management activities and the effectiveness of the risk management framework; and
- to formulate the annual risk assessment plan for Board's approval.

The ultimate responsibility for ensuring an effective risk management framework/program is in place and is aligned with the business objectives of the Group, however, rests with the Board.

The Risk Management Committee holds bi-monthly meetings.



# STATEMENT ON CORPORATE GOVERNANCE

## DIRECTORS' REMUNERATION

During the financial year ended 30 April 2005, the remuneration of the Executive Director and Non-Executive Directors are as follows:-

Directors' remuneration	Executive Director RM	Non-Executive Directors RM
Fee(s)	33,000	214,000
Salary and Bonus (including EPF)	537,600	-
Allowance	-	48,000
Benefits-in-kind	15,500	23,950
Total	586,100	285,950

Directors' remuneration	Executive Director	Non-Executive Directors
Below RM50, 000	-	5
RM100, 001 to RM150, 000	-	1
RM550, 001 to RM600, 000	1	-

The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable for Directors' Remuneration are adequately served by the "Band Disclosures" made.

## DIRECTORS' TRAINING

All the Directors have attended various training programmes accredited by Bursa Securities, a couple of which were conducted in-house, facilitated by industry expert.

All the Directors will continue to attend talks, training programmes and seminars to update themselves on new developments in the business environment.

In addition, seminars and conferences organized by the relevant regulatory authorities and professional bodies on, inter-alia, areas relevant to the Company's operations; Directors' responsibilities, and corporate governance issues, as well as on changes to statutory requirements and regulatory guidelines, are informed to the Directors, for their participation in such seminars and conferences.

## RE-ELECTION OF DIRECTORS

At least one-third (1/3) of the Directors shall retire and be eligible for re-election by rotation at every Annual General Meeting in accordance with the Company's Articles of Association.

In addition, the provision in the Articles of the Company requiring each director to retire from office at least once in every three (3) years but shall be eligible for re-election has been complied with.

## COMMUNICATION WITH SHAREHOLDERS

The Board continues to recognise the need for shareholders to be informed of all material matters affecting the Group. The following different channels of communication are used to provide shareholders and stakeholders with information to fulfill transparency and accountability objectives:

- The Annual Report which includes details of the business, financial performance and other activities of the Group.
- The Company's general meetings which serve as a principal forum for dialogue with shareholders, whereby shareholders are at liberty to raise questions on the agenda items of the general meeting;
- Timely disclosures and announcements of material information and financial results to Bursa Securities for release.
- Periodic dialogues with research analysts, fund managers and institutional investors which allow the Management to convey information about the Group's performance, corporate strategy and other matters affecting shareholders, stakeholders and the public generally. At the same time, it provides the Management an opportunity to directly address, explain or clarify issues that investors may have regarding the business, operations and prospects of the Group.



## STATEMENT ON CORPORATE GOVERNANCE

### COMMUNICATION WITH SHAREHOLDERS (CONT'D)

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 and quarterly financial statements to the shareholders, investors and Regulatory Authorities, the Directors aim to present a balanced and understandable assessment of the Group's financial position and prospects.

The Audit Committee assists the Board in ensuring accuracy, adequacy and quality of financial reporting of the Group and the Company.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Group and the Company is set out on page 30.

### INTERNAL CONTROL

The Statement on Internal Control, which provides an overview of the state of Internal Control within the Group, is set out on pages 28 and 29.

### RELATIONSHIP WITH THE AUDITORS

A transparent and appropriate relationship is maintained with the Company's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both external auditors and internal auditors.

The Committee meets with the external auditors without the presence of the Executive Director and management at least once a year.

This statement is made in accordance with a resolution of directors dated 15 August 2005.

# AUDIT COMMITTEE REPORT



## 1. MEMBERSHIP

The Audit Committee comprises the following Directors:-

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

**Mr Tiong Chiong Hoo**  
Member - Managing Director

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

**Mr John Leong Chung Loong**  
Member - Independent Non-Executive Director

## 2. TERMS OF REFERENCE

### 2.1 SIZE AND COMPOSITION

- a. The Audit Committee shall be appointed by the Board of Directors from among their number and shall comprise of not less than three (3) members, a majority of whom must be independent directors.
- b. At least one (1) member of the Committee:
  - i. must be a member of the Malaysian Institute of Accountants (MIA); or
  - ii. if he is not a member of MIA, he must have at least three (3) years working experience and;
    - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- c. No alternate director shall be appointed as member of the Audit Committee.
- d. The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
- e. The term of office of each member shall be subject to review every three (3) years.
- f. 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 (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

### 2.2 AUTHORITY AND RIGHTS

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

## 2.3 FUNCTIONS AND DUTIES

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

- a. to assess the adequacy and effectiveness of the systems of internal control and the efficiency of the Group's operations.
- b. to review the following and report the same to the Board of Directors of the Company:-
  - i. with the external auditors:-
    - the audit plan;
    - his evaluation of the system of internal controls;
    - his audit report;
    - the assistance given by the employees of the Company to the auditors;
  - ii. 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;
  - iii. the internal audit programme, processes, the results of the audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function ;
  - iv. the quarterly and annual financial statements, prior to the approval by the board of directors, focusing particularly on:-
    - changes in or implementation of major accounting policies and practices;
    - significant and unusual events;
    - the going concern assumption; and
    - compliance with accounting standards and other legal requirements;
  - v. any related party transaction and conflict of interest situation that may arise within the Company or Group; and
  - vi. any letter of resignation from the external auditors of the Company;
- c. to consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal.
- d. to promptly report to the Bursa Malaysia Securities Berhad on matters which result in a breach of Bursa Malaysia Securities Listing Requirements.
- e. 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.

## 2.4 MEETINGS AND ATTENDANCE

- a. The Audit Committee shall meet not less than four (4) 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.
- b. A quorum shall consist of a majority of independent directors.
- c. Other Directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.
- d. 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.
- e. The Company Secretary shall act as secretary of the Audit Committee.
- f. The Audit Committee met five (5) times during the financial year. Details of the attendance of the members are as follows:

# AUDIT COMMITTEE REPORT



## 2.4 MEETINGS AND ATTENDANCE (CONT'D)

Members	Attendance
Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid	5/5
Mr Tiong Chiong Hoo	5/5
Tuan Haji Wan Alshagaf bin Tuanku Esim	4/5
Mr John Leong Chung Loong	5/5

## 3. SUMMARY OF AUDIT COMMITTEE ACTIVITIES

The Audit Committee, in discharging its functions and duties in accordance with its Terms of Reference, had carried out the following activities during the financial year:-

- Review of the quarterly financial results of the Company and the Group before recommending them for approval by the Board;
- Review of the following with the external auditors:
  - the annual audited financial statements of the Company and the Group prior to submission to the Board for approval;
  - the results of the annual audit and their audit report together with management's responses to the findings of the external auditors.
- Review and approval of the scope of internal audit and the annual audit plan;
- Review of the internal audit reports, audit recommendations made and management response to these recommendations. Where appropriate, the Committee has directed action to be taken by the management to rectify and improve the system of internal controls;
- Review of the recurrent related party transactions ("RRPT") entered into by the Company and the Group to ensure that the established procedures for monitoring RRPT are adhered to; and
- Meeting with the external auditors in the absence of the Executive Director and Management.

## 4. SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Group has in place an internal audit function which assists the Audit Committee in assessing the adequacy and integrity of the systems of internal control in safeguarding the shareholders' investment and the Group's assets. The internal controls encompass financial, operational, IT, compliance and risk management.

Routine audits are conducted on the Group's core activities in accordance with the annual audit plan approved by the Audit Committee. However, where relevant or necessary, special ad-hoc audits were also performed.

A summary of the audit activities carried out during the financial year is as follows:-

- Review and appraisal of the soundness, adequacy and application of accounting, financial, operational, IT and other controls, recommending and promoting control awareness in the Company and the Group at reasonable cost;
- Ascertaining the extent of compliance with the Group applicable policies, procedures and statutory requirements;
- Ascertaining the extent to which the Company's and Group's resources are accounted for and safeguarded from losses of all kinds;
- Determine the reliability and integrity of information generated for management reporting purposes;
- Attending physical inventories of finished goods, raw materials and spare parts;
- Review of the related party transactions that had arisen within the Company and the Group;
- Performing follow-up audits to ensure the actions and remedial measures are taken by management in resolving the previous audit issues reported; and
- Facilitating the risk management activities of the Group.



# STATEMENT ON INTERNAL CONTROL

## Introduction

The statement on internal control by the Board of Directors is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad pertaining to the Group's compliance with the principles and best practices for internal controls as provided in the Malaysian Code on Corporate Governance.

## Board's Responsibility

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and risk management and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and such systems, by their nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

## Risk Management

The Board fully supports the content of the "Statement on Internal Control: Guidance of Directors of Public Listed Companies" and with assistance of the Risk Management Committee which is supported by the Audit Committee, to ensure that risk management is firmly embedded in the Group's management system. Risk management is a continuous process which encompasses the evaluation of the environment, strategies, identification of potential events that might have an impact on the Group's operations, analysis of risks, and establishment of control strategies to tackle risks.

During the year, a risk management software was acquired to provide the Group with a systematic and consistent approach to business risk management. The system provides a process for the identification and management of business risks enterprise wide, facilitating the recording, assessment, treatment, and monitoring of risks across the Group. The system is also used to assess the risk management awareness and gauge the effectiveness of its implementation in the Group.

With the dynamic and changing environment in which the Group operates, the management and the Board continue to ensure that risk management is functioning effectively as it strives to increase value to its stakeholders.

## Control Environment and Activities

Internal controls entrenched in the Group's operations are as follows:

- The Group has an organizational structure which clearly defines the lines of responsibility and delegation of authority. Accordingly, management at various levels of administration and operation will function under the policies and procedures established by the Group.
- There is a comprehensive system of financial and operational reporting to the Board.
- The monthly reporting and review of operational and financial performance for all the businesses of the Group are discussed at the Monthly Management Meeting which is attended by key personnel from functional departments.
- Monthly monitoring of results against budget, with major variances being accounted for and management action taken, when necessary.
- The effectiveness of internal control procedures is subject to continuous assessments, reviews and improvement by the management.





## STATEMENT ON INTERNAL CONTROL

### Assurance Function

Internal audits are undertaken to provide independent assessments of the Group's internal control systems. The internal audit function reviews the internal controls of various activities of the Group's businesses based on the annual audit plan which is presented to the Audit Committee for approval.

Reviews covering financial, operational, IT as well as compliance assurance are conducted regularly and systematically across all the business units within the Group's operations. The findings from the audits undertaken are forwarded to the management for attention and necessary corrective actions as recommended. The reports on the same are also presented to the Audit Committee for review. Follow-up audits are conducted to assess whether appropriate corrective action has been taken.

### Board Review

The Board is pleased to disclose that the system of internal control and risk management process are appropriate to the Group's operations and no material losses arose during the financial year as a result of any weakness in internal control. Nonetheless, the Board will continue to strengthen the control environment in meeting any changing needs.

This Statement is made in accordance with a resolution of the Board of Directors dated 15 August 2005.

## DIRECTORS' RESPONSIBILITY STATEMENT

### ON ANNUAL AUDITED FINANCIAL STATEMENTS

In preparing the annual financial statements of the Group and the Company, the Directors are responsible for ensuring that these financial statements have been prepared to give a true and fair view of the financial position of the Group and the Company at the end of the financial year and the results and cash flows of the Group and the Company are in accordance with the requirements of the applicable MASB Approved Accounting Standards in Malaysia, the provisions of the Companies Act, 1965 and the Bursa Malaysia Securities Listing Requirements.

In preparing the financial statements for the year ended 30 April 2005, the Directors have:

- a) applied the appropriate and relevant accounting policies on a consistent basis;
- b) made judgments and estimates that are reasonable and prudent;
- c) prepared the annual audited financial statements on a going concern basis; and
- d) ensured 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 reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.





# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2005.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs.

The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

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

## RESULTS

	Group RM'000	Company RM'000
Profit after taxation	36,708	8,731
Minority interests	(590)	-
Net profit for the year	<u>36,118</u>	<u>8,731</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the Statements of Changes in Equity.

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

## DIVIDENDS

The amount of dividends paid by the Company since 30 April 2004 were as follows:

	RM'000
In respect of the financial year ended 30 April 2004 as reported in the directors' report of that year.	
First and final dividend of 5% less 28% taxation, on 257,810,599 ordinary shares, declared on 29 September 2004 and paid on 19 November 2004	<u>9,281</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 April 2005, of 3% less 28%, on 256,007,099 ordinary shares, amounting to a dividend payable of RM5,529,753 (2.2 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profit in the financial year ending 30 April 2006.

## 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	
John Leong Chung Loong	
Tiong Choon	
Tiong Chiong Hee	

# DIRECTORS' REPORT

## DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 7 to 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 any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except 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 as disclosed in Note 32 to the financial statements.

## DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
	1 May 2004	Acquired	Sold	30 April 2005
<b>Direct interest:</b>				
Tiong Chiong Hoo	1,013,889	-	-	1,013,889
Dr. Tiong Ik King	103,339	-	-	103,339
Tiong Chiong Hee	5,000	-	(5,000)	-

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## SHARE BUY-BACKS

Pursuant to the authority granted by the shareholders of the Company to the directors at the Extraordinary General Meeting held on 29 September 2004, the Company repurchased during the year a total of 2,695,000 (2004: 3,555,400) of its issued ordinary shares from the open market for a total cost of RM9,796,199 (2004: RM13,367,940). The average cost paid for the shares repurchased during the year was RM3.64 (2004: RM3.76) per share. Subsequent to the balance sheet date and up to the date of this report, the Company repurchased an additional 1,730,600 shares for a total cost of RM4,164,614. The average cost paid for the shares repurchased during the period was RM2.41 per share.

The above purchases were financed from the Company's internal funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. At the date of this report, the issued and paid up capital of the Company comprises 282,528,499 ordinary shares of RM1 each, of which 28,252,000 shares are held as treasury shares.

## MOVEMENTS ON SHARE BUY-BACKS

	Number of shares	Total cost RM'000	Average price per share RM
At 1 May 2004	23,826,400	76,517	3.21
Repurchased during the year ended 30 April 2005	2,695,000	9,797	3.64
At 30 April 2005	26,521,400	86,314	3.25
Repurchased subsequent to 30 April 2005	1,730,600	4,164	2.41
At the date of this report	28,252,000	90,478	3.20

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.



# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION

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

## AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors

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

**Tiong Chiong Hoo**

Sibu, Malaysia  
Date: 15 August 2005

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **General (Rtd) Tan Sri Abdul Rahman Bin Abdul Hamid** and **Tiong Chiong Hoo**, being two of the directors of **Jaya Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 37 to 84 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

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

**Tiong Chiong Hoo**

Sibu, Malaysia  
Date: 15 August 2005

## STATUTORY 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 accompanying financial statements set out on pages 37 to 84 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed **Tiong Chiong Hoo**  
at Sibu in the State of Sarawak  
on 15 August 2005

**Tiong Chiong Hoo**

Before me,

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

## REPORT OF THE AUDITORS

### TO THE MEMBERS OF JAYA TIASA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 37 to 84. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 30 April 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

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

**YONG VOON KAR**  
1769/04/06 (J/PH)  
Partner

Kuching, Malaysia  
Date: 15 August 2005



## INCOME STATEMENTS

### FOR THE YEAR ENDED 30 APRIL 2005

		Group		Company	
	Note	2005	2004	2005	2004
		RM'000	RM'000	RM'000	RM'000
Revenue	3	664,935	488,827	287,512	202,955
Cost of sales		(519,282)	(399,269)	(259,849)	(190,541)
Gross profit		145,653	89,558	27,663	12,414
Other operating income		10,267	15,245	10,941	2,528
Selling expenses		(23,495)	(16,270)	-	-
Administrative expenses		(38,692)	(36,188)	(22,989)	(23,972)
Other operating expenses		(17,577)	-	-	-
Profit/(loss) from operations		76,156	52,345	15,615	(9,030)
Finance costs	4	(6,815)	(4,757)	(488)	(964)
Profit/(loss) before taxation	5	69,341	47,588	15,127	(9,994)
Taxation	8	(32,633)	(2,095)	(6,396)	(2,370)
Profit/(loss) after taxation		36,708	45,493	8,731	(12,364)
Minority interests		(590)	(485)	-	-
Net profit/(loss) for the year		36,118	45,008	8,731	(12,364)
Earnings per share (sen)	9	14.0	17.3		
Net dividends per ordinary share in respect of the year (sen)	10	2.2	3.6	2.2	3.6

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

## BALANCE SHEETS

AS AT 30 APRIL 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	11	553,734	461,508	105,509	93,338
Investment in subsidiaries	12	-	-	436,462	397,159
Investment in associate	13	-	-	-	-
Rights in timber licences	14	171,817	188,096	153,200	167,711
Goodwill on consolidation	15	151,537	105,184	-	-
Deferred tax assets	16	9,503	18,105	-	-
<b>Current assets</b>					
Inventories	17	106,289	99,753	18,053	24,006
Trade receivables	18	138,429	165,564	15,696	9,265
Other receivables	19	51,021	48,094	7,517	14,827
Amount due from related companies	20	-	-	310,201	147,944
Fixed deposits with licensed banks	21	4,992	1,315	-	-
Cash and bank balances		39,167	19,131	12,294	8,791
		339,898	333,857	363,761	204,833
<b>Current liabilities</b>					
Amount due to related companies	20	-	-	410,993	286,309
Borrowings	22	135,497	86,974	51,129	1,501
Trade payables	24	102,071	62,493	52,512	27,532
Other payables	25	17,429	6,804	3,310	1,656
Tax payable		87	326	-	-
		255,084	156,597	517,944	316,998
<b>Net current assets/(liabilities)</b>		84,814	177,260	(154,183)	(112,165)
		971,405	950,153	540,988	546,043
<b>Financed by:</b>					
Share capital	26	282,529	282,529	282,529	282,529
Treasury shares	27	(86,314)	(76,517)	(86,314)	(76,517)
Reserves	28	677,392	627,273	333,278	333,828
<b>Shareholders' equity</b>		873,607	833,285	529,493	539,840
<b>Minority interests</b>		4,153	3,563	-	-
<b>Non-current liabilities</b>					
Deferred tax liabilities	16	13,426	8,330	7,764	6,203
Borrowings	22	80,219	104,975	3,731	-
		93,645	113,305	11,495	6,203
		971,405	950,153	540,988	546,043

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2005

Group	Note	Share capital RM'000	Non-Distributable		Distributable		Total RM'000
			Treasury shares RM'000	Share premium RM'000	Exchange reserve RM'000	Other reserves RM'000	Retained profit RM'000
At 1 May 2003		282,529	(63,149)	322,726	(22,876)	3,684	288,465
Net profit for the year		-	-	-	-	-	45,008
Purchase of treasury shares		-	(13,368)	-	-	-	-
Dividends for the year ended 2003		-	-	-	-	-	(5,654)
Arising from translation of foreign subsidiaries		-	-	-	(4,080)	-	-
At 30 April 2004		<u>282,529</u>	<u>(76,517)</u>	<u>322,726</u>	<u>(26,956)</u>	<u>3,684</u>	<u>327,819</u>
							<u>833,285</u>

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2005

Group (cont'd)	Note	Share capital RM'000	Non-Distributable		Distributable		Total RM'000
			Treasury shares RM'000	Share premium RM'000	Exchange reserve RM'000	Other reserves RM'000	
At 1 May 2004		282,529	(76,517)	322,726	(26,956)	3,684	833,285
Net profit for the year		-	-	-	-	-	36,118
Purchase of treasury shares	27	-	(9,797)	-	-	-	(9,797)
Dividends for the year ended 2004	10	-	-	-	-	(9,281)	(9,281)
Arising from translation of foreign subsidiaries		-	-	-	3,699	-	3,699
Arising from disposal of a foreign subsidiary	29(ii)(c)	-	-	-	19,583	-	19,583
At 30 April 2005		282,529	(86,314)	322,726	(3,674)	3,684	873,607

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



## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2005

Company	Note	Share capital RM'000	← Non-Distributable → Treasury shares RM'000	Share premium RM'000	← Distributable → Other reserves RM'000	Retained profit RM'000	Total RM'000
At 1 May 2003		282,529	(63,149)	322,726	3,684	25,436	571,226
Net loss for the year		-	-	-	-	(12,364)	(12,364)
Purchase of treasury shares		-	(13,368)	-	-	-	(13,368)
Dividends for the year ended 2003		-	-	-	-	(5,654)	(5,654)
At 30 April 2004		<u>282,529</u>	<u>(76,517)</u>	<u>322,726</u>	<u>3,684</u>	<u>7,418</u>	<u>539,840</u>
At 1 May 2004		282,529	(76,517)	322,726	3,684	7,418	539,840
Net profit for the year		-	-	-	-	8,731	8,731
Purchase of treasury shares	27	-	(9,797)	-	-	-	(9,797)
Dividends for the year ended 2004	10	-	-	-	-	(9,281)	(9,281)
At 30 April 2005		<u>282,529</u>	<u>(86,314)</u>	<u>322,726</u>	<u>3,684</u>	<u>6,868</u>	<u>529,493</u>

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

## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from operating activities					
Profit/(loss) before taxation		69,341	47,588	15,127	(9,994)
Adjustments for:					
Amortisation of timber rights		16,279	16,279	14,511	14,511
Bad debts written off		12	126	-	-
Depreciation		50,077	48,298	13,247	11,209
Interest expense		6,352	4,377	267	784
Loss on disposal of property, plant and equipment		115	60	112	49
Loss on disposal of a subsidiary		16,577	-	-	-
Property, plant and equipment written off		918	195	-	-
Dividend income from a subsidiary		-	-	(8,000)	-
Gain on disposal of property, plant and equipment		(836)	(435)	-	-
Interest income		(38)	(1,214)	-	-
Operating profit before working capital changes		158,797	115,274	35,264	16,559
(Increase)/decrease in inventories		(6,387)	(40,329)	5,953	(17,037)
(Increase)/decrease in receivables		(4,026)	(3,294)	(9,307)	11,514
Increase in payables		39,874	2,969	26,634	7,123
(Increase)/decrease in amount due from related companies		-	-	(29,573)	80,826
Cash generated from operations		188,258	74,620	28,971	98,985
Interest received		38	1,214	-	-
Interest paid		(6,352)	(4,377)	(267)	(784)
Tax (paid)/refunded		(2,123)	7,218	5,351	-
Net cash generated from operating activities		179,821	78,675	34,055	98,201

## CASH FLOW STATEMENTS

### FOR THE YEAR ENDED 30 APRIL 2005

		Group		Company	
	Note	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Cash flows from investing activities</b>					
Net cash outflow on acquisition of subsidiaries	29(i)(c)	(39,096)	(15,526)	(39,113)	(15,885)
Proceeds from disposal of a subsidiary	29(ii)(c)	7,020	-	-	-
Purchase of additional shares in subsidiaries		-	-	(190)	-
Repurchase of own shares		(9,797)	(13,368)	(9,797)	(13,368)
Purchase of property, plant and equipment (excluding depreciation charge capitalised)	11	(122,163)	(114,696)	(26,575)	(22,076)
Proceeds from disposal of property, plant and equipment		1,214	1,596	1,045	186
Net cash used in investing activities		<u>(162,822)</u>	<u>(141,994)</u>	<u>(74,630)</u>	<u>(51,143)</u>
<b>Cash flows from financing activities</b>					
Dividends paid		(9,281)	(5,654)	(9,281)	(5,654)
(Repayment of)/net proceeds from hire purchase payables		(10,111)	(10,686)	4,842	(6,820)
Net proceeds from /(repayment of) bankers' acceptances		30,125	(53,994)	49,200	(39,900)
(Repayment of)/net proceeds from drawdown of term loan		(23,000)	115,000	-	-
Net cash (used in)/generated from financing activities		<u>(12,267)</u>	<u>44,666</u>	<u>44,761</u>	<u>(52,374)</u>
Net increase/(decrease) in cash and cash equivalents		4,732	(18,653)	4,186	(5,316)
Effects of exchange rate changes		1,814	(3,865)	-	-
Cash and cash equivalents at the beginning of the year		<u>10,911</u>	<u>33,429</u>	<u>7,955</u>	<u>13,271</u>
Cash and cash equivalents at the end of the year	30	<u>17,457</u>	<u>10,911</u>	<u>12,141</u>	<u>7,955</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office is located at No. 1 - 9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibul, Sarawak, Malaysia.

The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 August 2005.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (A) BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless as otherwise indicated in the significant accounting policies, and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

### (B) BASIS OF CONSOLIDATION

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Where the subsidiaries are consolidated using the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Acquisition of subsidiaries that meets the conditions of a merger are accounted for using the merger method. Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. In the consolidated financial statements, the cost of the merger is cancelled with the nominal values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then. Minority interests are separately disclosed in the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (B) BASIS OF CONSOLIDATION (CONT'D)

#### (ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless costs cannot be recovered.

### (C) GOODWILL

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(N). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investment in associates. No amortisation is provided on goodwill on consolidation.

### (D) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(N).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

### (E) 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 respective licence periods.

### (F) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(N).

Freehold land is not amortised. Leasehold land is amortised over the period of the respective leases which range from 25 years to 99 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Factory, buildings and quarters	4 to 10%
Aircraft, watercraft, motor vehicles, plant and machinery	10 to 20%
Roads and bridges	10 to 20%
Office renovation, furniture, fittings and equipment	10 to 50%

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (F) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONT'D)

Plantation development expenditure, consisting of land clearing and upkeep of immature oil palms incurred during the pre-maturity period (pre-cropping costs) is capitalised under plantation development expenditure. Upon maturity, all subsequent maintenance expenditure is charged to revenue and the capitalised pre-cropping costs is amortised on a straight-line basis over 25 years, the expected useful life of oil palms. Oil palms are considered mature 36 months after the month of planting.

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.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

### (G) INVENTORIES

Plywood, sawn timber, veneer and blockboard inventories are stated at the lower of average cost of production and net realisable value. Logs stock are valued at the lower of average cost of production and net realisable value. General stores and seeds are valued at cost based on a weighted average basis. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

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.

Net realisable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and the estimated costs necessary to make the sale.

### (H) CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statements, cash and cash equivalents include cash on hand and at bank and short-term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (I) LEASES

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

#### (i) Finance leases

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(F).

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (I) LEASES (CONT'D)

#### (ii) Operating leases

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

### (J) INCOME TAX

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is recognised in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### (K) EMPLOYEE BENEFITS

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group, except where they relate to nursery and tree planting expenditure or immature plantation areas, these expenses are capitalised under work-in-progress and plantation development expenditure, respectively.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund (EPF). Such contributions are recognised as an expense in the income statement as incurred or capitalised as work-in-progress or plantation development expenditure, as appropriate.

### (L) REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

#### (ii) Interest and rental income

Revenue is recognised as the interest and rental accrue unless collectibility is in doubt.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 APRIL 2005

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (L) REVENUE RECOGNITION (CONT'D)

##### (iii) Dividend income

Revenue is recognised when the right to receive payment is established.

##### (iv) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

#### (M) FOREIGN CURRENCIES

##### (i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

##### (ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2005 RM	2004 RM
United States Dollar	3.800	3.800
Reais	1.502	1.291
Euro	4.905	4.544
Japanese Yen	0.036	0.035
Swiss Franc	3.188	2.941
Singapore Dollar	2.307	2.231

#### (N) IMPAIRMENT OF ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately.



# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (O) FINANCIAL INSTRUMENTS

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

#### (i) Receivables

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

#### (ii) Payables

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

#### (iii) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

Borrowing costs directly attributable to plantation development expenditure are capitalised as part of the cost of those assets until such time as the assets are ready for their intended use or sale.

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

#### (iv) Equity instruments

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

When issued shares of the Company are repurchased, the consideration paid including any attributable transaction costs is presented as a change in equity. Repurchased shares are either held as treasury shares, cancelled or a combination of both at the discretion of the Board 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. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares.

## 3. REVENUE

Revenue of the Group comprises services supplied or provided net of service tax, discounts and commissions, invoiced sale value of goods sold net of discounts, claims and interest income.

Revenue of the Company comprises invoiced value of goods sold net of discounts and claims.

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sale of timber and related products	664,277	485,457	287,512	202,955
Chartering services income	334	215	-	-
Others	324	3,155	-	-
	<u>664,935</u>	<u>488,827</u>	<u>287,512</u>	<u>202,955</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 4. FINANCE COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Bankers' acceptances charges	1,844	1,281	-	-
Bank interest	743	-	-	-
Bank overdraft interest	1,843	1,515	260	467
Overdue interest	4	-	-	-
Hire purchase interest	1,562	1,172	7	317
Loan interest	1,014	4,340	-	-
	<u>7,010</u>	<u>8,308</u>	<u>267</u>	<u>784</u>
Less: Amount capitalised in qualifying assets:				
Plantation development expenditure (Note 11)	(658)	(3,931)	-	-
Interest expense (Note 5)	<u>6,352</u>	<u>4,377</u>	<u>267</u>	<u>784</u>
Bank charges	419	284	221	180
Commitment fee	44	96	-	-
	<u>6,815</u>	<u>4,757</u>	<u>488</u>	<u>964</u>

## 5. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit/(loss) before taxation is stated after charging:				
Amortisation of timber rights	16,279	16,279	14,511	14,511
Auditors' remuneration				
Statutory audit				
- current year	154	146	40	40
- underprovision in prior year	1	-	-	-
Other services	121	106	121	106
Bad debts written off	12	126	-	-
Depreciation (Note 11)	50,077	48,298	13,247	11,209
Hiring charges	1,807	414	3,998	2,407
Interest expense (Note 4)	6,352	4,377	267	784
Loss on disposal of property, plant and equipment	115	60	112	49
Loss on disposal of a subsidiary	16,577	-	-	-
Management fee	120	108	-	-
Non-Executive Directors' remuneration (Note 7)	475	359	262	258
Property, plant and equipment written off	918	195	-	-
Realised foreign exchange loss	13	147	-	-
Rental expense	1,471	1,181	305	343
Staff costs (Note 6)	<u>47,861</u>	<u>40,271</u>	<u>9,028</u>	<u>7,871</u>
and after crediting:				
Dividend income from a subsidiary	-	-	8,000	-
Gain on disposal of property, plant and equipment	836	435	-	-
Interest income	38	1,214	-	-
Realised foreign exchange gain	59	12	-	-
Rental income	<u>4,499</u>	<u>2,823</u>	<u>2,128</u>	<u>2,148</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 6. STAFF COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Salaries, wages, allowances and bonus	45,997	38,219	7,991	6,917
Provident fund contributions	2,664	2,276	917	795
Social security organisation contributions	255	235	71	67
Gratuity	16	62	16	62
Other staff related expenses	33	30	33	30
<b>Total staff costs (including Executive Director)</b>	<b>48,965</b>	<b>40,822</b>	<b>9,028</b>	<b>7,871</b>
Less: Amount capitalised in qualifying assets:				
Plantation development expenditure (Note 11)	(331)	(202)	-	-
Work-in-progress (Note 17)	(773)	(349)	-	-
	<b>47,861</b>	<b>40,271</b>	<b>9,028</b>	<b>7,871</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Number of employees at the end of the year (including Executive Director)	<b>4,319</b>	<b>3,904</b>	<b>287</b>	<b>271</b>

Included in staff costs of the Group and of the Company is the Executive Director's remuneration amounting to RM570,600 (2004: RM531,760) as further disclosed in Note 7.

## 7. DIRECTORS' REMUNERATION

The aggregate remuneration of the directors of the Group and of the Company categorised into appropriate components are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Directors of the Company</b>				
Executive:				
Fees	33	30	33	30
Salaries and other emoluments	426	390	426	390
Bonus	112	112	112	112
Benefits-in-kind	16	16	16	16
	<b>587</b>	<b>548</b>	<b>587</b>	<b>548</b>
Non-Executive:				
Fees	214	210	214	210
Other emoluments	48	48	48	48
Benefits-in-kind	24	-	24	-
	<b>286</b>	<b>258</b>	<b>286</b>	<b>258</b>
	<b>873</b>	<b>806</b>	<b>873</b>	<b>806</b>
<b>Directors of subsidiaries</b>				
Non-Executive:				
Fees	213	101	-	-
<b>Total</b>	<b>1,086</b>	<b>907</b>	<b>873</b>	<b>806</b>
Analysis excluding benefits-in-kind:				
Total Executive Directors' remuneration (Note 6)	571	532	571	532
Total Non-Executive Directors' remuneration (Note 5)	475	359	262	258
<b>Total Directors' remuneration excluding benefits-in-kind</b>	<b>1,046</b>	<b>891</b>	<b>833</b>	<b>790</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 7. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of Directors	
	2005	2004
Executive:		
RM500,001 - RM600,000	1	1
Non-Executive:		
Below RM50,000	5	6
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	1	-

## 8. TAXATION

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Based on profit for the year	15,187	832	4,835	-
Under/(over) provided in prior years	3,748	(4,217)	-	(23)
	18,935	(3,385)	4,835	(23)
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	13,639	5,595	1,665	2,460
Deferred tax under/(over) provided in prior years	59	(115)	(104)	(67)
	13,698	5,480	1,561	2,393
	32,633	2,095	6,396	2,370

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 8. TAXATION (CONT'D)

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

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit/(loss) before taxation	69,341	47,588	15,127	(9,994)
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	19,415	13,325	4,236	(2,798)
Effect of income subject to tax rate of 20% (2004: 20%)	(120)	(127)	-	-
Effect of income not subject to tax	(1)	(1,101)	(2,240)	-
Effect of expenses not deductible for tax purposes	11,243	5,399	4,504	5,258
Effect of utilisation of previously unabsorbed capital allowances, reinvestment allowances and unrecognised tax losses	(3,876)	(13,468)	-	-
Deferred tax assets not recognised in respect of unabsorbed capital allowances and tax losses	2,165	2,399	-	-
Under/(over) provision of deferred tax in prior years	59	(115)	(104)	(67)
Under/(over) provision of tax expense in prior years	3,748	(4,217)	-	(23)
Tax expense for the year	32,633	2,095	6,396	2,370
Tax savings during the financial year arising from:				
Utilisation of current year's tax losses	648	831	-	-
Utilisation of previously unrecognised tax losses	10,891	10,873	2,418	6,924

## 9. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2005	2004
Net profit for the year (RM'000)	36,118	45,008
Weighted average number of ordinary shares in issue ('000)	257,300	260,837
Earnings per share (sen)	14.0	17.3

# NOTES TO THE FINANCIAL STATEMENTS

## 30 APRIL 2005

### 10. DIVIDENDS

	Amount		Group/Company Net Dividends per Ordinary Share	
	2005 RM'000	2004 RM'000	2005 sen	2004 sen
Final				
5% less 28% taxation on 258,702,099 ordinary shares	-	9,313	-	3.6
3% less 28% taxation on 256,007,099 ordinary shares	5,530	-	2.2	-
Adjustment for overprovision of prior year's final dividend arising from the share buy-backs	-	(32)	-	-
	<u>5,530</u>	<u>9,281</u>	<u>2.2</u>	<u>3.6</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 April 2005, of 3% less 28%, on 256,007,099 ordinary shares, amounting to a dividend payable of RM5,529,753 (2.2 sen net per ordinary share) will be proposed for shareholders' approval. The financial statement for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profit in the financial year ending 30 April 2006.

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 11. PROPERTY, PLANT AND EQUIPMENT

Group	Land, factory, buildings and quarters RM'000	Aircraft, 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
<b>Cost</b>							
At 1 May 2004	177,378	501,483	104,472	30,588	45,341	58,876	918,138
Exchange translation	1,687	775	-	19	-	307	2,788
At 1 May 2004 (restated)	179,065	502,258	104,472	30,607	45,341	59,183	920,926
Additions	6,380	19,556	22,948	1,723	55,711	25,736	132,054
Disposals/written off	(770)	(2,773)	-	(134)	-	(1,116)	(4,793)
Reclassification	12,530	18,533	-	228	(974)	(30,317)	-
Arising from acquisition of subsidiaries (Note 29(i)(c))	10,280	-	15	-	-	10,295	-
Arising from disposal of a subsidiary (Note 29(ii)(c))	(7,800)	(6,851)	-	(42)	-	(17)	(14,710)
At 30 April 2005	199,685	530,723	127,420	32,397	100,078	53,469	1,043,772

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Land, factory, buildings and quarters RM'000	Aircraft, 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'00	Capital work -in- progress RM'000	Total RM'000
Accumulated depreciation and impairment losses							
Charged to income statement (Note 5)	8,798	30,321	6,532	2,647	-	-	48,298
Capitalised in plantation development expenditure	63	1	15	-	-	-	79
Capitalised in work-in-progress (Note 17)	-	3	880	18	-	-	901
Depreciation charge for 2004	8,861	30,325	7,427	2,665	-	-	49,278

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Land, factory, buildings and quarters RM'000	Aircraft, 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
Accumulated depreciation and impairment losses (cont'd)							
At 1 May 2004	73,144	330,525	41,054	11,907	-	-	456,630
Exchange translation	211	683	-	9	-	-	903
At 1 May 2004 (restated)	73,355	331,208	41,054	11,916	-	-	457,533
Depreciation charge for the year:	8,487	29,673	9,450	2,896	25	-	50,531
Charged to income statement (Note 5)	8,236	29,601	9,449	2,791	-	-	50,077
Capitalised in plantation development expenditure	250	30	-	-	25	-	305
Capitalised in work-in-progress (Note 17)	1	42	1	105	-	-	149



# NOTES TO THE FINANCIAL STATEMENTS

## 30 APRIL 2005

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Land, factory, buildings and quarters RM'000	Aircraft, watercraft, motor vehicles, plant and machinery RM'000	Office renovation, Roads and bridges RM'000	furniture, fittings and equipment RM'000	Plantation development expenditure RM'000	Capital work -in- progress RM'000	Total RM'000
Accumulated depreciation and impairment losses (cont'd)							
Disposals/written off	(435)	(2,855)	-	(90)	-	-	(3,380)
Reclassification	14	4	-	(18)	-	-	-
Arising from acquisition of subsidiaries (Note 29(i)(c))	-	-	-	15	-	-	15
Arising from disposal of a subsidiary (Note 29(ii)(c))	(7,799)	(6,830)	-	(32)	-	-	(14,661)
At 30 April 2005	73,622	351,200	50,504	14,687	25	-	490,038
Net book value							
At 30 April 2005	126,063	179,523	76,916	17,710	100,053	53,469	553,734
At 30 April 2004	104,234	170,958	63,418	18,681	45,341	58,876	461,508
Details at 1 May 2003							
Cost	164,429	466,525	82,739	27,339	14,893	35,134	791,059
Accumulated depreciation	64,308	303,857	33,627	9,887	-	-	411,679

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	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	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>						
At 1 May 2004	4,356	52,264	46,741	16,989	8,217	128,567
Additions	5,601	1,723	16,925	508	1,818	26,575
Disposals	-	(84)	-	(19)	(1,116)	(1,219)
Reclassification	-	105	-	(105)	-	-
At 30 April 2005	<u>9,957</u>	<u>54,008</u>	<u>63,666</u>	<u>17,373</u>	<u>8,919</u>	<u>153,923</u>
<b>Accumulated depreciation</b>						
Depreciation charge for 2004 (Note 5)	<u>348</u>	<u>5,222</u>	<u>4,106</u>	<u>1,533</u>	<u>-</u>	<u>11,209</u>
At 1 May 2004	661	20,821	9,000	4,747	-	35,229
Charge for the year (Note 5)	360	5,361	5,808	1,718	-	13,247
Disposals	-	(49)	-	(13)	-	(62)
Reclassification	-	4	-	(4)	-	-
At 30 April 2005	<u>1,021</u>	<u>26,137</u>	<u>14,808</u>	<u>6,448</u>	<u>-</u>	<u>48,414</u>
<b>Net book value</b>						
At 30 April 2005	<u>8,936</u>	<u>27,871</u>	<u>48,858</u>	<u>10,925</u>	<u>8,919</u>	<u>105,509</u>
At 30 April 2004	<u>3,695</u>	<u>31,443</u>	<u>37,741</u>	<u>12,242</u>	<u>8,217</u>	<u>93,338</u>
<b>Details at 1 May 2003</b>						
Cost	4,283	51,964	28,215	14,635	7,969	107,066
Accumulated depreciation	<u>313</u>	<u>15,855</u>	<u>4,894</u>	<u>3,298</u>	<u>-</u>	<u>24,360</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Land, factory, buildings and quarters stated at cost, comprise:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Freehold land	3,994	4,631	623	623
Long leasehold land	25,920	14,891	-	-
Short leasehold land	1,669	1,302	-	-
Factory, buildings and quarters	168,102	156,554	9,334	3,733
	<u>199,685</u>	<u>177,378</u>	<u>9,957</u>	<u>4,356</u>

Included in plant and machinery of the Group and of the Company are assets acquired under hire purchase arrangements with a net book value of RM47,678,670 (2004: RM36,529,702) and Nil (2004: RM12,049,250), respectively.

During the year, the Group and the Company acquired property, plant and equipment by the following means:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash	122,468	114,775	26,575	22,076
Hire purchase arrangements	9,586	18,262	-	-
	<u>132,054</u>	<u>133,037</u>	<u>26,575</u>	<u>22,076</u>

Included in the plantation development expenditure are the following expenses incurred and capitalised during the financial year:

	Group	
	2005 RM'000	2004 RM'000
Depreciation	305	79
Finance costs (Note 4)	658	3,931
Staff costs (Note 6)	<u>331</u>	<u>202</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 12. INVESTMENT IN SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares at cost	436,481	397,178
Accumulated impairment losses	(19)	(19)
	<u>436,462</u>	<u>397,159</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2005	2004	
Direct subsidiaries of the Company				
Rimbunan Hijau Plywood Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of sawn timber, blockboard and plywood
Jaya Tiasa Plywood Sdn. Bhd. *	Malaysia	100	100	Manufacturing and sale of veneer, plywood, blockboard and sawn timber
Guanaco Sdn. Bhd. *	Malaysia	100	100	Dormant
Hak Jaya Sdn. Bhd.	Malaysia	100	100	Marketing of timber logs
Maxiwealth Holdings Sdn. Bhd. *	Malaysia	100	100	Dormant
Kunari Timber Sdn. Bhd.*	Malaysia	100	100	Marketing of timber logs
Jaras Sdn. Bhd.	Malaysia	100	100	Extraction, purchase and sale of logs
Maujaya Sdn. Bhd. *	Malaysia	100	100	Dormant
Mantan Sdn. Bhd.	Malaysia	100	100	Dormant
Curiah Sdn. Bhd.	Malaysia	70	70	Extraction and sale of logs
Sericahaya Sdn. Bhd.	Malaysia	70	70	Extraction and sale of logs
Jaya Tiasa Forest Plantation Sdn. Bhd.	Malaysia	100	100	Development and maintenance of planted forests and forest plantation contractor
Jaya Tiasa Aviation Sdn. Bhd.	Malaysia	100	100	Provision of air transportation services

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2005	2004	
Direct subsidiaries of the Company (cont'd)				
Eastern Timber Ltd.	Federal Territory of Labuan, Malaysia	100	100	Dormant
Eastern Green Company, Inc.	U.S.A.	100	100	Dormant
Borneo Biotechnology Sdn. Bhd.	Malaysia	100	100	Tissue culture, herbal farming and related activities
Multi Greenview Sdn. Bhd.	Malaysia	100	100	Dormant
Erajaya Synergy Sdn. Bhd.	Malaysia	100	100	Timber operations and development of oil palm plantations
Hariyama Sdn. Bhd.	Malaysia	100	100	Development of oil palm plantations and related activities
Jaya Tiasa Timber Products Sdn. Bhd.*	Malaysia	100	100	Manufacturing and sale of veneer, sawn timber and plywood
Simalau Plantation Sdn. Bhd.	Malaysia	100	100	Development of oil palm plantations and related activities
Jaya Tiasa Aquaculture Sdn. Bhd.	Malaysia	100	100	Dormant
Jaya Tiasa R&D Sdn. Bhd.	Malaysia	100	100	Research and development and sale of seeds
Poh Zhen Sdn. Bhd.*	Malaysia	100	-	Development of oil palm plantations and related activities
Eastern Eden Sdn. Bhd.*	Malaysia	100	-	Development of oil palm plantations and related activities
Atlantic Evergreen Holdings	Cayman Islands	100	100	Investment holding
Atlantic Timber Holdings Limited	Cayman Islands	100	100	Investment holding
Pacific Timber Holdings Limited	Cayman Islands	100	100	Investment holding



# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Equity interest held (%)		Principal activities
		2005	2004	
Subsidiary of Atlantic Evergreen Holdings				
Western Timber Resources Limited	Cayman Islands	100	100	Investment holding
Subsidiaries of Atlantic Timber Holdings Limited				
Maginco Verde Ltda.	Brazil	-	53	Investment holding
Selvaplac Verde Ltda. (i)	Brazil	34	34	Investment holding
Subsidiary of Pacific Timber Holdings Limited				
Selvaplac Verde Ltda. (ii)	Brazil	66	66	Investment holding
Subsidiary of Selvaplac Verde Ltda.				
Maginco Verde Ltda.	Brazil	-	47	Investment holding

\* Audited by firms of auditors other than Ernst & Young.

(i) The remaining 66% is held by a fellow subsidiary, Pacific Timber Holdings Limited.

(ii) The remaining 34% is held by a fellow subsidiary, Atlantic Timber Holdings Limited.

## 13. INVESTMENT IN ASSOCIATE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 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
	4,400	4,400	4,400	4,400
Accumulated impairment losses	(2,400)	(2,400)	(4,400)	(4,400)
	2,000	2,000	-	-
Share of post-acquisition losses	(2,000)	(2,000)	-	-
	-	-	-	-

The Group's interest in the associate is analysed as follows:

	Group	
	2005 RM'000	2004 RM'000
Group's share of net tangible assets	(335)	(335)
Premium on acquisition	335	335
	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 30 APRIL 2005

#### 13. INVESTMENT IN ASSOCIATE (CONT'D)

Details of the associate are as follows:

Name of associate	Financial year-end	Equity interest held (%)		Principal activities
		2005	2004	
Mafrica Trading Sdn. Bhd.*	28.2.2005	40	40	General trading and heli-logging services

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

#### 14. RIGHTS IN TIMBER LICENCES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost	298,447	298,447	247,724	247,724
Provision for amortisation				
At 1 May 2004/2003	110,351	94,072	80,013	65,502
Amortisation during the year	16,279	16,279	14,511	14,511
At 30 April 2005/2004	126,630	110,351	94,524	80,013
	<u>171,817</u>	<u>188,096</u>	<u>153,200</u>	<u>167,711</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.

#### 15. GOODWILL ON CONSOLIDATION

	Group	
	RM'000	RM'000
At cost		
At 1 May 2004/2003	105,184	89,710
Acquisition of subsidiaries (Note 29(i)(c))	39,147	15,474
Disposal of subsidiary (Note 29(ii)(c))	7,206	-
At 30 April 2005/2004	<u>151,537</u>	<u>105,184</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 May 2004/2003	9,775	15,255	(6,203)	(3,810)
Recognised in the income statement (Note 8)	(13,698)	(5,480)	(1,561)	(2,393)
At 30 April 2005/2004	(3,923)	9,775	(7,764)	(6,203)
	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	9,503	18,105	-	-
Deferred tax liabilities	(13,426)	(8,330)	(7,764)	(6,203)
	(3,923)	9,775	(7,764)	(6,203)

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

	Tax losses and unabsorbed capital allowances RM'000	
Deferred tax assets of the Group:		
At 1 May 2004/2003	42,310	45,977
Recognised in the income statement	(5,386)	(3,667)
At 30 April 2005/2004	36,924	42,310
	Accelerated capital allowances RM'000	
Deferred tax liabilities of the Group:		
At 1 May 2004/2003	(32,535)	(30,722)
Recognised in the income statement	(8,312)	(1,813)
At 30 April 2005/2004	(40,847)	(32,535)

# NOTES TO THE FINANCIAL STATEMENTS

## 30 APRIL 2005

### 16. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Tax losses and unabsorbed capital allowances RM'000	
Deferred tax assets of the Company:		
At 1 May 2004/2003	16,494	15,858
Recognised in the income statement	-	636
At 30 April 2005/2004	<u>16,494</u>	<u>16,494</u>
	Accelerated capital allowances RM'000	
Deferred tax liabilities of the Company:		
At 1 May 2004/2003	(22,697)	(19,668)
Recognised in the income statement	(1,561)	(3,029)
At 30 April 2005/2004	<u>(24,258)</u>	<u>(22,697)</u>
Deferred tax assets have not been recognised in respect of the following items:		
	Group	
	2005 RM'000	2004 RM'000
Unutilised tax losses	545,169	44,371
Unabsorbed capital allowances	<u>89,987</u>	<u>37,874</u>

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. INVENTORIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Plywood	25,227	24,603	-	-
Sawn timber	1,192	2,247	-	-
Veneer	24,938	13,279	-	-
Blockboard	1,168	1,651	-	-
Goods-in-transit	-	361	-	-
Logs	31,454	36,863	17,101	23,266
General stores	17,714	14,787	952	740
Seeds	202	173	-	-
Work-in-progress	4,394	5,789	-	-
	<u>106,289</u>	<u>99,753</u>	<u>18,053</u>	<u>24,006</u>

The carrying amount of inventories is stated as follows:

At cost	106,053	99,080	18,053	24,006
At net realisable value	236	673	-	-
	<u>106,289</u>	<u>99,753</u>	<u>18,053</u>	<u>24,006</u>

Included in work-in-progress are the following expenses incurred and capitalised during the financial year:

	Group	
	2005 RM'000	2004 RM'000
Depreciation (Note 11)	149	901
Rental expense	5	-
Staff costs (Note 6)	773	349

## 18. TRADE RECEIVABLES

The Group and the Company's normal trade credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.

## 19. OTHER RECEIVABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other receivables	38,501	18,891	4,173	1,202
Deposits	346	152	17	30
Prepayments	826	652	162	244
Current tax assets	11,348	28,399	3,165	13,351
	<u>51,021</u>	<u>48,094</u>	<u>7,517</u>	<u>14,827</u>

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single receivable or to groups of receivables.



# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 20. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Amount due from subsidiaries	-	-	350,441	188,184
Provision for doubtful debts	-	-	(40,240)	(40,240)
	-	-	310,201	147,944
Amount due from associate	2,600	2,600	2,600	2,600
Provision for doubtful debts	(2,600)	(2,600)	(2,600)	(2,600)
	-	-	-	-
	-	-	310,201	147,944
Amount due to subsidiaries	-	-	(410,993)	(286,309)

Included in amount due to subsidiaries is an unsecured advance amounting to RM115 million (2004: RM115 million) which bears interest at rates ranging from 4.7% to 5.3% (2004: 4.7% to 5.3%) per annum and has no fixed term of repayment.

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

## 21. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM1,255,111 (2004: RM1,218,133) have been pledged to bankers for banking facilities granted to certain subsidiaries.

The weighted average interest rate of fixed deposits at the balance sheet date was 3% (2004: 3%) and the average maturity of deposits ranged from 90 to 365 days (2004: 30 to 365 days).

## 22. BORROWINGS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Short term borrowings</b>				
Secured:				
Hire purchase payables (Note 23)	15,166	13,935	1,776	665
Unsecured:				
Bank overdrafts (Note 30)	26,702	9,535	153	836
Bankers' acceptances	70,629	40,504	49,200	-
Term loan	23,000	23,000	-	-
	135,497	86,974	51,129	1,501
<b>Long term borrowings</b>				
Secured:				
Hire purchase payables (Note 23)	11,219	12,975	3,731	-
Unsecured:				
Term loan	69,000	92,000	-	-
	80,219	104,975	3,731	-

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 22. BORROWINGS (CONT'D)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<b>Total borrowings</b>				
Hire purchase payables (Note 23)	26,385	26,910	5,507	665
Bank overdrafts (Note 30)	26,702	9,535	153	836
Bankers' acceptances	70,629	40,504	49,200	-
Term loan	92,000	115,000	-	-
	<u>215,716</u>	<u>191,949</u>	<u>54,860</u>	<u>1,501</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2005	2004	2005	2004
	%	%	%	%
Bank overdrafts	7.00 - 7.50	7.00 - 7.70	7.00 - 7.30	7.30 - 7.70
Bankers' acceptances	2.86 - 4.25	2.50 - 2.93	-	-
Term loan	4.70 - 5.30	4.70 - 5.30	-	-

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<b>Maturity of borrowings</b> (excluding hire purchase payables)				
Within one year	120,331	73,039	49,353	836
More than 1 year and less than 2 years	23,000	23,000	-	-
More than 2 years and less than 5 years	46,000	69,000	-	-
	<u>189,331</u>	<u>165,039</u>	<u>49,353</u>	<u>836</u>

## NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

### 23. HIRE PURCHASE PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Minimum hire purchase payments:				
Not later than 1 year	16,292	15,097	2,065	672
Later than 1 year and not later than 2 years	8,549	10,472	2,065	-
Later than 2 years and not later than 5 years	3,190	3,181	1,892	-
	28,031	28,750	6,022	672
Less: Future finance charges	(1,646)	(1,840)	(515)	(7)
Present value of hire purchase payables	26,385	26,910	5,507	665
Present value of hire purchase payables:				
Not later than 1 year	15,166	13,935	1,776	665
Later than 1 year and not later than 2 years	8,110	9,884	1,894	-
Later than 2 years and not later than 5 years	3,109	3,091	1,837	-
	26,385	26,910	5,507	665
Analysed as:				
Due within 12 months (Note 22)	15,166	13,935	1,776	665
Due after 12 months (Note 22)	11,219	12,975	3,731	-
	26,385	26,910	5,507	665

The hire purchase payables bore interest at the balance sheet date at rates ranging from 3.20% to 4.20% (2004: 3.20% to 5.00%) per annum.

### 24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 180 days.

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 25. OTHER PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other payables and accruals	17,429	6,804	3,310	1,656

## 26. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares of RM1 Each		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	282,529	282,529	282,529	282,529

Of the total 282,528,499 issued and fully paid ordinary shares, 26,521,400 (2004:23,826,400) are held as treasury shares by the Company. As at 30 April 2005, the number of outstanding shares in issue and fully paid is therefore 256,007,099 (2004: 258,702,099) ordinary shares of RM1 each.

## 27. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares.

Pursuant to the authority granted by the shareholders of the Company to the directors at the Extraordinary General Meeting held on 29 September 2004, the Company repurchased during the year a total of 2,695,000 (2004: 3,555,400) of its issued ordinary shares from the open market for a total cost of RM9,796,199 (2004: RM13,367,940). The average cost paid for the shares repurchased during the year was RM3.64 (2004: RM3.76) per share. Subsequent to the balance sheet date and up to the date of this report, the Company repurchased an additional 1,730,600 shares for a total cost of RM4,164,614. The average cost paid for the shares repurchased during the period was RM2.41 per share.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 APRIL 2005

### 27. TREASURY SHARES (CONT'D)

The above purchases were financed from the Company's internal funds. The shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. At the date of this report, the issued and paid up capital comprises 282,528,499 ordinary shares of RM1 each, of which 28,252,000 shares are held as treasury shares.

#### Movements on share buy-backs

	Number of shares	Total cost RM'000	Average price per share RM
At 1 May 2004	23,826,400	76,517	3.21
Repurchased during the year ended 30 April 2005	<u>2,695,000</u>	<u>9,797</u>	<u>3.64</u>
At 30 April 2005	26,521,400	86,314	3.25
Repurchased subsequent to 30 April 2005	1,730,600	4,164	2.41
At the date of this report	<u>28,252,000</u>	<u>90,478</u>	<u>3.20</u>

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.

### 28. RESERVES

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

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

As at 30 April 2005, the Company has tax exempt profit for distribution of approximately RM10 million (2004: RM2 million), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profit as at 30 April 2005.

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 29. ACQUISITION/DISPOSAL OF SUBSIDIARIES

### (i) Acquisition of subsidiaries

On 6 January 2005, the Company completed the acquisition of the entire issued and paid-up share capital of Eastern Eden Sdn. Bhd. and Poh Zhen Sdn. Bhd., both companies incorporated in Malaysia.

#### (a) Consolidated Income Statement

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

	2005 RM'000
Administrative expenses	(21)
Net loss for the year	(21)

#### (b) Consolidated Balance Sheet

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

	2005 RM'000
Property, plant and equipment	11,192
Other receivables	2
Other payables	(11,248)
Group's share of net liabilities	(54)

#### (c) The fair values of the assets acquired and the liabilities assumed from the acquisition of the subsidiaries were as follows:

	6 January 2005 RM'000
Property, plant and equipment	10,280
Other receivables	2
Other payables	(10,333)
Cash and bank balances	17
Fair value of total net liabilities	(34)
Goodwill on consolidation (Note 15)	39,147
Total purchase consideration of the Company	39,113
Less: Cash and cash equivalents of subsidiaries acquired	(17)
Net cash outflow of the Group	39,096



# NOTES TO THE FINANCIAL STATEMENTS

## 30 APRIL 2005

### 29. ACQUISITION/DISPOSAL OF SUBSIDIARIES (CONT'D)

#### (ii) Disposal of a subsidiary

On 12 January 2005, the Company's subsidiaries, Atlantic Timber Holdings Limited, Pacific Timber Holdings Limited and Selvaplac Verde Ltda., collectively disposed of their entire equity interest in Maginco Verde Ltda.

#### (a) Consolidated Income Statement

The disposal of subsidiary had the following effect on the Group's financial results for the year:

	2005 RM'000
Other operating income	166
Administrative expenses	(823)
Taxation	(18)
Net loss for the year	(675)

#### (b) Consolidated Balance Sheet

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

	2005 RM'000
Property, plant and equipment	49
Trade receivables	9,643
Other receivables	1,532
Other payables	(4)
Net assets disposed	11,220

#### (c) The fair value of net assets of the subsidiary disposed of was as follows:

Property, plant and equipment	49
Trade receivables	9,643
Other receivables	1,532
Other payables	(4)
Net assets disposed	11,220
Capital reserve on consolidation (Note 15)	(7,206)
Exchange reserve	19,583
Proceeds from disposal	23,597
Loss on disposal to the Group	(7,020)
Proceeds from disposal	16,577
Less: Cash and cash equivalent of subsidiary disposed	7,020
Net cash inflow of the Group	-
	7,020

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed deposits with licensed banks	4,992	1,315	-	-
Cash and bank balances	39,167	19,131	12,294	8,791
Bank overdrafts (Note 22)	(26,702)	(9,535)	(153)	(836)
	<u>17,457</u>	<u>10,911</u>	<u>12,141</u>	<u>7,955</u>

## 31. SEGMENTAL REPORTING

The Group adopts business segment analysis as its primary reporting format and geographical segment as its secondary reporting format. The Group is organised into two major business segments:

- (i) Logs trading - Extraction and sale of logs; and
- (ii) Manufacturing - Manufacturing and trading of sawn timber, plywood, veneer, blockboard and laminated wood.

Other business segments include the provision of air transportation services, oil palm plantation, development and maintenance of planted forests and investment holding.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 31. SEGMENTAL REPORTING (CONT'D)

(a) Primary reporting format - business segments

	Logs trading RM'000	Manu- facturing RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>2005</b>					
<b>Revenue</b>					
External revenue	157,187	493,687	14,061	-	664,935
Intersegment revenue	407,547	32	4,176	(411,755)	-
Total revenue	<u>564,734</u>	<u>493,719</u>	<u>18,237</u>	<u>(411,755)</u>	<u>664,935</u>
<b>Results</b>					
Profit from operations	19,048	79,964	(43,594)	20,738	76,156
Finance costs	(623)	(4,142)	(2,050)	-	<u>(6,815)</u>
Profit before taxation					69,341
Taxation	(13,344)	(18,859)	(412)	(18)	<u>(32,633)</u>
Profit after taxation					36,708
Minority interests					<u>(590)</u>
Net profit for the year					<u>36,118</u>
<b>Assets</b>					
Segment assets	198,682	463,015	225,410	4,680	891,787
Rights in timber licences	153,200	-	-	18,617	171,817
Goodwill on consolidation	-	-	-	-	151,537
Current tax assets	6,588	2,047	2,713	-	11,348
Consolidated total assets					<u>1,226,489</u>
<b>Liabilities</b>					
Segment liabilities	74,607	37,803	20,516	-	132,926
Borrowings	55,074	151,402	9,240	-	215,716
Tax payable	66	-	21	-	87
Consolidated total liabilities					<u>348,729</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 31. SEGMENTAL REPORTING (CONT'D)

(a) Primary reporting format - business segments (cont'd)

	Logs trading RM'000	Manu- facturing RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>2005 (cont'd)</b>					
<b>Other information</b>					
Capital expenditure	<u>29,588</u>	<u>19,913</u>	<u>82,553</u>	<u>-</u>	<u>132,054</u>
Depreciation of property, plant and equipment	<u>17,187</u>	<u>27,016</u>	<u>5,206</u>	<u>1,122</u>	<u>50,531</u>
Amortisation of timber rights	<u>14,511</u>	<u>-</u>	<u>-</u>	<u>1,768</u>	<u>16,279</u>
<b>2004</b>					
<b>Revenue</b>					
External revenue	273,070	212,125	3,632	-	488,827
Intersegment revenue	117,605	137,759	4,700	(260,064)	-
Total revenue	<u>390,675</u>	<u>349,884</u>	<u>8,332</u>	<u>(260,064)</u>	<u>488,827</u>
<b>Results</b>					
(Loss)/profit from operations	(4,686)	49,548	(6,771)	14,254	52,345
Finance costs	(1,103)	(3,079)	(1,401)	826	<u>(4,757)</u>
Profit before taxation					47,588
Taxation	789	(2,501)	(383)	-	<u>(2,095)</u>
Profit after taxation					45,493
Minority interests					<u>(485)</u>
Net profit for the year					<u>45,008</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 31. SEGMENTAL REPORTING (CONT'D)

(a) Primary reporting format - business segments (cont'd)

	Logs trading RM'000	Manu- facturing RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>2004 (cont'd)</b>					
<b>Assets</b>					
Segment assets	179,574	475,739	137,101	(7,343)	785,071
Rights in timber licences	167,711	-	-	20,385	188,096
Goodwill on consolidation	-	-	-	-	105,184
Current tax assets	26,072	-	2,327	-	28,399
Consolidated total assets					<u>1,106,750</u>
<b>Liabilities</b>					
Segment liabilities	42,040	30,824	4,763	-	77,627
Borrowings	1,705	183,208	7,036	-	191,949
Tax payable	66	-	260	-	326
Consolidated total liabilities					<u>269,902</u>
<b>Other information</b>					
Capital expenditure	<u>25,887</u>	<u>38,676</u>	<u>68,474</u>	<u>-</u>	<u>133,037</u>
Depreciation of property, plant and equipment	<u>15,024</u>	<u>29,719</u>	<u>4,535</u>	<u>-</u>	<u>49,278</u>
Amortisation of timber rights	<u>16,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,279</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 31. SEGMENTAL REPORTING (CONT'D)

### (b) Secondary reporting format - geographical segments

Although the Group's two major business segments are managed on a worldwide basis, they operate in two principal geographical areas of the world. In Malaysia, its home country, the Group's areas of operation are principally logs trading and investment holding. Additionally, the Group's manufacturing activities are also conducted principally in Malaysia. Other operations in Malaysia include the provision of air transportation services, oil palm plantation, development and maintenance of planted forests and investment holding.

The Group also operates in the Cayman Islands.

	Malaysia RM'000	Brazil RM'000	Other countries RM'000	Eliminations RM'000	Total RM'000
<b>2005</b>					
<b>Revenue</b>					
External revenue	664,935	-	-	-	664,935
Intersegment revenue	<u>411,755</u>	<u>-</u>	<u>-</u>	<u>(411,755)</u>	<u>-</u>
Total revenue	<u>1,076,690</u>	<u>-</u>	<u>-</u>	<u>(411,755)</u>	<u>664,935</u>
<b>Assets</b>					
Segment assets	<u>1,036,365</u>	<u>14,524</u>	<u>763</u>	<u>23,300</u>	<u>1,074,952</u>
<b>Other information</b>					
Capital expenditure	<u>132,022</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>132,054</u>
Depreciation of property, plant and equipment	<u>49,147</u>	<u>258</u>	<u>4</u>	<u>1,122</u>	<u>50,531</u>
Amortisation of timber rights	<u>16,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,279</u>



# NOTES TO THE FINANCIAL STATEMENTS

## 30 APRIL 2005

### 31. SEGMENTAL REPORTING (CONT'D)

(b) Secondary reporting format - geographical segments (cont'd)

	Malaysia RM'000	Brazil RM'000	Other countries RM'000	Eliminations RM'000	Total RM'000
<b>2004</b>					
<b>Revenue</b>					
External revenue	488,827	-	-	-	488,827
Intersegment revenue	259,802	-	262	(260,064)	-
<b>Total revenue</b>	<b>748,629</b>	<b>-</b>	<b>262</b>	<b>(260,064)</b>	<b>488,827</b>
<b>Other information</b>					
Segment assets	954,218	33,908	395	13,045	1,001,566
Capital expenditure	133,037	-	-	-	133,037
Depreciation of property, plant and equipment	47,897	1,377	4	-	49,278
Amortisation of timber rights	16,279	-	-	-	16,279

### 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group and Company are as follows:

(a) Transactions with subsidiaries:

	Company	
	2005 RM'000	2004 RM'000
<b>Income</b>		
Sales	249,383	260,064
<b>Expenditure</b>		
Hiring charges	2,400	2,604
Purchases	7,420	2,953

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 32. 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:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Income</b>				
(i) Sale of logs:				
Perpuluhan Jaya Sdn. Bhd.	29	3	-	-
Subur Group*	-	452	-	452
Oriental Evermore Sdn. Bhd.	13	85	-	-
Semarak Wangi Sdn. Bhd.	-	10	-	-
RH General Trading Sdn. Bhd.	47	45	-	-
Trans-Allied Sdn. Bhd.	55	-	-	-
(ii) Sale of power:				
Subur Group*	1,099	973	-	-
(iii) Sales of FFB/seeds:				
R.H. Plantation Sdn. Bhd.	247	-	-	-
(iv) Contract income - forest plantation:				
R.H. Forest Corporation Sdn. Bhd.	10,368	-	-	-
(v) Rental of equipment:				
Taman Logging Sdn. Bhd.	2,082	2,082	2,082	2,082
(vi) Logpond facilities income:				
Subur Group*	631	524	399	376
(vii) Helicopter chartering:				
Subur Group*	205	-	-	-
Rimbunan Hijau Sdn. Bhd.	193	-	-	-
R.H. Plantation Sdn. Bhd.	36	-	-	-
R.H. Lundu Palm Oil Mill Sdn. Bhd.	27	-	-	-
Mafrica Corporation Sdn. Bhd.	24	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 32. 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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Expenditure</b>				
(i) Purchase of logs:				
Binamewah Sdn. Bhd.	9,251	14,833	837	6,332
Lukutan Enterprises Sdn. Bhd.	3,514	4,902	2,006	2,918
Perpuluhan Jaya Sdn. Bhd.	2,558	55	2,546	-
Subur Group*	46	65	-	-
Rejang Height Sdn. Bhd.	-	160	-	53
RH Forest Corporation Sdn Bhd	9,765	-	9,765	-
(ii) Purchase of raw materials:				
Petanak Enterprises Sdn. Bhd.	27,438	17,969	-	-
(iii) Contract fee for log harvesting:				
Hose Mountains Logging Sdn. Bhd.	16,837	12,479	-	-
Meli-Mujong Logging Sdn. Bhd.	15,102	13,138	-	-
Rimbunan Hijau Sdn. Bhd.	9,318	10,174	-	-
Taman Logging Sdn. Bhd.	30,815	32,955	30,815	32,955
Tiong Toh Siong & Sons Sdn. Bhd.	64,094	43,720	64,094	43,720
(iv) Purchase of spare parts, fuel and lubricants:				
Rimbunan Hijau General Trading Sdn. Bhd.	1,612	1,094	290	245
Kejuruteraan Utama Sentiasa Sdn. Bhd.	-	76	-	73
(v) Insurance charges:				
Evershine Agency Sdn. Bhd.	50	41	27	38
(vi) Purchase of air tickets:				
RH Tours and Travel Agency Sdn. Bhd.	327	169	222	65
(vii) Towage and freight charges:				
Syarikat Perkapalan C.H. Ling Sdn. Bhd.	6,123	5,116	-	-
Empayar Semarak Sdn. Bhd.	7,368	5,510	1,511	1,037
Onward Shipping Sdn. Bhd.	2,199	1,595	-	-
Globular Sdn. Bhd.	4,668	2,971	3,318	2,238
Transport Resources Sdn. Bhd.	74	66	25	32
Oriental Evermore Sdn. Bhd.	10,042	6,590	3,460	1,945
Trans-Allied Sdn. Bhd.	1,586	1,310	355	399
Semarak Wangi Sdn. Bhd.	476	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 32. 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	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
<b>Expenditure (cont'd)</b>				
(viii) Purchase of computer hardware and related products: Comserv (Sarawak) Sdn. Bhd.	-	103	-	66
(ix) Construction: Moverstar (M) Sdn. Bhd.	3,768	1,820	-	252
(x) Purchase of power: Subur Group*	39	39	39	39
(xi) Hiring of equipment: Tiong Toh Siong & Sons Sdn. Bhd.	1,590	-	1,590	-
(xii) Logpond/office rental: Tiong Toh Siong & Sons Sdn. Bhd.	204	225	180	225
Rimbunan Hijau Sdn. Bhd.	180	180	-	-
Raya Abadi Sdn. Bhd.	21	-	21	-

\* Subur Group includes Subur Tiasa Holdings Bhd. and its wholly owned subsidiaries, namely, Subur Tiasa Plywood Sdn. Bhd., Homet Raya Sdn. Bhd., RH Timber Processing Industries Sdn. Bhd. and Trimogreen Sdn. Bhd.

The directors are of the opinion that the above transactions were entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## 33. CONTINGENT LIABILITIES, UNSECURED

	Company	
	2005	2004
	RM'000	RM'000
Bankers' guarantees issued to third parties on behalf of subsidiaries	5,131	3,468
Corporate guarantees issued to bankers on behalf of subsidiaries	398,666	286,647
	<u>403,797</u>	<u>290,115</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2005

## 34. CAPITAL COMMITMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Authorised capital expenditure not provided for in the financial statements:				
Approved and contracted for	979	2,056	-	333

## 35. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, credit and foreign exchange risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

### (b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 30 April 2005. The investments in financial assets are short term in nature and are not held for speculative purposes.

### (c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

### (d) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instruments.

### (e) Foreign exchange risk

The Group is exposed to currency risk in respect of its foreign investments in subsidiaries. These are, however, not significant.

### (f) Fair value

The carrying amounts of short-term financial assets and liabilities approximate their fair value due to the relative short maturity term of these financial instruments.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

There were no American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) programmes sponsored by the Company during the financial year.

### 2. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority during the financial year.

### 3. VARIATION IN RESULTS

The results of the Group and the Company for the financial year did not differ by 10% or more from the unaudited results announced. There were no profit estimates, forecasts or projections issued by the Group during the financial year.

### 4. PROFIT GUARANTEES

There were no profit guarantees given by the Company and its subsidiaries during the financial year.

### 5. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries which involve directors and major shareholders, either still subsisting at the end of the financial year ended 30 April 2005 or entered into since the end of the previous financial year.

### 6. REVALUATION POLICY

The Group did not adopt any revaluation policies on landed properties during the financial year.

### 7. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no fund raising corporate proposals during the financial year.

### 8. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities exercised during the financial year.

### 9. NON-AUDIT FEES

The non-audit fees paid to the external auditors by the Group and the Company for the financial year amounted to RM121,000.



## ADDITIONAL COMPLIANCE INFORMATION

### 10. SHARE BUY-BACKS

At the Extraordinary General Meeting held on 29 September 2004, the shareholders renewed the authority for the Company to purchase and/or hold up to a maximum of 28,252,000 ordinary shares of RM1.00 each representing approximately 10% of the issued and paid up share capital of the Company.

During the financial year, a total of 2,695,000 of the Company's own shares were purchased pursuant to the share buybacks mandate. All the shares purchased are retained as treasury shares. None of the shares purchased has been resold or cancelled. A monthly breakdown of the shares bought back is set out below:-

Month	No. of Shares	Price		Average Cost RM	Total Cost RM
		Highest RM	Lowest RM		
May 2004	728,500	4.82	3.68	4.53	3,298,646
June 2004	70,000	3.76	3.68	3.74	261,984
July 2004	2,000	3.98	3.98	4.01	8,019
August 2004	59,900	3.90	3.80	3.85	230,845
September 2004	31,100	3.80	3.76	3.81	118,540
October 2004	-	-	-	-	-
November 2004	-	-	-	-	-
December 2004	836,900	3.80	3.06	3.49	2,918,830
January 2005	136,600	3.22	3.18	3.22	440,144
February 2005	201,200	3.22	3.04	3.11	626,092
March 2005	547,900	3.08	2.90	3.03	1,658,461
April 2005	80,900	2.97	2.82	2.90	234,638
	<u>2,695,000</u>				<u>9,796,199</u>

## ADDITIONAL COMPLIANCE INFORMATION

### 11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Company obtained the approval of its shareholders at the Extraordinary General Meeting held on 29 September 2004 for the Group to enter into recurrent related party transactions of a revenue or trading nature which are in the ordinary course of business of the Group.

The aggregate value of the recurrent related party transactions entered into by the Company and/or its subsidiaries with related parties during the financial year are as follows: -

Nature of Transactions entered into by the Company and/or its subsidiary(ies)	Related Parties	Relationship <sup>1</sup> of Related Parties with the Company	Amount Transacted RM'000
Contract fee paid to Related Parties for the harvesting of logs	Tiong Toh Siong & Sons Sdn Bhd Taman Logging Sdn Bhd Hose Mountains Logging Sdn Bhd Meli-Mujong Logging Sdn Bhd Rimbunan Hijau Sdn Bhd	1 (a) 1 (b) 1 (b) 1 (b) 1 (b)	64,094 30,815 16,837 15,102 9,318
Contract fee received from Related Party for extraction of logs	RH Forest Corporation Sdn Bhd	1 (b)	10,368
Purchase of logs from Related Parties	RH Forest Corporation Sdn Bhd Binamewah Sdn Bhd Lukutan Enterprises Sdn Bhd	1 (b) 1 (b) 1 (b)	9,765 9,251 3,514
Towage and freight charges paid to Related Parties	Oriental Group <sup>2</sup> Syarikat Perkapalan C.H. Ling Sdn Bhd Onward Shipping Sdn Bhd	1 (c) 1 (c) 1 (c)	23,664 6,123 2,199
Purchase of raw materials (glue) from Related Party	Petanak Enterprises Sdn Bhd	1 (c)	27,438
Equipment rental income received from Related Party	Taman Logging Sdn Bhd	1 (b)	2,082
Contract fee paid to Related Party for the construction of building and infrastructure works	Moverstar (M) Sdn Bhd	1 (b)	3,768
Purchase of spare parts, fuel and lubricants from Related Party	Rimbunan Hijau General Trading Sdn Bhd	1 (b)	1,612
Sales of logs to Related Parties	Subur Group <sup>3</sup>	1 (b)	-
Supply of power to Related Parties	Subur Group <sup>3</sup>	1 (b)	1,099
Equipment rental paid to Related Party	Tiong Toh Siong & Sons Sdn Bhd	1 (a)	1,590
		Total	238,639

**Notes:**

- Relationship of the Related Party with the Company.
  - A wholly-owned subsidiary of a major shareholder, Tiong Toh Siong Holdings Sdn Bhd
  - A company in which director(s) and/or major shareholder(s) and person(s) connected have substantial interests
  - A company in which person(s) connected have substantial interests
- Oriental Group includes Oriental Evermore Sdn Bhd and its wholly owned subsidiaries, namely, Empayar Semarak Sdn Bhd, Trans-Allied Sdn Bhd and Globular Sdn Bhd.
- Subur Group includes Subur Tiasa Holdings Bhd and its wholly owned subsidiaries, namely, Subur Tiasa Plywood Sdn Bhd, Homet Raya Sdn Bhd, R.H. Timber Processing Industries Sdn Bhd and Trimogreen Sdn Bhd.

## ANALYSIS OF SHAREHOLDINGS

### AS AT 8 AUGUST 2005

Authorised share capital : RM1,000,000,000-00  
 Issued and fully paid-up share capital : RM282,528,499-00  
 Class of share : Ordinary share of RM1-00 each  
 Voting Rights : 1 vote per ordinary share held

Distribution of shareholdings	No. of Holders	%	No. of Holdings	%
1 - 99	60	2.47	2,160	0.00
100 - 1000	957	39.46	875,945	0.34
1001 - 10000	1,127	46.47	4,609,549	1.81
10001 - 100000	200	8.25	6,080,298	2.39
100001 - 12713823 (less than 5% of issued shares)	76	3.14	118,504,034	46.61
12713824 (5%) and above of issued shares	5	0.21	124,204,513	48.85
<b>TOTAL</b>	<b>2,425</b>	<b>100.00</b>	<b>254,276,499*</b>	<b>100.00</b>

\*the figure was arrived at after deducting 28,252,000 treasury shares retained by the Company from the issued and paid-up share capital of 282,528,499 ordinary shares.

### TOP 30 SHAREHOLDERS

No.	Name	Shareholdings	%
1	Tiong Toh Siong Holdings Sdn Bhd	42,279,302	16.63
2	HSBC Nominees (Asing) Sdn Bhd	31,762,711	12.49
	HSBC SG Ltd for Genine Chain Limited		
3	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd	19,162,500	7.54
	Pledged Securities Account for Amanas Sdn Bhd		
4	Public Nominees (Tempatan) Sdn Bhd	18,000,000	7.08
	Pledged Securities Account for Asanas Sdn Bhd		
5	RHB Capital Nominees (Tempatan) Sdn Bhd	13,000,000	5.11
	Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd		
6	Employees Provident Fund Board	12,256,800	4.82
7	Asanas Sdn Bhd	9,250,000	3.64
8	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd	8,412,500	3.31
	Pledged Securities Account for Asanas Sdn Bhd		
9	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd	8,212,500	3.23
	Pledged Securities Account for Nustinas Sdn Bhd		
10	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd	8,212,500	3.23
	Pledged Securities Account for Insan Anggun Sdn Bhd		
11	Mayban Nominees (Tempatan) Sdn Bhd	7,250,000	2.85
	Pledged Securities Account for Tiong Toh Siong Holdings Sdn Bhd		
12	DB (Malaysia) Nominee (Asing) Sdn Bhd	6,169,342	2.43
	Double Universal Limited		
13	Malaysia Nominees (Tempatan) Sendirian Berhad	5,603,780	2.20
	Great Eastern Life Assurance (Malaysia) Berhad		
14	Mayban Nominees (Asing) Sdn Bhd	5,076,419	2.00
	DBS Bank for Bloomswick Ltd		
15	Kenanga Nominees (Tempatan) Sdn Bhd	3,758,759	1.48
	Pledged Securities Account for Tiong Thai King		
16	Citicorp Nominees (Asing) Sdn Bhd	3,347,304	1.32
	UBS AG Singapore for Pacific Investment Fund		
17	Lembaga Tabung Haji	2,877,000	1.13
18	Wong Yiing Ngik	2,843,900	1.12
19	Mayban Nominees (Tempatan) Sdn Bhd	2,621,911	1.03
	DBS Bank for Tiong Hiew King		
20	DB (Malaysia) Nominee (Asing) Sdn Bhd	2,599,026	1.02
	Gold Palace Profits Limited		

## ANALYSIS OF SHAREHOLDINGS

### AS AT 8 AUGUST 2005

#### TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	Shareholdings	%
21	Tiong Toh Siong Enterprises Sdn Bhd	2,554,500	1.00
22	HSBC Nominees (Asing) Sdn Bhd	2,322,333	0.91
	JPMorgan Chase Bank for Roxton Investments Limited		
23	Tiong Chiong Ong	1,194,089	0.47
24	Citicorp Nominees (Asing) Sdn Bhd	1,128,700	0.44
	CBNY for DFA Emerging Markets Fund		
25	Azerina Mohd Arip @ Gertie Chong Soke Hoon	1,000,000	0.39
26	HSBC Nominees (Asing) Sdn Bhd	1,000,000	0.39
	HSBCIT (S) Ltd for Numbley Assets Limited		
27	Lembaga Amanah Kebajikan Darul Falah	1,000,000	0.39
28	Mayban Nominees (Tempatan) Sdn Bhd	1,000,000	0.39
	DBS Bank for Tiong Chiong Hoo		
29	Ke-Zan Nominees (Tempatan) Sdn Bhd	955,000	0.38
	Kim Eng Securities Pte. Ltd. for Wong Lee Yun		
30	Ecm Libra Securities Nominees (Tempatan) Sdn Bhd	945,000	0.37
	Petroliam Nasional Berhad		

#### SUBSTANTIAL SHAREHOLDERS

Name	Direct No. of Shares	%	Indirect No. of Shares	%
Tiong Toh Siong Holdings Sdn Bhd	62,529,302	24.59	285,276 (a)	0.11
Asanas Sdn Bhd	35,662,500	14.03		
Genine Chain Limited	31,762,711	12.49	35,662,500 (b)	14.03
Amanas Sdn Bhd	19,162,500	7.54		
Employees Provident Fund Board	13,308,700	5.23		
Double Universal Limited	6,169,342	2.43	35,587,500 (c)	14.00
Tan Sri Datuk Tiong Hiew King	2,682,212	1.05	65,369,078 (d)	25.71
Teck Sing Lik Enterprise Sdn Bhd			65,369,078 (d)	25.71
Ho Cheung Choi			67,425,211 (e)	26.52
Chang Meng			67,425,211 (e)	26.52
Ho Sau Ling, Ella			41,756,842 (f)	16.42
Tomoyuki Tatsuno			41,756,842 (f)	16.42

Notes: -

- Deemed interested by virtue of its being the holding company of Tiong Toh Siong & Sons Sdn Bhd.
- Deemed interested by virtue of its shareholding of 100% in Asanas Sdn Bhd.
- Deemed interested by virtue of its shareholding of 100% in Insan Anggun Sdn Bhd, Nustinas Sdn Bhd and Amanas Sdn Bhd.
- Deemed interested by virtue of them having controlling interest of more than 15% in Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd and Tiong Toh Siong & Sons Sdn Bhd.
- Deemed interested by virtue of their shareholdings of 50% each in Genine Chain Limited.
- Deemed interested by virtue of their shareholdings of 50% each in Double Universal Limited.

#### DIRECTORS' SHAREHOLDINGS

Name	Direct No. of Shares	%	Indirect No. of Shares	%
Gen (Rtd) Tan Sri Abdul Rahman bin Abdul Hamid	-	-	-	-
Mr Tiong Chiong Hoo	1,013,889	0.40	-	-
Dr. Tiong Ik King	103,339	0.04	-	-
Tuan Haji Wan Alshagaf bin Tuanku Esim	-	-	-	-
Mr John Leong Chung Loong	-	-	-	-
Mdm Tiong Choon	-	-	-	-
Mr Tiong Chiong Hee	-	-	-	-

## PROPERTIES OWNED BY THE GROUP

### Malaysia

Description	Tenure	Existing use	Land Area	Approximate age of building	Net Book Value as at 30 April 2005 (RM'000)	Date of Acquisition
<u>Tanjung Ensurai, Sibul</u> Engkilo L.D. Blk 8 Lot 804	Leasehold land expiring on 05.09.2062	Factory, warehouse and staff quarter	112,256 sq metres	18 years	4,277	19 June 1996
Sibul O.T. 838	Leasehold land expiring on 31.12.2024					1 January 1997
Sibul Grant No. 2383	Leasehold land expiring on 31.12.2018					31 March 1993
Engkilo L.D. Blk 8 Lot 803	Leasehold land expiring on 05.09.2062	Factory, warehouse and staff quarter	157,746 sq metres	13 years	7,322	31 March 1993
Sibul O.T. 655 and 837	Leasehold land expiring on 31.12.2024					31 March 1993
Engkilo L.D. Blk 8 Lot 819	Leasehold land expiring on 31.12.2911					24 March 2004
Sibul O.T. 12262	Leasehold land expiring on 13.06.2027	Vacant Agriculture land	16,183 sq metres	-	211	26 July 2000
<u>Putai, Kapit</u> Concession land		Factory, warehouse and staff quarter		13 years	16,206	-
<u>Upper Lanang Rd, Sibul</u> Sibul Town District Blk 10 Lot 169	Leasehold land expiring on 01.03.2050	Detached residential house	832 sq metres	15 years	29	31 December 1990
Sibul Town District Blk 10 Lots 650 & 520 (Sub 120-132)	Pending issuance of Land Title	Building	103,943 sq metres	-	15,473	30 April 2005
<u>Salim, Sibul</u> Seduan L.D. Blk 16 Lot 1393	Leasehold land expiring on 31.12.2915	warehouse	19,981 sq metres	7 years	3,777	14 November 1995
<u>Ulu Oya Raod, Sibul</u> Seduan L.D. Blk 10 Lot 1161	Leasehold land expiring on 07.08.2054	semi-detached residential house	430.2 sq metres	8 years	200	19 October 1999
<u>Tanjung Manis, Sarikei</u> Sare L.D. Blk 3, Lot 25	Rented land expiring on 22.09.2052	Factory, warehouse and staff quarter	209,756 sq metres	7 years	38,362	-
Sare L.D. Blk 3, Lot 71, Freehold land 86 and 87		Vacant Agriculture land	40,961 sq metres	-	307	19 January 1998
Sare L.D. Blk 3, Lot 138	Leasehold land expiring on 19.06.2062	Vacant Industrial land	15,699.50 sq metres	-	1,791	1 September 2002
Sare L.D. Blk 3, Lot 135, 136, 137 and 52	Freehold land	Vacant Agriculture land	46,578 sq metres	-	379	1 September 2003
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	14 November 1996

## PROPERTIES OWNED BY THE GROUP

### Malaysia (Cont'd)

Description	Tenure	Existing use	Land Area	Approximate age of building	Net Book Value as at 30 April 2005 (RM'000)	Date of Acquisition
<u>Sungei Terus, Niah, Miri</u> Lot 161, Suai Land District	Provisional leasehold expiring on 6.12.2060	Vacant Agriculture land	23,629,286 sq metres	-	1,758	30 April 2001
Lot 934, Niah Land District	Provisional leasehold expiring on 6.12.2060	Vacant Agriculture land	26,369,203 sq metres	-	1,923	30 April 2001
<u>Retus, Mukah</u> Lot 3562, Retus Land District	Provisional leasehold expiring on 24.2.2063	Vacant Agriculture land	72,067,823 sq metres	-	5,360	28 August 2003
Lot 27, Oya-Dalat District	Provisional leasehold expiring on 23.2.2063	Vacant Agriculture land	33,928,975 sq metres	-	2,523	28 August 2003
<u>Pulau Bruit, Daro, Mukah</u> Lot 265, Bruit Land District	Provisional leasehold expiring on 18.5.2064	Vacant Agriculture land	100,002,946 sq metres	-	7,145	9 December 2004
Lot 266, Bruit Land District	Provisional leasehold expiring on 18.5.2064	Vacant Agriculture land	50,001,473 sq metres	-	3,577	9 December 2004
<u>Sungai Pantak, Batang Igan, Sibul</u> Lot 3418, Pasai-Siong Land District	Leasehold Land expiring on 31.12.2068	Vacant Agriculture land	33,791 sq metres	-	86	28 June 2004

Brazil Municipality/ State	Description	Tenure	Existing use	Land Area	Approximate Age Of Building	Net Book Value as at 30 April 2005 (RM'000)	Date Of Acquisition
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### Selvaprac Verde Ltda

Maju, Para	M. 4199, F.99, L.2-AV	Freehold	Rural Land	1,160 hectares	-	42	1 July 1997
Portel, Para	M. 951, F.99, L.2	Freehold	Forest Land	7,090 hectares	-	2,176	1 July 1997
Icoaraci, Para	Ind. Plant (M.473, L2-AM)	Freehold	Factory Building	47,076 sq. metres	22	5,038	1 July 1997
Icoaraci, Para	M.236, F.236, L.2-GV M.47, F.47, L.2-GX	Freehold	Urban Land	106,323 sq. metres	-	656	1 July 1997



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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-Fifth Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak on Thursday, 29 September 2005 at 11.45 a.m. and at any adjournment thereof.

RESOLUTION	FOR	AGAINST
No.1 Adoption of the Audited Financial Statements for the financial year ended 30 April 2005 together with the Reports of the Directors and Auditors thereon.		
No.2 Declaration of a First and Final Dividend of 3% less tax for the financial year ended 30 April 2005.		
No.3 Re-election of Mr John Leong Chung Loong.		
No.4 Re-election of Mr Tiong Chiong Hee.		
No.5 Approval of Directors’ Fees for the financial year ended 30 April 2005.		
No.6 Re-appointment of Auditors.		
No.7 Authority for the directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
No.8 Proposed Shareholders’ Mandate for Recurrent Related Party Transaction.		

(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 \_\_\_\_\_ 2005

\_\_\_\_\_  
Signature / Common Seal of Shareholder(s)

- Notes:
1. A member of the Company entitled to attend and vote at the meeting is also entitled to appoint one or more proxies in his/her stead. Where a member appoints two (2) or more proxies, he/she shall specify 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 Companies Act, 1965 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, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak not less than forty-eight (48) hours before the time set 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.

The Secretary  
**JAYA TIASA HOLDINGS BERHAD**  
No.1-9, Pusat Suria Permata,  
Lorong Upper Lanang 10A,  
96000 Sibu, Sarawak  
Malaysia

