Notes to the financial statements
for the financial year ended 30 June 2007

1 General information

The principal activities of the Company during the financial year are those of investment holding and the provision of management services. The principal activities of the Group consist primarily of property development and the manufacture of furniture and rubberwood related products.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Securities. The Company's registered office and principal place of business are as follows:

Registered office:

Suite 2-1, 2nd Floor
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business:

2nd Floor, Wisma OIB
1 & 2 Jalan Bank
08000 Sungai Petani
Kedah Darul Aman

2 Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements of the Group and of the Company have been prepared under the historical cost convention in this summary of significant accounting policies, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Standards and interpretations that are effective

The relevant new accounting standards and IC Interpretations to existing standards effective for the Company's financial period beginning on or after 1 July 2006 are as follows:

- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Presentation of Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investment in Associates
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property
- IC 115 Operating Leases – Incentives
- IC 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets
- IC 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards, amendments to published standards and interpretations. All standards and interpretations adopted by the Group require retrospective application other than:

- FRS 3 – prospectively for business combinations for which the agreement date is or on after 1 January 2006;
- FRS 5 – prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and to operations that meet the criteria to be classified as discontinued on/after 1 July 2006;
- FRS 116 – the exchange of property, plant and equipment is accounted at fair value prospectively;
- FRS 121 – prospective accounting for goodwill and fair value adjustments as part of foreign operations;
- FRS 136 & 138 – applies to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 1 January 2006 and all other assets prospectively from 1 July 2006.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

A summary of the impact of the new accounting standards, amendments to published standards and interpretations to existing standards on the financial statements of the Group and of the Company is set out in note 35 to the financial statements.

(b) Standards early adopted by the Group

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease rentals. The Group has applied this standard from financial periods beginning on or after 1 July 2006.

- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). This standard affects the identification of related parties and some other related party disclosures. The Group has applied this standard from financial periods beginning on or after 1 July 2006.

(c) Standards that are not yet effective and have not been early adopted

The relevant new standards and interpretation that are mandatory for the Group's financial periods beginning on or after 1 July 2007, but which the Group has not early adopted, are as follows:

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

- FRS 112 Income Taxes (effective for accounting periods beginning on or after 1 July 2007). FRS 112 is reformatted to be identical to the revised IAS 12 Income Taxes upon which this Standard is based, and it entails, amongst others, removal of explanation and guidance with regard to deferred tax arising from investments in subsidiaries, branches, associates and interests in joint ventures, non-depreciable property, general provision doubtful debts and reinvestment or other allowances in excess of their normal capital allowances. The Group will apply this amendment from financial periods beginning on or after 1 July 2007. Had the standard been applied by the Group, there would be additional deductible temporary differences amounting to RM1,896,000 (2006: RM1,653,000) arising from reinvestment allowance, for which the related tax benefit has not been recognised, as at 30 June 2007.

2.2 Economic entities in the Group

(a) Subsidiaries

Subsidiaries are those entities which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The Group has taken advantage of the exemption provided by FRS 3 and FRS 122_{2004} to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

2 Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(a) Subsidiaries (continued)

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interests represent that portion of the profits or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

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. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the 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. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.2 Economic entities in the Group (continued)

(b) Transactions with minority interests

For purchases of a subsidiary's equity shares from minority interests for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the acquisition method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill or negative goodwill.

Disposals of equity shares to minority interests for cash consideration and at fair value result in gains and losses for the Group and are recorded in the income statement. The gain or loss is the difference between the Group's share of net assets immediately before and immediately after the disposal and a ratable portion of goodwill is realised.

For purchases or disposals from or to minority interests for consideration other than cash and not at fair value, the accretion or dilution of the Group's interests is treated as an equity transaction between the subsidiary and its shareholders. The difference between the Group's share of net assets immediately before and immediately after the change in stake and any consideration received or paid is adjusted to or against the Group's reserves.

All other changes in stake and changes in composition of the Group are treated as equity transactions between the Group and its majority and minority shareholders. The difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against the Group's reserves.

(c) Associates

Associates are those entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in an associate includes goodwill identified on acquisition, net of any accumulated impairment loss. See accounting policy note 2.6 on impairment of assets.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the income statement.

For incremental interest in an associate, the date of acquisition is purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified.

2 Summary of significant accounting policies (continued)

2.3 Property, plant and equipment and depreciation

Property, plant and equipment are initially stated at cost. Certain land and buildings are stated at revalued amounts, based on valuations by external independent valuers or as assessed by directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measure reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

	%
Buildings	2
Factory buildings	2 - 10
Furniture and fittings	10 - 20
Office equipment	10 - 50
Electrical installation	10
Plant and machinery	2 - 20
Motor vehicles	12.5 - 20
Site equipment	10
Office renovations	10

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date. The Group revised the residual values and estimated useful lives of motor vehicles from 5 years to 8 years with effect from 1 July 2006. The revision was accounted for as change in accounting estimates and as a result, the depreciation charges for the financial year have been reduced by RM292,000. For future financial periods, the depreciation charges will be reduced by the same amount as the current financial year, and adjusted for by the effect of fully depreciated motor vehicles.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy note 2.6 on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amount in revaluation reserve relating to those assets are transferred to retained earnings.

2 Summary of significant accounting policies (continued)

2.3 Property, plant and equipment and depreciation (continued)

The freehold land and buildings have not been revalued since the financial year ended 30 June 1995. The Directors have adopted the transitional provisions of International Accounting Standard 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board to retain the carrying amounts of these revalued land and buildings on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

2.4 Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group. Investment properties are stated at cost less any accumulated depreciation and impairment losses.

Freehold land is not depreciated as it has an infinite life. Other categories of investment properties are depreciated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rate for buildings is 2%.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

2.5 Investments

Investments in subsidiaries, jointly controlled entities and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note 2.6 on impairment of assets.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

2.6 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2 Summary of significant accounting policies (continued)

2.7 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period.

Prepaid lease rentals are amortised in equal instalments over the periods of leases from 60 to 86 years. The adoption of the revised FRS 117 Leases has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represent prepaid lease rentals and are amortised on the straight-line basis over the lease term. Prior to 1 July 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation.

The prepaid lease rentals were last revalued by the Directors during the financial year ended 30 June 1994 based on the open market value basis and approved by the Securities Commission. The Directors have adopted the transitional provision of FRS 117 Leases as allowed for by the Malaysian Accounting Standards Board to retain the unamortised revalued amount as the surrogate amount of prepaid lease rentals.

2.8 Biological assets

Biological assets comprise new planting expenditure (incurred from land clearing to the point of harvesting) and replanting expenditure (incurred in replanting old planted areas). Such expenditure is capitalised and are amortised on the straight-line basis over the estimated economic useful lives of rootstocks of 20 years, or over the period of the lease, whichever is shorter, commencing from the year of maturity of the crop.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined principally on the weighted average basis. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Plantation supplies are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

The cost of developed properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2.10 Property development activities

(a) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

2 Summary of significant accounting policies (continued)

2.10 Property development activities (continued)

(a) Land held for property development (continued)

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note 2.6 on impairment of assets.

Land held for property development including its related expenditure are transferred to property development costs (within current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle of 2 to 4 years.

Borrowing costs are capitalised in accordance with note 2.16.

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land including landowners' entitlement (where applicable) and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are recognised when incurred. When the outcome of the development activity can be estimated reliably, property development revenue are recognised by using the stage of completion method. The stage of completion is based on a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

Where revenue recognised in the income statement exceeds billings to purchasers, the balance is shown as accrued billings under receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

Borrowing costs are capitalised in accordance with note 2.16.

2.11 Advances to landowners

Advances to landowners are recognised as an asset upon payment to landowners.

2.12 Receivables

Trade receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables. Known bad debts are written off in the financial period in which they are identified.

2 Summary of significant accounting policies (continued)

2.13 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.14 Share capital

Ordinary shares with discretionary dividends are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument is charged directly to equity.

2.15 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Dividends proposed after balance sheet date but before the financial statements are authorised for issue are not recognised as a liability at balance sheet date.

2.16 Borrowing costs

Borrowing costs incurred to finance property development activities and land held for property development are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of interest on borrowing costs will cease when development projects, or land held for property development are ready for sale or ready for its intended use. All other borrowing costs are charged to the income statement.

2.17 Income tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Deferred tax is recognised on temporary differences arising on investments in subsidiaries and associates except where the timing of reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 Summary of significant accounting policies (continued)

2.18 Employee benefits

(a) Short term employee benefits

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Subsidiaries incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when, and only when, it is demonstrably committed to either terminate the employment of an employee or group of employees according to a detailed formal plan without realistic possibility of withdrawal or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 Summary of significant accounting policies (continued)

2.20 Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognise because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue earned by the Group and the Company are recognised on the following basis:

- Revenue from property development is recognised on the percentage of completion method. The stage of completion for each project is measured by a certificate issued by an architect based on the physical completion of the work performed in proportion to the total development. Anticipated losses are recognised in full immediately in the income statement.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised on the accrual basis determined by the principal outstanding and the rates applicable.
- Management fees are recognised on the accrual basis.
- Revenue from the manufacture of furniture and rubberwood related products is recognised upon delivery of goods, net of sales tax and discounts.
- Revenue from oil palm cultivation is recognised upon delivery of goods.

2.22 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company and all its subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 Summary of significant accounting policies (continued)

2.23 Financial instruments

(a) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(b) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

(c) Fair value estimation for disclosure purposes

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

2.24 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risk's and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

3 Financial risk management objectives and policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign currency exchange, interest rate, price, credit, liquidity and cash flow risks. Financial risk management is carried out through risk reviews and internal control systems. The management regularly reviews these risks and approves the treasury policies, which cover the management of these risks.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

3 Financial risk management objectives and policies (continued)

Property development division

(a) Interest rate risk

The Group borrows for operations via short term borrowings such as revolving credit facilities and bank overdrafts. The Group's exposure to the risk of changes in interest rates is mainly arising from floating rate terms and deposits with banks and financial institutions.

The Group reviews on a regular basis the exposure to interest rate risks. The Group does not hedge interest rate risks due to its low borrowings.

(b) Price risk

The Group's principal exposure to price risk arises mainly from the state of the domestic property markets.

The Group manages its exposure to adverse fluctuation in property value by obtaining all the necessary information before investing in property and continuous monitoring of the state of the property market. The Group optimises its return on realisation by managing its decision to dispose or hold, continue or postpone development of these properties based on the current and expected future trend of the property market. For property development activities to sustain, preservation of land bank is of utmost importance for future development. The Group is actively pursuing the continuous purchase of land and joint venture with landowners at strategic locations.

Impairment losses will be recognised when there is indication of adverse changes in fair values of these properties. Reversals are taken to the income statement immediately to the extent of the previously recognised impairment losses when the adverse conditions which led to the impairment of the assets cease to exist.

(c) Credit risk

The Group controls credit risks by assessing all the relevant information obtained and also via monitoring procedures to ensure that the sales of products and services rendered are made to customers with an appropriate credit history. The exposure to credit risk is monitored on an ongoing basis and on a case-by-case basis.

At balance sheet date, there was no significant concentration of credit risk.

(d) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash 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.

Manufacturing division

(a) Currency exchange risk

The Group has exposure to foreign currency as the majority of the manufacturing division's sales are in United States Dollars. The exposure to foreign risk is monitored on an ongoing basis to minimise the group's risk expense to an acceptable level. The Group endeavours to maintain natural hedge, whenever possible, by using the currency for import payment.

3 Financial risk management objectives and policies (continued)

Manufacturing division (continued)

(b) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for borrowings and placement of fixed deposits. The Group controls and monitors closely its cash flows to minimise on borrowings and ensure that the interest rates are always maintained at favourable rates.

(c) Price risk

The Group seeks to manage price risk by being more aggressive and innovative in its product range. This is by way of diversification, enhancing the quality, design and features of the products.

The Group currently sources rubberwood from a mix of overseas and local suppliers. The Group may face significant exposure from the risk of changes in rubberwood prices from the suppliers. The management minimises the risk by widening the selection of rubberwood suppliers.

(d) Credit risk

The Group has a credit policy in place and the exposure to credit risk is being monitored regularly. A large portion of the sales of the Group is on confirmed standby Letter of Credit, document against payment and document against acceptance terms. These terms generally do not expose the Group to significant credit risk. As for the other minority customers, the Group seeks to manage the credit risk by setting credit limits and taking action to ensure prompt payment. Furthermore, the creditworthiness of each potential new customer is evaluated carefully before orders are accepted.

(e) Liquidity and cash flow risk

Prudent liquidity and cash flow risk management implies maintaining sufficient cash and the availability of funding through internally generated cash flows and an adequate amount of committed credit facilities. The Group aims at strengthening its cash flow position and minimising on bank borrowings. In addition, the Group also maintains flexibility in funding by keeping adequate committed credit lines available at any one time to meet the future needs of the business.

4 Revenue

	Group		**Company**	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Dividend income	**0**	0	**9,498**	19,988
Loan interest income	**0**	0	**13**	141
Management fees	**0**	0	**70**	106
Property development	**78,581**	91,959	**0**	0
Sales of goods at invoiced value	**40,551**	47,297	**0**	0
Sales of fresh fruit bunches of oil palm	**794**	680	**0**	0
	119,926	139,936	**9,581**	20,235

5 Items of income and expenses

(a) Expenses (excluding finance cost and tax expense) by nature

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Raw materials and consumables used	**33,658**	33,371	**0**	0
Sub-contract costs	**20,214**	23,414	**0**	0
Consultant costs	**871**	816	**0**	0
Development contribution and processing fees	**683**	923	**0**	0
Interest expense capitalised in property development costs	**2,221**	2,579	**0**	0
Land cost relating to property development	**8,464**	11,557	**0**	0
Other property development costs	**406**	2,124	**0**	0
Cost of developed properties sold	**8,062**	5,454	**0**	0
Employee benefits costs	**12,617**	12,576	**0**	0
Utilities	**1,776**	1,665	**0**	0
Travelling and accommodation expenses	**268**	248	**0**	0
Changes in inventories of finished goods and work in progress	**(570)**	149	**0**	0
Expenditure for oil palm operations	**242**	259	**0**	0
Rental expenses of land and buildings	**38**	70	**0**	0
Upkeep, repairs and maintenance of assets	**614**	537	**0**	0
General maintenance of completed projects	**399**	529	**0**	0
Depreciation				
- property, plant and equipment	**2,244**	2,228	**0**	0
- investment properties	**87**	85	**0**	0
Amortisation of biological assets	**22**	22	**0**	0
Amortisation of prepaid lease rentals	**216**	193	**0**	0
Advertisement expenses	**488**	8	**4**	0
Telecommunication expenses	**208**	226	**0**	0
Hire of plant and machinery	**617**	583	**0**	0
Auditors' remuneration:				
- statutory audit	**148**	134	**28**	25
- other services	**24**	27	**4**	8
Bad debts written off	**4**	1	**0**	0
Property, plant and equipment written off	**3**	10	**0**	0
Inventories written off	**416**	33	**0**	0
Developed properties written down to net realisable value	**899**	0	**0**	0
Impairment loss on investment in subsidiaries	**0**	0	**13**	5
Loss on foreign exchange				
- realised	**259**	262	**0**	0
- unrealised	**9**	0	**0**	0
Freight charges	**4,063**	3,277	**0**	0
Claims for defect in products	**1,405**	0	**0**	0
Other expenses	**6,901**	10,977	**387**	541
Total expenses	**107,976**	114,337	**436**	579

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM147,000 (2006: RM134,000).

5 Items of income and expenses (continued)

(b) The following amounts have been credited in arriving at profit for the financial year:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Rental income	**861**	624	**0**	0
Interest income	**1,364**	1,072	**496**	424
Gross dividends received from subsidiaries (unquoted)	**0**	0	**5,498**	13,488
Gross dividend received from an associate (unquoted)	**0**	0	**4,000**	6,500
Gain on disposal of property, plant and equipment	**42**	4	**0**	0
Gain on foreign exchange				
- realised	**64**	7	**0**	0
- unrealised	**3**	78	**0**	0

Property development costs of the Group recognised as an expense during the financial year amounted to RM56,383,000 (2006: RM64,431,000).

6 Employee benefits cost

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Wages, salaries and bonuses	**11,219**	11,313	**0**	0
Contributions to defined contribution retirement plan	**954**	918	**0**	0
Gratuity	**0**	4	**0**	0
Other employee benefits	**444**	341	**0**	0
	12,617	12,576	**0**	0
Number of employees (including Executive Directors)	**427**	466	**0**	0

7 Directors' remuneration

The Directors of the Company in office during the financial year are as follows:

Non-executive Directors

Chai Tin Kok @ Sua Ah Seng
Gee Kok Sang
Tuan Haji Ahmad bin Abdul Rashid
Chin Kuet Sen
Lim Hai Hong @ Lim Hai Hak (resigned on 1 August 2007)

7 Directors' remuneration (continued)

Executive Directors

Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP
Koay Leong Eng
Goh Aik Keong (appointed on 23 November 2006)
Goh Aik Lai (retired on 16 November 2006)
Goh Cheng Hock (resigned on 22 May 2007)

The aggregate amount of emoluments receivable by Directors of the Company during the financial year are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Non-executive Directors:				
- Fees receivable	**125**	100	**125**	100
- Allowances	**25**	20	**25**	20
Executive Directors:				
- Fees receivable	**78**	80	**78**	80
- Salaries and bonuses	**2,144**	2,183	**0**	0
- Contributions to defined contribution retirement plan	**258**	262	**0**	0
- Allowances	**12**	10	**12**	10
	2,642	2,655	**240**	210
Estimated monetary value of benefits otherwise than in cash	**112**	94	**0**	0
	2,754	2,749	**240**	210

Executive Directors of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (note 24) as follows:

			Number of share options on shares of RM1 each				
Grant date	**Expiry date**	**Exercise price RM/share**	**At beginning of the year/ At date of appointment '000**	**Granted '000**	**Exercised '000**	**Resignation '000**	**At end of the year '000**
Financial year ended 30 June 2007							
8 January 2002	**23 November 2011**	**1.32**	**1,800**	**0**	**0**	**(550)**	**1,250**
Financial year ended 30 June 2006							
8 January 2002	23 November 2011	1.32	1,800	0	0	0	1,800

8 Finance cost

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Interest expense	**14**	111	**0**	0

9 Taxation

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
In respect of current financial year:				
- Malaysian income tax	**3,291**	5,003	**2,140**	5,060
- Transfer to deferred taxation	**315**	776	**0**	0
In respect of prior financial years:				
- Malaysian income tax	**113**	35	**(71)**	25
- Transfer to deferred taxation	**16**	261	**0**	0
	3,735	6,075	**2,069**	5,085
Current tax				
Current financial year	**3,291**	5,003	**2,140**	5,060
Under/(over) accrual in prior financial years	**113**	35	**(71)**	25
Deferred tax				
Origination and reversal of temporary differences	**315**	776	**0**	0
Underaccrual in prior financial years	**16**	261	**0**	0
	3,735	6,075	**2,069**	5,085

9 Taxation (continued)

The reconciliation of income tax expense applicable to profit before taxation at the Malaysian income tax rate to taxation charge at the average effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2007	2006	**2007**	2006
	%	%	**%**	%
Numerical reconciliation between the average effective tax rate and the Malaysian tax rate				
Malaysian income tax rate	**27.0**	28.0	**27.0**	28.0
Tax effects of:				
- Expenses that are not deductible in determining taxable profit	**1.5**	0.9	**1.0**	0.3
- Lower tax rate for small and medium scale companies #	**(0.7)**	(0.5)	**0.0**	0.0
- Income not subject to tax:				
- Income exempted under pioneer status	**(2.6)**	(4.3)	**(5.8)**	0.0
- Others	**0.0**	0.0	**0.0**	(2.9)
- Expenses eligible for double deduction	**(6.0)**	(2.9)	**0.0**	0.0
- Deferred tax assets not recognised	**5.6**	0.1	**0.0**	0.0
- Share of results of associates	**(5.2)**	(3.5)	**0.0**	0.0
- Change in tax rate	**1.0**	0.0	**0.0**	0.0
- Others	**(0.8)**	0.1	**0.0**	0.0
Average effective tax rate for the financial year	**19.8**	17.9	**22.2**	25.4
Under/(over) accrual of Malaysian income tax in respect of prior financial year	**0.6**	0.1	**(0.7)**	0.1
Underaccrual of deferred taxation in respect of prior financial year	**0.1**	0.8	**0.0**	0.0
	20.5	18.8	**21.5**	25.5

As gazetted in the Finance Act 2003, the income tax rate for the first chargeable income of RM500,000 for small and medium scale companies with paid-up share capital of RM2.5 million and below is reduced to 20%. For chargeable income in excess of RM500,000, income tax at the rate of 27% (2006: 28%) is still applicable.

A subsidiary of the Group has been granted pioneer status under the Promotion of Investments Act, 1986 to manufacture wooden furniture, wooden furniture parts and multi-ply parquet for a period of 5 years commencing from 1 January 2004. As a result of this tax incentive granted, 100% of the subsidiary adjusted income will be exempted from income tax.

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Tax saving as a result of the utilisation of current year tax losses for which credit is recognised during the financial year	**0**	0	**0**	14

9 Taxation (continued)

The Group and the Company have, subject to confirmation by the Inland Revenue Board, the following relief for which the related tax benefits have not been recognised:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Tax losses carried forward	**8,345**	502	**241**	241
Unabsorbed capital allowances	**160**	153	**15**	15
Unabsorbed reinvestment allowances	**1,896**	1,338	**0**	0

The Group also has other deductible temporary differences amounting to approximately RM849,000 (2006: RM285,000) for which the related tax benefits have not been recognised.

10 Earnings per share

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders for the financial year by the weighted average number of ordinary shares in issue during the financial year:

	2007	2006
Net profit attributable to shareholders for the financial year (RM'000)	**11,161**	24,046
Weighted average number of ordinary shares in issue ('000)	**90,492**	90,418
Basic earnings per share (sen)	**12.33**	26.59

(b) Diluted earnings per share

In respect of the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group only has one category of dilutive potential ordinary shares which is the share options granted to its employees.

For the share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares during the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the “unpurchased” shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit attributable to shareholders for the share options calculations.

	2007	2006
Net profit attributable to shareholders for the financial year (RM'000)	**11,161**	24,046
Weighted average number of ordinary shares in issue ('000)	**90,492**	90,418
Adjustment for share options	**512**	157
	91,004	90,575
Diluted earnings per share (sen)	**12.26**	26.55

11 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group

2007	Land and buildings, at cost/ valuation RM'000	Plantation equipment, at cost RM'000	Furniture and fittings, office equipment and electrical installation, at cost RM'000	Plant and machinery, at cost RM'000	Motor vehicles, at cost RM'000	Site equipment, at cost RM'000	Office renovations, at cost RM'000	Capital work in progress, at cost RM'000	Total RM'000
Net book value									
At 1 July 2006	**12,419**	**22**	**528**	**8,339**	**1,038**	**1**	**79**	**3,301**	**25,727**
Additions	**87**	**0**	**274**	**1,543**	**949**	**2**	**0**	**5,152**	**8,007**
Disposals	**0**	**0**	**(1)**	**0**	**(21)**	**0**	**0**	**0**	**(22)**
Write off	**0**	**0**	**(3)**	**0**	**0**	**0**	**0**	**0**	**(3)**
Transfer in/(out)	**1,718**	**0**	**403**	**23**	**0**	**0**	**0**	**(3,539)**	**(1,395)**
Depreciation	**(178)**	**(5)**	**(246)**	**(1,666)**	**(151)**	**(1)**	**(11)**	**0**	**(2,258)**
Reclassification	**0**	**0**	**41**	**4,873**	**0**	**0**	**0**	**(4,914)**	**0**
At 30 June 2007	**14,046**	**17**	**996**	**13,112**	**1,815**	**2**	**68**	**0**	**30,056**
At 30 June 2007									
Cost/valuation	**15,891**	**46**	**3,217**	**26,226**	**5,662**	**41**	**133**	**0**	**51,216**
Accumulated depreciation	**(1,845)**	**(29)**	**(2,221)**	**(13,114)**	**(3,847)**	**(39)**	**(65)**	**0**	**(21,160)**
Net book value	**14,046**	**17**	**996**	**13,112**	**1,815**	**2**	**68**	**0**	**30,056**

The land and buildings of the Group comprise:

2007	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Freehold oil palm plantation land, at cost RM'000	Buildings, at cost RM'000	Building, at valuation RM'000	Factory buildings, at cost RM'000	Factory building, at valuation RM'000	Total RM'000
Net book value								
At 1 July 2006	**1,324**	**1,302**	**4,159**	**1,255**	**325**	**620**	**3,434**	**12,419**
Additions	**0**	**0**	**0**	**30**	**0**	**57**	**0**	**87**
Transfer from developed properties	**0**	**0**	**0**	**1,718**	**0**	**0**	**0**	**1,718**
Depreciation	**0**	**0**	**0**	**(80)**	**(8)**	**(27)**	**(63)**	**(178)**
At 30 June 2007	**1,324**	**1,302**	**4,159**	**2,923**	**317**	**650**	**3,371**	**14,046**
At 30 June 2007								
Cost/valuation	**1,324**	**1,302**	**4,159**	**3,318**	**428**	**860**	**4,500**	**15,891**
Accumulated depreciation	**0**	**0**	**0**	**(395)**	**(111)**	**(210)**	**(1,129)**	**(1,845)**
Net book value	**1,324**	**1,302**	**4,159**	**2,923**	**317**	**650**	**3,371**	**14,046**

11 Property, plant and equipment (continued)

The details of property, plant and equipment are as follows:

Group

2006	Land and buildings, at cost/ valuation RM'000	Plantation equipment, at cost RM'000	Furniture and fittings, office equipment and electrical installation, at cost RM'000	Plant and machinery, at cost RM'000	Motor vehicles, at cost RM'000	Site equipment, at cost RM'000	Office renovations, at cost RM'000	Capital work in progress, at cost RM'000	Total RM'000
Net book value									
At 1 July 2005	**12,560**	**27**	**568**	**9,314**	**1,629**	**2**	**52**	**118**	**24,270**
Additions	**8**	**0**	**171**	**290**	**0**	**0**	**5**	**3,222**	**3,696**
Write off	**0**	**0**	**(4)**	**(6)**	**0**	**0**	**0**	**0**	**(10)**
Depreciation	**(149)**	**(5)**	**(193)**	**(1,277)**	**(592)**	**(1)**	**(12)**	**0**	**(2,229)**
Reclassification	**0**	**0**	**(14)**	**18**	**1**	**0**	**34**	**(39)**	**0**
At 30 June 2006	**12,419**	**22**	**528**	**8,339**	**1,038**	**1**	**79**	**3,301**	**25,727**
At 30 June 2006									
Cost/valuation	**14,086**	**46**	**2,558**	**19,834**	**5,357**	**39**	**133**	**3,301**	**45,354**
Accumulated depreciation	**(1,667)**	**(24)**	**(2,030)**	**(11,495)**	**(4,319)**	**(38)**	**(54)**	**0**	**(19,627)**
Net book value	**12,419**	**22**	**528**	**8,339**	**1,038**	**1**	**79**	**3,301**	**25,727**

The land and buildings of the Group comprise:

2006	Freehold land, at cost RM'000	Freehold land, at valuation RM'000	Freehold oil palm plantation land, at cost RM'000	Buildings, at cost RM'000	Building, at valuation RM'000	Factory buildings, at cost RM'000	Factory building, at valuation RM'000	Total RM'000
Net book value								
At 1 July 2005	**1,324**	**1,302**	**4,159**	**1,281**	**334**	**634**	**3,526**	**12,560**
Additions	**0**	**0**	**0**	**4**	**0**	**4**	**0**	**8**
Depreciation	**0**	**0**	**0**	**(30)**	**(9)**	**(18)**	**(92)**	**(149)**
At 30 June 2006	**1,324**	**1,302**	**4,159**	**1,255**	**325**	**620**	**3,434**	**12,419**
At 30 June 2006								
Cost/Valuation	**1,324**	**1,302**	**4,159**	**1,570**	**428**	**803**	**4,500**	**14,086**
Accumulated depreciation	**0**	**0**	**0**	**(315)**	**(103)**	**(183)**	**(1,066)**	**(1,667)**
Net book value	**1,324**	**1,302**	**4,159**	**1,255**	**325**	**620**	**3,434**	**12,419**

The net book value of freehold land,building and factory building at valuation that would otherwise be stated in the financial statements had the assets been carried at cost less accumulated depreciation amounted to RM3,472,924 (2006: RM3,504,723).

The landed properties were revalued by the Directors during the financial year ended 30 June 1995 based on the open market value basis and approved by the Securities Commission.

12 Land held for property development

Group only

	2007 RM'000	2006 RM'000
At 1 July 2006/2005		
Freehold land, at cost	**8,520**	8,526
Leasehold land, at cost	**746**	11,946
Related costs	**2,937**	2,549
	12,203	23,021
Add: Movements in land		
- purchase of freehold land	**965**	0
- transfer to property development costs – freehold land	**(543)**	(4)
- transfer to property, plant and equipment – leasehold land	**(46)**	(11,200)
- disposal of freehold land	**0**	(2)
	376	(11,206)
Add: Movements in related costs		
- additions	**140**	429
- transfer to property development costs	**(167)**	(23)
- transfer to property, plant and equipment	**0**	(18)
	(27)	388
At 30 June 2007/2006	**12,552**	12,203
At 30 June		
Freehold land, at cost	**8,942**	8,520
Leasehold land, at cost	**700**	746
Related costs	**2,910**	2,937
	12,552	12,203

No interest on borrowings has been capitalised under land held for property development during the financial year.

13 Investment properties

Group only

	2007 RM'000	2006 RM'000
Net book value		
At 1 July 2006/2005	**3,335**	3,420
Depreciation	**(87)**	(85)
Reclassification from developed properties	**179**	0
At 30 June 2007/2006	**3,427**	3,335
Cost	**4,309**	4,130
Accumulated depreciation	**(882)**	(795)
Net book value	**3,427**	3,335

13 Investment properties (continued)

The fair value of the investment properties is estimated at RM4,433,000 (2006: RM4,240,000) based on valuation by the Directors based on current market price. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

14 Biological assets

Group only

	2007	2006
	RM'000	RM'000
Net book value		
At 1 July 2006/2005	**417**	339
Addition	**24**	100
Amortisation charge for the year	**(22)**	(22)
At 30 June 2007/2006	**419**	417
Cost	**561**	537
Accumulated amortisation	**(142)**	(120)
Net book value	**419**	417

15 Prepaid lease rentals

Group only

	2007	2006
	RM'000	RM'000
Net book value		
At 1 July 2006/2005	**13,177**	2,153
Addition	**72**	0
Transfer from property, plant and equipment	**1,395**	0
Transfer from land held for property development	**0**	11,217
Amortisation charge for the year	**(216)**	(193)
At 30 June 2007/2006	**14,428**	13,177
At 30 June		
Cost	**15,357**	13,890
Accumulated amortisation	**(929)**	(713)
Net book value	**14,428**	13,177

16 Subsidiaries

The subsidiaries which are all incorporated in Malaysia are:

Name of company	Effective interest in equity: Held by the Company 2007 %	Held by the Company 2006 %	Held through subsidiary company 2007 %	Held through subsidiary company 2006 %	Principal activities
Brilliant Development Sdn. Bhd.	**100**	100	**0**	0	Property development and oil palm cultivation
Semua Jadi Sdn. Bhd.	**100**	100	**0**	0	Property development and general construction
Cahajaya Timber Industries Sdn. Bhd.	**100**	100	**0**	0	Manufacture of kiln dried rubberwood, sawn timber, solid doors and moulded wood products
Pesaka Saujana Development Sdn. Bhd.	**100**	100	**0**	0	Property development
Brilliant Alliance Sdn. Bhd.	**70**	70	**0**	0	Investment holding
Aturan Cemerlang Sdn. Bhd.	**51**	51	**0**	0	Investment holding
Sungei Lalang Development Sdn. Bhd.	**0**	0	**100**	100	Property development
Pesaka Saujana (M) Sdn. Bhd.	**0**	0	**100**	100	Property development and oil palm cultivation
Maxilux Properties Sdn. Bhd.	**0**	0	**100**	100	Property development
Teguh Padu Development Sdn. Bhd.	**0**	0	**100**	100	Property development
Patriot Furniture Sdn. Bhd.	**0**	0	**100**	100	Manufacture and sales of wooden furniture, wooden furniture parts, and parquet
Guar Timber Industries Sdn. Bhd.	**0**	0	**100**	100	Dormant
United Pearl Holdings Sdn. Bhd.	**0**	0	**100**	100	Dormant (In members' voluntary winding up)
Yiked Alliance Sdn. Bhd.	**0**	0	**56**	56	Property development
Central Kedah Brick Kiln Sdn. Berhad	**0**	0	**51**	51	Property development
Yiked Brilliant Sdn. Bhd.	**0**	0	**41**	41	Property development

		2007 RM'000	2006 RM'000
Unquoted shares, at cost		**97,543**	97,543
Impairment losses		**(1,998)**	(1,985)
		95,545	95,558
Amounts due from subsidiaries	- advances	**112,964**	109,601
	- dividend	**5,208**	10,157
		118,172	119,758
Amounts owing to subsidiaries	- advances	**5,546**	2,640

Amounts due from subsidiaries bear interest at rates ranging from 4.11% to 4.18% per annum (2006: 3.78%) and are repayable on demand.

Amounts owing to subsidiaries are unsecured, interest free and are repayable on demand.

16 Subsidiaries (continued)

Related company balances are all denominated in Ringgit Malaysia.

In accordance with an order of the Penang High Court dated 15 November 2005, a subsidiary, Aturan Cemerlang Sdn. Bhd., reduced its issued and paid-up capital in the previous financial year from 18,000,000 ordinary shares of RM1.00 each to 18,000,000 ordinary shares of RM0.70 each. The reduction was effected by repaying the subsidiary's shareholders a sum equivalent to 18,000,000 ordinary shares of RM0.30 per share, being capital which is in excess of the needs of the subsidiary.

On 3 January 2006, the members of a subsidiary, United Pearl Holdings Sdn. Bhd., resolved that the company be wound up voluntarily. The voluntarily winding up was lodged with the Registrar of Companies on 12 July 2006 and is still in the process of completion.

17 Investment in an associate

	2007 RM'000	2006 RM'000
Group		
Share of net assets of an associate	**15,155**	14,555
Company		
Unquoted shares, at cost	**10,000**	10,000

The Group's share of revenue, profit, assets and liabilities of the associate is as follows:

	2007 RM'000	2006 RM'000
Revenue	**4,791**	5,612
Profit after taxation	**3,479**	4,041
Non-current assets	**6,321**	11,287
Current assets	**10,281**	4,328
Non-current liabilities	**(18)**	(26)
Current liabilities	**(1,429)**	(1,034)
Net assets	**15,155**	14,555

The associated company is:

Name of company	Country of incorporation	Financial year end	Interest in equity 2007 %	Interest in equity 2006 %	Principal activity
Brilliant Delta (M) Sdn. Bhd.	Malaysia	30 June	**43**	43	Property development and oil palm plantation

18 Deferred taxation

Group only

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2007	2006
	RM'000	RM'000
Deferred tax assets	**3,284**	4,189
Deferred tax liabilities:		
- Subject to income tax	**(1,500)**	(2,064)
- Subject to capital gains tax	**(0)**	(10)
	(1,500)	(2,074)
	1,784	2,115
Movements in deferred taxation:		
At the beginning of the financial year	**2,115**	3,153
(Charged)/credited to income statement:		
- Property, plant and equipment	**566**	207
- Unrealised profits and interest	**(1,143)**	(743)
- Tax losses	**238**	(44)
- Accruals	**0**	(437)
- Unrealised gain on foreign exchange	**18**	(21)
- Interest income accrued	**(10)**	0
At the end of the financial year	**1,784**	2,115
Subject to income tax:		
Deferred tax assets		
- Unrealised profits and interest	**2,091**	3,234
- Tax losses	**538**	300
- Impairment loss	**655**	655
	3,284	4,189
Deferred tax liabilities:		
- Property, plant and equipment	**(1,487)**	(2,043)
- Unrealised gain on foreign exchange	**(3)**	(21)
- Interest income accrued	**(10)**	0
	(1,500)	(2,064)
Subject to capital gains tax:		
Deferred tax liabilities - property, plant and equipment	**0**	(10)

Deferred tax assets are recognised for unrealised profits, interest and tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

As at 30 June 2007, the temporary differences associated with unremitted earnings of subsidiaries for which deferred tax liabilities have not been recognised amounted to RM23,468,000 (2006: RM23,962,000).

19 Property development costs

Group only

	2007	2006
	RM'000	RM'000
At 1 July 2006/2005		
Freehold land - at cost	**21,479**	26,980
Leasehold land - at cost	**4,000**	4,000
Development costs	**150,337**	118,946
	175,816	149,926
Add: Movements in land		
- Transfer from freehold land held for property development	**589**	4
- Disposals of freehold land:		
- Additions	**(239)**	0
- Others	**170**	0
	520	4
Add: Movements in development costs		
- Additions	**47,080**	70,937
- Transfer from freehold land held for property development	**167**	23
- Development costs in relation to freehold land disposed	**(52)**	0
	47,195	70,960
Less: Accumulated costs charged to income statement		
- Current financial year	**(52,802)**	(71,809)
- Prior financial years	**(97,897)**	(66,295)
	(150,699)	(138,104)
Transfer to developed properties	**(1,683)**	(4,867)
At 30 June 2007/2006	**71,149**	77,919

19 Property development costs (continued)

	2007 RM'000	2006 RM'000
At 30 June		
Freehold land-at cost	**21,954**	26,984
Leasehold land-at cost	**4,046**	4,000
Less: Land costs in respect of completed projects	**(4,135)**	(5,309)
Less: Land costs in respect of transfers to developed properties	**(33)**	(196)
	21,832	25,479
Development costs	**197,532**	189,906
Less: Development costs in respect of completed projects	**(97,803)**	(34,898)
Less: Development costs in respect of transfers to developed properties	**(1,650)**	(4,671)
	98,079	150,337
Accumulated costs charged to income statement	**(150,699)**	(138,104)
Add: Accumulated costs charged to income statement in respect of completed projects	**101,937**	40,207
	(48,762)	(97,897)
	71,149	77,919

Included in property development costs, are cost of landowners' entitlement amounting to RM4,347,000 (2006: RM12,676,000) arising from agreements entered into between the subsidiaries and certain landowners to develop properties on land belonging to the landowners.

The following expenditure incurred during the financial year has been capitalised to property development costs:

	2007 RM'000	2006 RM'000
Depreciation	**14**	1
Hire of equipment	**517**	24

No interest on borrowings has been capitalised under property development costs during the financial year.

20 Inventories

Group only

	2007 RM'000	2006 RM'000
At cost:		
Raw materials	**592**	169
Work in progress	**6,510**	5,824
Finished goods	**1,240**	824
Consumables	**240**	307
Plantation supplies	**3**	6
	8,585	7,130
At net realisable value:		
Work in progress	**1,832**	2,364
	10,417	9,494
Developed properties		
At cost	**2,747**	9,201
At net realisable value	**5,003**	4,734
	7,750	13,935
	18,167	23,429

21 Trade and other receivables

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Trade receivables	**54,723**	55,302	**0**	0
Advances to landowners	**31,738**	31,484	**0**	0
Accrued billings in respect of property development	**3,418**	4,432	**0**	0
Other receivables	**2,910**	3,944	**0**	0
Deposits	**831**	579	**2**	2
Advances extended to subcontractors	**0**	173	**0**	0
Prepayments	**112**	295	**0**	0
	93,732	96,209	**2**	2

The currency exposure profile of trade and other receivables (excluding prepayments) is as follows:

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
- Ringgit Malaysia	**88,463**	89,809	**2**	2
- US Dollar	**5,157**	6,105	**0**	0
	93,620	95,914	**2**	2

The normal credit terms of trade receivables range from 14 days to 60 days.

21 Trade and other receivables (continued)

Advances to landowners arise when payments are made to the landowners before their entitlement crystallises in accordance with the agreements entered into between the Group and the landowners to develop properties on land belonging to the landowners. The agreements provide that the Group will bear all the property development cost incurred and in return be entitled to the profits from the sales of properties developed, but subject a certain portion of the sales proceeds to the landowners as their entitlement in accordance with the agreements entered into between the Group and the landowners. On a yearly basis, the advances to landowners will be settled to the extent that the landowners' entitlement have crystallised.

In respect of the manufacturing division, as a large portion of the sales is on letter of credit, document against payment and document against acceptance terms, the Group is not exposed to significant credit risk.

A legal action was taken against a subsidiary of the Company, Pesaka Saujana Development Sdn. Bhd. ("PSD") to nullify the sale of a piece of land by PSD to a purchaser which took place during the financial year ended 30 June 1996 on grounds that certain conditions were not fulfilled. The piece of land, with a carrying value of RM42,000 then, was sold for RM871,000 and the profit thereon of RM829,000 was recognised in the income statement of that financial year. The purchaser had claimed for the refund of the purchase price with interest at 8.00% per annum from 25 April 2000 together with other damages amounting to approximately RM1,210,000 (2006: RM1,210,000). On 8 August 2004, the presiding judge of the case ruled in favour of the purchaser. As a result of this, PSD and its solicitors (also the stakeholder) have refunded the purchase price with interest for a total of RM1,210,000 to the purchaser during the previous financial year and this amount has been included under other receivables. To this date, PSD's solicitors are still in the process of appealing to the Court of Appeal against the decision of the High Court. After seeking legal advice, the Directors are of the opinion that PSD has a reasonably good chance to succeed in appealing the case and as such, no allowance for doubtful debts in respect of this receivable has been made in the financial statements

22 Deposits with licensed banks

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Fixed deposits with licensed banks	**37,442**	23,010	**21,142**	15,026
Fixed deposits held as security for banking facilities	**18**	6,000	**0**	0
Short term deposits with a licensed bank	**0**	500	**0**	500
	37,460	29,510	**21,142**	15,526

Fixed deposits and short term deposits with licensed banks are denominated in Ringgit Malaysia.

Fixed deposits and short term deposits bear the following range of effective annual interest rates:

	2007	2006
	%	%
Fixed deposits with licensed banks	**3.00 - 3.90**	2.45 - 3.10
Fixed deposits held as security for banking facilities	**3.70**	3.10
Short term deposits with a licensed bank	**0**	2.50

The fixed deposits have maturity periods which vary from 6 to 169 days (2006: 7 to 55 days). The short term deposit as at 30 June 2006 had a maturity period of 4 days.

Fixed deposits held as security amounting to RM18,000 (2006: RM6,000,000) were pledged to banks as security for bankers' guarantee facilities granted.

23 Cash and bank balances

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966	**8,458**	4,826	**0**	0
Cash at bank and in hand	**5,054**	2,205	**859**	839
	13,512	7,031	**859**	839

The interest rates per annum during the financial year and the effective interest rates per annum as at the end of the financial year for the Company are as follows:

	2007	2006
	%	%
Interest rates during the financial year:		
Cash at bank held under Housing Development Accounts	**2.00 - 2.15**	2.00
Effective interest rates as at the end of the financial year:		
Cash at bank held under Housing Development Accounts	**2.00 - 2.15**	2.00

Withdrawals from the Housing Development Accounts are restricted under Section 7A of the Housing Development (Control and Licensing) Act, 1966.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
- Ringgit Malaysia	**13,379**	6,873	**859**	839
- US Dollar	**132**	158	**0**	0
- Thai Baht	**1**	0	**0**	0
	13,512	7,031	**859**	839

Bank balances are deposits held at call with banks.

24 Share capital

	Group and Company	
	2007	2006
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1 each	**200,000**	200,000
Issued and fully paid:		
Ordinary shares of RM1 each		
At 1 July 2006/2005	**90,424**	90,417
Issue of shares - exercise of share options	**115**	7
At 30 June 2007/2006	**90,539**	90,424

During the financial year, 115,000 new ordinary shares of RM1.00 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employee Share Option Scheme ("ESOS"), of which 110,000 shares were issued at an exercise price of RM1.32 and the remaining 5,000 shares at an exercise price of RM1.36.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

24 Share capital (continued)

Employee share option scheme

The Company's ESOS was approved by the shareholders at the Extraordinary General Meeting held on 25 October 2001. The main features of the ESOS are as follows:

(a) Eligible persons are full time employees of the Group (including Executive Directors) who have been confirmed and served at least one full year (three full years for foreign employees) prior to the date of offer, being the date when an offer is made by the Option Committee in writing to the eligible employees. The eligibility for participation in the ESOS shall be at the absolute discretion of the Option Committee.

(b) The total number of ordinary shares to be offered shall not exceed 10% of the issued and paid up ordinary share capital of the Company at any point of time during the duration of the ESOS.

(c) Not more than 50% of the shares available under the ESOS should be allocated in aggregate, to Directors and senior management of the Group.

(d) Not more than 10% of the shares available under the ESOS should be allocated to any individual Director or employee who, singly or collectively through his/her associates, holds 20% or more of the issued and paid-up share capital of the Company.

(e) The option price for each of RM1 ordinary share shall be set at a discount of not more than 10% if deemed appropriate or such lower or higher limit as approved by the relevant authorities, from the weighted average market price of the shares of the Company, as quoted and stated in the daily official list issued by Bursa Securities, for the five trading days immediately prior to the respective dates of offer, or at the par value of the share, whichever is higher.

(f) The ESOS shall be in force for a duration of ten years commencing from 24 November 2001 and expiring on 23 November 2011.

(g) The number of ordinary shares relating to the option or option price or the terms and method of exercise of the option, as far as the option remaining unexercised, shall be adjusted in the event of any alteration in the capital structure of the Company during the option period.

(h) The consideration is payable in full upon exercising of option and the option does not grant any right to participate in any share issue of any other company.

(i) The Option Committee may at any time and from time to time by resolution of the Board modify and/or vary all or any of the provisions of the ESOS provided any such modification/variation shall be in compliance with the guidelines of the Securities Commission, as amended from time to time, or shall not be to the advantage of the grantees without prior approval of the shareholders of the Company in a general meeting.

(j) The basis on which the options may be exercised by virtue of By-Law 11(a) of the ESOS is as follows:

No. of years from date of offer	Percentage (%) of shares comprised in option
(i) First year	40%
(ii) Second year	30%
(iii) Third year onwards	30%

(k) The option holders of the ESOS shall not be eligible for any other employee share option scheme of any other company within the Group during the option period.

24 Share capital (continued)

Employee share option scheme (continued)

The movements during the financial year in the number of options over the shares of the Company are as follows:

		Number of ordinary shares of RM1 each under option				
Offer date	Exercise price RM	At 1 July	Granted	Exercised	Terminated	At 30 June
2007						
8 January 2002	1.32	5,810,000	0	(110,000)	(135,000)	**5,565,000**
24 August 2002	1.36	131,000	0	(5,000)	(9,000)	**117,000**
14 January 2004	1.36	482,000	0	0	(40,000)	**442,000**
	Total	6,423,000	0	(115,000)	(184,000)	**6,124,000**
2006						
8 January 2002	1.32	5,856,000	0	(7,000)	(39,000)	**5,810,000**
24 August 2002	1.36	134,000	0	0	(3,000)	**131,000**
14 January 2004	1.36	482,000	0	0	0	**482,000**
	Total	6,472,000	0	(7,000)	(42,000)	**6,423,000**

At the end of the financial year, there were 5,565,000 (2006: 5,810,000) unissued ordinary shares under option at an exercise price of RM1.32 and 559,000 (2006: 613,000) unissued ordinary shares under option at an exercise price of RM1.36. All shares under option granted under the ESOS will expire on 23 November 2011.

Details relating to options exercised during the financial year are as follows:

Exercise date	Fair value of share at share issue date RM/share	Exercise price RM/share	Number of shares issued '000 units
2007			
13 September 2006	1.404	1.320	30
3 October 2006	1.423	1.320	20
12 October 2006	1.424	1.320	29
1 November 2006	1.456	1.320	7
19 April 2007	1.598	1.320	24
16 May 2007	1.427	1.360	5
2006			
23 May 2006	1.390	1.320	7

24 Share capital (continued)

Employee share option scheme (continued)

	2007 RM'000	2006 RM'000
Ordinary shares at par value of RM1 each	**115**	7
Share premium	**37**	2
Proceeds received on exercise of share options	**152**	9
At dates of issue of shares by virtue of exercise of share options:		
- total fair value of shares issued	**168**	10

The fair value of shares issued by virtue of the exercise of share options is the average market price at which the Company's shares were traded on Bursa Securities at the respective dates of issue of the shares.

25 Reserves

	Group		**Company**	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Share premium	**184**	147	**184**	147
Retained earnings	**181,791**	177,147	**149,583**	148,542
	181,975	177,294	**149,767**	148,689

The Company has, subject to confirmation by the Inland Revenue Board, sufficient tax exempt account balance and tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all its retained earnings at 30 June 2007, without incurring any additional taxation.

26 Trade and other payables

	Group		**Company**	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
Trade payables	**16,899**	16,853	**0**	0
Other payables	**3,064**	2,685	**0**	0
Accrued liabilities	**2,322**	2,303	**201**	284
	22,285	21,841	**201**	284

The currency exposure profile of trade and other payables is as follows:

	Group		**Company**	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000
- Ringgit Malaysia	**21,784**	21,614	**201**	284
- US Dollar	**2**	7	**0**	0
- Euro	**0**	5	**0**	0
- Thai Baht	**499**	215	**0**	0
	22,285	21,841	**201**	284

26 Trade and other payables (continued)

Credit terms of trade payables granted to the Group vary from 7 to 60 days (2006: 7 to 60 days).

Included in trade payables are landowners' entitlement in respect of development projects as described in note 19 to the financial statements amounting to RM11,495,000 (2006: RM10,844,000). Payments are made to the landowners based on the collections received from the respective housing projects on a yearly basis. Also included in trade payables are subcontractors' retention sums amounting to RM2,989,000 (2006: RM3,399,000).

27 Bank overdraft

Bank overdraft is unsecured and denominated in Ringgit Malaysia.

The effective interest rate of the bank overdraft for the Group as at 30 June 2007 is 8.25% (2006: 7.00% and 10.30%) per annum.

28 Dividend

	2007		2006	
	Gross dividend per share Sen	**Amount of dividend, net of tax RM'000**	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
Proposed/paid:				
First and final dividend in respect of current financial year	**10**	**6,609**	10	6,517

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 30 June 2007 of 10 sen per share, less income tax, will be proposed for members' approval. These financial statements do not reflect this first and final dividend which, when approved by members, will be accounted for as an appropriation of retained earnings from shareholders' equity in the financial year ending 30 June 2007.

29 Cash flow from/(used in) operations

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Profit for the financial year before taxation but after minority interests	**14,896**	30,121	**9,626**	19,940
Adjustments for:				
Depreciation of property, plant and equipment	**2,244**	2,228	**0**	0
Amortisation of biological assets	**22**	22	**0**	0
Amortisation of prepaid lease rentals	**216**	193	**0**	0
Depreciation of investment properties	**87**	85	**0**	0
Dividend income	**0**	0	**(9,498)**	(19,988)
Gain on disposal of property, plant and equipment	**(42)**	(4)	**0**	0
Impairment losses on investment in a subsidiary	**0**	0	**13**	5
Minority interests	**3,309**	2,136	**0**	0
Interest income	**(1,364)**	(1,072)	**(496)**	(424)
Property, plant and equipment written off	**3**	10	**0**	0
Inventories written off	**416**	33	**0**	0
Bad debts written off	**0**	1	**0**	0
Developed properties written down	**899**	0	**0**	0
Interest expense	**14**	111	**0**	0
Share of results of an associate	**(3,479)**	(4,041)	**0**	0
	(2,325)	(298)	**(9,981)**	(20,407)
	17,221	29,823	**(355)**	(467)
Changes in working capital:				
Property development costs	**7,540**	5,741	**0**	0
Developed properties	**5,106**	(1,154)	**0**	0
Inventories	**(1,339)**	815	**0**	0
Receivables	**1,140**	(7,051)	**0**	0
Payables	**444**	91	**(83)**	4
Related company balances	**0**	0	**4,493**	(82)
	12,891	(1,558)	**4,410**	(78)
Cash flow from/(used in) operations	**30,112**	28,265	**4,055**	(545)

30 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following:

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Fixed deposits with licensed banks	**37,460**	29,010	**21,142**	15,026
Short term deposits with a licensed bank	**0**	500	**0**	500
Cash and bank balances	**13,512**	7,031	**859**	839
Bank overdrafts	**(93)**	(1,334)	**0**	0
Fixed deposits held as security for banking facilities (note 22)	**(18)**	(6,000)	**0**	0
	50,861	29,207	**22,001**	16,365

31 Contingent liabilities

	Group		Company	
	2007	2006	**2007**	2006
	RM'000	RM'000	**RM'000**	RM'000
Guarantee for banking facilities granted to subsidiaries - unsecured	**0**	0	**2,552**	2,826
Guarantee for banking facilities granted to third party - unsecured	**1,210**	671	**0**	0

32 Capital commitments

Group only

	2007	2006
	RM'000	RM'000
Capital commitments in respect of plant and equipment:		
Contracted but not provided for	**0**	5,604

33 Related party disclosures

(a) In addition to related parties mentioned elsewhere in the financial statements, other related parties having transactions with the Group are as follows:

Name of company	Relationship
First Light Industries Co. Ltd.	Enterprise that is indirectly controlled by Mr. Goh Aik Lai, who is a substantial shareholder and was a Director (retired on 16 November 2006) of the Company.
Teong Choon Enterprise (M) Sdn. Bhd.	Enterprise in which a substantial interest is owned directly by a person connected with Mr. Goh Cheng Hock, who is a substantial shareholder and was a Director (resigned on 22 May 2007) of the Company.
Tentumewah Sdn. Bhd.	Enterprise in which a substantial interest is owned by Mr. Goh Cheng Hock, who is a substantial shareholder and was a Director (resigned on 22 May 2007) of the Company.
Ladang Sin Hock Sdn. Bhd.	Enterprise in which a substantial interest is owned by Mr. Goh Cheng Hock, who is a substantial shareholder and was a Director (resigned on 22 May 2007) of the Company.

(b) Significant related party transactions during the financial year are as follows:

Group

	2007	2006
	RM'000	RM'000
Purchases of semi-produced timber from - First Light Industries Co. Ltd.	**5,522**	4,092
Purchases of fertilizer and chemical products from Teong Choon Enterprise (M) Sdn. Bhd.	**229**	133
Management fees and sales commission receivable from Brilliant Delta (M) Sdn. Bhd.	**342**	701

33 Related party disclosures (continued)

(b) Significant related party transactions during the financial year are as follows (continued):

The procurement of semi-produced timber from the related party is mainly to support the Group's downstream diversification plan, from the initial logging/sawmilling to export of sawn rubberwood and to move further into higher value added component manufacturing, for the manufacturing division. The close business relationship enables the Group to purchase the products in quantities and at the specification required for its production, even at short notice.

The rates charged are negotiable based on the internally computed production cost plus method, while the mode of payment is by way of letter of credit.

The transactions with First Light Industries Co. Ltd. were carried out in accordance with the general mandate obtained from shareholders for recurrent related party transactions.

The transactions with Teong Choon Enterprise (M) Sdn. Bhd. were carried out on terms and conditions obtainable in transactions with unrelated parties.

Company

	2007	2006
	RM'000	RM'000
Dividend income from:		
- Aturan Cemerlang Sdn. Bhd.	**64**	64
- Brilliant Development Sdn. Bhd.	**1,329**	1,329
- Brilliant Alliance Sdn. Bhd.	**238**	119
- Brilliant Delta (M) Sdn. Bhd.	**4,000**	6,500
- Cahajaya Timber Industries Sdn. Bhd.	**2,062**	2,062
- Pesaka Saujana Development Sdn. Bhd.	**3**	3
- Semua Jadi Sdn. Bhd.	**1,802**	9,911
	9,498	19,988
Loan interest from:		
- Yiked Alliance Sdn. Bhd.	**13**	141
Management fees receivable from:		
- Brilliant Development Sdn. Bhd.	**5**	10
- Cahajaya Timber Industries Sdn. Bhd.	**33**	33
- Semua Jadi Sdn. Bhd.	**32**	32
- Yiked Brilliant Sdn. Bhd.	**0**	31
	70	106
Advances to:		
- Brilliant Development Sdn. Bhd.	**1,905**	1,597
- Brilliant Alliance Sdn. Bhd.	**0**	900
- Maxilux Properties Sdn. Bhd.	**538**	588
- Pesaka Saujana Development Sdn. Bhd.	**13**	11
- Pesaka Saujana (M) Sdn. Bhd.	**7,619**	5,422
- Semua Jadi Sdn. Bhd.	**8,050**	17,539
- Sungei Lalang Development Sdn. Bhd.	**1,608**	750
- Teguh Padu Development Sdn. Bhd.	**1,160**	50
	20,893	26,857

33 Related party disclosures (continued)

(b) Significant related party transactions during the financial year are as follows (continued):

Company

	2007 **RM'000**	2006 RM'000
Repayment of advances from:		
- Brilliant Development Sdn. Bhd.	**3,100**	7,220
- Maxilux Properties Sdn. Bhd.	**1,050**	1,200
- Pesaka Saujana (M) Sdn. Bhd.	**2,900**	7,800
- Semua Jadi Sdn. Bhd.	**13,532**	12,150
- Sungei Lalang Development Sdn. Bhd.	**100**	0
- Yiked Alliance Sdn. Bhd.	**1,800**	3,141
	22,482	31,511
Advances received from:		
- Brilliant Alliance Sdn. Bhd.	**5,000**	0
Repayment of advances to:		
- Aturan Cemerlang Sdn. Bhd.	**2,500**	2,500
Capital reduction proceeds received from:		
- Aturan Cemerlang Sdn. Bhd.	**0**	2,754

There is no interest charged on amounts due from wholly-owned subsidiaries. Interest is charged on amounts owing by non-wholly-owned subsidiaries with rates ranging from 4.11% to 4.18% (2006: 3.65%) per annum, equivalent to 1.00% spread over the average prevailing rate of fixed deposits quoted by the principal banker of the Group during the financial year. The interest charged is payable on demand.

Subsidiaries are charged management fees according to a predetermined scale based on their total revenue for the financial year. The management fees charged are payable on demand.

(c) Significant related party balances

Significant related party balances as at financial year-end are as follows:

Company

	Nature	**2007** **RM'000**	2006 RM'000
Amounts due from subsidiaries:			
- Semua Jadi Sdn. Bhd.	Advances	**37,630**	43,113
- Brilliant Development Sdn. Bhd.	Advances	**10,055**	11,247
- Pesaka Suajana (M) Sdn. Bhd.	Advances	**41,281**	36,562
- Teguh Padu Development Sdn. Bhd.	Advances	**19,207**	18,047
- Yiked Alliance Sdn. Bhd.	Advances	**0**	1,800
- Sungei Lalang Development Sdn. Bhd.	Advances	**3,496**	1,988
- Maxilux Properties Sdn. Bhd.	Advances	**5,869**	6,381
- Pesaka Saujana Development Sdn. Bhd.	Advances	**634**	620
Amounts owing to subsidiaries:			
- Cahajaya Timber Industries Sdn. Bhd.	Advances	**546**	2,640
- Brilliant Alliance Sdn Bhd.	Advances	**5,000**	0

(d) Key management compensation during the financial year

No key management compensation has been identified other than Directors' remuneration shown in note 7 to the financial statements.

34 Group segmental information

(a) Primary reporting format – business segments

The Group is organised into two main business segments:

- Property development of residential and commercial units
- Manufacturing of kiln dried rubberwood, sawn timber, solid doors and moulded wood products

Other operations of the Group comprise mainly of investment holding and oil palm cultivation, none of which are of a sufficient size to be reported separately.

Inter-segment revenue comprises mainly of dividend income, interest income from advances to subsidiaries and management fees for management services provided to subsidiaries.

2007	Property development RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External revenue	78,581	40,551	794	0	119,926
Inter-segment revenue	0	0	5,276	(5,276)	0
Total revenue	78,581	40,551	6,070	(5,276)	119,926
Results					
Segment results	23,569	819	518	(10,292)	14,614
Unallocated income					208
Unallocated expenses					(82)
Finance costs					(14)
Share of results of an associate					3,479
Taxation					(3,735)
Profit for the financial year					14,470
Net assets					
Segment assets	244,126	53,060	294,331	(296,615)	294,902
Associates					15,155
Unallocated assets					7,733
Total assets					317,790
Segment liabilities	182,864	6,249	15,742	(182,477)	22,378
Unallocated liabilities					1,733
Total liabilities					24,111
Other information					
Capital expenditure	1,008	6,999	24	0	8,031
Depreciation and amortisation	329	1,996	28	0	2,353

34 Group segmental information (continued)

(a) Primary reporting format – business segments (continued)

2006	Property development RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Group RM'000
Revenue					
External revenue	91,959	47,297	680	0	139,936
Inter-segment revenue	0	0	13,549	(13,549)	0
Total revenue	91,959	47,297	14,229	(13,549)	139,936
Results					
Segment results	41,506	8,291	186	(21,621)	28,362
Unallocated income					115
Unallocated expenses					(150)
Finance costs					(111)
Share of results of an associate					4,041
Taxation					(6,075)
Profit for the financial year					26,182
Net assets					
Segment assets	259,963	52,548	284,774	(308,329)	288,956
Associates					14,555
Unallocated assets					7,729
Total assets					311,240
Segment liabilities	159,836	4,405	5,604	(146,729)	23,116
Unallocated liabilities					2,376
Total liabilities					25,492
Other information					
Capital expenditure	167	3,624	5	0	3,796
Depreciation and amortisation	637	1,649	49	0	2,335

Unallocated income represents interest income received which is unallocated to the segments. Unallocated expenses represent corporate expenses which are incurred by the Group for the Group as a whole. Unallocated assets consist of tax recoverable and deferred tax assets. Unallocated liabilities comprise mainly current tax and deferred tax liabilities.

Capital expenditure comprises additions to property, plant and equipment, biological assets and land held for property development.

34 Group segmental information (continued)

(b) Secondary reporting format – geographical segments

The Group's operations are located in Malaysia. The customers are located on a worldwide basis mainly in the following four geographical areas:
- Malaysia (mainly property development and housing activities)
- United States of America and Canada, Europe and other Asian countries (mainly wood related products business)

	Revenue		Total assets		Capital expenditure	
	2007 RM'000	2006 RM'000	**2007 RM'000**	2006 RM'000	**2007 RM'000**	2006 RM'000
Malaysia	**84,684**	96,202	**302,635**	296,685	**8,031**	3,796
Unites States of America and Canada	**34,865**	42,854	**0**	0	**0**	0
Europe	**377**	741	**0**	0	**0**	0
Other Asian countries	**0**	139	**0**	0	**0**	0
	119,926	139,936	**302,635**	296,685	**8,031**	3,796
Associate			**15,155**	14,555		
Total assets			**317,790**	311,240		

35 Changes in accounting policies

The list of relevant new accounting standards and interpretations on existing standards that are effective for the Group and the Company's accounting years beginning on or after 1 July 2006 as set out in note 2.1(a) to the financial statements did not have a material effect on the financial statements other than as stated below.

(a) Reclassification of prior year comparatives

Set out below are changes in accounting policies that resulted in reclassification of prior year comparatives but did not affect the recognition and measurement of the Group and Company's net assets:

- FRS 101 has affected the presentation of minority interest. In the consolidated balance sheet, minority interest is now presented within equity, separately from parent shareholders' equity. Profit or loss in the consolidated income statement as well as total income and expenses for the year recognised directly in equity are now allocated between minority interest and equity holders of the parent.
- Under FRS 101, the Group's share of results of the associate is now shown net of taxation.
- Under FRS 101, plantation development expenditure, previously included within property, plant and equipment, is presented as biological assets in a separate asset category on the balance sheet.
- FRS 140 resulted in the reclassification of buildings from property, plant and equipment to investment properties.

35 Changes in accounting policies (continued)

(b) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the following items:

(i) Minority interests

Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the financial year in the consolidated income statement. The movement of minority interest is now presented in the consolidated statement of changes in equity. The presentation of the comparative financial statements of the Group has been restated to conform to the current financial year's presentation.

(ii) Share of results in an associate

Share of results in associate is now shown net of taxation. The presentation of the comparative financial statements of the Group has been restated to conform to the current financial year's presentation.

(iii) Biological assets

Plantation development expenditure, previously classified under property, plant and equipment, is now classified as biological assets. The biological assets are now disclosed as a separate item on the consolidated balance sheet as biological assets and are amortised in accordance with note 2.8 to the financial statements. The comparatives have been restated to conform to the current financial year's presentation.

(c) FRS 117 Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represent prepaid lease rentals and are amortised on the straight-line basis over the lease term. Prior to 1 July 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. The comparatives have been restated to conform to the current financial year's presentation.

(d) FRS 140 Investment Property

The definition of investment properties under FRS 140 has resulted in identification of additional assets of the Group and of the Company that meet the definition of investment properties. These properties are now classified into a separate asset category on the balance sheet. Previously, investment properties were included in property, plant and equipment.

Investment properties were stated at cost less accumulated depreciation and accumulated impairment loss previously. There is no change in the measurement of the investment properties under FRS 140 as the Group has adopted the cost model.

In line with the revised requirements of FRS 101, the comparative as at 30 June 2006 are restated to conform to the current financial year's presentation.

35 Changes in accounting policies (continued)

(e) Comparatives

The effects on the comparative figures with adoption of the above FRSs are as follows:

Group

	As previously stated RM'000	Effects on adoption of FRSs RM'000	As restated RM'000
As at 30 June 2006			
Non-current assets			
Property, plant and equipment	42,656	(16,929)	25,727
Investment properties	0	3,355	3,335
Biological assets	0	417	417
Prepaid lease rentals	0	13,177	13,177
Financial year ended 30 June 2006			
Share of results of an associate	5,612	(1,571)	4,041
Profit before taxation	33,828	(1,571)	32,257
Taxation	(7,646)	1,571	(6,075)
Depreciation			
- property, plant and equipment	2,528	(300)	2,228
- investment properties	0	85	85
Amortisation of biological assets	0	22	22
Amortisation of prepaid lease rentals	0	193	193

36 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 12 September 2007.

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP and Koay Leong Eng, being two of the Directors of Oriental Interest Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 31 to 82 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

In accordance with a resolution of the Board of Directors dated 12 September 2007

Dato' Haji Thobrani Bin Haji Hanafi,
DSDK, BCK, BKM, JP
Executive Chairman

Koay Leong Eng
Executive Director

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

I, Koay Leong Eng, being the Director primarily responsible for the financial management of Oriental Interest Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 82 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.

Koay Leong Eng
Executive Director

Subscribed and solemnly declared in Sungai Petani on 12 September 2007.

Before me

Commissioner for Oaths

Analysis of Shareholdings as at 12 September 2007

Share Capital

Authorised share capital	:	RM200,000,000/=
Issued and fully paid-up share capital	:	RM90,539,002/=
Class of share	:	Ordinary shares of RM1/= each fully paid
Voting rights	:	On show of hands - 1 vote for every shareholder
	:	On poll - 1 vote for every one ordinary share held

Thirty Largest Shareholdings

	Name	No. of Shares	% of Issued Share Capital
1	Thobrani Holdings Sdn. Bhd.	11,351,365	12.54
2	Fortune Yields Sdn. Bhd.	3,643,029	4.02
3	K T Ooi Holdings Sdn. Bhd.	3,191,171	3.52
4	Goh Aik Keong	3,104,785	3.43
5	Goh Aik Lai Holdings Sdn. Bhd.	2,851,750	3.15
6	Tow Hing Wa Holdings Sdn. Bhd.	2,469,182	2.73
7	Permodalan Nasional Berhad	2,369,794	2.62
8	Daedalin Sdn. Bhd.	2,368,232	2.62
9	Yeap Peng Hean Holdings Sdn. Bhd.	2,210,182	2.44
10	Lim Hai Hong @ Lim Hai Hak	2,060,931	2.28
11	Alliancegroup Nominees (Tempatan) Sdn. Bhd. PHEIM Asset Management Sdn. Bhd. for Employees Provident Fund	1,995,400	2.20
12	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Thobrani Holdings Sdn. Bhd.	1,911,635	2.11
13	Goh Cheng Hock Holdings Sdn. Bhd.	1,894,400	2.09
14	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt an for British and Malayan Trustees Limited (YEOMAN 3-RIGHTS)	1,750,000	1.93
15	Goh Cheng Guan Holdings Sdn. Bhd.	1,726,191	1.90
16	Chai Tin Kok Holdings Sdn. Bhd.	1,477,077	1.63
17	Chua Ting San Holdings Sdn. Bhd.	1,232,096	1.36
18	Goh Aik Lean Holdings Sdn. Bhd.	1,052,150	1.16
19	Teong Choon Enterprise (Malaysia) Sdn. Bhd.	1,016,000	1.12
20	Hoe Siew Mee	1,000,000	1.11
21	Teoh Peng Yeow	1,000,000	1.11
22	Goh Aik Lean	1,000,000	1.11
23	Teoh Aik Wei	1,000,000	1.11
24	Teoh Aik Xiang	1,000,000	1.11
25	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Aik Lai Holdings Sdn. Bhd.	900,000	0.99
26	Yeoh Swee Seong Sdn. Bhd.	896,000	0.99
27	Teoh Aik Hwang	800,000	0.88
28	Tentumewah Sdn. Bhd.	782,078	0.86
29	Wai Lok Holding Sdn. Bhd.	764,000	0.84
30	Yeoh Kooi Chuan	712,585	0.79
		59,530,033	65.75

Distribution Schedule

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	6	0.23	331	0.00
100 - 1,000	1,114	41.94	1,094,778	1.21
1,001 - 10,000	1,191	44.84	4,850,202	5.36
10,001 - 100,000	259	9.75	8,449,783	9.33
100,001 - 4,526,949	85	3.20	64,792,543	71.56
4,526,950 - 90,539,002	1	0.04	11,351,365	12.54
TOTAL	2,656	100.00	90,539,002	100.00

Substantial Shareholders

		Direct Interest		Deemed Interest	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Dato' Haji Thobrani Bin Haji Hanafi	453	0.00	13,592,000	15.01
2.	Datin Sharifah Mahiran Binti Syed Kechil	282,000	0.31	13,263,000	14.65
3.	Thobrani Holdings Sdn. Bhd.	13,263,000	14.65	-	-
4.	Goh Aik Keong	3,104,785	3.43	6,319,507	6.98
5.	Goh Cheng Hock	325,002	0.36	6,319,507	6.98
6.	Goh Aik Lai	-	-	6,427,228	7.10
7.	Goh Aik Lean	1,000,000	1.10	3,728,628	4.12

Directors' Shareholdings

		Direct Interest		Deemed Interest	
No.	Name	No. of Shares	%	No. of Shares	%
1.	*Dato' Haji Thobrani Bin Haji Hanafi	453	0.00	13,592,000	15.01
2.	*Koay Leong Eng	104,500	0.12	223,169	0.25
3.	^Goh Aik Keong	3,104,785	3.43	6,319,507	6.98
4.	Chai Tin Kok @ Sua Ah Seng	249,000	0.28	1,689,077	1.87
5.	Gee Kok Sang	-	-	-	-
6.	Ahmad Bin Abdul Rashid	-	-	60,000	0.07
7.	Chin Kuet Sen	2,000	0.00	-	-

The deemed interests of Dato' Haji Thobrani Bin Haji Hanafi, Mr Goh Aik Keong and Mr Chai Tin Kok @ Sua Ah Seng in the related corporations are as disclosed in Pages 26 and 27 of the Annual Report.

* Option to subscribe for 450,000 shares in the Company pursuant to ESOS 2001.
^ Option to subscribe for 350,000 shares in the Company pursuant to ESOS 2001.

PROPERTIES OF THE GROUP AS AT 30 JUNE 2007

Address / Location	Description / Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Buildings (years)	Net Book Value (RM'000)
Sungai Petani				
1 & 2, Jalan Bank, Sg. Petani, Kedah Darul Aman.	6 Storey Office Building / 1993	25,255 sq.ft.	Freehold/11	2,316
7 & 8, Jalan Bank, Sg. Petani, Kedah Darul Aman.	3 Storey Office Building 1996 & 1993	12,861 sq.ft.	Freehold/4	1,411
Lot 96 & 97 & Plot 73A, Bakar Arang Industrial Estate, Sg. Petani, Kedah Darul Aman.	Industrial Land & Factory and Office Building/ 1993	10.25 acres	99 years lease expiring in 2088/19	6,282
Plot 75, Bakar Arang Industrial Estate, Sg. Petani, Kedah Darul Aman.	Industrial Land & Factory and Office Building/ 2007	4.00 acres	99 years lease expiring in 2083/1	3,069
Mukim Sungai Pasir, District of Kuala Muda, Kedah Darul Aman.	Development Land Approved for Housing	43.91 acres	Freehold	14,243
Mukim Teloi Kiri, District of Kuala Muda, Kedah Darul Aman.	Oil Palm Plantation for Future Development	270.17 acres	Freehold	4,158
Kulim				
343, Jalan Tunku Mohd. Asaad, Kulim, Kedah Darul Aman.	Sales Office (Bunglow)/1996	62,483 sq.ft.	Freehold/50	1,070
32-42, Lorong Semarak 2, Taman Semarak, Kulim, Kedah Darul Aman.	3 Storey Shophouses/1996	49,059 sq.ft.	Freehold/12	1,692
Bandar Kulim, District of Kulim, Kedah Darul Aman.	Development Land Approved for Housing	77.18 acres	Freehold	20,747

Location	Description /	Approximate Land/Floor Area	Tenure/Age of Buildings (years)	Net Book Value (RM'000)
Bandar Kulim, District of Kulim, Kedah Darul Aman.	Agriculture Land for Future Development	1.05 acres	Freehold	78
Bandar Lunas, District of Kulim, Kedah Darul Aman.	Agriculture Land for Future Development	4.18 acres	Freehold	96
Kuala Lumpur/ Sepang/ Negeri Sembilan				
61, Jalan Kg. Pandan, Taman Maluri, Kuala Lumpur.	4 Storey Office Building/ 1993	7,040 sq.ft.	99 years lease expiring in 2076/17	592
22, Jalan ST 1C/4, Medan 88, Bandar Baru Salak Tinggi, Sepang, Selangor Darul Ehsan.	Sales Office Shophouse (3 Storey)/1997	3,900 sq.ft	99 years lease expiring in 2092/11	141
No. 1, Jalan Dahlia 2/7, Taman Dahlia, Bandar Baru Salak Tinggi, Sepang, Selangor Darul Ehsan.	Double Storey Tarrace/ 2007	3,175 sq.ft	Freehold	176
Mukim Dengkil, District of Sepang, Selangor Darul Ehsan.	Development Land Approved for Housing	40.41 acres	Freehold	11,567
Mukim Sepang, District of Kuala Langat, Selangor Darul Ehsan.	Development Land Approved for Housing	12.05 acres	Freehold	3,079
Mukim Dengkil, District of Sepang, Selangor Darul Ehsan.	Development Land Approved for Housing	2.75 acres	99 years lease expiring between 2096	1,307
Mukim Setul, Seremban, Negeri Sembilan.	Oil Palm Plantation for Future Development	173.81 acres	99 years lease expiring in 2081	10,993

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of shareholders of the Company will be held at Serindit Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Thursday, 1 November 2007 at 10:00 a.m. for the following purposes: -

1. To receive the Audited Financial Statements for the year ended 30 June 2007 and the Reports of the Directors and Auditors thereon. ***Ordinary Resolution 1***

2a. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:-

- i) Dato' Haji Thobrani Bin Haji Hanafi ***Ordinary Resolution 2***
- ii) Mr Gee Kok Sang ***Ordinary Resolution 3***

2b. To re-elect Mr Goh Aik Keong who retires pursuant to Article 87 of the Company's Articles of Association. ***Ordinary Resolution 4***

2c. To re-elect Mr Chai Tin Kok @ Sua Ah Seng who retires pursuant to Section 129 of the Companies Act, 1965. ***Ordinary Resolution 5***

3. To declare a First and Final Dividend of 10% less Malaysian Income Tax for the year ended 30 June 2007. ***Ordinary Resolution 6***

4. To approve Directors' fees for the year ended 30 June 2007. ***Ordinary Resolution 7***

5. To re-appoint Messrs PricewaterhouseCoopers and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 8***

6. As Special Business

To consider and if thought fit, to pass with or without any modification, the following Ordinary Resolutions:

a) **SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act") and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier." ***Ordinary Resolution 9***

b) **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND THE PROVISION OF FINANCIAL ASSISTANCE ("Proposed Shareholders' Mandate")**

"THAT, subject to the provisions of the Listing Requirements of the Bursa Securities, a general mandate of the Shareholders be and is hereby granted for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature and the provision of financial assistance between related parties as stated in Section 2.6 of the Circular to Shareholders dated 10 October 2007 ("Circular"), which are necessary for the Group's day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders; and that the approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or revoked or varied by resolutions passed by the shareholders of the Company in a general meeting; whichever is the earlier :-

Proposed Shareholders' Mandate involving the Company and/or its subsidiaries with :-

i) First Light Industries Co Ltd — ***Ordinary Resolution 10***

ii) Yiked Brilliant Sdn. Bhd. — ***Ordinary Resolution 11***

c) **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

"THAT the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved." — ***Special Resolution 1***

7. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a First and Final Dividend of 10% less Malaysian Income Tax for the year ended 30 June 2007, if approved by the shareholders at the AGM, will be paid on 29 November 2007 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 15 November 2007.

A depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the depositor's securities account before 4:00 p.m. on 15 November 2007 in respect of ordinary transfers; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LAM VOON KEAN
(MIA 4793)
Company Secretary
Penang, 10 October 2007

Notes :

1. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved Company auditor or a person approved by the Registrar of Companies.

2. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

5. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

6. The details of the Directors standing for re-election as in Agenda 2 are as more particularly disclosed in page 96 of the Annual Report of the Company.

Explanatory Notes on Special Business:

1. The proposed Resolution 9, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

2. The proposed Resolutions 10 and 11, if passed, will approve the Proposed Shareholders' Mandate and allow the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature and the provision of financial assistance between related parties as set out in Section 2.6 of the Circular. This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or revoked or varied by resolutions passed by the shareholders of the Company in a general meeting; whichever is the earlier.

3. The Special Resolution 1, if passed, will amend the Articles of Association of the Company to be in compliance with the recent amendments to Chapter 7 of the Listing Requirements of the Bursa Securities.

SPECIAL RESOLUTION 1
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

THAT the Articles of Association of the Company be amended in the following manner:-

1. (a) *Existing Article 2:-*

WORDS		MEANINGS
"Approved Market Place"	-	A stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order, 1998
"Central Depository"	-	The Malaysian Central Depository Sdn. Bhd. (165570-W)
"Depositor"	-	A holder of a securities account
"Deposited Security"	-	A security as defined in Section 2 of Securities Industry (Central Depositories) Act standing to the credit of a securities account and includes securities in a securities account that is in suspense
"The Exchange"	-	The Kuala Lumpur Stock Exchange
"member"	-	Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Malaysian Central Depository Nominees Sdn. Bhd.) including depositors whose names appear on the Record of Depositors
"Securities"	-	Has the meaning as assigned to it in the Central Depositories Act

(b) (i) The definition on "Approved Market Place" be deleted in its entirety.

(ii) The existing Article 2 be amended to read as follows:-

WORDS		**MEANINGS**
"Central Depository"	**-**	**The Bursa Malaysia Depository Sdn. Bhd. (165570W)**
"Depositor"	**-**	**A holder of a Securities Account established by the Central Depository**
"Deposited Security"	**-**	**A security as defined in Section 2 of Securities Industry (Central Depositories) Act 1991**
"The Exchange"	**-**	**The Bursa Malaysia Securities Berhad**
"member"	**-**	**Any person/persons for the time being holding shares in the Company and whose names appear in the Register of Members (except the Bursa Malaysia Depository Nominees Sdn. Bhd.) including depositors whose names appear on the Record of Depositors**
"Securities"	**-**	**The meaning given in Section 2 of the Securities Commission Act 1993**

2. *(a) Existing Article 6*

"Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders must be entitled to a right to vote in each of the following circumstances:-

(a) when the dividend or part of the dividend on the share is in arrears for more than 6 months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects rights attached to the share;

(e) on a proposal to wind up the Company; and

(f) during the winding up of the Company.

Preference shareholders must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up."

2. ***(b) The existing Article 6 be amended by deleting the phrase "but the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time" in the third sentence and "Preference shareholders must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up." in the last paragraph of the Article to read as follows:-***

"Subject to the Act, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders must be entitled to a right to vote in each of the following circumstances:-

(a) when the dividend or part of the dividend on the share is in arrears for more than 6 months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking

(d) on a proposal that affects rights attached to the share;

(e) on a proposal to wind up the Company; and

(f) during the winding up of the Company."

3. *(a) Existing Article 13*

"The Company must allot securities and despatch notices of allotment to the allottees, within twenty (20) market days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange."

(b) The present Article 13 be amended by replacing the words "twenty (20) market days" with "eight (8) Market Days" to read as follows:-

"The Company must allot securities and despatch notices of allotment to the allottees, within eight (8) Market Days after the final applications closing date for an issue of securities or such other period as may be prescribed or allowed by the Exchange."

4. *(a) The following new Article 27A be inserted immediately after Article 27.*

(b) The new Article 27A shall read as follows:-

"Where:-

(a) the Securities of the Company are listed on another stock exchange; and

(b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of Securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities."

5. *(a) Existing Article 31*

"The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Eighteen (18) market days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to The Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) market days prior notice shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors."

(b) The present Article 31 be amended by replacing the words "Eighteen (18) market days" with "Ten (10) Market Days" to read as follows:-

"The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Ten (10) Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to The Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) market days prior notice shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors."

6. *(a) Existing Article 57(c)*

"The Company shall also request the Central Depository in accordance with the Rules to issue a Record of Depositors, as at a date not less than three (3) market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors")."

(b) The existing Article 57(c) be amended by replacing the words "a date" with "the latest date which is reasonably practicable which shall in any event be" to read as follows:-

"The Company shall also request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors")."

7. *(a) Existing Article 79*

"All the Directors of the Company shall be natural persons and until otherwise determined by general meeting the number of Directors shall not be less than (3) nor more than eleven (11) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company."

(b) The existing Article 79 be amended by deleting the phrase "All the Directors of the Company shall be natural persons and" in the first sentence of the Article to read as follows:-

"Until otherwise determined by general meeting the number of Directors shall not be less than (3) nor more than eleven (11) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company."

8. *(i) (a) Existing Article 91(a)*

"becomes bankrupt;"

(b) The existing Article 91(a) be amended by inserting the phrase "during his term of office" to read as follows:-

"becomes of bankrupt during his term of office;"

(ii) (a) Existing Article 91(d)

"becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;"

(b) The existing Article 91(d) be amended by replacing the phrase "or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder" with "during his term of office" to read as follows:-

"becomes of unsound mind during his term of office;"

8. (iii) *(a) Existing Article 91(g)*

"is absent from more than fifty percent (50%) of the total Board meeting held during a financial year."

(b) The existing Article 91(g) be deleted in its entirety.

9. *(a) Existing Article 157(7)*

"For the purpose of this Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendments to the Listing Requirements that may be made from time to time."

(b) The present Article 157(7) be amended by replacing the phrase "Kuala Lumpur Stock Exchange" with "Bursa Malaysia Securities Berhad" to read as follows:-

"For the purpose of this Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad including any amendments to the Listing Requirements that may be made from time to time."

Statement Accompanying Notice of Annual General Meeting and other Information

1. Shareholdings of those Directors standing for re-election at the forthcoming Annual General Meeting of the Company are disclosed in the Directors' Report on pages 26 and 27 of the Annual Report, while personal particulars for each of them are detailed in the Directors' Profile on page 4 of the Annual Report.

2. Details of attendance of Directors at board meetings held during the financial year are disclosed in the Corporate Governance Statement on page 10 of the Annual Report.

3. Other Information

Share Buybacks
There were no share buybacks by the Company during the financial year.

Options Warrant or Convertible Securities
Except for a total of 115,000 ordinary shares issued upon exercising of options, granted pursuant to the Employee Share Option Scheme of the Company, during the financial year, no options, warrants or convertible securities were exercised in respect of the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme
The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions and/or Penalties
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-audit Fees
The amount of non-audit fees paid by the Company and the Group to external auditors for the financial year amounted to RM3,500 and RM24,000 respectively.

Profit Estimate, Forecast or Projection
There was no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

Profit Guarantees
The Company did not give any profit guarantees during the financial year.

Material Contracts and Contracts Relating to Loans
During the financial year, there were no material contracts or contracts relating to loans entered into by the Company or its subsidiary companies involving interests of Directors and major shareholders of the Company.

Revaluation of Landed Properties
The Company does not have a revaluation policy on landed properties.

This page has been left blank intentionally

PROXY FORM

ORIENTAL INTEREST BERHAD (272144-M)

(Incorporated in Malaysia)

PROXY

I/We,

....
(Full name in block letters)

of...
(Address)

being a member / members of Oriental Interest Berhad hereby appoint

....
(Full name in block letters)

of...
(Address)

or failing him the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Serindit Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Thursday, 1 November 2007 at 10:00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1		
2a(i).	Ordinary Resolution 2		
2a(ii).	Ordinary Resolution 3		
2b.	Ordinary Resolution 4		
2c.	Ordinary Resolution 5		
3.	Ordinary Resolution 6		
4.	Ordinary Resolution 7		
5.	Ordinary Resolution 8		
6a.	Ordinary Resolution 9		
6b(i).	Ordinary Resolution 10		
6b(ii).	Ordinary Resolution 11		
6c.	Special Resolution 1		

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

No. of Ordinary Shares Held

Signed this day of October 2007.

....
Signature of Shareholder(s)

Notes :

1. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved Company auditor or a person approved by the Registrar of Companies.

2. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

5. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

Fold here

Affix
Stamp

ORIENTAL INTEREST BERHAD
(272144-M)

Suite 2-1, 2nd Floor,
Menara Penang Garden,
42A Jalan Sultan Ahmad Shah,
10050 Penang.

Fold here

Fold this flap for sealing