

# Annual Report 2008



Oriental Interest Berhad  
(272144-M)

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**Board of Directors**

Dato' Haji Thobrani Bin Haji Hanafi  
*Executive Chairman*

Mr Goh Aik Keong  
*Managing Director*

En. Hazman Bin Thobrani  
*Executive Director*

Mr Khaw Eng Peng  
*Executive Director*

Mr Chai Tin Kok @ Sua Ah Seng  
*Non-Independent Non-Executive Director*

Mr Goh Chooi Eam  
*Non-Independent Non-Executive Director*

Mr Koay Chong Beng  
*Independent Non-Executive Director*

Tuan Haji Ahmad Bin Abdul Rashid  
*Independent Non-Executive Director*

Mr Chin Kuet Sen  
*Independent Non-Executive Director*

**Audit Committee**

Mr Koay Chong Beng  
*Chairman*

Tuan Haji Ahmad Bin Abdul Rashid

Mr Goh Chooi Eam

**Remuneration Committee**

Tuan Haji Ahmad Bin Abdul Rashid  
*Chairman*

Mr Koay Chong Beng

Mr Chin Kuet Sen

**Nominating Committee**

Mr Koay Chong Beng  
*Chairman*

Mr Chin Kuet Sen

Mr Goh Chooi Eam

**Company Secretary**

Ms Lam Voon Kean (MIA 4793)

**Corporate Head Office**

2nd Floor, Wisma OIB  
1 & 2, Jalan Bank, 08000 Sungai Petani  
Kedah Darul Aman  
Tel : 04-421 3352 Fax: 04-423 3352

**Registered Office**

Suite 2-1, 2nd Floor  
Menara Penang Garden,  
42A Jalan Sultan Ahmad Shah, 10050 Penang  
Tel : 04-229 4390 Fax: 04-226 5860

**Registrar**

Agriteum Share Registration Services Sdn. Bhd.  
2nd Floor, Wisma Penang Garden,  
42 Jalan Sultan Ahmad Shah, 10050 Penang  
Tel : 04-228 2321 Fax: 04-227 2391

**Auditors**

PricewaterhouseCoopers  
16th Floor Bangunan KWSP,  
Jalan Sultan Ahmad Shah, P.O. Box 856  
10810 Penang.  
Tel : 04-238 9188 Fax: 04-238 9288

**Principal Corporate Advisor**

Malaysian International  
Merchant Bankers Berhad

**Principal Bankers**

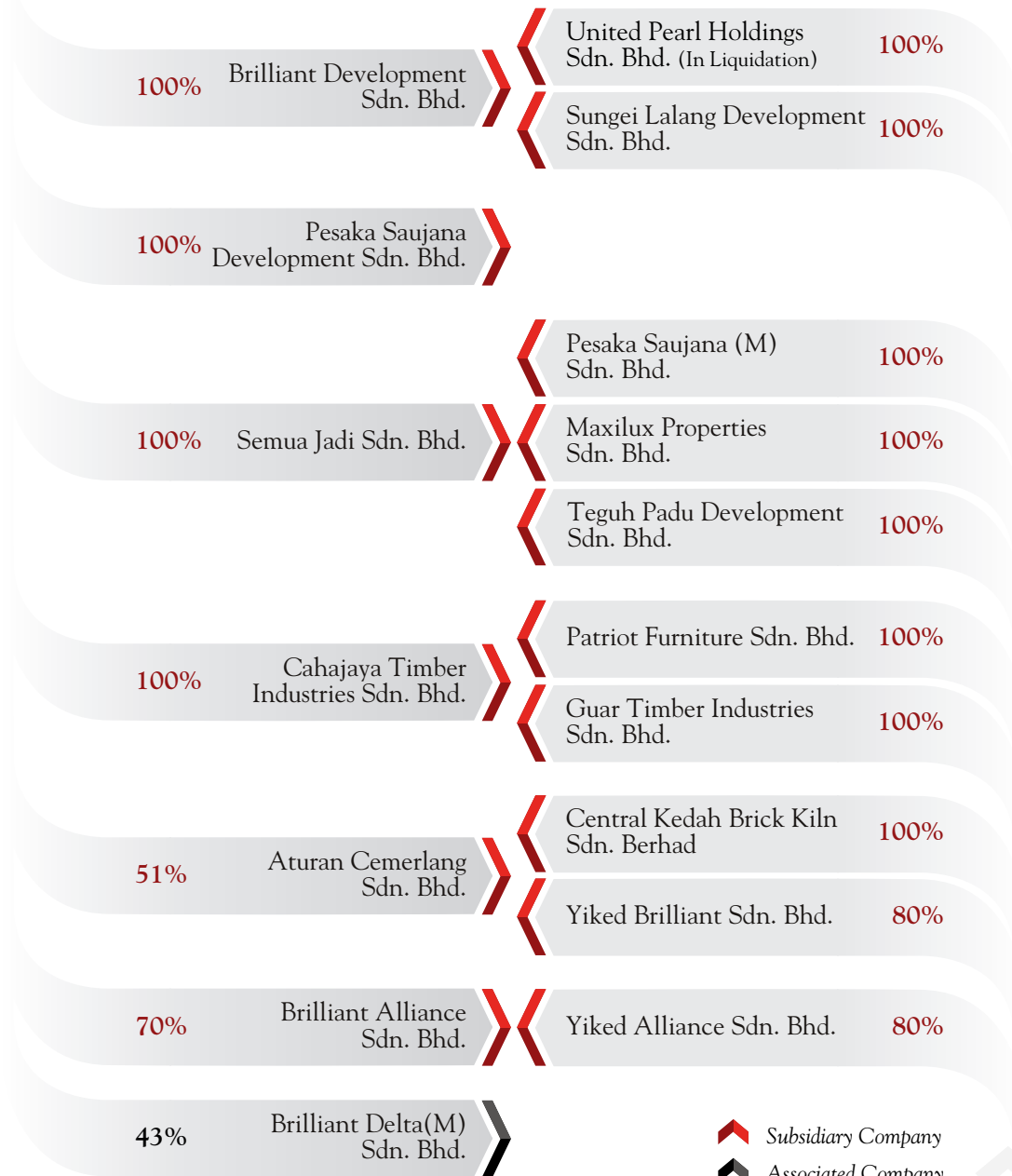
RHB Bank Berhad  
Malayan Banking Berhad  
Alliance Bank Malaysia Berhad  
CIMB Bank Berhad  
OCBC Bank (Malaysia) Berhad

**Stock Exchange Listing**

Bursa Malaysia Securities Berhad  
Main Board  
Stock Code: 5827  
Stock Name: OIB



## Oriental Interest Berhad (272144-M)



### **Incorporation**

Oriental Interest Berhad ("OIB" or "the Company") was incorporated in Malaysia on 3 August 1993 under the Companies Act, 1965 as a private limited company under the name of Oriental Interest Sdn. Bhd. The Company was converted to a public limited company on 22 December 1993 and adopted its present name. The principal activities of the Company are investment holding and provision of management services.

The Company was officially listed on the Main Board of the then Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad "Bursa Securities") on 18 October 1994.

### **Business**

The Company is an investment holding company for the OIB Group. The OIB Group, comprises of OIB, 6 subsidiary companies and 10 sub-subsidiary companies, is actively involved in the businesses of commercial and residential property development, general construction and the manufacture of rubberwood products.

### **Property Development**

Over the past 23 years, OIB Group has completed numerous construction and property development projects totaling over RM1.5 billion in value and has established itself as a leading housing developer, having completed approximately 20,337 units of houses since 1985.

OIB Group has gained the confidence of house buyers and is well-known as a reliable housing developer due to its good reputation in consistently delivering houses ahead of development schedule.

### **Manufacturing**

OIB Group, through its wholly-owned subsidiary companies, Cahajaya Group, is also involved in the manufacture and export of downstream rubberwood products to complement its property development activity. The rubberwood products are mainly moulding, lamination, drawers fronts, furniture parts, cabinet doors and solid doors.

The manufacturing activity is carried out in the manufacturing facility, sited on 14.25 acres of land in the Bakar Arang Industrial Estate in Sungai Petani, Kedah. Approximately 85% of its products are exported to United States of America and Europe.

### Dato' Haji Thobrani Bin Haji Hanafi

Malaysian, aged 62, was appointed to the Board on 19 August 1994 as Executive Chairman of the Company, a position he is still holding to date. He obtained his Bachelor of Arts degree in Social Science from University of Malaya in 1969 and, in 1977, attended City Planning Studies in Europe and Thailand. Dato' Haji Thobrani served with the Kedah State Civil Service for 13 years in various capacities and was President of Majlis Perbandaran Kota Setar, Kedah prior to leaving Civil Service to join OIB Group in August 1982. He is the spouse of Datin Sharifah Mahiran Binti Syed Kechil as well as having a substantial interest in Thobrani Holdings Sdn Bhd; both of them are substantial shareholders of the Company.

### Mr Goh Aik Keong

Malaysian, aged 45, joined the Board on 23 November 2006 and was appointed as the Managing Director of the Company on 26 August 2008. Mr Goh graduated from University of Melbourne in 1988 with a Bachelor of Architecture degree. Upon returning to Malaysia in that same year, Mr Goh joined Longway Sdn Bhd, a substantial founding shareholder of OIB, as Project Manager for the development of Taman Delima in Sungai Petani, Kedah. After the completion of earlier phases of Taman Delima, he left Longway to join OIB Group as General Manager in August 1990 and is responsible for planning, implementation and development of the Group's housing operations in the State of Selangor. He is currently responsible for overseeing the operations of Property Division (Central Region) and Manufacturing Division for OIB Group. He is a substantial shareholder of the Company.

### Encik Hazman Bin Thobrani

Malaysian, aged 33, is an Executive Director of the Company and was appointed to the Board on 5 November 2007. Encik Hazman was awarded a full scholarship from Telekom Malaysia Berhad for his undergraduate studies and graduated from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA in 1999 with a Bachelor of Science degree in Electrical and Computer Engineering with an additional major in Economics. Encik Hazman's preliminary involvement in OIB Group began during semester breaks of his undergraduate studies as an Assistant Project Manager. After graduation, he joined OIB Group on 1 August 1999 as Assistant General Manager, overseeing planning and implementation of the Group's property development operation in the state of Selangor. In 2007, he was promoted as the General Manager of the Group to lead the operation of the Northern Region Property Division. He is the son of Dato' Haji Thobrani Bin Haji Hanafi, the Executive Chairman of OIB, and Datin Sharifah Mahiran Binti Syed Kechil, both of them are substantial shareholders of the Company.

### Mr Khaw Eng Peng

Malaysian, aged 41, is an Executive Director of the Company and was appointed to the Board on 5 November 2007. Mr Khaw is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants. He joined Messrs. Coopers & Lybrand (now merged under the firm PricewaterhouseCoopers) in 1993, attaching to audit and compliance services division of the firm. In 1996, he left audit practice, as Assistant Audit Manager, joining OIB Group as Senior Manager in Finance and Administration Department. He was promoted to the rank of Assistant General Manager in 2001, overseeing all financial reporting, corporate compliance and administration aspects for OIB Group. Mr Khaw is also a Director of Lipo Corporation Berhad.

**Mr Chai Tin Kok @ Sua Ah Seng**

Malaysian, age 73, is a Non-Independent and Non Executive Director of the Company and was appointed to the Board on 19 August 1994. Also a founder member of OIB Group, he started his own sundry shop at the age of 18 in 1953 and later became a padi merchant. In 1973, Mr. Chai ventured into rubber plantation and subsequently into housing development in 1976. His business interests involve investment holdings and rubber/oil palm plantation.

**Mr Goh Chooi Eam**

Malaysian, aged 47, is a Non-Independent and Non-Executive Director of the Company and was appointed to the Board on 5 November 2007. Mr Goh is a fellow member of the Association of Chartered Certified Accountants and a member of Malaysian Institute of Accountants and Malaysian Institute of Taxation. He is also a Certified Financial Planner of Financial Planning Association of Malaysia. He was attached to Allan Ong & Co., Sateras Management Sdn Bhd and Tor & Co. between 1984 and 1988, from which he acquired both statutory and internal audit training. Mr Goh qualified as a Chartered Certified Accountants in 1988. He joined Messrs. Coopers & Lybrand (now merged under the firm PricewaterhouseCoopers) in 1989 as an Audit Assistant and was promoted to Assistant Audit Manager in 1991. He left Messrs. Coopers & Lybrand in 1994 to set up his own practice under the name of CE Goh & Associates providing audit, accounting and other related services. He is also a director of CE Goh Taxation Services Sdn Bhd providing tax consultancy services. He is the son of Mr Goh Cheng Guan @ Goo Beng who is a substantial shareholder of the Company.

**Mr Koay Chong Beng**

Malaysian, aged 49, is an Independent Non Executive Director of the Company and was appointed to the Board on 1 April 2008. Mr Koay graduated from University Sains Malaysia with a Bachelor of Social Science degree majoring in Management. He is a member of both the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Mr Koay is the Group Financial Controller of Southern Steel Berhad ("SSB"). He was the Corporate Financial Controller of SSB Group before being promoted to his current position in July 2007. He also oversees the Group internal audit and treasury activities. Prior to his employment in SSB, he was an associate director of PricewaterhouseCoopers. He has more than 20 years working experience in the professional and commercial environment.

**Tuan Haji Ahmad Bin Abdul Rashid**

Malaysian, aged 57, is an Independent Non-Executive Director of the Company and was appointed to the Board on 16 August 2001. He obtained a Bachelor of Arts degree from University of Malaya in 1974. Tuan Haji Ahmad started his career as an Assessing Officer in the Department of Inland Revenue, after a few months, to serve as an Assistant Director of the Bumiputera Participation Unit in the Ministry of Trade and Industry in 1975. He was appointed as a lay magistrate for a period of 2 years before pursuing his law degree in 1977. After obtaining his Bachelor of Law degree from University of Malaya in 1980, Tuan Haji Ahmad continued serving as a Judicial and Legal Officer until starting his private practice, Ahmad A. Rashid & Co., in 1983.

### Mr Chin Kuet Sen

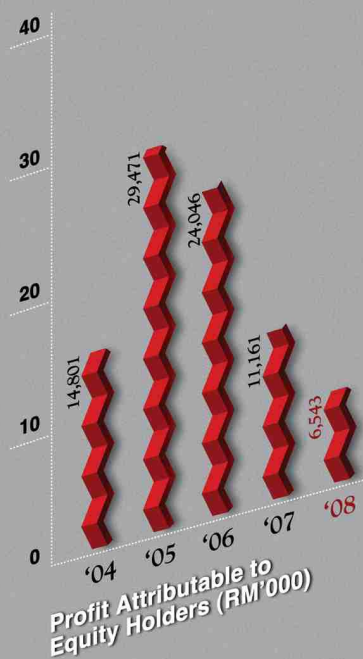
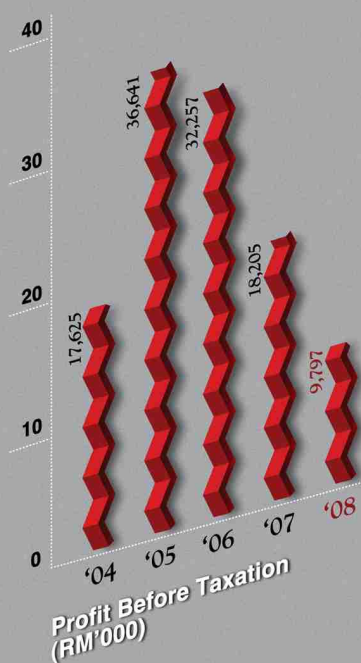
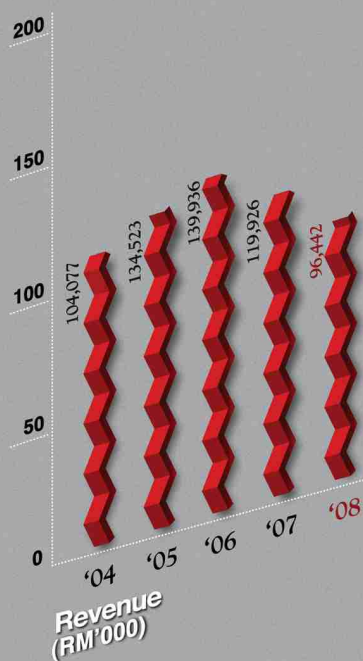
Malaysian, aged 45, is an Independent Non-Executive Director of the Company and was appointed to the Board on 16 August 2001. He holds Bachelor of Law and Bachelor of Economics (Major in Accounting) degrees from Monash University. He began his career with Chew Tan & Lim, Penang in 1990, specialising in conveyancing, civil litigations, banking and corporate work, and was admitted to the Malaysian Bar in the same year. He joined Oo Gin Sun, Bakar & Co., in 1993 and became the managing partner for Sungai Petani office, in-charge of conveyancing financial institution documentation and corporate work.

#### Notes:

- Other than as disclosed in the Profile of Directors, none of the Directors has any family relationship with any other Directors and/or substantial shareholders of the Company.
- None of the Directors has any conflict of interest with the Company.
- Other than as disclosed in the Profile of Directors, none of the Directors holds any directorship in other public companies.
- None of the Directors was convicted of any offences within the past 10 years, other than for traffic offences, if any.



5 Years Results (RM'000)	2008	2007	Year Ended 30 June 2006	2005	2004
Revenue	96,442	119,926	139,936	134,523	104,077
Profit before tax	9,797	18,205	32,257	36,641	17,625
Tax expense	(1,817)	(3,735)	(6,075)	(5,713)	(1,952)
<b>Profit for the financial year</b>	<b>7,980</b>	<b>14,470</b>	<b>26,182</b>	<b>30,928</b>	<b>15,673</b>
<b>Attributable to:</b>					
Equity holders of the Company	6,543	11,161	24,046	29,471	14,801
Minority Interests	1,437	3,309	2,136	1,457	872
<b>Profit for the financial year</b>	<b>7,980</b>	<b>14,470</b>	<b>26,182</b>	<b>30,928</b>	<b>15,673</b>



It is my pleasure to present, on behalf of the Board of Directors of Oriental Interest Berhad ("OIB"), the 15th Annual Report and Audited Financial Statements of OIB Group for the financial year ended 30 June 2008.

## FINANCIAL RESULTS

The Group recorded a reduced profit before taxation of RM9.797million on lower revenue of RM96.442million. Compared to the previous financial year, these represent a decrease of 46% and 20% respectively, as the Group operated in challenging economic and market conditions.

### Property Development

Total billings generated by the Property Division amounted to RM62.073million, representing a 21% drop from RM78.581million of preceding financial year. Meanwhile, the segment result was lower by 40% of financial year 2007; predominantly attributable to rising construction costs and also selling less marketable properties at reduced prices.

### Manufacturing

Manufacturing Division experienced the worst ever results in its 10 years history, registering a loss before taxation of RM1.361million for this financial year. Its revenue fell by 19% from RM40.551million to RM32.986million, compared with the previous financial year, due to lower sales volume that was attributed by the slowing of US economy. Escalating costs of raw materials as a result of the surging oil prices and unfavourable movement in exchange rates had contributed significantly to the operating loss.

### Associated Company

Share of profit from associated company, Brilliant Delta (M) Sdn. Bhd., dropped by 19% compared with the previous financial year, as its current housing project (Serai Wangi II) is at the final stage of completion. The contribution from the associated company proves to be significant as it contributed about 35% of the Group's profit for the financial year.

### Financial Position

The Group's financial standing has been further strengthened by its improved collection system and budgetary control that has boosted the Group's net cash position by RM9.933 million over the last from RM50.879 million to RM60.812million.



## **DIVIDEND**

The Board of Directors is delighted in making a recommendation for, subject to shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 10% less 25% income tax in respect of the financial year ended 30 June 2008.

## **CORPORATE GOVERNANCE**

The Board recognises the importance of a good governance framework in managing the business and operational activities of the Group. Enhancing shareholders' value is of utmost importance to the Board, where this objective is achieved by maintaining high standards of principle and practices established under corporate governance. At present, the Board is adopting a more interactive approach when conducting all its meetings including its various board committees, in order to encourage more participation and input of ideas to further grow the business. The efforts that all members of the Board had put in thus far are detailed in the Statement of Corporate Governance enclosed in this Annual Report.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Board of OIB is committed to instill a corporate culture that emphasises good corporate social responsibility ("CSR") and corporate citizenship that is to be adopted throughout the OIB Group. At OIB, we do not view CSR as a mere component of the Group's activities but we believe that through our people and our actions, we can make a positive impact on the society.

At present, the Group does not have a formal CSR framework, but the Board is in the midst of finalising a concerted and sustainable CSR framework for the future. The CSR framework for the Group will be based fundamentally around the values of integrity and partnership. We aspire to align and embed our core values to be authentic, transparent, relevant and responsive to meet distinct needs of the workplace, markets and communities.

### **CSR Contributions in 2008**

Installation of a glass panel door on the "Pondok Aktiviti Inisiatif Bandar Selamat ("IBS")" located in one of our development project. This "Pondok IBS" is under the purview of the "Polis Diraja Malaysia".

Employees are provided a comprehensive health management programme that includes coverage for medical outpatient, specialist treatment and hospitalisation.

In view of the increase in petrol prices, deserving employees were given a monthly travelling allowance to lighten their burden.

## PROSPECTS

The recent petrol price hike together with the increase of other major items has resulted in inflation surging to a 27-year high in July 2008. The general market sentiments are that Bank Negara Malaysia will continue to increase the interest rate to curb the rising inflation. Even a small hike in the interest rate would have far reaching repercussions, particularly on the housing and construction industries. Confidence in the property market in general has been dented by both these factors, as people are very cautious with their expenditure and commitment. Inflationary effect on cost of raw materials has forced the Group to reconsider its business strategy and pricing policy in the short to medium term to counter the continuing erosion in profit margin. The current state of US economy has become a major concern for the Manufacturing Division, as it has to put in greater effort to reduce its over reliance on US market and improve its financial affairs. Tighter cost control and better utilisation of resources to prevent wastage are key factors for the Group at this present time. Furthermore, the management is actively on the look out for opportunity to expand and diversify its present business. Even with the current economic situation, the Board of Directors and management are confident that the situation will improve and OIB Group is capable of producing profitable results for the financial year ending 30 June 2009.

## APPRECIATION

On behalf of the Board of Directors, I wish to thank all management and staff members for their continued loyalty and commitment in the performance of their duties. We also express our sincere appreciation to our customers and suppliers for their continued confidence and the regulatory authorities for their guidance and support, as well as the shareholders for their faithful support. Finally, I wish also to record my sincere appreciation of my fellow Board members for contributing their invaluable wisdom, advice and guidance. Special thanks also to two former Board members, namely Mr. Koay Leong Eng and Mr. Gee Kok Sang, who had tendered their resignation to retire from the Board of OIB since last Annual General Meeting.



**Dato' Haji Thobrani Bin Haji Hanafi**

Executive Chairman

17 September 2008

The Board of Directors fully appreciates the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts; namely transparency, accountability and integrity.

The Board evaluates the status of the Group's corporate governance practices with a view to adopt and apply, where practicable, the Principles and Best Practices enshrined in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the "Code") respectively. As such, the Board is fully committed to the maintenance of high standards of corporate governance in its quest to enhance shareholder value.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year under review unless otherwise stated.

## **PRINCIPLES STATEMENT**

The following statement sets out how the Company has applied the Principles in Part 1 of the Code.

### **A. Directors**

#### **The Board**

The Board acknowledges its role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals. Although it does not have a formal schedule of matters reserved to it for decision, the Board is normally involved in deciding the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

The Board delegates the day-to-day operations of the Group to the Executive Directors, who have vast experience in the business of the Group.

#### **Meetings**

The Board ordinarily meets at least four times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 30 June 2008, the Board met six times, where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

**A. Directors (cont'd)**  
**Meetings (cont'd)**

The details of Board attendance are as follows:

	Directors	Attendance
<b>Executive</b>	Dato' Haji Thobrani Bin Haji Hanafi - Chairman	6/6
	Goh Aik Keong - Managing Director	6/6
	Hazman Bin Thobrani (Appointed on 05/11/2007)	4/4
	Khaw Eng Peng (Appointed on 05/11/2007)	4/4
	Koay Leong Eng (Resigned on 15/11/2007)	2/2
<b>Non-Independent Non-Executive</b>	Chai Tin Kok @ Sua Ah Seng	6/6
	Goh Chooi Eam (Appointed on 05/11/2007)	4/4
<b>Independent Non-Executive</b>	Koay Chong Beng (Appointed on 01/04/2008)	1/1
	Tuan Haji Ahmad Bin Abdul Rashid	6/6
	Chin Kuet Sen	6/6
	Gee Kok Sang (Resigned on 31/03/2008)	5/5

All Directors are furnished with an agenda and documents on matters requiring their consideration in advance of each Board meeting. The Chairman, with the assistance of the Company Secretary, undertakes the primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis.

All proceedings of Board meeting are duly recorded and the minutes thereof signed by the Chairman of the Board.

**Board Committees**

The Board of Directors delegates certain responsibilities to Board Committees, namely an Audit Committee, a Nominating Committee, a Remuneration Committee and an Employee Share Option Scheme ("ESOS") Committee in order to enhance business and operational efficiency as well as efficacy. The ESOS Committee was established to administer the Company's ESOS in accordance with the Bye-Laws thereof to determine, amongst others, participation eligibility, option offers and share allocations.

**A. Directors (cont'd)****Board balance**

At the date of this statement, the Board consists of nine (9) members; comprising four (4) Executive Directors, two (2) Non-Executive Directors and three (3) Independent Non-Executive Directors. A brief profile of each Director is presented on pages 5 to 7 of the Annual Report.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a review and challenge on the performance of Management.

The Non-Executive Directors contribute in areas such as policy and strategy, performance monitoring as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have a proper understanding of, and competence to deal with, current and emerging business issues.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Executive Directors are responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

**Supply of information**

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to understand and appreciate issues deliberated at the Board meeting and expedites the decision making process.

Before meetings of the Board and Board Committees, appropriate documents, which include the agenda and reports relevant to the issues to be deliberated at the meetings covering the areas of financial, operational and regulatory compliance matters, are circulated to all Directors, to enable them to obtain further explanation, where necessary, in order to be properly briefed before the meeting.



**A. Directors (cont'd)****Supply of information (cont'd)**

Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Articles of Association allow the appointment of a temporary substitute for the Company Secretary who shall be deemed to be the Company Secretary during the term of the appointment.

The Directors meet, review and approve all corporate announcements, including the announcement of quarterly financial results, before releasing them to Bursa Malaysia Securities Berhad ("Bursa Securities").

There is a formal procedure sanctioned by the Board for Directors, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

**Appointments to the Board*****Nominating Committee***

The Nominating Committee comprises the following members:

**Chairman** : Koay Chong Beng (Independent Non-Executive Director)

**Members** : Chin Kuet Sen (Independent Non-Executive Director)  
Goh Chooi Eam (Non Independent Non-Executive Director)

The Committee consists entirely of Non-Executive Directors, a majority of whom are independent in accordance with Best Practices of the Code.

The Nominating Committee is empowered by the Board and its terms of reference are to bring to the Board recommendations on the appointment of new Directors. The Committee is to systematically keep under review the effectiveness of the Board and Board Committees as a whole and for assessing the contribution of each individual Director in discharging his duties in the most conscientious manner.

The Committee shall meet whenever there is a need for the Committee to perform its function, and at least once every year in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company.

During the financial year, the Committee met three times, where it deliberate on the retirement of Directors and their eligibility for re-election at the Annual General Meeting ("AGM"), the performance of the Board and the various Board Committees as well as contribution of individual Directors.



**A. Directors (cont'd)****Appointments to the Board (cont'd)****Nominating Committee (cont'd)**

The details of Committee attendance are as follows:

	Committee Position	Attendance
Koay Chong Beng (Appointed on 01/04/2008)	Chairman	1/1
Chin Kuet Sen	Member	3/3
Goh Chooi Eam (Appointed on 01/04/2008)	Member	1/1
Tuan Haji Ahmad Bin Abdul Rashid (Resigned on 01/04/2008)	Chairman	2/2
Chai Tin Kok @ Sua Ah Seng (Appointed on 01/10/2007 & Resigned on 01/04/2008)	Member	1/1

**Directors' training**

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training or orientation programme for Directors.

All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysts Malaysia. The Directors continue to undergo the Continuous Education Program to enhance their skills and knowledge, where relevant.

The following are the courses and training programmes attended by the Directors of the Audit Committee for the financial year ended 30 June 2008:

- Mr Koay Chong Beng and Mr Goh Chooi Eam, being member of Malaysian Institute of Accountants (MIA), an authoritative body regulating the accounting profession, have fulfilled their obligation as members in regards to the Continuing Professional Education (CPE). MIA, established under the Accountants Act 1967, has a mandatory requirement for its member to fulfill the CPE requirement in order to be kept abreast with the latest developments and changes affecting the profession.
- However, Tuan Haji Ahmad Bin Abdul Rashid did not attend any courses during the financial year, but efforts will be made by him to attend in the next financial year.

**Re-election**

The Articles of Association provide that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in three years but shall be eligible for re-election.

**A. Directors (cont'd)****Appointments to the Board (cont'd)****Re-election (cont'd)**

The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in a separate statement accompanying the Notice of the AGM.

**B. Directors' remuneration****Remuneration Committee**

The Remuneration Committee comprises the following members:

- Chairman** : Tuan Haji Ahmad Bin Abdul Rashid (Independent Non-Executive Director)  
**Members** : Koay Chong Beng (Independent Non-Executive Director)  
 Chin Kuet Sen (Independent Non-Executive Director)

The Committee consists entirely of Non-Executive Directors, a majority of whom are independent. The Remuneration Committee is responsible for recommending and putting in place a structured remuneration framework for Executive Directors.

The determination of remuneration packages of Non-Executive Directors shall be a matter for the Board as a whole, with individual Directors abstaining from decisions in respect of their individual remuneration.

The policy adopted by the Committee on Directors' remuneration is to structure remuneration packages necessary to attract, retain and motivate Directors to effectively manage the business of the Group.

The Remuneration Committee met three times during the financial year.

The details of Committee attendance are as follows:

	Committee Position	Attendance
Tuan Haji Ahmad Bin Abdul Rashid (Appointed on 01/04/2008)	Chairman	3/3
Koay Chong Beng (Appointed on 01/04/2008)	Member	1/1
Chin Kuet Sen (Appointed on 01/04/2008)	Member	1/1
Gee Kok Sang (Resigned on 31/03/2008)	Chairman	2/2
Chai Tin Kok @ Sua Ah Seng (Resigned on 01/04/2008)	Member	2/2

**B. Directors' remuneration (cont'd)****Directors' remuneration**

Details of Directors' remuneration for the financial year ended 30 June 2008 are as follows:

Categories	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	75	119	194
Allowances	19	45	64
Salaries	1,091	-	1,091
Bonuses	451	-	451
Employees' Provident Fund	185	-	185
Estimated Value of Benefits-in-Kind	91	-	91
Gratuity	300	-	300
<b>Total</b>	<b>2,212</b>	<b>164</b>	<b>2,376</b>

**Directors' remuneration in bands of RM50,000**

Remuneration bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	7
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	1	-
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	1	-
RM700,001 - RM750,000	1	-

**C. Shareholders**

The Company realises the importance of communicating with its shareholders and does this through the Annual Report, the AGM and Extraordinary General Meetings ("EGM"). Whilst the Annual Report provides a comprehensive source of information on the Group's financial and operational performance, the AGM and EGM provide a platform for shareholders to seek more information and clarification on the audited financial statements, operational issues and other matters of interest. The Directors readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars. The Company's practice is to send out the notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting.

**C. Shareholders (cont'd)**

In addition, the Group's quarterly financial results, information on corporate exercises undertaken by the Group, and other information that warrants an announcement under the Listing Requirements are released on a timely basis to continuously provide shareholders with an update of the Group's operations.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. In any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

**D. Accountability and audit****Financial reporting**

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to Bursa Securities as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

**Directors' responsibility statement in respect of the preparation of the audited financial statements**

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that the Malaysian Accounting Standard Board ("MASB") Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

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

**State of internal controls**

The Statement on Internal Control furnished on pages 26 and 27 of the Annual Report provides an overview on the state of internal controls within the Group.

**Relationship with the Auditors**

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee's terms of reference as detailed on pages 22 to 25 of the Annual Report.

**D. Accountability and audit (cont'd)****Relationship with the Auditors (cont'd)**

A summary of the activities of the Audit Committee during the financial year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 21 and 22 of the Annual Report.

**Compliance statement**

The Company has complied throughout the financial year with all the Best Practices of corporate governance set out in Part 2 of the Code, except for the following:

- The Board does not have a formal schedule of matters specifically reserved to it for decision-making. However, it has been the practice for the Board to deliberate on significant matters that concern the overall strategy and direction of the Group such as major investment or divestment decisions, financial and operating performance, acquisition and disposal of capital expenditure;
- The Board together with the Managing Director has not developed formal position descriptions for the Board and the Managing Director. However, a formal establishment of the executive committee and defining the scope of responsibilities of directors was adopted by the Board during its meeting on 26 August 2008. A Managing Director was also elected during the same Board meeting to fill the vacant position; and
- The Board had yet to identify a Senior Independent Non-Executive Director to whom concerns may be attentioned to since the resignation of the previous Director in March 2008.

This statement is issued in accordance with a resolution of the Directors dated 17 September 2008.

## Membership

The Audit Committee (the “Committee”) comprises of the following members:

Chairman : Koay Chong Beng (Independent Non-Executive Director)  
 Members : Tuan Haji Ahmad Bin Abdul Rashid (Independent Non-Executive Director)  
               Goh Chooi Eam (Non-Independent Non-Executive Director)

## Terms of reference of the Audit Committee

The Committee was established to act as a Committee to the Board of Directors, with terms of reference as set out on pages 22 to 25 of the Annual Report.

## Meetings

During the financial year ended 30 June 2008, the Committee convened 4 meetings. A record of the attendance to these meetings was as follows:

	Committee Position	Attendance
Koay Chong Beng (Appointed on 01/04/2008)	Chairman	1/1
Tuan Haji Ahmad bin Abdul Rashid	Member	4/4
Goh Chooi Eam (Appointed on 01/04/2008)	Member	1/1
Chin Kuet Sen (Resigned on 01/04/2008)	Member	3/3
Gee Kok Sang (Resigned on 31/03/2008)	Chairman	3/3
Koay Leong Eng (Resigned on 15/11/2007)	Member	1/1

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary or her representative was present by invitation at all the meetings. The external auditors and internal auditors were also invited to attend the meetings that concerned them.

## Summary of activities during the financial year

The Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors’ scope of work and audit plan for the year. Prior to the audit, representatives from the external auditors presented their audit strategy and plan;

**Summary of activities during the financial year (cont'd)**

- Reviewed with the external auditors the results of the audit and the audit/accounting issues;
- Reviewed and approved the internal audit plan for financial year 2008;
- Reviewed the reports on internal audit, carried out by an independent firm of consultants, which highlighted the audit issues, recommendations and Management's response, including the implementation status of Management-agreed actions to address findings highlighted in previous cycles of internal audit;
- Reviewed the Company's compliance, in particular the quarterly and year end financial statements, with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant legal and regulatory requirements, before recommending them for the Board's approval;
- Verified allocation of options pursuant to Employee Share Option Scheme of the Company in compliance with the criteria stipulated in the Bye-Laws. (Only if there is allocation during the year); and
- Reviewed related party transactions entered into by the Group.

**Internal audit function**

The Group outsourced its internal audit function to an independent firm of consultants to carry out internal audit of the Group. The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the key business units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year ended 30 June 2008, the internal audit function carried out 2 cycles of internal audit on the internal control system of the Group. The opportunities for improvement noted, together with the recommendations thereof and agreed management action plans, were presented to the Audit Committee for consideration.

Further details on the internal audit function and its activities are set out in the Statement on Internal Control on pages 26 and 27 of the Annual Report.

**Terms of reference of the Audit Committee****Objectives**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

**Composition**

The Board shall elect and appoint Committee members from amongst their numbers, comprising no fewer than three Directors, all of whom must be Non-Executive directors, with a majority of them being Independent Directors of the Company.

The Board shall at all times ensure that at least one member of the Committee shall be:

- a member of the Malaysian Institute of Accountants (“MIA”); or
- if he is not a member of MIA, he must have at least three years of working experience and:
  - the person must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - the person must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three, the Board shall within three months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once every three years.

**Quorum and Committee’s procedures**

Meetings shall be convened at least four times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (the “Secretary”). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one week prior to each meeting to members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend its meetings.

The Chairman shall submit an annual report to the Board summarising the Committee’s activities during the year and the related significant results and findings.



**Quorum and Committee's procedures (cont'd)**

The Committee shall meet at least annually with Management, and at least twice a year with the internal auditors and external auditors in separate sessions to discuss any matters with the Committee, if necessary, without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal convention on such matter.

**Authority**

The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal auditors and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

**Responsibilities and duties**

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- To consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal;
- To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of Management, where necessary);
- To review the external auditors' management letter and management's response;

**Responsibilities and duties (cont'd)**

- To do the following where an internal audit function exists:
  - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
  - review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- To consider any related party transactions that may arise within the Company or Group;
- To verify the allocation of options pursuant to Employee Share Option Scheme of the Company in compliance with the criteria stipulated in the Bye-Laws;
- To consider the major findings of internal investigations and Management's responses; and
- To consider other topics as defined by the Board.

**Introduction**

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a Group".

The Board is committed to maintaining a sound system of internal control in the Group and presents the following statement, which outlines the nature and scope of internal control prevailing in the Group during the financial year under review. The associated company has not been considered in this statement.

**Board responsibility**

The Board affirms its ultimate responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers financial, operational and compliance controls as well as risk management procedures.

Following the publication of the Statement on Internal Control: Guidance for Directors of Public Listed Companies (the "Internal Control Guidance"), the Board confirms that there is an ongoing formal process for identifying, evaluating and managing significant risks faced by the Company and its key subsidiary. This process accords with the Internal Control Guidance.

**Enterprise risk management framework**

The Board appointed a firm of consultants to assist it in establishing a risk management framework for the Group. Besides strengthening risk management functions, the Enterprise Risk Management project was carried out to sensitise all employees within the Group more strongly to risk identification, evaluation, control, ongoing monitoring and reporting. To ensure that the risk profile of the Group is appropriately updated, a risk assessment update for the Group was carried out once every 2 years or where there are significant changes to the Group's operations, as determined by the Board of Directors. Based on the results thereof, an updated risk profile of the key business risks in the Group was drawn up to enable Management to deploy action plans to manage the risks on an ongoing basis.

**Internal audit function**

The Group outsourced its internal audit function to an independent firm of consultants, which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control of the Group. The internal audit function reviews the internal control in the key activities of the Group's businesses based on a 2-year internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group. Opportunity for improvements to the system of internal control are identified and presented to the Audit Committee via internal audit reports whilst Management formulates the relevant action plans to address the issues noted on a periodic basis.

**Internal audit function (cont'd)**

During the financial year under review, 2 cycles of internal audit were carried out. The findings of the internal audit function, including its recommendations and Management's responses, were reported to the Audit Committee. In addition, the internal audit function also followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agreed action plan implementation.

**Other risk and control processes**

Apart from risk management and internal audit, the Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with internal checks and appropriate segregation of duties. These procedures are relevant across Group operations and provide for continuous assurance to be given at increasingly higher levels of Management and, finally, to the Board.

The Executive Director in charge of finance provides the Board with quarterly financial information, including pertinent explanations on the performance of the Group vis-à-vis the market situation.

Where areas of improvement in the system of internal control are identified, the Board will consider the recommendation made by the Audit Committee and Management for implementation.

**Weaknesses in internal controls that result in material losses**

The Board is of the opinion that there were no material losses incurred during the financial year ended 30 June 2008 resulting from weaknesses in internal control. Management continues to take measures to strengthen the control environment.

This statement is issued in accordance with the resolution of the Directors dated 17 September 2008.



# REPORT AND FINANCIAL STATEMENTS

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The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2008.

### Principal activities

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. There have been no significant changes in the nature of these activities during the financial year.

### Financial results

	Group RM'000	Company RM'000
Profit after taxation for the financial year	7,980	6,750
Minority interests	(1,437)	0
Profit attributable to equity holders	<u>6,543</u>	<u>6,750</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### Dividends

Dividends paid, declared or proposed since the end of the Company's previous financial year are as follows:

	RM'000
In respect of the financial year ended 30 June 2007, as proposed in the Directors' report for that financial year, a first and final dividend of 10% less income tax, paid on 29 November 2007	<u>6,610</u>

The Directors now recommend the payment of a first and final dividend of 10 sen per share on 90,545,002 ordinary shares, less income tax, amounting to RM6,790,875 in respect of financial year ended 30 June 2008 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

### Movements on reserves and provisions

All material transfers to or from reserves or provisions during the financial year are as disclosed in the financial statements.

**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.

**Employee share option scheme (cont'd)**

(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.

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

Offer date	Exercise price RM	Number of ordinary shares of RM1 each under option				
		At 1 July 2007	Granted	Exercised	Terminated	At 30 June 2008
8 January 2002	1.32	5,565,000	0	(6,000)	(1,334,000)	4,225,000
24 August 2002	1.36	117,000	0	0	(40,000)	77,000
14 January 2004	1.36	442,000	0	0	(40,000)	402,000
		<b>6,124,000</b>	<b>0</b>	<b>(6,000)</b>	<b>(1,414,000)</b>	<b>4,704,000</b>

At the end of the financial year, there were 4,225,000 unissued ordinary shares under option at an exercise price of RM1.32 and 479,000 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.

**Directors**

The Directors in office since the date of the last report are:

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

Goh Aik Keong

Chai Tin Kok @ Sua Ah Seng

Tuan Haji Ahmad Bin Abdul Rashid

Chin Kuet Sen

Hazman Bin Thobrani

*(appointed on 5 November 2007)*

Khaw Eng Peng

*(appointed on 5 November 2007)*

Goh Chooi Eam

*(appointed on 5 November 2007)*

Koay Chong Beng

*(appointed on 1 April 2008)*

Koay Leong Eng

*(resigned on 15 November 2007)*

Gee Kok Sang

*(resigned on 31 March 2008)*

In accordance with Article 80 of the Articles of Association, Tuan Haji Ahmad Bin Abdul Rashid will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.



**Directors (cont'd)**

Encik Hazman Bin Thobrani, Mr. Khaw Eng Peng, Mr. Goh Chooi Eam and Mr. Koay Chong Beng will retire pursuant to Article 87 of the Articles of Association at the forthcoming Annual General Meeting and, being eligible, offer themselves for election.

Mr. Chai Tin Kok @ Sua Ah Seng who is above seventy years of age, will retire pursuant to Section 129 (2) of the Companies Act, 1965 and does not wish to seek for re-appointment at the forthcoming Annual General Meeting.

**Directors' interests**

According to the Register of Directors' Shareholdings, particulars of interests in shares in the Company and its related corporations during the financial year of the Directors holding office at the end of the financial year are as follows:

	Number of ordinary shares of RM1 each				
	1.7.2007/ date of appointment	Addition	Disposal	Capital reduction	30.6.2008
<b>Oriental Interest Berhad (The Company)</b>					
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP					
Direct	453	0	0	0	453
Indirect	13,263,000	329,000	0	0	13,592,000
Goh Aik Keong					
Direct	3,104,785	0	0	0	3,104,785
Indirect	6,319,507	1,078,700	1,894,400	0	5,503,807
Chai Tin Kok @ Sua Ah Seng					
Direct	249,000	0	0	0	249,000
Indirect	1,477,077	212,000	0	0	1,689,077
Tuan Haji Ahmad Bin Abdul Rashid					
Indirect	60,000	0	0	0	60,000
Chin Kuet Sen					
Direct	2,000	0	0	0	2,000
Hazman Bin Thobrani					
Direct	20,000	0	0	0	20,000
Khaw Eng Peng					
Direct	1,002	62,000	0	0	63,002
Goh Chooi Eam					
Direct	203	0	0	0	203
Indirect	1,726,191	0	0	0	1,726,191
Koay Chong Beng					
Indirect	3,000	0	0	0	3,000

**Directors' interests (cont'd)**

	Number of ordinary shares of RM1 each				
	1.7.2007/ date of appointment	Addition	Disposal	Capital reduction	30.6.2008
<b>Brilliant Alliance Sdn. Bhd.</b>					
<b>(Subsidiary)</b>					
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP Indirect	44,000	0	0	(22,000)	22,000
Goh Aik Keong Indirect	2,425,000	0	0	(1,212,500)	1,212,500
Chai Tin Kok @ Sua Ah Seng Indirect	121,000	0	0	(60,500)	60,500
Goh Chooi Eam Direct	114,000	0	0	(57,000)	57,000
<b>Yiked Alliance Sdn. Bhd.</b>					
<b>(Subsidiary)</b>					
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP Direct	1*	0	0	0	1*
Khaw Eng Peng Direct	0	1*	0	0	1*
Goh Aik Keong Indirect	199,998	0	0	0	199,998
<b>Aturan Cemerlang Sdn. Bhd.</b>					
<b>(Subsidiary)</b>					
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP Indirect	207,900	0	0	0	207,900
Goh Aik Keong Indirect	2,653,700	0	0	0	2,653,700
Chai Tin Kok @ Sua Ah Seng Indirect	144,900	0	0	0	144,900
Goh Chooi Eam Direct	174,650	0	0	0	174,650
Indirect	21,700	0	0	0	21,700

**Directors' interests (cont'd)**

	Number of ordinary shares of RM1 each				
	1.7.2007/ date of appointment	Addition	Disposal	Capital reduction	30.6.2008
<b>Yiked Brilliant Sdn. Bhd.</b> <b>(Subsidiary)</b>					
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP Direct	1#	0	0	0	1#
Khaw Eng Peng Direct	0	1#	0	0	1#
Goh Aik Keong Indirect	199,998	0	0	0	199,998
<b>Central Kedah Brick Kiln Sdn. Bhd.</b> <b>(Subsidiary)</b>					
Goh Aik Keong Indirect	504,000	82,000	0	0	586,000

\* Held in trust for Brilliant Alliance Sdn. Bhd.

# Held in trust for Aturan Cemerlang Sdn. Bhd.

	Number of ordinary shares under share option			
	1.7.2007/ date of appointment	Granted	Exercised	30.6.2008
<b>Oriental Interest Berhad</b> <b>(The Company)</b>				
Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP	450,000	0	0	450,000
Goh Aik Keong	350,000	0	0	350,000
Hazman Bin Thobrani	250,000	0	0	250,000
Khaw Eng Peng	250,000	0	0	250,000

Other than as disclosed above, none of the Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company and its related corporations during the financial year.

### **Directors' benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than benefits that may be deemed to have arisen in relation to transactions entered into in the ordinary course of business as disclosed in note 32 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options to subscribe for new ordinary shares in the Company granted to certain Directors pursuant to the ESOS of the Company.

### **Other statutory information**

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made;
- (b) no charge on the assets of any company in the Group has arisen which secures the liabilities of any other person; and
- (c) no contingent liability has arisen in respect of any company in the Group.

**Other statutory information (cont'd)**

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

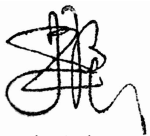
**Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 17 September 2008.



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



**Goh Aik Keong**  
Executive Director.

## Report on the financial statements

We have audited the financial statements of Oriental Interest Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 91.

### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the financial year then ended.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

## **INDEPENDENT AUDITORS' REPORT** To The Members Of Oriental Interest Berhad (cont'd)

### **Report on other legal and regulatory requirements (cont'd)**

- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PricewaterhouseCoopers  
[No. AF: 1146]  
Chartered Accountants



Yee Wai Yin  
[2081/08/10 (J)]  
Chartered Accountant

Penang  
17 September 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	4	96,442	119,926	9,065	9,581
Cost of sales		(76,575)	(90,166)	0	0
<b>Gross profit</b>		<b>19,867</b>	<b>29,760</b>	<b>9,065</b>	<b>9,581</b>
Other operating income		5,442	2,790	896	482
Selling and distribution costs		(3,888)	(4,968)	0	0
Administrative expenses		(10,635)	(10,343)	(497)	(329)
Other operating expenses		(3,784)	(2,499)	(772)	(107)
Finance cost	8	(9)	(14)	(5)	0
Share of results of an associate		2,804	3,479	0	0
<b>Profit before taxation</b>	5	<b>9,797</b>	<b>18,205</b>	<b>8,687</b>	<b>9,627</b>
Taxation	9	(1,817)	(3,735)	(1,937)	(2,069)
<b>Profit for the financial year</b>		<b>7,980</b>	<b>14,470</b>	<b>6,750</b>	<b>7,558</b>
<b>Attributable to:</b>					
Equity holders of the Company		6,543	11,161	6,750	7,558
Minority interests		1,437	3,309	0	0
<b>Profit for the financial year</b>		<b>7,980</b>	<b>14,470</b>	<b>6,750</b>	<b>7,558</b>
<b>Earnings per share</b>					
<b>attributable to ordinary</b>					
<b>equity holders of the Company:</b>					
- Basic (sen)	10	7.23	12.33		
- Diluted (sen)	10	7.19	12.26		

The above income statements are to be read in conjunction with the notes to the financial statements on pages 46 to 91.

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# BALANCE SHEETS

as at 30 June 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	27,722	30,056	0	0
Land held for property development	12	9,228	12,552	0	0
Investment properties	13	3,342	3,427	0	0
Biological assets	14	424	419	0	0
Prepaid lease rentals	15	14,196	14,428	0	0
Investment in subsidiaries	16	0	0	88,941	95,545
Investment in an associate	17	15,369	15,155	10,000	10,000
Deferred tax assets	18	3,258	3,284	0	0
		<b>73,539</b>	<b>79,321</b>	<b>98,941</b>	<b>105,545</b>
<b>Current assets</b>					
Property development costs	19	81,337	71,149	0	0
Inventories	20	15,765	18,167	0	0
Trade and other receivables	21	77,875	93,732	2	2
Amounts due from subsidiaries	16	0	0	116,274	118,172
Current tax recoverable		3,808	4,449	950	333
Deposits with licensed banks	22	40,020	37,460	23,502	21,142
Cash and bank balances	23	20,792	13,512	1,804	859
		<b>239,597</b>	<b>238,469</b>	<b>142,532</b>	<b>140,508</b>
<b>TOTAL ASSETS</b>		<b>313,136</b>	<b>317,790</b>	<b>241,473</b>	<b>246,053</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	24	90,545	90,539	90,545	90,539
Reserves	25	181,910	181,975	149,909	149,767
<b>Minority interests</b>		<b>19,875</b>	<b>21,165</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>		<b>292,330</b>	<b>293,679</b>	<b>240,454</b>	<b>240,306</b>

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 46 to 91.

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		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	18	995	1,500	783	0
<b>Current liabilities</b>					
Trade and other payables	26	19,554	22,285	236	201
Amounts owing to subsidiaries	16	0	0	0	5,546
Current tax liabilities		257	233	0	0
Bank overdraft	27	0	93	0	0
		19,811	22,611	236	5,747
<b>Total liabilities</b>		20,806	24,111	1,019	5,747
<b>TOTAL EQUITY AND LIABILITIES</b>		313,136	317,790	241,473	246,053

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 46 to 91.

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# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2008

Group	Note	Attributable to equity holders of the Company						Total equity RM'000
		Number of shares '000	Issued and fully paid ordinary shares of RM1 each Nominal value RM'000	Non- distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000	Minority interests RM'000	
At 1 July 2006		90,424	90,424	147	177,147	267,718	18,030	285,748
Profit for the financial year		0	0	0	11,161	11,161	3,309	14,470
Dividend - financial year ended 30 June 2006		0	0	0	(6,517)	(6,517)	(174)	(6,691)
Issue of shares from exercise of share options	24	115	115	37	0	152	0	152
At 30 June 2007		90,539	90,539	184	181,791	272,514	21,165	293,679
At 1 July 2007		90,539	90,539	184	181,791	272,514	21,165	293,679
Profit for the financial year		0	0	0	6,543	6,543	1,437	7,980
Dividend - financial year ended 30 June 2007	28	0	0	0	(6,610)	(6,610)	(177)	(6,787)
Issue of shares from exercise of share options	24	6	6	2	0	8	0	8
Payment of reduction in share capital to minority interests		0	0	0	0	0	(2,550)	(2,550)
At 30 June 2008		90,545	90,545	186	181,724	272,455	19,875	292,330

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 46 to 91.

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# STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the financial year ended 30 June 2008

Company	Note	Issued and fully paid ordinary shares of RM1 each		Non- distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
		Number of shares '000	Nominal value RM'000			
At 1 July 2006		90,424	90,424	147	148,542	239,113
Dividend - financial year ended 30 June 2006		0	0	0	(6,517)	(6,517)
Profit for the financial year		0	0	0	7,558	7,558
Issue of shares from exercise of share options	24	115	115	37	0	152
At 30 June 2007		90,539	90,539	184	149,583	240,306
At 1 July 2007		90,539	90,539	184	149,583	240,306
Dividend - financial year ended 30 June 2007	28	0	0	0	(6,610)	(6,610)
Profit for the financial year		0	0	0	6,750	6,750
Issue of shares from exercise of share options	24	6	6	2	0	8
At 30 June 2008		90,545	90,545	186	149,723	240,454

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 46 to 91.

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# CASH FLOW STATEMENTS

for the financial year ended 30 June 2008

	Note	Group		Company	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
<b>OPERATING CASH FLOWS</b>					
Cash flow generated from operations	29	16,796	30,112	3,190	4,055
Taxation paid		(4,133)	(5,442)	(988)	(2,048)
Tax refunds		1,592	0	0	0
Net operating cash flow		14,255	24,670	2,202	2,007
<b>INVESTING CASH FLOWS</b>					
Interest received		1,899	1,364	896	496
Dividends received		3,500	4,000	5,864	9,498
Proceeds from disposal of property, plant and equipment		529	1,327	0	0
Additions to property, plant and equipment		(629)	(8,007)	0	0
Additions to biological assets		(53)	(24)	0	0
Additions to land held for property development		(230)	(1,105)	0	0
Proceeds from capital reduction of a subsidiary	16	0	0	950	0
Net investing cash flow		5,016	(2,445)	7,710	9,994
<b>FINANCING CASH FLOWS</b>					
Proceeds from issue of shares:					
- exercise of share options		8	152	8	152
Interest paid		(9)	(14)	(5)	0
Proceeds from withdrawal of fixed deposits held under lien as security for a guarantee line		0	6,000	0	0
Placement of fixed deposits held as security for banking facilities		0	(18)	0	0
Dividend paid to minority interests		(177)	(174)	0	0
Dividend paid		(6,610)	(6,517)	(6,610)	(6,517)
Payment of reduction of share capital to minority interests		(2,550)	0	0	0
Net financing cash flow		(9,338)	(571)	(6,607)	(6,365)

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 46 to 91.

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	Note	Group 2008 RM'000	2007 RM'000	Company 2008 RM'000	2007 RM'000
Net change in cash and cash equivalents during the financial year		9,933	21,654	3,305	5,636
Cash and cash equivalents at the beginning of the financial year		50,861	29,207	22,001	16,365
Cash and cash equivalents at the end of the financial year	30	<u>60,794</u>	<u>50,861</u>	<u>25,306</u>	<u>22,001</u>

During the current financial year, a subsidiary disposed of a portion of the freehold oil palm plantation land included in property, plant and equipment and biological asset for an amount of RM2,380,000 of which cash payment of RM476,000 was received during the financial year. The outstanding amount of RM1,904,000 was included in other receivables.

During the current financial year, a subsidiary paid gratuity payment to a former director of the Company amounting to RM1,000,000 of which RM830,000 was satisfied by cash and the remaining RM170,000 by the provision of a fully depreciated motor vehicle. A gain on disposal of motor vehicle of RM170,000 was recognised in respect of this transaction.

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 46 to 91.

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# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

## 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.

### 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.

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

## 2 Summary of significant accounting policies (cont'd)

### 2.1 Basis of preparation (cont'd)

#### (a) Standards that are effective

The relevant new accounting standards effective for the Company's financial period beginning on or after 1 July 2007 are as follows:

- FRS 107 Cash Flow Statements
- FRS 111 Construction Contracts
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 119 Employee Benefits
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

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.

The adoption of the new relevant accounting standards as set out above did not have a material impact on the financial statements of the Group and of the Company.

#### (b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The standard that is applicable to the Group, but which the Group has not early adopted, is as follows:

- FRS 139 Financial Instruments: Recognition and Measurement (effective for accounting period beginning on or after 1 January 2010). This 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. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and of the Company.

### 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 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 (cont'd)

### 2.2 Economic entities in the Group (cont'd)

#### (a) Subsidiaries (cont'd)

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 (cont'd)**

**2.2 Economic entities in the Group (cont'd)**

**(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.

## 2 Summary of significant accounting policies (cont'd)

### 2.2 Economic entities in the Group (cont'd)

#### (c) Associates (cont'd)

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.

### 2.3 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 measured 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	10 - 20
Motor vehicles	12.5
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.

**2 Summary of significant accounting policies (cont'd)**

**2.3 Property, plant and equipment and depreciation (cont'd)**

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.

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 Summary of significant accounting policies (cont'd)

### 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.

### 2.7 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 installments over the periods of leases from 38 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) for oil palm cultivation. 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 Summary of significant accounting policies (cont'd)

### 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.

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 2.15.

#### (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.

## 2 Summary of significant accounting policies (cont'd)

### 2.10 Property development activities (cont'd)

#### (b) Property development costs (cont'd)

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 2.15.

#### 2.11 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.

#### 2.12 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.

#### 2.13 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.

#### 2.14 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 Summary of significant accounting policies (cont'd)**

**2.15 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.

**2.16 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 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.

**2.17 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.



## 2 Summary of significant accounting policies (cont'd)

### 2.17 Employee benefits (cont'd)

#### (b) Defined contribution plans (cont'd)

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.

### 2.18 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.

### 2.19 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 recognised 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.

**2 Summary of significant accounting policies (cont'd)**

**2.19 Contingent liabilities and contingent assets (cont'd)**

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.

**2.20 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.

**2.21 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 (cont'd)

### 2.22 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.

### 2.23 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks 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.

**3 Financial risk management objectives and policies (cont'd)**

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:

**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.

**3 Financial risk management objectives and policies (cont'd)**

**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.

**(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**

	<b>Group</b>		<b>Company</b>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Dividend income	0	0	8,995	9,498
Loan interest income	0	0	0	13
Management fees	0	0	70	70
Property development-revenue based on stage of completion	55,200	67,715	0	0
Sales of developed properties	6,873	10,866	0	0
Sales of goods at invoiced value	32,986	40,551	0	0
Sales of fresh fruit bunches of oil palm	1,383	794	0	0
	<b>96,442</b>	<b>119,926</b>	<b>9,065</b>	<b>9,581</b>

**5 Profit before taxation**

(a) The following amounts have been charged in arriving at the profit before taxation:

	<b>Group</b>		<b>Company</b>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Raw materials and consumables used	30,649	33,658	0	0
Sub-contract costs	15,040	20,214	0	0
Consultant costs	720	871	0	0
Development contribution and processing fees	860	683	0	0
Interest expense previously capitalised in property development costs	1,024	2,221	0	0
Land cost relating to property development	7,040	8,464	0	0
Cost of developed properties sold	5,478	8,062	0	0
Employee benefits costs	11,413	12,617	0	0
Utilities	1,662	1,776	0	0
Traveling and accommodation expenses	256	268	0	0
Changes in inventories of finished goods and work in progress	(135)	(570)	0	0
Expenditure for oil palm operations	367	242	0	0
Rental expenses of land and buildings	231	38	0	0
Upkeep, repairs and maintenance of assets	510	614	0	0
General maintenance of completed projects	986	399	0	0
Depreciation				
- property, plant and equipment	2,553	2,244	0	0
- investment properties	85	87	0	0
Amortisation of biological assets	20	22	0	0
Amortisation of prepaid lease rentals	232	216	0	0

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2008

## 5 Profit before taxation (cont'd)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Loss on reversal of sale of land	1,174	0	0	0
Advertisement expenses	450	488	4	4
Telecommunication expenses	176	208	0	0
Hire of plant and machinery	561	617	0	0
Auditors' remuneration:				
- statutory audit	150	148	30	28
- other services	25	24	4	4
Inventories written off	0	416	0	0
Developed properties written down to net realisable value	20	899	0	0
Impairment loss on investment in subsidiaries	0	0	654	13
Loss on foreign exchange				
- realised	324	259	0	0
- unrealised	0	9	0	0
Freight charges	3,118	4,063	0	0
Claims for defect in products	347	1,405	0	0

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM258,000 (2007: RM147,000).

(b) The following amounts have been credited in arriving at profit before taxation:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Rental income	724	861	0	0
Interest income	1,899	1,364	896	496
Gross dividends income from subsidiaries (unquoted)	0	0	5,495	5,498
Gross dividend income from an associate (unquoted)	0	0	3,500	4,000
Gain on disposal of property, plant and equipment	2,173	42	0	0
Gain on foreign exchange				
- realised	75	64	0	0
- unrealised	26	3	0	0

Property development costs of the Group recognised as an expense during the financial year amounted to RM47,216,000 (2007: RM56,383,000).

**6 Employee benefits cost**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Wages, salaries and bonuses	8,939	11,219	0	0
Contributions to defined contribution retirement plan	820	954	0	0
Gratuity	1,300	0	0	0
Other employee benefits	354	444	0	0
	<b>11,413</b>	<b>12,617</b>	<b>0</b>	<b>0</b>

**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

Tuan Haji Ahmad Bin Abdul Rashid

Chin Kuet Sen

Goh Chooi Eam

*(appointed on 5 November 2007)*

Koay Chong Beng

*(appointed on 1 April 2008)*

Gee Kok Sang

*(resigned on 31 March 2008)*

**Executive Directors**

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

Goh Aik Keong

Hazman Bin Thobrani

*(appointed on 5 November 2007)*

Khaw Eng Peng

*(appointed on 5 November 2007)*

Koay Leong Eng

*(resigned on 15 November 2007)*



# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2008

## 7 Directors' remuneration (cont'd)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-executive Directors:				
- Fees receivable	119	125	119	125
- Allowances	45	25	45	25
Executive Directors:				
- Fees receivable	75	78	75	78
- Salaries and bonuses	1,542	2,144	0	0
- Gratuity	300	0	0	0
- Contributions to defined contribution retirement plan	185	258	0	0
- Allowances	19	12	19	12
	2,285	2,642	258	240
Estimated monetary value of benefits otherwise than in cash	91	112	0	0
	2,376	2,754	258	240

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 2008							
8 January 2002	23 November 2011	1.32	1,750	0	0	(450)	1,300
Financial year ended 30 June 2007							
8 January 2002	23 November 2011	1.32	1,800	0	0	(550)	1,250

## 8 Finance cost

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense	9	14	5	0

**9 Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of current financial year:				
- Malaysian income tax	2,416	3,291	1,216	2,140
- Deferred taxation	(332)	315	783	0
In respect of prior financial years:				
- Malaysian income tax	(120)	113	(62)	(71)
- Deferred taxation	(147)	16	0	0
	<b>1,817</b>	<b>3,735</b>	<b>1,937</b>	<b>2,069</b>
Current tax				
Current financial year	2,416	3,291	1,216	2,140
(Over)/under accrual in prior financial year	(120)	113	(62)	(71)
Deferred tax				
Origination and reversal of temporary differences	(332)	315	783	0
(Over)/under accrual in prior financial year	(147)	16	0	0
	<b>1,817</b>	<b>3,735</b>	<b>1,937</b>	<b>2,069</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2008

## 9 Taxation (cont'd)

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	
	2008 %	2007 %	2008 %	2007 %
<b>Numerical reconciliation between the average effective tax rate and the Malaysian tax rate</b>				
Malaysian income tax rate	26.0	27.0	26.0	27.0
Tax effects of:				
- Expenses that are not deductible in determining taxable profit	5.0	1.5	2.6	1.0
- Lower tax rate for small and medium scale companies #	0.0	(0.7)	0.0	0.0
- Income not subject to tax:				
- Income exempted under pioneer status	0.0	(2.6)	0.0	0.0
- Others	(0.5)	0.0	(6.2)	(5.8)
- Expenses eligible for double deduction	(8.0)	(6.0)	0.0	0.0
- Deferred tax assets not recognised	7.5	5.6	0.0	0.0
- Share of results of associates	(7.4)	(5.2)	0.0	0.0
- Change in tax rate	0.5	1.0	0.0	0.0
- Others	0.6	(0.8)	0.6	0.0
Average effective tax rate for the financial year	23.7	19.8	23.0	22.2
(Over)/under accrual of Malaysian income tax in respect of prior financial year	(1.2)	0.6	(0.7)	(0.7)
(Over)/under accrual of deferred taxation in respect of prior financial year	(1.5)	0.1	0.0	0.0
Reversal of sale of land (Note 21)	(2.5)	0.0	0.0	0.0
	18.5	20.5	22.3	21.5

# As gazetted in the Finance Act 2003, the Malaysian 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, the income tax rate is 26% for Year of Assessment 2008 (2007: 27%) as gazetted in the Finance Act 2007.

Under the Malaysian Government's Budget 2009, companies with a paid-up capital not exceeding RM2.5 million but are controlled by companies with more than RM2.5 million paid-up capital no longer qualify as small and medium scale companies from Year of Assessment 2009 onwards. Therefore, an income tax rate of 25% will be applicable to all chargeable income of the subsidiaries from Year of Assessment 2009 onwards.

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.

## 9 Taxation (cont'd)

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:

	<b>Group</b>		<b>Company</b>	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax losses carried forward	12,163	8,345	241	241
Unabsorbed capital allowances	301	160	15	15
Unabsorbed reinvestment allowances	1,894	1,896	0	0

The Group also has deductible temporary differences amounting to approximately RM1,731,000 (2007: RM849,000) for which the related tax benefits have not been recognised.

Tax savings during the financial year due to the recognition of previously unrecognised tax losses amounted to RM150,000 (2007: Nil)

## 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:

	2008	2007
Net profit attributable to shareholders for the financial year (RM'000)	6,543	11,161
Weighted average number of ordinary shares in issue ('000)	90,543	90,492
Basic earnings per share (sen)	7.23	12.33

### (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.

	2008	2007
Net profit attributable to shareholders for the financial year (RM'000)	6,543	11,161
Weighted average number of ordinary shares in issue ('000)	90,543	90,492
Adjustment for share options ('000)	429	512
	90,972	91,004
Diluted earnings per share (sen)	7.19	12.26

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

for the financial year ended 30 June 2008

## 11 Property, plant and equipment

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

Group

2008	Land and buildings, at cost/valuation RM000	Plantation equipment, at cost RM000	Furniture and fittings, office equipment and electrical installation, at cost RM000	Plant and machinery, at cost RM000	Motor vehicles, at cost RM000	Site equipment, at cost RM000	Office renovations, at cost RM000	Total RM000
<b>Net book value</b>								
At 1 July 2007	14,046	17	996	13,112	1,815	2	68	30,056
Additions	0	0	336	104	186	5	0	631
Disposals	(399)	0	(5)	0	0	0	0	(404)
Depreciation	(224)	(5)	(270)	(1,831)	(218)	(1)	(12)	(2,561)
At 30 June 2008	13,423	12	1,057	11,385	1,783	6	56	27,722
<b>At 30 June 2008</b>								
Cost/valuation	15,492	46	3,513	25,572	4,605	46	133	49,407
Accumulated depreciation	(2,069)	(34)	(2,456)	(14,187)	(2,822)	(40)	(77)	(21,685)
Net book value	13,423	12	1,057	11,385	1,783	6	56	27,722

The land and buildings of the Group comprise:

2008	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
<b>Net book value</b>								
At 1 July 2007	1,324	1,302	4,159	2,923	317	650	3,371	14,046
Disposal	0	0	(399)	0	0	0	0	(399)
Depreciation	0	0	0	(104)	(9)	(31)	(80)	(224)
At 30 June 2008	1,324	1,302	3,760	2,819	308	619	3,291	13,423
<b>At 30 June 2008</b>								
Cost/Valuation	1,324	1,302	3,760	3,318	428	860	4,500	15,492
Accumulated depreciation	0	0	0	(499)	(120)	(241)	(1,209)	(2,069)
Net book value	1,324	1,302	3,760	2,819	308	619	3,291	13,423

## 11 Property, plant and equipment (cont'd)

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
<b>Net book value</b>									
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
<b>At 30 June 2007</b>									
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
<b>Net book value</b>								
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
<b>At 30 June 2007</b>								
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

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 RM3,424,000 (2007: RM3,473,000).

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**

	2008 RM'000	2007 RM'000
At 1 July 2007/2006		
Freehold land, at cost	8,942	8,520
Leasehold land, at cost	700	746
Related costs	2,910	2,937
	12,552	12,203
Add: Movements in land		
- reversal of the sales of land	43	0
- purchase of freehold land	0	965
- transfer to property development costs – freehold land	(3,146)	(543)
- transfer to property, plant and equipment – leasehold land	0	(46)
	(3,103)	376
Add: Movements in related costs		
- additions	230	140
- transfer to property development costs	(451)	(167)
	(221)	(27)
At 30 June 2008/2007	9,228	12,552
At 30 June		
Freehold land, at cost	5,839	8,942
Leasehold land, at cost	700	700
Related costs	2,689	2,910
	9,228	12,552

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

**13 Investment properties**
**Group only**

	2008 RM'000	2007 RM'000
<b>Net book value</b>		
At 1 July 2007/2006	3,427	3,335
Depreciation	(85)	(87)
Reclassification from developed properties	0	179
At 30 June 2008/2007	3,342	3,427
At 30 June		
Cost	4,309	4,309
Accumulated depreciation	(967)	(882)
<b>Net book value</b>	3,342	3,427

The fair value of the investment properties is estimated at RM4,373,000 (2007: RM4,433,000) 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**

	2008 RM'000	2007 RM'000
<b>Net book value</b>		
At 1 July 2007/2006	419	417
Addition	53	24
Disposal	(28)	0
Amortisation	(20)	(22)
At 30 June 2008/2007	424	419
<b>At 30 June</b>		
Cost	572	561
Accumulated amortisation	(148)	(142)
<b>Net book value</b>	424	419

Amortisation of biological assets will only commence upon maturity.

**15 Prepaid lease rentals**

**Group only**

	2008 RM'000	2007 RM'000
<b>Net book value</b>		
At 1 July 2007/2006	14,428	13,177
Additions	0	72
Transfer from property, plant and equipment	0	1,395
Amortisation	(232)	(216)
At 30 June 2008/2007	14,196	14,428
<b>At 30 June</b>		
Cost	17,695	17,695
Accumulated impairment loss	(2,338)	(2,338)
Accumulated amortisation	(1,161)	(929)
<b>Net book value</b>	14,196	14,428



**16 Investments in subsidiaries**

The subsidiaries which are all incorporated in Malaysia are:

Name of company	Effective interest in equity				Principal activities
	Held by the Company		Held through subsidiary		
	2008 %	2007 %	2008 %	2007 %	
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 (under 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

	2008 RM'000	2007 RM'000
Unquoted shares, at cost	91,593	97,543
Impairment losses	(2,652)	(1,998)
	<b>88,941</b>	<b>95,545</b>
Amounts due from subsidiaries		
- advances	110,997	112,964
- dividend	5,277	5,208
	<b>116,274</b>	<b>118,172</b>
Amounts owing to subsidiaries		
- advances	0	5,546

Related company balances are all denominated in Ringgit Malaysia.

**16 Investments in subsidiaries (cont'd)**

In an Extraordinary General Meeting held on 12 May 2007, the members of a subsidiary, Brilliant Alliance Sdn. Bhd., approved the following resolutions:

- (a) that the existing issued and fully paid-up share capital of the subsidiary of RM17,000,000 comprising 17,000,000 ordinary shares of RM1 each be reduced to RM8,500,000 comprising 17,000,000 ordinary shares of RM0.50 each. The reduction will be effected by repaying to the members surplus cash in excess of the needs of the subsidiary of RM8,500,000; and
- (b) upon the aforementioned reduction taking effect, every 10 ordinary shares of RM0.50 each be consolidated into 5 ordinary shares of RM1 each. The effect will be that the 17,000,000 ordinary shares of RM0.50 each will be consolidated into 8,500,000 ordinary shares of RM1 each.

On 21 January 2008, the reduction and subsequent consolidation of the issued and fully paid-up share capital of the subsidiary was approved by the Kedah High Court.

The capital reduction was repaid to Oriental Interest Berhad by way of offsetting against the advances of RM5,000,000 given in the previous financial year. The remaining amount of RM950,000 was paid in the current financial year.

On 3 January 2006, the member 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. The member's voluntary winding up was completed on 31 July 2008.

**17 Investment in an associate**

	2008 RM'000	2007 RM'000
<b>Group</b>		
Share of net assets of an associate	15,369	15,155
<b>Company</b>		
Unquoted shares, at cost	10,000	10,000

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

	2008 RM'000	2007 RM'000
Revenue	3,810	4,791
Profit after taxation	2,804	3,479
Non-current assets	8,788	6,321
Current assets	8,004	10,281
Non-current liabilities	(21)	(18)
Current liabilities	(1,402)	(1,429)
Net assets	15,369	15,155

**17 Investment in an associate (cont'd)**

The associated company is:

Name of company	Country of incorporation	Financial year-end	Interest in equity		Principal activity
			2008 %	2007 %	
Brilliant Delta (M) Sdn. Bhd.	Malaysia	30 June	43	43	Property development and oil palm plantation

**18 Deferred taxation**

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:

**Group**

	2008 RM'000	2007 RM'000
Deferred tax assets	3,258	3,284
Deferred tax liabilities	(995)	(1,500)
	<u>2,263</u>	<u>1,784</u>
Movements in deferred taxation:		
At the beginning of the financial year	1,784	2,115
(Charged)/credited to income statement:		
- Property, plant and equipment	516	566
- Unrealised profits and interest	(445)	(1,143)
- Tax losses	466	238
- Unrealised gain on foreign exchange	(21)	18
- Impairment loss	(47)	0
- Interest income accrued	10	(10)
At the end of the financial year	<u>2,263</u>	<u>1,784</u>
Subject to income tax:		
Deferred tax assets:		
- Unrealised profits and interest	1,646	2,091
- Tax losses	1,004	538
- Impairment loss	608	655
	<u>3,258</u>	<u>3,284</u>
Deferred tax liabilities:		
- Property, plant and equipment	(971)	(1,487)
- Unrealised gain on foreign exchange	(24)	(3)
- Interest income accrued	0	(10)
	<u>(995)</u>	<u>(1,500)</u>

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.

**18 Deferred taxation (cont'd)**

**Company (2008 only)**

	2008 RM'000
Deferred tax liabilities	(783)
Movements in deferred taxation:	
At the beginning of the financial year	0
Charged to income statement:	
- Dividend receivable	(783)
At the end of the financial year	<u>(783)</u>
Subject to income tax:	
Deferred tax liabilities:	
- Dividend receivable	<u>(783)</u>

**19 Property development costs**

**Group only**

	2008 RM'000	2007 RM'000
At 1 July 2007/2006		
Freehold land - at cost	17,786	21,479
Leasehold land - at cost	4,046	4,000
Development costs	98,079	150,337
	119,911	175,816
Add: Movements in land		
- Transfer from freehold land held for property development	3,146	589
- Disposals of freehold land:		
- Additions	0	(239)
- Others	0	170
- Disposal of leasehold land	(3)	0
	3,143	520
Add: Movements in development costs		
- Additions	55,998	47,080
- Transfer from freehold land held for property development	451	167
- Development costs in relation to freehold land disposed	0	(52)
	56,449	47,195
Less: Accumulated costs charged to income statement		
- Current financial year	(47,216)	(52,802)
- Prior financial years	(48,762)	(97,897)
	(95,978)	(150,699)
Transfer to developed properties	(2,188)	(1,683)
At 30 June 2008/2007	<u>81,337</u>	<u>71,149</u>

**19 Property development costs (cont'd)**

	2008 RM'000	2007 RM'000
At 30 June		
Freehold land - at cost	20,932	21,954
Leasehold land - at cost	4,043	4,046
Less: Land costs in respect of completed projects	(4,164)	(4,135)
Less: Land costs in respect of transfers to developed properties	(181)	(33)
	20,630	21,832
Development costs	154,528	197,532
Less: Development costs in respect of completed projects	(25,338)	(97,803)
Less: Development costs in respect of transfers to developed properties	(2,007)	(1,650)
	127,183	98,079
Accumulated costs charged to income statement	(95,978)	(150,699)
Add: Accumulated costs charged to income statement in respect of completed projects	29,502	101,937
	(66,476)	(48,762)
	<u>81,337</u>	<u>71,149</u>

Included in property development costs, are cost of landowners' entitlement amounting to RM7,581,000 (2007: RM4,347,000) 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:

	2008 RM'000	2007 RM'000
Depreciation	8	14
Hire of equipment	504	517

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

**20 Inventories**

**Group only**

	2008 RM'000	2007 RM'000
At cost:		
Raw materials	175	592
Work in progress	5,072	6,510
Finished goods	1,234	1,240
Consumables	270	240
Plantation supplies	82	3
	<b>6,833</b>	<b>8,585</b>
At net realisable value:		
Work in progress	3,411	1,832
	<b>10,244</b>	<b>10,417</b>
Developed properties		
At cost	5,212	2,747
At net realisable value	309	5,003
	<b>5,521</b>	<b>7,750</b>
	<b>15,765</b>	<b>18,167</b>

**21 Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	41,742	54,723	0	0
Advances to landowners	26,396	31,738	0	0
Accrued billings in respect of property development	5,065	3,418	0	0
Other receivables	3,297	2,910	0	0
Deposits	1,081	831	2	2
Advances extended to subcontractors	174	0	0	0
Prepayments	120	112	0	0
	<b>77,875</b>	<b>93,732</b>	<b>2</b>	<b>2</b>

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

	<b>Group</b>		<b>Company</b>	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- Ringgit Malaysia	74,090	88,463	2	2
- US Dollar	3,665	5,157	0	0
	<b>77,755</b>	<b>93,620</b>	<b>2</b>	<b>2</b>

The normal credit terms of trade receivables range from 14 days to 60 days (2007: 14 days to 60 days).

**21 Trade and other receivables (cont'd)**

Advances to landowners arise when payments are made to the landowners before their entitlement crystallises in relation to the agreement 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 agreement 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.

On 27 August 2001, 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 the 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 (2007: 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 in December 2004 and this amount has been included under other receivables. To this date, the 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. However, due to the unforeseen delay in the written judgement from the High Court to enable PSD to appeal to the Court of Appeal, the Directors have decided to reverse the sale of land during the financial year.

**22 Deposits with licensed banks**

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits with licensed banks	40,002	37,442	23,502	21,142
Fixed deposits held as security for banking facilities	18	18	0	0
	<b>40,020</b>	<b>37,460</b>	<b>23,502</b>	<b>21,142</b>

Fixed deposits with licensed banks are denominated in Ringgit Malaysia.

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Fixed deposits with licensed banks	2.80 - 3.94	3.00 - 3.90	2.80 - 3.35	2.80 - 3.50
Fixed deposits held as security for banking facilities	3.60	3.70	0	0

Fixed deposits held as security amounting to RM18,000 (2007: RM18,000) were pledged to banks as security for bankers' guarantee facilities granted.

**23 Cash and bank balances**

	<b>Group</b>		<b>Company</b>	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances held under Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966	9,761	8,458	0	0
Cash at bank and in hand	11,031	5,054	1,804	859
	<b>20,792</b>	<b>13,512</b>	<b>1,804</b>	<b>859</b>

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:

	2008 %	2007 %
Interest rates during the financial year:		
Cash at bank held under Housing Development Accounts	2.00 - 2.15	2.00 - 2.15
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 - 2.15

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:

	<b>Group</b>		<b>Company</b>	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
- Ringgit Malaysia	19,855	13,379	1,804	859
- US Dollar	936	132	0	0
- Thai Baht	1	1	0	0
	<b>20,792</b>	<b>13,512</b>	<b>1,804</b>	<b>859</b>

Bank balances are deposits held at call with banks.

**24 Share capital**

	<b>Group and Company</b>	
	2008 RM'000	2007 RM'000
<b>Authorised:</b>		
Ordinary shares of RM1 each	200,000	200,000
<b>Issued and fully paid:</b>		
Ordinary shares of RM1 each		
At 1 July 2007/2006	90,539	90,424
Issue of shares from exercise of share options	6	115
At 30 June 2008/2007	<b>90,545</b>	<b>90,539</b>



## 24 Share capital (cont'd)

During the financial year, 6,000 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") at an exercise price of RM1.32.

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

### 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.

## 24 Share capital (cont'd)

### Employee share option scheme (cont'd)

(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.

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

Offer date 2008	Exercise price RM	Number of ordinary shares of RM1 each under option				
		At 1 July	Granted	Exercised	Terminated	At 30 June
8 January 2002	1.32	5,565,000	0	(6,000)	(1,334,000)	4,225,000
24 August 2002	1.36	117,000	0	0	(40,000)	77,000
14 January 2004	1.36	442,000	0	0	(40,000)	402,000
Total		6,124,000	0	(6,000)	(1,414,000)	4,704,000
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

At the end of the financial year, there were 4,225,000 (2007: 5,565,000) unissued ordinary shares under option at an exercise price of RM1.32 and 479,000 (2007: 559,000) 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 shares at share issue date RM/share	Exercise price RM/share	Number of shares issued '000 units
2008			
26 October 2007	1.480	1.320	6

**24 Share capital (cont'd)**
**Employee share option scheme (cont'd)**

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

Exercise date	Fair value of shares 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
		<b>2008</b>	<b>2007</b>
		<b>RM'000</b>	<b>RM'000</b>
Ordinary shares at par value of RM1 each		<b>6</b>	<b>115</b>
Share premium		<b>2</b>	<b>37</b>
Proceeds received on exercise of share options		<b>8</b>	<b>152</b>
At dates of issue of shares by virtue of exercise of share options:			
- total fair value of shares issued		<b>9</b>	<b>168</b>

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**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Share premium	<b>186</b>	<b>184</b>	<b>186</b>	<b>184</b>
Retained earnings	<b>181,724</b>	<b>181,791</b>	<b>149,723</b>	<b>149,583</b>
	<b>181,910</b>	<b>181,975</b>	<b>149,909</b>	<b>149,767</b>

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 as at 30 June 2008, without incurring any additional taxation.

**26 Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade payables	15,535	16,899	0	0
Other payables	2,080	3,064	0	0
Accrued liabilities	1,939	2,322	236	201
	<b>19,554</b>	<b>22,285</b>	<b>236</b>	<b>201</b>

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

	<b>Group</b>		<b>Company</b>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
- Ringgit Malaysia	19,488	21,784	236	201
- Thai Baht	34	499	0	0
- US Dollar	1	2	0	0
- Euro	31	0	0	0
	<b>19,554</b>	<b>22,285</b>	<b>236</b>	<b>201</b>

Credit terms of trade payables granted to the Group vary from 7 to 60 days (2007: 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 RM8,773,000 (2007: RM11,495,000). 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 RM3,095,000 (2007: RM2,989,000).

**27 Bank overdraft (2007 only)**

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% per annum.

**28 Dividend**

	<b>2008</b>		<b>2007</b>	
	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	6,791	10	6,610

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 30 June 2008 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 2009.

**29 Cash flow generated from operations**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial year before taxation but after minority interests	8,360	14,896	8,687	9,627
Adjustments for:				
Depreciation of property, plant and equipment	2,553	2,244	0	0
Amortisation of biological assets	20	22	0	0
Amortisation of prepaid lease rentals	232	216	0	0
Depreciation of investment properties	85	87	0	0
Dividend income	0	0	(8,995)	(9,498)
Gain on disposal of property, plant and equipment	(2,173)	(42)	0	0
Impairment losses on investment in a subsidiary	0	0	654	13
Minority interests	1,437	3,309	0	0
Interest income	(1,899)	(1,364)	(896)	(496)
Property, plant and equipment written off	0	3	0	0
Inventories written off	0	416	0	0
Bad debts written off	0	0	0	0
Developed properties written down	20	899	0	0
Interest expense	9	14	5	0
Share of results of an associate	(2,804)	(3,479)	0	0
	(2,520)	2,325	(9,232)	(9,981)
	5,840	17,221	(545)	(354)
Changes in working capital:				
Property development costs	(6,583)	7,540	0	0
Inventories	2,382	3,767	0	0
Receivables	17,719	1,140	0	0
Payables	(2,562)	444	35	(83)
Related company balances	0	0	3,700	4,492
	10,956	12,891	3,735	4,409
Cash flow generated from operations	16,796	30,112	3,190	4,055

**30 Cash and cash equivalents**

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

	<b>Group</b>		<b>Company</b>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	40,020	37,460	23,502	21,142
Cash and bank balances	20,792	13,512	1,804	859
Bank overdraft	0	(93)	0	0
Fixed deposits held as security for banking facilities (note 22)	(18)	(18)	0	0
	<b>60,794</b>	<b>50,861</b>	<b>25,306</b>	<b>22,001</b>

**31 Contingent liabilities**

	<b>Group</b>		<b>Company</b>	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Guarantee to relevant authorities on behalf of subsidiaries - unsecured	0	0	3,377	2,552
Guarantee to relevant authorities - unsecured	4,554	4,029	0	0

**32 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:

<b>Name of company</b>	<b>Relationship</b>
First Light Industries Co. Ltd.	Enterprise in which a substantial interest is owned directly by a person connected with Mr. Goh Aik Keong, who is a substantial shareholder and a Director 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 Chooi Eam, who is a non-independent non-executive Director of the Company.

**32 Related party disclosures (cont'd)**

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

<b>Group</b>	<b>2008 RM'000</b>	<b>2007 RM'000</b>
Purchases of semi-produced timber from:		
- First Light Industries Co. Ltd.	<b>1,716</b>	<b>5,522</b>
Purchases of fertilizer and chemical products from Teong Choon Enterprise (M) Sdn. Bhd.	<b>278</b>	<b>229</b>
Management fees and sales commission receivable from Brilliant Delta (M) Sdn. Bhd.	<b>135</b>	<b>342</b>

The procurement of semi-produced timber from the related party is mainly to support the Group's downstream diversification plan, from the initial logging/saw milling 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.

<b>Company</b>	<b>2008 RM'000</b>	<b>2007 RM'000</b>
Dividend income from:		
- Aturan Cemerlang Sdn. Bhd.	<b>64</b>	<b>64</b>
- Brilliant Development Sdn. Bhd.	<b>1,329</b>	<b>1,329</b>
- Brilliant Alliance Sdn. Bhd.	<b>238</b>	<b>238</b>
- Brilliant Delta (M) Sdn. Bhd.	<b>3,500</b>	<b>4,000</b>
- Cahajaya Timber Industries Sdn. Bhd.	<b>2,062</b>	<b>2,062</b>
- Pesaka Saujana Development Sdn. Bhd.	<b>0</b>	<b>3</b>
- Semua Jadi Sdn. Bhd.	<b>1,802</b>	<b>1,802</b>
	<b>8,995</b>	<b>9,498</b>
Loan interest from:		
- Yiked Alliance Sdn. Bhd.	<b>0</b>	<b>13</b>
Management fees receivable from:		
- Brilliant Development Sdn. Bhd.	<b>5</b>	<b>5</b>
- Cahajaya Timber Industries Sdn. Bhd.	<b>33</b>	<b>33</b>
- Semua Jadi Sdn. Bhd.	<b>32</b>	<b>32</b>
	<b>70</b>	<b>70</b>

**32 Related party disclosures (cont'd)**

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

**Company**

	2008 RM'000	2007 RM'000
Advances to:		
- Brilliant Development Sdn. Bhd.	1,646	1,905
- Maxilux Properties Sdn. Bhd.	845	538
- Pesaka Saujana (M) Sdn. Bhd.	3,609	7,619
- Semua Jadi Sdn. Bhd.	28,367	8,050
- Sungei Lalang Development Sdn. Bhd.	308	1,608
- Teguh Padu Development Sdn. Bhd.	304	1,160
Repayment of advances from:		
- Brilliant Development Sdn. Bhd.	2,070	3,100
- Maxilux Properties Sdn. Bhd.	1,930	1,050
- Pesaka Saujana (M) Sdn. Bhd.	16,750	2,900
- Semua Jadi Sdn. Bhd.	18,584	13,532
- Sungei Lalang Development Sdn. Bhd.	0	100
- Yiked Alliance Sdn. Bhd.	0	1,800
Advances received from:		
- Brilliant Alliance Sdn. Bhd.	0	5,000
Repayment of advances to:		
- Aturan Cemerlang Sdn. Bhd.	0	2,500
Capital reduction proceeds received from:		
- Brilliant Alliance Sdn. Bhd.	950	0

Amounts due from subsidiaries are unsecured and are repayable on demand. There is no interest charged on amounts due from wholly-owned subsidiaries. For financial year ended 30 June 2007, interest is charged on the amounts due from non-wholly-owned subsidiaries with rates ranging from 4.11% to 4.18% per annum, equivalent to 1% spread over the average prevailing interest of fixed deposit rate quoted by the principal banker of the Group during the financial year.

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.

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



**32 Related party disclosures (cont'd)**

## (c) Significant related party balances

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

Company	Nature	2008 RM'000	2007 RM'000
Amounts due from subsidiaries:			
- Semua Jadi Sdn. Bhd.	Advances	48,764	37,630
- Brilliant Development Sdn. Bhd.	Advances	10,627	10,055
- Pesaka Saujana (M) Sdn. Bhd.	Advances	28,140	41,281
- Teguh Padu Development Sdn. Bhd.	Advances	19,511	19,207
- Sungei Lalang Development Sdn. Bhd.	Advances	3,805	3,496
- Maxilux Properties Sdn. Bhd.	Advances	4,784	5,869
- Pesaka Saujana Development Sdn. Bhd.	Advances	643	634
Amounts owing to subsidiaries			
- Cahajaya Timber Industries Sdn. Bhd.	Advances	0	546
- Brilliant Alliance Sdn. Bhd.	Advances	0	5,000

## (d) Key management compensation during the financial year

The compensation for Directors and other members of key management during the financial year is analysed as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries and bonuses	2,636	2,997	94	90
Gratuity	300	0	0	0
Contributions to defined contribution retirement plan	305	349	0	0
Other employee benefits	157	178	0	0
	3,398	3,254	94	90

**33 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.

**33 Group segmental information (cont'd)**

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

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

2008	Property development RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>					
External revenue	62,073	32,986	1,383	0	96,442
Inter-segment revenue	0	0	5,263	(5,263)	0
Total revenue	62,073	32,986	6,646	(5,263)	96,442
<b>Results</b>					
Segment results	18,643	(1,361)	193	(10,686)	6,789
Unallocated income					377
Unallocated expenses					(164)
Finance cost					(9)
Share of results of an associate					2,804
Taxation					(1,817)
Profit for the financial year					7,980
<b>Net assets</b>					
Segment assets	250,789	46,547	274,478	(281,113)	290,701
Associate					15,369
Unallocated assets					7,066
Total assets					313,136
Segment liabilities	178,374	2,878	6,389	(168,087)	19,554
Unallocated liabilities					1,252
Total liabilities					20,806
<b>Other information</b>					
Capital expenditure	476	155	53	0	684
Depreciation and amortisation	398	2,236	24	0	2,658

**33 Group segmental information (cont'd)**

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

2007	Property development RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Group RM'000
<b>Revenue</b>					
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
<b>Results</b>					
Segment results	23,569	819	518	(10,292)	14,614
Unallocated income					208
Unallocated expenses					(82)
Finance cost					(14)
Share of results of an associate					3,479
Taxation					(3,735)
Profit for the financial year					14,470
<b>Net assets</b>					
Segment assets	244,126	53,060	294,331	(296,615)	294,902
Associate					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
<b>Other information</b>					
Capital expenditure	1,008	6,999	24	0	8,031
Depreciation and amortisation	329	1,996	28	0	2,353

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.

**33 Group segmental information (cont'd)**

(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 three geographical areas:

- Malaysia (mainly property development and housing activities)
- United States of America, Canada and European countries (mainly wood related products business)

	Revenue		Total assets		Capital expenditure	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysia	68,312	84,684	297,767	302,635	684	8,031
Unites States of America and Canada	27,607	34,865	0	0	0	0
Europe	523	377	0	0	0	0
	<b>96,442</b>	<b>119,926</b>	<b>297,767</b>	<b>302,635</b>	<b>684</b>	<b>8,031</b>
Associate			15,369	15,155		
Total assets			<b>313,136</b>	<b>317,790</b>		

**34 Approval of financial statements**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 17 September 2008.

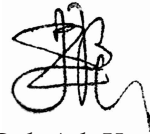
## STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Haji Thobrani Bin Haji Hanafi, DSDK, BCK, BKM, JP and Goh Aik Keong, being two of the Directors of Oriental Interest Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 39 to 91 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 2008 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 17 September 2008.



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



**Goh Aik Keong**  
Executive Director

## STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Khaw Eng Peng, 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 39 to 91 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.



**Khaw Eng Peng**  
Executive Director

Subscribed and solemnly declared in Sungai Petani on 17 September 2008

Before me



Commissioner for Oaths

Authorised share capital	: RM200,000,000/=
Issued and fully paid-up share capital	: RM90,545,002/=
Class of share	: Ordinary shares of RM1/= each fully paid
Voting rights	: On a show of hands - 1 vote for every shareholder On a poll - 1 vote for every one ordinary share held

## Thirty Largest Shareholders

	Name	No. of Shares	% of Issued Share Capital
1	Thobrani Holdings Sdn. Bhd.	11,351,365	12.54
2	Goh Aik Lai Holdings Sdn. Bhd.	3,290,600	3.63
3	K T Ooi Holdings Sdn. Bhd.	3,191,171	3.52
4	Fortune Yields Sdn. Bhd.	3,052,029	3.37
5	Tow Hing Wa Holdings Sdn. Bhd.	2,509,182	2.77
6	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Skim Amanah Saham Bumiputera	2,369,794	2.62
7	Yeap Peng Hean Holdings Sdn. Bhd.	2,210,182	2.44
8	Goh Aik Keong	2,086,800	2.30
9	Alliancegroup Nominees (Tempatan) Sdn. Bhd. PHEIM Asset Management Sdn Bhd for Employees Provident Fund	1,995,400	2.20
10	Daedalin Sdn. Bhd.	1,959,232	2.16
11	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Thobrani Holdings Sdn. Bhd.	1,911,635	2.11
12	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Exempt an for British and Malayan Trustees Limited (YEOMAN 3-RIGHTS)	1,850,000	2.04
13	Goh Cheng Guan Holdings Sdn. Bhd.	1,726,191	1.91
14	Goh Aik Lean Holdings Sdn. Bhd.	1,507,000	1.66
15	Lim Hai Hong @ Lim Hai Hak	1,490,000	1.65
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	Fortune Yields Sdn. Bhd.	1,147,600	1.27
19	Teong Choon Enterprise (Malaysia) Sdn. Bhd.	1,016,000	1.12
20	Hoe Siew Mee	1,000,000	1.11
21	Teow Peng Yeow	1,000,000	1.11
22	Goh Aik Lean	1,000,000	1.11
23	Teoh Aik Xiang	1,000,000	1.11
24	Teoh Aik Wei	1,000,000	1.11
25	Goh Aik Keong	997,585	1.10
26	Yeoh Swee Seong Sdn. Bhd.	906,000	1.00
27	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Aik Lai Holdings Sdn. Bhd.	900,000	0.99
28	Citigroup Nominees (Asing) Sdn. Bhd. Citigroup GM Inc for SC Asian Opportunity Fund, L.P.	847,800	0.94
29	Yeoh Kooi Chuan Holdings Sdn. Bhd.	827,585	0.91
30	Teoh Aik Hwang	800,000	0.88
		<b>57,652,324</b>	<b>63.67</b>

**Distribution Schedule**

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	6	0.24	331	0.00
100 - 1,000	1,073	43.35	1,049,478	1.16
1,001 - 10,000	1,073	43.35	4,382,000	4.84
10,001 - 100,000	237	9.58	7,835,785	8.65
100,001 - 4,527,249	85	3.44	65,926,043	72.81
4,527,250 - 90,545,002	1	0.04	11,351,365	12.54
	2,475	100.00	90,545,002	100.00

**Substantial Shareholders**

No.	Name	Direct Interest		Deemed Interest	
		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	5,531,307	6.11
5.	Goh Cheng Guan @ Goo Beng	507,000	0.56	4,198,769	4.64

**Directors Shareholdings**

	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
*	Dato' Haji Thobrani Bin Haji Hanafi	453	0.00	13,592,000	15.01
^	Goh Aik Keong	3,104,785	3.43	5,531,307	6.11
#	Hazman Bin Thobrani	20,000	0.02	-	-
#	Khaw Eng Peng	95,002	0.10	-	-
	Chai Tin Kok @ Sua Ah Seng	249,000	0.28	1,689,077	1.87
	Goh Chooi Eam	203	0.00	1,726,191	1.91
	Koay Chong Beng	-	-	3,000	0.00
	Ahmad Bin Abdul Rashid	-	-	60,000	0.07
	Chin Kuet Sen	2,000	0.00	-	-

The deemed interests of Dato' Haji Thobrani Bin Haji Hanafi, Mr. Goh Aik Keong, Mr. Khaw Eng Peng, Mr. Chai Tin Kok @ Sua Ah Seng and Mr. Goh Chooi Eam in the related corporations are as disclosed in pages 33 and 34 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.
- # Option to subscribe for 250,000 shares in the Company pursuant to ESOS 2001.

Address / Location	Description / Year of Acquisition or Revaluation	Approximate Land/Floor Area	Tenure/Age of Buildings (years)	Net Book Value (RM'000)
<b>Sungai Petani</b> 1 & 2, Jalan Bank, Sungai Petani, Kedah Darul Aman.	6 Storey Office Building / 1993	25,255 sq.ft.	Freehold/12	2,280
7 & 8, Jalan Bank, Sungai Petani, Kedah Darul Aman.	3 Storey Office Building 1996 & 1993	12,861 sq.ft.	Freehold/5	1,398
Lot 96 & 97 & Plot 73A, Bakar Arang Industrial Estate, Sungai Petani, Kedah Darul Aman.	Industrial Land & Factory and Office Building/ 1993	10.25 acres	99 years lease expiring in 2088/20	6,107
Plot 75, Bakar Arang Industrial Estate, Sungai Petani, Kedah Darul Aman.	Industrial Land & Factory and Office Building/ 2007	4.00 acres	99 years lease expiring in 2083/2	2,969
Mukim Sungai Pasir, District of Kuala Muda, Kedah Darul Aman.	Development Land Approved for Housing	43.91 acres	Freehold	15,230
Mukim Teloi Kiri, District of Kuala Muda, Kedah Darul Aman.	Oil Palm Plantation for Future Development	244.15 acres	Freehold	3,759
<b>Kulim</b> 343, Jalan Tunku Mohd. Asaad, Kulim, Kedah Darul Aman.	Sales Office (Bungalow)/1996	62,483 sq.ft.	Freehold/51	1,067
32-42, Lorong Semarak 2, Taman Semarak, Kulim, Kedah Darul Aman.	3 Storey Shophouses/1996	49,059 sq.ft.	Freehold/13	1,647
Bandar Kulim, District of Kulim, Kedah Darul Aman.	Development Land Approved for Housing	58.53 acres	Freehold	17,642



# **PROPERTIES OF THE GROUP** (cont'd) as at 30 June 2008

Address / Location	Description / Year of Acquisition or Revaluation	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	1.97 acres	Freehold	96
<b>Kuala Lumpur / Sepang / Negeri Sembilan</b>				
61, Jalan Kg. Pandan, Taman Maluri, Kuala Lumpur.	4 Storey Office Building/ 1993	7,040 sq.ft.	99 years lease expiring in 2076/18	579
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 2092/12	138
No. 1, Jalan Dahlia 2/7, Taman Dahlia, Bandar Baru Salak Tinggi, Sepang, Selangor Darul Ehsan.	Double Storey Terrace/ 2007	3,175 sq.ft.	Freehold/2	172
Mukim Dengkil, District of Sepang, Selangor Darul Ehsan.	Development Land Approved for Housing	32.30 acres	Freehold	9,152
Mukim Sepang, District of Kuala Langat, Selangor Darul Ehsan.	Development Land Approved for Housing	11.62 acres	Freehold	2,975
Mukim Dengkil, District of Sepang, Selangor Darul Ehsan.	Development Land Approved for Housing	2.75 acres	99 years lease expiring between 2096	1,310
Mukim Setul, Seremban, Negeri Sembilan.	Oil Palm Plantation for Future Development	173.81 acres	99 years lease expiring in 2081	10,844

**NOTICE IS HEREBY GIVEN** that the Fifteenth 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, 30 October 2008 at 10:00 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the year ended 30 June 2008 and the Reports of the Directors and Auditors thereon.
- 2a. To re-elect the following Directors who retire pursuant to Article 87 of the Company's Articles of Association:
 

i) Encik Hazman Bin Thobrani	Ordinary Resolution 1
ii) Mr Khaw Eng Peng	Ordinary Resolution 2
iii) Mr Goh Chooi Eam	Ordinary Resolution 3
iv) Mr Koay Chong Beng	Ordinary Resolution 4
- 2b. To re-elect Tuan Haji Ahmad Bin Abdul Rashid who retires pursuant to Article 80 of the Company's Articles of Association. Ordinary Resolution 5
3. To declare a First and Final Dividend of 10% less 25% tax for the year ended 30 June 2008. Ordinary Resolution 6
4. To approve Directors' fees for the year ended 30 June 2008. 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 SHAREHOLDERS' MANDATE FOR PROVISION OF FINANCIAL ASSISTANCE BETWEEN THE COMPANY AND ITS SUBSIDIARY COMPANIES ("Proposed Shareholders' Mandate")**

"THAT pursuant to Paragraph 8.23 and 10.09 of the Listing Requirements of the Bursa Securities, a general mandate of the Shareholders be and is hereby granted for the Company to provide financial assistance to its subsidiary companies as stated in Section 2.4 of the Circular to Shareholders dated 8 October 2008 ("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."

**Ordinary Resolution 10**

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 25% tax for the year ended 30 June 2008, if approved by the shareholders at the AGM, will be paid on 28 November 2008 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 13 November 2008.

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 13 November 2008 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, 8 October 2008

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 101 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 Resolution 10, if passed, will approve the Proposed Shareholders' Mandate and allow the Company to provide financial assistance to its subsidiary companies as stated in Section 2.4 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 resolution passed by the shareholders of the Company in a general meeting; whichever is the earlier.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING AND OTHER INFORMATION

101

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 32 to 34 of the Annual Report, while personal particulars for each of them are detailed in the Directors' Profile on pages 5 and 6 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 13 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 6,000 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 Depositary Receipt (ADR) or Global Depositary 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.

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**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 Fifteenth Annual General Meeting of the Company to be held at Serindit Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Thursday, 30 October 2008 at 10:00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		
Resolution 8		
Resolution 9		
Resolution 10		

(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 2008.

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.
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Affix  
Stamp

**ORIENTAL INTEREST BERHAD**  
(272144-M)

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

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