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# Corporate Information

## BOARD OF DIRECTOR

Tan Sri Sabbaruddin Chik  
(Chairman)

Lim Nyuk Foh  
(Managing Director)

Chok Syn Vun  
(Executive Director)

Ramlee Bin Mohd Shariff  
(Non-Executive Director)

Kwan Tack Chiong  
(Independent Non-Executive Director)

Ooi Jit Huat  
(Independent Non-Executive Director)

## AUDIT COMMITTEE

Kwan Tack Chiong (Chairman)

Chok Syn Vun (Member)

Ooi Jit Huat (Member)

## COMPANY SECRETARY

Yuen Wai Seng  
(MIA 1937)

## REGISTERED OFFICE / HEAD OFFICE

1st Floor, Lot 5, Block No. 4, Bandar Indah  
Mile 4, Jalan Utara  
P.O. Box 2848  
90732 Sandakan  
Sabah  
Tel : 089 221170/223767/221211  
Fax : 089 221213/227823  
Email : [pricwor@tm.net.my](mailto:pricwor@tm.net.my) / [maxland@tm.net.my](mailto:maxland@tm.net.my)  
Website : [www.borneoonline.com.my/priceworth](http://www.borneoonline.com.my/priceworth)

## REGISTRAR

Signet Share Registration Services Sdn Bhd  
(506293-D)  
11th Floor, Tower Block, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 03 21454337  
Fax : 03 21421353

## PRINCIPAL BANKER

AmMerchant Bank Berhad (23742-V)  
22nd Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur

Malayan Banking Berhad (3813-K)  
48 Jalan Tiga  
90704 Sandakan  
Sabah

Alliance Bank Malaysia Berhad (88103-W)  
No. 1 Block C Taman Kim Fung  
90000 Sandakan  
Sabah

## AUDITOR

Ernst & Young  
(Firm No. AF 0039)  
Alliance Bank Building  
2nd Floor, Jalan Utara  
W.D.T. 46  
91009 Tawau  
Sabah

## STOCK EXCHANGE LISTING

Second Board of Kuala Lumpur Stock Exchange

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Sixth Annual General Meeting of the Company will be convened and held at Buntinggan 2 Ballroom of Nexus Resort Karambunai Sdn Bhd, Menggatal, Kota Kinabalu, Sabah on 17 December 2002 at 9.30 a.m. to transact the following business:

## AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2002 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a first and final tax-exempt dividend of 8% in respect of the financial year ended 30 June 2002. **Resolution 2**
3. To approve the payment of Directors' Fees. **Resolution 3**
4. To re-elect the following Directors retiring pursuant to Article 93 of the Company's Articles of Association:
  - (a) Tan Sri Sabbaruddin Chik **Resolution 4**
  - (b) Mr Lim Nyuk Foh **Resolution 5**
  - (c) Mr Chok Syn Vun **Resolution 6**
  - (d) Encik Ramlee Bin Mohd. Shariff **Resolution 7**
  - (e) Mr Kwan Tack Chiong **Resolution 8**
  - (f) Mr Ooi Jit Huat **Resolution 9**
5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. **Resolution 10**
6. As Special Business:

## ORDINARY RESOLUTION

### - Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

**Resolution 11**

"**THAT**, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

**By Order of the Board**

**Yuen Wai Seng**  
Company Secretary

Tawau  
22 November 2002

# Notice Of Annual General Meeting

## Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 5, 1st Floor, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*
5. EXPLANATORY NOTE ON SPECIAL BUSINESS

### *Resolution No. 11*

- *Authority to allot shares pursuant to Section 132D of the Companies Act, 1965*

*The Resolution No. 11 proposed under Item 6, if passed, will give powers to the Directors to issue up to a maximum 10% of the issued share capital for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked and varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.*

# Chairman Statement

**ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF PRICEWORTH WOOD PRODUCTS BERHAD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002.**

## **SIGNIFICANT CORPORATE DEVELOPMENTS**

During the financial year, the Group had achieved a very important milestone with the listing of the Company on the Second Board of the Kuala Lumpur Stock Exchange on 31 December 2001. As integral part of the listing and quotation for the entire issued and paid-up share capital of the Priceworth Wood Products Berhad on the Second Board of the Kuala Lumpur Stock Exchange, the Group undertook the restructuring and listing scheme which involved the following:

### **1. Acquisition of Maxland Sdn Bhd**

The acquisition by Priceworth Industries Sdn Bhd of the remaining approximately 11.11% equity interest in Maxland Sdn Bhd comprising of 200,000 ordinary shares of RM1.00 each for a total consideration of RM 398,614. The acquisition was completed on 1 November 2001.

### **2. Acquisition of Priceworth Industries Sdn Bhd**

The acquisition of the entire issued and paid-up share capital of Priceworth Industries Sdn Bhd of 32,974,031 ordinary shares of RM1.00 each for a consideration of RM42,076,738 satisfied by the issuance of 72,109,980 new Priceworth Wood Products Berhad ordinary shares of RM0.50 each. The acquisition was completed on 1 November 2001.

### **3. Public Issue**

The public issue of 12,890,000 new ordinary shares of RM0.50 each of the Company at an issue price of RM1.30 per ordinary share completed on 21 December 2001.

### **4. Listing on the Second Board of the Kuala Lumpur Stock Exchange**

Arising from the above exercise, the issued and paid-up share capital of Priceworth Wood Products Berhad increased to 85,000,000 comprising RM42,500,000 ordinary shares of RM0.50 each. The entire issued and fully paid-up share capital of the Company was successfully listed on the Second Board of the Kuala Lumpur Stock Exchange on 31 December 2001.

## **FINANCIAL RESULTS**

During the year under review, the Group recorded impressive revenue of RM98.9 million and profit after taxation of RM18.0 million. This amount exceeded our projected revenue of RM90.8 million and profit after tax of RM15.1 million published in the Prospectus dated 23 November 2001.

This is due to better than expected demand for downstream products and the extra contribution from the new logging contract services.

The new logging contract services awarded to Maxland Sdn Bhd on 21 January 2002 by Rakyat Berjaya Sdn Bhd., a wholly owned subsidiary of Innoprise Corporation Sdn. Bhd. involves extraction of logs over 4,000 hectares per annum for the next three years. This is expected to contribute additional revenue and cash flows to the Group.

# Chairman Statement

## PROSPECTS

The future prospects of the timber industry will be dependent on the outlook on the international front as well as the domestic economy. The positive growth for the year 2001 and 2002 will be beneficial for the timber and processed wood products industry especially since the Government's expansionary fiscal and monetary policy will concentrate on the construction sector, which is one of the main users of timber products. Hence the demand from the industry is expected to grow in tandem with the growth in the construction sector.

Despite the increasing difficulties and challenging environment ahead, the Board is confident that the Group's performance for the forthcoming year will remain satisfactory and growth could be achieved due to the anticipated improvement in the global timber market.

The Board believes that the Group's long-term prospect in the industry remains intact and the Group would continue to strive to maintain market position and focus on measures to produce and market high quality downstream value added products and to continue improve its efficiency and production capacity.

On the basis of the above and barring unforeseen circumstances, the Board of Directors is optimistic that the Group will continue to achieve positive results for the financial year ending 30 June 2003.

## DIVIDEND

The Board has recommended for your approval a first and final tax-exempt dividend of 4 sen per share for the financial year ended 30 June 2002. The dividend payout by the Group would amount to RM3.4 million.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors and shareholders, I wish to convey our appreciation to the management and staff for their diligence, dedication, professionalism and commitment towards the achievements of the Group in maintaining the Group's competitiveness and making another successful year possible. I wish also to express my gratitude to the shareholders, financiers, customers, suppliers, business associates and all other stakeholders for the continued support and confidence for the Group. Finally, I would also like express appreciation to our other board members for their contributions and unfailing support during the year.

**Tan Sri Sabbaruddin Chik**  
*Chairman*

# Directors' Profile

## **TAN SRI SABBARUDDIN CHIK**

Aged 61, is appointed as the Chairman of the PWP Group on 2 November 2001.

He graduated from Universiti Malaya in 1965 and from the Institute of Social Studies, The Hague, Holland in 1974. He started his government career as the Assistant Secretary for the State of Negeri Sembilan from 1966 to 1967. In 1967, he was appointed as Assistant Secretary for the Ministry of Foreign Affairs. From 1967 to 1971, he was the Malaysian Consulate in Saigon before being appointed as the Assistant Secretary Head in the Prime Minister Department from 1971 to 1975. In 1975, he was appointed as Director for Planning in the Prime Minister Department and thereafter became the Director for International Trade in the Ministry of Trade and Industry from 1976 to 1979. Between 1980 and 1981, he was the Deputy Secretary for the Government of Selangor. Subsequently he was appointed as Deputy Finance Minister from 1982 to 1987 and thereafter, he was the Cultural, Arts and Tourism Minister from 1987 to 1999. He was awarded the Setia Mahkota Selangor (S.M.S.) and Darjah Sultan Ahmad Shah Pahang (S.D.A.P.) in 1982, the Seri Indera Mahkota Pahang (S.I.M.P.) in 1988, the Dato' Paduka Mahkota Selangor (D.P.M.S.) in 1992, the Sri Sultan Ahmad Shah Pahang (S.S.A.P.) in 1998 and the Paduka Setia Mahkota (P.S.M.) in 2000.

He has no directorship or major shareholdings in other public corporations for the past two (2) years.

## **LIM NYUK FOH**

Aged 38, who is the founder was appointed as the Managing Director of the PWP Group from 2 November 2001. He graduated from the University of Toledo, Toledo, United States of America with a Degree in Finance majoring in Investment.

He has extensive experience in the timber industry. Coming from a family involved in the timber business, he ventured into the trading of timber for the domestic and foreign market in 1989, and in 1990 he founded PISB to undertake the sawmilling and timber extraction business. In 1993, PISB commenced its manufacturing operations. PWP today is involved in the manufacture and sale of processed wood products namely sawn timber, barecore board, fingerjoints, laminated timber, moulding profiles & moulded timber, wooden doors, window frames, parquet flooring, UV coating flooring, CCA treated wood, provision of wood processing services and rental of kiln dry machinery.

He has no directorship or major shareholdings in other public corporations for the past two (2) years.

## **CHOK SYN VUN**

Aged 32, is the Executive Director of PWP Group from 2 November 2001.

He graduated from Stamford College, Singapore in 1991 with a Diploma in Accounting. In 2000, he was awarded Bachelor of Business Administration, with a major in Accounting with Distinction from Ashington University, England. He joined PISB in 17 March 1994. The limited number of personnel during the formative years of the Group provided him with the opportunity to involve himself in various aspects of operations, including administrative, finance and human resources management. Through this exposure, he has gained extensive experience in the timber operations of the Group.

Chok Syn Vun was appointed as the Executive Director of PISB on 17 February 1997. He is in the management team where he oversees the administration and financial functions of the PWP Group.

He has no directorship or major shareholdings in other public corporations for the past two (2) years.

## **RAMLEE BIN MOHD SHARIFF**

Aged 38, is a director of PISB.

He is a Fellow member of Association of Certified Chartered Accountants (ACCA). He began his career in Ernst & Young in 1987 and became an Audit Manager in 1992. In 1993, he joined Shapadu Corporation Sdn Bhd as the Internal Audit Manager and was promoted to Group Financial Controller in May 1995. He left the company in May 1997 to join Bridgecon Holdings Berhad as the General Manager - Finance where he was also responsible for the Group's Corporate Finance, Accounts and Management Information System Department. He is currently the Managing Director of Iman Consulting Sdn Bhd, a company involved in providing corporate finance and financial related advice to clients.

He has no directorship or major shareholdings in other public corporations for the past two (2) years.

## Directors' Profile

### **KWAN TACK CHIONG**

Aged 39 was appointed to the Board of PWP on 2 November 2001.

He graduated from the University of Toledo, Toledo, United States of America with a Bachelor of Business Administration. He started off as a supervisor in Pinayas Wood Products Sdn Bhd in 1989. Then in 1990, he joined Trimwood Industrial Sdn Bhd as a Manager until 1992. Subsequently from 1992 until 1993, he joined Service Trading Sdn Bhd as a Marketing Director before joining Priceworth Industries Sdn Bhd as a Director from 1993 to 1995. In 1996, he is the Director for Matotech (M) Sdn Bhd until currently.

He has no other directorship or major shareholdings in other public corporations for the past two (2) years.

### **OOI JIT HUAT**

Aged 50 was appointed to the Board of PWP on 2 November 2001.

He started his career at Peat Marwick Mitchell & Co, Kuala Lumpur as an Article Student and was subsequently promoted to be an Audit Supervisor. He was a supervisor in the Computer Audit Department for Peat Marwick Mitchell & Co in London from 1980 to 1981. Subsequently on 1981, he was a Manager at Peat Marwick Mitchell & Co of Kuala Lumpur until 1982. In 1983, he became a Financial Controller for Zemex Corporation before he founded his own public accounting firm, Russ Ooi & Associates in 1985. He has over 20 years of experience in the financial industry having carved areas of expertise in corporate consultancy, financial management, management information systems and auditing and investigations. He has also served on the Boards of several Malaysian Public Listed companies and currently he is the independent director of Kwantas Corporation Berhad. His professional assignments covered flotations exercises, investigations and due diligence reporting and the reverse take-overs of several companies on the Kuala Lumpur Stock Exchange. He is a Certified Public Accountant, a member of the Malaysian Association of Certified Public Accountants, Malaysian Institute of Accountants and the Malaysian Institute of Taxation. .

He currently does not hold any of the issued and paid-up share capital of PWP as at 2 November 2001.

He is a director of Kwantas Corporation Berhad. Save as disclosed, he does not have other directorship or major shareholdings in other public corporations for the past two (2) years.



# Statement Of Corporate Governance

The Board of Directors ("the Board") of Priceworth Wood Products Berhad ("PWP" or the Company) recognises its responsibility for maintaining good corporate governance. The Board acknowledges that good corporate governance is a continuous improvement process that requires periodic reassessment and refinement of management practices and systems.

## A. DIRECTORS

### Composition of the Board

PWP is led and managed by an experienced Board comprising members with wide range of experience in the relevant fields required to successfully direct and supervise the company's business activities. As at the date of this statement, the Board consists of two Executive Directors and four Non-Executive Directors, two of whom are independent. The profile of each director is presented in this Annual Report on pages 7 to 8.

The Managing Director is primarily responsible for the orderly conduct and the working of the Board, day-to-day running of the business and implementation of Board policies and decisions. The presence of Independent Non-Executive Directors is essential as they provide unbiased and independent views, advice and judgement as well as to safeguard the interest of other parties such as minority shareholders.

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

### Board Meetings

Since the listing of the company on 31 December 2001 up to 30 June 2002, there were Two (2) Board meetings and the attendance record of each Director is as follows:

Directors	No. of meetings attended
1) Tan Sri Sabbaruddin Chik	2 of 2
2) Lim Nyuk Foh	2 of 2
3) Chok Syn Yun	2 of 2
4) Dato' Sidek Bin Awang ( <i>Resigned on 8 April 2002</i> )	1 of 2
5) Ramlee Bin Mohd Shariff	2 of 2
6) Kwan Tack Chiong	2 of 2
7) Ooi Jit Huat	2 of 2

Certain key matters such as approval of annual and quarterly results are reserved for the Board to decide.

### Appointments to the Board

A Nominating Committee was established on 2nd January 2002, comprising the following members:

1. Tan Sri Sabbaruddin Chik (*Chairman*)
2. Kwan Tack Chiong
3. Ooi Jit Huat

The Nomination Committee is responsible for making recommendations for any appointments to the Board including those of subsidiary companies having considered the required mix of skills and experience.

### Supply of Information

Prior to the Board meeting, the Chairman ensures that all the Directors receive the agenda and Board papers containing information relevant to the business of the meeting, including information on major financial performance, operational and corporate matters of the Group. The Minutes of the Board meetings are confirmed at the following meeting and are maintained by the Company Secretary.

The Directors have unhindered access to the advice and services of the Company Secretary.

# Statement Of Corporate Governance

## Re-election of Directors

In accordance with the provisions of the Company's amended Articles of Association, all Directors shall retire and be eligible for re-election by rotation at each Annual General Meeting at least once in three years.

## Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RHAM).

## Audit Committee

The details of the Audit Committee is set out in Audit Committee Report on pages 14 to 16.

## B. DIRECTORS' REMUNERATION

The Directors' Remuneration Committee was established on 28 February 2002, comprising the following members:

1. Kwan Tack Chiong (*Chairman*)
2. Lim Nyuk Foh
3. Ooi Jit Huat

The Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors.

The aggregated remuneration of the directors categorised into appropriate components is:

Director Remuneration	Executive Director(s) RM'000	Non-Executive Director(s) RM'000
Fee	–	275
Salaries	273	–
Bonuses & allowance	43	–
Total	316	275

The number of directors of the Company whose total remuneration fall within the following bands is:

Director Remuneration	Executive Director(s) RM'000	Non-Executive Director(s) RM'000
RM'000	Number of directors	Number of directors
Below 50	–	3
50 to 100	–	–
100 to 150	2	1
Total	2	4

# Statement Of Corporate Governance

## C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board believes in clear and regular communication with its shareholders and institutional investors. The Annual Report and release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and its business activities.

The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities. The Board also plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

## 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 the results to shareholders as well as the Chairman's statement and review of the operations in its first annual report.

### Internal Control

The overview of the state of internal controls within the Group is covered under Statement on Internal Control in the following pages.

### Relationship with the Auditors

The Company has established a formal and transparent arrangement with the auditors in line with the auditors' professional requirements. The auditors may from time to time throughout the financial year, highlight to the Audit Committee and the Board on matters that require the Board's attention.

**The Board of Directors**  
**Priceworth Wood Products Berhad**  
**25 October 2002**

# Statement Of Internal Control

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

In striving to operate a system of internal control that will drive the Group towards its goals, the Board relies upon balanced monitoring and reviewing of the system by the Executive Directors and the Audit Committee respectively. The Executive Directors oversee the day-to-day operations and conduct of the Group's business. Scheduled meetings, chaired by either the Managing Director or Executive Director, were held at operational and management level to identify, discuss and resolve business and operational issues. Significant matters that were discussed during those scheduled meetings were then reported to the Board.

The Group's detailed organisation structure embeds strong control features throughout the Group. The structure identifies the head of each department, their subordinates and superiors which facilitates a clear reporting line.

Subsequent to the financial year end, the Board engaged a professional services firm to conduct a high-level assessment of the Group's system of internal control based on the requirements outlined in the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by the Kuala Lumpur Stock Exchange's Task Force. The Board has reviewed the key findings and recommendations of this assessment and has begun to put in place certain measures to correct some of the weaknesses noted.

The Board has outsourced its Internal Audit function to a professional services firm, whose remit is to the Audit Committee. The Internal Audit function carried out a high-level risk assessment of the Group's business processes that are key to the achievement of its business objectives in order to determine the focus areas of internal audit which will be carried out during the next financial year. As part of the exercise, the management assessed the current controls in place to manage strategic risks. Where deficiencies/weaknesses were noted, management has identified action plans to rectify those weaknesses. The Board has reviewed and endorsed the assessment.

**The Board of Directors**  
**Priceworth Wood Products Berhad**  
**25 October 2002**

# Statement Of Directors' Responsibility

This Statement is prepared as required by the Listing Requirement of KLSE

The directors are required to prepare financial statements, which give a true and fair view of the state of affairs of the Group and the Company as at end of each financial year and of their results and cash flows for that year then ended.

In preparing the financial statements set out on pages 22 to 38, the directors have:

- adopted appropriate accounting policies and applied them consistently
- made judgements and estimates that were prudent and reasonable; and
- ensured applicable approved accounting standards in Malaysia have been followed

The directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965

The statement by the Board pursuant to Section 169(15) of the Companies Act, 1965 is presented on page 21.

The directors have a general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

# The Audit Committee Report

## MEMBERSHIP

### Chairman

Kwan Tack Chiong

Independent Non-Executive Director

### Members

Chok Syn Yun

Executive Director

Ooi Jit Huat

Independent Non-Executive Director

## COMPOSITION

The Audit Committee ("the Committee") shall be appointed by the Board of Directors from amongst its Directors and shall consist of not less three (3) members of whom a majority shall be independent directors. A quorum shall be two (2) members.

In this respect, the "independent directors" is confined within the definition under the Kuala Lumpur Stock Exchange Listing Requirements that at least one (1) member of the Audit Committee:

1. shall be a member of the Malaysian Institute of Accountants; or
2. if he is not a member of Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
  - a. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - b. he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967

The members of the Committee shall elect a Chairman from among their number who shall be independent director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

If the number of members is less than three (3), the Board shall within three (3) months, appoint new members to make up the minimum number of three (3) members.

## MEETING

The meetings shall be held no less than four (4) times a year.

In addition to the Committee Members, the meetings will normally attended by a representative of the department in the Company and of the external auditors as and when required.

The Secretaries to the Audit Committee shall be the Company Secretaries, or the other person appointed by the Committee.

# The Audit Committee Report

## FUNCTIONS

The functions of the Committee shall be:

1. Review the following and report the same to the Board of Directors:
  - a. with the external auditors, the audit plan;
  - b. with the external auditors, their evaluation of the system of internal control;
  - c. with the external auditors, his audit report on the financial statements;
  - d. the assistance given by employees of the Company to the external auditors;
  - e. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - f. the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - g. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
    - i. changes in or implementation of major accounting policy changes;
    - ii. significant and unusual events; and
    - iii. compliance with accounting standards and other legal requirements;
  - h. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - i. any letter of resignation from external auditors of the Company;
  - j. whether there is reason (supported by ground) to believe that the Company's external auditors is not suitable for re-appointment
  - k. to consider any matters the auditors wish to bring to the attention of the Board of Directors or shareholders; and
  - l. such other responsibilities as may be applied to by the Committee and the Board
2. Recommend the nomination of a person or persons as external auditors.

During the financial year ended 30 June 2002, the members of the Audit Committee met three (3) times, on 27 December 2001, 28 February 2002 and 17 May 2002 respectively.

The details of attendance are as follows:

Members	No. of Meetings Attended
Kwan Tack Chiong	3/3
Chok Syn Yun	3/3
Ooi Jit Huat	3/3

# The Audit Committee Report

## **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

During the year, the Audit Committee carried out its duties as set out in the terms of reference. The Audit Committee met with due notices of meetings issued and with agenda planned and itemized in order for issues raised to be discussed in a focused and detailed manner.

The following activities were carried out by the Audit Committee during the financial year ended 30 June 2002:

1. Reviewed financial statements including quarterly financial announcements to the Kuala Lumpur Stock Exchange.
2. Reviewed the internal controls of the Company.



# Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the period/year ended 30 June 2002.

## PRINCIPAL ACTIVITIES

The principal activity of the Company, is investment holding. The principal activities of the subsidiary companies are stated in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the period/year.

## RESULTS

	GROUP RM	COMPANY RM
Profit/(loss) for the period/year	18,063,396	(70,834)
Accumulated losses brought forward	(75,144)	(75,144)
Retained profits/(accumulated losses) carried forward	17,988,252	(145,978)

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

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

## DIVIDEND

Subject to the approval of members at the forthcoming Annual General Meeting of the Company, the Directors now recommend the payment of a final tax-exempt dividend of 4 sen per share on 85,000,000 ordinary shares amounting RM3,400,000 in respect of the financial year ended 30 June 2002.

## SHARE CAPITAL

The changes in the issued and fully paid share capital of the Company during the financial year are as follows:

Date	Purpose of issue	Class of shares	Number	Term of issue
1 November 2001	Acquisition of subsidiary companies via share swap	Ordinary shares of RM0.50	72,109,980	RM0.58 per share
14 December 2001	Public issue	Ordinary shares of RM0.50	12,890,000	RM1.30 per share

These new shares that were issued rank pari passu in all respects with the existing shares of the Company.

# Directors' Report

## DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Sabbaruddin Chik	<i>(Appointed on 2.11.2001)</i>
Lim Nyuk Foh	<i>(Appointed on 2.11.2001)</i>
Chok Syn Vun	<i>(Appointed on 2.11.2001)</i>
Ramlee Bin Mohd. Shariff	<i>(Appointed on 2.11.2001)</i>
Kwan Tack Chiong	<i>(Appointed on 2.11.2001)</i>
Ooi Jit Huat	<i>(Appointed on 2.11.2001)</i>
Dato' Sidek Bin Awang	<i>(Appointed on 2.11.2001 and resigned on 8.4.2002)</i>
Chu Vui Khat	<i>(Resigned on 3.11.2001)</i>
Wooi Foong Kheng	<i>(Resigned on 3.11.2001)</i>

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

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965 interest in shares in the Company, as stated below:

Name of directors	As at 1.7.2001	Ordinary shares of RM0.50 each		As at 30.6.2002
		Bought During the year	Sold	
Tan Sri Sabbaruddin Chik	–	900,000	–	900,000
Lim Nyuk Foh	–	34,730,980	(302,000)	34,428,980
Chok Syn Vun	–	1,254,000	(170,000)	1,084,000
Ramlee Bin Mohd. Shariff	–	5,220,000	–	5,220,000

Lim Nyuk Foh is deemed to have interest in shares in the subsidiaries by virtue of his 40% interest in the Company.

Since the end of the previous financial period/year, no Director has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, other than those as disclosed in Note 5 and Note 28 to the financial statements.

## SIGNIFICANT EVENTS

### Restructuring and Listing Schemes

In connection with, and as an integral part of the listing of and quotation for its entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE"), the restructuring and listing schemes which had been approved by the shareholders of the Company on 16 August 2001 and Securities Commission on 8 June 2001 are as follows:

#### (i) Acquisition of Maxland Sdn. Bhd.

Acquisition by Priceworth Industries Sdn. Bhd. of the remaining approximately 11.11% equity interest in Maxland Sdn. Bhd. comprising of 200,000 ordinary shares of RM1.00 each for a total cash consideration of RM398,614. The acquisition was completed on 1 November 2001.

#### (ii) Acquisition of Priceworth Industries Sdn. Bhd.

Acquisition of the entire issued and paid-up share capital in Priceworth Industries Sdn. Bhd. comprising of 32,974,031 ordinary shares of RM1.00 each for a total consideration of RM42,076,738 fully satisfied by the issue of 72,109,980 new ordinary shares of RM0.50 each of the Company at an issue price of RM0.58 per share. The acquisition of Priceworth Industries Sdn. Bhd. was completed on 1 November 2001.

# Directors' Report

## (iii) Public Issue

The public issue of 12,890,000 new ordinary shares of RM0.50 each of the Company at an issue price of RM1.30 per ordinary share completed on 21 December 2001.

## (iv) Listing on the Second Board of the KLSE

The entire issued and fully paid-up share capital of the Company of RM42,500,000 comprising 85,000,000 ordinary shares of RM0.50 each were successfully listed on the Second Board of the KLSE on 31 December 2001.

## New Logging Contract Services

Rakyat Berjaya Sdn. Bhd., a wholly owned subsidiary of Innoprise Corporation Sdn. Bhd., awarded Maxland Sdn. Bhd. a contract for logging services on 21 January 2002. The contract involves extraction of logs over 4,000 hectares per annum for three years at Yayasan Sabah Forest Concession, Pinangah Forest Reserve, Sandakan. This is expected to generate additional revenue and cash flows to the Group.

## OTHER STATUTORY INFORMATION

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

# Directors' Report

## SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares under option at 30 June 2002.

## AUDITORS

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

On behalf of the Board,

**Lim Nyuk Foh,**  
*Director*

**Chok Syn Vun,**  
*Director*

25 October 2002

## Statement By Directors

We, **Lim Nyuk Foh** and **Chok Syn Vun**, being two of the Directors of **PRICEWORTH WOOD PRODUCTS BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 22 to 38 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the financial positions of the Group and of the Company as at 30 June 2002 and of the results of the Group and of the Company for the period/year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the period/year ended 30 June 2002.

On behalf of the Board,

**Lim Nyuk Foh,**  
*Director*

**Chok Syn Vun,**  
*Director*

25 October 2002

## Statutory Declaration

I, **Lim Nyuk Foh**, being the Director responsible for the financial management of **PRICEWORTH WOOD PRODUCTS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 22 to 38 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the abovenamed **Lim Nyuk Foh**  
at Sandakan in the State  
of Sabah on 25 October 2002

**Lim Nyuk Foh,**  
*Director*

Before me,

**Ahmad Bukah**  
No. S019  
Commissioner for Oaths

# Balance Sheets

As at 30 June 2002

	Note	GROUP 2002 RM	2002 RM	COMPANY 2001 RM
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10	67,833,478	–	–
Subsidiary companies	11	–	42,076,738	–
Other investment	12	50,000	–	–
Deferred expenditure	13	–	–	389,443
		67,883,478	42,076,738	389,443
<b>CURRENT ASSETS</b>				
Inventories	14	12,965,440	–	–
Trade receivables	15	21,296,891	–	–
Deposits for supplies	16	10,537,331	–	–
Other receivables	17	9,078,283	5,050	–
Amounts due from subsidiary companies	18	–	14,406,475	–
Fixed deposits with licensed banks	19	86,596	–	–
Cash and bank balances		4,929,000	1,582	10
		58,893,541	14,413,107	10
<b>DEDUCT: CURRENT LIABILITIES</b>				
Amounts due to bankers	20	15,417,510	–	–
Trade payables		4,108,392	–	–
Other payables	21	3,611,403	102,262	464,587
Amounts due to directors		69,000	7,500	–
Hire purchase creditors	22	2,199,646	–	–
Lease creditors	23	387,724	–	–
Provision for taxation		4,828,241	8,900	–
		30,621,916	118,662	464,587
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		28,271,625	14,294,445	(464,577)
<b>LONG TERM LIABILITIES</b>				
Amounts due to bankers	20	7,900,000	–	–
Hire purchase creditors	22	3,125,278	–	–
Deferred taxation	24	5,390,000	–	–
		16,415,278	–	–
		79,739,825	56,371,183	(75,134)
<b>CAPITAL AND RESERVES</b>				
Share capital	25	42,500,000	42,500,000	10
Share premium	26	14,017,161	14,017,161	–
Reserves	27	23,222,664	(145,978)	(75,144)
		79,739,825	56,371,183	(75,134)

The notes on pages 27 to 38 form an integral part of the financial statements.

# Income Statements

For The Period/Year Ended 30 June 2002

	Note	GROUP 2002 (8 months) RM	COMPANY 2002 (12 months) RM	2001 (12 months) RM
REVENUE	4	98,948,212	—	—
COST OF SALES		(69,656,366)	—	—
GROSS PROFIT		29,291,846	—	—
OTHER INCOME		543,478	—	—
SELLING EXPENSES		(1,167,926)	—	—
ADMINISTRATIVE EXPENSES		(2,837,154)	(95,353)	(75,144)
PROFIT/(LOSS) FROM OPERATIONS	5	25,830,244	(95,353)	(75,144)
INTEREST INCOME	6	36,095	33,419	—
INTEREST EXPENSES	7	(3,141,841)	—	—
PROFIT/(LOSS) BEFORE TAXATION		22,724,498	(61,934)	(75,144)
TAXATION	8	(4,661,102)	(8,900)	—
PROFIT/(LOSS) FOR THE PERIOD/YEAR		18,063,396	(70,834)	(75,144)
EARNINGS PER SHARE (SEN)				
BASIC	9	21.25		
DILUTED	9	21.25		

The notes on pages 27 to 38 form an integral part of the financial statements.

# Statement Of Changes In Equity

For The Period/Year Ended 30 June 2002

GROUP	Share capital RM	Share premium RM	Retained profits/ (accumulated losses) RM	Reserve on consolidation RM	Total RM
At 1 July 2001	10	—	(75,144)	—	(75,134)
Profit for the period	—	—	18,063,396	—	18,063,396
Issue of shares	42,499,990	16,333,748	—	—	58,833,738
Share issue expenses	—	(2,316,587)	—	—	(2,316,587)
Reserve arising from acquisition of subsidiary companies	—	—	—	5,234,412	5,234,412
At 30 June 2002	42,500,000	14,017,161	17,988,252	5,234,412	79,739,825

## COMPANY

At 1 July 2000	10	—	—	—	10
Loss for the year	—	—	(75,144)	—	(75,144)
At 30 June 2001	10	—	(75,144)	—	(75,134)
At 1 July 2001	10	—	(75,144)	—	(75,134)
Loss for the year	—	—	(70,834)	—	(70,834)
Issue of shares	42,499,990	14,017,161	—	—	56,517,151
At 30 June 2002	42,500,000	14,017,161	(145,978)	—	56,371,183

The notes on pages 27 to 38 form an integral part of the financial statements.



# Cash Flow Statements

For The Period/Year Ended 30 June 2002

	GROUP 2002 (8 months) RM	COMPANY 2002 (12 months) RM	2001 (12 months) RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before taxation	22,724,498	(61,934)	(75,144)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	4,820,574	—	—
Gain on disposal of property, plant and equipment	(11,438)	—	—
Preliminary and pre-operating expenses written off	—	—	46,433
Interest income	(36,095)	(33,419)	—
Interest expense	3,141,841	—	—
Operating profit/(loss) before working capital changes	30,639,380	(95,353)	(28,711)
Increase in inventories	(1,483,411)	—	—
Increase in receivables	(9,946,280)	(5,050)	—
Increase/(decrease) in payables	1,768,869	(354,825)	418,154
Cash generated from/(used in) operations	20,978,558	(455,228)	389,443
Taxation paid	(170,000)	—	—
Net cash generated from/(used in) operating activities	20,808,558	(455,228)	389,443
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary company, net of cash acquired (Note C)	870,573	—	—
Payments for share issue expenses	(1,927,144)	(1,927,144)	(389,443)
Purchase of property, plant and equipment (Note A)	(22,812,083)	—	—
Proceeds on disposal of property, plant and equipment	92,000	—	—
Interest received	36,095	33,419	—
Net cash used in investing activities	(23,740,559)	(1,893,725)	(389,443)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances to subsidiary companies	—	(14,406,475)	—
Interest paid	(3,141,841)	—	—
Proceeds from issue of shares	16,757,000	16,757,000	—
Repayments of bankers' acceptances	(2,052,203)	—	—
Repayments in revolving credits	(167,597)	—	—
Payment of hire purchase instalments	(744,854)	—	—
Payments of finance lease rentals	(401,254)	—	—
Repayments of term loans	(7,710,859)	—	—
Net cash generated from financing activities	2,538,392	2,350,525	—
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(393,609)	1,572	—
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR</b>	10	10	10
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR (Note B)</b>	(393,599)	1,582	10

# Cash Flow Statements

For The Period/Year Ended 30 June 2002

## NOTES TO THE CASH FLOW STATEMENTS

### A. Purchase of Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with an aggregate cost of RM27,179,401 of which RM4,367,318 was acquired by means of finance lease and hire purchase terms. Cash payments of RM22,812,083 were made to purchase property, plant and equipment.

### B. Cash and Cash Equivalents

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Fixed deposits with licensed banks	86,596	—	—
Cash and bank balances	4,929,000	1,582	10
Bank overdrafts	(5,409,195)	—	—
	(393,599)	1,582	10

### C. Summary of Effects of Acquisition of A Subsidiary

	RM
Property, plant and equipment	45,555,213
Investment	50,000
Current assets	42,448,254
Cash and cash equivalents	870,573
Current liabilities	(22,770,345)
Long term liabilities	(18,842,545)
Fair value of net assets acquired	47,311,150
Reserve arising on consolidation	(5,234,412)
Total purchase consideration	42,076,738
Less: Consideration discharged by issue of shares	(42,076,738)
	—
Less: Cash and cash equivalent in subsidiary acquired	(870,573)
Cash flow on acquisition net of cash and cash equivalents acquired	(870,573)

The notes on pages 27 to 38 form an integral part of the financial statements.

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB).

### (b) Basis of Consolidation

The accounting period/year of the Company and its subsidiary companies ends on 30 June and the consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies for the period ended 30 June 2002. Particulars of the subsidiary companies are set out in Note 3 below. The results of the subsidiary companies acquired or disposed off during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal respectively using the acquisition method of accounting.

The difference between the consideration paid for the shares in the subsidiary companies and the fair value of attributable net assets acquired is treated as goodwill or reserve on consolidation, where applicable. Goodwill or reserve on consolidation is not amortised.

### (c) Subsidiary Companies

A subsidiary is a company in which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities, or in which the Company holds more than half of its voting power or issued ordinary share capital.

Shares in subsidiary companies are stated at cost, unless in the opinion of the Directors, there has been a permanent diminution in value in which case provision is made for the diminution in value.

### (d) Other Investment

Unquoted investment held on a long term basis is stated at cost, unless in the opinion of the Directors, there has been permanent decline in value in which case provision is made for the diminution in value.

### (e) Property, Plant and Equipment

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

No depreciation is provided on leasehold land with an unexpired term of more than 50 years. This is not in compliance with MASB 15 Property, Plant and Equipment. In the opinion of the Directors, the effect of this non-compliance on the financial statements is considered to be immaterial and is disclosed in Note 10 below.

Depreciation is calculated on the straight line method to write off the cost of other assets over the assets estimated useful lives as follows:

Buildings	—	2%
Heavy equipment, motor vehicles and motor launches	—	20%
Plant and machinery	—	7%
Furniture, fittings and equipment	—	10% - 20%
Camp infrastructure	—	14% - 15%

No depreciation is provided for construction in progress until construction work is completed and ready for use.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

Where an indication of impairment exists, the recoverable amount of the asset is determined and the carrying amount of the asset written down immediately to its recoverable amount. Impairment loss is recognised as an expense. Any reversal of an impairment loss will be immediately recognised as income.

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

**(f) Assets Held under Finance Lease and Hire Purchase**

Assets held under finance lease and hire purchase arrangements that transfer substantially all the risks and rewards of ownership to the Group are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the income statement so as to produce a constant periodic rate of charge. These assets are depreciated over their expected useful lives on the basis outlined in Note 1(e) above.

**(g) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is computed using the weighted average method and includes all expenses incurred in bringing the items into store. Cost of work-in-progress and finished goods consists of materials, labour costs, direct and variable production overheads.

**(h) Receivables**

All known bad debts are written off and specific provision is made for any debts considered to be doubtful of collection.

**(i) Revenue Recognition**

Revenue is recognised upon delivery of goods and customer acceptance, or performance of services, and is stated net of sales taxes and discounts.

Dividend income is recognised when the dividend is declared.

All intra-group transactions are excluded from the consolidated income statement.

**(j) Currency Conversion**

Foreign currency transactions are recorded in Ringgit Malaysia at the rates of exchange approximating those ruling at transaction dates. Foreign currency assets and liabilities are reported at the rates ruling at balance sheet date. All profits and losses on exchange are dealt with through the income statements.

**(k) Deferred Expenditure**

Deferred expenditure comprises expenses incurred in connection with the public share issue of the Company's shares on the Kuala Lumpur Stock Exchange and is charged to the share premium account upon issue of the related shares.

**(l) Deferred Taxation**

Provision is made using the liability method for deferred taxation in respect of timing differences except to the extent that it is considered reasonably probable that these will continue in the foreseeable future. The tax effect of timing differences is not recognised if it is a debit balance and there is no reasonable expectation of its realisation.

**(m) Cash and Cash Equivalents**

Cash comprises cash in hand and demand deposits. Cash equivalents are highly liquid investments that are readily convertible to cash with short periods to maturity of less than three months and are subject to an insignificant risk of changes in value. They also include borrowings that are not subject to a term facility and are integral to the cash management function of the Group and of the Company.

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 2. GENERAL

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

The Company is a public limited liability company listed on the Second Board of the KLSE. It is incorporated and domiciled in Malaysia. The Company is principally engaged in investment holding and the principal activities of the subsidiary companies are stated in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the period/year.

The registered office and principal place of business of the Company are situated at 1st Floor, Lot 5, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan in Sabah.

## 3. SUBSIDIARY COMPANIES

The subsidiary companies, which are all incorporated in Malaysia are:

Subsidiary companies	Principal activities	Percentage of equity held by the Group 2002
Priceworth Industries Sdn. Bhd.	Manufacture and sale of processed wood products, distribution of log timber, provision of wood processing services and rental of kiln dry machinery	100%
<b>Subsidiary companies of Priceworth Industries Sdn. Bhd.</b>		
Ligreen Enterprise Sdn. Bhd.	Log timber trading	100%
Maxland Sdn. Bhd.	Construction, timber extraction and land development contracts	100%

## 4. REVENUE

	GROUP 2002 (8 months) RM	COMPANY 2002 (12 months) RM	2001 (12 months) RM
Sale of processed wood products	71,764,260	—	—
Sale of log timber	14,815,114	—	—
Wood processing services	159,903	—	—
Contract income	12,208,935	—	—
	98,948,212	—	—

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 5. PROFIT/(LOSS) FROM OPERATIONS

	GROUP 2002 (8 months) RM	COMPANY 2002 (12 months) RM	2001 (12 months) RM
(a) This is stated after charging:			
Auditors' remuneration	48,500	10,000	300
Depreciation of property, plant and equipment	4,820,574	—	—
Directors' remuneration			
- Fees	548,000	45,000	—
- Other emoluments	43,000	—	—
Rental of premises	76,500	14,400	—
and crediting:			
Rental income	(6,000)	—	—
Gain on disposal of property, plant and equipment	(11,438)	—	—
(b) Employees information			
Staff costs	2,828,637	45,000	—
Total number of employees at period/year end	176	7	2

## 6. INTEREST INCOME

	GROUP 2002 (8 months) RM	COMPANY 2002 (12 months) RM	2001 (12 months) RM
<b>Interest on:</b>			
Fixed deposits	2,676	—	—
REPO	33,419	33,419	—
	36,095	33,419	—

## 7. INTEREST EXPENSE

	GROUP 2002 (8 months) RM	COMPANY 2002 (12 months) RM	2001 (12 months) RM
<b>Interest on:</b>			
Revolving credits	191,299	—	—
Term loans	1,736,074	—	—
Bank overdrafts	783,867	—	—
Finance lease	12,186	—	—
Hire purchase	217,430	—	—
Letters of Credit	126,121	—	—
Others	74,864	—	—
	3,141,841	—	—

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 8. TAXATION

	GROUP 2002 (8 months) RM	COMPANY 2002 (12 months) RM	2001 (12 months) RM
Provision in respect of profit for the period/year	1,555,232	—	—
Provision in respect of interest income for the period/year	8,900	8,900	—
Underprovision in respect of prior year	56,970	—	—
Transfer to deferred taxation	3,040,000	—	—
	4,661,102	8,900	—

The effective tax rate of the Group is lower than the statutory tax rate due to pioneer status granted to and tax savings arising from utilisation of capital allowances by the subsidiary companies.

## 9. EARNINGS PER SHARE (SEN)

The basic and diluted earnings per share were calculated based on the Group's profit after taxation of RM18,063,396 and on the weighted average number of 85,000,000 ordinary shares in issue throughout the financial period.

## 10. PROPERTY, PLANT AND EQUIPMENT

GROUP	Long leasehold land and buildings RM	Heavy equipment, motor vehicles and motor launches RM	Plant and machinery RM	Furniture, fittings and equipment RM	Camp infra- structure RM	Construction in progress RM	Total RM
<b>Cost</b>							
Additions	1,022,777	15,806,109	5,407,000	482,322	4,450,680	10,513	27,179,401
Additions through acquisition of subsidiaries	23,658,596	7,896,615	25,076,731	1,193,014	—	—	57,824,956
Disposals	(80,561)	—	—	(1,360)	—	—	(81,921)
Net movements	24,600,812	23,702,724	30,483,731	1,673,976	4,450,680	10,513	84,922,436
At 1 July 2001	—	—	—	—	—	—	—
At 30 June 2002	24,600,812	23,702,724	30,483,731	1,673,976	4,450,680	10,513	84,922,436
<b>Accumulated depreciation</b>							
Charge for 2001	—	—	—	—	—	—	—

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

GROUP	Long leasehold land and buildings RM	Heavy equipment, motor vehicles and motor launches RM	Plant and machinery RM	Furniture, fittings and equipment RM	Camp infra-structure RM	Construction in progress RM	Total RM
Charge for 2002	325,902	2,454,969	1,839,910	140,585	59,208	–	4,820,574
Additions through acquisition of subsidiary	1,363,251	502,817	9,615,886	787,789	–	–	12,269,743
Disposals	–	–	–	(1,359)	–	–	(1,359)
Net movements	1,689,153	2,957,786	11,455,796	927,015	59,208	–	17,088,958
At 1 July 2001	–	–	–	–	–	–	–
At 30 June 2002	1,689,153	2,957,786	11,455,796	927,015	59,208	–	17,088,958
<b>Net book value</b>							
At 30 June 2002	22,911,659	20,744,938	19,027,935	746,961	4,391,472	10,513	67,833,478

Leasehold land and buildings, plant and machinery of the Group with a total net book value of RM22,064,784 have been pledged to financial institutions as securities for banking facilities amounting to RM44,086,564 granted to subsidiary companies as state on Note 20 below.

The net book value of plant and machinery, heavy equipment and motor vehicles acquired under hire purchase and finance lease arrangements amounted to RM8,337,292.

Long leasehold land and buildings comprise of:

	RM
Long leasehold land	7,364,122
Buildings	17,236,690
	24,600,812

The financial effect of non-depreciation of long leasehold land on the financial results of the Group as mentioned in Note 1 (e) above is an increase in depreciation charge of RM108,935.

## 11. SUBSIDIARY COMPANIES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Unquoted shares, at cost	–	42,076,738	–

## 12. OTHER INVESTMENT

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Unquoted shares, at cost	50,000	–	–



# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 13. DEFERRED EXPENDITURE

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Listing expenses, at cost			
Balance brought forward	389,443	389,443	—
Incurred during the period/year	1,927,144	1,927,144	389,443
	2,316,587	2,316,587	389,443
Transfer to share premium account	(2,316,587)	(2,316,587)	—
Balance carried forward	—	—	389,443

## 14. INVENTORIES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
<b>At cost:</b>			
Raw materials	805,223	—	—
Work-in-progress	2,322,490	—	—
Finished goods	9,102,211	—	—
Consumable goods	735,516	—	—
	12,965,440	—	—

## 15. TRADE RECEIVABLES

Included in trade receivables is an amount due from Cergas Kenari Sdn. Bhd., a company in which Lim Nyuk Foh and Chok Syn Vun, Directors of the Company, have interest, amounting to RM1,839,877.

## 16. DEPOSITS FOR SUPPLIES

These represent advances paid to log suppliers in connection with the Group's purchase of logs.

## 17. OTHER RECEIVABLES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Deposits	810,529	5,050	—
Prepayments	591,048	—	—
Advances	5,174,351	—	—
Others	2,502,355	—	—
	9,078,283	5,050	—

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 18. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

## 19. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits amounting to RM14,000 are held under lien as securities for issue of bank guarantees.

## 20. AMOUNTS DUE TO BANKERS

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
<b>Secured</b>			
Bank overdrafts	5,409,195	—	—
Bankers' acceptances	579,002	—	—
Revolving credits	4,900,000	—	—
Term loans	12,429,313	—	—
	23,317,510	—	—

### Repayment structure of amounts due to bankers is as follows:

- not later than 1 year	15,417,510	—	—
- between 1 to 2 years	4,740,000	—	—
- between 2 to 5 years	3,160,000	—	—
	7,900,000	—	—
	23,317,510	—	—

The amounts due to bankers bear interest between 7.56% to 9.09% (2001 – 7.56% to 8.70%) per annum and are secured by legal charges over leasehold land and other assets, and a joint and several guarantee given by certain Directors of the Group.

## 21. OTHER PAYABLES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Accruals	2,129,168	43,200	26,400
Deposits payable	90,400	2,400	—
Others	1,391,835	56,662	438,187
	3,611,403	102,262	464,587

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 22. HIRE PURCHASE CREDITORS

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Minimum hire purchase payments			
- not later than 1 year	2,385,722	—	—
- later than 1 year and not later than 5 years	3,664,662	—	—
Future finance charges on hire purchase	6,050,384 (725,460)	—	—
Present value of hire purchase liabilities	5,324,924	—	—
Present value of hire purchase liabilities			
- not later than 1 year	2,199,646	—	—
- later than 1 year and not later than 5 years	3,125,278	—	—
	5,324,924	—	—

## 23. LEASE CREDITORS

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Minimum lease payments			
- not later than 1 year	401,215	—	—
Future finance charges on finance lease	(13,491)	—	—
Present value of finance lease liabilities	387,724	—	—
Present value of finance lease liabilities			
- not later than 1 year	387,724	—	—

## 24. DEFERRED TAXATION

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Balance brought forward	2,350,000	—	—
Transfer from income statements	3,040,000	—	—
Balance carried forward	5,390,000	—	—

This is in respect of timing differences on excess of capital allowances over depreciation.

There is no other timing differences not accounted for.

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 25. SHARE CAPITAL

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Authorised: 100,000,000 ordinary shares of RM0.50 each	50,000,000	50,000,000	50,000,000
Issued and fully paid: Ordinary shares of RM0.50 each			
Balance brought forward	10	10	10
Issued during the period/year	42,499,990	42,499,990	—
Balance carried forward	42,500,000	42,500,000	10

## 26. SHARE PREMIUM

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Arising from issue of shares	16,333,748	16,333,748	—
Less: Transfer from deferred expenditure	(2,316,587)	(2,316,587)	—
	14,017,161	14,017,161	—

## 27. RESERVES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
<b>Distributable reserve</b>			
Retained profits/(accumulated losses)	17,988,252	(145,978)	(75,144)
<b>Non-distributable reserve</b>			
Reserve on consolidation	5,234,412	—	—
	23,222,664	(145,978)	(75,144)

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## 28. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Directors are of the opinion that the following transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with third parties:

	<b>GROUP</b> <b>2002</b> <b>RM</b>	<b>COMPANY</b> <b>2002</b> <b>RM</b>	<b>2001</b> <b>RM</b>
Transactions with Sikap Hajat Sdn. Bhd. in which Lim Nyuk Foh, a director of the Company has interest:			
Purchase of camp infrastructure	4,368,680	—	—
Transactions with Teras Selasih Sdn. Bhd. in which Lim Nyuk Foh and Chok Syn Vun, directors of the Company have interest:			
Purchase of log timber	24,434,064	—	—
Transactions with Cergas Kenari Sdn. Bhd. a company in which Lim Nyuk Foh and Chok Syn Vun, directors of the Company have interest:			
Contract fee received	7,314,343	—	—

## 29. CONTINGENT LIABILITIES

The Company has provided corporate guarantees to its subsidiary companies as securities for banking facilities amounting to RM12,000,000 (2001 – Nil) and hire purchase financing facilities amounting to RM5,000,000 (2001 – Nil).

The banking and hire purchase financing facilities utilised as at balance sheet date were RM4,671,469 (2001 – Nil) and RM4,139,846 (2001 – Nil) respectively.

## 30. DIVIDEND

2002		2001	
Tax exempt dividend per share Sen	Amount of tax exempt dividend RM	Tax exempt dividend per share Sen	Amount of tax exempt dividend RM
4.0	3,400,000	—	—

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2002 of 4 sen per share (2001 – Nil), tax-exempt, amounting to RM3,400,000 will be proposed for members' approval. These financial statements do not reflect this final dividend which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2003 when approved by the members.

# Notes To The Financial Statement

For The Period/Year Ended 30 June 2002

## **31. SEGMENTAL REPORTING**

No segmental information has been presented as the Group is operating principally in one industry and within one country.

## **32. COMPARATIVE FIGURES**

There are no comparative figures in the consolidated financial statements as this is the first set of consolidated financial statements prepared by the Group.

# Report Of The Auditors

We have audited the financial statements set out on pages 22 to 38. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the financial positions of the Group and of the Company as at 30 June 2002 and of the results and the cash flows of the Group and of the Company for the period/year then ended; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries have been properly kept in accordance with the provisions of the Act.

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

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Act.

## **ERNST & YOUNG**

AF: 0039

Chartered Accountants

## **Pang Pak Lok**

1228/3/03 (J)

Partner

Tawau, Malaysia

25 October 2002

# List Of Properties

No.	Registered Owner/ Location	Land area ( acres)	Description and existing Use	Built-up area (sq. ft.)	Tenure from / to	Approximate Age of Building
PISB						
1.	C.L. 075365794 Sungai Seguntor, Sandakan120	15.12	<ul style="list-style-type: none"><li>Generating Sets Room</li><li>Kiln Dry</li><li>Sawmill &amp; sawroom</li><li>Warehouse</li></ul>	3,858 65,000 32,620 121,000	01-01-1979/ 31-12-2077	8 8 8 7
2.	C.L. 075203726 Sungai Seguntor, Sandakan	11.64	Moulding plant main factory	104,840	01-01-1964/ 31-12-2063	8
3.	C.L. 075365785 Sungai Seguntor, Sandakan	15.29	<ul style="list-style-type: none"><li>Impregnation plant</li><li>Warehouse</li><li>Workshop</li></ul>	4,500 20,000 4,800	01-01-1979/ 21-12-2077	5 7 8
4.	C.L. 075170277 Sungai Seguntor, Sandakan	14.06	Labour quarters	54,000	01-01-1960/ 31-12-2059	8
5.	C.L. 075364948 Sungai Seguntor, Sandakan	17.88	Agricultural land	—	01-01-1979/ 31-12-2077	8
6.	C.L. 075170286 Sungai Seguntor, Sandakan	7.03	Labour quarters	12,000	01-01-1961/ 31-12-2060	8
		81.02		422,618		
MSB						
7.	C.L. 075313398 Mile 17, Jalan Labuk, Sandakan	14.24	Agriculture	—	01-01-1970/ 31-12-2069	N/A
		52.65		—		
TOTAL		133.67		422,618		



# Analysis Of Shareholdings

As At 31 October 2002

Authorised share capital	:	RM50,000,000
Issued and fully paid shares	:	RM42,500,000
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share
Total no.of shareholders	:	6,614

## DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Total Shareholders	No. of Shareholdings	% of Total Shareholdings
Less than 1,000	1	0.02	20	0.00
1,000 to 10,000	5,960	90.11	17,503,480	20.59
10,001 to 100,000	615	9.30	16,642,000	19.58
100,001 to less than 5%	36	0.54	18,342,000	21.58
5% and above	2	0.03	32,512,500	38.25
<b>Total</b>	<b>6,614</b>	<b>100</b>	<b>85,000,000</b>	<b>100</b>

## SUBSTANTIAL SHAREHOLDERS WITH HOLDINGS OF 5% AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2002

Name of Shareholder	Direct Interest	No. of Shares Held %	Deemed Interest	%
Lim Nyuk Foh *	34,428,980	40.50	—	—
Ramlee Bin Mohd Shariff *	5,220,000	6.14	—	—
<b>Total</b>	<b>39,648,980</b>	<b>46.64</b>	<b>—</b>	<b>—</b>

### Note :

\* Held by himself and/or through nominee company

## DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2002

Name of Shareholder	Direct Interest	No. of Shares Held %	Deemed Interest	%
Lim Nyuk Foh *	34,428,980	40.50	—	—
Ramlee Bin Mohd Shariff *	5,220,000	6.14	—	—
Chok Syn Vun *	1,084,000	1.28	—	—
Tan Sri Sabbaruddin Chik	900,000	1.06	—	—
Kwan Tack Chiong	0	0	—	—
Ooi Jit Huat	0	0	—	—
<b>Total</b>	<b>41,632,980</b>	<b>48.98</b>	<b>—</b>	<b>—</b>

### Note :

\* Held by himself and/or through nominee company

# Analysis Of Shareholdings

As At 31 October 2002

## THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholder	No of Shares Held	% of Shareholdings
1. Lim Nyuk Foh	28,015,980	32.96
2. RC Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Lim Nyuk Foh ]	4,500,000	5.29
3. Ramlee Bin Mohd Shariff	2,620,000	3.08
4. Dato' Sidek Bin Awang	2,550,000	3.00
5. RC Nominees (Tempatan) Sdn Bhd [ EON Finance Bhd For Lim Nyuk Foh ]	1,913,000	2.25
6. RC Nominees (Tempatan) Sdn Bhd [ EON Finance Bhd For Ramlee Bin Mohd Shariff ]	1,900,000	2.24
7. Mainur Bin Bakar	1,894,000	2.23
8. OSK Nominees (Tempatan) Sdn Bhd [ EON Finance Bhd For Chok Syn Vun ]	1,084,000	1.28
9. Tan Sri Sabbaruddin Chik	900,000	1.06
10. Ho Chu Chai	632,000	0.74
11. RC Nominees (Tempatan) Sdn Bhd [ EON Finance Bhd For Chin Fun Ming ]	557,000	0.66
12. Affin-ACF Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Ramlee Bin Mohd Shariff ]	500,000	0.59
13. Ismail Sabri Bin Yaakob	232,000	0.27
14. Tan Geok Siew	200,000	0.24
15. AMSEC Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Ramlee Bin Mohd Shariff ]	200,000	0.24
16. Ho Chee Chuan	199,000	0.23
17. TA Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Parmjit Singh A/L Mewa Singh ]	185,000	0.22
18. Noor Zahidi Bin Omar	176,000	0.21
19. TA Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Tan Geok Siew ]	175,000	0.21
20. Cartaban Nominees (Asing) Sdn Bhd [ Credit Suisse Singapore For Global Base Industries Limited ]	170,000	0.20
21. Liew Hon Kong	160,000	0.19

# Analysis Of Shareholdings

As At 31 October 2002

Name of Shareholder	No of Shares Held	% of Shareholdings
22. BHLB Trustee Berhad [ TA Comet Fund ]	152,000	0.18
23. Te Kim Leng	150,000	0.18
24. TA Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Wong Tai Hsiang ]	145,000	0.17
25. HDM Nominees (Tempatan) Sdn Bhd [ EON Finance Bhd For Hydromax Sdn Bhd ]	143,000	0.17
26. Ang Chin Tat	136,000	0.16
27. AMSEC Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Soh Kwee Chin ]	126,000	0.15
28. Lee Soon Soo	125,000	0.15
29. Lim Guat Ngoh	125,000	0.15
30. HLG Nominees (Tempatan) Sdn Bhd [ Pledged Securities Account For Liew Hon Kong ]	120,000	0.14



**Priceworth Wood Products Berhad** (399292-V)  
(Incorporated in Malaysia)

## Proxy Form

No. of shares held	
--------------------	--

I/We, .....  
of .....  
being a member of Priceworth Wood Products Berhad hereby appoint .....  
of .....  
.....  
or failing him/her .....  
of .....

as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Buntinggan 2 Ballroom of Nexus Resort Karambunai Sdn Bhd, Menggatal, Kota Kinabalu, Sabah on 17 December 2002 at 9.30 a.m. and at any adjournment thereof.

My/Our proxy to vote as indicated below:

No.	Resolutions	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resolution 8		
9.	Resolution 9		
10.	Resolution 10		
11.	Resolution 11		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/ she thinks fit.

Dated this ..... day of ..... 2002

.....  
Signature

Shareholder or Common Seal

### Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 5, 1st Floor, Block No. 4, Bandar Indah, Mile 4, Jalan Utara, P. O. Box 2848, 90732 Sandakan, Sabah not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Please fold here

Affix  
Stamp  
Here

The Secretary  
**PRICEWORTH WOOD PRODUCTS BERHAD** (399292-V)  
Lot 5, 1<sup>st</sup> Floor, Block No. 4  
Bandar Indah, Mile 4, Jalan Utara  
P. O. Box 2848  
90732 Sandakan  
Sabah

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