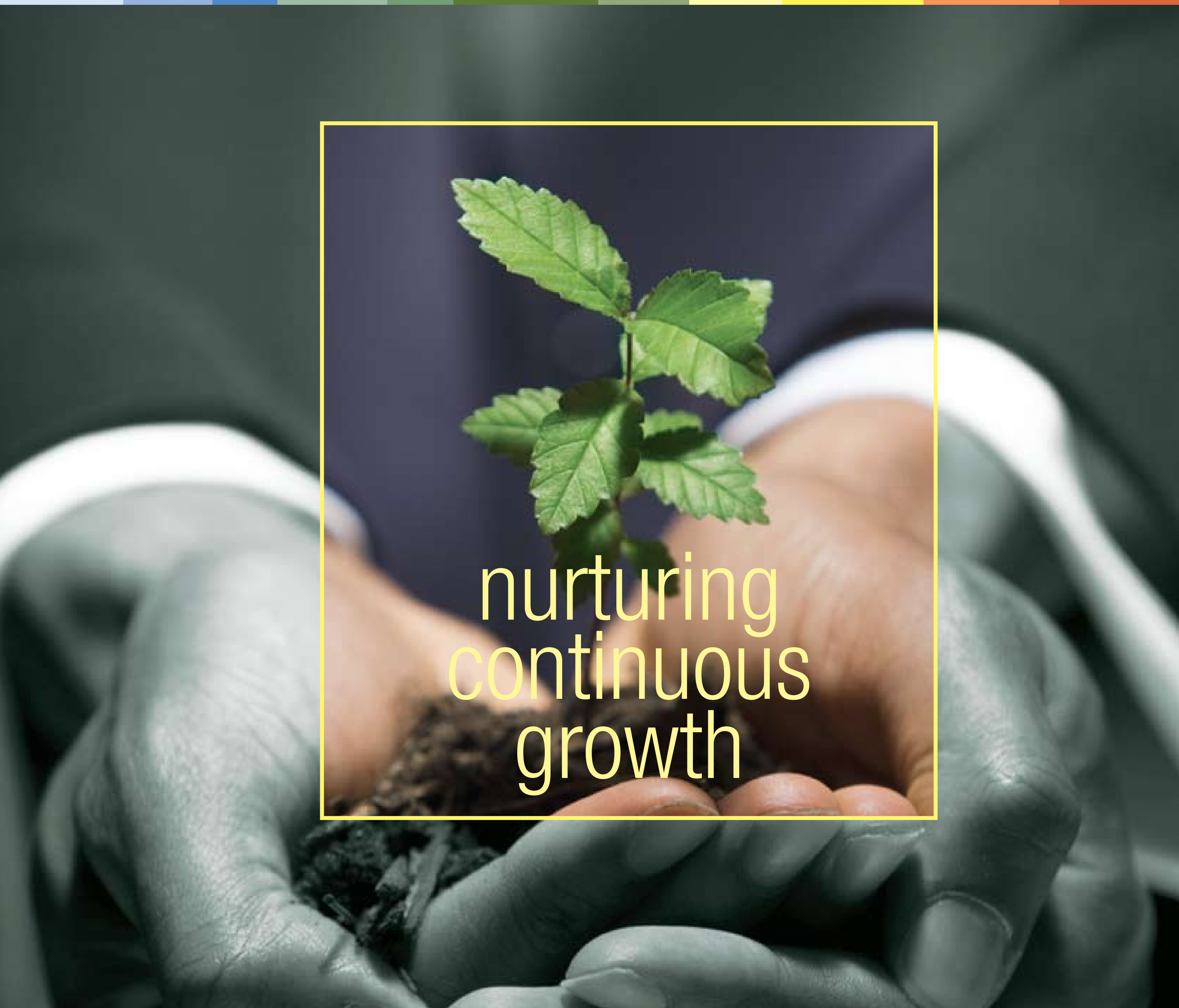
W T K HOLDINGS BERHAD
(10141-M)

2008 annual report



Being one of the leading company in the Malaysian timber industry, the WTK Group is committed to adopt and implement sound forest management practices to ensure forestry is economically, environmentally and socially sustainable.

With strict adherence to the prescriptions of forest management plan in every concession area, the Group abides by the rules and regulations pertaining to cutting cycles, yield, annual allowable coupes, cutting rules, logging blocks, inoperable forest, obligatory species, merchantable tree sizes, enumeration and log measurement.

As a standard practice to ensure sound and sustainable forest management, the group adheres to proper engineering specifications for the planning and construction of roads for its forest operations, strict compliance of a monthly production limit and in areas where required, carries out Environmental Impact Assessment (EIA) studies to ensure its timber operations are conducted with minimal environmental impact.

WTK Group is proud to be the pioneer in using helicopter-harvesting in Sarawak since 1993. Helicopter harversting is recognized as the most environmental-friendly method of timber harversting where freshly-cut logs are lifted vertically from the forest to a landing zone, thereby eliminating the need for skid trails that would further damage the forest floor.

The Group is committed to continually find new ways to improve its forest management practices and to carry out its role to ensure the sustainability of the production of forest resources.

WTK's Commitment to Sustainable Forestry & Forest Management

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Datuk Wong Kie Yik
Non-Independent Non-Executive Director / Chairman

Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim
Independent Non-Executive Director / Deputy Chairman

Datuk Wong Kie Nai
Executive Director / Chief Executive Officer

Mr Wong Kie Chie
Non-Independent Non-Executive Director

Ms Tham Sau Kien
Independent Non-Executive Director

Mr Patrick Wong Haw Yeong
Non-Independent Non-Executive Director

Mr Rafael Llamado Reyes
Independent Non-Executive Director

CHIEF FINANCIAL OFFICER

Ms Janice Ting

SECRETARY

Ms Tan Mee Lian
(MAICSA 0869665)

REGISTERED OFFICE

Lot No. 25(AB)
25th Floor, UBN Tower
No. 10, Jalan P. Ramlee
50250 Kuala Lumpur, Malaysia
Tel : 03 - 2078 8110
Fax : 03 - 2078 7718

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia
Tel : 03 - 7495 8000
Fax : 03 - 2095 5332

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
55, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Tel : 05 - 547 4833
Fax : 05 - 547 4363

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

DIRECTORS' PROFILE

YG BHG DATUK WONG KIE YIK

Yg Bhg Datuk Wong Kie Yik, Malaysian, aged 67, was appointed a Non-Executive Director of the Company on 3 February 1998. He is the Chairman of the Board of Directors of W T K Holdings Berhad ("WTK") and also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Yg Bhg Datuk Wong Kie Yik, an Accountant by training in United Kingdom, is currently a Fellow member of the Chartered Association of Certified Accountants (FCCA) and also a member of the Malaysian Institute of Accountants (C.A. (M)). Yg Bhg Datuk Wong Kie Yik is actively involved in the development of the Malaysian Timber Industry, serving as the Chairman of Sarawak Timber Association. He had served as a Senator of Malaysia between 1986 and 1992. He was conferred the distinction of Panglima Gemilang Bintang Kenyalang (PGBK) on 11 September 1999 by Tuan Yang Terutama Yang DiPertua Negeri Sarawak.

His shareholdings in the securities of WTK as at 12 May 2009 are as follows:-

	DIRECT	%	INDIRECT	%
W T K Holdings Berhad	10,144,160	2.33	139,289,406	32.04

By virtue of his interest (direct or otherwise) in the shares of WTK, Yg Bhg Datuk Wong Kie Yik, is deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Yg Bhg Datuk Wong Kie Yik is the father of Mr Patrick Wong Haw Yeong, a Non-Executive Director of the Company. He is also a brother of Yg Bhg Datuk Wong Kie Nai, an Executive Director/Chief Executive Officer and Mr Wong Kie Chie, a Non-Executive Director, both of whom are also substantial shareholders of the Company.

He does not have any conflict of interest with WTK save and except for the transaction(s) disclosed in Note 32 to the financial statements.

He has had no conviction for any offences within the past ten (10) years.

Yg Bhg Datuk Wong Kie Yik has attended all the five (5) Board of Directors meetings held during the financial year. As a member of the Audit Committee, he has attended all the five (5) Audit Committee meetings held during the financial year.

DIRECTORS' **PROFILE**

(CONT'D)

YG BHG LT GEN (RTD) DATUK SERI ABDUL MANAP BIN IBRAHIM

Yg Bhg Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim, Malaysian, aged 70, was appointed an Independent Non-Executive Director of the Company on 22 May 1996. Yg Bhg Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim is the Deputy Chairman of the Board of Directors, Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is the Senior Independent Director to whom concerns may be conveyed.

He is a graduate of the Royal Military College, Malaysia, the US Army Command and General Staff College, the Naval Post Graduate School in Monterey, California, USA and the US Army War College. He retired in 1994 as a Deputy Chief of Army from the Malaysian Armed Forces after serving thirty-four (34) years in the military. He presently also sits on the Board of Amsteel Corporation Berhad as an Independent Non-Executive Director.

Yg Bhg Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim does not have any interest in the securities of WTK or its subsidiaries. He does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has had no conviction for any offences within the past ten (10) years.

Yg Bhg Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim has attended all the five (5) Board of Directors meetings held during the financial year. As the Chairman of the Audit Committee, he has attended all the five (5) Audit Committee meetings held during the financial year.

YG BHG DATUK WONG KIE NAI

Yg Bhg Datuk Wong Kie Nai, Malaysian, aged 63, was appointed an Executive Director/Chief Executive Officer of the Company on 3 February 1998.

Yg Bhg Datuk Wong Kie Nai, an Accountant by training, is currently a member of CPA, Australia and a member of the Malaysian Institute of Accountants (C.A. (M)). Yg Bhg Datuk Wong Kie Nai plays a significant role in the expansion of WTK and is responsible for WTK's timber operation in Sarawak, including overseas market development. He also oversees the non-timber operation in West Malaysia. He had served as a Senator of Malaysia between 1977 to 1983 and was conferred the distinction of Panglima Gemilang Bintang Kenyalang (PGBK) on 16 September 1991 by Tuan Yang Terutama Yang DiPertua Negeri Sarawak.

His shareholdings in the securities of WTK as at 12 May 2009 are as follows:-

	DIRECT	%	INDIRECT	%
W T K Holdings Berhad	17,343,314	3.99	140,031,988	32.21

By virtue of his interest (direct or otherwise) in the shares of WTK, Yg Bhg Datuk Wong Kie Nai, is deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Yg Bhg Datuk Wong Kie Nai is a brother of Yg Bhg Datuk Wong Kie Yik, the Chairman of the Board of Directors and Mr Wong Kie Chie, a Non-Executive Director, both of whom are also substantial shareholders of the Company. He is also an uncle of Mr Patrick Wong Haw Yeong, a Non-Executive Director of the Company.

He does not have any conflict of interest with WTK save and except for the transaction(s) disclosed in Note 32 to the financial statements.

He has had no conviction for any offences within the past ten (10) years.

Yg Bhg Datuk Wong Kie Nai has attended all the five (5) Board of Directors meetings held during the financial year.

DIRECTORS' PROFILE

(CONT'D)

WONG KIE CHIE

Mr Wong Kie Chie, Malaysian, aged 60, was appointed a Non-Executive Director of the Company on 3 February 1998.

Mr Wong Kie Chie holds a Bachelor Degree in Chemistry from the University of New South Wales, Australia.

His shareholdings in the securities of WTK as at 12 May 2009 are as follows:-

	DIRECT	%	INDIRECT	%
W T K Holdings Berhad	13,117,524	3.02	139,289,406	32.04

By virtue of his interest (direct or otherwise) in the shares of WTK, Mr Wong Kie Chie, is deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Mr Wong Kie Chie is a brother of Yg Bhg Datuk Wong Kie Yik, the Chairman of the Board of Directors and Yg Bhg Datuk Wong Kie Nai, an Executive Director/Chief Executive Officer, both of whom are substantial shareholders of the Company. He is also an uncle of Mr Patrick Wong Haw Yeong, a Non-Executive Director of the Company.

He does not have any conflict of interest with WTK save and except for the transaction(s) disclosed in Note 32 to the financial statements.

He has had no conviction for any offences within the past ten (10) years.

Mr Wong Kie Chie has attended four (4) out of five (5) Board of Directors meetings held during the financial year. He extended his apology for the meeting of which he did not attend.

THAM SAU KIEN

Ms Tham Sau Kien, Malaysian, aged 47, was appointed a Non-Executive Director of the Company on 28 February 2001. She is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Ms Tham Sau Kien holds a Bachelor of Science (Honours) Degree in Management and Political Science from Universiti Sains Malaysia and a Masters Degree in Business Administration from Indiana University, USA. She is presently a Director of Comet Alliance Sdn Bhd, a professional advisory firm and Investment Partner of Crescent Equity Management Sdn Bhd, a private equity fund management company. Prior to her present appointment, she last held the position of Principal in a global private equity fund management and venture capital company where she gained six (6) years experience in debt-restructurings, mergers and acquisitions, and IPOs of investee companies.

Ms Tham Sau Kien does not have any interest in the securities of WTK and its subsidiaries. She does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which she has a personal interest.

She has had no conviction for any offences within the past ten (10) years.

Ms Tham Sau Kien has attended all the five (5) Board of Directors meetings held during the financial year. She has also attended all four (4) Audit Committee meetings held during the financial year since her appointment as a member of the Audit Committee on 15 April 2008.

DIRECTORS' **PROFILE**

(CONT'D)

PATRICK WONG HAW YEONG

Mr Patrick Wong Haw Yeong, Malaysian, aged 38, was appointed a Non-Executive Director of the Company on 10 January 2005.

Mr Patrick Wong Haw Yeong holds a Bachelor of Business Administration graduated in United Kingdom. Upon graduation in 1993, Mr Patrick Wong Haw Yeong joined WTK family-owned group of companies in Sarawak and has been involved in the timber sector, namely the marketing of logs and plywood. Currently, he oversees and is fully in-charge of the marketing of plywood sector.

He is presently the Executive Director of all the wholly-owned subsidiaries of WTK in the plywood division. He also holds directorship in Technodex Berhad as an Independent Non-Executive Director.

Mr Patrick Wong Haw Yeong does not have any interest in the securities of WTK and its subsidiaries. He does not have any conflict of interest with WTK save and except for the transaction(s) disclosed in Note 32 to the financial statements.

He is the son of Yg Bhg Datuk Wong Kie Yik, the Chairman of the Board of Directors and a substantial shareholder of the Company. Mr Patrick Wong Haw Yeong is also the nephew of Yg Bhg Datuk Wong Kie Nai, an Executive Director/Chief Executive Officer and Mr Wong Kie Chie, a Non-Executive Director, both of whom are also substantial shareholders of the Company.

He has had no conviction for any offences within the past ten (10) years.

Mr Patrick Wong Haw Yeong has attended all the five (5) Board of Directors meetings held during the financial year.

DIRECTORS' **PROFILE**

(CONT'D)

RAFAEL LLAMADO REYES

Mr Rafael Llamado Reyes, Filipino, aged 40, was appointed an Independent Non-Executive Director of the Company on 6 March 2009. He is also a member of the Audit Committee of the Company.

Mr Rafael Llamado Reyes holds a Master of Science in Industrial Engineering and a Bachelor of Science in Industrial Engineering and Engineering Management, both from Stanford University in California, USA. He is presently an Executive Director of AIG Investment Corporation (Asia) Ltd, Manila, Philippines. He is responsible for the direct investments of the American International Group ("AIG") in Southeast Asia. Prior to joining AIG in 1998, he has more than ten (10) years experience in the field of investments and consulting.

He also holds directorship in Eng Teknologi Holdings Berhad as an Independent Non-Executive Director.

Mr Rafael Llamado Reyes does not have any interest in the securities of WTK and its subsidiaries. He does not have any family relationship with any Director and/or substantial shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has had no conviction for any offences within the past ten (10) years.

CORPORATE **STRUCTURE**

W T K HOLDINGS BERHAD

TIMBER DIVISION

- Biogreen Success Sdn Bhd
- Cairnfield Sdn Bhd
- First Count Sdn Bhd
- Gopoint Sdn Bhd
- Kuching Plywood Bhd
- Limpah Mewah Sdn Bhd
- Linshanhao Plywood (Sarawak) Sdn Bhd
- Ninjas Development Sdn Bhd
- Piramid Intan Sdn Bhd
  - Interglobal Empire Sdn Bhd
- Sanitama Sdn Bhd
- Sarawak Moulding Industries Berhad
- Song Logging Company Sendirian Berhad
- Sut Sawmill (3064) Sdn Bhd
  - Splendid Trend Sdn Bhd
- Winning Plantation Sdn Bhd
- Woodbanks Industries (M) Sdn Bhd
- WTK Heli-Logging Sdn Bhd
- WTK-YINK Heli Harvesting Sdn Bhd

OIL PALM / TREE PLANTATIONS

- Immense Fleet Sdn Bhd
- Biofresh Produce Sdn Bhd
  - Biofresh Produce Plantations Sdn Bhd (formerly known as Eastbourne Properties Sdn Bhd)
- Biogrow City Sdn Bhd
  - Biogrow City Plantations Sdn Bhd (formerly known as Limbang Plantations Sdn Bhd)
- Towering Yield Sdn Bhd
  - Positive Deal Sdn Bhd

FOIL DIVISION

- General Aluminium Works (M) Sdn Bhd
  - TANN-GAW (M) Sdn Bhd

TAPES DIVISION

- Central Mercantile Corporation (S) Ltd
- Loytape Industries Sdn Bhd
  - Central Mercantile Corporation (M) Sdn Bhd
    - Samanda Marketing & Sales Sdn Bhd
  - Samanda Trading Sdn Bhd

PROPERTY DIVISION

- Dusun Nyiur Sdn Bhd

RUBBER PRODUCT DIVISION

- Central Elastic Corporation Sdn Bhd

DIRECTORS' STATEMENT ON CORPORATE **GOVERNANCE**

The Board of Directors ("Board") of W T K Holdings Berhad ("WTK" or "Company") is pleased to report that for the financial year under review, WTK has continued to apply good governance practices in managing and directing the business affairs of the Group, by adopting the substance and spirit of the principles advocated by the Malaysian Code on Corporate Governance ("Code") wherever possible.

In this Statement, the Board has considered the manner in which the principles of the Code have been applied, the extent of compliance with the Best Practices and the alternatives for departure from such best practices.

THE ROLE OF THE BOARD

The Board recognises their primary role in the strategic development and control of the Group. The pivotal role of the Board is to provide an objective judgement to the strategic planning process and, apart from the Executive Director/Chief Executive Officer ("CEO"), is not involved in the day-to-day management of the business.

The Board is supported by the Management Committee who has the responsibilities in planning and formulating business strategies, finance, operating policies and in monitoring the achievement of the business strategies of the Group. The Management Committee reports thereon to the Board on these matters.

The Management Committee is also entrusted with the responsibility and authority to examine particular issues and report back to the Board with their recommendations. The Board will then independently assess the merits of the Management Committee's proposals and satisfy itself that the Management Committee had considered the appropriate elements of a strategic plan and monitor the Management Committee's success in implementing its strategy. The final decision on all significant matters proposed by the Management Committee lies with the Board as a whole.

BOARD BALANCE

The Board is made up of a good balance of one (1) Executive and six (6) Non-Executive Directors with no individual dominating in the Board's decision making process. The Board has three (3) Independent Non-Executive Directors, representing more than one third ($^1/_3$) of the total composition of its members.

The Board has a good mix of members with expertise and experience in economics, investments, accounting and finance, marketing, consulting, technical, corporate management disciplines and business administration thereby ensuring a broader perspective and depth in the Board's decision making process. The Independent Directors play a vital role in providing independent views on various issues and ensures a balanced and fair deliberation process to safeguard the interests of the minority shareholders.

There is a clear segregation of responsibility between the Chairman and the CEO to ensure a proper balance of power and authority. The Board approves and develops position descriptions of the CEO and that of the Senior Management which identify the limits of their responsibilities. There is a direct link between the CEO and the Senior Management team and an appropriate management structure is in place to ensure adequate succession support for continuity of business operations in the absence of key executives.

DIRECTORS' STATEMENT ON CORPORATE **GOVERNANCE**

(CONT'D)

BOARD MEETINGS

The Board meets on a quarterly basis with additional meetings convened as and when necessary with due notice given for all scheduled meetings. During the financial year ended 31 December 2008, the Board met a total of five (5) times. Details of Directors' attendance are set out as follows:-

MEMBERS	MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Datuk Wong Kie Yik	5/5	100
Datuk Wong Kie Nai	5/5	100
Mr Wong Kie Chie	4/5	80
Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim	5/5	100
Ms Tham Sau Kien	5/5	100
Mr Patrick Wong Haw Yeong	5/5	100
Mr Loh Siew Choon (resigned on 6 March 2009)	4/5	80
Mr Rafael Llamado Reyes (appointed on 6 March 2009)	Not applicable	Not applicable

SUPPLY OF INFORMATION

The Directors have full access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. All Directors receive the agenda together with a full set of Board papers containing information relevant to the business of the meeting on a timely basis.

All Directors have full access to the advice and services of the Company Secretary who ensure that Board procedures are adhered to at all times during meetings and advise the Board on matters including corporate governance issues and Directors' responsibilities in complying with relevant legislation and regulations. The Directors may obtain independent advices, where necessary, in furtherance of their duties in accordance with prescribed procedures, at the Group's expense.

APPOINTMENTS TO THE BOARD

The Nomination Committee established by the Board is made up entirely of Non-Executive Directors, namely:-

Chairman : Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim (appointed as Chairman on 20 April 2009)
(Independent Non-Executive Director)

Mr Loh Siew Choon (resigned as member and Chairman on 6 March 2009)
(Independent Non-Executive Director)

Members : Datuk Wong Kie Yik (appointed as member on 15 April 2009)
(Non-Independent Non-Executive Director)

Ms Tham Sau Kien
(Independent Non-Executive Director)

The primary responsibility of the Nomination Committee is to assist the Board on the following functions:-

- assess and recommend new nominees for appointment to the Board and Board committees.
- review on annual basis, the required mix skills and experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.
- assess on annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director.

DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

DIRECTORS' TRAINING

The Directors are mindful that they should undergo continuous training in order to enhance their skills and knowledge, including keeping abreast with new statutory and regulatory requirements.

During the financial year ended 31 December 2008, the Directors have undergone the following training programmes:-

NAME	PROGRAMME
Datuk Wong Kie Yik	• Driving Strategy into Action - Asia's New Competitive Game
Datuk Wong Kie Nai	• Driving Strategy into Action - Asia's New Competitive Game
Mr Wong Kie Chie	• Driving Strategy into Action - Asia's New Competitive Game
Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim	• Improving Board Directors' Performance, Leadership and Governance • Governance and Board Effectiveness • Driving Strategy into Action - Asia's New Competitive Game
Ms Tham Sau Kien	• Driving Strategy into Action - Asia's New Competitive Game
Mr Patrick Wong Haw Yeong	• Driving Strategy into Action - Asia's New Competitive Game
Mr Loh Siew Choon (resigned on 6 March 2009)	• PNB International Lecture - Blue Ocean Strategy • Driving Strategy into Action - Asia's New Competitive Game • PNB International Lecture - Retaining Talent for Sustainability • PNB International Lecture - Innovation & Creativity for Business Growth • Post-Merger Integration Success
Mr Rafael Llamado Reyes (appointed on 6 March 2009)	• Not applicable

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of seventy (70) years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting ("AGM").

All Directors who are appointed by the Board are subject to retirement and re-election by the shareholders at the first opportunity after their appointment, in accordance with the Company's Articles of Association.

The Articles of the Company further provides that at least one third ($^1/_3$) of the remaining Directors are subject to retirement by rotation at the AGM of the Company at least once every three (3) years.

DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to run the Group successfully. For Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

DIRECTORS' STATEMENT ON CORPORATE **GOVERNANCE**

(CONT'D)

The Remuneration Committee established by the Board is made up entirely of Non-Executive Directors, namely:-

Chairman	:	Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim *(Independent Non-Executive Director)*
Members	:	Datuk Wong Kie Yik (appointed as member on 15 April 2009) *(Non-Independent Non-Executive Director)*
		Ms Tham Sau Kien *(Independent Non-Executive Director)*
		Mr Loh Siew Choon (resigned as member on 6 March 2009) *(Independent Non-Executive Director)*

The primary responsibility of the Remuneration Committee is to review and make recommendation to the Board on the remuneration packages of Executive Directors and key senior management officers of the Company. It is nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of Executive Directors.

In respect of the Non-Executive Directors, the yearly proposal of directors' fees and increments, if any, are approved by the shareholders of the Company at the AGM. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

Details of Directors' remuneration are provided in Note 8 of the financial statements on page 59 of the Annual Report.

INVESTOR RELATIONS

The Group recognises the need for clear and effective communications with the investing community. To this end, the Company conducts dialogues and briefings with financial analysts, fund managers and institutional investors to ensure that the investing public receives a balance and complete view of the Group's performance, new developments and current issues faced by the business under the regional and global economic climate.

The Annual Report and quarterly reports served to communicate the Group's activities and financial performance to its shareholders and the public.

ANNUAL GENERAL MEETING

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, Corporate Developments in the Group, the resolutions being proposed and on business of the Group in general at every AGM and Extraordinary General Meeting of the Company. Senior Officers and appropriate advisers are also available to respond to shareholders' questions during the meeting.

DIRECTORS' STATEMENT ON CORPORATE **GOVERNANCE**

(CONT'D)

FINANCIAL REPORTING

In presenting the annual audited financial statements and quarterly announcements, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects to its shareholders and other stakeholders.

The Audit Committee assists the Board in this matter by reviewing and recommending information for disclosure.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year in accordance with the applicable Approved Accounting Standards in Malaysia and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:-

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable Approved Accounting Standards in Malaysia have been followed; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

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

The Directors have overall responsibilities for taking the necessary steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

INTERNAL CONTROL

Details on the Directors' Statement on Internal Control can be found on pages 20 to 21 of the Annual Report.

RELATIONSHIP WITH THE AUDITORS

The relationship with the External Auditors are formally maintained through the Audit Committee as set out in its terms of reference on pages 16 to 18 of the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

- There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting at the end of the financial year ended 31 December 2008 or which were entered into since the end of the previous financial year.

- The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2008 by the auditors, or firms or companies affiliated to the auditors was approximately RM185,000.

AUDIT COMMITTEE **REPORT**

COMPOSITION AND DESIGNATION OF THE AUDIT COMMITTEE

Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim - Chairman
(Independent Non-Executive Director)

Datuk Wong Kie Yik
(Non-Independent Non-Executive Director)

Ms Tham Sau Kien
(Independent Non-Executive Director)

Mr Rafael Llamado Reyes (appointed as member on 6 March 2009)
(Independent Non-Executive Director)

Mr Loh Siew Choon (resigned as member on 6 March 2009)
(Independent Non-Executive Director)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Constitution

The Audit Committee was formed pursuant to a resolution passed on 20 September 1993 by the Board of Directors.

Objectives

It is the objective of the Audit Committee to assure the shareholders of the Company that the Group has complied with applicable Approved Accounting Standards in Malaysia and the Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all shareholders of the Company. With this, the Audit Committee will review, evaluate and satisfy itself that the Management Committee, assisted by the internal audit team and risk management committee team, has exercised its role and carried out its function effectively to:-

(1) maintain a sound system of internal control to safeguard shareholders' investment and company assets;

(2) assist the Board as a whole in setting appropriate policies and procedures to review the adequacy and integrity of the Group's system of internal control and management information systems including system for compliance with applicable laws, rules, directives and guidelines; and

(3) identify principal risks and ensure the implementation of appropriate internal control systems to manage these risks affected.

Membership

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall be composed of not fewer than three (3) members, all of whom shall be non-executive directors. The majority of the Audit Committee members shall be independent directors.

At least one (1) member of the Audit Committee:-

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
  - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- fulfils such other requirements as prescribed or approved by the Exchange.

The members of the Audit Committee shall elect a chairman from among their numbers who shall be an independent non-executive director. The chairman elected shall be subject to endorsement by the Board.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members reducing to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members. No alternate director shall be appointed as a member of the Audit Committee.

Functions

The duties of the Audit Committee shall be:-

1. To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published;

2. To recommend the appointment or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal;

3. To review with the external auditors:-
   - the nature and scope of their audit plan
   - the evaluation of the soundness of system of internal control
   - the audit report on the financial statements
   - the management letter of their recommendations and findings
   - the assistance which they can render to our internal audit function and the co-ordination between the external and internal audit;

4. To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

5. To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;

6. To 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, be informed of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

AUDIT COMMITTEE **REPORT**

(CONT'D)

7. To consider any significant findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors;

8. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance to discharge their duties;

9. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

10. Any other functions as may be agreed by the Audit Committee and the Board of Directors or as directed by the Board of Directors.

Authority

The Audit Committee shall have the authority to:-

a. investigate any matter within its terms of reference and shall have full, free and unrestricted access to all the Group's records, properties and personnel.

b. obtain external legal or other independent professional advice, if necessary.

c. have direct communication channels with the external auditors and persons carrying out the internal audit function or activity.

Meetings and Minutes

The Audit Committee will meet at least four (4) times a year although additional meetings may be called at any time, at the discretion of the Chairman. The quorum shall be two (2) members of which the majority present must be independent directors. The Group's Chief Financial Officer and other Board members or Senior Management officers may attend these meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

The internal and/or external auditors have the right to appear and be heard at any meetings of the Audit Committee and shall appear before the Audit Committee when required. Upon the request of the auditors, the Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters the auditors believe should bring to the attention of the Board of Directors or the shareholders.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board. The Secretary of the Company shall be the Secretary of the Audit Committee.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The Audit Committee of the Company comprises four (4) members, all of whom are non-executive directors with three (3) being independent non-executive directors. The Chairman of the Audit Committee, Yg Bhg Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim is the Senior Independent Non-Executive Director. Any concerns of the Group may be conveyed to him.

AUDIT COMMITTEE **REPORT**

(CONT'D)

The Audit Committee met five (5) times during the financial year ended 31 December 2008. Details of attendance of the Audit Committee are set out as follows:-

MEMBERS	NO. OF MEETINGS ATTENDED
Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim	5/5
Datuk Wong Kie Yik	5/5
Ms Tham Sau Kien (appointed as member on 15 April 2008)	4/4
Mr Loh Siew Choon (resigned as member on 6 March 2009)	4/5
Mr Rafael Llamado Reyes (appointed as member on 6 March 2009)	Not applicable

The Group's Chief Financial Officer and other members of the Senior Management were also invited to attend these meetings. During the year under review, the Audit Committee carried out its duties in accordance with its Terms of Reference as follows:-

- Reviewed the Group's quarterly unaudited financial results and announcement before recommending them for the Board's approval;
- Reviewed the Group's year-end audited accounts and audit report on the financial statements as presented by the External Auditors and recommended the same to the Board for approval;
- Reviewed and updated its Terms of Reference as and when neccessary;
- Reviewed the scope and results of works carried out by the Internal Audit Function;
- Discussed and reviewed recurrent related party transactions;
- Discussed with the External Auditors before the audit commenced, the audit plan, nature, approach and scope of the audit.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The Group's Internal Audit Department ("IAD") whose primary function is to assist the Audit Committee in discharging its duties and responsibilities with regard to the monitoring of internal control system, risk management and corporate governance processes. The IAD provides independent assessments and objective assurance on the adequacy and effectiveness of the risk management and internal control framework in all key business activities within the Group.

For the financial year ended 31 December 2008, the IAD has performed regular audit assignments namely financial, operational as well as compliance audits on subsidiary companies covering all major operating areas. These were carried out in accordance with the annual audit plan or special ad-hoc audit at the request of the Management Committee.

At every meeting of the Audit Committee during the financial year, Internal Audit Reports of the Group's subsidiary companies were tabled and deliberated. In its undertaking of each audit, the Internal Auditors reviewed the internal control system and performed relevant compliance and substantive risk based audit procedures of the auditee company.

During the year under review, the IAD has also assisted the Audit Committee in conducting reviews on the risk management process implemented by the Management Committee for identifying, evaluating and monitoring significant risk exposures through the application of "risk audit checklist" methodology on a regular basis.

The review will provide the Executive Management and the Audit Committee with an efficient and effective level of audit coverage.

The cost incurred of maintaining the Group's in-house internal audit function for the financial year ended 31 December 2008 was approximately RM580,000 which included expenses.

DIRECTORS' STATEMENT ON INTERNAL **CONTROL**

The Board recognises that effective risk management practices are necessary to safeguard shareholders' investments as well as the Group's assets. As such, they are responsible for maintaining a sound system of internal control and for reviewing its effectiveness. However, such a system is designed to minimise and manage risk within defined parameters and standards rather than to completely eliminate the risk that may impede the achievement of business objectives. The system can therefore, only provide reasonable assurance and not absolute assurance against any material misstatement, loss or fraud.

The Group has in place an on-going process that lays the foundation for effective control framework for identifying, evaluating and managing the principal risks of the Group in a proactive manner for the year under review up to the date of this report. The Board, with the support of the Management Committee as well as Audit Committee regularly reviews this process.

During the financial year, the Board has reviewed the Group's system of internal control against the requirements outlined in the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by Bursa Malaysia Securities Berhad's Task Force on Internal Control.

The Group's system of internal control comprise the following key elements:-

RISK ASSESSMENT

Throughout the year under review, the Internal Audit Function undertook an on-going review of the principal and operational risks factors affecting the key business units of the Group. Those risks factors were identified, evaluated and control measures were implemented to safeguard those risks from affecting the business objectives of the Group. All risks owners were assigned to be responsible for ensuring that the controls are adequate and effective in mitigating the risks factors.

The Board has established a Risk Management Committee whom shall report to the Management Committee and subsequently to the Audit Committee and the Board. The Risk Management Committee has also been established at all major subsidiaries of the Group.

The composition of the Management Committee shall be the Chairman of the Board of Directors, Chief Executive Officer and is assisted by the Chief Financial Officer and other senior management officers.

The Risk Management Committee for the respective business units shall consist of the Head of Internal Audit, the subsidiaries' General Managers and Finance Managers. The respective business units will be responsible for monitoring and updating their risk profiles as well as evaluating emerging new risk factors.

CONTROL ENVIRONMENT & ACTIVITIES

The Group has in place an on-going monthly financial reporting system that provides the Management Committee with information and acts as a resourceful tool for close monitoring of actual results against budgets. The Management Committee reviews the monthly management reports, which includes information on financial performance as well as key financial and operational performance indicators to highlight the achievement of the Group's business objectives. Members of the Management Committee pay regular visits to all operating units and establish follow-up actions on major variances reported.

DIRECTORS' STATEMENT ON INTERNAL **CONTROL**

(CONT'D)

The Group has also in place a Quality Management System under the auspices of the MS ISO9001:2000. This system establishes broad policies and procedures for the efficient running of the business of the West Malaysian manufacturing-based operating units. These policies and procedures define proper authorisation level and segregation of duties providing a framework for good internal control practices.

The Management Committee meets regularly to deliberate on business and operational issues that include reviewing, formulating and approving all key business objectives and policies. The reviews are either scheduled or ad-hoc and are held at the respective business units to identify, discuss and resolve business and operational issues. All significant issues identified during these meetings that warrant Board attention are reported to the Board accordingly.

ASSURANCE FUNCTION

The Group has its own Internal Audit Function. Its main function is to provide independent and reasonable assurance to the Board and the Audit Committee on the adequacy, integrity and effectiveness of the Group's system of internal control. Internal control reviews are conducted regularly and systematically across the Group. Such review comprised of financial, operational as well as compliance engagement on the Group's operations with proper risk responses for improvement to be implemented by operating management. These reviews are conducted in accordance with formally developed audit plans, which take into account the risks factors identified during the risk assessment process. The results of these reviews are reported quarterly to the Audit Committee.

Relevant control measures are implemented to address any control weaknesses identified during the course of internal audits to enhance the integrity of the Group's system of internal controls.

The Management Committee is also responsible to the Board for ensuring proper internal control procedures are in place at each business unit thus providing added assurance to the Board.

BOARD REVIEW

The Audit Committee reviews reports from the Internal Audit Function pertaining to internal audit reviews as well as risk assessment reviews, and reports thereon to the Board. Such measures provide positive endeavor for the Board to take continuous measures to put in place appropriate action plans to further strengthen the internal control environment of the Group.

The Board is pleased to report that there were no significant weaknesses noted in the Group's system of internal control during the financial year up to the date of approval of the annual report and financial statements.

CHAIRMAN'S **STATEMENT**

DEAR SHAREHOLDERS,

"On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December, 2008."

FINANCIAL PERFORMANCE

The Group registered a turnover level at RM812 million, an 18% increase from RM686 million in 2007 due to the incorporation of Linshanhao Plywood (Sarawak) Sdn Bhd as a wholly-owned subsidiary in April 2007. However, profit after tax dropped to RM48 million from RM59 million in 2007 as a result of lower sales volume. Consequently, the Group's earnings per share (EPS) is down by 20% to 11.1 sen.

REVIEW OF OPERATIONS

Timber

The year in review was off to a slow start as a follow-through from 2007 where a challenging environment of rising inflation persisted in most economies. In the first half of the year, log production eased in tandem with seasonal weather disruptions and due to a lull in demand in the traditional timber markets, prices remained weak. Although the Japanese housing market slowed as expected, the industry expected an imminent pent-up demand in 2008 from low levels in the second half of 2007. However, demand drivers such as annual housing starts, development and reconstruction activities in core timber importing countries such as Japan, India and China were stalled by uncertainties stemming from recessionary fears across the globe.

In the second half of 2008, the effect of the current global economic and financial crisis swept through the commodities market and the timber industry was not spared. Japan went into recession for the first time in seven years and housing starts slowed to approximately 1.126 million units. This period also witnessed the effect of the strong yen that caused a distortion to the equilibrium of the round logs and plywood markets. The lower demand resulted in an over-supply situation and this affected the pricing of commodity plywood products like concrete and structural panels. Consequently, the Group cautioned that prospects in the timber industry remains viable in the medium-term but is subject to vagaries of recessionary pressure due to the current financial and economic crisis.

Non-Timber

The non-timber manufacturing and trading division of the Group was not spared the negative effect of the financial and economic crisis. Plagued firstly by rising costs in raw materials, then a slow demand and then finally an easing of costs as a result of lower fuel prices kept management challenged to maintain the performance of this division. The Group had embarked on a three-pronged approach to focus on its core products, streamlined the supply chain and strengthening and differentiating the Group's brand-names.

The Group would continue to strive to maintain the quality of its premium plywood products as quality is usually a key consideration in a tougher trading environment.

PROSPECTS

The current global economic and financial crisis is expected to be felt across the timber industry in 2009. The demand from traditional timber importing countries like Japan and India are expected to slow, with demand from China being sustained but at lower levels. The Japan housing starts for 2009 are expected to only reach approximately 900,000 units, a reduction of 18% from the 2008 level of 1,100,000 units.

As far as the key products of the Group; the export of round logs and plywood products, we are embracing for log imports to ease 20-25% during the current year owing to possible mill closures in Japan due to demand shrinkage; while in the plywood market, the industry is forecasting a demand level of 3.5 million cubic meters, down about 20% from 2008. Despite this grim outlook, the Group would continue to strive to maintain the quality of its premium plywood products as quality is usually a key consideration in a tougher trading environment. It is noteworthy to point out from the Malaysia timber perspective, although the imports of Malaysia's timber products to Japan fell 25% in the last quarter of 2008 as compared to the preceding year, Indonesia's level eased 40% for the same period. Consequently, Malaysia's share of the Japanese market reached a high of 55% while Indonesia declined to about 25%, signaling quality being a key trade consideration at this time.

Notwithstanding the outlook above, the Group would closely watch and keep tab of developments in its key markets, particularly in the premium plywood segment where the Group's premium floorbase products are known for its good and consistent quality. The Group would strive to uphold this standard given that premium plywood is a key product. Barring unforeseen circumstances, the Group expects the supply and demand dynamics of the industry to adjust in 2009.

CHAIRMAN'S **STATEMENT**

(CONT'D)

The Group has spent approximately RM70 million to-date and will further allocate RM30 million for the planting of trees, including the cultivation of oil palm. This is to ensure sustainability and productivity of forest resources to complement the supply of timber from natural forests. The tree-planting program is being progressively implemented with prime, fast-growing species such as Acacia Mangium Superbulk, Acacia Hybrid and the indigenous Kelampayan species. The tree plantations would also help restore deforested areas to high-production forests, replenishes soil nutrients and structure for better environmental protection, aside from ensuring a sustainable supply of timber as raw material for both domestic and industrial uses.

The tree-planting program is in tandem with the Government's long-term objective of sustainable forest management for both the natural forests and industrial plantation forestry. Eventually, the Group intends to initiate steps and adopt standard performance for the impending certification program of our planted forests based on the MC&I (Forest Plantation) requirements. Similarly, the Group's oil palm plantation would undergo eventual certification based upon the prescribed principles and criteria for the Roundtable on Sustainable Palm Oil (RSPO).

As for the Group's non-timber manufacturing division, 2009 will remain challenging. Hence, we will continue to work on our production efficiency and to focus on the current approach on supply chain and branding as well.

CORPORATE SOCIAL RESPONSIBILITY

WTK continues to comply with and practice Sustainable Forest Management in an effort to bring about a balance between deriving yields from its forest resources and returning to the community in the form of social, economic and environmental benefits.

The Group's Forest Management Unit (FMU), a defined forest operation that is managed to objectives consistent with forest certification program in the MC&I (2002) is progressing as planned, with scheduled training programs for key employees to ensure their competence in the implementation of the FMU, as well as to help them enhance their knowledge, upgrade their technical know-how and improve their management skills.

As for the Group's production of downstream products, we have established long-term customer loyalty by continuously maintaining stringent quality control and recovery (such as having our products to Japan being JAS-certified), reducing wastages and striving to improve the working conditions and increasing the training facilities of our employees. Our operational procedures are in compliance with the Occupational Safety and Health Act, 1994. In addition, the Group is working on the CoC (Chain of Custody) certification for downstream products to further demonstrate legality, legitimacy and traceability of the Group's supply chain.

In the Group's non-timber division, we have received a certification upgraded from ISO 9000 to ISO 9001, demonstrating achievement and continuous commitment to stringent process and quality control in the manufacture of our products.

WTK is proud that our practice of sustainable forest management has already formed an integral part of the Group's CSR and we will continue to adopt initiatives to raise our commitment to CSR to better economic viability, environmental quality and welfare of the Group's employees and society at large.

DIVIDEND

The Company has not paid any dividends since the end of the previous financial year ended 31 December, 2007.

At the forthcoming Annual General Meeting, a final dividend, of 6.00% less 25% Malaysian Income Tax on 438,013,388 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of RM9.783 million in respect of the financial year ended 31 December, 2008 (2.25 sen net per share) will be proposed for shareholders' approval.

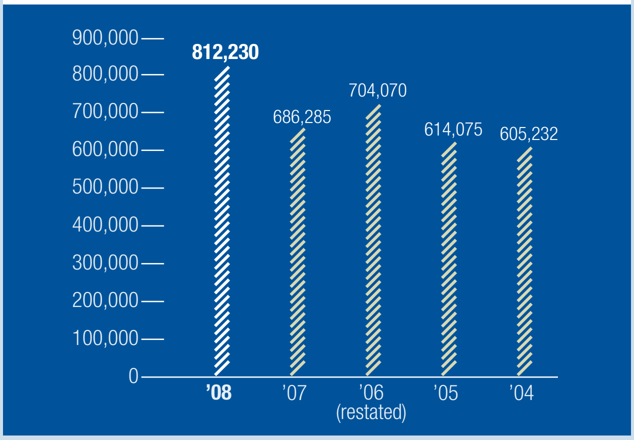
APPRECIATION

On behalf of my fellow board members, I wish to extend our appreciation to all employees for their continued diligence and dedication in their work, leading to a reasonable level of financial performance for the year. I would also take this opportunity to thank all our shareholders, regulators, customers and suppliers for their continual support and confidence in the Group.

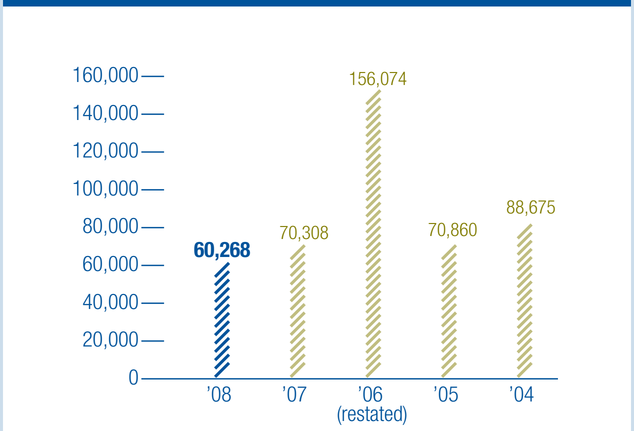
DATUK WONG KIE YIK
Chairman
29 May 2009

FINANCIAL **HIGHLIGHTS**

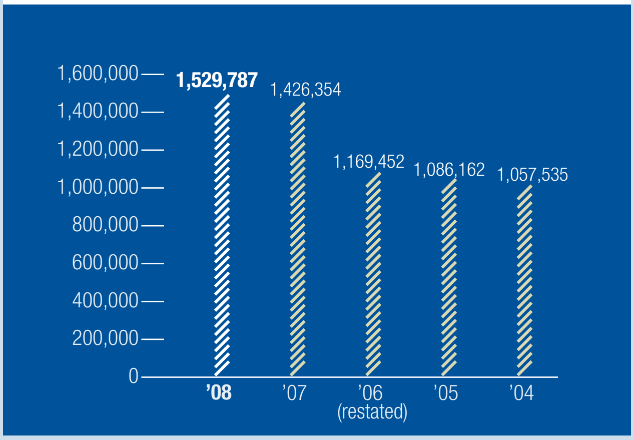
TURNOVER (RM'000)



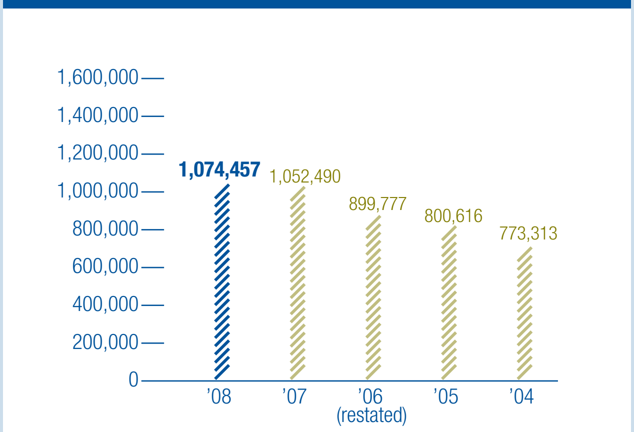
PROFIT BEFORE TAX (RM'000)



TOTAL ASSETS (RM'000)



TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



financial statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries and an associate are described in Note 15 and Note 16 respectively, to the financial statements.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year	**47,844**	**684**
Attributable to:		
Equity holders of the Company	48,123	684
Minority interests	(279)	-
	47,844	**684**

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

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

DIVIDENDS

The Company has not paid any dividends since the end of the previous financial year ended 31 December 2007.

At the forthcoming Annual General Meeting, a final dividend, of 6.00% less 25% Malaysian Income Tax on 438,013,388 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of RM9.783 million in respect of the financial year ended 31 December 2008 (2.25 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ended 31 December 2009.

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:

Datuk Wong Kie Yik
Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim
Datuk Wong Kie Nai
Wong Kie Chie
Tham Sau Kien
Patrick Wong Haw Yeong
Rafael Llamado Reyes (appointed on 6 March 2009)
Loh Siew Choon (resigned on 6 March 2009)

In accordance with Article 96 of the Company's Articles of Association, Datuk Wong Kie Yik and Tham Sau Kien retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 90 of the Company's Articles of Association, Rafael Llamado Reyes retires from the Board at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim retires pursuant to Section 129 of the Companies Act, 1965 at the forthcoming Annual General Meeting and offer himself for re-appointment in accordance with Section 129 of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY			
	AS AT 1.1.2008	BOUGHT	SOLD	AS AT 31.12.2008
Direct Interest				
Datuk Wong Kie Yik	10,144,160	-	-	**10,144,160**
Datuk Wong Kie Nai	16,973,314	370,000	-	**17,343,314**
Wong Kie Chie	13,117,524	-	-	**13,117,524**
Indirect Interest				
Datuk Wong Kie Yik*	131,104,406	8,185,000	-	**139,289,406**
Datuk Wong Kie Nai#	131,425,288	8,606,700	-	**140,031,988**
Wong Kie Chie*	131,104,406	8,185,000	-	**139,289,406**

* Deemed interest through W T K Realty Sdn. Bhd., Harbour-View Realty Sdn. Bhd. and Ocarina Development Sdn. Bhd. by virtue of Section 6A(4)(c) of the Companies Act, 1965.

\# Deemed interest through W T K Realty Sdn. Bhd., Harbour-View Realty Sdn. Bhd. and Ocarina Development Sdn. Bhd. by virtue of Section 6A(4)(c) of the Companies Act, 1965 and interests of spouse and children by virtue of Section 134(12)(c) of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Datuk Wong Kie Yik, Datuk Wong Kie Nai and Wong Kie Chie are also deemed to be interested in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

TREASURY SHARES

At the Annual General Meeting held on 30 June 2008, the Company obtained a renewal of mandate to purchase its own shares on the Bursa Malaysia Securities Berhad.

During the financial year, the Company purchased a total of 65,000 of its issued ordinary shares of RM0.50 each from the open market for a total cost of RM124,091. The repurchases were financed by the Company's internal funds.

As at 31 December 2008, the Company held as treasury shares a total of 3,231,000 of its 438,013,388 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,460,221. Further details are disclosed in Note 24(C) to the financial statements.

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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

 (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than disclosed in Note 33 to the financial statements.

(f) In the opinion of the directors:

 (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

 (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of significant event is disclosed in Note 37 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2009.

DATUK WONG KIE YIK **DATUK WONG KIE NAI**

STATEMENT BY **DIRECTORS**

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

We, Datuk Wong Kie Yik and Datuk Wong Kie Nai, being two of the directors of W T K Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 35 to 106 are drawn up in accordance with the provision of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2009.

DATUK WONG KIE YIK

DATUK WONG KIE NAI

STATUTORY **DECLARATION**

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

I, Datuk Wong Kie Nai, being the director primarily responsible for the financial management of W T K Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 35 to 106 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Datuk Wong Kie Nai
at Kuala Lumpur in the Federal Territory
on 28 April 2009.

DATUK WONG KIE NAI

Before me,

KADARIAH BTE ABDUL KARIM
Commissioner for Oath
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' **REPORT**

TO THE MEMBERS OF W T K HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of W T K Holdings Berhad, which comprise the balance sheets as at 31 December 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 106.

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal controls 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 controls relevant to the entity'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 entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the 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 have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, that is indicated in Note 15 to the financial statements.

INDEPENDENT AUDITORS' **REPORT**

TO THE MEMBERS OF W T K HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

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

(d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be 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.

Ernst & Young
AF: 0039
Chartered Accountants

Yong Voon Kar
No. 1769/04/10 (J/PH)
Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2009

INCOME **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Revenue	3	**812,230**	686,285	**2,878**	260,517
Cost of sales	4	**(660,022)**	(542,915)	**-**	-
Gross profit		**152,208**	143,370	**2,878**	260,517
Selling and distribution expenses		**(60,813)**	(44,182)	**-**	-
Administrative expenses		**(30,363)**	(29,525)	**(2,523)**	(2,192)
Operating profit		**61,032**	69,663	**355**	258,325
Other income		**10,455**	8,018	**563**	677
Finance costs	5	**(11,485)**	(7,741)	**(5)**	(215)
Share of profit of an associate		**355**	280	**-**	-
Share of profit of a jointly controlled entity		**(89)**	88	**-**	-
Profit before tax	6	**60,268**	70,308	**913**	258,787
Income tax expense	9	**(12,424)**	(10,924)	**(229)**	(65,027)
Profit for the year		**47,844**	59,384	**684**	193,760
Attributable to:					
Equity holders of the Company		**48,123**	59,365	**684**	193,760
Minority interests		**(279)**	19	**-**	-
		47,844	59,384	**684**	193,760
Basic and diluted earnings per share attributable to equity holders of the Company (sen)	10	**11.1**	13.8		
Net dividends per share (sen)	11			**-**	12.00

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

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	NOTE	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	12	**580,190**	525,450	**1,676**	1,567
Investment properties	13	**15,608**	15,805	**-**	-
Prepaid lease payments	14	**96,678**	58,836	**-**	-
Investment in subsidiaries	15	**-**	-	**358,108**	356,771
Investment in an associate	16	**9,131**	8,902	**1,729**	1,729
Investment in a jointly controlled entity	17	**3,213**	3,302	**-**	-
Other investments	18	**7,260**	7,261	**4,078**	3,319
Intangible assets	19	**100,661**	68,567	**-**	-
Biological assets	20	**55,689**	27,723	**-**	-
Deferred tax assets	28	**14,472**	7,967	**-**	-
		882,902	723,813	**365,591**	363,386
CURRENT ASSETS					
Inventories	21	**245,270**	256,867	**-**	-
Receivables	22	**175,578**	195,680	**156,558**	130,129
Tax recoverable		**12,954**	7,774	**-**	38
Cash and cash equivalents	23	**213,083**	242,220	**5,490**	6,648
		646,885	702,541	**162,048**	136,815
TOTAL ASSETS		**1,529,787**	1,426,354	**527,639**	500,201
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	**219,007**	219,007	**219,007**	219,007
Share premium	24	**45,708**	45,708	**45,708**	45,708
Treasury shares	24	**(7,460)**	(7,336)	**(7,460)**	(7,336)
Other reserves	25	**947**	(21)	**400**	400
Retained profits	26	**816,255**	768,132	**186,248**	185,564
		1,074,457	1,025,490	**443,903**	443,343
Minority interests		**6,789**	5,483	**-**	-
TOTAL EQUITY		**1,081,246**	1,030,973	**443,903**	443,343

BALANCE SHEETS

AS AT 31 DECEMBER 2008 (CONT'D)

	NOTE	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
NON-CURRENT LIABILITIES					
Long term borrowings	27	**35,210**	40,311	**20**	78
Deferred tax liabilities	28	**83,013**	72,992	**23**	23
Retirement benefit obligations	29	**2,030**	1,977	**-**	-
Land premium payable		**3,260**	-	**-**	-
		123,513	115,280	**43**	101
CURRENT LIABILITIES					
Payables	30	**67,184**	72,092	**83,625**	56,702
Short term borrowings	27	**254,523**	205,309	**58**	55
Tax payable		**2,234**	2,700	**10**	-
Land premium payable		**1,087**	-	**-**	-
		325,028	280,101	**83,693**	56,757
TOTAL LIABILITIES		**448,541**	395,381	**83,736**	56,858
TOTAL EQUITY AND LIABILITIES		**1,529,787**	1,426,354	**527,639**	500,201

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

CONSOLIDATED STATEMENTS OF CHANGES IN **EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY NON-DISTRIBUTABLE SHARE CAPITAL RM'000 (NOTE 24)	SHARE PREMIUM RM'000 (NOTE 24)	TREASURY SHARES RM'000 (NOTE 24)	OTHER RESERVES RM'000 (NOTE 25)	DISTRIBUTABLE RETAINED PROFITS RM'000 (NOTE 26)	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 January 2007		163,867	3,375	(6,160)	34	738,661	899,777	17,641	917,418
Profit for the year		-	-	-	-	59,365	59,365	19	59,384
Issue of ordinary shares:									
Acquisition of a subsidiary		11,601	82,520	-	-	-	94,121	-	94,121
Bonus issues and share split		43,539	(40,187)	-	-	(3,352)	-	-	-
Acquisition of additional equity interest in a subsidiary		-	-	-	-	2,177	2,177	(12,177)	(10,000)
Foreign exchange differences, representing net gain not recognised in the income statement		-	-	-	(55)	-	(55)	-	(55)
Repurchase of treasury shares		-	-	(1,176)	-	-	(1,176)	-	(1,176)
Dividends	11	-	-	-	-	(28,719)	(28,719)	-	(28,719)
At 31 December 2007		219,007	45,708	(7,336)	(21)	768,132	1,025,490	5,483	1,030,973
At 1 January 2008		219,007	45,708	(7,336)	(21)	768,132	1,025,490	5,483	1,030,973
Profit for the year		-	-	-	-	48,123	48,123	(279)	47,844
Acquisition of a subsidiaries	15(a)	-	-	-	-	-	-	455	455
Acquisition of additional equity interest in a subsidiary		-	-	-	-	-	-	1,130	1,130
Foreign exchange differences, representing net gain not recognised in the income statement		-	-	-	968	-	968	-	968
Repurchase of treasury shares		-	-	(124)	-	-	(124)	-	(124)
At 31 December 2008		**219,007**	**45,708**	**(7,460)**	**947**	**816,255**	**1,074,457**	**6,789**	**1,081,246**

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

COMPANY STATEMENT OF CHANGES IN **EQUITY**

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	← NON-DISTRIBUTABLE SHARE CAPITAL RM'000 (NOTE 24)	SHARE PREMIUM RM'000 (NOTE 24)	TREASURY SHARES RM'000 (NOTE 24)	OTHER RESERVES RM'000 (NOTE 25) →	DISTRIBUTABLE RETAINED PROFITS RM'000 (NOTE 26)	TOTAL EQUITY RM'000
At 1 January 2007		163,867	3,375	(6,160)	400	23,875	185,357
Profit for the year		-	-	-	-	193,760	193,760
Issues of ordinary shares:							
Acquisition of a subsidiary		11,601	82,520	-	-	-	94,121
Bonus issue		43,539	(40,187)	-	-	(3,352)	-
Repurchase of treasury shares		-	-	(1,176)	-	-	(1,176)
Dividends	11	-	-	-	-	(28,719)	(28,719)
At 31 December 2007		219,007	45,708	(7,336)	400	185,564	443,343
Profit for the year		-	-	-	-	684	684
Repurchase of treasury shares		-	-	(124)	-	-	(124)
At 31 December 2008		**219,007**	**45,708**	**(7,460)**	**400**	**186,248**	**443,903**

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

CASH FLOW **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**60,268**	70,308	**913**	258,787
Adjustments for:				
Share of results in an associate	**(355)**	(280)	**-**	-
Share of results in a jointly controlled entity	**89**	(88)	**-**	-
Impairment losses on				
- goodwill	**-**	62	**-**	-
- other investments	**784**	258	**-**	258
- investment in subsidiaries	**-**	-	**-**	97
Loss on disposal of a subsidiary	**2**	-	**3**	-
Interest expense	**11,485**	7,741	**5**	215
Interest income	**(954)**	(1,857)	**(197)**	(146)
Gross dividends	**(251)**	(318)	**(343)**	(258,136)
Gain on disposal				
- property, plant and equipment	**(778)**	(1)	**(5)**	(11)
- other investments	**(266)**	(885)	**(266)**	(885)
Allowance for/(reversal of) doubtful debts				
- related companies	**-**	-	**-**	(129)
- third parties	**5,038**	591	**-**	-
Property, plant and equipment written off	**19**	-	**-**	-
Inventories written off	**185**	163	**-**	-
Depreciation				
- property, plant and equipment	**28,991**	27,475	**90**	99
- investment properties	**197**	194	**-**	-
Amortisation:				
- timber rights	**3,960**	3,960	**-**	-
- prepaid lease payments	**1,699**	1,416	**-**	-
Retirement benefit obligations	**247**	303	**-**	-
Unrealised loss/(gain) on foreign exchange	**16**	(34)	**-**	-
Writeback of other payables and accruals	**-**	(148)	**-**	-
Bad debts recovered	**(1)**	-	**-**	-
Bad debt written off	**-**	8	**-**	-
Operating profit before working capital changes	**110,375**	108,868	**200**	149
Changes in working capital:				
Inventories	**11,412**	(75,952)	**-**	-
Receivables	**23,902**	24,570	**(26,429)**	(56,294)
Payables	**(4,753)**	(5,394)	**26,923**	8,148
Cash generated from/(used in) operations	**140,936**	52,092	**694**	(47,997)
Taxes paid	**(14,488)**	(21,721)	**(125)**	(100)
Interest paid	**(10,187)**	(6,430)	**-**	-
Interest received	**46**	34	**-**	-
Payment of retirement benefit	**(418)**	(259)	**-**	-
Net cash generated from/(used in) operating activities	**115,889**	23,716	**569**	(48,097)

CASH FLOW **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of additional shares in subsidiaries	**1,130**	-	**-**	-
Acquisition of subsidiaries (Note 15 (a))	**(75,704)**	(62,155)	**(1,340)**	(101,600)
Purchase of shares from minority shareholders	**-**	(10,000)	**-**	-
Biological assets expenditure	**(26,800)**	(13,273)	**-**	-
Purchase of timber rights	**(3,151)**	(3,184)	**-**	-
Proceeds from disposals of property, plant and equipment	**4,474**	173	**5**	11
Purchase of property, plant and equipment	**(82,954)**	(66,490)	**(199)**	(14)
Purchase of prepaid lease payments	**(5,250)**	(32)	**-**	-
Purchase of other investments	**(2,384)**	(2,914)	**(2,384)**	(2,914)
Land premium payable	**4,347**	-	**-**	-
Interest received	**779**	1,550	**197**	146
Proceeds from disposals of other investments	**1,891**	3,087	**1,891**	3,087
Net dividend received from				
- an associate company	**126**	252	**126**	252
- other investments	**195**	253	**161**	242
- subsidiaries	**-**	-	**-**	192,689
Net cash (used in)/generated from investing activities	**(183,301)**	(152,733)	**(1,543)**	91,899
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of trade financing facilities	**52,033**	100,961	**-**	-
Drawdown of term loans	**21**	4,311	**-**	-
Dividends paid to the Company's shareholders	**-**	(43,349)	**-**	(43,349)
(Repayment of)/proceeds from hire purchase	**(12,986)**	1,888	**(55)**	(53)
Acquisition of treasury shares	**(124)**	(1,176)	**(124)**	(1,176)
Interest paid	**(1,298)**	(1,311)	**(5)**	(215)
Interest received	**129**	273	**-**	-
Net cash generated from/(used in) financing activities	**37,775**	61,597	**(184)**	(44,793)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(29,637)**	(67,420)	**(1,158)**	(991)
EFFECTS OF EXCHANGE RATE CHANGES	**526**	(48)	**-**	-
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**239,410**	306,878	**6,648**	7,639
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 23)	**210,299**	239,410	**5,490**	6,648

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

NOTES TO THE FINANCIAL **STATEMENTS**

31 DECEMBER 2008

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries and an associate are described in Note 15 and Note 16 respectively. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory as described fully in Note 2.3.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of certain land and buildings included under property, plant and equipment.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exerciseable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of significant accounting policies (Cont'd)

(a) Subsidiaries and Basis of Consolidation (Cont'd)

(ii) Basis of Consolidation (Cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. 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 then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in an associate is carried in the consolidated balance sheets at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations of made payments on behalf of the associate.

The most recent available audited financial statements of the associate are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Associates (Cont'd)

In the Company's separate financial statements, investment in an associate is stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Jointly Controlled Entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in a jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's separate financial statements, investment in a jointly controlled entity is stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Timber Rights

This represents initial cost incurred in obtaining the exclusive rights to purchase the merchantable timber logs from a Company, having the right to fell extract and harvest merchantable timber logs from the concession area granted under forest timber licence.

Timber rights are stated at cost less accumulated amortisation.

Amortisation is charged to the income statement on a straight line basis over the unexpired period of the timber licence.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(d) Intangible Assets (Cont'd)

(iii) Research and Development Costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at costs less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

(e) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. 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.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain land and buildings have not been revalued since they were first revalued in 1980, 1996 and 2005. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1980, 1996 and 2005 valuation less accumulated depreciation.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction in progress are also not depreciated as these assets are not available for use.

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

Office lots	5%
Factory buildings and improvements	2% - 10%
Furniture, fittings, equipment, renovations and installations	2% - 20%
Plant, machinery, moulds and loose tools	2.2% - 38%
Motor vehicles	1% - 25%
Road, bridges and wharf	5% - 20%

NOTES TO THE FINANCIAL **STATEMENTS**

31 DECEMBER 2008 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(e) Property, Plant and Equipment and Depreciation (Cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Biological Assets

Biological assets relate to plantation development expenditure and is stated at cost.

New planting expenditure on land clearing and upkeep of trees up to maturity is capitalised under plantation development expenditure and is not amortised. Replanting expenditure is charged to the income statement in the year in which the expenditure is incurred.

(g) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation of the Group.

Properties which are occupied by the companies in the Group are accounted for as property, plant and equipment under 2.2(e).

Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in 2.2(e).

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of 40 years.

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

(h) Impairment of Non-Financial Assets

The carrying amounts of assets, other than investment properties, inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(h) Impairment of Non-Financial Assets (Cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGU, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of unit on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(i) Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis or first-in, first-out basis where appropriate) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(j) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Lease of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2 (g)); and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases - the Group as Lessee

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(e).

(iii) Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(l) Income Tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). The Group also contributes to EPF at 3% above the statutory rate for certain eligible senior employees. Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

NOTES TO THE FINANCIAL **STATEMENTS**

31 DECEMBER 2008 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(m) Employee Benefits (Cont'd)

(iii) Defined benefits plan

Certain subsidiaries of the Group operates an unfunded defined benefit retirement benefit scheme for certain of its eligible employees. Provision for the unfunded retirement benefit obligations is made in accordance with the terms stipulated in the Collective Agreement for all eligible employees. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Plan exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(n) Revenue Recognition

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

(i) Sale of goods

Revenue is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

(iii) Revenue from services

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

(iv) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(n) Revenue Recognition (Cont'd)

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(vii) Management Fees

Management fees are recognised when services are rendered.

(o) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(o) Foreign Currencies (Cont'd)

(ii) Foreign Currency Transactions (Cont'd)

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

	2008 RM'000	2007 RM'000
Singapore Dollar	**2.40**	2.28
United States Dollar	**3.46**	3.31
Australian Dollar	**2.38**	2.92
Swedish Franc	**3.27**	2.87
Hong Kong Dollar 100	**44.38**	41.96
Pound Sterling	**5.00**	6.61

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(p) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(p) Financial Instruments (Cont'd)

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments (Quoted and Unquoted Investments)

Non-current investments other than investments in subsidiaries, associate and jointly controlled entity are stated at cost less impairment losses. Investment properties are stated at depreciated costs less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h). On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Receivables

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

(iv) Payables

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

(v) Interest Bearing Borrowings

Interest bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing cost applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

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

NOTES TO THE FINANCIAL **STATEMENTS**

31 DECEMBER 2008 (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (Cont'd)

(p) Financial Instruments (Cont'd)

(vi) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.3 Effects arising from the adoption of new and revised FRSs

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendment to FRS and Interpretations:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach Under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The revised FRSs, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs AND INTERPRETATIONS		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim financial reporting and impairment	1 January 2010

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The other new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

2.4 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

Allocation of cost between land and buildings

The Group has established certain basis for the allocation of the costs of investment properties and property, plant and equipment between the land and building portion. Judgement is made by reference to market indication of transaction prices of similar properties to determine the portion of cost relating to land.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2008 were RM28,222,000 (2007: RM28,225,000). Further details are disclosed in Note 19.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting estimates and judgements

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Depreciation of property, plant and equipment

The costs of property, plant and equipment for each business segment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets based on past usage of these assets by the respective segments. In view of the likelihood of technology changes, depletion through regular usage, downward pressure on secondary market value of used motor vehicles, etc. future depreciation charges could be revised.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. REVENUE

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Sales of goods	**805,938**	678,370	**-**	-
Rendering of services	**3,610**	5,664	**-**	-
Sales of properties	**309**	-	**-**	-
Rental income	**733**	787	**-**	-
Carpark income	**1,226**	1,011	**-**	-
Dividend income	**217**	307	**343**	258,136
Interest income	**197**	146	**197**	146
Management fee income	**-**	-	**2,338**	2,235
	812,230	686,285	**2,878**	260,517

4. COST OF SALES

Cost of sales represents cost of inventories sold, costs of services provided and cost of development properties sold.

5. FINANCE COSTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense on:				
- term loans	**343**	338	**-**	-
- bank overdrafts	**3,959**	1,856	**-**	-
- hire purchase	**1,361**	453	**5**	8
- trade financing facilities	**5,822**	5,094	**-**	207
	11,485	7,741	**5**	215

6. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax is stated after charging:				
Allowance for doubtful debts				
- third parties	**5,038**	591	**-**	-
Amortisation:				
- timber rights (Note 19)	**3,960**	3,960	**-**	-
- prepaid lease payments (Note 14)	**1,699**	1,416	**-**	-
Auditors' remuneration:				
- current	**615**	531	**80**	70
- under/(over) provision in prior year	**69**	(9)	**10**	-
Bad debts written off	**-**	8	**-**	-
Depreciation:				
- property, plant and equipment (Note 12)	**28,991**	27,475	**90**	99
- investment properties (Note 13)	**197**	194	**-**	-
Directors' remuneration (Note 8)	**2,843**	2,695	**749**	667
Employee benefits expense (Note 7)	**76,749**	69,142	**1,083**	838
Impairment losses on				
- goodwill (Note 19)	**-**	62	**-**	-
- investment in subsidiaries	**-**	-	**-**	97
- other investments	**784**	258	**-**	258
Inventories written off	**185**	163	**-**	-
Loss on foreign exchange				
- realised (trade)	**-**	427	**-**	-
- realised (non-trade)	**-**	-	**-**	35
- unrealised (trade)	**15**	-	**-**	-
- unrealised (trade)	**1**	-	**1**	-
Loss on disposal of a subsidiary	**2**	-	**3**	-
Management fee paid to third party	**241**	304	**-**	-
Property, plant and equipment written off	**19**	-	**-**	-
Rental of premises	**1,535**	1,118	**97**	-
Rental of equipment	**1,210**	855	**-**	-

6. PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax is stated after crediting:				
Bad debts recovered	**1**	-	**-**	-
Gain on disposal of				
- property, plant and equipment	**778**	1	**5**	11
- other investments	**266**	885	**266**	885
Gain on foreign exchange:				
- realised (trade)	**-**	134	**-**	-
- realised (non-trade)	**955**	-	**-**	-
- unrealised (trade)	**-**	34	**-**	-
Gross dividends from:				
- subsidiaries	**-**	-	**-**	257,577
- associate	**-**	-	**126**	252
- third parties	**251**	318	**217**	307
Hiring of machinery	**584**	584	**-**	-
Interest income	**954**	1,857	**197**	146
Management fees from:				
- subsidiaries	**-**	-	**2,338**	2,235
- jointly controlled entity	**150**	134	**-**	-
Rental income from investment properties:				
- subsidiaries	**-**	-	**11**	29
- third parties	**197**	43	**50**	-
Reversal of allowance for doubtful debts				
- related companies	**-**	-	**-**	129
Writeback of other payables and accruals	**-**	148	**-**	-

7. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Excluding directors' remuneration:				
Wages, salaries and bonuses	**66,446**	59,168	**906**	738
Social security costs	**584**	522	**7**	6
Contributions to defined contribution plan	**5,248**	4,686	**170**	94
Pension costs - defined benefit plan (Note 29)	**247**	303	**-**	-
Other benefits	**4,224**	4,463	**-**	-
	76,749	69,142	**1,083**	838

8. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of the Company				
Executive:				
- salaries and allowances	**572**	535	**376**	341
- bonus	**93**	132	**93**	112
- fee	**65**	65	**-**	-
- defined contribution plan	**74**	-	**61**	-
	804	732	**530**	453
Non-Executive:				
- salaries and allowances	**406**	387	**75**	70
- bonus	**145**	138	**-**	-
- fees	**339**	339	**144**	144
- defined contribution plan	**29**	25	**-**	-
	919	889	**219**	214
Estimated money value of benefits-in-kind	**37**	37	**-**	-
Directors of subsidiaries				
- salaries and allowances	**517**	476	**-**	-
- bonus	**142**	145	**-**	-
- fees	**429**	429	**-**	-
- defined contribution plan	**32**	24	**-**	-
	1,120	1,074	**-**	-
Estimated money value of benefits-in-kind	**6**	9	**-**	-
Total directors' remuneration (Note 32(c))	**2,843**	2,695	**749**	667
Total directors' remuneration including benefits-in-kind	**2,886**	2,741	**749**	667

The remuneration of the directors of the Company during the year fell within the following bands:

	2008		2007	
	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Below RM50,000	**-**	**3**	-	3
RM100,001 - RM150,000	**-**	**1**	-	1
RM300,001 - RM350,000	**-**	**1**	-	1
RM400,001 - RM450,000	**-**	**1**	-	1
RM700,001 - RM750,000	**-**	**-**	1	-
RM800,001 - RM850,000	**1**	**-**	-	-

9. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Tax expense for the year:				
- Malaysian income tax	**8,274**	12,587	**175**	65,043
- Foreign tax	**685**	707	**-**	-
	8,959	13,294	**175**	65,043
(Over)/under provision of tax in prior years	**(48)**	(470)	**54**	(39)
	8,911	12,824	**229**	65,004
Deferred tax (Note 28):				
- Relating to the origination and reversal of temporary differences	**3,506**	(1,665)	**-**	(2)
- Relating to changes in tax rates	**(975)**	(921)	**-**	(1)
- Underprovision in prior year	**982**	686	**-**	26
	3,513	(1,900)	**-**	23
	12,424	10,924	**229**	65,027

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	20%
In excess of RM500,000 of chargeable income	Malaysian corporate statutory tax rate

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. INCOME TAX EXPENSE (CONT'D)

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

GROUP	2008 RM'000	2007 RM'000
Profit before tax	**60,268**	70,308
Taxation at Malaysian statutory rate of 26% (2007: 27%)	**15,670**	18,983
Effect of different tax rates in other countries	**-**	(363)
Tax incentive obtained from differential tax rate of 20%	**(94)**	(220)
Changes in tax rates on opening deferred tax	**(890)**	(804)
Income not subject to tax	**(3,769)**	(10,175)
Expenses not deductible for tax purposes	**1,311**	4,192
Deferred tax recognised at different tax rates	**(85)**	(117)
Deferred tax not recognised at different tax rates	**23**	(23)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(175)**	(189)
Utilisation of previously unrecognised reinvestment allowances	**-**	(394)
Utilisation of current year's reinvestment allowances	**(515)**	(259)
Deferred tax assets not recognised	**28**	24
Double deduction of expenses	**(14)**	(15)
Underprovision of deferred tax in prior year	**982**	686
Overprovision of income tax in prior year	**(48)**	(470)
Others	**-**	68
Income tax expense for the year	**12,424**	10,924
Tax savings recognised during the year arising from:		
Utilisation of unutilised tax losses brought forward	**183**	169
Utilisation of unabsorbed capital allowances brought forward	**2**	1

COMPANY	2008 RM'000	2007 RM'000
Profit before tax	**913**	258,787
Taxation at Malaysian statutory rate of 26% (2007: 27%)	**237**	69,872
Income not subject to tax	**(161)**	(4,983)
Expenses not deductible for tax purposes	**99**	151
Underprovision of deferred tax in prior year	**-**	26
Under/(over) provision of income tax in prior year	**54**	(39)
Income tax expense for the year	**229**	65,027

NOTES TO THE FINANCIAL **STATEMENTS**

31 DECEMBER 2008 (CONT'D)

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	GROUP	
	2008	**2007**
Profit for the year attributable to equity holders of the Company (RM'000)	**48,123**	59,365
Weighted average number of ordinary shares in issue ('000)	**434,816**	431,389
Basic earnings per share (sen)	**11.1**	13.8

(b) Diluted

The Group has no potential ordinary shares in issue as at 31 December 2008 and 31 December 2007. Accordingly, diluted earnings per share is equal to basic earnings per share.

11. DIVIDENDS

	AMOUNT		NET DIVIDEND PER SHARE	
	2008 RM'000	**2007 RM'000**	**2008 SEN**	**2007 SEN**
In respect of the financial year ended 31 December 2006 as reported in the directors' report for that year:				
Final tax exempt dividend of 9% paid on 27 July 2007 (9.00 sen net per share)	-	15,674	-	9.00
In respect of the financial year ended 31 December 2007:				
First tax exempt dividend of 6% paid on 29 November 2007 (3.00 sen net per share)	-	13,045	-	3.00
	-	28,719	-	12.00

At the forthcoming Annual General Meeting, a final dividend of 6.00% less 25% Malaysian Income Tax on 438,013,388 ordinary shares, less shares bought back and held as treasury shares amounting to a dividend payable of RM9.783 million in respect of the financial year ended 31 December 2008 (2.25 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ended 31 December 2009.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	LAND AND BUILDINGS RM'000	FURNITURE, FITTINGS, EQUIPMENT, RENOVATIONS AND INSTALLATIONS RM'000	PLANT, MACHINERY, MOULDS AND LOOSE TOOLS RM'000	MOTOR VEHICLES RM'000	ROAD, BRIDGES AND WHARF RM'000	CONSTRUCTION IN PROGRESS RM'000	TOTAL RM'000
At 31 December 2008							
Cost / Valuation							
At 1 January 2008							
At cost	143,212	17,146	456,778	13,714	186,413	22,372	839,635
At valuation, 1980	36,150	-	-	-	-	-	36,150
At valuation, 1996	5,293	-	-	-	-	-	5,293
At valuation, 2005	82,000	-	-	-	-	-	82,000
	266,655	17,146	456,778	13,714	186,413	22,372	963,078
Additions	8,328	1,534	22,507	2,865	13,139	39,652	88,025
Disposals	-	(238)	(2,852)	(305)	(2,535)	(141)	(6,071)
Written off	-	(51)	-	-	-	-	(51)
Reclassification	6,649	389	1,738	124	386	(9,286)	-
Exchange differences	498	52	25	52	-	-	627
At 31 December 2008	282,130	18,832	478,196	16,450	197,403	52,597	1,045,608
Representing:							
At cost	161,708	18,832	478,196	16,450	197,403	52,597	925,186
At valuation, 1980	33,129	-	-	-	-	-	33,129
At valuation, 1996	5,293	-	-	-	-	-	5,293
At valuation, 2005	82,000	-	-	-	-	-	82,000
	282,130	18,832	478,196	16,450	197,403	52,597	1,045,608

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008 (CONT'D)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	LAND AND BUILDINGS RM'000	FURNITURE, FITTINGS, EQUIPMENT, RENOVATIONS AND INSTALLATIONS RM'000	PLANT, MACHINERY, MOULDS AND LOOSE TOOLS RM'000	MOTOR VEHICLES RM'000	ROAD, BRIDGES AND WHARF RM'000	CONSTRUCTION IN PROGRESS RM'000	TOTAL RM'000
Accumulated depreciation							
At 1 January 2008							
At cost	43,979	12,579	261,066	9,630	94,523	-	421,777
At valuation, 1980	13,556	-	-	-	-	-	13,556
At valuation, 2005	2,295	-	-	-	-	-	2,295
	59,830	12,579	261,066	9,630	94,523	-	437,628
Depreciation charge for the year:							
At cost	4,837	1,252	10,571	533	10,961	-	28,154
At valuation, 1980	981	-	-	-	-	-	981
At valuation, 2005	918	-	-	-	-	-	918
Recognised in profit or loss	6,412	1,201	10,409	455	10,514	-	28,991
Capitalised in plantation development expenditure	324	51	162	78	447	-	1,062
Disposals	-	(230)	(1,628)	(144)	(373)	-	(2,375)
Written off	-	(32)	-	-	-	-	(32)
Exchange difference	57	21	24	42	-	-	144
At 31 December 2008	66,623	13,590	270,033	10,061	105,111	-	465,418
Representing:							
At cost	48,873	13,590	270,033	10,061	105,111	-	447,668
At valuation, 1980	14,537	-	-	-	-	-	14,537
At valuation, 2005	3,213	-	-	-	-	-	3,213
	66,623	13,590	270,033	10,061	105,111	-	465,418
Net carrying amount							
At cost	112,835	5,242	208,163	6,389	92,292	52,597	477,518
At valuation, 1980	18,592	-	-	-	-	-	18,592
At valuation, 1996	5,293	-	-	-	-	-	5,293
At valuation, 2005	78,787	-	-	-	-	-	78,787
At 31 December 2008	215,507	5,242	208,163	6,389	92,292	52,597	580,190

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	LAND AND BUILDINGS RM'000	FURNITURE, FITTINGS, EQUIPMENT, RENOVATIONS AND INSTALLATIONS RM'000	PLANT, MACHINERY, MOULDS AND LOOSE TOOLS RM'000	MOTOR VEHICLES RM'000	ROAD, BRIDGES AND WHARF RM'000	CONSTRUCTION IN PROGRESS RM'000	TOTAL RM'000
At 31 December 2007							
Cost / Valuation							
At 1 January 2007							
At cost	130,815	15,278	362,467	12,513	168,964	5,866	695,903
At valuation, 1980	36,150	-	-	-	-	-	36,150
At valuation, 1996	5,293	-	-	-	-	-	5,293
	172,258	15,278	362,467	12,513	168,964	5,866	737,346
Additions	9,479	876	20,161	1,282	15,971	21,216	68,985
Disposals	(137)	(171)	(257)	(471)	-	-	(1,036)
Reclassification	2,870	-	3,358	-	351	(6,579)	-
Acquisition of a subsidiary	82,194	1,166	71,050	394	1,127	1,869	157,800
Exchange differences	(9)	(3)	(1)	(4)	-	-	(17)
At 31 December 2007	266,655	17,146	456,778	13,714	186,413	22,372	963,078
Representing:							
At cost	143,212	17,146	456,778	13,714	186,413	22,372	839,635
At valuation, 1980	36,150	-	-	-	-	-	36,150
At valuation, 1996	5,293	-	-	-	-	-	5,293
At valuation, 2005	82,000	-	-	-	-	-	82,000
	266,655	17,146	456,778	13,714	186,413	22,372	963,078
Accumulated depreciation							
At 1 January 2007							
At cost	39,136	10,818	211,604	9,275	83,119	-	353,952
At valuation, 1980	12,944	-	-	-	-	-	12,944
	52,080	10,818	211,604	9,275	83,119	-	366,896
Depreciation charge for the year:							
At cost	4,966	1,043	10,101	489	10,521	-	27,120
At valuation, 1980	612	-	-	-	-	-	612
At valuation, 2005	525	-	-	-	-	-	525
Recognised in profit or loss	5,913	1,018	10,028	442	10,074	-	27,475
Capitalised in plantation development expenditure	190	25	73	47	447	-	782
Acquisition of a subsidiary	1,776	858	39,524	310	883	-	43,351
Disposals	(108)	(138)	(172)	(446)	-	-	(864)
Exchange difference	(21)	(2)	9	2	-	-	(12)
At 31 December 2007	59,830	12,579	261,066	9,630	94,523	-	437,628

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	LAND AND BUILDINGS RM'000	FURNITURE, FITTINGS, EQUIPMENT, RENOVATIONS AND INSTALLATIONS RM'000	PLANT, MACHINERY, MOULDS AND LOOSE TOOLS RM'000	MOTOR VEHICLES RM'000	ROAD, BRIDGES AND WHARF RM'000	CONSTRUCTION IN PROGRESS RM'000	TOTAL RM'000
Accumulated depreciation (Cont'd.)							
Representing:							
At cost	43,979	12,579	261,066	9,630	94,523	-	421,777
At valuation, 1980	13,556	-	-	-	-	-	13,556
At valuation, 2005	2,295	-	-	-	-	-	2,295
	59,830	12,579	261,066	9,630	94,523	-	437,628
Net carrying amount							
At cost	99,233	4,567	195,712	4,084	91,890	22,372	417,858
At valuation, 1980	22,594	-	-	-	-	-	22,594
At valuation, 1996	5,293	-	-	-	-	-	5,293
At valuation, 2005	79,705	-	-	-	-	-	79,705
At 31 December 2007	206,825	4,567	195,712	4,084	91,890	22,372	525,450

Details of land and buildings are as follows:

	FREEHOLD LAND RM'000	OFFICE LOTS RM'000	LEASEHOLD BUILDINGS RM'000	FACTORY BUILDINGS AND IMPROVEMENTS RM'000	LAND AND BUILDINGS TOTAL RM'000
At 31 December 2008					
Cost / Valuation					
At 1 January 2008					
At cost	**10,969**	**2,394**	**10,705**	**119,144**	**143,212**
At valuation, 1980	**685**	**-**	**-**	**35,465**	**36,150**
At valuation, 1996	**5,293**	**-**	**-**	**-**	**5,293**
At valuation, 2005	**-**	**-**	**-**	**82,000**	**82,000**
	16,947	**2,394**	**10,705**	**236,609**	**266,655**
Additions	**-**	**-**	**2,553**	**5,775**	**8,328**
Reclassification	**-**	**-**	**-**	**6,649**	**6,649**
Exchange differences	**357**	**-**	**-**	**141**	**498**
At 31 December 2008	**17,304**	**2,394**	**13,258**	**249,174**	**282,130**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	FREEHOLD LAND RM'000	OFFICE LOTS RM'000	LEASEHOLD BUILDINGS RM'000	FACTORY BUILDINGS AND IMPROVEMENTS RM'000	LAND AND BUILDINGS TOTAL RM'000
Cost / Valuation (Cont'd)					
Representing:					
At cost	11,326	2,394	13,258	134,730	161,708
At valuation, 1980	685	-	-	32,444	33,129
At valuation, 1996	5,293	-	-	-	5,293
At valuation, 2005	-	-	-	82,000	82,000
	17,304	2,394	13,258	249,174	282,130
Accumulated depreciation					
At 1 January 2008					
At cost	-	1,458	6,508	36,013	43,979
At valuation, 1980	-	-	-	13,556	13,556
At valuation, 2005	-	-	-	2,295	2,295
	-	1,458	6,508	51,864	59,830
Depreciation charge for the year :					
At cost	-	47	901	3,889	4,837
At valuation, 1980	-	-	-	981	981
At valuation, 2005	-	-	-	918	918
Recognised in profit or loss	-	47	577	5,788	6,412
Capitalised in plantation development expenditure	-	-	324	-	324
Exchange difference	-	-	-	57	57
At 31 December 2008	-	1,505	7,409	57,709	66,623
Representing:					
At cost	-	1,505	7,409	39,959	48,873
At valuation, 1980	-	-	-	14,537	14,537
At valuation, 2005	-	-	-	3,213	3,213
	-	1,505	7,409	57,709	66,623
Net carrying amount					
At cost	11,326	889	5,849	94,771	112,835
At valuation, 1980	685	-	-	17,907	18,592
At valuation, 1996	5,293	-	-	-	5,293
At valuation, 2005	-	-	-	78,787	78,787
At 31 December 2008	17,304	889	5,849	191,465	215,507

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)

	FREEHOLD LAND RM'000	OFFICE LOTS RM'000	LEASEHOLD BUILDINGS RM'000	FACTORY BUILDINGS AND IMPROVEMENTS RM'000	LAND AND BUILDINGS TOTAL RM'000
At 31 December 2007					
Cost / Valuation					
At 1 January 2007					
At cost	7,083	2,394	10,419	110,919	130,815
At valuation, 1980	685	-	-	35,465	36,150
At valuation, 1996	5,293	-	-	-	5,293
	13,061	2,394	10,419	146,384	172,258
Additions	3,886	-	423	5,170	9,479
Disposals	-	-	(137)	-	(137)
Reclassification	-	-	-	2,870	2,870
Acquisition of a subsidiary	-	-	-	82,194	82,194
Exchange differences	-	-	-	(9)	(9)
At 31 December 2007	16,947	2,394	10,705	236,609	266,655
Representing:					
At cost	10,969	2,394	10,705	119,144	143,212
At valuation, 1980	685	-	-	35,465	36,150
At valuation, 1996	5,293	-	-	-	5,293
At valuation, 2005	-	-	-	82,000	82,000
	16,947	2,394	10,705	236,609	266,655
Accumulated depreciation					
At 1 January 2007					
At cost	-	1,411	5,949	31,776	39,136
At valuation, 1980	-	-	-	12,944	12,944
	-	1,411	5,949	44,720	52,080
Depreciation charge for the year :					
At cost	-	47	667	4,252	4,966
At valuation, 1980	-	-	-	612	612
At valuation, 2005	-	-	-	525	525
Recognised in profit or loss	-	47	477	5,389	5,913
Capitalised in plantation development expenditure	-	-	190	-	190
Acquisition of a subsidiary	-	-	-	1,776	1,776
Disposals	-	-	(108)	-	(108)
Exchange difference	-	-	-	(21)	(21)
At 31 December 2007	-	1,458	6,508	51,864	59,830
Representing:					
At cost	-	1,458	6,508	36,013	43,979
At valuation, 1980	-	-	-	13,556	13,556
At valuation, 2005	-	-	-	2,295	2,295
	-	1,458	6,508	51,864	59,830
Net carrying amount					
At cost	10,969	936	4,197	83,131	99,233
At valuation, 1980	685	-	-	21,909	22,594
At valuation, 1996	5,293	-	-	-	5,293
At valuation, 2005	-	-	-	79,705	79,705
At 31 December 2007	16,947	936	4,197	184,745	206,825

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY

	FREEHOLD LAND RM'000	OFFICE LOTS RM'000	FURNITURE, FITTINGS, EQUIPMENT, AND INSTALLATIONS RM'000	RENOVATIONS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 December 2008						
Cost						
At 1 January 2008	**891**	**1,167**	**473**	**246**	**782**	**3,559**
Additions	**-**	**-**	**154**	**45**	**-**	**199**
Disposal	**-**	**-**	**-**	**-**	**(64)**	**(64)**
At 31 December 2008	**891**	**1,167**	**627**	**291**	**718**	**3,694**
Accumulated depreciation						
At 1 January 2008	**-**	**804**	**366**	**236**	**586**	**1,992**
Depreciation charge for the year (Note 6)	**-**	**15**	**28**	**4**	**43**	**90**
Disposal	**-**	**-**	**-**	**-**	**(64)**	**(64)**
At 31 December 2008	**-**	**819**	**394**	**240**	**565**	**2,018**
Net carrying amount						
At 31 December 2008	**891**	**348**	**233**	**51**	**153**	**1,676**
At 31 December 2007						
Cost						
At 1 January 2007	891	1,167	459	246	987	3,750
Additions	-	-	14	-	-	14
Disposals	-	-	-	-	(205)	(205)
At 31 December 2007	891	1,167	473	246	782	3,559
Accumulated depreciation						
At 1 January 2007	-	789	343	231	735	2,098
Depreciation charge for the year (Note 6)	-	15	23	5	56	99
Disposals	-	-	-	-	(205)	(205)
At 31 December 2007	-	804	366	236	586	1,992
Net carrying amount						
At 31 December 2007	891	363	107	10	196	1,567

(a) The freehold land, factory buildings, improvements and renovation of certain subsidiaries have been revalued in 1980, 1996 and 2005. The directors have not adopted a policy of regular revaluations of such assets and under the transitional provision of IAS 16 (Revised): Property, Plant and Equipment, these assets have continued to be stated on the basis of their 1980, 1996 and 2005 valuations.

The net carrying amount stated at valuation had they been stated at cost would have been RM41,073,000 (2007: RM46,178,000) in respect of the Group.

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Property, plant and equipment with carrying amount of RM327,091,000 (2007: RM282,711,000) have been pledged to licensed banks for credit facilities as stated in Note 27.

(c) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM88,025,000 (2007: RM68,985,000) and RM199,000 (2007: RM14,000) respectively of which RM5,071,000 (2007: RM2,509,000) and RM Nil (2007: RM Nil) respectively were acquired by means of hire purchase arrangements. Net carrying amount of property, plant and equipment held under hire purchase arrangements are as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment	**55,409**	58,575	**153**	196

Details of the hire purchase arrangements are disclosed in Note 31.

13. INVESTMENT PROPERTIES

	GROUP	
	2008 RM'000	2007 RM'000
Freehold land, at cost	**12,302**	12,302
Freehold buildings, at depreciated cost	**3,306**	3,503
	15,608	15,805
Market value	**33,230**	33,230

The movement of freehold buildings at depreciated costs were as follows:

	GROUP	
	2008 RM'000	2007 RM'000
At Cost:		
At 1 January	**7,735**	7,692
Reclassified from property, plant and equipment	**-**	14
Reclassified from inventories	**-**	29
At 31 December	**7,735**	7,735
Accumulated Depreciation:		
At 1 January	**(4,232)**	(4,038)
Depreciation charge during the year (Note 6)	**(197)**	(194)
At 31 December	**(4,429)**	(4,232)
Net Carrying Amount		
At 31 December	**3,306**	3,503

14. PREPAID LEASE PAYMENTS

	GROUP 2008 RM'000	GROUP 2007 RM'000
At 1 January	**58,836**	16,503
Acquisition of a subsidiary (Note 15(a))	**34,395**	43,717
Additions	**5,250**	32
Amortisation (Note 6)	**(1,699)**	(1,416)
Capitalised in biological assets (Note 20)	**(104)**	-
At 31 December	**96,678**	58,836
Analysed as:		
Long term leasehold land	**43,646**	4,117
Short term leasehold land	**53,032**	54,719
	96,678	58,836

Leasehold land with an aggregate carrying value of RM54,628,000 (2007: RM56,017,000) are pledged as securities for bank borrowings as disclosed in Note 27.

15. INVESTMENT IN SUBSIDIARIES

	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Unquoted shares, at cost	**366,565**	365,228
Less : Accumulated impairment losses	**(8,457)**	(8,457)
	358,108	356,771

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	EQUITY INTEREST HELD (%) 2008	EQUITY INTEREST HELD (%) 2007	PRINCIPAL ACTIVITIES
Incorporated in Malaysia (except as identified):			
Biofresh Produce Sdn. Bhd.	**100.00**	100.00	Investment holding
Biogrow City Sdn. Bhd.	**100.00**	100.00	Investment holding
Cairnfield Sdn. Bhd.	**100.00**	100.00	Manufacture and sale of veneer, plywood and sawn timber
Central Mercantile Corporation (S) Ltd * (Incorporated in Singapore)	**100.00**	100.00	Trading in tapes, foil and papers
Dusun Nyiur Sdn. Bhd.	**100.00**	100.00	Property investment and car park operation
First Count Sdn. Bhd.	**100.00**	100.00	Extraction and sale of logs
Gopoint Sdn. Bhd.	**100.00**	100.00	Processing and sale of sawn timber
Immense Fleet Sdn. Bhd.	**100.00**	100.00	Reforestation and the planting and management of an oil palm plantation
Kuching Plywood Bhd.	**100.00**	100.00	Manufacture and selling of plywood
Limpah Mewah Sdn. Bhd.	**100.00**	100.00	Extraction and sale of timber
Linshanhao Plywood (Sarawak) Sdn. Bhd.	**100.00**	100.00	Manufacture and sale of plywood

NOTES TO THE FINANCIAL **STATEMENTS**

31 DECEMBER 2008 (CONT'D)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	EQUITY INTEREST HELD (%) 2008	2007	PRINCIPAL ACTIVITIES
Incorporated in Malaysia (except as identified):			
Loytape Industries Sdn. Bhd.	**100.00**	100.00	Manufacture and trading of adhesive tapes, gummed tapes and investment holding
Ninjas Development Sdn. Bhd.	**100.00**	100.00	Extraction and sale of logs
Piramid Intan Sdn. Bhd.	**100.00**	100.00	Extraction and sale of logs
Samanda Trading Sdn. Bhd.	**100.00**	100.00	Marketing of adhesive and gummed tapes and packaging related products
Sanitama Sdn. Bhd.	**100.00**	100.00	Extraction and sale of logs
Sarawak Moulding Industries Berhad	**100.00**	100.00	Manufacture, purchase and sale of sawn timber and logs
Song Logging Company Sendirian Berhad	**100.00**	100.00	Sawmilling, extraction and sale of timber
Sut Sawmill (3064) Sdn. Bhd.	**100.00**	100.00	Extraction and sale of timber
Towering Yield Sdn. Bhd.	**100.00**	100.00	Investment holding
Winning Plantation Sdn. Bhd.	**100.00**	100.00	Investment holding
Woodbanks Industries (M) Sdn. Bhd.	**100.00**	100.00	Processing and sale of sawn timber
W T K Heli-Logging Sdn. Bhd.	**100.00**	100.00	Logging contractor and operation of barge
Interglobal Empire Sdn. Bhd.	**100.00**	-	Extraction and sale of logs
Samanda Marketing & Sales Sdn. Bhd.	**99.60**	99.60	Renting of property, plant and equipment and trading of adhesive tapes
General Aluminium Works (M) Sdn. Bhd.	**87.15**	87.15	Conversion of aluminium foils into various foil products for sale
Biogrow City Plantations Sdn. Bhd. (formerly known as Limbang Plantations Sdn. Bhd.)	**85.00**	-	Planting and management of oil palm plantation
Biofresh Produce Plantations Sdn. Bhd. (formerly known as Eastbourne Properties Sdn. Bhd.)	**80.00**	-	Planting and management of oil palm plantation
Positive Deal Sdn. Bhd.	**65.00**	-	Planting and management of oil palm plantations
Zapstat Sdn. Bhd.	**61.00**	61.00	General and commission agent
GAW Marketing Sdn. Bhd.	**87.15**	87.15	Ceased operations
General Gomma (M) Sdn. Bhd.	**69.64**	69.64	Ceased operations
QPA Sdn. Bhd.	**55.56**	55.56	Ceased operations
Biofield Plantations Sdn. Bhd	**100.00**	100.00	Dormant
Biogreen Success Sdn. Bhd.	**100.00**	100.00	Dormant
Bioworld Synergies Sdn. Bhd.	**100.00**	100.00	Dormant
Central Mercantile Corporation (M) Sdn. Bhd.	**100.00**	100.00	Dormant
Flexitronics Packaging Corporation Sdn. Bhd. (Converted from a public company to a private company on 12 November 2008)	**100.00**	100.00	Dormant
Samanda Equities Sdn. Bhd.	**100.00**	100.00	Dormant
Samanda Marketing Corporation Sdn. Bhd.	**100.00**	100.00	Dormant
Splendid Trend Sdn. Bhd.	**100.00**	100.00	Dormant
WTK-Heli Harvesting Sdn. Bhd.	**100.00**	100.00	Dormant
Enrich Elite Sdn. Bhd.	**-**	100.00	Disposed during the year

* Audited by firms other than Ernst and Young

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries

Acquisitions during the financial year ended 31 December 2008

(i) On 4 February 2008, the Company through its wholly-owned subsidiary, Towering Yield Sdn. Bhd., acquired 65% equity interest in Positive Deal Sdn. Bhd., a company incorporated in Malaysia and is involved in planting and management of oil palm plantation for a total cash consideration of RM8.8 million.

(ii) On 6 March 2008, the Company through its wholly-owned subsidiary, Piramid Intan Sdn. Bhd., acquired 100% equity interest in Interglobal Empire Sdn. Bhd., a company incorporated in Malaysia and is involved in extraction and sale of logs for a total cash consideration of RM33 million.

(iii) On 18 March 2008, the Company through its wholly-owned subsidiary, Biogrow City Sdn. Bhd., acquired 85% equity interest in Biogrow City Plantations Sdn. Bhd. (formerly known as Limbang Plantations Sdn. Bhd.), a company incorporated in Malaysia and is involved in planting and management of oil palm plantation for a total cash consideration of RM10.6 million.

(iv) On 5 May 2008, the Company through its wholly-owned subsidiary, Biofresh Produce Sdn. Bhd., acquired 80% equity interest in Biofresh Produce Plantations Sdn. Bhd. (formerly known as Eastbourne Properties Sdn. Bhd.), a company incorporated in Malaysia and is involved in planting and management of oil palm plantation for a total cash consideration of RM23.4 million.

The acquired subsidiaries contributed the following results to the Group:

	ACQUISITION				
2008	OF (i) RM'000	OF (ii) RM'000	OF (iii) RM'000	OF (iv) RM'000	TOTAL RM'000
Revenue	-	31,398	-	-	31,398
(Loss)/profit for the year	(2)	1,732	(7)	(15)	1,708

If the acquisitions had occurred on 1 January 2008, the acquired subsidiaries would have contributed RM31,398,000 and RM1,714,000 of the revenue and profit for the year respectively.

The assets and liabilities arising from the above acquisition of (i) are as follows:

2008	FAIR VALUE RECOGNISED ON ACQUISITION RM'000	ACQUIREE'S CARRYING AMOUNT RM'000
Trade and other receivables	8,836	100
Fair value of net assets	8,836	
Less: Minority interest	(35)	
Group's share of fair value of net assets	8,801	
Goodwill on acquisition	-	
Total cost of acquisition	8,801	

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Acquisitions during the financial year ended 31 December 2008 (Cont'd)

The assets and liabilities arising from the above acquisition of (ii) are as follows:

2008	FAIR VALUE RECOGNISED ON ACQUISITION RM'000	ACQUIREE'S CARRYING AMOUNT RM'000
Timber rights (Note 19)	**32,906**	-
Cash and bank balances	**96**	96
Trade and other payables	**(2)**	(2)
	33,000	94
Fair value of net assets	**33,000**	
Less: Minority interest	**-**	
Group's share of fair value of net assets	**33,000**	
Goodwill on acquisition	**-**	
Total cost of acquisition	**33,000**	

The assets and liabilities arising from the above acquisition of (iii) are as follows:

2008	FAIR VALUE RECOGNISED ON ACQUISITION RM'000	ACQUIREE'S CARRYING AMOUNT RM'000
Prepaid lease payments	**11,016**	2,768
Trade and other payables	**(1)**	(1)
	11,015	2,767
Fair value of net assets	**11,015**	
Less: Minority interest	**(415)**	
Group's share of fair value of net assets	**10,600**	
Goodwill on acquisition	**-**	
Total cost of acquisition	**10,600**	

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Acquisitions during the financial year ended 31 December 2008 (Cont'd)

The assets and liabilities arising from the above acquisition of (iv) are as follows:

2008	FAIR VALUE RECOGNISED ON ACQUISITION RM'000	ACQUIREE'S CARRYING AMOUNT RM'000
Prepaid lease payments	23,379	-
Trade and other receivables	1	1
Tax recoverable	68	68
Cash and bank balances	1	1
Trade and other payables	(44)	(44)
	23,405	26
Fair value of net assets	23,405	
Less: Minority interest	(5)	
Group's share of fair value of net assets	23,400	
Goodwill on acquisition	-	
Total cost of acquisition	23,400	

The cash outflow on acquisitions to the Group are as follows:

From date of acquisition to 31 December 2008

2008	ACQUISITION OF (i) RM'000	OF (ii) RM'000	OF (iii) RM'000	OF (iv) RM'000	TOTAL RM'000
Purchase consideration satisfied by cash	8,801	33,000	10,600	23,400	75,801
Total cash outflow of the Company	8,801	33,000	10,600	23,400	75,801
Cash and cash equivalents of subsidiary acquired	-	(96)	-	(1)	(97)
Net cash outflow of the Group	8,801	32,904	10,600	23,399	75,704

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Acquisitions in the previous financial year

On 18 April 2007, the Company acquired 100% equity interest in Linshanhao Plywood (Sarawak) Sdn. Bhd., a company incorporated in Malaysia and is involved in the manufacture and sale of plywood.

The cost of acquisition comprised the following:

	2007 RM'000
Purchase consideration to be satisfied by cash	100,000
Ordinary shares issued, at fair value	94,121
Cost attributable to the acquisition, paid in cash (*)	1,587
Total cost of acquisition	195,708

* The cost attributable to the acquisition of RM1,587,000 was set off against the share premium account.

(i) As part of the cost of acquisition, the Company issued 11,600,928 new ordinary shares of RM1.00 each with a fair value of RM8.25 each, being the published price of the shares of the Company at the date of acquisition.

The acquired subsidiary contributed the following results to the Group:

	2007 RM'000
Revenue	64,756
Profit for the year	4,813

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been higher by RM37,323,000 and RM9,837,000 respectively.

The assets and liabilities arising from the acquisition are as follows:

2007	FAIR VALUE RECOGNISED ON ACQUISITION RM'000	ACQUIREE'S CARRYING AMOUNT RM'000
Property, plant and equipment	114,449	114,449
Prepaid lease payments	43,717	43,717
Inventories and work-in-progress	32,793	32,793
Trade and other receivables	2,566	2,566
Cash and bank balances	39,446	39,446
	232,971	232,971
Trade and other payables	(9,903)	(9,903)
Taxation	(375)	(375)
Borrowings	(18,917)	(18,917)
Deferred tax liabilities	(27,700)	(27,700)
	(56,895)	(56,895)
Fair value of net assets	176,076	
Goodwill on acquisition	19,632	
Total cost of acquisition	195,708	

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Acquisitions in the previous financial year (Cont'd)

(i) The cash outflow on acquisition is as follows:

	2007 RM'000
Purchase consideration satisfied by cash	100,000
Cost attributable to the acquisition, paid in cash	1,587
Total cash outflow of the Company	101,587
Cash and cash equivalents of subsidiary acquired	(39,446)
Net cash outflow of the Group	62,141

(ii) On 21 September 2007, the Company acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Towering Yield Sdn. Bhd. for a total cash consideration of RM2,000.

The Company also acquired 2 ordinary shares of RM1.00 each at cash consideration of RM3,000 in each of the following companies, representing the entire issued and paid-up share capital in each of the following companies:

- Biofresh Produce Sdn. Bhd.;
- Biogrow City Sdn. Bhd.;
- Bioworld Synergies Sdn. Bhd.; and
- Enrich Elite Sdn Bhd.

The total goodwill arising from the above acquisitions amounted to RM13,990.

(iii) Additional interest in a subsidiary

On 16 May 2007, the Company through its wholly-owned subsidiary, Loytape Industries Sdn Bhd, acquired the entire minority interest of 15% in Central Mercantile Corporation (M) Sdn. Bhd. ("CMCM") for a sum of RM10 million. As a result, there was a gain on accretion of RM2,177,000 arising from the above additional interest.

(b) Disposal of a subsidiary

The Company disposed its 100% equity interests in Enrich Elite Sdn. Bhd. on 25 July 2008 for a total cash consideration of RM2.00.

The disposal had the following effects on the financial position of the Group as the end of the year:

	2008 RM'000
Related companies balance	**(1)**
Net liability disposed	**(1)**
Attributable goodwill (Note 19)	**3**
	2
Total disposal proceeds	**-**
Loss on disposal to the Group	**2**

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of a subsidiary (Cont'd)

	2008 RM'000
Cash consideration	-
Cash and cash equivalents of subsidiary disposed	-
Net cash flow of the Group	-

16. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost	**1,729**	1,729	**1,729**	1,729
Share of post acquisition reserves	**7,402**	7,173	**-**	-
	9,131	8,902	**1,729**	1,729
Represented by:				
Share of net assets	**8,799**	8,570		
Goodwill on acquisition	**332**	332		
	9,131	8,902		

The movement in the share of post acquisition reserves is as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Results		
Share of operating profits	**460**	327
Income tax expense	**(105)**	(47)
	355	280
Dividends paid	**(126)**	(252)
	229	28
Retained profits at beginning of the year	**7,173**	7,145
	7,402	7,173

16. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate are as follow:

NAME OF ASSOCIATE	EQUITY INTEREST HELD (%) 2008	2007	PRINCIPAL ACTIVITIES
Incorporated in Malaysia			
Central Elastic Corporation Sdn. Bhd.	**29.88**	29.88	Manufacture of rubber and elastic products

The summarised financial information of the associate are as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	**27,589**	24,895
Non-current assets	**2,994**	5,173
Total assets	**30,583**	30,068
Current liabilities	**(669)**	(921)
Non-current liabilities	**(465)**	(465)
Total liabilities	**(1,134)**	(1,386)
Results		
Revenue	**31,838**	29,885
Profit for the year	**1,189**	938

17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	GROUP 2008 RM'000	2007 RM'000
Unquoted shares, at cost	**2,226**	2,226
Share of post acquisition reserves	**987**	1,076
	3,213	3,302
Represented by:		
Share of net tangible assets	**3,127**	3,216
Goodwill on acquisition	**86**	86
	3,213	3,302

17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (CONT'D)

Details of the jointly controlled entity are as follows:

NAME OF JOINTLY CONTROLLED ENTITY	EQUITY INTEREST HELD (%) 2008	2007	PRINCIPAL ACTIVITIES
Incorporated in Malaysia			
TANN-GAW (M) Sdn. Bhd.	**50.00**	50.00	Perforation of cigarette tipping papers

The Group's aggregate share of the assets, liabilities, income and expenses of the jointly controlled entity is as follow:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	**1,506**	1,407
Non-current assets	**2,006**	2,293
Total assets	**3,512**	3,700
Current liabilities	**(374)**	(463)
Non-current liabilities	**(11)**	(21)
Total liabilities	**(385)**	(484)
Results		
Revenue	**2,522**	2,249
Expenses, including finance costs and taxation	**(2,611)**	(2,161)

18. OTHER INVESTMENTS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost	**14,637**	14,637	**-**	-
Less : Accumulated impairment losses	**(11,535)**	(11,535)	**-**	-
	3,102	3,102	**-**	-
Quoted shares, at cost	**5,237**	4,478	**4,336**	3,577
Less : Accumulated impairment losses	**(1,103)**	(319)	**(258)**	(258)
Exchange reserves	**24**	-	**-**	-
	4,158	4,159	**4,078**	3,319
	7,260	7,261	**4,078**	3,319
Market value of quoted shares	**2,671**	4,233	**2,595**	3,649

19. INTANGIBLE ASSETS

	GOODWILL RM'000	TIMBER RIGHTS RM'000	TOTAL RM'000
Group			
Cost			
At 1 January 2007	14,304	61,322	75,626
Acquisition of subsidiaries	19,646	-	19,646
Addition	-	3,184	3,184
At 31 December 2007	33,950	64,506	98,456
Acquisition of a subsidiary (Note 15(a)(ii))	-	32,906	32,906
Addition	-	3,151	3,151
Disposal (Note 15(b))	(3)	-	(3)
At 31 December 2008	**33,947**	**100,563**	**134,510**
Accumulated impairment and amortisation			
At 1 January 2007	5,663	20,204	25,867
Impairment loss (Note 6)	62	-	62
Amortisation (Note 6)	-	3,960	3,960
At 31 December 2007	5,725	24,164	29,889
Amortisation (Note 6)	-	3,960	3,960
At 31 December 2008	**5,725**	**28,124**	**33,849**
Net carrying amount			
At 31 December 2008	**28,222**	**72,439**	**100,661**
At 31 December 2007	28,225	40,342	68,567

(a) Impairment loss recognised on goodwill

Management has carried out a review of the recoverable amount of its goodwill during the current financial year. No impairment loss was required as at 31 December 2008, as the recoverable amounts were in excess of the carrying amounts of the goodwill. In the previous financial year, the review of the goodwill led to the recognition of an impairment loss of RM62,000 as the recoverable amounts based on value-in-use determined at the cash generating units did not exceed its carrying value at the date of this report.

19. INTANGIBLE ASSETS (CONT'D)

(b) Impairment tests for goodwill and timber rights

Allocation of goodwill and timber rights

Goodwill and logs purchase rights has been allocated to the Group's CGUs identified according to the cash generating units in the respective business segment as follows:

	GOODWILL RM'000	TIMBER RIGHTS RM'000	TOTAL RM'000
At 31 December 2008			
Timber division	**24,598**	**72,439**	**97,037**
Trading division	**3,616**	**-**	**3,616**
Manufacturing division	**8**	**-**	**8**
	28,222	**72,439**	**100,661**
At 31 December 2007			
Timber division	24,601	40,342	64,943
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	28,225	40,342	68,567

The recoverable amount of goodwill and timber rights are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five year period and/or over the period of the rights granted. The following are the key assumptions on which management has based its cashflow projections to undertake the impairment testing of goodwill and timber rights:

(i) Budgeted gross margin

The basis used to determine the values assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units.

(iii) Raw materials price

The basis used to determine the value assigned to the raw materials price is the forecast price indices during the budget year for countries where raw materials are sourced.

20. BIOLOGICAL ASSETS

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
At 1 January	**27,723**	13,668
Cost incurred during the year	**27,966**	14,055
At 31 December	**55,689**	27,723

Included in biological assets costs incurred during the financial year are:

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
Amortisation of prepaid lease payments (Note 14)	**104**	-
Hire purchase interest expense	**224**	66
Depreciation of property, plant and equipment (Note 12)	**1,062**	782
Interest expense	**976**	281

21. INVENTORIES

	GROUP	
	2008	**2007**
	RM'000	**RM'000**
At Cost		
Finished goods	**168,221**	180,725
Work-in-progress	**17,809**	18,142
Raw materials	**38,238**	36,948
Consumable inventories	**19,169**	19,127
Materials in transit	**582**	466
Completed properties	**1,251**	1,459
	245,270	256,867

22. RECEIVABLES

	GROUP		COMPANY	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Trade receivables	**137,050**	150,618	**-**	-
Less: Allowance for doubtful debts	**(1,333)**	(1,342)	**-**	-
	135,717	149,276	**-**	-
Other receivables:				
Sundry receivables	**36,549**	46,273	**490**	456
Deposits and prepayments	**11,809**	3,565	**552**	951
Less: Allowance for doubtful debts	**(8,634)**	(3,634)	**(454)**	(454)
	39,724	46,204	**588**	953
Due from subsidiaries	**-**	-	**155,970**	129,176
Due from a jointly controlled entity	**137**	200	**-**	-
	137	200	**155,970**	129,176
	175,578	195,680	**156,558**	130,129

The Group's normal trade credit terms ranges from 30 to 90 days (2007: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The amounts due from subsidiaries and a jointly controlled entity are unsecured, interest-free and have no fixed terms of repayment.

23. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Cash on hand and at bank	**198,457**	228,969	**841**	1,644
Short term deposits with licensed financial institutions	**14,626**	13,251	**4,649**	5,004
	213,083	242,220	**5,490**	6,648

23. CASH AND CASH EQUIVALENTS (CONT'D)

Net cash and cash equivalents for the purposes of the cash flow statement, include the following:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and cash equivalents	**213,083**	242,220	**5,490**	6,648
Less: Bank overdrafts (Note 27)	**(2,784)**	(2,810)	**-**	-
	210,299	239,410	**5,490**	6,648

The weighted average of interest rates for deposits at the end of the financial year are:

	GROUP		COMPANY	
	2008 %	2007 %	2008 %	2007 %
Licensed financial institutions	**1.68**	2.75	**3.22**	3.40

24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

(A) Share capital

	NUMBER OF ORDINARY SHARES		AMOUNT	
	2008 '000	2007 '000 RESTATED	2008 RM'000	2007 RM'000
Authorised:				
At 1 January	**2,000,000**	1,000,000	1,000,000	1,000,000
Subdivision of ordinary shares of RM1.00 each into RM0.50 each (b)	**-**	1,000,000	**-**	-
At 31 December	**2,000,000**	2,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At 1 January				
Ordinary shares of RM0.50 each (2007: RM1.00 each)	**438,014**	163,867	**219,007**	163,867
Issue of shares arising from the:				
- acquisition of a subsidiary (a)	**-**	11,601	**-**	11,601
- bonus issue (b)	**-**	43,539	**-**	43,539
	438,014	219,007	**219,007**	219,007
Subdivision of ordinary shares of RM1.00 each into RM0.50 each (b)	**-**	219,007	**-**	-
At 31 December	**438,014**	438,014	**219,007**	219,007

24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D)

(A) Share capital (Cont'd)

In the previous financial year, the Company carried out the following exercise:

(a) Ordinary shares issued for acquisition of subsidiary

On 18 April 2007, the Company issued 11,600,928 new ordinary shares of RM1.00 each as partial discharge of purchase consideration for the acquisition of Linshanhao Plywood (Sarawak) Sdn. Bhd..

(b) Bonus issues and share split

On 31 August 2007, the Company increased its issued and paid-up share capital from RM175,467,455 to RM219,006,694 by way of:

(i) A bonus issue of 43,539,239 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every four (4) existing ordinary shares held through the capitalisation of retained profits and share premium of RM3,352,227 and RM40,187,012 respectively ("Bonus Issue"); and

(ii) On 31 August 2007, the Company had subdivided its authorised share capital of 1,000,000,000 ordinary shares of RM1.00 each into 2,000,000,000 new ordinary shares of RM0.50 each.

On the same day, the Company exercised the share split involving the subdivision of the issued and paid up share capital of 219,006,694 ordinary shares of RM1.00 each into 438,013,388 new ordinary shares of RM0.50 each after the Bonus Issue.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(B) Share premium

	GROUP AND COMPANY	
	2008 RM'000	2007 RM'000
At 1 January	**45,708**	3,375
Acquisition of a subsidiary	**-**	82,520
Bonus issue	**-**	(40,187)
	45,708	45,708

Share premium account can be utilised for distribution to the members of the Company by way of bonus share issue.

(C) Treasury Shares

At the Annual General Meeting held on 30 June 2008, the Company obtained a renewal of mandate to purchase its own shares on the Bursa Malaysia Securities Berhad.

During the financial year, the Company purchased a total of 65,000 of its issued ordinary shares of RM0.50 each from the open market for a total cost of RM124,091. The repurchases were financed by the Company's internal funds.

24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONT'D)

(C) Treasury Shares (Cont'd)

As at 31 December 2008, the Company held a total of 3,231,000 treasury shares at a carrying amount of RM7,460,221.

The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The monthly breakdown of shares bought back for the financial year ended 31 December 2008 were as follows:

	NUMBER OF ORDINARY SHARES RM	PURCHASE PRICE PER SHARE LOWEST RM	PURCHASE PRICE PER SHARE HIGHEST RM	AVERAGE PRICE PER SHARE RM	TOTAL COST RM
Treasury shares					
Balance as at 1 January 2008					
(Net of shares re-sold at RM0.50 each)	**3,166,000**				**7,336,130**
Shares bought back during the year:					
Month					
March	**20,000**	**2.24**	**2.27**	**2.27**	**45,465**
September	**45,000**	**1.72**	**1.74**	**1.75**	**78,626**
Balance as at 31 December 2008					
(Net of shares re-sold at RM0.50 each)	**3,231,000**				**7,460,221**

There has been no resale of treasury shares or cancellation of shares bought back during the financial year.

25. OTHER RESERVES

	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Foreign exchange	**947**	(21)	**-**	-
Capital reserve	**-**	-	**400**	400
	947	(21)	**400**	400

The movement in foreign exchange reserve was as follows:

	GROUP 2008 RM'000	GROUP 2007 RM'000	COMPANY 2008 RM'000	COMPANY 2007 RM'000
Foreign exchange reserve				
At 1 January	**(21)**	34	**-**	-
Arising in the year	**968**	(55)	**-**	-
At 31 December	**947**	(21)	**-**	-

The foreign exchange reserve is used to record exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operation.

26. RETAINED PROFITS

As at balance sheet date, the Company has tax exempt profits available for distribution of approximately RM32,920,000 (2007: RM37,661,000), subject to the agreement of the Inland Revenue Board.

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained profits.

27. BORROWINGS

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short Term Borrowings				
Secured:				
Bank overdrafts (Note 23)	**2,784**	2,810	**-**	-
Term loans	**5,331**	6,118	**-**	-
Trade financing facilities	**100,081**	88,407	**-**	-
Hire purchase payables (Note 31)	**12,384**	14,390	**58**	55
	120,580	111,725	**58**	55
Unsecured:				
Trade financing facilities	**133,943**	93,584	**-**	-
	254,523	205,309	**58**	55
Long Term Borrowings				
Secured:				
Term loans	**27,410**	26,602	**-**	-
Hire purchase payables (Note 31)	**7,424**	13,333	**20**	78
	34,834	39,935	**20**	78
Amount owing to an associated investor of a subsidiary	**376**	376	**-**	-
	35,210	40,311	**20**	78
Total Borrowings				
Bank overdrafts	**2,784**	2,810	**-**	-
Term loans	**32,741**	32,720	**-**	-
Trade financing facilities	**234,024**	181,991	**-**	-
Hire purchase payables	**19,808**	27,723	**78**	133
Amount owing to an associated investor of a subsidiary	**376**	376	**-**	-
	289,733	245,620	**78**	133

27. BORROWINGS (CONT'D)

The weighted average of interest rates for borrowings at the end of the financial year, excluding hire purchase payables, were as follows:

	GROUP	
	2008	2007
	%	%
Bank overdrafts	**6.05**	6.20
Term loans	**5.75**	5.65
Trade financing facilities	**4.38**	4.85

The secured bank overdrafts and trade financing facilities of the Group are secured by certain assets of the Group as disclosed in Note 12. The term loans are secured by the following:

(a) Registered charge over the property, plant and equipment and prepaid lease payments of certain subsidiaries as disclosed in Note 12 and Note 14 respectively; and

(b) Debenture by way of a fixed and floating charge on the assets of certain subsidiaries and corporate guarantee by the Company.

28. DEFERRED TAXATION

	GROUP		COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At 1 January	**65,025**	39,226	**23**	-
Acquisition of a subsidiary	**-**	27,700	**-**	-
Recognised in the income statements (Note 9)	**3,513**	(1,900)	**-**	23
Exchange difference	**3**	(1)	**-**	-
At 31 December	**68,541**	65,025	**23**	23
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(14,472)**	(7,967)	**-**	-
Deferred tax liabilities	**83,013**	72,992	**23**	23
	68,541	65,025	**23**	23

28. DEFERRED TAXATION (CONT'D)

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

Deferred tax liabilities of the Group:

	PROPERTY, PLANT AND EQUIPMENT RM'000	TIMBER RIGHTS RM'000	BIOLOGICAL ASSETS RM'000	OTHERS RM'000	TOTAL RM'000
At 1 January 2008	**62,153**	**6,417**	**4,422**	**-**	**72,992**
Recognised in the income statements	**6,441**	**(247)**	**3,824**	**-**	**10,018**
Exchange differences	**3**	**-**	**-**	**-**	**3**
At 31 December 2008	**68,597**	**6,170**	**8,246**	**-**	**83,013**
At 1 January 2007	35,118	6,663	1,534	7	43,322
Acquisition of a subsidiary	27,700	-	-	-	27,700
Recognised in the income statements	(664)	(246)	2,888	(7)	1,971
Exchange differences	(1)	-	-	-	(1)
At 31 December 2007	62,153	6,417	4,422	-	72,992

Deferred tax assets of the Group:

	AT 1 JANUARY RM'000	RECOGNISED IN THE INCOME STATEMENTS RM'000	AT 31 DECEMBER RM'000
2008			
Retirement benefit obligations	**(617)**	**67**	**(550)**
Unabsorbed capital allowances and tax losses	**(6,540)**	**(7,221)**	**(13,761)**
Allowance for doubtful debts	**(145)**	**5**	**(140)**
Others	**(665)**	**644**	**(21)**
	(7,967)	**(6,505)**	**(14,472)**
2007			
Retirement benefit obligations	(606)	(11)	(617)
Unabsorbed capital allowances and tax losses	(3,405)	(3,135)	(6,540)
Allowance for doubtful debts	(60)	(85)	(145)
Others	(25)	(640)	(665)
	(4,096)	(3,871)	(7,967)

28. DEFERRED TAXATION (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2008 RM'000	2007 RM'000
Unutilised tax losses	**10,593**	11,256
Unabsorbed capital allowances	**3,616**	3,628
Unabsorbed reinvestment allowances	**11,781**	4,381
Others	**4,550**	4,442

The unutilised tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances and others of the Group are available for offset against future taxable profits subject to guidelines issued by the tax authority.

29. RETIREMENT BENEFIT OBLIGATIONS

Certain subsidiaries of the Group operates an unfunded defined benefit plan for its eligible employees in accordance with the terms and conditions of employment between the subsidiaries and its employees.

The amounts recognised in the balance sheet are determined as follows:

	GROUP	
	2008 RM'000	2007 RM'000
Present value of unfunded defined benefit obligations	**2,200**	2,371
Analysed as:		
Current (Note 30)		
Within 1 year	**170**	394
Non-current:		
Later than 1 year but not later than 2 years	**73**	170
Later than 2 years but not later than 5 years	**511**	156
Later than 5 years	**1,446**	1,651
	2,030	1,977
	2,200	2,371
The amounts recognised in the income statement are as follows:		
Current service cost	**139**	163
Interest cost	**108**	140
Total, included in employee benefits expenses (Note 6)	**247**	303

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31 DECEMBER 2008 (CONT'D)

29. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Movements in the net liability in the current year were as follows:

	GROUP	
	2008 RM'000	2007 RM'000
At 1 January	**2,371**	2,327
Current year provision (Note 7)	**247**	303
	2,618	2,630
Paid during the year	**(418)**	(259)
At 31 December	**2,200**	2,371

	GROUP	
	2008 %	2007 %
Principal actuarial assumptions used:		
Discount rate	**5.5**	5.5
Expected rate of salary increases:		
- below age 25	**8.0**	8.0
- ages 25 - 29	**8.0**	8.0
- ages 30 - 34	**8.0**	8.0
- ages 35 - 39	**6.0**	6.0
- ages 40 - 44	**4.0**	4.0
- from age 45	**3.5**	3.5

30. PAYABLES

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables	**49,249**	46,470	**-**	-
Other payables:				
Accruals	**11,046**	6,919	**241**	229
Sundry payables	**6,291**	17,895	**2,398**	2,628
	17,337	24,814	**2,639**	2,857
Due to directors	**278**	271	**-**	-
Due to subsidiaries	**-**	-	**80,986**	53,845
Provision for other liabilities	**150**	143	**-**	-
Retirement benefit obligations (Note 29)	**170**	394	**-**	-
	598	808	**80,986**	53,845
	67,184	72,092	**83,625**	56,702

The amounts due to directors and subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

31. HIRE PURCHASE

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Minimum lease payments:				
Not later than 1 year	**13,720**	16,163	**60**	60
Later than 1 year and not later than 5 years	**8,089**	14,743	**20**	80
	21,809	30,906	**80**	140
Less: Future finance charges	**(2,001)**	(3,183)	**(2)**	(7)
Present value of finance lease liabilities	**19,808**	27,723	**78**	133
Present value of finance lease liabilities:				
Not later than 1 year	**12,384**	14,390	**58**	55
Later than 1 year and not later than 5 years	**7,424**	13,333	**20**	78
	19,808	27,723	**78**	133
Analysed as:				
Due within 12 months (Note 27)	**12,384**	14,390	**58**	55
Due after 12 months (Note 27)	**7,424**	13,333	**20**	78
	19,808	27,723	**78**	133

The weighted average interest rate as at the balance sheet date are 3.35% (2007: 3.35%) per annum.

32. RELATED PARTY DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	COMPANY	
	2008 RM'000	2007 RM'000
Management fees income from subsidiaries:		
Loytape Industries Sdn. Bhd.	**301**	315
General Aluminium Works (M) Sdn. Bhd.	**960**	960
Dusun Nyiur Sdn. Bhd.	**540**	540
Samanda Trading Sdn. Bhd.	**420**	420
Immense Fleet Sdn. Bhd.	**117**	-
Rental income from subsidiaries:		
General Aluminium Works (M) Sdn. Bhd.	**11**	29
Dusun Nyiur Sdn. Bhd.	**88**	-
Gross dividends from:		
- Subsidiaries		
Loytape Industries Sdn. Bhd.	**-**	8,825
Central Mercantile Corporation (S) Ltd.	**-**	4,483
Song Logging Company Sendirian Berhad	**-**	83,000
Limpah Mewah Sdn. Bhd.	**-**	42,000
Cairnfield Sdn. Bhd.	**-**	30,500
Sut Sawmill (3064) Sdn. Bhd.	**-**	29,008
Ninjas Development Sdn. Bhd.	**-**	16,000
Sanitama Sdn. Bhd.	**-**	17,000
Kuching Plywood Bhd.	**-**	1,011
Piramid Intan Sdn. Bhd.	**-**	15,750
First Count Sdn. Bhd.	**-**	5,000
WTK Heli-Logging Sdn. Bhd.	**-**	5,000
- Associate		
Central Elastic Corporation Sdn. Bhd.	**126**	252

Information regarding outstanding balances arising from related party transactions as at 31 December 2008 are disclosed in Note 22 and Note 30.

32. RELATED PARTY DISCLOSURES (CONT'D)

(B) Transactions with other related parties

		GROUP			
	NOTE	2008 RM'000	AMOUNT OUTSTANDING AS AT 31.12.08 RM'000	2007 RM'000	AMOUNT OUTSTANDING AS AT 31.12.07 RM'000
Log sales:					
Linshanhao Plywood (Sarawak) Sdn. Bhd.	a	-	-	2,549	*
Harbour-View Realty Sdn. Bhd.	b	-	-	1,917	-
		-	-	4,466	-
Sawn timber sales:					
W T K Trading Sdn. Bhd.	c	588	-	502	-
Purchase of logs:					
Harbour-View Realty Sdn. Bhd.	b	8,481	3,459	15,257	5,520
Protection Gloves Sdn. Bhd.	d	6,326	2,216	5,662	(1,354)
Hung Ling Sawmill Sdn. Bhd.	e	4,219	1,014	5,381	4,505
Faedah Mulia Sdn. Bhd.	f	15,377	2,401	20,889	1,159
Sabal Sawmill Sdn. Bhd.	g	1,346	326	1,713	(89)
Harvard Rank Sdn. Bhd.	h	28,015	240	22,401	2,580
Lee Ling Enterprise Sdn. Bhd.	i	5,087	1,098	1,914	274
Trumac Industries Sdn. Bhd.	j	4,337	3,049	11,088	2,681
Oxford Empire Sdn. Bhd.	k	-	-	483	3,025
Common Elite Venture Sdn. Bhd.	l	3,645	472	5,108	(109)
Sunrise Megaway Sdn. Bhd.	m	31,927	963	23,841	1,738
W T K Reforestation Sdn. Bhd.	n	1,529	1,173	3,010	(36)
		110,289	16,411	116,747	19,894
Literage and freight:					
Ocarina Development Sdn. Bhd.	o	2,314	253	2,114	1,102
Syarikat Kalulong Sdn. Bhd.	p	650	62	654	9
W T K Realty Sdn. Bhd.	q	6,555	3,602	4,966	2,624
Master Ace Territory Sdn. Bhd.	r	1,435	-	1,650	(331)
		10,954	3,917	9,384	3,404

32. RELATED PARTY DISCLOSURES (CONT'D)

(B) Transactions with other related parties (Cont'd)

	NOTE	GROUP 2008 RM'000	AMOUNT OUTSTANDING AS AT 31.12.08 RM'000	2007 RM'000	AMOUNT OUTSTANDING AS AT 31.12.07 RM'000
Purchase of spare parts:					
W T K Enterprises Sdn. Bhd.	s	**9,628**	**3,401**	3,677	2,995
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	t	**1,645**	**146**	1,708	73
Purchase of hardware and lubricants:					
W T K Trading Sdn. Bhd.	c	**27,115**	**1,329**	18,571	2,649
Contract fees paid in relation to logging operations:					
Beststart (M) Sdn. Bhd.	u	**3,944**	**14**	5,110	(15)
Systematic Logging Sdn. Bhd.	v	**2,587**	**33**	3,001	(3)
United Agencies Sdn. Bhd.	w	**5,342**	**-**	6,198	-
Caiman Ventures Sdn. Bhd.	x	**-**	**-**	5,037	84
Ann Yun Logistics Sdn. Bhd.	y	**3,140**	**-**	3,000	(58)
Faedah Mulia Sdn. Bhd.	f	**501**	**-**	1,579	-
W T K Realty Sdn. Bhd.	q	**1,308**	**-**	4,547	-
		16,822	**47**	28,472	8

* Linshanhao Plywood (Sarawak) Sdn. Bhd. became a wholly-owned subsidiary of the Company on 18 April 2007.

(a) Linshanhao Plywood (Sarawak) Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie, Patrick Wong Haw Yeong and their family members are directors of Linshanhao Plywood (Sarawak) Sdn. Bhd.. Ocarina Development Sdn. Bhd., a company deemed connected to Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and W T K Realty Sdn. Bhd. (a major shareholder of the Company) by virtue of their substantial shareholdings in Ocarina Development Sdn. Bhd., was the sole shareholder of Linshanhao Plywood (Sarawak) Sdn. Bhd. up to 18 April 2007.

32. RELATED PARTY DISCLOSURES (CONT'D)

(B) Transactions with other related parties (Cont'd)

(b) Harbour-View Realty Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Harbour-View Realty Sdn. Bhd..

(c) W T K Trading Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie, Patrick Wong Haw Yeong and their family members are directors and/or major shareholders of W T K Trading Sdn. Bhd..

(d) Protection Gloves Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Protection Gloves Sdn. Bhd..

(e) Hung Ling Sawmill Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Hung Ling Sawmill Sdn. Bhd..

(f) Faedah Mulia Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Faedah Mulia Sdn. Bhd..

(g) Sabal Sawmill Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors of Sabal Sawmill Sdn. Bhd.. Siew Doh Development Co. Sdn. Bhd. and Double E. Holdings Sdn. Bhd., companies deemed connected to Datuk Wong Kie Yik, Datuk Wong Kie Nai and Wong Kie Chie, by virtue of their substantial shareholdings in both these companies, are major shareholders of Sabal Sawmill Sdn. Bhd..

(h) Harvard Rank Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie, Patrick Wong Haw Yeong and a family member are directors and/or major shareholders of Harvard Rank Sdn. Bhd..

(i) Lee Ling Enterprise Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai and Patrick Wong Haw Yeong are directors of Lee Ling Enterprise Sdn. Bhd.. W T K Timber Processing Industries Sdn. Bhd., a company deemed connected to Datuk Wong Kie Yik and Datuk Wong Kie Nai by virtue of their substantial shareholdings in W T K Timber Processing Industries Sdn. Bhd., is the sole shareholder of Lee Ling Enterprise Sdn. Bhd..

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31 DECEMBER 2008 (CONT'D)

32. RELATED PARTY DISCLOSURES (CONT'D)

(B) Transactions with other related parties (Cont'd)

(j) Trumac Industries Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Patrick Wong Haw Yeong and a family member are directors and/or major shareholders of Trumac Industries Sdn. Bhd..

(k) Oxford Empire Sdn. Bhd.

The director of the Company, Patrick Wong Haw Yeong and a family member of Datuk Wong Kie Yik, a director and major shareholder of the Company, are directors and major shareholders of Oxford Empire Sdn. Bhd..

(l) Common Elite Venture Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai and Patrick Wong Haw Yeong are directors and/or major shareholders of Common Elite Venture Sdn. Bhd..

(m) Sunrise Megaway Sdn. Bhd.

The directors and major shareholders of the Company, namely Datuk Wong Kie Yik and Datuk Wong Kie Nai are directors and/or major shareholders of Sunrise Megaway Sdn. Bhd..

(n) W T K Reforestation Sdn. Bhd.

The directors and major shareholders of the Company, Datuk Wong Kie Yik, Datuk Wong Kie Nai and family members are directors of W T K Reforestation Sdn. Bhd. ("W T K Reforestation"), whilst W T K Reforestation is wholly-owned by Faedah Mulia Sdn. Bhd., a company deemed connected to Datuk Wong Kie Yik and Datuk Wong Kie Nai by virtue of their substantial shareholdings in Faedah Mulia Sdn. Bhd..

(o) Ocarina Development Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and W T K Realty Sdn. Bhd. are directors and/or major shareholders of Ocarina Development Sdn. Bhd., whilst a family member is also a director of Ocarina Development Sdn. Bhd..

(p) Syarikat Kalulong Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie, Patrick Wong Haw Yeong and W T K Realty Sdn. Bhd. are directors and/or major shareholders of Syarikat Kalulong Sdn. Bhd., whilst family members are also directors and/or major shareholders of Syarikat Kalulong Sdn. Bhd..

(q) W T K Realty Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of W T K Realty Sdn. Bhd., whilst a family member is also a director of W T K Realty Sdn. Bhd..

32. RELATED PARTY DISCLOSURES (CONT'D)

(B) Transactions with other related parties (Cont'd)

(r) Master Ace Territory Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai and Patrick Wong Haw Yeong are directors and/or major shareholders of Master Ace Territory Sdn. Bhd..

(s) W T K Enterprises Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie, Patrick Wong Haw Yeong and W T K Realty Sdn. Bhd. are directors and/or major shareholders of W T K Enterprises Sdn. Bhd., whilst family members are also directors and/or major shareholders of W T K Enterprises Sdn. Bhd..

(t) Sing Chew Coldstorage Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai and Patrick Wong Haw Yeong are directors of Sing Chew Coldstorage Sdn. Bhd. ("Sing Chew"), whilst Sing Chew is wholly-owned by TMC Importer & Exporter Sdn. Bhd., a company deemed connected to Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and W T K Realty Sdn. Bhd. (a major shareholder of the Company) by virtue of their substantial shareholdings in TMC Importer & Exporter Sdn. Bhd..

(u) Beststart (M) Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai and Patrick Wong Haw Yeong are directors of Beststart (M) Sdn. Bhd.. Syarikat Lormalong Sdn. Bhd., a company deemed connected to Datuk Wong Kie Yik, Datuk Wong Kie Nai and Wong Kie Chie by virtue of their substantial shareholdings in Syarikat Lormalong Sdn. Bhd., is a major shareholder of Beststart (M) Sdn. Bhd..

(v) Systematic Logging Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Systematic Logging Sdn. Bhd..

(w) United Agencies Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of United Agencies Sdn. Bhd..

(x) Caiman Ventures Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai, Wong Kie Chie and Patrick Wong Haw Yeong are directors and/or major shareholders of Caiman Ventures Sdn. Bhd..

32. RELATED PARTY DISCLOSURES (CONT'D)

(B) Transactions with other related parties (Cont'd)

(y) Ann Yun Logistics Sdn. Bhd.

The family members of Datuk Wong Kie Nai, a director and major shareholder of the Company, are directors and major shareholders of Ann Yun Logistics Sdn. Bhd..

Related parties referred to companies in which the Company's directors have substantial interest.

Sale of timber related products to companies, are determined based on competitive pricing of similar products in the open market.

Other related party transactions (apart from the sawn timber and logs transactions) are mainly to provide support to the Group's day-to-day operations, procure the services of related parties who have the necessary expertise and facilities, reduce inventory lead-time and ensure continuous production, thus allowing the Group to be more competitive. The pricing of these transactions were based on the prevailing market rates.

(C) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits	**9,507**	8,693	**1,706**	1,502
Post-employment benefits:				
- Defined contribution plan	**919**	725	**189**	104
	10,426	9,418	**1,895**	1,606

Included in the total key management personnel are:

	GROUP		COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors' remuneration (Note 8)	**2,843**	2,695	**749**	667

33. CONTINGENT LIABILITIES

	COMPANY	
	2008 RM'000	2007 RM'000
Secured		
Guarantees to banks and financial institutions on behalf of subsidiaries	**127,747**	116,120

The guarantees to banks and financial institutions by the Company are secured by fixed and floating charges over the assets and undertakings of the subsidiaries.

	COMPANY	
	2008 RM'000	2007 RM'000
Unsecured		
Guarantees to banks and financial institutions on behalf of subsidiaries	**141,802**	43,584

34. CAPITAL COMMITMENTS

	GROUP	
	2008 RM'000	2007 RM'000
Approved but not contracted and provided for:		
Property, plant and equipment	**486**	-

35. FINANCIAL INSTRUMENTS

(a) Financial risk, management objectives and policies

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

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt; the Group had no substantial long term interest-bearing assets as at 31 December 2008. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

NOTES TO THE FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Hong Kong Dollar, Australian Dollar, Pound Sterling, Singapore Dollar, Swedish Francs and New Zealand Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	TRADE RECEIVABLES RM'000	TRADE PAYABLES RM'000	CASH AND CASH EQUIVALENTS RM'000	TOTAL RM'000
At 31 December 2008:				
United States Dollar	**4,031**	**177**	**3,357**	**7,565**
Hong Kong Dollar	**325**	**-**	**-**	**325**
Pound Sterling	**-**	**2**	**-**	**2**
Singapore Dollar	**21**	**90**	**-**	**111**
Swedish Francs	**-**	**4**	**-**	**4**
Australian Dollar	**78**	**-**	**-**	**78**
	4,455	**273**	**3,357**	**8,085**
At 31 December 2007:				
United States Dollar	6,888	142	2,714	9,744
Hong Kong Dollar	276	-	-	276
Pound Sterling	-	22	-	22
Singapore Dollar	-	50	-	50
Swedish Francs	-	90	-	90
Australian Dollar	71	-	-	71
	7,235	304	2,714	10,253

(d) Liquidity Risk

The Group 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 or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

35. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit Risk

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

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

(f) Fair Values

Financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are unquoted investments, amounts due to/from related corporations, an associate, a jointly controlled entity and a minority shareholder.

It is not practical to estimate the fair value of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable values.

It is also not practical to estimate the fair values of amounts due to/from related corporations, an associate, a jointly controlled entity and a minority shareholder due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are contingent liabilities. It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The carrying amount of cash and cash equivalents, trade and other receivables/payables and short term borrowings approximate fair values due to the relatively short term maturity of these financial instruments.

The fair value of non-current quoted shares as disclosed in Note 18 is as determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date. Certain quoted shares are carried at an amount in excess of their fair values as the directors are of the opinion that the diminution in value of these shares are temporary in nature as the net tangible asset which represent the net worth of these investee companies are higher than the quoted market prices of these investments at balance sheet date.

The carrying value of borrowings, which are mainly variable rate borrowings, is considered to be reasonable estimate of the fair values as the borrowings will be repriced immediately in the event of only changes the market interest rates.

36. SEGMENT INFORMATION

(a) Business Segments:

The Group is organised into three major business segments:

(i) Timber - the extraction and sale of timber, manufacture and sale of plywood, veneer and sawn timber;

(ii) Trading - the trading of tapes, foil, papers and electrostatic discharge products; and

(iii) Manufacturing - conversion of aluminium foils, flexible packaging, metallized and electrostatic discharge products, manufacture and sale of adhesive and gummed tapes.

Other business segments include investment holding, property investment, property rental, plant and equipment rental and plantation, none of which are of a sufficient size to be reported separately.

No geographical analysis has been prepared as the Group's business interest is predominantly located in Malaysia.

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

36. SEGMENT INFORMATION (CONT'D)

	TIMBER		TRADING		MANUFACTURING		INVESTMENT HOLDINGS AND OTHERS		ELIMINATIONS		CONSOLIDATED	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
REVENUE AND EXPENSES												
Revenue												
External sales	**677,971**	534,809	**53,426**	50,984	**77,727**	97,834	**3,106**	2,658	**-**	-	**812,230**	686,285
Inter-segment sales	**173,231**	113,144	**57**	96	**19,475**	19,040	**2,468**	260,115	**195,231**	392,395	**-**	-
Total revenue	**851,202**	647,953	**53,483**	51,080	**97,202**	116,874	**5,574**	262,773	**195,231**	392,395	**812,230**	686,285
Results												
Profit/(loss) from operations	**55,878**	61,606	**5,511**	4,955	**(880)**	2,451	**523**	651			**61,032**	69,663
Other income/ (expenses)	**9,672**	6,758	**(571)**	276	**890**	60	**464**	924			**10,455**	8,018
Finance cost	**(8,449)**	(4,765)	**(153)**	(79)	**(2,878)**	(2,682)	**(5)**	(215)			**(11,485)**	(7,741)
Share of profit of an associate	**-**	-	**-**	-	**-**	-	**355**	280			**35**	280
Share of profit/(loss) of a jointly controlled entity	**-**	-	**-**	-	**(89)**	88	**-**	-			**(89)**	88
Profit/(loss) before tax	**57,101**	63,599	**4,787**	5,152	**(2,957)**	(83)	**1,337**	1,640			**60,268**	70,308
Income tax expense											**(12,424)**	(10,924)
Profit for the year											**47,844**	59,384
ASSETS AND LIABILITIES												
Segment assets	**1,297,204**	1,199,495	**32,256**	29,447	**128,228**	128,354	**32,192**	41,113			**1,489,880**	1,398,409
Investment in equity method of an associate	**-**	-	**-**	-	**-**	-	**9,131**	8,902			**9,131**	8,902
Investment in equity method of a jointly controlled entity	**-**	-	**-**	-	**3,213**	3,302	**-**	-			**3,213**	3,302
Unallocated corporate assets	**23,913**	12,088	**-**	9	**3,603**	3,578	**47**	66			**27,563**	15,741
Consolidated total assets											**1,529,787**	1,426,354
Segment liabilities	**56,485**	54,125	**3,347**	3,641	**10,579**	12,936	**3,150**	3,367			**73,561**	74,069
Unallocated corporate liabilities	**299,369**	247,033	**4,155**	7,147	**71,319**	66,948	**137**	184			**374,980**	321,312
Consolidated total liabilities											**448,541**	395,381
OTHER INFORMATION												
Capital expenditure	**85,556**	61,103	**419**	5,169	**1,859**	2,684	**191**	29			**88,025**	68,985
Depreciation of property, plant equipment	**24,784**	23,611	**461**	406	**3,591**	3,288	**155**	170			**28,991**	27,475
Depreciation of investment properties	**-**	-	**-**	-	**-**	-	**197**	194			**197**	194
Amortisation	**5,648**	5,365	**-**	-	**11**	11	**-**	-			**5,659**	5,376
Impairment loss	**-**	-	**784**	-	**-**	-	**-**	320			**784**	320

37. SIGNIFICANT EVENT

Towering Yield Sdn. Bhd., a wholly-owned subsidiary of the Company had, on 15 January 2008 entered into a Joint Venture Agreement with The Board of Trustees of the Sarawak Foundation to develop the parcel of land situated between Sungai Beseri, Miri, Sarawak containing in aggregate an area of 2,770 hectares, more or less and described as Lot 203, Teraja Land District, Batang Baram, Miri, Sarawak into an oil palm plantation and to operate the same under a joint venture company, Positive Deal Sdn. Bhd. ("Joint Venture").

On 28 July 2008, the Foreign Investment Committee approved the Joint Venture subject to conditions announced by the Company on the same day.

LIST OF **PROPERTIES**

HELD BY W T K HOLDINGS BERHAD AND SUBSIDIARIES AS AT 31 DECEMBER 2008

ADDRESS/ LOCATION	AREA	TENURE	DESCRIPTION	DATE OF LAST VALUATION/ ACQUISITION	AGE OF BUILDING	NET BOOK VALUE OR COST (RM'000)
Lot 692* Mukim 1 Prai Industrial Estate Province Wellesley	3.14 acres	Leasehold (Expires in 2045)	Land with factory	8 November 1985	24 years	1,388
Lot 682 Mukim 1 Prai Industrial Estate Province Wellesley	2 acres	Leasehold (Expires in 2069)	Land with factory	31 July 1980	37 years	} 1,076
Lot 2806 Mukim 1 Prai Industrial Estate Province Wellesley	1 acre	Leasehold (Expires in 2072)	Land with factory	31 July 1980	37 years	}
Lot 3318 76 km milestone Ipoh/Penang Main Trunk Road 34008 Taiping Perak Darul Ridzuan	15.72 acres	Freehold	Land with factory	9 July 1980	36 years	7,967
Lot 11644* Durian Sebatang District of Hilir Perak Perak Darul Ridzuan	2 acres	Leasehold (Expires in 2010)	Agriculture land with building	31 March 1981	27 years	29
38 plots of land in Town of Lumut District of Manjung Perak Darul Ridzuan	98,049 sq. ft.	Freehold	Vacant Land	24 June 1994	-	860
41 parcels of land of Taman Kuningsari* District of Larut & Matang Perak Darul Ridzuan	108,652 sq. ft.	Leasehold (Expires in 2083)	Vacant land	22 August 1991	-	391
Various office lots in Wisma Central** Lot 150, Section 58 Jalan Ampang 50450 Kuala Lumpur	71,360 sq. ft.	Freehold	Office space	30 May 1994 to 19 January 2006	32 years	14,348
Level 2 & 3 Wisma Central Lot 150, Section 58 Jalan Ampang 50450 Kuala Lumpur	108,597 sq. ft.	Freehold	Car parks	23 November 1993	28 years	8,121

LIST OF **PROPERTIES**

HELD BY W T K HOLDINGS BERHAD AND SUBSIDIARIES AS AT 31 DECEMBER 2008 (CONT'D)

ADDRESS/ LOCATION	AREA	TENURE	DESCRIPTION	DATE OF LAST VALUATION/ ACQUISITION	AGE OF BUILDING	NET BOOK VALUE OR COST (RM'000)
F4-19(H)* Amber Court Villa D' Genting Resort Genting Highlands	927 sq. ft.	Freehold	Resort Apartment	30 November 1995	13 years	168
MLO 10341* Jalan Temenggong 1 Kangkar Tebrau 81100 Johor Bahru Johore Darul Takzim	12,754 sq. ft.	Freehold	Vacant land	25 September 1990	-	173
No. 86* Tagore Lane Industrial Estate	11,354 sq. ft.	Freehold	Land with office & warehouse	30 September 1983	25 years	3,618
No. 88* Tagore Lane Industrial Estate	7,685 sq. ft.	Freehold	Land with warehouse	20 July 2007	25 years	5,368
Lot 5415 & Lot 5428 KTLD Kuching	2.4361 hectares	Leasehold (Expires in 2040)	Plywood factory, office, labour quarters and warehouse	31 December 1995	22 years	12,981
Engkilo Land District Sibu Lots 1895 & 1897 Lots 690, 14 & 22 Lot 11 Lots 280 & 282	6.2753 hectares	Leasehold (Expires in 2917) (Expires in 2915) (Expires in 2019) (Expires in 2027)	Sawmill factory, office, labour quarters and warehouse	2 September 1996	18 years	17,962
Telok Engkalat Sibu Lot 4905 Lots 25846 & 25847 Lot 31771 Lot 30974 Lot 30428 Lot 31754 Lot 370	10.7965 hectares	Leasehold (Expires in 2024) (Expires in 2034) (Expires in 2024) (Expires in 2039) (Expires in 2038) (Expires in 2039) Freehold	Sawmill factory, office, labour quarters and warehouse	2 September 1996	15 years	16,003
Ensurai & Empawah Sibu Lot 15807 Lot 41831 Lots 1095 & 1096 Lot 29992	8.5 hectares	Leasehold (Expires in 2033) (Expires in 2910) (Expires in 2019) (Expires in 2911)	Sawmill factory, office, labour quarters and warehouse	2 September 1996	18 years 18 years 13 years 13½ years	19,212

LIST OF PROPERTIES

HELD BY W T K HOLDINGS BERHAD AND SUBSIDIARIES AS AT 31 DECEMBER 2008 (CONT'D)

ADDRESS/ LOCATION	AREA	TENURE	DESCRIPTION	DATE OF LAST VALUATION/ ACQUISITION	AGE OF BUILDING	NET BOOK VALUE OR COST (RM'000)
Kemena Land District Bintulu Lots 664, 31 & 145	7.9906 hectares	Freehold	Plywood factory, office, labour quarters and warehouse	1 January 1996	18 years 14 years 14 years	43,546
Lot 818	0.5285 hectares	Leasehold (Expires in 2065)	Log pond	30 August 2005	3 years	205
Lot 3*** Suad Land District Kapit	8.0087 hectares	Leasehold (Expired in 2008)	Sawmill & log pond New factory extension New factory	2 September 1996	35 years 7 years 2 years	1,322 927 832
Lot 127 & 128 Katibas Land District Kapit	7.3935 hectares	Leasehold (Expires in 2021)	Log pond	2 September 1996	-	184
Lot 3*** Oyan Land District Kapit	1.8939 hectares	Leasehold (Expired in 2000)	Log pond	2 September 1996	-	23
Lot 1328, Block 48 Sarikei Land District Sarikei	4,610 sq. ft.	Leasehold (Expires in 2019)	2-storey semi-detached industrial shophouses	2 September 1996	28 years	81
Lot 837* Kemena Land District Bintulu	3,400 sq. ft.	Leasehold (Expires in 2044)	2-storey corner terrace house	2 September 1996	23 years	111
Menuan Land District Kapit Lot 44* Lot 145* Lot 146*	16.617 hectares	Leasehold (Expires in 2019) (Expires in 2020) (Expires in 2022)	Log pond and labour quarters	- 8 September 2000 8 August 2000 8 September 2000	- - - -	726
Lot 1079 No.9* 11-E, Jalan Jerrwit Barat Sibu	1,461 sq. ft.	Leasehold (Expires in 2063)	3-storey intermediate shophouse	31 March 2004	4 years	342
Lot 699, Block 7* Demak Laut Industrial Park Jalan Bako, Kuching	29.04 hectares	Leasehold (Expires in 2051)	Plywood factory office, labour quarters and warehouse	31 July 2006	26 years	124,226

LIST OF **PROPERTIES**

HELD BY W T K HOLDINGS BERHAD AND SUBSIDIARIES AS AT 31 DECEMBER 2008 (CONT'D)

ADDRESS/ LOCATION	AREA	TENURE	DESCRIPTION	DATE OF LAST VALUATION/ ACQUISITION	AGE OF BUILDING	NET BOOK VALUE OR COST (RM'000)
Danau Land District Limbang Lot 2577* Lot 2578*	1,879 hectares	Leasehold (Expires in 2059) (Expires in 2059)	Oil palm plantations	18 March 2008	-	7,428
Pandaruan Land District Limbang Lot 3686* Lot 3691* Lot 3693*	1,602 hectares	Leasehold (Expires in 2059) (Expires in 2059) (Expires in 2059)	Oil palm plantations	18 March 2008	-	6,302
Dulit Land District Lapok, Miri Lot 11*	6,071 hectares	Leasehold (Expires in 2068)	Oil palm plantations	5 May 2008	-	28,574

* The date stated refers to the date of acquisition

** Certain lots were not revalued during the period stated and was acquired on a piecemeal basis covering the period from 4 June 1991 to 31 December 1993

*** Application for extension of the lease is pending approval by the relevant authority

STATISTIC ON **SHAREHOLDINGS**

STATEMENT OF SHAREHOLDINGS AS AT 12 MAY 2009

Authorised Capital	:	RM1,000,000,000.00
Issued and fully paid-up capital	:	RM219,006,694.00 comprising 438,013,388 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per RM0.50 share

BREAKDOWN OF SHAREHOLDINGS

RANGE OF HOLDINGS	NO. OF HOLDERS	PERCENTAGE OF HOLDERS	NO. OF RM0.50 SHARES	PERCENTAGE OF ISSUED CAPITAL^
Less than 100	83	2.61	3,362	0.00
100 to 1,000	296	9.32	229,109	0.05
1,001 to 10,000	1,839	57.88	9,790,290	2.25
10,001 to 100,000	763	24.02	25,347,821	5.83
100,001 to less than 5% of issued shares	191	6.01	195,175,702	44.89
5% and above of issued shares	5	0.16	204,226,104	46.98
Total	**3,177**	**100.00**	**434,772,388^**	**100.00**

Note:

^ *Excluding a total of 3,241,000 shares bought-back by the Company and retained as treasury shares as at 12 May 2009.*

DIRECTORS' SHAREHOLDINGS

	TOTAL INTEREST IN NUMBER OF RM0.50 SHARES			
	DIRECT		INDIRECT	
NAME	NO. OF SHARES	%^	NO. OF SHARES	%^
Datuk Wong Kie Yik	10,144,160	2.33	* 139,289,406	32.04
Datuk Wong Kie Nai	17,343,314	3.99	** 140,031,988	32.21
Wong Kie Chie	13,117,524	3.02	* 139,289,406	32.04
Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim	-	-	-	-
Tham Sau Kien	-	-	-	-
Patrick Wong Haw Yeong	-	-	-	-
Rafael Llamado Reyes	-	-	-	-

Notes:

* *Deemed interested through W T K Realty Sdn Bhd, Harbour-View Realty Sdn Bhd and Ocarina Development Sdn Bhd by virtue of Section 6A(4)(c) of the Companies Act, 1965 ("the Act").*

** *Deemed interested through W T K Realty Sdn Bhd, Harbour-View Realty Sdn Bhd and Ocarina Development Sdn Bhd by virtue of Section 6A(4)(c) of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.*

^ *Excluding a total of 3,241,000 shares bought-back by the Company and retained as treasury shares as at 12 May 2009.*

In accordance with Section 6A(4)(c) of the Act, a person, or the associates of that person or that person and his associates are entitled to exercise or control the exercise of not less than fifteen per centum (15%) of the votes attached to the voting shares in the body corporate.

STATISTIC ON **SHAREHOLDINGS**

(CONT'D)

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 69L of the Act, the following are the substantial shareholders of the Company:-

	TOTAL INTEREST IN NUMBER OF RM0.50 SHARES			
	DIRECT		INDIRECT	
NAME	NO. OF SHARES	%^	NO. OF SHARES	%^
Kosa Bahagia Sdn Bhd	24,937,500	5.74	-	-
W T K Realty Sdn Bhd	57,378,844	13.20	(1) 65,909,818	15.16
Ocarina Development Sdn Bhd	40,972,318	9.42	-	-
Datuk Wong Kie Yik	10,144,160	2.33	(2) 139,289,406	32.04
Datuk Wong Kie Nai	17,343,314	3.99	(2) 139,289,406	32.04
Wong Kie Chie	13,117,524	3.02	(2) 139,289,406	32.04
AIG Goldflow Ltd	30,350,874	6.98	-	-
TIG Advisors, LLC	-	-	(3) 60,874,399	14.00

Notes:
(1) Deemed interested through Kosa Bahagia Sdn Bhd and Ocarina Development Sdn Bhd by virtue of Section 6A(4)(c) of the Act.
(2) Deemed interested through W T K Realty Sdn Bhd, Harbour-View Realty Sdn Bhd and Ocarina Development Sdn Bhd by virtue of Section 6A(4)(c) of the Act.
(3) Deemed interested for acting as an investment manager and entitled to exercise or control the exercise of the rights over all the following shares of the respective registered holders:-
(i) 18,433,991 shares held by Tiedemann Global Emerging Markets L.P.
(ii) 37,058,908 shares held by Tiedemann Global Emerging Markets QP L.P.
(iii) 5,381,500 shares held by TGEM Asia L.P.
^ Excluding a total of 3,241,000 shares bought-back by the Company and retained as treasury shares as at 12 May 2009.

In accordance with Section 6A(4)(c) of the Act, a person, or the associates of that person or that person and his associates are entitled to exercise or control the exercise of not less than fifteen per centum (15%) of the votes attached to the voting shares in the body corporate.

THIRTY LARGEST REGISTERED HOLDERS

NAME OF HOLDERS	HOLDINGS	PERCENTAGE (%)^
1. W T K Realty Sdn Bhd	60,270,317	13.86
2. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for Tiedemann Global Emerging Markets QP L.P.	55,062,899	12.66
3. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Ocarina Development Sdn Bhd	33,604,514	7.73
4. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund 4J69 for AIG Goldflow Ltd	30,350,874	6.98
5. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Kosa Bahagia Sdn Bhd	24,937,500	5.74
6. W T K Realty Sdn Bhd	20,336,676	4.68
7. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for W T K Realty Sdn Bhd	15,029,166	3.46
8. Lembaga Tabung Haji	8,759,700	2.01
9. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Wong Kie Nai	8,303,596	1.91

STATISTIC ON **SHAREHOLDINGS**

(CONT'D)

THIRTY LARGEST REGISTERED HOLDERS (CONT'D)

NAME OF HOLDERS	HOLDINGS	PERCENTAGE (%)^
10. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	6,376,250	1.47
11. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Harbour-View Realty Sdn Bhd	6,151,926	1.41
12. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Tiong Hoe Kui	5,346,300	1.23
13. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for TGEM Asia L.P.	5,211,500	1.20
14. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Wong Kie Chie	5,043,392	1.16
15. Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	5,000,000	1.15
16. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	4,615,600	1.06
17. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	4,483,950	1.03
18. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for W T K Realty Sdn Bhd	4,000,000	0.92
19. Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	3,719,000	0.86
20. AllianceGroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	3,362,600	0.77
21. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	3,070,400	0.71
22. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LSF)	2,606,900	0.60
23. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	2,363,700	0.54
24. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	2,299,250	0.53
25. Majaharta Sdn Bhd	2,234,894	0.51
26. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	2,140,000	0.50
27. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Wong Kie Yik	2,112,850	0.49
28. Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	2,060,900	0.47
29. Cartaban Nominees (Asing) Sdn Bhd State Street London Fund NPDI for Strategic Asia Fund (UNIVSL INVST FD)	2,010,750	0.46
30. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Equity Fund	1,997,550	0.46
Total	**332,862,954**	**76.56**

Note:

^ *Excluding a total of 3,241,000 shares bought-back by the Company and retained as treasury shares as at 12 May 2009.*

NOTICE OF ANNUAL GENERAL **MEETING**

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting of the Company will be held at Ballroom 1, Level 1, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Friday, 26 June 2009 at 10.30 a.m. for the transaction of the following business:-

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the declaration of final dividend of 6% gross per share less 25% Malaysian Income Tax. **Resolution 2**

3. To approve payment of Directors' fees amounting to RM144,000.00 for the year ended 31 December 2008. **Resolution 3**

4. To re-elect the following Directors who retire by rotation in accordance with Article 96 of the Company's Articles of Association:-
   (a) Datuk Wong Kie Yik **Resolution 4**
   (b) Ms Tham Sau Kien **Resolution 5**

5. To re-elect Mr Rafael Llamado Reyes who retires in accordance with Article 90 of the Company's Articles of Association. **Resolution 6**

6. To consider and if thought fit, to pass the following resolution in accordance with Section 129 of the Companies Act, 1965:- **Resolution 7**

   "**THAT** Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

8. As Special Business to consider and, if thought fit, to pass the following resolutions:-

ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **Resolution 9**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, authority be and is hereby given to the Directors to issue shares in the capital of the Company from time to time at such price upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being, subject to the Companies Act, 1965, the Articles of Association of the Company and the approval from the Bursa Malaysia Securities Berhad and other relevant authorities where such approval is necessary **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE **Resolution 10**

"**THAT** subject to the Companies Act, 1965, the Company's Memorandum and Articles of Association and all applicable laws, regulations and guidelines, and the approval of the relevant authorities, a renewal of mandate be and is hereby granted to the Company to purchase and hold such amount of ordinary shares of RM0.50 each ("Shares") in the Company as may be determined by the Directors of the Company from time to time through the Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of Shares purchased and held as treasury shares does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any given point in time and that the amount to be utilised for the Proposed Purchases, which will be financed via internally-generated funds of the Group and/or external borrowings, will not exceed the retained profit reserve and/or share premium reserve of the Company. The audited retained profit reserve and audited share premium reserve of the Company as at 31 December 2008 were RM186,248,000 and RM45,708,000 respectively;

AND THAT the Shares of the Company to be purchased will not be cancelled and are proposed to be retained as treasury shares or distributed as dividends or re-sold on the Bursa Securities **AND THAT** the Directors of the Company be and are hereby empowered generally to do all acts and things to give effect to the Proposed Purchases **AND FURTHER THAT** such authority shall commence immediately upon the passing of this ordinary resolution until:-

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
(iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities."

ORDINARY RESOLUTION
PROPOSED RENEWAL OF GENERAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE **Resolution 11**

"**THAT** a renewal of mandate be and is hereby granted to allow the Group to enter into recurrent related party transactions of a revenue or trading nature as set out in Part B of the Circular to Shareholders dated 4 June 2009 with specific classes of Related Parties which are necessary and in the ordinary course of business and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders **AND THAT** such mandate shall continue to be in force from the passing of this mandate until:-

(i) the conclusion of the next Annual General Meeting of the Company at which time the mandate shall lapse unless by a resolution passed at the meeting, the authority is renewed;
(ii) the expiration of the period within which the next Annual General Meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") [but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act]; or
(iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier."

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

BY ORDER OF THE BOARD

Tan Mee Lian
Secretary

Kuala Lumpur
4 June 2009

NOTICE OF ANNUAL GENERAL **MEETING**

(CONT'D)

Notes:

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and does not need to comply with Section 149(1)(b) of the Companies Act, 1965.*

2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.*

3. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereat.*

   Explanatory Notes on Special Business

4. *The Proposed Ordinary Resolution No. 9, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.*

5. *The Proposed Ordinary Resolution No. 10, if passed, will give the Directors of the Company the continuing authority to purchase the Company's own shares up to an amount not exceeding in total 10% of its issued share capital at any point in time upon such terms and conditions as the Directors may deem fit in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.*

6. *The Proposed Ordinary Resolution No. 11, if passed, will provide the Company and its Group a continuing mandate to enter into recurrent related party transactions of a revenue or trading nature in compliance with Paragraph 10.09, Part E of the Listing Requirements of Bursa Malaysia Securities Berhad. The mandate, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.*

7. *Details of the Proposed Ordinary Resolutions No. 10 and 11 are contained in the Circular to Shareholders dated 4 June 2009 accompanying the Company's Annual Report 2008.*

W T K HOLDINGS BERHAD

(10141-M) Incorporated in Malaysia

FORM OF PROXY

I/We ____

(Full Name in Capital Letters)

of ____

(Full Address)

being a member(s) of **W T K HOLDINGS BERHAD** hereby appoint ____________________________

(Full Name in Capital Letters)

____________________ NRIC No. ____________________

of ____

(Full Address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy, to vote for *me/us and on *my/our behalf at the Thirty-Seventh Annual General Meeting of the Company to be held at Ballroom 1, Level 1, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Friday, 26 June 2009 at 10.30 a.m. and at any adjournment thereat.

*My/Our proxy is to vote as indicated below:

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
1	Adoption of Audited Financial Statements and Reports for the year ended 31 December 2008		
2	Approval of Final Dividend		
3	Approval of Directors' Fees		
4	Re-election of Datuk Wong Kie Yik as Director		
5	Re-election of Ms Tham Sau Kien as Director		
6	Re-election of Mr Rafael Llamado Reyes as Director		
7	Re-appointment of Lt Gen (Rtd) Datuk Seri Abdul Manap bin Ibrahim as Director		
8	Re-appointment of Messrs Ernst & Young as Auditors and authorising Directors to fix their remuneration		
	Special Business		
9	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
10	Proposed Renewal of Share Buy-Back Mandate		
11	Proposed Renewal of General Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

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

Number of Shares Held

Dated this __________ day of ____________________ 2009

____

Signature/Common Seal of Shareholder(s)

(*Delete if not applicable)

Notes:

(1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and does not need to comply with Section 149(1)(b) of the Companies Act, 1965.

(2) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a corporation under its common seal or under the hand of its attorney.

(3) The instrument appointing a proxy must be deposited at the Company's Registered Office at Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereat.

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Stamp/Setem

The Company Secretary
W T K Holdings Berhad (10141-M)
Lot No. 25(AB), 25th Floor,
UBN Tower, No. 10, Jalan P. Ramlee,
50250 Kuala Lumpur,
Malaysia

Please fold here

W T K Holdings Berhad (10141-M)
Lot No. 25(AB), 25th Floor, UBN Tower, No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Tel: 03 2078 8110 Fax: 03 2078 7718