



**WTK HOLDINGS BERHAD**

(10141-M)

annual report  
**2009**

**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 harvesting is recognized as the most environmental-friendly method of timber harvesting 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. General Datuk Seri Panglima Abdul  
Manap Ibrahim (rtd)  
*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*

## Audit Committee

Lt. General Datuk Seri Panglima Abdul  
Manap Ibrahim (rtd)  
*Chairman*

Datuk Wong Kie Yik  
*Member*

Ms. Tham Sau Kien  
*Member*

## Remuneration Committee

Lt. General Datuk Seri Panglima Abdul  
Manap Ibrahim (rtd)  
*Chairman*

Datuk Wong Kie Yik  
*Member*

Ms. Tham Sau Kien  
*Member*

## Nomination Committee

Lt. General Datuk Seri Panglima Abdul  
Manap Ibrahim (rtd)  
*Chairman*

Datuk Wong Kie Yik  
*Member*

Ms. Tham Sau Kien  
*Member*

## Chief Financial Officer

Ms. Janice Ting

## Company Secretary

Ms. Coral Hong Kim Heong

## 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  
Website: [www.wtkholdings.com](http://www.wtkholdings.com)

## 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 Market of  
Bursa Malaysia Securities Berhad  
Listed on 2 May 1972  
Stock Code: 4243  
Stock Name: WTK  
Sector: Industrial Product

## Place and Date of Incorporation and Domicile

Incorporated in Malaysia on  
25 November 1970

# directors' profile

## Yg. Bhg. Datuk Wong Kie Yik

Yg. Bhg. Datuk Wong Kie Yik, Malaysian, aged 68, 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, a Certified Accountant from the United Kingdom and a member of the Malaysian Institute of Accountants. He is actively involved in the development of the Malaysian Timber Industry, serving as the Chairman of Sarawak Timber Association. He was a Senator of Malaysia from 1986 to 1992. He was conferred the title "Datuk" by the Tuan Yang Terutama Yang DiPertua Negeri Sarawak on 11 September 1999.

His shareholdings in the shares of WTK as at 12 May 2010 are as follows:

	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>
W T K Holdings Berhad	10,144,160	2.33	139,399,406	32.06

By virtue of his interest (direct or otherwise) in the shares of WTK, he 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 four (4) out of five (5) Board of Directors meetings and Audit Committee meetings held during the financial year. He extended his apology for the meeting of which he did not attend.

## directors' profile

(cont'd)

### **Yg. Bhg. Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)**

Yg. Bhg. Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd), Malaysian, aged 71, was appointed an Independent Non-Executive Director of the Company on 22 May 1996. He 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 ACB Resources Berhad (formerly known as Amsteel Corporation Berhad) as an Independent Non-Executive Director.

Yg. Bhg. Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) 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 throughout his life including within the past ten (10) years.

Yg. Bhg. Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) has attended all the five (5) Board of Directors meetings and 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 64, 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)). He 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 from 1977 to 1983 and was conferred the distinction of Panglima Gemilang Bintang Kenyalang (PGBK) on 16 September 1991 by the Tuan Yang Terutama Yang DiPertua Negeri Sarawak.

His shareholdings in the shares of WTK as at 12 May 2010 are as follows:

	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>
W T K Holdings Berhad	17,403,314	4.00	140,191,988	32.25

By virtue of his interest (direct or otherwise) in the shares of WTK, he 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 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.

## directors' profile

(cont'd)

### Wong Kie Chie

Mr. Wong Kie Chie, Malaysian, aged 61, 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 shares of WTK as at 12 May 2010 are as follows:

	Direct	%	Indirect	%
W T K Holdings Berhad	13,117,524	3.02	139,399,406	32.06

By virtue of his interest (direct or otherwise) in the shares of WTK, he 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 48, 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 corporate advisory firm and Investment Partner of Crescent Equity Management Sdn Bhd, a private-equity fund management company. Prior to her present appointments, she last held the position of Principal in a global private equity fund management company where she gained many years of experience in mergers and acquisitions, corporate restructurings and initial public offerings 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 and Audit Committee meetings held during the financial year.

## **directors'** profile

(cont'd)

### **Patrick Wong Haw Yeong**

Mr. Patrick Wong Haw Yeong, Malaysian, aged 39, was appointed a Non-Executive Director of the Company on 10 January 2005.

Mr. Patrick Wong Haw Yeong, a Bachelor of Business Administration from the 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.

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. He 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 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.

# corporate structure



**W T K HOLDINGS BERHAD**  
(10141-M)

<p><b>Timber Division</b></p>	<p>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</p>	<p>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 Woodbanks Industries (M) Sdn Bhd WTK Heli-Logging Sdn Bhd</p>
<p><b>Oil Palm/ Forest Plantations Division</b></p>	<p>Immense Fleet Sdn Bhd Biofresh Produce Sdn Bhd Biofresh Produce Plantations Sdn Bhd Biogrow City Sdn Bhd Biogrow City Plantations Sdn Bhd</p>	<p>Towering Yield Sdn Bhd Positive Deal Sdn Bhd</p>
<p><b>Foil Division</b></p>	<p>General Aluminium Works (M) Sdn Bhd TANN-GAW (M) Sdn Bhd</p>	
<p><b>Tapes Division</b></p>	<p>Central Mercantile Corporation (S) Ltd Loytape Industries Sdn Bhd Central Mercantile Corporation (M) Sdn Bhd Samanda Marketing &amp; Sales Sdn Bhd Samanda Trading Sdn Bhd</p>	
<p><b>Property Division</b></p>	<p>Dusun Nyiur Sdn Bhd</p>	
<p><b>Rubber Product Division</b></p>	<p>Central Elastic Corporation Sdn Bhd</p>	

Legend: *Subsidiary Companies* *Associate Company*

# 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 five (5) Non-Executive Directors with no individual dominating in the Board's decision making process. The Board has two (2) Independent Non-Executive Directors, representing 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.

The Board has identified the Chairman of the Audit Committee, Yg. Bhg. Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as the Senior Independent Non-Executive Director to whom any concerns may be conveyed.

## 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 2009, the Board met a total of five (5) times. Details of Directors' attendance are set out as follows:

DIRECTORS	NUMBER OF MEETINGS ATTENDED
Datuk Wong Kie Yik	4/5
Datuk Wong Kie Nai	4/5
Mr. Wong Kie Chie	4/5
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	5/5
Ms. Tham Sau Kien	5/5
Mr. Patrick Wong Haw Yeong	4/5
Mr. Rafael Llamado Reyes ( <i>appointed on 6 March 2009 and resigned on 29 April 2010</i> )	3/4

## 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. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)  
(*Independent Non-Executive Director*)

Members : Datuk Wong Kie Yik  
(*Non-Independent Non-Executive Director*)

Ms. Tham Sau Kien  
(*Independent Non-Executive Director*)

## directors' statement on corporate governance (cont'd)

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 of 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.

### 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.

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

Chairman : Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)  
*(Independent Non-Executive Director)*

Members : Datuk Wong Kie Yik  
*(Non-Independent Non-Executive Director)*

Ms. Tham Sau Kien  
*(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 in the Annual Report.

# 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 2009, the Directors have undergone the following training programmes:

Directors	Programme
Datuk Wong Kie Yik	<ul style="list-style-type: none"><li>FRS 139 &amp; FRS 7 – Implications on WTK Group</li></ul>
Datuk Wong Kie Nai	<ul style="list-style-type: none"><li>FRS 139 &amp; FRS 7 – Implications on WTK Group</li></ul>
Mr. Wong Kie Chie	<ul style="list-style-type: none"><li>FRS 139 &amp; FRS 7 – Implications on WTK Group</li></ul>
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	<ul style="list-style-type: none"><li>High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance</li><li>Forum on FRS 139 Financial Instruments: Recognition and Measurement</li><li>FRS 139 &amp; FRS 7 – Implications on WTK Group</li></ul>
Ms. Tham Sau Kien	<ul style="list-style-type: none"><li>High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance</li><li>FRS 139 &amp; FRS 7 – Implications on WTK Group</li></ul>
Mr. Patrick Wong Haw Yeong	<ul style="list-style-type: none"><li>FRS 139 &amp; FRS 7 – Implications on WTK Group</li></ul>
Mr. Rafael Llamado Reyes (resigned on 29 April 2010)	<ul style="list-style-type: none"><li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li><li>FRS 139 &amp; FRS 7 – Implications on WTK Group</li></ul>

## 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.

The Company also maintains a website at [www.wtkholdings.com](http://www.wtkholdings.com) through which shareholders and members of the public in general can gain access to information about the Group and announcements made by the Company.

# directors' statement on corporate governance

(cont'd)

## **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.

## **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.

## **INTERNAL CONTROLS**

The Directors are mindful of their responsibilities in relation to the maintenance of a sound system of internal controls which provides reasonable assessment and review of the Company's effectiveness to safeguard shareholders' investment and Group's assets. The Board is continuously reviewing the adequacy and integrity of its system of internal controls.

A Statement on Internal Control is set out in the Annual Report.

## **RELATIONSHIP WITH THE AUDITORS**

The relationship with the External Auditors is formally maintained through the Audit Committee as set out in its terms of reference of the Audit Committee in 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 2009 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 2009 by the auditors, or firms or companies affiliated to the auditors was approximately RM184,000.



# audit committee report

## COMPOSITION AND DESIGNATION OF THE AUDIT COMMITTEE

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) - Chairman  
(Independent Non-Executive Director)

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

Ms. Tham Sau Kien  
(Independent Non-Executive Director)

## A. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### i. Constitution

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

### ii. 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:

- a. maintain a sound system of internal control to safeguard shareholders' investment and company assets;
- b. 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
- c. identify principal risks and ensure the implementation of appropriate internal control systems to manage these affected risks.

### iii. Membership

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise 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:

- a. must be a member of the Malaysian Institute of Accountants; or

## audit committee report

(cont'd)

- b. 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
- c. 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.

#### iv. Functions

The duties of the Audit Committee shall be:

- a. 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;
- b. To recommend the appointment or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- c. To review with the external auditors:
  - (i) the nature and scope of their audit plan;
  - (ii) the evaluation of the soundness of the system of internal control;
  - (iii) the audit report on the financial statements;
  - (iv) the management letter of their recommendations and findings;
  - (v) the assistance which they can render to our internal audit function and the co-ordination between the external and internal audit.
- d. 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;
- e. 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;
- f. 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;
- g. To consider any significant findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors;
- h. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance to discharge their duties;

- i. 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;
- j. Any other functions as may be agreed by the Audit Committee and the Board of Directors or as directed by the Board of Directors.

**v. 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.

**vi. 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.

**B. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

The Audit Committee met five (5) times during the financial year ended 31 December 2009. Details of attendance of the Audit Committee are set out as follows:

<b>AUDIT COMMITTEE MEMBERS</b>	<b>NUMBER OF MEETINGS ATTENDED</b>
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	5/5
Datuk Wong Kie Yik	4/5
Ms. Tham Sau Kien	5/5
Mr. Rafael Llamado Reyes	3/4
<i>(appointed as member on 6 March 2009 and resigned on 29 April 2010)</i>	

## audit committee report

(cont'd)

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:

- i. Reviewed the Group's quarterly unaudited financial results and announcement before recommending them for the Board's approval;
- ii. 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;
- iii. Reviewed and updated its Terms of Reference as and when necessary;
- iv. Reviewed the scope and results of works carried out by the Internal Auditors;
- v. Discussed and reviewed recurrent related party transactions;
- vi. Discussed with the External Auditors before the commencement of audit, the audit plan, nature, approach and scope of the audit.

### **C. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

The Group's Internal Audit Department ("IAD") 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 2009, 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 quarterly 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 for maintaining the Group's in-house internal audit function for the financial year ended 31 December 2009 was approximately RM517,000 which included expenses.

# directors' statement on internal control

The Board recognises that risk management is an integral part of the business operations of the Group and that an 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 comprises 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 and ensure they are aligned with our strategic objectives, our shareholders' expectations and regulatory requirements. 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 take formal executive responsibility for risk management and 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 AND 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 in place an Internal Audit Function which provides the Board and the Audit Committee with the needed assurance regarding 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 comprises of financial, operational, information system as well as compliance engagement on the Group's operations with proper risk responses for improvement to be implemented by operating management and annual audit plan approved by the Audit Committee. 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 to ensure that the level of risk to which the Group is exposed has been appropriately managed. Such measures provide positive endeavor for the Board to take continuous measures to put in place appropriate action plans to improve the system of internal control and safeguard shareholders' investments and the Group's assets.

This statement does not include the state of internal controls in jointly controlled entity and associate company, which have not been dealt with as part of the Group.

The Board is pleased to report that all internal control weaknesses identified during the year have been or are being addressed. These weaknesses have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

# 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, 2009.”

### FINANCIAL PERFORMANCE

The Group registered a turnover level at RM555 million, a 32% decrease from RM812 million in 2008 which resulted to loss after tax of RM1 million (2008: profit after tax of RM48 million). This is mainly attributed by the timber division. Consequently, the Group recorded a loss per share (EPS) of 0.2 sen from earnings per share of 11.1 sen in 2008.

### REVIEW OF OPERATIONS

#### Timber

The year in review saw a significant drop in both turnover and net profits. On a year-on-year basis, turnover and net profits drop by approximately 35% and 105% respectively as a result of drop in both sales volume and selling prices of its products. Sales volume for both logs and plywood dropped by 18% and 34% respectively, whilst selling prices for both products dropped approximately 13%. This is due to the global financial crisis of 2008 which was triggered by a liquidity crisis in the United States banking system that resulted in the collapse of large financial institutions and downturns in stock markets around the world.

Japan, a major traditional timber market, saw its housing starts fell to 788,410 homes, 28% lower than 2008 level of 1,100,000 homes. This is the lowest level since 751,429 homes recorded in 1964. The country's total import volume of tropical hardwood plywood from Indonesia and Malaysia dropped by 17% compared to 2008, to 1,888,912cbm.

The Group key export markets for its round logs remain to be India (72%), Japan (7%), Vietnam (7%) and the remaining 14% to China, Taiwan and other Asian countries. Japan, which

imports approximately 60% of its tropical hardwood plywood requirements from Malaysia, remains the biggest market for the Group's plywood products. Japan makes up approximately 92% of the Group's plywood market, the remaining is to Taiwan.

During the year in review, one of the Group's three plywood mills obtained its chain-of-custody certification approved by the Certification Panel of SIRIM QAS International Sdn Bhd under the Malaysian Timber Certification Scheme (MTCS). The remaining two plywood mills are expected to obtain its certification sometime in year 2010.

The Group, as at 31 December 2009, has planted 4,500 hectares of forest plantation and 5,300 hectares of oil palm plantation. The forest plantation mainly consists of prime, fast-growing species such as Acacia Mangium Superbulk, Acacia Hybrid, Albizia and the indigenous Kelempayan species. Majority of these species may be used for manufacturing of plywood at the Group's plywood mills. As for the oil palm plantation, it has started scout harvesting in July 2009 and is expected to contribute significantly in year 2012 onwards.

#### Non-Timber

The non-timber manufacturing and trading division of the Group was not spared the negative effect of the financial and economic crises. Both revenue and profits dropped significantly as compared to 2008. Whilst input costs have stabilized, the demand from key export market remained slow. The Group embarked on a three-pronged approach to focus on its core products, streamlining supply chain and strengthening branding and differentiating the Group's brand-names. This has helped the Group to withstand the already stiff competition within its industry.

The Group will continue to strive to maintain the quality of its premium plywood products, especially its floorbase plywood and maintain a formidable presence in the industry.

#### **PROSPECTS**

Japan, a major buyer for tropical hardwood timber products, returned to growth in the second quarter 2009, its longest recession since World War II. The country continued to expand its economy in the third and fourth quarters, with an annual pace of 4.6% in the fourth quarter. As with the other quarters, fourth quarter growth was mainly led by domestic demand. This indicates that both Japan and other countries continued stimulus measures continued to boost Japanese household spending. Companies are also beginning to invest in factories and machineries. This is evident in Japanese machinery orders data, a closely watched indicator of future business investment, which rose in December 2009 for the first time in three months. Japan housing starts for 2010 is expected to grow by 7.5% from 2009, first rise in two years. The government continued support on some of its policies to revive the economy, for example, tax deductions on housing loans and incentives to build and renovate energy-efficient homes are expected to impact their housing industry positively. Japan's continued improvement in its economy will have a positive impact on the timber industry as evident in the improvement in selling prices of the Group's timber products in the recent months.

Notwithstanding the above, the Group will remain cautious as to the prospects of the timber industry in the short term given the current alarming developments in Greece, which triggered a widespread stock market sell-off when ratings agency Standard and Poor recently cut Greek debt to junk status, while a downgrade to Portugal reignited worries about a growing eurozone crisis. There are fears that the problems afflicting Greece may spread to UK and worldwide resulting to yet another slowdown in the world major economies. The recent strengthening of the Malaysian Ringgit would to a certain extent, affect the Group's performance as majority of its revenue is denominated in USD whilst costs are denominated in Ringgit.



Despite this outlook, the Group, which has strategically strengthened its downstream division, will continue to expand its energies to derive value from this division. The Group will continue to strive to maintain the quality of its premium plywood products, especially its floorbase plywood and maintain a formidable presence in the industry. The Group will also look at lowering its production costs through structured training and research.

In 2010, the Group will plant a further 3,000 hectares of trees in its forest plantation and is expected to cost the Group approximately RM36 million.

As for the Group's venture into oil palm plantation, approximately 20% of its land allocated for oil palm plantation has been cultivated. The Group expects to continue to cultivate another 3,500 hectares this year.

As for the Group's non-timber manufacturing division, 2010 will remain challenging. Despite the improving business sentiments in its key export markets as a result of the major world economies stimulus measures, the Group is cautious and concerned over the recent developments in Greece and in Europe. The division will endeavor to maintain its competitive advantage by streamlining its supply chain, focusing on its core products and strengthening branding to deliver differentiation to customers.

#### **CORPORATE SOCIAL RESPONSIBILITY**

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. To-date, the Group has invested RM10 million into this program.

WTK supports good forest management practices and fully endorse the utilization of timber from verifiable legal sources. The Group expects to obtain the Chain of Custody certification by the Certification Panel of SIRIM QAS International Sdn Bhd under the Malaysian Timber Certification Scheme (MTCS) for its remaining two plywood mills this year. This certification demonstrates the conformity of legality, legitimacy and traceability from the source of supply.

WTK will also continue its commitment to forest plantation and has set aside approximately RM36 million this year for tree planting. Forest plantation is poised to increase climate resiliency and in the reduction of greenhouse gas emission. It will also assist to restore deforested areas to high-production forest and replenishes soil nutrients, aside from ensuring a sustainable supply of timber for the timber industry. In February 2009, the Malaysian Timber Certification Council (MTCC) adopted the The Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantations) (MC&I(Forest Plantations)). WTK is working towards obtaining this certification for its designated forest plantation.

## chairman's statement

(cont'd)

WTK is also mindful on the need of its local communities in its timber and plantation operation areas. The Group understands the importance of good interaction with the local communities and providing infrastructure, social facilities and amenities which contribute to upgrading their standard of living. During the year, the Group has upgraded infrastructure, including roads and water supply, for certain longhouses and has levelled new sites for new longhouses in its timber and plantation operation areas. Although there is no formal certification required for oil palm plantations in Sarawak, the Group has, at its own initiative, started to develop its own sustainable planting and production mechanism for its plantation. In the long term, the Group looks forward to sharing its experience in the formulation of sustainable palm oil production and certification steps.

WTK will continue to comply with and practice Sustainable Forest Management and committed to continue its efforts 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.

As for the Group's non-timber division, it has received a certification upgrade from ISO 9000 to ISO 9001, demonstrating achievement and continuous commitment to stringent process and quality control in the manufacture of our products.

### **DIVIDEND**

During the year, the Company has paid a final dividend of 6% less 25% Malaysian Income Tax for the financial year ended 31 December, 2008 on 10th August 2009 amounting to RM9.782 million.

At the forthcoming Annual General Meeting, a final dividend, of 6% 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 RM9.782 million in respect of the financial year ended 31 December, 2009 (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.

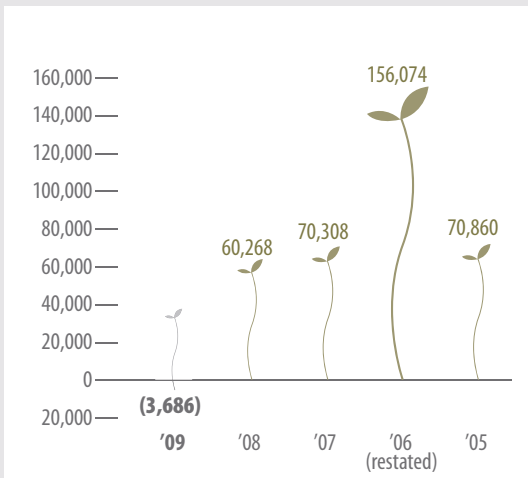
### **DATUK WONG KIE YIK**

Chairman

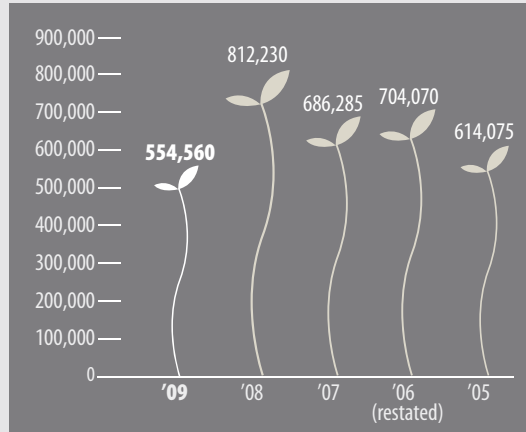
31 May 2010

# financial highlights

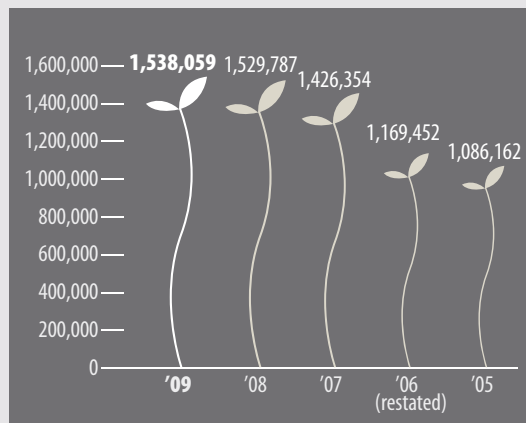
**Profit Before Tax (RM'000)**



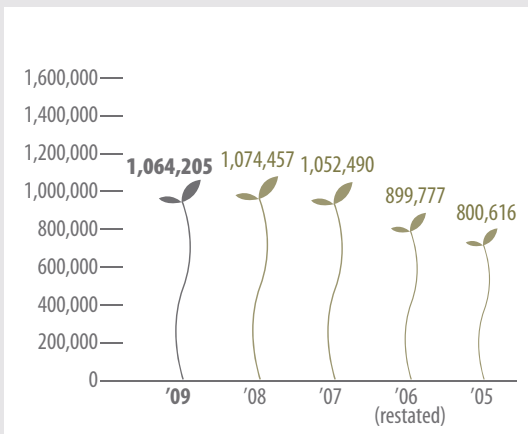
**Turnover (RM'000)**



**Total Assets (RM'000)**



**Total Equity Attributable To Equity Holders (RM'000)**



# 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 are responsible for ensuring that the Company keeps accounting records, which disclose 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.

# **financial** statements

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Notes To The Financial Statements • page 42

# directors' report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

## 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
(Loss)/profit for the year	<b>(1,322)</b>	<b>288</b>
Attributable to:		
Equity holders of the Company	(720)	288
Minority interests	(602)	-
	<b>(1,322)</b>	<b>288</b>

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 amount of dividends paid by the Company since 31 December 2008 were as follows:

In respect of the financial year ended 31 December 2008 as reported in the directors' report of that year:

	RM'000
Final dividend of 6% less 25% Malaysian Income Tax, paid on 10 August 2009 (2.25 sen net per share)	<b>9,782</b>

At the forthcoming Annual General Meeting, a final dividend, of 6% 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 RM9.782 million in respect of the financial year ended 31 December 2009 (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 shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2010.

## 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. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)  
 Datuk Wong Kie Nai  
 Wong Kie Chie  
 Tham Sau Kien  
 Patrick Wong Haw Yeong  
 Rafael Llamado Reyes (resigned on 29 April 2010)

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

Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) retires pursuant to Section 129(6) of the Companies Act, 1965 at the forthcoming Annual General Meeting and offer himself for re-appointment 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' 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 31.12.2009
	AS AT 01.01.2009	BOUGHT	SOLD	
<b>Direct Interest</b>				
Datuk Wong Kie Yik	10,144,160	-	-	<b>10,144,160</b>
Datuk Wong Kie Nai	17,343,314	60,000	-	<b>17,403,314</b>
Wong Kie Chie	13,117,524	-	-	<b>13,117,524</b>
<b>Indirect Interest</b>				
Datuk Wong Kie Yik*	139,289,406	110,000	-	<b>139,399,406</b>
Datuk Wong Kie Nai#	140,031,988	160,000	-	<b>140,191,988</b>
Wong Kie Chie*	139,289,406	110,000	-	<b>139,399,406</b>

\* 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.

# 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 and interests of spouse and children by virtue of Section 134(12)(c) of the Companies Act, 1965.

# directors' report

(cont'd)

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 26 June 2009, the Company obtained a renewal of mandate to purchase its own shares on Bursa Malaysia Securities Berhad.

During the financial year, the Company purchased a total of 20,000 of its issued ordinary shares of RM0.50 each from the open market for a total cost of RM18,737. The repurchases were financed by the Company's internal funds.

As at 31 December 2009, the Company held as treasury shares a total of 3,251,000 of its 438,013,388 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,478,958. 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.
- (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.



**OTHER STATUTORY INFORMATION (CONT'D)**

- (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**

There were no material significant events during the financial year that require disclosure in 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 29 April 2010.

**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 102 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 2009 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 29 April 2010.

**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 102 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 29 April 2010.

**DATUK WONG KIE NAI**

Before me,

**AHMAD B. LAYA**  
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 2009 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 102.

### *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 judgement, 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 2009 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

Kuala Lumpur, Malaysia

29 April 2010

### **Yong Chung Sing**

No. 1052/09/10 (J)

Chartered Accountant

# income statements

for the year ended 31 December 2009

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	3	<b>554,560</b>	812,230	<b>2,629</b>	2,878
Cost of sales	4	<b>(492,741)</b>	(660,022)	-	-
Gross profit		<b>61,819</b>	152,208	<b>2,629</b>	2,878
Selling and distribution expenses		<b>(38,956)</b>	(60,813)	-	-
Administrative expenses		<b>(24,235)</b>	(30,363)	<b>(2,672)</b>	(2,523)
Operating (loss)/profit		<b>(1,372)</b>	61,032	<b>(43)</b>	355
Other income		<b>8,273</b>	10,455	<b>412</b>	563
Finance costs	5	<b>(10,309)</b>	(11,485)	<b>(2)</b>	(5)
Share of (loss)/profit of an associate		<b>(356)</b>	355	-	-
Share of profit/(loss) of a jointly controlled entity		<b>78</b>	(89)	-	-
(Loss)/profit before tax	6	<b>(3,686)</b>	60,268	<b>367</b>	913
Income tax benefit/(expense)	9	<b>2,364</b>	(12,424)	<b>(79)</b>	(229)
(Loss)/profit for the year		<b>(1,322)</b>	47,844	<b>288</b>	684
Attributable to:					
Equity holders of the Company		<b>(720)</b>	48,123	<b>288</b>	684
Minority interests		<b>(602)</b>	(279)	-	-
		<b>(1,322)</b>	47,844	<b>288</b>	684
Basic and diluted (loss)/earnings per share attributable to equity holders of the Company (sen)	10	<b>(0.2)</b>	11.1		
Net dividends per share (sen)	11			<b>2.25</b>	-

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

# balance sheets

as at 31 December 2009

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	<b>601,053</b>	580,190	<b>1,584</b>	1,676
Investment properties	13	<b>15,414</b>	15,608	-	-
Prepaid land lease payments	14	<b>91,875</b>	96,678	-	-
Investment in subsidiaries	15	-	-	<b>358,208</b>	358,108
Investment in an associate	16	<b>8,696</b>	9,131	<b>1,729</b>	1,729
Investment in a jointly controlled entity	17	<b>3,041</b>	3,213	-	-
Other investments	18	<b>6,142</b>	7,260	<b>4,410</b>	4,078
Intangible assets	19	<b>99,758</b>	100,661	-	-
Biological assets	20	<b>93,601</b>	55,689	-	-
Deferred tax assets	28	<b>27,672</b>	14,472	-	-
		<b>947,252</b>	882,902	<b>365,931</b>	365,591
<b>CURRENT ASSETS</b>					
Inventories	21	<b>237,485</b>	245,270	-	-
Receivables	22	<b>160,807</b>	175,578	<b>146,639</b>	156,558
Tax recoverable		<b>12,834</b>	12,954	<b>79</b>	-
Cash and bank balances	23	<b>179,681</b>	213,083	<b>4,799</b>	5,490
		<b>590,807</b>	646,885	<b>151,517</b>	162,048
<b>TOTAL ASSETS</b>		<b>1,538,059</b>	1,529,787	<b>517,448</b>	527,639
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	24 (A)	<b>219,007</b>	219,007	<b>219,007</b>	219,007
Share premium	24 (B)	<b>45,708</b>	45,708	<b>45,708</b>	45,708
Treasury shares	24 (C)	<b>(7,479)</b>	(7,460)	<b>(7,479)</b>	(7,460)
Other reserves	25	<b>1,201</b>	947	<b>400</b>	400
Retained profits	26	<b>805,768</b>	816,255	<b>176,754</b>	186,248
		<b>1,064,205</b>	1,074,457	<b>434,390</b>	443,903
<b>Minority interests</b>		<b>6,637</b>	6,789	-	-
<b>TOTAL EQUITY</b>		<b>1,070,842</b>	1,081,246	<b>434,390</b>	443,903

## balance sheets

as at 31 December 2009 (cont'd)

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>NON-CURRENT LIABILITIES</b>					
Long term borrowings	27	<b>51,900</b>	35,210	-	20
Deferred tax liabilities	28	<b>88,717</b>	83,013	<b>43</b>	23
Retirement benefit obligations	29	<b>1,997</b>	2,030	-	-
Land premium payable		<b>2,173</b>	3,260	-	-
		<b>144,787</b>	123,513	<b>43</b>	43
<b>CURRENT LIABILITIES</b>					
Payables	30	<b>67,079</b>	67,184	<b>82,995</b>	83,625
Short term borrowings	27	<b>253,038</b>	254,523	<b>20</b>	58
Tax payable		<b>1,226</b>	2,234	-	10
Land premium payable		<b>1,087</b>	1,087	-	-
		<b>322,430</b>	325,028	<b>83,015</b>	83,693
<b>TOTAL LIABILITIES</b>		<b>467,217</b>	448,541	<b>83,058</b>	83,736
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,538,059</b>	1,529,787	<b>517,448</b>	527,639

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

# consolidated statements of changes in equity

for the year ended 31 December 2009

	← ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY →							
	← NON-DISTRIBUTABLE →				DISTRIBUTABLE			
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	OTHER RESERVES RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
	NOTE	(NOTE 24)	(NOTE 24)	(NOTE 25)	(NOTE 26)			
<b>At 1 January 2008</b>	219,007	45,708	(7,336)	(21)	768,132	1,025,490	5,483	1,030,973
Profit/(loss) for the year	-	-	-	-	48,123	48,123	(279)	47,844
Acquisition of subsidiaries	15(b)	-	-	-	-	-	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)
<b>At 31 December 2008</b>	219,007	45,708	(7,460)	947	816,255	1,074,457	6,789	1,081,246
Loss for the year		-	-	-	(720)	(720)	(602)	(1,322)
Addition of investment in a subsidiary by minority		-	-	-	-	-	450	450
Reduction in deferred tax liability on revaluation surplus resulting from the change in the tax rates	16	-	-	-	15	15	-	15
Foreign exchange differences, representing net gain not recognised in the income statement		-	-	254	-	254	-	254
Repurchase of treasury shares		-	(19)	-	-	(19)	-	(19)
Dividend	11	-	-	-	(9,782)	(9,782)	-	(9,782)
<b>At 31 December 2009</b>	<b>219,007</b>	<b>45,708</b>	<b>(7,479)</b>	<b>1,201</b>	<b>805,768</b>	<b>1,064,205</b>	<b>6,637</b>	<b>1,070,842</b>

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



# company statement of changes in equity

for the year ended 31 December 2009

	←	NON-DISTRIBUTABLE			→	DISTRIBUTABLE	TOTAL EQUITY RM'000
		SHARE CAPITAL RM'000 (NOTE 24)	SHARE PREMIUM RM'000 (NOTE 24)	TREASURY SHARES RM'000 (NOTE 24)			
	NOTE						
<b>At 1 January 2008</b>		219,007	45,708	(7,336)	400	185,564	443,343
Profit for the year		-	-	-	-	684	684
Repurchase of treasury shares		-	-	(124)	-	-	(124)
<b>At 31 December 2008</b>		219,007	45,708	(7,460)	400	186,248	443,903
Profit for the year		-	-	-	-	288	288
Repurchase of treasury shares		-	-	(19)	-	-	(19)
Dividend	11	-	-	-	-	(9,782)	(9,782)
<b>At 31 December 2009</b>		<b>219,007</b>	<b>45,708</b>	<b>(7,479)</b>	<b>400</b>	<b>176,754</b>	<b>434,390</b>

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

# cash flow statements

for the year ended 31 December 2009

	GROUP		COMPANY		
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(Loss)/profit before tax		<b>(3,686)</b>	60,268	<b>367</b>	913
Adjustments for:					
Share of results in an associate		<b>356</b>	(355)	-	-
Share of results in a jointly controlled entity		<b>(78)</b>	89	-	-
Impairment losses on other investments		<b>1,451</b>	784	-	-
Loss on disposal of a subsidiary		-	2	-	3
Interest expense		<b>10,309</b>	11,485	<b>2</b>	5
Interest income		<b>(346)</b>	(954)	<b>(116)</b>	(197)
Gross dividends		<b>(116)</b>	(251)	<b>(232)</b>	(343)
Loss/(gain) on disposal:					
- property, plant and equipment		<b>201</b>	(778)	-	(5)
- other investments		<b>(238)</b>	(266)	<b>(238)</b>	(266)
Allowance for doubtful debts					
- third parties		<b>148</b>	5,038	-	-
Property, plant and equipment written off		<b>2</b>	19	<b>1</b>	-
Inventories written off		<b>166</b>	185	-	-
Depreciation					
- property, plant and equipment		<b>31,290</b>	28,991	<b>99</b>	90
- investment properties		<b>194</b>	197	-	-
Amortisation:					
- timber rights		<b>3,960</b>	3,960	-	-
- prepaid land lease payments		<b>1,699</b>	1,699	-	-
Retirement benefit obligations		<b>238</b>	247	-	-
Unrealised loss on foreign exchange		<b>42</b>	16	-	-
Bad debts recovered		<b>(32)</b>	(1)	-	-
Bad debt written off		<b>225</b>	-	-	-
Operating profit/(loss) before working capital changes		<b>45,785</b>	110,375	<b>(117)</b>	200
Changes in working capital:					
Inventories		<b>7,619</b>	11,412	-	-
Receivables		<b>19,109</b>	23,902	<b>9,919</b>	(26,429)
Payables		<b>(51)</b>	(4,753)	<b>(630)</b>	26,923
Cash generated from operations		<b>72,462</b>	140,936	<b>9,172</b>	694
Taxes paid		<b>(6,010)</b>	(14,488)	<b>(90)</b>	(125)
Interest paid		<b>(9,280)</b>	(10,187)	-	-
Interest received		<b>39</b>	46	-	-
Payment of retirement benefit		<b>(368)</b>	(418)	-	-
Net cash generated from operating activities		<b>(56,843)</b>	115,889	<b>9,082</b>	569

## cash flow statements

for the year ended 31 December 2009 (cont'd)

	NOTE	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additional investment by minority		450	1,130	-	-
Acquisition of subsidiaries	15 (b)	-	(75,704)	(100)	(1,340)
Biological assets expenditure		(36,435)	(26,800)	-	-
Purchase of timber rights		(3,057)	(3,151)	-	-
Proceeds from disposals of property, plant and equipment		1,014	4,474	-	5
Purchase of property, plant and equipment	12 (c)	(50,542)	(82,954)	(8)	(199)
Purchase of prepaid lease payments		(1,730)	(5,250)	-	-
Purchase of other investments		(1,015)	(2,384)	(1,014)	(2,384)
Land premium (paid)/payable		(1,087)	4,347	-	-
Interest received		274	779	116	197
Proceeds from disposals of other investments		919	1,891	920	1,891
Net dividend received from:					
- an associate company		94	126	94	126
- jointly controlled entity		250	-	-	-
- other investments		90	195	80	161
Net cash (used in)/generated from investing activities		(90,775)	(183,301)	88	(1,543)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
(Repayment)/drawdown of trade financing facilities		(14,938)	52,033	-	-
Drawdown of term loans		20,702	21	-	-
Dividends paid to the Company's shareholders		(9,782)	-	(9,782)	-
Repayment of hire purchase		(10,427)	(12,986)	(58)	(55)
Acquisition of treasury shares		(19)	(124)	(19)	(124)
Interest paid		(1,029)	(1,298)	(2)	(5)
Interest received		33	129	-	-
Net cash (used in)/generated financing activities		(15,460)	37,775	(9,861)	(184)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(49,392)</b>	<b>(29,637)</b>	<b>(691)</b>	<b>(1,158)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		<b>159</b>	<b>526</b>	<b>-</b>	<b>-</b>
<b>NET CASH AND CASH EQUIVALENTS</b>					
<b>AT BEGINNING OF YEAR</b>		<b>210,299</b>	<b>239,410</b>	<b>5,490</b>	<b>6,648</b>
<b>NET CASH AND CASH EQUIVALENTS</b>					
<b>AT END OF YEAR</b>	23	<b>161,066</b>	<b>210,299</b>	<b>4,799</b>	<b>5,490</b>

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

# notes to the financial statements

31 December 2009

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of 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 dated 29 April 2010.

## 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 exercisable 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.

# notes to the financial statements

31 December 2009 (cont'd)

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

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (b) Associates (Cont'd)

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.

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.

# notes to the financial statements

31 December 2009 (cont'd)

## 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 2009 (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 Note 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 Note 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.

# notes to the financial statements

31 December 2009 (cont'd)

## 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

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. As required by law, companies in Malaysia make such 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 2009 (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 are 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

31 December 2009 (cont'd)

## 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:

	2009 RM'000	2008 RM'000
Singapore Dollar	2.43	2.40
United States Dollar	3.42	3.46
Australian Dollar	3.05	2.38
Swedish Franc	3.29	3.27
Hong Kong Dollar 100	43.76	44.38
Pound Sterling	5.49	5.00

##### (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 2009 (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 Standards and Interpretations Issued but Not Yet Effective

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

#### Effective for financial periods beginning on or after 1 July 2009:

- FRS 8: Operating Segments

#### Effective for financial periods beginning on or after 1 January 2010:

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial instruments: Disclosure and IC Interpretation 9: Reassessment Embedded Derivatives
- Amendments to FRSs 'Improvement to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i-3: Presentation of Financial Statements of Islamic Financial Institutions



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

### 2.3 Standards and Interpretations Issued but Not Yet Effective (Cont'd)

#### Effective for financial periods beginning on or after 1 July 2010:

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operations
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

#### FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

#### FRS 8: Operating Segment

FRS 8 replaces FRS 114<sup>2004</sup>: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

# notes to the financial statements

31 December 2009 (cont'd)

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

### 2.3 Standards and Interpretations Issued but Not Yet Effective (Cont'd)

#### FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

#### FRS 123: Borrowing Costs

This Standard supersedes FRS 123<sup>2004</sup>: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

#### FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

#### Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

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

### 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 2009 were RM28,222,000 (2008: RM28,222,000). Further details are disclosed in Note 19.

##### (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.

# notes to the financial statements

31 December 2009 (cont'd)

## 3. REVENUE

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales of goods	551,987	805,938	-	-
Rendering of services	222	3,610	-	-
Sales of properties	-	309	-	-
Rental income	765	733	-	-
Carpark income	1,364	1,226	-	-
Dividend income	106	217	232	343
Interest income	116	197	116	197
Management fee income	-	-	2,281	2,338
	<b>554,560</b>	<b>812,230</b>	<b>2,629</b>	<b>2,878</b>

## 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest expense on:				
- term loans	1,607	343	-	-
- bank overdrafts	2,331	3,959	-	-
- hire purchase	938	1,361	2	5
- trade financing facilities	5,433	5,822	-	-
	<b>10,309</b>	<b>11,485</b>	<b>2</b>	<b>5</b>

## 6. (LOSS)/PROFIT BEFORE TAX

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(Loss)/profit before tax is stated after charging:				
Allowance for doubtful debts				
- third parties	148	5,038	-	-
Amortisation:				
- timber rights (Note 19)	3,960	3,960	-	-
- prepaid land lease payments (Note 14)	1,699	1,699	-	-
Auditors' remuneration:				
- current	618	615	80	80
- (over)/under provision in prior year	(13)	69	-	10
Bad debts written off	225	-	-	-

# notes to the financial statements

31 December 2009 (cont'd)

## 6. PROFIT BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Depreciation:				
- property, plant and equipment (Note 12)	<b>31,290</b>	28,991	<b>99</b>	90
- investment properties (Note 13)	<b>194</b>	197	-	-
Directors' remuneration (Note 8)	<b>2,888</b>	2,843	<b>718</b>	749
Employee benefits expense (Note 7)	<b>71,425</b>	76,688	<b>1,093</b>	1,022
Impairment losses on investments	<b>1,451</b>	784	-	-
Inventories written off	<b>166</b>	185	-	-
Loss on foreign exchange:				
- unrealised (trade)	<b>42</b>	15	-	-
- unrealised (non-trade)	-	1	-	1
Loss on disposal of a subsidiary	-	2	-	3
Loss on disposal of property, plant and equipment	<b>201</b>	-	-	-
Management fee paid to third party	<b>316</b>	241	-	-
Property, plant and equipment written off	<b>2</b>	19	<b>1</b>	-
Rental of premises	<b>1,467</b>	1,535	<b>233</b>	97
Rental of equipment	<b>1,837</b>	1,210	-	-
(Loss)/profit before tax is stated after crediting:				
Bad debts recovered	<b>32</b>	1	-	-
Gain on disposal of:				
- property, plant and equipment	-	778	-	5
- other investments	<b>238</b>	266	<b>238</b>	266
Gain on foreign exchange:				
- realised (trade)	<b>111</b>	-	-	-
- realised (non-trade)	-	955	-	-
Gross dividends from:				
- associate	-	-	<b>126</b>	126
- third parties	<b>116</b>	251	<b>106</b>	217
Hiring of machinery	<b>422</b>	584	-	-
Interest income	<b>346</b>	954	<b>116</b>	197
Management fees from:				
- subsidiaries	-	-	<b>2,281</b>	2,338
- jointly controlled entity	<b>204</b>	150	-	-
Rental income from investment properties:				
- subsidiaries	-	-	-	11
- third parties	<b>278</b>	197	<b>140</b>	50

# notes to the financial statements

31 December 2009 (cont'd)

## 7. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Excluding directors' remuneration:</b>				
Wages, salaries and bonuses	<b>61,821</b>	66,446	<b>970</b>	906
Social security costs	<b>544</b>	584	<b>6</b>	7
Contributions to defined contribution plan	<b>4,887</b>	5,187	<b>117</b>	109
Pension costs - defined benefit plan (Note 29)	<b>238</b>	247	-	-
Other benefits	<b>3,935</b>	4,224	-	-
	<b>71,425</b>	76,688	<b>1,093</b>	1,022

## 8. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Directors of the Company</b>				
Executive:				
- salaries and allowances	<b>570</b>	572	<b>376</b>	376
- bonus	<b>82</b>	93	<b>62</b>	93
- fee	<b>70</b>	65	-	-
- defined contribution plan	<b>84</b>	74	<b>65</b>	61
	<b>806</b>	804	<b>503</b>	530
Non-Executive:				
- salaries and allowances	<b>400</b>	406	<b>71</b>	75
- bonus	<b>150</b>	145	-	-
- fees	<b>339</b>	339	<b>144</b>	144
- defined contribution plan	<b>29</b>	29	-	-
	<b>918</b>	919	<b>215</b>	219
Estimated money value of benefits-in-kind	<b>35</b>	37	-	-
<b>Directors of the subsidiaries</b>				
- salaries and allowances	<b>539</b>	517	-	-
- bonus	<b>173</b>	142	-	-
- fees	<b>429</b>	429	-	-
- defined contribution plan	<b>23</b>	32	-	-
	<b>1,164</b>	1,120	-	-
Estimated money value of benefits-in-kind	-	6	-	-
Total directors' remuneration (Note 32(C))	<b>2,888</b>	2,843	<b>718</b>	749
Total directors' remuneration including benefits-in-kind	<b>2,923</b>	2,886	<b>718</b>	749

# notes to the financial statements

31 December 2009 (cont'd)

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

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

	2009		2008	
	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
RM800,001 - RM850,000	1	-	1	-

## 9. INCOME TAX (BENEFIT)/EXPENSE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense for the year:				
- Malaysian income tax	4,349	8,274	102	175
- Foreign tax	729	685	-	-
	<b>5,078</b>	8,959	<b>102</b>	175
Under/(over) provision of tax in prior years	55	(48)	(43)	54
	<b>5,133</b>	8,911	<b>59</b>	229
Deferred tax (Note 28):				
- Relating to the origination and reversal of temporary differences	(7,495)	3,506	(2)	-
- Relating to changes in tax rates	-	(975)	-	-
- (Over)/under provision in prior year	(2)	982	22	-
	<b>(7,497)</b>	3,513	<b>20</b>	-
	<b>(2,364)</b>	12,424	<b>79</b>	229

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2009 has reflected these changes.

Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified 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

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, the subsidiaries no longer qualify for the above preferential tax rates.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to a subsidiary in Singapore was reduced from 18% in 2008 to 17% in 2009.

# notes to the financial statements

31 December 2009 (cont'd)

## 9. INCOME TAX (BENEFIT)/EXPENSE (CONT'D)

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

GROUP	2009 RM'000	2008 RM'000
(Loss)/profit before tax	<b>(3,686)</b>	60,268
Taxation at Malaysian statutory rate of 25% (2008: 26%)	<b>(921)</b>	15,670
Tax incentive obtained from differential tax rate of 20%	-	(94)
Changes in tax rates on opening deferred tax	-	(890)
Income not subject to tax	<b>(2,086)</b>	(3,508)
Effect of different tax rates in other countries	<b>(343)</b>	(261)
Expenses not deductible for tax purposes	<b>2,747</b>	1,311
Deferred tax recognised at different tax rates	-	(85)
Deferred tax recognised on unutilised reinvestment allowance and tax losses	<b>(3,827)</b>	-
Deferred tax not recognised at different tax rates	-	23
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	<b>(294)</b>	(175)
Utilisation of current year's reinvestment allowances	-	(515)
Deferred tax assets not recognised	<b>2,336</b>	28
Double deduction of expenses	<b>(10)</b>	(14)
Underprovision of deferred tax in prior year	<b>(2)</b>	982
Under/(over) provision of income tax in prior year	<b>55</b>	(48)
Others	<b>(19)</b>	-
Income tax (benefit)/expense for the year	<b>(2,364)</b>	12,424
Tax savings recognised during the year arising from:		
Utilisation of unutilised tax losses brought forward	<b>200</b>	183
Utilisation of unabsorbed capital allowances brought forward	<b>17</b>	2

COMPANY	2009 RM'000	2008 RM'000
Profit before tax	<b>367</b>	913
Taxation at Malaysian statutory rate of 25% (2008: 26%)	<b>92</b>	237
Income not subject to tax	<b>(59)</b>	(161)
Expenses not deductible for tax purposes	<b>67</b>	99
Underprovision of deferred tax in prior year	<b>22</b>	-
(Over)/under provision of income tax in prior year	<b>(43)</b>	54
Income tax expense for the year	<b>79</b>	229



# notes to the financial statements

31 December 2009 (cont'd)

## 10. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2009	2008
(Loss)/profit for the year attributable to equity holders of the Company (RM'000)	(720)	48,123
Weighted average number of ordinary shares in issue ('000)	434,771	434,816
Basic (loss)/earnings per share (sen)	(0.2)	11.1

### (b) Diluted

The Group has no potential ordinary shares in issue as at 31 December 2009 and 31 December 2008. Accordingly, diluted earnings per share is equal to basic earnings per share.

## 11. DIVIDENDS

	AMOUNT		NET DIVIDEND PER SHARE	
	2009	2008	2009	2008
	RM'000	RM'000	SEN	SEN

### In respect of the financial year ended 31 December 2008 as reported in the directors' report for that year:

Final dividend of 6% less 25% Malaysian Income Tax paid on 10 August 2009  
(2.25 sen net per share)

	9,782	-	2.25	-
	9,782	-	2.25	-

At the forthcoming Annual General Meeting, a final dividend of 6% 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 RM9.782 million in respect of the financial year ended 31 December 2009 (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 shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2010.

# notes to the financial statements

31 December 2009 (cont'd)

## 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
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### At 31 December 2009

#### Cost / Valuation

At 1 January 2009

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
	<b>282,130</b>	<b>18,832</b>	<b>478,196</b>	<b>16,450</b>	<b>197,403</b>	<b>52,597</b>	<b>1,045,608</b>
Additions	113	909	11,017	2,035	2,837	37,668	54,579
Disposals	-	(65)	(2,066)	(316)	-	-	(2,447)
Written off	(8)	(161)	(147)	-	-	-	(316)
Reclassifications	2,052	290	27,452	180	6,528	(36,502)	-
Exchange differences	117	16	6	12	-	-	151
<b>At 31 December 2009</b>	<b>284,404</b>	<b>19,821</b>	<b>514,458</b>	<b>18,361</b>	<b>206,768</b>	<b>53,763</b>	<b>1,097,575</b>
Representing:							
At cost	163,976	19,821	514,458	18,361	206,768	53,763	977,147
At valuation, 1980	33,135	-	-	-	-	-	33,135
At valuation, 1996	5,293	-	-	-	-	-	5,293
At valuation, 2005	82,000	-	-	-	-	-	82,000
	<b>284,404</b>	<b>19,821</b>	<b>514,458</b>	<b>18,361</b>	<b>206,768</b>	<b>53,763</b>	<b>1,097,575</b>

# notes to the financial statements

31 December 2009 (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
<b>Accumulated depreciation</b>							
At 1 January 2009							
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
	<b>66,623</b>	<b>13,590</b>	<b>270,033</b>	<b>10,061</b>	<b>105,111</b>	<b>-</b>	<b>465,418</b>
Depreciation charge for the year:							
At cost	5,453	1,531	11,912	633	11,046	-	30,575
At valuation, 1980	1,119	-	-	-	-	-	1,119
At valuation, 2005	918	-	-	-	-	-	918
Recognised in profit or loss (Note 6)	7,009	1,450	11,697	535	10,599	-	31,290
Capitalised in biological assets (Note 20)	481	81	215	98	447	-	1,322
Disposals	-	(47)	(922)	(263)	-	-	(1,232)
Written off	(8)	(159)	(147)	-	-	-	(314)
Exchange difference	15	6	5	12	-	-	38
At 31 December 2009	<b>74,120</b>	<b>14,921</b>	<b>280,881</b>	<b>10,443</b>	<b>116,157</b>	<b>-</b>	<b>496,522</b>
Representing:							
At cost	54,333	14,921	280,881	10,443	116,157	-	476,735
At valuation, 1980	15,656	-	-	-	-	-	15,656
At valuation, 2005	4,131	-	-	-	-	-	4,131
	<b>74,120</b>	<b>14,921</b>	<b>280,881</b>	<b>10,443</b>	<b>116,157</b>	<b>-</b>	<b>496,522</b>
<b>Net carrying amount</b>							
At cost	109,643	4,900	233,577	7,918	90,611	53,763	500,412
At valuation, 1980	17,479	-	-	-	-	-	17,479
At valuation, 1996	5,293	-	-	-	-	-	5,293
At valuation, 2005	77,869	-	-	-	-	-	77,869
At 31 December 2009	<b>210,284</b>	<b>4,900</b>	<b>233,577</b>	<b>7,918</b>	<b>90,611</b>	<b>53,763</b>	<b>601,053</b>

# notes to the financial statements

31 December 2009 (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
<b>At 31 December 2008</b>							
<b>Cost / Valuation</b>							
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
<b>At 31 December 2008</b>	<b>282,130</b>	<b>18,832</b>	<b>478,196</b>	<b>16,450</b>	<b>197,403</b>	<b>52,597</b>	<b>1,045,608</b>
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
<b>Accumulated depreciation</b>							
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 (Note 6)	6,412	1,201	10,409	455	10,514	-	28,991
Capitalised in biological assets (Note 20)	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
<b>At 31 December 2008</b>	<b>66,623</b>	<b>13,590</b>	<b>270,033</b>	<b>10,061</b>	<b>105,111</b>	<b>-</b>	<b>465,418</b>

# notes to the financial statements

31 December 2009 (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
<b>Accumulated depreciation (Cont'd)</b>							
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
<b>Net carrying amount</b>							
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

Details of land and buildings are as follow:

	FREEHOLD LAND RM'000	OFFICE LOTS RM'000	LEASEHOLD BUILDINGS RM'000	FACTORY BUILDINGS AND IMPROVEMENTS RM'000	TOTAL LAND AND BUILDINGS RM'000
<b>At 31 December 2009</b>					
<b>Cost / Valuation</b>					
At 1 January 2009					
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
Additions	-	-	66	47	113
Written off	-	-	-	(8)	(8)
Reclassifications	-	-	1,014	1,038	2,052
Exchange differences	84	-	-	33	117
At 31 December 2009	17,388	2,394	14,338	250,284	284,404

# notes to the financial statements

31 December 2009 (cont'd)

## 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	TOTAL LAND AND BUILDINGS RM'000
<b>Cost / Valuation (Cont'd)</b>					
Representing:					
At cost	11,410	2,394	14,338	135,834	163,976
At valuation, 1980	685	-	-	32,450	33,135
At valuation, 1996	5,293	-	-	-	5,293
At valuation, 2005	-	-	-	82,000	82,000
	<b>17,388</b>	<b>2,394</b>	<b>14,338</b>	<b>250,284</b>	<b>284,404</b>
<b>Accumulated depreciation</b>					
At 1 January 2009					
At cost	-	1,505	7,409	39,959	48,873
At valuation, 1980	-	-	-	14,537	14,537
At valuation, 2005	-	-	-	3,213	3,213
	-	<b>1,505</b>	<b>7,409</b>	<b>57,709</b>	<b>66,623</b>
Depreciation charge for the year:					
At cost	-	47	1,027	4,379	5,453
At valuation, 1980	-	-	-	1,119	1,119
At valuation, 2005	-	-	-	918	918
Recognised in profit or loss	-	47	546	6,416	7,009
Capitalised in biological assets	-	-	481	-	481
Written off	-	-	-	(8)	(8)
Exchange differences	-	-	-	15	15
At 31 December 2009	-	<b>1,552</b>	<b>8,436</b>	<b>64,132</b>	<b>74,120</b>
Representing:					
At cost	-	1,552	8,436	44,345	54,333
At valuation, 1980	-	-	-	15,656	15,656
At valuation, 2005	-	-	-	4,131	4,131
	-	<b>1,552</b>	<b>8,436</b>	<b>64,132</b>	<b>74,120</b>
<b>Net carrying amount</b>					
At cost	11,410	842	5,902	91,489	109,643
At valuation, 1980	685	-	-	16,794	17,479
At valuation, 1996	5,293	-	-	-	5,293
At valuation, 2005	-	-	-	77,869	77,869
At 31 December 2009	<b>17,388</b>	<b>842</b>	<b>5,902</b>	<b>186,152</b>	<b>210,284</b>

# notes to the financial statements

31 December 2009 (cont'd)

## 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	TOTAL LAND AND BUILDINGS RM'000
<b>At 31 December 2008</b>					
<b>Cost / Valuation</b>					
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
Reclassifications	-	-	-	6,649	6,649
Exchange differences	357	-	-	141	498
At 31 December 2008	17,304	2,394	13,258	249,174	282,130
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
<b>Accumulated depreciation</b>					
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 biological assets	-	-	324	-	324
Exchange differences	-	-	-	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
<b>Net carrying amount</b>					
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

# notes to the financial statements

31 December 2009 (cont'd)

## 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
<b>At 31 December 2009</b>						
<b>Cost</b>						
At 1 January 2009	891	1,167	627	291	718	3,694
Additions	-	-	8	-	-	8
Written off	-	-	(2)	-	-	(2)
At 31 December 2009	891	1,167	633	291	718	3,700
<b>Accumulated depreciation</b>						
At 1 January 2009	-	819	394	240	565	2,018
Depreciation charge for the year (Note 6)	-	15	36	6	42	99
Written off	-	-	(1)	-	-	(1)
At 31 December 2009	-	834	429	246	607	2,116
<b>Net carrying amount</b>						
At 31 December 2009	891	333	204	45	111	1,584
<b>At 31 December 2008</b>						
<b>Cost</b>						
At 1 January 2008	891	1,167	473	246	782	3,559
Additions	-	-	154	45	-	199
Disposals	-	-	-	-	(64)	(64)
At 31 December 2008	891	1,167	627	291	718	3,694
<b>Accumulated depreciation</b>						
At 1 January 2008	-	804	366	236	586	1,992
Depreciation charge for the year (Note 6)	-	15	28	4	43	90
Disposals	-	-	-	-	(64)	(64)
At 31 December 2008	-	819	394	240	565	2,018
<b>Net carrying amount</b>						
At 31 December 2008	891	348	233	51	153	1,676

- (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 RM39,423,000 (2008: RM41,073,000) in respect of the Group.



# notes to the financial statements

31 December 2009 (cont'd)

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

(b) Property, plant and equipment with carrying amount of RM350,271,000 (2008: RM327,091,000) have been pledged to licensed banks for credit facilities as stated in Note 27.

(c) Acquisition of property, plant and equipment during the financial year were by the following means:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash	50,542	82,954	8	199
Hire purchase arrangements	4,037	5,071	-	-
	<b>54,579</b>	88,025	<b>8</b>	199

Net carrying amount of property, plant and equipment held under hire purchase arrangements are as follows:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	31,964	55,409	111	153

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

## 13. INVESTMENT PROPERTIES

	GROUP	
	2009 RM'000	2008 RM'000
Freehold land, at cost	12,302	12,302
Freehold buildings, at depreciated cost	3,112	3,306
	<b>15,414</b>	15,608
Market value	<b>33,230</b>	33,230

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

	GROUP	
	2009 RM'000	2008 RM'000
<b>At Cost:</b>		
At 1 January / 31 December	7,735	7,735
<b>Accumulated Depreciation:</b>		
At 1 January	(4,429)	(4,232)
Depreciation charge during the year (Note 6)	(194)	(197)
At 31 December	<b>(4,623)</b>	(4,429)
<b>Net Carrying Amount</b>		
At 31 December	<b>3,112</b>	3,306

# notes to the financial statements

31 December 2009 (cont'd)

## 14. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2009 RM'000	2008 RM'000
At 1 January	96,678	58,836
Acquisition of subsidiaries (Note 15(b))	-	34,395
Additions	1,730	5,250
Compensation received from vendor	(4,679)	-
Amortisation (Note 6)	(1,699)	(1,699)
Capitalised in biological assets (Note 20)	(155)	(104)
At 31 December	91,875	96,678
Analysed as:		
Long term leasehold land	40,538	43,646
Short term leasehold land	51,337	53,032
	91,875	96,678

Leasehold land with an aggregate carrying value of RM53,235,000 (2008: RM54,628,000) are pledged as securities for bank borrowings as disclosed in Note 27.

## 15. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	366,665	366,565
Less: Accumulated impairment losses	(8,457)	(8,457)
	358,208	358,108

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	EFFECTIVE EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2009	2008	
<b>Incorporated in Malaysia (except as identified):</b>			
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	Manufacturing and sale of veneer, plywood and sawn timber
Central Mercantile Corporation (M) Sdn. Bhd.	100.00	100.00	Investment holding
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

# notes to the financial statements

31 December 2009 (cont'd)

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

NAME OF SUBSIDIARIES	EFFECTIVE EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2009	2008	
<b>Incorporated in Malaysia</b>			
<b>(except as identified):</b>			
Interglobal Empire Sdn. Bhd.	<b>100.00</b>	100.00	Extraction and sale of logs
Kuching Plywood Bhd.	<b>100.00</b>	100.00	Manufacturing and selling of plywood
Limpah Mewah Sdn. Bhd.	<b>100.00</b>	100.00	Extraction and sale of timber
Linshanhao Plywood (Sarawak) Sdn. Bhd.	<b>100.00</b>	100.00	Manufacture and sale of plywood
Loytape Industries Sdn. Bhd.	<b>100.00</b>	100.00	Manufacture and trading of adhesive tapes, gummed tapes and investment holding
Ninjas Development Sdn. Bhd.	<b>100.00</b>	100.00	Extraction and sale of logs
Piramid Intan Sdn. Bhd.	<b>100.00</b>	100.00	Extraction and sale of logs
Samanda Trading Sdn. Bhd.	<b>100.00</b>	100.00	Marketing of adhesive and gummed tapes and packaging related products
Sanitama Sdn. Bhd.	<b>100.00</b>	100.00	Extraction and sale of logs
Sarawak Moulding Industries Berhad	<b>100.00</b>	100.00	Manufacture, purchase and sale of sawn timber and logs
Song Logging Company Sendirian Berhad	<b>100.00</b>	100.00	Sawmilling, extraction and sale of timber
Sut Sawmill (3064) Sdn. Bhd.	<b>100.00</b>	100.00	Extraction and sale of logs
Towering Yield Sdn. Bhd.	<b>100.00</b>	100.00	Investment holding
Winning Plantation Sdn. Bhd.	<b>100.00</b>	100.00	Investment holding
Woodbanks Industries (M) Sdn. Bhd.	<b>100.00</b>	100.00	Processing and sale of sawn timber
W T K Heli-Logging Sdn. Bhd.	<b>100.00</b>	100.00	Logging contractor and operation of barge
Samanda Marketing & Sales Sdn. Bhd.	<b>99.60</b>	99.60	Trading of adhesive tapes
General Aluminium Works (M) Sdn. Bhd.	<b>87.15</b>	87.15	Conversion of aluminium foils into various foil products for sale
Biogrow City Plantations Sdn. Bhd.	<b>85.00</b>	85.00	Planting and management of oil palm plantation
Biofresh Produce Plantations Sdn. Bhd.	<b>80.00</b>	85.00	Planting and management of oil palm plantation
Positive Deal Sdn. Bhd.	<b>65.00</b>	65.00	Planting and management of oil palm plantations
Zapstat Sdn. Bhd.	<b>61.00</b>	61.00	General and commission agent
GAW Marketing Sdn. Bhd.	<b>87.15</b>	87.15	Ceased operations
General Gomma (M) Sdn. Bhd.	<b>69.64</b>	69.64	Ceased operations
QPA Sdn. Bhd.	<b>55.56</b>	55.56	Ceased operations
Biofield Plantations Sdn. Bhd.	<b>100.00</b>	100.00	Dormant
Biogreen Success Sdn. Bhd.	<b>100.00</b>	100.00	Dormant
Bioworld Synergies Sdn. Bhd.	<b>100.00</b>	100.00	Dormant
Flexitronics Packaging Corporation Sdn. Bhd.	<b>100.00</b>	100.00	Dormant
Samanda Equities Sdn. Bhd.	<b>100.00</b>	100.00	Dormant
Samanda Marketing Corporation Sdn. Bhd.	<b>100.00</b>	100.00	Dormant
Splendid Trend Sdn. Bhd.	<b>100.00</b>	100.00	Dormant
WTK-YINK Heli Harvesting Sdn. Bhd.	<b>100.00</b>	100.00	Dormant

\* Audited by firms other than Ernst and Young

# notes to the financial statements

31 December 2009 (cont'd)

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

### (a) Additional investment in the subsidiaries during the financial year

- (i) On 15 January 2009, the Company subscribed for 99,998 new ordinary shares of RM1.00 each issued by its subsidiary, Towering Yield Sdn. Bhd. for a total consideration of RM99,998. The subscription has no significant effect on the financial position and the performance of the Group.
- (ii) On 31 December 2009, the Company through its wholly-owned subsidiary, Biogrow City Sdn. Bhd., subscribed for 2,550,000 new ordinary shares of RM1.00 each issued by its subsidiary, Biogrow City Plantations Sdn. Bhd. for a total consideration of RM3,150,000. The subscription has no significant effect on the financial position and the performance of the Group.

### (b) Acquisitions in the previous financial year

- (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, Pyramid 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:

2008	ACQUISITION				TOTAL RM'000
	OF (i) RM'000	OF (ii) RM'000	OF (iii) RM'000	OF (iv) 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.

# notes to the financial statements

31 December 2009 (cont'd)

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

### (b) Acquisitions in the previous financial year (Cont'd)

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	

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 land 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	

# notes to the financial statements

31 December 2009 (cont'd)

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

### (b) Acquisitions in previous financial year (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 land 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

# notes to the financial statements

31 December 2009 (cont'd)

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

### (c) Disposal of a subsidiary in previous financial year

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

Cash flow arising on disposal:

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

# Value less than RM1,000.

## 16. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	1,729	1,729	1,729	1,729
Share of post acquisition reserves	6,967	7,402	-	-
	8,696	9,131	1,729	1,729
Represented by:				
Share of net assets	8,364	8,799		
Goodwill on acquisition	332	332		
	8,696	9,131		

# notes to the financial statements

31 December 2009 (cont'd)

## 16. INVESTMENT IN AN ASSOCIATE (CONT'D)

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

	GROUP	
	2009 RM'000	2008 RM'000
<b>Results</b>		
Share of operating (loss)/profits	(381)	460
Income tax benefit/(expense)	25	(105)
	<b>(356)</b>	355
Deferred tax liability recognised in equity	15	-
Dividends paid	(94)	(126)
	<b>(435)</b>	229
Retained profits at beginning of the year	7,402	7,173
Retained profits at end of year	<b>6,967</b>	7,402

Details of the associate is as follows:

NAME OF ASSOCIATE	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2009	2008	
<b>Incorporated in Malaysia</b>			
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:

	2009 RM'000	2008 RM'000
<b>Assets and liabilities</b>		
Current assets	23,656	27,589
Non-current assets	6,299	2,994
Total assets	<b>29,955</b>	30,583
Current liabilities	(1,547)	(669)
Non-current liabilities	(415)	(465)
Total liabilities	<b>(1,962)</b>	(1,134)
<b>Results</b>		
Revenue	22,772	31,838
(Loss)/profit for the year	<b>(1,191)</b>	1,189



# notes to the financial statements

31 December 2009 (cont'd)

## 17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	GROUP	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	2,226	2,226
Share of post acquisition reserves	815	987
	<b>3,041</b>	3,213
Represented by:		
Share of net tangible assets	2,955	3,127
Goodwill on acquisition	86	86
	<b>3,041</b>	3,213

Details of the jointly controlled entity is as follows:

NAME OF JOINTLY CONTROLLED ENTITY	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2009	2008	
<b>Incorporated in Malaysia</b>			
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:

	2009 RM'000	2008 RM'000
<b>Assets and liabilities</b>		
Current assets	1,520	1,506
Non-current assets	1,871	2,006
Total assets	<b>3,391</b>	3,512
Current liabilities	(435)	(374)
Non-current liabilities	(1)	(11)
Total liabilities	<b>(436)</b>	(385)
<b>Results</b>		
Revenue	3,434	2,522
Expenses, including finance costs and taxation	<b>(3,356)</b>	(2,611)

# notes to the financial statements

31 December 2009 (cont'd)

## 18. OTHER INVESTMENTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	<b>14,637</b>	14,637	-	-
Less : Accumulated impairment losses	<b>(12,986)</b>	(11,535)	-	-
	<b>1,651</b>	3,102	-	-
Quoted shares, at cost	<b>5,621</b>	5,237	<b>4,668</b>	4,336
Less : Accumulated impairment losses	<b>(1,103)</b>	(1,103)	<b>(258)</b>	(258)
Exchange reserves	<b>(27)</b>	24	-	-
	<b>4,491</b>	4,158	<b>4,410</b>	4,078
	<b>6,142</b>	7,260	<b>4,410</b>	4,078
Market value of quoted shares	<b>4,366</b>	2,671	<b>4,300</b>	2,595

## 19. INTANGIBLE ASSETS

	GOODWILL RM'000	TIMBER RIGHTS RM'000	TOTAL RM'000
<b>Group</b>			
<b>Cost</b>			
At 1 January 2008	33,950	64,506	98,456
Acquisition of a subsidiary (Note 15(b)(ii))	-	32,906	32,906
Addition	-	3,151	3,151
Disposal (Note 15(c))	(3)	-	(3)
At 31 December 2008	33,947	100,563	134,510
Addition	-	<b>3,057</b>	<b>3,057</b>
At 31 December 2009	<b>33,947</b>	<b>103,620</b>	<b>137,567</b>
<b>Accumulated impairment and amortisation</b>			
At 1 January 2008	5,725	24,164	29,889
Amortisation (Note 6)	-	3,960	3,960
At 31 December 2008	5,725	28,124	33,849
Amortisation (Note 6)	-	<b>3,960</b>	<b>3,960</b>
At 31 December 2009	<b>5,725</b>	<b>32,084</b>	<b>37,809</b>
<b>Net carrying amount</b>			
At 31 December 2009	<b>28,222</b>	<b>71,536</b>	<b>99,758</b>
At 31 December 2008	28,222	72,439	100,661

### (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 2009, as the recoverable amounts were in excess of the carrying amounts of the goodwill.

# notes to the financial statements

31 December 2009 (cont'd)

## 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
<b>At 31 December 2009</b>			
Timber division	24,598	71,536	96,134
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<b>28,222</b>	<b>71,536</b>	<b>99,758</b>
<b>At 31 December 2008</b>			
Timber division	24,598	72,439	97,037
Trading division	3,616	-	3,616
Manufacturing division	8	-	8
	<b>28,222</b>	<b>72,439</b>	<b>100,661</b>

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 cash flow 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.

# notes to the financial statements

31 December 2009 (cont'd)

## 20. BIOLOGICAL ASSETS

	GROUP	
	2009 RM'000	2008 RM'000
At 1 January	55,689	27,723
Cost incurred during the year	37,912	27,966
At 31 December	93,601	55,689

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

	GROUP	
	2009 RM'000	2008 RM'000
Amortisation of prepaid lease payments (Note 14)	155	104
Hire purchase interest expense	189	224
Depreciation of property, plant and equipment (Note 12)	1,322	1,062
Interest expense	1,638	976

## 21. INVENTORIES

	GROUP	
	2009 RM'000	2008 RM'000
<b>At Cost</b>		
Finished goods	186,886	168,221
Work-in-progress	16,827	17,809
Raw materials	15,069	38,238
Consumable inventories	16,614	19,169
Materials in transit	838	582
Completed properties	1,251	1,251
	237,485	245,270

# notes to the financial statements

31 December 2009 (cont'd)

## 22. RECEIVABLES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	<b>116,348</b>	137,050	-	-
Less: Allowance for doubtful debts	<b>(1,271)</b>	(1,333)	-	-
	<b>115,077</b>	135,717	-	-
Other receivables:				
- Sundry receivables	<b>41,733</b>	36,549	<b>486</b>	490
- Deposits and prepayments	<b>12,430</b>	11,809	<b>519</b>	552
Less: Allowance for doubtful debts	<b>(8,634)</b>	(8,634)	<b>(454)</b>	(454)
	<b>45,529</b>	39,724	<b>551</b>	588
Due from subsidiaries	-	-	<b>146,088</b>	155,970
Due from a jointly controlled entity	<b>201</b>	137	-	-
	<b>201</b>	137	<b>146,088</b>	155,970
	<b>160,807</b>	175,578	<b>146,639</b>	156,558

The Group's normal trade credit terms ranges from 30 to 90 days (2008: 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash on hand and at bank	<b>164,552</b>	198,457	<b>1,064</b>	841
Short term deposits with licensed financial institutions	<b>15,129</b>	14,626	<b>3,735</b>	4,649
	<b>179,681</b>	213,083	<b>4,799</b>	5,490

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and cash equivalents	<b>179,681</b>	213,083	<b>4,799</b>	5,490
Less: Bank overdrafts (Note 27)	<b>(18,615)</b>	(2,784)	-	-
	<b>161,066</b>	210,299	<b>4,799</b>	5,490

# notes to the financial statements

31 December 2009 (cont'd)

## 23. CASH AND CASH EQUIVALENTS (CONT'D)

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

	GROUP		COMPANY	
	2009 %	2008 %	2009 %	2008 %
Licensed financial institutions	<b>0.72</b>	1.68	<b>1.86</b>	3.22

## 24. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

### (A) Share capital

	NUMBER OF ORDINARY SHARES		AMOUNT	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
<b>Authorised:</b>				
At 1 January / 31 December	<b>2,000,000</b>	2,000,000	<b>1,000,000</b>	1,000,000
<b>Issued and fully paid:</b>				
<b>Ordinary shares of RM0.50 each</b>				
At 1 January / 31 December	<b>438,014</b>	438,014	<b>219,007</b>	219,007

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	
	2009 RM'000	2008 RM'000
At 1 January / 31 December	<b>45,708</b>	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 26 June 2009, the Company obtained a renewal of mandate to purchase its own shares on Bursa Malaysia Securities Berhad.

During the financial year, the Company repurchased a total of 20,000 of its issued ordinary shares of RM0.50 each from the open market for a total cost of RM18,737. The repurchases were financed by the Company's internal funds. The shares repurchased are being held as treasury share in accordance with Section 67A of the Companies Act, 1965.

# notes to the financial statements

31 December 2009 (cont'd)

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

### (C) Treasury Shares (Cont'd)

As at 31 December 2009, the Company held a total of 3,251,000 treasury shares at a carrying amount of RM7,478,958.

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 2009 were as follows:

	NUMBER OF ORDINARY SHARES	PURCHASE PRICE PER SHARE		AVERAGE PRICE PER SHARE RM	TOTAL COST RM
		LOWEST RM	HIGHEST RM		
<b>Treasury shares</b>					
Balance as at 1 January 2009					
(Net of shares re-sold at RM0.50 each)	<b>3,231,000</b>				<b>7,460,221</b>
Shares bought back during the year:					
<u>Months</u>					
March	<b>10,000</b>	<b>0.72</b>	<b>0.72</b>	<b>0.72</b>	<b>7,253</b>
September	<b>10,000</b>	<b>1.14</b>	<b>1.14</b>	<b>1.14</b>	<b>11,484</b>
Balance as at 31 December 2009					
(Net of shares re-sold at RM0.50 each)	<b>3,251,000</b>				<b>7,478,958</b>

Of the total 438,013,388 issued and fully paid ordinary shares as at 31 December 2009, 3,251,000 shares are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issued after set-off is therefore 434,762,388.

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

## 25. OTHER RESERVES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Foreign exchange	<b>1,201</b>	947	-	-
Capital reserve	-	-	<b>400</b>	400
	<b>1,201</b>	947	<b>400</b>	400

The movement in foreign exchange reserve was as follows:

### Foreign exchange reserve

At 1 January	<b>947</b>	(21)	-	-
Arising in the year	<b>254</b>	968	-	-
At 31 December	<b>1,201</b>	947	-	-

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.

# notes to the financial statements

31 December 2009 (cont'd)

## 26. RETAINED PROFITS

As at balance sheet date, the Company has tax exempt profits available for distribution of approximately RM32,920,000 (2008: RM32,920,000), 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 2009, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained profits.

## 27. BORROWINGS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Short Term Borrowings</b>				
<b>Secured:</b>				
Bank overdrafts (Note 23)	15,649	2,784	-	-
Term loans	6,100	5,331	-	-
Trade financing facilities	79,728	100,081	-	-
Hire purchase payables (Note 31)	9,237	12,384	20	58
	<b>110,714</b>	<b>120,580</b>	<b>20</b>	<b>58</b>
<b>Unsecured:</b>				
Bank overdrafts (Note 23)	2,966	-	-	-
Trade financing facilities	139,358	133,943	-	-
	<b>253,038</b>	<b>254,523</b>	<b>20</b>	<b>58</b>
<b>Long Term Borrowings</b>				
<b>Secured:</b>				
Term loans	47,343	27,410	-	-
Hire purchase payables (Note 31)	4,181	7,424	-	20
	<b>51,524</b>	<b>34,834</b>	<b>-</b>	<b>20</b>
Amount owing to an associated investor of a subsidiary	376	376	-	-
	<b>51,900</b>	<b>35,210</b>	<b>-</b>	<b>20</b>
<b>Total Borrowings</b>				
Bank overdrafts	18,615	2,784	-	-
Term loans	53,443	32,741	-	-
Trade financing facilities	219,086	234,024	-	-
Hire purchase payables	13,418	19,808	20	78
Amount owing to an associated investor of a subsidiary	376	376	-	-
	<b>304,938</b>	<b>289,733</b>	<b>20</b>	<b>78</b>



# notes to the financial statements

31 December 2009 (cont'd)

## 27. BORROWINGS (CONT'D)

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Maturity of borrowings:</b>				
Within 1 year	<b>253,038</b>	254,523	<b>20</b>	58
More than 1 year and less than 2 years	<b>8,765</b>	10,558	-	20
More than 2 years and less than 5 years	<b>6,373</b>	4,821	-	-
More than 5 years	<b>36,762</b>	19,831	-	-
	<b>304,938</b>	289,733	<b>20</b>	78

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

	GROUP	
	2009 %	2008 %
Bank overdrafts	<b>6.33</b>	6.05
Term loans	<b>5.47</b>	5.75
Trade financing facilities	<b>3.98</b>	4.38

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 land 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	<b>68,541</b>	65,025	<b>23</b>	23
Recognised in the income statements (Note 9)	<b>(7,497)</b>	3,513	<b>20</b>	-
Exchange difference	<b>1</b>	3	-	-
At 31 December	<b>61,045</b>	68,541	<b>43</b>	23
Presented after appropriate offsetting as follows:				
Deferred tax assets	<b>(27,672)</b>	(14,472)	-	-
Deferred tax liabilities	<b>88,717</b>	83,013	<b>43</b>	23
	<b>61,045</b>	68,541	<b>43</b>	23

# notes to the financial statements

31 December 2009 (cont'd)

## 28. DEFERRED TAXATION (CONT'D)

The components and movements of deferred tax liabilities/(assets) 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	TOTAL RM'000
At 1 January 2009	68,597	6,170	8,246	83,013
Recognised in the income statements	1,864	-	3,839	5,703
Exchange differences	1	-	-	1
At 31 December 2009	70,462	6,170	12,085	88,717
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

### Deferred tax assets of the Group:

	AT 1 JANUARY RM'000	RECOGNISED IN THE INCOME STATEMENTS RM'000	AT 31 DECEMBER RM'000
<b>2009</b>			
Retirement benefit obligations	(550)	33	(517)
Unabsorbed capital allowances and tax losses	(13,761)	(13,061)	(26,822)
Allowance for doubtful debts	(140)	-	(140)
Others	(21)	(172)	(193)
	(14,472)	(13,200)	(27,672)
<b>2008</b>			
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)

# notes to the financial statements

31 December 2009 (cont'd)

## 28. DEFERRED TAXATION (CONT'D)

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

	GROUP	
	2009 RM'000	2008 RM'000
Unutilised tax losses	9,423	10,600
Unabsorbed capital allowances	4,413	3,468
Unabsorbed reinvestment allowances	17,492	9,109
Others	4,571	4,555
	<b>35,899</b>	<b>27,732</b>
Deferred tax assets at 25%	<b>8,975</b>	<b>6,933</b>

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

One of the subsidiaries of the Company 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	
	2009 RM'000	2008 RM'000
Present value of unfunded defined benefit obligations	<b>2,070</b>	2,200
<b>Analysed as:</b>		
Current		
Within 1 year (Note 30)	<b>73</b>	170
Non-current:		
Later than 1 year but not later than 2 years	<b>327</b>	73
Later than 2 years but not later than 5 years	<b>223</b>	511
Later than 5 years	<b>1,447</b>	1,446
	<b>1,997</b>	2,030
	<b>2,070</b>	2,200

The amounts recognised in the income statement are as follows:

Current service cost	<b>111</b>	139
Interest cost	<b>127</b>	108
Total, included in employee benefits expenses (Note 7)	<b>238</b>	247

# notes to the financial statements

31 December 2009 (cont'd)

## 29. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	GROUP	
	2009 RM'000	2008 RM'000
At 1 January	2,200	2,371
Current year provision (Note 7)	238	247
	<b>2,438</b>	2,618
Paid during the year	(368)	(418)
At 31 December	<b>2,070</b>	2,200

	GROUP	
	2009 %	2008 %
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

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	41,642	49,249	-	-
Other payables:				
- Accruals	5,547	6,291	237	241
- Sundry payables	19,458	11,046	1,858	2,398
	<b>25,005</b>	17,337	<b>2,095</b>	2,639
Due to directors	208	278	-	-
Due to subsidiaries	-	-	80,900	80,986
Provision for other liabilities	151	150	-	-
Retirement benefit obligations (Note 29)	73	170	-	-
	<b>432</b>	598	<b>80,900</b>	80,986
	<b>67,079</b>	67,184	<b>82,995</b>	83,625

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

# notes to the financial statements

31 December 2009 (cont'd)

## 31. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Future minimum lease payments:</b>				
Not later than 1 year	<b>10,072</b>	13,720	<b>20</b>	60
Later than 1 year and not later than 2 years	<b>4,026</b>	6,818	-	20
Later than 2 years and not later than 5 years	<b>546</b>	1,271	-	-
	<b>14,644</b>	21,809	<b>20</b>	80
Less: Future finance charges	<b>(1,226)</b>	(2,001)	-	(2)
Present value of finance lease liabilities	<b>13,418</b>	19,808	<b>20</b>	78
<b>Present value of finance lease liabilities:</b>				
Not later than 1 year	<b>9,237</b>	12,384	<b>20</b>	58
Later than 1 year and not later than 2 years	<b>3,680</b>	6,260	-	20
Later than 2 years and not later than 5 years	<b>501</b>	1,164	-	-
	<b>13,418</b>	19,808	<b>20</b>	78
<b>Analysed as:</b>				
Due within 12 months (Note 27)	<b>9,237</b>	12,384	<b>20</b>	58
Due after 12 months (Note 27)	<b>4,181</b>	7,424	-	20
	<b>13,418</b>	19,808	<b>20</b>	78

The weighted average interest rate as at the balance sheet date are 3.54% (2008: 3.35%) per annum.

# notes to the financial statements

31 December 2009 (cont'd)

## 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	
	2009 RM'000	2008 RM'000
<b>Management fees income from subsidiaries:</b>		
Loytape Industries Sdn. Bhd.	313	301
General Aluminium Works (M) Sdn. Bhd.	792	960
Dusun Nyiur Sdn. Bhd.	540	540
Samanda Trading Sdn. Bhd.	420	420
Immense Fleet Sdn. Bhd.	216	117
	<hr/>	<hr/>
<b>Rental income from subsidiaries:</b>		
General Aluminium Works (M) Sdn. Bhd.	-	11
	<hr/>	<hr/>
<b>Gross dividends from:</b>		
- Associate		
Central Elastic Corporation Sdn. Bhd.	126	126
	<hr/>	<hr/>

Information regarding outstanding balances arising from related party transactions as at 31 December 2009 are disclosed in Note 22 and Note 30.

# notes to the financial statements

31 December 2009 (cont'd)

## 32. RELATED PARTY DISCLOSURES (CONT'D)

### (B) Transactions with other related parties

	NOTE	GROUP			
		2009 RM'000	AMOUNT RECEIVABLE AS AT 31.12.09 RM'000	2008 RM'000	AMOUNT RECEIVABLE AS AT 31.12.08 RM'000
Sawn timber sales:					
W T K Trading Sdn. Bhd.	a	245	161	588	-
Purchase of logs:					
Harbour-View Realty Sdn. Bhd.	b	5,067	6,251	8,481	3,459
Protection Gloves Sdn. Bhd.	c	4,894	3,877	6,326	2,216
Hung Ling Sawmill Sdn. Bhd.	d	574	-	4,219	1,014
Faedah Mulia Sdn. Bhd.	e	16,191	291	15,377	2,401
Sabal Sawmill Sdn. Bhd.	f	1,248	1,000	1,346	326
Harvard Rank Sdn. Bhd.	g	14,324	3,821	28,015	240
Lee Ling Enterprise Sdn. Bhd.	h	2,010	522	5,087	1,098
Trumac Industries Sdn. Bhd.	i	-	-	4,337	3,049
Common Elite Venture Sdn. Bhd.	j	2,512	376	3,645	472
Sunrise Megaway Sdn. Bhd.	k	27,246	2,123	31,927	963
WTK Reforestation Sdn. Bhd.	l	377	1,855	1,529	1,173
W T K Realty Sdn. Bhd.	m	900	-	-	-
		<b>75,343</b>	<b>20,116</b>	110,289	16,411
Literage and freight:					
W T K Realty Sdn. Bhd.	m	4,949	-	6,555	3,602
Ocarina Development Sdn. Bhd.	n	1,442	-	2,314	253
Syarikat Kalulong Sdn. Bhd.	o	456	19	650	62
Master Ace Territory Sdn. Bhd.	p	1,202	-	1,435	-
		<b>8,049</b>	<b>19</b>	10,954	3,917
Purchase of spare parts:					
W T K Enterprises Sdn. Bhd.	q	6,648	3,549	9,628	3,401
Purchase of frozen food:					
Sing Chew Coldstorage Sdn. Bhd.	r	1,454	-	1,645	146
Purchase of hardware and lubricants:					
W T K Trading Sdn. Bhd.	a	21,094	-	27,115	1,329

# notes to the financial statements

31 December 2009 (cont'd)

## 32. RELATED PARTY DISCLOSURES (CONT'D)

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

	NOTE	GROUP			
		2009 RM'000	AMOUNT RECEIVABLE AS AT 31.12.09 RM'000	2008 RM'000	AMOUNT RECEIVABLE AS AT 31.12.08 RM'000
Contract fees paid in relation to logging operations:					
Harbour-View Realty Sdn. Bhd.	b	4,668	-	-	-
Hung Ling Sawmill Sdn. Bhd.	d	1,584	2,887	-	-
Faedah Mulia Sdn. Bhd.	e	-	-	501	-
W T K Realty Sdn. Bhd.	m	4,702	4,905	1,308	-
Beststart (M) Sdn. Bhd.	s	-	-	3,944	14
Systematic Logging Sdn. Bhd.	t	-	-	2,587	33
United Agencies Sdn. Bhd.	u	3,380	-	5,342	-
Ann Yun Logistics Sdn. Bhd.	v	3,240	-	3,140	-
W T K Realty Builder Sdn. Bhd.	w	151	-	-	-
		<b>17,725</b>	<b>7,792</b>	16,822	47

#### (a) 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..

#### (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) 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..

#### (d) 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..

#### (e) Faedah Mulia Sdn. Bhd.

The directors and/or major shareholders of the Company, namely Datuk Wong Kie Yik, Datuk Wong Kie Nai and Wong Kie Chie are directors and/or major shareholders of Faedah Mulia Sdn. Bhd., whilst a family member is also a director of Faedah Mulia Sdn. Bhd.



## 32. RELATED PARTY DISCLOSURES (CONT'D)

### (B) Transactions with other related parties (cont'd)

#### (f) 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..

#### (g) 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..

#### (h) 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..

#### (i) 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..

#### (j) 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..

#### (k) Sunrise Megaway Sdn. Bhd.

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

#### (l) 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 WTK Reforestation Sdn. Bhd. ("WTK Reforestation"), whilst WTK 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..

#### (m) 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..

# notes to the financial statements

31 December 2009 (cont'd)

## 32. RELATED PARTY DISCLOSURES (CONT'D)

### (B) Transactions with other related parties (cont'd)

#### (n) 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..

#### (o) 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 and Patrick Wong Haw Yeong 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..

#### (p) 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..

#### (q) 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..

#### (r) 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..

#### (s) 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..

#### (t) 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..

#### (u) 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..

# notes to the financial statements

31 December 2009 (cont'd)

## 32. RELATED PARTY DISCLOSURES (CONT'D)

### (B) Transactions with other related parties (cont'd)

#### (v) 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..

#### (w) W T K Realty Builder Sdn. Bhd.

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

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

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term employee benefits	<b>10,109</b>	9,507	<b>1,777</b>	1,706
Post-employment benefits:				
- Defined contribution plan	<b>979</b>	919	<b>204</b>	189
	<b>11,088</b>	10,426	<b>1,981</b>	1,895

Included in the total key management personnel are:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors' remuneration (Note 8)	<b>2,888</b>	2,843	<b>718</b>	749

# notes to the financial statements

31 December 2009 (cont'd)

## 33. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000

### Secured

Guarantees to banks and financial institutions on behalf of subsidiaries	-	-	148,820	127,747
Guarantees to third parties on behalf of other companies	2,671	2,043	-	-

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.

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000

### Unsecured

Guarantees to banks and financial institutions on behalf of subsidiaries	-	-	142,324	141,802
Potential tax liabilities:				
- Tax penalties	399	-	-	-
- Additional tax in respect of prior years	887	-	-	-
	1,286	-	142,324	141,802

During the year, a subsidiary namely General Aluminium Works (M) Sdn. Bhd. was subjected to tax audit by the Inland Revenue Board ("IRB"). The IRB reassessed the tax computations for the years of assessment 2004 to 2006 and had proposed preliminary adjustments totalling RM6.9 million, resulting in potential tax liabilities of RM1.286 million.

The subsidiary disagreed with the audit findings of the IRB and is currently appealing against the additional tax and penalties payable. At the date of the financial statements, the outcome of the appeal is still pending.

Adjustments will only be made in the financial statement when the outcome of the tax audit is more certain.

## 34. CAPITAL COMMITMENTS

	GROUP	
	2009 RM'000	2008 RM'000

### Approved but not contracted and provided for:

Property, plant and equipment	1,000	486
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# notes to the financial statements

31 December 2009 (cont'd)

## 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 2009. 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.

### (c) Foreign exchange risk

The Group transacts internationally and is exposed to various currencies, mainly United States Dollar, Hong Kong Dollar, Pound Sterling, Singapore Dollar, Swedish Francs, Australian Dollar 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	CASH AND CASH EQUIVALENTS RM'000	TOTAL TRADE RECEIVABLES AND CASH AND CASH EQUIVALENTS RM'000	TOTAL TRADE PAYABLES RM'000
<b>At 31 December 2009:</b>				
United States Dollar	3,651	4,976	8,627	(261)
Hong Kong Dollar	260	-	260	-
Pound Sterling	-	-	-	(62)
Singapore Dollar	-	-	-	(60)
Swedish Francs	-	-	-	(14)
Australian Dollar	33	-	33	-
	<b>3,944</b>	<b>4,976</b>	<b>8,920</b>	<b>(397)</b>
<b>At 31 December 2008:</b>				
United States Dollar	4,031	3,357	7,388	(177)
Hong Kong Dollar	325	-	325	-
Pound Sterling	-	-	-	(2)
Singapore Dollar	21	-	21	(90)
Swedish Francs	-	-	-	(4)
New Zealand Dollar	78	-	78	-
	<b>4,455</b>	<b>3,357</b>	<b>7,812</b>	<b>(273)</b>

# notes to the financial statements

31 December 2009 (cont'd)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (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.

### (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.

# notes to the financial statements

31 December 2009 (cont'd)

## 36. SEGMENT INFORMATION (CONT'D)

	TIMBER		TRADING		MANUFACTURING		INVESTMENT HOLDINGS AND OTHERS		ELIMINATIONS		CONSOLIDATED	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>REVENUE AND EXPENSES</b>												
Revenue												
External sales	440,009	677,971	44,054	53,426	67,657	77,727	2,840	3,106	-	-	554,560	812,230
Inter-segment sales	128,420	173,231	19	57	16,271	19,475	2,407	2,468	147,117	195,231	-	-
Total revenue	568,429	851,202	44,073	53,483	83,928	97,202	5,247	5,574	147,117	195,231	554,560	812,230
Results												
(Loss)/profit from operations	(3,076)	55,878	4,971	5,511	(3,204)	(880)	(63)	523	-	-	(1,372)	61,032
Other income/(expenses)	7,397	9,672	310	(571)	141	890	425	464	-	-	8,273	10,455
Finance cost	(7,971)	(8,449)	(161)	(153)	(2,175)	(2,878)	(2)	(5)	-	-	(10,309)	(11,485)
Share of (loss)/profit of an associate	-	-	-	-	-	-	(356)	355	-	-	(356)	355
Share of profit/(loss) of a jointly controlled entity	-	-	-	-	78	(89)	-	-	-	-	78	(89)
(Loss)/profit before tax	(3,650)	57,101	5,120	4,787	(5,160)	(2,957)	4	1,337	-	-	(3,686)	60,268
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	-	-	2,364	(12,424)
(Loss)/profit for the year	-	-	-	-	-	-	-	-	-	-	(1,322)	47,844
<b>ASSETS AND LIABILITIES</b>												
Segment assets	1,319,445	1,297,204	33,371	32,256	103,788	128,228	29,075	32,192	-	-	1,485,679	1,489,880
Investment in equity method of an associate	-	-	-	-	-	-	8,696	9,131	-	-	8,696	9,131
Investment in equity method of a jointly controlled entity	-	-	-	-	3,041	3,213	-	-	-	-	3,041	3,213
Unallocated corporate assets	35,800	23,913	301	-	4,423	3,603	119	47	-	-	40,643	27,563
Consolidated total assets	1,355,045	1,321,117	33,672	32,256	108,211	131,831	30,615	32,239	-	-	1,538,059	1,529,787
Segment liabilities	57,510	56,485	2,998	3,347	9,574	10,579	2,630	3,150	-	-	72,712	73,561
Unallocated corporate liabilities	339,190	299,369	3,528	4,155	51,698	71,319	89	137	-	-	394,505	374,980
Consolidated total liabilities	396,700	355,854	6,526	7,502	61,272	81,898	2,719	447	-	-	467,217	448,541
<b>OTHER INFORMATION</b>												
Capital expenditure	53,670	85,556	15	419	873	1,859	21	191	-	-	54,579	88,025
Depreciation of property, plant equipment	26,878	24,784	401	461	3,869	3,591	142	155	-	-	31,290	28,991
Depreciation of investment properties	-	-	-	-	-	-	194	197	-	-	194	197
Amortisation	5,648	5,648	-	-	11	11	-	-	-	-	5,659	5,659
Impairment loss	-	-	-	784	1,451	-	-	-	-	-	1,451	784



# list of properties

held by W T K Holdings Berhad and subsidiaries as at 31 December 2009

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	25 years	1,375
Lot 682 Mukim 1 Prai Industrial Estate Province Wellesley	2 acres	Leasehold (Expires in 2069)	Land with factory	31 July 1980	38 years } } }	1,044
Lot 2806 Mukim 1 Prai Industrial Estate Province Wellesley	1 acre	Leasehold (Expires in 2072)	Land with factory	31 July 1980	38 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	37 years	
Lot 11644* Durian Sebatang District of Hilir Perak Perak Darul Ridzuan	2 acres	Leasehold (Expires in 2010)	Agriculture land with building	31 March 1981	28 years	21
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	33 years	13,890
Level 2 & 3 Wisma Central Lot 150, Section 58 Jalan Ampang 50450 Kuala Lumpur	108,597 sq. ft.	Freehold	Car parks	23 November 1993	29 years	8,121

## list of properties

held by W T K Holdings Berhad and subsidiaries as at 31 December 2009 (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	14 years	164
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	26 years	3,608
No. 88* Tagore Lane Industrial Estate	7,685 sq. ft.	Freehold	Land with warehouse	20 July 2007	26 years	5,391
Lot 5415 & Lot 5428 KTLD Kuching	2.4361 hectares	Leasehold (Expires in 2040)	Plywood factory, office, labour quarters and warehouse	31 December 1995	23 years	12,625
Engkilo Land District Sibulots 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	19 years	17,522
Telok Engkalat Sibulot 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	16 years	14,778
Ensurai & Empawah Sibulot 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	19 years 19 years 14 years 14½ years	18,194

## list of properties

held by W T K Holdings Berhad and subsidiaries as at 31 December 2009 (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	19 years 15 years 15 years	42,636
Lot 818	0.5285 hectares	Leasehold (Expires in 2065)	Log pond	30 August 2005	4 years	201
Lot 3*** Suad Land District Kapit	8.0087 hectares	Leasehold (Expired in 2008)	Sawmill & log pond New factory extension New factory	2 September 1996	36 years 8 years 3 years	1,081 860 766
Lot 127 & 128 Katibas Land District Kapit	7.3935 hectares	Leasehold (Expires in 2021)	Log pond	2 September 1996	-	172
Lot 3*** Oyan Land District Kapit	1.8939 hectares	Leasehold (Expired in 2000)	Log pond	2 September 1996	-	21
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	29 years	74
Lot 837* Kemena Land District Bintulu	3,400 sq. ft.	Leasehold (Expires in 2044)	2-storey corner terrace house	2 September 1996	24 years	108
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	- - -	516
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	5 years	336
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	27 years	122,712

## list of properties

held by W T K Holdings Berhad and subsidiaries as at 31 December 2009 (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	-	7,346
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	-	5,280
Dulit Land District Lapok, Miri Lot 11*	6,071 hectares	Leasehold  (Expires in 2068)	Oil palm plantations	5 May 2008	-	23,807

\* 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 of shareholdings

as at 12 May 2010

Authorised Capital	:	RM1,000,000,000.00
Issued and fully Paid-up Capital	:	RM219,006,694.00
Number of Shares Issued	:	438,013,388
Number of Shares Retained in Treasury	:	3,261,000
Number of Shareholders	:	3,415
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per RM0.50 share

## DISTRIBUTION OF SHAREHOLDINGS

RANGE OF HOLDINGS	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF SHARES
Less than 100	92	2.69	3,519	0.00
100 to 1,000	328	9.60	259,416	0.06
1,001 to 10,000	1,927	56.43	9,910,525	2.28
10,001 to 100,000	841	24.63	27,576,465	6.34
100,001 to less than 5% of issued shares	221	6.47	187,006,558	43.02
5% and above of issued shares	6	0.18	209,995,905	48.30
<b>Total</b>	<b>3,415</b>	<b>100.00</b>	<b>434,752,388</b>	<b>100.00</b>

## DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

NAME	← DIRECT		INDIRECT →	
	NO. OF SHARES	%	NO. OF SHARES	%
Datuk Wong Kie Yik	10,144,160	2.33	139,399,406 <sup>1</sup>	32.06
Datuk Wong Kie Nai	17,403,314	4.00	140,191,988 <sup>2</sup>	32.25
Wong Kie Chie	13,117,524	3.02	139,399,406 <sup>1</sup>	32.06
Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd)	-	-	-	-
Tham Sau Kien	-	-	-	-
Patrick Wong Haw Yeong	-	-	-	-

### Notes:

1. 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.
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 and interests of spouse and children by virtue of Section 134(12)(c) of the Act.

# statistic of shareholdings

as at 12 May 2010 (cont'd)

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
W T K Realty Sdn Bhd	57,488,844	13.22	65,909,818 <sup>1</sup>	15.16
Ocarina Development Sdn Bhd	40,972,318	9.42	-	-
Kosa Bahagia Sdn Bhd	24,937,500	5.74	-	-
Datuk Wong Kie Yik	10,144,160	2.33	139,399,406 <sup>2</sup>	32.06
Datuk Wong Kie Nai	17,403,314	4.00	139,399,406 <sup>2</sup>	32.06
Wong Kie Chie	13,117,524	3.02	139,399,406 <sup>2</sup>	32.06
PineBridge Goldflow Limited (Formerly known as AIG Goldflow Ltd)	30,318,874	6.97	-	-
TIG Advisors, LLC	-	-	30,865,600 <sup>3</sup>	7.10

### 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) 6,278,592 shares held by Tiedemann Global Emerging Markets L.P.
  - (ii) 24,587,008 shares held by Tiedemann Global Emerging Markets QP L.P.

## THIRTY LARGEST REGISTERED HOLDERS

NAME OF HOLDERS	HOLDINGS	%
1. W T K Realty Sdn Bhd	60,270,317	13.86
2. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Ocarina Development Sdn Bhd	33,604,514	7.73
3. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for Tiedemann Global Emerging Markets QP L.P.	30,864,700	7.10
4. Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund 4J69 for AIG Goldflow Ltd	30,318,874	6.97
5. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for W T K Realty Sdn Bhd	30,000,000	6.90
6. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Kosa Bahagia Sdn Bhd	24,937,500	5.74
7. Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	14,086,900	3.24
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
10. HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (Norges BK Lend)	8,063,500	1.85

**THIRTY LARGEST REGISTERED HOLDERS (CONT'D)**

NAME OF HOLDERS	HOLDINGS	%
11. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Harbour-View Realty Sdn Bhd	6,151,926	1.42
12. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	5,976,600	1.37
13. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	5,752,400	1.32
14. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for Wong Kie Chie	5,043,392	1.16
15. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd for W T K Realty Sdn Bhd	5,029,166	1.16
16. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	4,386,550	1.01
17. Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	4,019,000	0.92
18. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for W T K Realty Sdn Bhd	4,000,000	0.92
19. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Tiong Hoe Kui	2,820,552	0.65
20. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LSF)	2,606,900	0.60
21. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	2,546,200	0.59
22. Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	2,422,500	0.56
23. Citigroup Nominees (Tempatan) Sdn Bhd Amundi Msia For Employees Provident Fund Board	2,345,400	0.54
24. Majaharta Sdn Bhd	2,234,894	0.51
25. Wong Kuok Kiong	2,156,100	0.50
26. AMMB Nominees (Tempatan) Sdn Bhd AMInternational (L) Ltd Wong Kie Yik	2,112,850	0.49
27. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Kumpulan Sentiasa Cemerlang Sdn Bhd	2,008,000	0.46
28. Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Jarmata Profits Limited	1,981,200	0.46
29. Amsec Nominees (Tempatan) Sdn Bhd AMTrustee Berhad for Pacific Pearl Fund	1,942,500	0.45
30. Amanahraya Trustees Berhad Public Islamic Dividend Fund	1,905,000	0.44
<b>Total</b>	<b>316,650,731</b>	<b>72.83</b>

*Note:*

The statistic of shareholdings is computed based on the issued and paid-up capital of the Company after deducting of 3,261,000 Treasury Shares held as at 12 May 2010.

# notice of annual general meeting

**NOTICE IS HEREBY GIVEN** that the Thirty-Eighth 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, 25 June 2010 at 10:30 a.m. for the following business:

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 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 for the financial year ended 31 December 2009. **Resolution 2**
3. To approve payment of Directors' fees amounting to RM144,000.00 for the financial year ended 31 December 2009. **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:
  - 4.1 Datuk Wong Kie Nai **Resolution 4**
  - 4.2 Mr. Wong Kie Chie **Resolution 5**
5. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

**"THAT** Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd), retiring pursuant to Section 129(6) 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."

**Resolution 6**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

### As Special Business

To consider and, if thought fit, to pass the following resolutions:

7. **ORDINARY RESOLUTION**  
**AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **Resolution 8**

**"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 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."
8. **ORDINARY RESOLUTION**  
**PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE** **Resolution 9**

**"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 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 2009 were RM176,754,000 and RM45,708,000 respectively;



# notice of annual general meeting

(cont'd)

**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."

## 9. ORDINARY RESOLUTION

### **PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**Resolution 10**

**"THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Sections 2.3 and 2.4 of the Circular to Shareholders dated 3 June 2010 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company **AND THAT** such approval shall continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
  - (ii) the expiration of the period within which the next annual general meeting after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or
  - (iii) revoked or varied by a resolution passed by the shareholders in general meeting,
- whichever is the earlier;

**AND FURTHER THAT** authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution."

## 10. SPECIAL RESOLUTION

### **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

**Resolution 11**

**"THAT** the existing Article 138 be deleted in its entirety and replaced with the following new Article 138:

#### **New Article 138**

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post to the registered address or by direct electronic transfer to the bank account of the holder as appears in the Register or Record of Depositors of the member or person entitled thereto. Every such cheque or warrant or electronic transfer shall be made payable to the order of the person to whom it is sent or remitted, and the payment of any such cheque or warrant or banker's draft or direct electronic transfer shall operate as a good discharge to the Company in respect of the dividend represented thereby notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged or there is discrepancy given by the member in the details of bank account(s). Every such cheque or warrant or banker's draft shall be sent or by direct electronic transfer at the risk of the person entitled to the money thereby represented. Where the shareholders have provided to the Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts."

# notice of annual general meeting

(cont'd)

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

## BY ORDER OF THE BOARD

Coral Hong Kim Heong  
Company Secretary  
(MAICSA 7019696)

Kuala Lumpur  
3 June 2010

### 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 thereof.

### Explanatory Notes on Special Business

4. The Proposed Ordinary Resolution No. 8, 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.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting.

The renewal of mandate pursuant to Section 132D of the Companies Act, 1965 will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions, which the Directors deem necessary and feasible.

5. The Proposed Ordinary Resolution No. 9, 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. 10, if passed, will allow the Company and its subsidiaries 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.

Details of the Proposed Ordinary Resolutions No. 9 and 10 are contained in the Statement/Circular to Shareholders dated 3 June 2010 accompanying the Company's Annual Report 2009.

7. The Resolution 11 (i.e. Special Resolution) on Proposed Amendment to the Articles of Association of the Company, if passed, will render the Company's Articles of Association in line with the Listing Requirements of Bursa Securities on electronic dividend payment to shareholders.



## W T K HOLDINGS BERHAD

(10141-M)

Incorporated in Malaysia

3 June 2010

Dear Shareholder

### IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT (“eDividend”)

---

We are pleased to inform you that WTK Holdings Berhad is implementing eDividend service to shareholders in the **third quarter of 2010**. eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders’ bank accounts.

The main objectives of implementing eDividend are to promote greater efficiency of the dividend payment system which is aligned to the national agenda of migrating to electronic payment and to place the Malaysian Market on par with practices in other regional markets in relation to receipt of dividend proceeds by shareholders.

#### 1. Advantage of eDividend

eDividend extends to all companies listed on Bursa Malaysia Securities Berhad and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorised deposit of dividend cheques.

#### 2. Registration for eDividend

- (i) Registration for eDividend commenced on **19 April 2010** for a period of 1 year until **18 April 2011**, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained from your stock broker’s office where your CDS account is maintained, or downloaded from Bursa Malaysia’s website at <http://www.bursamalaysia.com>.

- (ii) You need to submit to your stock broker’s office where your CDS account is maintained, the duly completed prescribed form and the following for registration:

(a) Individual depositor:

- (a) (i) Original documents for verification.  
(a) (ii) Copy of Identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents.  
(a) (iii) Copy of your bank statement/ bank saving book/ details of your bank account obtained from your bank’s website that has been certified by your bank/ copy of the letter from your bank confirming your bank account details.

(b) Corporate depositor:

- (b) (i) Certified true copy of Certificate of Incorporation/ Certificate of Registration.  
(b) (ii) Certified true copy of your bank statement/ bank savings book/details of your bank account obtained from your bank’s website/ any letter from bank confirming your bank account details.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- (iii) Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after **1 September 2010** shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend with your active participation, and to serving you better as our valued shareholders. If you have any enquiry relating to the eDividend service, please do not hesitate to contact the Helpdesk of our Share Registrar, Symphony Share Registrars Sdn Bhd at 03-7841 8000 (GL) during office hours.

Thank you.

WTK Holdings Berhad

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# W T K HOLDINGS BERHAD

(10141-M)

Incorporated in Malaysia

## FORM OF PROXY

I/We \_\_\_\_\_  
(Full Name in Capital Letters)

NRIC / Company No. \_\_\_\_\_ 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-Eighth 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, 25 June 2010 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	To receive the Audited Financial Statements and Reports for the financial year ended 31 December 2009		
2	Approval of Final Dividend		
3	Approval of Directors' Fees		
4	Re-election of Datuk Wong Kie Nai as Director		
5	Re-election of Mr. Wong Kie Chie as Director		
6	Re-appointment of Lt. General Datuk Seri Panglima Abdul Manap Ibrahim (rtd) as Director pursuant to Section 129(6) of the Companies Act, 1965		
7	Re-appointment of Messrs Ernst & Young as Auditors and authorising the Directors to fix their remuneration		
	<b>SPECIAL BUSINESS</b>		
8	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
9	Proposed Renewal of Share Buy-Back Mandate		
10	Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
11 (Special Resolution)	Proposed Amendment to the Articles of Association of the Company		

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	CDS Account No.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

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

(\* Please 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 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

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[www.wtkholdings.com](http://www.wtkholdings.com)

**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