

annual report 2005



CEPATWAWASAN GROUP BERHAD

(Company No: 536499-K)



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notice of fifth annual general meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be held at Ballroom I, Sabah Hotel Sandakan, KM1 Jalan Utara, Sandakan, Sabah on Friday, 9 September 2005 at 2.30 p.m. for the following business:-

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 April 2005 together with the Directors' and Auditors' Reports thereon.
2. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:
 - (i) Mr. Goh Tian Chuan
 - (ii) Mr. Tan Ah Seng
 - (iii) Mr. Chua Kim Yin
 - (iv) Mr. Kee Chit Huei
3. To appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
4. As Special Business to consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:-

AUTHORITY TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issue share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue"

5. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

KANG SHEW MENG

SEOW FEI SAN

Secretaries

Kuala Lumpur

18 August 2005

Resolution No.

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notice of 5th annual general meeting (cont'd)

Notes:-

(i) Proxy

- (a) A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
- (b) To be valid this form duly completed must be deposited at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting.
- (c) A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- (d) Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (e) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(ii) Explanatory Note on Special Business

* Resolution 7

The proposed Ordinary Resolution 7, if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company.

statement accompanying notice of annual general meeting

1. Names of directors who are standing for election

- | | | |
|-----|--------------------|--------------|
| (a) | Mr. Goh Tian Chuan | - Article 83 |
| (b) | Mr. Tan Ah Seng | - Article 83 |
| (c) | Mr. Chua Kim Yin | - Article 83 |
| (d) | Mr. Kee Chit Huei | - Article 83 |

2. Details of attendance of directors at Board Meetings held during the financial year

| Name | Meetings attended |
|-------------------|-------------------|
| Goh Tian Chuan * | 3/4 |
| Tan Ah Seng ** | N/A |
| Chong Khing Chung | 4/4 |
| Ouh Mee Lan | 4/4 |
| Fong Wai Leong | 4/4 |
| Wong Kiam Kong | 4/4 |
| Chua Kim Yin ** | N/A |
| Kee Chit Huei ** | N/A |

* Mr. Goh Tian Chuan was appointed as a Director of the Company on 8 November 2004.

** Mr. Tan Ah Seng, Mr. Chua Kim Yin and Mr. Kee Chit Huei were appointed as the Directors of the Company on 21 July 2005.

3. Place, date and time of the Annual General Meeting

| Place | Date | Time |
|---|------------------|-----------|
| Ballroom I, Sabah Hotel Sandakan, KM1 Jalan Utara, Sandakan, Sabah | 9 September 2005 | 2.30 p.m. |

4. Further details of the abovementioned retiring directors are set out on pages 6 and 8 of this Annual Report.

corporate information

BOARD OF DIRECTORS

Non-Independent & Non-Executive Chairman

Goh Tian Chuan

Chief Executive Officer

Tan Ah Seng

Executive Directors

Chong Khing Chung

Ouh Mee Lan

Independent & Non-Executive Directors

Wong Kiam Kong

Fong Wai Leong

Chua Kim Yin

Kee Chit Huei

AUDIT COMMITTEE

Kee Chit Huei (*Chairman*)

Chua Kim Yin (*Member*)

Chong Khing Chung (*Member*)

REMUNERATION COMMITTEE

Goh Tian Chuan (*Chairman*)

Chua Kim Yin (*Member*)

Kee Chit Huei (*Member*)

NOMINATION COMMITTEE

Chua Kim Yin (*Chairman*)

Goh Tian Chuan (*Member*)

Tan Ah Seng (*Member*)

Kee Chit Huei (*Member*)

COMPANY SECRETARY

Kang Shew Meng (MAICSA 0778565)

Seow Fei San (MAICSA 7009732)

REGISTERED OFFICE

Lot 39-40, Block C

Taman Indah Jaya Shophouses

Mile 4, North Road

P O Box 1562

90717 Sandakan, Sabah

Tel: 089-272773

Fax: 089-272772, 220881

E-mail: cptgrp@tm.net.my

AUDITORS

Ernst & Young

16th Floor,

Wisma Khoo Siak Chiew,

Jalan Buli Sim Sim

90000 Sandakan, Sabah

Tel: 089-217266

Fax: 089-272002

SHARE REGISTRAR

Epsilon Registration

Services Sdn Bhd

312, 3rd Floor, Block C,

Kelana Square,

17 Jalan SS 7/26,

47301 Petaling Jaya,

Selangor Darul Ehsan

Tel: 03-78062116

Fax: 03-78061261

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

RHB Bank Berhad

Public Bank Berhad

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia

Securities Berhad

profile of the board of directors

GOH TIAN CHUAN

Malaysian aged 44

Non-Independent Non-Executive Chairman

Mr. Goh Tian Chuan was appointed as Non-Independent and Non-Executive Director of the Company on 8 November 2004. On 8 April 2005, he was re-designated as Chief Executive Officer of the Company and he is re-designated as Chairman of the Company on 25 July 2005.

He was a Senior Police Officer attached to the Police Head Quarters, Kepayan, Kota Kinabalu, Sabah for 13 years. He started his own business after leaving the police force in the year 1994. He joined Everise Ventures Sdn. Bhd. and a number of other subsidiaries of Repco Holdings Berhad in October 1995. In September 2000, he was appointed as a Non-Executive Non-Independent Director of Repco Holdings Berhad and resigned on 27 August 2004.

Mr. Goh is also a substantial shareholder of the Company. He has no other family relationship with other directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

TAN AH SENG

Malaysian aged 58

Executive Director/Chief Executive Officer

Mr. Tan Ah Seng is appointed as Director of the Company 21 July 2005 and he is the Chief Executive Officer of the Company.

He started his career as a laboratory assistant in the Entomology Division, Ministry of Agriculture in 1966. Then in 1967, he went for further education in Britannia Royal Naval College in United Kingdom. Upon returning from United Kingdom, he joined the Royal Malaysia navy as Short Service Commission Officer for eight (8) years. He left the Royal Malaysia Navy and continued his career in the plantation industry in 1975. He has more than thirty (30) years of experience in the plantation industry, where he was worked in several plantation companies in West Malaysia.

He is a member of the Incorporated Society of Planters since 1975, prior joining the Company, he was the Plantation Controller of IOI Corporation Berhad for Sandakan Regional Office in Sabah.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

CHONG KHING CHUNG

Malaysian aged 38

Executive Director/Chief Financial Officer

Mr. Chong Khing Chung was appointed as a Director of the Company on 7 August 2004 and he is the Chief Financial Officer of the Company. He is also a member of the Audit Committee.

He is a member of the Malaysian Institute of Accountants and Association of Certified Practising Accountants of Australia. He obtained a Bachelor Degree in Accountancy from University of Western Australia, Perth, Australia in 1990. Upon graduation, he joined Arthur Andersen & Co. as an Audit Assistant. In 1992, he joined Borneo Development Corporation (Sabah) Sdn. Bhd. as an Accountant. He joined Innosabah Securities Berhad ("ISB") in 1994 and was appointed as an Executive Director of Operations of ISB in 2000. He was attached to Hwang-DBS Securities Bhd. in 2003 and Kuala Lumpur City Securities Sdn. Bhd. in 2004.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

profile of the board of directors (cont'd)

OUH MEE LAN

Malaysian aged 55

Executive Director

Mr. Ouh Mee Lan was appointed by shareholders as Director of the Company on 6 August 2004.

He has extensive experience in the business sector. He has been involved in the plantation industry for more than sixteen (16) years and is the co-founder of Syarikat Melabau Sdn. Bhd. and its subsidiaries which are principally involved in the operation of oil palm plantations. He also sits on the Board of various private limited companies.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

WONG KIAM KONG

Malaysian aged 49

Independent Non-Executive Director

Mr. Wong Kiam Kong was appointed by shareholders as Directors of the Company on 6 August 2004.

He has extensive experience in the business sector and at least fifteen (15) years working experience in the timber, oil palm and manufacturing industries. He also sits on the Board of various private limited companies.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

FONG WAI LEONG

Malaysian aged 36

Independent Non-Executive Director

Mr. Fong Wai Leong was appointed as Director of the Company on 9 August 2004.

He is currently the Managing Director of Devonshire Capital Sdn. Bhd.. Mr. Fong has fifteen (15) years of experience in accounting and corporate finance, which includes advising on a number of successful IPOs and Mergers and Acquisitions in various countries, including Malaysia, China, South Africa and parts of South America. Prior to joining Devonshire Capital he was the General Manager of Kuala Lumpur City Securities Sdn. Bhd., where he headed the firm's Corporate Finance Division. He also worked at Commerce International Merchant Bankers Berhad as a Manager in the Corporate Finance Division. Mr. Fong started his career at KPMG where he obtained his CPA qualifications. He also serves as a director on Devonshire Capital Pte Ltd and ASTI Holdings Limited.

He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

profile of the board of directors (cont'd)

KEE CHIT HUEI

Malaysian aged 33

Independent Non-Executive Director

Mr. Kee Chit Huei was appointed as Director of the Company on 21 July 2005 and he is the Chairman of Audit Committee.

He is currently the Managing Director of Astral Supreme Berhad, a company listed on the Second Board of Bursa Malaysia. Prior to this, he was an Executive Director of a company listed on the Main Board of Singapore Stock Exchange. He had nine (9) years working experience in corporate finance and restructuring while working with various merchant banks in Malaysia.

He obtained his Bachelor of Commerce (Accounting) from Monash University, Australia and is a member of Australian Certified Practising Accountant (CPA).

He had no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.

CHUA KIM YIN (J.P)

Malaysian aged 44

Independent Non-Executive Director

Mr. Chua Kim Yin is appointed as Director of the Company on 21 July 2005. He is a Justice of Peace (Sabah).

He obtained his Bachelor of Economics (Accounting) in 1984 and Bachelor of Laws in 1986 from Monash University. He was then admitted to practice as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1987. After a year, he was called to the Bar in Sabah by the High court in Borneo, Kota Kinabalu. He has more than fifteen (15) years of experience in law practice in Sabah.

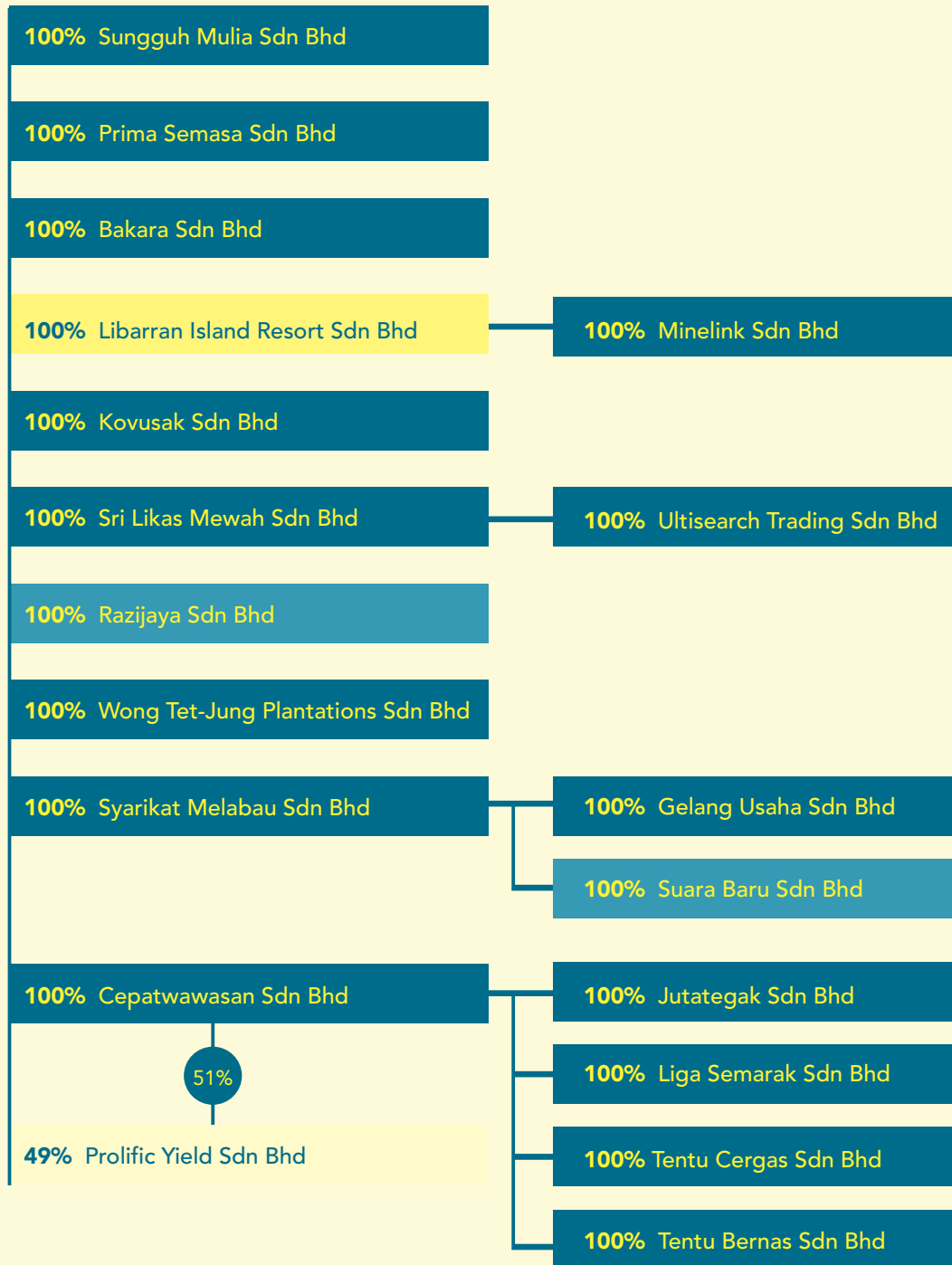
He has no family relationship with any directors and/or major shareholders of the Company and he has no conviction for offences within the past ten (10) years.



group structure

CEPATWAWASAN GROUP BERHAD

(536499-K)



Plantation
 Plantation/ Quarry
 Dormant
 Palm Oil Mill/ Plantation

chairman's statement

On behalf of the Board of Directors of Cepatwawasan Group Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 30 April 2005.

Group Performance

The Group's revenue for the year amounted to RM127.25 million, a marginal increase of 0.07% compared to the preceding financial year. However, the gross profit was higher by 26.8% to RM33.58 million due mainly from a lower average Fresh Fruit Bunches ("FFB") purchase price compared to the previous financial year by 5.24%.

Profit after taxation however reduced by 73.38% to RM2.58 million as a result of a RM12.8 million provision for doubtful debts, being 80% of the total RM16 million wrongful payments made by the former Directors of the Group. These former Directors were eventually removed by the shareholders in an Extraordinary General Meeting held on the 6th August 2004. As a result, the Group's net earnings per share fell by 74.22% from 4.71 sen in 2004 to 1.20 sen in 2005. The net tangible asset per share of the Group is higher marginally at 69 sen.

The Group's Palm Oil Mill produced 72,616 metric tonnes of Crude Palm Oil ("CPO") during the year, an increase of 6.64% from the preceding year. Our Mill also produced 18,304 metric tonnes of Palm Kernel ("PK") during the same period or an increase of 13.23% from 2004. The Mill's Oil Extraction Rate ("OER") was slightly better at 20.88% as compared to the previous year of 20.73%, whereas the Kernel Extraction Rate ("KER") was 5.26% versus 4.92% in 2004. The average selling price of CPO and PK realized by the Group during the year was RM1,434 per metric tonne and RM1,008 per metric tonne respectively.

The Group's plantations recorded an increase in FFB production by 7.62% from 113,802 metric tonnes in 2004 to 122,477 metric tonnes in 2005 due to young mature palms attaining their prime production phase. The Group has a matured area of 4,639 hectares, representing 47.59% of the Group's total land bank. The average FFB yield per matured hectare was 26.40 metric tonnes as compared to 24.53 metric tonnes in 2004.

The Group's quarry operations achieved positive growth in both productions and sales during the year by 17.94% and 44.87% respectively. The average selling price per metric tonnes of stones also increases from RM14.99 in 2004 to RM17.90 in 2005.

chairman's statement (cont'd)

Dividend

In view of the RM16 million wrongful payments made by the former Directors of the Group, of which RM12.8 million has been provided for in this financial year's accounts, the Board of Directors does not propose any dividend payment for the current financial year ended 30 April 2005.

Significant Events

There was a complete change of the Board of Directors of the Group on the 6 August 2004 at an Extraordinary General Meeting convened by shareholders under Section 145 of the Companies Act, 1965.

Since the new Board took over control of the operations of the Group, steps were taken to ensure that the operations of the Group continue without much disruption. Legal proceedings have been commenced and the necessary steps and actions taken to recover the moneys amounting to RM16 million that were made out of the bank account of a wholly owned subsidiary company prior to the appointment of the new Board, to third parties of which the purpose of payment is doubtful.

Damages inflicted by the Boardroom tussle during the year though significant, are still manageable. The primary tasks of the Management are to set the Group on firmer footings while cleaning up the Group in order to improve its longer term prospects.

Prospects

Despite the expected volatility of palm product prices in the coming year, the prospects of the Group look promising. The Board believes that CPO prices are on a potential upswing albeit the recent de-pegging of the Malaysian Ringgit. This optimism stems from the growing demands for Malaysia's palm oil bio-fuel in the European Union countries due to the spiraling crude oil prices in the world market coupled with environmental concerns.

Furtherance, as part of the Management's effort to improve productivity of the Group, 994 hectares in Paitan, Sugut area has commenced planting activities during the financial year. Another 1,313 hectares in the same area has been planned to be fully planted in the coming year. It is expected that this newly developed area will contribute to the Group's overall production from the year 2008 onwards.

With the impending entry of a strong and experienced shareholder, the Group is poised to reap the benefits of the synergistic tie-up, with expected improvement in operational efficiency and increase in productivity. All these will bode well for the Group's planned transfer from the Second Board to the Main Board of Bursa Malaysia Securities Berhad in the near future.

chairman's statement (cont'd)

Directorate

Dato' Haji Mohamad Subky Bin Haji Abdul Raof and Datuk Lo Fui Ming have resigned as the Independent Non-Executive Chairman and Non-Independent Non-Executive Deputy Chairman of the Group on the 21 July 2005 respectively. Mr. Tan Kum Peng and Miss Michelle Lo Choon Fung also resigned as Executive Directors of the Group effective from 25 July 2005. On behalf of the Board, I would like to extend our thanks and appreciation to them for their guidance, services and contributions to the Group during their tenures.

The Board and I would like to extend a warm welcome to Mr. Tan Ah Seng, Mr. Kee Chit Huei and Mr. Chua Kim Yin who were appointed as Directors of the Company on the 21 July 2005. Mr. Tan Ah Seng is also appointed as the Group's Chief Executive Officer.

Acknowledgement

On behalf of my fellow colleagues, I would like to take this opportunity to thank the Management and Staff of the Group for their dedicated services and immense contributions during the year.

To our valued suppliers and customers, we wish to express our gratitude and appreciation for your unwavering support and commitment to the Group.

And to our shareholders, thank you for your continuous support. We would also like to ask for your patience as the Board and the Management strives to undo the damages caused by the wrongful acts of the former Directors, whom were removed by you, the shareholders of Cepatawawasan Group Berhad, in an Extraordinary General Meeting held on the 6 August 2004.

Goh Tian Chuan
Chairman

9 August 2005

corporate governance statement

The Board of Directors (the 'Board') of Cepatwawasan Group Berhad (the 'Company') is pleased to present to the shareholders a report on the manner in which the Company has applied the principles and the extent of compliance with the Best Practices of Corporate Governance as contained in the Malaysian Code on Corporate Governance pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad ('Listing Requirements').

The Board recognises that the exercise of good Corporate Governance is a pre-requisite towards the continuing success of the Company as well as safeguarding and enhancing shareholders' value and protecting the interest of other stakeholders.

1. Directors

1.1 Board Composition

The Board currently consists of eight Directors as at the date of this report:-

Non-Independent Non-Executive Director/Chairman

Mr Goh Tian Chuan

Chief Executive Officer

Mr Tan Ah Seng

Executive Directors

Mr Chong Khing Chung

Mr Ouh Mee Lan

Independent Non-Executive Directors

Mr Wong Kiam Kong

Mr Fong Wai Leong

Mr Chua Kim Yin

Mr Kee Chit Huei

The Chief Executive Officer and the Executive Directors have many years of experience in the operations of plantations, palm oil mill and quarry. The Chairman and Non-Executive Directors have extensive commercial experience. The Independent Directors, together with the Chairman, are actively involved in the Board Meetings and the meetings of the various Board Committees and provide unbiased and independent judgement into all deliberations.

The roles of the Chairman and the Chief Executive Officer are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Chief Executive Officer has overall responsibilities for the business operations of the Group and the implementation of Board policies and decisions.

The Company has complied with the requirement of paragraph 15.02 of the Listing Requirements whereby one third of the Board of Directors is Independent Non-Executive Directors.

corporate governance statement (cont'd)

1. Directors (cont'd)

1.1 Board Composition (cont'd)

The existing Board of Directors held four (4) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:-

| Name | Meetings attended |
|-------------------|-------------------|
| Goh Tian Chuan * | 3/4 |
| Tan Ah Seng ** | N/A |
| Chong Khing Chung | 4/4 |
| Ouh Mee Lan | 4/4 |
| Fong Wai Leong | 4/4 |
| Wong Kiam Kong | 4/4 |
| Chua Kim Yin ** | N/A |
| Kee Chit Huei ** | N/A |

* **Mr. Goh Tian Chuan was appointed as a Director of the Company on 8 November 2004.**

** **Mr. Tan Ah Seng, Mr. Chua Kim Yin and Mr. Kee Chit Huei were appointed as the Directors of the Company on 21 July 2005.**

1.2 Principal responsibility of the Board

The Board assumes full responsibility for the operations of the Group. In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:

- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

The Board has a formal schedule of matters reserved to itself, which includes the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and it reviews the financial and operating performance of the Group.

1.3 Supply of information

In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

corporate governance statement (cont'd)

1. Directors (cont'd)

1.4 Appointment and Re-election of Directors

The Articles of Association of the Company requires that all Directors shall be subject to election by shareholders at the first opportunity after their appointment and that at least one third (1/3) or the number nearest to one third (1/3) of the Directors, be subject to re-election thereafter by rotation once at least in every three (3) years at the Annual General Meeting.

1.5 Committee of Directors

The Company has established four Committee of Directors ('Committees') to assist in the performance of certain duties of the Board under a specific terms of reference. Three (3) of the Committees are composed of a majority of Non-Executive Directors. The Board considers that the mix of commercial experience from the Non-Executive Directors will complement the Executive Directors and create an effective Board.

The Committees established are as follows:

(i) **Audit Committee**

The role of the Audit Committee is to support the Board of Directors in overseeing the processes for production of the financial data, reviewing the financial reports and the internal controls of the Company. The composition and terms of reference of this Committee together with its report are presented on pages 21 to 24 of the Annual Report.

(ii) **Nomination Committee**

The functions of the Nomination Committee are as follows:

- Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
- Recommend to the Board, Directors to fill the seats on Committees of Directors.
- The Nomination Committee are enabled by the Board to:
 - annually review the required mix of skills and experience and other qualities including core competencies which Non-Executives should bring to the Board.
 - annually assess the effectiveness of the Board as whole, the Committees of Directors and for assessing the contribution of each Director.

(iii) **Remuneration Committee**

The functions of the Remuneration Committee are as follows:

- Review the annual remuneration packages of Executive Directors such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully.
- To recommend to the Board, the remuneration packages of the Executive Directors of the Company.

(iv) **Executive Committee ("EXCO")**

The EXCO is entrusted with the responsibility of carrying out tasks which are assigned to it by the Board under a set of terms of reference. Transactions carried out by the EXCO are presented in writing to the Board of Directors.

corporate governance statement (cont'd)

2. Directors' Remuneration

2.1 The Level and Make-up of Remuneration

The Remuneration Committee provides remuneration packages which are sufficient and necessary to attract, retain and motivate Directors to run the Company. The level of remuneration for Executive Directors is structured to linked rewards to performance while the remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them.

2.2 Procedure

The Remuneration Committee consists of Independent Non-Executive Directors. The Committee is responsible to set up a policy framework for all elements of remuneration such as reward structure, fringe benefits and other terms of employment of Executive Directors.

2.3 Disclosure

The aggregate Director's remuneration paid or payable to all Directors of the Company for the financial year ended 30 April 2005 are as follow:-

| | Fees RM | Emoluments RM | EPF RM | Total RM |
|-------------------------|--------------------|--------------------------|-------------------|---------------------|
| Executive Directors | 23,846 | 1,572,968 | 188,762 | 1,785,576 |
| Non-Executive Directors | 205,323 | - | - | 205,323 |
| Total | 229,169 | 1,572,968 | 188,762 | 1,990,899 |

The number of Directors whose total remuneration falls within the following range are as follows:

| Range of Remuneration | Executive Director | Non-Executive Director |
|------------------------------|---------------------------|-------------------------------|
| Below RM50,000 | 1 | 4 |
| RM50,001 to RM100,000 | 3 | 1 |
| RM100,001 to RM150,000 | - | - |
| RM200,001 to RM250,000 | 1 | - |
| RM250,001 to RM300,000 | 2 | - |
| RM300,001 to RM350,000 | 2 | - |

3. Directors' Training

All Directors, except for Mr. Tan Ah Seng and Mr. Chua Kim Yin who were just appointed on 21 July 2005, have attended and completed the Mandatory Accreditation Program ('MAP') for Directors of public listed companies as at the date of this report. The Directors shall receive further training that may be required from time to time to help them stay abreast with current development in the industry as well as the current changes in laws and regulations in discharging their duties.

corporate governance statement (cont'd)

4. Shareholders

4.1 Dialogue between Company and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Board considers it essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure which is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the website of Bursa Malaysia Securities Berhad.

4.2 The Annual General Meeting

The Annual General Meeting is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by Directors for consideration.

5. Financial Reporting

The financial statements of the Company are drawn up in compliance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The Board is responsible to ensure that the financial statements of the Company give a true and fair view of the state of affairs of the Company. Accordingly, the Board has prepared the statement of responsibility for the preparation of the annual audited financial statements on page 20.

The quarterly and annual financial statements are reviewed by the Audit Committee and subsequently by the Board prior to release for announcement to Bursa Malaysia Securities Berhad.

6. Internal Control

The Directors acknowledge their responsibility to maintain a system of internal control for the Group including risk assessment and risk management to ensure that the operations of the Group are run effectively and efficiently, proper financial and corporate compliance controls are in place and the assets of the Group are safeguarded so as to protect shareholders' investment. The Group's system of internal control can only provide reasonable but not absolute assurance against material misstatements, fraud or loss.

The Board has prepared the statement on internal control which can be found on pages 25 to 26.

7. Relationship with Auditors

The Company has always maintained a formal and transparent relationship with its auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report on pages 21 to 24.

corporate governance statement (cont'd)

8. Compliance Statement

During the financial year ended 30 April 2005, the Group has complied with all of the Best Practices in Corporate Governance as set out in part 2 of the Malaysian Code on Corporate Governance. However, the existing Board is not in a position to ascertain whether the Group has complied with Best Practices in Corporate Governance during the period from 1 May 2004 until 6 August 2004 due to lack of information caused by the abscondment of some former senior managers and staff.

9. Additional Compliance Information

In compliance with the Listing Requirements, the following additional information are provided:-

9.1 Utilisation of Proceeds

This was not applicable during the financial year.

9.2 Share Buybacks

During the financial year, there were no share buyback by the Company.

9.3 Options, Warrants or Convertible Securities

There are no options, warrants or convertible securities exercised in respect of the financial year under review.

9.4 American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

9.5 Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities.

9.6 Non-Audit Fees

The amount of non-audit fees paid to the external auditors is disclosed in note 7 to the financial statements on page 54.

9.7 Profit Estimate, Forecast or Projection

No material variance arose between the results for the financial year and the unaudited results previously announced. There were no profit estimate, forecast or projection for the financial year ended 30 April 2005.

9.8 Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

corporate governance statement (cont'd)

9. Additional Compliance Information (cont'd)

9.9 Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 30 April 2005 or entered into since the previous financial year except for those disclosed under related party transaction on pages 73 to 76.

9.10 Revaluation Policy

The Group does not have a revaluation policy on landed properties.

9.11 Recurrent Related Party Transactions

There is no recurrent related party transactions transacted by the Company and its subsidiaries.

statement of directors' responsibility for preparing the financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit and loss and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied; and
- prepared financial statements on the going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

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

audit committee report

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Chairman

Mr Kee Chit Huei (appointed on 29 July 2005)

Committee Members

Mr Chua Kim Yin (appointed on 29 July 2005)

Mr Chong Khing Chung (appointed on 27 August 2004)

TERMS OF REFERENCE

1. *Composition*

- 1.1 The Audit Committee shall consist of at least 3 members, with a majority of independent Directors. At least one member shall be a member of the MIA or a Director who has fulfilled paragraph 15.10 (1)(C)(ii) of the Listing Requirements of the Bursa Malaysia Securities Berhad. No alternate Director shall be appointed as a member of the Committee. The Chairman of the Committee shall be an independent Director.
- 1.2 In the event that a member of an Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three, the Board of Directors shall within three months make such appointment of new members as to have the minimum of three members in the Committee.

2. *Authority*

- 2.1 The Committee is authorised by the Board to investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Company and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the Committee.
- 2.2 The Committee is authorised by the Board to obtain outside legal or other external independent professional advice, if it considers necessary.

3. *Functions and Duties*

The functions and duties of the Committee shall be:

- 3.1 To review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal accounting controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditor;

audit committee report (cont'd)

3. Functions and Duties (cont'd)

- 3.1 To review the following and report the same to the Board:(cont'd)
- (e) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:
 - changes in accounting policies and practices
 - significant adjustments arising from the audit
 - significant and unusual events
 - the going concern assumption
 - compliance with accounting standards and other legal requirements
 - (f) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (g) the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and
 - (h) any appraisal or assessment of the performance of members of the internal audit function.
- 3.2 To consider any related party transactions and conflict of interest situation that may arise within the Company or Group.
- 3.3 To consider the major findings of internal investigations and managements response and ensure that appropriate action is taken on the recommendations of the internal audit function.
- 3.4 To recommend and consider the nomination and appointment of a person or persons as external auditors, the audit fees and any questions of resignation or dismissal.
- 3.5 To consider any other functions or duties as may be agreed to by the Committee and the Board.
- 3.6 To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

4. Quorum and Attendance of Meetings

- 4.1 The quorum of meetings of the Committee shall consist not less than three (3) members; the majority of those present must be independent Directors.
- 4.2 The Group Accountant, the Internal Auditors and a representative of the external auditors shall normally attend meetings. Other Board members, employees and external independent professional advisers may attend meetings upon the invitation of the Committee.
- 4.3 The Company Secretary shall be the secretary of the Committee.

audit committee report (cont'd)

5. Frequency of Meetings and Minutes

- 5.1 Meetings shall be held not less than four (4) times in a financial year. The external auditors may request a meeting if they consider that one is necessary.
- 5.2 The Committee shall meet with the external auditor without executive board members present, at least once in a financial year.
- 5.3 Minutes of each meeting shall be distributed to each member of the Board.

MEETINGS

The existing Audit Committee members held four (4) meetings during the financial year.

The attendance of the members at the Audit Committee meetings is as follows:

| Member | Meetings attended |
|----------------------|-------------------|
| Mr Kee Chit Huei * | N/A |
| Mr Chua Kim Yin * | N/A |
| Mr Chong Khing Chung | 4/4 |

* Mr. Kee Chit Huei and Mr. Chua Kim Yin were appointed Audit Committee members on 29 July 2005.

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors have also attended the meetings by invitation.

ACTIVITIES

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year included the following:-

- (i) Review scope of work and audit plan of the external auditors.
- (ii) Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- (iii) Review the adequacy of the internal audit scope and plan, and the findings identified by the internal audit function.
- (iv) Review the necessity and need for special audit.
- (v) Reviewing the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards.

audit committee report (cont'd)

ACTIVITIES (cont'd)

- (vi) Reviewing the compliance of the Company with the Revamped Listing Requirements of the Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- (vii) Review of the quarterly unaudited financial results announcements and recommending for the Board of Directors' approval.
- (viii) Reviewing the related party transactions entered into by the Group.
- (ix) Review and recommend to the Board the re-appointment of external auditors and their audit fees.
- (x) Review the status of compliance of the Company with the Malaysian Code on Corporate Governance for the purpose of issuing the Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

INTERNAL AUDIT FUNCTION

The principal role of the internal audit function is to provide the Audit Committee with independent and objective reports on the adequacy, efficiency and effectiveness of the internal control systems to ensure compliance with the systems and standard operating procedures in the Group.

In this connection, the Company has engaged Messrs KPMG to assist in carrying out the internal audit function. During the financial year, two (2) cycles of internal audit function were conducted and tabled to the Audit Committee for approval.

statement on internal control

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for the Company's and the Group's internal control system which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Thus, the system could provide only reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Management has reviewed the Group's internal control system and formalized the risk management practices to comply with the Malaysian Code on Corporate Governance ("the Code"). In consequence, the Board supported management's effort in engaging Ernst & Young as external consultants to conduct awareness talk on risk management as well as Risk Assessment exercise for the Management.

The Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually.

The on-going implementation is monitored by the Management and is reported quarterly to the Board.

INTERNAL AUDIT FUNCTION

The Board recognized that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and review reports on internal control from its internal audit function.

The internal audit function is outsourced to KPMG which reports directly to the Audit Committee. The scope of work done by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control are as follows:

i. BOARD MEETINGS

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman together with the Chief Executive Officer leads the presentations of board papers and provides comprehensive explanation of pertinent issues. Upon any decision, which are recommended by the EXCO, a thorough consideration and discussion by the Board is an elementary requirement.

The Board is also kept updated on the Company's and the Group's activities and operations on a regular basis.

statement on internal control (cont'd)

OTHER KEY ELEMENTS OF INTERNAL CONTROL (cont'd)

ii. ORGANIZATIONAL STRUCTURE

The Group's organizational structure is formed with formally defined lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operation performance.

To identify, discuss and resolve business and operational issues, weekly management meetings at head office as well as scheduled meetings at operation sites are held. The EXCO is aware of the significant issues identified in those meetings, and when necessary the EXCO shall involved in resolving the issues. The Group has been restructured such that a proper segregation of duties to ensure safe custody of the Group's assets and the head of each operating division having a clear reporting line.

iii. PERFORMANCE MANAGEMENT FRAME WORK

Management reports are generated on a monthly basis to facilitate the Board to review the Company's and the Group's financial and operating performance. The reviews cover areas such as financial and non-financial key performance indicators and variances between budget and operating results.

The Group's budget for the current financial year end was not approved by the former Board. However, the new Board has in place a well-controlled budgeting process that provides a responsible accounting framework.

The Board has reviewed and approved the Group's budget for the next financial year end. The budgeting process involves the preparation of budgets by individual operating units, which are approved at management level and ultimately by the Board. The Management monitored the actual performance against the Group's budget monthly. Significant variances with reasons are identified and highlighted to the Management and the Board for the appropriate corrective measures.

financial statements

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directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2005.

Principal Activities

The principal activity of the Company is investment holding. During the financial year, the Company commences provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are stated in Note 13 to the financial statements. There have been no other significant changes in the nature of the principal activities during the financial year.

Results

| | Group RM | Company RM |
|-----------------------|---------------------|-----------------------|
| Profit after taxation | <u>2,579,604</u> | <u>186,111</u> |

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 other than a provision for doubtful debts of RM12.8 million made in respect of the wrongful payments made by the former directors who were removed on 6 August 2004 as referred to in Note 15 to the financial statements.

Dividend

There were no dividends paid, declared or recommended since the end of the previous financial year.

Significant Events

- (i) On 24 June 2004, the Company had terminated the conditional share sale agreement to acquire the entire issued and paid-up share capital of Desinyo Leisure Sdn. Bhd. due to non-fulfillment of certain conditions as stipulated in the agreement.
- (ii) On 14 July 2004, one of its subsidiary companies, Cepatwawasan Sdn. Bhd., had completed the acquisition of the entire issued and paid-up share capital of four subsidiary companies in accordance with the conditional sale and purchase agreement dated 31 December 2003.

| Subsidiary companies | Cash consideration RM |
|-----------------------------|--------------------------------------|
| Jutategak Sdn. Bhd. | 2,159,037 |
| Liga Semarak Sdn. Bhd. | 359,679 |
| Tentu Cergas Sdn. Bhd. | 360,048 |
| Tentu Bernas Sdn. Bhd. | 360,939 |
| | <u>3,239,703</u> |

Significant Events (Cont'd)

- (iii) On 23 March 2004, three shareholders of the Company requisitioned for an Extraordinary General Meeting ("the First EGM") of the Company to remove three directors and to appoint three new directors.

However, the First EGM, which was convened on 21 May 2004, was unilaterally and wrongfully adjourned by the then Chairman of the Company without first conferring or consulting the views of the members present at the meeting. Such adjournment was contrary to Article 61 of the Company's Articles of Association.

On 15 June 2004, four shareholders pursuant to Section 145 of the Companies Act, 1965, issued notice for Extraordinary General Meeting to be held on 14 July 2004 ("the Second EGM") for the removal of all the directors of the Company and the appointment of four new directors.

On 1 July 2004, the directors of the Company instructed the Company's solicitors to file an action in the High Court to, inter alia, declare that the First EGM was validly adjourned. On 9 July 2004, the High Court ruled that the First EGM was wrongfully adjourned and ordered the directors to pay for the costs for the matter.

On 10 July 2004, the Company filed an appeal against the High Court decision ("the Appeal") and an application to stay the decision and to restrain the holding of the Second EGM pending the disposal of the Appeal. The Court of Appeal on 13 July 2004 granted a Stay Order and restrained the holding of the Second EGM pending disposal of the Appeal.

On 23 July 2004, the Court of Appeal ruled that the Chairman of the First EGM has wrongfully adjourned the First EGM and dismissed the Appeal with costs.

On 29 July 2004, the Company and the directors of the Company dissatisfied with decision of the Court of Appeal applied for leave to appeal to the Federal Court and also applied for an injunction to restrain the holding of the Second EGM on 6 August 2004. The Federal Court dismissed the application for an injunction on 5 August 2004.

The Second EGM was eventually held on 6 August 2004 whereby, Tengku Dato' Kamal Ibni Sultan Sri Abu Bakar, Abdul Rahim Bin Sendiri, Kassim Bin Mohammed Ali, Tengku Dato' Kamarul Zaman Ibni Almarhum Sultan Sri Abu Bakar were duly removed as Directors and Datuk Lo Fui Ming, Ouh Mee Lan, Wong Kiam Kong and Tan Kum Peng were duly appointed as Directors of the Company. However, on 9 August 2004, the former directors filed an application at the Kuala Lumpur High Court to declare that the Second EGM held on 6 August 2004 and the resolutions passed therein were void and invalid. The said application was dismissed with costs by the Court on 29 September 2004.

- (iv) On 9 August 2004, the Company applied to the High Court to restrain the former directors from continuing to act or holding themselves out as Directors of the Company and its subsidiaries and from otherwise intermeddling or interfering in the Company and its subsidiaries businesses and management of the Company's and its subsidiaries' affairs and forthwith do and concur in doing all acts and things necessary to enable the Company and its subsidiaries to obtain possession of and control over its assets, books, accounts, correspondences, other property and whatever documents obtained and possessed by the former directors in the course of their directorships. On 29 September 2004, the High Court allowed the Company's said application.

directors' report (cont'd)

Significant Events (Cont'd)

- (v) On 14 August 2004, the Company applied to the High Court to restrain the former Company Secretary, Tan Kok Aun, from continuing to act and holding himself out as the Company Secretary of the Company and its subsidiary companies and cause to be returned all the statutory records and registers of the Company and its subsidiary companies including those relating to the period since 5 June 2004. On the same date, an interim injunction was also filed against Tan Kok Aun. The High Court adjourned the hearing of the interim injunction pending the outcome of the Company's application under item (iv). On 25 August 2004, Tan Kok Aun had deposited the minutes books of the Company and one of its subsidiary companies, Prolific Yield Sdn. Bhd. with the Registrar of Commercial Court 8 for safekeeping. On 2 November 2004, the Company has withdrawn the claim against Tan Kok Aun with no order as to costs following the return of all the statutory records and registers of the Company and its subsidiary company.
- (vi) Following the discovery by the Company's management that in July 2004, cheque payments totalling RM16 million were made out of a bank account of a subsidiary company, Prolific Yield Sdn. Bhd., to third parties, the Company and its subsidiary company, Prolific Yield Sdn. Bhd. ("Prolific Yield") filed a Writ of Summons at the Kuala Lumpur High Court against the following persons:

Name of Defendants

| | |
|---|----------------|
| Tengku Dato' Kamal Ibni Sultan Sir Abu Bakar | 1st Defendant |
| Lt Kol Tengku Dato' Kamarul Zaman Ibni Sultan Sir Abu Bakar | 2nd Defendant |
| Kassim Bin Mohamed Ali | 3rd Defendant |
| Abdul Rahim Bin Sendiri | 4th Defendant |
| Opti Temasek Sdn. Bhd. | 5th Defendant |
| Yip Kum Wah | 6th Defendant |
| Lee Ah Lan | 7th Defendant |
| Sheikh Abdul Rahim Bin Sheikh Hassan | 8th Defendant |
| Yip Fook Yian | 9th Defendant |
| Yip Chee Meng | 10th Defendant |
| Yip Ha @ Yip See Khaw | 11th Defendant |
| Chew Poh Kong | 12th Defendant |
| Hew Yen Fatt | 13th Defendant |
| Tan Sri Datuk Chai Kin Kong | 14th Defendant |
| Dato Chua Tiong Moon | 15th Defendant |
| Chai Kim Chong | 16th Defendant |
| Chai Woon Chet | 17th Defendant |
| Tan Kok Aun | 18th Defendant |

for recovery of:

- (a) RM13 million which was wrongfully and fraudulently paid out by the former directors of Prolific Yield who were removed on 6 August 2004 to Opti Temasek Sdn. Bhd.;
- (b) RM3 million which was wrongfully and fraudulently paid to Sheikh Abdul Rahim Bin Sheikh Hassan as an advance with no interest and no fixed term of repayment; and
- (c) RM287,915 which was misused by the 14th to 16th Defendants for improper purpose.

The Court has on 24 June 2005 granted the Company's application for Order for attachment of assets before judgement against the 1st to 7th Defendants. The Court has allowed the Company's application for adjournment for hearing of the aforesaid application for filing of affidavit in reply and fixed for hearing on 1 August 2005.

Significant Events (Cont'd)

- (vi) The Company's application to commit the 9th and 10th Defendants into jail for contempt of Court as they have failed to comply with Mareva Order. The said Contempt Application originally fixed for mention on 6 July 2005 was further deferred to 2 September 2005.

On 19 July 2005, the Company has obtained leave from the Court to serve the Re-Amended Writ of Summons and Statement of Claim on the 8th and 12th Defendants by way of substituted services. The 14th to 17th Defendants applied to strike off the Company's claim and the hearing for the 14th to 17th Defendants to file affidavit in reply is fixed on 30 August 2005.

- (vii) On 6 July 2005, the Company and its subsidiary companies, Syarikat Melabau Sdn. Bhd., Kovusak Sdn. Bhd. and Prolific Yield Sdn. Bhd. received summons in respect of statement of claims by their four former employees for the stop payment of cheques for payment of gratuity, reimbursement of expenses and payment in lieu of notice of termination of employment totalling RM127,319.69. The cheques were issued by the former directors of the Company who were removed by the shareholders in the Extraordinary General Meeting held on 6 August 2004. The Company and its subsidiary companies were summoned to appear before the Court on 9 August 2005 to answer the claim.
- (viii) On 8 July 2005, two of its subsidiary companies, Cepatwawasan Sdn. Bhd. and Bakara Sdn. Bhd. entered into conditional sale and purchase agreements to dispose of certain leasehold plantations for a cash consideration of RM340,000 and RM2,637,250 respectively. The disposals are still pending for the fulfillment of the conditions precedent.
- (ix) On 8 July 2005, its subsidiary company, Bakara Sdn. Bhd. has also entered into a conditional deed of assignment to assign the master sub-lease agreement dated 23 July 2001 to a third party for a cash consideration of RM3,062,750. The assignment is still pending for the fulfillment of the conditions precedent.
- (x) On 8 July 2005, its subsidiary company, Wong Tet-Jung Plantations Sdn. Bhd. entered into a conditional sale and purchase agreement to acquire one parcel of leasehold plantation for a cash consideration of RM3,600,000. The acquisition is still pending for the fulfillment of the conditions precedent.

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:

| | |
|--------------------------|--------------------------------|
| Chong Khing Chung | |
| Ouh Mee Lan | |
| Wong Kiam Kong | |
| Fong Wai Leong | |
| Goh Tian Chuan | (Appointed on 8 November 2004) |
| Tan Ah Seng | (Appointed on 21 July 2005) |
| Kee Chit Huei | (Appointed on 21 July 2005) |
| Chua Kim Yin | (Appointed on 21 July 2005) |
| Dato' Haji Mohamad Subky | |
| Bin Haji Abdul Raof | (Resigned on 21 July 2005) |
| Datuk Lo Fui Ming | (Resigned on 21 July 2005) |
| Tan Kum Peng | (Resigned on 25 July 2005) |
| Lo Choon Fung @ Michelle | (Resigned on 25 July 2005) |

directors' report (cont'd)

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 the 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 as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) 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 shares in the Company during the financial year were as follows:

| | Number of Ordinary Shares of RM1.00 Each | | | |
|--------------------------|--|-----------|-------------|--------------|
| | At date of appointment | Bought | Sold | At 30.4.2005 |
| Direct interest: | | | | |
| Goh Tian Chuan | 11,300,000 | 2,039,900 | - | 13,339,900 |
| Datuk Lo Fui Ming | 23,333,204 | 3,574,900 | (3,945,000) | 22,963,104 |
| Ouh Mee Lan | 7,841,928 | 900,000 | - | 8,741,928 |
| Tan Kum Peng | 6,143,833 | 960,000 | (100,000) | 7,003,833 |
| Wong Kiam Kong | 3,566,793 | 946,420 | - | 4,513,213 |
| Fong Wai Leong | 200,000 | - | (200,000) | - |
| Lo Choon Fung @ Michelle | 32,000 | - | - | 32,000 |

None of the other Directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business 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) it necessary to write off any bad debts or the amount of the provision 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.

directors' report (cont'd)**Other Statutory Information (Cont'd)**

- (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.
- (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.

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.

GOH TIAN CHUAN

Sandakan, Malaysia
29 July 2005

CHONG KHING CHUNG

statement by directors

pursuant to section 169(15) of the Companies Act, 1965

We, **GOH TIAN CHUAN** and **CHONG KHING CHUNG**, being two of the Directors of **CEPATWAWASAN GROUP BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 36 to 80 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2005 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.

GOH TIAN CHUAN

Sandakan, Malaysia
29 July 2005

CHONG KHING CHUNG

statutory declaration

pursuant to section 169(16) of the Companies Act, 1965

I, **CHONG KHING CHUNG**, being the Director primarily responsible for the financial management of **CEPATWAWASAN GROUP BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 80 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
CHONG KHING CHUNG at
Sandakan in the State of Sabah on
29 July 2005

CHONG KHING CHUNG

Before me -

Ramsah Binti Hj. Mohd Taha (S-029)
Commissioner for Oaths
Sabah

report of the auditors to the members of cepatwawasan group berhad (company no: 536499-k)

We have audited the financial statements set out on pages 36 to 80. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 30 April 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements 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.

The Auditors' Reports on the financial statements of the subsidiaries were not subject to any qualification to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

In forming our opinion, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the uncertainty over the outcome of the judgement in respect of the lawsuit for the recovery of amounts totalling RM16 million which was wrongfully paid out by the former directors who were removed on 6 August 2004 to third parties. In view of the significance of this uncertainty we considered that it should be drawn to your attention, but our opinion is not qualified in that respect.

ERNST & YOUNG

AF: 0039

Chartered Accountants

CHONG YEW HOONG

1502/04/07 (J)

Partner

Sandakan, Malaysia

29 July 2005

income statements

for the year ended 30 April 2005

| | Note | Group | | Company | |
|-------------------------------|------|---------------|---------------|-------------|-------------|
| | | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Revenue | 6 | 127,252,469 | 127,158,325 | 5,358,987 | - |
| Cost of sales | | (93,673,165) | (100,674,578) | - | - |
| Gross profit | | 33,579,304 | 26,483,747 | 5,358,987 | - |
| Other operating income | | 266,401 | 355,550 | 1,008 | 50,776 |
| Other operating expenses | | *(13,784,110) | (1,854,786) | (272,017) | - |
| Distribution costs | | (2,361,766) | (2,183,027) | - | - |
| Administrative expenses | | (6,727,544) | (6,832,905) | (3,695,816) | (649,305) |
| Profit/(loss) from operations | 7 | 10,972,285 | 15,968,579 | 1,392,162 | (598,529) |
| Finance costs | 9 | (1,523,190) | (1,707,998) | (353,314) | (726,980) |
| Profit/(loss) before taxation | | 9,449,095 | 14,260,581 | 1,038,848 | (1,325,509) |
| Taxation | 10 | (6,869,491) | (4,570,370) | (852,737) | 22,657 |
| Profit/(loss) after taxation | | 2,579,604 | 9,690,211 | 186,111 | (1,302,852) |
| Earnings per share (sen): | | | | | |
| - Basic | 11 | 1.20 | 4.71 | | |
| - Diluted | 11 | - | - | | |

* This included a provision of RM12.8 million in respect of payments wrongfully made by the former directors who were removed on 6 August 2004 as referred to in Note 15 to the financial statements.

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

balance sheets

as at 30 April 2005

| | Note | Group | | Company | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 12 | 208,029,330 | 198,551,431 | 236,524 | - |
| Investments in subsidiary companies | 13 | - | - | 202,671,015 | 202,671,015 |
| Goodwill on consolidation | 14 | 93,255,988 | 92,519,232 | - | - |
| Other receivables | 15 | - | 305,103 | - | - |
| Deferred tax assets | 26 | 207,187 | 86,847 | - | - |
| | | <u>301,492,505</u> | <u>291,462,613</u> | <u>202,907,539</u> | <u>202,671,015</u> |
| Current Assets | | | | | |
| Amounts due from subsidiary companies | 16 | - | - | 18,409,761 | 19,928,898 |
| Inventories | 17 | 7,339,308 | 4,583,895 | - | - |
| Trade receivables | 18 | 3,951,760 | 4,116,968 | - | - |
| Other receivables | 15 | 8,191,362 | 5,851,843 | 102,644 | 663,592 |
| Tax refundable | | 1,297,952 | 887,420 | 622,830 | 331,557 |
| Fixed deposits placed with licensed banks | 19 | 179,356 | 162,970 | - | - |
| Cash and bank balances | | 1,875,821 | 3,124,289 | 100,745 | 217,782 |
| | | <u>22,835,559</u> | <u>18,727,385</u> | <u>19,235,980</u> | <u>21,141,829</u> |
| Current Liabilities | | | | | |
| Amounts due to subsidiary companies | 20 | - | - | 11,497,976 | 13,683,522 |
| Borrowings | 21 | 15,465,538 | 12,439,577 | 87,504 | - |
| Trade payables | 23 | 6,116,076 | 3,988,147 | - | - |
| Other payables | 24 | 5,072,940 | 4,769,182 | 439,860 | 242,812 |
| Provision for taxation | | 300,266 | 591,187 | - | - |
| | | <u>26,954,820</u> | <u>21,788,093</u> | <u>12,025,340</u> | <u>13,926,334</u> |
| Net Current (Liabilities)/Assets | | <u>(4,119,261)</u> | <u>(3,060,708)</u> | <u>7,210,640</u> | <u>7,215,495</u> |
| | | <u>297,373,244</u> | <u>288,401,905</u> | <u>210,118,179</u> | <u>209,886,510</u> |

balance sheets (cont'd)

as at 30 April 2005

| | Note | Group | | Company | |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Financed By: | | | | | |
| Share capital | 25 | 215,456,915 | 215,456,915 | 215,456,915 | 215,456,915 |
| Retained profits/(accumulated losses) | | 27,050,066 | 24,470,462 | (5,384,294) | (5,570,405) |
| Shareholders' equity | | <u>242,506,981</u> | <u>239,927,377</u> | <u>210,072,621</u> | <u>209,886,510</u> |
| Borrowings | 21 | 15,034,493 | 10,903,539 | 45,558 | - |
| Deferred tax liabilities | 26 | 39,564,720 | 37,303,939 | - | - |
| Lease rental payable | 27 | 267,050 | 267,050 | - | - |
| Non-current liabilities | | <u>54,866,263</u> | <u>48,474,528</u> | <u>45,558</u> | <u>-</u> |
| | | <u>297,373,244</u> | <u>288,401,905</u> | <u>210,118,179</u> | <u>209,886,510</u> |
| Net Tangible Assets Per Ordinary Share | 28 | <u>0.69</u> | <u>0.68</u> | <u>0.98</u> | <u>0.97</u> |

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

statements of changes in equity

for the year ended 30 April 2005

| | Share Capital RM | Distributable Retained Profits/ (Accumulated Losses) RM | Total RM |
|---|------------------------|--|--------------------|
| Group | | | |
| At 1 May 2003 | 201,736,915 | 14,780,251 | 216,517,166 |
| Conversion of Irredeemable Convertible Unsecured Loan Stocks | 13,720,000 | - | 13,720,000 |
| Profit after taxation | - | 9,690,211 | 9,690,211 |
| At 30 April 2004 | 215,456,915 | 24,470,462 | 239,927,377 |
| Profit after taxation | - | 2,579,604 | 2,579,604 |
| At 30 April 2005 | <u>215,456,915</u> | <u>27,050,066</u> | <u>242,506,981</u> |
| Company | | | |
| At 1 May 2003 | 201,736,915 | (4,267,553) | 197,469,362 |
| Conversion of Irredeemable Convertible Unsecured Loan Stocks | 13,720,000 | - | 13,720,000 |
| Loss after taxation | - | (1,302,852) | (1,302,852) |
| At 30 April 2004 | 215,456,915 | (5,570,405) | 209,886,510 |
| Profit after taxation | - | 186,111 | 186,111 |
| At 30 April 2005 | <u>215,456,915</u> | <u>(5,384,294)</u> | <u>210,072,621</u> |

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

cash flow statements

for the year ended 30 April 2005

| | Group | | Company | |
|--|--------------|--------------|-------------|-------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Cash Flows From Operating Activities | | | | |
| Profit/(loss) before taxation | 9,449,095 | 14,260,581 | 1,038,848 | (1,325,509) |
| Adjustments for: | | | | |
| Amortisation of quarry development expenditure | - | 6,161 | - | - |
| Depreciation of property, plant and equipment | 3,620,426 | 3,349,977 | 22,680 | - |
| Equipment scrapped | 2,176 | 3,735 | - | - |
| Finance costs | 1,523,190 | 1,707,998 | 353,314 | 726,980 |
| Inventories written off | 4,200 | 1,591 | - | - |
| Loss on disposal of equipment | 5,053 | 311,385 | - | - |
| Provision for doubtful debts | 13,237,718 | 1,146,045 | 272,017 | - |
| Provision for impairment loss | - | 400,000 | - | - |
| Gain on disposal of property, plant equipment | (403) | (152,385) | - | - |
| Interest on fixed deposits | (10,281) | (6,672) | - | (99) |
| Interest on advances given | (23,064) | (3,682) | - | - |
| Interest on Repo | (6,329) | - | - | - |
| Overdue interest income | (1,008) | (50,677) | (1,008) | (50,677) |
| Operating profit/(loss) before working capital changes | 27,800,773 | 20,974,057 | 1,685,851 | (649,305) |
| Increase in inventories | (2,759,613) | (477,480) | - | - |
| (Increase)/decrease in receivables | (15,106,926) | 5,802,429 | 288,931 | 3,458,145 |
| Increase/(decrease) in payables | 1,109,377 | (12,421,861) | 197,048 | (5,407,731) |
| Cash generated from /(used in) operations | 11,043,611 | 13,877,145 | 2,171,830 | (2,598,891) |
| Interest paid | (44,064) | (198,954) | (54) | - |
| Income tax paid | (6,171,456) | (3,630,798) | (1,144,010) | - |
| Net cash generated from/(used in) operating activities | 4,828,091 | 10,047,393 | 1,027,766 | (2,598,891) |

cash flow statements (cont'd)
for the year ended 30 April 2005

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Cash Flows From Investing Activities | | | | |
| Decrease in amounts due from subsidiary companies | - | - | 1,519,137 | 4,049,058 |
| Acquisition of subsidiary companies net of cash and cash equivalents (Note 13) | (2,598,004) | - | - | - |
| Interest received | 40,682 | 61,031 | 1,008 | 50,776 |
| Proceeds from disposal of property, plant and equipment | 7,300 | 1,533,300 | - | - |
| Additions of property, plant and equipment (Note 31) | (6,583,169) | (8,466,944) | (84,204) | - |
| Interest capitalised under property, plant and equipment (Note 31) | (835,771) | (45,047) | - | - |
| Net cash (used in)/ generated from investing activities | (9,968,962) | (6,917,660) | 1,435,941 | 4,099,834 |
| Cash Flows From Financing Activities | | | | |
| Decrease in amounts due to subsidiary companies | - | - | (2,185,546) | (563,852) |
| Proceeds from drawdown of term loans | 7,983,721 | 6,000,000 | - | - |
| Proceeds from drawdown of revolving credits | 3,000,000 | 6,000,000 | - | - |
| Proceeds from drawdown of acceptance bill | 18,898,000 | - | - | - |
| Repayment of term loans | (5,152,448) | (6,049,580) | - | - |
| Repayment of hire purchase and lease financing | (659,239) | (882,477) | (41,938) | - |
| Repayment of acceptance bill | (18,898,000) | - | - | - |
| Interest paid on advances | - | - | (348,926) | (442,807) |
| Interest paid on hire purchase | (59,451) | (114,308) | (4,334) | - |
| Interest paid on Irredeemable Convertible Unsecured Loan Stocks ("ICULS") | - | (284,173) | - | (284,173) |
| Interest paid on leasing | (18,021) | (29) | - | - |
| Interest paid on term loans | (1,031,142) | (1,046,087) | - | - |
| Interest paid on revolving credits | (321,298) | (64,447) | - | - |
| Interest paid on acceptance bill | (49,214) | - | - | - |
| Net cash generated from/(used in) financing activities | 3,692,908 | 3,558,899 | (2,580,744) | (1,290,832) |
| Net (decrease)/increase in cash and cash equivalents | (1,447,963) | 6,688,632 | (117,037) | 210,111 |
| Cash and cash equivalents at beginning of year | 2,046,146 | (4,642,486) | 217,782 | 7,671 |
| Cash and cash equivalents at end of year (Note 31) | 598,183 | 2,046,146 | 100,745 | 217,782 |

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

notes to the financial statements

30 April 2005

1. Significant Uncertainty

On 18 August 2004, the Directors discovered that, prior to their appointments, payments totalling RM16 million were wrongfully and fraudulently paid out from a bank account of a subsidiary company, Prolific Yield Sdn. Bhd. ("Prolific Yield"), to third parties by the former directors who were removed on 6 August 2004. The Company and Prolific Yield have since then filed a Writ of Summons at the Kuala Lumpur High Court against seven of the former directors of the Company and eleven others for recovery of the total amount of RM16 million as referred to in Note 5 (vi). The Court has on 24 June 2005 granted the Company's application for order for attachment of assets before judgement and further details are stated in Note 5 (vi). The Directors have recorded the said wrongful payments in other receivables pending the outcome of the judgement. As at year end, the Directors have reviewed the recoverability of the above said wrongful payments and thought fit to make a provision for doubtful debts of RM12.8 million based on the estimated realisable value of the assets declared by the defendants to the High Court pursuant to the Mareva Order.

Due to the significant uncertainty involved, the amount of wrongful payments which may eventually not recoverable is dependent on the outcome of the judgement. However, the Directors are of the opinion that the Court will rule in favour of the Company and Prolific Yield and that the amount of provision is adequate. The financial statements do not include any adjustments that would be required if the judgement is not concluded in favour of the Company and Prolific Yield.

2. Corporate Information

The principal activity of the Company is investment holding. During the financial year, the Company commences provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are stated in Note 13 to the financial statements. There have been no other significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

The registered office and the principal place at which the Company's business is carried out are located at Lot 39-40, Block C, Taman Indah Jaya Shophouses, Mile 4, North Road, P. O. Box 1562, 90717 Sandakan, Sabah.

The number of employees in the Group and in the Company at the end of the financial year were 1,037 (2004: 971) and 7 (2004: 3) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 July 2005.

3. Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate, 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.

(a) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing borrowings. The Group had no substantial long term interest-bearing assets as at 30 April 2005. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits, marketable securities or occasionally, in short term commercial papers.

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

notes to the financial statements (cont'd)

30 April 2005

3. Financial Risk Management Policies (cont'd)**(b) Liquidity Risk**

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. 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.

(c) Credit Risk

Credit risks, or the risk of counterparties defaulting, are 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.

(d) Fair Values

There is no disclosure of fair value for investments in subsidiary companies and borrowings under the basis of Islamic principles as these are excluded from MASB 24 - Financial Instruments: Disclosure and Presentation.

The carrying amount of financial assets and liabilities of the Group and of the Company at the balance sheets approximated their fair values except for the followings:

| | | 2005 | | 2004 | |
|--|------|--------------------------|---------------------|--------------------------|---------------------|
| | Note | Carrying Amount RM | Fair Value RM | Carrying Amount RM | Fair Value RM |
| Group | | | | | |
| Financial Liabilities | | | | | |
| Lease rental payable | 27 | 267,050 | 24,760 | 267,050 | 23,876 |
| Company | | | | | |
| Financial Assets | | | | | |
| Amounts due from subsidiary companies | 16 | 18,409,761 | + | 19,928,898 | + |
| Financial Liabilities | | | | | |
| Amounts due to subsidiary companies | 20 | 11,497,976 | + | 13,683,522 | + |

+ It is not practical to estimate the fair values of amounts due from/to subsidiary companies due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. However, the Company 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.

notes to the financial statements (cont'd)

30 April 2005

3. Financial Risk Management Policies (cont'd)

(d) Fair Values (cont'd)

The nominal/notional amount and fair value of financial instruments not recognised in the balance sheets of the Group and of the Company as at end of the financial year are:

| | Note | 2005 | | 2004 | |
|------------------------|------|--------------------------------------|---------------------|--------------------------------------|---------------------|
| | | Nominal/ Notional Amount RM | Fair Value RM | Nominal/ Notional Amount RM | Fair Value RM |
| Group | | | | | |
| Contingent liabilities | 29 | - | - | 20,000 | - |
| Company | | | | | |
| Contingent liabilities | 29 | 79,031,978 | 30,127,168 | 73,140,800 | 21,519,994 |

The carrying amounts of the company's financial instruments, including financial assets and liabilities approximate their fair values due to their short term maturities.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.
- (ii) Borrowings
The carrying amounts of borrowings as reflected in the balance sheets approximate to their fair value.

4. Significant Accounting Policies

(a) Basis of Preparation

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

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiary companies are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

4. Significant Accounting Policies (cont'd)

(b) Basis of Consolidation (cont'd)

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiary companies are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(m). Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet.

Goodwill arising on consolidation is not amortised.

(d) Investments in Subsidiary Companies

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(m).

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(m).

Leasehold land and plantations held on long-term leases (with remaining lease period of more than 50 years) are not amortised. The non-amortisation of the long leasehold land has no material effect on the financial statements. The effect of the non-amortisation of the leasehold land is disclosed under Note 12 to the financial statements.

notes to the financial statements (cont'd)

30 April 2005

4. Significant Accounting Policies (cont'd)

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

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under plantation development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under plantation development expenditure until such time when the plantation attains maturity. No provision for amortisation on plantation development expenditure is considered necessary as the plantations' estimated useful lives are maintained through replanting programmes.

Replanting expenditure is recognised in the income statement in the year in which the expenditure is incurred.

Proceeds from the sale of timber salvaged in the course of clearing the Group's leasehold land for plantation development in mitigation of further capital expenditure in developing the plantations is deducted against the plantation development expenditure in arriving at the carrying amount of plantations.

Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

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:

| | % |
|--------------------------------------|--------|
| Leasehold property | 2 |
| Oil mill and other buildings | 5 - 7 |
| Heavy equipment, plant and machinery | 6 - 10 |
| Motor vehicles | 15 |
| Furniture, fittings and equipment | 10 |

Capital work-in-progress is stated at cost and not depreciated until they are fully completed and ready for use.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statements.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(f) Inventories

All categories of inventories are valued at the lower of cost and net realisable value.

Costs of crude palm oil, milled oil palm produce and quarry inventories consist of direct material cost, direct labour cost, other direct charges and an appropriate proportion of factory overheads and are determined on the monthly weighted average basis.

notes to the financial statements (cont'd)

30 April 2005

4. Significant Accounting Policies (cont'd)

(f) Inventories (cont'd)

Costs of consumable stores consist of purchase cost and expenses in bringing them into stores and are determined on the weighted average basis.

Cost of oil palm nurseries is computed using the weighted average cost method and includes the actual cost of seedlings and upkeep expenses.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(g) Cash and Cash Equivalents

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

(h) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

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 4(e).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(i) Provisions 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.

notes to the financial statements (cont'd)

30 April 2005

4. Significant Accounting Policies (cont'd)

(j) 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, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 negative goodwill.

(k) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, employers in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

(i) Sale of plantation produce

Sale of plantation produce is recognised on an accrual basis upon delivery of products to customers, less returns.

(ii) Sale of stones

Sale of stones is recognised upon delivery of products and customers acceptance.

notes to the financial statements (cont'd)

30 April 2005

4. Significant Accounting Policies (cont'd)

(l) Revenue Recognition (cont'd)

(iii) Dividend income

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

(iv) Management fees

Revenue from management service is recognised upon rendering of services to customers.

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(n) Segment Information

Segment information is presented in respect of the Groups' business. The reporting segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the products it produces.

Segment results, assets and liabilities included items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one accounting period.

(o) 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 and 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.

(i) 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.

notes to the financial statements (cont'd)

30 April 2005

4. Significant Accounting Policies (cont'd)

(o) Financial Instruments (cont'd)

(ii) Payables

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

(iii) 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 the 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 costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring a 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 drawn down 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.

(iv) 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.

5. Significant Events

- (i) On 24 June 2004, the Company had terminated the conditional share sale agreement to acquire the entire issued and paid-up share capital of Desinyo Leisure Sdn. Bhd. due to non-fulfillment of certain conditions as stipulated in the agreement.
- (ii) On 14 July 2004, one of its subsidiary companies, Cepatwawasan Sdn. Bhd., had completed the acquisition of the entire issued and paid-up share capital of four subsidiary companies in accordance with the conditional sale and purchase agreement dated 31 December 2003.

notes to the financial statements (cont'd)

30 April 2005

5. Significant Events (cont'd)

| (ii) Subsidiary companies | Cash consideration RM |
|---------------------------|-----------------------------|
| Jutategak Sdn. Bhd. | 2,159,037 |
| Liga Semarak Sdn. Bhd. | 359,679 |
| Tentu Cergas Sdn. Bhd. | 360,048 |
| Tentu Bernas Sdn. Bhd. | 360,939 |
| | <u>3,239,703</u> |

- (iii) On 23 March 2004, three shareholders of the Company requisitioned for an Extraordinary General Meeting ("the First EGM") of the Company to remove three directors and to appoint three new directors.

However, the First EGM, which was convened on 21 May 2004, was unilaterally and wrongfully adjourned by the then Chairman of the Company without first conferring or consulting the views of the members present at the meeting. Such adjournment was contrary to Article 61 of the Company's Articles of Association.

On 15 June 2004, four shareholders pursuant to Section 145 of the Companies Act, 1965, issued notice for Extraordinary General Meeting to be held on 14 July 2004 ("the Second EGM") for the removal of all the directors of the Company and the appointment of four new directors.

On 1 July 2004, the directors of the Company instructed the Company's solicitors to file an action in the High Court to, inter alia, declare that the First EGM was validly adjourned. On 9 July 2004, the High Court ruled that the First EGM was wrongfully adjourned and ordered the directors to pay for the costs for the matter.

On 10 July 2004, the Company filed an appeal against the High Court decision ("the Appeal") and an application to stay the decision and to restrain the holding of the Second EGM pending the disposal of the Appeal. The Court of Appeal on 13 July 2004 granted a Stay Order and restrained the holding of the Second EGM pending disposal of the Appeal.

On 23 July 2004, the Court of Appeal ruled that the Chairman of the First EGM has wrongfully adjourned the First EGM and dismissed the Appeal with costs.

On 29 July 2004, the Company and the directors of the Company dissatisfied with decision of the Court of Appeal applied for leave to appeal to the Federal Court and also applied for an injunction to restrain the holding of the Second EGM on 6 August 2004. The Federal Court dismissed the application for an injunction on 5 August 2004.

The Second EGM was eventually held on 6 August 2004 whereby, Tengku Dato' Kamal Ibni Sultan Sri Abu Bakar, Abdul Rahim Bin Sendiri, Kassim Bin Mohammed Ali, Tengku Dato' Kamarul Zaman Ibni Almarhum Sultan Sri Abu Bakar were duly removed as Directors and Datuk Lo Fui Ming, Ouh Mee Lan, Wong Kiam Kong and Tan Kum Peng were duly appointed as Directors of the Company. However, on 9 August 2004, the former directors filed an application at the Kuala Lumpur High Court to declare that the Second EGM held on 6 August 2004 and the resolutions passed therein were void and invalid. The said application was dismissed with costs by the Court on 29 September 2004.

notes to the financial statements (cont'd)

30 April 2005

5. Significant Events (cont'd)

- (iv) On 9 August 2004, the Company applied to the High Court to restrain the former directors from continuing to act or holding themselves out as Directors of the Company and its subsidiaries and from otherwise intermeddling or interfering in the Company and its subsidiaries businesses and management of the Company's and its subsidiaries' affairs and forthwith do and concur in doing all acts and things necessary to enable the Company and its subsidiaries to obtain possession of and control over its assets, books, accounts, correspondences, other property and whatever documents obtained and possessed by the former directors in the course of their directorships. On 29 September 2004, the High Court allowed the Company's said application.
- (v) On 14 August 2004, the Company applied to the High Court to restrain the former Company Secretary, Tan Kok Aun, from continuing to act and holding himself out as the Company Secretary of the Company and its subsidiary companies and cause to be returned all the statutory records and registers of the Company and its subsidiary companies including those relating to the period since 5 June 2004. On the same date, an interim injunction was also filed against Tan Kok Aun. The High Court adjourned the hearing of the interim injunction pending the outcome of the Company's application under item (iv). On 25 August 2004, Tan Kok Aun had deposited the minutes books of the Company and one of its subsidiary companies, Prolific Yield Sdn. Bhd. with the Registrar of Commercial Court 8 for safekeeping. On 2 November 2004, the Company has withdrawn the claim against Tan Kok Aun with no order as to costs following the return of all the statutory records and registers of the Company and its subsidiary company.
- (vi) Following the discovery by the Company's management that in July 2004, cheque payments totalling RM16 million were made out of a bank account of a subsidiary company, Prolific Yield Sdn. Bhd., to third parties, the Company and its subsidiary company, Prolific Yield Sdn. Bhd. ("Prolific Yield") filed a Writ of Summons at the Kuala Lumpur High Court against the following persons:

Name of Defendants

| | |
|---|----------------|
| Tengku Dato' Kamal Ibni Sultan Sir Abu Bakar | 1st Defendant |
| Lt Kol Tengku Dato' Kamarul Zaman Ibni Sultan Sir Abu Bakar | 2nd Defendant |
| Kassim Bin Mohamed Ali | 3rd Defendant |
| Abdul Rahim Bin Sendiri | 4th Defendant |
| Opti Temasek Sdn. Bhd. | 5th Defendant |
| Yip Kum Wah | 6th Defendant |
| Lee Ah Lan | 7th Defendant |
| Sheikh Abdul Rahim Bin Sheikh Hassan | 8th Defendant |
| Yip Fook Yian | 9th Defendant |
| Yip Chee Meng | 10th Defendant |
| Yip Ha @ Yip See Khow | 11th Defendant |
| Chew Poh Kong | 12th Defendant |
| Hew Yen Fatt | 13th Defendant |
| Tan Sri Datuk Chai Kin Kong | 14th Defendant |
| Dato Chua Tiong Moon | 15th Defendant |
| Chai Kim Chong | 16th Defendant |
| Chai Woon Chet | 17th Defendant |
| Tan Kok Aun | 18th Defendant |

notes to the financial statements (cont'd)

30 April 2005

5. Significant Events (cont'd)

(vi) for recovery of:

- (a) RM13 million which was wrongfully and fraudulently paid out by the former directors of Prolific Yield who were removed on 6 August 2004 to Opti Temasek Sdn. Bhd.;
- (b) RM3 million which was wrongfully and fraudulently paid to a Sheikh Abdul Rahim Bin Sheikh Hassan as an advance with no interest and no fixed term of repayment; and
- (c) RM287,915 which was misused by the 14th to 16th Defendants for improper purpose.

The Court has on 24 June 2005 granted the Company's application for Order for attachment of assets before judgement against the 1st to 7th Defendants. The Court has allowed the Company's application for adjournment for hearing of the aforesaid application for filing of affidavit in reply and fixed for hearing on 1 August 2005.

The Company's application to commit the 9th and 10th Defendants into jail for contempt of Court as they have failed to comply with Mareva Order. The said Contempt Application originally fixed for mention on 6 July 2005 was further deferred to 2 September 2005.

On 19 July 2005, the Company has obtained leave from the Court to serve the Re-Amended Writ of Summons and Statement of Claim on the 8th and 12th Defendants by way of substituted services. The 14th to 17th Defendants applied to strike off the Company's claim and the hearing for the 14th to 17th Defendants to file affidavit in reply is fixed on 30 August 2005.

6. Revenue

| | Group | | Company | |
|------------------------------|--------------------|--------------------|------------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Sales of crude palm oil | 104,074,286 | 107,660,906 | - | - |
| Sales of palm kernel | 18,368,352 | 12,956,495 | - | - |
| Sales of earth and stones | 2,053,780 | 2,532,889 | - | - |
| Sales of fresh fruit bunches | 2,756,051 | 4,008,035 | - | - |
| Management fees | - | - | 1,273,237 | - |
| Dividend income | - | - | 4,085,750 | - |
| | <u>127,252,469</u> | <u>127,158,325</u> | <u>5,358,987</u> | <u>-</u> |

Transactions between companies within the Group are excluded in determining revenue of the Group.

notes to the financial statements (cont'd)

30 April 2005

7. Profit/(Loss) from Operations

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| This is stated after charging/(crediting): | | | | |
| Auditors' remuneration | | | | |
| - statutory audits | 78,500 | 57,100 | 20,000 | 15,000 |
| - special audits | 18,000 | - | 18,000 | - |
| - other services | - | 26,500 | - | 26,500 |
| - under/(over)provided in prior years | 9,500 | (24,100) | 5,000 | - |
| Other non-audit fees paid/payable to an associate of auditors | 24,955 | 31,345 | 1,200 | 2,400 |
| Amortisation on quarry development expenditure (Note 12) | - | 6,161 | - | - |
| Depreciation of property, plant and equipment (Note 12) | 3,620,426 | 3,349,977 | 22,680 | - |
| Non-executive Directors' remuneration (Note 8) | 205,323 | 471,000 | 205,323 | 135,000 |
| Equipment scrapped | 2,176 | 3,735 | - | - |
| Inventories written off | 4,200 | 1,591 | - | - |
| Land and office rental | 43,600 | 27,600 | - | - |
| Loss on disposal of equipment | 5,053 | 311,385 | - | - |
| Provision for doubtful debts | 13,237,718 | 1,146,045 | 272,017 | - |
| Provision for impairment loss | - | 400,000 | - | - |
| Equipment hiring income | (96,135) | (101,831) | - | - |
| Gain on disposal of property, plant and equipment | (403) | (152,385) | - | - |
| Interest on advances given | (23,064) | (3,682) | - | - |
| Interest received on fixed deposits | (10,281) | (6,672) | - | (99) |
| Overdue interest income | (1,008) | (50,677) | (1,008) | (50,677) |
| Interest received on Repo | (6,329) | - | - | - |
| Staff costs | 9,449,585 | 13,243,838 | 1,338,730 | 122,500 |

Detailed analysis of staff costs are as follows:

| | | | | |
|---|------------|------------|-----------|---------|
| Salaries and wages | 10,849,653 | 13,476,373 | 1,197,814 | 122,500 |
| Employees' Provident Fund contributions | 555,336 | 876,586 | 140,882 | - |
| SOCSO contributions | 39,990 | 39,740 | 34 | - |
| | 11,444,979 | 14,392,699 | 1,338,730 | 122,500 |

Staff costs are taken up in the financial statements as follows:

| | | | | |
|--------------------------------------|------------|------------|-----------|---------|
| Capitalised under: | | | | |
| - Plantation development expenditure | 1,056,236 | 665,453 | - | - |
| - Nurseries | 939,158 | 483,408 | - | - |
| Recognised in income statements | 9,449,585 | 13,243,838 | 1,338,730 | 122,500 |
| | 11,444,979 | 14,392,699 | 1,338,730 | 122,500 |

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,785,576 (2004: RM3,223,330) and RM1,335,336 (2004: RM122,500) respectively as further disclosed in Note 8.

notes to the financial statements (cont'd)

30 April 2005

8. Directors' Remuneration

| | Group | | Company | |
|--|------------------|------------------|------------------|----------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Directors of the Company | | | | |
| Executive: | | | | |
| Emoluments | 1,761,730 | 2,847,908 | 1,311,490 | - |
| Fees | 23,846 | 122,500 | 23,846 | 122,500 |
| | <u>1,785,576</u> | <u>2,970,408</u> | <u>1,335,336</u> | <u>122,500</u> |
| Non-Executive: | | | | |
| Emoluments | - | 336,000 | - | - |
| Fees | 205,323 | 135,000 | 205,323 | 135,000 |
| | <u>205,323</u> | <u>471,000</u> | <u>205,323</u> | <u>135,000</u> |
| Director of subsidiary companies | | | | |
| Executive: | | | | |
| Emoluments | - | 252,922 | - | - |
| Total | <u>1,990,899</u> | <u>3,694,330</u> | <u>1,540,659</u> | <u>257,500</u> |
| Analysis excluding benefits-in-kind: | | | | |
| Total executive Directors' remuneration | 1,785,576 | 3,223,330 | 1,335,336 | 122,500 |
| Total non-executive Directors' remuneration | 205,323 | 471,000 | 205,323 | 135,000 |
| Total Directors' remuneration excluding benefits-in-kind | <u>1,990,899</u> | <u>3,694,330</u> | <u>1,540,659</u> | <u>257,500</u> |

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

| | Number of Directors | |
|--------------------------|---------------------|------|
| | 2005 | 2004 |
| Executive Directors: | | |
| Below RM50,000 | 1 | - |
| RM50,001 to RM100,000 | 3 | 1 |
| RM100,001 to RM150,000 | - | 2 |
| RM200,001 to RM250,000 | 1 | - |
| RM250,001 to RM300,000 | 2 | 1 |
| RM300,001 to RM350,000 | 2 | - |
| RM450,001 to RM500,000 | - | 1 |
| RM500,001 to RM550,000 | - | 3 |
| RM600,001 to RM650,000 | - | 1 |
| Non-Executive Directors: | | |
| Below RM50,000 | 4 | 3 |
| RM50,001 to RM100,000 | 1 | - |
| RM300,001 to RM350,000 | - | 1 |

notes to the financial statements (cont'd)

30 April 2005

9. Finance Costs

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Interest expense on: | | | | |
| Advances | - | - | 348,926 | 442,807 |
| Acceptance bill | 49,214 | - | - | - |
| Bank overdrafts | 41,388 | 198,914 | - | - |
| Term loans | 1,787,291 | 1,079,136 | - | - |
| ICULS | - | 284,173 | - | 284,173 |
| Hire purchase | 68,509 | 123,469 | 4,334 | - |
| Leasing | 18,021 | 29 | - | - |
| Revolving credits | 391,862 | 64,447 | - | - |
| Others | 2,676 | 40 | 54 | - |
| | <u>2,358,961</u> | <u>1,750,208</u> | <u>353,314</u> | <u>726,980</u> |
| Less: Interest expense capitalised under plantation development expenditure (Note 12): | | | | |
| Term loans | (756,149) | (33,049) | - | - |
| Hire purchase | (9,058) | (9,161) | - | - |
| Revolving credits | (70,564) | - | - | - |
| | <u>1,523,190</u> | <u>1,707,998</u> | <u>353,314</u> | <u>726,980</u> |

10. Taxation

| | Group | | Company | |
|--|------------------|------------------|----------------|-----------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Income tax: | | | | |
| Malaysian income tax | 5,466,037 | 3,937,837 | 852,737 | - |
| Under/(over)provided in prior years | 3,966 | (37,870) | - | (22,657) |
| | <u>5,470,003</u> | <u>3,899,967</u> | <u>852,737</u> | <u>(22,657)</u> |
| Deferred tax (Note 26): | | | | |
| Relating to origination and reversal of temporary differences | 1,366,084 | 670,403 | - | - |
| Underprovided in prior years | 33,404 | - | - | - |
| | <u>1,399,488</u> | <u>670,403</u> | <u>-</u> | <u>-</u> |
| Tax expense for the year | <u>6,869,491</u> | <u>4,570,370</u> | <u>852,737</u> | <u>(22,657)</u> |

notes to the financial statements (cont'd)

30 April 2005

10. Taxation (cont'd)

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

| | Group | | Company | |
|--|------------|------------|------------|-------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Profit/(loss) before taxation | 9,449,095 | 14,260,581 | 1,038,848 | (1,325,509) |
| Taxation at Malaysian statutory tax rate of 28% | 2,645,747 | 3,992,963 | 290,877 | (371,143) |
| Effect on income subject to tax rate of 20%* | (229,313) | (162,010) | - | - |
| Effect of expenses not deductible for tax purposes | 4,396,435 | 1,187,066 | 560,635 | 371,143 |
| Effect of utilisation of current year's reinvestment allowances | (149,465) | - | - | - |
| Deferred tax assets recognised in respect of reinvestment allowances | - | (563,799) | - | - |
| Deferred tax assets not recognised during the year | 168,717 | 154,020 | 1,225 | - |
| Under/(over) provision of tax expense in prior years | 3,966 | (37,870) | - | (22,657) |
| Underprovision of deferred tax in prior years | 33,404 | - | - | - |
| Tax expense for the year | 6,869,491 | 4,570,370 | 852,737 | (22,657) |

* Pursuant to Paragraph 2A, Schedule 1, Part 1 of the Income Tax Act, 1967, the income tax rate applicable to the first RM500,000 (2004: RM500,000) of the chargeable income of certain subsidiary companies is 20%, as those subsidiary companies are considered small and medium scale companies.

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Tax savings during the financial year arising from: | | | | |
| Utilisation of unabsorbed reinvestment allowance brought forward from previous years | 595,005 | - | - | - |
| Utilisation of tax losses brought forward from previous years | 269,250 | 562,064 | - | - |
| Utilisation of unabsorbed agriculture and capital allowances brought forward from previous years | 553,531 | 215,618 | - | - |

notes to the financial statements (cont'd)

30 April 2005

10. Taxation (cont'd)

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Unutilised tax losses and unabsorbed agriculture and capital allowances are analysed as follows: | | | | |
| Unutilised tax losses carried forward | 6,533,899 | 3,988,874 | - | - |
| Unabsorbed agriculture and capital allowances carried forward | 6,927,763 | 5,169,886 | 20,000 | - |

On 2 August 2004, the Inland Revenue Board commenced a tax review on the tax affairs of the Company and two of its subsidiaries. To date, the outcome of the review is unknown and no provision has been made in respect thereof.

11. Earnings Per Share

(a) Basic

The basic earnings per share is calculated by dividing the Group's profit after taxation for the financial year by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|-------------|-------------|
| | 2005 | 2004 |
| Profit after taxation (RM) | 2,579,604 | 9,690,211 |
| Weighted average number of ordinary shares in issue | 215,456,915 | 205,569,259 |
| Basic earnings per share (sen) | 1.20 | 4.71 |

(b) Diluted

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share has not been presented.

12. Property, Plant and Equipment

| Group Cost | Long Leasehold | Plantation | Quarry | Heavy | Motor | Furniture, | Capital | Total |
|---------------------------------------|--|----------------------------|----------------------------|--------------------------------------|-----------|------------------------------|----------------------|-------------|
| | Land, Leasehold Property, Oil mill and Other Buildings | Development Expenditure | Development Expenditure | Equipment, Plant and Machinery | Vehicles | Fittings and Equipment | Work-In- Progress | |
| At 1 May 2004 | 61,593,941 | 107,067,324 | 9,447,998 | 33,176,047 | 2,651,976 | 1,744,241 | 242,453 | 215,923,980 |
| Acquisition of subsidiaries (Note 13) | 3,277,726 | 646,785 | - | - | - | - | - | 3,924,511 |
| Additions | 58,849 | 5,560,648 | - | 1,613,840 | 1,420,196 | 342,992 | 330,280 | 9,326,805 |
| Disposals | - | - | - | - | - | (23,396) | - | (23,396) |
| Scrapped | - | - | - | - | - | (3,300) | - | (3,300) |
| Reclassifications | 164,417 | 314,374 | - | - | - | 6,018 | (484,809) | - |
| At 30 April 2005 | 65,094,933 | 113,589,131 | 9,447,998 | 34,789,887 | 4,072,172 | 2,066,555 | 87,924 | 229,148,600 |
| At 1 May 2004 | 2,469,537 | - | 181,487 | 12,455,270 | 1,467,087 | 799,168 | - | 17,372,549 |
| Charge for the year | 644,727 | - | - | 2,696,279 | 255,949 | 162,336 | - | 3,759,291 |
| Disposals | - | - | - | - | - | (11,446) | - | (11,446) |
| Scrapped | - | - | - | - | - | (1,124) | - | (1,124) |
| At 30 April 2005 | 3,114,264 | - | 181,487 | 15,151,549 | 1,723,036 | 948,934 | - | 21,119,270 |
| At 30 April 2005 | 61,980,669 | 113,589,131 | 9,266,511 | 19,638,338 | 2,349,136 | 1,117,621 | 87,924 | 208,029,330 |
| At 30 April 2004 | 59,124,404 | 107,067,324 | 9,266,511 | 20,720,777 | 1,184,889 | 945,073 | 242,453 | 198,551,431 |
| Depreciation charge for 2004 | 627,776 | - | 6,161 | 2,427,159 | 211,049 | 145,519 | - | 3,417,664 |
| Impairment loss for 2004 | - | - | - | 400,000 | - | - | - | 400,000 |

notes to the financial statements (cont'd)

30 April 2005

12. Property, Plant and Equipment (cont'd)

Long leasehold land, leasehold property, oil mill and other buildings comprise:

| Group | Long Leasehold Land RM | Leasehold Property RM | Oil mill and Other Buildings RM | Total RM |
|---|---------------------------------|-----------------------------|--|-----------------------------|
| Cost | | | | |
| At 1 May 2004 | 49,020,335 | 718,963 | 11,854,643 | 61,593,941 |
| Acquisition of subsidiaries (Note 13) | 3,277,726 | - | - | 3,277,726 |
| Additions | 11,500 | - | 47,349 | 58,849 |
| Reclassifications | 1,205 | - | 163,212 | 164,417 |
| | <u>52,310,766</u> | <u>718,963</u> | <u>12,065,204</u> | <u>65,094,933</u> |
| At 30 April 2005 | | | | |
| Accumulated Depreciation and Impairment Loss | | | | |
| At 1 May 2004 | - | 61,434 | 2,408,103 | 2,469,537 |
| Charge for the year | - | 15,602 | 629,125 | 644,727 |
| | <u>-</u> | <u>77,036</u> | <u>3,037,228</u> | <u>3,114,264</u> |
| At 30 April 2005 | | | | |
| Net Book Value | | | | |
| At 30 April 2005 | <u>52,310,766</u> | <u>641,927</u> | <u>9,027,976</u> | <u>61,980,669</u> |
| At 30 April 2004 | <u>49,020,335</u> | <u>657,529</u> | <u>9,446,540</u> | <u>59,124,404</u> |
| Depreciation charge for 2004 | | | | |
| | <u>-</u> | <u>15,602</u> | <u>612,174</u> | <u>627,776</u> |
| Company | | | | |
| | | | | Motor Vehicle RM |
| Cost | | | | |
| At 1 May 2004 | | | | - |
| Addition | | | | <u>259,204</u> |
| At 30 April 2005 | | | | <u>259,204</u> |
| Accumulated Depreciation | | | | |
| At 1 May 2004 | | | | - |
| Charge for the year | | | | <u>22,680</u> |
| At 30 April 2005 | | | | <u>22,680</u> |

notes to the financial statements (cont'd)

30 April 2005

12. Property, Plant and Equipment (cont'd)

Company

| | Motor Vehicle RM |
|-------------------------------------|-----------------------------|
| Cost | |
| Net Book Value | |
| At 30 April 2005 | <u>236,524</u> |
| At 30 April 2004 | <u>-</u> |
| Depreciation charge for 2004 | <u>-</u> |

(i) Plantation development expenditure capitalised during the financial year included the following:

| | Group | |
|---|--------------------|--------------------|
| | 2005 RM | 2004 RM |
| Depreciation of property, plant and equipment | 138,865 | 61,526 |
| Hire of equipment | - | 2,460 |
| Interest on term loans | 756,149 | 33,049 |
| Interest on hire purchase | 9,058 | 9,161 |
| Interest on revolving credits | <u>70,564</u> | <u>-</u> |

(ii) The net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

| | Group | | Company | |
|---------------------|--------------------|--------------------|--------------------|--------------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Plant and machinery | 59,400 | 504,166 | - | - |
| Heavy equipment | 2,150,656 | 1,410,671 | - | - |
| Motor vehicles | <u>532,385</u> | <u>102,050</u> | <u>236,524</u> | <u>-</u> |
| | <u>2,742,441</u> | <u>2,016,887</u> | <u>236,524</u> | <u>-</u> |

(iii) Depreciation of property plant and equipment is taken up in the financial statements as follows:

| | Group | |
|--|--------------------|--------------------|
| | 2005 RM | 2004 RM |
| Recognised in the income statements | 3,620,426 | 3,356,138 |
| Capitalised under plantation development expenditure | <u>138,865</u> | <u>61,526</u> |
| | <u>3,759,291</u> | <u>3,417,664</u> |

notes to the financial statements (cont'd)

30 April 2005

12. Property, Plant and Equipment (cont'd)

- (iv) The net book values of property, plant and equipment pledged for borrowings as referred to in Note 21 are as follows:

| | Group | |
|------------------------------------|-------------------|-------------------|
| | 2005 RM | 2004 RM |
| Long leasehold land | 19,163,494 | 19,282,439 |
| Buildings | 4,960,732 | 5,676,182 |
| Plantation development expenditure | 9,718,702 | 23,007,236 |
| Plant and machinery | 12,909,275 | 13,434,723 |
| | <u>46,752,203</u> | <u>61,400,580</u> |

- (v) The financial impact of non-amortisation of the long leasehold land on the financial results as stated in Note 4(e) is a decrease in amortisation charge of RM262,613 (2004: RM248,934) for the Group.

13. Investments in Subsidiary Companies

| | Company | |
|---------------------------|-------------|-------------|
| | 2005 RM | 2004 RM |
| Unquoted shares - at cost | 202,671,015 | 202,671,015 |

Details of the subsidiary companies, which are incorporated in Malaysia, are as follows:

| Name of Subsidiary Companies | Principal Activities | Equity Interest Held | |
|-------------------------------------|---|----------------------|------|
| | | 2005 | 2004 |
| Cepatwawasan Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Syarikat Melabau Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Wong Tet-Jung Plantations Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Razijaya Sdn. Bhd. | Cultivation of oil palm, currently under development stage and operation of quarry | 100% | 100% |
| Sri Likas Mewah Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Kovusak Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Libarran Island Resort Sdn. Bhd. | Investment holding | 100% | 100% |
| Bakara Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Sungguh Mulia Sdn. Bhd. | Cultivation of oil palm, currently under development stage | 100% | 100% |
| Prima Semasa Sdn. Bhd. | Cultivation of oil palm, currently under development stage | 100% | 100% |

notes to the financial statements (cont'd)

30 April 2005

13. Investments in Subsidiary Companies (cont'd)

| Name of Subsidiary Companies | Principal Activities | Equity Interest Held | |
|---|--|----------------------|------|
| | | 2005 | 2004 |
| Subsidiary companies of Cepatwawasan Sdn. Bhd. | | | |
| Prolific Yield Sdn. Bhd. | Milling and sales of oil palm products | 100% | 100% |
| Jutategak Sdn. Bhd. | Cultivation of oil palm, currently under development stage | 100% | - |
| Liga Semarak Sdn. Bhd. | Cultivation of oil palm, currently under development stage | 100% | - |
| Tentu Cergas Sdn. Bhd. | Cultivation of oil palm, currently under development stage | 100% | - |
| Tentu Bernas Sdn. Bhd. | Cultivation of oil palm, currently under development stage | 100% | - |
| Subsidiary companies of Syarikat Melabau Sdn. Bhd. | | | |
| Suara Baru Sdn. Bhd. | Cultivation of oil palm and operation of quarry | 100% | 100% |
| Gelang Usaha Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Subsidiary company of Sri Likas Mewah Sdn. Bhd. | | | |
| Ultisearch Trading Sdn. Bhd. | Cultivation of oil palm | 100% | 100% |
| Subsidiary company of Libarran Island Resort Sdn. Bhd. | | | |
| Minelink Sdn. Bhd. | Cultivation of oil palm, not yet commenced operation | 100% | 100% |

Acquisition of subsidiary companies:

On 14 July 2004, the Group acquired 100% equity interest in Jutategak Sdn. Bhd., Liga Semarak Sdn. Bhd., Tentu Cergas Sdn. Bhd. and Tentu Bernas Sdn. Bhd., for a total cash consideration of RM3,239,703.

notes to the financial statements (cont'd)

30 April 2005

13. Investments in Subsidiary Companies (cont'd)

The acquisition had the following effect on the financial position of the Group as at the end of the year:

| | RM |
|----------------------|-----------------|
| Revenue | - |
| Loss from operations | (20,786) |
| Loss after taxation | <u>(14,965)</u> |

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

| | RM |
|-------------------------------|------------------|
| Property, plant and equipment | 5,370,131 |
| Goodwill on consolidation | 736,756 |
| Receivables | 18,641 |
| Payables | (9,940) |
| Deferred tax liabilities | <u>(735,132)</u> |
| Group's share of net assets | <u>5,380,456</u> |

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary companies were as follows:

| | 2005 RM |
|--|--------------------|
| Property, plant and equipment | 3,924,511 |
| Payables | (1,322,310) |
| Deferred tax liabilities | <u>(740,953)</u> |
| Fair value of total net assets | 1,861,248 |
| Goodwill on acquisition | <u>736,756</u> |
| Purchase consideration satisfied by cash | <u>2,598,004</u> |

14. Goodwill on Consolidation

| | Group | |
|--|--------------------|--------------------|
| | 2005 RM | 2004 RM |
| At beginning of year | 92,519,232 | 92,519,232 |
| Add: Acquisition of subsidiary companies (Note 13) | <u>736,756</u> | - |
| At end of year | <u>93,255,988</u> | <u>92,519,232</u> |

notes to the financial statements (cont'd)

30 April 2005

15. Other Receivables

| | Group | | Company | |
|--|--------------|-------------|------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| * Amounts recoverable from former directors and third parties | 16,000,000 | - | - | - |
| Amounts receivable on disposal of equipment | 922,103 | 922,103 | - | - |
| Deposit for acquisition of subsidiaries | - | 1,259,666 | - | 480,000 |
| Advances given to fresh fruit bunches suppliers | 2,063,321 | - | - | - |
| Balance of consideration on disposal of one parcel of leasehold plantation | - | 47,000 | - | - |
| Other receivables and prepayment | 3,589,701 | 5,074,222 | 374,661 | 183,592 |
| | 22,575,125 | 7,302,991 | 374,661 | 663,592 |
| Less: Provision for doubtful debts | (14,383,763) | (1,146,045) | (272,017) | - |
| | 8,191,362 | 6,156,946 | 102,644 | 663,592 |
| Analysed as: | | | | |
| Receivable within 12 months | 8,191,362 | 5,851,843 | 102,644 | 663,592 |
| Receivable after 12 months | - | 305,103 | - | - |
| | 8,191,362 | 6,156,946 | 102,644 | 663,592 |

* These represent wrongful payments made by the former directors who were removed on 6 August 2004 to third parties as referred to in Note 1 to the financial statements. A provision for doubtful debts of RM12,800,000 has been made in respect thereof.

As at balance sheet date, the Group has no concentration of credit risk arising from exposure to single debtor or to groups of debtors.

Included in advances given to fresh fruit bunches suppliers of the Group are amounts totalling RM674,611 attract interest at 9% per annum. These amounts are recoverable from fresh fruit bunches supply.

16. Amounts Due from Subsidiary Companies

| | Company | |
|--|------------|------------|
| | 2005 RM | 2004 RM |
| Amounts arising from settlement of purchase considerations on behalf of certain subsidiaries in respect of various acquisitions made by them pursuant to the corporate exercise in year 2002 | 8,382,415 | 13,767,718 |
| Balances arising from ordinary business activities | 499,041 | - |
| Advances | 9,528,305 | 6,161,180 |
| | 18,409,761 | 19,928,898 |

The advances are unsecured, interest-free and have no fixed terms of repayment.

notes to the financial statements (cont'd)

30 April 2005

17. Inventories

| | Group | |
|---------------------------------------|------------|------------|
| | 2005 RM | 2004 RM |
| At cost: | | |
| Nurseries | 1,879,879 | 1,313,807 |
| Fertiliser and chemicals | 980,127 | 281,069 |
| Store, spares and consumable supplies | 583,703 | 743,318 |
| Crude palm oil | 1,357,563 | 591,002 |
| Palm kernel | 261,259 | 84,390 |
| Quarry stock | 2,276,777 | 1,570,309 |
| | 7,339,308 | 4,583,895 |

There were no inventories stated at net realisable value as at 30 April 2005 and 2004.

18. Trade Receivables

Included in trade receivables of the Group is an amount of RM6,409 (2004: RM1,260) due from a company in which a Director of the Group is also director and has financial interest.

The Group's normal trade credit term ranges from 7 days to 30 days (2004: 7 days to 30 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.

19. Fixed Deposits Placed with Licensed Banks

| | Group | |
|---|------------|------------|
| | 2005 RM | 2004 RM |
| Fixed deposits pledged as security for banking facilities granted to certain subsidiary companies | 129,356 | 120,921 |
| Fixed deposits free from any encumbrances | 50,000 | 42,049 |
| | 179,356 | 162,970 |

The maturities of fixed deposits at the end of the financial year were as follows:

| | Group | |
|--------------------|------------|------------|
| | 2005 RM | 2004 RM |
| 6 to 12 months | 179,356 | 129,422 |
| 12 months and more | - | 33,548 |
| | 179,356 | 162,970 |

The effective interest rates of fixed deposits of the Group at the balance sheet date were range from 3.70% to 4.25% (2004: 3.70% to 4.25%).

notes to the financial statements (cont'd)

30 April 2005

20. Amounts Due to Subsidiary Companies

Included in amounts due to subsidiary companies is an amount of RM10,460,203 (2004: RM6,086,510) which bears interest at cost of funds of the subsidiary company.

The amounts are unsecured and have no fixed terms of repayment.

21. Borrowings

| | Group | | Company | |
|---|-------------------|-------------------|----------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| | RM | RM | RM | RM |
| Short Term Borrowings | | | | |
| Secured: | | | | |
| Bank overdrafts (Note 31) | 1,456,994 | 1,241,113 | - | - |
| Revolving credits | 9,000,000 | 6,000,000 | - | - |
| Term loans | 4,212,505 | 4,657,591 | - | - |
| Hire purchase and finance lease payables (Note 22) | 796,039 | 540,873 | 87,504 | - |
| | <u>15,465,538</u> | <u>12,439,577</u> | <u>87,504</u> | <u>-</u> |
| Long Term Borrowings | | | | |
| Secured: | | | | |
| Term loans | 13,868,406 | 10,592,047 | - | - |
| Hire purchase and finance lease payables (Note 22) | 1,166,087 | 311,492 | 45,558 | - |
| | <u>15,034,493</u> | <u>10,903,539</u> | <u>45,558</u> | <u>-</u> |
| Total Borrowings | | | | |
| Bank overdrafts (Note 31) | 1,456,994 | 1,241,113 | - | - |
| Revolving credits | 9,000,000 | 6,000,000 | - | - |
| Term loans | 18,080,911 | 15,249,638 | - | - |
| Hire purchase and finance lease payables (Note 22) | 1,962,126 | 852,365 | 133,062 | - |
| | <u>30,500,031</u> | <u>23,343,116</u> | <u>133,062</u> | <u>-</u> |
| Maturity of borrowings: (excluding hire purchase and finance lease) | | | | |
| Within 1 year | 14,669,499 | 11,898,704 | - | - |
| More than 1 year and less than 2 years | 3,644,995 | 4,472,953 | - | - |
| More than 2 years and less than 5 years | 7,632,121 | 6,113,984 | - | - |
| 5 years or more | 2,591,290 | 5,110 | - | - |
| | <u>28,537,905</u> | <u>22,490,751</u> | <u>-</u> | <u>-</u> |

notes to the financial statements (cont'd)

30 April 2005

21. Borrowings (cont'd)

Included in the borrowings of the Group amounting to RM21,177,913 (2004: RM11,650,665) are obtained under the Syariah principle of Bai Inah.

The above banking facilities are secured by:

- legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies;
- debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired; and
- corporate guarantees given by the Company and a subsidiary company.

The effective interest/profit rates at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, were as follows:

| | Group | |
|-------------------|------------------|------------------|
| | 2005 % | 2004 % |
| Revolving credits | 4.30 to 4.35 | 4.35 |
| Bank overdrafts | 7.00 | 7.00 to 8.50 |
| Term loans | 4.50 to 8.50 | 5.00 to 8.50 |

22. Hire Purchase and Finance Lease Payables

| | Group | | Company | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Minimum lease payments: | | | | |
| Not later than 1 year | 910,034 | 595,307 | 92,544 | - |
| Later than 1 year and not later than 2 years | 629,883 | 277,083 | 46,264 | - |
| Later than 2 years and not later than 5 years | 625,039 | 50,507 | - | - |
| | <hr/> 2,164,956 | <hr/> 922,897 | <hr/> 138,808 | <hr/> - |
| Less: Future finance charges | (202,830) | (70,532) | (5,746) | - |
| Present value of hire purchase and finance lease liabilities | <hr/> <hr/> 1,962,126 | <hr/> <hr/> 852,365 | <hr/> <hr/> 133,062 | <hr/> <hr/> - |

notes to the financial statements (cont'd)

30 April 2005

22. Hire Purchase and Finance Lease Payables (cont'd)

| | Group | | Company | |
|---|------------------|----------------|----------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Present value of hire purchase and finance lease liabilities | | | | |
| Not later than 1 year | 796,039 | 540,873 | 87,504 | - |
| Later than 1 year and not later than 2 years | 568,237 | 262,862 | 45,558 | - |
| Later than 2 years and not later than 5 years | 597,850 | 48,630 | - | - |
| | <u>1,962,126</u> | <u>852,365</u> | <u>133,062</u> | <u>-</u> |
| Analysed as: | | | | |
| Due within 12 months (Note 21) | 796,039 | 540,873 | 87,504 | - |
| Due after 12 months (Note 21) | 1,166,087 | 311,492 | 45,558 | - |
| | <u>1,962,126</u> | <u>852,365</u> | <u>133,062</u> | <u>-</u> |

The hire purchase and lease liabilities of the Group and the Company bore interest at the balance sheet date at rate between 2.88% to 5.61% and 2.88% (2004: 4.0% to 7.0% and Nil) per annum respectively.

23. Trade Payables

Included in previous year's trade payable was an amount of RM6,852 due to a company in which certain Directors of the Company have financial interests.

The normal credit terms granted to the Group range from 30 days to 90 days (2004: 30 days to 90 days).

24. Other Payables

Included in other payables of the Group are amounts totaling RM5,965 (2004: RM54,903) due to companies in which the siblings of certain Directors of the Group have financial interests.

25. Share Capital

| | Number of Ordinary Shares of RM1 Each | | Amount | |
|------------------------------|---------------------------------------|--------------------|--------------------|--------------------|
| | 2005 | 2004 | 2005 RM | 2004 RM |
| Authorised | | | | |
| At beginning and end of year | <u>500,000,000</u> | <u>500,000,000</u> | <u>500,000,000</u> | <u>500,000,000</u> |
| Issued and fully paid | | | | |
| At beginning of year | 215,456,915 | 201,736,915 | 215,456,915 | 201,736,915 |
| Conversion of ICULS | - | 13,720,000 | - | 13,720,000 |
| At end of year | <u>215,456,915</u> | <u>215,456,915</u> | <u>215,456,915</u> | <u>215,456,915</u> |

notes to the financial statements (cont'd)

30 April 2005

26. Deferred Tax

| | Group | | Company | |
|--|-------------------|-------------------|------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| At beginning of year | 37,217,092 | 36,546,689 | - | - |
| Transfer from income statements (Note 10) | 1,399,488 | 670,403 | - | - |
| Arising from acquisition of subsidiary companies (Note 13) | 740,953 | - | - | - |
| At end of year | <u>39,357,533</u> | <u>37,217,092</u> | - | - |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | (207,187) | (86,847) | (4,375) | - |
| Deferred tax liabilities | 39,564,720 | 37,303,939 | 4,375 | - |
| | <u>39,357,533</u> | <u>37,217,092</u> | - | - |

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

| | Tax Losses RM | Unabsorbed Capital and Unutilised Allowances RM | Agriculture Total RM |
|--|--------------------|---|----------------------------|
| Deferred Tax Assets of the Group: | | | |
| At 1 May 2004 | (1,391,960) | (1,688,455) | (3,080,415) |
| Recognised in the income statement | (431,282) | 408,971 | (22,311) |
| Acquisition of subsidiaries | (6,251) | (17,327) | (23,578) |
| At 30 April 2005 | <u>(1,829,493)</u> | <u>(1,296,811)</u> | <u>(3,126,304)</u> |
| At 1 May 2003 | (1,536,204) | (963,725) | (2,499,929) |
| Recognised in the income statement | 144,244 | (724,730) | (580,486) |
| At 30 April 2004 | <u>(1,391,960)</u> | <u>(1,688,455)</u> | <u>(3,080,415)</u> |

notes to the financial statements (cont'd)

30 April 2005

26. Deferred Tax (cont'd)

| | Property, Plant and Equipment RM |
|---|---|
| Deferred Tax Liabilities of the Group: | |
| At 1 May 2004 | 40,297,507 |
| Recognised in the income statement | 1,421,799 |
| Acquisition of subsidiaries | <u>764,531</u> |
| At 30 April 2005 | <u><u>42,483,837</u></u> |
| At 1 May 2003 | 39,046,618 |
| Recognised in the income statement | <u>1,250,889</u> |
| At 30 April 2004 | <u><u>40,297,507</u></u> |
| | Unabsorbed Capital Allowances RM |
| Deferred Tax Assets of the Company: | |
| At 1 May 2004 | - |
| Recognised in the income statement | <u>(4,375)</u> |
| At 30 April 2005 | <u><u>(4,375)</u></u> |
| | Equipment RM |
| Deferred Tax Liabilities of the Company: | |
| At 1 May 2004 | - |
| Recognised in the income statement | <u>4,375</u> |
| At 30 April 2005 | <u><u>4,375</u></u> |

Deferred tax assets of the Group and of the Company have not been recognised in respect of unabsorbed capital allowances amounted to RM2,296,289 (2004: RM1,707,132) and RM4,375 (2004: Nil) respectively.

The unutilised tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Company and of the subsidiary company in which those items arose. Deferred tax assets have not been recognised in respect of these items as there may not be available future taxable profits in the Company and the said subsidiary against which the unabsorbed capital allowances can be utilised.

notes to the financial statements (cont'd)

30 April 2005

27. Lease Rental Payable

This represents sublease rental for 107 parcels of certain subsidiary companies' land which are payable over the remaining lease term of 49 years commencing in the year 2049.

28. Net Tangible Assets Per Ordinary Share

The net tangible assets per ordinary share is calculated by dividing the shareholders' equity, after deducting goodwill arising on consolidation by RM215,456,915 (2004: 215,456,915) ordinary shares of the Company in issue as at 30 April 2005.

29. Contingent Liabilities

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Unsecured | | | | |
| Guarantee for banking facilities granted to subsidiaries | - | - | 75,737,878 | 68,690,000 |
| Guarantee for credit facilities granted to subsidiaries | - | - | 3,294,100 | 4,450,800 |
| Guarantee for credit facilities granted to a contractor | - | 20,000 | - | - |
| | - | 20,000 | 79,031,978 | 73,140,800 |

30. Capital Commitments

Approved and contracted for:

| | | | | |
|--|---------|-----------|---|---|
| Acquisition of subsidiaries | - | 1,980,037 | - | - |
| Acquisition of property, plant and equipment | 479,913 | 1,905,970 | - | - |

Approved and not contracted for:

| | | | | |
|--|---------|-----------|---|---|
| Acquisition of property, plant and equipment | 298,160 | - | - | - |
| | 778,073 | 3,886,007 | - | - |

notes to the financial statements (cont'd)

30 April 2005

31. Notes to the Cash Flow Statements

- (a) During the financial year, the Group and the Company acquired property, plant and equipment and incurred plantation development expenditure totalling RM9,326,805 (2004: RM8,809,680) and 259,204 (2004: Nil) respectively as follows:

| | Group | | Company | |
|--|------------------|------------------|----------------|------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Plant and equipment acquired under hire purchase arrangement | 1,769,000 | 239,000 | 175,000 | - |
| Cash payments | 6,583,169 | 8,466,944 | 84,204 | - |
| Depreciation of property, plant and equipment capitalised | 138,865 | 61,526 | - | - |
| Finance costs capitalised | 835,771 | 42,210 | - | - |
| | <u>9,326,805</u> | <u>8,809,680</u> | <u>259,204</u> | <u>-</u> |

- (b) Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

| | Group | | Company | |
|---|----------------|------------------|----------------|----------------|
| | 2005 RM | 2004 RM | 2005 RM | 2004 RM |
| Fixed deposits placed with licensed banks | 179,356 | 162,970 | - | - |
| Cash and bank balances | 1,875,821 | 3,124,289 | 100,745 | 217,782 |
| Bank overdrafts (Note 21) | (1,456,994) | (1,241,113) | - | - |
| | <u>598,183</u> | <u>2,046,146</u> | <u>100,745</u> | <u>217,782</u> |

32. Significant Related Party Transactions

| | 2005 | | 2004 | |
|--|------------------------------|---------------------------|------------------------------|---------------------------|
| | Amount of transactions RM | Outstanding amounts RM | Amount of transactions RM | Outstanding amounts RM |

Group and Company

- (i) Transactions with certain Directors of the Company:

- Non trade transactions

Interest on ICULS

| | | | | |
|---------------------|----------|----------|----------------|----------|
| - Datuk Lo Fui Ming | - | - | 58,187 | - |
| - Seah Tee Lean, JP | - | - | 140,823 | - |
| - Lim Ted Hing | - | - | 54,536 | - |
| - Tsen Thau Tet | - | - | 13,794 | - |
| - Tan Kum Peng | - | - | 3,892 | - |
| - Ouh Mee Lan | - | - | 2,601 | - |
| | <u>-</u> | <u>-</u> | <u>260,823</u> | <u>-</u> |

notes to the financial statements (cont'd)

30 April 2005

32. Significant Related Party Transactions (cont'd)

| | 2005 | | 2004 | |
|--|------------------------------|---------------------------|------------------------------|---------------------------|
| | Amount of transactions RM | Outstanding amounts RM | Amount of transactions RM | Outstanding amounts RM |
| Group | | | | |
| (ii) Transactions with companies in which certain Directors of the Company have financial interests: | | | | |
| - Trade transactions | | | | |
| - Plentiful Harvest Sdn. Bhd. (a) | | | | |
| Sale of quarry dust | 6,409 | 6,409 | - | - |
| - Onprospect Resources Sdn. Bhd. (a) | | | | |
| Office rental expenses | 4,800 | - | - | - |
| - Aqthal Jasmeg Cash Crop Enterprise Sdn. Bhd. (b) | | | | |
| Purchase of fresh fruit bunches | - | - | 78,930 | 6,852 |
| - Aqthal Jasmeg Agronomics Sdn. Bhd. (b) | | | | |
| Consultancy fee on foliar analysis, manuring programme and leaf sampling | - | - | 39,702 | - |
| Purchase of seedlings | - | - | 414,000 | - |
| - Sungai Pin Sdn. Bhd. (c) | | | | |
| Equipment hire income | - | - | 3,780 | 1,260 |
| Sales of stones | - | - | 4,335 | - |

notes to the financial statements (cont'd)

30 April 2005

32. Significant Related Party Transactions (cont'd)

| Group | 2005 | | 2004 | |
|---|------------------------------|---------------------------|------------------------------|---------------------------|
| | Amount of transactions RM | Outstanding amounts RM | Amount of transactions RM | Outstanding amounts RM |
| (iii) Transactions with companies in which the siblings of certain Directors of the Company have financial interests: | | | | |
| - Trade transactions | | | | |
| - Sungai Lokan Sdn. Bhd. (d) | | | | |
| Equipment hire expenses | 18,440 | 2,644 | - | - |
| - HHC Venture Sdn. Bhd. (e) | | | | |
| Sub-contract fees | 31,791 | 3,321 | 220,603 | 24,058 |
| - Megah Travel Sdn. Bhd. (f) | | | | |
| Purchase of air tickets | 6,882 | - | - | - |
| Company | | | | |
| (i) Transactions with subsidiary companies: | | | | |
| - Trade transactions | | | | |
| Management fees received | | | | |
| - Cepatwawasan Sdn. Bhd. | 319,806 | - | - | - |
| - Prolific Yield Sdn. Bhd. | 197,260 | - | - | - |
| - Kovusak Sdn. Bhd. | 29,628 | - | - | - |
| - Syarikat Melabau Sdn. Bhd. | 52,407 | 52,407 | - | - |
| - Gelang Usaha Sdn. Bhd. | 72,099 | 72,099 | - | - |
| - Suara Baru Sdn. Bhd. | 247,023 | 247,023 | - | - |
| - Sri Likas Mewah Sdn. Bhd. | 116,127 | 116,127 | - | - |
| - Wong-Tet Jung Plantations Sdn. Bhd. | 47,259 | - | - | - |
| - Ultisearch Trading Sdn. Bhd. | 11,385 | 11,385 | - | - |
| - Bakara Sdn. Bhd. | 180,243 | - | - | - |

notes to the financial statements (cont'd)

30 April 2005

32. Significant Related Party Transactions (cont'd)

| Company | 2005 | | 2004 | |
|---|------------------------------|---------------------------|------------------------------|---------------------------|
| | Amount of transactions RM | Outstanding amounts RM | Amount of transactions RM | Outstanding amounts RM |
| - Non trade transactions | | | | |
| Interest on advances obtained | | | | |
| - Prolific Yield Sdn. Bhd. | 223,104 | 223,104 | 442,807 | 442,807 |
| - Bakara Sdn. Bhd. | 125,822 | 125,822 | - | - |
| Gross dividend income | | | | |
| - Cepatwawasan Sdn. Bhd. | 4,000,000 | - | - | - |
| - Prolific Yield Sdn. Bhd. | 85,750 | - | - | - |
| Advances to subsidiary companies | 237,934 | 237,934 | 1,885,329 | 1,885,329 |
| Repayment of advances to subsidiary companies | 3,622,100 | - | 6,126,345 | - |
| Advances from subsidiary companies | 6,965,290 | 6,965,290 | 2,064,155 | 2,064,155 |
| Repayment of advances from Subsidiary companies | 94,386 | - | 3,041,366 | - |

Note

- A company in which Datuk Lo Fui Ming has financial interest.
- A company in which Tsen Thau Tet has financial interest.
- A company in which Ouh Mee Lan and Tan Kum Peng have financial interests.
- A company in which the brothers of Ouh Mee Lan and Tan Kum Peng have financial interests.
- A company in which the brother of Datuk Lo Fui Ming has financial interest.
- A company in which the son of Ouh Mee Lan has financial interest.

The Directors are of the opinion that all related party transactions above have been entered into in the normal course of business and have been established on terms and conditions mutually agreed between the relevant parties.

notes to the financial statements (cont'd)

30 April 2005

33. Segment Information

(a) Business Segments

The Group's operations comprise the following business segments:

- (i) Plantation and mill - Cultivation and sale of oil palm
- (ii) Quarry - Extraction and sale of earth and stones

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.

| | Plantation and mill RM | Quarry RM | Elimination RM | Consolidated RM |
|--------------------------------------|---------------------------------------|----------------------|---------------------------|----------------------------|
| 30 April 2005 | | | | |
| Revenue | | | | |
| External sales | 125,198,689 | 2,053,780 | - | 127,252,469 |
| Inter-segment sales | - | 378,426 | (378,426) | - |
| Total revenue | <u>125,198,689</u> | <u>2,432,206</u> | <u>(378,426)</u> | <u>127,252,469</u> |
| Results | | | | |
| Segment results | 26,600,122 | 293,477 | - | 26,893,599 |
| Unallocated corporate expenses | | | | (2,724,278) |
| Unallocated other operating expenses | | | | <u>(13,237,718)</u> |
| Operating profit | | | | 10,931,603 |
| Interest income | | | | 40,682 |
| Finance costs | | | | <u>(1,523,190)</u> |
| Profit before taxation | | | | 9,449,095 |
| Taxation | | | | <u>(6,869,491)</u> |
| Profit after taxation | | | | <u>2,579,604</u> |

notes to the financial statements (cont'd)

30 April 2005

33. Segment Information (cont'd)

(a) Business Segments (cont'd)

| | Plantation and mill RM | Quarry RM | Elimination RM | Consolidated RM |
|---|------------------------------|------------------|-------------------|--------------------|
| 30 April 2005 | | | | |
| Assets | | | | |
| Segment assets | 207,532,889 | 20,775,924 | - | 228,308,813 |
| Unallocated corporate assets | | | | <u>96,019,251</u> |
| Consolidated total assets | | | | <u>324,328,064</u> |
| Liabilities | | | | |
| Segment liabilities | 9,275,247 | 1,470,622 | - | 10,745,869 |
| Unallocated corporate liabilities | | | | <u>71,075,214</u> |
| Consolidated total liabilities | | | | <u>81,821,083</u> |
| Other Information | | | | |
| Capital expenditure | 8,949,988 | 117,613 | | |
| Depreciation | 2,959,425 | 612,716 | | |
| Non-cash expenses other than depreciation, amortisation and impairment loss | <u>11,429</u> | <u>-</u> | | |
| 30 April 2004 | | | | |
| Revenue | | | | |
| External sales | 124,625,436 | 2,532,889 | - | 127,158,325 |
| Inter-segment sales | <u>-</u> | <u>292,796</u> | <u>(292,796)</u> | <u>-</u> |
| Total revenue | <u>124,625,436</u> | <u>2,825,685</u> | <u>(292,796)</u> | <u>127,158,325</u> |

notes to the financial statements (cont'd)

30 April 2005

33. Segment Information (cont'd)

(a) Business Segments (cont'd)

| | Plantation and mill RM | Quarry RM | Elimination RM | Consolidated RM |
|-----------------------------------|------------------------------|--------------|-------------------|-------------------------|
| 30 April 2004 | | | | |
| Results | | | | |
| Segment results | 18,582,461 | (1,997,470) | - | 16,584,991 |
| Unallocated corporate expenses | | | | <u>(677,443)</u> |
| Operating profit | | | | 15,907,548 |
| Interest income | | | | 61,031 |
| Finance costs | | | | <u>(1,707,998)</u> |
| Profit before taxation | | | | 14,260,581 |
| Taxation | | | | <u>(4,570,370)</u> |
| Profit after taxation | | | | <u><u>9,690,211</u></u> |
| Assets | | | | |
| Segment assets | 194,302,380 | 20,389,554 | - | 214,691,934 |
| Unallocated corporate assets | | | | <u>95,498,064</u> |
| Consolidated total assets | | | | <u>310,189,998</u> |
| Liabilities | | | | |
| Segment liabilities | 7,081,166 | 1,429,774 | - | 8,510,940 |
| Unallocated corporate liabilities | | | | <u>61,751,681</u> |
| Consolidated total liabilities | | | | <u>70,262,621</u> |

notes to the financial statements (cont'd)

30 April 2005

33. Segment Information (cont'd)

(a) Business Segments (cont'd)

| | Plantation and mill RM | Quarry RM | Elimination RM | Consolidated RM |
|---|------------------------------|--------------|-------------------|--------------------|
| 30 April 2004 | | | | |
| Other Information | | | | |
| Capital expenditure | 7,688,213 | 1,121,467 | | |
| Depreciation | 2,782,890 | 541,704 | | |
| Amortisation | - | 6,161 | | |
| Impairment loss | - | 400,000 | | |
| Non-cash expenses other than depreciation, amortisation and impairment loss | <u>1,462,756</u> | <u>-</u> | | |

(b) Geographical Segments

No segmental information by geographical area has been presented, as the Group operates predominantly in Malaysia.

34. Subsequent Events

- (i) On 6 July 2005, the Company and its subsidiary companies, Syarikat Melabau Sdn. Bhd., Kovusak Sdn. Bhd. and Prolific Yield Sdn. Bhd. received summons in respect of statement of claims by their four former employees for the stop payment of cheques for payment of gratuity, reimbursement of expenses and payment in lieu of notice of termination of employment totalling RM127,319.69. The cheques were issued by the former directors of the Company who were removed by the shareholders in the Extraordinary General Meeting held on 6 August 2004. The Company and its subsidiary companies were summoned to appear before the Court on 9 August 2005 to answer the claim.
- (ii) On 8 July 2005, two of its subsidiary companies, Cepatwawasan Sdn. Bhd. and Bakara Sdn. Bhd. entered into conditional sale and purchase agreements to dispose of certain leasehold plantations for a cash consideration of RM340,000 and RM2,637,250 respectively. The disposals are still pending for the fulfillment of the conditions precedent.
- (iii) On 8 July 2005, its subsidiary company, Bakara Sdn. Bhd. has also entered into a conditional deed of assignment to assign the master sub-lease agreement dated 23 July 2001 to a third party for a cash consideration of RM3,062,750. The assignment is still pending for the fulfillment of the conditions precedent.
- (iv) On 8 July 2005, its subsidiary company, Wong Tet-Jung Plantations Sdn. Bhd. entered into a conditional sale and purchase agreement to acquire one parcel of leasehold plantation for a cash consideration of RM3,600,000. The acquisition is still pending for the fulfillment of the conditions precedent.

list of properties of the group

as at 30 April 2005

| Location of Property Sabah | Tenure | Year of Expiry | Land Area | Description | Net Book Value As At 30.04.2005 | Year Acquired | | | | | |
|---|--|---|---------------------|-----------------------------------|--|------------------|---------------------------|---------------------|----------------------------------|-----|------|
| | | | | | RM'000 | | | | | | |
| 1 Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway | Leasehold 99 years | 2069 | 39.752 hectares | Oil Palm Plantation & Oil Mill | 17,270 | 2001 | | | | | |
| | | 2070 | 30.607 hectares | | | | | | | | |
| | | 2074 | 18.195 hectares | | | | | | | | |
| | | 2075 | 207.991 hectares | | | | | | | | |
| | | 2076 | 9.967 hectares | | | | | | | | |
| | | 2082 | 6.463 hectares | | | | | | | | |
| | | 2097 | 6.435 hectares | | | | | | | | |
| | | 2073 | 2.250 hectares | | | | Plantable Reserve | 2002 | | | |
| | | 321.660 hectares | | | | | | | | | |
| | | Kolapis-Beluran Area District of Labuk Sugut | Leasehold 99 years | | | | 2081 | 167,220 Sq.M | Double Storey Terrace Shoplot | 174 | 2002 |
| (Parent title TL077552035) | | | | | | | | | | | |
| Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan | Under Sub Division Leasehold 99 years | 2081 | 167,220 Sq.M | Double Storey Terrace Shoplot | 216 | 2001 | | | | | |
| | | (Parent title TL077552035) | | | | | | | | | |
| Prolific Yield Lot 39, Block C, Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan | Under Sub Division Leasehold 99 years | 2081 | 213,200 Sq.M | Double Storey Terrace Shoplot | 275 | 2001 | | | | | |
| | | (Parent title TL077552035) | | | | | | | | | |
| 2 Melabau, Suara & Gelang Plantations 0.2 Km East of KM 96, Sandakan-Lahad Datu Highway | Leasehold 99 years | 2069 | 27.480 hectares | Oil Palm Plantation & Quarry | 647 | 2002 | | | | | |
| | | 2078 | 17.110 hectares | | | | | | | | |
| | | 2079 | 260.780 hectares | | | | | | | | |
| | | 2080 | 202.303 hectares | | | | | | | | |
| | | 2081 | 136.615 hectares | | | | | | | | |
| | | 2082 | 88.690 hectares | | | | | | | | |
| | | 2085 | 252.660 hectares | | | | | | | | |
| | | 2086 | 14.930 hectares | | | | | | | | |
| | | 2095 | 4.993 hectares | | | | | | | | |
| | | 2093 | 154.700 hectares | | | | | | | | |
| | | 2097 | 12.300 hectares | | | | | | | | |
| | | 2075 | 316.549 hectares | | | | | | | | |
| | | 2080 | 136.763 hectares | | | | | | | | |
| | | 2093 | 5.751 hectares | | | | | | | | |
| | | 2097 | 10.930 hectares | | | | | | | | |
| | | KM 28, Jalan Labuk | Leasehold 99 years | | | | 2065 | 3.055 hectares | Plantable Reserve | | |
| | | | | | | | 1,645.609 hectares | | | | |

list of properties of the group (cont'd)

as at 30 April 2005

| Location of Property Sabah | Tenure | Year of Expiry | Land Area | Description | Net Book Value As At | Year Acquired |
|--|---|--------------------|---------------------------|-------------------------------|----------------------------|------------------|
| | | | | | 30.04.2005 RM'000 | |
| 3 Sri Likas & Ultisearch 2.6 KM north of KM 31, Sukau Road | Leasehold 99 years | 2085 | 10.120 hectares | Oil Palm Plantation | 13,660 | 2001 |
| | | 2094 | 386.100 hectares | | | |
| | | 2096 | 168.700 hectares | | | |
| | | 2098 | 47.750 hectares | | | |
| | | | 612.670 hectares | | | |
| 4 Bakara Bukit Garam/Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway | Leasehold 99 years | 2085 | 150.300 hectares | Oil Palm Plantation | 13,300 | 2001 |
| | | 2087 | 400.000 hectares | | | |
| | | 2079 | 5.830 hectares | | | |
| | | 2082 | 71.003 hectares | | | |
| | | 2096 | 36.200 hectares | | | |
| | Perpetuity (Sublease 99 years) | 2096 | 205.829 hectares | | | |
| | 869.162 hectares | | | | | |
| 5 Cematwawasan & Kovusak KM 4.5, Jalan Beluran | Leasehold 99 years | 2061 | 992.700 hectares | Oil Palm Plantation | 42,800 | 2001 |
| | | 2071 | 133.550 hectares | | | |
| | | 2078 | 485.300 hectares | | | |
| | | 2078 | 33.720 hectares | | | |
| | Locality of Segama, 33.5 North-West of Lahad Datu Town Centre | Leasehold 99 years | | 1,645.270 hectares | Plantable Reserve | 300 |
| 6 Minelink Sg. Lingkabau Area, 122 KM North-West of Sandakan | Leasehold 99 years | 2098 | 809.400 hectares | Plantable Reserve | 5,261 | 2001 |
| 7 Razijaya & Sugguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan | Leasehold 99 years | 2098 | 362.200 hectares | Quarry & Plantable Reserve | 12,922 | 2001 |
| 8 Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan | Leasehold 99 years | 2094 | 2,997.000 hectares | Plantable Reserve | 21,373 | 2003 |
| 9 Cematwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg.Kawananan Locality 113 KM North-West of Sandakan | Leasehold 99 years | 2097 | 242.800 hectares | Plantable Reserve | 5,962 | 2005 |
| | | 2098 | 145.710 hectares | | | |
| | | 2099 | 48.550 hectares | | | |
| | | 2100 | 48.520 hectares | | | |
| | | | 485.580 hectares | | | |

shareholding statistics

as at 10 August 2005

| | |
|--------------------------------------|---------------------------------|
| Issued & Fully Paid-Up Share Capital | : 215,456,915 |
| Authorised Share Capital | : 500,000,000 |
| Type of Share | : Ordinary Share of RM1.00 each |
| No of Shareholders | : 4,921 |
| Voting Rights | : One Vote for Every Share |

ANALYSIS OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | Total Holdings | Percentage (%) |
|-----------------------|----------------|--------------------|----------------|
| 1 to 99 | 41 | 1,488 | 0.00 |
| 100 to 1,000 | 1,476 | 1,185,630 | 0.55 |
| 1,001 to 10,000 | 2,641 | 11,906,029 | 5.53 |
| 10,001 to 100,000 | 631 | 21,181,332 | 9.83 |
| 100,001 to 10,772,844 | 130 | 133,355,636 | 61.89 |
| 10,772,845 and above | 2 | 47,826,800 | 22.20 |
| TOTAL | 4,921 | 215,456,915 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders' interests in shares of the Company as at 10 August 2005 are as follows:-

| Shareholders | Direct | No. of Shares Held | |
|-----------------|------------|--------------------|----------|
| | | % | Indirect |
| Tiong King Sing | 24,347,800 | 11.30 | - |
| Kong Kok Keong | 23,679,000 | 10.99 | - |
| Goh Tian Chuan | 14,868,900 | 6.90 | - |

DIRECTORS' INTERESTS

The directors' interests in shares of the Company as at 10 August 2005 are as follows:-

| Directors | Direct | No. of Shares Held | |
|----------------|------------|--------------------|----------|
| | | % | Indirect |
| Goh Tian Chuan | 14,868,900 | 6.90 | - |
| Ouh Mee Lan | 3,041,928 | 1.41 | - |
| Wong Kiam Kong | 13,213 | 0.01 | - |

shareholding statistics (cont'd)
as at 10 August 2005

THIRTY (30) LARGEST SHAREHOLDERS:

| NO. | NAME | NO OF SHARE HELD | % |
|------------|---|-----------------------------|----------|
| 1 | OSK NOMINEES (TEMPATAN) SDN BERHAD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR TIONG KING SING</i> | 24,147,800 | 11.21 |
| 2 | KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR KONG KOK KEONG</i> | 23,679,000 | 10.99 |
| 3 | YAP CHI KEONG | 10,703,500 | 4.97 |
| 4 | EURATANI SDN BHD | 10,676,100 | 4.96 |
| 5 | HLG NOMINEE (ASING) SDN BHD <i>QUALIFIER:COMMERZBANK (SEA) LTD FOR DEXON DYNAMIC INVESTMT FD</i> | 9,550,900 | 4.43 |
| 6 | MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR LOKE MEI PING</i> | 9,356,500 | 4.34 |
| 7 | KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN</i> | 7,833,000 | 3.64 |
| 8 | MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON</i> | 6,103,200 | 2.83 |
| 9 | PM NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN (D)</i> | 5,063,900 | 2.35 |
| 10 | LI NAI KWONG | 4,822,309 | 2.24 |
| 11 | CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:CIMB FOR LO FUJ MING</i> | 4,610,000 | 2.14 |
| 12 | MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG</i> | 4,486,900 | 2.08 |
| 13 | LAW YAU MING ERIC | 4,222,591 | 1.96 |
| 14 | HSBC NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR KENNETH VUN @ VUN YUN LIUN</i> | 3,750,000 | 1.74 |
| 15 | KENANGA NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER:PLEDGED SECURITIES ACCOUNT FOR KENNETH VUN @ VUN YUN LIUN</i> | 3,021,000 | 1.40 |
| 16 | TEO TIEW | 2,458,700 | 1.14 |
| 17 | LIM YEN NGIAP | 2,200,000 | 1.02 |

shareholding statistics (cont'd)
as at 10 August 2005

| NO. | NAME | NO OF SHARE HELD | % |
|--------------|---|---------------------|--------------|
| 18 | CITICORP NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR KENNETH VUN @ VUN YUN LIUN</i> | 2,019,000 | 0.94 |
| 19 | CITICORP NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR YAP TERNG SHENG</i> | 1,828,500 | 0.85 |
| 20 | MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR KENNETH VUN @ VUN YUN LIUN</i> | 1,600,000 | 0.74 |
| 21 | CITICORP NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP</i> | 1,600,000 | 0.74 |
| 22 | HSBC NOMINEES (ASING) SDN BHD <i>QUALIFIER: CAMASSIA CONSULTING INC, BVI</i> | 1,546,900 | 0.72 |
| 23 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR PANG KIM FAN</i> | 1,422,400 | 0.66 |
| 24 | HDM NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR CHEE CHI VUN</i> | 1,341,400 | 0.62 |
| 25 | CITICORP NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR OUH MEE LAN (473899)</i> | 1,215,900 | 0.56 |
| 26 | CHU HANG SENG | 1,143,946 | 0.53 |
| 27 | HSBC NOMINEES (ASING) SDN BHD <i>QUALIFIER: BNP PARIBAS ARBITRAGE (HONG KONG) LIMITED</i> | 1,062,000 | 0.49 |
| 28 | CITICORP NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN</i> | 1,000,000 | 0.46 |
| 29 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN</i> | 1,000,000 | 0.46 |
| 30 | HLB NOMINEES (TEMPATAN) SDN BHD <i>QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN</i> | 972,000 | 0.45 |
| TOTAL | | 154,437,446 | 71.68 |

notes



CEPATWAWASAN GROUP BERHAD
(536499-K)

proxy form

I/We _____ (BLOCK LETTERS)

NRIC No./Company No. _____ of

_____ of

being (a) Member(s) of CEPATWAWASAN GROUP BERHAD (536499-K) hereby appoint _____

_____ of

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Ballroom I, Sabah Hotel Sandakan, KM1 Jalan Utara, Sandakan, Sabah on Friday, 9 September 2005 at 2.30 p.m. and at any adjournment thereof and to vote as indicated below:-

| | FOR | AGAINST |
|-----------------------|-----|---------|
| ORDINARY RESOLUTION 1 | | |
| ORDINARY RESOLUTION 2 | | |
| ORDINARY RESOLUTION 3 | | |
| ORDINARY RESOLUTION 4 | | |
| ORDINARY RESOLUTION 5 | | |
| ORDINARY RESOLUTION 6 | | |
| ORDINARY RESOLUTION 7 | | |

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____, 2005

Signature / Seal of Member

Notes:

(i) Proxy

- A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
- To be valid this form duly completed must be deposited at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the meeting.
- A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(ii) Explanatory Note on Special Business

* Resolution 7

The proposed Ordinary Resolution 7, if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company.

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Stamp

The Company Secretary
CEPATWAWASAN GROUP BERHAD (536499-K)
312, 3rd Floor, Block c,
Kelana Square, 17 Jalan SS 7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan.

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