

2001 Annual Report

JIN LIN WOOD INDUSTRIES BERHAD (Company No: 467115-T)







# contents

JIN LIN WOOD INDUSTRIES BERHAD  
(JLWIB)

1 - 3  
Notice Of The Third Annual General Meeting

4 - 4  
Corporate Information

5 - 5  
Board Of Directors

6 - 7  
Board Of Directors Profile

8 - 9  
Chairman's Statements

10 - 12  
Statement Of Corporate Governance

13 - 14  
Audit Committee Report

15 - 48  
Financial Statements

49 - 50  
Analysis of Shareholdings

51 - 51  
List of Properties

52 - 52  
Other Information

53  
Proxy Form



## Notice Of The Third Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the Company will be held at Niah Ballroom, Plaza Hotel, No.116, Taman Sri Dagang, Jalan Abang Galau, 97000 Bintulu, Sarawak on Friday, 28 December 2001 at 2.30 p.m. for the purpose of transacting the following businesses:-

### AGENDA

#### As Ordinary Business

1. To receive the Audited Accounts of the Company for the year ended 30 June 2001 together with the Directors' and Auditors' reports therein.  
*Ordinary Resolution 1*
2. To approve the Directors' fees for the year ended 30 June 2001.  
*Ordinary Resolution 2*
3. To re-elect the following Directors retiring in accordance with Article 90 of the Company's Articles of Association and being eligible, they have offered themselves for re-election:-
  - (i) David Sengalang Anak Uyang  
*Ordinary Resolution 3*
  - (ii) Aminodin Bin Ismail  
*Ordinary Resolution 4*
4. To reappoint Chieng Hie Kwong who is over the age of seventy years as a Director of the Company to continue to hold office until the next annual general meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965.  
*Ordinary Resolution 5*
5. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.  
*Ordinary Resolution 6*

#### As Special Business

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

6. To empower the Directors, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time 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 issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company as at the date of this Annual General Meeting and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.  
*Ordinary Resolution 7*



## Notice Of The Third Annual General Meeting

7. To transact any other business for which due Notice shall have been given.

By Order Of The Board

**GWEE OOI TENG**  
**(MAICSA 0794701)**  
Company Secretary

Bintulu, Sarawak  
5 December 2001

### Note 1

A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy may but need not be a member of the Company.

In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

The instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 177, 2nd Floor, Taman Sri Dagang, 97000 Bintulu, Sarawak, not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

### Note 2

Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution 7, if passed, would enable the Directors to issue up to a maximum of 10% of the issued share capital of the Company as at the date of this Annual General Meeting for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next annual general meeting.

### Statement Accompanying Notice of the Third Annual General Meeting

A total of 7 meetings of the Board of Directors were held during the financial year ended 30 June 2001. The place, date and time of the board meetings and the details of attendance of directors are as follows:-

Date and Time	Place	Attendance
25 August 2000 at 3.00 p.m.	Kuching	Full attendance by all Directors
29 September 2000 at 11.30 p.m.	Bintulu	One Director was absent
23 November 2000 at 4.30 p.m.	Bintulu	Full attendance by all Directors
19 February 2001 at 12.35 p.m.	Kuching	Full attendance by all Directors
8 March 2001 at 12.00 noon	Kuching	Full attendance by all Directors
20 April 2001 at 3.30 p.m.	Kuala Lumpur	Full attendance by all Directors
28 May 2001 at 2.10 p.m.	Kuching	One Director was absent

## Notice Of The Third Annual General Meeting

Details of Directors standing for re-election as in Resolutions 3 and 4 of the Notice of the Annual General meeting are as follows:-

Directors to retire pursuant to Article 90 of the Company's Article of Association are:-

### *David Sengalang Anak Uyang*

- 37 years of age, Malaysian/Iban
- Independent Non-Executive Director
- He graduated with a B.Sc. In Engineering from University of Massachusetts, United States of America in 1988 and is also a holder of the Canadian Hydrographic Services Advance Hydrographic Certificate. He is a graduate member of the Board of Engineers, Malaysia and the Institution of Engineers, Malaysia and also a Member of Hydrographic Society, United Kingdom
- He joined Kejuruteraan JEC, a sole proprietorship in October 1997 as Civil Engineer cum Hydrographic Surveyor where he undertook and successfully completed various public and private sector projects as Project Engineer and/or Design Engineer
- Appointed to the Board of JLWIB as Director on 3 January 2000. He does not have any directorship in any public companies other than JLWIB
- He holds 11,000 shares in JLWIB but does not hold any shares in the subsidiary companies of JLWIB
- No family relationship with any Director and/or major shareholder of JLWIB
- No conflict of interest with JLWIB
- Has never been charged for any offence within the past 10 years

### *Aminodin Bin Ismail*

- 34 years of age, Malaysian/Malay
- Executive Director
- He graduated with a B.A. (Hons) Degree in Accounting and Finance from Liverpool John Moores University, United Kingdom in 1990 and is a member of the Association of Chartered Certified Accountant, United Kingdom
- He has 5 years of experience in merchant banking gained from working in Aseambankers (Malaysia) Bhd and BSN Merchant Bank Berhad. In 1997, he joined Renong Berhad as Senior Finance Manager where he was primarily responsible for the monitoring of subsidiaries and implementation of corporate exercises by Renong Berhad and its subsidiaries from 1997 to 1999
- Appointed to the Board of JLWIB as Director on 3 January 2000. He does not have any directorship in any public companies other than JLWIB
- He does not hold any shares in JLWIB and its subsidiaries
- No family relationship with any Director and/or major shareholder of JLWIB
- No conflict of interest with JLWIB
- Has never been charged for any offence within the past 10 years

Director to retire pursuant to Section 129(6) of the Companies Act, 1965 is:-

### *Chieng Hie Kwong*

- 78 years of age, Malaysian/Chinese
- Independent Non-Executive Director
- He graduated with a Senior Chinese Middle School and Senior English Secondary School Certificate in 1941
- He was the General Manager of Hock Hua Bank Berhad for more than 10 years and held directorships in Hock Hua Finance Berhad from 1989 to 1999
- Appointed to the Board of JLWIB as Director and Chairman on 19 January 2000. He does not have any directorship in any public companies other than JLWIB
- He holds 10,000 shares in JLWIB but does not hold any shares in the subsidiary companies of JLWIB
- No family relationship with any Director and/or major shareholder of JLWIB
- No conflict of interest with JLWIB
- Has never been charged for any offence within the past 10 years

### Board of Directors

Chieng Hie Kwong  
*Chairman*  
*Independent Non-Executive Director*

Ko Kung Hai  
*Managing Director*

Ibrahim Bin Hj Yusoff  
*Non-Independent Non Executive Director*

Aminodin Bin Ismail  
*Executive Director*

Mohd Shukri Bin Mohd Yunus  
*Independent Non-Executive Director*

David Sengalang Anak Uyang  
*Independent Non-Executive Director*

Chan Lan Ngai  
*Executive Director*

### Audit Committee

Mohd Shukri Bin Mohd Yunus \*  
*Chairman*  
*Independent Non-Executive Director*

Ko Kung Hai  
*Managing Director*

David Sengalang Anak Uyang  
*Independent Non-Executive Director*

\* A member of the Institute of Cost and Management Accountants (United Kingdom) specified in Part II of the 1st Schedule of the Accountants Act 1967 and have more than 3 years' working experience

### Company Secretary

Gwee Ooi Teng  
(MAICSA 0794701)

### Auditors

Messrs Ernst & Young  
1st Floor, No.115, Lot 3401,  
Parkcity Commerce Square,  
Jalan Tun Ahmad Zaidi  
P. O. Box 421,  
97008 Bintulu, Sarawak  
Tel : 086-336111  
Fax : 086-334787

### Principal Bankers

Bumiputra Commerce Bank Berhad

Maybank Berhad

Standard Chartered Bank Malaysia Berhad

Affin Bank Berhad

HSBC Bank Malaysia Berhad

### Registered Office

No. 177, 2nd Floor  
Taman Sri Dagang  
97000 Bintulu, Sarawak  
Tel: 086-335570  
Fax: 086-330866

### Share Registrar

Signet Share Registration Services Sdn Bhd  
11th Floor, Tower Block  
Kompleks Antarabangsa  
Jalan Sultan Ismail  
P.O. Box 12547  
50782 Kuala Lumpur  
Tel: 03-21454337  
Fax: 03-21421353

### Stock Exchange Listing

The Second Board of Kuala Lumpur Stock Exchange



## Board Of Directors



**Chairman**  
Chieng Hie Kwong  
*Independent Non-Executive Director*



**Managing Director**  
Ko Kung Hai



**Member**  
Ibrahim Bin Hj Yusoff  
*Non-Independent Non-Executive Director*



**Member**  
Mohd Shukri Bin Mohd Yunus  
*Independent Non-Executive Director*



**Member**  
Chan Lan Ngai  
*Executive Director*



**Member**  
David Sengalang Anak Uyang  
*Independent Non-Executive Director*



**Member**  
Aminodin Bin Ismail  
*Executive Director*

## Board Of Director's Profile

**Chiang Hie Kwong**, aged 78, Malaysian, Independent Non-Executive Director, was appointed as a Director and Chairman of JLWIB on 19 January 2000 and serves as a member of the Remuneration Committee and Nomination Committee. He graduated with a Senior Chinese Middle School and Senior English Secondary School Certificate in 1941. He was the General Manager of Hock Hua Bank Berhad for more than 10 years and held directorships in Hock Hua Finance Berhad from 1989 to 1999. He also sits on the Board of several other private companies. He is active in community work and is the former chairman and founder of the Chinese Chamber of Commerce in Sibul and the Sibul United Chinese Association. He was awarded the Ahli Bintang Sarawak (ABS) for his excellent community work. Other than JLWIB, he has no directorship in other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He holds 10,000 ordinary shares of RM1.00 each in JLWIB but does not hold any shares in the subsidiary companies of JLWIB. He attended all 7 of the Board of Directors' Meetings held in the financial year ended 30 June 2001.

**Ko Kung Hai**, aged 45, Malaysian, was appointed as the Managing Director of JLWIB on 19 January 2000 and is a member of the Audit Committee of JLWIB. He is one of the founders of the JLWIB Group. He has more than 18 years experience in the timber industry. He started his involvement in timber industry in 1980 where he joined Linsen Shipping & Trading Sdn Bhd, which was involved in the provision of barges for transportation of logs and log marketing, as a Shipping Executive. With his extensive knowledge and experience as well as his entrepreneurial leadership, he transformed the Group's timber business from a small company providing barges and tugboats services to logging companies into a fully integrated timber company involved in both upstream and downstream timber processing activities. His main responsibilities include the overall supervision of JLWIB's Group operations. He also sits on the Board of several other private companies. He is the Vice Chairman of the Bintulu Chinese Chamber of Commerce and a Committee Member of the Bintulu Foochow Association. Other than JLWIB, he has no directorship in other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He holds 10,000 ordinary shares of RM1.00 each in JLWIB but does not hold any shares in the subsidiary companies of JLWIB. He attended all 7 of the Board of Directors' Meetings held in the financial year ended 30 June 2001.

**Chan Lan Ngai**, aged 46, Malaysian, was appointed as an Executive Director of JLWIB on 19 January 2000. He has more than 16 years experience in the timber industry especially in the area of logs trading. He holds a Diploma in Accounting and Economics from United Kingdom. Prior to joining the Group, he was a Senior Clerk with Hock Hua Bank Berhad and has served the bank from 1979 and 1982. He assists Mr Ko Kung Kai in the day to day operations of the Group and he also sits on the Board of several other private companies. Other than JLWIB, he has no directorship in other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He does not hold any shares in JLWIB and its subsidiaries. He attended all 7 of the Board of Directors' Meetings held in the financial year ended 30 June 2001.

**Mohd. Shukri Mohd. Yunus**, aged 42, Malaysian, is an Independent Non-Executive Director of JLWIB and was appointed to the Board of Directors of the Company on 3 January 2000. He is the chairman of the Audit Committee of JLWIB. He graduated with a Diploma in Accountancy from MARA Institute of Technology in 1980 and is a fellowship member of the Chartered Institute of Management Accountants ("CIMA"), United Kingdom since 1982. Upon obtaining his CIMA qualification in 1982, he joined Datapower Sdn Bhd ("Datapower") in 1983, an information technology ("IT") solution provider, as a System Accountant. In this capacity, he was attached to the Finance Unit from 1987 to 1989 and Electronic Data Processing ("EDP") Unit from 1989 to 1991, of Majlis Amanah Rakyat ("MARA"). The last position he held at MARA was as Deputy Finance Director in 1994. During the same period, he was appointed as Director of various MARA subsidiaries which were involved in furniture manufacturing, engineering training, oil palm plantation, plastic injection and mould making. In 1994, he spearheaded a staff buy-out exercise of Datapower from MARA to focus in IT services namely network integration, system integration and out-sourcing. For the past 7 years in Datapower, he has been predominantly involved in positioning the company as one of the major IT service player in the Malaysian market. In 1996, he was appointed as Managing Director of Datapower. He relinquished the position in 2001 to resume an appointment of Chief Executive

## Board Of Directors' Profile

Officer of ITS Konsortium Sdn Bhd, a company involved in building of infrastructure for traffic management. Other than JLWIB, he has no directorship in other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He holds 10,000 ordinary shares of RM1.00 each in JLWIB but does not hold any shares in the subsidiary companies of JLWIB. He attended all 7 of the Board of Directors' Meetings held in the financial year ended 30 June 2001.

**Ibrahim bin Hj. Yusoff**, aged 58, Malaysian, Non-Independent Non-Executive Director, was appointed to the Board of Directors of JLWIB on 19 January 2000 and serves as Chairman of the Nomination Committee and member of the Remuneration Committee. He obtained his Overseas School Certificate from Royal Military College, Kuala Lumpur in 1961 before furthering his military studies in RMA Sandhurst, United Kingdom where he graduated as Commissioner and 2nd Lieutenant in 1963. He has military experience of 22 years serving in the Ministry of Defence, Malaysia from 1963 to 1985. Presently, he sits on the Board of several other private companies. Other than JLWIB, he has no directorship in other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He is a major shareholder of JLWIB through his indirect interest in JLWIB, but does not hold any shares in the subsidiary companies of JLWIB. He attended 6 out of the 7 Board of Directors' Meetings held in the financial year ended 30 June 2001.

**David Sengalang Anak Uyang**, aged 37, Malaysian, is an Independent Non-Executive Director of JLWIB and was appointed to the Board of Directors of the Company on 3 January 2000. He serves as Chairman of the Remuneration Committee and member of the Nomination Committee and Audit Committee. He graduated with a B. Sc. in Engineering from University of Massachusetts, United States of America in 1988 and is also a holder of the Canadian Hydrographic Services Advance Hydrographic Certificate. He is a graduate member of the Board of Engineers, Malaysia and the Institution of Engineers, Malaysia and also a Member of Hydrographic Society, United Kingdom. He has eight (8) years experience as a Hydrographic Surveyor in the Royal Malaysian Navy from 1989 to 1997 including two (2) years on secondment to the Sarawak Marine Department from 1995 to 1997. In this period, his work involved executing hydrographic surveys for nautical chartering across Malaysia from 1989 to 1992, establishing the Royal Malaysian Navy Oceanographic Data Centre and collecting, processing and analysis of Tidal Data from tide stations in West and East Malaysia in 1994. He left the Royal Malaysian Navy in October 1997 to join Kejuruteraan JEC, a sole proprietorship principally involved in project management and engineering consultancy based in Kuching, as Civil Engineer cum Hydrographic Surveyor where he undertook and successfully completed various public and private sector projects as Project Engineer and/or Design Engineer. Other than JLWIB, he has no directorship in other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He holds 11,000 ordinary shares of RM1.00 each in JLWIB but does not hold any shares in the subsidiary companies of JLWIB. He attended 6 out of the 7 Board of Directors' Meetings held in the financial year ended 30 June 2001.

**Aminodin Bin Ismail**, aged 34, Malaysian, is an Executive Director of JLWIB. He was appointed to the Board of Directors of JLWIB on 3 January 2000. He graduated with a B.A (Hons) Degree in Accounting and Finance from Liverpool John Moores University, United Kingdom in 1990 and is a Member of the Association of Chartered Certified Accountants, United Kingdom. He has five (5) years experience in merchant banking gained from working in Aseambankers (Malaysia) Berhad (1992 to 1995) and BSN Merchant Bank Berhad (1995 to 1997) where his work entails providing corporate finance advisory services to various companies on various corporate exercises undertaken by them including listings, acquisitions and capital raising. He left merchant banking industry in 1997 to join Renong Berhad as Senior Finance Manager where he was primarily responsible for the monitoring of subsidiaries and implementation of corporate exercises by Renong Berhad and its subsidiaries. Other than JLWIB, he has no directorship in other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He does not hold any shares in JLWIB and its subsidiary companies. He attended all 7 of the Board Directors' Meetings held in the financial year ended 30 June 2001.



## Chairman's Statement



ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT TO YOU THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF JIN LIN WOOD INDUSTRIES BERHAD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001.

### Financial Performance

During the year under review, several negative factors have impacted the timber industry and hence, the Group's performance significantly. The slowdown of the world economy has dampened the timber market causing prices and volume to decline considerably. This is aggravated by significant competitive advantage gained by Indonesian suppliers as a result of the weak Rupiah.

Against the backdrop of these adverse changes, the Group recorded a loss before tax of RM5.061 million for the financial year ended 30 June 2001 as compared to a profit before tax of RM13.532 million for the previous financial year. Turnover was reduced by 20% to RM90.078 million as compared to RM113.051 million last year. The losses were mainly due to the significantly lower selling prices and reduced volumes as a result of the industry downtrend.

### Operations Review

During the financial year, the selling prices and sales volumes for all of our timber products fell substantially due to the unfavourable market conditions. This is further aggravated by the weakening currency of our competitors which shifts the buyers attention away from Malaysia to these cheaper suppliers. In addition, with uncertain prospect for immediate improvement, buyers are adopting a very cautious approach.

The processing of veneer, the Group's biggest contributor, has been the hardest hit with the continuing downward pressure on veneer prices and low demand. Scattered supply of low grade plywood, the end product of veneer, has also emerged in the market thus adding pressure on the prices of the product. The availability of cheap logs has given the cost advantage to enable producers in China to increase production domestically to compete. In the absence of market confidence, buyers were reluctant to commit and adopted a more cautious approach in taking large orders.

## Chairman's Statement

### Dividends

The Board of Directors has not recommended any dividend for the current financial year ended 30 June 2001.

### Prospects

The global economic slowdown is expected to continue to dampen the immediate market outlook for timber industry. The upturn for the industry will depend on confidence in the market for an economic recovery at a reasonable pace. However, we believe that the current prices are already at a low level and do not expect further drastic reductions.

In the longer term, the industry fundamentals remain sound due to the expected increase in market demand for timber products especially from large and dynamic economies like China and India. In addition, the recent ban on logs export by Indonesia is expected to stabilise timber prices in the near future.

During this downtrend, the Group continues to explore for ways to diversify our market in order to minimise revenue volatility and adopt measures to enhance efficiency. With resilience and strength from our experience and strategies established over the years, the Group is well positioned to benefit from the ensuing recovery of the industry.

### Appreciation

On behalf of the Board of Directors, I wish to express our sincere appreciation to the management and staff of the Group for their contributions and commitment. I would also like to thank our customers, bankers, business associates and shareholders for their continued and strong support. The Board would also like to record its gratitude to the relevant authorities and members of the community for their invaluable assistance and advice.

Chieng Hie Kwong  
CHAIRMAN

## Statement Of Corporate Governance

### The Code

In March 2000, the Finance Committee on Corporate Governance issued the Malaysian Code on Corporate Governance ("the Code"). The Code lays down the principles and best practices of corporate governance over the structures and processes companies may use in their operations towards achieving the optimal governance framework.

The Board of Jin Lin Wood Industries Berhad ("JLWIB") is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

Although the Kuala Lumpur Stock Exchange's new Listing Requirements only requires the inclusion of a Statement on Corporate Governance in annual reports for financial year ending after 30 June 2001, the Board of JLWIB is pleased to make an earlier disclosure to shareholders on the manner in which the Company has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code

### The Board of Directors

The Board has the overall responsibility for corporate governance, establishing goals, strategic direction and overseeing the investments of the Company. The Board meets on a scheduled basis at least 6 times a year, with additional meetings convened as necessary.

During the year ended 30 June 2001, 7 board meetings were held and each of the Directors in office for the full financial year attended more than 50% of the meetings.

### Board Balance

The Board currently has seven members, comprising four non-executive Directors (including the Chairman) and three executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the Company. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. There is also balance in the Board membership because of the presence of independent non-executive Directors of the calibre necessary to carry sufficient weight in Board decisions.

Although all the Directors have equal responsibility for the Company's operations, the role of the independent non-executive Directors is particularly important in ensuring that the strategies proposed by the management team are discussed and examined fully to ensure that the strategies are in the long-term interests of the company.

### Supply of information

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes, among others, the following:-

- (a) monthly management report;
- (b) board papers for issues requiring Board's deliberation and approval; and
- (c) minutes of meetings of all the committees of the Board.

In addition, once a year the Board is presented with the Company's annual corporate plan and budget for approval and adoption.

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

### Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Committee.

The Composition and terms of reference of the Audit Committee are set out in the Audit Committee Report.



## Statement Of Corporate Governance

### Remuneration Committee

The Remuneration Committee was only set up in October 2001 and thus has not been operational during the year ended 30 June 2001. The Remuneration Committee of JLWIB consists wholly of non-executive directors as follows.

Name	Position
Chieng Hie Kwong	Independent Non-Executive Director
Ibrahim Bin Hj Yusoff	Non-Independent Non-Executive Director
David Sengalang Anak Uyang	Independent Non-Executive Director

The main task of the Remuneration Committee is to recommend to the Board the remuneration of executive directors.

### Nomination Committee

The Nomination Committee was only set up in October 2001 and thus has not been operational during the year ended 30 June 2001. The Nomination Committee consists exclusively of non-executive directors, a majority of whom are independent, as follows.

Name	Position
Chieng Hie Kwong	Independent Non-Executive Director
Ibrahim Bin Hj Yusoff	Non-Independent Non-Executive Director
David Sengalang Anak Uyang	Independent Non-Executive Director

The functions of the Nomination Committee include:-

- (a) to recommend to the Board candidates for all directorships to be filled by the shareholders or the Board;
- (b) to consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within bounds of practicability, by any other senior executive or any director or shareholder; and
- (c) to recommend to the Board, directors to fill the seats on Board committees.

### Re-election of the Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting subsequent to their appointment. In accordance with the Articles of Association, one-third of the remaining Directors, except the Managing Director, were required to submit themselves for re-election by rotation at each Annual General Meeting.

In compliance with the Kuala Lumpur Stock Exchange's Listing Requirements which came into force on 1 June 2001, the Managing Director will now also be required to submit himself for re-election by rotation. The proposed new Articles of Association to be tabled for adoption provides for all Directors to submit themselves for re-election at least once every three years. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

### Directors' Remuneration

Starting in October 2001 the Company have set up its Remuneration Committee. The Remuneration Committee of JLWIB recommends to the Board the framework of executive remuneration and its cost, and the remuneration package for each executive Director. Nevertheless, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The remuneration of the non-executive Directors is to be decided by the Board as a whole. The Company reimburses any reasonable expense incurred by these Directors in the course of their duties as Directors.

## Statement Of Corporate Governance

### Investor relations & Shareholder communication

The Board believes that shareholders should be informed of all material business matters which influence the Company. In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with an up to date overview of the Company's performance and operations. Copies of the full announcement are supplied to shareholders and members of the public upon request.

The Company has been using the Annual General Meeting, usually held in December each year, as a means of communicating with private investors. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

### Financial reporting

In presenting the annual financial statements and quarterly announcements of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Company's and Group's position and performance. The Directors consider that in preparing the financial statements, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. All accounting standards which the Board considers to be applicable have been followed, subject to any explanations and material departures, if any, disclosed in the notes to the financial statements.

### Internal control

The Directors acknowledge their overall responsibility for the Group's system of internal control over both the financial and the non-financial aspects of the Group's activities. This system is designed to ensure that the risks facing the Group's businesses in pursuit of its objectives are identified and managed at known and acceptable levels. Towards achieving this objective, the Board will ensure that there is a sound system of internal control and direction over appropriate strategic, financial, organisational, operational and compliance issues to safeguard the shareholders' investments and the Group's assets. However, such systems can only provide a reasonable and not absolute assurance against material misstatement or loss.

The key elements of the Company's internal control system are described below:

1. A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the full Board
2. Regular and comprehensive financial information is provided to the Board on a monthly basis, showing actual results against budget for the month and year-to-date with projections for the financial year updated on a regular basis.
3. Regular internal audit visits which monitor compliance with procedures and assess the integrity of both financial and non-financial information provided.

The Board undertakes on-going reviews of the key commercial and financial risks facing the Group's businesses together with more general risks such as those relating to compliance with laws and regulations. The monitoring arrangements in place give reasonable assurance that the structure of controls and operation is appropriate to the Company's and the Group's situation and that there is an acceptable level of risk throughout the Group's business.

### Relationship with the auditors

The role of the Audit Committee in relation to the external auditors is stated in the Audit Committee Report.

**Chieng Hie Kwong**  
Chairman

**Ko Kung Hai**  
Managing Director

## Audit Committee Report

The Board of Directors of Jin Lin Wood Industries Berhad is pleased to present the report of the Audit Committee of the Company for the financial year ended 30 June 2001.

### MEMBER AND MEETINGS

The Committee presently comprises the directors listed below. During the year ended 30 June 2001, the Committee held a total of six meetings.

#### Attendance of meetings

Name	Position	Attendance
Mohd Shukri Mohd Yunus*	Independent Non-Executive Director (Chairman of Audit Committee)	6 out of 6 meetings
David Sengalang Anak Uyang	Independent Non-Executive Director	5 out of 6 meetings
Ko Kung Hai	Managing Director	6 out of 6 meetings

\* A member of the Institute of Cost and Management Accountants (United Kingdom) and has more than 3 years working experience.

### TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

#### Membership

The Committee shall be appointed by the Board from amongst their number and shall consist of not fewer than three members, a majority of whom shall be independent directors and at least one member shall be a member of the Malaysian Institute of Accountants, or shall have at least 3 years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or shall have at least 3 years' working experience and must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967. The Chairman of the Committee shall be an independent director appointed by the Board.

#### Meetings and minutes

Meetings shall be held not fewer than four times a year and attended by Committee members and representatives from the company's internal auditors, Ernst & Young. Other members of the Board may attend the meetings upon the invitation of the Committee. At least once a year, the Committee shall meet the external auditors without any executive directors present. To form a quorum, 3 members must be present, a majority of whom must be independent directors. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Company Secretary.

#### Authority

The Committee is authorised by the Board:

- to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- to have full and unrestricted access to information pertaining to the Company and the Group;
- to have direct communication channels with the external and internal auditors; and
- to obtain external legal or other independent professional advice as necessary.

Notwithstanding anything to the contrary herein, the Committee does not have executive powers and shall report to the Board of Directors on all matters recommended by the Committee pertaining to the Company and the Group.



## Audit Committee Report

### Duties and Responsibilities

The duties of the Committee include the followings:

- a. Oversee all matters relating to external audit including the review of the audit plan and audit report and review of external auditors' management letter and management's responses.
- b. Oversee the internal audit department including the evaluation of the standards of internal control and financial reporting, review of internal audit programme, adequacy of the scope, functions, authority and resources of the internal audit department and audit findings and management's responses.
- c. Review of the quarterly and annual financial statements of, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal and regulatory requirements.
- d. Review of the assistance and co-operation given by the Company's officers to the external and internal auditors.
- e. Review any related party transaction that may arise within the Company and the Group.
- f. Nominate the external auditors for appointment, review any letter of resignation from the external auditors and proposal for reappointment of external auditors.
- g. Consider any such other matters as may be agreed to by the Committee and the Board of Directors.

### ACTIVITIES OF THE COMMITTEE DURING THE YEAR

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the year ended 30 June 2001 in the discharge of its functions and duties:

- a. Review of the audit plans and audit fees for the Company and the Group for the year which were prepared by both the external and internal auditors;
- b. Review of the audit reports for the Company and the Group prepared by the external and internal auditors and considered the major findings by the auditors and management's responses thereto;
- c. Review of the quarterly and annual reports of the Company and the Group and thereafter submit them to the Board for consideration and approval;
- d. Review of findings of investigations conducted during the year and management's responses thereto;

### INTERNAL AUDIT FUNCTIONS

The Company and the Group does not have its own in-house internal audit function. The services of Ernst & Young were engaged during the financial year under review to undertake the necessary activities to enable the Committee to discharge its functions effectively. The services rendered and activities undertaken by internal auditors included the regular and systematic reviews of the systems of financial and operations controls so as to provide reasonable assurance that the systems continue to operate satisfactorily and effectively. The attainment of such objectives involve the following activities being carried out by the internal auditors:

- a. Review and appraise the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost;
- b. Ascertain the extent of compliance with established policies, procedures and statutory requirements;
- c. Ascertain the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;
- d. Appraise the reliability and usefulness of information developed within the Company and the Group for management;
- e. Recommend improvements to the existing systems of controls;
- f. Carry out investigations and special reviews requested by management and/or the Audit Committee of the Company.

During the year ended 30 June 2001, the internal auditors have carried out various reviews and have presented the audit plan based on its review of the operations of the Company and the Group and 3 audit reports on its findings to the Audit Committee. The findings and recommendations thereof have been discussed with the management and the Audit Committee. Based on the said discussions, the management has undertaken various steps to implement the recommendations of the internal auditors.

# Financial Statements

16 - 21	Directors' Report
22 - 22	Statement By Directors
23 - 23	Auditors' Report
24 - 25	Income Statements
26 - 27	Balance Sheets
28 - 29	Statements Of Changes In Equity
30 - 33	Cash Flow Statements
34 - 48	Notes To Financial Statements

## Directors' Report

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 30th June, 2001.

### Principal activities

The principal activities of the Company are investment holding and the provision of management services to companies in the Group. The principal activities of the subsidiary companies are set out in Note 3 to the financial statements.

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

### Financial results

	Group RM	Company RM
Loss after taxation	(5,094,392)	(653,581)
Revenue reserve brought forward	1,752,573	53,893
Loss for the year	(3,341,819)	(599,688)
Dividend	-	-
Accumulated losses carried forward	(3,341,819)	(599,688)

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

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

### Dividend

No dividend was paid or declared by the Company during the year under review.

## Directors' Report

### Directors

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

Chieng Hie Kwong	(Chairman)
Ko Kung Hai	(Managing Director)
Aminodin Bin Ismail	(Executive Director)
Chan Lan Ngai	(Executive Director)
Ibrahim Bin Hj Yusoff	
Mohd Shukri Bin Mohd Yunus	
David Sengalang Anak Uyang	

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

At the end of the financial year, the following Directors had, according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares and/or options of the Company as follows:

#### (a) Shareholdings registered in the name of Directors

	Number of ordinary shares of RM1.00 each			Balance at 30.06.2001
	Balance at 01.07.2000	Bought	Sold	
Chieng Hie Kwong	10,000	-	-	10,000
David Sengalang Anak Uyang	11,000	-	-	11,000
Ko Kung Hai	10,000	-	10,000	-
Mohd Shukri Bin Mohd Yunus	10,000	-	-	10,000

#### (b) Shareholdings in which Directors are deemed to have an interest

	Number of ordinary shares of RM1.00 each			Balance at 30.06.2001
	Balance at 01.07.2000	Bought	Sold	
Ibrahim Bin Hj Yusoff	6,476,000	-	-	6,476,000

By virtue of the above Directors' interest in shareholdings in the Company, they are deemed to have an interest in the ordinary shares of the subsidiary companies in the Group to the extent of the Company's interest in those subsidiary companies.

## Directors' Report

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a Company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965 other than as disclosed in Note 26 to the financial statements.

### Directors' remuneration

The remuneration paid or payable to Executive Directors and Non-executive Directors of the Group and of the Company are disclosed as follows:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<u>Executive Directors</u>				
Salaries	540,000	268,000	270,000	180,000
Employee Provident Fund and SOCSO	50,189	32,730	33,015	22,010
Bonus	135,000	44,000	45,000	-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<u>Non-executive Directors</u>				
Salaries	110,000	90,000	110,000	90,000



## Directors' Report

The remuneration paid or payable to the Directors of the Group and of the Company are further analysed as follows:

	Number of Directors			
	2001		2000	
	Executive	Non Executive	Executive	Non Executive
<u>Group</u>				
Bands of remuneration				
RM300,001 - RM350,000	1	-	-	-
RM250,001 - RM300,000	-	-	-	-
RM200,001 - RM250,000	1	-	1	-
RM150,001 - RM200,000	1	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM50,001 - RM100,000	-	-	2	-
RM1 - RM50,000	-	4	-	4
<u>Company</u>				
Bands of remuneration				
RM250,001 - RM300,000	-	-	-	-
RM200,001 - RM250,000	-	-	-	-
RM150,001 - RM200,000	1	-	-	-
RM100,001 - RM150,000	1	-	-	-
RM50,001 - RM100,000	1	-	3	-
RM1 - RM50,000	-	4	-	4

### Meetings of Directors

During the year, meetings of Directors were held. Attendances were:

	Board meetings	
	Number eligible to attend	Number attended
Chieng Hie Kwong	7	7
Ko Kung Hai	7	7
Aminodin Bin Ismail	7	7
Chan Lan Ngai	7	7
Ibrahim Bin Hj Yusoff	7	6
Mohd Shukri Bin Mohd Yunus	7	7
David Sengalang Anak Uyang	7	6

## Directors' Report

### Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any debts or to make a provision for doubtful debts in respect of these financial statements;
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group or 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) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and 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 in respect of the Group and of the Company which has arisen since the end of the financial year.

## Directors' Report

- (f) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and 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.

On behalf of the board,

**Chan Lan Ngai**

*Director*

**Ko Kung Hai**

*Director*

Bintulu

Date: 31 OCT 2001

## Statement by Directors

We, **Chan Lan Ngai** and **Ko Kung Hai**, being two of the Directors of **Jin Lin Wood Industries Berhad**, do hereby state that in the opinion of the Directors, the financial statements set out on pages 24 to 48 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the financial position of the Group and of the Company as at 30th June, 2001 and of the results of the business of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the year ended 30th June, 2001.

On behalf of the board,

**Chan Lan Ngai**  
*Director*

**Ko Kung Hai**  
*Director*

Bintulu  
Date: 31 OCT 2001

## Statement by Directors

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

I, **Chan Lan Ngai**, the person primarily responsible for the financial management of **Jin Lin Wood Industries Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 24 to 48 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.

**Chan Lan Ngai**

Subscribed and solemnly declared  
by the abovenamed **Chan Lan Ngai**  
at Bintulu in the State of Sarawak  
on 31 OCT 2001

Before me,  
LINTON ALBERT (No.Q.049)  
LLB (Hons) (LOND)  
ADVOCATE  
Commissioner For Oaths  
No.9, 1st Floor,  
Law Gek Soon Road,  
97000 Bintulu, Sarawak

## Auditor's Report

### Report of the auditors to the members of Jin Lin Wood Industries Berhad

We have audited the financial statements as set out on pages 24 to 48. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 30th June, 2001 and of the results and 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 of the Group and of the Company;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary 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 Company's financial statements are in form and content appropriate and proper for the purpose 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 and did not include any comment required to be made under Section 174 (3) of the Companies Act 1965.

**ERNST & YOUNG**  
AF: 0039  
*Public Accountants*

**YONG CHUNG SING**  
1052/9/02 (J)  
*Partner*

Bintulu, Malaysia.  
Date: 31 OCT 2001



## Income Statement

### Consolidated income statement for the year ended 30th June, 2001

	Notes	2001 RM	2000 RM
Revenue	4	90,077,647	113,051,449
Cost of sales		(82,501,714)	(89,832,766)
Gross profit		7,575,933	23,218,683
Other operating income		767,719	716,310
Administrative and other expenses		(7,970,281)	(4,809,867)
Profit from operations		373,371	19,125,126
Finance costs		(5,454,170)	(5,592,705)
(Loss)/profit before taxation	5	(5,080,799)	13,532,421
Taxation	6	(13,593)	(1,173,987)
Net (loss)/profit after taxation		(5,094,392)	12,358,434
Less: Pre-acquisition profit		-	(7,165,861)
(Loss)/profit after taxation		(5,094,392)	5,192,573
(Loss)/earning per share (sen)	7	(12.74)	30.16
Dividend per share (sen)	8	-	8.60

The notes on pages 34 to 48 form an integral part of the financial statements.

## Income Statement

### Income statement for the year ended 30th June, 2001

	Notes	2001 RM	2000 RM
Revenue	4	288,000	4,480,000
Cost of sales		-	-
Gross profit		288,000	4,480,000
Other operating income		46,511	27,848
Administrative and other expenses		(872,599)	(423,132)
(Loss)/profit from operations		(538,088)	4,084,716
Finance costs		(115,493)	(2,823)
(Loss)/profit before taxation	5	(653,581)	4,081,893
Taxation	6	-	(588,000)
(Loss)/profit after taxation		(653,581)	3,493,893
Dividend per share (sen)	8	-	8.60

The notes on pages 34 to 48 form an integral part of the financial statements.

## Balance Sheet

### Consolidated balance sheet as at 30th June, 2001

	Notes	2001 RM	2000 RM
<b>Non-current assets</b>			
Property, plant and equipment	9	90,282,125	79,438,934
<b>Current assets</b>			
Inventories	11	20,916,910	17,174,406
Trade Debtors	12	27,655,208	21,554,684
Other debtors and deposits		10,354,839	14,760,789
Fixed deposits with licensed banks	14	3,913,587	5,468,935
Cash and bank balances		208,001	3,790,403
		63,048,545	62,749,217
<b>Current liabilities</b>			
Amount due to bankers, secured	15	37,590,296	34,813,172
Trade creditors	16	17,277,415	4,858,350
Other creditors and accruals		2,797,282	3,569,613
Amount due to directors	18	12,541	-
Lease creditors	19	4,054,236	2,618,836
Proposed final dividend		-	3,440,000
Provision for taxation		2,349,378	2,347,497
		64,081,148	51,647,468
<b>Net current (liabilities)/assets</b>		(1,032,603)	11,101,749
		89,249,522	90,540,683
<b>Financed by:</b>			
Share capital	20	40,000,000	40,000,000
Share premium reserve	21	24,551,330	24,551,330
Capital reserve	22	7,165,861	7,165,861
(Accumulated losses)/revenue reserve		(3,341,819)	1,752,573
Shareholders' equity		68,375,372	73,469,764
<b>Long-term and deferred liabilities</b>			
Term loans, secured	15	17,270,267	9,457,806
Lease creditors	19	3,589,583	7,598,813
Deferred taxation	23	14,300	14,300
		20,874,150	17,070,919
		89,249,522	90,540,683

The notes on pages 34 to 48 form an integral part of the financial statements.

## Balance Sheet

### Balance Sheet as at 30th June, 2001

	Notes	2001 RM	2000 RM
<b>Non-current assets</b>			
Property, plant and equipment	9	317,746	-
Investment in subsidiary companies	10	49,840,459	49,840,459
<b>Current assets</b>			
Deposits and prepayment		42	20,042
Amount due from related companies	13	12,922,684	24,284,163
Fixed deposits with licensed banks	14	1,246,511	1,000,000
Cash and bank balances		1,145	1,173,403
		<u>14,170,382</u>	<u>26,477,608</u>
<b>Current liabilities</b>			
Bank overdraft, unsecured	15	28,778	-
Other creditors and accruals		335,627	1,470,639
Amount due to related companies	17	-	6,802,205
Amount due to directors	18	12,540	-
Proposed final dividend		-	3,440,000
		<u>376,945</u>	<u>11,712,844</u>
<b>Net current assets</b>		<u>13,793,437</u>	<u>14,764,764</u>
		<u>63,951,642</u>	<u>64,605,223</u>
Financed by:			
Share capital	20	40,000,000	40,000,000
Share premium reserve	21	24,551,330	24,551,330
(Accumulated losses)/revenue reserve		(599,688)	53,893
<b>Shareholders' equity</b>		<u>63,951,642</u>	<u>64,605,223</u>

The notes on pages 34 to 48 form an integral part of the financial statements.

## Statements of changes in equity

### Consolidated statement of changes in equity for the year ended 30th June, 2001

	Share capital RM	Share premium reserve RM	Capital reserve RM	(Accumulated losses)/ Revenue reserve RM	Total RM
Balance at 30th June, 1999	2	-	-	-	2
Issuance of shares	39,999,998	26,120,461	-	-	66,120,459
Listing expenses	-	(1,569,131)	-	-	(1,569,131)
Acquisition of shares in subsidiary companies	-	-	-	7,165,861	7,165,861
Net profit for the year	-	-	-	5,192,573	5,192,573
Proposed final dividend 5% less tax	-	-	-	(1,440,000)	(1,440,000)
5% tax exempt	-	-	-	(2,000,000)	(2,000,000)
Balance at 30th June, 2000	40,000,000	24,551,330	7,165,861	1,752,573	73,469,764
Net loss for the year	-	-	-	(5,094,392)	(5,094,392)
Balance at 30th June, 2001	40,000,000	24,551,330	7,165,861	(3,341,819)	68,375,372

The notes on pages 34 to 48 form an integral part of the financial statements.



## Statements of changes in equity

### Statement of changes in equity for the year ended 30th June, 2001

	Share capital RM	Share premium reserve RM	(Accumulated losses)/ Revenue reserve RM	Total RM
Balance at 30th June, 1999	2	-	-	2
Issuance of shares	39,999,998	26,120,461	-	66,120,459
Listing expenses	-	(1,569,131)	-	(1,569,131)
Net profit for the year	-	-	3,493,893	3,493,893
Proposed final dividend				
5% less tax	-	-	(1,440,000)	(1,440,000)
5% tax exempt	-	-	(2,000,000)	(2,000,000)
Balance at 30th June, 2000	40,000,000	24,551,330	53,893	64,605,223
Net loss for the year	-	-	(653,581)	(653,581)
Balance at 30th June, 2001	40,000,000	24,551,330	(599,688)	63,951,642

The notes on pages 34 to 48 form an integral part of the financial statements.

## Cash Flow Statements

### Consolidated cash flow statement for the year ended 30th June, 2001

	Notes	2001 RM	2000 RM
<b>Cash flows from operating activities</b>			
(Loss) / profit before taxation		(5,080,799)	5,509,851
Adjustments for:			
Depreciation		5,249,437	1,991,969
Loss on disposal of property, plant and equipment		-	998
Preliminary expenses written off		-	2,800
Pre-operating expenses written off		-	525
Interest expenses		5,454,170	3,555,012
Interest income		(257,019)	(151,103)
Operating profit before working capital changes		5,365,789	10,910,052
Changes in working capital:			
Inventories		(3,742,504)	(1,249,550)
Debtors		(1,694,573)	3,794,097
Creditors		11,646,734	(4,825,807)
Amount due to directors		12,541	-
Cash generated from operations		11,587,987	8,628,792
Interest paid		(5,454,170)	(3,555,012)
Interest received		257,019	151,103
Income tax paid		(11,712)	(1,000,253)
<i>Net cash generated from operating activities</i>		6,379,124	4,224,630

## Cash Flow Statements

### Consolidated cash flow statement for the year ended 30th June, 2001 *(cont'd)*

	Notes	2001 RM	2000 RM
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary companies, net of cash acquired		-	(4,756,952)
Acquisition of property, plant and equipment	9	(14,166,086)	(3,588,552)
Capital work-in-progress paid		(10,687)	(7,264,851)
Proceeds from property, plant and equipment		-	520
<i>Net cash used in investing activities</i>		<u>(14,176,773)</u>	<u>(15,609,835)</u>
<b>Cash flows from financing activities</b>			
Repayment of loan financing		(3,542,621)	(2,642,580)
Increase in bank borrowings		10,461,223	1,923,206
Repayments of lease financing		(4,489,685)	(886,568)
Decrease / (increase) in fixed deposits pledged		1,555,348	(1,119,349)
Proceeds from issuance of shares		-	16,280,000
Final dividend paid		(3,440,000)	-
Listing expenses paid		-	(1,569,131)
<i>Net cash generated from financing activities</i>		<u>544,265</u>	<u>11,985,578</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(7,253,384)</u>	<u>600,373</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>600,375</u>	<u>2</u>
<b>Cash and cash equivalents at the end of the year</b>	24	<u>(6,653,009)</u>	<u>600,375</u>

The notes on pages 34 to 48 form an integral part of the financial statements.

## Cash Flow Statements

### Cash flow statement for the year ended 30th June, 2001 (cont'd)

	Notes	2001 RM	2000 RM
<b>Cash flows from operating activities</b>			
(Loss) / profit before taxation		(653,581)	4,081,893
Adjustments for:			
Depreciation		77,987	-
Preliminary expenses written off		-	2,800
Pre-operating expenses written off		-	525
Dividend income		-	(4,200,000)
Interest expense		115,493	2,823
Interest income		(46,511)	(27,848)
Operating loss before working capital changes		(506,612)	(139,807)
Changes in working capital:			
Debtors		20,000	(20,042)
Creditors		(1,135,012)	1,467,314
Amount due to related companies		4,559,274	-
Amount due to directors		12,540	-
Cash generated from operations		2,950,190	1,307,465
Interest paid		(115,493)	(2,823)
Interest received		46,511	27,848
<i>Net cash generated from operating activities</i>		2,881,208	1,332,490

The notes on pages 34 to 48 form an integral part of the financial statements.

## Cash Flow Statements

### Cash flow statement for the year ended 30th June, 2001 (cont'd)

	Notes	2001 RM	2000 RM
<b>Cash flows from investing activities</b>			
Net advances to subsidiary companies		-	(17,481,958)
Acquisition of property, plant and equipment	9	(395,733)	-
Dividend received		-	3,612,000
<i>Net cash used in investing activities</i>		<u>(395,733)</u>	<u>(13,869,958)</u>
<b>Cash flows from financing activities</b>			
Increase in fixed deposits pledged		(246,511)	(1,000,000)
Proceeds from issuance of shares		-	16,280,000
Final dividend paid		(3,440,000)	-
Listing expenses paid		-	(1,569,131)
<i>Net cash (used in) / generated from financing activities</i>		<u>(3,686,511)</u>	<u>13,710,869</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(1,201,036)</u>	<u>1,173,401</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>1,173,403</u>	<u>2</u>
<b>Cash and cash equivalents at the end of the year</b>	24	<u>(27,633)</u>	<u>1,173,403</u>

The notes on pages 34 to 48 form an integral part of the financial statements.

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

1. **Fundamental accounting concept**

The financial statements have been prepared under the going concern concept because the Directors have agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2. **Significant accounting policies**

2.1 **Basis of accounting**

The financial statements of the company are prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment and comply with applicable approved accounting standards issued by Malaysian Accounting Standards Board.

2.2 **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries for the year ended 30th June, 2001. The Group's subsidiary companies is shown in Note 3. The results of the subsidiary companies acquired or disposed during the year are included or excluded from the consolidated financial statements from the respective dates of acquisition or disposal, as applicable.

Goodwill arising on consolidation represents the excess of the purchase price of the company over the fair value of the net assets of the subsidiary companies at the date of acquisition. Goodwill is not amortised but write-offs are made where, in the opinion of the directors, a permanent diminution in value has occurred.

2.3 **Investment in subsidiary companies**

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost but write-offs are made where, in the opinion of the directors, there has been permanent diminution in value to recognise the variations in value of the underlying net tangible assets.

Dividend income from the subsidiary companies are included in the income statement of the Company when the shareholders' right to receive the payment is established.

2.4 **Property, plant and equipment and depreciation**

No amortisation is made for freehold land.

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

All other property, plant and equipment are depreciated over their estimated useful lives on a straight line basis.



## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 2. Significant accounting policies (cont'd)

##### 2.4 Property, plant and equipment and depreciation

The estimated useful lives used are as follows:

Long leasehold land	60 years
Short leasehold land	14 - 28 years
Industrial buildings	10 - 33 years
Office renovation	10 years
Plant and machinery	5 - 10 years
Motor vehicles	5 years
Furniture, fittings and equipment	10 years

Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

##### 2.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. In arriving at the net realizable value, due allowance is made for all damaged, obsolete and slow-moving items.

##### 2.6 Deferred taxation

Deferred taxation is provided on the liability method in respect of timing differences which arise where the basis on which profits are arrived at for the purposes of computing taxation is different from the basis on which profits are arrived at under the accounting policies of the Company, except where such timing differences are not expected to reverse in the foreseeable future.

##### 2.7 Leases

Assets acquired under finance lease agreements are included in property, plant and equipment and the capital element of the leasing commitments is shown as lease creditors. The capital element of the lease rental is applied to reduce the outstanding obligations and the interest element is charged to the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under finance leases are depreciated over the useful lives of equivalent owned assets.

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 2. Significant accounting policies (cont'd)

##### 2.8 Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are reported at year end rates of exchange. All exchange differences thus arising are dealt with in the financial statements.

The principal exchange rate ruling at balance sheet date used is as follow:

	<b>2001</b>	<b>2000</b>
US Dollar	3.79	3.79

##### 2.9 Revenue recognition

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

###### Sales of goods

Revenue is recognised when the goods are delivered and invoiced.

###### Services rendered

Revenue is recognised when the services are rendered.

###### Management fees

Revenue is recognised as the management fees accrues unless collectibility is in doubt.

###### Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

##### 2.10 Debtors

Specific provisions are made for debts which have been identified as bad or doubtful. Bad debts are written off during the year in which they are identified.

##### 2.11 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement represent short-term, highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short-term borrowings repayable on demand.

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 3. General

The principal activities of the Company are investment holding and the provision of management services to companies in the Group. The details of subsidiary companies are shown as follows:

Name of Companies	Country of incorporation	Principal activities	Effective interest held	
			2001	2000
Jin Lin Trading Sdn. Bhd.	Malaysia	Marketing & distributing of timber & timber related products	100%	100%
Syarikat Mustapha & Ngu Timber Sdn. Bhd.	Malaysia	Timber processing, manufacturing & sales of timber products	100%	100%
<u>Subsidiary of Jin Lin Trading Sdn. Bhd.</u>				
Akitiasa Sdn. Bhd.	Malaysia	Warehousing, chemical treatment and trading of sawn timber	100%	100%
<u>Subsidiary of Syarikat Mustapha &amp; Ngu Timber Sdn. Bhd.</u>				
Jin Lin Bio-Coal Sdn. Bhd.	Malaysia	Dormant	100%	100%

All companies are audited by Ernst & Young, Malaysia.

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

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 4. Revenue

The revenue of the Group and of the Company represents the total invoiced value of sales. Sales between the group of Companies are excluded from revenue of the group.

The significant categories of revenue recognised during the year is as follow:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales of timber and timber related products	89,612,210	112,674,839	-	-
Services rendered	465,437	376,610	-	-
Management fee received	-	-	288,000	280,000
Gross dividends received	-	-	-	4,200,000
	<u>90,077,647</u>	<u>113,051,449</u>	<u>288,000</u>	<u>4,480,000</u>

#### 5. (Loss)/profit before taxation

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
This is stated after charging/(crediting):				
Auditors' remuneration				
- Statutory	65,000	49,000	10,000	10,000
- Others	75,000	18,600	15,000	100
Bank overdrafts interest	383,568	326,426	-	2,823
Depreciation	5,249,437	4,238,081	77,987	-
Directors' remuneration				
- Fee	110,000	90,000	110,000	90,000
- Other emoluments	725,189	344,730	348,015	202,010
Hiring of vehicle	360	-	-	-
Lease interest	1,845,143	2,295,293	-	-
Lease rental	5,900	134,400	-	-
Loan interest	1,832,481	1,510,140	115,493	-
Loss on foreign exchange	3,225	-	-	-
Management fee	-	14,700	-	-

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 5. (Loss)/profit before taxation (cont'd)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Preliminary and pre-operating expenses written off	-	3,325	-	3,325
Rent of land and building	53,392	92,000	-	-
Gain on disposal of property, plant and equipment	-	(65,933)	-	-
Interest income	(257,019)	(244,480)	(46,511)	(27,848)
Rental and sundry income	(510,660)	(405,897)	-	-

#### 6. Taxation

Based on results for the year	69,584	789,300	-	588,000
(Over)/under provision in prior years	(55,991)	384,687	-	-
	13,593	1,173,987	-	588,000

#### 7. (Loss)/earnings per share (sen)

The (loss)/earnings per share for the year have been calculated based on the (loss)/profit after taxation of RM(5,094,392) (2000: RM5,192,573) and on the number of ordinary shares of RM40,000,000 (2000: weighted average number of ordinary shares in issue of 17,214,796).

#### 8. Dividend per share (sen)

	Group 2001		Company 2000	
	Sen per share (Gross)	RM (Net)	Sen per share (Gross)	RM (Net)
Final dividend - tax exempt	-	-	8.60	34,400,000

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 9. Property, plant and equipment

	Freehold hold RM	Long lease- hold land RM	Short lease- hold land RM	Industrial buildings RM	Office renovation RM	Plant & machinery RM	Motor vehicles RM	Furniture, fittings etc. RM	Total RM
<u>Group</u>									
<b>Cost and valuation</b>									
At 01.07.2000	11,516,720	932,000	2,574,753	24,410,727	201,278	32,419,033	1,142,038	1,396,992	74,593,541
Additions	-	-	-	7,482,424	-	7,772,662	555,914	270,941	16,081,941
Reclassification	-	-	-	-	-	16,593,281	-	-	16,593,281
At 30.06.2001	11,516,720	932,000	2,574,753	31,893,151	201,278	56,784,976	1,697,952	1,667,933	107,268,763
<b>Accumulated depreciation</b>									
Charge for 2000	-	12,239	94,949	277,284	9,124	1,448,236	71,146	78,991	1,991,969
At 01.07.2000	-	22,193	123,879	2,210,083	94,975	8,402,981	930,703	364,339	12,149,153
Charge for the year	-	15,533	96,765	1,044,411	20,128	3,694,697	221,943	155,960	5,249,437
At 30.06.2001	-	37,726	220,644	3,254,494	115,103	12,097,678	1,152,646	520,299	17,398,590
<b>Net book value</b>									
At 30.06.2001	11,516,720	894,274	2,354,109	28,638,657	86,175	44,687,298	545,306	1,147,634	89,870,173
Add: Capital work-in-progress b/f									16,994,546
Add: Addition during the year									10,687
Less: Reclassified to plant and machinery									(16,593,281)
									90,282,125
At 30.06.2000	11,516,720	909,807	2,450,874	22,200,644	106,303	24,016,052	211,335	1,032,653	62,444,388
Add: Capital work-in-progress									16,994,546
									79,438,934

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 9. Property, plant and equipment (cont'd)

During the year, the acquisition of property, plant and equipment have been made by way of the followings:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash	14,166,086	3,588,552	395,733	-
Lease	1,915,855	57,000	-	-
	16,081,941	3,645,552	395,733	-

There were no disposals during the year.

#### Group

	Freehold land RM	Long leasehold land RM	Short leasehold land RM	Industrial buildings RM	Total RM
<b>Analysis of cost and valuation</b>					
At 30th June, 2001					
Cost	2,536,250	278,545	360,000	30,157,151	33,331,946
Valuation in 1999	8,980,470	653,455	2,214,753	1,736,000	13,584,678
	11,516,720	932,000	2,574,753	31,893,151	46,916,624

The leasehold land and industrial building of subsidiary companies were being revalued by the directors based on independent valuation reports dated 4th November, 1998 and 2nd December, 1998 carried out by CH William Talhar Wong & Yeo Sdn. Bhd., a firm of professional valuers and surveyors using the open market value basis. The total revaluation surplus of RM12,367,217 as approved by the Securities Commission for the revaluation of landed properties have been credited to revaluation reserve accounts of the company.

Had the revalued assets been carried at historical cost less depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year is as follow:



## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 9. Property, plant and equipment (cont'd)

Had the revalued assets been carried at historical cost less depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year is as follow:

	2001 RM	2000 RM
Freehold land	2,536,250	2,536,250
Long leasehold land	267,270	271,912
Short leasehold land	325,205	338,573
Industrial buildings	28,210,924	21,673,147
	31,339,649	24,819,882

Included in property, plant and equipment are motor vehicles and plant and machinery acquired under installment financing arrangement with net book value amounting to RM15,331,725 (2000: RM11,658,062).

All of the Group's land and buildings are charged to the banks for bank facilities granted to the group.

#### Company

	Furniture & Fittings equipment RM	Motor vehicle RM	Total RM
<b>Cost</b>			
At 01.07.2000	-	-	-
Additions	7,733	388,000	395,733
At 30.06.2001	7,733	388,000	395,733
<b>Accumulated depreciation</b>			
At 01.07.2000	-	-	-
Charge for the year	387	77,600	77,987
At 30.06.2001	387	77,600	77,987
<b>Net book value</b>			
At 30.06.2001	7,346	310,400	317,746
At 30.06.2000	-	-	-

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 10. Investment in subsidiary companies

	Company	
	2001 RM	2000 RM
Unquoted shares, at cost	49,840,459	49,840,459

#### 11. Inventories

	Group	
	2001 RM	2000 RM
<u>At cost</u>		
Land and building for resale	1,255	631,255
Logs	1,762,849	2,163,069
Veneer	3,976,322	2,640,721
Sawn timber	8,589,249	6,708,676
Moulded timber	6,295,092	4,830,372
Parquet	-	45,225
Charcoal briquette	292,143	155,088
	20,916,910	17,174,406

#### 12. Trade debtors

	Group	
	2001 RM	2000 RM
Included in trade debtors are: Companies in which certain directors have significant influence amounting to:	1,929,952	6,406

#### 13. Amount due from related companies

The amount due from related companies arose in the normal course of business. This amount is unsecured, interest free and under no fixed term of repayment.

	Company	
	2001 RM	2000 RM
Amount due from subsidiary companies	12,922,684	24,284,163

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 14. Fixed deposits with licensed banks

Fixed deposits are pledged to licensed banks for banking facilities granted to the Group.

#### 15. Amount due to bankers, secured

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Bank overdrafts, secured	6,832,232	3,190,028	-	-
Bank overdrafts, unsecured	28,778	-	28,778	-
Bankers' acceptance	18,269,000	22,236,000	-	-
Preshipment advances	2,338,678	2,554,688	-	-
Trust receipt	4,989,014	3,175,497	-	-
Term loans	22,402,861	13,114,765	-	-
	<u>54,860,563</u>	<u>44,270,978</u>	<u>28,778</u>	<u>-</u>
Less: Term loans repayable after 12 months	(17,270,267)	(9,457,806)	-	-
	<u>37,590,296</u>	<u>34,813,172</u>	<u>28,778</u>	<u>-</u>

These loan and overdraft facilities bear interest ranging from 1.50% to 2.00% per annum above the banker's Base Lending Rate while the profit rate of Al-Bai-Bithaman Ajil Facilities are charged at 11.50% to 12.00% per annum.

The facilities are secured by the followings:

- All monies debentures creating a fixed and floating charges over all the assets of the subsidiary Companies.
- Legal charges over the land properties of a subsidiary Company and of a third party.
- Lien over fixed deposit of the Company and the subsidiary Companies as disclosed in note 14 to the financial statements.
- Corporate guarantee from a corporate shareholder of the Company.
- Guarantee from certain directors of the Company and third parties.

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 16. Trade creditors

	2001 RM	Group 2000 RM
Included in trade creditors are: Companies in which certain directors have significant influence amounting to:	-	141,381

#### 17. Amount due to related companies

The amount due to related companies arose in the normal course of business. This amount is unsecured, interest free and under no fixed term of repayment.

	2001 RM	Company 2000 RM
Amount due to subsidiary companies	-	6,802,205

#### 18. Amount due to directors

The amount due to directors is unsecured, interest free and under no fixed term of repayment.

#### 19. Lease creditors

	2001 RM	Group 2000 RM
Repayable within twelve months	4,054,236	2,618,836
Repayable after twelve months	3,589,583	7,598,813
	7,643,819	10,217,649
Lease instalments payable:		
Not later than one year	4,636,985	4,107,397
Later than one year but not later than five years	4,402,713	9,739,924
Later than five years	-	2,479,538
	9,039,698	16,326,859
Future finance charges	(1,395,879)	(6,109,210)
Present value of lease liabilities	7,643,819	10,217,649

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 20. Share capital

	Group/Company	
	2001 RM	2000 RM
Ordinary shares of RM1.00 each		
<b>Authorised</b>		
100,000,000 (2000: 100,000,000) ordinary shares	100,000,000	100,000,000
<b>Issued and fully paid</b>		
40,000,000 (2000: 40,000,000) ordinary shares	40,000,000	40,000,000

#### 21. Share premium reserve

At 30th June	24,551,330	24,551,330
--------------	------------	------------

#### 22. Capital reserve

	Group	
	2001 RM	2000 RM
Assets revaluation reserve at 30th June	7,165,861	7,165,861

#### 23. Deferred taxation

	Group	
	2001 RM	2000 RM
Brought forward	14,300	14,300

#### 24. Cash and cash equivalents

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash and bank balances	208,001	3,790,403	1,145	1,173,403
Bank overdrafts (note 15)	(6,861,010)	(3,190,028)	(28,778)	-
	(6,653,009)	600,375	(27,633)	1,173,403

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 25. Employee information

Staff costs	5,888,098	4,817,722	188,610	103,896
-------------	-----------	-----------	---------	---------

	Group		Company	
	2001 Number	2000 Number	2001 Number	2000 Number
Number of employees as at 30th June	688	606	2	8

#### 26. Significant related party transactions

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Transactions with subsidiary companies:				
Management fee received	-	-	288,000	280,000
Transactions with companies in which certain directors have significant influence :				
Bundle and packing fee	3,240	-	-	-
Chemical treatment and storage income	(24,604)	-	-	-
Handling fee	13,625	-	-	-
Rental	6,000	-	-	-
Repair and maintenance	1,727,005	-	-	-
Sales	(208,964)	-	-	-
Transportation fee	29,578	-	-	-

The Directors are of the opinion that the above transactions were entered into in the normal course of business and were transacted on normal commercial terms.

## Notes to Financial Statements

### Notes to the financial statements - 30th June, 2001

#### 27. Capital commitments

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Authorised capital expenditure not provided for in the financial statements:				
- Approved and contracted for	-	650,942	-	368,000

#### 28. Contingent liabilities

	Group	
	2001 RM	2000 RM
Corporate guarantees for banking facilities granted to subsidiary companies	66,063,306	7,000,000

#### 29. Segmental reporting

Segmental reporting under International Accounting Standards Statement No. 14 is not relevant as the Company is principally involved in the homogeneous activity of manufacturing and trading of timber and timber related products in Malaysia.

#### 30. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.



## Analysis of Shareholdings

As per the Record of Depositors as at 7 November 2001

Authorised Share Capital	: RM100,000,000.00
Issued and Fully Paid-up	: RM40,000,000.00
Class of Shares	: Ordinary Shares of RM1.00 Each
No. of Shareholders	: 5,872
Voting Rights	: 1 Vote Per Ordinary Share

### Analysis by size of Shareholdings

No. of Holders	Holdings	Total Holdings	%
5	less than 1,000	2,142	0
5,613	1,000 to 10,000	11,250,000	28.13
232	10,001 to 100,000	5,543,000	13.86
18	100,001 to less than 5% of issued shares	7,720,386	19.3
4	5% and above of issued shares	15,484,472	38.71
5,872	Total	40,000,000	100

### Direct and indirect interests of Directors in JLWIB as per the Register of Directors' Shareholding (maintained under Section 134 of the Companies Act, 1965) as at 21 July 2001

Directors	Direct	Indirect
Chieng Hie Kwong	10,000	-
Ko Kung Hai	10,000	-
Ibrahim Bin Hj Yusoff	-	* <sup>1</sup> 6,476,000
Aminodin Bin Ismail	-	-
Mohd Shukri Bin Mohd Yunus	10,000	-
David Sengalang Anak Uyang	11,000	-
Chan Lan Ngai	-	-

\*<sup>1</sup> Deemed interested by virtue of his direct substantial interest in Ideal Destiny Sdn Bhd which in turn has a substantial interest in JLWIB.

As at 7 November 2001, none of the Directors of JLWIB has any direct and/or indirect interest in any related corporation of JLWIB.

### Substantial Shareholders as per the Register of Substantial Shareholders as at 7 November 2001

No.	Name of Substantial Shareholder	No. of Shares Held		%
		Direct	Indirect	
1.	Ideal Destiny Sdn Bhd	6,476,000	-	16.19
2.	Ibrahim Bin Hj Yusoff	-	* <sup>1</sup> 6,476,000	16.19
3.	Jin Lin Organisation Sdn Bhd	9,420,472	* <sup>2</sup> 1,318,541	23.55

\*<sup>1</sup> Deemed interested by virtue of his direct substantial interest in Ideal Destiny Sdn Bhd which in turn has a substantial interest in JLWIB.

\*<sup>2</sup> Deemed interested by virtue of its direct substantial interest in Jin Lin Credit & Development Berhad which in turn has an interest in JLWIB.

### 30 Largest Securities Account Holders as per the Record of Depositors as at 7 November 2001

No.	Securities Account Holders	Shareholdings	%
1.	Ideal Destiny Sdn Bhd	6,476,000	16.19
2.	CIMB Nominees (Tempatan) Sdn Bhd Jin Lin Organisation Sdn Bhd	3,932,356	9.83
3.	OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Jin Lin Organisation Sdn Bhd	2,587,569	6.47
4.	OSK Nominees (Tempatan) Sdn Bhd Jin Lin Organisation Sdn Bhd	2,488,547	6.22
5.	Seladang Grand Corporation Sdn Bhd	1,810,058	4.53
6.	Jin Lin Credit and Development Bhd	1,318,541	3.30
7.	Jarenang Sdn Bhd	1,215,476	3.04
8.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Dato' Nik Kamaruddin Bin Ismail	947,586	2.37
9.	Jin Lin Organisation Sdn Bhd	412,000	1.03
10.	Koh Yoke Chai	308,000	0.77
11.	Straits Nominees (Asing) Sdn Bhd GK Goh SPL for Lian Giap Timber Pte Ltd	221,681	0.55
12.	Tie Mee Leng	212,681	0.53
13.	Seng Kin Sdn Bhd	181,681	0.45
14.	Wong Hung Yong	146,000	0.37
15.	Lee Lai Keng	143,000	0.36
16.	Tham Kien Wei	130,000	0.33
17.	Wah Tat Nominees (Tempatan) Sdn Bhd Teng Yiing Hock	120,841	0.30
18.	Goh Them Lim	116,000	0.29
19.	Wong Nang Yong	112,000	0.28
20.	Good Noble Sdn Bhd	110,841	0.28
21.	Teng Ying Hock	110,000	0.28
22.	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for A U Credit Sdn Bhd	104,000	0.26
23.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Saham Amanah Sabah	100,000	0.25
24.	Ng Hoi Cheu	100,000	0.25
25.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Selangor	100,000	0.25
26.	Tiang Ching Whu	100,000	0.25
27.	Wong Chai Ping	100,000	0.25
28.	Gan Chuan Lee	98,000	0.25
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Soo Cheng	75,000	0.19
30.	Chieng Lee Hook	72,000	0.18
<b>TOTAL</b>		<b>23,949,858</b>	<b>59.90</b>

## List of all Properties held as at 30 June 2001

List of all properties owned by the JLWIB Group is set out below:

Title/ Location	Description and Current Use	Year Built	Tenure	Land Area	Net Book Value (RM)	Date of Revaluation
Under Syarikat Mustapha & Ngu Timber Sdn Bhd (SMNT)						
(a) Lot 543, Block 22 Buan Land District Tatau, Bintulu	Sawmill situated in open-sided timber and steel structures	1994	Freehold	1.08 hectares	510,495.00	02.12.1998
(b) Tatau Lease 5504, Tatau, Bintulu and;	Vacant Land	n.a	Leasehold/to expire on 09.08.2010	2,064 sq. mt	21,428.14	02.12.1998
(c) Amalgamated lots 64, 72, 184, 211, 216, 252, 231, 545, 547 and 213 Buan Land District Tatau, Bintulu**	Single storey wooden terrace staff quarters (Lot 64)	1998	Leasehold/to expire on 31.12.2023	2.08 hectares	842,067.89	02.12.1998
	Vacant Land (Lot 72)	n.a	Leasehold/to expire on 31.12.2023	5.25 hectares	1,490,612.17	02.12.1998
	3 pitched roof single storey, steel open-sided structure veneer factory with concrete floor slabs (Lot 184)	1997	Freehold	3.01 hectares	1,422,770.00	02.12.1998
	Single storey, high pitched roofing, steel open structures warehouse with concrete floor slabs (Lot 211)	1997	Freehold	1.54 hectares	727,925.00	02.12.1998
	Logyard (Lot 216)	n.a	Freehold	1.49 hectares	704,295.00	02.12.1998
	Logyard (Lot 252)	n.a	Freehold	5,747 sq. mt	271,655.00	02.12.1998
	General Moulding Factory (Lot 231)	1991	Freehold	1.62 hectares	765,740.00	02.12.1998
	Sawmill, warehouse and general moulding factory (Lot 545)	1991	Freehold	2.72 hectares	1,285,690.00	02.12.1998
	Single storey, high pitched roofing, open structured charcoal and fingerjoint and lamination factories with concrete floor slabs (Lot 547)	1997	Freehold	5.65 hectares	2,670,645.00	02.12.1998
	Doubled storey wooden quarters and canteen within integrated wood processing factory (Lot 213)	1998	Freehold	6.68 hectares	3,157,505.00	02.12.1998
Subtotal (SMNT)					13,870,828.20	
Under Akitiasa Sdn Bhd (ASB): Lot 2605, Block 32, Kemena Land District Bintulu	Double pitched single storey warehouse and chemical treatment plant building	1995	Leasehold/to expire on 17.07.2056	1.4 hectares		02.12.1998
Subtotal (ASB)					894,273.79	
Total (JLWIB Group)					14,765,101.99	

**Note:**

\*\* JLWIB's application for the amalgamation and variation of title condition from "agricultural" to "industrial" purpose in respect of the said individual titles have been approved by the State Planning Authority of Sarawak. JLWIB is presently waiting for the Land & Survey Department to carry out the premium assessment on the same.

## Other Information

### Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies which involve Directors and major shareholders' interest either still subsisting at the end of financial year ended 30 June 2001 or entered into since the end of the previous financial year.

### Revaluation Policy

The landed properties of the subsidiary companies have been revalued by the Directors based on independent valuation reports dated 4 November 1998 and 1 December 1998 carried out by CH Williams Talhar Wong & Yeo Sdn Bhd, a firm of professional valuers and surveyors, using the open market value basis. The total revaluation surplus of RM12,367,217 as approved by the Securities Commission for the revaluation of landed properties of the subsidiary companies have been credited to revaluation reserve accounts of the subsidiary companies.

It is the policy of the company to revalue the landed properties of the company and its subsidiaries at regular intervals of at least once in every five (5) years. In addition, the company may revalue its landed properties in the intervening years where the Directors are of the opinion that, based on market indication, the carrying value of the landed properties materially differ from their market values.



PROXY FORM

NO. OF SHARES HELD

**JIN LIN WOOD INDUSTRIES BERHAD**  
(Company No. 467115-T)

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

being a member/members of Jin Lin Wood Industries Berhad hereby appoint \_\_\_\_\_

\_\_\_\_\_

(FULL NAME)

of \_\_\_\_\_  
(ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Third (3rd) Annual General Meeting of the Company to be held at Niah Ballroom, Plaza Hotel, No.116, Taman Sri Dagang, Jalan Abang Galau, 97000 Bintulu, Sarawak on Friday, 28 December 2001 at 2.30 pm and at any adjournment thereof.

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

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Receipt of the Reports and Accounts		
Ordinary Resolution 2	Approval of Directors' Fees		
Ordinary Resolution 3	Re-election of Director		
Ordinary Resolution 4	Re-election of Director		
Ordinary Resolution 5	Re-appointment of Director		
Ordinary Resolution 6	Re-appointment of Auditors		
Ordinary Resolution 7	Authority to the Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company		

Please indicate with "x" how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2001

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

**Note 1**

A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company.

In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer of the corporation duly authorised in that behalf.

Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.

The instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 177, 2nd Floor, Taman Sri Dagang, 97000 Bintulu, Sarawak, not less than forty eight 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.

STAMP

The Company Secretary  
**JIN LIN WOOD INDUSTRIES BERHAD** (Company No: 467115-T)  
177, 2nd Floor, Taman Sri Dagang,  
97000 Bintulu, Sarawak.