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Notice Of The Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of Jin Lin Wood Industries Berhad ("JLWIB" or "the Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 29 December 2005, at 10.00 a.m. for the purpose of transacting the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2005 together with the Directors' and Auditors' reports therein.
Ordinary Resolution 1
2. 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) Dato' Dr Hj Sallehuddin Bin Kassim **Ordinary Resolution 2**
 - (ii) Mr Kang Ching Hong **Ordinary Resolution 3**
3. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorize the Directors to fix their remuneration.
Ordinary Resolution 4

As Special Business

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

4. Authority to Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company
"THAT the Directors be and are hereby empowered, 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 Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."
Ordinary Resolution 5
5. Proposed Renewal of Shareholders' Mandate for JLWIB and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related party ("The Proposal").
"THAT the mandate granted by the Shareholders of Jin Lin Wood Industries Berhad on 26 January 2005 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorizing the Company and its subsidiaries ("the JLWIB Group") to enter into the recurrent transactions of a revenue or trading nature which are necessary for the JLWIB Group's day-to-day operations as set out in the Circular to Shareholders dated 6 December 2005 with the related parties mentioned therein, be and is hereby renewed, provided that the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company."



Notice Of The Seventh Annual General Meeting

AND THAT the authority conferred by such renewed mandate shall continue to be in force until:-

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

whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposal."

Ordinary Resolution 6

6. 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

Kuala Lumpur
6 December 2005

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 either under its Common Seal or under the hand of its attorney duly authorized 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 shareholdings to be represented by each proxy.

The instrument appointing a proxy must be deposited at the Company's Registered Office situated at Level 13, Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur 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 5, if passed, would enable the Directors to issue up to a maximum of 10% of the issued and paid up 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.



Notice Of The Seventh Annual General Meeting

Note 3

Resolution for the Proposed Renewal of Shareholders' Mandate for the JLWIB Group to enter into recurrent related party transactions of a revenue or trading nature with related party.

The proposed Ordinary Resolution 6 is to renew the shareholders' mandate granted by the shareholders of the Company at the Annual General Meeting held on 26 January 2005 to enable the JLWIB Group to enter and/or continue to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the JLWIB Group's day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The details of the Proposal are set out in the Circular to the Shareholders dated 6 December 2005 circulated together with this Annual Report.

Statement Accompanying the Notice of the Seventh Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad, appended hereunder are the following:-

1. Directors who are standing for re-election:-

Director retiring pursuant to Article 90 of the Company's Articles of Association are:-

- Dato' Dr Hj Sallehuddin Bin Kassim
- Mr Kang Ching Hong

The details of the Directors who are seeking for re-election are set out in the section on Directors' Profile in the Annual Report.

2. A total of 7 Board of Directors' Meetings were held during the financial year ended 30 June 2005 as follows:-

Meeting	Date
Board of Directors' Meeting	27 August 2004
Board of Directors' Meeting	27 October 2004
Board of Directors' Meeting	2 November 2004
Board of Directors' Meeting	13 December 2004
Board of Directors' Meeting	4 February 2005
Board of Directors' Meeting	23 February 2005
Board of Directors' Meeting	26 May 2005



3. The attendance of Directors at the Board of Directors' Meetings held in the financial year ended 30 June 2005 are as follows:-

Name of Director	No. of meetings attended (a total of 7 Board meetings were held)
Dato' Dr Hj Sallehuddin Bin Kassim	7/7
Ko Kung Hai	7/7
Ngui Ing Ing	6/7
Cheng Yang Poh	6/7
Kang Ching Hong	5/7
Lim Chin Aik (resigned on 29 August 2005)	5/7

4. Date, Time and Place of the Seventh Annual General Meeting

Date : 29 December 2005

Time : 10.00 a.m

Place : Dewan Berjaya, Bukit Kiara Equestrian & Country Resort,
Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur.

Corporate Information

Board of Directors

Dato' Dr Hj Sallehuddin Bin Kassim
Chairman
Independent Non-Executive Director

Ko Kung Hai
Managing Director

Cheng Yang Poh
Executive Director

Ngui Ing Ing
Independent Non-Executive Director

Kang Ching Hong
Non-Independent Non-Executive Director

Remuneration Committee

Dato' Dr Hj Sallehuddin Bin Kassim
Chairman

Ngui Ing Ing
Member

Kang Ching Hong
Member

Nomination Committee

Dato' Dr Hj Sallehuddin Bin Kassim
Chairman

Ngui Ing Ing
Member

Kang Ching Hong
Member

Audit Committee

Ngui Ing Ing
Chairperson
Independent Non-Executive Director

Dato' Dr Hj Sallehuddin Bin Kassim
Independent Non-Executive Director

Kang Ching Hong*
Non-Independent Non-Executive Director

* A member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants

Company Secretary

Gwee Ooi Teng
(MAISCA 0794701)

Auditors

Messrs Ernst & Young
No. 115, 1st Floor
Parkcity Commerce Square
Jalan Tun Ahmad Zaidi
97000 Bintulu
Sarawak
Tel : 086-336111
Fax : 086-334787

Principal Bankers

Bumiputra Commerce Bank Berhad

Malayan Banking Berhad

Standard Chartered Bank Malaysia Berhad

Affin Bank Berhad

HSBC Bank Malaysia Berhad

Registered Office

Level 13, Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
Tel : 03-27105555
Fax : 03-27103108

Share Registrar

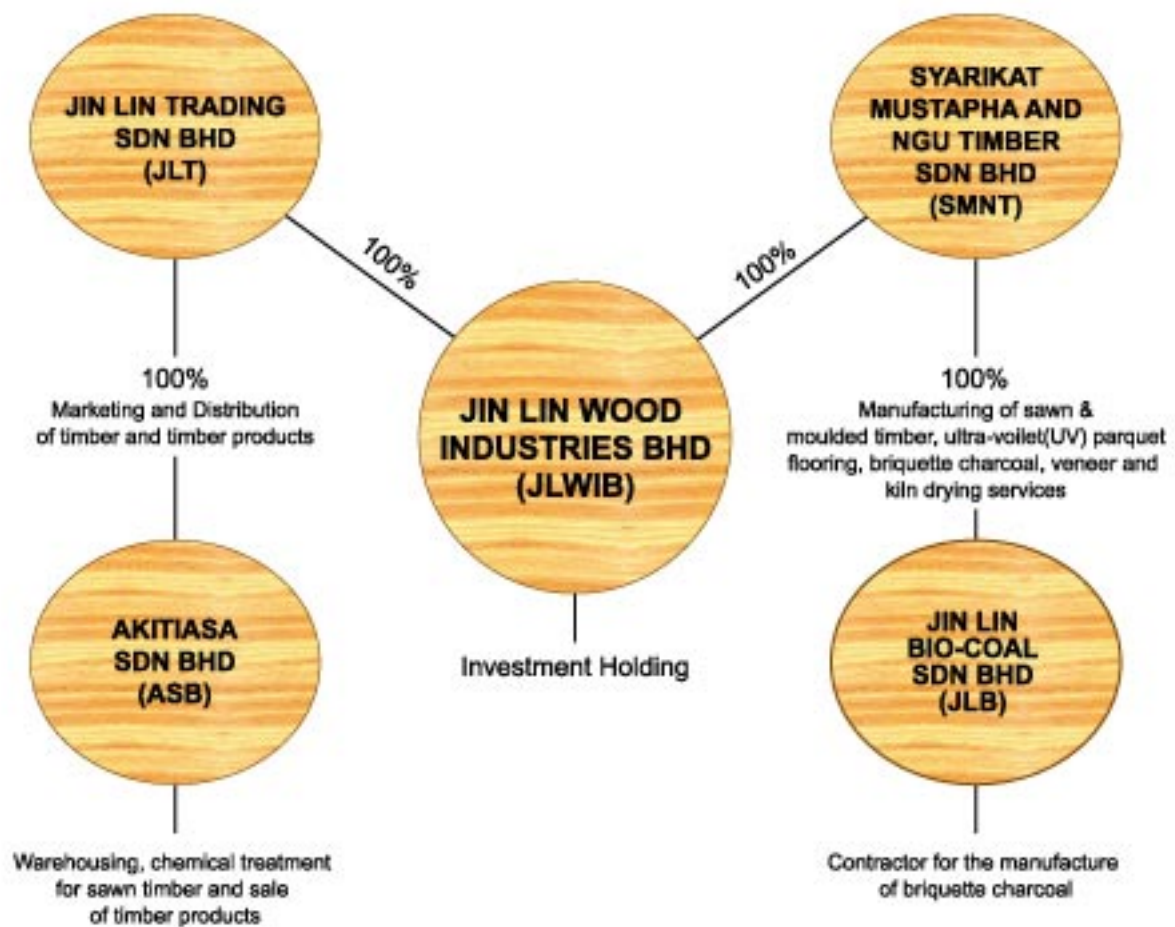
Symphony Share Registrars
Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-27212222
Fax : 03-27212530 / 03-27212531

Stock Exchange Listing

The Second Board of Bursa
Malaysia Securities Berhad



Corporate Structure



Board of Directors



**Dato' Dr Hj Sallehuddin
Bin Kassim**
Independent Non-Executive
Chairman



Ko Kung Hai
Managing Director



Cheng Yang Poh
Executive Director



Kang Ching Hong
Non-Independent
Non-Executive Director



Ngui Ing Ing
Independent
Non-Executive Director





Board of Directors' Profile

Dato' Dr Hj Sallehuddin Bin Kassim, aged 54, Malaysian, Independent Non-Executive Director, was appointed as a Director and Chairman of JLWIB on 31 May 2004 and is the Chairman of the Nomination Committee and Remuneration Committee. He is also a member of the Audit Committee. He is currently the Chairman and Independent Non-Executive Director of Kelanamas Industries Berhad, wherein he was appointed on 16 August 1995 and 1 July 1994 respectively. He is also the Chairman of the Audit Committee of Kelanamas Industries Berhad. He holds Bachelor of Engineering (Mechanical) and Master in Business Administration (MBA) from Monash University, Melbourne, Australia and a Doctor of Philosophy (PhD) from Pacific Western University, Los Angeles. Currently, Dato' Dr Hj Sallehuddin is also a Director of Promet Berhad and CMC Power Limited (Australian Listed Company).

He has no family relationship with any Director and/or major shareholder of JLWIB, no conflict of interest with JLWIB and 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 7 out of 7 Board meetings held during the financial year ended 30 June 2005.

Ko Kung Hai, aged 49, Malaysian, was appointed as a Director and the Managing Director of JLWIB on 19 January 2000. He is one of the founders of the JLWIB Group. He has more than 20 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 a Member of the Bintulu Chinese Chamber of Commerce, Bintulu Foochow Association and Wong Nai Siong School Alumnae Association. He holds no other Directorships in public companies in Malaysia.

He has no family relationship with any Director and/or major shareholder of JLWIB, no conflict of interest with JLWIB and has never been charged for any offence within the past 10 years. He holds 1,510,000 ordinary shares of RM1.00 each in JLWIB and has an indirect interest in JLWIB by virtue of his 8.8% interest in Jin Lin Organisation Sdn Bhd which has a direct interest of 3.43% in JLWIB. He does not hold any shares in the subsidiary companies of JLWIB. His wife, Mdm Ting Siew Eng holds 20,000 ordinary share in JLWIB. He attended 7 out of 7 Board meetings held during the financial year ended 30 June 2005.

Cheng Yang Poh, aged 60, Malaysian, was appointed as an Executive Director of JLWIB on 22 August 2002. He has more than 35 years experience in the timber industry especially in the area of forestry, wood processing and trading. He started his career as a Manager with Asia Commercial Finance in 1968. From 1970 to 2002, he has been involved with the timber industry in Jambi, Kalimantan, Irian Jaya, Africa and the Solomon Islands. He graduated from Ngee Ann College, Singapore and he is currently the Vice President of the Asia Chinese Writer's Foundation and a member of the World Chinese Writer's Association. He holds no other Directorships in public companies in Malaysia.

He has no family relationship with any Director and/or major shareholder of JLWIB, no conflict of interest with JLWIB and 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 6 out of 7 Board meetings held during the financial year ended 30 June 2005.



Board of Directors' Profile

Ngui Ing Ing, aged 41, Malaysian, Independent Non-Executive Director, was appointed as a Director of JLWIB on 22 August 2002 and is the Chairperson of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. She started her career as an Accounts Clerk in 1984 and in 1987 ventured into her own business in trading. She is currently a Director of Jurawood Sdn Bhd which is involved in construction and development. She is actively involved in Junior Chamber Malaysia where she was awarded Outstanding Chapter President 1977 and Outstanding Leader of Asia Pacific 2001. She was the Junior Chamber Malaysia National President in 2001 and the Vice-President of Junior Chamber International in 2002. She is currently a Director of The Crocodile Foundation Limited and JCM Development Berhad. She holds no other Directorships in public companies in Malaysia.

She has no family relationship with any Director and/or major shareholder of JLWIB, no conflict of interest with JLWIB and has never been charged for any offence within the past 10 years. She holds 22,000 ordinary shares of RM1.00 each in JLWIB but does not hold any shares in the subsidiary companies of JLWIB. She attended 6 out of 7 Board meetings held during the financial year ended 30 June 2005.

Kang Ching Hong, aged 37, Malaysian, Non-Independent Non-Executive Director, was appointed as a Director of JLWIB on 29 January 2004 and is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He is a Certified Public Accountant and a member of Malaysian Institute of Accountants. He has more than 15 years experience in audit, accounting, management and corporate finance.

He sits on the Board of Directors of several non-listed companies as adviser and consultant. He was an auditor with KPMG, and held senior corporate planning and services position in public listed companies namely Arab Malaysian Corporation Berhad. Other than JLWIB, he is also a Director of Astral Supreme Berhad, a public company listed on Bursa Malaysia Securities Berhad.

He has no family relationship with any Director and/or major shareholder of JLWIB, no conflict of interest with JLWIB and 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 5 out of 7 Board meetings held during the financial year ended 30 June 2005.



Chairman's Statement – Annual Report 2005

On behalf of the Board of JLWIB, I am pleased to present the annual report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2005.

Financial Performance

The adverse financial position of the Group resulted in minimal operations by the Group during the financial year as shown in the decrease of the Group's revenue by 40% from RM12.9 million in the preceding year to RM7.7 million in the current year. However, the Group recorded a lower gross loss of RM5.2 million during the financial year as compared to RM11.1 million in 2004 due to the Group resorting to contract timber production activities which yields a higher profit margin, as opposed to the Group's own timber production activities. This also resulted in lower losses of RM15.8 million (2004: RM20.1 million) recorded during the year.

Corporate Developments

Following the greatly deteriorated financial position of the Group, the Board has taken the necessary decision to embark on a Proposed Restructuring Scheme ("PRS") as announced on 9 February 2004. This involved the acquisition of a new viable business, Syarikat Bukit Granite Group that is engaged in the trading and processing of granite and marble, which has operations in Malaysia and the People's Republic of China.

The PRS has progressed closer to implementation during the financial year after obtaining approvals from its Scheme Creditors of the Scheme at the Court Convened Meeting held on 23 March 2005. Further to this, Securities Commission had via its letter dated 13 September 2005 approved the PRS subject to compliance with certain conditions. In addition, the implementation of the PRS is still subject to approvals from the shareholders of the Company and the High Court of Malaya, which is targeted to be obtained within the next few months. Barring any unforeseen circumstances, the PRS is expected to be completed by the first quarter of 2006 upon which the listing status of JLWIB will be transferred to Gefung Holdings Berhad, the investment holding company for the SBG Group.

The Board and management of the Group are making every effort to ensure that the Proposed Restructuring Scheme is successfully implemented. With the completion of the exercise, the shareholders of JLWIB will benefit through the injection of the viable new business by the SBG Group, which will restore the Group to a much stronger financial footing.

Acknowledgement

On behalf of the Board, I would like to extend my utmost gratitude to my fellow Directors for their invaluable contribution to the ongoing restructuring exercise of the Group. I would also like to thank the management and employees of the Group for their loyalty and dedication throughout the years. Lastly, my sincere appreciation is extended to our shareholders and the relevant authorities for their continuing support and confidence in the Group.



Statement Of Corporate Governance

The Board of Directors of Jin Lin Wood Industries Berhad ('JLWIB') acknowledges the importance of maintaining a high standard of corporate governance as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Company. The Board also recognises that maintaining good corporate governance is a continual process, which requires re-assessment and refinement of management practices and systems.

The ensuing paragraphs set out the manner in which the Group has applied the principles of the Malaysian Code on Corporate Governance ("the Code") and the extent of its compliance with the best practice of the Code for the year ended 30 June 2005.

The Board of Directors

The Board has an overall responsibility for corporate governance, ensuring effective stewardship and control of the Group towards realising long term shareholders' value and has established terms of reference to assist in the discharge of this responsibility.

The Board's main responsibilities include inter-alia reviewing and adopting Management's strategic plan, overseeing the conduct of the business to ensure it is properly managed, identifying business risks and enhancing shareholders communication.

Board meetings are held on a quarterly basis. Additional meetings will be convened as and when required. Seven (7) board meetings were held during the financial year ended 30 June 2005. Details of attendance for each board member are set out in the statement accompanying the Notice of the Seventh Annual General Meeting.

The Board has delegated specific responsibilities to three (3) sub-committees (Audit, Nomination and Remuneration Committees) the details of which are set out below. These committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibilities for the final decision on all matters, however, lies with the entire Board.

Board balance

The Board currently has five (5) members, comprising two (2) independent non-executive Directors (including the Chairman), one (1) non-independent non-executive Director and two (2) Executive Directors. Detailed profiles of the Board members are presented in the Annual Report.

There is a clear responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman provides an overall leadership to the Board and is responsible for ensuring Board effectiveness and conduct. The Managing Director is generally responsible over the operating units, organisational effectiveness and implementing Board policies and decisions.

Ms Ngui Ing Ing acts as the Senior Independent non-executive Director. Any matters concerning the Group may be conveyed to her.

One third of the Board comprise Independent Non-Executive Directors. The Independent Non-Executive Directors play a significant role in Board decision. They are free from any business or other relationship that could materially or adversely interfere with the exercise of their judgement and are individuals with the ability to exercise independent judgement. As and when a potential conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interests and abstain from the decision making process.

Supply of information

All Board members are provided with a Board report containing relevant information and documents to enable the Directors to review the agenda items to be discussed at Board meetings and discharge their duties efficiently.

The Directors have access to information within the Group on a timely basis and to the advice and services of the Company Secretary, who is responsible for ensuring that the Board meeting procedures, applicable rules and regulations are adhered to at all times.

Where necessary, the Directors may seek independent professional advice, at the Company's expense in the furtherance of their duties.



Statement Of Corporate Governance

Appointments to the Board

The Code endorses a formal procedure for appointments to the Board, with a Nomination Committee making recommendations to the Board for approval.

Re-election of Directors

In accordance with the provision of the Company's Articles of Association, all Directors who were appointed by the Board are subject to election by shareholders at Annual General Meeting subsequent to their appointment. The Articles also provide that at least one third of the remaining Directors, including the Managing Director, are eligible for re-election by rotation at every Annual General Meeting at least once in every three (3) years.

Committees of the Board

Nomination Committee

The Nomination Committee was set up on 19 October 2001.

The Nomination Committee consists entirely of non-executive Directors, of whom a majority is Independent Directors.

The Nomination Committee's objective is to ensure that the Directors bring characteristics to the Board, which provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of non-executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member.

The Nomination Committee shall have meetings at least once a year. During the financial year ended 30 June 2005, one (1) Nomination Committee meeting was held.

The details of the composition of the Committee and their attendance at the Committee meetings are set out below:-

Name	Position	Attendance (during the financial year ended 30 June 2005)
Dato' Dr Hj Sallehuddin Bin Kassim	Chairman (Independent Non-Executive Director)	1/1
Ngui Ing Ing	Member (Independent Non-Executive Director)	1/1
Lim Chin Aik (resigned as a member on 29 August 2005)	Member (Non-Independent Non-Executive Director)	—
Kang Ching Hong (appointed as a member on 29 August 2005)	Member (Non-Independent Non-Executive Director)	—



Statement Of Corporate Governance

Remuneration Committee

The Remuneration Committee of JLWIB was set up on 19 October 2001.

The Remuneration Committee is made up entirely of non-executive Directors, of whom a majority is Independent Directors.

The objective of the Remuneration Committee is to set the policy framework and to make recommendations to the Board of Directors on the remuneration packages for Managing Director, Executive Directors, the Chief Executive Officers and other selected top management positions with the aim to attract, retain, and motivate individuals of the highest quality.

The Remuneration Committee shall have meetings at least once a year. During the financial year ended 30 June 2005, one (1) meeting was held. The details of the composition of the Committee and their attendance at the Committee meeting are set out below:-

Name	Position	Attendance (during the financial year ended 30 June 2005)
Dato' Dr Hj Sallehuddin Bin Kassim	Chairman (Independent Non-Executive Director)	1/1
Ngui Ing Ing	Member (Independent Non-Executive Director)	1/1
Lim Chin Aik (resigned as a member on 29 August 2005)	Member (Non-Independent Non-Executive Director)	1/1
Kang Ching Hong (appointed as a member on 29 August 2005)	Member (Non-Independent Non-Executive Director)	—

Audit Committee

The details of the composition, terms of reference and the attendance of each member of the Audit Committee are set out in the Audit Committee Report of this Annual Report.

Director's Remuneration

The Remuneration Committee recommends to the Board the framework of executive remuneration, its costs, and the remuneration package for each Executive Director. Nevertheless, the Board is ultimately responsible to approve the remuneration of these Directors. The Board as a whole determines the remuneration of the non-executive Directors. The Company reimburses any reasonable expense incurred by these Directors in the course of implementing their duties as directors.

Dialogue between companies and investors and the Annual General Meeting

JLWIB has always strived towards recognising the importance of having an effective communication channel among the Board, shareholders and the general public.

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. Executive Directors and where appropriate Chairman of the Audit, Nomination and Remuneration Committees are available to respond to shareholders' questions during the meeting. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution.



Statement Of Corporate Governance

The notice convening such meetings are sent to shareholders at least fourteen (14) days before the shareholders' meeting in the case of an ordinary resolution and twenty one (21) days in the case of a special resolution or Annual General Meeting. The shareholders are also kept informed of the Group's financial results and corporate developments through public announcements made to Bursa Malaysia Securities Berhad.

The Managing Director is the spokesperson of JLWIB.

Financial reporting

The Board takes responsibility for presenting a clear, balanced and comprehensive assessment of the JLWIB Group's position and prospects in its presentation of the annual financial statements and quarterly announcements of its results.

The Board is responsible for ensuring the proper maintenance of accounting records of the JLWIB Group and that financial reporting and disclosure are clearly completed to the highest standards. The Audit Committee scrutinise and reviews the financial statements of the Company and JLWIB Group with the assistance of the external auditors where necessary to ensure inter alia accuracy, adequacy and completeness, and recommends the same for consideration and approval by the Board.

A Statement of Directors' Responsibility for the audited financial statements is set out in this Annual Report.

Internal control

The significance of an effective system of internal control to safeguard the shareholders' investments and the Group's assets is recognized by the Board. A system of internal control is in place that is designed to meet the Group's needs to manage and mitigate the Group's exposed risks. While it is acknowledged that risks cannot be eliminated absolutely, the current systems and processes aim to minimise and administer risks. Shareholders must note that the internal control system can only provide reasonable assurance against loss. By virtue of empowerment, the Audit Committee has assisted the Board in discharging its duties in relation to internal control.

A statement on internal control is set out in the Annual Report.

Relationship with the Auditors

The Company has always maintained a closed and transparent relationship with the Group's external auditors through the Audit Committee. The Audit Committee reviews and recommends to the Board of Directors the appointment of external auditors. The appointment of the external auditors is subject to approval of the shareholders at the AGM. The external auditors are invited to attend Audit Committee meetings when necessary, from time to time report to the Audit Committee and bring to their attention all matters relating to the financial audit of the Group.

DATO' DR HJ SALLEHUDDIN BIN KASSIM
Chairman

KO KUNG HAI
Managing Director



Statement Of Internal Control

Introduction

The Malaysian Code on Corporate Governance requires the Board of listed companies to maintain a sound system of internal controls to protect shareholders' interests and the Group's assets. The listing requirements of Bursa Malaysia require the Board of Directors of a listed issuer to make a statement in the annual report relating to the state of internal controls of the listed issuer as a Group. The "Statement of Internal Controls: Guidelines for Directors of Public Listed Companies: Guidance", issued by the Institute of Internal Auditors of Malaysia, provides guidelines for compliance with these reporting responsibilities.

The Board of Directors set out below the Statement on Internal Control of the Group accordingly.

Responsibility

The Board of Directors of Jin Lin Wood Industries Berhad ("JLWIB") hereby acknowledge that it is responsible for the need to review the Group's system of internal controls in terms of its adequacy and integrity which has its aims to ensure that business risks faced by the Group are identified and managed at acceptable levels in pursuit of its objectives. The internal control systems are designed to manage rather than eliminate the risks of failure to achieve business objectives. In this respect, the system can only provide reasonable rather than absolute certainty against material misstatements or loss.

The Key Elements of Internal Control

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

- Budgeting - Each operating unit prepares the operating budgets for the financial period, which are presented to the Board of Directors for approval. The budgets are prepared on annual basis.
- Financial Information - Management provides timely financial and operational reports where the Group's performance and actual results are regularly monitored against results of the budget. These financial results are tabled to the Audit Committee and the Board on a regular basis.
- Internal Audits - Senior Management are involved in the daily operations of the Group and they report the operational results to the Audit Committee. The Audit Committee reviews the performances of the Group, quarterly results and annual financial statements including any significant related party transactions within the Group and recommended to the Board for approval.

On-going and periodical reviews on key commercial and financial risks faced and encountered by the Group's businesses as well as general risks relating to compliance with laws and regulations are undertaken by the Board. In view of the internal monitoring arrangements, an acceptable level of risk throughout the Group's business is reasonably assured.

The Board is pleased to disclose that:

- Although there were no internal audit visits being carried out during the period, significant risks faced by the Group throughout the financial year were identified, evaluated and managed systematically through close monitoring by senior management where regular discussions are held.
- Internal system processes are reviewed regularly to conform to the Statement on Internal Control Guidance for Directors of Public Listed Companies; and
- The Board is of the view that in striving for continuous improvements, appropriate action plans shall be put in place as and when necessary in order to enhance the Group's system of internal control more adequately.

There were no consequential material weaknesses identified during the year under review and to the date of approval of the annual report and financial statements.



Audit Committee Report

The Board of Directors of JLWIB is pleased to present the Audit Committee Report for the financial year ended 30 June 2005.

MEMBERSHIP

The Audit Committee comprise the Directors listed below. The Committee shall meet at least four (4) times a year although such additional meetings may be called at any time at the discretion of the Chairman. During the financial year ended 30 June 2005, the Committee had a total of two (2) meetings. The attendance of each member of the Audit Committee are set out below:-

Name	Position	Attendance (During the financial year ended 30 June 2005)
Ngui Ing Ing	Chairperson (Independent Non-Executive Director)	2/2
Dato' Dr Hj Sallehuddin Bin Kassim	Member (Independent Non-Executive Director)	2/2
Kang Ching Hong#	Member (Non-Independent Non-Executive Director)	2/2

A member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants

Secretary of the Audit Committee

Gwee Ooi Teng

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. The Committee is also authorized 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.

MEETINGS

Meetings of the Audit Committee are held at least four (4) times a year although such additional meetings may be called at any time at the discretion of the Chairman.

The quorum for meetings of Audit Committee shall be three (3) members and the majority of the members present shall be independent Directors.

The internal and/or external auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required by the Committee. Upon the request of the auditor(s), the Chairman of the Audit Committee shall also convene a meeting of the Committee to consider any matters the internal and/or external auditors believe should be brought to the attention of the Audit Committee or the Board of Directors or the Shareholders.

The Audit Committee may seek external advice and invite outsiders with relevant experience to attend any meeting of the Audit Committee, if necessary.

Audit Committee Report

In the event a meeting of the Audit Committee could not be held, a resolution passed by all members of the Audit Committee shall be valid and effectual.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:-

Duties and Responsibilities

The duties and responsibilities of the Audit Committee include the following:

- 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 functions including the evaluation of the standards of internal control and financial reporting, review of internal audit plan, 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 results and annual financial statements, 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 or the Group.
- f. Nominate the external auditors for appointment; review any letter of resignation from the external auditors and proposal for re-appointment of external auditors.
- g. Consider any other matters as may be agreed to by the Audit 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 2005 in the discharge of its functions and duties:-

- a. Review and evaluate reports undertaken by management which include appraisal of the Company and the Group's financial and operational performances to ensure that the Company and the Group continue to function to all intents and purposes.
- b. Reviews the performances of the Group, quarterly results and annual financial statements including any significant related party transactions within the Group and recommended to the Board for approval.

INTERNAL AUDIT FUNCTIONS

The Audit Committee has been able to discharge its duties effectively through periodic reviews conducted by management despite the Company and Group's low operational activities and constrained limited financial resources. As a result, the Company and Group has not been able to outsource its internal audit function to an independent professional firm nor has it been able to set up its own in-house internal audit function.

Management undertook recurrent reviews, which include appraisal of the Company and the Group's financial and operational performances to ensure that the Company and the Group continue to function to all intents and purposes.



Audit Committee Report

The activities conducted by management during the financial year included the following activities:-

- a. Financial and operational matters relating to controls of the Company's and the Group's finances and operations were reviewed for adequacy and application;
- b. Compliance issues pertaining to established policies, procedures and statutory requirements were ascertained;
- c. Assets were accounted for and to safeguard the Company's and the Group's assets from losses of all kinds were ensured;
- d. The Company and the Group's developed information systems were appraised for reliability and usefulness;
- e. On-going improvements on system of control; and
- f. Investigations and analysis were conducted as and when requested by the Audit Committee.



Statement Of Directors' Responsibility In Relation To The Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the JLWIB Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

In preparing the financial statements, the Directors have:-

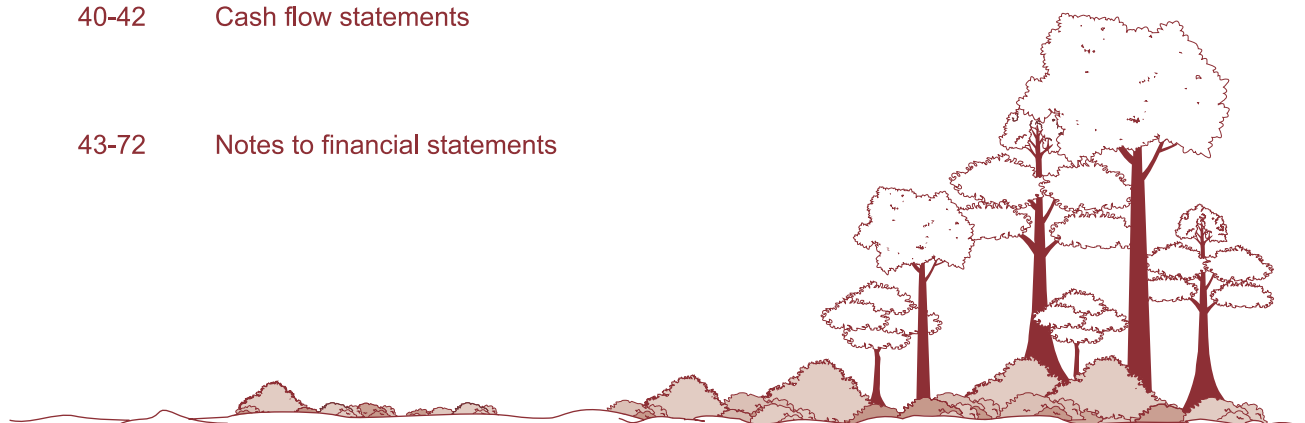
- considered the applicable approved accounting standards in Malaysia;
- adopted and consistently applied appropriate accounting policies; and
- made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that the Company and the JLWIB Group maintains accounting records that disclose with reasonable accuracy the financial position of the Company and the JLWIB Group, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

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

Financial Statements

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Directors' Report

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

Principal activities

The principal activities of the Company are those of 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 2 to the financial statements.

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

Results

	Group RM	Company RM
Net loss for the year	(15,791,800)	(540,756)

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

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

The effects arising from additional late interest charged by the banks resulting in an increase in the Group's previous year's losses by RM1,688,229 as disclosed in Note 28 to the financial statements.

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:

YBHG Dato' Dr Hj Sallehuddin Bin Kassim (Independent non-executive chairman)
Ko Kung Hai (Managing Director)
Cheng Yang Poh (Executive Director)
Kang Ching Hong (Non-independent non-executive director)
Lim Chin Aik (Non-independent non-executive director) (Resigned on 29 August 2005)
Ngui Ing Ing (Independent non-executive director)



Directors' Report

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

Directors' remuneration

The remuneration paid or payable to directors of the Group and of the Company are disclosed as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Executive Directors				
Salaries and other emoluments	<u>336,000</u>	<u>336,000</u>	<u>96,000</u>	<u>96,000</u>



Directors' Report

Directors' remuneration (contd.)

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

<u>Group</u>	Number of Directors			
	2005	Non- executive	2004	Non- executive
	Executive		Executive	
Bands of remuneration				
RM300,001 – RM350,000	-	-	-	-
RM250,001 – RM300,000	-	-	-	-
RM200,001 – RM250,000	1	-	1	-
RM150,001 – RM200,000	-	-	-	-
RM100,001 – RM150,000	-	-	-	-
RM50,001 – RM100,000	1	-	1	-
RM1 – RM50,000	-	-	-	-
RM Nil	-	4	-	4
 <u>Company</u>				
Bands of remuneration				
RM250,001 – RM300,000	-	-	-	-
RM200,001 – RM250,000	-	-	-	-
RM150,001 – RM200,000	-	-	-	-
RM100,001 – RM150,000	-	-	-	-
RM50,001 – RM100,000	1	-	1	-
RM1 – RM50,000	-	-	-	-
RM Nil	1	4	1	4



Directors' Report

Directors' interests

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

Name of directors	Number of ordinary shares of RM1 each As at 1 July 2004 and 30 June 2005
<u>Direct interest</u>	
Ko Kung Hai	1,510,000
Ngui Ing Ing	22,000

There is no movement in the shareholding of the directors during the financial year.

None of the other director who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, any interest in shares in the Company or its related corporations during the financial year.

Significant events

Part A

- (a) SMNT was served with the Writ of Summons dated 4 December 2001 in relation to a claim by MEC Consultants amounting to RM1,605,000. Judgment in default was obtained on 7 February 2002.
- (b) The Company and one of its subsidiary companies, Syarikat Mustapha and Ngu Timber Sdn. Bhd. (SMNT), were served with the Writ of Summons dated 17 June 2002 in relation to a claim by Bumiputra-Commerce Bank Berhad, a licensed bank, for outstanding amount of RM 23,755,749 plus interest and cost in respect of banking facilities owing by SMNT.

On 1 August 2002, the Company and SMNT were served the Judgment in Default of appearance on 24 July 2002 ordering the Company and SMNT to pay the amount owing to Bumiputra-Commerce Bank Berhad. Judgment was obtained by the bank dated 24 July 2002 ordering the Company and SMNT to pay the claim.
- (c) On 29 June 2002, SMNT was served with the Writ of summons dated 10 May 2002 in relation to a claim by Arab-Malaysian Finance Berhad for outstanding banking facilities due from SMNT amounting to RM59,531 together with interest at the rate of 18.44% per annum from 5 April 2002 until full payment and cost. Judgment in default was obtained on 25 September 2002.
- (d) On 18 July 2002, the Company and SMNT, were served with the Writ of Summons dated 22 June 2002 in relation to a claim by Affin Bank Berhad for repayment of amounts outstanding in respect of banking facilities due from SMNT amounting RM4,799,354 together with interest at the rate of 9.4% per annum from 7 June 2002 until full payment and costs.



Directors' Report

Significant events (contd.)

Part A (contd.)

- (e) On 18 July 2002, the subsidiary company, Akitiasa Sdn. Bhd. (ATSB) was served with the Originating Summons dated 3 July 2002 issued by the High Court of Sabah and Sarawak at Bintulu. In the originating summons, Affin Bank Berhad, a licensed bank, sought an Order under Section 148(2) (C) of the Land Code (Cap.81) of Sarawak to sell, by public tender, the land and building of ATSB, which are charged in favour of Affin Bank Berhad for banking facilities granted to a fellow subsidiary company, SMNT, to satisfy the outstanding due from SMNT in the sum of RM4,799,354 together with interest at the rate of 9.4% per annum from 7 June 2002 until full payment pursuant to the Writ of Summons served on SMNT dated 22 June 2002. The hearing for Order for Sale was fixed on 27 November 2002. An Order for Sale of land was obtained by Affin Bank Berhad on 12 March 2003.

- (f) On 7 October 2002, the Inland Revenue Board (IRB) issued a notice of civil proceeding against JLT under Section 106 of the Income tax Act, 1967 for not paying income tax liability amounting to RM 2,430,700 which have been provided as income tax payable in the financial statements.

JLT was served on 6 October 2003 with the Writ of Summon dated 2 September 2004 in relation to a claim by Inland Revenue Board amounting to RM2,414,503. An appearance has been entered on 22 November 2003 and a defence submitted. Summons in Chambers was scheduled on 9 September 2004. Summary judgment was filed which was granted on 9 November 2004.

- (g) SMNT and certain directors of the Company were served with the Writ of Summons dated 14 November 2002 in relation to a claim by HSBC Bank Berhad (HSBC) on packing credit account of RM166,994 and bankers acceptance of RM1,007,230 at a rate of 7.9% and 8.9% respectively until full and final settlement. HSBC filed an application for summary judgment on 2 April 2003, which the court allowed on 18 June 2003.

- (h) SMNT was served with the Writ of Summons dated 12 February 2003 in relation to a claim by Mulpha amounting to RM817,443 at a rate of 8% per annum until full and final settlement.

The above cases are pending and that there is no further development as at the date of this report.



Directors' Report

Significant events (contd.)

Part B

- (a) On 27 August 2002, Standard Chartered Bank Malaysia Berhad (SCBMB) served a notice to the Company and one of its subsidiary companies, Jin Lin Trading Sdn. Bhd. (JLT) under Section 218 of Companies Act 1965 demanding the repayment of the judgment sum together with the interest accrued amounting RM 3,065,831.

On 15 October 2002, SCBMB issued a notice pursuant to Section 218 of the Companies Act, 1965 on the Company and JLT demanding the judgment sum of RM 2,982,680. SCBMB alleged that this is the sum due as at 15 October 2002. A petition to wind up based on this notice was filed on 20 February 2003 and served on the Company. The hearing of the petition to wind up JLT was fixed on 11 March 2005. The matter is fixed for mention on 6 December 2005.
- (b) JLT and certain directors of the subsidiary companies were served with the Writ of Summons dated 27 August 2003 in relation to a claim by Mulpha International Berhad (Mulpha) amounting to RM7,235,233 at a rate of 8% per annum from the date of judgment until full and final payment. An appearance has been entered. On 7 November 2003, a defense was filed. The hearing for Summons in Chamber is fixed on 13 June 2005, which was postponed to 20 July 2005 where Mulpha applied to strike out the defense. Court ruling on the matter was held on 7 September 2005 where the Court dismissed Mulpha's Summons in Chambers with cost.
- (c) On 4 February 2004, the IRB issued a notice of civil proceeding against ATSB under Section 106 of the Income tax Act, 1967 for not paying income tax liability amounting to RM41,777. An appearance has been entered. The matter is fixed for mention on 21 December 2005.
- (d) One of the subsidiary companies, Jin Lin Bio Coal Sdn. Bhd. (JLBC) and JLT were served with the Writ of Summons dated 5 February 2004 in relation to a claim by Orix Credit Malaysia Sdn. Bhd. for hire purchase facilities amounting to RM364,698 at a rate of 0.065% per day on the principal outstanding until full and final settlement. An appearance has been entered by JLBC. The matter is fixed for mention on 1 December 2005.
- (e) SMNT and certain directors of the Company were served with the Writ of Summons dated 21 February 2004 in relation to a claim by RHB Delta Finance Berhad for hire purchase facilities due from SMNT amounting to RM93,637 at a rate of 17.75% per annum until full and final settlement. Judgment in default was entered on 19 August 2004. The matter is fixed for mention on 21 December 2005.
- (f) On 21 February 2004, SMNT and certain directors of the Company was served with a Writ of Summons vide Summons No. 52-11-2004 by RHB Delta in respect of a default by SMNT in a hire purchase facility granted to SMNT. Judgment of default of defense was obtained on 19 August 2004 for the sum of RM58,179 however, there is no execution proceedings after the Restraining Order was served to the Plaintiff's counsel.
- (g) SMNT was served with the Writ of Summons (Suit No. 52-51-2004) dated 15 March 2004 in relation to a claim by Mayban Finance Berhad amounting to RM54,120. The matter is fixed for mention on 21 December 2005.
- (h) On 2 December 2004, JLT was served with a notice pursuant to Section 218 of the Companies Act, 1965 by Alwayield Sdn Bhd claiming for the sum of RM2,013,485 being the outstanding amount owing to Alwayield as at 30 November 2004. Subsequently on 31 January 2005, JLT was served with a Petition for the winding-up of JLT vide Sabah and Sarawak High Court Petition No. 28-1-2005. The matter is fixed for mention on 6 December 2005.



Directors' Report

Significant events (contd.)

Part B (contd.)

- (i) On 25 February 2005, JLWIB was served with a Writ of Summons vide Summons No. 22-4-2005 whereby Yetchi Trading Sdn Bhd ("Yetchi") is claiming for the sum of RM5,981,119 that on various occasions Yetchi has given advances and/or payment through its subsidiaries and/or its Directors which advances has been accepted and/or acknowledged by Yetchi. An appearance in defense has been entered on 10 March 2005. Pre-trial management is fixed on 21 November.
- (j) On 14 June 2004, Mulpha had filed an application in the Kuala Lumpur High Court to inter alia, intervene and set aside the Restraining Order (RO) and for the Scheme to be enlarged to include Mulpha. On 3 August 2004, Mulpha's application was heard and the Judge maintained the RO, did not order Mulpha to be included in the Scheme and granted leave for Mulpha to continue with its legal action in respect of a claim against the Company. On 4 August 2004, Mulpha filed an appeal against this decision. An appeal was filed on 26 January 2005 against the decision of the High Court Judge allowing the Company to continue its application for the RO. Mulpha has filed a Notice of Discontinuance of Appeal on 2 August 2005.

The Group was granted a RO for a period of 90 days effective from 3 March 2004 by the Kuala Lumpur High Court pursuant to Section 176(10) of the Companies Act, 1965. On 14 June 2004, an extension of the RO was obtained for a further period of 180 days to 28 November 2004. Further extension of RO was obtained to 28 March 2005 and 26 July 2005. On 28 July 2005, a further extension of RO was obtained for a period of 120 days to 23 November 2005.

As at the date of this report, there is no further development other than as disclosed above.



Directors' Report

Other significant events

(1) Proposed Restructuring Scheme

The Company announced on 9 February 2004 that it had entered into a conditional restructuring agreement (Restructuring Agreement) with Seo Aik Leong (SBG (Syarikat Bukit Granite) Controlling Shareholder) wherein the Company and SBG Controlling Shareholder have agreed to undertake a restructuring scheme with the intention of restoring the Group onto stronger financial footing via injection of new viable business.

The main features of the Proposed Restructuring Scheme (the Scheme) are summarized as follows:

(a) Proposed arrangements with the existing shareholders of the Company:

- (i) Proposed reduction of the existing issued and paid-up capital of the Company of RM44,000,000 comprising 44,000,000 ordinary shares of RM1 each to RM8,800,000 comprising 8,800,000 ordinary shares of RM0.20 each;
- (ii) Proposed consolidation of the 44,000,000 ordinary shares of RM0.20 each into 8,800,000 shares;
- (iii) Proposed cancellation of the entire issued and paid-up capital of the Company of RM8,800,000 comprising 8,800,000 ordinary shares, resulting in a credit reserve of RM8,800,000 arising in the Company's accounts;
- (iv) In consideration for the proposed cancellation, a new company (Newco) to be incorporated to serve as the holding company for the purpose of facilitating the implementation of the Scheme, shall allot and issue to the shareholders 8,800,000 ordinary shares of RM1 each in Newco at par (Newco Shares), credited as fully paid on the basis of one Newco Share for every one of the Company's share;

(b) Proposed arrangements with the existing creditors:

- (i) Proposed settlement of debts owing to certain creditors of the Company comprising inter-alia, all financial institutions and certain other creditors (Creditors) amounting to RM57 million based on the cut off date of 30 June 2002;
- (ii) The waiver by the Creditors of all interest, penalties, costs, fees and other charges accrued after 30 June 2002;
- (iii) The release of the contingent liability under the corporate guarantees and other security arrangement provided by the Group;
- (iv) A further waiver by the unsecured/partially secured creditors at the rate of at least 50% for every RM1 of all the aggregate debts and liabilities after taking into account paragraph b(i) and b(ii) above;
- (v) The repayment of debts owing to the secured creditors (after taking into account paragraph b(i) and b(ii) above) from the proceeds of the disposal of certain assets of the Group;
- (vi) The issuance of Newco Shares of RM1 each in Newco to the unsecured/partially secured creditors or such persons as they may each nominate in the settlement of debts owing to them (after taking into account paragraph b(i), b(ii) and b(iv) above);

(c) Proposed acquisition by Newco of the entire equity interest in two companies involved in producing marble for a purchase consideration of RM126,000,000 or such amount to be mutually agreed by the parties on a willing buyer-willing seller basis;



Directors' Report

Other significant events (contd.)

(1) Proposed Restructuring Scheme (contd.)

- (d) Proposed disposal of 100% equity interest in the Company by Newco (after the Proposed Scheme of Arrangement with the Company's shareholders) to purchaser(s) to be identified at a fair value to be determined as soon as it is practicable by an independent valuer and/or auditor;
- (e) Proposed transfer of the listing status of the Company on the Second Board of Bursa Malaysia Securities Berhad (Bursa Malaysia) to Newco.

On 23 March 2005, at the Court Convened Meetings of the Scheme Creditors for the Proposed Restructuring Scheme, the Company has obtained the approvals of their scheme creditors pursuant to Section 176 of the Companies Act, 1965. On 28 April 2005, the Company obtained a court order to sanction the Proposed Scheme of Arrangement with creditors pursuant to Section 176(3) of the Companies Act, 1965.

Securities Commission (SC) had vide its letter dated 13 September 2005 approved the Proposed Restructuring Scheme of the Company, under Section 32 (5) of the Securities Commission Act 1993 and the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests as proposed subject to certain terms and conditions, the details of which was set out in the Company's announcement on 14 September 2005.

Other statutory information

- (a) Before the income statement and balance sheet 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 a provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business 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) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and
 - (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) As 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 except for those disclosed in Notes 30 and 32 to the financial statements.



Directors' Report

Other statutory information (contd.)

- (f) (i) As at 30 June 2005, the current liabilities of the Group and of the Company exceeded their current assets by RM93,870,133 and RM2,649,033 respectively. In the opinion of the Directors, the Group and the Company will not be able to meet their obligations when they fall due unless the Group's Proposed Restructuring Scheme as disclosed in Note 33 to the financial statements is successfully implemented; and
- (ii) In the opinion of the directors, 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.

Signed on behalf of the Board in accordance with a resolution of the directors.

YBHG Dato' Dr Hj Sallehuddin Bin Kassim
Director

Ko Kung Hai
Director

Kuala Lumpur, Malaysia.

Date: 24 October 2005



Statement by directors Pursuant to Section 169(15) of the Companies Act, 1965

We, **YBHG Dato' Dr Hj Sallehuddin Bin Kassim** 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 accompanying financial statements set out on pages 15 to 59 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2005 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

YBHG Dato' Dr Hj Sallehuddin Bin Kassim
Director

Ko Kung Hai
Director

Kuala Lumpur, Malaysia.

Date: 24 October 2005

Statutory declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, **Ko Kung Hai**, being the Director primarily responsible for the financial management of **Jin Lin Wood Industries Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 15 to 59 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.

Ko Kung Hai

Subscribed and solemnly declared
by the abovenamed **Ko Kung Hai**
at Kuala Lumpur in the State of Federal Territory
on 24 October 2005

Before me,
Karam Singh A/L Sudagar Singh
Commissioner for Oaths
(No. W353)
Lot 1, Bazaar 4, Level 1
Block G (Selatan)
Pusat Bandar Damansara
50490 Kuala Lumpur



Report of the auditors to the members of Jin Lin Wood Industries Berhad (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 15 to 59. These financial statements are the responsibility of the Company's directors.

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

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

In the previous financial years, the landed properties of a subsidiary company were revalued to RM45,265,000 based upon independent valuation. However, in arriving at the valuation, it has been assumed that the land is categorised as industrial. As at current balance sheet date, the land has yet to be converted from agricultural to industrial pending the payment of conversion premium. Notwithstanding the extension of time previously granted for the payment of the outstanding conversion premium, the subsidiary company has not paid the outstanding conversion premium as at the current year end and therefore, there has not been any changes in the status of the land title condition. In our opinion, it is therefore inappropriate for the carrying value of the land to be stated at valuation amount based on it being categorised as industrial. Had the carrying amount been determined based on the assumption that the land is agricultural as stated in the independent valuer's report, it would have been stated at RM6,305,000 and the Reserve of the Group would have been reduced by RM37,704,116 after related tax effects, and shareholders' equity would be a deficit of RM61,799,358.



Report of the auditors to the members of Jin Lin Wood Industries Berhad (Incorporated in Malaysia)

In our opinion, except for the effects of the matter outlined in the preceding paragraph:

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

Except for the financial statements of Syarikat Mustapha & Ngu Timber Sdn Bhd which were qualified, our 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.

Other than the matters discussed in the preceding paragraphs and without further qualifying our opinion, we also draw attention to:

Note 1 to the financial statements wherein is disclosed the bases upon which the financial statements have been prepared, the premise upon which the application of the going concern concept has been adopted by the directors and the possible consequences should those bases not apply.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Malaysia.

Date: 24 October 2005

YONG CHUNG SING
1052/9/06 (J)
Partner



Consolidated Income Statement for the year ended 30 June 2005

	Note	2005 RM	2004 RM
Revenue	4	7,685,201	12,899,792
Cost of sales		(12,926,061)	(24,007,029)
Gross loss		(5,240,860)	(11,107,237)
Other operating income		1,873,418	1,599,940
Administrative expenses		(3,860,214)	(6,497,220)
Other expenses		(46,564)	(643,197)
Loss from operations	5	(7,274,220)	(16,647,714)
Finance costs, net	8	(8,515,980)	(5,124,428)
Loss before taxation		(15,790,200)	(21,772,142)
Taxation	9	(1,600)	-
Net loss for the year		(15,791,800)	(21,772,142)
Loss per share (sen)	10	(35.89)	(49.48)

The accompanying notes form an integral part of the financial statements



Income Statement for the year ended 30 June 2005

	Note	2005 RM	2004 RM
Revenue	4	288,000	288,000
Cost of sales		-	-
Gross profit		288,000	288,000
Other operating income		135,874	847,657
Administrative expenses		(963,030)	(3,249,001)
Loss from operations	5	(539,156)	(2,113,344)
Taxation	9	(1,600)	-
Net loss for the year		(540,756)	(2,113,344)

The accompanying notes form an integral part of the financial statements



Consolidated Balance Sheet as at 30 June 2005

	Note	2005 RM	2004 RM
Non-current assets			
Property, plant and equipment	11	70,576,491	78,417,565
Current assets			
Inventories	13	351,755	444,975
Trade receivables	14	2,610,832	2,904,718
Other receivables	15	212,657	206,988
Fixed deposit with licensed banks	17	366,803	362,005
Cash and bank balances		203,018	32,287
		<u>3,745,065</u>	<u>3,950,973</u>
Current liabilities			
Bank overdrafts, secured	18	10,419,032	9,503,040
Other bank borrowings, secured	19	58,616,826	53,116,721
Trade payables	20	7,779,901	8,433,708
Other payables	21	6,293,734	6,731,361
Lease payables	23	11,812,838	9,395,089
Tax payable		2,692,867	2,692,061
		<u>97,615,198</u>	<u>89,871,980</u>
Net current liabilities		<u>(93,870,133)</u>	<u>(85,921,007)</u>
		<u>(23,293,642)</u>	<u>(7,503,442)</u>
Financed by:			
Share capital	24	44,000,000	44,000,000
Share premium reserve	25	24,551,330	24,551,330
Capital reserve, non-distributable	26	12,665,978	12,665,978
Accumulated losses		(105,312,550)	(89,520,750)
Shareholders' deficit		<u>(24,095,242)</u>	<u>(8,303,442)</u>
Long term and deferred liabilities			
Deferred tax liability	27	801,600	800,000
		<u>801,600</u>	<u>800,000</u>
		<u>(23,293,642)</u>	<u>(7,503,442)</u>

The accompanying notes form an integral part of the financial statements



Balance Sheet as at 30 June 2005

	Note	2005 RM	2004 RM
Non-current assets			
Property, plant and equipment	11	16,871	97,142
Investment in subsidiary companies	12	1,950,009	1,950,009
		<u>1,966,880</u>	<u>2,047,151</u>
Current assets			
Other receivables	15	9,500	24,150
Amount due from subsidiary companies	16	550,082	524,016
Fixed deposit with licensed banks	17	243,091	232,550
Cash and bank balances		3,831	1,182
		<u>806,504</u>	<u>781,898</u>
Current liabilities			
Other payables	21	3,453,946	2,972,046
Amount due to a subsidiary company	22	785	-
Tax payable		806	-
		<u>3,455,537</u>	<u>2,972,046</u>
Net current liabilities		<u>(2,649,033)</u>	<u>(2,190,148)</u>
		<u>(682,153)</u>	<u>(142,997)</u>
Financed by:			
Share capital	24	44,000,000	44,000,000
Share premium reserve	25	24,551,330	24,551,330
Accumulated losses		(69,235,083)	(68,694,327)
Shareholders' deficit		<u>(683,753)</u>	<u>(142,997)</u>
Long-term and deferred liability			
Deferred tax liability	27	1,600	-
		<u>(682,153)</u>	<u>(142,997)</u>

The accompanying notes form an integral part of the financial statements



Consolidated Statement of Changes in Equity for the year ended 30 June 2005

	Share capital RM	Share premium reserve RM	Capital reserve, non- distributable RM	Accumulated losses RM	Total RM
At 1 July 2003	44,000,000	24,551,330	12,665,978	(67,748,608)	13,468,700
Net loss for the year	-	-	-	(20,083,913)	(20,083,913)
At 30 June 2004	44,000,000	24,551,330	12,665,978	(87,832,521)	(6,615,213)
At 1 July 2004	44,000,000	24,551,330	12,665,978	(87,832,521)	(6,615,213)
Prior year adjustment	28 -	-	-	(1,688,229)	(1,688,229)
At 1 July 2004 (restated)	44,000,000	24,551,330	12,665,978	(89,520,750)	(8,303,442)
Net loss for the year	-	-	-	(15,791,800)	(15,791,800)
At 30 June 2005	44,000,000	24,551,330	12,665,978	(105,312,550)	(24,095,242)

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



Statement of Changes in Equity for the year ended 30 June 2005

	Share capital RM	Share premium reserve RM	Accumulated losses RM	Total RM
At 1 July 2003	44,000,000	24,551,330	(66,580,983)	1,970,347
Net loss for the year	-	-	(2,113,344)	(2,113,344)
At 30 June 2004	44,000,000	24,551,330	(68,694,327)	(142,997)
Net loss for the year	-	-	(540,756)	(540,756)
At 30 June 2005	44,000,000	24,551,330	(69,235,083)	(683,753)

The accompanying notes form an integral part of the financial statements



Consolidated Cash Flow Statement for the year ended 30 June 2005

	2005 RM	2004 RM
Cash flows from operating activities		
Loss before taxation	(15,790,200)	(21,772,142)
Adjustments for:		
Bad debt recovered	(21,701)	(2,099)
Depreciation	7,732,464	7,844,135
Interest expenses	8,515,980	5,124,428
Interest income	(15,532)	(8,642)
Provision for doubtful debts	46,564	6 43,197
Gain on disposal of property, plant and equipment	(330,190)	(12,043)
Operating profit/(loss) before working capital changes	137,385	(8,183,166)
Changes in working capital:		
Inventories	93,220	4,461,541
Receivables	258,682	8,702,420
Payables	(1,677,978)	(5,625,519)
Amount due to directors	(12,660)	-
Cash used in operations	(1,201,351)	(644,724)
Interest paid	-	-
Interest received	4,991	-
Income tax paid	(250)	-
Tax refund	6,806	-
<i>Net cash used in operating activities</i>	<i>(1,189,804)</i>	<i>(644,724)</i>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,200)	(273,456)
Proceeds from disposal of property, plant and equipment	440,000	75,100
<i>Net cash generated from/(used in) investing activities</i>	<i>438,800</i>	<i>(198,356)</i>



Consolidated Cash Flow Statement for the year ended 30 June 2005 (contd.)

	2005 RM	2004 RM
Cash flows from financing activities		
Repayment of bank borrowings	-	(968)
Repayments of lease financing	-	(15,925)
Decrease in fixed deposit pledged	5,743	-
<i>Net cash generated from/(used in) financing activities</i>	5,743	(16,893)
Net decrease in cash and cash equivalents	(745,261)	(859,973)
Cash and cash equivalents at beginning of year	(9,470,753)	(8,610,780)
Cash and cash equivalents at end of year	(10,216,014)	(9,470,753)
Analysis of cash and cash equivalents :		
Cash and bank balances	203,018	32,287
Bank overdrafts, secured	(10,419,032)	(9,503,040)
	(10,216,014)	(9,470,753)
Analysis on acquisition of property, plant and equipment :		
By cash	1,200	273,456

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



Cash Flow Statement for the year ended 30 June 2005

	2005 RM	2004 RM
Cash flows from operating activities		
Loss before taxation	(539,156)	(2,113,344)
Adjustments for:		
Bad debt recovered	-	(770,000)
Depreciation	15,604	80,271
Gain on disposal of property, plant and machineries	(125,333)	-
Interest income	(10,541)	(8,642)
Operating loss before working capital changes	(659,426)	(2,811,715)
Changes in working capital:		
Receivables	8,900	7,250
Amount due from subsidiary companies	(26,066)	390,543
Payables	481,900	2,402,822
Amount due to a subsidiary company	785	(267)
Cash used in operations	(193,907)	(11,367)
Tax paid	(250)	-
tax refund	6,806	-
<i>Net cash used in operating activities</i>	<u>(187,351)</u>	<u>(11,367)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(768)
Proceed from disposal of property, plant and equipment	190,000	-
<i>Net cash generated from/(used in) investing activities</i>	<u>190,000</u>	<u>(768)</u>
Net increase/(decrease) in cash and cash equivalents	2,649	(12,135)
Cash and cash equivalents at beginning of year	1,182	13,317
Cash and cash equivalents at end of year	<u>3,831</u>	<u>1,182</u>
Analysis of cash and cash equivalents :		
Cash and bank balances	<u>3,831</u>	<u>1,182</u>
Analysis on acquisition of property, plant and equipment :		
By cash	<u>-</u>	<u>768</u>

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



Notes to the financial statements - 30 June 2005

1. Fundamental accounting concept

In connection with the preparation of the financial statements for the year ended 30 June 2005, the directors noted the following:

- i. As at 30 June 2005, the Group and the Company disclosed net current liabilities amounting to RM93,870,133 (2004: RM85,921,007) and RM2,649,033 (2004: RM2,190,148) respectively. In respect of the results for the year ended 30 June 2005, the Group and the Company disclosed Losses after Taxation amounting to RM15,791,800 (2004: RM21,772,142) and RM540,756 (2004: RM2,113,344) respectively.
- ii. As disclosed in Notes 18 and 19, certain subsidiary companies have defaulted on the repayment of their banking facilities. As further disclosed in Note 31, legal actions have been instituted against the said subsidiary companies and the Company by certain banks, the Inland Revenue Board and a creditor for amounts payable. A Restraining Order (RO) has been granted for a period of 90 days effective from 3 March 2004 by the Kuala Lumpur High Court pursuant to Section 176(10) of the Companies Act, 1965 for the purpose of undertaking a scheme of arrangement with secured and unsecured financiers of the Group. On 14 June 2004, an extension of the RO was obtained for a further period of 180 days to 28 November 2004. Further extension of RO was obtained to 28 March 2005 and 26 July 2005. On 28 July 2005, a further extension of RO was obtained for a period of 120 days to 23 November 2005.
- iii. As disclosed in Note 33, on 9 February 2003, the Company announced a Proposed Restructuring Scheme (the Scheme), which involves, inter alia, a capital reduction and cancellation of ordinary shares, transfer of listing status, debt settlement and waivers, and asset disposals.

On 23 March 2005, at the Court Convened Meetings of the Scheme Creditors for the Proposed Restructuring Scheme, the Company has obtained the approvals of their scheme creditors pursuant to Section 176 of the Companies Act, 1965. On 28 April 2005, the Company obtained a court order to sanction the Proposed Scheme of Arrangement with creditors pursuant to Section 176(3) of the Companies Act, 1965.

Securities Commission (SC) had vide its letter dated 13 September 2005 approved the Proposed Restructuring Scheme of the Company, under Section 32 (5) of the Securities Commission Act 1993 and the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests as proposed subject to certain terms and conditions, the details of which was set out in the Company's announcement on 14 September 2005.

The abovementioned circumstances indicate significant uncertainty over the ability of the Group and the Company to meet their liabilities as and when they fall due. However, the Directors are of the opinion that the Scheme will be completed successfully in the anticipated time frame, and subsequently, the restructured Group and Company will be able to resume profitable operations. Accordingly, these financial statements have been prepared assuming the Group and the Company are going concerns. Should this assumption be inappropriate, adjustments would then have to be made to reduce the carrying amounts of assets, to classify all assets and liabilities as current assets and liabilities and to provide for additional liabilities if required.



Notes to the financial statements - 30 June 2005

2. Corporate information

The principal activities of the Company are those of investment holding and the provision of management services to companies in the Group. The details of subsidiary companies and their principal activities are disclosed hereunder:

Name of Companies	Country of incorporation	Principal activities	Effective interest held	
			2005	2004
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 & 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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at No. 177, 3rd floor, Taman Sri Dagang, 97000 Bintulu, Sarawak.

The number of employees in the Group and of the Company at the end of the financial year was 322 (2004: 328) and 1 (2004:3) respectively.

The financial statements were authorized for issue by the Board of directors in accordance with a resolution of the directors on 24 October 2005.

3. Significant accounting policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of land, industrial building and plant and machinery.

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

Notes to the financial statements - 30 June 2005

3. Significant accounting policies (contd.)

(b) Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

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

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognized in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(c) Investments in subsidiary companies

The Company's investments in subsidiary companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m).

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

(d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost and valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m).

Freehold land is stated at cost and valuation less impairment losses. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is recognized in the income statement to the extent of the decrease previously recognized. A revaluation decrease is first offset against an increase on unutilized earlier valuations in respect of the same asset and is thereafter recognized as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated losses.

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

Notes to the financial statements - 30 June 2005

3. Significant accounting policies (contd.)

(d) Property, plant and equipment and depreciation (contd.)

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases period ranging from 14 years to 60 years. Depreciation of other property, plant and equipment is calculated on the straight line method to write off the cost of each asset over the estimated useful life are as follows:

Industrial buildings	10 to 33 years
Office renovation	10 years
Plant and machinery	5 to 10 years
Motor vehicles	5 years
Fixtures, fittings and equipment	10 years

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognized in the income statement and the unutilized portion of the revaluation surplus on that item is taken directly to accumulated losses.

(e) Inventories

Inventories are stated at the lower of cost (determine on weighted average basis) and net realizable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank and bank overdraft, secured.

(g) Leases

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

(i) Finance leases

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(d).

Notes to the financial statements - 30 June 2005

3. Significant accounting policies (contd.)

(g) Leases (contd.)

(ii) Operating leases

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

(h) Provision for liabilities

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

Provision for restructuring costs is recognized when the Group has a detailed formal plan for the restructuring which has been notified to affected parties.

(i) Income tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred tax is not recognized if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognized in the income statement, except when it arises from a transaction which is recognized directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(j) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognized as an expense in the year in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognized as an expense in the income statement as incurred.



Notes to the financial statements - 30 June 2005

3. Significant accounting policies (contd.)

(k) Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount if the revenue can be measured reliably.

Sales of goods

Revenue relating to sales of goods is recognized net of sales taxes and discounts given upon the transfer of risks and rewards.

Revenue from services

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

Management fee

Management fee is recognized when the management services are performed unless collectibility is in doubt.

(l) Foreign currencies transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such contracts are used. Nonmonetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognized in the income statement.

The principal exchange rate used for the foreign currency ruling at balance sheet date used is as follows:

	2005	2004
United States Dollar	3.80	3.80

(m) Impairment of assets

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

An impairment loss is recognized as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilized previously recognized revaluation surplus for the same asset. Reversal of impairment losses recognized in prior years is recorded when the impairment losses recognized for the asset no longer exist or have decreased.



Notes to the financial statements - 30 June 2005

3. Significant accounting policies (contd.)

(n) Financial instruments

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

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

(i) Receivables

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

(ii) Payables

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

(iii) Interest-bearing borrowings

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily taken a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

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

(iv) Equity instruments

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



Notes to the financial statements - 30 June 2005

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 recognized during the year are analyzed as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Contract income	5,365,371	-	-	-
Sales of timber and timber related products	2,252,608	12,181,369	-	-
Services rendered	67,222	718,423	-	-
Management fee received	-	-	288,000	288,000
	<u>7,685,201</u>	<u>12,899,792</u>	<u>288,000</u>	<u>288,000</u>

5. Loss from operations

Loss from operations is stated after charging/(crediting):

Staff costs (Note 6)	2,902,970	3,598,059	30,199	134,679
Auditors' remuneration				
- Statutory audit	40,500	39,500	10,000	10,000
- Other services	9,500	-	9,500	-
Depreciation (Note 11)	7,732,464	7,844,135	15,604	80,271
Directors' remuneration (Note 7)				
- Salaries and other emoluments	336,000	336,000	96,000	96,000
Loss on foreign exchange, realised	169	667	-	-
Office rental	58,400	59,400	50,900	47,400
Provision for doubtful debts	46,564	643,197	-	-
Rent of land and building	36,000	48,400	-	-
Bad debt recovered	(21,701)	(2,099)	-	(770,000)
Gain on disposal of property, plant and equipment	(330,190)	(12,043)	(125,333)	-
Gain on foreign exchange, realised	-	(1,373)	-	-
Interest income	(15,532)	(8,642)	(10,541)	(8,642)
Rental and sundry income	(1,368,937)	(1,380,844)	-	-
	<u></u>	<u></u>	<u></u>	<u></u>



Notes to the financial statements - 30 June 2005

6. Staff costs

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
EPF	113,150	125,791	3,204	2,613
Allowance	800	1,700	-	-
Bonus	-	200	-	-
Food ration	255,195	225,140	-	-
Salaries and allowance	2,501,236	2,935,868	26,580	131,688
SOCSSO	13,289	17,630	415	378
Sundry wages	19,174	264,799	-	-
Other staff relating expenses	126	26,931	-	-
	<u>2,902,970</u>	<u>3,598,059</u>	<u>30,199</u>	<u>134,679</u>

7. Directors' remuneration

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Executive Directors				
Salaries and other emoluments	<u>336,000</u>	<u>336,000</u>	<u>96,000</u>	<u>96,000</u>

8. Finance costs

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Bank overdrafts interest	901,579	806,537	-	-
Bankers' acceptances interest	1,961,061	1,422,054	-	-
Late payment interest	23,248	18,474	-	-
Lease interest	2,172,302	545,276	-	-
Loan interest	2,129,590	2,121,636	-	-
Other interest	-	44,718	-	-
Overdue interest	14,413	165,733	-	-
Trust receipt interest	1,313,787	-	-	-
	<u>8,515,980</u>	<u>5,124,428</u>	<u>-</u>	<u>-</u>



Notes to the financial statements - 30 June 2005

9. Taxation

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Tax expenses for the year:				
Malaysian income tax	-	-	-	-
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	(21,869)	-	(21,869)	-
Underprovision in prior year	23,469	-	23,469	-
	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>-</u>

There is no tax charge anticipated for the year as the Group and the Company has recorded significant losses during the year.

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Loss before taxation	<u>(15,790,200)</u>	<u>(21,772,142)</u>	<u>(539,156)</u>	<u>(2,113,344)</u>
Taxation at Malaysian statutory rate of 28% (2004: 28%)	(4,421,256)	(6,096,200)	(150,964)	(591,736)
Deferred tax assets not recognized during the year	3,883,845	5,566,910	-	551,952
Under provision of deferred tax in prior year	23,469	-	23,469	-
Expenses not deductible for tax purposes	<u>515,542</u>	<u>529,290</u>	<u>129,095</u>	<u>39,784</u>
Tax expense for the year	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>-</u>

10. Loss per share (sen)

The loss per share for the year have been calculated based on the net loss for the year of RM15,791,800 (2004: RM21,772,142) and dividing it by the weighted average number of ordinary shares in issue during the current financial year of 44,000,000 (2004: ordinary shares in issue of 44,000,000).



Notes to the financial statements - 30 June 2005

11. Property, plant and equipment

Group	*Freehold land RM	*Leasehold land RM	*Industrial buildings RM	Office renovation RM	**Plant and machinery RM	**Motor vehicles RM	Furniture, fittings etc. RM	Total RM
Cost and valuation								
At 1 July 2004	14,296,000	5,750,174	33,927,633	210,587	60,267,945	1,559,516	1,723,191	117,735,046
Additions	-	-	-	-	-	-	1,200	1,200
Disposals	-	-	-	-	-	(856,885)	-	(856,885)
At 30 June 2005	14,296,000	5,750,174	33,927,633	210,587	60,267,945	702,631	1,724,391	116,879,361
Accumulated depreciation								
At 1 July 2004	-	680,317	7,080,785	172,439	29,059,675	1,303,444	1,020,821	39,317,481
Charge for the year (Note 5)	-	197,351	1,318,900	11,900	5,982,258	62,722	159,333	7,732,464
Disposals	-	-	-	-	-	(747,075)	-	(747,075)
At 30 June 2005	-	877,668	8,399,685	184,339	35,041,933	619,091	1,180,154	46,302,870
Net book value								
At 30 June 2005	14,296,000	4,872,506	25,527,948	26,248	25,226,012	83,540	544,237	70,576,491
At 30 June 2004	14,296,000	5,069,857	26,846,848	38,148	31,208,270	256,072	702,370	78,417,565
Depreciation								
Charge for 2004 (Note 5)	-	197,351	1,312,725	15,682	5,995,201	157,352	165,824	7,844,135



Notes to the financial statements - 30 June 2005

11. Property, plant and equipment (contd.)

Group

*Land and buildings

	Freehold land RM	Long leasehold land RM	Short leasehold land RM	Industrial buildings RM	Total RM
Analysis of cost and valuation					
At 30 June 2005					
Cost	2,971,687	278,545	360,000	33,652,076	37,262,308
Valuation in 1999	8,980,470	653,455	2,214,753	1,736,000	13,584,678
Valuation in 2004	2,343,843	-	2,243,421	(1,460,443)	3,126,821
	<u>14,296,000</u>	<u>932,000</u>	<u>4,818,174</u>	<u>33,927,633</u>	<u>53,973,807</u>

**Plant and machinery and motor vehicles

	Plant and machinery RM	Motor vehicles RM	Total RM
Analysis of cost and valuation			
At 30 June 2005			
Cost	57,122,693	674,587	57,797,280
Valuation in 2003	3,145,252	28,044	3,173,296
	<u>60,267,945</u>	<u>702,631</u>	<u>60,970,576</u>

The Group's land and building (which was previously revalued in the year 1999 by CH William Talhar Wong & Yeo Sdn. Bhd.), plant and machinery and motor vehicles had been revalued in 2003 by independent valuers based on the open market value as at 30 June 2003. The revaluation was carried out by Mr Henry Lu Nam Huat (V-255), a registered valuer of HASB Consultants (Sarawak) Sdn. Bhd. The resultant surplus of RM6,300,117 was credited to the revaluation reserve.



Notes to the financial statements - 30 June 2005

11. Property, plant and equipment (contd.)

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:

	2005 RM	Group 2004 RM
Freehold land	2,971,687	2,971,687
Long leasehold land	248,870	253,344
Short leasehold land	241,914	245,071
Industrial buildings	26,258,731	26,847,569
	<u>29,721,202</u>	<u>30,317,671</u>
Plant and machinery	<u>25,244,038</u>	<u>28,392,194</u>
Motor vehicles	<u>50,800</u>	<u>311,237</u>

Net book value of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	2005 RM	Group 2004 RM
Motor vehicles	13,935	76,140
Plant and machinery	20,280,755	21,080,000
	<u>20,294,690</u>	<u>21,156,140</u>

The net book value of land held pledged for borrowings as referred to in Notes 18 and 19 are as follows:

	2005 RM	Group 2004 RM
Freehold land	14,296,000	14,296,000
Short leasehold land	4,040,364	4,222,182
Long leasehold land	832,142	847,675
	<u>19,168,506</u>	<u>19,365,857</u>



Notes to the financial statements - 30 June 2005

11. Property, plant and equipment (contd.)

Company

	Furniture, fittings and equipment	Office renovation RM	Motor vehicle RM	Total RM
Cost				
At 1 July 2004	17,397	9,309	388,000	414,706
Disposals	-	-	(388,000)	(388,000)
At 30 June 2005	17,397	9,309	-	26,706
Accumulated depreciation				
At 1 July 2004	4,834	2,330	310,400	317,564
Charge for the year (Note 5)	1,740	931	12,933	15,604
Disposals	-	-	(323,333)	(323,333)
At 30 June 2005	6,574	3,261	-	9,835
Net book value				
At 30 June 2005	10,823	6,048	-	16,871
At 30 June 2004	12,563	6,979	77,600	97,142
Depreciation				
Charge for 2004 (Note 5)	1,740	931	77,600	80,271

12. Investment in subsidiary companies

	2005 RM	Group 2004 RM
Unquoted shares, at cost	49,840,459	49,840,459
Less: Accumulated impairment losses	47,890,450	47,890,450
	1,950,009	1,950,009



Notes to the financial statements - 30 June 2005

13. Inventories

	Group	
	2005 RM	2004 RM
<u>At net realizable value:</u>		
Logs	21,022	128,047
Briquettes	6,576	6,693
Veneer	8,435	69,906
Sawn timber	213,893	110,452
Moulded timber	71,818	74,500
Finger joint and laminated board	-	55,377
Kiln dry timber	30,011	-
	<u>351,755</u>	<u>444,975</u>

14. Trade receivables

Trade receivables	11,751,590	23,217,176
Less: Provision for doubtful debts	9,140,758	20,312,458
	<u>2,610,832</u>	<u>2,904,718</u>

The Group's normal credit term ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

15. Other receivables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other receivables	26,474	135,010	-	5,750
Deposits	90,300	99,200	9,500	18,400
Prepayments	84,636	61,907	-	-
Staff advances	11,247	11,247	-	-
Less: Provision for doubtful debts	-	100,376	-	-
	<u>212,657</u>	<u>206,988</u>	<u>9,500</u>	<u>24,150</u>

16. Amount due from subsidiary companies

The amount due from subsidiary companies is unsecured, interest free and under no fixed term of repayment.



Notes to the financial statements - 30 June 2005

17. Fixed deposits with licensed banks

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

The weighted average interest rates and average maturities of deposits as at the balance sheet date were 3.8% (2004: 3.8%) and 365 days (2004: 365 days) respectively.

18. Bank overdrafts, secured

These overdraft facilities bear interest ranging from 1.75% to 3.50% (2004: 1.75% to 3.50%) per annum above the banker's Base Lending Rate.

The facilities are secured by the following:

- All monies debentures creating a fixed and floating charge over all the assets of the subsidiary companies;
- Legal charges over the landed properties of subsidiary companies and of a third party;
- Lien over fixed deposits of the Company and the subsidiary companies as disclosed in Note 17 to the financial statements;
- Corporate guarantee from a corporate shareholder of the Company; and
- Guarantee from certain directors of the Company and third parties.

The Group has defaulted on the repayment of its banking facilities and certain bankers have taken legal actions against the Company and certain subsidiary companies for the purpose of recalling the banking facilities as disclosed in Note 32 to the financial statements.



Notes to the financial statements - 30 June 2005

19. Other bank borrowings, secured

	Group	
	2005 RM	2004 RM
Bankers' acceptances	22,740,284	19,357,169
Preshipment advances	199,517	191,784
Trust receipts	6,143,282	4,829,496
Term loans	29,533,743	27,070,168
Add: prior year adjustment (Note 28)	-	1,668,104
	<u>58,616,826</u>	<u>53,116,721</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding lease payables, were as follows:

	2005 %	2004 %
Bank overdrafts	1.75 to 3.50 (+ BLR)	1.75 to 3.50 (+ BLR)
Bankers' acceptances	1.50 to 3.50 (+BLR)	1.50 to 3.50 (+BLR)
Preshipments	1.50 (+BLR)	1.50 (+BLR)
Term loans	1.50 to 2.50 (+BLR) to 12	1.50 to 2.50 (+BLR) to 12

BLR stands for Base Lending Rate.

The secured bank overdrafts and Bankers' Acceptances of the Group are secured by certain assets of the Group as disclosed in Note 11 to the financial statements.



Notes to the financial statements - 30 June 2005

19. Other bank borrowings, secured (contd.)

The Group has defaulted on the repayment of its banking facilities and certain bankers have taken legal actions against the Company and certain subsidiary companies for the purpose of recalling the banking facilities as disclosed in Note 32 to the financial statements. In view of the above, the term loans are accordingly classified as current liabilities for the purpose of the financial statements.

Term loans bear interest ranging from 1.50% to 2.50% (2004: 1.50% to 2.50%) per annum above the banker's BLR while the interest rate of Islamic Banking Facilities are charged at 11.50% to 12.00% (2004: 11.50% to 12.00%) per annum.

The facilities are secured by the following:

- All monies debentures creating a fixed and floating charge over all the assets of the subsidiary companies;
- Legal charges over the landed properties of subsidiary companies and of a third party;
- Lien over fixed deposits of the Company and the subsidiary companies as disclosed in Note 17 to the financial statements;
- Corporate guarantee from a corporate shareholder of the Company; and
- Guarantee from certain directors of the Company and third parties.

20. Trade payables

	Group	
	2005 RM	2004 RM
Included in trade payables are:		
Companies in which certain directors have significant influence amounting to:	7,150	17,766

The normal trade credit terms granted to the Group are less than 30 days. Purchases are predominantly transacted on cash terms.



Notes to the financial statements - 30 June 2005

21. Other payables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deposits	303,423	506,423	-	-
Accruals	1,984,380	2,764,830	171,927	219,146
Other payables	4,005,931	3,460,108	3,282,019	2,752,900
	<u>6,293,734</u>	<u>6,731,361</u>	<u>3,453,946</u>	<u>2,972,046</u>

22. Amount due to a subsidiary company

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

23. Lease payables

	Group	
	2005 RM	2004 RM
Repayable within twelve months	11,812,838	9,385,619
Add: prior year adjustment	-	9,470
	<u>1,812,838</u>	<u>9,395,089</u>
Lease installments payable:		
Not later than one year	11,859,355	9,562,810
Less: Future finance charges	46,517	167,721
Present value of lease liabilities	<u>11,812,838</u>	<u>9,395,089</u>

The lease liabilities bore interest at the balance sheet date between 5.50% to 10.75% (2004: 5.50% to 10.75%) per annum.

Certain subsidiary companies of the Group have defaulted in certain lease obligations and have been served with Writ of Summons by certain lease creditors.



Notes to the financial statements - 30 June 2005

24. Share capital

	Number of ordinary Shares of RM 1 each		Amount	
	2005 RM	2004 RM	2005 RM	2004 RM
Authorized:				
At 1 July and 30 June	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 July and 30 June	44,000,000	44,000,000	44,000,000	44,000,000

25. Share premium reserve

	Group/Company	
	2005 RM	2004 RM
At 1 July and 30 June	24,551,330	24,551,330

26. Capital reserve, non distributable

	Group	
Assets revaluation reserve	2005 RM	2004 RM
At 1 July and 30 June	12,665,978	12,665,978



Notes to the financial statements - 30 June 2005

27. Deferred Taxation

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At 1 July	800,000	800,000	-	-
Recognized in income statements arising from differences between depreciation and capital allowance (Note 9)	1,600	-	1,600	-
At 30 June	801,600	800,000	1,600	-

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Unutilised tax losses	48,241,000	40,070,000	3,788,000	29,200,000
Unabsorbed capital allowances	43,004,000	35,500,000	136,000	325,000
Unabsorbed reinvestment allowances	28,700,000	27,000,000	-	-
	119,945,000	102,570,000	3,924,000	29,525,000

The unutilized losses and unabsorbed capital allowances and reinvestment allowances are carried forward indefinitely for offset against future taxable profits



Notes to the financial statements - 30 June 2005

28. Prior year adjustments

During the financial year, the Group received confirmation from the banks on the additional late interest charges of RM1,688,229 for previous year has been accounted for retrospectively and the effects of this change are as follow:

	2005 RM	Group 2004 RM
Effect on bank overdrafts, secured:		
At 1 July, as previously stated	(10,419,032)	(9,492,385)
Effects of additional late interest	-	(10,655)
At 1 July, restated	<u>(10,419,032)</u>	<u>(9,503,040)</u>
Effect on other bank borrowings, secured:		
At 1 July, as previously stated	(58,616,826)	(51,448,617)
Effects of additional late interest	-	(1,668,104)
At 1 July, restated	<u>(58,616,826)</u>	<u>(53,116,721)</u>
Effect on lease payable:		
At 1 July, as previously stated	(11,812,838)	(9,385,619)
Effects of additional late interest	-	(9,470)
At 1 July, restated	<u>(11,812,838)</u>	<u>(9,395,089)</u>
Effect on accumulated losses:		
At 1 July, as previously stated	(105,312,550)	(87,832,521)
Effects of additional late interest	-	(1,688,229)
At 1 July, restated	<u>(105,312,550)</u>	<u>(89,520,750)</u>
Effect on net loss for the year:		
Net loss before the additional late interest	(15,791,800)	(20,083,913)
Effects of additional late interest	-	(1,688,229)
Net loss for the year	<u>(15,791,800)</u>	<u>(21,772,142)</u>



Notes to the financial statements - 30 June 2005

29. Significant related party transactions

	Group	
	2005 RM	2004 RM
(a) Transactions with a subsidiary company:		
<i>Management fee earned from:</i>		
-Jin Lin Trading Sdn. Bhd.	(288,000)	(288,000)

(b) Transactions with companies in which certain directors have significant influence:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<i>Office rental charged by:</i>				
- Dachong Hong Sdn. Bhd.	24,000	24,000	18,000	18,000

(c) Directors' remuneration

The remuneration paid or payable to directors of the Group and of the Company are disclosed as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Executive Directors				
Salaries and other emoluments	336,000	336,000	96,000	96,000

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



Notes to the financial statements - 30 June 2005

29. Significant related party transactions (contd.)

Group	2005		2004	
	Executive	Non-executive	Executive	Non-executive
Bands of remuneration				
RM300,001 – RM350,000	-	-	-	-
RM250,001 – RM300,000	-	-	-	-
RM200,001 – RM250,000	1	-	1	-
RM150,001 – RM200,000	-	-	-	-
RM100,001 – RM150,000	-	-	-	-
RM50,001 – RM100,000	1	-	1	-
RM1 – RM50,000	-	-	-	-
RM Nil	-	4	-	4
Company				
Bands of remuneration				
RM250,001 – RM300,000	-	-	-	-
RM200,001 – RM250,000	-	-	-	-
RM150,001 – RM200,000	-	-	-	-
RM100,001 – RM150,000	-	-	-	-
RM50,001 – RM100,000	1	-	1	-
RM1 – RM50,000	-	-	-	-
RM Nil	1	4	1	4

30. Contingent liabilities

	Company	
	2005 RM	2004 RM
Corporate guarantees for banking facilities granted to subsidiary companies		
- secured	1,200,000	1,200,000
- unsecured	64,863,305	64,863,305
	<u>66,063,305</u>	<u>66,063,305</u>



Notes to the financial statements - 30 June 2005

31. Segmental reporting

Segmental reporting under MASB 22 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.

32. Significant events

Part A

- (a) SMNT was served with the Writ of Summons dated 4 December 2001 in relation to a claim by MEC Consultants amounting to RM1,605,000. Judgment in default was obtained on 7 February 2002.
- (b) The Company and one of its subsidiary companies, Syarikat Mustapha and Ngu Timber Sdn. Bhd. (SMNT), were served with the Writ of Summons dated 17 June 2002 in relation to a claim by Bumiputra-Commerce Bank Berhad, a licensed bank, for outstanding amount of RM 23,755,749 plus interest and cost in respect of banking facilities owing by SMNT.

On 1 August 2002, the Company and SMNT were served the Judgment in Default of appearance on 24 July 2002 ordering the Company and SMNT to pay the amount owing to Bumiputra-Commerce Bank Berhad. Judgment was obtained by the bank dated 24 July 2002 ordering the Company and SMNT to pay the claim.

- (c) On 29 June 2002, SMNT was served with the Writ of summons dated 10 May 2002 in relation to a claim by Arab-Malaysian Finance Berhad for outstanding banking facilities due from SMNT amounting to RM59,531 together with interest at the rate of 18.44% per annum from 5 April 2002 until full payment and cost. Judgment in default was obtained on 25 September 2002.
- (d) On 18 July 2002, the Company and SMNT, were served with the Writ of Summons dated 22 June 2002 in relation to a claim by Affin Bank Berhad for repayment of amounts outstanding in respect of banking facilities due from SMNT amounting RM4,799,354 together with interest at the rate of 9.4% per annum from 7 June 2002 until full payment and costs.
- (e) On 18 July 2002, the subsidiary company, Akitiasa Sdn. Bhd. (ATSB) was served with the Originating Summons dated 3 July 2002 issued by the High Court of Sabah and Sarawak at Bintulu. In the originating summons, Affin Bank Berhad, a licensed bank, sought an Order under Section 148(2) (C) of the Land Code (Cap.81) of Sarawak to sell, by public tender, the land and building of ATSB, which are charged in favour of Affin Bank Berhad for banking facilities granted to a fellow subsidiary company, SMNT, to satisfy the outstanding due from SMNT in the sum of RM4,799,354 together with interest at the rate of 9.4% per annum from 7 June 2002 until full payment pursuant to the Writ of Summons served on SMNT dated 22 June 2002. The hearing for Order for Sale was fixed on 27 November 2002. An Order for Sale of land was obtained by Affin Bank Berhad on 12 March 2003.
- (f) On 7 October 2002, the Inland Revenue Board (IRB) issued a notice of civil proceeding against JLT under Section 106 of the Income tax Act, 1967 for not paying income tax liability amounting to RM 2,430,700 which have been provided as income tax payable in the financial statements.

JLT was served on 6 October 2003 with the Writ of Summon dated 2 September 2004 in relation to a claim by Inland Revenue Board amounting to RM2,414,503. An appearance has been entered on 22 November 2003 and a defence submitted. Summons in Chambers was scheduled on 9 September 2004. Summary judgment was filed which was granted on 9 November 2004.



Notes to the financial statements - 30 June 2005

32. Significant events (contd.)

Part A (contd.)

- (g) SMNT and certain directors of the Company were served with the Writ of Summons dated 14 November 2002 in relation to a claim by HSBC Bank Berhad (HSBC) on packing credit account of RM166,994 and bankers acceptance of RM1,007,230 at a rate of 7.9% and 8.9% respectively until full and final settlement. HSBC filed an application for summary judgment on 2 April 2003, which the court allowed on 18 June 2003.
- (h) SMNT was served with the Writ of Summons dated 12 February 2003 in relation to a claim by Mulpha amounting to RM817,443 at a rate of 8% per annum until full and final settlement.

The above cases are pending and that there is no further development as at the date of this report.

Part B

- (a) On 27 August 2002, Standard Chartered Bank Malaysia Berhad (SCBMB) served a notice to the Company and one of its subsidiary companies, Jin Lin Trading Sdn. Bhd. (JLT) under Section 218 of Companies Act 1965 demanding the repayment of the judgment sum together with the interest accrued amounting RM 3,065,831.

On 15 October 2002, SCBMB issued a notice pursuant to Section 218 of the Companies Act, 1965 on the Company and JLT demanding the judgment sum of RM 2,982,680. SCBMB alleged that this is the sum due as at 15 October 2002. A petition to wind up based on this notice was filed on 20 February 2003 and served on the Company. The hearing of the petition to wind up JLT was fixed on 11 March 2005. The matter is fixed for mention on 6 December 2005.

- (b) JLT and certain directors of the subsidiary companies were served with the Writ of Summons dated 27 August 2003 in relation to a claim by Mulpha International Berhad (Mulpha) amounting to RM7,235,233 at a rate of 8% per annum from the date of judgment until full and final payment. An appearance has been entered. On 7 November 2003, a defense was filed. The hearing for Summons in Chamber is fixed on 13 June 2005, which was postponed to 20 July 2005 where Mulpha applied to strike out the defense. Court ruling on the matter was held on 7 September 2005 where the Court dismissed Mulpha's Summons in Chambers with cost.
- (c) On 4 February 2004, the IRB issued a notice of civil proceeding against ATSB under Section 106 of the Income tax Act, 1967 for not paying income tax liability amounting to RM41,777. An appearance has been entered. The matter is fixed for mention on 21 December 2005.
- (d) One of the subsidiary companies, Jin Lin Bio Coal Sdn. Bhd. (JLBC) and JLT were served with the Writ of Summons dated 5 February 2004 in relation to a claim by Orix Credit Malaysia Sdn. Bhd. for hire purchase facilities amounting to RM364,698 at a rate of 0.065% per day on the principal outstanding until full and final settlement. An appearance has been entered by JLBC. The matter is fixed for mention on 1 December 2005.
- (e) SMNT and certain directors of the Company were served with the Writ of Summons dated 21 February 2004 in relation to a claim by RHB Delta Finance Berhad for hire purchase facilities due from SMNT amounting to RM93,637 at a rate of 17.75% per annum until full and final settlement. Judgment in default was entered on 19 August 2004. The matter is fixed for mention on 21 December 2005.



Notes to the financial statements - 30 June 2005

32. Significant events (contd.)

Part B (contd.)

- (f) On 21 February 2004, SMNT and certain directors of the Company was served with a Writ of Summons vide Summons No. 52-11-2004 by RHB Delta in respect of a default by SMNT in a hire purchase facility granted to SMNT. Judgment of default of defense was obtained on 19 August 2004 for the sum of RM58,179 however, there is no execution proceedings after the Restraining Order was served to the Plaintiff's counsel.
- (g) SMNT was served with the Writ of Summons (Suit No. 52-51-2004) dated 15 March 2004 in relation to a claim by Mayban Finance Berhad amounting to RM54,120. The matter is fixed for mention on 21 December 2005.
- (h) On 2 December 2004, JLT was served with a notice pursuant to Section 218 of the Companies Act, 1965 by Alwayield Sdn Bhd claiming for the sum of RM2,013,485 being the outstanding amount owing to Alwayield as at 30 November 2004. Subsequently on 31 January 2005, JLT was served with a Petition for the windingup of JLT vide Sabah and Sarawak High Court Petition No. 28-1-2005. Pre-trial management is fixed on 21 November.
- (i) On 25 February 2005, JLWIB was served with a Writ of Summons vide Summons No. 22-4-2005 whereby Yetchi Trading Sdn Bhd ("Yetchi") is claiming for the sum of RM5,981,119 that on various occasions Yetchi has given advances and/or payment through its subsidiaries and/or its Directors which advances has been accepted and/or acknowledged by Yetchi. An appearance in defense has been entered on 10 March 2005. The matter is fixed for mention on 21 December 2005.
- (j) On 14 June 2004, Mulpha had filed an application in the Kuala Lumpur High Court to inter alia, intervene and set aside the Restraining Order (RO) and for the Scheme to be enlarged to include Mulpha. On 3 August 2004, Mulpha's application was heard and the Judge maintained the RO, did not order Mulpha to be included in the Scheme and granted leave for Mulpha to continue with its legal action in respect of a claim against the Company. On 4 August 2004, Mulpha filed an appeal against this decision. An appeal was filed on 26 January 2005 against the decision of the High Court Judge allowing the Company to continue its application for the RO. Mulpha has filed a Notice of Discontinuance of Appeal on 2 August 2005.

The Group was granted a RO for a period of 90 days effective from 3 March 2004 by the Kuala Lumpur High Court pursuant to Section 176(10) of the Companies Act, 1965. On 14 June 2004, an extension of the RO was obtained for a further period of 180 days to 28 November 2004. Further extension of RO was obtained to 28 March 2005 and 26 July 2005. On 28 July 2005, a further extension of RO was obtained for a period of 120 days to 23 November 2005.

As at the date of this report, there is no further development other than as disclosed above.



Notes to the financial statements - 30 June 2005

33. Other significant events

(1) Proposed Restructuring Scheme

The Company announced on 9 February 2003 that it had entered into a conditional restructuring agreement (Restructuring Agreement) with Seo Aik Leong (SBG Controlling Shareholder) wherein the Company and SBG Controlling Shareholder have agreed to undertake a restructuring scheme with the intention of restoring the Group onto stronger financial footing via injection of new viable business.

The main features of the Proposed Restructuring Scheme (the Scheme) are summarized as follows:

(a) Proposed arrangements with the existing shareholders of the Company:

- (i) Proposed reduction of the existing issued and paid-up capital of the Company of RM44,000,000 comprising 44,000,000 ordinary shares of RM1 each to RM8,800,000 comprising 8,800,000 ordinary shares of RM0.20 each;
- (ii) Proposed consolidation of the 44,000,000 ordinary shares of RM0.20 each into 8,800,000 shares;
- (iii) Proposed cancellation of the entire issued and paid-up capital of the Company of RM8,800,000 comprising 8,800,000 ordinary shares, resulting in a credit reserve of RM8,800,000 arising in the Company's accounts;
- (iv) In consideration for the proposed cancellation, a new company (Newco) to be incorporated to serve as the holding company for the purpose of facilitating the implementation of the Scheme, shall allot and issue to the shareholders 8,800,000 ordinary shares of RM1 each in Newco at par (Newco Shares), credited as fully paid on the basis of one Newco Share for every one of the Company's share;



Notes to the financial statements - 30 June 2005

33. Other significant events (contd.)

(1) Proposed Restructuring Scheme (contd.)

(b) Proposed arrangements with the existing creditors:

- (i) Proposed settlement of debts owing to certain creditors of the Company comprising inter-alia, all financial institutions and certain other creditors (Creditors) amounting to RM57 million based on the cut off date of 30 June 2002;
- (ii) The waiver by the Creditors of all interest, penalties, costs, fees and other charges accrued after 30 June 2002;
- (iii) The release of the contingent liability under the corporate guarantees and other security arrangement provided by the Group;
- (iv) A further waiver by the unsecured/partially secured creditors at the rate of at least 50% for every RM1 of all the aggregate debts and liabilities after taking into account paragraph b(i) and b(ii) above;
- (v) The repayment of debts owing to the secured creditors (after taking into account paragraph b(i) and b(ii) above) from the proceeds of the disposal of certain assets of the Group;
- (vi) The issuance of Newco Shares of RM1 each in Newco to the unsecured/partially secured creditors or such persons as they may each nominate in the settlement of debts owing to them (after taking into account paragraph b(i), b(ii) and b(iv) above);
- (c) Proposed acquisition by Newco of the entire equity interest in two companies involved in producing marble for a purchase consideration of RM126,000,000 or such amount to be mutually agreed by the parties on a willing buyer-willing seller basis;
- (d) Proposed disposal of 100% equity interest in the Company by Newco (after the Proposed Scheme of Arrangement with the Company's shareholders) to purchaser(s) to be identified at a fair value to be determined as soon as it is practicable by an independent valuer and/or auditor;
- (e) Proposed transfer of the listing status of the Company on the Second Board of Bursa Malaysia Securities Berhad (Bursa Malaysia) to Newco.

On 23 March 2005, at the Court Convened Meetings of the Scheme Creditors for the Proposed Restructuring Scheme, the Company has obtained the approvals of their scheme creditors pursuant to Section 176 of the Companies Act, 1965. On 28 April 2005, the Company obtained a court order to sanction the Proposed Scheme of Arrangement with creditors pursuant to Section 176(3) of the Companies Act, 1965.

Securities Commission (SC) had vide its letter dated 13 September 2005 approved the Proposed Restructuring Scheme of the Company, under Section 32 (5) of the Securities Commission Act 1993 and the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests as proposed subject to certain terms and conditions, the details of which was set out in the Company's announcement on 14 September 2005.



Notes to the financial statements - 30 June 2005

34. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group has no substantial long-term interest-bearing assets as at 30 June 2005. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

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

(c) Foreign exchange risk

The Group is principally exposed to one currency, namely United States Dollar. Foreign currency denominated assets together with expected cash flows from highly probable export sales give rise to foreign exchange exposures. The foreign currency transaction exposures are not hedged as Malaysia Ringgit is pegged to United States Dollar.

(d) Liquidity risk

The Group has high liquidity risk as it has defaulted on the repayment of its banking facilities and certain bankers have taken legal actions against the Group for the purpose of recalling the banking facilities as disclosed in Note 31 to the financial statements.

(e) Credit risk

Credit risks are monitored via limiting the Group's associations to business partners with good creditworthiness.

(f) Fair values

The Group does not anticipate the carrying amounts of assets and liabilities recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

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

Cash and cash equivalents, trade and other receivables/payables, short term borrowings, amount due from/to subsidiary companies and amount due to directors.

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.



Analysis Of Shareholdings

As per the Record of Depositors as at 22 November 2005

Authorized Share Capital	:	RM100,000,000.00
Issued and Fully Paid-up	:	RM44,000,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
No. of Shareholders	:	5,249
Voting Rights	:	1 Vote Per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

No. of Holders	Holdings	Total Holdings	%
11	1 to 99	399	0.00
2,648	100 to 1,000 shares	2,610,612	5.93
2,119	1,001 to 10,000 shares	9,197,200	20.90
418	10,001 to 100,000 shares	12,893,021	29.30
53	100,001 to less than 5% of issued shares	19,298,768	43.86
0	5% and above of issued shares	0	0.00
5,249	Total	44,000,000	100

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

As per the Register of Directors' Shareholdings as at 22 November 2005

Directors	Direct	%	Indirect	%
Dato' Dr Hj Sallehuddin bin Kassim	-	-	-	-
Ko Kung Hai	1,510,000	3.43	Ø	Ø
Cheng Yang Poh	-	-	-	-
Ngui Ing Ing	22,000	0.05	-	-
Kang Ching Hung	-	-	-	-

Ø Deemed interested by virtue of his 8.8% shareholding in Jin Lin Organisation Sdn Bhd. Jin Lin Organisation Sdn Bhd has a direct shareholding of 3.43% in JLWIB.

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders as at 22 November 2005

No. Shareholder	Direct	%	No. of Shares Held Indirect	%
- NIL -				

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

As per the Record of Depositors as at 22 November 2005

No.	Securities Account Holders	Shareholdings	%
1.	Foo Wan Kong	1,564,000	3.55
2.	Ko Kung Hai	1,510,000	3.43
3.	OSK Nominees (Tempatan) Sdn Berhad Jin Lin Organisation Sdn Bhd	1,244,273	2.83



Analysis Of Shareholdings

No.	Securities Account Holders	Shareholdings	%
4.	Beh Chun Chuan	1,039,100	2.36
5.	Chan Soi Lan	860,000	1.95
6.	Chieng Lee Hook	819,000	1.86
7.	Kenanga Nominees (Tempatan) Sdn Bhd pledged securities account for Goh Keng Boo	800,000	1.82
8.	Jarenang Sendirian Berhad	796,276	1.81
9.	Splendid Horizon Sdn Bhd	773,300	1.76
10.	Lim Sow Wah	643,000	1.46
11.	Voon Nam Hwa	568,520	1.29
12.	Foo Cheong Kok	530,000	1.20
13.	Mak Ngia Ngia @ Mak Yoke Lum	450,000	1.02
14.	Ng Kok Kee	424,800	0.97
15.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lai Peng (LIM0841C)	418,100	0.95
16.	Ng Keng Keong	410,000	0.93
17.	Super Solid Sdn Bhd	388,800	0.88
18.	Kenanaga Nominees (Tempatan) Sdn Bhd pledged securities account for Cheong Marn Seng	301,400	0.69
19.	Liao Ying Fong	300,000	0.68
20.	Lee Foo Meng	300,000	0.68
21.	Jin Lin Organisation Sdn Bhd	266,474	0.61
22.	Yong Chiu Peng	241,300	0.55
23.	CIMSEC Nominees (Asing) Sdn Bhd exempt an for CIMB-GK Securities Pte Ltd (Retail Clients)	231,681	0.53
24.	Lee Yew Sing	224,000	0.51
25.	Siu Fung Chen	223,000	0.51
26.	Tie Mee Leng	212,681	0.48
27.	Tan Geok Lan	206,000	0.47
28.	Tan Soo Sum	200,000	0.45
29.	Cheong Marn Seng	199,900	0.45
30.	Seng Kin Sdn Bhd	181,681	0.41
TOTAL		16,327,286	37.11



List of all Properties held as at 30 June 2005

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)	Sawmill situated in open-sided timber and steel structures	1994	Freehold	1.08 hectares	498,147.24	23.12.2003
(a) Lot 543, Block 22, Buan Land District Tatau, Bintulu	Vacant Land	n.a	Leasehold/to expire on 09.08.2010	2.064 sq.mt	101,557.89	23.12.2003
(b) Tatau Lease 5504, Tatau, Bintulu and;	Single storey wooden terrace staff quarters (Lot 64)	1998	Leasehold/to expire on 31.12.2023	2.08 hectares	1,110,007.92	23.12.2003
(c) Amalgamated lots 64, 72, 211, 216, 252, 231, 545, 547 and 213 Buan Land District Tatau, Bintulu	Vacant Land (Lot 72)	n.a	Leasehold/to expire on 31.12.2023	5.2 hectares	2,828,798.44	23.12.2003
	3 pitched roof single storey, steel open-sided structure veneer factory with concrete floor slabs (Lot 184)	1997	Freehold	3.01 hectares	1,412,476.32	23.12.2003
	Single storey, high pitched roofing, steel open structures warehouse with concrete floor slabs (Lot 211)	1997	Freehold	1.54 hectares	723,360.50	23.12.2003
	Logyard (Lot 216)	n.a	Freehold	1.49 hectares	696,621.49	23.12.2003
	Logyard (Lot 252)	n.a	Freehold	5747 sq. mt	2,695,948.65	23.12.2003
	General Moulding Factory (Lot 231)	1991	Freehold	1.62 hectares	761,264.22	23.12.2003
	Sawmill, warehouse and general moulding factory (Lot 545)	1991	Freehold	2.72 hectares	1,286,329.65	23.12.2003
	Single storey, high pitched roofing, open structured charcoal and fingerjoint and lamination factories with concrete floor slabs (Lot 547)	1997	Freehold	5.65 hectares	2,650,445.43	23.12.2003
	Double storey wooden quarters and canteen within integrated wood processing factory (Lot 213)	1998	Freehold	6.68 hectares	3,135,969.50	23.12.2003



List of all Properties held as at 30 June 2005

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
	Land charges and fees of amalgamation & AVTC of Lots 231, 543, 545, 547 Buan Land District and Lots 64, 72, 184, 211, 213, 126 & 252 Buan Land District	2003			435,437.00	
Subtotal (SMNT)					18,336,364.25	
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		
Subtotal (ASB)					832,140.47	02.12.1998
Total (JLWIB Group)					19,168,504.72	



Other Information

1. Non-audit fees paid to external auditors

The Company and its subsidiaries did not make any payments as non-audit fees to the external auditors for the financial year ended 30 June 2005.

2. Share buybacks

The Company did not purchase any of its own shares during the financial year ended 30 June 2005.

3. Options, warrants or convertible securities

The Company did not issue any options, warrants or convertible securities during the financial year ended 30 June 2005.

4. American Depositary Receipt (ADR) or Global Depositary Receipts (GDR)

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

5. Imposition of sanctions and/or penalties

On 9 July 2004, Bursa Malaysia Securities Berhad ("Bursa Malaysia") in consultation with the Securities Commission ("SC"), publicly reprimanded and imposed a fine of RM 10,000.00 on JLWIB for breaches of paragraph 9.03, in particular paragraph 9.03(l), paragraph 9.04(f) and paragraph 9.04(l) of the Bursa Malaysia Securities Berhad Listing Requirements ("Bursa Securities LR").

On 24 September 2004 Bursa Securities in consultation with SC, publicly reprimanded and imposed a total fine of RM372,500 on Jin Lin Wood Industries Berhad ("JINLIN" or "the Company") for breaches of paragraphs 9.22(1), 9.23(a) and 9.23(b) of the Bursa Securities LR.

On 11 March 2005 Bursa Securities in consultation with SC, publicly reprimanded and imposed a total fine of RM72,000 on Jin Lin Wood Industries Berhad ("JINLIN" or "the Company") for breaches of paragraphs 9.22(1), 9.23(a) and 9.23(b) of the Bursa Securities LR.

6. Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies which involve its Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 30 June 2005 or entered into since the end of the previous financial year.

7. Variation in results from profit estimates, forecasts or projections or unaudited results announced

The Company did not release any profit estimates, forecast or projections for the financial year and the audited results did not differ by 10% or more from the audited accounts announced.

8. Profit Guarantee

The Company in respect of the financial year gave no profit guarantee.



9. Recurrent related party transactions in the ordinary course of business

On 26 January 2005, JLWIB sought approval for a shareholder's mandate for the JLWIB Group to enter into recurrent transactions (as defined in the Circular to shareholders dated 4 January 2005) in their ordinary course of business with related parties ("Shareholder's Mandate") as defined in Chapter 10 of the Bursa Malaysia Securities Berhad Listing Requirements. The breakdown of the aggregate value paid/payable for the recurrent transactions made from the date of the Shareholder's Mandate came into effect up to 30 June 2005 are as follows;

	Financial year ended 30 June 2005	
	Company (RM)	Group (RM)
Office rental of premises rented from Dachong Hong Sdn Bhd by JLWIB and Jin Lin Trading Sdn Bhd	9,000	12,000

The relationships with the above related party are as follows:

Related Party	Nature of Relationship as set out in the Circular to Shareholders dated 4 January 2005
Dachong Hong Sdn Bhd	Dachong Hong Sdn Bhd is a 100% owned subsidiary companies of Jin Lin Organisation Sdn Bhd. Jin Lin Organisation Sdn Bhd has a shareholding of 3.43% in JLWIB and an indirect shareholding through Jin Lin Credit & Development Bhd which holds 1.32% in JLWIB. Ko Kung Hai who is Managing Director is a Director of Jin Lin Organisation Sdn Bhd and Jin Lin Trading Sdn Bhd. He is also a Director of Dachong Hong Sdn Bhd. Ko Kung Hai has a direct shareholding of 3.43% in JLWIB and direct shareholding of 8.8% in Jin Lin Organisation Sdn Bhd. Ting Siew Eng, the spouse of Ko Kung Hai has a direct shareholding of 20,000 shares in JLWIB.

10. Utilization of Proceeds

JLWIB did not undertake any fund raising corporate proposal during the financial year ended 30 June 2005.



NO. OF SHARES HELD

(Company No. 467115-T)

(FULL NAME IN BLOCK LETTERS)

(ADDRESS)

(FULL NAME)

(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 Seventh (7th) Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 29 December 2005 at 10.00 a.m. and at any adjournment thereof.

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

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Receipt of the Audited Financial Statements for the financial year ended 30 June 2005 and the Directors' and Auditors' Reports		
Ordinary Resolution 2	Re-election of Director		
Ordinary Resolution 3	Re-election of Director		
Ordinary Resolution 4	Re-appointment of Messrs Ernst & Young as Auditors and authority to the Directors to fix the Auditors' remuneration		
Ordinary Resolution 5	Authority to the Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company		
Ordinary Resolution 6	Proposed Renewal of Shareholders' mandate for Jin Lin Wood Industries Berhad and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related party.		

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 2005

Signature/Common Seal of Shareholder(s)

Note 1

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 either under its common seal or under the hand of its attorney duly authorized 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 shareholdings to be represented by each proxy. The instrument appointing a proxy must be deposited at the Company's Registered Office situated at Level 13, Menara Milenium, 8 Jalan Damanela, Damansara Heights, 50490 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

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STAMP

The Company Secretary

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

Level 13, Menara Milenium, 8 Jalan Damanlela
Damansara Heights, 50490 Kuala Lumpur.

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