



2002 Annual Report



JIN LIN WOOD INDUSTRIES BERHAD

(Company No:467115-T)



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JIN LIN WOOD INDUSTRIES BERHAD (JLWIB)



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Notice of the Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of Jin Lin Wood Industries Berhad (“JLWIB” or “the Company”) will be held at Niah Ballroom, Plaza Hotel, No. 116, Taman Sri Dagang, Jalan Abang Galau, 97000 Bintulu, Sarawak on Monday, 30 December 2002 at 2.30 p.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 year ended 30 June 2002 together with the Directors’ and Auditors’ reports therein.
Ordinary Resolution 1
2. To approve the Directors’ fees for non-executive Directors for the year ended 30 June 2002.
Ordinary Resolution 2
3. To re-elect the following Director retiring in accordance with Article 90 of the Company’s Articles of Association and being eligible, he offers himself for re-election:-

(i) Ko Kung Hai
Ordinary Resolution 3
4. To re-elect the following Directors retiring in accordance with Article 96 of the Company’s Articles of Association and being eligible, they offer themselves for re-election:-

(i) Maj. Gen. (Rtd) Dato’ Hj Hassan Bin Hj Mohamad Salleh
(ii) Ngui Ing Ing
(iii) Cheng Yang Poh
Ordinary Resolution 4
Ordinary Resolution 5
Ordinary Resolution 6
5. To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.
Ordinary Resolution 7

As Special Business

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

6. 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 Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.”
Ordinary Resolution 8
7. The Proposed Renewal (“the Proposed Renewal”) of Shareholders’ Mandate for JLWIB and its Subsidiaries to Enter into Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT the mandate granted by the Shareholders of the Company on 28 December 2001 pursuant to Paragraph 10.09 of the Listing Requirements of Kuala Lumpur Stock Exchange, authorising the Company and its subsidiaries (“the JLWIB Group”) to enter into the recurrent transactions of a revenue or trading nature with Jin Lin Engineering Works Sdn Bhd and Dachong Hong Sdn Bhd (“Mandated Parties”) which are necessary for the JLWIB Group’s day-to-day operations as set out in Paragraph 2.6 of the Circular to Shareholders dated 4 December 2002, be and is hereby renewed, provided that:-

(i) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the Mandated Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

(ii) the disclosure of the aggregate value of the transactions conducted during a financial year will be disclosed in the annual report of the said financial year,

Notice of the Fourth 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 the forthcoming AGM at which the Proposed Renewal is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again 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
- (ii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

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

Ordinary Resolution 9

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

By Order Of The Board

GWEE OOI TENG
(MAICSA 0794701)
Company Secretary

Bintulu, Sarawak
4 December 2002

Note 1

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

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

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

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

Note 2

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

The proposed Ordinary Resolution 8, 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 Fourth Annual General Meeting

Note 3

Resolution for the Proposed Renewal of Shareholders' Mandate for JLWIB and its Subsidiaries to Enter into Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 9 is to renew the shareholders' mandate granted by the shareholders of the Company at the EGM held on 28 December 2001. The proposed renewal of the shareholders' mandate will enable JLWIB Group to enter into any recurrent related party transactions of a revenue or trading nature which are necessary for 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 parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. The details of the proposed renewal are set out in the Circular to Shareholders dated 4 December 2002 circulated together with the Annual Report.

Statement Accompanying Notice of the Fourth Annual General Meeting

The place, date and time of the Fourth Annual General Meeting:-

Date and Time	Place
30 December 2002 at 2.30 p.m.	Bintulu

Details of Directors standing for re-election under agenda items 3 and 4 of the Notice of the Annual General Meeting are as follows:

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

Ko Kung Hai

- 46 years of age, Malaysian/Chinese
- Managing Director
- He is one of the founders of the JLWIB Group. He has more than 18 years experience in the timber industry. He started his involvement in timber industry in 1980 where he joined Linsen Shipping & Trading Sdn Bhd, which was involved in the provision of barges for transportation of logs and log marketing, as a Shipping Executive.
- Appointed as a Director and the Managing Director of JLWIB on 19 January 2000. He does not have any directorship in any other public companies
- He holds 1,060,000 shares in JLWIB as at 11 November 2002
- He does not hold any shares, directly or indirectly, in any of the subsidiaries of JLWIB as at 11 November 2002
- No family relationship with any Director and/or major shareholder of JLWIB
- No conflict of interest with JLWIB
- Has never been charged for any offence

Directors to retire pursuant to Article 96 of the Company's Articles of Association are:-

Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh

- 69 years of age, Malaysian/Malay
- Chairman (Independent Non-Executive Director)
- He graduated from the Royal Military Academy, Sandhurst, and Royal College of Defence, United Kingdom. He started his distinguished military career in 1953 and is a recipient of numerous bravery awards/decoration and honouaries from Indonesia, Thailand and the United Kingdom.
- Appointed to the Board of JLWIB as Chairman and Director on 22 August 2002. He does not have any directorship in any public companies
- He does not hold any shares, directly or indirectly, in JLWIB or any of its subsidiaries as at 11 November 2002
- No family relationship with any Director and/or major shareholder of JLWIB
- No conflict of interest with JLWIB
- Has never been charged for any offence

Notice of the Fourth Annual General Meeting

Ngui Ing Ing

- 38 years of age, Malaysian/Chinese
- Independent Non-Executive Director
- 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 also actively involved in Junior Chamber Malaysia where she was the National President in 2001 and is the currently the Vice-President of Junior Chamber International.
- Appointed to the Board of JLWIB as Director on 22 August 2002. She does not have any directorship in any public companies
- She holds 22,000 shares in JLWIB as at 11 November 2002
- She does not hold any shares, directly or indirectly, in any of the subsidiaries of JLWIB as at 11 November 2002
- No family relationship with any Director and/or major shareholder of JLWIB
- No conflict of interest with JLWIB
- Has never been charged for any offence

Cheng Yang Poh

- 57 years of age, Malaysian/Chinese
- Executive Director
- He has more than 25 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 Island.
- Appointed to the Board of JLWIB as a Director and Executive Director on 22 August 2002. He does not have any directorship in any public companies
- He does not hold any shares, directly or indirectly, in JLWIB or any of its subsidiaries as at 11 November 2002
- No family relationship with any Director and/or major shareholder of JLWIB
- No conflict of interest with JLWIB
- Has never been charged for any offence

Corporate Information

Board of Directors

Maj. Gen. (Rtd) Dato' Hj Hassan Bin
Hj Mohamad Salleh
Chairman
Independent Non-Executive Director

Ko Kung Hai
Managing Director

Cheng Yang Poh
Executive Director

Chan Lan Ngai
Executive Director

Mohd Shukri Bin Mohd Yunus
Independent Non-Executive Director

David Sengalang Anak Uyang
Independent Non-Executive Director

Ngui Ing Ing
Independent Non-Executive Director

*More than one-third of the Directors are
independent Directors*

Remuneration Committee

Maj. Gen. (Rtd) Dato' Hj Hassan Bin
Hj Mohamad Salleh
Chairman

Mohd Shukri Bin Mohd Yunus
Member

David Sengalang Anak Uyang
Member

Nomination Committee

Maj. Gen. (Rtd) Dato' Hj Hassan Bin
Hj Mohamad Salleh
Chairman

Mohd Shukri Bin Mohd Yunus
Member

David Sengalang Anak Uyang
Member

Audit Committee

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

Ko Kung Hai
Managing Director

David Sengalang Anak Uyang
Independent Non-Executive Director

* A member of the Institute of Cost
and Management Accountants
(United Kingdom)

Company Secretary

Gwee Ooi Teng
(MAISCA 0794701)

Auditors

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

Principal Bankers

Bumiputra Commerce Bank Berhad

Maybank Berhad

Standard Chartered Bank Malaysia Berhad

Affin Bank Berhad

HSBC Bank Malaysia Berhad

Registered Office

No. 177, 2nd Floor
Taman Sri Dagang
97000 Bintulu, Sarawak
Tel : 086-335570
Fax : 086-330866
e-mail: jlwood@po.jaring.my

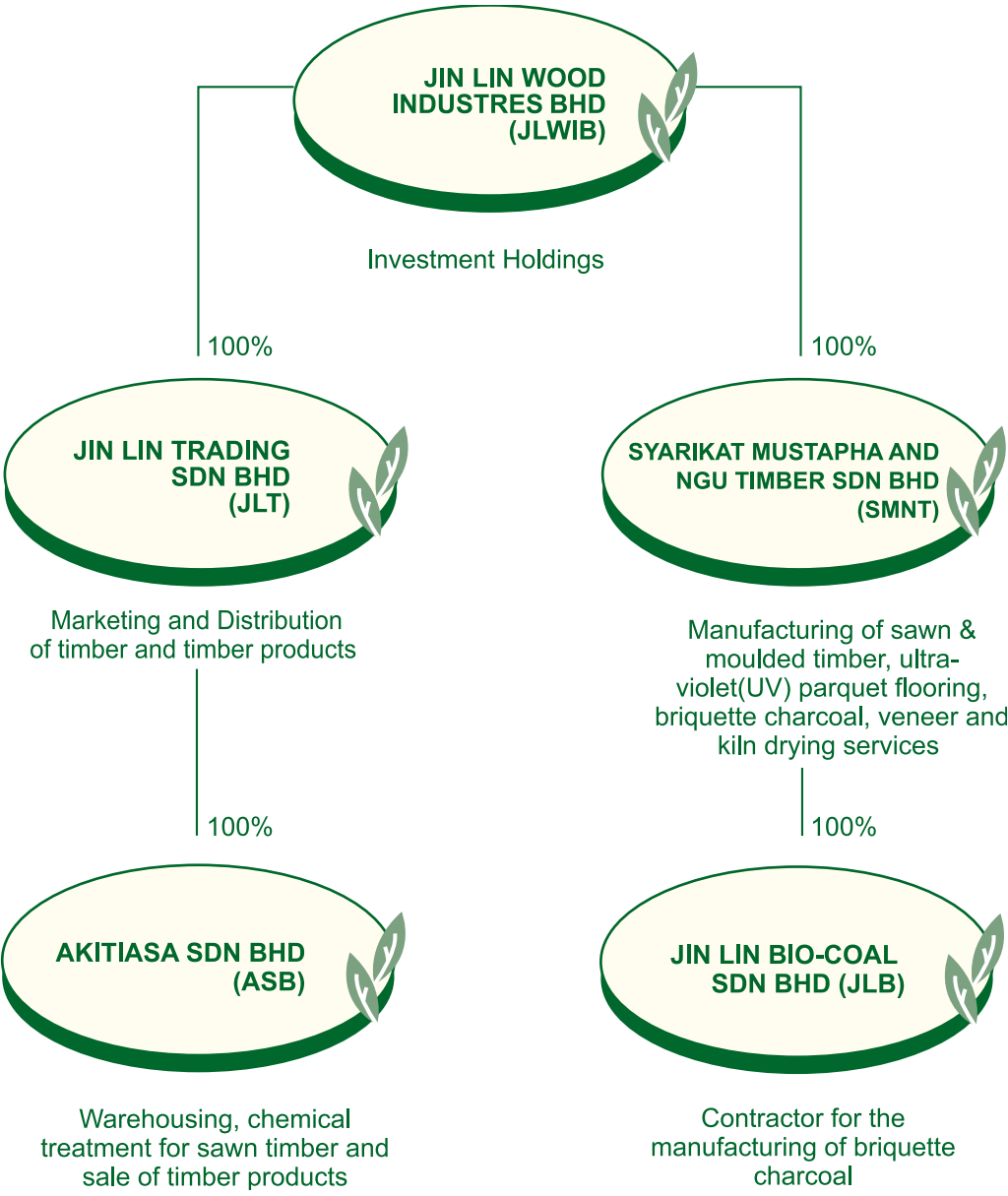
Share Registrar

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

Stock Exchange Listing

The Second Board of the Kuala
Lumpur Stock Exchange

Corporate Structure



Board of Directors



Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh
Chairman
Independent Non-Executive Director



Ko Kung Hai
Managing Director



Cheng Yang Poh
Executive Director



Mohd Shukri Bin Mohd Yunus
Independent Non-Executive Director



Chan Lan Ngai
Executive Director



David Sengalang Anak Uyang
Independent Non-Executive Director



Ngui Ing Ing
Independent Non-Executive Director

Board of Directors' Profile

Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh, aged 69, Malaysian, Independent Non-Executive Director, was appointed as a Director and Chairman of JLWIB on 22 August 2002 and is the Chairman of the Remuneration Committee and Nomination Committee. He graduated from the Royal Military Academy, Sandhurst, and Royal College of Defence, United Kingdom. He started his distinguished military career in 1953 and is a recipient of numerous bravery awards/decoration and honourees from Indonesia, Thailand and the United Kingdom. He served as Chairman of Armed Forces Football and Malaysian Football Council, Armed Forces Cooperative Society, Royal Malay Regiment Corps and General Border Committee with Thailand and Indonesia. He is also Chairman of Hak Group of Companies and Hak JTOP Sdn Bhd. He does not hold any shares in JLWIB and its subsidiaries. Other than JLWIB, he has no directionship in any other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He does not hold any shares in JLWIB and its subsidiaries. He did not attend any of the Directors' Meetings held in the financial year ended 30 June 2002 as he was only appointed a Director on 22 August 2002.

Ko Kung Hai, aged 46, Malaysian, was appointed as a Director and the Managing Director of JLWIB on 19 January 2000 and is a member of the Audit Committee of JLWIB. He is one of the founders of the JLWIB Group. He has more than 18 years experience in the timber industry. He started his involvement in timber industry in 1980 where he joined Linsen Shipping & Trading Sdn Bhd, which was involved in the provision of barges for transportation of logs and log marketing, as a Shipping Executive. With his extensive knowledge and experience as well as his entrepreneurial leadership, he transformed the Group's timber business from a small company providing barges and tugboats services to logging companies into a fully integrated timber company involved in both upstream and downstream timber processing activities. His main responsibilities include the overall supervision of JLWIB's Group operations. He also sits on the Board of several other private companies. He is the Vice Chairman of the Bintulu Chinese Chamber of Commerce and a Committee Member of the Bintulu Foochow Association. Other than JLWIB, he has no directionship in any other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He holds 1,060,000 ordinary shares of RM1.00 each in JLWIB but does not hold any shares in the subsidiary companies of JLWIB. He attended 6 out of the 6 of Directors' Meetings held in the financial year ended 30 June 2002.

Chan Lan Ngai, aged 47, Malaysian, was appointed as an Executive Director of JLWIB on 19 January 2000. He has more than 16 years experience in the timber industry especially in the area of logs trading. He holds a Diploma in Accounting and Economics from United Kingdom. Prior to joining the JLWIB Group, he was a Senior Clerk with Hock Hua Bank Berhad and has served the Bank from 1979 to 1982. He assists Mr Ko Kung Hai in the day to day operations of the JLWIB Group and he also sits on the Board of several other private companies. Other than JLWIB, he has no directionship in any other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He does not hold any shares in JLWIB and its subsidiaries. He attended 5 out of the 6 of Directors' Meetings held in the financial year ended 30 June 2002.

Cheng Yang Poh, aged 57, Malaysian, was appointed as an Executive Director of JLWIB on 22 August 2002. He has more than 25 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. Other than JLWIB, he has no directionship in any other public company. He does not have any family relationship with any Director and/or major shareholder of JLWIB. He does not have any conflict of interest with JLWIB. He has never been charged for any offence within the past 10 years. He does not hold any shares in JLWIB and its subsidiaries. He did not attend any of the Directors' Meetings held in the financial year ended 30 June 2002 as he was only appointed a Director on 22 August 2002.

Board of Directors' Profile

Mohd. Shukri Bin Mohd. Yunus, aged 43, Malaysian, is an Independent Non-Executive Director of JLOWIB and was appointed to the Board of Directors of the Company on 3 January 2000. He is the chairman of the Audit Committee of JLOWIB and is a member of the Remuneration Committee and Nomination Committee. He graduated with a Diploma in Accountancy from MARA Institute of Technology in 1980 and is a fellowship member of the Chartered Institute of Management Accountants ("CIMA"), United Kingdom since 1982. Upon obtaining his CIMA qualification in 1982, he joined Datapower Sdn Bhd ("Datapower") in 1983, an information technology ("IT") solution provider, as a System Accountant. In this capacity, he was attached to the Finance Unit from 1987 to 1989 and Electronic Data Processing ("EDP") Unit from 1989 to 1991, of Majlis Amanah Rakyat ("MARA"). The last position he held at MARA was as Deputy Finance Director in 1994. During the same period, he was appointed as Director of various MARA subsidiaries which were involved in furniture manufacturing, engineering training, oil palm plantation, plastic injection and mould making. In 1994, he spearheaded a staff buy-out exercise of Datapower from MARA to focus in IT services namely network integration, system integration and out-sourcing. During the 7 years in Datapower, he was predominantly involved in positioning the company as one of the major IT service player in the Malaysian market. In 1996, he was appointed as Managing Director of Datapower. He relinquished the position in 2001 to resume an appointment of Chief Executive Officer of ITS Konsortium Sdn Bhd, a company involved in building of infrastructure for traffic management. Other than JLOWIB, he has no directorship in any other public company. He does not have any conflict of interest with JLOWIB. He has never been charged for any offence within the past 10 years. He holds 10,000 ordinary shares RM1.00 each in JLOWIB but does not hold any shares in the subsidiary companies of JLOWIB. He attended 5 out of the 6 of Directors' Meetings held in the financial year ended 30 June 2002.

David Sengalang Anak Uyang, aged 38, Malaysian, is an Independent Non-Executive Director of JLOWIB and was appointed to the Board of Directors of the Company on 3 January 2000. He serves as a member of the Remuneration Committee, Nomination Committee and Audit Committee. He graduated with B. Sc. in Engineering from University of Massachusetts, United States of America in 1988. He is a graduate member of the Board of Engineers, Malaysia and the Institution of Engineers, Malaysia and also a member of Hydrographic Society, United Kingdom. He has eight (8) years experience as a Hydrographic Surveyor in the Royal Malaysian Navy from 1988 to 1996 including two (2) years on secondment to the Sarawak Marine Department from 1996 to 1997. In this period, his work involved executing hydrographic surveys and oceanographic works across Malaysian waters. In 1997, he joined Kejuruteraan JEC, a civil and structural engineering consultant firm as Civil Engineer and/or Design Engineer and was appointed Managing Director of JEC Designbuild Sdn Bhd, a company involved in civil engineering construction. Other than JLOWIB, he has no directorship in any other public company. He does not have any family relationship with any Director and/or major shareholder of JLOWIB. He does not have any conflict of interest with JLOWIB. He has never been charged for any offence within the past 10 years. He holds 11,000 ordinary shares of RM1.00 each in JLOWIB but does not hold any shares in the subsidiary companies of JLOWIB. He attended 6 out of the 6 of Directors' Meetings held in the financial year ended 30 June 2002.

Ngui Ing Ing, aged 38, Malaysian, is an Independent Non-Executive Director of JLOWIB and was appointed to the Board of Directors of the Company on 22 August 2002. 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 also actively involved in Junior Chamber Malaysia where she was the National President in 2001 and she is currently the Vice-President of Junior Chamber International. She was awarded as the Outstanding Chapter President 1977 and Outstanding Leader of Asia Pacific 2001. Other than JLOWIB, she has no directorship in any other public company. She does not have any family relationship with any Director and/or major shareholder of JLOWIB. She does not have any conflict of interest with JLOWIB. She has never been charged for any offence within the past 10 years. She holds 22,000 ordinary shares of RM1.00 each in JLOWIB but does not hold any shares in the subsidiary companies of JLOWIB. She did not attend any of the Directors' Meetings held in the financial year ended 30 June 2002 as she was only appointed a Director on 22 August 2002.

Chairman's Statement



On behalf of the board of directors, I am pleased to present to you Jin Lin Wood Industries Berhad's Annual Report and the Financial Statements of the Group and the Company for the financial year ended 30 June 2002.

Financial Performance

The financial year ended 30 June 2002 was the most challenging year for the Jin Lin Group since its incorporation and arguably one of the most daunting for the timber industry. Already plagued by the global economic slowdown, market conditions were exacerbated by the tragic September 11 terrorist attack in the USA causing an almost immediate halt to demand in timber in that region. Furthermore, the financial scandals in the New York Stock Exchange including that of Worldcom and Enron have combined to make the already sluggish demand in the larger timber importing countries even worse leading to a considerable decline in export prices.

Against that backdrop, the Group recorded a loss of RM 38.96 million for the financial year ending 30 June 2002 compared to a loss of RM 5.09 million in the previous financial year. Revenue for the year was a mere RM 24.17 million, a decline of 73.2% year-on-year compared to revenue of RM 90.08 million for the previous year.

The loss of RM 38.96 million was due to a decision by the Board to take the opportunity to fully provide for doubtful debts of approximately RM 12.07 million and a write down of inventories of RM 6.50 million. Excluding the provisions, the loss for financial year 2002 would have been RM 20.39 million.

Operations Review

The turnover for the veneer and moulded products operations were already on a declining trend since the beginning of the financial year. The adverse market conditions highlighted earlier worsened and continued to plague the Group during the financial year under review. This was aggravated by the continued decline in the Indonesian currency in the financial year which resulted to an increased competitiveness of Indonesian timber products.

Due to the weak demand and unfavourable timber prices, our production capacity was not utilized at its breakeven capacity. In addition, the Group was faced with collection difficulties as the domino effects of the economic slowdown also affected the customers of the Group. This resulted in the default of our loans which have culminated in legal action taken by several of our financial creditors.

Developments

Subsequent to our financial set back, the board has initiated a restructuring exercise. This will result in a complete restructuring of all of our financial creditors. Concurrently, the board is appraising the acquisition of a complimentary asset to strengthen our manufacturing base and diversify our customer base on a geographical and product level.

Three new members have been added to the Board to strengthen our operational abilities as well as our corporate governance. In addition, we have also strengthened our management team with the inclusion of experienced professionals from the timber industry.

Prospects

Prices in the timber related industry have improved some 30% subsequent to the financial year under review. This is mainly due to a log export ban by Indonesia, which has curtailed log supply. Together with a robust demand for timber products from China for its construction activities for the Olympic Games in 2008 and the recent worst flooding plus the Japanese forecast for major housing development, we expect a brighter outlook for demand in our timber products.

Besides, China and Japan the other Asia Pacific economies, particularly Korea and Taiwan indicate some level of economic recovery, as buyers from these countries have been much more active.

Barring any unforeseen circumstances, the Board is optimistic that a healthier restructured Jin Lin Group will be able to capitalize on a gradually improving timber industry to deliver a much improved performance for the next financial year.

Acknowledgement

On behalf of the Board of Directors, I would like to extend my sincere and heartfelt appreciation to the management and employees of the Group for their contributions and commitment during a particularly difficult year. Our gratitude is also extended to our shareholders and the relevant authorities for their continued support in the Group.

Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh
Chairman

Statement of Corporate Governance

The Code

The Malaysian Code on Corporate Governance (“the Code”) sets out the principles of best practices of corporate governance and best practices for listed companies. The Listing Requirements of Kuala Lumpur Stock Exchange requires a listed company to include a statement on how they have applied the principles and the extent of compliance with the best practices of the Code.

The Board of Directors of Jin Lin Wood Industries Berhad (“JLWIB”) is pleased to report on the application of the principles and extent of compliance with the best practice of the Code in this Statement based on the commitment to ensure that the highest standards of corporate governance is practiced throughout the Group

The Board of Directors

The Board retains full and effective control of the Company. The responsibilities of the Board include key matters such as corporate governance, establishing goals, strategic direction and overseeing the investments of the Company. The Board meets on a scheduled basis of at least 6 times a year, with additional meetings convened as necessary.

During the year ended 30 June 2002, 6 board meetings were held. Please refer to the Annual Report for the record of attendance of each Director of the board meetings.

Board Balance

The Board currently has seven members, comprising four non-executive Directors (including the Chairman) and three Executive Directors. The Company is in compliance with the KLSE Listing Requirements which require at least two directors or one-third of the total number of directors, whichever is higher, to be independent directors. Together, the Directors bring a wide range of business and financial experience relevant to the Company. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. There is also balance in the Board membership because of the presence of independent non-executive Directors of the calibre necessary to carry weight in Board decisions.

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

Supply of Information

Prior to each Board meeting, all Directors are provided with an agenda and a set of Board papers.

The Board report includes, among others, the following;

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

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

All directors have access to the advice and services of the Company Secretary. The Directors also have access to any other information within the Group and may obtain independent professional advice, at the Company’s expense in the furtherance of their duties.

Statement of Corporate Governance

Audit Committee

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

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

Remuneration Committee

The Remuneration Committee consists wholly of independent non-executive directors as follows:

Name	Position
Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh	Chairman (Independent Non-Executive Director)
David Sengalang Anak Uyang	Member (Independent Non-Executive Director)
Mohd Shukri Bin Mohd Yunus	Member (Independent Non-Executive Director)

The objective of the Remuneration Committee is to set the policy framework and to make recommendations to the Board of Directors on all elements of the remuneration, terms of employment, reward structure and fringe benefits 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.

Nomination Committee

The Nomination Committee consists wholly of independent non-executive directors as follows:

Name	Position
Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh	Chairman (Independent Non-Executive Director)
David Sengalang Anak Uyang	Member (Independent Non-Executive Director)
Mohd Shukri Bin Mohd Yunus	Member (Independent Non-Executive Director)

The objective of the Nomination Committee 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.

Re-election of Directors

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

The Articles of Association of the Company also provides for all Directors who wish to be re-elected to submit themselves for re-election at least once every three years. Directors over seventy years of age who wish to be reappointed are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965.

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, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The remuneration of the non-executive Directors is to be decided by the Board as a whole. The Company reimburses any reasonable expense incurred by these Directors in the course of their duties as directors.

Statement of Corporate Governance

Investor relations & Shareholder communication

The Board is aware of the importance of the timely and accurate disclosure of material information to the shareholders and investors of the Group. In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with an up to date overview of the Company's performance and operations. Copies of the full announcement are supplied to shareholders, investors and members of the public upon request.

The Annual General Meeting is the principal forum for dialogue and interaction with the shareholders of the Company. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Financial reporting

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

Internal control

The Directors acknowledge their overall responsibility for the Group's system of internal control over both the financial and the non-financial aspects of the Group's activities. A statement on internal control is set out in the Annual Report.

Relationship with the Auditors

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the Company's external auditors. The specific role of the Audit Committee in relation to the external auditors is stated in the Audit Committee Report.

Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh
Chairman

Ko Kung Hai
Managing Director

Statement of Internal Control

The Board of Directors of Jin Lin Wood Industries Berhad (“JLWIB”) acknowledges its responsibility for the Group’s system of internal controls and to review its effectiveness. This system is designed to ensure that the risks facing the Group’s businesses in pursuit of its objectives are identified and managed at known and acceptable levels. Towards achieving this objective, the Board will ensure that there is a sound system of internal control and direction over appropriate strategic, financial, organizational, operational and compliance issues to safeguard the shareholders’ investments and the Group’s assets. However, such systems can only provide a reasonable and not absolute assurance against material misstatement or loss.

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

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

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

The Board is pleased to disclose that;

- (i) There is a process to identify, evaluate and manage significant risks faced by the Group, throughout the financial year;
- (ii) The process is reviewed regularly and conforms to the Statement on Internal Control Guidance for Directors of Public Listed Companies; and
- (iii) On-going improvements to the system is being planned and implemented.

No consequential material weaknesses were 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 Jin Lin Wood Industries Berhad is pleased to present the report of the Audit Committee of the Company for the financial year ended 30 June 2002.

MEMBER AND MEETINGS

The Committee presently comprises the directors listed below. During the year ended 30 June 2002, the Committee held a total of four meetings.

Attendance of meetings

Name	Position	Attendance
Mohd Shukri Bin Mohd Yunus*	Chairman Independent Non-Executive Director	4 out of 4 meetings
David Sengalang Anak Uyang	Member, Independent Non-Executive Director	4 out of 4 meetings
Ko Kung Hai	Member, Managing Director	4 out of 4 meetings

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

TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

Membership

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

Meetings and minutes

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

Authority

The Committee is authorized by the Board:

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

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

Audit Committee Report

Duties and Responsibilities

The duties of the Committee include the 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 and annual financial statements of, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal and regulatory requirements.
- d. Review of the assistance and co-operation given by the Company's officers to the external and internal auditors.
- e. Review any related party transaction that may arise within the Company and the Group.
- f. Nominate the external auditors for appointment, review any letter of resignation from the external auditors and proposal for reappointment of external auditors.
- g. Consider any such other matters as may be agreed to by the Committee and the Board of Directors.

ACTIVITIES OF THE COMMITTEE DURING THE YEAR

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the year ended 30 June 2002 in the discharge of its functions and duties:

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

INTERNAL AUDIT FUNCTIONS

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

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

During the year ended 30 June 2002, the internal auditors have carried out various reviews and have presented the audit plan based on its review of the operations of the Company and the Group and audit reports on its findings to the Audit Committee. The findings and recommendations thereof have been discussed with the Management and the Audit Committee. Based on the said discussions, the Management has undertaken various steps to implement the recommendations of the internal auditors

Statement of Director's Responsibility in relation to Financial Statements

The Directors are required 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 the financial year and their results and their cash flows for the year ended.

The Directors consider that in preparing the financial statements,

- the JLWIB Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

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

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

FINANCIAL STATEMENTS

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Directors' Report

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended 30th June, 2002.

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 subsidiary companies are set out in Note 3 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and the Group during the current financial year.

Financial results

	Group RM	Company RM
Loss after taxation	<u>(38,963,986)</u>	<u>(120,740)</u>

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

Reserves and provisions

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

Dividend

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

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' Hassan Bin Mohamad Salleh	(Chairman)(Appointed on 22.08.2002)
Ko Kung Hai	(Managing Director)
Cheng Yang Poh	(Executive Director)(Appointed on 22.08.2002)
Chan Lan Ngai	(Executive Director)
Mohd. Shukri Bin Mohd Yunus	
David Sengalang Anak Uyang	
Ngui Ing Ing	(Appointed on 22.08.2002)
Aminodin Bin Ismail	(Executive Director) (Resigned on 23.05.2002)
Ibrahim Bin Hj Yusoff	(Resigned on 09.05.2002)
Chieng Hie Kwong	(Chairman)(Resigned on 22.08. 2002)

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

Directors' Report

Directors' interest in shares

At the end of the financial year, the following Directors 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, an interest in share of the Company, as stated below:

Shareholdings registered in the name of Directors

Name of Directors	Balance at 01.07.2001	Number of ordinary shares of RM1.00 each		Balance at 30.06.2002
		Bought	Sold	
Chieng Hie Kwong	10,000	-	-	10,000
David Sengalang Anak Uyang	11,000	-	-	11,000
Mohd. Shukri Bin Mohd Yunus	10,000	-	-	10,000
Ko Kung Hai	10,000	800,000	-	810,000

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

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.

Directors' Benefits

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

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Executive Directors				
Salaries	525,290	540,000	-	270,000
Employee Provident Fund and SOCSO	16,711	50,189	-	33,015
Bonus	33,000	135,000	-	45,000
	<hr/>	<hr/>	<hr/>	<hr/>
Non-executive Directors				
Salarie	-	110,000	-	110,000
	<hr/>	<hr/>	<hr/>	<hr/>

Directors' Report

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

	Number of Directors			
	2002		2001	
Group	Executive	Non Executive	Executive	NonExecutive
Bands of remuneration				
RM300,001 – RM350,000	-	-	1	-
RM250,001 – RM300,000	1	-	-	-
RM200,001 – RM250,000	-	-	1	-
RM150,001 – RM200,000	1	-	1	-
RM100,001 – RM150,000	1	-	-	-
RM50,001 – RM100,000	-	-	-	-
RM1 – RM50,000	-	-	-	4
RM Nil	-	4	-	-
Company				
Bands of remuneration				
RM250,001 – RM300,000	-	-	-	-
RM200,001 – RM250,000	-	-	-	-
RM150,001 – RM200,000	-	-	1	-
RM100,001 – RM150,000	-	-	1	-
RM50,001 – RM100,000	-	-	1	-
RM1 – RM50,000	-	-	-	4
RM Nil	3	4	-	-

Share capital

During the financial year, the issued and paid up capital was increased to 44,000,000 by the issue of 4,000,000 ordinary shares of RM1.00 each at par for cash. The new ordinary shares rank pari passu with existing shares.

Directors' Report

Significant events

- (a) On 22nd March 2002, the Company and one of its subsidiary company, Jin Lin Trading Sdn. Bhd. (JLT) have been served with the Writ of Summons issued by the High Court in Sabah and Sarawak at Bintulu whereby Standard Chartered Bank Malaysia Berhad, a licensed bank, claimed the repayment of banking facilities due from JLT amounting to RM2,839,294 together with interest at the rate of 9.9% per annum from 1st November 2001 until the date of full and final settlement and costs.

Subsequently, on 14th June 2002, the Company and JLT were served with the Judgement in Default of Appearance on 22nd April 2002 ordering the Company and JLT to pay the amount owing to Standard Chartered Bank Malaysia Berhad.

On 27th August 2002, Standard Chartered Bank Malaysia Berhad served a notice to the Company and JLT under Section 218 of Companies Act, 1965 demanding the repayment of the judgement sum together with the interest accrued amounting RM 3,065,831.

On 15th October 2002, Standard Chartered Bank Malaysia Berhad had issued a notice pursuant to Section 218 of the Companies Act, 1965 on JLT and JLWIB demanding the judgement sum of RM 2,982,680. Standard Chartered Bank alleged that this is the sum due as at 15th October 2002.

- (b) The Company and one of its subsidiary company, Syarikat Mustapha and Ngu Timber Sdn. Bhd. (SMNT), have been served with the Writ of Summons dated 17th 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.

Subsequently, on 1st August 2002, the Company and SMNT were served the Judgement in Default of appearance on 24th July 2002 ordering the Company and SMNT to pay the amount owing to Bumiputra-Commerce Bank Berhad.

- (c) On 29th June 2002, one of the subsidiary companies, SMNT has been served with Writ of summons dated 10th 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 5th April 2002 until full payment and cost.

- (d) On 18th July 2002, the Company and one of its subsidiary companies, SMNT, have been served with the Writ of Summons dated 22nd 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 7th June 2002 until the full payment and costs.

- (e) On 18th July 2002, the subsidiary company, Akitiasa Sdn. Bhd. (ATSB) has been served with the Originating Summons dated 3rd 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 7th June 2002 until full payment pursuant to the Writ of Summons served on SMNT dated 22nd June 2002. As at the date of these financial statements, the High Court has not granted an Order for Sale under Section 148(2) (C) of the Land Code (Cap.81) of Sarawak. The hearing for Order for Sale is fixed on 27th November 2002.

- (f) On 7th October 2002, the Inland Revenue Board has issued a notice of civil proceeding against the Company 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.

The Company is in the process of formulating the debts restructuring scheme acceptable to its bank creditors to restructure the bank borrowings of JLWIB Group and to strengthen its financial position. The debt restructuring scheme will be announced when the scheme has been finalized and approved by the Board of Directors.

Directors' Report

Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any debts or the amount of the allowance for doubtful debts inadequate to any substantial extent except for trade debts as disclosed in Notes 11 and 12 to the financial statements; and
 - (ii) the values attributed to current assets in the financial statements of the Group and Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group or of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

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

On behalf of the Board,

Chan Lan Ngai
Director

Ko Kung Hai
Director

Kuala Lumpur
Date: 31st October 2002

Statement by Directors

We, **Chan Lan Ngai** and **Ko Kung Hai**, being two of the Directors of **Jin Lin Wood Industries Berhad**, do hereby state that in the opinion of the Directors, the financial statements set out on pages 10 to 35 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

- (i) the financial position of the Group and of the Company as at 30th June, 2002 and of the results of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the year ended 30th June, 2002.

The financial statements were authorized for issue by the Board of Directors on 31st October, 2002.

On behalf of the Board,

Chan Lan Ngai
Director

Ko Kung Hai
Director

Kuala Lumpur

Date: 31st October 2002

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

I, **Ko Kung Hai**, the person primarily responsible for the financial management of **Jin Lin Wood Industries Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 10 to 35 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
on 31 October 2002

Before me,

Tee Kian @ Tee Sing PPN
No: W 193
Bilik 2, Tingkat 2
Wisma Ann Koai
Jalan Ampang
50450 Kuala Lumpur

Auditors' Report

We have audited the financial statements as set out on pages 10 to 35. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Without qualify our opinion, we draw attention to Note 1 to the financial statements in which is discussed the bases upon which the financial statements have been prepared and the possible consequences should those bases not apply.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
- (i) the financial position of the Group and of the Company as at 30th June, 2002 and of the results and cash flows of the Group and of the Company for the year then ended; and
- (ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Group and of the Company;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YONG CHUNG SING
1052/9/04 (J)
Partner

Kuala Lumpur
Date: 31st October 2002

Income Statement

Consolidated income statement for the year ended 30th June, 2002

	Notes	2002 RM	2001 RM
Revenue	4	24,176,654	90,077,647
Cost of sales		(41,328,183)	(82,501,714)
Gross (loss)/profit		(17,151,529)	7,575,933
Other operating income		2,425,653	767,719
Administrative and other expenses		(17,343,150)	(7,970,281)
(Loss)/profit from operations		(32,069,026)	373,371
Finance costs		(6,909,260)	(5,454,170)
Loss before taxation	5	(38,978,286)	(5,080,799)
Taxation	6	14,300	(13,593)
Loss after taxation		(38,963,986)	(5,094,392)
Loss per share (sen)	7	(93.51)	(12.74)

The notes on pages 33 to 49 form an integral part of the financial statements.

Income Statement

Income statement for the year ended 30th June, 2002

	Note	2002 RM	2001 RM
Revenue	4	288,000	288,000
Cost of sales		-	-
Gross profit		288,000	288,000
Other operating income		85,279	46,511
Administrative and other expenses		(479,019)	(872,599)
Loss from operations		(105,740)	(538,088)
Finance costs		(15,000)	(115,493)
Loss before taxation	5	(120,740)	(653,581)
Taxation	6	-	-
Loss after taxation		(120,740)	(653,581)

The notes on pages 33 to 49 form an integral part of the financial statements.

Balance Sheet

Consolidated Balance Sheet as at 30th June, 2002

	Note	2002 RM	2001 RM
Non-current assets			
Property, plant and equipment	8	83,590,971	90,282,125
Current assets			
Inventories	10	7,814,922	20,916,910
Trade receivables	11	11,236,746	27,655,208
Other receivables, deposits and prepayments	12	11,012,136	c
Fixed deposit with licensed banks	14	2,458,450	3,913,587
Cash and bank balances		107,448	208,001
Cash and bank balances		<u>32,629,702</u>	<u>63,048,545</u>
Current liabilities			
Bank overdrafts, secured	15	8,378,793	6,861,010
Other bank borrowings, secured	16	47,979,976	30,729,286
Trade payables	17	12,408,581	17,277,415
Other payables and accruals		3,798,671	2,797,282
Amount due to directors	19	7,536	12,541
Lease payables	20	5,435,814	4,054,236
Tax payable		2,349,378	2,349,378
		<u>80,358,749</u>	<u>64,081,148</u>
Net current liabilities		<u>(47,729,047)</u>	<u>(1,032,603)</u>
		<u>35,861,924</u>	<u>89,249,522</u>
Financed by:			
Share capital	21	44,000,000	40,000,000
Share premium reserve	22	24,551,330	24,551,330
Capital reserve, non-distributable	23	7,165,861	7,165,861
Accumulated losses		(42,305,805)	(3,341,819)
Shareholders' equity		<u>33,411,386</u>	<u>68,375,372</u>
Long-term and deferred liabilities			
Term loans, secured		-	17,270,267
Lease payables	20	2,450,538	3,589,583
Deferred taxation	24	-	14,300
		<u>2,450,538</u>	<u>20,874,150</u>
		<u>35,861,924</u>	<u>89,249,522</u>

The notes on pages 33 to 49 form an integral part of the financial statements.

Balance Sheet

Balance sheet as at 30th June, 2002

	Notes	2002 RM	2001 RM
Non-current assets			
Property, plant and equipment	8	252,838	317,746
Investment in subsidiary companies	9	49,840,459	49,840,459
Current assets			
Other receivables, deposits and prepayments	12	14,100	42
Amount due from related companies	13	15,759,665	12,922,684
Fixed deposit with licensed banks	14	2,331,791	1,246,511
Cash and bank balances		1,306	1,145
		<u>18,106,862</u>	<u>14,170,382</u>
Current liabilities			
Bank overdraft, unsecured		-	28,778
Other payables and accruals		361,623	335,627
Amount due to a related company	18	98	-
Amount due to directors	19	7,536	12,540
		<u>369,257</u>	<u>376,945</u>
Net current assets		<u>17,737,605</u>	<u>13,793,437</u>
		<u>67,830,902</u>	<u>63,951,642</u>
Financed by:			
Share capital	21	44,000,000	40,000,000
Share premium reserve	22	24,551,330	24,551,330
Accumulated losses		(720,428)	(599,688)
Shareholders' equity		<u>67,830,902</u>	<u>63,951,642</u>

The notes on pages 33 to 49 form an integral part of the financial statements.

Statements of Changes in Equity

Consolidated statement of changes in equity for the year ended 30th June, 2002

	Share capital RM	Share premium reserve RM	Capital Reserve, non-distributable RM	(Accumulated losses)/ revenue reserve RM	Total RM
Balance at 30th June, 2000	40,000,000	24,551,330	7,165,861	1,752,573	73,469,764
Net loss for the year	-	-	-	(5,094,392)	(5,094,392)
Balance at 30th June, 2001	40,000,000	24,551,330	7,165,861	(3,341,819)	68,375,372
Issuance of shares	4,000,000	-	-	-	4,000,000
Net loss for the year	-	-	-	(38,963,986)	(38,963,986)
Balance at 30th June, 2002	44,000,000	24,551,330	7,165,861	(42,305,805)	33,441,386

Statement of changes in equity for the year ended 30th June, 2002

	Share capital RM	Share premium reserve RM	Revenue reserve/ (accumulated losses) RM	Total RM
Balance at 30th June, 2000	40,000,000	24,551,330	53,893,	64,605,223
Loss for the year	-	-	(653,581)	(653,581)
Balance at 30th June, 2001	40,000,000	24,551,330	(599,688)	63,951,642
Issuance of shares	4,000,000	-	-	4,000,000
Loss for the year	-	-	(120,740)	(120,740)
Balance at 30th June, 2002	44,000,000	24,551,330	(720,428)	67,830,902

The notes on pages 33 to 49 form an integral part of the financial statements.

Cash Flow Statements

Consolidated cash flow statement for the year ended 30th June, 2002

	Note	2002 RM	2001 RM
Cash flows from operating activities			
Loss before taxation		(38,978,286)	(5,080,799)
Adjustments for:			
Depreciation		7,371,773	5,249,437
Interest expenses		6,909,260	5,454,170
Interest income		(118,767)	(257,019)
Property, plant and equipment written off		3,407	-
Gain on disposal of property, plant and equipment		(89,333)	-
Operating (loss)/profit before working capital changes		<u>(24,901,946)</u>	<u>5,365,789</u>
Changes in working capital:			
Inventories		13,101,988	(3,742,504)
Receivables		15,761,165	(1,694,573)
Payables		(3,867,445)	11,646,734
Amount due to directors		(5,005)	12,541
Cash generated from operations		<u>88,757</u>	<u>11,587,987</u>
Interest paid		(5,379,169)	(5,454,170)
Interest received		118,767	257,019
Income tax paid		-	(11,712)
<i>Net cash (used in)/generated from operating activities</i>		<u>(5,171,645)</u>	<u>6,379,124</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(694,693)	(14,166,086)
Capital work-in-progress paid		-	(10,687)
Proceeds from property, plant and equipment		-	-
<i>Net cash used in investing activities</i>		<u>100,000</u>	<u>-</u>
		<u>(594,693)</u>	<u>(14,176,773)</u>

Cash Flow Statements

Consolidated cash flow statement (contd.) for the year ended 30th June, 2002

	Note	2002 RM	2001 RM
Cash flows from financing activities			
Repayment of loan financing		-	(3,542,621)
(Decrease)/increase in bank borrowings		(4,261,762)	10,461,223
Repayments of lease financing		(876,963)	(4,489,685)
Decrease in fixed deposits pledged		1,455,137	1,555,348
Proceeds from bank borrowings		3,831,590	-
Proceeds from issuance of shares		4,000,000	-
Final dividend paid		-	(3,440,000)
<i>Net cash generated from financing activities</i>		<u>4,148,002</u>	<u>544,265</u>
Net decrease in cash and cash equivalents		(1,618,336)	(7,253,384)
Cash and cash equivalents at the beginning of the year		(6,653,009)	600,375
Cash and cash equivalents at the end of the year	25	<u>(8,271,345)</u>	<u>(6,653,009)</u>

The notes on pages 33 to 49 form an integral part of the financial statements.

Cash Flow Statements

Cash flow statement for the year ended 30th June, 2002

	Note	2002 RM	2001 RM
Cash flows from operating activities			
Loss before taxation		(120,740)	(653,581)
Adjustments for:			
Depreciation		79,113	77,987
Interest expense		15,000	115,493
Interest income		(85,279)	(46,511)
		<hr/>	<hr/>
Operating loss before working capital changes		(111,906)	(506,612)
Changes in working capital:			
Receivables		(14,058)	20,000
Amount due from related companies		(2,836,981)	4,559,274
Payables		25,996	(1,135,012)
Amount due to a related company		98	-
Amount due to a director		(5,004)	12,540
		<hr/>	<hr/>
Cash (used in)/generated from operations		(2,941,855)	2,950,190
Interest paid		(15,000)	(115,493)
Interest received		85,279	46,511
		<hr/>	<hr/>
<i>Net cash (used in)/generated from operating activities</i>		(2,871,576)	2,881,208
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(14,205)	(395,733)
Increase in fixed deposit pledged		(1,085,280)	(246,511)
		<hr/>	<hr/>
<i>Net cash used in investing activities</i>		(1,099,485)	(642,244)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issuance of shares		4,000,000	-
Final dividend paid		-	(3,440,000)
		<hr/>	<hr/>
<i>Net cash generated from/(used in) financing activities</i>		4,000,000	(3,440,000)
Net increase/(decrease) in cash and cash equivalents		28,939	(1,201,036)
Cash and cash equivalents at the beginning of the year	25	(27,633)	1,173,403
Cash and cash equivalents at the end of the year		<hr/>	<hr/>
		1,306	(27,633)
		<hr/>	<hr/>

The notes on pages 33 to 49 form an integral part of the financial statements.

Notes to Financial Statements

1. Fundamental accounting concept

The financial statements of the Group and the Company have been prepared under the going concern concept. For the year ended 30 June 2002, the Group recorded accumulated loss of RM 42,305,805 and net current liabilities of RM 47,729,047. As disclosed in Note 16 to the financial statements, the Group has defaulted in its repayment of its banking facilities and legal actions have been brought by the Group's bankers to recover the outstanding banking facilities. In addition as disclosed in Notes 11 and 12 to the financial statements, there are amounts owing by certain debtors of the Group and Company which have been long outstanding and payment has not been received from those debtors. These factors raised substantial doubt that the Group and the Company will be able to continue as going concerns. The ability of the Group and the Company to continue as going concerns is dependent on the outcome of the negotiations with their financial institutions and creditors of the Group and the Company and the successful recovery of the long outstanding debts.

2. Significant accounting policies

2.1 Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention modified to include the revaluation of landed properties and comply with applicable Approved Accounting Standards issued by Malaysian Accounting Standards Board.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries for the year ended 30th June, 2002. The Group's subsidiary companies is shown in Note 3. The results of the subsidiary companies acquired or disposed during the year are included or excluded from the consolidated financial statements from the respective dates of acquisition or disposal, as applicable.

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

2.3 Revenue recognition

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

Sales of goods

Revenue is recognised when the goods are delivered and invoiced.

Services rendered

Revenue is recognised when the services are rendered.

Management fees

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

Notes to Financial Statements

2. Significant accounting policies (contd.)

2.4 Property, plant and equipment and depreciation

The Group has adopted the policy to revalue its landed properties comprising freehold and leasehold land and buildings on a regular basis.

Property, plant and equipment are stated at cost and valuation less accumulated depreciation and impairment losses foreseeable when applicable

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognized whenever carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reserves a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognized as depreciation had the write-down or write-off not occurred.

No amortisation is made for freehold land.

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

The estimated useful lives used are as follows:

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

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

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

2.5 Investment in subsidiary companies

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

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

Notes to Financial Statements

2. Significant accounting policies (contd.)

2.6 Inventories

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

Cost of finished goods and work-in-progress include cost of raw materials, direct labour and attributable production overheads and are determined principally on the weight average cost basis.

2.7 Receivables

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

2.8 Leases

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

Operating leases are leases other than finance leases. Rental paid under operating leases is charged to the income statement.

2.9 Deferred taxation

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

2.10 Foreign currencies

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

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

	2002	2001
US Dollar	3.79	3.79

Notes to Financial Statements

2. Significant accounting policies (contd.)

2.11 Cash and cash equivalents

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

3. General

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

Name of Companies	Country of incorporation	Principal activities	Effective interest held	
			2002	2001
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%
Subsidiary of Jin Lin Trading Sdn. Bhd.				
Akitiasa Sdn. Bhd.	Malaysia	Warehousing, chemical treatment and trading of sawn timber	100%	100%
Subsidiary of Syarikat Mustapha & Ngu Timber Sdn. Bhd.				
Jin Lin Bio-Coal Sdn. Bhd.	Malaysia	Dormant	100%	100%

All companies are audited by Ernst & Young, Malaysia.

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

Notes to Financial Statements

4. Revenue

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

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of timber and timber related products	23,724,037	89,612,210	-	-
Services rendered	452,617	465,437	-	-
Management fee received	-	-	288,000	288,000
	24,176,654	90,077,647	288,000	288,000

5. Loss before taxation

a) This is stated after charging/(crediting):

Auditors' remuneration				
- Statutory audit	54,500	65,000	10,000	10,000
- Other services	86,350	75,000	25,000	15,000
Bank charges	1,772	-	-	-
Bank overdrafts interest	691,553	383,568	-	-
Banker acceptance interest	1,953,128	-	-	-
Depreciation	7,371,773	5,249,437	79,113	77,987
Directors' remuneration				
- Fee	-	110,000	-	110,000
- Other emoluments	575,001	725,189	-	348,015
Hiring of vehicle	-	360	-	-
Interest charged by related parties	44,905	-	-	-
LC interest	658,564	-	-	-
Lease interest	1,322,439	1,845,143	-	-
Lease rental	-	5,900	-	-
Loan interest	2,047,248	1,832,481	15,000	115,493
Loss on foreign exchange, realised	1,139	3,225	-	-
Office rental	12,000	-	-	-
Other interest	191,423	-	-	-
Property, plant and equipment written off	3,407	-	-	-
Provision for doubtful debts	12,075,236	-	-	-
Rent of land and building	52,800	53,392	-	-
Gain on disposal of property, plant and equipment	(89,333)	-	-	-
Gain on foreign exchange, realised	(2,047)	-	-	-
Interest income	(118,767)	(257,019)	(85,279)	(46,511)
Rental and sundry income	(1,408,410)	(510,660)	-	-

Notes to Financial Statements

5. Loss before taxation (cont'd)

b) Employee information

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Staff cost	3,865,061	5,888,098	29,755	188,610
Number of employees as at 30th June	307	688	1	2

6. Taxation

Malaysian taxation:

Based on results for the year	-	(69,584)	-	-
Over provision in prior years	-	55,991	-	-
Transfer from deferred taxation	14,300	-	-	-
	14,300	(13,593)	-	-

There is no tax charge anticipated for the year because of the significant losses recorded for the year ended 30th June 2002.

The Group has unutilized tax losses brought forward of approximately RM 16,585,000 (2001: RM 417,000), unutilized capital allowances amounting to approximately RM 19,435,000 (2001: RM 12,331,000) and unutilized reinvestment allowance of approximately RM 23,869,000 (2001: RM 23,869,000).

As at 30 June 2002, the Company has a potential tax benefit of approximately RM6,567,000 arising principally from tax losses carried forward and unutilized capital allowances, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realized.

7. Loss per share (sen)

The loss per share for the year have been calculated based on the loss after taxation of RM38,963,986 (2001: RM5,094,392) and dividing it by the weighted average number of ordinary shares outstanding during the current financial year of 41,666,667 (2001: Ordinary shares in issue of 40,000,000).

Notes to Financial Statements

8. Property, plant and equipment

Group	Freehold land RM	hold land RM	Lease- Industrial buildings RM	Office renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings etc. RM	Capital work-in- progress RM	Total RM
Cost and valuation									
At 01.07.2001	11,516,720	3,506,753	31,893,151	201,278	56,784,976	1,697,952	1,667,933	411,952	107,680,715
Additions	-	-	156,202	9,309	497,453	-	31,729	-	694,693
Disposal	-	-	-	-	(128,000)	-	-	-	(128,000)
Written off	-	-	-	-	-	-	(6,190)	-	(6,190)
Reclassification	-	-	-	-	10,687	-	-	(10,687)	-
At 30.06.2002	11,516,720	3,506,753	32,049,353	210,587	57,165,116	1,697,952	1,693,472	401,265	108,241,218
Accumulated depreciation									
Charge for 2001	-	112,298	1,044,411	20,128	3,694,697	221,943	155,960	-	5,249,437
At 01.07.2001	-	258,370	3,254,494	115,103	12,097,678	1,152,646	520,299	-	17,398,590
Charge for the year	-	112,298	1,232,613	20,595	5,669,116	168,583	168,568	-	7,371,773
Disposal	-	-	-	-	(117,333)	-	-	-	(117,333)
Written off	-	-	-	-	-	-	(2,783)	-	(2,783)
At 30.06.2002	-	370,668	4,487,107	135,698	17,649,461	1,321,229	686,084	-	24,650,247
Net book value									
At 30.06.2002	11,516,720	3,136,085	27,562,246	74,889	39,515,655	376,723	1,007,388	401,265	83,590,971
At 30.06.2001	11,516,720	3,248,383	28,638,657	86,175	44,687,298	545,306	1,147,634	411,952	90,282,125

Notes to Financial Statements

8. Property, plant and equipment (contd.)

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash	694,693	14,166,086	14,205	395,733
Lease	-	1,915,855	-	-
	694,693	16,081,941	14,205	395,733

Group

	Freehold land	Long leasehold land	Short leasehold land	Industrial buildings	Total
	RM	RM	RM	RM	RM

Analysis of cost and valuation

At 30th June, 2002					
Cost	2,536,250	278,545	360,000	30,313,353	33,488,148
Valuation in 1999	8,980,470	653,455	2,214,753	1,736,000	13,584,678
	11,516,720	932,000	2,574,753	32,049,353	47,072,826

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

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

	2002 RM	2001 RM
Freehold land	2,536,250	2,536,250
Long leasehold land	262,628	267,270
Short leasehold land	311,838	325,205
Industrial buildings	26,391,327	28,210,924
	29,502,043	31,339,649

Included in property, plant and equipment are motor vehicles and plant and machinery acquired under installment financing arrangement with net book value amounting to RM6,881,571 (2001: RM15,331,725).

Notes to Financial Statements

8. Property, plant and equipment (contd.)

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

Company

	Furniture, fittings & equipment	Office renovation RM	Motor vehicle RM	Total RM
Cost				
At 01.07.2001	7,733	-	388,000	395,733
Additions	4,896	9,309	-	14,205
At 30.06.2002	12,629	9,309	388,000	409,938
Accumulated depreciation				
Charge for 2001	387	-	77,600	77,987
At 01.07.2001	387	-	77,600	77,987
Charge for the year	1,045	468	77,600	79,113
At 30.06.2002	1,432	468	155,200	157,100
Net book value				
At 30.06.2002	11,197	8,841	232,800	252,838
At 30.06.2001	-	7,346	310,400	317,746

During the year, the acquisition of property, plant and equipment have been made by way of cash.

9. Investment in subsidiary companies

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	49,840,459	49,840,459

10. Inventories

	Group	
	2002 RM	2001 RM
At cost		
Land and building for resale	-	1,255
Logs	370,625	1,762,849
Veneer	1,729,692	3,976,322
Sawn timber	1,901,308	8,589,249
Moulded timber	571,052	6,295,092
Charcoal briquette	-	292,143
Finger joint	1,547,464	-
Kiln dry timber	1,694,781	-
	7,814,922	20,916,910

Notes to Financial Statements

11. Trade receivables

	Group	
	2002 RM	2001 RM
Trade receivables	23,311,982	27,655,208
Allowance for doubtful debts	(12,075,236)	-
	11,236,746	27,655,208
Included in trade receivables are:		
Companies in which certain directors have significant influence amounting to:	1,322,838	1,976,615

Included in Group's trade receivables are amounts of approximately RM7,126,405 which have been long outstanding. The Group has taken actions to recover these debts. The ability of the Group to recover these amounts will depend upon successful outcome of the actions taken. As at the date of these financial statements, the Directors are of the opinion that no addition allowance is required for these amounts as the likelihood of recoverability remains favorable.

12. Other receivables, deposits and prepayments

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other receivables	10,831,894	9,801,604	8,600	42
Deposits	80,800	20,500	5,500	-
Prepayments	54,109	519,638	-	-
Staff advance	45,333	13,097	-	-
	11,012,136	10,354,839	14,100	42

Included in other receivables amounted to RM10,674,063 which have been long outstanding. As at the date of these financial statements, the Directors are of the opinion that no additional allowance is required for these amounts as the likelihood of recoverability remaining favorable.

13. Amount due from related companies

	Company	
	2002 RM	2001 RM
Amount due from subsidiary companies	15,759,665	12,922,684

This amount is unsecured, interest free and under no fixed term of repayment.

Notes to Financial Statements

14. Fixed deposits with licensed banks

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

15. Bank overdraft, secured

These overdraft facilities bear interest ranging from 1.50% to 2.00% per annum above the banker's Base Lending Rate.

The facilities are secured by the following:

- All monies debentures creating a fixed and floating charges over all the assets of the subsidiary companies.
- Legal charges over the landed properties of a Subsidiary company and of a third party.
- Lien over fixed deposits of the Company and the subsidiary companies as disclosed in Note 14 to the financial statements.
- Corporate guarantee from a corporate shareholder of the Company.
- Guarantee from certain directors of the Company and third parties.

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 30 to the financial statements.

16. Other bank borrowings, secured

	Group	
	2002 RM	2001 RM
Bankers' acceptance	18,612,000	18,269,000
Preshipment advances	1,291,133	2,338,678
Trust receipt	4,799,355	4,989,014
Term loans	23,277,488	22,402,861
	<hr/>	<hr/>
	47,979,976	47,999,553
Less: Term loans repayable after 12 months	-	(17,270,267)
	<hr/>	<hr/>
	47,979,976	30,729,286
	<hr/>	<hr/>

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

The facilities are secured by the following:

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

Notes to Financial Statements

16. 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 30 to the financial statements. In view of these legal actions, term loans in default have accordingly been reclassified as current liabilities in accordance to the terms of facilities agreement.

17. Trade payables

	Group	
	2002 RM	2001 RM
Included in trade payables are:		
Companies in which certain directors have significant influence amounting to:	209,854	-

18. Amount due to a related company

	Company	
	2002 RM	2001 RM
Amount due to a subsidiary company	98	-

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

19. Amount due to directors

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

20. Lease payables

	Group	
	2002 RM	2001 RM
Repayable within twelve months	5,435,814	4,054,236
Repayable after twelve months	2,450,538	3,589,583
	7,886,352	7,643,819
Lease instalments payable:		
Not later than one year	5,825,537	4,636,985
Later than one year but not later than five years	2,863,606	4,402,713
	8,689,143	9,039,698
Future finance charges	(802,791)	(1,395,879)
Present value of lease liabilities	7,886,352	7,643,819

A subsidiary company of the Group has defaulted in certain lease obligations and have been served with Writ of Summons by certain lease creditors.

Notes to Financial Statements

21. Share capital

	Group 2002 RM	Company 2001 RM
Authorised		
100,000,000 (2001: 100,000,000) ordinary shares of RM1 each	100,000,000	100,000,000
Issued and fully paid		
44,000,000 (2001: 40,000,000) ordinary shares of RM1 each		
As at 1st July	40,000,000	40,000,000
Issued during the year	4,000,000	-
As at 30th June	44,000,000	40,000,000

22. Share premium reserve

At 30th June	24,551,330	24,551,330
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23. Capital reserve, non distributable

	Group 2002 RM	Group 2001 RM
Assets revaluation reserve at 30th June	7,165,861	7,165,861

24. Deferred taxation

Brought forward	-	14,300
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25. Cash and cash equivalents

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances	107,448	208,001	1,306	1,145
Bank overdrafts, secured	(8,378,793)	(6,861,010)	-	(28,778)
	(8,271,345)	(6,653,009)	1,306	(27,633)

Notes to Financial Statements

26. Significant related party transactions

	Company	
	2002 RM	2001 RM
(a) Transactions with subsidiary companies:		
Management fee earned from:		
-Jin Lin Trading Sdn. Bhd.	(288,000)	(288,000)

(b) Transactions with companies in which certain directors, Chan Lan Ngai, Chieng Hie Kwong and Ko Kung Hai, have significant influence:

	Group		Company	
	2002	2001	2002	2001
<i>Chemical treatment and storage</i>				
Income earned from:				
- Jin Lin Engineering Works Sdn. Bhd.	(24,000)	(24,000)	-	-
- Mastate Development Sdn. Bhd.	-	(604)		
Handling fee charged by:				
- Timber Supplier Sdn. Bhd.	-	13,625	-	-
Spare parts and consumable material purchased from:				
- Jin Lin Machinery Sdn. Bhd.	-	50,323	-	-
Office rental charged by:				
- Dachong Hong Sdn. Bhd.	15,000	6,000	9,000	-
Repair and maintenance charged by:				
- Jin Lin Engineering Works Sdn. Bhd.	120,395	1,708,074	-	-
Sales of logs earned from:				
- Racomas Sdn. Bhd.	-	(209,851)	-	-
Transportation fee charged by:				
- Jin Lin Organisation Sdn. Bhd.	-	29,578	-	-

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

(c) Directors' remuneration

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Executive Directors				
Salaries	525,290	540,000	-	270,000
Employee Provident Fund and SOCSO	16,711	50,189	-	33,015
Bonus	33,000	135,000	-	45,000
Non-executive Directors				
Salaries	-	110,000	-	110,000

Notes to Financial Statements

26. Significant related party transactions (contd.)

(c) Directors' remuneration

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

	Number of Directors			
	2002		2001	
	Executive	Non-Executive	Executive	Non-Executive
Bands of remuneration				
RM300,001 – RM350,000	-	-	1	-
RM250,001 – RM300,000	1	-	-	-
RM200,001 – RM250,000	-	-	1	-
RM150,001 – RM200,000	1	-	1	-
RM100,001 – RM150,000	1	-	-	-
RM50,001 – RM100,000	-	-	-	-
RM1 – RM50,000	-	-	-	4
RM Nil	-	4	-	-
Company				
Bands of remuneration				
RM250,001 – RM300,000	-	-	-	-
RM200,001 – RM250,000	-	-	-	-
RM150,001 – RM200,000	-	-	1	-
RM100,001 – RM150,000	-	-	1	-
RM50,001 – RM100,000	-	-	1	-
RM1 – RM50,000	-	-	-	4
RM Nil	3	4	-	-

27. Capital commitments

	Group	
	2002	2001
	RM	RM
Authorised capital expenditure not provided for in the financial statements:		
- Approved and contracted for	282,942	-

28. Contingent liabilities

	Company	
	2002	2001
	RM	RM
Corporate guarantees for banking facilities granted to subsidiary companies - secured	1,200,000	1,200,000
- unsecured	64,863,305	64,863,305
	66,063,305	66,063,305

Notes to Financial Statements

29. Segmental reporting

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

30. Significant events

- (a) On 22nd March 2002, the Company and one of its subsidiary company, Jin Lin Trading Sdn. Bhd. (JLT) have been served with the Writ of Summons issued by the High Court in Sabah and Sarawak at Bintulu whereby Standard Chartered Bank Malaysia Berhad, a licensed bank, claimed the repayment of banking facilities due from JLT amounting to RM2,839,294 together with interest at the rate of 9.9% per annum from 1st November 2001 until the date of full and final settlement and costs.

Subsequently, on 14th June 2002, the Company and JLT were served with the Judgement in Default of Appearance on 22nd April 2002 ordering the Company and JLT to pay the amount owing to Standard Chartered Bank Malaysia Berhad.

On 27th August 2002, Standard Chartered Bank Malaysia Berhad served a notice to the Company and JLT under Section 218 of Companies Act, 1965 demanding the repayment of the judgement sum together with the interest accrued amounting RM 3,065,831.

On 15th October 2002, Standard Chartered Bank Malaysia Berhad had issued a notice pursuant to Section 218 of the Companies Act, 1965 on JLT and JLWIB demanding the judgement sum of RM 2,982,680. Standard Chartered Bank alleged that this is the sum due as at 15th October 2002.

- (b) The Company and one of its subsidiary company, Syarikat Mustapha and Ngu Timber Sdn. Bhd. (SMNT), have been served with the Writ of Summons dated 17th 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.

Subsequently, on 1st August 2002, the Company and SMNT were served the Judgement in Default of appearance on 24th July 2002 ordering the Company and SMNT to pay the amount owing to Bumiputra-Commerce Bank Berhad.

- (c) On 29th June 2002, one of the subsidiary companies, SMNT has been served with Writ of summons dated 10th 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 5th April 2002 until full payment and cost.
- (d) On 18th July 2002, the Company and one of its subsidiary companies, SMNT, have been served with the Writ of Summons dated 22nd 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 7th June 2002 until the full payment and costs.

Notes to Financial Statements

31. Significant events

- (e) On 18th July 2002, the subsidiary company, Akitiasa Sdn. Bhd. (ATSB) has been served with the Originating Summons dated 3rd 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 7th June 2002 until full payment pursuant to the Writ of Summons served on SMNT dated 22nd June 2002. As at the date of these financial statement, the High Court has not granted an Order for Sale under Section 148(2) (C) of the Land Code (Cap.81) of Sarawak. The hearing for Order for Sale is fixed on 27th November 2002.
- (f) On 7th October 2002, the Inland Revenue Board has issued a notice of civil proceeding against the Company 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.

The Company is in the process of formulating the debts restructuring scheme acceptable to its bank creditors to restructure the bank borrowings of JLWIB Group and to strengthen its financial position. The debt restructuring scheme will be announced when the scheme has been finalized and approved by the Board of Directors.

32. Comparative figures

The following figures have been reclassified to conform with current year's presentation:

	As restated RM	As Previously stated RM
Companies in which certain directors have significant influence included in trade receivables	1,976,615	1,929,952
Significant related parties transactions:		
Bundle and packing fee	-	3,240
Purchase of spare parts and consumable material	50,323	-
Repair and maintenance	1,708,074	1,727,005
Sales	(209,851)	(208,964)

33. Authorization for issue of financial statements

The date for authorization for issue of financial statements by the Board of Directors is 31st October, 2002.

Analysis of shareholdings

As per the Record of Depositors as at 11 November 2002

Authorised 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:	6,718	
Voting Rights	:	1 Vote Per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

No. of Holders	Holdings	Total Holdings	%
11	less than 1,000	2,649	0.01
6,238	1,000 to 10,000	15,349,193	34.88
437	10,001 to 100,000	12,003,274	27.28
32	100,001 to less than 5% of issued shares	16,644,884	37.83
0	5% and above of issued shares	0	0
6,718	Total	44,000,000	100

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

As per the Register of Directors' Shareholding as at 11 November 2002

Directors	Direct	Indirect
Maj. Gen. (Rtd) Dato' Hj Hassan Bin Hj Mohamad Salleh	-	-
Ko Kung Hai	1,060,000	-
Cheng Yang Poh	-	-
Chan Lan Ngai	-	-
Mohd Shukri Bin Mohd Yunus	10,000	-
David Sengalang Anak Uyang	11,000	-
Ngui Ing Ing	22,000	-

As at 11 November 2002, none of the Directors of JLWIB has any direct and/or indirect interest in any related corporation of JLWIB.

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders as at 11 November 2002

No.	Shareholder	Direct	%	Indirect	%
1.	Jin Lin Organisation Sdn Bhd	5,221,472	11.87	¹ 581,541	1.32

¹ Deemed interested by virtue of its direct substantial interest in Jin Lin Credit & Development Berhad which in turn has an interest in JLWIB.

Analysis of Shareholdings

30 Largest Securities Account Holders as per the Record of Depositors as at 11 November 2002

No.	Securities Account Holders	Shareholdings	%
1.	CIMB Nominees (Tempatan) Sdn Bhd Jin Lin Organisation Sdn Bhd	1,966,178	4.47
2.	Ideal Destiny Sdn Bhd	1,811,897	4.12
3.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Dato' Nik Kamaruddin Bin Ismail	1,511,794	3.44
4.	Hong Leong Finance Berhad Pledged Securities Account for Chu Siew Siang	1,450,000	3.30
5.	OSK Nominees (Tempatan) Sdn Berhad Jin Lin Organisation Sdn Bhd	1,244,273	2.83
6.	Jarenang Sendirian Berhad	1,110,476	2.52
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ko Kung Hai	1,050,000	2.39
8.	Hong Leong Finance Berhad Pledged Securities Account for Thean Yew Thye	992,000	2.25
9.	Chieng Lee Hook	819,000	1.86
10.	Goh Keng Boo	800,000	1.82
11.	Jin Lin Credit and Development Bhd	581,541	1.32
12.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Yok Yeng	270,000	0.61
13.	New Joo Seng	260,000	0.59
14.	Hong Leong Finance Berhad Pledged Securities Account for Lee Yow Seng	242,000	0.55
15.	Straits Nominees (Asing) Sdn Bhd GK Goh SPL for Lian Giap Timber Pte Ltd	221,681	0.50

Analysis of shareholdings

30 Largest Securities Account Holders as per the Record of Depositors as at 11 November 2002 (continued)

No.	Securities Account Holders	Shareholdings	%
16.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Hung Yong	216,000	0.49
17.	Tie Mee Leng	212,681	0.48
18.	Wong Nga Sui	200,000	0.45
19.	Seng Kin Sdn Bhd	181,681	0.41
20.	Yong Hon Chong	150,000	0.34
21.	Gan Chuan Lee	138,000	0.31
22.	Affin-ACF Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Siew Siang	122,000	0.28
23.	Lim Peng Meng	120,000	0.27
24.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Siew Siang	115,000	0.26
25.	James Andrew Dass	112,000	0.25
26.	Good Noble Sdn Bhd	110,841	0.25
27.	HLG Nominee (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Teng Ying Hock	110,841	0.25
28.	Teng Ying Hock	110,000	0.25
29.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Raja Rosli Bin Raja Abd Rahman	105,000	0.24
30.	Wong Nang Yong	105,000	0.24
	TOTAL	16,439,884	37.34

List of all Properties held as at 30 June 2002

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	510,495.00	02.12.1998
(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	19,285.28	02.12.1998
(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	805,347.05	02.12.1998
(c) Amalgamated lots 64, 72, 184, 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	1,432,710.69	02.12.1998
	3 pitched roof single storey, steel open-sided structure veneer factory with concrete floor slabs (Lot 184)	1997	Freehold	3.01 hectares	1,422,770.00	02.12.1998
	Single storey, high pitched roofing, steel open structures warehouse with concrete floor slabs (Lot 211)	1997	Freehold	1.54 hectares	727,925.00	02.12.1998
	Logyard (Lot 216)	n.a	Freehold	1.49 hectares	704,295.00	02.12.1998
	Logyard (Lot 252)	n.a	Freehold	5,747 sq. mt	271,655.00	02.12.1998
	General Moulding Factory (Lot 231)	1991	Freehold	1.62 hectares	765,740.00	02.12.1998
	Sawmill, warehouse and general moulding factory (Lot 545)	1991	Freehold	2.72 hectares	1,285,690.00	02.12.1998
	Single storey, high pitched roofing, open structured charcoal and fingerjoint and lamination factories with concrete floor slabs (Lot 547)	1997	Freehold	5.65 hectares	2,670,645.00	02.12.1998
	Double storey wooden quarters and canteen within integrated wood processing factory (Lot 213)	1998	Freehold	6.68 hectares	3,157,505.00	02.12.1998
Subtotal (SMNT)					13,774,063.02	02.12.1998
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)					878,740.46	
Total (JLWIB Group)					14,652,803.48	

Ohter Information

1. Non-audit fees paid to external auditors

The Company and its subsidiaries has paid a total amount of RM30,365.65 as non-audit fees to the external auditors for the financial year ended 30 June 2002

2. Share buybacks

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

3. Options, warrants or convertible securities

The Company did not issue any options, warrants or convertible securities.

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

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

5. Imposition of sanctions/penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

6. Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies which involve Directors and major shareholders' interest either still subsisting at the end of financial year ended 30 June 2002 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, forecasts or projections for the financial year and audited results did not differ by 10% or more from the unaudited results announced.

8. Profit Guarantee

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

9. Recurrent Related Party Transactions In the Ordinary Course of Business

The following are recurrent related party transactions entered into in the ordinary course of business during the financial year ended 30 June 2002 pursuant to the Shareholders' Mandate obtained on 28 December 2001:-

	Financial year ended 30 June 2002	
	Company (RM)	Group (RM)
Warehouse rental of premises rented by Jin Lin Engineering Works Sdn Bhd from Akitiasa Sdn Bhd	-	24,000
Repair and maintenance works provided by Jin Lin Engineering Works Sdn Bhd to JLWIB Group	-	120,395
Office rental of premises rented from Dachong Hong Sdn Bhd by JLWIB and Jin Lin Trading Sdn Bhd	9,000	15,000

Other Information

The relationship with the above related parties are as follows:

Related Party	Nature of Relationship
Jin Lin Engineering Works Sdn Bhd	<p>Jin Lin Engineering Works Sdn Bhd and Dachong Hong Sdn Bhd are and Dachong Hong Sdn Bhd both 100% owned subsidiary companies of Jin Lin Organisation Sdn Bhd, a major shareholder of JLWIB. Jin Lin Organisation Sdn Bhd is also a major shareholder of Jin Lin Credit & Development Berhad, which in turn holds 1.32% in JLWIB.</p> <p>Ko Kung Hai and Chan Lan Ngai who respectively are the Managing Director and Executive Director of JLWIB, are Directors of Jin Lin Organisation Sdn Bhd. They are also Directors of Jin Lin Engineering Works Sdn Bhd and Dachong Hong Sdn Bhd.</p> <p>Ko Kung Hai has a direct shareholding of 2.41% in JLWIB and direct shareholding of 8.8% in Jin Lin Organisation Sdn Bhd, while Chan Lan Ngai has a direct shareholding of 8.8% in Jin Lin Organisation Sdn Bhd.</p> <p>Ting Siew Eng, the spouse of Ko Kung Hai has a direct shareholding of 20,000 shares in JLWIB.</p> <p>Chieng Hie Kwong, a past Director of JLWIB, is a Director of Jin Lin Organisation Sdn Bhd with a direct shareholding of 0.4% in Jin Lin Organisation Sdn Bhd and indirect interest through Jinchieng Corporation Sdn Bhd which holds 4.0% in Jin Lin Organisation Sdn Bhd. He also has a direct shareholding of 10,000 shares in JLWIB.</p>

10. Utilisation of Proceeds

During the financial year, the Company had increased its issued and paid-up share capital to RM44,000,000 by way of a private placement ("the Private Placement") of 4,000,000 new ordinary shares of RM1.00 each representing 10% of the original issued and paid-up share capital of the Company. The full proceeds of RM4 million from the Private Placement had been utilised for working capital purposes and defrayment of expenses incidental to the Private Placement.

11. Directors' Fees

a) The aggregate Directors' fees proposed for payment to the Directors of the Company who served as Directors during the financial year ended 30 June 2002 are as follows:-

Executive Directors	(RM)
Directors' fees	-
Non-Executive Directors	
Directors' fees	106,438

b) The number of Directors who served during the financial year ended 30 June 2002 whose Directors' fees fall in each successive band of RM50,000 are as follows:

Bands of remuneration	Number of Directors	
	Executive	Non-Executive
RM300,001 – RM350,000	-	-
RM250,001 – RM300,000	-	-
RM200,001 – RM250,000	-	-
RM150,001 – RM200,000	-	-
RM100,001 – RM150,000	-	-
RM50,001 – RM100,000	-	-
RM1 – RM50,000	-	4



PROXY FORM

NO. OF SHARES HELD

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

I/We..... CDS A/C No
(FULL NAME IN BLOCK LETTERS)

of.....
(ADDRESS)

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

.....
(FULL NAME)

of.....
(ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Fourth (4th) Annual General Meeting of the Company to be held at Niah Ballroom, Plaza Hotel, No. 116, Taman Sri Dagang, Jalan Abang Galau, 97000 Bintulu, Sarawak on Monday, 30 December 2002 at 2.30 p.m. and at any adjournment thereof.

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

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Receive the Reports and Accounts		
Ordinary Resolution 2	Approve Directors' Fees		
Ordinary Resolution 3	Re-election of Director		
Ordinary Resolution 4	Re-election of Director		
Ordinary Resolution 5	Re-election of Director		
Ordinary Resolution 6	Re-election of Director		
Ordinary Resolution 7	Re-appointment of Auditors and authorise the Directors to fix their remuneration		
Ordinary Resolution 8	Authority to the Directors under Section 132D of the Companies Act 1965 to allot and issue shares in the Company		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

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 2002

.....
Signature/Common Seal of Shareholder(s)

Note 1

A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote on a show of hands or on a poll in his stead. A proxy need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer of the corporation duly authorised in that behalf. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy. The instrument appointing a proxy must be deposited at the Company's Registered Office situated at No. 177, 2nd Floor, Taman Sri Dagang, 97000 Bintulu, Sarawak, not less than forty eight 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.

first fold

STAMP

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

second fold



JIN LIN WOOD INDUSTRIES BERHAD

(Company No:467115-T)



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